

Actuarial Society of South Africa

Banking Seminar 2020

Professionalism and Ethics: Market Conduct

Neil Savage: Chair, ASSA Market Conduct Committee

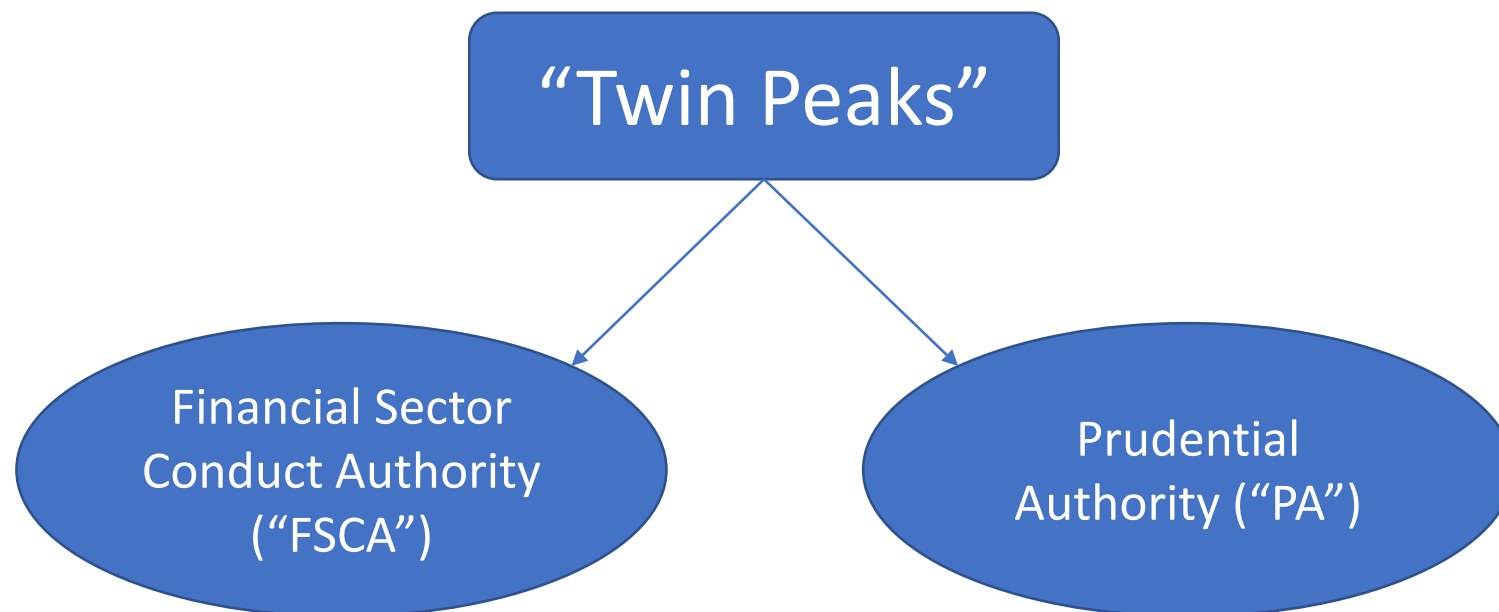
28 July 2020

Introduction

- Why Professionalism and Ethics?
 - Professional responsibility
 - Increased regulatory focus and involvement

A brief recap/overview

- Financial Sector Regulation Act, 2017



A brief recap/overview

- Financial Sector Regulation Act, 2017
 - Operates in conjunction with subsidiary legislation
 - Including the Conduct of Financial Institutions Act (still awaited)
 - But FSR Act enables regulators to push ahead

What is “Market Conduct”?

“TCF will require regulated firms to consider their treatment of customers at all stages of their relationship with the customer, from product design and marketing, through to the advice, point-of-sale and after-sale stages. Firms will ultimately be required to demonstrate – through management behaviours and monitoring – that they are consistently treating customers fairly throughout the stages of the product life cycle to which they contribute.”

TCF Roadmap document, 2011

What is “Market Conduct”?

“TCF will require regulated firms to consider their **treatment of customers** at all stages of their relationship with the customer, from **product design** and **marketing**, through to the **advice, point-of-sale** and **after-sale** stages. Firms will ultimately be **required to demonstrate** – through management behaviours and monitoring – that they are **consistently treating customers fairly** throughout the stages of the product life cycle to which they contribute.”

TCF Roadmap document, 2011

What is “Market Conduct”?

“**Market conduct**” in relation to any **entity** means
the entity’s **pattern of behaviour** in executing its
product design, pricing and **promotion strategies**

including **post-sale servicing** elements

Professionalism and ethics

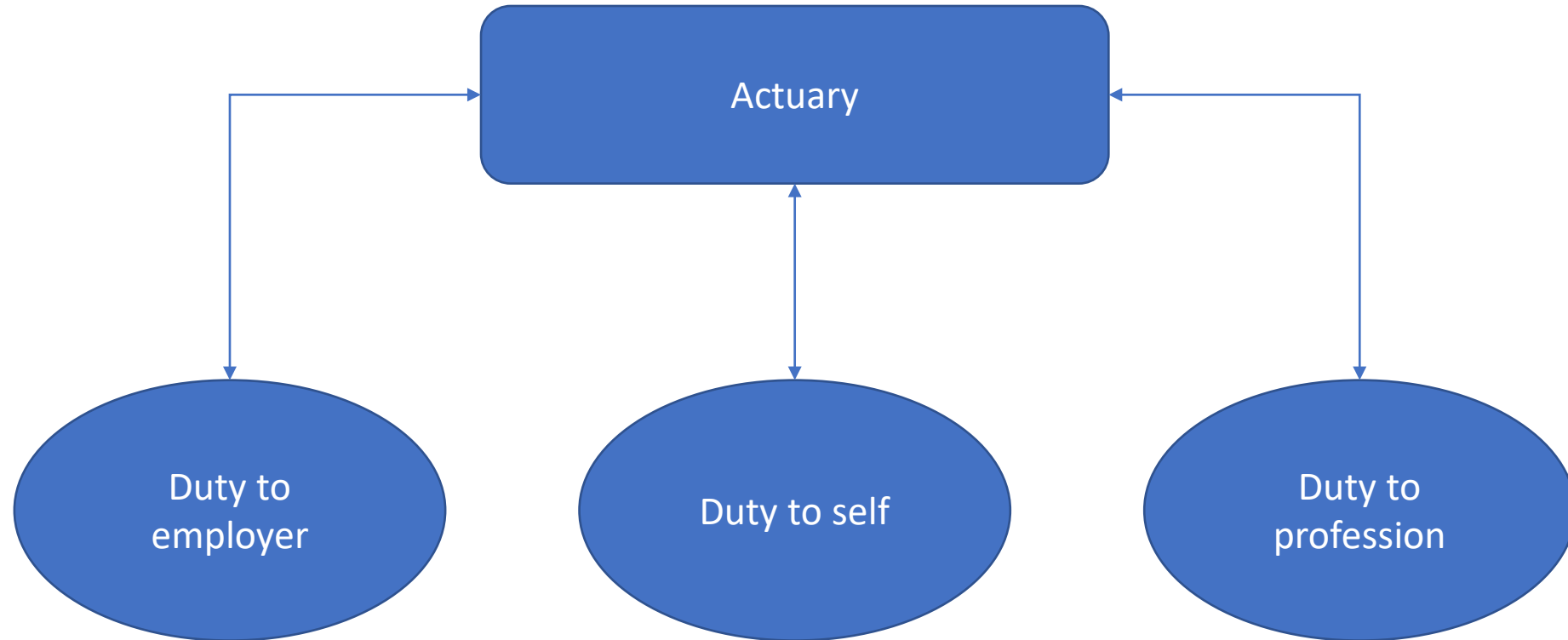
Product design

Product pricing

Promotion strategies

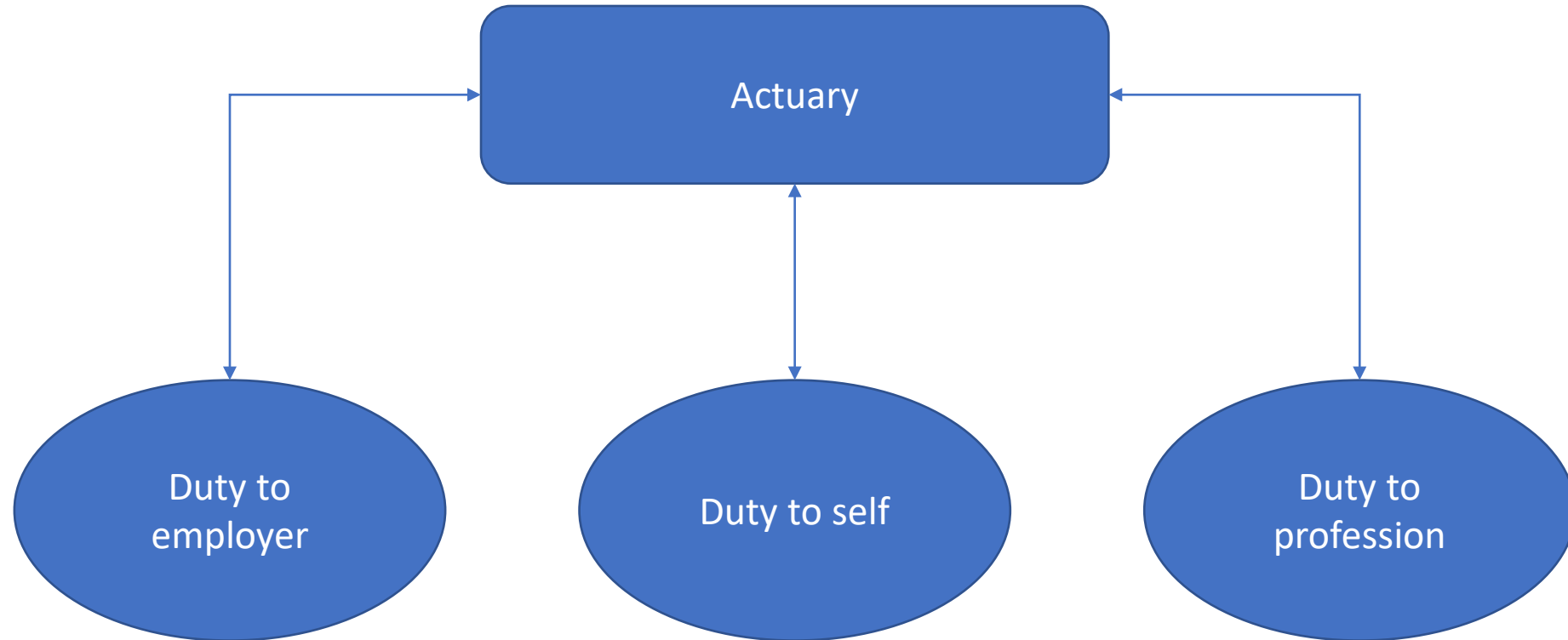
Post-sale servicing

Professionalism and ethics: *a framework*



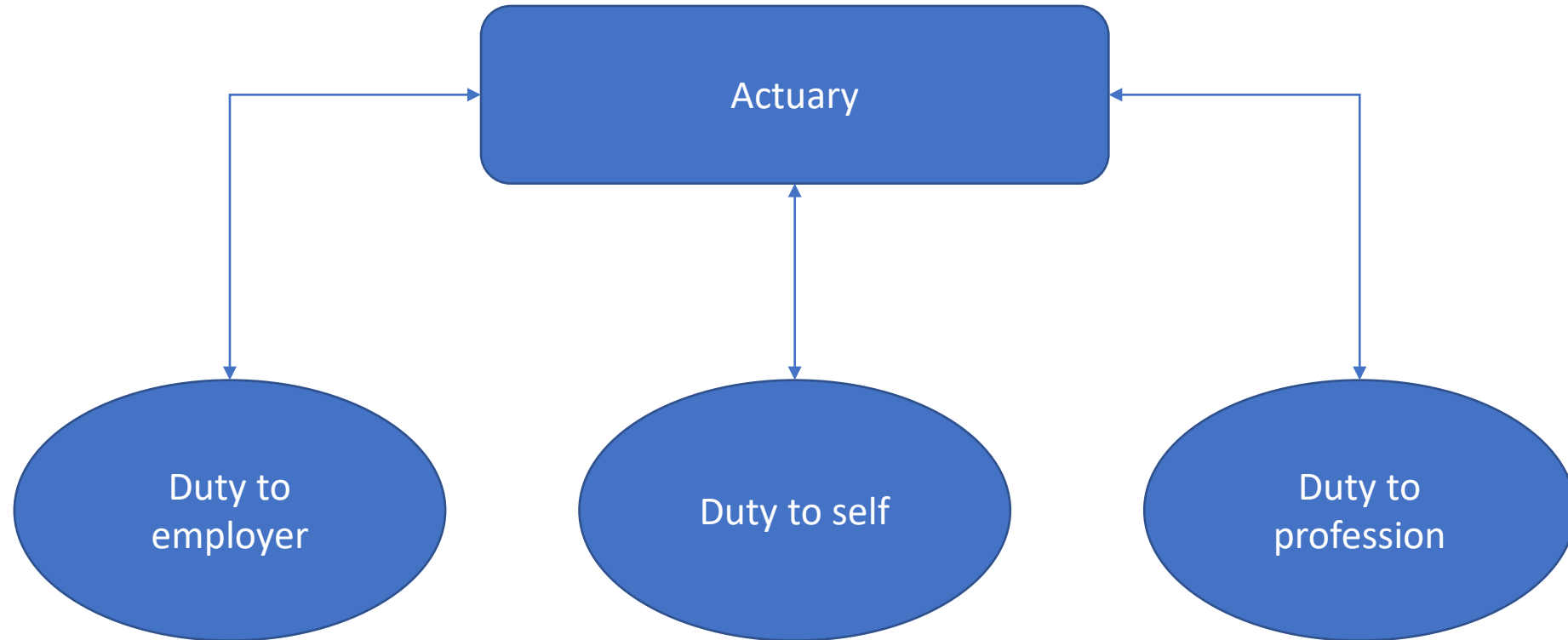
The potential for conflicts

Professionalism and ethics: *product design*



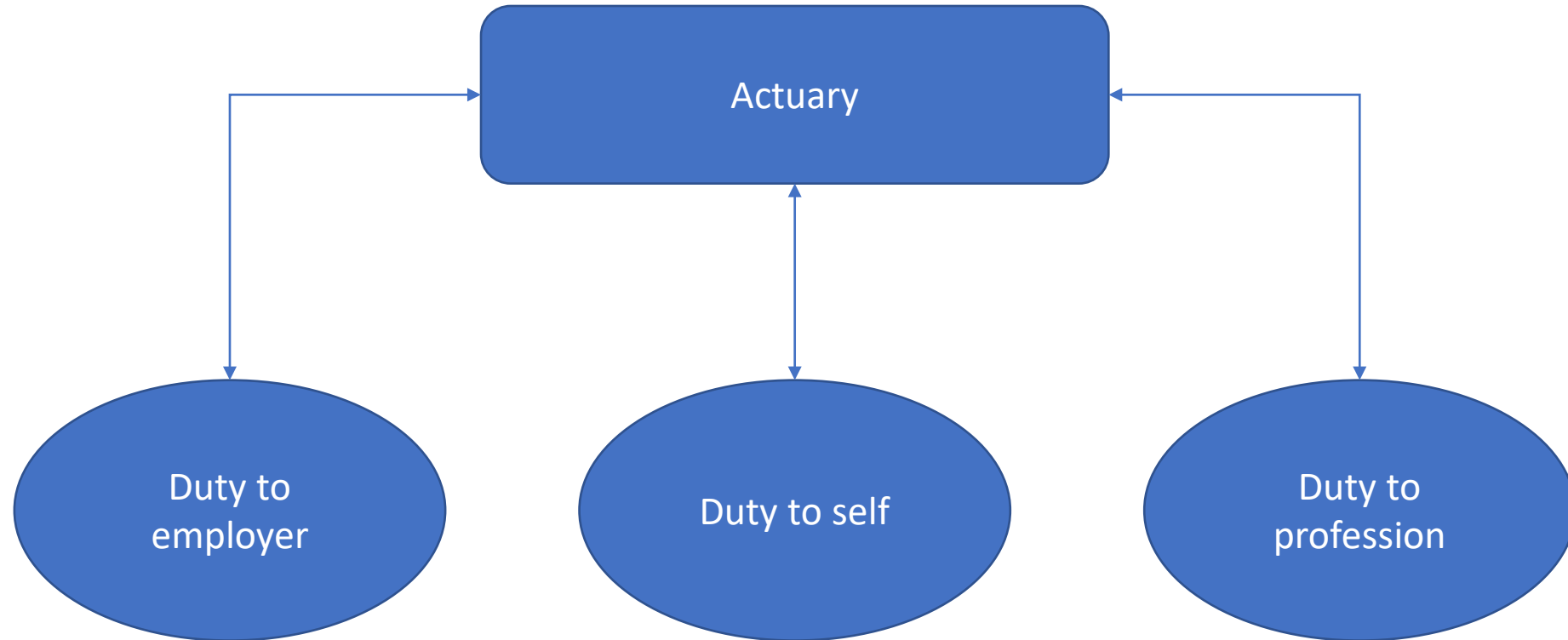
The potential for conflicts

Professionalism and ethics: *pricing*



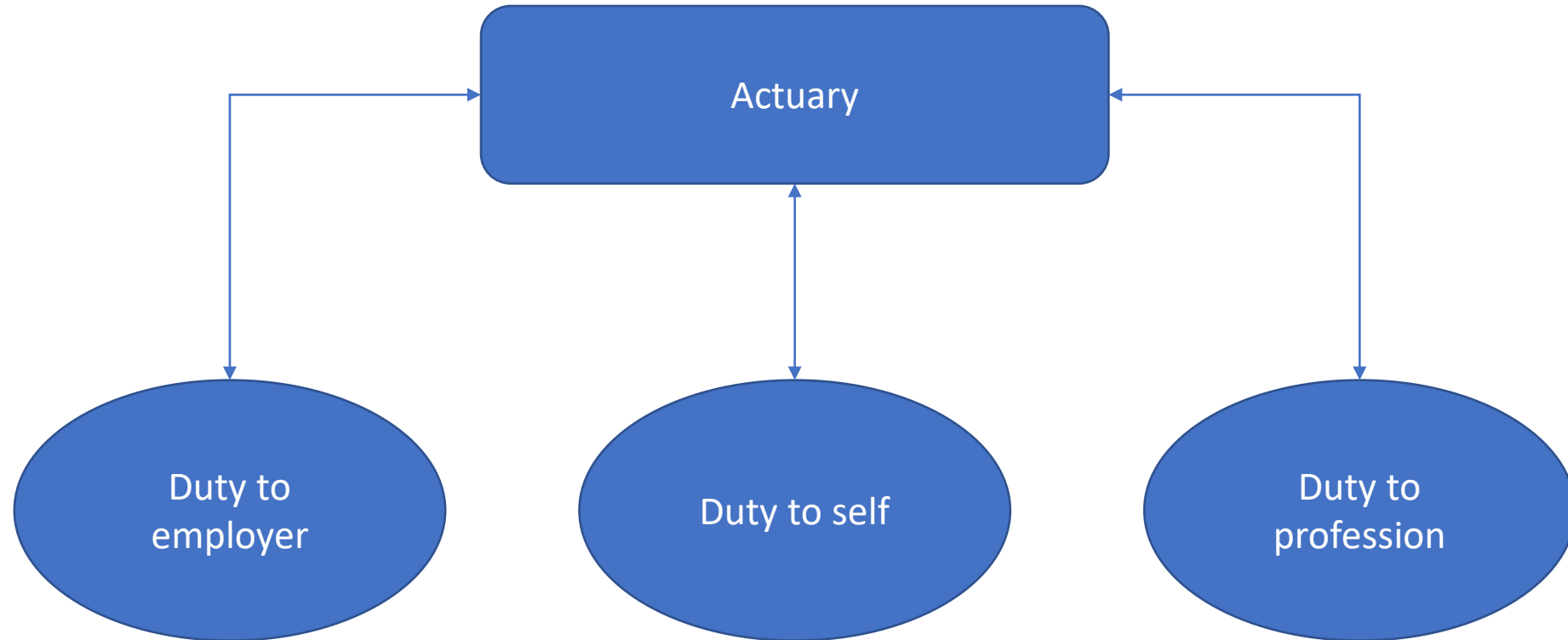
The potential for conflicts

Professionalism and ethics: *promotion strategies*



The potential for conflicts

Professionalism and ethics: *post-sale servicing*



The potential for conflicts

ASSA Market Conduct Committee

- At the front-end of professional control process
- Aim to assist before issues arise
- Interact with Practice Area Committees
- Guidance to profession
- Can be contacted pro-actively if you wish

Some topics for thought:

- Published interest rates
- “Free money”
- Loyalty programmes
- Lending practices
 - Blacklisted customers
 - Can borrowing be too easy?
- “Free” services
- ... and what else...?

Neil Savage

Managing Director, Robson Savage (Pty) Ltd

neils@robsav.com