

Model Charter on Responsible Sales of Financial Products

Adopted by the UNI Finance Steering Group on 9 June 2010 in Copenhagen

1 Introduction

The primary purpose of financial institutions is to provide responsible and sustainable financial services. The finance sector plays an important role in economy, which goes much further than the stability of the financial institutions themselves. The sector has a responsibility to ensure stable markets and support the real economy.

Giving good advice and having excellent customer service is a precondition for the sustainable and long-term success of any bank and insurance company.

A company's internal operating practices must be conducive to this and empower employees to act in a way that supports sustainable development. This includes appropriate remuneration and incentive systems, training of staff, good working conditions and a reasonable workload.

We need a sustainable, customer-oriented finance sector, where sales of products are customer lead and always accompanied by proper advice.

Customers have the right to good advice; finance employees have the right to give good advice.

This charter is developed in cooperation between [name of company], its employees and [name of trade union(s)] in the finance sector to ensure the best possible framework for providing advice and responsible sales of products to customers.

2 Objectives of the charter

- a) To ensure internal business culture and operating procedures conducive to responsible sales of products.
- b) To ensure staff are empowered with a high level of professional competence and have a good work environment.

- c) To ensure financial products are of a high quality, suitable for the customer and are sold in a transparent manner.”
- d) To ensure a continuous dialogue on sales and advice issues between the company, its employees and the trade union representing them as well as other stakeholders.

3 Principles on responsible sales of financial products

[Name of company], its management and employees at all levels commit ourselves to comply with the principles outlined below, while respecting relevant company collective agreements, national legislation, supervision and consumer regulation.

- a) To apply internal operating procedures and principles conducive to the responsible sale of financial products.
- b) To ensure that incentive systems for employees at all levels are realistic, fair and transparent; based on long-term and sustainable goals; and do not damage employees.
- c) To ensure that conflicts of interests, roles and responsibilities of employees are always clear in a sales situation.
- d) To ensure that financial products are suitable for a customer’s needs.
- e) To ensure a fixed monthly income that allows the working individual a decent life.
- f) To apply incentive structures which reward good customer services and qualified advice. For instance, no sales targets for specific products.
- g) To ensure targets are reasonable and achievable and remuneration determined through negotiation with trade union representatives. The approach to individual employees must be in line with the collective agreement.
- h) To provide a healthy and safe environment which includes sufficient paid time, space, resources and support for staff to provide good advice and responsible sales of product.
- i) To stimulate a management culture based on trust, motivation and teamwork – not control, sales pressure and individual ranking.
- j) To ensure that products are only sold by staff who are authorised, properly trained and have a thorough understanding of the products including their long-term implications for customers.
- k) To develop competence policies and training schemes, which acknowledge every individual employees rights to continuous development through regular training and support to achieve professional qualifications.
- l) To ensure a continuous dialogue on responsible sales of products between the company, its employees and trade union representatives.
- m) To contribute to financial education.

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4 Scope, implementation and monitoring

- a) This charter is a commitment by the company as a whole – management and individual employees.
- b) The charter applies to the whole group across all countries of operation and subsidiaries.
- c) A member of the top board of directors will be in charge of the implementation of the charter. The implementation will be monitored by a department at group-level or a company ombudsman.
- d) Regular reports will be published on the charter's implementation including a description of actual sales practice covering relevant elements of individual remuneration and incentive systems as well as sales targets.
- e) The charter will be supervised by a joint committee of the signatories of the charter and may include other stakeholders.
- f) [Name of company] should establish an internal structure allowing employees to report inappropriate internal practices to an internal, independent ombudsman in a manner agreed with the trade union side.
- g) [Name of company], together with UNI Finance, will engage in a global process of exchanging good practice and promoting global convergence of practice among companies.
- h) The work with the charter as well as measures of implementation will be made public.

5 Partners

The charter should be formulated and agreed between top management and trade unions. It may also involve other stakeholders such as consumer associations.