

## Strength in adviser unity

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Aifa's stance on restricted advice gives IFAs lobbying power

As the Treasury select committee unleashed another round of debate on the timing of the retail distribution review last month, Aifa's decision to welcome restricted advisers into its fold seems strange.

The select committee's report was the result of months of intense lobbying by smaller IFAs in an attempt to change the policy debate. MPs' constituency mailbags were full of the issue. All members of the committee were targeted but the focus was on the Tories, who have an inherent affinity with the plight of SMEs, which most IFAs remain.

They almost blew it. When Mark Garnier called in January for IFAs to provide more evidence of consumer detriment as a result of the RDR, there was a deafening silence. Many MPs on the committee felt they had been marched to the top of the hill on the issue before Christmas last year, only to be let down by IFAs in the new year.

I received calls from a number of IFAs at the time looking to make the case and I told them they needed to start a fund to develop an evidence base on the question of consumer detriment but they did not follow through.

So the committee abandoned the idea of holding specific public hearings into the RDR with the FSA and other bodies. Hector Sants avoided his custard pie moment, unlike Rupert Murdoch.

But the Treasury select committee's members will be looking to have their voices heard in the autumn when Parliament reassembles.

Given Aifa's decision to welcome restricted advisers, this presents a considerable lobbying challenge.

Those IFAs who have questioned Aifa's lobbying ability in the past year are likely to continue to enjoy an Indian summer in October and November, as their arguments gain traction with backbench MPs worried about the fate of small businesses in their constituencies.

Even if the RDR timescale does slip - and I believe it may become a bargaining chip in the Parliamentary passage of the legislation to scrap the FSA and create the new UK regulatory regime - I do not believe the Treasury, the new regulator or indeed the Treasury select committee will want to see a different distribution landscape.

When we move into the final phase of RDR, an enlarged Aifa that brings on board restricted advisers should result in a stronger voice for the intermediary sector. Any effective lobby should carry as much weight of opinion as possible. A bigger Aifa should be able to do this.

But there are big challenges to navigate. I remember the desire of the Association of British Insurers and the British Bankers' Association to merge more than a decade ago. The idea foundered over substantive issues and on personalities. And in the aftermath of the financial crisis, insurance remains keen to remind policymakers it is not banking.

The trade union movement once said: "Unity is strength." In time, this should be the logical result of Aifa's plans.

Holding together in front of policymakers will be the real challenge for the industry.

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