MEDIA STATEMENT – IN RESPONSE TO THE CPSA

By Dante De Gori, CEO FPA Australia

As the CEO of the Financial Planning Association of Australia (FPA) I was extremely disappointed to read your article titled: *Should we worry about financial advisers leaving in droves?*

This article carried several assumptions and inaccuracies that compelled me to respond on behalf of all financial planners in Australia.

It is right to say that the number of financial planners in Australia has decreased significantly over recent years. At the end of last year there were 21,146 licensed financial planners in Australia. Just two years ago there were more than 28,000.

But there are a range of factors behind this. Increased compliance requirements, higher education standards, rapid change in market dynamics as the major banks leave the sector and the increased cost of doing business are all challenges facing the sector and contributing to this.

The 'lack of supply' is creating upward pressure on the cost of advice and there is much work still to be done to make advice more accessible.

To assert that all financial planners are intentionally *"getting rid of poor clients"* based on one reported adviser comment is unfair and unwarranted.

Making financial advice more affordable and accessible to all Australians is one of the core goals of the FPA. We are engaging with the government and regulators on a regular basis. Many FPA members are taking innovative approaches to tackling the affordability of advice, including introducing subscription-based fees for service, and helping younger generations with their savings and household budgets.

Technology also has a role to play here. Making financial advice more accessible for all Australians starts with making financial planning more affordable to practice.

Financial planning: a critical sector

To say that financial planners have not taken the initiative to reform their remuneration models is also misleading and misinformed.

Back in 2009, FPA members voted to approve the FPA Remuneration Policy, which required members to move to client-directed remuneration models from 2012. As a result there is no longer any conflicted remuneration including commissions in investment and super.

To be clear, we are talking about ensuring Australians have the choice to access financial advice, which in my opinion should be a fundamental right of all Australian citizens.

The value of advice is indisputable – 90 per cent of advised clients say that accessing financial advice has left them in a better position financially and 89 per cent reported that receiving advice allowed them to live their desired lifestyle*.

Inaccurate and misleading commentary does not help anyone. The efforts and the collective willingness of financial planners to work towards a solution should be commended, not criticised. Financial advice is having a positive impact on the lives of Australians as they navigate the complexities of managing work, life and their personal finances.

The simple fact is Australia will be worse off without professional financial advice.

Each individual financial planner may offer different skills and services or target a certain niche market. But as a profession we all share a common purpose: the financial wellbeing of our clients and the availability of advice for more Australians.

** IOOF The True Value of Advice Report.*