



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

Secretariat
Inquiry into Future Directions for the Consumer Data Right
The Treasury
Langton Crescent
Parkes ACT 2600
Email: data@treasury.gov.au

21st May 2020

Dear Sir / Madam

Inquiry into Future Directions for the Consumer Data Right

The Financial Planning Association of Australia¹ (FPA) welcomes the opportunity to provide feedback in response to Treasury Inquiry into Future Directions for the Consumer Data Right.

The Consumer Data Right (CDR) will undoubtedly be a platform for consumers to build their wealth as more data on their financial position become accessible. However, the plethora of financial data available under the CDR may not be easily deciphered by the average Australian. The FPA believes financial planners are in a good position to assist consumers understand their financial data, review their product agreements, and recommend different financial products to meet their needs. The new accesses and authorisation afforded by the Consumer Data Right will empower both financial planners and their clients to improve their financial position.

Future role and outcomes of the Consumer Data Right

The introduction of the CDR will improve the ability of consumers to access and manage their own financial data. As their own access is improving, consumers are also expecting their financial planner to access and analyse their financial data to improve the financial advice they are getting and better integrate the management of financial products.

To ensure that financial planners can satisfy their clients' needs and provide advice efficiently, the CDR should include accreditation arrangements for financial planners acting on behalf of their clients. Privacy and information security requirements should be designed in a manner that allows sole practitioners, not just large financial services firms, to become accredited.

¹ The Financial Planning Association (FPA) has more than 12,919 members and affiliates of whom 10,618 are practising financial planners and 5,540 CFP professionals. The FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first "policy pillar" is to act in the public interest at all times.
- In 2009 we announced a remuneration policy banning all commissions and conflicted remuneration on investments and superannuation for our members – years ahead of FOFA.
- We have an independent conduct review panel, Chaired by Graham McDonald, dealing with investigations and complaints against our members for breaches of our professional rules.
- The first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules that explain and underpin professional financial planning practices. This is being exported to 26 member countries and the more than 175,570 CFP practitioners that make up the FPSB globally.
- We have built a curriculum with 18 Australian Universities for degrees in financial planning. Since 1st July 2013 all new members of the FPA have been required to hold, or be working towards, as a minimum, an approved undergraduate degree.
- CFP certification is the pre-eminent certification in financial planning globally. The educational requirements and standards to attain CFP standing are equal to other professional bodies, eg CPA Australia.
- We are recognised as a professional body by the Tax Practitioners Board.



FINANCIAL PLANNING
ASSOCIATION of AUSTRALIA

The CDR should also be extended to cover superannuation products. As a compulsory investment, superannuation is an important financial product for all Australians and advice on superannuation and retirement is a critical component of most financial advice. Including superannuation in the CDR will improve the quality and efficiency of retirement advice available to consumers.

The consumer data right should be extended to superannuation products and be designed to allow financial planners who have been authorised by clients to act on their behalf by accessing their financial data.

Read access

Consumers already provide a range of consents and agreements to their financial planner before the planner can act on their behalf. These agreements include what services the consumer will be entitled to, how they wish to pay for these services, and for existing clients whether they wish to continue their ongoing service arrangements. Ongoing service arrangements will soon need to be renewed annually, and planner must disclose what services they have provided in the past 12 months through a fee disclosure statement.

In this context, consumers expect their financial planner to seamlessly manage the necessary consents and agreements and to minimise paperwork and repeated requests for their action.

For the CDR to benefit consumers who have a financial planner, the consents needed to access CDR data must be able to be integrated with the existing arrangements for engaging a financial planner, such as annual renewals and fee disclosure statement. The CDR rules for the consent to collect and use CDR data (Rules 4.10-14) must be flexible enough for financial planners to integrate this into their annual obligations. Specifically, financial planner should be able to align the 12-month duration of consent for CDR data with their annual renewal notice and fee disclosure statements. This will provide a streamlined system for consumers engaging with their financial matters and greatly support consumers to keep track of and manage their various consents, including the consent to use CDR data.

The FPA support standardised language for consents which should be flexible to remain applicable across multiple industries. The current CDR rules for consent collection must be flexible enough to integrate with exiting financial planning annual obligations to support clients managing their consents.

Switching

Information dissemination plays a key role in an efficient and competitive market for financial services. With the support of their CDR data, consumers will feel more confident about comparing options, seeking new deals and switching products.

As stated from the issues paper:

“The benefits of the Consumer Data Right are potentially wide ranging. Detailed and personalised comparisons drawing upon insights from...third parties who consumers engage to create a new accounts and close old accounts on their behalf.”

To support consumer engagement with their CDR data, a financial planner can provide both the technical and emotional support to address concerns about switching to new products and providers. The CDR data will support financial planners with their services by improving their ability to analyse their client's financial position and existing products. Using supporting data from the CDR regime, financial planners can confidently recommend new products or strategies and consumers will feel more secure about their decisions.



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

It is also important to note that under the best interest duty, financial planners are obliged to consider all options that are within the client's best interest. Financial planners also must strictly adhere to a code of ethics. For these reasons, the regulatory framework for financial planners has appropriate consumer protections and measures to ensure consumers can trust that their financial planner is acting appropriately with their CDR data.

The FPA believes the regulatory framework for financial planners provides sufficient consumer protection to ensure that financial planners only recommend switching products when it is in best interest of their client. Access to CDR data will allow financial planners to play a valuable role in increasing competition in financial services.

We would welcome the opportunity to discuss with Treasury on the issues raised in our submission. If you have any questions, please contact me on ben.marshan@fpa.com.au or 02 9220 4500.

Yours sincerely

Ben Marshan CFP® LRS®

Head of Policy and Professional Standards

Financial Planning Association of Australia