

RE 6: Second Level Regulatory Examination: Short And Long Term Deposits

Alan Holton



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All representatives performing financial services in relation to category I, subcategories Short and Long Term Deposits are required to complete a first level regulatory examination, based on the qualifying criteria as it appears in Section 4 and a second level regulatory examination based on the qualifying criteria in Section 6 of Board Notice 105 of 2008

RE 6: SECOND LEVEL REGULATORY EXAMINATION: SHORT AND LONG TERM DEPOSITS

- (1) All representatives performing financial services in relation to category I, subcategories Short and Long Term Deposits are required to complete a first level regulatory examination, based on the qualifying criteria as it appears in Section 4 and a second level regulatory examination based on the qualifying criteria in Section 6;
- (2) Examination bodies have the discretionary powers to offer a combination examination for representatives working with Category I, subcategories Short and Long Term Deposits, where such representatives may choose to complete one examination that addresses the qualifying criteria as it appears in Sections 4 and 6;
- (3) The qualifying criteria in Section 4 and Section 6 serve as the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications.

Task 1 Perform a needs analysis

Knowledge criteria	Skill criteria
Describe the mechanism (features and benefits) of: <ul style="list-style-type: none"> • products, • interest rates, • pricing, • period 	Develop an understanding of the client's financial situation and needs.
	Identify the complexity of the client financial status and need to invest.
Discuss the various financial solutions available to a client including but not limited to: <ul style="list-style-type: none"> • liquidity • length of deposit, • interest income requirements 	Identify the client's product and investment needs, wants, preferences and objectives.
	Propose an appropriate financial solution.

Task 2 Calculate interest on a deposit

Knowledge criteria	Skill criteria
Explain how interest is calculated on deposits.	Perform time value calculations in terms of a financial deposit.
Explain the difference between nominal and effective interest rates.	Inform the client on actual and/or potential interest earnings on a deposit.
Discuss the difference between nominal and effective interest rates.	Inform the client on the return on investment on a specific deposit product.

Task 3 Communicate pricing, fees and commissions to clients

Knowledge criteria	Skill criteria
Discuss the difference between pricing, fees and commissions.	Educate the client regarding the pricing, fees and commissions payable for the various deposit products.
Explain the relevant pricing relevant to each product category.	
Explain the relevant fees relevant to each product category.	
Explain the relevant commission relevant to each product category.	

Task 4 Communicate the various investment product options to the client in relation to deposits.

Knowledge criteria	Skill criteria
Explain the difference between a bank deposit and deposits in the form of investments.	Educate the client regarding generic investment products in relation to deposit products.
List the types of generic investment products available in relation to deposits.	
Discuss the benefits of using a generic investment product in relation to a deposit product.	
Discuss under which circumstances a generic investment product will be more suitable for a client.	

Task 5 Communicate the different product categories to the client.

Knowledge criteria	Skill criteria
Identify the various deposit product categories (e.g. savings, transaction & investments).	Educate the client regarding various deposit product categories in relation to the client's needs.
Discuss these various deposit product categories in terms of: <ul style="list-style-type: none"> • features • benefits • product rules 	

Task 6 Comply with disclosure requirements

Knowledge criteria	Skill criteria
Discuss what disclosure requirements should be met when advising a client in terms of a deposit product, including but not limited to: <ul style="list-style-type: none"> • product disclosures, • disclosures about fees, • pricing, • early withdrawal, • penalties, • interest rates and • status of the representatives. 	Disclose the relevant product information to the client.

Task 7 Adhere to the requirements of the Specific Code of Conduct for Short-term Deposit Business

Knowledge criteria	Skill criteria
<p>Discuss the requirements of the Code in terms of:</p> <ul style="list-style-type: none"> • Unsolicited contacting of clients • General duties of the provider • Contractual terms and conditions • Duties regarding furnishing advice to clients • Details on account operation • Confidentiality and privacy • Advertising • Complaint resolution processes • Waiver of rights 	<p>Comply with the Specific Code of Conduct for Short-term Deposit Business when giving advice in deposit products.</p>

Task 8 Apply his/her understanding of the South African financial and economic context in relation to product category

Knowledge criteria	Skill criteria
<p>Discuss the following:</p> <ul style="list-style-type: none"> • The origins of money, • Banking and the banking system (including the national payment system and money creation). 	<p>Render financial services, keeping the South African economic context in mind as it relates to deposit products.</p>
<p>Explain the interest rate trends in the South African economy in relation to the deposit product.</p>	
<p>Explain what interest rates are.</p>	
<p>Discuss why it is important when giving advice on deposit products.</p>	
<p>Discuss the role of banking within the South African economy, including but not limited to:</p> <ul style="list-style-type: none"> • interest rates, • risk and • economic indicators 	
<p>Explain the impact of the SA economy, rate and risks on the product selection.</p>	
<p>Explain the interest rates and product risks related to the product categories clearly.</p>	

Task 9 Apply a basic understanding of Life Insurance and scope of Insurance in South Africa.

Knowledge criteria	Skill criteria
<p>Explain briefly what the various life insurance options are within the South African context.</p>	
<p>Discuss when a client would require life insurance.</p>	

Task 10 Determine the clients need for insurance.

Knowledge criteria	Skill criteria
<p>Explain the principles of insurance including:</p> <ul style="list-style-type: none"> • the concepts of insurable interest, • insurable risk, • duty of disclosure, • indemnity, • average, • compensation, • subrogation, • proximate cause, • contribution. 	<p>Apply the principles of insurance when determining the client's need for insurance.</p>
<p>Discuss the policy wording/s including:</p> <ul style="list-style-type: none"> • the concept of excess, • underwriting criteria and • types of perils. 	<p>Gather relevant information by completing a questionnaire where applicable.</p>
<p>Describe the benefits offered by relevant products.</p>	<p>Establish the insurable interest, previous claims loss history, previous insurance and personal financial status of the client.</p>
<p>Explain the different lines of insurance.</p>	<p>Record relevant information.</p>
<p>Explain the different types of cover (including self insurance) available in relation to the implications and benefits thereof.</p>	
<p>Describe what specific contractual obligations the client may be responsible for.</p>	
<p>Identify the possible areas of risk to which the client might be exposed.</p>	