



Media Release

3 March 2009

- **AFA welcomes the Parliamentary Inquiry into Financial Products and Services in Australia**
- **Time to stop finger-pointing and focus on facts**
- **Protecting, managing and building wealth is the role of good financial advisers**
- **AFA applauds the Government for \$90 billion response to the Global Financial Crisis**

The Association of Financial Advisers Limited (AFA) today welcomed the Parliamentary Inquiry into Financial Products and Services in Australia.

However, Jim Taggart, AFA President, has called on segments of the media, the regulator and the government to stop finger-pointing and start focussing on facts.

“The advisory profession is one of the most regulated in Australia and when consumers suffer we all share their pain,” Mr Taggart said.

“For too long now some media commentators and some representatives from the regulator and the government have looked for someone to blame for the series of corporate collapses we have witnessed in Australia over the past few years. Financial advisers have been an easy target.”

Mr Taggart said the truth is that there are many parties who share the responsibility for the collapses and while the collapses have tarnished the reputation of all in the financial services sector they represent only a fraction of companies operating in the industry.

The facts of the matter are that Australia has a sophisticated regulatory system, solid institutions and wise government, he said. "The vast majority of financial advisers are fine corporate citizens who serve their clients and their communities well and do the right thing." Said Mr Taggart.

Richard Klipin, AFA CEO said that unfortunately it is not possible to legislate against greed, fear and stupidity.

"What the past 18 months has shown us all is that the prudent and the risk focussed have managed the global financial crisis far better than those who thought the boom would last forever and who used debt to fund their growth, their lifestyles and their business's," he said.

### **The Role of Advisers**

Mr Klipin said good advisers are those who help their clients to understand these issues and to make informed choices and good decisions around:

- Building and protecting wealth
- Setting financial and lifestyle goals
- Budgeting and cashflow management
- Changing jobs and retiring
- Dealing with death, illness and injury
- Risk profiling to match investor risk with appropriate fund options
- Putting in place appropriate insurance cover
- Putting in place wills and other estate planning tools

"This is where the role of advisers really comes to the fore," Mr Klipin said. "Holistic, broad, quality advice provided by professional advisers plays a key role in building and protecting the wealth of everyday Australians."

### **The Global Crisis**

The AFA applauds the Australian government for the swift response to the range of crises and major issues in the past 15 months. The total value of this assistance is approximately \$90 billion across many sectors of the market.

The lessons of the crises are still early to assess however the AFA calls on the Australian government to address the following issues:

- Significantly increase consumer literacy and education
- Ensure that ASIC has powers to qualitatively assess product providers rather than focusing on ensuring their documents are legally acceptable
- Continue to improve education requirements for advisers
- Ensure that disclosure documents meet the "clear, concise and effective mantra" of Financial Services Reform (FSR)

- Increase the Superannuation Guarantee (SG) levy from 9% to 15%.
- Work with the Industry to ensure greater take-up of comprehensive insurance cover.
- Ensure that the market place remains robust for all players in the financial services sector.
- Ensure that regulation is appropriate for the requirements of the market place

## **Ends**

### **Jim Taggart**

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