

## **How are firms measuring TCF in their businesses?**

I make no apology for returning to the issue of Treating Customers Fairly, as we are fast approaching the March 2008 Management Information deadline. The FSA supervision teams will soon commence calling firms to assess whether they have proper processes in place and it is expected that all firms holding an FSA authorisation will receive an initial telephone assessment call during 2008. The FSA plans to visit at least 4,000 firms next year, where their initial contact leads them to consider that the firm does not have appropriate measures in place to assess whether they are treating their customers fairly. So there is very little time left for firms to establish their MI measures. Additionally, they must be building structures around them that ensures robust monitoring, together with the right people being tasked with taking resulting actions.

This must be a role for the management of the firm and not left to the compliance officer, team or function. Each business should consider appointing a TCF champion, not in compliance, to drive delivery across the organisation. TCF should perhaps be seen as “Total Customer Focus” rather than the FSA “words”.

But TCF is not just about your strategy – it is about what is actually happening at the coal-face of your business. It cannot be seen as just an exercise – it must be an intrinsic part of the way the business operates. Indeed it is not about behaviours – it is about beliefs. The FSA will be assessing the culture of the firm, not just how it operates.

The MI will need to cover a wide range of issues such as recruitment; training and competency; financial promotions and advertising; advice process; on-going service; complaints; financial resources, pay and reward; quality control; and finally management systems and controls. The data must be relevant, accurate, timely, acted upon and recorded.

However, there must be clear evidence that at least a summary of the Management Information is being discussed at Board level. I would suggest that any issues identified are allocated owners in the business with responsibility to report back on remedial actions and the resulting shift in customer outcomes.

As the people at a major High Street Bank passed down recently at the FSA TCF conference – they have distilled their approach for staff into nine words – powerful, concise and catchy – but also very persuasive if you really think about what lies behind them

Make better products  
Sell them properly  
Keep them sold.

Finally, the whole thing is only as good as the weakest link in the chain. The whole firm must embrace and understand how this is being operated and applied. It must become business as usual.

If you have not got to the starting gate yet or feel you are not a long way down the track, then I suggest that there is no better time to get on with it than now. A full FSA visit is not what you want, as you will find it an up-hill battle to keep your doors open for business.

Robert Sinclair  
Director  
Association of Finance Brokers  
[robert@theafb.net](mailto:robert@theafb.net)