



FPA and AFA call for regulatory reform

The Financial Planning Association (FPA) and the Association of Financial Advisers (AFA) have agreed to stand together to argue the case for regulatory reform of the financial advice industry.

Both associations agree regulatory reform is necessary to ensure consumers and financial planners and advisers are protected and valuable financial advice is delivered to all Australians.

The FPA and AFA have made separate submissions to the Parliamentary Joint Committee Inquiry into financial services and products, but note that there are some common recommendations. These include the need to clarify the role of financial planners and advisers, the need for compulsory membership of a professional body, the need for reform of retail client compensation and the need to lift entry levels for becoming a financial planner/adviser.

FPA CEO, Jo-Anne Bloch said it is important for the associations to stand together to improve the financial services industry for both financial planners/advisers and consumers.

“Both the FPA and the AFA agree that measured reform is required to ensure the ongoing viability of the financial advice profession,” Ms Bloch said.

“FPA and AFA members are committed to providing Australians with valuable, tailored advice by improving regulation and raising the bar for financial planners and advisers.”

Chief Executive Officer of the AFA, Richard Klipin said the AFA and the FPA would like to see improvements in current regulation, not necessarily more regulation.

“Australia’s financial services industry is already governed by some of the best regulation in the world,” Mr Klipin said. “The AFA and the FPA would like to see improvements to the existing regulation to further protect consumers and boost education and training requirements for financial advisers.”

Both associations agree educational standards for financial planners and advisers should be higher than RG 146. FPA and AFA members are already required to meet much higher standards.

Ms Bloch and Mr Klipin believe there is a lack of differentiation between the terms ‘financial product adviser’ and ‘financial planner/adviser’ and would like to see tougher regulation around who can call themselves financial planners or financial advisers. Both agree these terms are currently used too loosely, causing confusion among consumers. They are also critical of the lack of affordable Professional Indemnity Insurance.

While membership of professional bodies is voluntary, both Associations agree that all who offer professional financial advice should be required to join a professional body as long as that body meets appropriate guidelines.

The FPA and the AFA are committed to improving the financial services industry and ensuring Australians receive valuable advice from a quality financial adviser.

ENDS

Notes for Journalists:

FPA

The Financial Planning Association of Australia (FPA) is the peak professional body for financial planning in Australia. It has a network of 31 Chapters across the country, which provides business and professional development activities for more than 12,000 members. FPA practitioner members manage the financial affairs of more than 5 million Australians whose investments are valued at \$630 billion.



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AFA

The AFA is an association of, by and for financial advisers. It is also Australia's oldest financial adviser association, coming into existence in 1946 as the Life Underwriters Association (LUA). Although its 1300 members have a strong insurance heritage, today they provide broad and holistic advice to all Australians. They represent large, medium and small practices across the country and provide advice to Australian communities in both regional and metropolitan areas. Collectively, AFA members provide advice to over three million Australians each year, employ over 300,000 people and provide over \$40 billion worth of services to consumers and other sectors of the community. Membership is national, with chapters in all major cities. Central to the focus of the AFA is "helping Australians to build, manage and protect wealth."

Media Contacts:

FPA

Daniela De Lucia
Jackson Wells
02 9904 4333 / 0421 792 765
ddelucia@jacksonwells.com.au

AFA

Julie Bennett
64 Media
0407 071 121
julie@64media.com.au

Richard Klipin, CEO
Association of Financial Advisers
0412 127 834
Richard.klipin@afa.asn.au