

Buck stoppers running scared

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Date: 11/08/2005
Words: 465
Source: AFR

Publication: The Financial Review
Section: Financial Services
Page: 19

Compliance officers in financial services companies are deserting at a rate of more than 100 a month, prompting fears of a shortage of qualified people prepared to take on the job.

Financial services companies must have two compliance, or "responsible", officers each under provisions that came into effect in March.

The Australian Securities and Investments Commission says that, to get a financial services licence, licensees must comply with organisational competency obligations and must nominate at least two officers to maintain those obligations.

Under the guidelines, these must be "people who are directly responsible for significant day-to-day business decisions about the ongoing provision of financial services by your business". Large financial services groups have as many as 30 responsible officers. But sources say that people are deserting these posts because of concerns about liability.

"At April 11 this year there were 4187 licences issued and we understand there had been 1018 responsible-officer changes by the end of January," said Deen Sanders, general manager of the Financial Services Education Agency, which administers an education framework for groups including ASIC.

"We understand that on average there have been approximately 100 changes a month." SSAMM Management Consulting's Ulysses Chioatto, a spokesman for the 300-member Responsible Officers Forum, has been told the figure is 150 "and we estimate it may be as high as a quarter of the responsible-officer base annually". There was "confusion about responsibility and liability: will I get it in the neck if things go pear-shaped?" Mr Chioatto said.

Among the groups prepared to confirm that they had lost officers was Tower Australia. Chief executive Grahame Evans said his company had committed "substantial innovation and resources to the selection and support of responsible officers". Westpac's chief compliance officer, Victoria Weekes, would not confirm turnover in responsible officers at her organisation but said appointing them had been a demanding task.

"Westpac has committed substantial time and resources to the selection and training of responsible officers," she said.

An ASIC spokeswoman said: "We haven't identified any particular trend or problem in this area." But ASIC is believed to be curious about whether the high churn rate is because officers are finding something wrong in the companies they represent or simply because of uncertainty about their roles. It also wants to know whether the changes affect the organisation's ability to satisfy its obligations.

"We are concerned as an industry about the responsible-officer pool generally," Mr Sanders said. "Does it have the depth we need as an industry, the experience and capacity? Certainly, ASIC are asking themselves those questions as well."

KEY POINTS

Responsible officers must be directly involved in significant day-to-day business decisions.

As of April this year, 4187 licences had been issued.