

PROFESSIONALISING FINANCIAL ADVICE

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in Australia, led by Kenneth Hayne, published its final report in February 2019. It identified multiple problems that undermine consumers' trust and confidence in the industry and its practitioners.

CFA Institute and CFA Societies Australia have developed a set of 10 policy recommendations. They aim to improve access to quality financial advice, ensure better outcomes for consumers and advance professionalism in the industry.

Best Interest Duty and Consequences of Misconduct

Ensuring that financial advisers put clients' interests first

- 1 Strengthen enforcement of best interest duty
- 2 Deter bad behaviour by punishing those who act against clients' interests



Fees and Conflicted Remuneration

Promoting fair and transparent remuneration practices

- 3 End grandfathering of trail commissions
- 4 Compel advisers to disclose and explain fees
- 5 Ban conflicted remuneration arising from platform fees
- 6 Align advisers' and executives' remuneration with consumers' interests

Ensuring Independence of Advice

Eliminating conflicts of interest

- 7 Require all financial advisory firms to disclose institutional ownership or exclusive product relationships.
- 8 Consider a ban on vertical integration if issues persist



Professionalising the Industry

Raising professional standards and accountability

- 9 Establish an independent industry body with powers to register and discipline advisers
- 10 Implement individual licensing of financial advisers

Read the recommendations in detail at
www.cfas.org.au/brc