



**ASIC**

Australian Securities &  
Investments Commission

**REPORT 627**

# **Financial advice: What consumers really think**

August 2019

## **About this report**

This report summarises the results of some preliminary research we commissioned into what consumers think about financial advice.

The research explored overall use of financial advisers, motivators and barriers to seeking personal advice, and consumer attitudes towards the financial advice industry.

In 2020–21, we will be conducting further research to explore whether there is a problem with unmet advice needs in Australia.

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**Consultation papers:** seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

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### Disclaimer

This report does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this report are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

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## Executive summary

- 1 We commissioned an independent market research agency, Where to Research, to research what consumers think about financial advice.
- 2 The research was conducted as part of ASIC's general monitoring of the financial advice industry. It looked at a range of indicators, which gave us a snapshot of the demand side of the financial advice market (i.e. consumers) at the time.
- 3 In March 2019, we published [Report 614](#) *Financial advice: Mind the gap* (REP 614), which set out the findings on consumer awareness and understanding of general and personal advice.
- 4 This report focuses more broadly on consumer experiences in relation to financial advice and sets out the remaining findings from the research.

Note: In this report, 'financial advice' has the meaning given to 'personal advice' in s766B(3) of the *Corporations Act 2001* (Corporations Act), unless otherwise specified.

## Methodology

- 5 Where to Research conducted qualitative and quantitative research consisting of:
  - (a) four 90-minute group discussions with seven to eight participants in each group and 34 one-hour in-depth interviews (qualitative research); and
  - (b) an 18-minute online survey completed by 2,545 participants (quantitative research).
- 6 In the online survey, group discussions and interviews, Where to Research focused on specific groups of interest, including people who:
  - (a) recently received financial advice (Group A);
  - (b) intended to get financial advice in the near future (Group B); and
  - (c) recently thought about getting financial advice but had not gone ahead (Group C).

Note: In the online survey and in-depth interviews, 'recently' meant within the last 12 months and 'in the near future' meant within the next 12 months. In the group discussions, 'recently' meant in the past two years and 'in the near future' meant in the next two years.

- 7 The above three groups were deliberately over-sampled to get enough responses for each group. In order to get survey results representative of the overall Australian population (referred to throughout this report as 'all

Australians'), these groups were weighted down to reflect their actual incidence within the population.

8 For detailed information about the methodology, please see Appendix 1.

## Summary of key findings

9 The key findings of the research are set out at paragraphs 10–20.

### Overall demand for advice

10 The online survey found that:

**27%** of Australians had received financial advice  
in the past

**12%** of Australians had received financial advice  
in the last 12 months

**41%** of Australians intended to get financial advice  
in the future

**25%** of Australians intended to get financial advice  
in the next 12 months

**20%** of Australians had considered getting financial advice  
in the last 12 months, but had not gone ahead

11 Australians who had recently received financial advice tended to have higher household incomes and were more likely to be university educated than the overall Australian population. They also tended to be closer to retirement and more likely to say that they kept up to date with economic trends and set long-term financial goals.

### Digital advice

12 The online survey found that only 1% of participants had used digital advice (also known as robo-advice). However:

**19%** of all participants said they were open to it (once it was explained to them)

**37%** of participants who had recently thought about getting financial advice but had not gone ahead were open to using digital advice

### The topics Australians want advice on

- 13 When the online survey participants were asked which topics they had either received or were interested in receiving advice on, the most commonly selected topics were:

investments (e.g. shares and managed funds)	45%
retirement income planning	37%
growing superannuation	31%
budgeting or cash flow management	22%
aged care planning	18%

### Reasons people use financial advisers

- 14 Online survey participants were asked to read a series of statements about financial advisers and select how much they agreed or disagreed with each statement. The statements participants most commonly agreed with were:

Financial advisers have expertise in financial matters that I do not have	79%
Financial advisers can recommend products I would not normally find on my own	75%
It is the job of a financial adviser to read the fine print and notify their client of anything important	74%
Financial advisers can introduce me to good ideas I might not have thought of	73%
Financial advisers can educate me about financial matters	69%

### How people choose financial advisers

- 15 When online survey participants were asked to select which attributes they looked for or would look for when selecting a financial adviser, the top attributes they selected were:

level of experience	41%
reputation	38%
the ability to talk to customers in a way they can understand	36%
taking the time to understand the customer and their goals	32%
low cost	30%

- 16 In the group discussions and interviews, participants generally acknowledged that it was difficult to assess the quality of a financial adviser. For example, many participants did not feel equipped to judge the expertise of a financial adviser and instead relied heavily on factors that could be easily observed, such as the interpersonal skills of the adviser.

### Barriers to getting financial advice

- 17 When survey participants (excluding people who had recently received financial advice) were asked to select reasons they did not or might not get financial advice, they most commonly selected the following reasons:

Financial advice is too expensive	35%
My financial circumstances are too limited for it to be worth getting financial advice	29%
I like to manage my finances by myself	26%
I do not trust financial advisers	19%
I do not see the value of consulting a financial adviser	18%

- 18 Many participants in the group discussions and interviews also considered the financial advice industry to be opaque, noting that it is difficult to know how to:
- find a financial adviser;
  - assess a financial adviser; and
  - assess the quality of the advice.

## Attitudes towards financial advisers

19 The research indicated that there is significant distrust of the financial advice industry. For example:

**49%**

of online survey participants agreed that financial advisers were more interested in making themselves rich than in helping their customers

**37%**

of online survey participants agreed that financial advisers did not generally have the customer's best interests at heart

20 The research also showed that:

- (a) people who had recently received financial advice had more positive attitudes towards financial advisers than those who had not recently received financial advice; and
- (b) even limited knowledge of recent reforms (e.g. the Future of Financial Advice (FOFA) reforms or the professional standards reforms for financial advisers) appeared to improve perceptions of the financial advice industry.

## Future work

21 Following on from our preliminary research, we will conduct a larger research project in 2020–21 that will explore whether consumers have unmet advice needs.

22 Our research will examine:

- (a) the state of the financial advice industry (i.e. an environmental scan);
- (b) the demand for advice (including what services consumers use, any unmet advice needs they may have and why they have those unmet advice needs);
- (c) the supply of advice (including who supplies advice, what kind of advice services are being supplied, and any impediments to supplying advice services);
- (d) the gaps, if any, between supply and demand; and
- (e) what measures may be required, if any, to reduce the gaps between supply and demand.

23 In addition, we are planning further consumer research that builds on the work in [REP 614](#): see [Media Release \(19-069MR\)](#) '*Mind the gap*'—*consumers confusing different types of financial advice* (28 March 2019). The findings in REP 614 revealed substantial gaps in consumer awareness

and comprehension of general and personal advice. The research found that many consumers do not understand the limitations of general advice and, in spite of the general advice warning, may think that their personal circumstances have been taken into account.

24

Later in 2019, we will commission research that will:

- (a) seek to identify a more appropriate label for general advice, or different labels for general advice given in different circumstances; and
- (b) test the effectiveness of different versions of the general advice warning.

## A Overall demand for advice

### Key points

Just over a quarter (27%) of online survey participants said they had received financial advice in the past. By contrast, 41% said they intended to get financial advice in the future.

Participants who had recently received financial advice (Group A) tended to have higher household incomes and were more likely to be university educated than all Australians. They also tended to be closer to retirement and were more likely to say that they kept up to date with economic trends and set long-term financial goals.

Those who intended to get financial advice in the near future (Group B) had similar characteristics to Group A, but were likely to be further away from retirement.

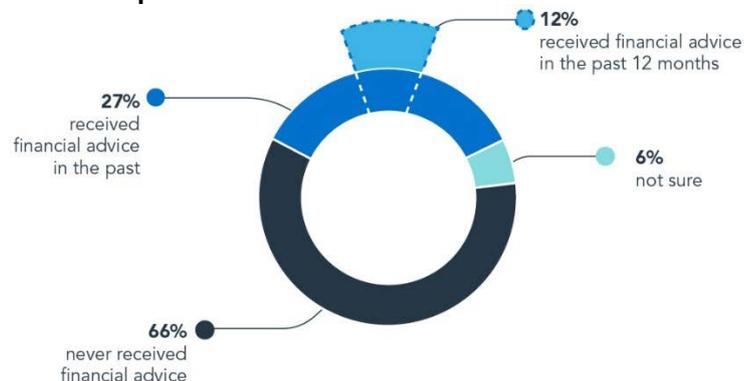
Those who had recently considered getting financial advice but had not gone ahead (Group C) tended to be younger than Groups A and B, and less likely to report behaviours that demonstrated financial engagement.

Sources of support for financial decision making (other than financial advisers) included friends, family and colleagues, as well as mass media sources like financial magazines and websites. Although use of digital advice by online survey participants was very low (1%), 19% of participants said they were open to it. People in Group C were particularly open to using digital advice (37%).

## Australians' actual and intended use of financial advice

25 Figure 1 sets out the proportion of Australians who had received personal financial advice (based on the results of the online survey).

**Figure 1: Proportion of Australians who received financial advice**

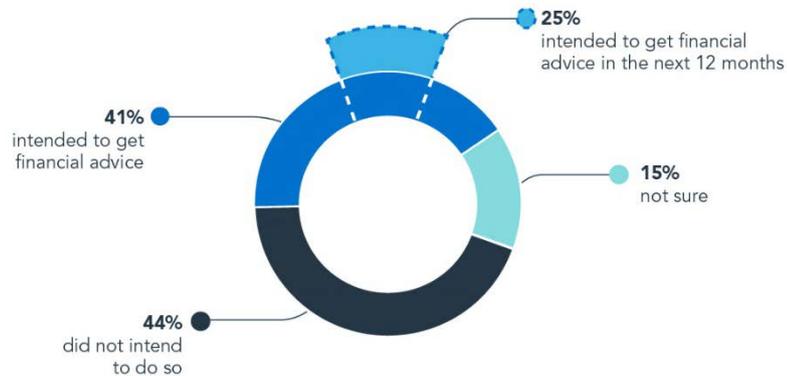


Note 1: See Table 5 in Appendix 2 for the data shown in this figure (accessible version).

Note 2: The base sample size for this figure is 2,545 participants. The questions participants answered were 'Have you ever received financial advice that was tailored to your personal circumstances, from a person or Company?' and 'Have you ever received a written Statement of Advice? A Statement of Advice is a written summary of the advice provided to you. When did you last receive a Statement of Advice?'

- 26 Figure 2 sets out the proportion of Australians who intended to get personal financial advice in the future.

**Figure 2: Proportion of Australians who intended to get financial advice**



Note 1: See Table 6 in Appendix 2 for the data shown in this figure (accessible version).

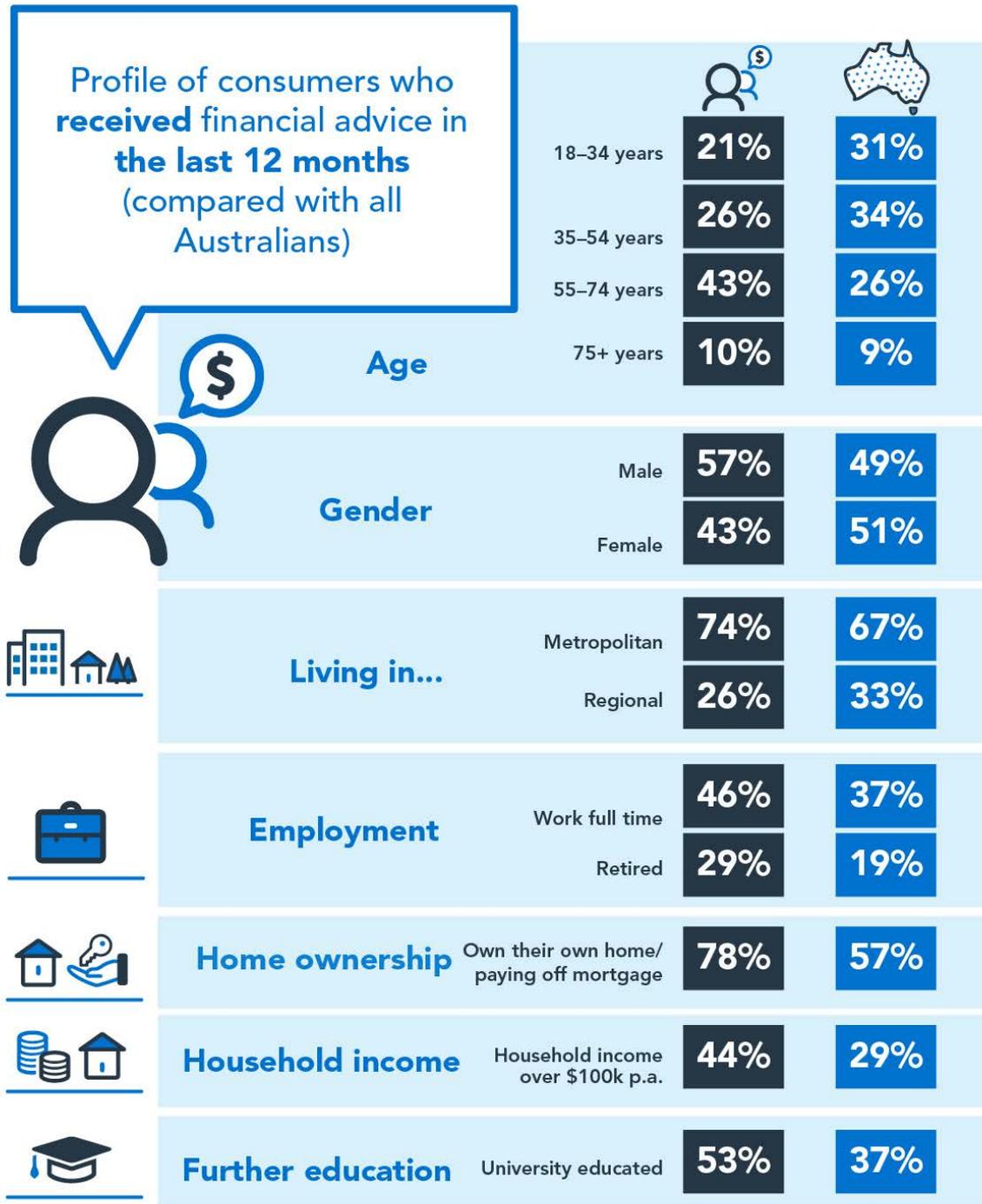
Note 2: The base sample size for this figure is 2,545 participants. The question participants answered was 'Are you intending to get financial advice that is tailored to your personal circumstances in the future?'

- 27 The online survey also indicated that 20% of Australians had considered getting financial advice in the last 12 months, but had not gone ahead.

## Group A: People who recently received financial advice

- 28 The profile of survey participants who had recently received financial advice compared with all Australians is set out in Figure 3.
- 29 As shown in Figure 3, people in Group A were more likely than all Australians to have household incomes above \$100,000 per year (44%, compared with 29%) and were also more likely to be university educated (53%, compared with 37%).
- 30 A significant proportion were aged between 55 and 74 years (43%), compared with all Australians (26%). They were also slightly more likely to be male (57%, compared with 49%), live in metropolitan areas (74%, compared with 67%), own their own home (78%, compared with 57%), and either work full-time (46%, compared with 37%) or be retired (29%, compared with 19%).
- 31 The online survey also showed that they were more likely than all Australians to report taking an active role in managing their household finances (81%, compared with 67%), keeping up to date with economic trends (51%, compared with 30%), reading the financial news (39%, compared with 21%) or trading shares (25%, compared with 13%).

Figure 3: Key characteristics of Group A (left) compared with all Australians (right)



Note: See Table 7 in Appendix 2 for the data shown in this figure (accessible version).

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They were also more likely than all Australians to agree that:

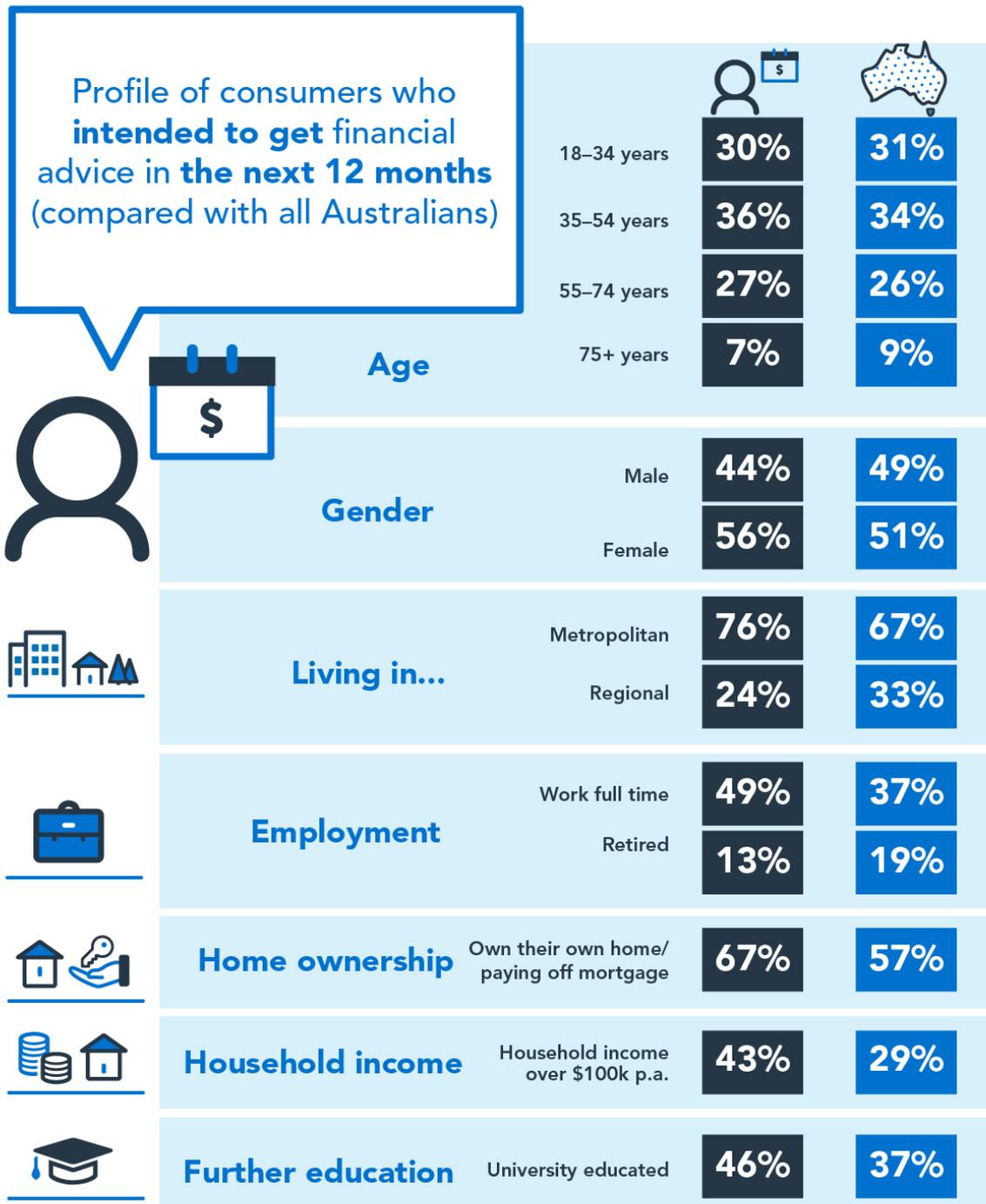
- (a) planning their financial future made them feel secure (82%, compared with 68%);
- (b) they regularly checked that their credit cards, insurance and investments still met their needs (77%, compared with 62%); and

- (c) they set long-term financial goals and worked towards achieving them (76%, compared with 58%).
- 33 Finally, the majority of this group intended to get financial advice again in the future (89%).
- 34 In line with the results of the online survey, the group discussions and interviews showed that people in Group A tended to feel confident in their financial decision making.
- 35 Many of them also reported being focused on the future, having clear lifestyle aspirations and being aware of the financial demands of different stages of life. When asked about their reasons for seeking financial advice, they often said they had a sense of financial responsibility and wanted to create wealth not only for themselves, but also for their children and grandchildren.
- Financial advice is all about the future ... Making sure that our investments will last as long as we do and also for our children as well ... (Male, 61–75 years)
- 36 People in Group A also tended to be disciplined in the way they managed their finances—for example, by regularly discussing finances with their partner, having routine reviews with a financial adviser, and frequently checking share performance and interest rates.

## Group B: People who intended to get financial advice in the near future

- 37 The profile of survey participants who intended to get financial advice in the near future compared to all Australians is set out in Figure 4.
- 38 As shown in Figure 4, people in Group B were more likely than all Australians to have a household income of \$100,000 or more per year (43%, compared with 29%) and be tertiary educated (46%, compared with 37%). A significant proportion of them were aged between 35 and 54 years old (36%, compared with 34%). They were also slightly more likely to be female (56%, compared with 51%), live in metropolitan areas (76%, compared with 67%), own their own home (67%, compared with 57%) and be working either full time (49%, compared with 37%) or part time (27%, compared with 23%).
- 39 Similar to Group A, people in Group B were more likely to report being financially engaged compared with all Australians. In addition, 37% of this group had received financial advice in the past.

Figure 4: Key characteristics of Group B (left) compared with all Australians (right)



Note: See Table 7 in Appendix 2 for the data shown in this figure (accessible version).

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In the online survey, people in Group B were more likely than all Australians to report taking an active role in managing their household finances (80%, compared with 67%), keeping up to date with economic trends (39%, compared with 30%) and reading the financial news (32%, compared with 21%).

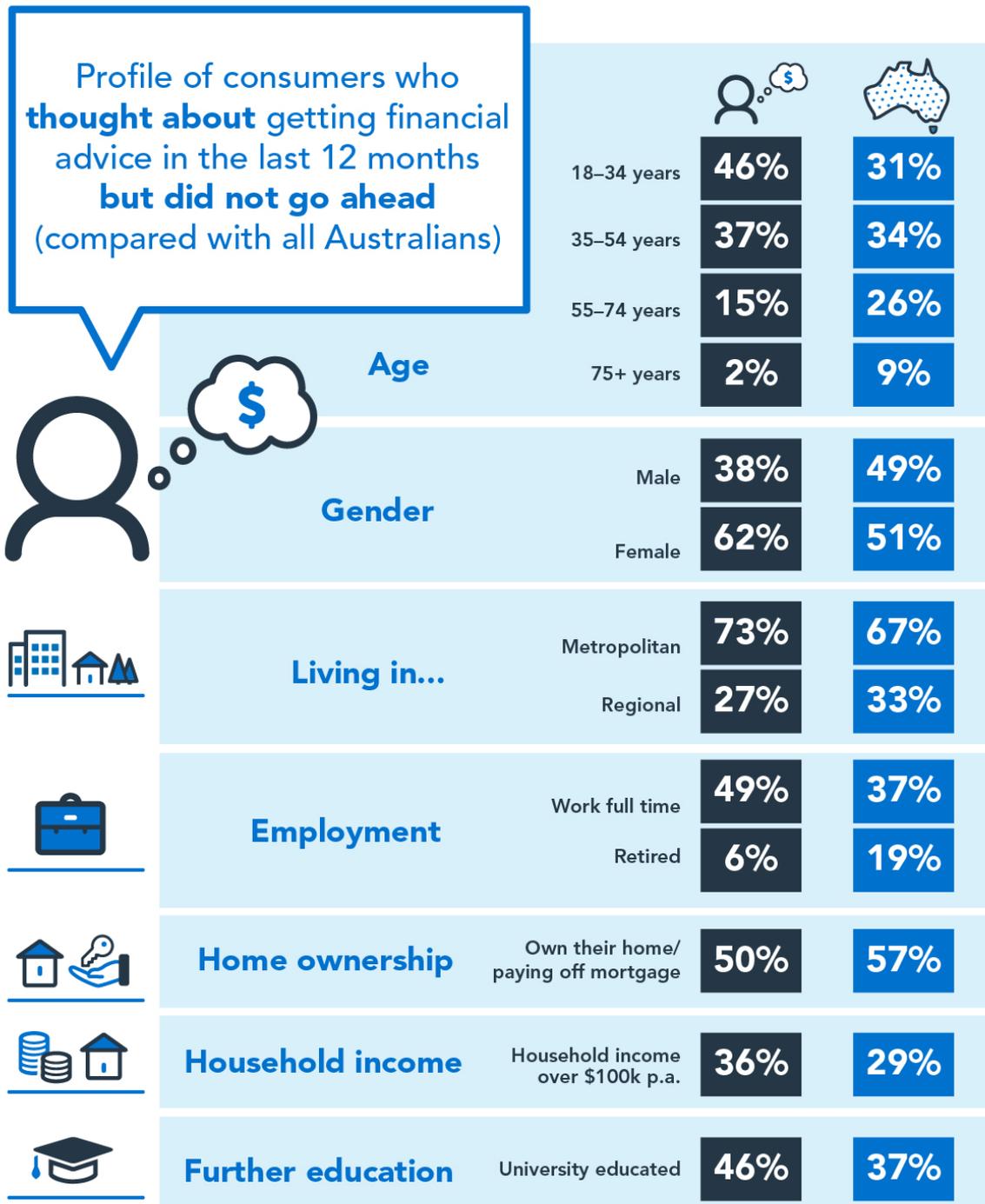
- 41 They were also more likely than all Australians to agree that planning their financial future made them feel secure (79%, compared with 68%) and that they regularly checked that their credit cards, insurance and investments still met their needs (74%, compared with 62%).
- 42 In the group discussions and interviews, many people in Group B demonstrated a desire to take charge of their financial affairs and were motivated to achieve their financial goals.
- 43 Moreover, many of them viewed managing their finances as a long-term proposition and expected to develop their knowledge and skills throughout the course of their lives. While some believed they had limited financial knowledge, they did not tend to see this as an obstacle. On the contrary, they often saw their limited knowledge as a reason to engage further with the topic, and to seek the advice of people with greater knowledge.

So I just feel, I can research all I want but really, we need a professional ... I am not sure [our] reading will land us anywhere.  
(Female, 30–45 years)

### Group C: People who recently considered getting financial advice but did not go ahead

- 44 Finally, the profile of survey participants who had recently considered getting financial advice, but did not go ahead (compared with average Australians) is set out in Figure 5.
- 45 As shown in Figure 5, people in Group C were more likely than all Australians to have household incomes above \$100,000 per year (36%, compared with 29%) and to be tertiary educated (46%, compared with 37%). A significant proportion of them (46%, compared with 31%) were aged between 18 and 34 years old. They were also more likely to be female (62%, compared with 51%), live in metropolitan areas (73%, compared with 67%) and be working full time (49%, compared with 37%).
- 46 Overall, people in Group C tended to report being less engaged with their finances and less confident in their financial decision making than Group A (see paragraphs 28–36) and Group B (see paragraphs 37–43). The online survey showed that the financial attitudes and behaviours of this group were broadly in line with all Australians.

Figure 5: Key characteristics of Group C (left) compared with all Australians (right)



Note: See Table 7 in Appendix 2 for the data shown in this figure (accessible version).

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In the group discussions and interviews, people in Group C reported mixed levels of confidence and engagement with their finances. Some of them described themselves as averse to risk and debt. They preferred to focus on financial areas where they felt comfortable, either as a result of experience and familiarity or a belief that some areas were easier to understand (e.g.

property rather than shares). These participants also tended to maintain a sense of control by keeping their finances simple.

I am a little bit risk averse when it comes to finance. I have never invested in shares, I don't like having any debts. I pay off the credit card all the time, I bought a new car in cash, I don't like financing anything. (Male, 30–45 years)

- 48 Some people in this group expressed uncertainty and sometimes anxiety about their finances—for example, wondering whether their finances were sufficient and whether they had made the right financial decisions. Some expressed doubts about how to manage their finances or improve their financial knowledge.

## Other sources of financial advice and guidance

- 49 Participants in the group discussions and interviews held broad notions of who could provide 'financial advice'—this included family, friends, colleagues, and mass media sources like finance magazines and websites. Most participants were not familiar with the legal concept of 'financial advice'. As a result, financial advisers were not at the top of their minds when asked about sources of financial advice.
- 50 Similarly, participants in the online survey said they had received financial advice or guidance from a range of sources in the past 12 months, including:
- (a) family, friends or colleagues (31%);
  - (b) information on the internet (23%);
  - (c) financial advisers (16%); and
  - (d) accountants (14%).

## Awareness and use of digital advice

- 51 Most of the online survey participants (84%) had not heard of digital advice (or robo-advice). Only 1% of the online survey participants said they had received digital advice. However, 19% of survey participants said that they were open to it (once it was explained to them). People in Group C were more likely to be open to getting digital advice (37%) than all Australians.
- 52 In the group discussions and interviews, participants who were not interested in getting digital advice said that they preferred engaging face-to-face with a financial adviser in order to establish trust and rapport. Moreover, some were wary of providing their personal details online.

You can ask questions straight away and get feedback straight away [face-to-face]; whereas, you know, online can give you a whole lot of information but it's difficult to then kind of question some of that, and if you want to know more about something, you probably can't do that easily. **(Male, 30–45 years)**

- 53 Those who expressed some interest in digital advice saw it as a potentially convenient, lower cost option. Participants also thought that digital advice had the potential to improve access to advice—for example, for people living in rural or regional communities with limited access to financial advisers.

## B Why Australians get advice

### Key points

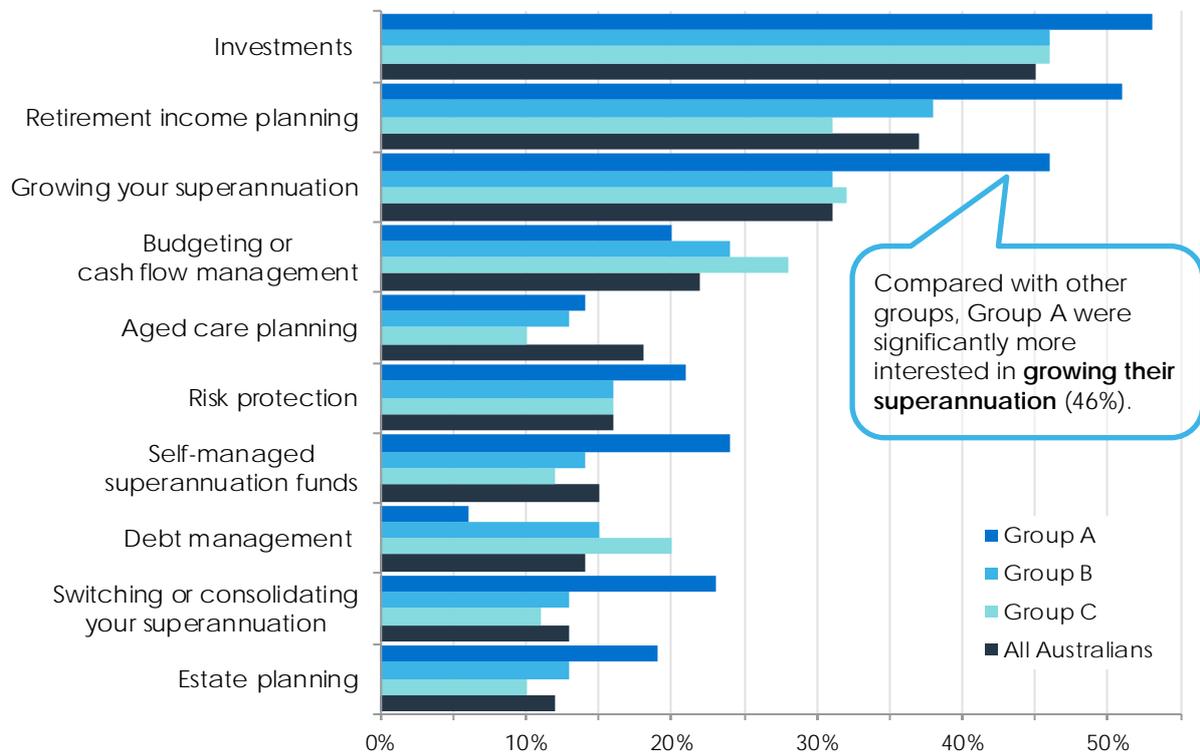
The most common topics that survey participants said they had either received, or were interested in receiving financial advice on, were investments (e.g. shares, managed funds), retirement income planning and growing their superannuation.

Participants in the group discussions and interviews identified a range of benefits to getting financial advice, such as achieving their financial goals and improving their financial knowledge.

### Topics Australians want financial advice on

54 Figure 6 sets out the most common topics that survey participants had either received or were interested in receiving advice on.

**Figure 6: Top 10 topics or issues that Australians want financial advice on, by group**



Note 1: See Note: This table shows the data in Figure 3, Figure 4 and Figure 5.

Table 8 in Appendix 2 for the data shown in this figure (accessible version).

Note 2: Group A are those who recently received financial advice, Group B are those who intended to get financial advice in the near future, and Group C are those who recently considered getting financial advice but did not.

Note 3: The base sample size for this figure is 2,545 participants. The question participants answered was 'What topic(s) or issue(s) did you receive / did you want to receive / would you be interested in advice on?' (multiple responses allowed).

- 55 People in Group A were more likely than all Australians to select topics such as investments (53%, compared with 45%), retirement income planning (51%, compared with 37%), growing superannuation (46%, compared with 31%) self-managed superannuation funds (SMSFs) (24%, compared with 15%), and switching or consolidating superannuation (23%, compared with 13%).
- 56 People in Group B were broadly interested in the same topics as all Australians.
- 57 Finally, people in Group C were more likely than all Australians to select budgeting or cash flow management (28%, compared with 22%) and debt management (20%, compared with 14%).

## Triggers for getting or thinking about getting advice

- 58 During the group discussions and interviews, researchers asked participants what had most recently triggered them to get financial advice or consider getting financial advice. Overall, people in Group A tended to identify more specific triggers than the other groups. Triggers included:
- (a) having recently reached a financial goal and wanting to take the ‘next step’;
  - (b) beginning a new life stage (e.g. starting a family or retiring);
  - (c) wanting advice to help them make a specific decision (such as whether to use their savings to renovate their home or invest);
  - (d) having increased means and wanting advice about how to manage it;
  - (e) wanting to get their finances in order, particularly if they felt that they were lagging behind their peers or where they thought they should be in terms of their life stage;
  - (f) recognising their limited knowledge of a certain area (such as shares) and wanting to get advice about it; and
  - (g) feeling ready to focus on planning their financial future because they had the basics in place, such as the ability to pay off their mortgage easily and extra funds to invest.

I'm very well aware that I'd like something behind me to support myself in the future and my wife ... the key was basically the realisation that I finally had a few dollars in my bank account that I could do something with. (Male, 46–60 years)

- 59 In the online survey, people in Group C were asked what they had done instead of seeking financial advice:
- (a) 41% said they had made financial decisions without seeing a financial adviser;

- (b) 37% said they had delayed making financial decisions; and
- (c) 28% said they had made financial decisions based on the guidance of family, friends and colleagues.

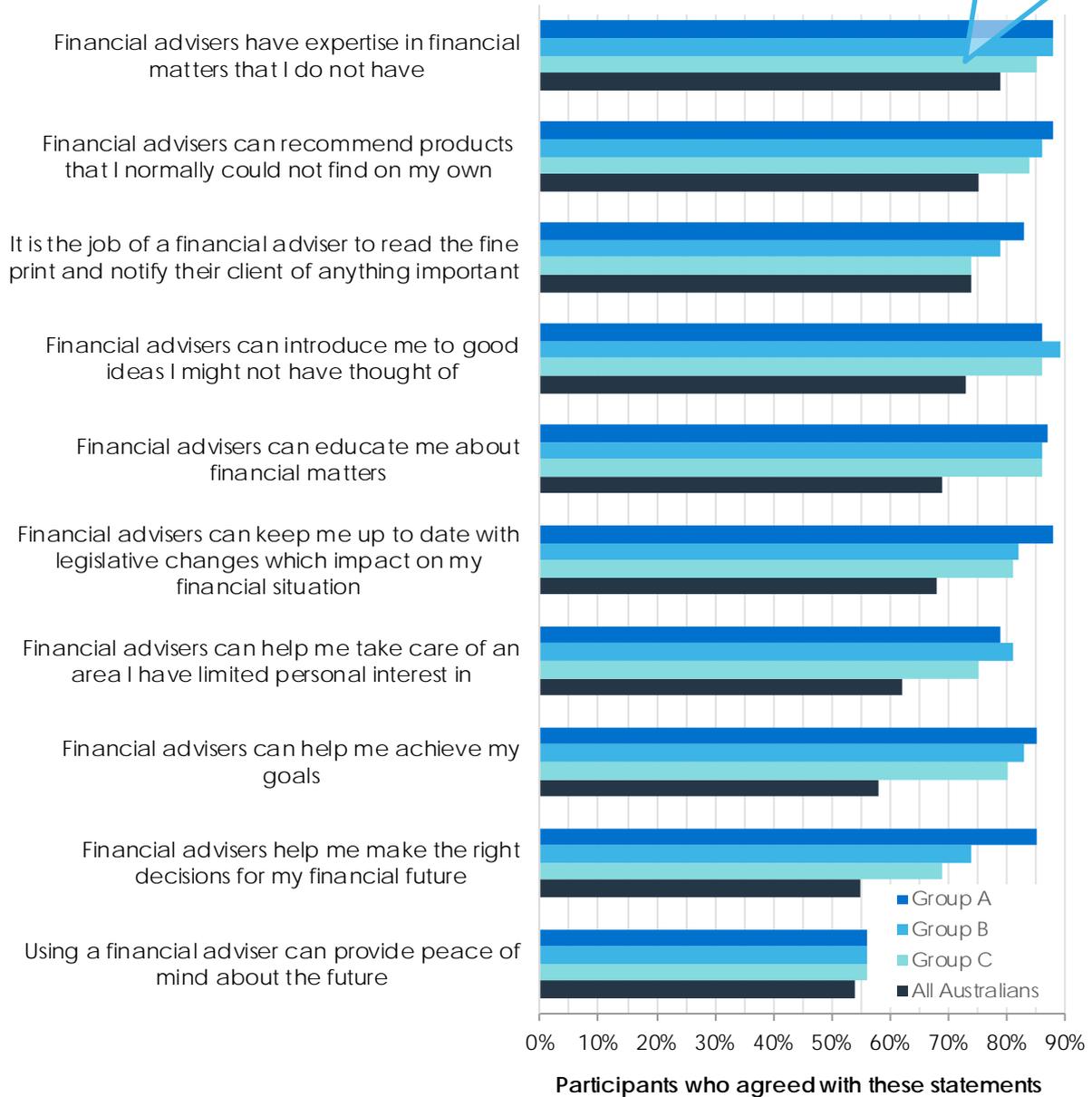
## Perceived benefits of financial advice

### Reasons people use financial advisers

- 60 Online survey participants were presented with a series of statements setting out reasons people may use financial advisers and were asked to indicate whether they agreed with those statements: see Figure 7.
- 61 The responses indicated that people's primary reasons for getting financial advice centred on the knowledge and expertise that financial advisers could provide in helping them manage their finances. For example:
- (a) 79% of online survey participants agreed that financial advisers had expertise in financial matters that the participant did not have;
  - (b) 75% agreed that financial advisers could recommend products that the participant normally could not find on their own; and
  - (c) 73% agreed that financial advisers could introduce them to good ideas they might not have thought of on their own.
- 62 Many of the online survey participants also thought that getting financial advice could have other benefits, such as educating them about financial matters (69%) and taking care of an area they had limited interest in (62%).
- 63 However, in spite of the above, the results showed that the online survey participants were less certain that financial advisers could help them to achieve good results. For example:
- (a) 55% agreed that financial advisers could help the participant make the right decisions for their future;
  - (b) 47% agreed that financial advisers generally provided a service that led to good financial outcomes; and
  - (c) 46% agreed that using financial advisers was the best way to ensure that your finances do well over the long term.

**Figure 7: Statements about financial advisers that participants most commonly agreed with, by group**

A majority (79%) of participants agreed that financial advisers had expertise in financial matters that the participant did not have.



Note 1: See Table 9 in Appendix 2 for the data shown in this figure (accessible version).

Note 2: Group A are those who recently received financial advice, Group B are those who intended to get financial advice in the near future, and Group C are those who recently considered getting financial advice but did not.

Note 3: The base sample size for this figure is 2,545 participants. The question participants answered was 'Please indicate using the scale below, how much you agree or disagree with each of the following statements about financial advisers'.

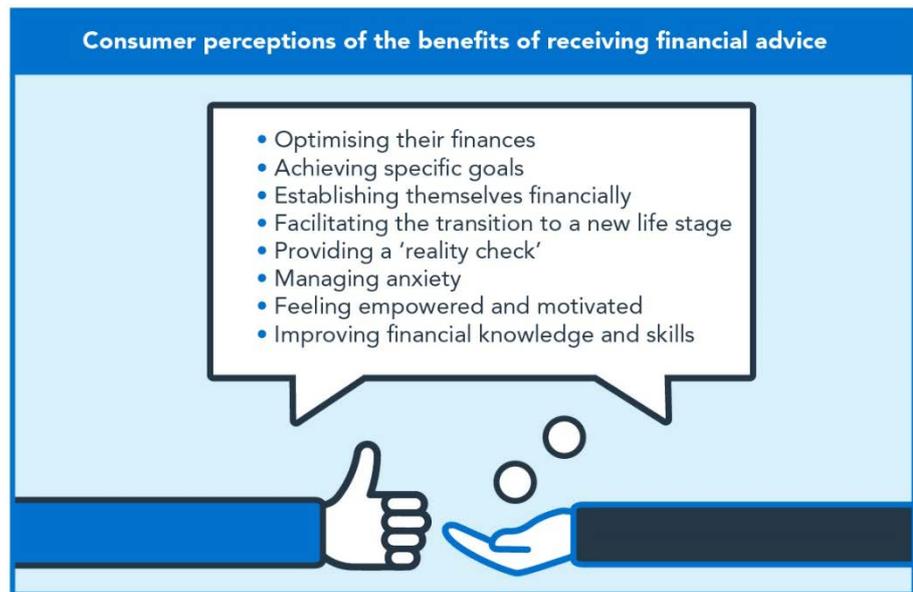
64 People in Groups A, B, and C were generally more likely than all Australians to agree with the above statements, with Groups A and B showing a marginally stronger tendency to agree with the statements than Group C. For example, 88% of both Groups A and B agreed that financial

advisers had expertise that the participant did not have compared with 85% of Group C.

### Benefits identified in the qualitative research

65 In the group discussions and interviews, participants identified a range of benefits to receiving financial advice: see Figure 8. We have described these benefits in Table 1.

**Figure 8: Consumer perceptions of the benefits of receiving financial advice**



Note 1: This figure summarises the benefits listed in Table 1 (accessible version).

Note 2: This figure is based on findings from the qualitative research.

**Table 1: Benefits of getting financial advice**

Benefit	Description
<b>Optimising their finances</b>	Many participants believed that financial advice could help them to make the most of their financial circumstances by improving their financial decision making and setting up the right behaviours (e.g. saving) for future success.
<b>Achieving specific goals</b>	Some participants thought that financial advice could help them achieve specific goals (e.g. by helping them to refine goals, establish specific timeframes and keep them on track).
<b>Establishing themselves financially</b>	Several participants considered the long-term focus of financial advice to be a key benefit. They believed that financial advice could help them create some certainty for the future (e.g. saving for retirement or creating a financial foundation for their children and grandchildren).

Benefit	Description
<b>Facilitating the transition to a new life stage</b>	A number of participants believed that financial advice could play an important role in readying them for change (e.g. starting a family or retiring) by helping them identify new needs and prepare for a new set of financial demands.
<b>Providing a 'reality check'</b>	Some participants thought that financial advice could provide a 'reality check' by helping them gain a clear understanding of their current circumstances and future financial potential, including identifying any flaws or limitations in their assumptions.
<b>Managing anxiety</b>	A number of participants felt that getting financial advice could help them manage anxiety by providing them with clarity and control over their financial choices and direction. This was particularly the case for participants who felt like they were working 'in partnership' with their financial adviser.
<b>Feeling empowered and motivated</b>	Some participants thought that experiencing actual progress towards their financial goals could provide a sense of achievement and motivate them to continue to engage with their finances.
<b>Improving financial knowledge and skills</b>	Several participants believed that improving their knowledge about, and skills in managing, their finances could be rewarding in itself. They felt that obtaining financial advice could help them address the limitations in their own knowledge by providing them with access to someone with more expertise.

I think it could give us a lot of security and a sense of just being in a good place with knowledge about what we could do ... (Female, 46–60 years)

## C How Australians choose and assess financial advisers

### Key points

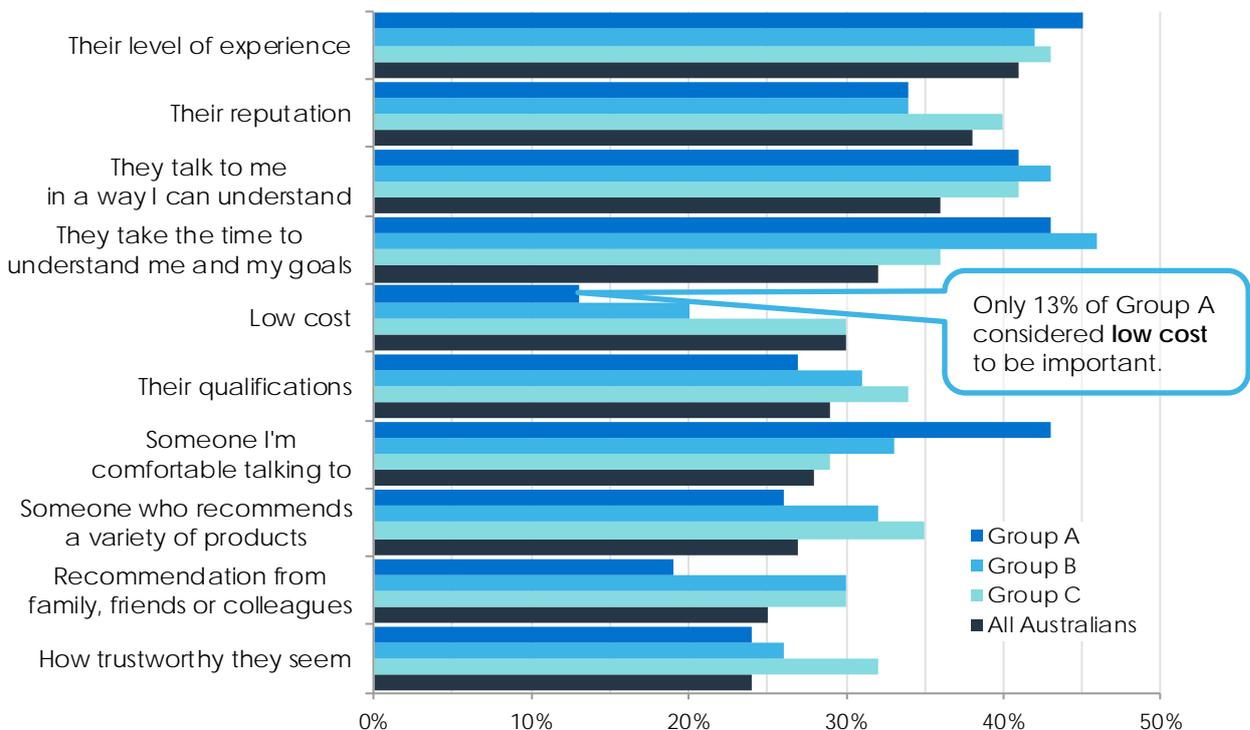
The top three attributes that online survey participants said they looked for or would look for when selecting a financial adviser were experience, reputation and the ability to talk to customers in a way they can understand.

In the group discussions and interviews, participants acknowledged the difficulties that they had faced or would face when assessing the quality of a financial adviser and identified a range of factors they thought were important. For example, many participants did not feel equipped to judge the expertise of a financial adviser and instead relied heavily on factors that could be easily observed, such as the interpersonal skills of the adviser.

### Important attributes when choosing a financial adviser

66 Figure 9 sets out the attributes that survey participants selected as most important when selecting a financial adviser.

Figure 9: Top 10 attributes for consumers when choosing a financial adviser, by group



Note 1: See Table 10 in Appendix 2 for the data shown in this figure (accessible version).

Note 2: Group A are those who recently received financial advice, Group B are those who intended to get financial advice in the near future, and Group C are those who recently considered getting financial advice but did not.

Note 3: The base sample size for this figure is 2,545 participants. The question participants answered was 'What attributes were most / would be / do you think would be most important to you when choosing a financial adviser?'

- 67 People in Group A were more likely than all Australians to rate willingness to take the time to understand the customer and their goals (43%, compared with 32%) and being someone they feel comfortable talking to (43%, compared with 28%) as important. They were also less likely to rate low cost as being important (13%, compared with 30%).
- 68 People in Group B placed the highest importance on willingness to take the time to understand the customer and their goals (46%, compared with 32%) and were also less likely to rate low cost as important compared with all Australians (20%, compared with 30%).
- 69 People in Group C were more likely than all Australians to consider a financial adviser's ability to recommend a variety of financial products (e.g. not just those provided by their own company) as important (35%, compared with 27%) and to prioritise how trustworthy a financial adviser seemed (32%, compared with 24%).

## How Australians assess financial advisers

- 70 The group discussions and interviews provided insight into how Australians make their early assessments of financial advisers across three broad areas:
- (a) perceived expertise;
  - (b) interpersonal skills; and
  - (c) the organisation they work for.
- 71 While the majority of participants considered expertise to be important, the difficulty of assessing this meant that participants focused strongly on factors that could be readily observed, such as the interpersonal skills of a financial adviser.
- 72 Most participants also said that their level of trust and confidence in a financial adviser would heavily influence whether they believed the adviser to be appropriate for them. They emphasised the importance of feeling understood, respected and in 'safe hands' when seeking financial advice.

### Perceived expertise

- 73 The group discussions and interviews indicated that people can form impressions of a financial adviser's level of expertise based on the following factors:
- (a) *Personal recommendations*—Participants were more likely to assume that a financial adviser had a good level of expertise if that adviser had been personally recommended to them by a family member, friend or colleague.

- (b) *Time in the industry*—Participants commonly mentioned that 5–10 years of industry experience was a good indication of expertise. Many participants did not think that a financial adviser who had only recently qualified would have sufficient experience to offer advice they would feel confident acting on.
- (c) *Age and life stage*—Some participants tended to assume that an adviser who was in the same life stage or had been through their life stage would understand their perspective better. Many participants thought that younger financial advisers may lack the necessary life experience to provide advice that was as relevant to them.

[Y]ou are not going to advertise a nursing home with a 20-year-old's head on the picture ... so I wouldn't go to a financial planner that has a 25-year-old's head on the poster. (Female, 30–45 years)

- (d) *Independence*—Some participants believed that independent financial advisers (who they described as being independent from a bank or other major financial institution) had wider knowledge of the available financial products and strategies.
- (e) *Specialisations*—A number of participants also assessed expertise by looking at whether the financial adviser specialised in areas the participant was interested in (e.g. superannuation).
- (f) *Signs of financial success*—Some participants were influenced by stereotypical signs of personal financial success, such as whether the financial adviser drove an expensive car or mentioned sending their children to an expensive private school.

## Interpersonal skills

74

The group discussions and interviews showed that Australians assess the personal characteristics and interpersonal skills of financial advisers based on the following factors:

- (a) *Presentation and demeanour*—Some participants thought that financial advisers who were friendly (e.g. smiled a lot), courteous and professional may be better at establishing rapport with their customers and making them feel comfortable.
- (b) *Understanding the customer*—Many participants also believed that it was important that their financial adviser understood them as people, as well as understanding their financial goals, needs and aspirations. This meant asking the right questions and taking the time to listen to the customer in order to develop a good understanding of the customer's priorities and values.

I suppose when you meet with them, there is a vibe ... you can very quickly [work out] if someone is listening to you or not. (Male, 30–45 years)

- (c) *Communication skills*—Many participants considered it very important for financial advisers to tailor their language to the customer’s level of financial proficiency (e.g. not using jargon when speaking to customers who are conscious of their lack of financial knowledge).

For me ... being able to communicate with someone and feel as if they are thoroughly understanding what you’re saying and that they’re talking back to you in a language you completely understand. (Male, 18–25 years)

- (d) *Signs of honesty and integrity*—Some participants looked for signs of honesty in order to ascertain whether they could trust a financial adviser. Participants thought they could ascertain honesty and integrity by looking at whether a financial adviser:
- (i) was being too ‘pushy’ or ‘sales oriented’;
  - (ii) was upfront about costs and the limitations of products;
  - (iii) ensured that their recommendations were aligned with the customer’s risk profile; and
  - (iv) was honest about whether the customer’s goals are too aspirational.

I think just being really open and honest about things upfront, like costs and the chances of success or failure of certain things. (Female, 26–29 years)

## The organisation

75 Finally, the group discussions and interviews indicated that people may look at the following factors when assessing the organisation that a financial adviser works for:

- (a) *Reputation*—Some participants assessed a financial adviser’s organisation based on whether they thought it was well regarded in the community or broader marketplace.
- (b) *Size and longevity*—Several participants considered the size of an organisation (in terms of employees) and how long it had been in operation.
- (c) *Nature of the business*—A number of participants expressed a preference for businesses that specialised in financial advice (e.g. as opposed to banks) and those that were independent.
- (d) *Collective expertise of financial advisers*—Some participants thought that looking at the overall calibre of the financial advisers in the

organisation is one way to determine organisational credibility. For example, one participant said that they would look at the organisation's website to check the background and experience of their financial advisers.

- (e) *Signs of professionalism*—A few participants mentioned looking for external signs of professionalism such as the physical presentation of the offices, the demeanour of staff and the organisation's responsiveness to inquiries.

## D Why Australians do not get advice

### Key points

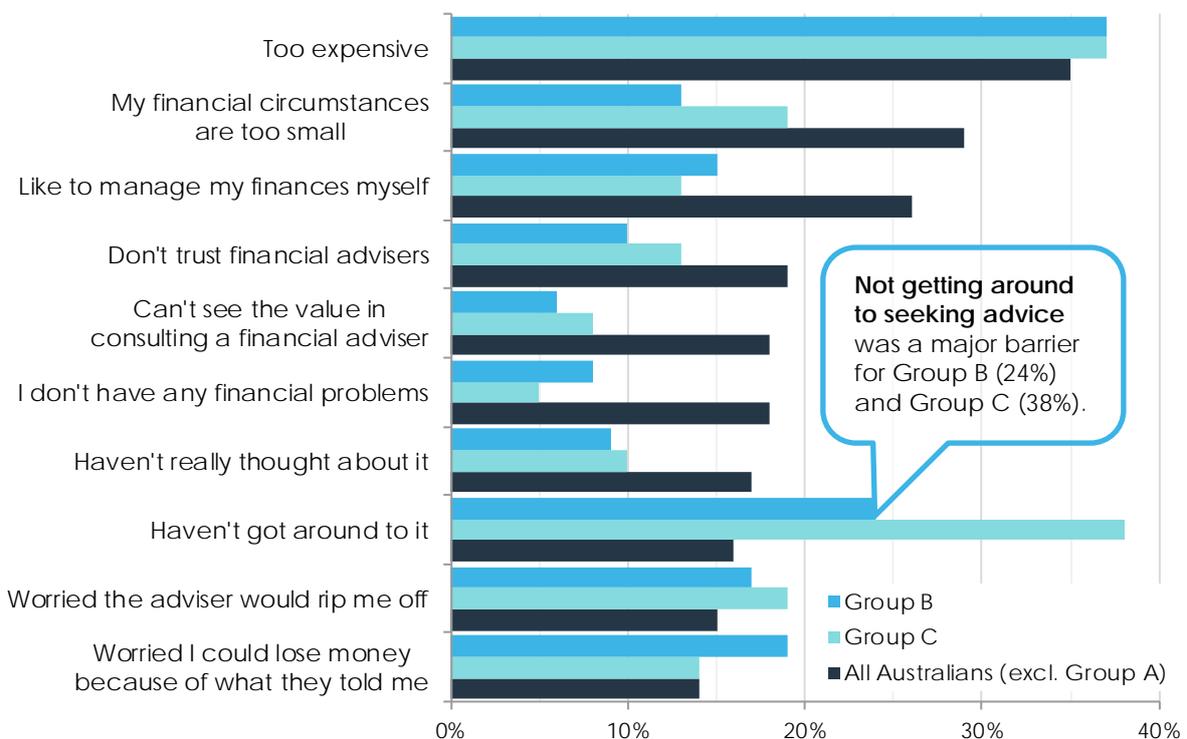
Barriers to getting financial advice included cost, distrust of financial advisers and difficulty of engaging with the industry. These three barriers did not operate independently—rather, distrust of financial advisers influenced consumer perceptions of the cost of advice and how difficult it is to engage with the industry.

Other barriers included disengagement, feeling vulnerable at the thought of seeing a financial adviser, not wanting to make lifestyle changes, and perceptions of financial advice as being risky or ‘only for wealthy people’.

### Overview of barriers to getting financial advice

76 Figure 10 sets out the most common reasons selected by survey participants for not getting financial advice.

Figure 10: Top 10 barriers to getting financial advice, by group



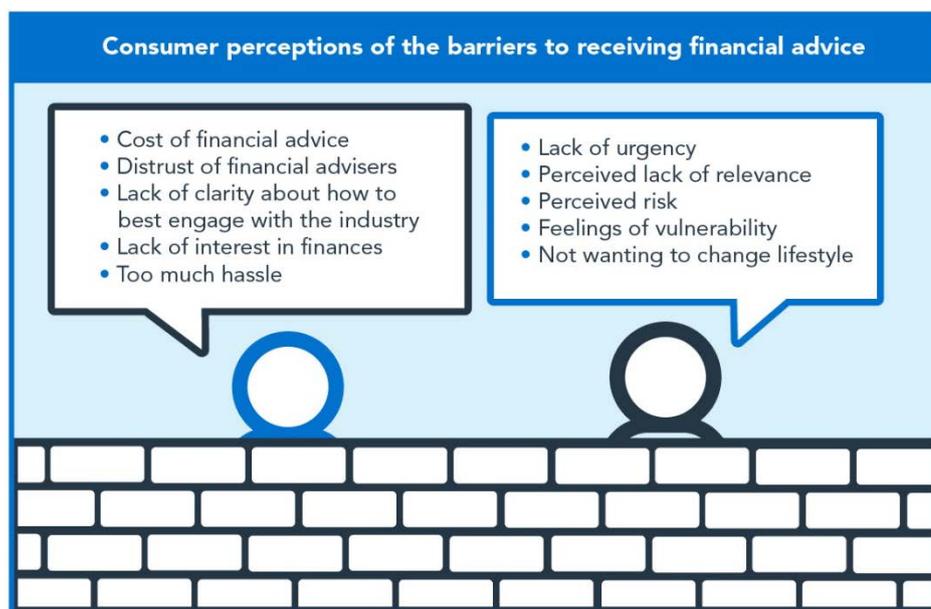
Note 1: See Table 11 in Appendix 2 for the data shown in this figure (accessible version).

Note 2: Group A are those who recently received financial advice, Group B are those who intended to get financial advice in the near future, and Group C are those who recently considered getting financial advice but did not.

Note 3: The base sample size for this figure is 2,545 participants. The question participants answered was ‘Which of the following are reasons you didn’t / might hold you back from getting / might not get financial advice?’.

- 77 People in Group B were less likely than all Australians (excluding Group A) to select some barriers—for example, that their financial circumstances were too small (13%, compared with 29%) and that they could not see the value in consulting a financial adviser (6%, compared with 18%). However, they were more likely than all Australians (excluding Group A) to say that they had not gotten around to getting financial advice (24%, compared with 16%).
- 78 People in Group C were much more likely than all Australians (excluding Group A) to say that they had not gotten around to it (38%, compared with 16%).
- 79 The group discussions and interviews identified a variety of barriers to getting advice: see Figure 11.

**Figure 11: Consumer perceptions of the barriers to receiving financial advice**



Note 1: This figure summarises the barriers set out in the rest of this section—see paragraphs 80–126 (accessible version).

Note 2: This figure is based on the qualitative research.

## Cost of financial advice

- 80 The research showed that many participants were not convinced that financial advice is worth the cost.
- 81 In the online survey, perceiving financial advice as too expensive was the most commonly identified reason for not seeking advice (35% of participants, excluding Group A). Overall, 64% of all the online survey participants agreed that financial advisers were too expensive.

- 82 Only 29% of the online survey participants agreed that financial advisers provided good value for money, while 26% disagreed and the remainder could not say either way.
- 83 Moreover, some participants were not convinced that financial advisers could provide value beyond what the participant could achieve by managing their own finances and/or by seeking guidance and information from free sources (such as family, friends and colleagues). In the online survey, 37% of participants agreed that they could do just as well as a financial adviser when it came to managing their own financial future.

## Distrust of financial advisers

- 84 Many participants exhibited some wariness or distrust towards the financial advice industry.
- 85 In the group discussions and interviews, some participants expressed strong views about the prevalence of bad advisers in the industry, sometimes using language such as ‘fraudsters’, ‘rogues’ or ‘slick’.

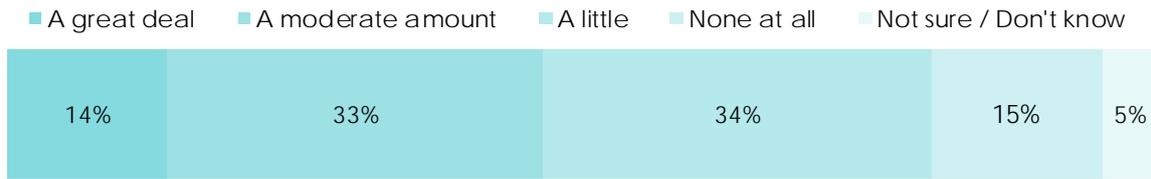
[I] don't trust them. I think they're misleading and deceptive and I think they're expensive ... I haven't got a high regard for financial planners. (Male, 61–75 years)

- 86 Participants in the group discussions and interviews who expressed distrust of financial advisers also tended to be more sensitive to the cost of financial advice.

I'm a bit nervous to pay ... I'm worried that if you pay thousands of dollars ... I'm becoming quite sceptical ... (Male, 46–60 years)

- 87 In the online survey, almost half the participants (49%) agreed with the statement that financial advisers were more interested in making themselves rich than helping their customers. Just over a third (37%) agreed that financial advisers did not generally have the customer's best interests at heart.
- 88 Figure 12 sets out survey participants' levels of trust in financial advisers.

**Figure 12: Trust in financial advisers**



Note 1: See Table 12 in Appendix 2 for the data shown in this figure (accessible version).

Note 2: The base sample size for this figure is 2,545 participants. The question participants answered was 'Overall, how much trust do you have in financial advisers?'

89 Figure 13 sets out survey participants' levels of confidence in financial advisers.

**Figure 13: Confidence in financial advisers**



Note 1: See Table 13 in Appendix 2 for the data shown in this figure (accessible version).

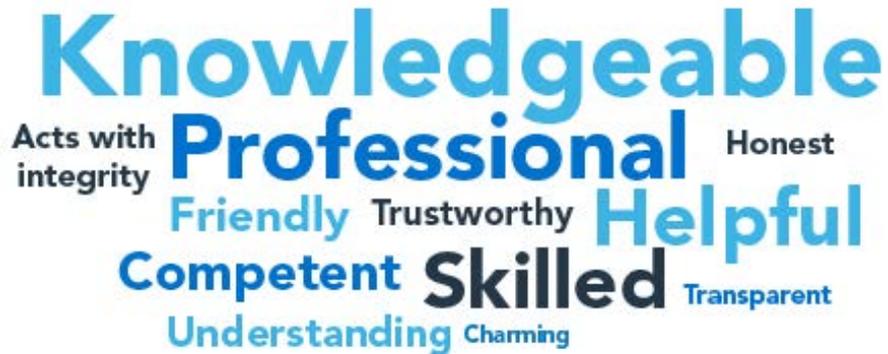
Note 2: The base sample size for this figure is 2,545 participants. The question participants answered was 'Overall, how much confidence do you have in financial advisers?'

90 To better understand how people perceive financial advisers, the online survey participants were shown a range of words and phrases (both positive and negative) and asked to select which they would use to describe financial advisers.

91 The results revealed some highly polarised sentiments. On the one hand, participants tended to select positive words and phrases that recognised the knowledge and expertise of financial advisers. On the other hand, participants also tended to pick negative words and phrases that showed distrust of financial advisers' motivations.

92 From the positive words and phrases presented, participants were most likely to select 'knowledgeable' (43%), 'professional' (41%), 'helpful' (32%) or 'skilled' (32%) to describe financial advisers. They were less likely to select 'trustworthy' (15%), 'honest' (11%) or 'transparent' (9%): see Figure 14.

**Figure 14: Positive words or phrases consumers selected to describe financial advisers**



Note 1: See Table 14 in Appendix 2 for the data in relation to this figure (accessible version).

Note 2: The base sample size for this figure is 2,545 participants. The question participants answered was 'Which of the following words or phrases would you use to describe financial advisers?'.

- 93 From the negative words and phrases presented, participants were most likely to describe financial advisers as 'expensive' (45%), 'sales-orientated' (38%), 'self-interested' (31%), or 'pushy' (23%). They were less likely to describe them as 'greedy' (17%), 'unethical' (10%) or 'dishonest' (9%): see Figure 15.

**Figure 15: Negative words or phrases participants selected to describe financial advisers**



Note 1: See Table 15 in Appendix 2 for the data in relation to this figure (accessible version).

Note 2: The base sample size for this figure is 2,545 participants. The question participants answered was 'Which of the following words or phrases would you use to describe financial advisers?'.

- 94 In general, people in Group A were most positively disposed towards financial advisers. They held notably greater levels of trust and confidence and expressed more positive associations with financial advisers than the rest of the population.

95 In the online survey, people in Group A were nearly four times more likely than all Australians to say that they had ‘a great deal’ of confidence in financial advisers (39%, compared with 11%) and nearly three times as likely to have ‘a great deal’ of trust in financial advisers (36%, compared with 14%).

96 The group discussion and interview participants in Group A could readily attribute benefits to getting financial advice and tended to do so based on their own positive and (sometimes longstanding) experience with their financial adviser.

I really have a high level of trust in our adviser and, I mean, we've been with him since 2005, perhaps a little bit before that. (Male, 61–75 years)

97 Nonetheless, some participants who had a good relationship with their own financial adviser still expressed cynicism about the broader financial advice industry.

### **Awareness of regulatory framework and recent reforms**

98 The majority of the group discussion and interview participants were not aware that financial advisers are required to operate under an Australian financial services (AFS) licence. However, mentioning this to participants seemed to elicit a greater degree of confidence in the financial advice industry.

99 Many participants assumed that being licensed meant one or more of the following requirements:

- (a) holding a qualification or having completed training in the field;
- (b) being subject to professional standards; and/or
- (c) being a member of a professional body.

100 Some participants incorrectly assumed that it meant:

- (a) being individually registered; and/or
- (b) being independent from banks or product issuers.

It means independence, it means that they're qualified ... and that they are bound by rules and regulations and laws to do the right thing by the client ... (Female, 46–60 years)

101 Most research participants were not aware of specific legislative reforms, such as the FOFA reforms or the professional standards reforms. However, they were often aware of one or more aspect of those reforms. This led

participants to assume that standards in the industry had improved over the last few years.

- 102 For instance, some participants knew that most commissions had been banned and/or that financial advisers are required to be transparent about the benefits they receive from the sale of financial products.

It's a known obligation that they disclose the commission on a product, so I've got the notion that in some circumstances, they have to disclose for particular products where they get kick-backs or financial incentives. (Male, 30–60 years)

- 103 Additionally, many participants were aware that a greater level of professionalism was expected in the industry. For example, some participants noted that financial advisers are required to complete some form of qualification, but they were not necessarily sure what type.

[Financial advisers] have to have the qualifications now, don't they? Is it a Diploma of Financial Planning? Which doesn't fill me with massive amounts of confidence. Is it a university degree? (Male, 30–45 years)

## Lack of clarity about how to best engage with the industry

- 104 Many group discussion and interview participants considered the financial advice industry to be opaque, noting that it is difficult to know how to:

- (a) find a financial adviser;
- (b) assess a financial adviser; and
- (c) assess the quality of advice.

- 105 The majority of participants who did not have an existing relationship with a financial adviser were not sure how to find one.

Google? I really have no idea. I mean I am sure ... There are friends and family that can name all kinds of people that I don't know. (Female, 30–45 years)

- 106 Most group discussion and interview participants believed that there were both good and bad financial advisers in the industry, but it was a challenge to find a good one. In the online survey, 37% of participants agreed that it was hard to determine if a financial adviser is acting in your best interests.

It's hard to find a planner that hasn't got their best interests for themselves and [will] not flog you products, but I think that's why I

tend to stay away—I feel as though they’re sort of financial salesmen. So, yeah, I think for me it would be very hard to find a trustworthy financial planner and, if you found one, then definitely stick with [them]. (Male, 30–60 years)

107 Overall, the group discussion and interview participants considered personal recommendations to be the most effective way of finding a financial adviser. They were confident that their friends, family and colleagues would only recommend financial advisers who they knew and trusted.

108 Most participants felt that it was almost impossible to accurately assess a financial adviser and/or the quality of the advice without having previous experience of acting on that person’s advice and seeing the results. Although participants talked about the various signs they looked for to assess the quality of a financial adviser (see paragraphs 70–75), they were often aware that these signs were imperfect. In the short term, participants mostly relied on their personal judgement and ‘gut feel’ to assess the quality of the advice.

109 Participants frequently expressed a need for reassurance, security and certainty regarding their finances. The lack of clarity about how to best engage with the industry could act as an easy rationale for not proceeding to get financial advice.

[I’m] not sure how they really work and [how] to find somebody that you actually can trust ... (Female, 30–60 years)

## Lack of interest in finances

110 A lack of interest in finances was a major barrier to getting financial advice for some participants.

111 The online survey found that 30% of participants did not like to think about money. Similarly, some participants in the group discussions and interviews viewed personal finances as a boring topic and said that they had no interest in engaging with it more than was necessary. Such participants tended to see getting financial advice as a chore.

112 The group discussions and interviews also indicated that even thinking about finances can elicit strong negative emotions and/or discomfort in some people, and that these feelings can induce avoidance.

## Too much hassle

- 113 The group discussions and interviews showed that disengagement can be fuelled by the complexity of getting advice and perception that it is a ‘hassle’.
- 114 Some participants associated getting advice with effort and ‘hard work’, as it would require them to collate their personal information, find an adviser and engage in significant decision making. In the online survey, 37% of participants agreed that it was too difficult and complex to deal with financial advisers.

[H]aving to put down all your finances, all your requirements, what you’ll need for the future ... and then they come up with all these different other scenarios ... It’s very confronting, I suppose. **(Female, 46–60 years)**

## Lack of urgency

- 115 Lack of urgency was a factor that prevented some participants from getting financial advice.
- 116 In the online survey, 28% of participants agreed that they kept putting off financial decisions. Similarly, the group discussions and interviews demonstrated that in the context of people’s everyday lives, seeking financial advice could easily fall down the list of priorities as they became distracted by other demands. Some participants in the group discussions and interviews also believed that any disadvantage they may suffer in putting off getting financial advice would be low because their financial circumstances were reasonably stable.

We discussed it quite a bit and there have been different times where we have thought, ‘Yes, we will do this’. And then something happens or it will just be put on the backburner and life just continues to stroll on ... **(Female, 30–45 years)**

## Perceived lack of relevance

- 117 Nearly half of the online survey participants (49%) believed that their income and assets were too limited for it to be worth using a financial adviser. Similarly, some participants in the group discussions and interviews thought that financial advice was simply ‘not for them’. This was often driven by a belief that financial advice is primarily focused on investments.

- 118 Some people perceived financial advice to be only for:
- (a) wealthy people with plenty of money to invest;
  - (b) people experiencing financial difficulty; and/or
  - (c) people who did not want to take responsibility for their own finances.

If you haven't got a lot [of money], you figure, well, there's nothing to play with anyway. (Female, 61–75 years)

## Perceived risk

- 119 Another major barrier that emerged in the research was people's fear of being pressured into taking financial risks. In the online survey:
- (a) 56% agreed that financial advisers might pressure them into making financial decisions they did not completely understand; and
  - (b) 44% agreed that financial advisers would encourage them to take financial risks they were not comfortable with.
- 120 Similarly, some group discussion and interview participants were wary of the potential influence of financial advisers and the possibility of being encouraged to make financial decisions that go beyond their normal risk appetite.

## Feelings of vulnerability

- 121 Some people found the idea of seeing a financial adviser confronting, due to what the process may reveal about themselves and their financial situation.
- 122 Some group discussion and interview participants were concerned that getting financial advice would mean having someone interrogate their finances, evaluate their decisions, potentially point out their mistakes—or worse, tell them that their finances were insufficient or would not be sufficient to take them into retirement.
- 123 In addition, some participants had reservations about providing personal information to someone who is essentially a stranger. A number of participants talked about 'drip feeding' or only partially sharing information with financial advisers, either until they had built up sufficient trust or as a means to retain a sense of control.
- 124 In the online survey:
- (a) 50% of participants did not agree that they were happy to share the details of their financial situation with a financial adviser;

- (b) 37% agreed that they did not trust financial advisers enough to tell them about all the money they had; and
- (c) 35% agreed that they would be worried about what a financial adviser might think about their financial circumstances.

[F]or me, maybe it's the actual reality of putting it all down on paper and the fears of the future ... the vulnerability of showing people what your financial situation is. I'm not comfortable with that ...  
**(Female, 46–60 years)**

## Not wanting to change lifestyle

- 125 Finally, some research participants were not interested in seeing a financial adviser because they did not want to change their spending habits.
- 126 In the online survey, 29% of participants agreed that it was no good seeing a financial adviser because they did not want to change their lifestyle. Similarly, some participants in the group discussions and interviews were worried that a financial adviser would recommend 'punitive' and unpleasant constraints, such as spending less and curbing their lifestyle.

I am scared [of] committing to the reality that I can stop either spending as freely as I want sometimes, or I am scared of finding out that I should be doing something else to ensure a successful future.  
**(Male, 18–25 years)**

## Appendix 1: Research sample and limitations

127 Where to Research conducted the research between March and May 2018.

### Qualitative sampling

128 The qualitative research involved interviewing four groups of Australians—those who:

- (a) had recently received financial advice (Group A);
- (b) intended to get financial advice in the near future (Group B);
- (c) had recently considered getting financial advice but had not gone ahead (Group C); and
- (d) did not fall into any of the above groups.

There was one minor difference between the group definitions used for the discussion groups and in-depth interviews, based on *when* the participants had received, considered getting or intended to get advice (up to 24 months for group discussions and up to 12 months for in-depth interviews).

129 We have set out the participant groups and numbers in Table 2.

**Table 2: Qualitative research—Participant groups and numbers**

Participant group	Group discussions	In-depth interviews
Group A	14	10
Group B	8	9
Group C	7	6
None of the above	0	9
<b>Total</b>	<b>29</b>	<b>34</b>

130 Group discussion and interview participants were either the primary person responsible for, or took an active interest in, their household's financial planning and management. Across the sample, participants represented a mix of gender, household income and financial confidence levels. The group discussions and in-depth interviews were conducted in both metropolitan and regional areas.

## Quantitative sampling, weighting and margin of error

131 The quantitative research also involved surveying four groups of Australians; however, the definitions of the groups differed slightly between the qualitative and quantitative research. In the online survey, ‘recently’ meant in the last 12 months and ‘in the near future’ meant in the next 12 months.

132 The definitions and sample sizes for the online survey are set out in Table 3.

**Table 3: Online survey—Participant groups and numbers**

Participant group	Number
Group A	790
Group B	619
Group C	620
None of the above	516
<b>Total</b>	<b>2,545</b>

133 The first three groups were deliberately over-sampled. This means that the proportions of each group in the sample did not represent the actual proportions of each group in the Australian population. Where to Research did this to have sufficient numbers to analyse and compare each group separately. Consequently, when the four groups were combined to create the group ‘All Australians’, the first three groups had to be weighted down to reflect their actual incidence in the Australian population.

134 Further, to ensure this sample reflected the characteristics of all Australians across age, gender, location and socio-economic status, the data was weighted to population proportions derived from ABS publications.

135 The margin of error, which is the measure of the precision of the survey results, on the total sample size of 2,545 is plus or minus 1.9% at the 95% confidence level. This means that if the survey shows that 50% of all participants in the sample believe something to be true, we can then be 95% confident that between 48.1% and 51.9% of the actual Australian population hold this belief.

## Limitations

136 We have set out the identified limitations of the research in Table 4.

**Table 4: Limitations of the research**

Limitation	Explanation
<b>Self-reported data</b>	The data collected in this research was self-reported and therefore is limited to the subjective experiences and perceptions of participants.
<b>Recall bias</b>	Participants may have had difficulty accurately recollecting experiences or events that have happened in the past.
<b>Online panels</b>	<p>Online panel samples are currently used for many research projects; however, from a technical point of view, they are convenience samples. Their representativeness of the broader Australian population cannot be guaranteed.</p> <p>To improve the representativeness of the sample used in the quantitative research, three online panels were used to source it.</p>
<b>Timing of the research</b>	The research timing coincided with the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, which may have influenced participants' sentiments. For example, more than one-third of the online survey participants (36%) had heard, read or seen something in the news about financial advisers recently (at the time of the research).
<b>Type of advice received</b>	<p><i>Online survey</i></p> <p>Some participants believed they had received personal financial advice but had not. While we identified this for some participants, it is possible that we did not identify all instances of this. We found that 31 participants who said they had received personal financial advice in the last 12 months but gave other responses that indicated they had either not received:</p> <ul style="list-style-type: none"> <li>• financial product advice (e.g. because they had received informal, unregulated advice or services provided under an Australian credit licence); or</li> <li>• personal advice (e.g. because they had received general advice).</li> </ul> <p>We excluded these participants from the analysis.</p> <p><i>Qualitative research</i></p> <p>Where to Research encountered similar issues when recruiting participants for the qualitative research.</p> <p>Four participants said they had received, considered getting or intended to get financial advice, but their interviews revealed this was not in fact the case (e.g. because participants were actually referring to services provided under a credit licence or traditional accounting services). A further five participants said they had received, considered getting or intended to get general advice, but their interviews revealed that they meant personal advice.</p> <p>All nine participants were retained in the qualitative sample but were reclassified.</p>
<b>Advice terminology</b>	<p>The qualitative research highlighted that some Australians may not clearly recognise terminology associated with financial advice.</p> <p>We found that some participants may not have understood terms that are commonly used in the industry, such as 'Statement of Advice'. Therefore, the questions in the online survey that used these terms may have been misunderstood by some participants.</p> <p>While care was taken to ensure this effect was minimised by avoiding such terms where possible or providing simple explanations, the potential for this error remains.</p>

## Appendix 2: Accessible versions of figures

This appendix is for people with visual or other impairments. It provides the underlying information for the figures presented in this report.

**Table 5: Proportion of Australians who received financial advice**

Consumer group	Percentage
Received financial advice in the past	27%
Received financial advice in the past 12 months	12%
Note: This is a subset of all consumers who have received financial advice in the past.	
Not sure	6%
Never received financial advice	66%

Note: This table shows the data in Figure 1.

**Table 6: Proportion of Australians who intended to get financial advice**

Consumer group	Percentage
Intended to get financial advice	41%
Intended to get financial advice the next 12 months	25%
Note: This is a subset of all consumers who intended to get financial advice in the future.	
Not sure	15%
Did not intend to do so	44%

Note: This table shows the data in Figure 2.

**Table 7: Key characteristics of Groups A–C compared with all Australians**

Characteristic	Group A	Group B	Group C	All Australians
Age—18–34 years	21%	30%	46%	31%
Age—35–54 years	26%	36%	37%	34%
Age—55–74 years	43%	27%	15%	26%
Age—75 or more years	10%	7%	2%	9%
Gender—Male	57%	44%	38%	49%
Gender—Female	43%	56%	62%	51%

Characteristic	Group A	Group B	Group C	All Australians
Living in—Metropolitan	74%	76%	73%	67%
Living in—Regional	26%	24%	27%	33%
Employment—Working full time	46%	49%	49%	37%
Employment—Retired	29%	13%	6%	19%
Home ownership—Own their own home / paying off mortgage	78%	67%	50%	57%
Household income—Over \$100,000 per year	44%	43%	36%	29%
Further education—University educated	53%	46%	46%	37%

Note: This table shows the data in Figure 3, Figure 4 and Figure 5.

**Table 8: Top 10 topics or issues that Australians want financial advice on, by group**

Topic or issue	Group A	Group B	Group C	All Australians
Investments	53%	46%	46%	45%
Retirement income planning	51%	38%	31%	37%
Growing your superannuation	46%	31%	32%	31%
Budgeting or cash flow management	20%	24%	28%	22%
Aged care planning	14%	13%	10%	18%
Risk protection	21%	16%	16%	16%
Self-managed superannuation funds	24%	14%	12%	15%
Debt management	6%	15%	20%	14%
Switching or consolidating your superannuation	23%	13%	11%	13%
Estate planning	19%	13%	10%	12%

**Key finding:** Compared with other groups, Group A were significantly more interested in growing their superannuation (46%).

Note: This table shows the data in Figure 6.

**Table 9: Statements about financial advisers that participants most commonly agreed with, by group**

Statement	Group A	Group B	Group C	All Australians
Financial advisers have expertise in financial matters that I do not have	88%	88%	85%	79%
Financial advisers can recommend products that I normally could not find on my own	88%	86%	84%	75%
It is the job of a financial adviser to read the fine print and notify their client of anything important	83%	79%	74%	74%
Financial advisers can introduce me to good ideas I might not have thought of	86%	89%	86%	73%
Financial advisers can educate me about financial matters	87%	86%	86%	69%
Financial advisers can keep me up-to-date with legislative changes which impact on my financial situation	88%	82%	81%	68%
Financial advisers can help me take care of an area I have limited personal interest in	79%	81%	75%	62%
Financial advisers can help me achieve my goals	85%	83%	80%	58%
Financial advisers help me make the right decisions for my financial future	85%	74%	69%	55%
Using a financial adviser can provide peace of mind about the future	83%	77%	67%	54%

**Key finding:** A majority (79%) of participants agreed that financial advisers had expertise in financial matters that the participant did not have.

Note: This table sets out the data in Figure 7.

**Table 10: Top 10 attributes for consumers when choosing a financial adviser, by group**

Statement	Group A	Group B	Group C	All Australians
Their level of experience	45%	42%	43%	41%
Their reputation	34%	34%	40%	38%
They talk to me in a way I can understand	41%	43%	41%	36%
They take the time to understand me and my goals	43%	46%	36%	32%
Low cost	13%	20%	30%	30%
Their qualifications	27%	31%	34%	29%

Statement	Group A	Group B	Group C	All Australians
Someone I'm comfortable talking to	43%	33%	29%	28%
Someone who recommends a variety of products	26%	32%	35%	27%
Recommendation from family, friends or colleagues	19%	30%	30%	25%
How trustworthy they seem	24%	26%	32%	24%

**Key finding:** Only 13% of Group A considered low cost to be important.

Note: This table sets out the data in Figure 9.

**Table 11: Top 10 barriers to getting financial advice, by group**

Statement	Group B	Group C	All Australians (excluding Group A)
Too expensive	37%	37%	35%
My financial circumstances are too small	13%	19%	29%
Like to manage my finances myself	15%	13%	26%
Don't trust financial advisers	10%	13%	19%
Can't see the value in consulting a financial adviser	6%	8%	18%
I don't have any financial problems	8%	5%	18%
Haven't really thought about it	9%	10%	17%
Haven't got around to it	24%	38%	16%
Worried the adviser would rip me off	17%	19%	15%
Worried I could lose money because of what they told me	14%	19%	14%

**Key finding:** Not getting around to seeking advice was a major barrier for Group B (24%) and Group C (38%)

Note: This table sets out the data in Figure 10.

**Table 12: Trust in financial advisers**

Level of trust	Percentage of participants
A great deal	14%
A moderate amount	33%
A little	34%
None at all	15%

Level of trust	Percentage of participants
Not sure / Don't know	5%

Note: This table sets out the data in Figure 12.

**Table 13: Confidence in financial advisers**

Level of confidence	Percentage of participants
A great deal	11%
A moderate amount	39%
A little	32%
None at all	15%
Not sure / Don't know	3%

Note: This table sets out the data in Figure 13.

**Table 14: Positive words or phrases consumers selected to describe financial advisers**

Word or phrase	Percentage of participants who selected it
Knowledgeable	43%
Professional	41%
Skilled	32%
Helpful	32%
Competent	25%
Friendly	22%
Understanding	17%
Trustworthy	15%
Acts with integrity	11%
Honest	11%
Transparent	9%
Charming	6%

Note: This table sets out the data in Figure 14.

**Table 15: Negative words or phrases consumers selected to describe financial advisers**

<b>Word or phrase</b>	<b>Percentage of participants who selected it</b>
Expensive	45%
Sales-orientated	38%
Self-interested	31%
Pushy	23%
Intimidating	18%
Confusing	17%
Greedy	17%
High appetite for risk	16%
Patronising	11%
Unethical	10%
Unreliable	9%
Dishonest	9%
Incompetent	5%
Too cautious	2%

Note: This table sets out the data in Figure 15.

## Key terms

Term	Meaning in this document
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries on a financial services business to provide financial services  Note: This is a definition contained in s761A.
all Australians	All the participants in our research, weighted to reflect their actual incidence in the Australian population
credit licence	An Australian credit licence under s35 of the <i>National Consumer Credit Protection Act 2009</i> that authorises a licensee to engage in particular credit activities
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
financial advice	Has the meaning given to 'personal advice' in s766B(3) of the Corporations Act, unless otherwise specified
financial adviser	A natural person providing personal advice to retail clients on behalf of an AFS licensee who is either: <ul style="list-style-type: none"> <li>• an authorised representative of a licensee; or</li> <li>• an employee representative of a licensee</li> </ul> Note: This is the person to whom the obligations in Div 2 of Pt 7.7A of the Corporations Act apply: see the definition of 'advice provider' in the 'key terms' in <a href="#">RG 175</a> .
FOFA	Future of Financial Advice
general advice	Financial product advice that is not personal advice  Note: This is a definition contained in s766B(4) of the Corporations Act.
Group A	Participants in our research who recently received financial advice  Note: See Appendix 1 for the definition of 'recently'.
Group B	Participants in our research who intended to get financial advice in the near future  Note: See Appendix 1 for the definition of 'the near future'.
Group C	Participants in our research who recently thought about getting financial advice but had not gone ahead  Note: See Appendix 1 for the definition of 'recently'.

Term	Meaning in this document
personal advice	<p data-bbox="767 293 1401 360">Financial product advice given or directed to a person (including by electronic means) in circumstances where:</p> <ul data-bbox="767 367 1401 506" style="list-style-type: none"><li data-bbox="767 367 1401 434">• the person giving the advice has considered one or more of the person's objectives, financial situation and needs; or</li><li data-bbox="767 441 1401 506">• a reasonable person might expect the person giving the advice to have considered one or more of these matters</li></ul> <p data-bbox="815 517 1401 571">Note: This is a definition contained in s766B(3) of the Corporations Act.</p>

## Related information

### Headnotes

barriers to advice, consumer attitudes, financial advice, financial adviser, motivators for advice, personal advice

### Legislation

Corporations Act, s766B

### Reports

[REP 614](#) *Financial advice: Mind the gap*

### Media releases

[19-069MR](#) *'Mind the gap'—consumers confusing different types of financial advice*