



MEDIA RELEASE

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FSC LAUNCHES GREEN PAPER ON FINANCIAL ADVICE

The Financial Services Council (FSC) has today issued *Affordable and Accessible advice: FSC Green Paper on financial advice*, to lead the public policy debate on a restructure of financial advice.

FSC CEO Sally Loane said: “The financial advice industry is facing significant challenges, with rising regulatory requirements and cost pressures undermining the economics of the sector. The burden of compliance is doing nothing to help consumers, it’s actually putting advice beyond the means of average Australians, and driving advisers out of the sector.

“Our aim with these proposals is to lower the cost of providing financial advice to make it simpler for consumers to understand and access, all without undermining the quality of advice or eroding important consumer protections,” Ms Loane said.

The FSC supports the Best Interests Duty remaining the bedrock of the advice sector and for advisers to be held to a high standard of education and subject to a Code of Ethics. There are significant opportunities, however, to reduce the cost and complexity of providing financial advice.

The proposals in the FSC Green Paper which has been developed with the FSC’s advice licensee members, are bold and canvass fundamental changes to the legislative and regulatory framework, including:

- Abolishing the ‘safe harbour’ steps used to comply with the Best Interests Duty, which are administratively complex;
- Removing jargonistic advice categories that confuse consumers by simply breaking all advice into either general information or personal advice, and regulating them consistently; and
- Abolishing costly and unwieldy Statements of Advice, and replacing them with Letters of Advice, which would be short, concise and consumer orientated.

The FSC’s Green Paper is underpinned by independent research from RiceWarner and consumer testing, by research agency Pollinate whose research shows that almost two in three Australians support simplifying financial advice and reducing its cost, provided consumers are adequately protected by law.

“The FSC is seeking industry and public feedback for our proposals in advance of finalising a policy position on a more accessible and affordable financial advice system which we will publish in a White Paper later this year,” Ms Loane said.

“We are keen to hear from a wide range of stakeholders, particularly advisers. As leaders in policy development, we have a great opportunity to re-set the system for affordable, quality and professional financial advice, a critical component in enhancing the savings, wealth and peace of mind for every Australian.”

“The status quo will mean advice will consolidate in the wealthy elite, and will remain out of reach for the average consumer.”

Consultation on this Green Paper is open until 1 July 2021 and submissions can be sent to financialadvice@fsc.org.au.

A full copy of the *Affordable and Accessible advice: FSC Green Paper on financial advice* can be found here: <https://fsc.org.au/resources/2181-affordable-and-accessible-advice-fsc-green-paper-on-financial-advice/file>

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 15.6 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.