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What the takeover tells us about financial planning

The takeover of AXA by AMP with AMPs 2,000 financial planners swelling to 4,000 tells a compelling story about the business they are in.

They're in the business of selling investment (and insurance) products. Selling not giving advice.

"You couldn't get a better example of the concerns we have about the financial planning industry than what's happening here", says Jolyon Forsyth, President of the Australian Investors Association.

"Our submission to the Ripoll Inquiry called for the separation of sales from advice as well as the banning of commissions and removal of conflicts of interest."

"And here we have the most obvious example of the sales-driven culture that pervades financial planning. AMP wants the AXA distribution network so that it can dominate the selling of investment products. A large distribution network means more product sales which translates into more profits. That's fine if selling product is what your business is about. But it's a disgrace if your business is giving advice to people who want to generate retirement incomes or save for the future."

The AIA believes that there is an unbridgeable chasm between the intention to provide advice to investors and a culture of selling investment products.

AMP is establishing a business to sell investment products – how can they claim to offer financial advice? Who among us would be confident taking advice from a person selling investment products?

"This is a classic example of our belief that the separation of advice from sales is essential", says Mr. Forsyth, "and the AIA hopes the Ripoll Inquiry takes appropriate note of it."

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