

Guide to management information to monitor the quality of advice

This document is intended as an aid for firms to consider the type of management information that may be gathered. It is not a checklist, nor is it exhaustive. It aims to highlight some of the benefits of capturing particular information and how that information can impact on the quality of advice you give to your customers. Some, all or even other data may be more appropriate for your firm's size, structure, business model and activities. Think about the outcome you want to achieve, consider what information you should gather and how you can do it (e.g. amend new business register/ enhance T&C records). But remember, whatever information you do gather, record the findings including the action you take.

Recruitment	What are some of the outcomes that this information could provide?		Consider what you need to do with this information? For example, increase supervision, update learning and development plans, review particular processes/structure?
Credit checks; references; complaints history and KPI's	Fit and Proper checks	Identify the root causes of any previous concerns/issues and therefore potential risks to the firm. Initial and ongoing review of individual's financial soundness could identify potential financial issues with staff that could encourage inappropriate recommendations.	
Advisers by level of competency; qualification level	Competency status of advisers	Identify gaps in advisers skills, knowledge and experience and therefore the appropriate action required to address those gaps to ensure this does not impact on the quality of advice you give. Satisfy senior management that new types of business being brought to the firm are identified, and if this can be adequately supervised.	
Staff turnover; recruitment issues	Recruitment issues	Highlight the level of staff turnover and success of recruitment. Appropriate information could identify root causes and the potential costs to the firm (both in resource and monetary terms) when the process fails.	

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Training & Competence (T&C)		
Training	T&C plans	Identify training information including level of attendance, the relevance of its content and the benefits to the firm and the individuals within it. Linked with other information gathered, such as findings from file reviews, it could identify areas where other staff who demonstrated appropriate behaviours or have specialist knowledge, could deliver training to other members of staff. Highlighting non-attendance could uncover issues such as time management and resource planning issues. Information gathered could satisfy senior management that training is structured, relevant and adequately monitored, therefore taking steps to ensure that good quality of advice is being provided.
Key Performance Indicators	KPI monitoring (e.g. persistency, lapses, cancellations, NTU's, sales targets, replacement business, complaints)	Identify potential issues, possible root causes and key risks enabling the firm to take appropriate action and ensuring these do not escalate or remain unresolved. Highlight concerns on the quality of advice given and how the customer was treated during the sales process. Identify trends across individuals and/or all advisers, and therefore the appropriate remedial action required.
Adviser standards	Adviser standards	Observe the quality of the advice process in a real time scenario through observed sales/role plays, identify gaps in the advisers skills and knowledge and the application of these together with the subsequent remedial action required.
Advice Process		
Volume of sales	Initial and trail commission; fees; customer rebates	Gives vital information to help track the firm's profitability, including payments due. Provides an assessment of the level of charges incurred by the customers vs the service they receive and if this fits with Treating Customers Fairly.
Type of business written	Product/provider selected; type of advice provided; areas of specialist advice; type of products being sold; level of non-income earning products sold.	Identify product and/or commission bias, the level of service provided to customers against the level the customer could reasonably expect and the risks and nature of products being sold. Highlights the key areas of risk in terms of the quality of advice provided. Information on the level of non commission earning products to customers (such as repayment of debt) will satisfy senior management that customers' wider circumstances are being considered as a priority by its advisers.
Products by risk ratings and/or split of sales by attitude to risk	Risk based approach	Identify the risk appetite of customers and the level of associated risks of products being recommended enabling senior management to reconcile the level of risk both customers and the firm are exposed to, with the firm's own strategy and its customer base.
Source of business	Referrals; introducers and professional connections; financial promotions	Identify profitability and/or trends in sales from each source. Satisfy senior management of the role of introducers in the process and where complaints are received, the source of business is considered as potential root cause and appropriate action is taken to address this.

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Quality Control i.e. Compliance		
Quality of advice processes	Adequate KYC gathered; communications with customers and research undertaken	Identify potential issues, key risks and good and poor practices within the process which could enhance the sales process and ensure a good quality of advice is being provided.
Quality of advice provided	Assessment based on quality	Satisfy senior management that qualitative checks are being undertaken on advice provided rather than only adminstrative checks on customer files.
TCF standards	Treating Customers Fairly	Satisfy the firm that it does treat its customers fairly throughout the advice process not only individual elements of it.
Post advice/ongoing service		
Regular reviews undertaken	Managing and delivering customer expectations	Satisfy senior management on how the firm meets its commitments and delivers on its promises to customers.
Customer survey	Overall picture of TCF culture	Capture fairness rather than just satisfaction and identify areas where the advice process can be improved.
Financial Promotions		
Financial Promotions	Advertising undertaken and its impact	Satisfy senior management that it is aware of the sources used by advisers to generate business and is comfortable with the process involved. Identify the financial promotions undertaken and link this to the level of profitability and overall success it generates. Identify any issues arising from any promotion e.g. a misleading ad being the root cause of complaints or the inappropriate targetting of the promotion. Identify issues within the financial promotions approvals process which require remedial action to ensure this does not impact on the quality of advice you give.
Complaints		
Complaint handling procedures and FOS outcomes	Identification and analysis of complaints	Identify trends, root causes and/or identify areas of concern across one or more individuals. Satisfy senior management that staff can recognise a complaint and appropriately record them.
Nature and outcome of complaints received	Processes and outcomes of complaints	Satisfy senior management that full investigations are undertaken as promptly as possible to ensure a full and fair outcome for the consumer. Identify lessons learned both internally and externally (e.g. FOS/Consumers) both in terms of processes within the firm and how it handles complaints.

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Financials		
Financial position	Meeting financial resources regulatory requirements	Satisfy senior management that the firm is meeting the FSA's own funds test and can meet with its liabilities as they fall due.
Remuneration strategy, targets and/or bonuses	Effectiveness of remuneration strategy	Identify incentives that could encourage inappropriate recommendations.
Systems and Controls		
Spans of control	Resources	Satisfy senior management that individuals have the resources and support available to fulfil their roles and deliver on the standards and performance objectives set.
Risk management	Strategy and performance	Satisfy senior management that it is a well managed firm and the culture within it evidences that treating customers fairly is a prominent feature within its strategy.

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