



The FINANCE column in SA Family Practice features articles for sound personal and practice financial advice. Kindly send any suggestions for future topics to: douw@medpharm.co.za, fax (012) 664 6276 or Finance column SAFF, PO Box 14804, Lyttelton, 0157.



Germa Beukes

B.Com (Law) LLB MBA;
Certificate in Compliance Management
Managing Director & Compliance
Officer : TenFOUR Consulting (Pty) Ltd

Correspondence to:
Germa@tenfour.co.za

Information supplied by:



A member of



An independent professional
financial services company.
Website: www.4d.co.za

REVIEW THE “HEALTH” STATUS of YOUR FINANCIAL ADVISOR

Protect yourself against unhealthy / poor financial advice

The Financial Advisory and Intermediary Services (FAIS) Act became fully effective on 30 September 2004. The purpose of the Act is to protect clients against poor advice and to promote the integrity of the financial services industry. All individuals and companies who render financial services have to apply for a licence with the Financial Services Board (FSB) to authorise them to provide financial advice.

The FAIS Act also requires Financial Advisors to act according to a Code of Conduct, which includes honesty, fairness, due skill, care and diligence. They also have to adhere to the “Fit and Proper Requirements” in terms of this Act, which requires certain credits, qualifications and training for specific product categories within the industry.

1. Know your financial advisor

The advisor or intermediary has to make certain minimum disclosures when providing advice, which includes the following:

- His name, address and contact details.
- His licence or licence number if he acts as a representative of a licensed Financial Services Provider (FSP).
- His commission earned.
- Complaints procedures.

2. Advice should be in **your** best interest

Any advice or information you receive should adhere to the following standards. It must be:

- factually correct,
- in plain language,
- not misleading,
- adequate and appropriate,
- provided timeously,
- provided with full details of monetary terms, and
- confirmed in writing, if verbal.

3. You should be in a position to make an informed decision and you have the right to complain about inappropriate advice received.

10 Questions to ask your financial advisor:

1. Are you registered with the FSB as an FSP, or are you a representative of a licensed FSP?
2. Do you have an FSP number?
3. Do you have any indemnity insurance?
4. Which company's products are you licensed to sell?
5. What types of products are you licensed to sell?
6. What are your qualifications?
7. Will you do a comprehensive Financial Needs Analysis?
8. Will you provide me with a detailed risk profile?
9. How much will you be paid?
10. How often will I see you?

In next months edition we shall have a closer look into the importance of the financial needs analysis process.