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Findings of Inspection of Intermediary Firms Compliance with Minimum Competency Requirements

The Central Bank of Ireland today (22 October 2010) published the findings of a themed inspection on compliance by intermediaries with the provisions of the Minimum Competency Requirements (MCR). The Central Bank has notified intermediaries of the findings of the inspection and has made a number of recommendations. The findings from the inspection have informed the current review of Minimum Competency Requirements.

Under the MCR, which came into effect on 1 January 2007, firms must ensure that individuals who provide advice on or sell retail financial products or undertake certain specified activities¹ meet a minimum required competency standard, either through holding a recognised qualification or working in the industry for a specified period of time. In addition, individuals are required to undertake a programme of Continuing Professional Development (CPD) on an ongoing basis and firms are required to ensure that these individuals comply with these requirements.

Of twenty firms inspected, only 25% were found to be fully compliant with the MCR. Three firms were found to have a range of issues, which are being followed up with the individual firms. In the remaining twelve firms, the majority of the breaches found were in relation to a lack of documentation. The findings and recommendations from the theme are as follows:

¹ Specified activities include claims administration, reinsurance intermediation, management of accredited individuals and adjudicating on complaints.

- A number of firms were found not to have correctly certified grandfathered² individuals. Firms must have procedures in place to ensure that grandfathered individuals who are recruited from another firm in the financial services industry have experience that is relevant to the role they will carry out in the firm. The verification of this must be documented and recorded.
- A number of firms were not monitoring staff compliance with the CPD requirements. Firms must ensure that all staff who are required to meet CPD requirements are monitored on an ongoing basis to ensure that the required amount of CPD is completed and that the CPD is relevant to the staff member.
- Some firms did not retain full documentation of courses attended or logs of CPD hours completed. Firms must ensure that their records are kept up to date and where anomalies exist in CPD records, these must be investigated and addressed as a matter of urgency.
- In a number of firms the Staff Register was found to be incomplete or out of date. Firms must implement procedures to ensure that the register of accredited individuals is kept up to date on an ongoing basis to ensure that consumers are not provided with out of date information.

Compliance issues identified during the inspections are subject to separate engagement with the individual firms concerned. The findings have been incorporated into the Review of Minimum Competency Requirements on which a consultation paper, CP45, was issued 30 June 2010. The closing date for submissions in response to this consultation paper was 13 August 2010. A copy of the consultation paper outlining the proposed changes is available to view [here](#)

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² When the requirements were introduced, they included grandfathering provisions for those with experience in the industry. Grandfathered individuals meet a specified level of relevant industry experience and do not require a recognised qualification. These individuals are subject to the ongoing CPD requirements.