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## Fee-for-service revenue rises Strong growth over next three years

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Financial planners expect strong growth in fee-for-service arrangements over the next three years, the latest Investment Trends report has found.

The total revenue derived from pure fee-for-service arrangements slightly increased to 16 per cent in 2007, representing growth of 1 per cent from 2006 figures.

However, planners expected revenue from pure fee-for-service models to increase to almost a quarter of their total revenue over the next three years, Investment Trends principal Mark Johnston said.

"The report showed the strongest anticipated growth in fee-for-service was among those planners who currently had less than \$10 million in funds under administration," Johnston said.

Those planners expected the fixed and hourly rate revenue to rise from 14 per cent of total revenue in 2007 to 29 per cent in 2010, he said.

Eleven per cent of planners now derived a majority of their revenue from pure fee-for-service models, the report found.

"These planners spend more time discussing planning for financial and lifestyle goals and less time discussing insurance needs," Johnston said.

"They also have far more autonomy than other types of planners in selection of platforms and planning software."

Users of Macquarie Wrap and Asgard eWrap had the highest proportion of revenue from pure fee-for-service models.

Independent planners derived twice the proportion of revenue from pure fee-for-service in 2007 compared to bank-based planners, the findings revealed.

"However, bank-based planners expect this gap to narrow significantly over the next three years," Johnston said.

The Investment Trends report is based on a study of 1179 financial planners conducted in November 2007.