

Media Release

Industry Exit Predictions Failing to Materialise - 'Fussy' Buyers Seeking Value

Thursday September 12, 2013. Industry predictions of large scale exit by financial planning business owners leaving the sector have not materialised as principals find themselves in a holding pattern preferring to defer their exit plans until there is more certainty around the final version of the FoFA legislation said Connect Financial Services Brokers (Connect) CEO Paul Tynan.

Tynan has observed that practice owners would prefer to get on with their lives but find themselves, unable to sell or transfer their businesses to potential new owners.

Compounding the situation for those sellers in search of an exit now has been the number of buyers becoming fussier and seeking greater value when it comes to buying or investing in a financial service business.

Connect can certainly attest to this situation as at present the Melbourne headquartered consultancy has far more buyers than sellers on its books.

“One of the main stumbling blocks is the current state of the market as post FoFA concerns escalates and this is reflected in numerous transactions being placed on hold until ASIC sorts out the legal restrictions, in particular, the loss of grandfathering if a practice is transferred between different licensees”, said Paul Tynan.

“It is ironic that as business owners, they have worked diligently providing succession advice to clients and now those that are seeking to retire or implement a succession plan find themselves facing an unprecedented period of uncertainty”.

A further significant challenge for the industry is the looming exit of the Baby Boomers as they seek to leave the sector and retire.

Tynan added, “The Australian financial service sector is about to encounter a huge transition of business ownership and as an industry all stakeholders need to explore and implement new and innovative strategies to accommodate the transfer of these businesses to the next generation”.

However, once this period has passed, Tynan is confident that the post FoFA era will be one of greater certainty for practice owners and planners and the industry acknowledged and recognized as a truly professional service.

“Post FoFA will see planners focusing on delivering quality advice in a new transparent world of fee for service and being able to articulate and document what they are delivering to their clients”.

“Consumers of the future will benefit immensely from the services of high quality financial planning practices that operate client centric businesses that focus on delivering quality sophisticated advice services to their clients,” concluded Paul Tynan.

Media enquiries: Mr. Joe Perri
Joe Perri & Associates Pty Ltd
Telephone / fax: +61 3 9324 0362
Mobile: +61 412 112 545
Email: jperri@joeperri.com.au