Name/Organisation: Steve May of Steve May Financial Services

Questions
Intended outcomes
1. Do you agree that advisers and product issuers should be able to provide to personal advice to their customers without having to comply with all of the obligations that currently apply to the provision of personal advice?
I agree. I do have concerns that those who provide advice on behalf of superannuation fund trustees will not be required to uphold the same education and training standards as a "relevant provider" would, especially where retirement advice is provided. Retirement advice by nature should take into account longevity risk, risk profiling, social security strategies, protection against downward market movements, suitability of product and more. It requires expertise and experience in order to prevent costly errors being made. Advice issued by product issuers should be limited to investment switches, beneficiary nominations and contributions in my opinion. Advice issued by product issuers should have a very clearly stated warning that no other product providers products have been considered and the products recommended may not be the best for the clients circumstances.
What should be regulated?
2. In your view, are the proposed changes to the definition of 'personal advice' likely to: **a) reduce regulatory uncertainty?** **b) facilitate the provision of more personal advice to consumers?** **c) improve the ability of financial institutions to help their clients?**
I feel the proposed changes will reduce regulatory uncertainty provided licensees embrace the spirit of the changes and don't continue to require padded out advice documents to be provided. If this is the case it should facilitate the provision of more personal advice to consumers. Financial institutions may see this as an opportunity to "flog" their products though (as has been the case in the past)

Financial institutions will be able to help their clients however I have concerns that clients may end up in products that are costly or unsuitable given there will be no alternative products considered.

3. In relation to the proposed de-regulation of 'general advice' - are the general consumer protections (such as the prohibition against engaging in misleading or deceptive conduct) a sufficient safeguard for consumers?

a) If not, what additional safeguards do you think would be required?

I believe a provider should make it clear that the client is not to take the general advice as being personal advice. There have been too many instances where providers overstep the line here. They have deep pockets and are prepared to pay the price if they get caught.

How should personal advice be regulated?

4. In your view, what impact does the replacement of the best interest obligations with the obligation to provide 'good advice' have on:

a) the quality of financial advice provided to consumers?

b) the time and cost required to produce advice?

The quality of advice will likely not change when it comes to advice provided by "relevant providers". The time taken, and therefore the cost, may reduce as a result of less onerous obligations but the quality will remain similar.

Note: The requirement to provide a record of advice to clients only when they request it won't save time in my view. It will mean that on every occasion our licensees are likely to require the record of advice be held on file in case it is requested.

5. Does the replacement of the best interest obligations with the obligation to provide 'good advice' make it easier for advisers and institutions to:

a) provide limited advice to consumers?

b) provide advice to consumers using technological solutions (e.g. digital advice)?

a) Yes – although advice provided by institutions may not be the best outcome due to the lack of comparison to other institutions products

b) Yes

6. What else (if anything) is required to better facilitate the provision of:

a) limited advice?

b) digital advice?

No comments

7. In your view, what impact will the proposed changes to the application of the professional standards (the requirement to be a relevant provider) have on:

a) the quality of financial advice?

b) the affordability and accessibility of financial advice?

a) The quality will likely remain the same. It's not the advice provided by financial planners that is the issue, it's the time taken to comply with the existing regulations thus resulting in increased cost to the consumer.

b) Affordability for clients should improve so long as licensees embrace the spirit of the changes and don't impose their own onerous obligations on their authorised representatives.

8. In the absence of the professional standards, are the licensing obligations which require licensees to ensure that their representatives are adequately trained and competent to provide financial services sufficient to ensure the quality of advice provided to consumers?

a) If not, what additional requirements should apply to providers of personal advice who are not required to be relevant providers?

Providers of personal advice who are not required to be relevant providers should not be able to provide advice on complex matters, including retirement planning. The advice should be limited to investment switches/options, contributions and beneficiary nominations.

Retirement and complex financial advice should always be provided by a relevant provider regardless of the presence or absence of a fee.

Superannuation funds and intra-fund advice

9. Will the proposed changes to superannuation trustee obligations (including the removal of the restriction on collective charging):

a) make it easier for superannuation trustees to provide personal advice to their members?

b) make it easier for members to access the advice they need at the time they need it?

a) Potentially, however it may open them up to greater risk as poor advice can lead to financial and reputational damage. Just making it easier for Trustees won't mean that consumers receive better advice.
b) Yes, assuming the advice is limited to investment options, contributions and beneficiary nominations

Disclosure documents

10. Do the streamlined disclosure requirements for ongoing fee arrangements:

a) reduce regulatory burden and the cost of providing advice, and if so, to what extent?

b) negatively impact consumers, and if so, how and to what extent?

a) Yes. Will cut the workload in this area by at least 50%
b) No negative impact to consumers

11. Will removing the requirement to give clients a statement of advice:

a) reduce the cost of providing advice, and if so, to what extent?

b) negatively impact consumers, and if so, to what extent?

a) It will reduce the cost of producing advice by around 30%. Good advice will still require sound research, consideration of alternative strategies and time spent with the client. The production of a long SoA document will save time provided licensees don't require their own onerous processes and documentation be adhered to in its place.

b) No negative impact on consumers

12. In your view, will the proposed change for giving a financial services guide:

a) reduce regulatory burden for advisers and licensees, and if so, to what extent?

b) negatively impact consumers, and if so, to what extent?

a) Yes, but only slightly
b) No negative impact on consumers

Design and distribution obligations

13. What impact are the proposed amendments to the reporting requirements under the design and distribution obligations likely to have on:

a) the design and development of financial products?

b) target market determinations?

Unsure.

Transition and enforcement

14. What transitional arrangements are necessary to implement these reforms?

Not sure

General

15. Do you have any other comments or feedback?

No.