



MEDIA RELEASE

Wednesday 4 March 2020

FSC PUBLISHES SUBMISSION ON HAWKING OF FINANCIAL PRODUCTS AND DEFERRED SALES MODEL FOR ADD-ON INSURANCE

The Financial Services Council (FSC) has released its submission to Treasury on the proposed legislation that covers hawking of financial products and the implementation of a deferred sales model for add-on insurance.

FSC CEO Sally Loane said it is clear the intent of the legislation is to ensure consumers are not cold called or otherwise pressured by a financial services provider into making an immediate decision to purchase a product that they have not had time to properly consider.

“The FSC and its members have always said there is no place for pressure selling and we continue to stand by that. However, we have serious concerns that the draft legislation goes beyond the objective of the Royal Commission recommendations and restricts conversations with consumers,” Ms Loane said.

“A customer should be able to call a financial services provider and have an open conversation about products, without legislation getting in the way.”

The FSC submission provides recommendations to better enable consumers to be in control and feel in control when they engage with financial services firms. Key points are as follows:

- Natural conversations between consumers and financial product providers can generally lead to another type of product being discussed and general information being provided. In these circumstances it should not be deemed hawking if the consumer is asked whether they want to hear more about a product and they provide a positive, clear and informed request to receive more information;
- The anti-hawking legislation should recognise all individuals who ‘hawk’ financial products, regardless of whether they are explicitly authorised by a product provider;
- There is serious concern that, without a transition period, life insurers and superannuation funds would be unable to implement changes that apply to all customer-facing staff in the required timeframe; and
- Under the Deferred Sales Model regime, consumers should always be in control when requesting how they would like to discuss add-on insurance at a later time.

The FSC submission is in response to Recommendations 3.4, 4.1 and 4.3 of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Read the submission in full here: <https://www.fsc.org.au/resources/1951-fsc-submission-royal-commission-recommendations-3-4-4-1-4-3-hawking-of-financial-products-and-deferred-sales-model-for-add-on-insurance/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 14.8 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.