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Opt-in biggest concern for advisers

Most significant FOFA component

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The opt-in requirement of the proposed Future of Financial Advice (FOFA) reforms is the biggest challenge financial planners face in the immediate future, an industry survey has found.

The finding comes from the "Investment Trends Planner Business Model Report 2010" that Axa used as a basis for its latest series of enhancements to its North platform.

"Advisers were asked what are the top six challenges you have in your business and number one was quite obviously opt-in and the loss of clients due to opt-in," Axa sales and marketing general manager Adrian Emery said.

"Number two was how they actually administer the opt-in. I think as we get into more discussions assuming opt-in does become the way forward that is going to become less of an issue."

Other challenges advisers identified were making clients aware of the value of advice and justifying fees, the increased cost of advice and affordability for low-balance clients, transitioning to a fee-for-service remuneration model, and the expansion of intra-fund advice.

Following on from these challenges, financial planners were asked to nominate which areas of their practices they would like help with the most.

"They wanted help with driving down the cost of delivering advice. They also wanted help with administering opt-ins and encouraging clients to opt in," Emery said.

"They also wanted help with implementing and servicing simple advice, and help with demonstrating the value of advice."

Elements advisers wanted specifically from their platform providers included ways to reduce their business costs, platforms with lower costs, a reduced number of platforms, improved direct equity offerings, and lower cost platform options.

