

Ethical conduct by Finance professionals- crucial in time of crisis.

“It is good to see that professionals are looking forward to ethical conduct in this time of financial crisis”. This view was expressed by the Chief Executive of the FSC. Mr Milan Meetarbhan was the Chief Guest at a function hosted by the Society of Financial Analysts and the Chartered Financial Analysts Institute on 2nd March.

Mr Meetarbhan spoke about the dramatic shift from less to more deregulation in the financial sector in recent months. With the financial crisis, authorities are now making radical proposals and there are calls for a new financial architecture according to him.

Among the proposals that have been made: The need to set up a global regulator because of the nature of cross-border financial services and the necessity to regulate financial institutions that form part of conglomerates.

The possibility of having such a Regulator is not envisaged in the near future, he said. This is because there are already a number of supranational bodies, for example, the European Union which regulate cross-border financial services to some extent. Besides, there are also numerous International standard-setting bodies for financial services like IOSCO, IAIS and FATF and Mauritius, for example, has incorporated many of these principles in its own legislation. Professional bodies, according to him can also enforce ethical standards among their members without the need to have global regulation.

Mauritius, he reflected, has engaged in fundamental reforms, with a new state of the art legal framework which further enhances our country’s status as a financial centre of repute.

On the issue of competitiveness, he stated that:

“We have to be competitive and we find that while some IFCs ensure compliance with international norms, not all do that and we may lose competitiveness because of that”. There is thus a need to have a level playing field as far as compliance with international norms is concerned.

On another note, Mr Meetarbhan said that there are many views as to who should enforce ethical conduct. Some say that it is the industry; some say that it is the duty of professional organisations while others say that this responsibility rests with the Regulator. While the Regulator is here to enforce laws and codes, it is ultimately for the individual professional to decide how to conduct himself and to judge whether his behaviour is ethical or not.

In face of the new order, it is not a new financial architecture which is required but added responsibility, he concluded.