

Tighter criteria coming for compliance officers in financial services

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NEW standards of professionalism and tighter admission requirements are in the pipeline for compliance officers operating in the financial services sector.

The Compliance Institute of SA (Cisa) has embarked on a professionalism drive aimed at raising the bar on standards of compliance practice and ensuring that compliance officers are suitably qualified, experienced and trained.

“The existing professionalism framework will be taken to a new level that will improve the standing and status of compliance officers, and existing members of the Institute will need to meet the higher standards that are being developed,” Cisa CEO Julie Methven said yesterday.

Like company secretaries and accountants, compliance officers are employed at the highest levels of companies. However, no industry-wide standards of qualification, experience and professional development have been implemented.

The compliance officer’s role is to apply the law to the business, assess the risks of breaching laws, rules and standards, and assist management to discharge its responsibility to meet all relevant laws, rules and standards.

The institute had recently received a formal mandate from stakeholders to develop an occupational qualification for compliance officers in the financial services sector under the auspices of the workgroup acting in support of the soon- to-be-established Quality Council for Trades and Occupations.

The compliance function was initially introduced in the financial markets, specifically Safex in 1989 and the JSE in 1995.

Subsequently, regulation 47 (now regulation 49) of the Banks Act of 1990 ushered in the requirement of an independent compliance function as part of banks’ risk- management framework. Recently, the Financial Advisory and Intermediary Services Act in 2004 required financial services providers to have a compliance officer approved by the Financial Services Board (FSB).

Recent changes to the act require that all compliance officers have to meet certain minimum competency criteria before being approved by the FSB.

Methven said that if the minister ultimately designated compliance officers as “prescribed officers”, this would legislate the need for compliance officers to employ sound business judgment as opposed to ticking the right boxes and compiling reports for regulators.

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