

Regulatory Examination and Wealth Management Qualification Fraud

The industry will have seen an increase in the number of debarments cases over the last year. The main reason for this increase is that qualification and examination fraud was discovered by the Financial Planning Institute of Southern Africa (FPI) which has required the FSB to take action against a large number of individuals.

The fraud case found that specific FPI employees and a number of candidates were involved in a dishonest scheme that resulted in the falsification of their examination and/or qualification results and the issuance of fraudulent certificates.

An initial investigation was conducted by the FPI and criminal charges were laid against the implicated FPI employees. The FSB was informed of the matter in 2014 and launched an inspection to gather evidence against 120 representatives and Key Individuals who had allegedly benefitted from the fraud. Debarment action commenced in 2015 and is ongoing with at least 60 cases still underway.

The FSB also conducted an audit of the FPI Examination Body's internal security measures, systems and processes. Following the audit, the FSB recommended additional security protocols to ensure that a similar situation does not arise in the future - recommendations that the FPI has adopted and implemented.

The FSB continues to work closely with the recognised examination bodies, to ensure that all security measures are fully functional at all times. The FSB sees the regulatory examinations and the authenticity of qualifications as a critical component of the competency requirements for financial services providers, and as such the integrity of the examinations and qualifications must be protected at all times.

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