

Media Release

Advice profession continues to weather unprecedented 'perfect storm' with many unable to respond

Wednesday April 22, 2015. Connect Financial Service Brokers (Connect) CEO Paul Tynan has referred to the current situation confronting the financial advice profession as the 'perfect storm' where advisers are unable to fulfil expansion or exit aspirations whilst simultaneously wearing the blame for bad advice even though this has been an industry issue for decades.

The 'perfect storm' scenario in the financial services sector has been building since the start of the GFC and it has been quite literally a battle for all parties in the industry to accept and adapt to the new dynamics demanded by the modern post FoFA era.

Commenting further, Tynan maintains that the industry is dominated by institutions whose objective has – and continues to be the protection of their respective brands and corraling and protecting client ownership.

“To make matters worse, due to a never before experienced volume of structural changes across the financial advice sector we have practice owners who are *'frozen like a rabbit caught in the headlight'* not knowing where to turn to execute their growth or succession plans”, said Tynan.

“The majority of financial advice firms are small businesses that don't have the infrastructure or cultural alignment to fit in with overseas equity funds, fund management firms or institutions where growing distribution will always be the focus and not the clients”.

Tynan is adamant that these small business owners must seize the moment and embrace the new regulations, education standards and technology as these will have immense impact on future business financial viability and valuations.

Assistant Federal Treasurer the Hon Josh Frydenberg has come out and clearly articulated that the industry must change or the government will respond with a legislative solution.

In response Tynan points to the many excellent financial planning businesses around the country that over the past decade have responded positively to the changes in consumer expectations/demands and requirements of the legislators and are operating under a full fee for service and client centric business models.

The challenge right now is for government, educators, associations and the different advice structures to support those practice owners and advisers who understand and accept the realities of the new dynamics to seize the opportunities this era of change has brought.

Tynan points to the Baby Boomer financial advisers that have been most affected by change and he is adamant that they do not need to leave the industry as a win- win outcome is available that will provide them with a succession/exit solution and the opportunity to provide a valuable service to their clients and next generation of advice practitioners.

“Mature age advisers can continue to work on as 'relationship managers' where their business relationship, networking and interpersonal skills can be passed onto the new generation of fee for service financial advisers who will benefit immensely from their wisdom, experience and guidance to help them to build a self-employed business model”, concluded Paul Tynan.

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