

The logo for HUB24, featuring the word "HUB" in white and "24" in yellow, set against a dark blue background with abstract geometric shapes in lighter blue.

QUALITY OF ADVICE REVIEW

HUB24 Limited Submission



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1. ABOUT HUB24 LIMITED

HUB24 Limited (HUB24) is an ASX-200 company and specialist platform provider whose purpose is *empowering better financial futures, together.*

HUB24, through the HUB24 investment and superannuation platform, empowers Australian Financial Services Licensees (AFS Licensees) and their financial advisers to deliver a better financial future for consumers. We do this with innovative technology, customer service excellence, education and availability of a broad choice of investment options. HUB24 also leverages data and technology to develop innovative solutions for financial advisers and AFS Licensees that create value and enable the delivery of more accessible and cost-effective advice.

AFS Licensees and their financial advisers value the superior technology and service provided by specialist platform providers. HUB24 maintains deep relationships with 469 AFS Licensees

and 3,432 financial advisers who currently use the HUB24 investment and superannuation platform. In the 2022 Adviser Ratings Australian Financial Advice Landscape Report, financial advisers rated HUB24 overall best platform, and our market-leading managed portfolios functionality has been rated #1 for 6 years running.¹

Our IDPS and Superannuation products are among the top 10 products in the market, ranking second and third overall.² and we hold the greatest overall share of adviser relationships in Managed Accounts.

AFS Licensees and financial advisers using the HUB24 platform represent some 90,925 advised consumers with a combined \$68.3 billion of Funds Under Administration (FUA).³

HUB24 believes in and advocates for the value of quality advice and is committed to ongoing investment (including in innovative data and technology solutions) to do our part to ensure Australia enjoys the benefits of a thriving and sustainable advice industry.

1. Investment Trends Platform Competitive Analysis & Benchmarking Report 2021

2. Based on net flows and Plan for Life data as at December 2021

3. As at 31 March 2022

2. EXECUTIVE SUMMARY

HUB24 welcomes the Quality of Advice Review as an opportunity to ensure that more Australians have access to high quality, affordable and accessible financial advice. Good financial advice safeguards the financial futures of individuals as well as providing broader social benefits.

Nearly 5 years since the start of the the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*, the financial advice landscape has changed significantly. As at February 2022, more than 10,000 financial advisers have exited with 17,351 ASIC-registered financial advisers remaining, 15,500 of whom have met new professional standards requirements through passing the FASEA examination.⁴ The number of new entrants is low.

At the same time Australia is experiencing significant demographic change including population aging, and intergenerational wealth transfer of approximately \$3.5 trillion to generation Z and the millennials over the next two decades.⁵ It is forecast that 25% of Australians will be over 65 years of age by 2047 and health expenditure per person is likely to increase from \$3250 to \$8700 by 2060–61.^{6,7} In this context there is likely to be an increased need for financial advice. Not getting this right will have a real social cost including increased reliance on government support and pressure on the public health system.

HUB24 believes we have an obligation to work with industry participants and advice professionals to help solve challenges in the delivery of advice and, by leveraging data and technology, deliver solutions that reduce the

costs required to deliver financial advice and to make advice more accessible.

The Review Terms of Reference define the 'problem to be solved' as how the regulatory framework could better enable the provision of high quality, accessible and affordable financial advice for retail clients. In response to this problem statement, we support a structurally sound, fit for purpose, and sustainable professional advice sector. For that to happen the regulatory framework must enable financial advisers to more directly respond to and satisfy the real lifetime advice needs of Australians.

We would like to see this Review outline a clear roadmap for the sustainable future of the financial advice industry and, consistently with that roadmap, define and enable regulatory framework changes through close consultation with industry.

The starting point on the roadmap should be a simplified 'consumer-first' framework that enables professional financial advisers to solve real consumer advice needs simply and cost effectively whilst complying with the law. Financial advisers should be enabled by the framework to 'do less to provide more' to consumers.

In this Submission we provide our perspective on the regulatory framework, fintech solutions to assist financial advisers, types of advice including scaled advice and digital advice, and disclosure. Throughout our Submission we have included our responses to specific Issues Paper questions of relevance to these matters. Our responses to several additional Issues Paper questions are contained in the Appendix.

4. Money Management Article "FASEA exam lifts adviser standards" 18 February 2022

5. Adviser Ratings Financial Advice Landscape Report 2022

6. Department of Social Services Pension Review Background Paper 2008

7. Federal Governments 2021 Intergenerational Report

IN SUMMARY, WE RECOMMEND:

Simplification of the regulatory framework within which advice is provided, having regard to the real lifetime advice needs of consumers

Reduction in the duplication of regulatory compliance requirements relating to advice across the financial services licensee value chain within which financial advisers, platforms, and financial product issuers operate

Recognition and facilitation of fintech solutions to assist AFS Licensees and financial advisers

Clear government and/or regulatory signals for digital advice solutions to enable personal advice

Simplification of the definition of personal advice to only include advice which considers the personal circumstances of the individual consumer

Clarification of the definition of limited advice

Simplification of disclosure (SOA and ROA) so that it is focused on assisting a consumer to make an informed decision in relation to the advice recommended and is proportionate to a scalable definition of personal advice

HUB24 would welcome the opportunity to discuss this Submission and provide additional insight to the Quality of Advice Review.



3. A FRAMEWORK FOR A STRUCTURALLY SOUND, FIT-FOR-PURPOSE AND SUSTAINABLE FINANCIAL ADVICE INDUSTRY

We advocate for two key regulatory framework features:

1 Consumer-centricity

CONSUMER-CENTRICITY

The current regulatory framework is 'financial-product-centric' as opposed to being 'consumer-centric'. The framework should be reset to enable a structurally sound, fit-for-purpose and sustainable financial advice industry to serve the lifetime advice needs of Australians for the future. There should be close consultation and engagement with the financial advice industry.

Fundamental to the current framework are 2 key assumptions. The first assumption is that all financial advice is comprehensive (requiring a lengthy and highly prescribed advice provision process). The second is that financial advice necessarily includes the recommendation of one or more financial products or classes of financial products. These 2 key assumptions have contributed to the complexity and compliance costs of providing financial advice, for example it takes an average of 14.6 hours for an adviser to produce a complex SOA for a new client.⁸

At the same time these assumptions do not reflect the real lifetime advice needs of consumers (including choice and optionality) or the changing nature of the relationship between a financial adviser and consumers (including increasing professionalisation). As such, the current framework is regulating for the past rather than the future. There is an increasing number of consumers needing advice, often

2 Reduction of compliance duplication across the financial services sector licensee value chain

in relation to basic issues, who are opting out of advice and/or seeking advice online from unregulated sources. Circumstances where consumers need advice and may not be seeking it from a financial adviser under the current framework relate to budgeting and cashflow advice and support, as well as life events such as redundancy or change of job, purchasing a home, or approaching retirement.

A consumer-centric framework would not assume comprehensive advice essentially as a 'one-size-fits-all' model but would instead enable scalable financial advice according to real consumer need. Such a framework would define "personal advice" simply and with clear differentiation from general information. All "personal advice" would be scalable (according to the nature and scope of the consumer need for the advice) with proportionate disclosure. A consumer-centric framework would recognise the professional nature of the relationship between a financial adviser and client.

The regulatory framework should centre on outcomes-focused adviser requirements (such as the best interests duty and the requirement that advice is appropriate) through principles-based rather than prescriptive compliance requirements. Importantly, consumer protections would be preserved through retention of the AFS Licence regime, professional standards and the legislated Code of Ethics.

The Quality of Advice Review provides an opportunity to increase access to affordable

advice and transform the consumer experience of quality advice.

VALUE CHAIN COMPLIANCE DUPLICATION

It is HUB24's experience operating within the existing regulatory framework, that there is a significant degree of duplication of advice compliance requirements across the value chain of financial services industry licensees. Some of this duplication is driven by regulator expectations for participants who hold financial services licenses but don't provide financial advice to monitor advice licensee key controls (for example fees). Duplication results in time, complexity, and cost to the consumer.

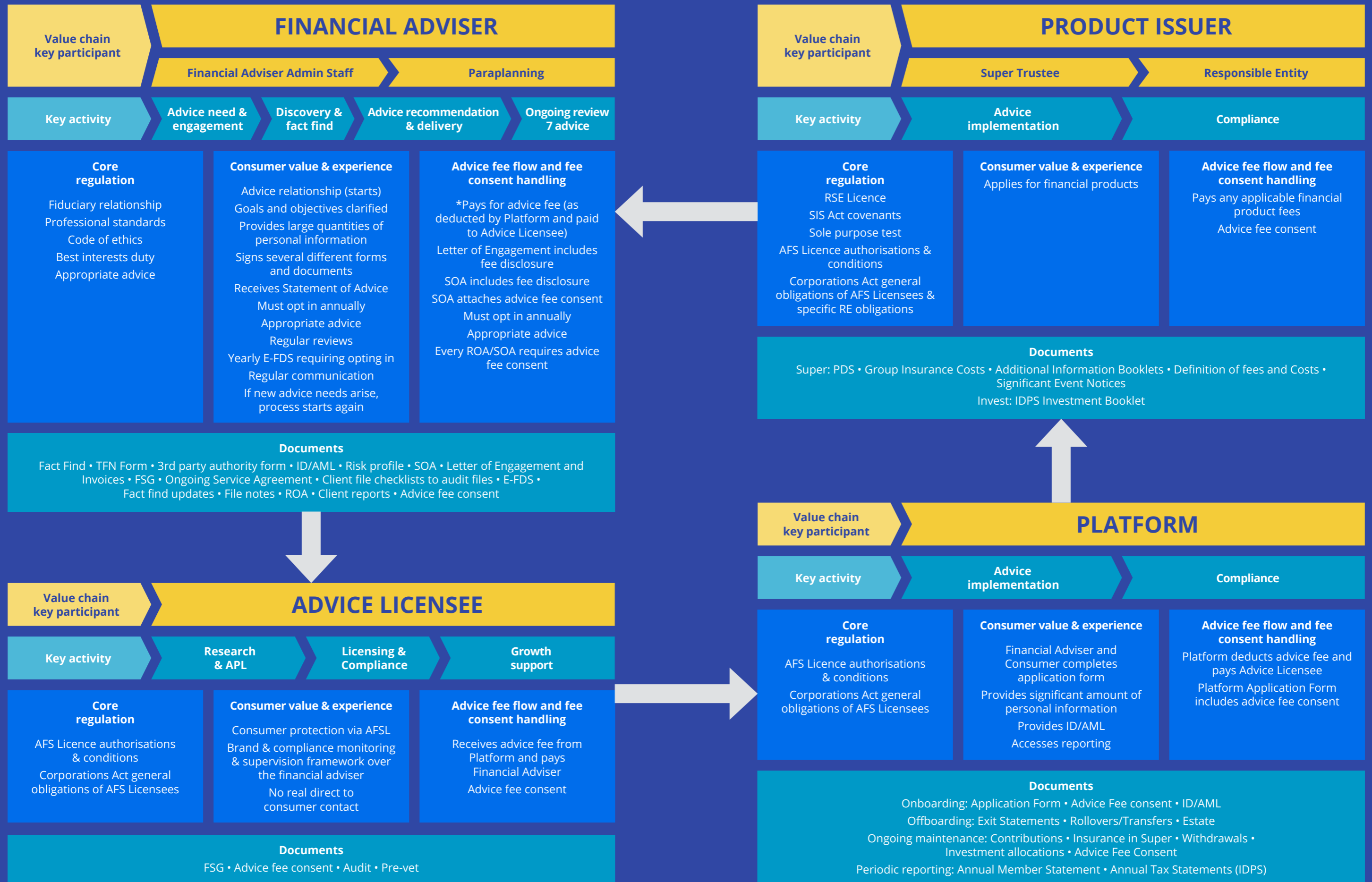
Diagram 1 below sets out HUB24's perspective, as a specialist platform provider that does not provide financial advice and instead assists financial advisers to implement advice. Diagram 1 illustrates the process when a consumer seeking when a consumer seeking financial advice meets with a financial adviser who provides the advice, continues through the

advice licensee that serves to provide valuable consumer protections in relation to the advice, then passes to a range of other licensees such as HUB24 that facilitate the implementation of the advice (in HUB24's case via its superannuation and investment platforms, although others may be financial product issuers), and ends back with the financial adviser with whom the consumer has an ongoing advice relationship for advice review and/or additional advice as needed over time.

Advice fee consent requirements provide an example of the duplication of compliance requirements pertaining to financial advice. Whilst only one licensee is responsible for the provision of advice, other participants involved in the delivery of the advice must also manage advice fee consent. From a consumer perspective, once they agree with their financial adviser to obtain advice and to pay an advice fee, there are multiple touch points as they are required to provide fee consents in various forms to other participants who hold a financial services license, however do not provide advice.

8. Adviser Ratings 2022 Financial Adviser Landscape Report

Diagram 1 – Value chain compliance duplication



4. FINTECH SOLUTIONS TO ASSIST ADVISERS

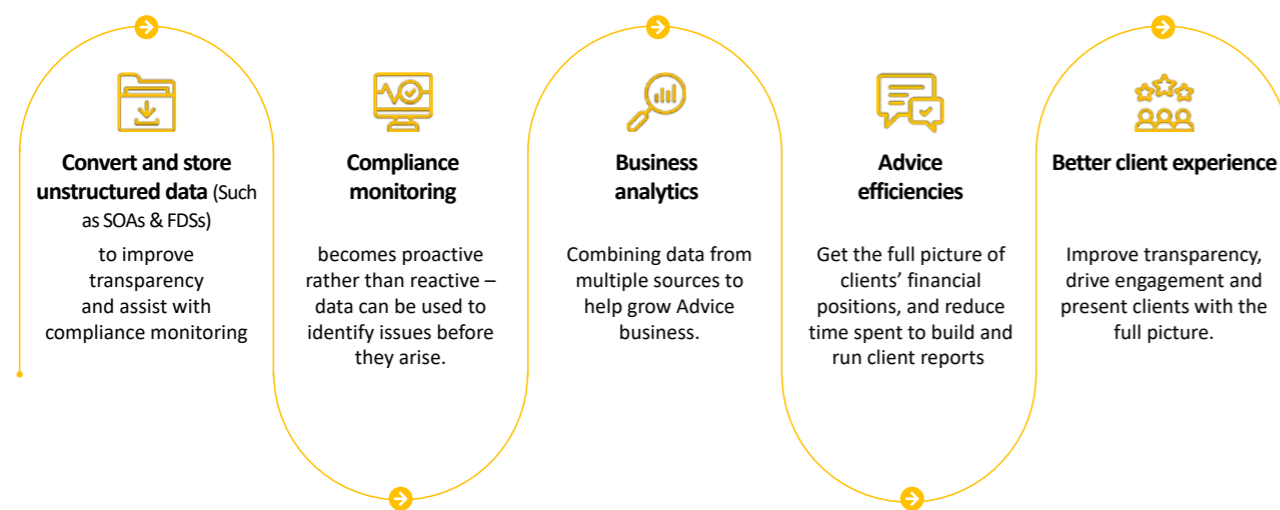
Fintech solutions, through leveraging data and technology, enable the removal of friction across the financial services industry which has the power to drive scale, reduce cost, and ultimately make advice more accessible for more Australians.

HUB24 is collaborating with licensees, advisers and brokers to deliver innovative solutions that solve common challenges in the delivery of advice to enable accessible financial advice for

more Australians. Over the past 3 years HUB24 has been working with 5 large licensees who represent more than 700 financial advisers to identify their key challenges and find ways to use data and technology to solve them. The biggest challenges identified by HUB24 have been the lack of quality data, technology integration, and rising administration and compliance costs.

With HUBconnect Licensee, we provide solutions to these challenges by integrating data from multiple sources, enhancing and structuring the data to make it useful for the AFSL, including by enabling more proactive compliance measures, and improving the client experience. An overview of our solutions is provided in Diagram 2 below.

Diagram 2 – HUBconnect Licensee



The HUBconnect technology and data solutions assist financial advisers and AFS Licensees with monitoring and supervision, enabling more proactive and preventative compliance controls. The following case study illustrates how the HUBconnect Licensee can assist with Enhanced Fee Disclosure Statement (EFDS) tracking and compliance management:

HUB24 CASE STUDY 1: HUBCONNECT LICENSEE

LICENSEE CHALLENGE

Reduce the operational cost of monitoring the Enhanced Fee Disclosure Statement (EFDS) framework and deliver a proactive validation process for advisers to meet compliance obligations.

HUB24 SOLUTION

Implement HUBconnect Licensee with dashboards, reports, document validation tool and alert functionality to show combined data across all AFSLs in one login with greater consistency.

OUTCOMES

Reduces time spent on EFDS compliance by 40% with 200,000 FDS reviewed, and over 800 EFDS documents per month.

- **Delivers integrated data and proactive insights**

- Reporting leverages data from multiple sources – CRM, accounting software, platform
- Document classifier reviews each document and classifies based on the contents, sorting documents into different categories such as SOAs, Fact Find, Centrelink documents and EFDS
- EFDS reviewer uses machine learning and a list of rules to extract key data points out of EFDS in real time
- Compare service delivered against advice documentation

- **Replaces manual processes**

- Replaces spreadsheets and emails
- Automated reminder alerts to advisers
- Reviews all EFDS against set compliance criteria in real time replacing manual adviser, paraplanner and compliance checks
- Integrates data from disparate sources

HUB24 has also developed a new digital reporting capability called “Present”. This solution provides financial advisers with an interactive slide deck which would otherwise take up to 12 hours to prepare. HUB24 Present helps financial advisers to engage with their clients by making information easier to understand, focusing on the bigger picture of the advice, and bringing together the combined value of data, technology and advice enabling advisers to access data quickly during live and interactive discussions with their clients:

HUB24 CASE STUDY 2: PRESENT

ADVISER CHALLENGE	HUB24 SOLUTION
<p>Unreliable data from their financial planning software provider. Preparing client reviews was very time consuming, especially for clients with complex family group accounts. Explaining reports to clients also took a lot of time in meetings, as they weren't easy for clients to understand.</p>	<p>Leverage HUBconnect data integration capability to consolidate investment, asset allocation and performance data in real time for an interactive client experience.</p>

OUTCOMES

- **Increasing efficiencies**
 - The team spent 4–14 hours preparing each client review. Each review now takes 20 minutes of preparation.
- **Demonstrating the value of data, technology and advice together**
 - The advice team is able to access data quickly during live, interactive discussions with clients and demonstrate the value of their advice.
- **Focusing on the bigger picture**
 - The team has more time to focus on engaging and servicing their clients.
- **Engaging clients**
 - In the latest Net Promoter Score survey, a client commented that “The new graphics make it easier for us to understand.” The team’s NPS is also 20% above average.

HUB24 plays an important role in solving key challenges for the financial advice and AFS Licensee segment of the financial services industry value chain through leveraging our data and technology expertise. The examples provided above demonstrate how innovative technology can assist in reducing complexity and cost in the production, delivery and implementation of financial advice. Fintech solutions can significantly increase the real time connection between consumer information and data, which in turn supports advisers to better engage consumers in the advice process, improving consumer understanding of advice. These solutions will be critical for a consumer-centric financial advice framework.

Table 1 below sets out our direct responses to Issues Paper questions 11, 12 and 18 on this topic:

Table 1

11. Could financial technology (fintech) reduce the cost of providing advice?
Yes. Fintech solutions can reduce the costs of advice provision, advice implementation, and advice delivery.
12. Are there regulatory impediments to adopting technological solutions to assist in providing advice?
Please refer to section 6 of our Submission.
18. Could financial advisers and consumers benefit from advisers using fintech solutions to assist with compliance and the preparation of advice?
Yes. Some examples of how fintech could assist in advice production include real time collection of consumer data, consumer engagement tools, tracking of consumer goals, consumer education and resources.

5. TYPES OF ADVICE AND LIMITED ADVICE

A simplified and scalable definition of “personal advice” that only includes advice that considers the personal circumstances of the individual consumer should be adopted. We support the position of the Financial Services Council (FSC) on this simplified definition. Consumer preferences and needs should determine the scalability and scope of “personal advice”.

Because the current framework presupposes comprehensive advice and treats limited advice as an exercise of scaling down from or

de-scoping comprehensive advice, it is not fit-for-purpose in meeting the real advice needs of consumers. A financial adviser is required to conduct an elongated process and record matters not pertinent to the scope of advice as presented by a consumer, to provide limited advice. This makes it very difficult for an adviser to “stay in the solution” to the consumer problem when the consumer comes to the adviser with a problem to be solved through provision of limited scope advice.

Additional regulatory uncertainty for financial advisers is driven by the current combination of the Best Interests Duty Safe Harbour requirement to consider “any other circumstances” and Standard Six of the Code of Ethics.

Table 2 below sets out our direct responses to Issues Paper questions 20, 32 and 33 on this topic:

Table 2

20. Is there a practical difference between financial advice and financial product advice and should they be treated in the same way by the regulatory framework?

Yes there is a practical difference, and no they should not be treated in the same way.

The current definition of “*financial product advice*” assumes that there is always a nexus between advice and one or more financial products or classes of financial products. In other words, it assumes that in all cases a recommendation about a product or class of products will be made to a consumer.

This assumption fails to recognise any consumer need for strategic advice (according to the goals of the consumer) or other advice (such as budgeting and cashflow) that may not recommend a financial product at all. It also fails to consider advice that may encompass a financial product recommendation and make other recommendations that are relevant to the consumer need or preference for advice. The result of this is that consumers are prevented from simply accessing “advice” in support of their financial futures. Breaking the unhelpful nexus between financial advice and financial products would simplify the regime and would provide increased regulatory certainty for industry.

We support the FSC recommendation to define “personal advice” to only include advice which considers the ‘*personal circumstances of the individual consumer*’.

Any such definition of “personal advice” should facilitate the provision of digital advice (with or without a human adviser touchpoint).

32. Do you think that limited scope advice can be valuable for consumers?

Yes.

Limited scope advice can provide value in circumstances where the alternative is no advice.

Limited scope advice is also more suited than comprehensive advice to meeting different lifetime consumer needs and preferences for advice. Examples of consumer life cycle stages or triggers for limited advice would include redundancy, other work changes, buying a home, having a child, solving insurance needs and retiring. Further examples would include circumstances when a consumer seeks to assert a degree of control over their financial future by simply checking that they are invested in the right way, such as looking at an existing asset allocation.

33. What legislative changes are necessary to facilitate the delivery of limited scope advice?

The Best Interests Duty Safe Harbour steps are difficult to apply to single-issue or specific advice that does not consider all of a consumer’s financial circumstances. The requirement to consider “*any other circumstances*” has been a key provision compelling comprehensive advice. The Safe Harbour steps constrain advisers in providing limited scope advice.

Financial advisers require a safe environment for providing limited advice to solve a consumer need. Financial advisers are, however, uncertain about how to provide it within the current regulatory framework that is essentially a binary choice between comprehensive advice and limited advice (treated in ASIC guidance as a scaling down or de-scoping of such comprehensive advice). This binary choice constrains financial advisers in meeting the advice needs of consumers.

Greater regulatory certainty in relation to limited scope advice (including through a new “personal advice” definition as proposed by the FSC) would serve to promote the ongoing and long-term nature of the professional adviser and client relationship. Promotion of an ongoing professional relationship over the consumer’s lifetime should be a regulatory ‘quality of advice’ aim.

6. DIGITAL ADVICE

Digital advice, whether deployed by technology or human advisers, is an important enablement capability for the provision of financial advice. A regulatory framework that enables increased access to digital advice may prevent some consumer cohorts/ consumers being worse off in the absence of advice by, for example, encouraging mass market adoption of low-cost advice by those not currently engaged with the advice industry.

AFS Licensees are eager to pilot digital advice solutions to stay relevant and connected to clients who fall into this “advice gap”, however they are being held back by regulatory uncertainty. Whilst the Corporations Act is technology neutral and ASIC supports the development of a robust digital advice market in Australia and has published *Regulatory Guide 255: Providing digital financial product advice to retail clients*, ASIC’s position is that it is not able to endorse any solution as being compliant with the law.

The existing regulatory framework does not provide sufficient regulatory certainty to support industry in seeking to innovate and invest in digital advice solutions in Australia. Where an industry participant is unwilling to accept the risk that a solution may not be considered by ASIC to comply with the law, the only viable alternative available is to make an application for relief and/or explore potential eligibility for the Government’s Enhanced Regulatory Sandbox (ERS) exemption (which has provided only limited eligibility).

HUB24 has been directly engaged in the development of a digital advice solution that has been successfully deployed in the UK and has met with ASIC’s Financial Advice team and Innovation Hub in relation to this solution. It has been suggested that to obtain the certainty we would require to continue to innovate and invest in such a solution, an application for relief and/or exploring potential eligibility for the Government’s Enhanced Regulatory Sandbox (ERS) exemption would likely be necessary. We have also met with Senator Jane Hume to discuss the regulatory barriers for digital advice and were referred to the Quality of Advice Review.

Table 3 below sets out our direct responses to Issues Paper questions 19, 35, 36, 38, 40 and 42 on this topic:

Table 3

<p>19. What is preventing new entrants into the industry with innovative, digital-first business models?</p> <p>Despite the Government’s expectation the industry should be bolder in their use of digital solutions, there is a reluctance from financial advisers to adopt new solutions without explicit indications from the regulator that such solutions will be compliant.</p> <p>The industry is uncertain of the way ASIC interprets and enforces legislation and regulatory guidance regarding the scoping of advice and the Best Interests Duty, and the impact when these interpretations change. ASIC’s approach is driving undue caution among advisers and preventing innovation in the advice industry. The only way to test digital advice solutions and obtain the opinion of ASIC is to provide advice and accept the risk. Exemptions should be identified using the Governments Enhanced Regulatory Sandbox which has superseded ASIC’s former regulatory sandbox for Fintech. The sandbox eligibility criteria should be expanded to ensure a level playing field.</p> <p>The market needs a clear signal that digital advice solutions can be compliant. Without this signal, adoption by AFS Licensees will not occur.</p>
<p>35. Do you agree that digital advice can make financial advice more accessible and affordable?</p> <p>Yes. Accessibility and affordability of advice for all Australians is increased by the provision and delivery of advice through digital mediums, including through the facilitation of more consumer generated information and data in the advice process.</p>
<p>36. Are there any types of advice that might be better suited to digital advice than other types of advice, for example limited scope advice about specific topics?</p> <p>The following advice types are well suited to digitisation:</p> <ul style="list-style-type: none"> • Advice enablement – digital advice in the form of collection of data, tracking of goals, education and client engagement tools for use by human financial advisers. • Advice for consumer cohorts – digital advice can provide access to advice for cohorts of consumers who may not otherwise be advised, such as those with small balances who cannot afford a financial adviser, contributing to consumers making informed decisions and improving their financial security and wellbeing. Digital advice is also suited to life-stage cohorts of consumers sharing similar advice needs and goals. • Limited advice – digital advice increases the mediums for provision of limited advice.
<p>38. Should different forms of advice be regulated differently, eg advice provided by a digital advice tool from advice provided by a financial adviser?</p> <p>Digital advice should not be differently regulated. The digital medium should be viewed as an enabler of advice.</p>
<p>40. Are any changes to the regulatory framework necessary to facilitate digital advice?</p> <ul style="list-style-type: none"> • The current regulatory approach is driving undue caution among advisers and preventing innovation in the advice industry which is ultimately to the detriment of consumers who are often worse off in the absence of advice. • A clear signal is needed so that the industry can be confident to innovate and invest on the basis that advice is compliant. Exemptions should be clearly identified using the Governments Enhanced Regulatory Sandbox which has superseded ASIC’s former regulatory sandbox for Fintech.
<p>42. In what ways can digital advice complement human-provided advice and when should it be a substitute?</p> <p>See response to question 36 above.</p>

7. DISCLOSURE DOCUMENTS

We support the FSC White Paper position on scalable forms of disclosure and a Letter of Advice (LOA) that sets out the subject matter and scope of the advice, the client's circumstances relevant to the advice sought and the recommendations given in the client's best interests, including a reasonable rationale for the advice given.

As previously stated in our submission, the current regulatory framework results in a comprehensive advice service (or limited advice that has followed a comprehensive advice process) and prescribes disclosure accordingly. The experience and engagement of the consumer that comes from "how the advice is provided" is a significant factor in aiding consumer understanding of financial advice and greater reliance should be placed on the professional judgement of the financial adviser.

Table 4 below sets out our direct responses to Issues Paper questions 65, 67 and 68 on this topic:

Table 4

<p>65. To what extent can the content requirements for SOAs and ROAs be streamlined, simplified or made more principles-based to reduce compliance costs while still ensuring that consumers have the information they need to make an informed decision?</p> <p>The SOA assumes comprehensive advice and a comprehensive advice process. Limited scope advice may better meet the needs of many consumers at various lifetime points. To complement a revised definition of "personal advice" that is scalable, disclosure should be scalable and proportionate to the scope of advice.</p> <p>To achieve this, the SOA and ROA should be replaced with a simplified LOA that sets out the subject matter and scope of the advice, the client's circumstances relevant to the advice sought, the recommendations given in the client's best interests including a reasonable rationale for the advice given, and the advice fee.</p> <p>The SOA assumes comprehensive advice and a comprehensive advice process. Limited scope advice may better meet the needs of many consumers at various lifetime points.</p> <p>This would be consistent with the key objective of disclosure being to ensure the consumer has the information needed to make an informed decision. It is the consumer experience of advice that is most important (not the disclosure document). Consumers want to know 'what and how' but are overwhelmed with disclaimers, quasi-education, and disclosures. A more consumer friendly version is needed.</p>
<p>67. How could the regulatory regime be amended to facilitate the delivery of disclosure documents that are more engaging for consumers?</p> <p>See above response. ASIC <i>Regulatory Guide 90 Example Statement of Advice: Scaled advice for a new client</i> does not resolve the work effort required for a financial adviser to get to a shorter document because the adviser is still required to obtain and record on file a comprehensive amount of information and data, not all of which pertains to the advice provided.</p>
<p>68. Are there particular types of advice that are better suited to reduced disclosure documents? If so why?</p> <p>Yes, limited scope and digital advice because they do not provide comprehensive advice.</p>

APPENDIX. RESPONSES TO ADDITIONAL ISSUES PAPER QUESTIONS

We provide responses to the Quality of Advice Issues Paper questions 1, 2, 15, 16, 56 and 57.

1. What are the characteristics of quality advice for providers of advice?

From our perspective working with many AFS Licensees and financial advisers, the availability and quality of data and information as the basis for the provision of advice and the ability to tailor and scale advice according to the needs of the consumer are important components to deliver quality financial advice.

2. What are the characteristics of quality advice for consumers?

From our perspective there are four key characteristics of quality financial advice for consumers, and we have sought to address these to enable a more consumer-centric regulatory framework in our Submission:

- The relationship the consumer has with the financial adviser including its professional nature, history and duration
- The experience of the consumer in obtaining the advice, including active participation in the advice process, simplicity in communication of the advice and the ability to actively engage with the advice/advice delivery.
- The usefulness of the advice having regard to the consumer needs, goals and objectives, including relevance of the advice to the problem presented by the consumer and how scalable or specific to the consumer need
- The timeliness of the advice

15. What are the barriers to people who need or want financial advice in accessing it?

The primary barrier is the premise underlying the regulatory framework that financial advice is necessarily comprehensive and involves the recommendation of a financial product or class of financial products. This premise operates to keep the time, cost and complexity of providing financial advice at the high end of the scale irrespective of the real advice need of the consumer.

16. How could advice be more accessible?

A regulatory framework that better recognises the lifetime advice needs of consumers (an ongoing need for education, factual information and limited scope or comprehensive advice over time) and the consumer benefits of such lifetime advice being provided via a long-term relationship with a professional adviser, is likely to promote greater accessibility to affordable quality advice.

56. Are consent requirements for charging non ongoing fees to superannuation accounts working effectively? How could these requirements be streamlined or improved?

No. The requirements impose significant administration complexity and can result in a negative consumer experience. Please refer to Diagram 1 in our Submission for further illustration of this.

57. To what extent can the requirements around the ongoing fee arrangements be streamlined, simplified or made more principles-based to reduce compliance costs?

Repeal of ASICs legislative instruments and replacement with a combination of legislative objectives and industry-led compliance.

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