

## SIGNIFICANT ADVANTAGES FOR CONSUMERS OF FINANCIAL PRODUCTS & SERVICES

The new “Twin Peaks” model for regulating the financial sector commences on 1 April 2018. These changes will have a fundamental impact on the provision of financial products and services.

Vital regulatory elements regarding the treatment of consumers will require compliance. These include consumer rights, fairness and ethics, service, and claim handling and fulfilment.

Meaningful and effective contributions will be required from all firms to support financial inclusion and financial literacy. These and other customer-focused goals will be prioritised equally with those of prudential regulation.

“For consumers this will create, ideationally at least, one of the most progressive and extensive consumer protection regimes in the world” according to Dr Andy Schmulow - DBA Senior Advisor (internationally recognised authority on financial regulatory architecture and Twin Peaks).



## REGULATORS ARE WELL ARMED

These reforms introduce a new regulatory enforcement approach - focused on outcomes. The challenge is in the lack of certainty in how the regulator will define various outcomes.

This approach favours the regulator. A poor outcome allows the regulator to intervene.



## TURNING COMPLIANCE INTO A COMPETITIVE ADVANTAGE

Financial product and service providers will need to understand the regulatory mechanics of Twin Peaks. Some of the most onerous obligations imposed on providers are expressed in terms that are not fully defined. We provide solutions to this problem by accessing internationally recognised, deep subject matter expertise, and close involvement in the Treasury's process for defining these terms.

When firms reconceptualise their processes for designing, marketing, and supporting their products and services, effective compliance becomes a competitive advantage.

Financial services companies compete to differentiate themselves in a “me too” product environment. What will set firms apart now is regulatory compliance in new product design, back-office functions, and enhanced customer service.

IS YOUR ORGANISATION  
“TWIN PEAKS” READY?

- Are my internal processes aligned with fulfilling Twin Peaks' regulations?
- Are my customer facing interfaces in compliance?
- Do we need to adjust our product designs, features and benefits?
- Will our internal back-office systems and operating model need to be adjusted?
- Will there be an adjustment in terms of new roles and responsibilities?
- How will we comply, and can we drive a competitive advantage through change?

## DB & ASSOCIATES

ASSISTS FIRMS IN DRIVING EFFECTIVE TWIN PEAKS COMPLIANCE AND CHANGE THROUGH TO COMPETITIVE ADVANTAGE



Define, design, and project-manage all the elements for Twin Peaks transformation.



Design the culture and change journey to position the organisation for the future.



Design syndicate and articulate a customer engagement strategy, covering all products, stakeholders, and channels.



Leverage the IT platform and other aspects of change to reconfigure the business, drive efficiencies, and avoid penalties.



Review and re-engineer existing processes to align to the new operating model, and improve process efficiencies and workforce productivity.

## TWIN PEAKS FINANCIAL SECTOR REFORMS

"When *Conduct of Financial Institutions Bill (COFI)* becomes law, financial services providers will have to engage in a root, stem, and branch analysis of what they do, how they do it, to whom they do it, with what objective, and how that affects their customers. It will be a significant undertaking. But well worthwhile, especially in a developing country with a large portion of vulnerable consumers who are effectively excluded from the financial system"

*Dr. Andy Schmulow - Senior DBA Advisor*



DB & Associates is a management consulting firm operating out of South Africa and Australia.

With over 30 consulting professionals working across industries, we are South Africa's fastest growing management advisory firm.

Our strength lies in our ability to bring together powerful analysis, drive transformational change, and leverage technology to help our clients achieve sustainable results, fast.

## OUR VALUE PROPOSITION

- A fact-based, flexible approach to each client and solution
- A broad service offering covering both strategy and operations optimisation
- Deep sector experience in asset- and process-intensive businesses
- An outcomes focused, risk- and gain-share model
- A true partnership approach

## ADOPTION OF TWIN PEAKS

"South Africa is well-advanced in its adoption of the Australian 'Twin Peaks' financial regulatory architecture – the sixth country and the world's first developing country to adopt this regulatory model. When completed this will be the most significant reform to the regulation of the South African financial system since South Africa left the gold standard in 1932"

*Dr. Andy Schmulow - Senior DBA Advisor*



Strategic  
Decision  
Making



Workforce  
Optimisation



Strategy  
Activation



Technology  
Enablement

## OUR ADVISORS



Peter Newman  
*Partner and Head of Business Development -  
DB & Associates*

Peter has extensive experience within the financial services sector, having consulted for more than 20 years in the South African insurance and financial services industry. Peter heads up DBA's Business Development function, and provides overall strategic and operational direction across various projects and sectors.



Dr. Andy Schmulow  
*Senior Advisor - DB & Associates*

Andy has been admitted to the degrees of BA Honours LLB (*Wits*), GDLP (*cum laude*) (*ANU*) and PhD (*Melbourne*). He is an Advocate of the High Court of South Africa, and admitted by the Supreme Court of Victoria as a legal practitioner. In 2014 he founded Clarity Prudential Regulatory Consulting Pty Ltd.

Andy has provided advice to the South African Treasury on their adoption of the Twin Peaks financial regulatory model, and currently serves on an independent expert panel convened by Treasury to provide advice on the *Conduct of Financial Institutions (COFI)* Bill.



TWIN PEAKS

STAGE 1, THE FINANCIAL SECTOR  
REGULATION ACT (FSRA) BECAME LAW  
IN AUGUST 2017