

# InvestorDaily

## Fee-for-service use on the rise: survey

### **New inflows under fee-for-service higher**

Kate Kachor

Thu 18 Jun 2009

Australia's financial planning industry is showing signs of embracing a fee-for-service model, with close to 40 per cent of advisers' revenue in 2008 made up of fee arrangements, new research from Investment Trends has found.

"Over 2008, planners as an industry derived 23 per cent of their revenue from asset-based fee-for-service models, plus another 16 per cent from provision of services at a fixed or hourly rate," Investment Trends principal Mark Johnston said.

"Furthermore, since these figures reflect total revenue across both new and existing business, this means the proportion of new inflows being written under a fee-for-service arrangement is higher again."

The findings from the Investment Trends 2009 Planner Business Model Report released yesterday also found that planners felt a fee-for-service model would continue to grow as a share of revenue.

"At the end of 2008, planners expected revenue from fee-for-service models to rise to 47 per cent of their total revenue by 2011," Johnston said.

Planners deriving a higher proportion of revenue from fee-for-service models often had similar characteristics, he said.

"These planners tend to advise on a far wider range of investments - they are more likely to advise their clients on direct shares, gearing within super, listed investment companies, managed accounts and exchange traded funds for example," Johnston said.

The report found that independent planners obtained more revenue from fee-for-service models than aligned dealer groups, and twice as much as bank-based planners.

"However, bank-based planners expect the gap to narrow through faster growth of fee-for-service arrangements over the next three years," Johnston said.

The report was based on a survey of 1380 financial planners conducted in October 2008.

This story appeared on [InvestorDaily.com.au](http://InvestorDaily.com.au) ©2006 InvestorDaily