



Investors welcome action to scrap financial adviser commissions

The Australian Investors' Association has welcomed the announcement by the organisation representing financial advisers it wants commissions paid to these advisers scrapped.

AIA president Jolyon Forsyth said the announcement by the Investment and Financial Services Association today followed widespread concern of the role of commissions in major financial losses and collapses, including Storm Financial.

"As an Association representing investors across Australia, we have raised our concerns on the role of financial advisers, commissions paid to these advisers and marketing dressed up as expert financial advice," he said.

"AIA opposes the payment of commissions to financial advisers and we have made that point in our written submission."

Mr Forsyth said AIA believed there needed to be a greater emphasis on education for experienced and novice investors alike.

"Investors are expected to do their own due diligence on the personal investment decisions they make," he said.

"We welcome the commitment by Investment and Financial Services Association for commissions to be scrapped. However, we note this would be done over the next 12 months."

"The Investment and Financial Services Association can see the writing on the wall for tougher government regulation in this area. I would urge the Government to carefully look at this area of public policy, and the findings of the current Financial Services Inquiry, to ensure investor confidence is restored."

Mr Forsyth said investor confidence was severely undermined by the Storm Financial collapse, and the lessons of that collapse must be learnt.

"We believe a strong focus on education and greater focus on financial service regulatory reforms and enforcement of these," he said.

"We cannot afford more Storm Financial collapses in the future if we are to maintain investor confidence during and beyond these difficult global economic conditions."