

2022 | Financial adviser

# Discovery Bank **remuneration manual**

This document serves as a reference guide for the remuneration structure that applies to Discovery Bank sales.

Effective June 2022



## Contents

PAGE  
**03** Introduction

PAGE  
**04** Remuneration on  
Discovery Bank  
primary accounts

PAGE  
**07** Commission on  
Discovery Bank  
savings accounts

PAGE  
**09** Remuneration and  
payment rules

PAGE  
**11** Remuneration  
examples

# Introduction

Discovery Bank is a shared-value bank, designed with your clients in mind. Our main goal is to improve your clients' financial health. We'll help them change how they work with their money by guiding, motivating and rewarding them for getting financially healthier.

As a Discovery financial adviser, you can **earn up to R3 000** for Discovery Bank sales

We'll pay a referral fee when your clients join Discovery Bank or upgrade their previous Discovery Card to a new Discovery Bank credit card product. Sales can be performed using the Discovery Bank Financial Adviser Platform or by clients using your unique Friend Referral Rewards code when they sign up in the Discovery Bank app.



Earn from **R375** ← → up to **R3 000**

The referral fee you can earn is based on the Discovery Bank product chosen, and the sales option used. Qualifying Friend Referral Rewards sales earn 50% of the referral fee earned on Financial Adviser Platform sales.

You can also **earn commission of up to 1.2%** for large savings account deposits

We'll pay commission on deposits of R500 000 or more placed in a Fixed Deposit Account or a 32-day, 60-day, or 90-day Notice Savings Account.

Commission earned

**up to 0.36%** ← → **up to 1.2%**  
 32-day, 60-day, or 90-day Notice Savings Account      Fixed Deposit Account

The commission you can earn is based on the Discovery Bank product chosen, investment duration and investment amount.

# Remuneration on Discovery Bank **primary accounts**

## Option 1: Using the Financial Adviser Platform

### STEP 01

Log in to the Discovery Bank Financial Adviser Platform. You can access this platform through the Financial Adviser Zone or at <https://broker.discovery.bank>

### STEP 02

Onboard your client to Discovery Bank with their desired product choice. You will need to submit all supporting documents before the client can proceed to step 3.

### STEP 03

Your client must download the Discovery Bank app and complete the in-app registration process. Once their account is fully opened, the sale is complete and will be eligible for payment.

## Referral fee rates for sales using the Financial Adviser Platform

Discovery Bank product type	Discovery Bank card colour	Referral fee (R)
Discovery Bank Transaction Account with pay-as-you-transact fees	Gold, Platinum or Black	Not eligible
Discovery Bank Transaction Account with bundled fees	Gold	R750
	Platinum	R750
	Black	R750
Discovery Bank Card Account (standalone credit card)	Gold	R1 100
	Platinum	R1 650
	Black	R2 200
Discovery Bank Suite	Gold	R1 500
	Platinum	R2 100
	Black	R3 000
	Purple	R3 000

## Option 2: Using the Discovery Bank app and Friend Referral Rewards

### STEP 01

Your client must perform the application from start to finish using the Discovery Bank app. During in-app registration, your client must enter your unique Friend Referral Rewards code.

### STEP 02

Your client must select the desired product, upload all supporting documentation, and complete the rest of their application in the Discovery Bank app.

### STEP 03

Once your client's account is fully opened, and they've made a qualifying transaction, the sale is complete and will be eligible for the cash referral fee. You will also earn Discovery Miles from the Friend Referral Rewards campaign.

## Referral fee rates using the Discovery Bank app and Friend Referral Rewards (FRR)




Discovery Bank product type	Discovery Bank card colour	Referral fee	
		Cash referral fee	FRR campaign Discovery Miles
Discovery Bank Transaction Account with pay-as-you-transact fees	Gold, Platinum or Black	Not eligible	
Discovery Bank Transaction Account with bundled fees	Gold, Platinum or Black	Not eligible	
Discovery Bank Card Account (standalone credit card)	Gold	R550	₪2 500
	Platinum	R825	₪2 500
	Black	R1 100	₪2 500
Discovery Bank Suite	Gold	R750	₪5 000
	Platinum	R1 050	₪5 000
	Black	R1 500	₪5 000
	Purple	R1 500	₪5 000

Cash referral fees for clients onboarded using Friend Referral Rewards will count towards production, but Discovery Miles earned will not. Friend Referral Rewards campaign on record for these clients. apply. You will not be appointed as the Bank financial adviser

## How we calculate remuneration for new primary accounts

We pay a referral fee for primary accounts opened by an adviser using the Financial Adviser Platform. We also pay a referral fee on primary accounts opened by a client using the Discovery Bank app as long as a Bank accredited adviser's unique Friend Referral Rewards code is entered during sign-up and only after the client has made a qualifying transaction within 60 days of opening their account.

Discovery Bank client classification:

-  **New clients**, if they do not have an active Discovery Bank product, nor had any active previous Discovery Card product, nor had either of these products active within the last six months.
-  **Previous Discovery Card clients**, if they have an active previous Discovery Card product that is now being administered by Discovery Bank.
-  **Existing clients**, if they have are the primary accountholder OR secondary cardholder of an active Discovery Bank product.

We'll pay a referral fee for new clients, as well as clients with the previous Discovery Card, who take out a new Discovery Bank Transaction Account with bundled fees (Financial Adviser Platform sales only), Discovery Bank Card Account, or Discovery Bank Suite. We do not pay referral fees on sales of Discovery Bank Transaction Accounts with pay-as-you-transact fees, additional secondary cardholders, additional transaction or credit card accounts, and savings accounts that don't qualify for remuneration as defined in the **Commission on Discovery Bank savings accounts** section.

**Note:** The Discovery Bank primary account structure prior to 1 July 2021 involved a two-instalment referral pay out, paid a month in arrears, with an optional additional Vitality Money booster payment available on credit card sales. This has been restructured into a single instalment, paid in the month of sale, with referral fees on all Card Account and Suite sales increased to replace the optional additional Vitality Money booster.

### The referral fee on primary accounts will be paid as follows:

- For Financial Adviser Platform sales, a sale is only completed and remuneration due once the client's account has been successfully opened.
- For Friend Referral Rewards sales, a sale is only completed and remuneration due once the client's account has been successfully opened, and the client has made a qualifying transaction within 60 days of opening the account. A qualifying transaction includes an EFT, in-store or online card purchase, or Discovery Pay transaction.
- Referral fees will be paid in the same month of sale as long as the sale is completed on or before the 25th of the month. Sales completed after the 25th of the month will be paid in the following month.
- Remuneration for primary accounts will be paid on the 30th of each month.
- If a client onboarded using the Financial Adviser Platform upgrades their primary product during the first six months following initial sale, we will pay an additional upgrade commission equal to the difference between the initial referral fee and the referral fee offered on the new product. This does not apply to clients onboarded using the Discovery Bank app and Friend Referral Rewards.
- Please see [here](#) for use of Friend Referral Rewards benefit and Discovery Miles campaign.
- For client self-assisted onboardings using the Discovery Bank app, you won't earn any commission if your client forgets to enter your unique Friend Referral Rewards code, or enters it incorrectly. Referral codes cannot be entered at a later stage.

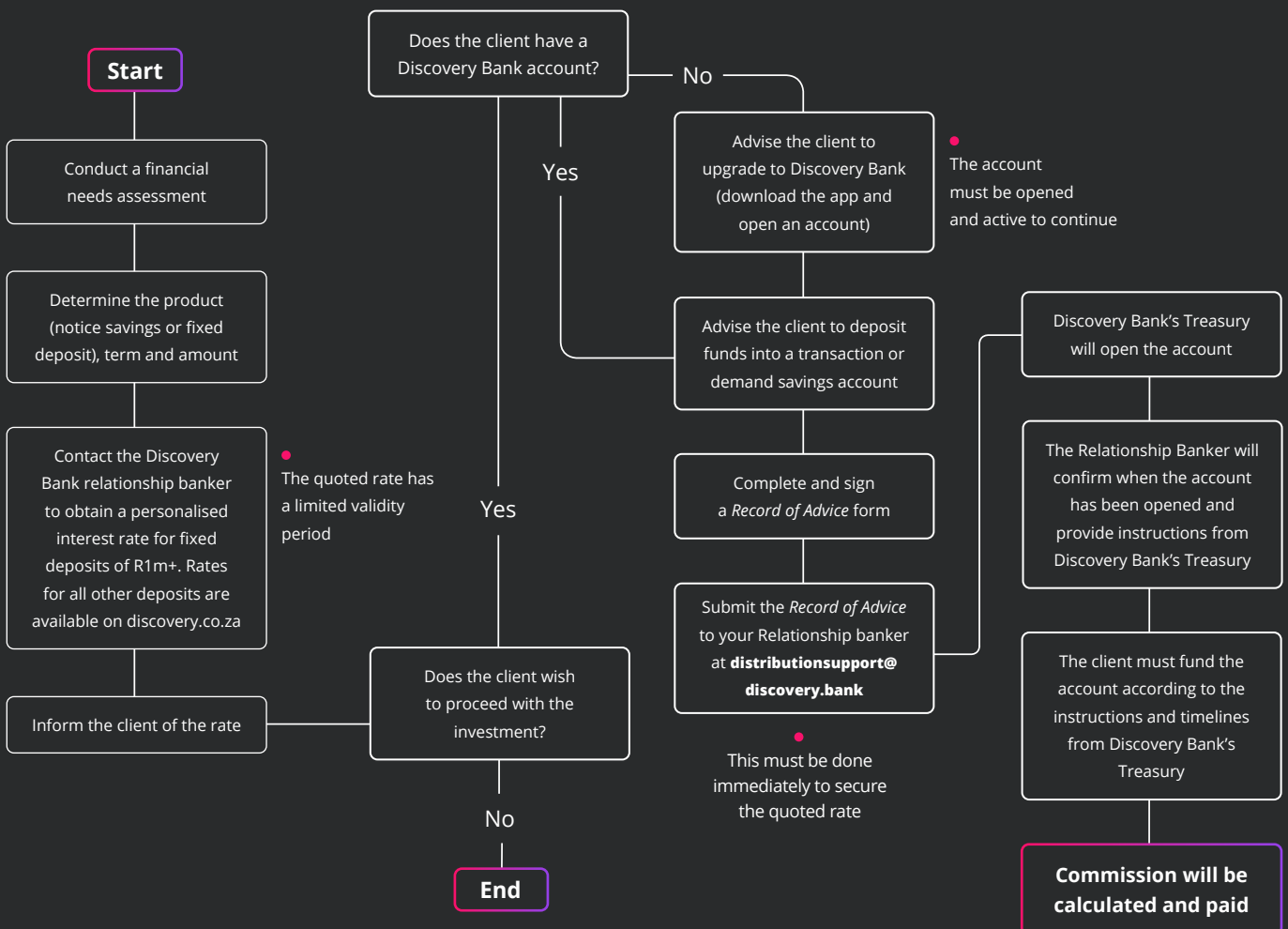
# Commission on Discovery Bank **savings accounts**

## Process and submission

- 01 All Discovery Bank savings accounts sold through a financial adviser need to have an accompanying *Record of Advice* (ROA) form. You can download the ROA form from the Bank Marketing Support page on the Financial Adviser Zone.
- 02 The financial adviser and the client must fill in the document, and they must both sign it once completed.
- 03 A *Replacement Advice Record* (RAR) form is also necessary in cases where the client is replacing an existing financial instrument with one from Discovery Bank.
- 04 Financial advisers must email their submissions to **distributionsupport@discovery.bank** for processing.

## Large deposit 32-day, 60-day or 90-day Notice Savings Account and Fixed Deposit Account sales process

The following diagram defines the process for financial advisers to follow when advising clients on Discovery Bank savings accounts:



## 32-day, 60-day or 90-day Notice Savings Account

This account lets clients access their money by giving Discovery Bank 32, 60 or 90 days' notice. The client can deposit more money into the account at any time, and they can fully or partially withdraw their money, as long as they give the required notice.

- We pay commission one month in arrears, based on the average balance for the account in the previous calendar month.
- If the client has withdrawn from the account in the previous month, resulting in a lower average balance than the initial investment amount, we'll use the new average balance as the base amount for the commission we pay for that month. If the average account balance falls below the R500 000 minimum in a month, no commission will be payable for that month.
- We pay commission for 12 months on 32-day, 60-day or 90-day Notice Savings Accounts only, from the date the account is opened and funded, and we do not pay commission on account servicing.

Product type	Investment duration	Commission rate (%)	
		R500 000+	R1 million+
32-day, 60-day or 90-day Notice Savings Account	As long as the client deems fit	0.02% a month	0.03% a month

## Fixed Deposit Account

This account lets clients deposit a lump sum for a fixed duration, selected when opening the account. A fixed, longer duration allows for a larger interest rate return on the investment. Agreement to the duration is a binding contract between the client and Discovery Bank. Note that clients are legally responsible for penalties on early withdrawal, whether partial or full closure of the account.

- We calculate commission on the closing balance of the account at the calendar month-end.
- We pay commission in two instalments – the first payment will be 50% of the payable commission and we pay this once the account is opened and funded for at least one calendar month. We'll pay the remaining 50% once the account has been open and funded for at least three calendar months.
- In the case where a client withdraws the full amount or closes the account, we'll recover commission paid to the adviser to date on a pro-rata basis. We calculate this amount as the difference between what has been paid and what should have been paid for the duration the money was in the account.
- If the fixed deposit has reached maturity, and the client opts to close the account and transfer the money into another Discovery Bank savings account or roll into a further fixed term, we pay no further commission.
- We pay commission on the Fixed Deposit Account based on the agreed product duration. Commission can be recovered for the full product duration. We do not pay commission on account servicing.

Product type	Product duration	Commission rate (%)		
		R500 000+	R1 million+	R5 million+
Fixed Deposit Account	3 months	0.075%	0.125%	0.125%
	6 months	0.15%	0.25%	0.25%
	12 months	0.5%	0.5%	0.5%
	18 months	0.75%	0.75%	0.75%
	24 months	1%	1.2%	1.2%
	36 months	1%	1.2%	1.2%
	60 months	1%	1.2%	1.2%



## Remuneration and **payment rules**

We pay referral fees based on the total number of Discovery Bank accounts opened and commission on the value of the savings accounts sold every month. For Discovery Bank primary accounts we base the payment on the Discovery Bank product type and card colour at the time of calculation. For savings accounts, we base the calculation on the base amount of the investment, as well as the type of savings account chosen.

### The remuneration rules for Discovery Bank primary accounts:

- 01 We pay a referral fee on completed sales done using the Financial Adviser Platform or using the Discovery Bank app where a Bank accredited adviser's unique Friend Referral Rewards code is entered during signup.
- 02 Where a client does not complete the onboarding process and successfully open their Discovery Bank account, we won't pay a referral fee to the financial adviser.
- 03 We do not currently pay referral fees on servicing of Discovery Bank accounts.
- 04 We'll pay the referral fee only once a year for each client i.e. if a client is onboarded by a financial adviser and closes their account, another financial adviser will not be eligible to earn commission on re-onboarding the same client within 12 months of the previous onboarding.

### The remuneration rules for Discovery Bank savings accounts:

- 01 We do not pay referral fees.
- 02 We pay commission on completed sales (all documents are submitted and the account is open and funded).
- 03 Savings accounts must be opened through the Discovery Bank relationship banker team in order to qualify for commission.
- 04 Savings accounts created directly by clients through the Discovery Bank app or directly by the Discovery Bank Treasury without an accompanying *Record of Advice* (ROA) or *Replacement Advice Record* (RAR) form do not earn commission.
- 05 We do not pay commission on servicing, automatic or client-led renewals of matured accounts, unless accompanied by new documents that the client has signed.
- 06 For 32-day, 60-day or 90-day Notice Savings Accounts, we pay commission for the first 12 months only.
- 07 For an early withdrawal on the Fixed Deposit Account, we'll recover money that the adviser owes us on a pro-rata basis. This is based on the actual fixed deposit term and the amounts already paid to date.
- 08 We do not pay commission on any other savings accounts, including Demand Savings Accounts, 24-hour Notice Savings Accounts, and Tax-Free Notice Savings Accounts.

## General remuneration rules

We'll evaluate and adjust the remuneration structure when necessary. We'll communicate any changes through the eDiscoverer and on the Financial Adviser Zone (FAZ).

Remuneration will only be paid if the financial adviser:

- Adheres to all Fit and Proper requirements including Discovery Bank-specific training, as well as continuous professional development requirements, for all Discovery Bank sales.
  - Has a valid contract in place.
  - Has registered under the Discovery Life FSP licence, or registered under their respective FSB licence if applicable, for categories 1.17 and 1.18.
  - The same accreditation requirements apply regardless of whether a client is being onboarded using the Financial Adviser Platform or using the Discovery Bank app and an adviser's unique Friend Referral Rewards code.
- 01 Remuneration is calculated on the 26th of each month, excluding weekends, and will be included for payment in the payment run at the end of that month.
  - 02 All remuneration due to the financial adviser in a given month will accrue to the next payment run. If remuneration is not payable due to system limitations or other issues experienced, remuneration will accrue to the next available payment run.
  - 03 Discovery Commissions facilitates payments. These payments occur through the normal remuneration channels that are currently in use. Remuneration payments paid to the adviser for Discovery Bank may be offset against payments due for other Discovery products. If you have any questions about remuneration payments, please contact your Commissions representative on 0860 345 678 or [commissions@discovery.co.za](mailto:commissions@discovery.co.za).
  - 04 To utilise the Friend Referral Rewards sales option and receive their unique referral code, an adviser must be the primary accountholder of a Discovery Bank Transaction Account, a Discovery Bank Card Account or a Discovery Bank Suite.
  - 05 For all Discovery Bank remuneration queries, product and support queries, as well as for support with the Discovery Bank Financial Adviser Platform, please contact our Discovery Bank relationship bankers on 011 324 4885/6/7 or [distributionsupport@discovery.bank](mailto:distributionsupport@discovery.bank).
  - 06 We will monitor for abuse of the commission system and reserve the right to recover referral fees paid and reverse recognition awarded on remunerated sales which experience account closure within the first six months.

Remuneration amounts exclude VAT. We'll only add VAT to the remuneration payment if the financial adviser has registered for VAT.

## Discovery Bank compliance requirements

You will need to ensure the following compliance and legal elements are in place before you can sell Discovery Bank products.

**Legal:** A valid contract in place:

- Tied financial advisers are covered by their existing intermediary agreement with Discovery Life.
- Independent advisers must sign the new Discovery Bank intermediary agreement for independent financial advisers.\*

\*All contracts must be submitted to Discovery Commissions at [intermediary\\_contract\\_queries@discovery.co.za](mailto:intermediary_contract_queries@discovery.co.za) as well as to the Discovery Bank relationship bankers at [distributionsupport@discovery.bank](mailto:distributionsupport@discovery.bank), for processing.

**Training:** You must attend and complete the following modules on the DIT portal ([www.ditportal.co.za](http://www.ditportal.co.za)):

- Discovery Bank General Accreditation Assessment
- Discovery Bank National Credit Act (NCA)

**Compliance:** You must be licenced for FAIS categories 1.17 (Long-term deposits) and 1.18 (Short-term deposits), either under the Discovery FSP licence for tied financial advisers, or under your respective FSP licence for these categories.

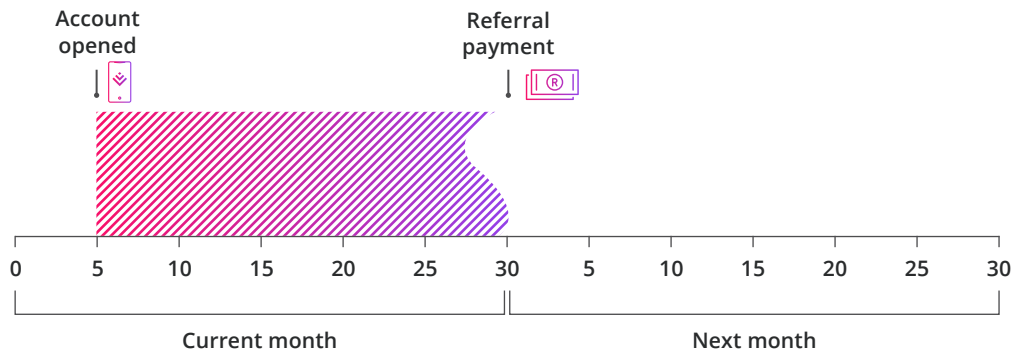
- Supervision will be offered to tied financial advisers who operate on the Discovery FSP licence.
- Financial advisers who operate on their own FSP licence must ensure that they are registered for the above categories, either in their individual capacity, or through supervision by a Key Individual in the firm under the same FSP licence.

**General:** All training, compliance, and legal requirements must reflect on the Discovery Commissions system, and the BANK product loaded on your personal code, in order to sell Discovery Bank products. Discovery Bank will check these details each time you log in to the new business platform.

For further information on the process and requirements to get accredited to sell Discovery Bank products, view the 'Requirements to market and sell Discovery Bank Products' document, available on FAZ.

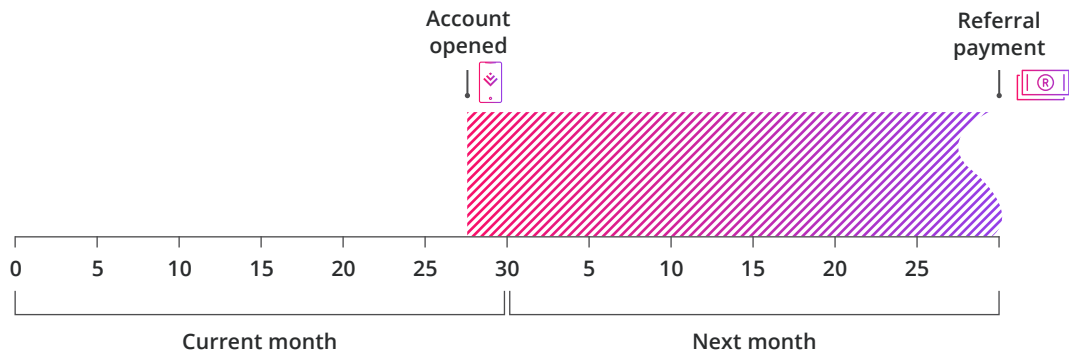
## Remuneration **examples**

### Discovery Bank primary sale completed before or on the 25<sup>th</sup> of the month



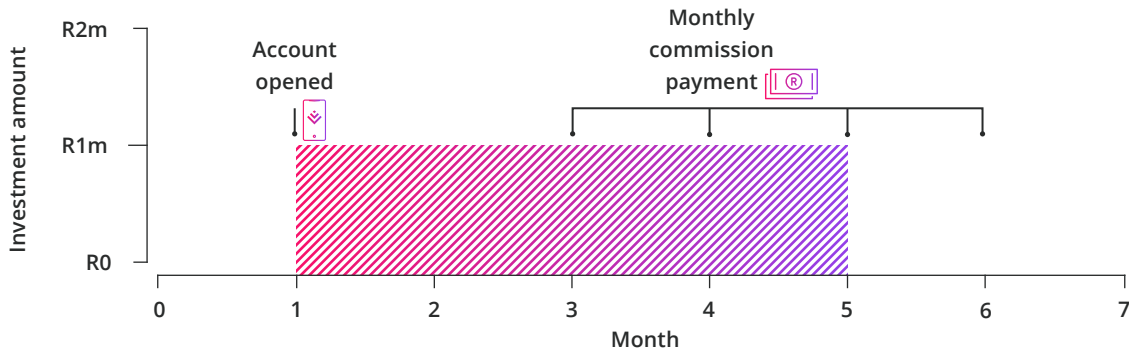
A new client opens a Discovery Bank Platinum Suite on the 5<sup>th</sup> of the current month, after their adviser completes their application using the Financial Adviser Platform. The adviser receives the referral fee of R2 100 on the 30<sup>th</sup> of the current month as part of the current month's payment run.

### Discovery Bank primary account opened after the 25<sup>th</sup> of the month



A new client opens a Discovery Bank Black Suite on the 27<sup>th</sup> of the current month, after their adviser completes their application using the Financial Adviser Platform. The adviser receives the referral fee of R3 000 on the 30<sup>th</sup> of the next month as part of the next month's payment run.

### Notice Savings Account



- **Investment amount:**  
R1 000 000 (ROA amount)
- **Duration:** four months.

The monthly remuneration will be:

Commissionable amount = R1 000 000

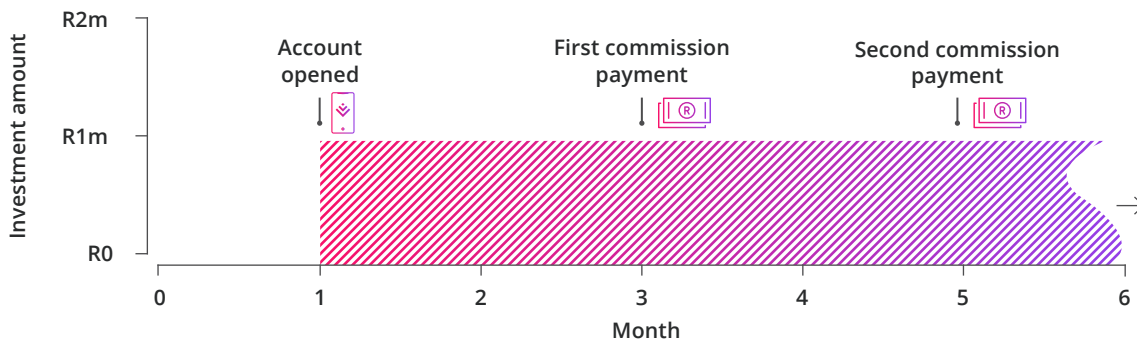
Payable commission = (Commissionable amount) × (Commission rate)

$$= (R1\ 000\ 000) \times (0.03\%)$$

$$= R300 \text{ (per month)}$$

$$\text{Total commission earned} = 4 \times R300 = R1\ 200$$

### Fixed Deposit Account



- **Investment amount:**  
R1 000 000 (ROA amount)
- **Term:** 12 months.

The total remuneration will be:

Commissionable amount = R1 000 000

Payable commission = (Commissionable amount) × (Commission rate)

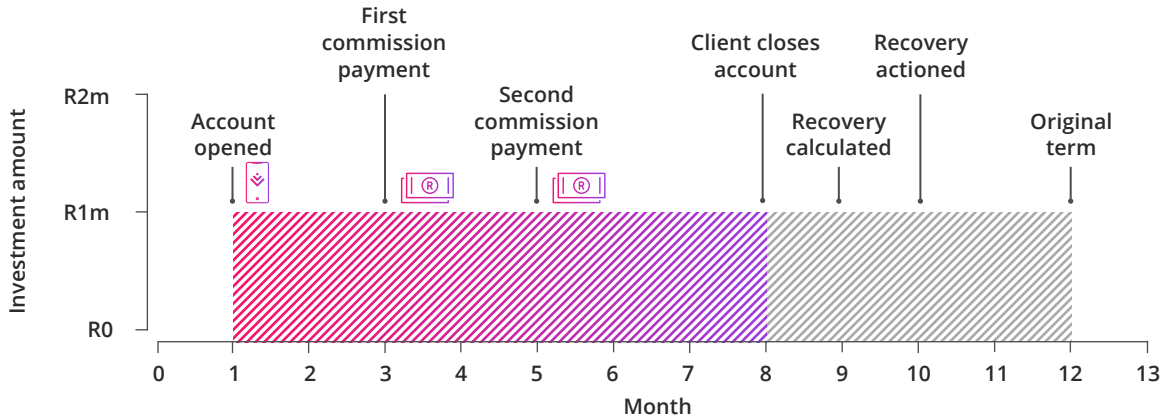
$$= (R1\ 000\ 000) \times (0.50\%)$$

$$= R5\ 000 \text{ (total)}$$

First commission payment = 50% of R5 000 = R2 500

Second commission payment = 50% of R5 000 = R2 500

### Fixed Deposit Account with an amount to recover



- Investment amount:  
R1 000 000 (ROA amount)
- Original term: 12 months
- The client closes the account and withdraws all their money after eight months.

The financial adviser is legally responsible for a recovery on payments made in good faith so far.

The recovery calculation is:

$$\text{Recovery ratio} = (\text{Initial term} - \text{Actual term}) / (\text{Initial term})$$

$$= (12 - 8) / 12 = 0.33$$

$$\text{Commission recovery amount} = (\text{Commissionable amount}) \times (\text{Commission rate}) \times \text{Recovery ratio}$$

$$= (R1\,000\,000) \times (0.50\%) \times 0.33$$

$$= \mathbf{R1\,650}$$



Discovery Bank

Contact us: [distributionsupport@discovery.bank](mailto:distributionsupport@discovery.bank) | [discovery.co.za](https://discovery.co.za)

Discovery Bank Limited. Registration number 2015/408745/06. An authorised financial services and registered credit provider. FSP number 48657. NCR registration number NCRCP9997. Limits, terms and conditions apply.

