



Festive Season Savings Campaign

“Spend Wisely, New Year Ahead”

Key Messages

Financial Planning Institute of Southern Africa (FPI)

1. Create an understanding of FPI:

a. Who is FPI?

The FPI is a non-profit professional body initially formed in 1981 as the Institute of Life and Pension Advisors (ILPA) to improve levels of professionalism and is currently the leading professional body for financial planners in South Africa. Through its global partnership with the FPSB along with over 20 other countries, the FPI is the only institution in Southern Africa able to offer CFP® certification to professional financial planners.

b. What does FPI do?

The FPI is uncompromising in establishing and maintaining professional financial planning standards in South Africa and plays a major role in ensuring the public has access to competent financial planners who are professionally qualified, are experienced and have agreed to abide by the ethical standards and Code of Ethics and Professional Responsibility of the FPI. Many top financial institutions have adopted the FPI as an independent standards partner and members include both general practitioners and specialists in particular branches of financial planning.

c. Where does FPI operate?

FPI operates in South Africa only but is affiliated internationally with the FPSB.

d. How does FPI operate?

The FPI is a Section 21 non-profit professional body. The FPI engages with stakeholders locally and internationally to ensure that standards for financial planners in South Africa meet international benchmarks. The FPI currently has a membership of just over 7 000 professional financial planners and ensures that they remain competent by providing Continued Professional Development (CPD) opportunities.

e. Why is it important to have an organisation like FPI?

The financial planning profession, just like the broader financial services industry, continues to face tough times in terms of public trust and esteem. It has now become ever more popular for consumers and other stakeholders to question the motives, ethics and values of those in the industry. Some of this has been self-inflicted in terms of years of bad advice, misrepresentation and the financial scandals which continue to damage public trust.

Amidst all of this, there continues to be a strong consumer demand for services offered by professional financial planners and their expectations are increasing. Consumers need expert advice from professional financial planners to guide them through the growing complexity, diversity and uncertainty in financial services. More specifically, the consumer needs guidance to set personal financial goals to achieve sound retirement and financial security outcomes through a well structured financial plan.

Professionalism, ethics and competence are the foundations of professional financial planning advice and therefore to ensure that the consumers best interests are served, it is important to have an independent standards-setting and oversight body.

2. Snapshot of statistics financial planners/advisers

There is an estimated number of 150 000 FSB licensed advisors (key individuals, sole proprietors and representatives) operating in the financial planning sector across various licence categories. These financial planners are employed by large corporate companies, through agency/distribution channels or practice as independent advisors.

In terms of FPI membership, this can be roughly estimated at 70% employed in corporate company structures and 30% independent. Not all of these members are currently practising as financial planners and are employed in specialised fields within the financial services sector (management, asset and investment management, trust and estate planners, tax practitioners, health care brokers and in the employee benefits and long term insurance sectors).

3. **Rationale for partnering with other institutions]**

As a professional body, we must work with all stakeholders to; restore public trust and confidence by strengthening our commitment to professional standards, including an obligation to ethics and integrity and to continuous learning and improvement; improve financial literacy amongst the wider South African population; and educate consumers about ways in which to create long term financial security for themselves and their families.

4. **Impact of economic downturn on financial planning**

Most consumers who had not put financial plans in place, or did not stick to their plans, would be faced with very difficult times during an economic downturn, especially if they do not budget and save effectively for bad times.

The financial planning industry would have been affected by the reduction in financial planning products being bought by consumers during the “belt tightening” period, when consumers become more concerned about keeping up with their monthly debt payments or becoming over indebted through various credit products.

As most insurance (and in some instances savings and investment products) is a grudge purchase, typically these are the first items which are not paid during a financial crisis.

5. **Activities to encourage saving and smart-spending over the festive season.**

FPI has launched our Financial Planning Month in November and will be hosting a CNBC Africa Special series of TV shows once a week during November aimed at educating consumers about the financial planning profession and dealing with a professional financial planner.