

25 August 2014

Head of Secretariat
Financial System Inquiry
The Treasury
Langton Crescent
PARKES ACT 2600

Email: fsi@treasury.gov.au

Dear Sir

FSI second round submission – Financial Adviser Register

Rainmaker Information (Rainmaker) thanks the Financial System Inquiry (FSI) for the opportunity to present this submission as part of the second round public consultations.

Rainmaker's credentials

Rainmaker is an integrated diversified wealth management industry data, research, publishing and events group that has been operating in Australia since 1992.

Core to Rainmaker's operations is the conduct of ongoing research into all aspects of the market including investment managers, superannuation funds, platforms, financial advisers and their licensees, and service providers to all these firms, focusing on governance structures, market sizes, contact details as well as product characteristics such as returns, fees, insurance and ancillary services they may offer.

Rainmaker makes this information available through databases, directories and research reports; is the publisher of the Financial Standard news and journal masthead; and also operates the Select Series group of brands that includes SelectingSuper and SelectAdviser.

On the basis of this work Rainmaker considers itself to be a reputable source of information, analyses and commentary regarding the Australian wealth management marketplace.

Scope of this submission

While Rainmaker has considerable expertise in many topics and areas of interest to the FSI the purpose of this submission is to make the FSI aware of the considerable work Rainmaker has done in the context of what the FSI refers to as a “public register of financial advisers”.

This issue has been discussed extensively in the FSI interim report and in the final report of the recent inquiry by the Senate Standing Economics Committee into the Performance of the Australian Securities and Investments Commission.

In this submission we intend to describe this work, what we have achieved and express our willingness to partner with financial sector regulators should they wish to fast-track development of such a register.

Rainmaker’s research into Australia’s financial advice sector

Rainmaker has been researching wealth management in Australia since 1992, making Rainmaker arguably one of the most experienced researchers in the sector. Our databases contain data and information on almost 1000 investment managers that have clients in Australia, 500 institutional superannuation funds, 50 platform groups, 900 financial advice licensees and 19,000 financial advisers.

This information is collected through a mix of publicly available sources and proprietary research including a structured program of regular surveys and field research.

This data and information is used as the basis of several Rainmaker products and services aimed at the financial advice marketplace and firms wishing to service it including directories, events and production of detailed and strategic reports such as the quarterly Rainmaker Advantage Report and the bi-annual Rainmaker Financial Planning Report.

In doing this work Rainmaker several years ago realised that a major impediment to working with and navigating the Australian financial planning sector was identifying individual advisers particularly as they moved through the industry, entered and exited the industry and/or moved between licensees organically or a result of M&As.

Crucially, this is not only an operational and administrative issue for a data and research group such as Rainmaker or for consumers but it is also a major challenge for investment managers and other service providers who work with these individuals and who need to be able to optimally communicate and interact with these advice professionals.

Uniquely identifying financial advisers

Responding to this opportunity Rainmaker has developed a system for uniquely identifying financial advisers and this led in 2011 to Rainmaker introducing and rolling-out to each individual adviser a 9-digit ID code which Rainmaker refers to as an adviser's Professional Standards Number (PSN).

This aspect of Rainmaker's operations is handled by a wholly owned subsidiary, Data Management and Integrity (DMI) Systems. Using this PSN, Rainmaker is thus able to report on an adviser's professional history and licensees they have been associated with and also match this up with an adviser's professional profile that may include areas of expertise, qualifications and other key indicators.

While to date DMI's PSN has been used in our work with investment managers to assist them to improve the efficiency in how they communicate with financial advisers throughout the marketplace, Rainmaker believes the PSN and its supporting quality assurance and delivery systems have considerable application in the development of a public register of financial advisers.

Public Register of Financial Advisers

Given this advanced work that Rainmaker has undertaken Rainmaker is well positioned to assist government efforts to fast-track creation, establishment and maintenance of a public register of financial advisers in a manner that is both efficient and cost effective.

Rainmaker will be delighted to discuss any aspect of this submission with the FSI and/or regulatory authorities and especially our work concerning the financial adviser PSN.

I can be contacted directly on telephone 02-8234 7501 or email christopher.page@rainmaker.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Christopher J Page', written over a large, loopy blue scribble.

Christopher J Page
Managing Director
Rainmaker group