

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

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Submission for: My Self

Name of other person, business or organisation:

Do you agree to your submission being published: Yes

Do you agree to your full name being published: Yes

Your submission:

I am currently a Financial Adviser, who owns a fee for service Financial Planning business.

I began my financial planning career with the Commonwealth Bank in 1999 - first as a Para planner then as a newly minted Financial Planner.

I worked in the "Western Division" of Adelaide under the area leadership of a man named Kevin.

Kevin had 2 years until retirement and was singularly bonus focused. He wanted the area sales targets exceeded to maximise his bonus.

I was encouraged to source CBA Bank term deposit customers many of whom were "little old laddies" and try to move their money into Colonial First State (newly acquired in house product) Mortgage Funds. The "entry fees" at the time were 4%, the ongoing fees 1% per year.

CBA Bank was renowned for paying lower than market rates on their term deposit at the time as they were the "safest bank" in the land.

I would not participate in this practice and was forced out of the Bank within 12 months. I was warned by colleagues that they had a burn and churn focus.

I completely agree with the Commissions Interim Report that sales based bonuses encourage bad, and now illegal behavior.

It appears that nothing has changed in the last 18 years regardless of the FOFA laws.

I acknowledge that companies should be able to sell their products to make a profit - I want my clients to be invested in such companies.

However giving personal financial advice can not be done without conflict if making profit from product sales is involved. Nearly all players in the industry cling to this model in some way.

Hence I propose that the term "Financial Adviser" be quarantined to only be used by people (and their employers) who will not profit from product sales.

Let the banks and insurance companies "flog" their own products - but they should not be able to do it using the "Financial Advice" process. And the consumer should be clearly made aware of whether they are being "sold" to or "advised".

Regards

Daniel McCabe