FÉDÉRATION EUROPÉNNE

DES CONSEILS ET INTERMÉDIAIRES FINANCIERS (FECIF)

Vincent J. Derudder, Secretary General of FECIF

The “Fédération Européenne des Conseils et Intermédiaires Financiers” (FECIF) was chartered in 1999 by the Belgian government for the defence and promotion of the role of financial advisers and intermediaries in Europe.

FECIF represents approximately 300,000 intermediaries across Europe through 46 national trade associations and 16 commercial groupings. It is the only European body representing European financial advisers and intermediaries (www.fecif.org). The European financial adviser and intermediary community includes approximately 630,000 private individuals exercise this profession as a main occupation (representing approximately 26,000 legal entities).

In addition, we estimate at 430,000 the number of other professionals (accountants, lawyers, tax advisors, etc.) who may offer financial services time to time to their existing clients.

The industry counts also 750,000 tied agents and 2,500,000 front and back office employees. The number of consumers who are using the service of advisers or intermediaries is estimated at 90,000,000 throughout Europe FECIF is calling again the European Commission (EC) to abandon plans to rush into further regulatory change. The EC should wait to take the time to analyze the impacts of the Financial Services Action Plan (FSAP) on the industry and the consumers.

The EC should understand the difference between intermediaries acting as agent of the consumer and offering personal advice and between intermediaries acting as agent of a provider that cannot offer advice.

Within Europe there are a huge and ever increasing number of individuals who work outside their own country including in the Czech Republic whom we loosely describe as “Expatriates”. They also represent a very large part of the investing population and have very specific investment needs.

When an expatriate invests, whether by regular savings or as a lump sum, he is usually investing for the long term and with an eye on the probable tax position at the time when he expects to reap the benefit of his savings. Very often this coincides with return to his home country and/or his retirement.

The current interpretation of the European directives is having the effect that very few insurance or investment companies are in the position to offer compliant products across borders into all of the 27 EU countries.

The worst aspect of this for expatriates is that they are being deprived of choice both compared with the indigenous market and with the market in their home country. One of the most disturbing aspects to us as financial advisers is being forced by the legislation to offer a client a product that is significantly inferior to what he actually needs – mainly due to charges. On the one hand we are always being exhorted by regulators to give “most suitable advice” while having to comply with badly drawn regulations that prevent us from giving it.

The implementation of some FSAP rules now means that a large group of internationally mobile individuals can no longer buy a European product in the country that suits them and their chosen professional advisers.

Regrettably, these ill-considered regulations are having exactly the opposite effect to what it was intended to achieve as far as expatriates are concerned and is highly detrimental to their interests.

The actions of EU Member States regulators often succeed in making a problem worse because they do not address the right issues. The consumer has an absolute right to be able to choose the product that is right for him from the same outlet.

In most cases the documentation provided in the form of prospectuses and Key Features is hard to understand, even for the trained professional, and most consumers do not even try as they require understanding of legal terms and expertise in deciphering jargon.

Banks tend to abuse their dominant position in the retail market and their knowledge of a consumer’s available liquidity to promote easy sales of their own internal funds which may be relatively poor performers.

A bank always has control of the consumer’s available cash or mortgage indebtedness, and does not have to worry too much about the quality of advice given when it is selling its own products. An independent financial adviser or broker (provided he is working in a properly regulated environment) lives or dies by the quality of the advice he gives. Otherwise he does not retain consumers. He has no other sources of income and ongoing consumer care and satisfaction has to be his principle concern.

The public will wrongly perceives a bank employee as being a professional financial adviser whereas his role is basically to meet certain targets for sale of the bank’s own products. Rarely does a bank adviser address the tax and estate planning implications surrounding his investment recommendations, his brief being to sell his employer’s products rather than provide an all round service.

By Vincent J. Derudder

Vincent J. Derudder (60) is French and a lawyer by training, Secretary General of FECIF since 1999. He is also the CEO of one of the largest pan European distribution network operating out of Luxembourg.

Vincent J. Derudder with colleagues