

Baltic Financial
Advisors Association

BFAA



Risk Management Conference at Banking University

22.09.2017

BFAA

Is a non-profit organization established commonly by Latvian, Lithuanian and Estonian Banking Associations in 2015 to operate a licensing system for individuals involved in providing investment advice/info and mediating insurance products by BFAA affiliated companies.



MIFID II-ESMA 2016/1886

- Date of application: 03.01.2018
- Frequency: competency checks before independent work, annual (CPD-Continuous Professional Development)
- Requirements: 2 qualifications with clear distinction; (Investment) Information Provider and Adviser
- Job roles in scope: Service staff, supervisors, brokers.
- Working under supervision, if a person has not fulfilled competency requirements up to 4 years.

IDD

- Potential date of application - 23.02.2018; transition period – 23.02.2019.
- Frequency: Annual (CPD-Continuous Professional Development)
- Requirements: 15 hours of training, training related to job role: Life, Nonlife and Investment Insurance.
- Job roles in scope: Service staff at Insurers, at Insurance Agents, at Insurance Brokers.
- Appointment of a staff member, who is responsible of provision of info and registering of training (excl. Brokers).

5 Licenses



IA - Investment
Advisor



LIA - Life Insurance
Advisor



IIA - Investment
Insurance Advisor

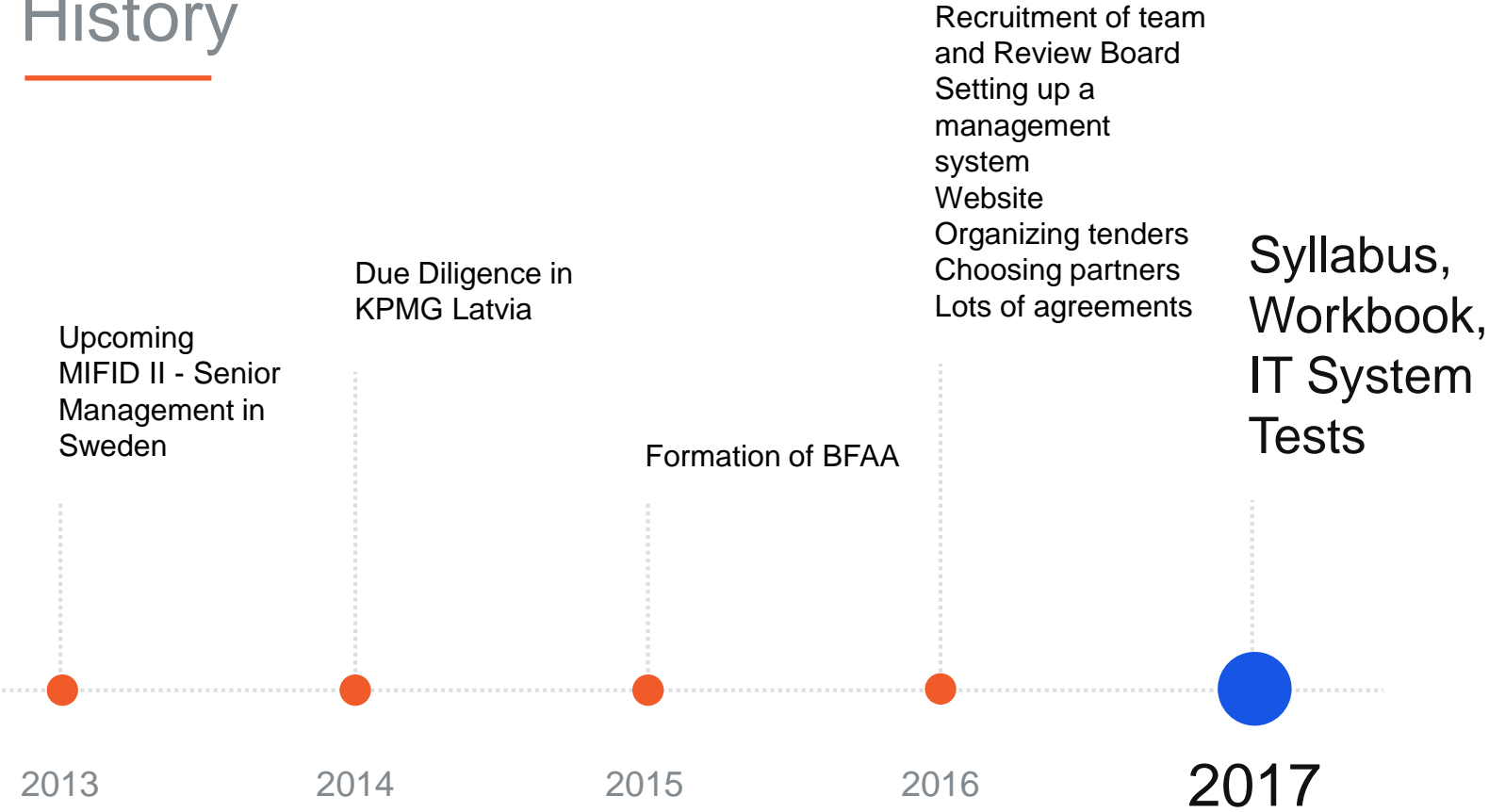


IIP - Investment
Information Provider

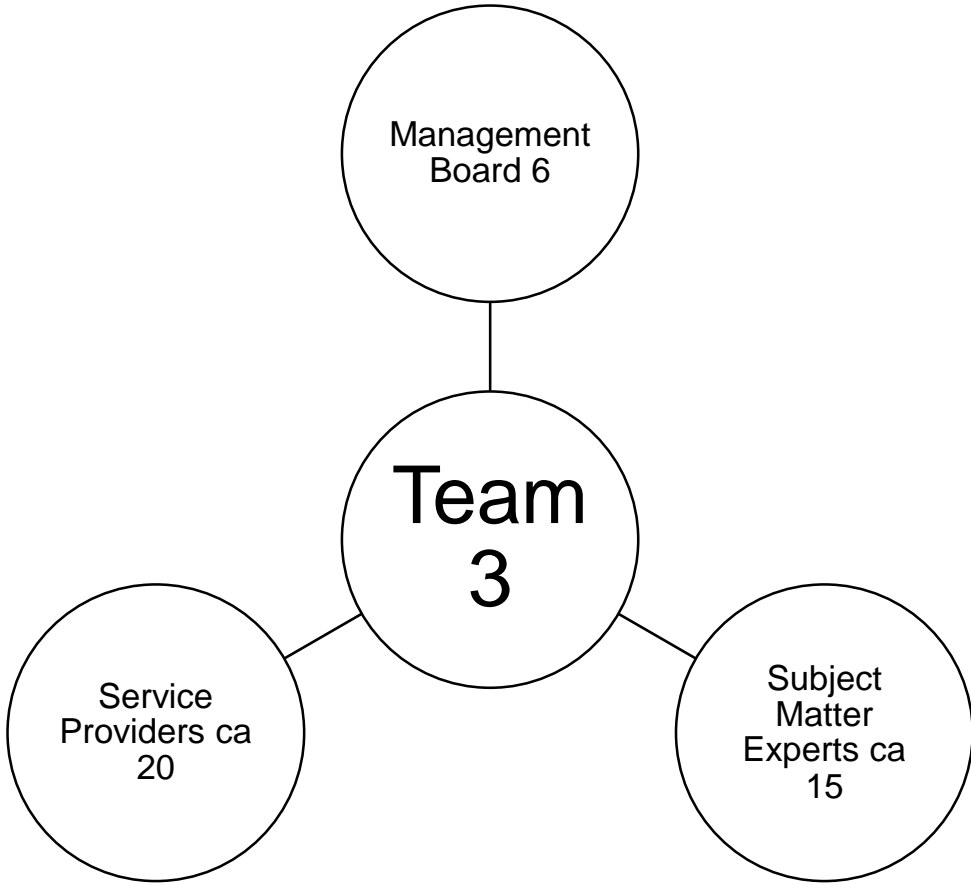


NLIA - Non-Life Insurance
Advisor

History



Organization



2017 – building infrastructure



Our services



Reliable – Valid - Practical

Inside the tests

Topic	Content	IA	IIP	IIA	LIA	NLIA
Financial Competency	1.1. Macroeconomic Environment; 1.2. Financial Markets; 1.3. Insurance Market; 1.4. Financial Basics; 1.5. Risk and Return					
Ethics and Regulation	2.1. Code of Ethics; 2.2. Regulation for Investments; 2.3. Regulation for Insurance			Y		
Investment Services	3.1. Investment Advice; 3.2. Portfolio Management; 3.3. Other Investment Services; 3.4. Ancillary Investment Services					
Non-collective Financial Instruments	4.1. Deposits; 4.2. Bonds; 4.3. Equity; 4.4. Derivatives		Y			N
Collective Financial Instruments	5.1. Characteristics of Funds; 5.2. Investment Funds; 5.3. Pension System				Y	N
Insurance Products	6.1. Non-life Insurance; 6.2. Life Insurance	N		Y		Y

Our tests are

- Computer-based
- Requirement to pass the mock test before the final test
- 50-90 questions
- Time-limited
- 70% (absolute) pass rate
- Single choice answers

Sample question

1. Which of the following is not a stage of a money laundering?
 - a. Placement
 - b. Layering
 - c. Integration
 - d. Washing**

Behind the scenes

- Best Subject Matter Experts in three markets
- Know-how for reliable procedures: CISI (UK) and Swedsec
- Hands-on Management Board
- Competency-based division of work
- Cloud-based applications for collaboration
- Milestone communications
- Master Plans in ENG
- Deliveries in three local languages: Estonian-Latvian-Lithuanian
- Focus on team spirit, growth and performance

Risk Management

- Be trustworthy, keep your promises and treat people well
- Have agreements but work on the basis of long-term partnership
- Store your information securely
- Allocate resources based on competences
- Learn from the best and keep improving

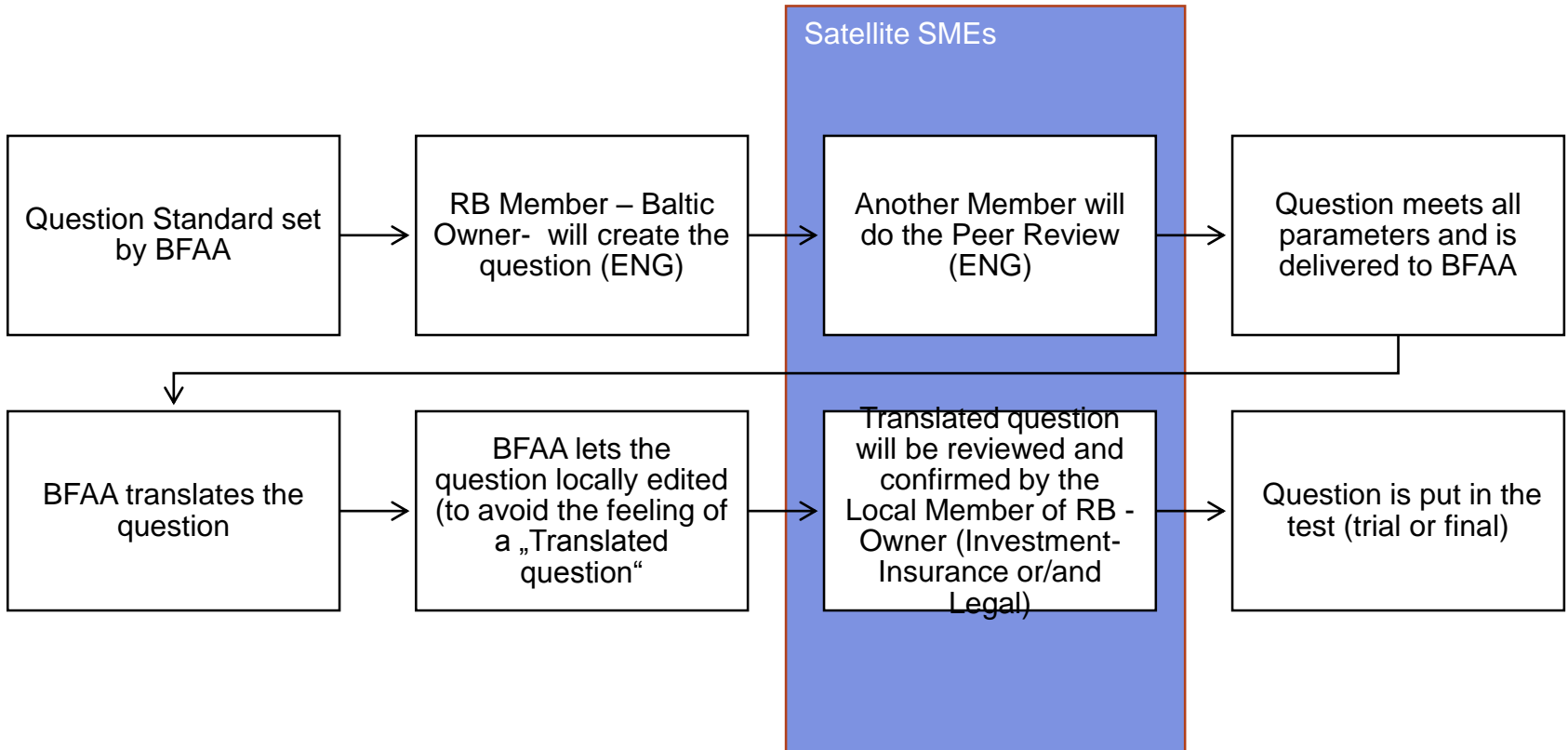
Biggest risks

Risk reason	Realization description	Category	Risk level 1-low 2-medium 3-high	Impact 1- low, 1,000€- 2- medium 1,000- 5,000€ 3- high 10,000€+	Total	Mitigation plan	Current mitigation level
Test questions leak before of during testing or from the third party suppliers.	<i>Test questions become publicly available</i>	IT, HR	3	3	9	NDA is part of all agreements with persons connected to test preparation and execution.	RB, staff- NDA, yes; NDA will be signed with proctors and test takers
Poor quality of deliveries: Examination	<i>Questions become public and everyone will pass the exams. Computers do not work properly, proctoring not proper...</i>	Operations	3	3	9	1. Create and execute procedures defining the standards for room and persons. 2. Ensure the offsite support (Opus) ...	Partly executed

Risk Management – our Policies

Name of the document	Website	testing.	Target users	ENG available/needed	EE available/need	LV available/need	LT available/need	Approved by/resp
The Rule Book	yes	no	Affiliated companies	yes/yes	no	no	no	SB
Affiliate agreement	no	no	Affiliated companies	yes/yes	no	no	no	MB
NDA	no	no	Third party vendors	yes/yes	no	no	no	CEO
BFAA Syllabus long	no	yes	Affiliated companies	yes/yes	no	no	no	MB
BFAA Syllabus short	yes	no	Public	yes/yes	no	no	no	MB
Test Centre Manual	no	no	Test Centres, Affiliated Companies	yes/yes	no	no	no	CEO
Test Centre Agreement	no	no	Test Centres, Affiliated Companies	yes/yes	no	no	no	MB
Pricelist	yes, 2018	no	Prospects and Affiliated Companies	yes/yes	no/yes	no/yes	no/yes	MB
IT Security Policy	no	no	BFAA staff, third party access to BFAA systems	yes/yes	no	no	no	CEO
Syllabus and questions policy	no	no	Review Board	yes/yes	no	no	no	CEO
Review Board Agreement	no	no	Review Board	yes/yes	no	no	no	CEO
T&C testing for master users	no	yes	BFAA, Affiliated Companies	yes/yes	yes/yes	in process	no/yes	CEO
T&C testing for license candidates	no	yes	License candidates, License holders	yes/yes	yes/yes	in process	for review	CEO
Feedback survey	no	yes	BFAA	yes/yes	yes/yes	in process	yes/yes	CEO
bfaa testing instructions	no	yes	License candidates, License holders	yes/yes	no/yes	no/yes	yes/yes	CEO
Website texts	yes	no	public	yes/yes	yes/yes	yes/yes	yes/yes	CEO
Examination Policy	yes	yes	License candidates	yes/yes	no/yes	no/yes	no/yes	MB
CPD Policy	yes	yes	Licence holders, affiliated companies	yes/yes	no/yes	no/yes	no/yes	MB

Example. Questions creation process



When you start playing tennis, you don't imagine there's a whole bureaucracy behind the tournaments and all of that. You just think about winning the cups.

(Venus Williams)



Marge Tooming
www.bfaa.ee



Diana Kvedere
www.bfaa.lv



Karolina Krisciukaityte
www.bfaa.lt