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CPA AUSTRALIA TO ENTER FINANCIAL ADVICE MARKET

The financial advice sector is set for a major shakeup with global accounting body CPA Australia set to enter the market with a new company being announced today.

Chief Executive Alex Malley says the new company -- **CPA Australia Advice Pty Ltd** -- has been set up as a wholly-owned subsidiary of CPA Australia.

“Too many everyday Australians have suffered as a result of poor financial advice driven by conflicts of interest,” said Mr Malley, who will be CEO of both CPA Australia and CPA Australia Advice.

“As an organisation committed to the public interest, and approaching our 130th year, the CPA Australia Board has made the unanimous decision to take action and offer a solution.

“The company we are announcing today will set a new benchmark for professional and ethical conduct in making independent financial advice available to all Australian consumers.

“CPA Australia Advice represents a game changer for financial advice in this country.

“CPA Australia Advice will have an ethos of integrity and transparency built into its charter and consistent with the culture of CPA Australia over its history.

“No commissions, no hidden incentives, no asset based fees - just pure and transparent fee-for-service.

“This means the operation of CPA Australia Advice will be consistent with Section 923A of the Corporations Act 2001 which allows us to use terms like ‘independent’, ‘impartial’ and ‘unbiased.’

“Our new company will also be consistent with APES 230, the accounting profession’s standard for members engaged in the provision of quality and ethical financial planning services.

“There’s no doubt that the Chairman of ASIC, Greg Medcraft, was right when he commented at the National Press Club that:

As Australians retire they want to be able to go to an adviser that they know is incented to look after their interest and no-one else’s interests.

“Our focus will be on what is right for the person seeking the advice – not what is financially beneficial for the advisor.” Mr Malley said.

The Chairman of the Australian Securities and Investments Commission, Greg Medcraft, was present for today’s announcement.

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The new company will shortly commence the process of securing an Australian Financial Services Licence (AFSL) and an Australian Credit Licence (ACL) to operate as a financial services business.

“It is our intention to have the new company operational in 2016 – our 130th year,” Mr Malley said.

“We go into this with our eyes wide open. We know that the big financial institutions, some of the biggest companies in Australia, dominate this sector but we believe Australian consumers seeking financial advice deserve a fully transparent and independent alternative.

“We have decided on a wholly-owned subsidiary for one simple reason – consistency of culture.

“That culture is about independence, transparency, integrity, compliance and continuous learning.

“We see it as critical that our new company has the same culture and professional standards that are the cornerstones of CPA Australia, which includes a fundamental objective to act in the public interest.

“There’s no doubt that quality financial advice has the potential to make a real difference to a person’s well-being and quality of life, particularly in retirement. It’s equally true that the community’s trust in financial advice has been undermined in recent years.

“With our new company, CPA Australia Advice, we are making a watershed commitment to rebuilding the community’s trust and confidence in seeking the highest quality financial advice.” Mr Malley said.

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