

QoN 010-10 – Cost of advice

ASIC is increasingly speaking about the cost of advice, what is ASIC doing to work with the industry to identify how this can be improved?

Answer:

ASIC wants Australian consumers to have access to affordable, good quality personal financial advice that meets their needs. In light of this, ASIC is currently undertaking a project that is looking at unmet advice needs and how to address them. ASIC has recently published *Consultation Paper 332 Promoting access to affordable advice for consumers* ([CP 332](#)). CP 332 seeks information from industry participants on the issues and impediments that exist around them delivering affordable personal advice. We are particularly interested in better understanding any issues or impediments that are within ASIC's power to address.

The cost of advice is a key issue discussed in CP 332, and we have asked for feedback on the issues raised. We wish to better understand what is driving the cost of personal advice in Australia, and what options industry participants are exploring to reduce the cost of advice.

During the COVID-19 pandemic, many consumers suffered financial hardship, but did not necessarily seek advice to address changes in their financial circumstances. We issued [ASIC Corporations \(COVID-19—Advice-related relief\) Instrument 2020/355](#), which provides relief to assist the provision of affordable personal advice (COVID-19 relief). This relief allows for the financial adviser to use a record of advice (ROA), rather than a Statement of Advice (SOA). However, certain conditions must be met. In CP 332, we ask for feedback about:

- What the experience of financial advisers has been with using ROAs instead of SOAs
- Whether financial advisers found the COVID-19 relief helpful.
- Whether financial advisers think relief should be provided to make ROAs more readily available for financial advisers to use as an alternative to an SOA.

ASIC is encouraging all financial advice industry participants to make a submission to CP 332. . To make submitting easier, industry participants can use an online functionality called Checkbox (there is a link to this in CP 332). Comments to CP 332 close on 18 January 2021. We are also planning to hold a series of roundtables with industry and other stakeholders in early 2021. The purpose of the roundtables will be to discuss issues raised in submissions received to CP 332.

In addition to our work in CP 332, we have also commissioned external research on the cost of advice. This research will supplement our understanding about the cost of advice, in addition to feedback we receive from industry in response to CP 332.