

# YourShare Financial Services Pty Ltd

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## **Submission to the parliamentary Joint Committee on Corporations and Financial Services Inquiry into Financial Products and Services in Australia**

Submission from:

Company: YourShare Financial Services Pty Ltd

Director: Paul Brady

26<sup>TH</sup> June 2009

Dear Mr Chairman,

YourShare welcomes the opportunity to make a submission to this Inquiry and to table our views on this most important issue based on our experience as a representative of the independent commission rebate service provider sector.

YourShare is one of Australia's first and leading commission rebate service providers which is an industry that has emerged in direct response to investor dissatisfaction at the level of fees and commissions levied on a majority of financial products. In fact Money Magazine recognised the importance of the commission rebate service by including it as a new category in their 2009 'Best of the Best' awards. YourShare won that inaugural award.

We want to bring to the attention of the Committee that in the robust debate about fees and commissions one crucial point that has not been sufficiently highlighted is the existence already of an alternative for investors – commission rebate service providers such as YourShare.

### **AN ALTERNATIVE TO FEES AND COMMISSIONS DOES ALREADY EXIST**

As a commission rebate service provider our primary objective is to offer a real alternative for consumers unhappy paying fees and commissions for advice they do not need or are not receiving on their every day financial products and services. Our service involves tracking down fees and commissions levied on those financial products. Acting as the nominated broker YourShare reduces all entry fees and initial commissions to zero, collects all trailing fees and refunds the majority to the client retaining a specified percentage as our fee for service.

There is no change to the financial products, no change to the risk profile of the products, and no adverse implications to the owners of the financial products. YourShare has no upfront charges or lock in contracts.

Whilst public and media attention is focused predominantly on trailing fees and commissions levied on superannuation products they are, in fact, levied on almost all financial products including insurance, pensions, margin loans, investment funds even mortgages.

The underlying premise to our business is that if a client is not receiving ongoing financial advice or service, then they should not automatically be required to pay for it through the levying of entry fees and trailing commissions. Investors are unable to access or eliminate those fees directly which is where YourShare comes in.

YourShare does not provide financial advice. We provide a service to investors comfortable with their investment portfolio and who therefore cannot justify paying for ongoing advice. YourShare is independent and transparent in what we save our clients, what we collect on behalf of our clients and what we charge our clients for our service.

## **REGISTER OF 'FEE FOR SERVICE' PLANNERS BACKED BY THE REGULATOR**

Many mistakenly believe rebate service providers are 'anti' the financial planning industry because our work can be seen as undermining the income stream of commission based financial planners.

That is wrong. YourShare believes independent financial advice is a vital service but the key is 'independent'. The anger felt by thousands of investors who feel they have been betrayed and lost their savings as a result of receiving less than independent, transparent advice is understandable.

YourShare believes there is a role to be played by the Regulator that will provide consumers with the opportunity to seek financial advice free from the possible conflicts imposed by fees and commissions.

If our clients approach us seeking financial advice we recommend they find a 'fee for service' financial planner. Our frustration is that there is currently no database of pure 'fee for service' financial planners.

Indeed we have found that because there is no independent verification many planners hold themselves out as fee for service financial planners when in reality they are often a hybrid of the two. That means they charge clients a combination of commissions and fee for service, and thus further muddying the waters around what exactly consumers are paying for.

YourShare suggests that the financial services regulator, ASIC develop a criteria and database of 'purely fee for service' financial planners which is audited annually, and available to the investing public as soon as possible.

This would represent a relatively quick and efficient way to provide a crucial service for potential investors to identify appropriate independent advisors. It would represent an interim measure for the protection of investors whilst further debate is underway about the broader implications of remuneration structures of financial advisors.

## **CAN ALL CONSUMERS AFFORD FEE FOR SERVICE ADVISERS?**

Commission based advisers have been a part of the Australian financial landscape for many years, and some argue that they meet the needs of the less affluent proportion of the Australian financial product consumer.

Many of our existing clients are not wealthy people, and though we hope they would value prudent financial advice, they would not necessarily be prepared to pay several thousand dollars for fee for service financial advice. Also if they only held a managed fund valued at a few thousand dollars, our informal research suggests they could not justify the costs associated with fee for service advice.

For this band of mum and dad consumers YourShares's commission rebate service offers clients the ability to take out these financial products with a greatly reduced fees and commissions base.

## **CONCLUSION**

YourShare also wants to confront head-on any insinuation that it is the best interest of our business for hidden fees and commissions to remain in place.

The savings we deliver to our clients are substantial and we believe our relevance in the financial services industry has been proven by the response we have received from our predominantly 'mum and dad' investor clients.

YourShare represents a value for money, independent and transparent service for investors happy with their current investments, who require no ongoing financial advice and who therefore are unhappy being locked into paying fees and commissions on those investments.

As explained in this submission our desire would be for an ASIC register of fee for service financial planners to be established and audited, to whom we could direct our clients seeking independent advice on their investments.

YourShare would be happy to make a personal representation to the Committee to answer any questions Members have about our service, our recommendations and the lessons we have learned through our first-hand experiences finding 'fee free' alternatives for our clients.

Thank you for your time.

Paul Brady  
Director  
YourShare Financial Services Pty Ltd