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FOR IMMEDIATE RELEASE

38% of advisers report higher practice profitability in the last 12 months

- **Advisers are on average servicing larger client books**
- **For more profitable advisers, success is multifaceted but in the main driven by higher fees and cost discipline**
- **Most advisers believe QAR will likely deliver Accessibility and Affordability, but are more circumspect about the Quality of client outcomes**

6th September 2023, Sydney – Leading financial services industry research firm *Investment Trends* releases its 20th edition of the **2023 Adviser Business Model Report**.

Providing an in-depth analysis of the rapidly changing financial advice provision and how advisers operate their practices and manage their relationships with licensee networks and service providers, this year's edition highlights a continued positive trend for advice practice profitability.

The number of financial advisers has continued to trend downwards (from 16,700 in 2022 to close to 15,700 as at May 2023 according to the ASIC Financial Advice Register). Correspondingly, the average number of active clients per adviser has risen to 120, up from 113 a year ago ('active' refers to those clients who have seen their adviser at least once in the preceding 12-month period).

Compared to a year ago, nearly two in five (38%) advisers report increases in business profitability. Self-licensed advisers – a segment that continues to grow – are even more likely to have seen profit margins increase (41% reported an increase in practice revenue in 2023, compared to 39% in 2022).

"It's encouraging to see the positive business outcomes advisers are experiencing. As things stand, new client acquisition is, on an average basis, no longer loss-leading and those advisers who see growing profit margins have the largest client books (143 clients vs 120 industry average)," said Dr Irene Guiamatsia, Head of Research at Investment Trends.

More profitable advisers particularly call out efficient systems, admin support, and most notably, increased fees and cost discipline as factors that drove growing profit margins in the last 12 months. While the cost to produce advice has risen by 9% during the period (\$3,580, up from \$3,280 in 2022), advisers on average have increased their fees by 25% for upfront fees (\$4,000) and 18% for ongoing relationship fees (\$4,700).

Shifting to perspectives on the Quality of Advice review, specifically on Accessibility, Affordability and Quality – advisers emphatically agree the first two outcomes would be met, but express reservations about the latter. In particular, the majority of advisers appear to need further convincing on the ability for super funds to provide advice (53% cite, see chart).

"Advisers – and the industry as a whole – have worked very hard to address issues around conflict, and it is natural to see some hesitancy around what some may construe as a return to old ways," added Guiamatsia.

"The sector faces the important challenge to chart a cohesive path to a future state where different advice delivery mechanisms that can cater to different client groups and different life stages co-

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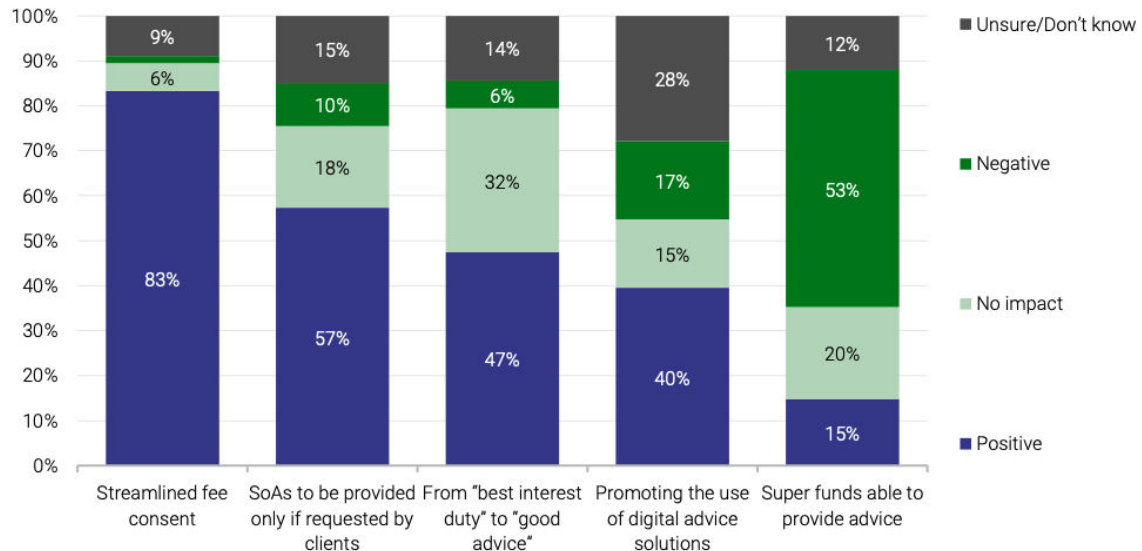
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exist harmoniously – ultimately supporting a growing cohort of Australians with preparing for retirement”.

**Q51 What impact do you think the recommendations, if implemented, will have for you and your business?
Among financial advisers who are aware of the Quality of Advice Review [n=358]**



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Notes to the editor

About the report:

The *Investment Trends 2023 Adviser Business Model Report* provides a detailed analysis of the rapidly changing business of providing financial advice, how advisers can be supported to meet the growing demand for advice from Australians and takes a deep dive into their relationship with dealer groups and service providers. This report is based on a survey of 632 financial advisers conducted from April to May 2023.

About Investment Trends:

Investment Trends is the leading researcher in the retail online share dealing and leveraged trading markets globally. We combine our analytical rigour and strategic thinking with the most advanced research and statistical techniques to help our clients gain competitive advantage. We have over 20 years' experience in researching the retail wealth management and global broking markets from which we provide new insights and decision-making support to over 130 leading financial service businesses globally. Investment Trends' clients include several global banking organisations, all major online brokers and CFD providers as well as industry regulators, advice providers, fund managers, super funds, investment platform providers, and industry associations.