

CFS slashes entry bar to wholesale platform

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By Alison Bevege | In Financial Planning

Colonial First State has launched an aggressive bid for market share by opening Australia's biggest wholesale investment platform to small investors, positioning itself for a future commission-free superannuation market.

Colonial, a subsidiary of the Commonwealth Bank, has also streamlined adviser paperwork, and introduced new transparency so retail investors can easily see where their money goes and check their unit prices.

Flanked by top management, Brian Bissaker, chief executive, told a lunchtime media briefing in Sydney yesterday that from April 11, the minimum amount needed to invest in the FirstChoice Wholesale platform would be reduced from \$100,000 to \$1500.

The 7000-plus advisers who use the platform can then offer FirstChoice Wholesale to retail clients - not just high-net-worth individuals.

The entry bar for the company's separate First Wrap platform would also be dropped from \$250,000 to \$20,000.

Bissaker said fees start from 0.4 per cent and average 0.89 per cent across 119 investment options including multi-manager options.

"That fee structure covers all charges including administration fees."

FirstChoice Wholesale fees are separate from adviser costs and have no commissions while FirstChoice Retail still has trail that is grandfathered under new legislation.

The combined platform is managed under the one system, Bissaker said.

"We've got \$49 billion on one system, one universe, one website for wholesale and retail. It's got enormous power and cost efficiency."

The platform, which handles the bulk of Australia's retail funds, has been technologically streamlined to reduce adviser pen-pushing.

"There's too much paper across the board," Bissaker said. "We are pushing (electronic) enhancements to reduce costs."

Connectivity with planning software will allow advisers to populate forms directly from their programs and an ePost function allows clients to scan forms and upload them to the client services team, saving time for advisers.

The firm is thought to be positioning itself before an expected Government crackdown on fees, and industry experts agreed the move would have a big impact.

Tim Cobbs, chief operating officer at Investment Trends, said the move reflects the drive towards upfront fees and away from commissions.

Andrew Keevers, Director of Research & Product Development at Rainmaker Research said the changes were a positive, but said financial planners might get a bit confused as to why the minimum investment was dropped on the wholesale platform to the level of the retail platform.

"They've got two products and two markets with the same entry level, and financial planners may find this an unusual move," he said.

This story was found at: <http://www.financialstandard.com.au/news/view/31741>

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