

## Discussion Paper

### The Comparator Survey and Why Leading Advisers Choose the Infocus Group as their AFSL Partner

#### Background

Each year, independent consulting group Comparator (part of the global CoreLogic Group) undertakes a comprehensive benchmarking study of financial advice businesses. The study, “*Annual Business Performance Benchmarking Study for Financial Planning Businesses*”, identifies 26 criteria across which Financial Planning Businesses provide support for their Advisers. The Report is the most comprehensive of its type in Australia, collecting and analysing detailed advice business performance data from

- 7 Banks;
- 6 Salaried Financial Advice Groups;
- 11 Industry Super Funds;
- 10 Telephone / Digital Advice providers; and
- 22 Dealer Groups.

This cross-section of the market provides a sound statistical basis for the conclusions in the Study that illuminates which organisations are performing best across the Australian Financial Advice industry.

#### This year’s major trends

This year saw some noticeable trends across the advice industry, including adviser numbers declining across the industry; consolidation of advice groups (and exit of some in the Dealer Group channel); significant reductions in revenue for Advisers; and a substantial increase in compliance costs for many industry participants.

***The combination of these factors point to an industry in transition as regulation increases and clients demand more and higher quality service from their financial adviser.***

In amongst all of this were some concerning issues for Advisers. Advice businesses have come under stress in the last 12 months; evidenced by Adviser remuneration declining substantially across the industry.

#### How did the Infocus Group compare?

Across the 26 identified categories, the Infocus Group provided leading services for Advisers in 25; demonstrating a high quality full service Dealer Group offering for our Advisers.

Our value proposition for Advisers is to work in partnership with you to help your business grow revenue, increase efficiency and effectively manage risk. By achieving these three goals, your business will deliver quality advice for clients, delivering sustainable growth now and well into the future.

*Grow revenue*

Advisers licensed through one of the Infocus Group's two AFSL holders (Infocus Financial Advice and Patron Financial Advice) grew their revenue. This performance bucked the Dealer Group industry trend, where Adviser businesses on average lost money in the last 12 months; demonstrating a clear difference between Advisers licensed by the Infocus Group and the industry.

We have achieved this through listening carefully to our Advisers and delivering continued investment in people and technology, maintaining a sharp focus on delivering on Adviser needs.

### *Increase efficiency*

Importantly, this result is a function of the investments Infocus makes in supporting advisers through our Dealer Group offer. Compared to the industry average, the Infocus Group spends a total of nearly 9% more than Dealer Group peers on supporting Advisers, including

- 15% more on compliance, ensuring Infocus Group Advisers are delivering quality advice aligned to the expectations of our key stakeholders (clients and our regulator);
- 32% more on practice management, providing direct in-office, telephone and IT-based support for Infocus Group Advisers and administration staff;
- 56% more on para-planning and adviser administrative support, delivering paraplanning efficiency 79% higher than Dealer Group peers. This ensures that the 'friction points' associated with providing advice efficiently are removed, allowing Advice businesses to flourish; and
- A whopping 67% more on training, ensuring Infocus Group Advisers and their support staff have what they need to operate successful, growing advice businesses delivering quality advice now and well into the future.

These statistics clearly demonstrate the commitment of the Infocus Group to supporting our Adviser network be the best it can be – and the results are proving these investments are paying off.

### *Effectively manage risk*

With constantly changing regulatory requirements and new education standards looming, advice businesses across the industry were challenged this year. This saw on average industry participants significantly increase their compliance costs (yet still remain below the investment made by Infocus Group) in an attempt to adjust.

The Infocus Group takes a holistic view of risk management, guided by our philosophy that good risk management is good business. In a world where compliance costs are ever-increasing, sensible and targeted investments in technology to support our Advisers is our solution to managing risk and keeping the cost of advice provision manageable.

Infocus' proprietary Platformplus software manages all aspects of the advice process for Advisers. This isn't just a CRM: Platformplus was built by Advisers for Advisers and allows for

- Capture, storage and recall of all client data and information;
- Integrated reasonable basis modelling, as well as functionality to incorporate external modelling solution outputs into the advice document;
- Advice generation 'wizard', making production of advice documents quick and efficient;

- Detailed reporting solutions at client, Adviser and business owner level. Platformplus' leading Adviser benchmarking functionality won the 2015 Investment Trends Innovation Award;
- Released in 2014, a sophisticated Client Portal that allows real-time data-fed reporting on all client assets and liabilities, as well as the ability for the adviser to share File Notes, Advice Documents and other key client information;
- Keeping clients informed with an integrated client communication solution, providing 'drag and drop' newsletter functionality and detailed reporting on client uptake;
- Automated production of issue of FDS and Opt-in statements; and
- Real-time monitoring and supervision of all Advisers, lowering the risk for Advisers that another Adviser licensed through the AFSL could have an impact on their own brand and reputation through their actions.

The Infocus Group's approach to risk management means your advice business spends more time doing what it does best: delivering great service and quality advice for clients.

#### **What does this mean for your advice business?**

Choosing the Infocus Group as your Dealer Group partner gives you access to Infocus' industry-leading technology and adviser support model. As evidenced by the Comparator report, this leads to enhanced revenues – even in times like the last 12 months that have been particularly challenging (and when on average advice businesses across the industry have lost money).

***More and more Advisers are making the Infocus Group their Dealer Group of Choice.***

***Advisers know this means a focus on helping your businesses grow revenue, increase efficiency and effectively managing risk – leading to quality advice for Australians from all walks of life.***

***The advice businesses that achieve these outcomes will be the leading businesses in the industry in years to come.***