

## **MEDIA RELEASE**

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### **Australia needs a new framework for financial advice**

#### **- FSC Financial System Inquiry submission**

The Financial Services Council has today called for new architecture for Australia's financial advice industry.

John Brogden, CEO of the FSC said: "Significantly improved adviser education, increased ASIC powers and greater disclosure of experience and ownership are needed to increase public confidence in financial advice."

The FSC's submission to the Financial System Inquiry recommends a revised model for financial advice which includes an Advice Competency Standards Board to oversee the development of competency standards, adviser education and the register of advisers.

"Where appropriate ASIC should have new powers to prevent someone from managing a financial services business," Mr Brogden said.

"The FSC supports an enhanced public register of advisers which discloses the ultimate owner of the licensee."

"Consumers have the right to know the ownership and alignment of the adviser they are dealing with. The register should disclose the education, experience and history of advisers."

The FSC has also called for greater clarity on the definitions of financial advice.

"Better definitions and labelling of advice and sound architecture for building competencies are critical to gaining the trust and confidence of consumers," Mr Brogden said.

"We have recommended the Murray Review considers a model which establishes clear segments of personal advice, general information, factual information and intrafund advice and for new adviser competencies to address these segments."

"Our revised model for advice clearly distinguishes between personal advice and information and ensures consumers will receive appropriate advice from advisers with appropriate competency and skills," he said.

The FSC's submission highlighted four areas where more work needs to be done in the advice sector including:

- clarification of the different segments of financial advice
- adviser competence and professionalism
- governance and disclosure, and
- increased powers for ASIC.

**[ENDS]**



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**About the Financial Services Council**

The Financial Services Council (FSC) represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The Council has over 125 members who are responsible for investing more than \$2.3 trillion on behalf of 11 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 third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.