

Subject: We must act.

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From: Matthew Rowe, FPA Chair (sent by Matthew Rowe, FPA Chair <fpa=fpa.asn.au@cmail2.com>)

To: Matthew Rowe

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Chairman's Update

We must act.

Dear Matthew,

The past few weeks we have seen unprecedented events unfold before our eyes. These events serve to remind us how hard it is for the “many” doing the right thing to maintain the public’s trust in our profession when we are faced with the actions of a “few” that don’t live by our values.

It’s our view that now, more than at any other time, we must stand with Australians for a better financial future. This means aggressively pursuing our call for mandatory professional obligation, ethical standards, higher education and protecting the term “financial planner” in the law.

There are two key messages I would like to share with you today:

- Our position on the Commonwealth Bank Financial Planning scandal.
- Our 10 point plan to separate product sales from financial planning advice.

Our position on the Commonwealth Bank Financial Planning scandal

Like many of you, I am appalled at the damage done to many customers of the Commonwealth Bank Financial Planning business as well as the actions of some in CBA Management.

I would like to take this opportunity to remind all of our members that we have friends in the CBA group who are members, who do a great job for their clients and try to do the right thing every day. I can only begin to imagine what it must be like for them at this time. I know that our professional community is feeling the pain of consumers hurt by the “few”. We are strong enough to call on the CBA to do the right thing by their customers and the financial planning profession. I also know that our professional community is mature enough to stand with our members in the CBA doing the right thing each and every day.

A key statistic we have used over and over again is the fact that FPA members account for over half of all financial planners in Australia and yet in the last five years we only account for 7% of ASIC sanctions. We have had 9 FPA members sanctioned by ASIC over the last five years. A telling statistic is, of these 9, we have had 4 members banned whom were engaged by the CBA group. So, almost half of our members sanctioned in the last 5 years have been a part of the CBA.

I believe we only get what we accept or tolerate, and on behalf of our members, we are no longer willing to accept what has been made public about the Commonwealth Bank’s management practices.

Today, we're calling on CBA to establish an independently chaired committee to oversee a full and fair compensation process for all impacted clients – full stop. We're also calling on that committee to:

- Review professional standards and ethics of CBA employed and aligned financial planners.
- Fund ethics training for all CBA and Financial Wisdom financial planners.
- Support its financial planner membership of an approved professional body. The CBA should reimburse the costs of these membership fees for its planners and should actively support engagement with the financial planning profession.
- Consult with us on their ongoing continuing education program.
- Commit to forming a cornerstone partner in the proposed FPA Industry Compliance Program.
- Invite an FPA Board representative to join an independent review committee into client compensation.

In addition to this, we're calling for a national summit with an eminent and independent Chair. It's charter is to take tangible action to restore trust in the financial planning profession. We believe all participants and stakeholders of the industry MUST attend and be bound by the recommendations.

Anything less than this and the FPA will fully support a Royal Commission.

[Download our media release.](#)

Our 10 point plan to separate product sales from financial planning advice

There are some in the financial services eco-system who still can only work in the language of product distribution, sales and compliance – the professional community has moved on and now uses the language of value, advice and quality.

Gone are the days when we, as financial planners have been measured as successful via product sales – we measure success as a profession through the positive difference we make in the lives of our clients.

The FPA has a plan that we have proposed to move our profession forwards, it is our [ten point plan](#).

The recommendations from the senate inquiry supported the majority of our 10 points. This plan will see:

- The end of the 2 week, \$2,000 course where you can say you're a financial planner.
- An education framework which supports our goal of becoming a universally respected profession, with clear minimum education and experience standards equivalent to other professions.
- Financial planners control our own professional destiny through co-regulation vs. constantly appearing at inquiries.
- Appropriate powers for regulators and professional bodies to take action against bad apples.

When we released our plan, the positive response and support was overwhelming.

We also believe the plan has the respect of the broader community. More importantly it's the only plan out there. People are tired of talk, they want to see people write their commitments down for all to see. If someone has another comprehensive plan which serves the community and the profession please come forward. Otherwise, lets stop debating the semantics and get on with it.

Yours sincerely,

Matthew Rowe CFP®

Chair

Financial Planning Association of Australia

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