

Pending change in financial advice law is good

I like to use the analogy of a pilot and co-pilot to describe the role and relationship between a financial adviser and the client.

I have always considered the client to be the captain and the financial adviser the co-pilot, as ultimate responsibility and accountability rests with the client as it does with the captain. However, I am having second thoughts.

As an ex-naval officer I know the captain is awarded an almost demigod status, with his or her authority never under question – and for this there is good reason.

When dealing with life and death scenarios most rational persons are more than happy to delegate their personal responsibility and accountability to the most qualified individual – the captain.

We place our trust in the professional and obey orders without questioning



Money Matters

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decisions; we literally hand our lives over to someone with the qualifications, skills and experience appropriate for the job at hand.

Unfortunately, when it comes to investing, everyone has an opinion of their own and it seems qualifications, skill and experience don't carry the

same weight, especially since these are required for being a pilot or captain of a ship.

Trying to explain this perception or behaviour is well beyond the scope of this article.

The problem for financial advisers – and here I differentiate between salesmen masquerading as financial advisers and true independent advice – is although advisers are held responsible and accountable, they are not afforded the status required to fulfil their fiduciary responsibility.

This may well change as the profession evolves further, and with it the perception of the importance and value of advice.

Pending changes to the legislation governing financial advice should help demark product distributors from independent advisers clearly.

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