



Professional Investment Services

ABN 11 074 608 558 | Australian Financial Services Licence Number 234951

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Media Statement

It's Time to talk to the Real People - the Customers!

The member consultation paper issued recently by the FPA is wholeheartedly welcomed by Professional Investment Services, Australia's largest financial advisory group.

Group Managing Director Grahame Evans says the discussion is one where all the issues must be brought to the fore not just the ones that certain sectors have a prejudice for.

"So called industry stalwarts and main players through their self interests fail to listen to all the research from the people that count. That is the customers, the real people. Survey after survey shows that the fee commission issue exists only in the minds of those who can see some personal or business advantage in propagating this, which is **no issue** for the majority of investors."

"Don't tell me that clients don't understand. They do. Their issue is about having a trusted relationship and receiving quality advice. It's time to get out and talk to clients and advisers. Whether their services are charged as a fee or a commission, most advisers will act in the best interests of their clients. Start talking to the silent majority instead of the noisy minority."

"I am not saying the industry is squeaky clean. Every industry has its bad eggs. But let's work with the facts. Have a look at the recent demise of financial advice businesses and whether they charged fee or commission. Understand the real circumstances. Don't accept hearsay". From a PIS perspective the majority of new investment is done on a fee basis and has been for some time.

PIS does not tell its advisers and accountants how to charge for financial advice. Some charge a flat fee tiered to different levels of service, some charge hourly rates, some charge asset based fees and some charge commissions. Choice is significant for an investor, so whose issue is this really?

"Mandated contributions into a default fund for SG contributions is a completely different issue and does require review but let's not confuse the two issues," Evans commented.

One other key point that PIS wants the industry to acknowledge is whether it is an industry super fund, a corporate super fund, or an asset based fee or commission based planner, the larger account balances predominantly subsidise the smaller account balances. This makes it reasonable from a cost perspective to obtain advice and service for all. "The "hourly fee" proponents need to take a long, hard look at the economics of their suggestions, because changing everything to an hourly fee basis will see the cost of advice moving beyond the reach of many clients"



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The key is not becoming caught up in a mere political debate where judgments are clouded by vested interests, but to get to the crux of the real issue - how can we better serve clients and make quality advice accessible to all?

"We look forward to a healthy but factual debate to provide a better overall proposition for the majority of investors," Evans said.

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