

I was a licensed securities dealer for 15 years and previously the "nominated person" on the licence held by Touche Ross.

Regulation of the Financial Services Industry has never achieved any of its objectives. FOFA is another Government disaster but Senator Cormann has thrown a lifeline which the Financial System Inquiry could use.

Last year, "the financial advice industry picked up a casual \$21 billion in fees" according to "The West Australian". In addition the fund managers, which are expensive intermediaries, scooped even more in fees from compulsory super contributions.

The power advantage that financial institutions and their professional staff have over clients is obvious but the absence of transparency combined with misrepresentation of the real costs of their services is immoral. To paraphrase Cassandra Wilkinson from "The Weekend Australian" 29th Mar 14, "The poor can't afford to subsidise the financial services industry."

In the real world, governments will never prevent institutions from rewarding their best sales people but the government can expose excessive costs by compelling the industry to publish costs in dollar terms which consumers can understand and compare. Transparency and competition will do that which regulation has failed to do. Why should financial services be protected from price competition?

The "magic" effect of compound interest is a tool employed by financial institutions to demonstrate the benefits of their products. On the other hand, the adverse effects of charges, expressed in small percentages, and severely impacting on retirement benefits, are deliberately concealed. Of all fees that need to be exposed, the compounding cost of "apparently" small trailing commissions (service fees without service) are the most insidious and most vigorously defended by the industry.

Stripping of the industry of its subterfuge surrounding its fees and charges would reduce the need for laws and regulations; possibly making them unnecessary.

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