

PARADIGM CHANGE

A MUST FOR THE
INDEPENDENTLY OWNED
SECTOR'S SUCCESS



‘If we always do what we have always done,
we will always get what we have always got’

Anonymous

THE ASSOCIATION OF INDEPENDENTLY
OWNED FINANCIAL PROFESSIONALS (AIOFP)

JUNE 2015





Executive summary

In an industry overwhelmingly dominated by the financial institutions, the independently owned (independent) sector's voice has been smothered, distorted or ignored over many years.

We have been blamed and held responsible for product failure and more recently the commission culture in the risk industry. Considering advisers do not manufacture products or set the risk commission agenda, we have been harshly treated by the media, lawyers, regulators and Government whilst the financial institutions escape accountability.

For the independently owned sector to ultimately succeed, the current paradigms creating this injustice must be challenged and executed.

An inescapable conclusion is that some financial institutions play a pivotal role in the treatment meted out to Advisers by using their commercial and political clout with industry stakeholders to influence outcomes. The medium commonly used to address issues are industry Association forums where Politicians and Regulators are influenced by member numbers and market influence.

The reality is institutionally dominated Associations have no choice but to represent the interests of the majority of their members and the minority factions are largely ignored. Many are now coming to the conclusion that supporting an Association whose membership is dominated by financial institutions and their advisers does not make sense.

The next major change predicted for the financial services sector will be compulsory membership of an Association to operate in the industry.

With the ever increasing need to lower practice operational costs, attract new clients and have protection from unfair market treatment, the selection criteria of an Association will become more focussed and relevant to the success of your practice.

The past culture of an adviser joining several Associations will change to selecting an organisation that clearly represents the best interests of the majority of its members and aligning this criteria to their circumstances.

With the emergence of our sector from the political and commercial wilderness over the past 5 years, the AIOFP has changed its focus and objectives to meet the challenges facing our sector going forward.

The AIOFP has positioned itself to become the voice and guardian of the independently owned sector.





Why join the AIOFP?

The AIOFP's 1998 founding objectives of furthering the commercial interests of its members has been expanded to political advocacy, protecting members from unfair market treatment and legal representation.

The bitterly disappointing treatment of the independently owned advice sector over the past five years in particular and our lack of advocacy at a political level has necessitated this direction.

The AIOFP is the largest Association representing the independently owned sector. Practice membership demands no institutional ownership and operation of its own AFSL, Adviser members must be licensed to a practice that has these characteristics. The AIOFP has no institutional membership or representation at any level in the organisation.

The AIOFP Board advocates that all Associations should be homologous, in other words they should only contain members that have similar objectives/ characteristics allowing the organisation to only focus on the best interests of its members as a total group.

The Board strongly suggests that to avoid Government and Regulator confusion going forward, each of the 5 major Associations should be individually consulted over specific issues. For example, SMSF issues are covered by SMSF Association, Risk by AFA, product manufacturers by FSC, institutional advisers by FPA, independently owned issues by AIOFP and all are consulted individually over general issues.

Over the past 12 months the AIOFP has implemented 2 strategies to refocus its activities to assist the independently owned sector. The first step has been to recently change our constitution to allow individual advisers to become members if they meet the membership requirements whilst still maintaining the practice principles networking culture.

The next step has been to complement our 1998 founding objective of commercial outcomes to political, protection and consumer awareness strategies to support members and their practices.

The AIOFP was formed in 1998 by three independently owned advice groups to differentiate themselves in the market place with consumers and other stakeholders.

The original focus of the Board was to further the commercial interests of its members but this has been expanded over the past 8 years where political representation has become paramount.

The FOFA saga and the unfair victimisation of a number of independently owned operators over product failure (and the failings of other stakeholders in the manufacturing process) has refocused the AIOFP objectives, they are below.

AIOFP objectives

1.

Political representation with Government and Regulators.

2.

Protection of members from unfair treatment within the industry.

3.

Promotion of Independents directly with consumers.

4.

Provide an inclusive networking environment for adviser members.

5.

Provide an inclusive networking environment for practice principles.

6.

Furthering the commercial interests of members and their clients.



Member Benefits

- The ability to use the AIOFP logo on all letterheads and promotional material where the term 'INDEPENDENTLY OWNED' is permissible.
- Political and commercial representation with all industry stakeholders.
- Membership of the MEMBER PROTECTION FUND (MPF) to represent and protect members from unfair victimisation.
- Access to the CERTIFIED FINANCIAL STRATEGIST (CFS) designation.
- Access to the FILTERED RESEARCH COMMITTEE 's (FRC) non - conflicted research joint venture with MERCER and LINCOLN INDICATORS.
- New client referrals from industry fund, corporate clients and NTAA activities for CFS advisers.
- PI INSURANCE Service that provides real benefits with price and cover.
- Compliance service that can assist with all practice needs.
- Training facilities through a joint venture with NTAA.
- Commodity discounts.
- Complimentary 12 month subscription to IFA (Independent Financial Adviser) magazine valued at over \$89.
- Exclusive discounted rates for AIOFP members to attend Sterling Publishing wealth events providing access to AIOFP CPD points
(events include IFA Business Strategy Day, Adviser Innovation, IFA Excellence Awards & Wraps, Platforms & Masterfunds Conference)

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