

Our view on the Royal Commission

into Misconduct in the Banking, Superannuation and Financial Services Industry



On Friday the 27th April, the Royal Commission Senior Counsel, Ms Rowena Orr QC, summarised the findings of the Royal Commission on advice. The Commission will now move to look at Superannuation after a three-week break to review submissions.

Many of you would have seen news on this Commission as it unfolded and frankly as a proud member of what we see as an emerging profession,

we could not have been more disappointed with the behaviours exposed through questioning of executives of AMP and all the major banks, as well as Dover Financial Advisers and Henderson Maxwell.

In his interview, Peter Kell (Deputy Chairman, The Australian Securities and Investments Commission (ASIC)) made the point that while he does not see Financial Planning as a Profession yet, he does recognise there are professionals in it.

We would like to think we are a profession, however based on the Royal Commission, Mr Kell's position is probably an accurate one. The positive we take from this Commission is that this exposure will accelerate the push towards professionalism.

What concerns do we have based on the Royal Commission?

We have to reflect on whether we have been living in a bubble and assuming that most business's and licensees are much like ourselves.

What do we look like?

1. Our advisers are well qualified with specialities in their field and supported by equally well-qualified staff;
2. We have a rigorous internal and external compliance program that is reviewed regularly;
3. No product provider has any financial interest in our Licensee (Australian Advice Network) or our Practice;
4. No adviser in our Practice and throughout the license is receiving any sort of hidden product revenue or soft dollar payment or service;
5. We provide an annual statement to our clients of any fees charged and the services we have provided;

6. All of our advice is fully documented;
7. We pro-actively hold ourselves accountable to any service promises we make;
8. The Australian Advice Network (AAN) has negotiated discounts with a number of platform providers and some of the fund managers within our models with 100% of any discounts passed on to our clients;
9. Our license has access to the entire universe of product, though we do filter this down to a manageable number of good quality providers to keep our PI insurer happy;
10. We do receive commissions on insurance products, which prevents us from calling ourselves independent, however we have no incentive to use one over any other. It usually comes down to claims experience, price and definitions;

Apparently, this is not the norm?

A large number of licensees are owned by institutions and we assumed they would be even more rigorous in their supervision and monitoring of advisers, given the potential for brand damage.

Where does it leave us?

Thankfully, a large amount of the information discussed in the Royal Commission is historical. They are discussing cases as far back as 2013 and many of the issues raised have been addressed in the Future of Financial Advice (FOFA) legislation and Life Insurance Framework (LIF).

Other issues around remediation and consequence management will no doubt be a larger topic to be dealt with in the coming months.

The industry is not a profession yet but we as professionals want it to be and that will be demonstrated in our ongoing commitment to you. To quote CS Lewis, we will always be focused 'on doing the right thing, even when no one is watching'.

Please do not hesitate to call or email us if you have any queries at all about this or any other concerns.



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CEO: Australian Advice Network

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