

The AFA 3rd Annual Conference: Entering a Booming Financial Advisory Industry



The AFA 3rd Annual Conference is coming to town! This year's conference has a different story to tell as it witnesses the financial advisory industry entering a new era and a booming period. It also marks a new milestone for the Association of Financial Advisers in Malaysia's. This annual conference is themed "FA - The Future-Right Here, Right Now" and will be held on 31st October 2014.

AFA President Alfred Sek said in an interview that, this year's conference

theme sent a clear message that the timing for a boom in the financial advisory industry is right here, right now.

He explained that, "right here" means the opportunity for financial adviser is right here in Malaysia, while "right now" means this is the best time to become a financial adviser.

"This is the best time to join this industry after all the regulations have been put in place and all the insurance companies are supported."

A BIG CHANGE IN THE FINANCIAL ADVISORY INDUSTRY

He added that a key difference in this year's conference was that it is about to witness a loosening in the minimum qualification entry requirements to become a financial adviser or financial planner. Once the relaxation of the requirements takes place, the number of industry practitioners could easily double or triple from the current 400 over people.

AFA has all the while pursued the relaxation of qualification requirements for financial advisers. This latest development is considered a strategic and important move in promoting the growth of the financial advisory industry.

The conference organising chairman Andy said, the key thing that will impress this year's conference participants is that the industry is about to make a big change. The financial advisory industry in Malaysia has existed for about 9 years but the growth of the industry as a whole is marginal.

Fortunately, the regulators now realise that there is a need to change and to bring a significant impact to the consumer. Thus, these regulators will facilitate these changes to the industry.

"Currently, we have only 400 financial advisers to serve the whole of Malaysia's population which numbers around 30 million people. The financial market and products are also becoming more sophisticated, while the market is gradually opening up. Our financial advisers or planners need to compete with international planners in the local market. The regulators have realised that the industry needs a change. With the relaxation of the entry requirements, the number of financial planners is expected to double in the next year."

A BRIGHT FUTURE FOR THE FINANCIAL ADVISER

Alfred Sek is very optimistic about the future of the financial advisory industry in Malaysia. This can be

proved by some key statistics from Singapore.

For instance, Singapore has currently 66 financial advisory firms with 3000 financial advisory representatives within the span of 13 years (when the industry started in 2001), save for the 13,000 insurance agents. Singapore has a small population, yet still has the room for 3000 financial advisory representatives and 13,000 insurance agents to exist. What about the Malaysia?

As a comparison, Malaysia has a population of about 30 million, about 10 times bigger than Singapore meaning that, Malaysia requires more financial advisers or planners to serve the whole population.

"Malaysia has about 80,000 insurance agents, about 7 times more than Singapore. I believe in next 10 years, Malaysia can have 7 times more financial advisers, which is about 21,000 FAR to serve the population of 30 million."

On the other hand, financial advisers in Singapore have contributed some 16% to the life insurance industry's market share in 2013, up from 6% in 2006. The insurance agency contribution, meanwhile has dropped from 69% to 46% in the corresponding period.

Thus, Sek urged that life insurance companies should seriously look at the financial advisory channel in order to generate future growth. The insurance companies that support this channel will eventually benefit the most.

In the meantime, he also encouraged

insurance agents to move towards financial advisers as consumers with a higher education level and those who are internet savvy would prefer to deal with professional and independent financial advisers who can provide the right solution or products that meet their needs.

"If insurance agents want to stay relevant, they have to follow the future trends. The trend is rising and the consumers are following the trend. Either you make the change or be changed."

A NEW MILESTONE FOR AFA

The AFA is also about to witness a new milestone. Alfred revealed that the association is going to enter into the next stage of development, probably by next year. The next stage involves a change in the constitution to include another level of membership registration where individual financial advisers can also become a member of AFA.

The regulators like Bank Negara and Securities Commission of Malaysia have officially recognised AFA as the association to represent financial adviser or planners. Going forward, financial advisory firms will be the body that approves financial advisers, instead of Bank Negara or SC.

Once the constitution is amended, the association will issue an AFA card to registered members, similar to the LIAM card. Those financial advisers and planners with the AFA card will be recognised as qualified financial practitioners by Bank Negara or SC. **M**