

## Debate with Jiří Rusnok: Financial literacy protects clients

*CFA Society discussion panel: Experts from financial institutions and CNB evaluated investor protection in the Czech Republic.*

**Prague, 14 May 2014 – Investors' interests in the Czech Republic are protected to an extent similar to comparable markets, but all malpractices cannot be prevented. Also clients themselves should attend to their financial literacy and beware of unserious offers. These conclusions are outcomes of a panel discussion organized by the CFA Society Czech Republic.**

The discussion took place as part of the CFA Institute global campaign called "Putting Investors First". Similar awareness raising events are being held in more than 50 cities around the world in the month of May.

The panel discussion was hosted in the premises of the Prague Stock Exchange and was attended by **Jiří Rusnok** (Member of the Board of the Czech National Bank), **Petr Koblíček** (CEO of the Prague Stock Exchange), **Jana Michalíková** (Executive Director of AKAT, the Czech Capital Market Association), **Jan D. Kabelka** (CEO and Chairman of ING Investment Management CR) and **Jaroslav Rozehnal** (Sales Director of ČSOB Asset Management).

*"The most common misconduct sanctioned by CNB is provision of insufficient amount of information to the client or tampering with the investment questionnaire so that the client could be classified into a riskier strategy group,"* said Jiří Rusnok.

People should not be afraid when it comes to investing. *"The area of investment funds is highly regulated and I personally do not see any systemic problem on our market. The offer of various investment strategies has greatly expanded in recent years and this increases the need for providing more information to clients"* says Jan D. Kabelka from ING Investment Management.

The debate focused also on practical advices. *"Investors should not automatically accept the first offer from a financial intermediary. They should try to get a basic overview of the market or use the experience and references from their acquaintances,"* says AKAT's Director, Jana Michalíková. *"Financial products should be used what they are intended for. For example do not save up through insurance. You cannot make a pool from a built-in cabinet – it works the same in finance,"* Michalíková concluded.

*"Abuse of insurance contracts threatens the reputation of not only financial intermediaries but also insurance companies. It seems that insurance companies are aware of this and are willing to work on a change,"* says Jiří Rusnok. *"Legislation cannot cover everything, but I can imagine further changes towards greater product transparency and informing the client about costs. Investment products should be regulated similarly, regardless of the form,"* adds.

Misconduct in the sale of standard financial products is only one side of the coin. Clients can be harmed by investment services provided without the proper licensing, which still happens on the market. CNB issues regular [warnings](#) about illegal offers. In the [registry](#) on their website, clients can also easily check if a given company or agent has the necessary permission to provide investment services.

# Press Release

## **Statement of Investor Rights as guidance for clients**

The aim of the campaign "Putting Investors First" is to advise the general public and employees in financial services about what conduct the clients have right to demand. With this aim CFA Institute issued the [Statement of Investor Rights](#). In addition to investment management, these 'ten commandments' refer to investment analysis and advice, personal banking, as well as insurance and real estate services. Integrity and honest conduct in accordance with applicable law; keeping appropriate records of meetings and confidentiality of client information are among the declared rights. Another important right is for a client to always receive objective and independent advice that takes into account his financial objectives and constraints.

## **CFA Institute form the Future of Finance**

The "Putting Investors First" campaign is part of a larger project called the [Future of Finance](#). It is a global initiative to increase the credibility of the financial sector and to encourage financial institutions to think in a longer term perspective in order to better serve the interests of society.

The project focuses on six main areas; in addition to putting investors first, it includes also safeguarding the system; retirement security; financial knowledge; regulation and enforcement; and transparency and fairness. The project is headed by an advisory council consisting of leading experts from financial institutions, universities and the media. The council is chaired by a renowned British economist and journalist John Kay. More information can be found at [www.cfainstitute.org/FutureFinance](http://www.cfainstitute.org/FutureFinance).

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## **About CFA Society Czech Republic**

CFA Society Czech Republic is a non-for-profit organization of financial professionals, founded in April 2002. It is one of 143 member associations of the global CFA Institute and its goal is to promote the highest standards of ethics, competence and professionalism in the Czech and Slovak financial community. In addition, the Society is increasing awareness of the degree programs of CFA Institute: CFA, CIPM and Claritas. Currently, the association has 140 members, mostly holders of the CFA degree (Chartered Financial Analyst), and more than 1,000 candidates from the Czech Republic and Slovakia registered in the CFA Program. Members of the society are mainly portfolio managers, financial analysts, investment bankers, consultants, financial advisors, risk managers, and top executives of financial institutions. Sponsors of the CFA Society are: EY, ČSOB Asset Management and ING Investment Management. For more information visit [www.czechcfa.cz](http://www.czechcfa.cz).

## **About CFA Institute**

CFA Institute is the global association of investment professionals that sets the standards for professional excellence and credentials. The organisation is a champion for ethical behaviour in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 119,000 members in 147 countries and territories, including 112,000 CFA charter holders, and 143 member societies. For more information visit [www.cfainstitute.org](http://www.cfainstitute.org).

# Press Release

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## Pictures from the discussion panel:



**Jiří Rusnok** (Member of the Board of the Czech National Bank); **Jana Michalíková** (Executive Director of AKAT, the Czech Capital Market Association); **Aleš Tůma, CFA** (Discussion Moderator, CFA Society Czech Republic); **Jaroslav Rozehnal** (Sales Director of ČSOB Asset Management); **Jan D. Kabelka** (CEO and Chairman of ING Investment Management CR); and **Petr Kobic** (CEO of the Prague Stock Exchange).