

MEDIA RELEASE

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Independent Statutory Advice Board is essential to regain trust

The Financial Services Council is advocating for the establishment of a statutory, independent, Advice Competency Standards Board (ACSB) for financial advisers to rebuild the trust of consumers in financial advice, John Brogden, CEO of the FSC said today.

“The advice industry needs an external, independent governing body,” Mr Brogden said.

“The best way to regain trust is to have an independent statutory body in control of education and professional standards.”

“Self-regulation is no longer a credible option for establishing higher standards,” he said.

“We have recommended to the Parliamentary Joint Committee inquiry into adviser competency and the Murray Review that an independent body be established to oversee adviser competency standards, education and professional conduct.”

“It is critical that the industry redefines itself through robust oversight and high competency standards to rebuild the trust and confidence of consumers so more Australians seek financial advice.”

“Significantly improved adviser education, increased ASIC powers and greater disclosure of experience and ownership are needed to increase public confidence in financial advice.”

The ACSB would replace current low entry points such as RG 146. The Board would comprise key industry stakeholders such as ASIC and the Tax Practitioners Board and would have industry representation determined by the Minister.

Mr Brogden also said: “The ACSB will be the point of integration for regulation which is fragmented and cuts across the Tax Agents Services Act and the Corporations Act.”

“Under this model, advisers will have robust competency and professional standards to complement their legal duties. This will end confusion and increase trust and confidence in the industry,” Mr Brogden said.

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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.