

Press Release

Financial Planners Obligated to Convey Benefits, Costs, and Risks of Financial Products and/or Services

The Financial Services Authority (OJK) emphasizes that financial planners, in giving recommendations to their clients, are obliged to explain the benefits, costs and risks of products and services in financial services sector.

“OJK also requires financial planners that they are obliged to inform about supervisory authority on the recommended products and/or services,” said member of OJK Board of Commissioners in charge of Education and Consumer Protection Kusumaningtuti S. Soetiono firmly.

OJK encourages financial planners to act in accordance with code of ethics and implement good governance, which includes providing analysis that is backed by adequate research, while they recommend a product or service to their clients. Explanation to clients has now become an important aspect and it must be made sure that the clients understand, agree and responsible with the decision they take. The agreement between these two parties functions as the main reference if problems/disputes occur in the future, or if failure happens in contrary with the agreed decision between a financial planner and his client.

“However, OJK forbids financial planner to act as investment manager. In order to become an investment manager, someone must fulfill requirements demanded by OJK regulations,” Tituk, the OJK commissioner`s nick name, added.

Public needs to comprehend that financial activities and transactions, which can be in the forms of investment, trading, guaranty, insurance protection, deposit and fund lending, have unsure risks and costs besides the offered benefits. The risks get higher if the products are offered by a company and/or promised by an individual with indistinct authority to supervise them. Public can check on them by contacting OJK consumer service call center at phone number (area code) 500-655.

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