



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

10 December 2021

Manager
Market Analysis and Deregulation Unit
Market Conduct Division
Treasury
Langton Cres
Parkes ACT 2600

Email: mbcomms@treasury.gov.au

Dear Sir / Madam

Improving the technology neutrality of Treasury portfolio laws

The Financial Planning Association of Australia¹ (FPA) welcomes the opportunity to provide feedback to Treasury on the draft legislation and regulations to improve the technology neutrality of Treasury portfolio laws.

The FPA supports the intent of the reforms and has over many years advocated to make it easier for consumers to engage with their finances, financial institutions and professional financial services electronically, and provide more ability for financial services to be provided in a technology neutral manner. The FPA acknowledges the statement made by Treasury that there will be a further phase of this project which will consider further reforms.

Specifically in relation to this consultation, the FPA would note that there are a variety of electronic signature or acknowledgment services and options which have come to market in Australia over the last 10 years. This can range from signing documents using a stylus or finger on a tablet or phone, to multifactor authentication services which create unique identifiers to verify the client has signed the document in a secure manner. It has been FPA members experience that financial products in particular can be very restrictive in relation to the electronic signature or application process methodology they will accept, and in many cases will request less secure signature and verification methods from the consumer. This has been particularly challenging during COVID-19 pandemic lockdowns when electronic signature acceptance would have been most beneficial.

The FPA recommends Treasury require financial products to accept a variety of electronic signature and authorisation options to minimise instances where consumers are required to re-sign documents.

Issues for Future Consideration

The FPA would like to highlight further opportunities for Treasury to improve the technology neutrality in financial services.

A significant issue in relation to technology neutrality is in relation to beneficiary nominations for superannuation. Binding nominations require witnessing by two witnesses and must be done by wet signature on paper forms – even when the trustee may accept a scanned version for submission. Modifications to the SIS Act are required to improve the ability for consumers to use electronic signature and witnessing options.

While we acknowledge the AML/CTF Act is administered by the Attorney General's Department, a further frustration for consumers and their financial planners in relation to engagement with financial institutions is in relation to ID verification. While other parts of the application or redemption process with financial institutions is able to be completed electronically, ID verification often requires physical copies of documents to be made and wet verification of the copy to be accepted by the institution.

There are also a number of disclosure obligations in relation to financial advice provision which still require disclosure or notification "in writing". While, for example, documenting a Statement of Advice is able to be provided using a variety of technologies and mediums, a Financial Services Guide must be provided in a "print or electronic form" which restricts an FSG to being in writing. Similarly, a Fee Disclosure Statement must be provided in writing, and renewal and fee consent are also required to be received from the client in writing. We would encourage the Government to address this type of restriction given the technology available today which would provide for better disclosure, understanding, acknowledgement and consent from clients.

We would welcome the opportunity to discuss with Treasury any matters raised in our submission. If you have any questions, please contact me on 02 9220 4500.

Yours sincerely



Ben Marshan CFP® LRS®

Head of Policy, Strategy and Innovation

Financial Planning Association of Australia

1 The Financial Planning Association (FPA) is a professional body with more than 12,000 individual members and affiliates of whom around 10,500 are practising financial planners and 5,207 are CFP professionals. Since 1992, the FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first "policy pillar" is to act in the public interest at all times.
- In 2009 we announced a remuneration policy banning all commissions and conflicted remuneration on investments and superannuation for our members – years ahead of the Future of Financial Advice reforms.
- The FPA was the first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules that explain and underpin professional financial planning practices.
- We have an independent Conduct Review Commission, chaired by Dale Boucher, dealing with investigations and complaints against our members for breaches of our professional rules.
- We built a curriculum with 18 Australian Universities for degrees in financial planning through the Financial Planning Education Council (FPEC) which we established in 2011. Since 1 July 2013 all new members of the FPA have been required to hold, or be working towards, as a minimum, an approved undergraduate degree.
- When the Financial Adviser Standards and Ethics Authority (FASEA) was established, the FPEC 'gifted' this financial planning curriculum and accreditation framework to FASEA to assist the Standards Body with its work.
- We are recognised as a professional body by the Tax Practitioners Board.