MoneyMarketing

Holland to ban commission in RDR-style reform

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The Dutch government is to ban commission on financial services products and force banks and independent advisers to be more transparent about costs, echoing the FSA's retail distribution review.

From January 1, 2013, inducements and commission paid to advisers and banks from investment funds will be banned. In a move that goes further than the RDR, commission will also be banned on mortgages and protection products from the same date.

Bank advisers and independent advisers will be subject to the same requirements. Financial advisers who operate on a fee-based model, either on an hourly rate or a fixed fee, will be monitored to ensure the cost of the advice service is reasonable.

Minimum qualification requirements were introduced for Dutch advisers in 2006, although discussions are taking place over whether this minimum level should be increased further.

Financial planner and asset manager William van der Maas says: “This is part of an ongoing process that started in 2006 after seven million high-cost insurance policies were sold to consumers. It was a huge scandal and now the government is trying to clamp down on this kind of behaviour.

“A big part of the market here is driven by mortgage and insurance sales, with a smaller number of investment sales. Advisers' models are largely based on commission, so this will mean big changes for those advisers.”