

Review of the Financial Advisers Act 2008 Submission

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Lifting of professional standards - to ensure ethical obligations are a priority and consumer's interests come first.

All Financial Advisers should have the highest qualification = **Authorised Financial Adviser**.

There should be no a separation between sales and advice - but instead a clear distinction should be made between Advice that is **suitable** to the client and providing **information only** on a product or service.

AFA's must **declare** any limitations or restrictions on the information or advice provided. For example is an online service advice or information only - disclosure needs to be provided outlining the limitations of the advice. The advice process should be clear and simple and the Adviser must ensure the advice or product is, or is not suitable for the consumer.

There should be a distinction between **on-going service** and no on-going service.

An AFA can and should offer a **monitoring service** on the advice and product/s. The AFA must declare that the monitoring is to ensure **on-going suitability** to the consumer. The consumer can elect not to utilise the on-going monitoring service, but it must be declared to the consumer that any financial decision is important whether it be to choose a life insurance product or an investment, because they have on-going implications.

The Financial Advice sector should not be regarded as a sales service but an advice service.

Terminology

My submission requests that the word Trust is removed from the Financial Advisers Act wording because the goal of the Act is to ensure that consumers are protected and have a clear understanding of the service they receive from an AFA. Individuals should not, under the Act, be expected to Trust an AFA. Instead the consumer should **understand** the information or advice received in order to make an **informed decision** on whether to take the information; receive and utilise the advice and/or employ the AFA to provide an on-going service.

Disclosure

To date it has been difficult for consumers to be clear about the type of advice given and the categories of products. In my view these things should be clear and simple. There should be a clearly defined **scale of advice** from providing information to offering advice. The highest level of advice should be providing the consumer with suitable options plus on-going monitoring. This should be disclosed to the consumer.

Scaled service declarations could be:

1. Information only
2. Product suitability - Advice
3. On-going monitoring

I am available to speak to this submission if required.