

QoN 010-06 – Loss of urban financial advisers

What is ASIC's strategy and how does it protect retail consumers when independent advisers are exiting the industry due to over burdening regulatory obligations? Where does the average Australian consumer get their quality, holistic financial advice from when local, suburb urban advisers no longer exist?

Answer:

ASIC is aware that the financial advice industry has undergone considerable change in recent years. Many large financial institutions have either sold or reduced their financial advice businesses. At the same time, a number of financial advisers have either left, or signalled their intention, to leave the industry. As of 5 November 2020, there were 21,284 current financial advisers on the Financial Advisers Register (FAR). This is approximately 14.6% below the long-term average (of 24,930) prior to 1 January 2019.

On 1 January 2019, the *Corporations Amendment (Professional Standards for Financial Advisers) Act 2017* commenced. The purpose of these reforms is to improve consumer outcomes and increase public confidence in the financial advice industry. The reforms aim to raise the education, training and ethical standards of financial advisers who are authorised to provide personal advice to retail clients on more complex financial products. ASIC supports the improved education, training and ethical standards that were introduced by these reforms.

ASIC wants Australian consumers to have access to affordable, good quality personal financial advice that meets their needs. In light of this, ASIC is currently undertaking a project that is looking at unmet advice needs and how to address them. Amongst other things, this project is examining the issues or impediments advice industry participants face in meeting consumers' unmet advice needs. We are keen to help industry participants to provide good-quality, affordable personal advice to consumers that meets consumers' needs.

As part of this project ASIC has recently published *Consultation Paper 332 Promoting access to affordable advice for consumers* ([CP 332](#)). CP 332 seeks information from industry participants on the issues and impediments that exist around them delivering affordable personal advice. We are particularly interested in better understanding any issues or impediments that are within ASIC's power to address. Affordability of, and access to, advice are key issues discussed in CP 332, and we are keen to receive feedback on these issues.

ASIC is encouraging all financial advice industry participants to make a submission to CP 332. To make the process of making a submission easier, a submission can be made via an online functionality called Checkbox (there is a link to this in CP 332). Comments to CP 332 close on 18 January 2021.