

Banks call for reform extension

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The Australian Bankers Association want more time to comply with the government's Future of Financial Advice reforms.

AUSTRALIA's banks have joined calls for the government to delay its planned overhaul of financial advice, labelling the current deadline of July 1 as "unreasonable and insufficient".

The Australian Bankers Association has called for the rollout of the bulk of the government's Future of Financial Advice reforms - now before Parliament - to be pushed back to July 1 next year to give the financial services industry more time to comply.

The FOFA reforms - aimed at better protecting retail investors in the wake of collapses such as Storm Financial and Trio Capital - will ban financial advisers from receiving commissions, require clients to approve their advisers' fees every two years, and will boost the corporate regulator's powers to revoke or refuse financial services licences.

But with the proposed new laws under scrutiny by two parliamentary committees - which are not due to report back until late February and mid-March - the legislation is expected to clear Parliament in March or April at the earliest, giving the industry three months at most to implement the reforms.

In a submission to one of the parliamentary inquiries, the ABA argued this was not enough time, given the "substantial and comprehensive" changes required.

It echoed a similar call from the Financial Services Council - representing retail super funds and wealth managers - which said in its submission it would "not be possible" for its members to comply by July 1. It has warned that ploughing ahead with the current deadline would leave the "vast majority" of the financial services industry unable to service new or existing clients, and said that reforms on a similar scale - such as the 2002 Financial Services Reform Act - involved transition periods of up to two years.

But the Industry Super Network - which represents not-for-profit industry super funds - has urged the government to ignore the calls for a delay, saying they are an attempt to obstruct the reforms by "some in the industry who put their commercial interests ahead of the interests of consumers".

"The arguments put forward to support a delay lack merit," ISN said in its own submission.

The ABA and the FSC have called for multiple changes to proposed laws.

Last month, Financial Services Minister Bill Shorten said he was "open" to considering a delay, with his office foreshadowing a decision in mid-to-late January. Yesterday, a spokesman reiterated the minister's stance, without confirming whether a decision would be made by the end of the month.