

*Yurika Pistorius, Compliance and Sustainability Officer of Centriq Insurance, elaborates on the best way to embed, measure and demonstrate TCF.*

The Financial Services Board's (FSB) aim to ensure and measure the fair treatment of retail financial services customers will require all financial institutions to embed a combination of market conduct principles and specific rules in order to meet the following six TCF fairness outcomes, which stipulate that:

- the fair treatment of customers must become central to a company's corporate culture
- products and services must be designed to meet the needs of specific consumer groups and targeted as such;
- consumers must be provided with clear information and kept appropriately informed before, during and after point-of-sale;
- advice must be suitable and take account of individuals' various circumstances;
- products and services must be of an acceptable standard and deliver on expectations created; and that
- no unreasonable post-sale barriers to change product, switch provider, submit a claim or make a complaint, may be imposed.

That said, the FSB's treating customers fairly (TCF) document seeks to reduce the asymmetry of information that exist between financial institutions and their customers by documenting just how stakeholders in the financial services industry should go about ensuring that customers' financial services needs and expectations are met, and that customers are treated fairly throughout the client/business relationship and product life cycle.

For this reason, it is evident that companies that align their business practices to incorporate TCF in terms of the following will be the most successful in monitoring and measuring TCF as a key driver of their corporate cultural framework and demonstrating TCF on a qualitative data (opinions) and quantitative data (volumes/numbers) level.

TCF indicators in the key drivers of a cultural framework will be included in:

- Leadership and management behaviour: Do managers communicate TCF effectively? Do they apply appropriate controls and monitor the fair treatment of customers?
- The company's vision, mission and risk appetite e.g. the company's vision must support the fair treatment of customers, therefore the strategic decision must reflect the vision and the risk appetite must in turn reflect customer consideration.

- Decision-making e.g. is the company making use of staff, customers and other external feedback measures to ensure that the interests of the customer are balanced against those of the shareholders?
- Controls and management information systems that are in place to measure the progress and implementation of TCF; improve TCF procedures and customer service where required; monitor the outcome of remedial action; evidence what actions have been taken to investigate and correct risks that were identified.
- Recruitment, training and competence: Behaviour and attitude to TCF as key criteria for staff selection; incorporating TCF 'compliance' into performance management; TCF training for staff members.
- Transparent reward systems and bonuses that support the fair treatment of customers.

While it must be noted that TCF does not free customers from taking responsibility for their choices, the fact of the matter remains that a satisfied customer can be unaware of the fact that he/she is treated unfairly, and this is why the best way to promote consumer confidence in the financial sector as a whole is for stakeholders in the financial services sector to embrace TCF by implementing and acting on (measurable) customer feedback tools; offering tailored advice by taking each customer's circumstances into consideration; differentiating products by segment; delivering on all service and product expectations; ensuring that disclosure is clear and understandable and aligning people recruitment, assessment, training and reward practices with the TCF principles on an ongoing basis.

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