THE AFFECT OF COVID-19 LOCKDOWN ON THE OPERATIONS OF FINANCIAL PLANNING BUSINESSES IN SOUTH AFRICA

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SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF

BACHELOR OF COMMERCE HONOURS

IN THE

FACULTY OF BUSINESS AND ECONOMIC SCIENCES

AT THE

NELSON MANDELA UNIVERSITY

STUDY LEADER: DR J PALFRAMAN

OCTOBER 2022

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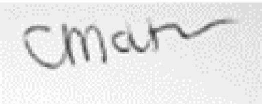
DECLARATION:

In accordance with Rule G5.6.3, I hereby declare that the above-mentioned treatise/dissertation/thesis is my own work and that I have not previously been submitted to another University or for another qualification



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19 October 2022

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ACKNOWLEDGEMENTS

I would hereby like to thank several people without whom this study would not have been possible.

- Dr Jackie Palframan, my supervisor for her assistance and guidance throughout this study.
- My dear mother for her love and support throughout the year and study.

ABSTRACT

There has been little academic research into the impact of Covid-19 lockdown on the operations of financial planning firms. The magnitude of the impact has yet to be determined; the majority of available research is primarily focused on financial planning businesses operating in countries other than South Africa. As a result, the purpose of this study is to assess how Covid-19 lockdowns have affected financial planning businesses in the South African context, with the goal of providing recommendations and guidelines to financial planning businesses on how they can use different operational procedures to improve their performance and business practices.

TABLE OF CONTENTS

CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

CHAPTER TWO

LITERATURE REVIEW

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

CHAPTER FOUR

EMPIRICAL RESULTS

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

LIST OF FIGURES

LIST OF TABLES

LIST OF APPENDICES

CHAPTER ONE
INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION

Financial planning is the process of developing strategies to assist people in managing their finances so that they can attain their life objectives (FPSB 2015:2). Examining all relevant components of a client's situation across a broad range of financial planning activities, including inter-relationships among sometimes conflicting objectives, is a key component of financial planning (FPSB 2015:2).

Financial planners help their clients in making financial decisions, the types of accounts they need, the types of insurance they need, such as long-term care, term life, disability, and other types of insurance, as well as estate and tax planning (Fontinelle 2021). These professionals are responsible for more than just executing trades in the market on behalf of their clients; they also use their knowledge and expertise to construct customised financial plans targeted at accomplishing their clients' financial goals (Fontinelle 2021).

Financial planning professionals follow a collaborative, iterative approach to take into account all aspects of a client's financial state when establishing financial planning strategies and offering alternatives (FPSB no date). The financial planning process includes the following steps: establish and define the client's relationship, collect the client's information, analyse, and assess the client's financial situation, develop and present financial planning recommendations to the client, implement the financial planning recommendations, and review the client's situation (FPSB no date).

Each step generally requires some interaction between the financial planner and the clients. Interaction between the financial planner and the client is regarded as critical for establishing trust and laying a solid foundation for the relationship (Hunter 2020). Face-to-face meetings are where trust is established and a solid foundation for relationships is laid (Hunter 2020). While meeting in person is essential to building a relationship with your prospects and clients, it is understood that in today's world, this is not always possible (Hunter 2020).

Every activity and steps taken by financial planners and financial service providers (FSP) in order to assist their clients is highly regulated by the Financial Advisory and Intermediary Services Act No. 37 of 2002 (the FAIS Act) (Botha, Du Preez, Geach, Goodall, Rossini, & Rabenowitz 2021:93). The FAIS Act does not only regulate the activities of financial services providers (FSPs), but also key individuals, representatives, and various other related persons (Botha et al. 2021:93). The FAIS Act requires a person wanting to render financial services to be registered and have a licence granted by the Financial Sector Conduct Authority (FSCA or Authority) (Botha et al. 2021:93) to act as an FSP.

On 23 March 2020, the day when a national lockdown was announced, starting on 27 March 2020 caused a shock to financial planners', businesses, their clients, and the general economy (Fox & Bartholomae 2020:2). The way financial planners have conducted their businesses changed, the use of technology in the delivery of financial planning services became the most significant development in the practice of giving financial advice (Fox & Bartholomae 2020:2). Some see this shift as a hastening of an already-in-motion process, as well as a temporary remedy for financial planners who want to return to a non-virtual relationship paradigm of service delivery (Fox & Bartholomae 2020:2). The challenges for customers and their finances are more varied, with some clients making permanent changes to their plans and others making minor alterations that may be forgotten in the post-pandemic years (Fox & Bartholomae 2020:2).

1.2 PROBLEM STATEMENT

Financial planning is necessary regardless of an individual's level of wealth or the value of their assets (Botha et al. 2021:5). By engaging with a financial planner and working through the financial planning process this can ensure that clients assets and investments best support their financial and personal goals (Botha et al. 2021:5). As financial planners have the knowledge, skills and ability to help clients make the best decisions possible, resulting in the long-term growth of their clients' assets (Botha et al. 2021:5).

In South Africa, financial services have steadily evolved from a sales-oriented industry to a recognised profession (Botha et al. 2021:3). The Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS Act) led to the establishment of this process (Botha et al. 2021:3). Individuals who want to render financial services must first obtain a license from the FSCA, given they meet the FAIS Act's fit and proper requirements. After obtaining the licencing,

financial service providers' professional conduct is governed by the FSCA through a code of conduct, various enforcement measures, and alternative dispute resolution processes such as the FAIS Ombud to ensure that FSPs act in their clients' best interests (Botha et al. 2021:93).
The FAIS Act specifies the following fit and proper requirements: honesty, integrity, and good standing, operational capability, and financial soundness, competence, and ongoing professional growth for FSPs who are natural persons and operate as sole proprietors (Botha et al. 2021:109). Minimum experience, minimum qualifications, regulatory examinations, and class of business training and product specific training are all part of the required competence requirement (Botha et al. 2021:109).

The Covid-19 lockdown, which occurred on March 27, 2020, undoubtedly impacted all businesses, particularly financial planning businesses. During the Covid-19 lockdown, financial planning businesses were not regarded as essential services. As a result, financial planning businesses had to make changes to their normal operations to continue operating and providing services to consumers while meeting the FAIS Act's fit and proper requirements.
Academic research into the impact of Covid-19 lockdown on the operation of businesses especially financial planning businesses is lacking. The extent of the impact has not been clearly identified; most of the available research is primarily focused on financial planning businesses operating in countries other than South Africa. There is little academic research on how South African financial planning businesses have been affected by Covid-19 lockdowns and how financial planners and FSPs responded to the changes in the business environment to ensure that they can continue operating and providing services to their clients. Therefore, the purpose of this study is to assess how financial planning businesses within the South African context have been affected by Covid-19 lockdowns with the aim of providing recommendations and guidelines to financial planning businesses on how they can use different operational procedures to improve their performance and practice of doing business.

1.3 RESEARCH OBJECTIVES

1.3.1 PRIMARY OBJECTIVE

In line with the problem statement the aim of this study is to assess how the Covid-19 lockdowns impacted financial planning businesses in South Africa, in order to broaden the existing studies and provide recommendations and guidelines to financial planning businesses on how they can use different operational procedures to improve their performance and practice of doing business.

1.3.2 SECONDARY OBJECTIVES

In order to achieve the primary objective, the following secondary objectives (SO) have been formulated.

SO_1: Identify how financial planning businesses have operated before the Covid-19 lockdown.

SO_2: Investigate the ways in which financial planning businesses norms and performances, client service, operational ability and digital business practice have been impacted by Covid-19 lockdown.

SO_3: Identify how the nature of work and the clients' financial needs has shifted as a results of Covid-19 lockdown.

1.3.3 METHODOLOGICAL OBJECTIVES

In order to achieve the primary objective, the following methodological objectives (MO) have been formulated.

MO1: To conduct a literature overview on how financial planning businesses have conducted their operations before the Covid-19 lockdown, how their norms and performances, client service, operational ability and digital business practice have been impacted by Covid-19 lockdown, and how the nature of work and the clients' financial needs has shifted as a result of Covid-19 lockdown.

MO2: Determine an appropriate research design, methodology and method that will be suitable to analyse data and answer the research questions that have been presented.

MO3: Provide recommendations and conclusions on the results of the study to which areas in the topic of the impact of Covid-19 lockdown on financial planning businesses requires further exploitation.

1.3.4 RESEARCH QUESTIONS

In order to achieve the primary objective, the following research questions (RQ) have been formulated.

RQ_1: How did financial planning businesses operate before the Covid-19 lockdown?
RQ_2: How did Covid-19 lockdown impact financial planning businesses norms and performances, client service, operational ability, and digital business practices?
RQ_3: How did the nature of work and the clients' financial needs shift as a results of Covid-19 lockdown?

1.4 SIGNIFICANCE OF THE RESEARCH

Without a doubt, Covid-19 has had a significant impact on all businesses worldwide. The extent of the impact on financial planning businesses in South Africa has received little academic research attention. As a result, the goal of this study is to assess how Covid-19 lockdown has impacted financial planning businesses in order to make recommendations to these businesses about the various innovative operational procedures they could use during difficult times such as these, to improve their performance.

1.5 TIMEFRAME OF THIS STUDY

Table 1.1: Time frame of the study

Activity	**Date (2022)**
Research Matrix	18 March
The research Proposal	10 May
Ethical clearance for this study	17 May
The research proposal (Chapter 1-3)	3 June
Analysis of empirical data	Month of June
Conclusion and recommendations of results	Month of October
Submission of the final study	24 October

Source: Researcher's own construction

CHAPTER TWO
LITERATURE REVIEW

The section that follows will provide an overview of financial planning literature, financial planning businesses, and how the Covid-19 lockdown affected financial planning businesses, their clients, and their digital practices. This chapter will begin with a brief introduction, followed by definitions of the most important concepts, an overview of financial planning, and the impact of Covid-19 lockdown on the norms, performance, and operational ability of financial planning businesses. Furthermore, the researcher will discuss how the Covid-19 lockdown has affected financial planning businesses clients, their financial needs, and their digital practices. Finally, a theoretical framework will be presented.

2.1 INTRODUCTION

The purpose of this study is to investigate the effects of the Covid-19 lockdown and restrictions on financial planning businesses in South Africa. A financial planner is a person or company that assists clients in achieving their financial goals by providing expert guidance (Proctor (2020) in Chern 2021:75). Financial planners can help with budgeting, investing, retirement planning, estate planning, insurance, debt reduction, and tax optimisation as part of a holistic financial plan (Chern 2021:75). The terms 'financial planner' and 'financial advisor' are generally synonymous in the sector, and individuals who provide financial advice must be registered, licensed and certified by parties authorised by the FSCA (Chern 2021:75). Registered financial advisors are legally obligated to operate in their clients' best interests and cannot profit from the management of their client's assets (Chern 2021:75).

Covid-19 has had a significant impact on our lives, the same is true for financial planning businesses. The demand for financial advisors during these uncertain times have been higher than ever before (Samir 2020). People of all ages, from millennials to baby boomers have been seeking sound financial advice because of market volatility and economic uncertainty (Samir 2020). Clients wanted to make sure that they are doing everything possible to safeguard and expand their money (Samir 2020). A solid client-advisor relationship is built on effective communication (Horan 2021). Pre the Covid-19 pandemic, advisors use to connect directly with customers through in-person meetings and other face-to-face events (Horan 2021). Post the pandemic the financial planning business changed to a remote-first model for client meetings and interactions (Horan 2021). This is just one of the many effects of the Covid-19 pandemic on financial planning businesses; this chapter will investigate the other effects of Covid-19 on financial planning and financial planning businesses, as well as their operations, performance, clients, and digital practices.

2.2 DEFINITIONS OF THE KEY CONCEPTS

In the following section, a definition of the key concepts in the study will be provided.

2.2.1 COVID-19 PANDEMIC

Coronaviruses (CoV) are a broad family of viruses that cause a variety of illnesses, from the common cold to more serious illnesses (World Health Organisation 2020). A novel coronavirus (nCoV) is a strain of coronavirus that has never been seen in humans before (World Health Organisation 2020). A pandemic is a disease outbreak that has spread across several countries and continents, affecting a large number of people (Riley 2021).

2.2.2 COVID-19 LOCKDOWN

A temporary governmental order (such as during an epidemic disease outbreak) that requires people to stay in their houses and refrain from or limit activities outside the home that necessitate public contact (such as dining out or attending large gatherings) (Merriam-Webster 2021 in (Coccia 2021:2). South Africa's Covid-19 lockdown began on March 27, 2020, and the National State of Disaster was lifted on April 5, 2022.

2.2.3 FINANCIAL PLANNING

The practice of devising strategies to assist customers in managing their financial affairs in order to fulfil life and financial goals is known as financial planning (Botha et al. 2021:5). Financial planning is examining all important components of a client's current condition, comparing them to the customer's desired situation, and devising a strategy to help the client achieve financial independence (Botha et al. 2021:5).

2.2.4 FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT NO. 37 OF 2002 (FAIS ACT)

The purpose of the Financial Advisory and Intermediary Services Act No. 37 of 2002 (FAIS Act) is to regulate market activity to protect customers' financial interests and to professionalise the financial sector by establishing minimum standards for all key participants (Botha et al. 2021:93).

2.2.5 FINANCIAL SERVICE PROVIDER (FSP)

A Financial Service Provider (FSP) is a business that provides clients with financial guidance and/or intermediate services (South Africa, Financial Advisory and Intermediary Services Act, 2002:15).

2.2.6 FINANCIAL PLANNER/ FINANCIAL ADVISOR

A financial planner is a professional who helps individuals and organisations create a strategy to meet long-term financial goals (Tretina & Schmidt 2021). “Financial advisor” is a broader category that can also include brokers, money managers, insurance agents, or bankers (Tretina & Schmidt 2021).

2.2.7 FINANCIAL PLANNING INSTITUTE OF SOUTHERN AFRICA (FPI)

The Financial Planning Institute of Southern Africa (FPI) is a professional body for financial planners in South Africa that is recognised by the South African Qualifications Authority (SAQA) (FPI no date). It is the only institution in South Africa to offer the CFP® certification, and it has been authorised as a Recognised Controlling Body (RCB) by the South African Revenue Service (SARS) (FPI no date).

2.2.8 CERTIFIED FINANCIAL PLANNER® (CFP®)

The FPI, as the profession's body, awards the Certified Financial Planner® (CFP®) designation to members who meet the eligibility criteria in the areas of financial planning, taxes, insurance, estate planning, and retirement planning. The CFP® designation is the highest mark of professional designation in financial planning field (Kagan 2022).

2.2.9 ADVICE

Any recommendation, guidance, or proposal of a financial nature provided to a client, by any means in respect of purchasing any financial product, investing in any financial product, or concluding any other transaction, including a loan or cession, aimed at incurring any liability or acquiring any right or benefit in respect of any financial product is referred to as advice (South Africa, Financial Advisory and Intermediary Services Act, 2002:12).

2.2.10 SERVICES/ PROFESSIONAL SERVICES

Encompass all operations, inquiries, investigations, recommendations, guidance, or proposals pertaining to a client's financial management, asset management, risk management, tax planning, retirement planning, estate planning, and/or any subject incidental thereto, whether directly or indirectly (FPI no date).

2.2.11 CLIENT

A specific individual or group of people, excluding the general public, who is or may become the subject to whom a financial service is delivered knowingly, or who is the successor in title to such person or the beneficiary of such service (South Africa, Financial Advisory and Intermediary Services Act, 2002:13).

2.3 AN OVERVIEW OF FINANCIAL PLANNING

Businesses in the financial planning and advice industry specialise in offering fee-based personalised financial advice to clients (Both et al. 2021:5). Their primary activities include offering financial planning guidance and investment counselling to fit the goals and needs of specific clients (Botha et al. 2021:5).

The financial planning and counselling business has been growing steadily from the year 2016 to 2020, and the Covid-19 pandemic is likely to accelerate that growth (FPI 2021). The pandemic has resulted in higher equity yields and asset value appreciation, directly raising the overall amount of assets under management (AUM) held by financial planners and advisors (Chern 2021:73). The number of CFP® professionals in Southern Africa increased by 2.7 percent in 2020 (FPI 2021). The number of CFP® professionals has doubled since 2004, demonstrating that consumers are more aware of the significant advantages of professional financial planning and advising (FPI 2021). Much of the growth in recent years has been focused on China and developing economies like South Africa, Brazil, Indonesia, and India (FPI 2021).

Financial planning is broad in scope, encompassing a wide range of components such as financial management, asset management, risk management, tax planning, retirement planning, and estate planning (FPSB 2015:6). This section that follows will briefly introduce each component.

2.3.1 COMPONENTS OF FINANCIAL PLANNING

2.3.1.1 Financial management

The component of financial management entails developing strategies and employing techniques to optimise a client's short and mid-term cash flow, assets, and liabilities, as well as collecting and synthesising data pertaining to personal financial statements, cash flow and debt, asset acquisition, liabilities, education planning, and emergency fund provision (FPSB 2015:6).

2.3.1.2 Asset management or investment planning

Understanding behavioural finance issues affecting clients, as well as developing strategies and implementing techniques to optimise risk, real returns on assets, while considering the client's risk profile, financial capacity, and constraints, are all part of asset management or investment planning (FPSB 2015:6).

2.3.1.3 Risk management

Risk management is devising and implementing strategies with the aim of reducing financial exposure to personal risk (FPSB 2015:6). Analysing and quantifying the risk of a loss in an investment, then recommending the appropriate action to clients according to their fund's investment objectives and risk tolerance (FPSB 2015:6).

2.3.1.4 Tax planning

The tax planning component includes all the activities performed by financial planners that aims at maximising the present value of the client's after-tax net worth (FPSB 2015:7). Includes evaluating the impact of principles and current laws, on the client's financial situation (FPSB 2015:7).

2.3.1.5 Retirement planning

Retirement planning entails devising strategies and employing techniques for wealth accumulation and withdrawal during the client's retirement years, taking into account asset locations, personal financial goals, risk tolerance, risk capacity and structure, and the impact of public and private retirement plans on the client's financial plan (FPSB 2015:7).

2.3.1.6 Estate planning and wealth transfer

The final component, estate planning and wealth transfer, deals with the preservation and distribution of accumulated assets, as well as understanding the legal, tax, financial, insurance, and non-financial aspects of this process in order to efficiently conserve and transfer wealth, consistent with the client's goals, including philanthropic and charitable goals (FPSB 2015:7).

Financial services are one of South Africa's most strictly regulated industries, and rightfully so (Torr 2019). With thousands of unit trusts, retirement funds, and insurance businesses to select from, strict regulation is necessary to safeguard investors from fraudsters (Torr 2019). The FSCA is the regulatory body in the industry and requires financial planning professionals to be licensed by the Authority before providing any financial planning services (Botha et al. 2021:93). Licenced financial planning professionals must meet the fit and proper requirements stipulated within the FAIS Act in order to avoid debarment which prevents a person from providing financial services or acting as a representative (Geldenhuys 2020). The next section will discuss the fit and proper requirements.

2.3.2 FIT AND PROPER REQUIREMENTS

2.3.2.1 Honesty, integrity, and good standing

The first fit and proper requisite is honesty, integrity, and good standing, which must be demonstrated by any natural person or a financial service provider (FSP) (RSA FAIS Act, 2002:13).

2.3.2.2 Competences

The second fit and proper criteria is competence; an FSP, key individual, and representative must possess adequate, appropriate, and relevant skills, knowledge, and expertise in the financial services, financial products, and operations that it conducts (RSA FAIS Act, 2002:15). These skills must also be kept up to date (RSA FAIS Act, 2002:15). Additional requirements for competence include minimum experience, minimum qualifications, regulatory examinations, and business and product-specific training (RSA FAIS Act, 2002:15). In terms of minimal experience, an FSP and its representatives must have sufficient and relevant expertise in the provision of a certain financial service in relation to a specific financial product and category (RSA FAIS Act, 2002:15).

Unless exempted, all FSPs, key individuals, and representatives must take and pass the regulatory exam (RSA FAIS Act, 2002:15). A regulatory examination is described as an examination designed to assess a person's knowledge, comprehension, and application of legislation, particularly financial sector law as defined in the Financial Sector Regulation Act (RSA FAIS Act, 2002:15). (RSA FAIS Act, 2002:15). An FSP and its representatives must complete the appropriate class of business and product-specific training that they manage or oversee (RSA FAIS Act, 2002:15).

2.3.2.3 Continuous professional development

The third fit and proper condition is continuous professional development (CPD), which includes maintaining the required standards of competence to deliver or administer the financial services for which the FSP has authorised, approved, or assigned key individuals or representatives (RSA FAIS Act, 2002:25).

2.3.2.4 Operational ability

Operational ability is the fourth fit and proper requirement that an FSP, including sole proprietors and legal entities, must have and maintain in order to successfully serve as a specific category of FSPs and provide the financial services for which it is licensed (RSA FAIS Act, 2002:28). An FSP must establish and implement an effective governance system that assures that clients are treated fairly and that the business is managed and controlled responsibly (RSA FAIS Act, 2002:28). These requirements include, but are not limited to, a fixed business address, adequate communication facilities, adequate storage and filing systems for the safekeeping of records, business communications and correspondence, a bank account with a registered bank, including, where required by the Act, a separate bank account for the clients' funds, and adequate and appropriate key individuals to effectively manage or oversee the FSP's activities (RSA FAIS Act, 2002:28).

2.3.2.5 Financial soundness

The final fit and proper requirement, which applies to all FSPs and juristic entities, is financial soundness. They must maintain adequate financial resources, both in terms of quantity and quality, to carry out their activities and supervisory arrangements, as well as ensure that liabilities are met as they become due (RSA FAIS Act, 2002:33).

The Covid-19 lockdown had an impact on financial planning businesses, their operations, and their ability to meet the FAIS Act's fit and proper requirements. The following section will focus on how Covid-19 lockdown has impacted financial planning businesses' norms, performance, and operational ability.

2.4 IMPACT OF COVID-19 ON FINANCIAL PLANNING BUSINESSES, CLIENTS, AND THE USE OF DIGITAL BUSINESS PRACTICES

2.4.1 NORMS, PERFORMANCE AND OPERATIONAL ABILITY

During the Covid-19 lockdown, FSPs were encouraged to continue servicing and acquiring clients in a non-face-to-face manner (Horizon compliance team 2020). They were urged to avoid seeing clients in person at all costs, but if this was not practicable, FSPs were required to get a permit from the Companies and Intellectual Property Commission (CIPC) before rendering services to clients in person (Horizon compliance team 2020). All FSP workers were required to have a permit from the FSP to provide financial planning services while they were traveling (Horizon compliance team 2020).

Financial planners had to rethink almost everything, such as how they present information in a timely manner through a digital format (Iacurci 2020). Some financial planners found it difficult to conduct client meetings over the phone or via video conference call. Some users reported problems with the Zoom platform, such as security breaches when it was under stress (Iacurci 2020). Finding a balance between their needs and their clients was also a challenge, as was planning for a possible economic downturn (Certified Financial Planner Board of Standards, 2020). On the other hand, some credible financial advisors developed crisis management plans and were more prepared for market volatility and changes in client’s needs (Chudzik 2020).

Many financial advisors are small business owners who have had to work hard to serve their customers and workers while also keeping their companies running efficiently and safely (Chudzik 2020). However, some advisors have witnessed an increase in demand for their services as clients seek more counsel when the markets become more volatile and their incomes plummet (Chudzik 2020). This demonstrates the need of building trusting relationships with qualified planners, as well as engaging in clear, frequent communication (Chudzik 2020).

The noticeable impact of the Covid-19 pandemic on FAIS licence holders was the increase in the number of lapsed FAIS licences, as a result a number of FSPs closed down their operations in 2020 (FSCA 2020:62). The pandemic forced a number of sole traders to retire early due to slow business activity and resultant liquidations (FSCA 2020:62). Many smaller businesses merged to share operational costs and improve the customer proposition through a wider selection of financial products under one brand (FSCA 2020:62).

Traditionally, financial advisory services have been centred around the physical presence of an advisor to provide advice; however, remote working has forced advisors to adopt digital channels to connect with their customers (FSCA 2020:62). Feedback received by the industry association suggests that many sole proprietors found that digital or online meetings allowed them to connect with more of their customer base more regularly as they saved in travel time and could schedule more meetings (FSCA 2020:62). This is a positive development for customers that can participate in online meetings (FSCA 2020:62).

In addition, technology platforms have allowed for more accessible and affordable products and services (FSCA 2020:62). For example, investment platforms have allowed customers direct access to investment products at a fraction of the cost (FSCA 2020:62). In person consultation limited the accessibility of financial assets to wealthy individuals who could afford the management fees charged by financial advisors (FSCA 2020:62). Furthermore, lowering costs, digital investment platforms have also made investing feel less intimidating (FSCA 2020:62).

The Covid-19 pandemic has also impacted FSPs ability to meet the fit and proper requirements stipulated within the FAIS Act. Upon the President's announcement on March 23, 2020, declaring a nationwide lockdown (initially) from midnight March 26 to midnight April 16, 2020, the authority extended the deadline for submitting certain financial statements by four months irrespective of any extensions that may have already been granted to individual FSPs (Horizon compliance team 2020). The Authority extended the deadline for submitting financial statements for Collective Investment Scheme (CIS) by three months. In accordance with the deadline for financial statements the Authority extended the deadline for pension funds to submit valuation reports by three months. (Horizon compliance team 2020).

Regulatory Examinations were halted, with all exams scheduled between March 26 and April 16, 2020, being rescheduled (Horizon compliance team 2020). The FSCA also debated whether an online model for regulatory examinations may be implemented (Horizon compliance team 2020).

There were no extensions required for product-specific training because there are no deadlines (Horizon compliance team 2020). Representatives, on the other hand, were not permitted to provide financial services if they had not been trained on the products, they were providing services for (Horizon compliance team 2020). All 2020 qualification dates were pushed back to December 15, 2020 (Horizon compliance team 2020). FSPs, key personnel, and representatives were given an extra three months until August 31, 2020, to complete the cycle's CPD obligations, because several CPD activities were cancelled in March and April (Horizon compliance team 2020).

Table 2.1: Different Covid-19 lockdown levels and restrictions

Level	Date	Restrictions
Level 5	27 March 2020 – 30 April 2020	Only essential services are available outside of the residence; otherwise, everything is restricted inside the residence. There will be no inter-provisional travel, with the exception of commodities transit and special circumstances such as funerals. Public and private transportation are only available at particular times of the day, and vehicle capacity is limited.
Level 4	1 May 2020 – 31 May 2020	Mining and limited e-commerce are among the sectors that have been approved with restrictions. The tourism sector, as well as public places were closed, and gatherings are prohibited. From 8 p.m. until 5 a.m., everyone must stay at their residence. Local and inter-provincial movement of persons were prohibited except for specified ports of entry for restricted home affairs operations and the transit of fuel, cargo, and products. Public and private transportation can run at any time of day, subject to vehicle capacity constraints. During the level 4 restrictions, just a third of employees will be permitted to return to work.
Level 3	1 June 2020 – 1 August 2020	Take-out restaurants, e-commerce, and delivery services are among the new industries allowed to operate.
Level 2	18 August 2020 – 20 September 2020	All other retail, construction, other manufacturing, mining, and all government services, installation, repairs, and maintenance, domestic services, and cleaning, as well as informal rubbish collectors was allowed to operate.
Level 1	20 September 2020 – 28 December 2021 Adjusted alert level 1 from 1 Oct 2021 - 4 April 2022	All sectors were able to resume work, international travel was restricted, and travel between provinces was permitted.

Source: Potgieter, Fabris-Rotelli, Kimmie, Dudeni-Tlhone, Holloway, Janse van Rensburg, Thiede, Debba, Manjoo-Docrat, Abdelatif, & Makhanya (2021:7), and Janse van Rensburg (2020)

2.4.2 CLIENTS AND THEIR FINANCIAL PLANNING NEEDS

The magnitude of the lockdown's damage was revealed in Stats SA's Quarterly Labour Force Survey (Momentum 2020). In Q2 2020, the number of persons earning a living decreased by an expected 2.2 million people (Momentum 2020). This did not imply that they all lost their jobs permanently (Momentum 2020). Some employees received money from the Temporary Employer Relief Scheme (TERS) introduced by the South African government, but many people lost their jobs permanently if not for the closure (Momentum 2020). According to figures from the South African Reserve Bank, between Q2 2020 and Q1 2020, households had less money to spend (Momentum 2020). Their disposable income fell by R27.5 billion after personal income tax, contributions to employer benefit schemes, and interest on debt (Momentum 2020). They reduced their contributions to pension funds, retirement annuities, and group life insurance by R10.9 billion (Momentum 2020). The primary causes of the reduction were insurer contribution holidays and lapses due to lack of income (Momentum 2020).

Aside from the impact on income in Q2 2020, Covid-19 and the lockdown resulted in significant losses in real and nominal household net wealth (Momentum 2020). Most of these losses, however, occurred in Q1 2020, as stock and bond markets fell following the March lockdown news (Momentum 2020). Because most families' financial capital in the form of pension funds, annuities, and investments were invested in the stock and bond markets, the nominal value of household net wealth dropped by R1.2 trillion at the end of Q1 2020 (from R12.1 trillion to R10.9 trillion) (Momentum 2020). As a result, some client's perspective regarding financial planning and financial advisors have changed.

During the deepest crisis moments of the Covid-19 pandemic, financial advisors reported increased client inquiries, with prospective clients contacting financial advisors with a range of concerns, such as managing investment volatility and protecting assets (Certified Financial Planner Board of Standards, 2020). There has been an increase in advisor-client interactions that focussed on; estate planning in the event of the untimely death of a primary provider in a family unit, investing idle assets that have been sitting in cash for the past five years due to low SA stock market returns, the risk of prescribed assets for retirement funds and whether the tax benefits of retirement funds still outweigh the impact of Regulation 28 restrictions, and re-examining offshore exposure in investment portfolios partially as a result of the rand's fast devaluation at the time (van Tonder 2021). Lastly, getting a client's estate ready for a potential emigration (van Tonder 2021).

The Covid-19 lockdown led financial planning clients to consult with a financial planning practitioner to assess their personal financial affairs, and life goals (van Tonder 2021). Some clients changed their professional and personal goals (Certified Financial Planner Board of Standards, 2020). The changes the clients implemented included extending their planned retirement dates and to work longer, other clients on the other hand shortened their retirement dates to focus more on family, and other priorities (Certified Financial Planner Board of Standards, 2020). Some clients planned to pursue new educational opportunities, and a change in career fields. Other clients planned to look for a new position in the financial services field (Certified Financial Planner Board of Standards, 2020).

2.4.3 THE USE OF DIGITAL BUSINESS PRACTICES DURING COVID-19 LOCKDOWN

Prior to Covid-19, the financial services industry was already changing at a fast rate, fuelled by shifting customer expectations, increased competition from incumbents and newcomers, changing regulations, and technological advancements (Deloitte 2020). A growth of digital channels, tools, and challenger banks around the world showed that digital transformation was well underway (Deloitte 2020). Due to limited mobility around the world, financial services have been compelled to adopt digital channels quickly, reducing years of change to months, if not weeks (Deloitte 2020).

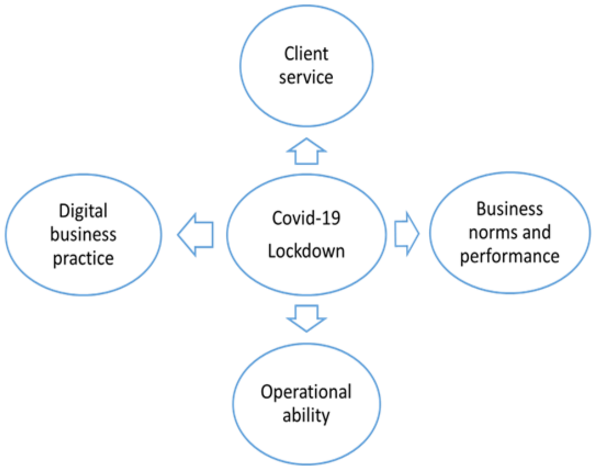
During the Covid-19 lockdown, financial planners used WhatsApp and video meetings such as Zoom and Google Hangout to connect with existing client's one-on-one basis. Facebook live and recorded video were used to connect with customers (Pal 2020). Obtaining new clients has gone digital and financial planners have been sending out Google Forms links that clients can fill out to schedule an appointment (Pal 2020). Financial planners have been reaching out to clients through their own business website as well as social media platforms such as Facebook and Instagram (Pal 2020).

Financial advisers and clients can now develop official relationships without ever meeting in person (Bosman 2022). If the use of technology is backed by a respectable brand, digital signatures, and messaging platforms like WhatsApp it is possible to establish confidence instantly (Bosman 2022). The technology that supports financial planning will endure and will continue to expand into every activity and routine that financial advisers conduct (Bosman 2022). Financial advisers who embrace technology have successfully coped with Covid-19 and will continue to grow (Bosman 2022).

2.5 THEORETICAL FRAMEWORK

Based on the preceding discussions, Figure 2.1 represents the theoretical framework of factors within financial planning businesses that have been impacted by Covid-19 lockdown.

Figure 2.1: Theoretical framework of factors within financial planning businesses impacted by Covid-19 lockdown.



Source: Researcher's own construction

2.6 SUMMARY

To summarise, a review of the literature relevant to the current study was presented in Chapter Two; the main findings of this review will now be discussed briefly. The literature review demonstrated the significance of financial planning and why it is such a tightly regulated industry. This chapter also revealed the impact of Covid-19 on financial planning, financial planning businesses, their clients, and their digital business practices. From the literature, the impacts were not entirely negative, as the process forced FSP to find more efficient and effective ways to provide financial planning services.

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

The main objectives of this study were covered in Chapter One, which was to assess how the Covid-19 lockdown impacted financial planning businesses in South Africa. In Chapter Two, the literature review has provided a comprehensive overview of financial planning literature, financial planning businesses, and how the Covid-19 lockdown affected financial planning businesses, clients, and digitalisation.

Therefore, the primary purpose of this chapter is to describe the study's research design and methodology in order to address the primary and secondary objectives. The researcher first discusses the research philosophy, approach to theory development, methodological choice, research strategy, time horizon, techniques and procedures, and ethical considerations in this section (Saunders, Lewis & Thornhill 2019:130).

3.2 RESEARCH PHILOSOPHY

A system of beliefs and assumptions concerning the generation of knowledge is referred to as research philosophy. The six research philosophies mentioned by Saunders et al. (2019:130) include positivism, critical realism, interpretivism, postmodernism, and pragmatism.

Positivism employs a succinct, precise, and concise discussion rather than a descriptive story based on human emotions or subjective interpretation. Because of the value-free rationale, it does not allow for any interpretation (Ulinnuha 2020). The study integrates some theories or key notions into the area of analysis (Ulinnuha 2020). After introducing hypotheses, researchers usually construct a hypothesis as an initial prediction (Ulinnuha 2020). Positivism separates the observer from the topic of study to get an objective and value-free result (Ulinnuha 2020). Furthermore, it attempts to generalise the findings in order to establish a universal law. A positivistic study uses numbers as variables, and statistical tools to process empirical data. As a result, only quantitative methods are used in the positivist paradigm (Ulinnuha 2020).

Interpretivism, unlike positivism, does not obtain knowledge solely by observing the subject (Ulinnuha 2020). Human interpretations become important in interpreting the world (Ulinnuha 2020). As a result, this method always employs an in-depth interview and a smaller sample size than empiricism or positivism (Ulinnuha 2020). While positivism attempts to generalise everything and connect it to universal law, interpretivism focuses on how people interpret the world differently depending on their circumstances and attempts to comprehend a context (Ulinnuha 2020). Interpretivists believe that the purpose of social inquiry should be to increase our understanding of the social world's meaning rather than to offer a causal explanation for social events (Gorton, 2010 in (Ulinnuha 2020). Interpretivists employ second-order observation; they notice the condition and the observation that occurs (Ulinnuha 2020).

The purpose of this study is to investigate the impact of Covid-19 lockdown on financial planning businesses in South Africa, which entails the researcher conducting a comprehensive literature review to fully understand and analyse financial planning, financial planning businesses, and how they have been impacted by the Covid-19 lockdown. As a result, interpretivism is deemed to be the appropriate research philosophy for this study as the researcher will analyse rich qualitative data.

3.3 APPROACH TO THEORY DEVELOPMENT

The deductive approach, inductive approach, and abductive approach are the three approaches to theory development (Saunders et al. 2019:144). The primary distinction between the inductive and deductive approach is that the inductive approach seeks to develop a hypothesis, whereas the deductive approach seeks to test an existing theory (Streetkerf 2022). The inductive approach leads from observations to wide generalisations, while the deductive approach begins with a theory and entails putting hypotheses to the test (Streetkerf 2022). Both methodologies are employed in a variety of studies, and it is common for them to be combined in a single major study (Streetkerf 2022). Inductive research is commonly used when there is little or no previous literature on a topic because there is no theory to test (Streetkerf 2022).

The current study has adopted the qualitative research methodology, which is in line with interpretivist research philosophy and an inductive research approach. The inductive approach is ideal for this research, as there is little academic research on the impact of Covid-19 lockdown on the operation of financial planning businesses within South African. The current study will undertake a full literature review to better understand and analyse financial planning, financial planning businesses, and how the Covid-19 pandemic has impacted them.

3.4 METHODOLOGICAL CHOICES

The six methodological options identified is the mono method quantitative, mono method qualitative, multi method quantitative, multi method qualitative, mixed method simple, and mixed method complex (Saunders et al. 2019:164). Because the study involves the analysis of pre-existing secondary data on the impact of Covid-19 lockdown on financial planning businesses, the mono-method, more specifically the qualitative method, was chosen as an appropriate methodological choice, aligning it with the interpretivism research philosophy and inductive approach.

3.5 RESEARCH STRATEGY

A strategy, in general, is a plan of action for achieving a goal (Saunders et al. 2019:173). As a result, a research strategy can be characterised as a plan for a researcher to solve their research topic (Saunders et al. 2019:173). It is the methodological link between your philosophy and the data collection and analysis methods you use (Saunders et al. 2019:173).

The research strategies that are principally linked with quantitative, qualitative, and multiple methods research designs are experiment, survey, archival research, case study, ethnography, action research, grounded theory, and narrative inquiry (Saunders et al. 2019:173). Particular research strategies may be linked with one of the philosophies and to a deductive approach or to an inductive approach (Saunders et al. 2019:173). However, there are often open boundaries between research philosophies, research approaches and research strategies (Saunders et al. 2019:173).

This study focuses on extracting rich qualitative information that will be categorised to the specifications required for this study, which will then be analysed to come up with conclusions and recommendations that could assist South African financial planning businesses, therefore both survey and archival strategies were considered appropriate for this study.

Survey research is commonly used to investigate people's ideas, feelings, and perspectives (Kabir 2016:244). A survey is a set of questions that is given to a random sample of people. An explanation of the population from which sample was drawn can be given using a representative sample, that is, one that is indicative of the larger population of interest (Kabir 2016:244). A good sample selection is important because it allows researchers to generalise the findings from the sample to the entire population, which is what survey research is all about (Kabir 2016:244).

Finding, evaluating, and systematically interpreting and analysing sources found in archives is referred to as archival research (Lucas 2017). Archival research involves consulting original source materials and analysing them for purposes other than those for which they were originally collected (Lucas 2017). Archives can contain more recent resources that can help researchers better grasp the research subject or the situation that is being explored (Lucas 2017). Both the survey and archive research strategies are appropriate for this study because they can aid in the process of investigating and analysing information sources in order to reach conclusions and recommendations that can help South African financial planning businesses.

3.6 TIME HORIZONS

The important question a researcher must consider is: 'Should the study conducted be a "snapshot" captured at a specific time or should it be a more analogous to a journal or a succession of snapshots that represent happenings through time?' (Saunders et al. 2019:190). Cross-sectional research refers to the 'snapshot' time frame, whereas longitudinal research refers to the 'diary' perspective (Saunders et al. 2019:190). Because the current research project is time bound, the research will be cross-sectional, which can be defined as the study of a specific occurrence at a specific period.

3.7 TECHNIQUES AND PROCEDURES

3.7.1 RESEARCH POPULATION AND SAMPLING

All individuals who meet the specific criteria for a research study are referred to as the target population (Alvi 2016:10). A sample is a group of a smaller number of people drawn from a larger population for the purpose of research (Alvi 2016:11). Participants are the people who make up the sample (Alvi 2016:11). The process of extracting a sample from a population is known as sampling (Alvi 2016:11). In a study it is almost impossible to evaluate every single element of a population so a group of people smaller in number than the population is selected for the assessment (Alvi 2016:11). Insights for the population are generated based on the information collected from the sample (Alvi 2016:11). The more representative the sample is of the population, the more accurate the insights are and the more generalisable the results are (Alvi 2016:11). When the characteristics of the elements chosen are similar to those of the complete target population, a sample is said to be representative (Alvi 2016:11).

The researcher will conduct a desktop review based on pre-existing secondary data acquired through surveys in order to investigate financial planners' and financial planning businesses' perspectives of how Covid-19 has impacted their business operations in this study. The study's participants are financial planners employed in or owners of financial planning businesses in South Africa that have been affected by the Covid-19 lockdown.

3.7.2 DATA COLLECTION

Primary data is original and factual, whereas secondary data is simply the analysis and interpretation of primary data (Ajayi 2017:2). While primary data is gathered with the goal of solving the problem at hand, secondary data is gathered for other reasons (Ajayi 2017:2). The key distinction between primary and secondary data is that primary data relates to data generated for the first time by the researcher, and secondary data refers to data acquired previously by investigator agencies and organisations (Ajayi 2017:2).

Surveys, observations, experiments, questionnaires, and personal interviews are all examples of primary data sources. Secondary data collecting sources, on the other hand, include government publications, websites, books, journal articles, and internal records (Ajayi 2017:3) The researcher will undertake a desktop review based on pre-existing secondary data previously obtained through surveys in order to examine financial planners' and financial planning businesses' perceptions of how Covid-19 has influenced their operations. The information gathered from South African financial planners will then be analysed as applicable to the current study. The researcher will choose relevant publications by reviewing titles, abstracts, introductions, and conclusions.

3.7.3 DATA ANALYSIS

The method of gathering, organising, and interpreting data in order to derive insights that aid decision-making is known as data analysis (Calzon 2022). Depending on the business and the investigation's purpose, there are a variety of methodologies and procedures for conducting analysis (Calzon 2022).

The researcher will use content analysis to analyse and interpret secondary data from financial planners for the purposes of this study. Content analysis is a research method for establishing the validity of specific words, themes, or notions in qualitative data (text) (Hsieh & Shannon 2005). Researchers can quantify and analyse the presence, meanings, and correlations of specific words, themes, or notions using content analysis (Hsieh & Shannon 2005). The researcher's literature review will be used as a basic foundation for the content analysis so that the researcher can compare the content analysis results to what was discussed in the literature review and draw conclusions about whether the results aligned with what was discussed in the literature review or if there are any gaps in the data or contradictory information.

Data will be recorded and simplified in Microsoft Excel after it has been examined. The researcher will then organise the information, classify and categorise it, code and transform it, and make meaning and interpret appropriate findings from the analysis.

3.8 ETHICAL CONSIDERATION

As a researcher creates and organises his or her research, seeks access to organisations and people, collects, analyses, manages, and publishes findings, ethical concerns will arise (Saunders et al. 2019:226). The principles of behaviour that guide the researcher's conduct in respect to the rights of those who become the subject of the researcher's work or are affected by it in the context of research are referred to as ethics (Saunders et al. 2019:226). Broader social standards will influence the appropriateness or acceptability of a researcher's behaviour (Saunders et al. 2019:226).

To guarantee that the data acquired is accurate and reliable, the researcher will rely on academic research papers. For the remainder of the study, articles will be found on Google, Google Scholar, and Elsevier. The role of human research subjects is not a concern in this study because it is a qualitative desktop review study. To ensure the research's integrity, validity, and ethics, full recognition will be given to the authors of the publications, as well as correct paraphrasing and referencing will be used. Turnitin will be another tool that will be used to ensure that nothing was plagiarised. Considering the importance of ethics in research, this study will follow Nelson

Mandela University's ethical standards and procedures, as well as an ethical clearance form. It should be noted that this study forms part of a wider project. The secondary data collection for this study was performed under the wider projects' ethical clearance in compliance with the Nelson Mandela University ethics approval granted under the reference H20-BES-BMA-022.

3.9 SUMMARY

The researcher provided a brief discussion on research philosophy in the first section of this chapter, followed by an approach to theory development consisting of a deductive approach, an inductive approach, and an abductive approach, in which the inductive approach will be used.

The third section consists of six methodological options identified; the qualitative method was deemed appropriate for this research. The fourth section is about research strategy; this research will use survey and archive research strategies. The time horizon was discussed in the fifth section, and this research will be cross-sectional. The following sections discussed research techniques and procedures. This study will use content analysis to analyse and interpret secondary data. The last section is about ethical considerations.

All of the above were combined to create the research design and methodology chapter, which serves as a research plan for answering the research question and achieving the study's research objective.

CHAPTER FOUR

EMPIRICAL RESULTS

4.1 INTRODUCTION

Chapter Three outlined the research design and methodology used to approach and analyse data in order to answer the study's research questions. The research strategy outlined in Chapter Three serves as a guide to completing Chapter Four. This chapter will focus on data analysis, empirical findings, and interpretations of these findings. The data are gathered from pre-collected secondary data. The Chapter Four will begin with a summary of the respondents' biographic information, which will be followed by the results of the content analysis deduced from a data file of pre-collected secondary data covering the question "how Covid-19 has affected the financial planning businesses that they own or work in."

4.2 RESULTS OF THE DEMOGRAPHIC INFORMATION

Figure 4.1: Gender

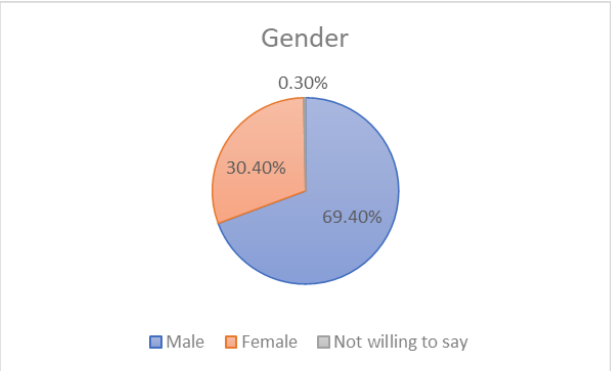


Figure 4.1 shows that 69% of respondents were male, while 31% were female, and 0.30% would rather not reveal their gender.

Figure 4.2: Age

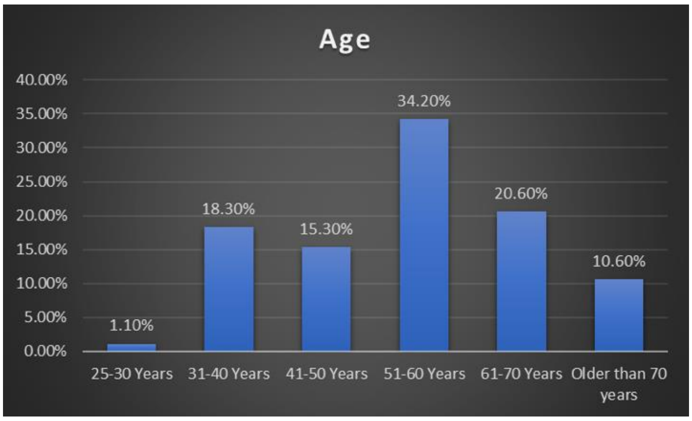


Figure 4.2 shows that the majority of respondents were between the ages of 51-60, accounting for 34.20%, followed by 61-70 (20.60%), 31-40 (18.30%), 41-50 (15.30%), older than 70 (10.60%), and 25-30 (1.10%).

Figure 4.3: Ethnic background

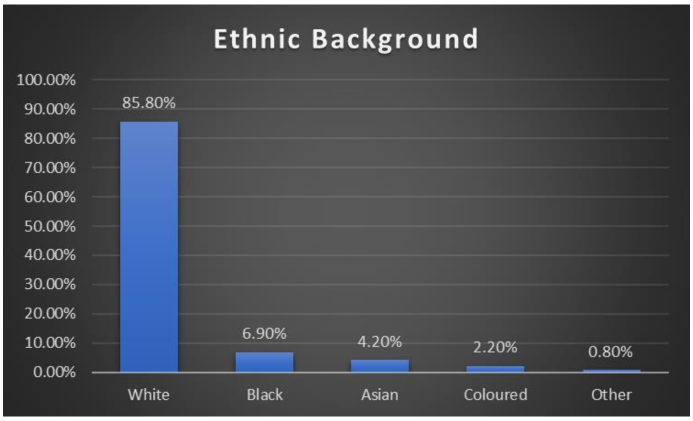


Figure 4.3 depicts the population group of respondents, with White accounting for 85.80%, Black accounting for 6.90%, Asian accounting for 4.20%, Coloured accounting for 2.20%, and Other accounting for 0.80%.

Figure 4.4 : Home language

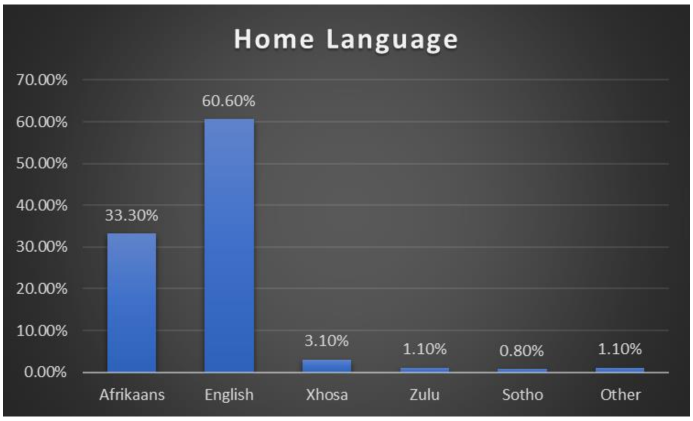


Figure 4.4 depicts the home language of the group of respondents, with English accounting for 60.60%, Afrikaans accounting for 33.30%, Xhosa accounting for 3.10%, Zulu and Other accounting for the same percentage of 1.10%, and Sotho accounting for the smallest percentage of 0.80%.

Figure 4.5: Geographical location

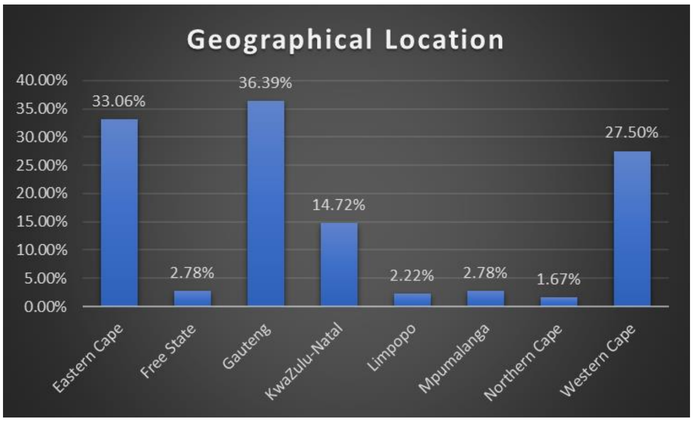


Figure 4.5 above depicts the geographical location of the group of respondents, with 36.39 accounted for Gauteng, followed by the Eastern Cape with 33.06%, Western Cape with 27.50%, KwaZulu-Natal with 14.72%, Free-State and Mpumalanga with the same percentage of 2.78%, Limpopo with 2.22%, and Northern Cape with 1.67%.

Figure 4.6: Highest academic qualification

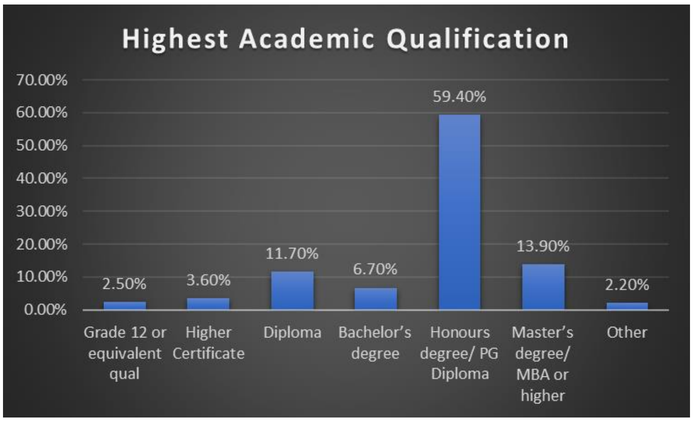


Figure 4.6 represents the highest academic qualifications of the group of respondents, with Honours degree/PG Diploma accounting for 59.40%, Master's degree/MBA or higher accounting for 13.90%, Diploma accounting for 11.70%, Bachelor's degree accounting for 6.70%, Higher certificate accounting for 3.60%, grade 12 or equivalent qual accounting for 2.50%, and other 2.20% accounting for the remaining 2.20%.

Figure 4.7: Population designation

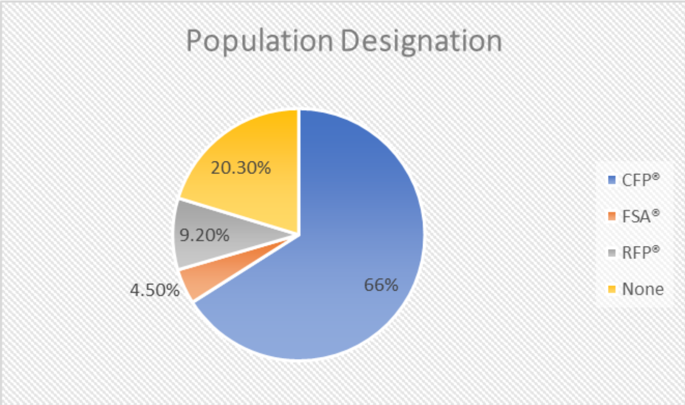


Figure 4.7 represents the population designation of the group of respondents, with CFP® accounting for 66%, None accounting for 20.30%, RFP® accounting for 9.20%, and FSA™ accounting for 4.5%.

4.3 RESULTS OF THE CONTENT ANALYSIS

For the purposes of this study, pre-collected secondary data covering the question "How Covid-19 has affected the financial planning businesses that they own or work in" were analysed using content analysis, as previously discussed. Content analysis is a research method for determining the validity of specific words, themes, or notions in qualitative data (text) (Hsieh & Shannon 2005). Furthermore, in order to conduct the content analysis, the data was coded using the literature review as a foundation.

4.3.1 THE AFFECT OF COVID-19 LOCKDOWN ON FINANCIAL PLANNERS AND FINANCIAL PLANNING BUSINESSES WITHIN SOUTH AFRICA

4.3.1.1 How Covid-19 lockdown has influenced the business norms and performance of financial planners and the businesses in which they work

Covid-19 lockdown has caused financial planners to rethink almost everything, such as how they present information in a timely manner through a digital format (Iacurci 2020). Some financial planners found it difficult to conduct client meetings over the phone or via video conference call (Iacurci 2020). Finding a balance between their needs and their clients was also a challenge, as was planning for a possible economic downturn (Certified Financial Planner Board of Standards, 2020).

The most significant impact of the Covid-19 lockdown on the business norms of the financial planning business was the delivery of financial planning services on a virtual basis. Because financial planners were unable to provide financial planning services in person, they had to be creative, and the majority of them have shifted from providing financial services in person to providing services online. Financial planners reported that the majority of their meetings, signing of documentation, business consultations, seminars, and training events are conducted virtually, saving them a significant amount of time and money.

Financial planners reported an increase in the workload as existing clients' servicing requirements have increased, and financial planners had to increase their interactions and communication with clients, as well as learn new information about the pandemic and its local and global effects. Financial planners also reported an increase in the amount of office administration that must be done.

On the other hand, several respondents stated that the Covid-19 lockdown had no impact on them or the impact on their business has been very little, with the only negative being the inability to meet with clients one-on-one. The financial planners acknowledged that working with clients remotely was challenging because they are in the people business and believe that in-person interactions are essential. Financial planners reported that interacting digitally with new clients was difficult, especially if they were elderly and resistant to technology. This, in turn, slowed transaction processing.

4.3.1.2 How the Covid-19 lockdown affected financial planners' income and profits

Several financial planners' income and profit streams have been impacted by the Covid-19 lockdown, while others' income and profit streams have been unaffected. The effect of the Covid-19 lockdown on financial planners' income and profit stream has been positive, negative, and neutral.

One respondent stated that his/her business practices income streams were not severely impacted because he/she had built a sound book prior to the lockdown, and it was sustainable during the Covid-19 lockdown, but the financial planner also stated that there were limitations to the growth of the business because he/she was unable to interact with clients face-to-face. Another financial planner asserted that his or her company experienced a, “Initially massive drop in income, as most of my income comes from trail fees not from new business and assets were under pressure. But has stabilised a bit as markets have improved.”

The Covid-19 lockdown has also caused business slowdowns among some financial planners, resulting in an increase in business liquidations and closures. One respondent stated that Covid-19 caused them to, “closed a branch, laid off 16% of the staff, given salary cuts to remaining staff, instituted work-from-home for all staff, seen a more than 50% decline in new business”. Another stated, “We had to retrench a few staff members. But we have created a more focused team that requires less management time. Good results are starting to come through. A bit of anxiety still exists in the business though”.

The participants stated that Covid-19 lockdown had a negative impact on their productivity because everything took longer to complete, and that disruption in connection and loadshedding further impacted productivity. One of the financial planners concluded that the Covid-19 lockdown merely exacerbated the problems that had existed for several years, both economically and politically.

On the other hand, some respondents were fortunate in that the Covid-19 lockdown had little impact on their business performance, with only a few cancellations or temporary cessation of contributions from clients. For certain respondents, Covid-19 has resulted in improved business performance. One of them stated, “Although I've been unable to personally interact with my clients, I still managed to outperform my 2019 commission target by 300%, due to investments from my clients that got retrenched and the referrals they gave me.” Another added, “Covid has not affected us negatively due to the fact that our practice is 100% fee based and non-commission/initial fee driven. 2020 was a great year for us!”

Another participant explained that the Covid-19 lockdown had a positive impact on his/her business because it gave clients time to assess their personal finances and make necessary changes. As a result, his or her client base has grown during the lockdown period. One of the respondents went on to say that “We have passed through this difficult time with flying colours as our client remained invested and were able to take advantage of opportunities created in the markets by the volatility that Covid created. We also attracted a fair number of new clients that were dissatisfied with the level of service and care that they received from their existing advisors.”

4.3.1.3 How the Covid-19 lockdown impacted financial planners' ability to find new clients and the client-planner relationship

Trust, relationship building, and communication are all important aspects of the profession, and they were all put to the test during the Covid-19 outbreak (Chudzik 2020).
According to the responses of the participants, it has been difficult for financial planners to acquire new clients when face-to-face meetings are not possible. As a result of the online shift, some financial planners have found it difficult to develop new relationships with potential clients. One respondent reported a more than 50% drop in new business due to the difficulty of dealing and connecting with clients remotely. Given that this is a people-based industry, face-to-face interactions are critical for relationship building.

Similarly, other financial planners have stated that while it was difficult to obtain new business, the demand for advice and information increased during the pandemic, providing opportunities to build relationships and trust. “In fact, I have had some new business which I did not expect during these times - not complaining. Trying to find new clients is difficult especially in these times of low returns.” said another respondent. Following that, one of the financial planners explained that new business slowed at the start of the lockdown but picked up again in mid-July, and that they are significantly behind on their year targets.

In contrast to what other financial planners have experienced, other respondents in the study stated that during the lockdown, they experienced a continuous flow of new business from existing clients. They also stated that while face-to-face meetings did decrease, they were still able to mine new clients from existing clients by using phone calls and emails.

4.3.2 THE IMPACT OF THE COVID-19 LOCKDOWN ON FINANCIAL PLANNERS' CLIENTS

A client of a financial planner is defined as a specific individual or group of people, excluding the general public, who is or may become the subject to whom a financial service is delivered knowingly, or who is the successor in title to such person or the beneficiary of such service. (South Africa, Financial Advisory and Intermediary Services Act, 2002:13).

The magnitude of Covid-19's effect on clients varies greatly. The lockdown had various effects on clients' earnings, occupations, and contributions to retirement funds and policies. The following section will go over these various effects in detail.

4.3.2.1 How the Covid-19 lockdown affected client income and spending on financial planning products or services

According to figures from the South African Reserve Bank, between Q2 2020 and Q1 2020, households had less money to spend (Momentum 2020). Their disposable income fell by R27.5 billion after personal income tax, contributions to employer benefit schemes, and interest on debt (Momentum 2020). They reduced their contributions to pension funds, retirement annuities, and group life insurance by R10.9 billion (Momentum 2020). The primary causes of the reduction were insurer contribution holidays and lapses due to lack of income (Momentum 2020).

According to the research findings, the impact of the Covid-19 lockdown has been devastating. The general public as well as the clients of financial planners have experienced financial stress, as a result of job losses, retrenchment, early retirement, and clients losing their businesses.
The majority of participants reported that the Covid-19 lockdown had a negative impact on their clients' employment and income. “Due to COVID a lot of my clients have been affected with their jobs and employment conditions especially with their income.” one participant said. Another participant added that he was “Frustrated about the lockdown impact on my business clients. At least 3 restaurant owners have closed their businesses.” Another stated, “Many clients have been retrenched or had income reduced.” Thus, has caused clients to requested premium relief or a reduction in contributions to retirement funds and life insurance policies.

The majority of participants also stated that client spending on financial planning products and services has decreased. Covid-19 has forced clients to cut expenses, forcing them to prioritise which financial planning products and services are important to them. Insurance was one of the first things clients cut off, according to financial planners. Resulting in a large number of cancellations, and clients were unable to commit to paying future premiums.

Financial planners have also determined that Covid-19 has exacerbated the financial situation of highly indebted individuals. Clients were also forced to reduce or disinvest their savings in order to survive. In contrast to what other financial planners reported one respondent stated that his clients were able to increase their investments as a result of refocusing their budget and spending time re-evaluating their lifestyle.

4.3.2.2 Clients financial planning needs during the Covid-19 lockdown

Financial advisors reported an increase in client queries during the worst of the Covid-19 pandemic, with prospective clients contacting them with a variety of concerns, including managing investment volatility and protecting assets (Certified Financial Planner Board of Standards, 2020).

This has also been the case for financial planners in South Africa, who reported that the Covid-19 pandemic has served as a reminder to customers of the value of financial planning and the services they provide. The demand for financial planning increased during this time, according to the industry professionals. As Covid-19 has have put pressure on clients to take more time to evaluate their financial products, ask more questions, conduct reviews, and revaluate their financial situation and personal objectives. “We get a lot more phone calls coming in when Covid hit due to the fact our clients were unsure of their finances as they saw how it affected their money.” one of the responders stated.

Financial planners have reported an increase in demand for offshore investments, and clients have been re-examining their portfolios from both a fee and a risk viewpoint. Clients have been reviewing their financial plans and making adjustments to compensate for income reductions. Clients have been concentrating on estate planning and fine-tuning their wills. According to one of the respondents, “more clients want to update beneficiaries, wills etc”. “Some clients had lost one or more family members, either immediate, or at least close to them. A few were concerned about the future, and nearly everyone wanted a review of their will, estate planning, and disability income protection.” one respondent added. Another respondent stated, "It was however increased appetite on clients for risk business while the investment side has been negatively affected."

4.3.3 THE ROLE OF TECHNOLOGY IN PROVIDING FINANCIAL PLANNING SERVICES DURING THE COVID-19 LOCKDOWN

Prior to Covid-19, the financial services industry was already changing at a fast rate, fuelled by shifting customer expectations, increased competition from incumbents and newcomers, changing regulations, and technological advancements (Deloitte 2020). A growth of digital channels, tools, and challenger banks around the world showed that digital transformation was well underway (Deloitte 2020). Due to limited mobility around the world, financial services have been compelled to adopt digital channels quickly, reducing years of change to months, if not weeks (Deloitte 2020).

Based on the responses of all participants, it can be concluded that technology played a critical role during the Covid-19 lockdown, allowing financial planners and financial planning businesses to continue operating under difficult conditions. One respondent stipulated that using technology during the lockdown was advantageous: "An advantage however is that technology has been enhanced in my offering which has given the practise alternative methods of doing financial planning for clients". According to another participant, "Covid has pushed SA financial planning into a space it should already have been 10 years ago - more focus is being placed on the use of technology and virtual meetings as well as client service." One of the respondents went on to say, "We have had to adopt to new ways of doing business, providing a quality service to clients, and building trust. We have had to adapt to technology and have had to educate our clients on making use of some technological advanced tools for meaningful client engagements. In times of uncertainty and panic, we have had to lead the conversations and engage more with the clients."

4.4 SUMMARY

The empirical findings of the study were presented in Chapter Four. An overview of the demographic information of the study's participants were given first, followed by the results of the content analysis. The following chapter will provide an overall summary of the entire study, as well as an overview of the various chapters. In addition, the main findings of the literature review and the empirical investigation will be presented and interpreted. Lastly, recommendations will be made.

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The final chapter will provide a summary of the study, followed by a discussion of the key findings of the literature, as well as the empirical findings and its interpretation of how Covid-19 lockdown has affected South African financial planning businesses that they own or work in. Following that, conclusions and recommendations based on the study's findings will be made. Lastly, the shortcomings in the researchers will be discussed and suggestions for future research will be made

5.2 MAIN FINDINGS FROM THE LITERATURE REVIEW

Chapter Two of this study provided a detailed literature review of the financial planning and the effects of the Covid-19 lockdown on financial planning businesses, with a specific focus on how the Covid-19 lockdown has impacted their operations, norms, performance, clients, and digital practices. The key findings from this study’s literature review will be explained in this section.

5.2.1 AN OVERVIEW OF FINANCIAL PLANNING

The literature review on financial planning revealed that financial planning is the practice of devising strategies to assist customers in managing their financial affairs in order to fulfil life and financial goals. Financial planning is broad in scope, encompassing a wide range of components such as financial management, asset management, risk management, tax planning, retirement planning, and estate planning. It was also revealed that financial services are one of South Africa’s most strictly regulated industries. The FSCA is the regulative body in the industry and requires financial planning professionals to be licensed by the Authority before providing any financial planning services.

5.2.2 IMPACT OF COVID-19 ON FINANCIAL PLANNING BUSINESSES, CLIENTS, AND DIGITAL PRACTICES

The impact on financial planning businesses, their clients and the digitisation of business is presented in this section.

5.2.2.1 Norms, Performance and Operational Ability

The review of literature focuses on the impact of Covid-19 lockdown on financial planners' norms, performance, and operational ability, of the businesses they own or work in. It was revealed that traditionally, financial advisory services have been centred on an advisor's physical presence to provide advice; however, Covid-19 has resulted in all of that changing as people in the financial planning industry were prohibited by law from seeing customers face to face and thus had to think of alternative ways of service delivery. As a result, advisors began to use digital channels to communicate with their clients. Furthermore, it was revealed that the Covid-19 lockdown caused a number of sole traders to retire early due to slow business activity and liquidation. Many smaller businesses merged in order to share operational costs and improve the customer proposition by offering a broader range of financial products under one brand. The Covid-19 pandemic has also had an impact on FSPs' ability to meet the FAIS Act's fit and proper requirements.

5.2.2.2 Clients and their Financial Planning Needs

The literature review focus on the impact of Covid-19 lockdown on the clients of financial planners and the clients financial planning needs. It was revealed in Stats SA’s Quarterly Labour Force Survey that in Q2 2020, the number of persons earning a living decreased by an expected 2.2 million people. This in turn caused a reduction in client’s contributions to pension funds, retirement annuities, and group life insurance by R10.9 billion. There has been an increase in advisor-client interactions that have focused on the following topics: estate planning in the event of the death of a primary provider, investing idle assets, the risk of prescribed assets for retirement, and re-examining offshore exposure in investment portfolios. Lastly, preparing clients estate for potential emigration.

5.2.2.3 Digital Business Practices

The literature review focus on use of technology in providing financial planning services during Covid-19 lockdown. It was revealed that the financial planners can help clients by using digital tools and platforms that increase efficiency and allow financial advisers and their clients to communicate through effective and secure channels that do not require a face-to-face meeting. Financial advisers and clients can now form official relationships and trust without physically meeting.

5.3 MAIN RESULTS OF THE EMPIRICAL INVESTIGATION

The main results of the affect of Covid-19 on financial planning business practices, new business practices and financial implications business is presented in the next section.

5.3.1 THE AFFECT OF COVID-19 LOCKDOWN ON FINANCIAL PLANNERS AND FINANCIAL PLANNING BUSINESSES WITHIN SOUTH AFRICA

5.3.1.1 How Covid-19 lockdown has influenced the business norms and performance of financial planners and the businesses in which they work

The main findings of the empirical investigation revealed that the Covid-19 lockdown improved the thinking and business practices of South African financial planners. Covid-19 has compelled them to seek alternative methods of providing services to their clients by incorporating technology into their service delivery. Some financial planners found the transition to an online environment difficult, but they later recognised the benefits, such as improved efficiency in the delivery of financial planning services and cost savings.

5.3.1.2 How the Covid-19 lockdown affected financial planners' income and profits

The findings of the empirical investigation revealed that the Covid-19 lockdown had an impact on the income streams of financial planners. It has caused business slowdowns among financial planners, resulting in business closures and liquidation. On the other hand, some financial planners were extremely fortunate in that they were still able to receive an increase in business, which resulted in an increase in the income and performance of their businesses.

5.3.1.3 How the Covid-19 lockdown impacted financial planners' ability to find new clients and the client-planner relationships

The findings of the empirical study reveal that during the Covid-19 lockdown, many financial planners found it difficult to attract new business and build long-term relationships with clients. This is because the financial planning industry is a people-based industry, and face-to-face interactions are where trust and relationships are built between the planner and clients. While many respondents found it difficult to build relationships with clients online, other planners have succeeded in increasing their client base and mining potential clients from existing clients.

5.3.2 THE IMPACT OF THE COVID-19 LOCKDOWN ON FINANCIAL PLANNERS' CLIENTS

5.3.2.1 How the Covid-19 lockdown affected client income and spending on financial planning products or services

The main findings of the empirical investigation revealed that during the Covid-19 lockdown, clients of financial planners lost their jobs/businesses, were retrenched, or retired early. As a result, clients' disposable income decreased, and they had to prioritise which financial planning products and services were important and which were not. According to the findings, one of the first things clients seemed to cut or request a premium relief or reduction in contributions were insurance policies and contributions to retirement funds.

5.3.2.2 Clients financial planning needs during the Covid-19 lockdown

The main findings of the empirical investigation revealed that there was an increase in demand for financial planning advice during the Covid-19 lockdown, with more clients wanting to review and adjust their financial plans. There has been a greater emphasis on estate planning and wills.

5.3.3 THE ROLE OF TECHNOLOGY IN PROVIDING FINANCIAL PLANNING SERVICES DURING THE COVID-19 LOCKDOWN

The empirical investigation's main findings revealed that during the Covid-19 lockdown, technology played an important role in allowing financial planners to continue operating and serving clients. It has enabled the client to improve their client service offerings and increase efficiency.

5.4 RECOMMENDATIONS

5.4.1 RECOMMENDATIONS REGARDING THE IMPACT OF COVID-19 LOCKDOWN ON SOUTH AFRICAN FINANCIAL PLANNERS

The literature review and main findings of the empirical investigations revealed that financial planners who implemented the use of a technological platform in their online financial planning service delivery during the Covid-19 lockdown benefited greatly from it. The researcher suggests that financial planners who are still hesitant to use technology platforms in their service delivery implement it but not completely change to an online service delivery because the financial planning industry is still people-based and physical interactions are still important. Financial planners are also encouraged to learn more about the various types of technological platforms that can be used in service delivery, so that they can use the platform that is best suited to their business.

However, based on the findings, the platforms Microsoft teams, Zooms, WhatsApp, emails, and phone calls were proven to be effective for staying in touch with clients, sending important documentation, and finalising any business process between clients and financial planning professionals. The researcher suggests that financial planning professionals use these platforms because they have been found to be effective. In addition, the researcher suggests that when dealing with older clients who are not technologically savvy or do not own technological devices, financial planning professionals continue to service those clients face to face in order to accommodate them.

5.5 SHORTCOMINGS OF THE RESEARCH AND RECOMMENDATIONS FOR FUTURE RESEARCH

The researcher acknowledges that any study will have limitations and shortcomings that must be considered. The first limitation was the data collected from respondents; some respondents did not provide detailed answers about how Covid-19 affects them as financial planners. However, the data provided was sufficient to achieve a result worth interpreting; however, if respondents provided more in-depth answers, it would result in more informed assumptions and interpretations on the impact of Covid-19 lockdown on South African financial planners. The second limitation was that respondents did not describe in detail the technological platforms that they had used, and which platform was the most beneficial to them throughout the Covid-19 lockdown period; this could have been more informative when recommending which platform to use to financial planning professionals.

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APPENDIX A: ETHICS CLEARANCE FORM E

This study was conducted under the ethical clearance in compliance with the Nelson Mandela University ethics approval granted under the reference H20-BES-BMA-022. In addition, the proforma document is appended.

NELSON MANDELA
UNIVERSITY

FACULTY OF BUSINESS AND ECONOMIC SCIENCES

ETHICS CLEARANCE FOR TREATISES / DISSERTATIONS / THESES

Instructions:
- Should be completed by study leader and student
- Must be signed off by student, study leader and HoD
- ***Please note that by following this Proforma ethics route, the study will NOT be allocated an ethics clearance number***

FACULTY: Business and Economic Sciences

SCHOOL / DEPARTMENT: Management Sciences / Business Management

I, Palframan, J.B. the study leader for

Mouton, C.A. ______________________________

217834639 ______________________________

a candidate for the degree of BCom Honours with a treatise entitled the affect of covid-19 lockdown on the operations of financial planning businesses in South Africa.

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considered the following ethics criteria *(please tick the appropriate block):*

		YES	NO
1.	Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?		▯
2.	Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?		▯
2.1	Are subjects/participants/respondents of your study:		
2.1.1	Children under the age of 18?		✓
2.1.2	NMMU staff?		✓
2.1.3	NMMU students?		✓
2.1.4	The elderly/persons over the age of 60?		✓
2.1.5	A sample from an institution (e.g. hospital/school)?		✓
2.1.6	Handicapped (e.g. mentally or physically)?		✓
3.	Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)		✓
3.1	Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?		✓
4.	Will the participant's privacy, anonymity or confidentiality be compromised?		✓
4.1	Are you administering a questionnaire/survey that:		
4.1.1	Collects sensitive/identifiable data from participants?		✓
4.1.2	Does not guarantee the anonymity of the participant?		✓
4.1.3	Does not guarantee the confidentiality of the participant and the data?		✓
4.1.4	Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?		✓
4.1.5	Will create doubt whether sample control measures are in place?		✓
4.1.5	Will be distributed electronically via email (and requesting an email response)? Note: • If your questionnaire **DOES NOT** request respondents' identification, is distributed electronically and you request respondents to return it *manually* (print out and deliver/mail); **AND** respondent anonymity can be guaranteed, your answer will be NO. • If your questionnaire **DOES NOT** request respondents' identification, is *distributed via an email link and works through a web response system (e.g. the university survey system);* ***AND*** respondent anonymity can be guaranteed, your answer will be NO.		✓
5.	Do you wish to publish an article from this study and submit to an accredited Journal?		✓

*Please note that if **ANY** of the questions above have been answered in the affirmative **(YES)** the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) representative.*

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

____________________ 30.08.2022
STUDY LEADER(S) DATE

____________________ ____________________
HEAD OF DEPARTMENT DATE

____________________ _30 / 08 / 2022____________
STUDENT DATE

APPENDIX B: TURNITIN REPORT

CA MOUTON

ORIGINALITY REPORT

11%	10%	4%	4%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	www.fsca.co.za Internet Source	2%
2	retail.momentum.co.za Internet Source	2%
3	www.gpwonline.co.za Internet Source	1%
4	dokumen.pub Internet Source	1%
5	link.springer.com Internet Source	1%
6	busman.mandela.ac.za Internet Source	1%
7	www.fpsb.org Internet Source	1%
8	Submitted to Midlands State University Student Paper	1%
9	Submitted to Leeds Beckett University Student Paper	1%
10	Submitted to Asia Pacific University College of Technology and Innovation (UCTI) Student Paper	1%
11	Submitted to University of Glamorgan Student Paper	1%
12	docplayer.net Internet Source	1%