



The value of financial advice:

Perspectives of Australian financial advice professionals

August 2023

Ellana Loy

AMP-Griffith University Research Fellow



Ellana Loy is a Research Fellow in Griffith Business School's Department of Accounting, Finance and Economics, a role established in partnership with AMP and Griffith University. Ellana previously worked as a senior analyst with the Reserve Bank of Australia in the Economic Analysis and Financial Markets Departments, writing both analytical market updates and research reports. Ellana's current research interests are in the areas of household finance, financial literacy, behavioural finance and the value of financial advice.

Associate Professor Kirsten MacDonald

Program Director, Commerce, Griffith Business School



Kirsten MacDonald is Deputy Head of Griffith Business School's Department of Accounting, Finance and Economics. Kirsten's expertise is in the area of personal finance and financial education with recent consultation work, grants and publications focusing on retirement outcomes, education for emerging and existing financial professionals, and the value of financial advice.

Professor Mark Brimble

Dean (Learning and Teaching), Griffith Business School



Mark Brimble is Dean (Online Strategy) at Griffith University and a Professor of Finance in the School's Department of Accounting, Finance and Economics. Mark's active research interests are in financial markets, sustainable finance, personal finance, finance education and financial literacy, with publications in various national and international journals including *Accounting and Finance*, *Corporate Governance: An International Perspective*, *Housing Theory and Society*, *Australian Tax Forum* and *Higher Education Research and Development*.

Karen Wildman

Research Assistant, Griffith Business School



Karen Wildman is a Research Fellow in Griffith Business School. Karen has wide-ranging experience in quantitative and qualitative research across multiple disciplines including business, psychology and tourism. She is also a former small business owner. Karen's research interests are in behavioural finance, financial psychology and the value of financial advice.

Acknowledgements

This report is an outcome of the partnership between AMP Financial Services Limited and Griffith University. The authors wish to acknowledge AMP Financial Services Limited for their financial and other support for this project.

We also thank others who contributed to this work including the interview participants, colleagues who reviewed and commented on earlier versions of the report, those who helped disseminate information about this research, and research assistance provided by Thomas Hendry.

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Executive summary

Background

While those receiving financial advice are often well aware of its value, a lack of understanding of the benefits of advice and general negative sentiment towards the industry is deterring advice-seeking from the 3 in 4 Australians who do not receive advice. This is concerning in the context of widespread financial illiteracy and an increased need for professional advice. A clear value proposition is required in order to clearly communicate the value of advice to a wide demographic of clients and rebuild trust.

People turn to experts for advice to help them make decisions with more confidence and control. Amidst an increasingly complex and knowledgeable world, our need for advice is heightened due to a lack of certainty and information overload. The difficulty in determining the value of professional advice is compounded by information asymmetries between advisers and clients and the long-term nature of financial advice whereby results do not become apparent until well after the advice has taken place. Despite the importance of expert advice to individuals and the greater economy, we lack understanding of what constitutes value and how consumers integrate and are influenced by information from advisers.

Value itself is an elusive concept best described in terms of an interactive relational experience (Holbrook, 2002) which encompasses both action and reflection by the consumer, and which is relative to their needs and goals. The value of financial advice has traditionally focused on the objective benefits, such as investment performance and returns, however a growing number of researchers contend that the subjective benefits – e.g., greater confidence, knowledge, peace of mind – are even more important (Prawitz et al., 2006). Evidence from behavioural finance suggests financial advisers are recognising that their role extends beyond financial planning to incorporate information and actions which serve to provide support on multiple levels, not only in financial matters. However, a holistic conceptualisation of value in the professional financial advice arena is currently lacking and therefore motivates this report.

Scope

The benefits to clients of receiving financial advice were examined from the perspectives of financial advice professionals in an attempt to create a more holistic impression of value. Key issues examined include:

- how financial advisers add value for clients;
- factors that drive or inhibit value for clients;
- effect of advice on client wellbeing;
- aspects of the advice process which provide the most benefit to clients;
- the interplay between benefits of advice and business profitability; and
- the impact of regulatory changes in the industry.

An online survey was conducted in late 2019 to mid-2020 to gain insights from 105 current and former financial advice professionals. This survey represents the first stage of a broader study on the value of professional financial advice to clients. Stage 2, conducted in 2020 during the early stages of COVID-19, explored advisers' perceptions of value to consumers experiencing crisis. Future research stages will explore clients' perspectives and outcomes.

We found that financial advice professionals have a well-rounded perception of value however they also experience client- and regulatory-related challenges. Insights can be gained from social support theory which fits closely to financial advice in terms of the relationships formed and built upon over time and the wellbeing outcomes that are a direct result of the myriad actions undertaken by advisers.

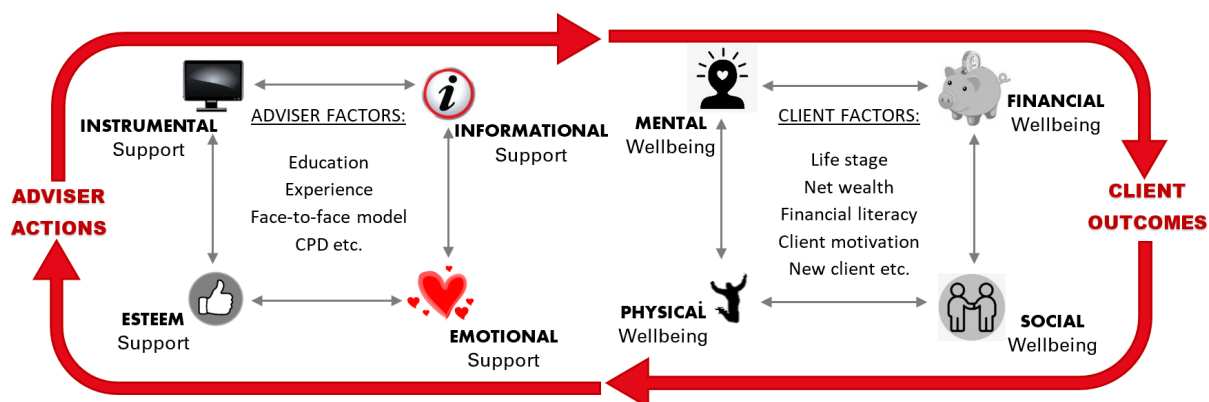
Key findings

- The value of advice was characterised by the actions undertaken by financial advisers and the resultant outcomes to clients. Participants were more likely to describe value in terms of what advisers do rather than the outcomes they produce.
- Providing peace of mind, educating clients and assisting with decision making were adviser actions regarded to most frequently add value to clients. Investment performance, referrals and reducing trading frequency were perceived to have comparatively less value-add.
- Advice was perceived to have a significant impact on clients' financial and mental wellbeing. Improvements in social and physical wellbeing were also highlighted albeit to a lesser extent.
- While clients' financial wellbeing was naturally a key consideration of value, participants mentioned numerous subjective outcomes such as clients engaging in positive financial behaviours, feeling more financially secure, and improving their financial capabilities, as opposed to objective outcomes like investment returns.
- Services regarded as most beneficial to clients were cashflow management, investment advice and superannuation advice. Investment and superannuation advice were also regarded as the most profitable.
- Cashflow management and debt advice have the largest gaps between what is perceived as the most valuable to clients and profitable for businesses. This may impact these services being offered or the affordability of clients taking up advice in these areas, leading to unmet advice needs.
- Trust, engagement and commitment are strong relational drivers of the advice process. Adviser factors key to facilitating value include acting in the client's best interest, experience and technical competence. There was less consensus among participants on which client factors drive value.
- The impact of regulation was generally seen to be positive in the short- and long-term, however open-ended comments convey concerns regarding the costs that come with these reforms.

The dynamics of the client-adviser relationship

This study identified the presence of adviser actions and client outcomes in the conceptualisation of the value of financial advice. Adviser actions described by participants as adding value for clients were noted to align with social support theory as demonstrated by four social support types: emotional support (concern, care, encouragement); instrumental support (actual provision of services); informational support (situational appraisal, feedback on actions); and esteem support (validation, reassurance). Participants also articulated that the outcomes from financial advice can take many forms, relating not only to financial benefits, but also to mental, social and physical wellbeing outcomes. Moderating these actions and outcomes are adviser and client characteristics, such as the adviser's level of education and experience, and the client's life stage and financial literacy. Further, some factors such as financial behaviours can be an outcome of advice (in the form of more positive behaviours) as well as a moderating variable (in a client's willingness to follow the advice). The diagram below is a visual representation of the client-adviser relationship based on the findings of this study, which clarifies, informs, and extends our thinking on the value of personal financial advice. Further research is needed to better understand the impact of the individual components, and the interactions between them, on value for clients.

Figure 1. The dynamics of the client-adviser relationship



Conclusion

Financial advice professionals were found to have a well-rounded perception of the value of advice as demonstrated by comments espousing not only the tangible but also the intangible financial outcomes of advice. However, participants were more likely to describe value in terms of their actions rather than the outcomes they produce, meaning they may not be conceiving or communicating their value proposition well enough.

Financial advisers are often faced with the difficult and competing tasks of delivering a service to a diverse and at times financially unsophisticated client base, having to explain why their service is worth paying for even when the recommendation is to stay the course or the outcome yet to be realised, all while attempting to engage clients and build a solid trusting relationship in an increasingly regulated and costly environment. It's not surprising then that the value of advice is often difficult to accurately assess and communicate. The multidimensional nature of financial advice is therefore a worthy and necessary avenue of exploration.

This study identifies various components which contribute to a holistic assessment of the value of financial advice and proposes a preliminary framework for testing in future research. These results can help inform financial advice professionals, licensees and policymakers on strategies for communicating the importance of seeking financial advice and the value that can be created for clients. Engaging a larger and more diverse client base and unlocking the growth potential of the financial advice sector would be of benefit to consumers of these services and the economy more broadly.

1.0 Introduction

The complexity and uncertainty of the world around us drives the need for expert advice to improve confidence and control in making sense of things about which we do not have knowledge. As outlined by Grundmann (2017), experts are typically found in the professions and sciences, possess either manual or intellectual technical skills, and are considered impartial and therefore trustworthy advisers. However, it is the relational nature of expertise, the fact that expertise is sought by and delivered to clients, which is argued to be more critical (Grundmann 2017).

Rather than conceptualising expert knowledge as something to be possessed, Grundmann (2017) describes the role of experts as a relational process connecting knowledge to decision-making. Although Abbott (1988) highlights inference as central to any claim to professional jurisdiction, this is also a reference to a process whereby professional judgement is applied to diagnose and treat a client. Ironically, the more knowledgeable and developed society becomes, the more we need experts (Grundmann 2017). The demand for decisions made under the influence of expert advice is reflected in the increasing amount spent on professional counsel. Yet, despite the importance of the role of expert advice and advice-taking in the economy, Meshi et al. (2012) show that there is a gap in our understanding of how consumers integrate, and are influenced by, information from advisers. More information is needed about how the advice process provides the capacity for the client to act on advice.

Advice seeking, giving and taking is part of the decision-making process where advice-taking can be conceptualised as three cognitive processes: the valuation of advice, the assessment of “opinion difference” and the process of combining valuation and opinion difference resulting in the advice itself (Meshi et al. 2012, p. 1). An important consideration in terms of the valuation of advice, is that professional advice is service- rather than product-based, so professional advisers need to be skilled in explaining why advice is worth paying for, even when the doctor makes no diagnosis or the accountant recommends the client do nothing (Cardy 2013). The difficulty in valuing advice is compounded by advisers possessing different levels of expertise (Meshi et al. 2012). Performance matters because clients judge expert advisers in terms of their ability to deliver on their needs and the level of client trust is influenced by performance (Aldridge 1998). The highly publicised nature of significant advice failures, including those preceding the 2013 Future of Financial Advice reforms and the 2017-2019 Royal Commission into Banking, Superannuation and Financial Services Industry (the Hayne Royal Commission), undermines the credibility of the general population of financial advisers. While it could be argued that in some cases it was obvious the advice was inadequate or inappropriate or both early in the advice process, the identification and interpretation of signals of poor-quality advice is problematic.

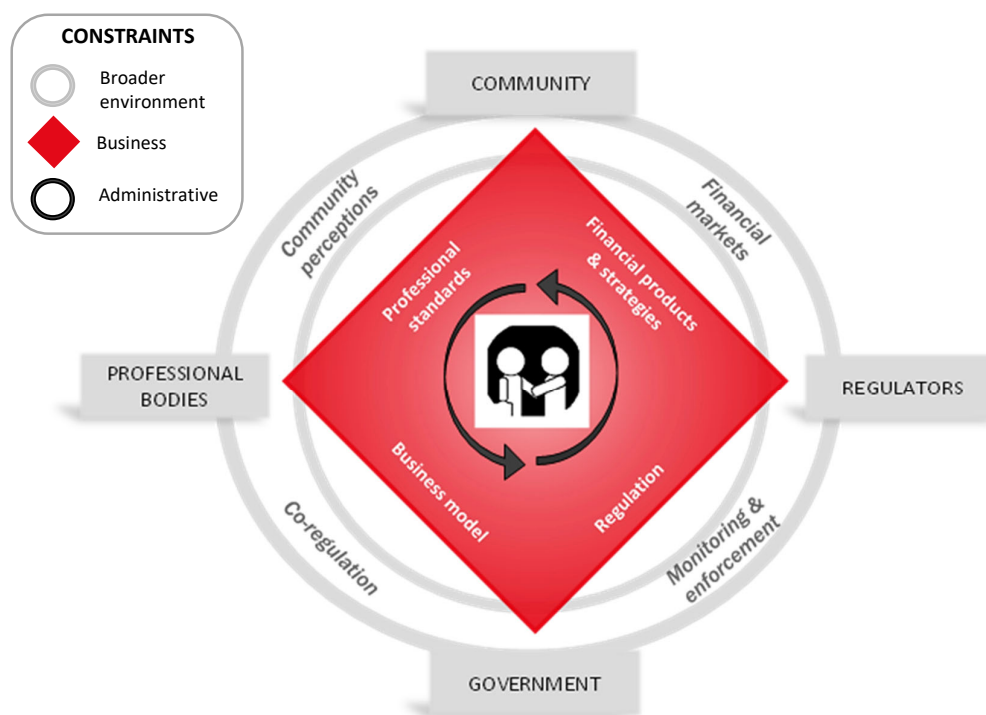
The nature of expert advice in any field is such that it cannot be assessed as ‘fit for purpose’ often until well after the advice has been consumed, if at all. Although clients may be able to judge some components of advice, such as whether they are or are not satisfied with an adviser’s demeanour, as a credence good, informational asymmetries mean that the less informed client is unable to evaluate the technical component of the expert advice (Darby and Karni 1973). Markets for expert advice, including medical and financial advice, are prone not only to inefficiencies, but also fraud, particularly where the diagnosis and treatment are not separated (Balafoutas and Kerschbamer 2020). Quality uncertainty and inefficiencies such as overcharging can lead to market breakdown, discouraging consumers from using the market (Akerlof 1970). Balafoutas and Kerschbamer (2020) provide an overview of the remedies against fraud in credence good markets, including disclosure of verifiable quality information and minimum quality standards imposed by government. These remedies explain the approach to the regulatory and professional standards changes in the Australian financial services sector. Still, more needs to be done to sway community perceptions about engaging in professional financial advice.

Protection of the interests of consumers is central to the role of regulatory agencies in maintaining consumer confidence in the delivery of quality financial advice. Australia's regulator, the Australian Securities and Investments Commission (ASIC), has the view that strong regulation is the key to rebuilding trust (Sharpe 2019), but there are other tensions in the broader advice environment. Although professional bodies share the government's desire for more accessible and affordable advice to reduce unmet advice needs, lobbying during the process of new professional standards being set may have escalated the negative sentiment towards the financial advice sector. While much of the protest centred on the practicalities of implementation as opposed to outright condemnation of the reforms, this was a distraction from the need to focus on advisers' claim to professional jurisdiction. In the UK, Aldridge (1998, p. 446) highlighted personal financial services as "a critical test case of the relationship between consumerism and professionalism" and described the vulnerability of advisers "under siege" from the media despite significant legislative reform to address concerns regarding education and training, conflicted remuneration and weak regulation. These same concerns have been remedied in Australia in a series of reforms over the past two decades. Nonetheless, the emerging nature of the profession and the debate as to whether advisers are motivated by a professional or commercial agenda and are deserving of professional status, remains in the community.

Researchers and media, including social media and consumer websites and guides, have an important role to play in bringing stakeholders in financial advice together. Drawing on the comparison of early socialisation with other professions, for example, children visiting the doctor, Aldridge (1998) contends that the lack of prior socialisation into the role of the client of financial advice means that some consumers may not meet the expectations of professional practice, whether that is the client's willingness and capacity to pay or the interactional expectations in the client-professional relationship. Promotion of positive financial advice stories and client resources can support consumers through bringing greater understanding of what financial advice offers and of the need to seek this advice from appropriately qualified professionals. Ideal client characteristics include a client's ability to "pre-professionalise their problems", that is, to pre-diagnose their own problem and aid in their own diagnosis and treatment (Abbott 1988, p. 122), similar to Meshi et al.'s (2012) client assessment of client-adviser "opinion difference". Clients with a greater familiarity and experience of professional advice are more likely to engage in the advice process, acknowledge the professional expertise of the adviser, follow the advice and to view the client-professional relationship as a long-term relationship (Aldridge 1998). Importantly, Kerschbamer, Neururer and Sutter (2019) warn that attempting to pre-diagnose problems may lead to a greater awareness of the trustworthiness of an adviser without reducing quality uncertainty. Ironically, sources of information such as previous client reviews may themselves be untrustworthy. Thus, the need for reliable evidence of the value of professional advice to clients motivates this report, as part of a broader value of advice project.

Figure 2 represents the financial advice environment in which the central element is the client-adviser relationship. This figure highlights the key environmental factors and stakeholders in the financial planning practice and broader context in which financial advice is delivered. This is important to support an understanding of the opportunities and constraints faced by financial advisers that influence their reported experiences and therefore influence the discussion on the value of financial advice, particularly given the degree of regulatory change and timeframe over which changes have taken place and continue to occur.

Figure 2. The financial advice environment



To examine the value of seeking professional financial advice, a series of research questions were devised, namely:

1. How do financial advisers add value to their clients?
2. What factors drive or inhibit the value that clients receive from financial advice?
3. How does financial advice affect clients' wellbeing?
4. Which aspects of the advice process provides the most benefit to clients?
5. What is the interplay between benefits and profitability in the value proposition?
6. What impact have regulatory changes in the industry had on the value proposition?

These questions were explored from the perspective of Australian financial advisers and financial advice professionals. Specifically, we surveyed 105 current or former financial advice professionals throughout Australia. While this population may be biased towards the positive benefits of advice, their regular, close work with a broad demographic of clients provides useful insights into the benefits clients receive from professional financial advice. The results illustrate the multidimensional and interconnected nature of the financial advice professionals' value intentions. These results can inform financial advice professionals, licensees and policymakers on strategies for communicating the importance of seeking financial advice and the value that can be created for clients. Engaging a larger and more diverse client base and unlocking the growth potential of the financial advice sector would be of benefit to consumers of these services and the economy more broadly. Future research investigating the consumer perspective would help develop a deeper and more complete understanding of the value of financial advice and add to the body of knowledge.

The remainder of this paper is set out as follows. Section 2 provides a review of the literature on the value of financial advice. This is followed by a summary of the research sample and method in section 3, with the results presented thereafter in section 4. A discussion of the results together with concluding comments and suggestions for future research are presented in sections 5 and 6.

2.0 The value of financial advice: A literature review

2.1 Defining 'value'

Defining the word 'value' is fraught with difficulty not least because of its multidimensional nature. Notwithstanding the plural meaning of 'values' which has been conceptualised in the sociological sense as that which is inherently good or desirable in life (Graeber 2001), the singular meaning of 'value' has in turn been described across multiple dimensions using multiple typologies and properties. For instance, Holbrook (2002) defines consumer value as an interactive experience that is relative to, and based on the preferences of, the individual. Holbrook (2002) goes on to describe value across three dimensions, being 1) intrinsic-extrinsic (that is, whether something is valued because of its qualities, or because it provides a function or means to an end); 2) self-oriented versus other-oriented (that is, whether it benefits the user or gets a reaction from others); and 3) active-reactive (that is, manipulation of a product/object/service by the consumer, or vice versa) (see Figure 3). Eight types of consumer value are identified within this framework, being: efficiency, excellence (quality), status, esteem, play, aesthetics, ethics and spirituality. Value is therefore conceptualised as multidimensional and containing elements which are interrelated and work interdependently.

Figure 3. Value dimensions conceptualised by Holbrook (2002)

		Extrinsic	Intrinsic
Self-oriented	Active	EFFICIENCY <ul style="list-style-type: none">• Utilitarian• Freedom/independence	PLAY <ul style="list-style-type: none">• Enjoyment/fun• Personal growth
	Reactive	EXCELLENCE <ul style="list-style-type: none">• Quality/performance• Financial value/security	AESTHETICS <ul style="list-style-type: none">• Comfort, peace• Aesthetic appearance• Symbolic of personal history• Symbolic of interpersonal ties
Other-oriented	Active	STATUS/POLITICAL <ul style="list-style-type: none">• enhance appearance• enhance interpersonal ties	ETHICS <ul style="list-style-type: none">• Help or please others
	Reactive	ESTEEM <ul style="list-style-type: none">• Enhance self-esteem• Enhance status• Express self, identity	SPIRITUALITY <ul style="list-style-type: none">• Spiritual

A more simplistic definition has been offered by Boztepe (2007, p. 56) who defines consumer value as the "evaluation of some object/product by some subject/user". However, the multidimensional nature of value is revealed in the author's depictions of value as an exchange (in the economic sense, where money is exchanged for a product or service), as usefulness (which can be subjectively or objectively assigned), as a sign or symbol (including a consideration of the social and cultural aspects of value, such as status and identity), but more significantly, as an experience (Boztepe 2007). In line with Holbrook (2002) and Boztepe (2007), we consider

the consumer experience a suitable framework for guiding our exploration and understanding of the value of financial advice.

Empirical research also establishes consumer's changing perceptions of value. Drawing from market research literature, Boztepe (2007) discusses how consumer perceptions change over time by drawing our attention to the concepts of pre-purchase and post-purchase value. Pre-purchase value relates to one's expectations of the experience that a product (or service) will provide, while post-purchase value is that which is realised through the use of that product (or service). In a similar fashion, the value of financial advice may be perceived differently by new and existing clients. Further clouding consumers' value judgments are the credence qualities of goods and services, a concept first described by Darby and Karni (1973). Credence goods and services are those where its usefulness or value is difficult to judge even after consumption. Professional financial advice is the epitome of a high credence service as the advisory process – involving client inexperience, weak signals of quality, and intangible service elements – makes it difficult for clients to assess its worth even after the advice has been discussed, implemented and recompensed (Srinivas 2000).

In summary, value is nuanced, complex and variable across time and individuals. The quality and value of a service such as financial advice is further complicated by its high credence characteristics which make it difficult for clients to assess its value accurately. As a service, financial advice involves tailoring the advice to client's unique circumstances and goals which can then be realised through a range of benefits, both concrete and subjective. The value of financial advice is thus best defined, measured and substantiated through a multidimensional lens. It is this multidimensional approach that we take in the research contained in this report.

2.2 Value as adviser actions

As we have illustrated, value has many different meanings and dimensions, depending on the perspective that one chooses to view it from. Value in the economic sense has been defined in degrees, that is, how much something is desired and accordingly how much one is willing to give up in a monetary sense to achieve that said something (Graeber 2001). In his anthropological exploration of value, Graeber (2001) posits a social theory of value where value is determined through an assessment of actions undertaken as opposed to 'things' being acquired. This ideology is appropriate for financial advice where the crux of the financial adviser's role – i.e., the value that they provide – lies in the multiple decisions, actions and implementations they enact throughout the advisory process. Actions such as conducting initial assessments of the client's situation, followed by goal setting, strategic planning and implementation, then scrutinising, reviewing and updating the products and advice over time, can all conceivably be perceived as adding value to clients (Srinivas 2000; Marsden, Zick and Mayer 2011).

Indeed, research has defined value in relation to adviser actions undertaken during the implementation process. It has been argued that certain financial undertakings are likely due to, and/or are a consequence of, the actions taken by the financial adviser (Marsden, Zick and Mayer 2011). For instance, a Canadian report describes several key adviser actions as contributing to client value. These include setting and achieving planning targets, choosing the right investment products and plans, and setting the correct mix of investments based on the client's circumstances, objectives and risk (Investment Funds Institute of Canada 2010). Education and information provision are also described within this report as key adviser actions delivering value for clients, with reported outcomes listed as instilling confidence in clients' financial futures through the encouragement of positive savings and investment habits and improvements in financial literacy. Similarly, research by Vanguard supports the provision of expert advice and behavioural coaching, detailing how these more intangible actions lead to a broader conception of value which focuses on wealth management as opposed to a narrower focus on returns (Bennyhoff and Kinniry Jr 2017). The actions that advisers take throughout the planning process are therefore crucial elements of the value proposition, even when the advised action is that no action is to be taken (Cardy 2013).

2.3 Value as financial outcomes

Uncovering the concrete, tangible results of financial advice, such as increased wealth or return on investments, has largely been the focus of academic research, perhaps because these elements are easier to observe and measure than less tangible outcomes. The evidence of the objective benefits of advice however has been mixed. While advisers have been shown to increase the diversification of investment portfolios, increase the use of mutual funds rather than direct equity holdings, and lower the volatilities of returns compared to people without advisers, risk-adjusted returns were minimal (Bergstresser, Chalmers and Tufano 2009; Gerhardt and Hackethal 2009; Marsden, Zick and Mayer 2011; Hackethal, Haliassos and Jappelli 2012; Kramer 2012). Bullard and O'Neal (2006) found that in addition to not outperforming funds chosen by non-advised individuals, investment funds recommended by advisers also had significantly higher operating expense ratios.

Findings like these led Hackethal, Haliassos and Jappelli (2012) to the rather harsh conclusion that financial advisers are like babysitters who get paid to perform a service yet aren't responsible for observed achievements. However, Marsden, Zick and Mayer (2011, p. 641) suggest instead that advisers are more like psychologists who "encourage people to examine their most basic desires and priorities, establish concrete goals, withstand (and even take advantage of) adverse events, and feel confident about their future". These authors argue that the lack of strong evidence for advised clients outperforming the non-advised is a function of research typically being conducted during periods of market growth, where value rises across many markets and industries. The researchers maintained it is easy for both advised and non-advised investors to 'stay the course' during economic good times, but much harder during volatile or declining markets. Consistent with this argument, Grable and Chatterjee (2014) found that clients who sought advice from a financial adviser prior to the GFC experienced less wealth volatility during the GFC than non-advised investors. Specifically, they found that advised clients were 6.25% better off than others, after adjusting for risk. Similarly, Winchester, Huston and Finke (2011) found that advised investors were more than one-and-a-half times more likely to maintain a long-term investment strategy than non-advised investors during a market downturn. However, these authors did not attempt to quantify the impact on investor's portfolios of sticking to the long-term strategy developed by advisers. Marsden, Zick and Mayer (2011) found that advised investors were also more likely than non-advised investors to increase risk and the size of their portfolio during a market downturn, taking advantage of price reductions in assets.

Further, the literature has shown that individuals who receive financial advice demonstrate its worth through numerous financial behaviours. Even after controlling for potential endogeneity, Marsden, Zick and Mayer (2011) showed that advised clients were more likely to undertake positive financial behaviours such as goal setting, calculation of retirement needs, retirement account diversification, use of supplemental retirement accounts, and accumulation of emergency funds. The Investment Funds Institute of Canada (2010) reported similar findings. Research has also demonstrated that advised clients are more likely to have automatic savings arrangements, more diversified portfolios and more suitable insurances policies established (Gerhardt and Hackethal 2009; Kramer 2009; Finke, Huston and Winchester 2011). In addition, financial counselling has been shown to help low-income, financially distressed households through the provision of financial education (Tennant, Jackson and Wright 2009), gaining control of one's mortgage repayments (Ding, Quercia and Ratcliffe 2008), better budgeting and debt planning behaviours, and avoiding or reducing legal action (Brackertz 2014).

While individual's and household's objective financial situation and associated financial behaviours are important, a number of researchers have argued that client's subjective view of their finances is even more important (Prawitz et al. 2006; Marsden, Zick and Mayer 2011). Subjective measures of financial value include for example, financial satisfaction, confidence, reduced anxiety and worry over finances, and the provision of support via a strong client-adviser relationship. Research has found that advised clients tend to have better self-reported attitudes in terms of financial confidence (Grable and Joo, 2003; Marsden, Zick and Mayer 2011; Rehl et al. 2016), financial knowledge or capability (Lyons, White and Howard 2008; Britt et al. 2015; Adisa

2018) and financial literacy (Investment Funds Institute of Canada 2010; Mahmoudi, Hordacre and Spoehr 2014). The peace of mind that working with an adviser provides has also been linked to greater feelings of retirement confidence (Thomas 2005).

Moreover, the subjective value attributes that working with an adviser delivers to clients is apparent across various sociodemographic groups and is not just limited to the wealthy. More positive attitudes, confidence and knowledge has been found among low-income earners (Brackertz 2014), university staff (Grable and Joo 2003), college students (Britt et al. 2015), widows (Rehl et al. 2016) and victims of abuse (Adisa 2018). Not only do financial advisers help improve clients' attitudes, confidence and knowledge, but advised clients are more likely to recommend the services of their adviser to their family and friends, which indicates a high degree of satisfaction with the services provided (Grable and Joo 2003).

2.4 Towards a holistic conception of value

The role of financial advisers is evolving from a narrow-minded approach focused on product and defined financial outcomes, to a broader mindset which encompasses both objective and intangible advice aspects. This evolution has been borne out of a growing awareness that financial advisers frequently deal with clients who are facing personal and financial crises. Advisers are cognizant of the need to provide emotional advice in conjunction with the financial, even though they may not be confident or knowledgeable enough to do so (Anthes and Lee 2002). Financial psychology provides a basis for understanding how human behaviour and emotions affect financial decision-making. Psychologically aware financial advisers can build more meaningful relationships by knowing when and how to address client's emotional concerns, which helps build trust and confidence in the advice process (Anthes and Lee 2002).

Relatedly, evidence from social psychology literature alerts us to the significance of close, supportive relationships for individuals' mental and physical wellbeing (for example, Cohen and Wills 1985; Holt-Lunstad 2018). Social support can not only help buffer the effects of stress, it can also be beneficial during periods of learning and growth (Cohen and Wills 1985; Feeney and Collins 2015). Good support providers know how to respond appropriately, to support people's needs to strive and grow, and provide comfort, reassurance and assistance (Feeney and Collins 2015). Financial advisers who provide these levels of support throughout the planning process can be likened to such support providers, which in turn helps shape our conceptualisation of the holistic value of advice.

A recent systematic quantitative literature review by MacDonald et al. (2023) provides evidence on the extent to which financial advice is portrayed holistically in existing literature. This review aimed to evaluate the available literature and determine how value has been defined and measured. In total, 286 research articles were reviewed, including peer-reviewed journal papers and grey literature. Grey literature (including book chapters, PhD theses/dissertations, working papers, government and industry articles) was included in the review in order to capture the entire status of knowledge and research trends on value. It also reflected an awareness of the strong role that industry plays in challenging and furthering government policy, as well as the emerging nature of the financial planning body of knowledge and the professionalisation of financial advice.

The review by MacDonald et al. (2023) identified research gaps across time, geography, and research themes. The first article was published in 1993 with research peaking around the time of the GFC. In addition, most research has been conducted in North America and Europe (particularly the United Kingdom (UK) and Germany), with comparatively less research originating from Australia. Wide-ranging wellbeing themes were evident in the measurement of value, however the bulk of existing research focuses on tangible financial benefits such as investment strategy and performance, risk and debt. The investment research also tended to be published in well-established, higher ranked journals. Additional wellbeing themes classified through a thematic analysis of the literature related to perceived financial wellbeing (e.g., greater sense of confidence and control in one's financial situation), outcomes pertaining to clients' perceived mental, social and physical

wellbeing, and quality. However, these themes, particularly those involving non-financial wellbeing, were researched considerably less often. The review therefore identified that value in the professional financial advice arena has not been consistently conceptualised in a well-rounded, holistic fashion. This motivated us to uncover a more thorough understanding of the value of personal financial value, as well as a more well-rounded and meaningful definition of value.

2.5 Defining wellbeing outcomes

As discussed, there are a number of different dimensions over which the value of advice can be evaluated. In this report, we aim to develop a more holistic understanding of the value of financial advice for clients. We have therefore focused on the impact of financial advice on clients' overall wellbeing, a concept which is complex and multifaceted. Similar to value, there is no universal definition or measurement of wellbeing and no clarity with regard to its conceptualisation and components (Brüggen et al. 2017). As a result, a wide variety of terms and definitions are used, such as 'wellness', 'quality of life', 'welfare', 'health' and 'utility' (see Appendix 1 for a more comprehensive summary of wellbeing definitions). The fact that numerous academic fields, including medicine, economics, and psychology, have studied wellbeing in different contexts has also contributed to the variety of definitions.

At a high level, definitions of wellbeing concern optimal experience and functioning (Kenely, 2019). While some definitions of wellbeing concentrate on overall wellbeing, others focus on specific life domains such as physical or mental wellbeing. In this paper, we have chosen to focus on overall wellbeing as well as domains which have been shown in the literature to be relevant to financial advice. In particular, we focus on the impact of financial advice on client's financial, mental, social and physical wellbeing.

Numerous studies in the academic literature have illustrated the financial wellbeing benefits to clients of receiving financial advice. Definitions of financial wellbeing are equally numerous (see Appendix 2). Definitions are often classified into objective or subjective measures, or both, with different studies adopting different indicators. Objective measures of an individual's or household's financial situation, such as income, wealth, levels of debt and various financial ratios, provide tangible evidence of where an individual stands financially and are considered more reliable, straightforward indicators (Joo 1998; Brüggen et al. 2017). However, individuals in a similar financial situation may view their financial wellbeing differently depending on, for example, their desires, level of financial literacy, and their own personal comparisons (Prawitz et al. 2006; Joo 2008; Brüggen et al. 2017). In contrast, subjective measures can help examine peoples' perceptions about, and reactions to, their financial condition, providing a richness that objective measures cannot (Joo 1998; Brüggen et al. 2017). Subjective measures can also be more complex (Prawitz et al. 2006). Brüggen et al. (2017) highlighted several studies which found that an individual's perception of their financial wellbeing is affected by a number of personal and dynamic contextual factors, such as demographic characteristics, financial knowledge and efficacy, financial attitudes, risk tolerance, stage of life, financial behaviours, changes in the macroeconomic environment, crises and changes relative to one's social reference groups.

Further clouding the conceptualisation of financial wellbeing are differences in opinions on whether indicators of financial behaviours should be included in measures of financial wellbeing. While some studies conceptualise financial behaviour as an integral part of financial wellbeing, others consider it an external influence (Muir et al. 2017).

For this report, we have utilised the definition first proposed by Joo (1998) and expanded on in Joo (2008, p. 50-51):

"Personal financial wellness is conceptualized as a level of financial health. It includes the satisfaction with material and non-material aspects of one's financial situation, perception of financial stability, including adequacy of financial resource, and material

and nonmaterial financial resources that each individual possesses. Personal financial wellness can be measured with four levels of scales: subjective perception scale, behavioral scale, objective scale, and overall satisfaction scale.”

This definition is chosen because it incorporates both objective and subjective measures of financial wellbeing. In addition to objective measures and a subjective measure of overall satisfaction, it also includes measures of financial behaviours and subjective perceptions. Joo (2008) defines subjective perceptions as including measures of financial knowledge and attitudes, with financial knowledge seen to influence financial attitudes and behaviours.

The second dimension of wellbeing which we will discuss has been invariably referred to as psychological wellbeing, mental wellbeing or mental health. We will hereafter refer to this as mental wellbeing. Mental wellbeing represents the private and personal aspects of one's psyche which can be used to evaluate one's ability to function in everyday life (Keyes 2002). Psychologists have researched, criticised, debated and expanded upon the construct over the years, with definitions ranging from the simplistic through to the comprehensive. For instance, early researchers equated mental wellbeing with merely an excess of positive over negative affect (Bradburn 1969) while others have developed and tested more sophisticated and distinct concepts such as self-acceptance, personal growth, life purpose, environmental mastery, autonomy and positive relations with others (Ryff and Keyes 1995) (see Appendix 3 for a more comprehensive summary of mental wellbeing definitions). The World Health Organisation (WHO) (2001) views mental wellbeing as an integral and fundamental part of health, which is more than the absence of mental disorders, and is determined by a range of socioeconomic, biological and environmental factors. Their definition (WHO 2001, p. 1) thus guides this report:

“... a state of well-being in which the individual realizes his or her own abilities, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to his or her community.”

Social wellbeing is the third wellbeing dimension that is relevant to the value of financial advice. While mental wellbeing represents the private and personal side of overall wellbeing, social wellbeing embodies the more public and social aspects (Keyes 2002). Social wellbeing has typically been described in terms of one's evaluations of their personal relationships and interactions with family and friends as well as one's level of functioning and integration with society. Having adequate and close social networks, a sense of belonging and connectedness with others, feeling accepted by those around us and making meaningful contributions to our community and society all enhance one's overall sense of wellbeing (see Appendix 4 for a summary of social wellbeing definitions). A body of research has consistently and robustly linked positive social relationships and connections to an individual's overall health and wellbeing (see for example, Diener and Seligman 2002; Holt-Lunstad, Smith and Layton 2010; Bartolo 2019). Diener and Seligman (2002) associated more active social lives and stronger romantic relationships and friendships with higher feelings of happiness (subjective wellbeing). In their meta-analysis of 148 studies investigating the link between social wellbeing and mortality, Holt-Lunstad, Smith and Layton (2010) found people with stronger social relationships were 50% more likely to survive than those with weaker social relationships. Importantly, their findings indicate that the influence of social relationships on mortality risk is comparable to other well-known risk factors such as smoking and drinking alcohol and that it exceeds other risk factors like physical inactivity and obesity. They conclude that social relationships are a significant influence on health/mortality and should be taken as seriously as other risk factors.

High levels of social wellbeing do not necessarily equate to having a busy and active social life and an abundance of social contacts. Rather, the old adage of quality over quantity is relevant here. Social support has been described in terms of the support received through social networks and the feelings and beliefs that one has of the support that is available to them should they need it. The notion of *received* and *perceived* social support forms the basis of many academics' definition of social wellbeing and is particularly relevant to the value of financial advice as clients may very well find comfort in the belief that their adviser is there for them when they need them, whether they feel the need to make contact or not. For these reasons, we have chosen to use the definition of Holt-Lunstad, Smith and Layton (2010, p. 2) for social wellbeing, which is:

"... (a) the degree of integration in social networks, (b) the social interactions that are intended to be supported (i.e., received social support), and (c) the beliefs and perceptions of support availability held by the individual (i.e., perceived social support)."

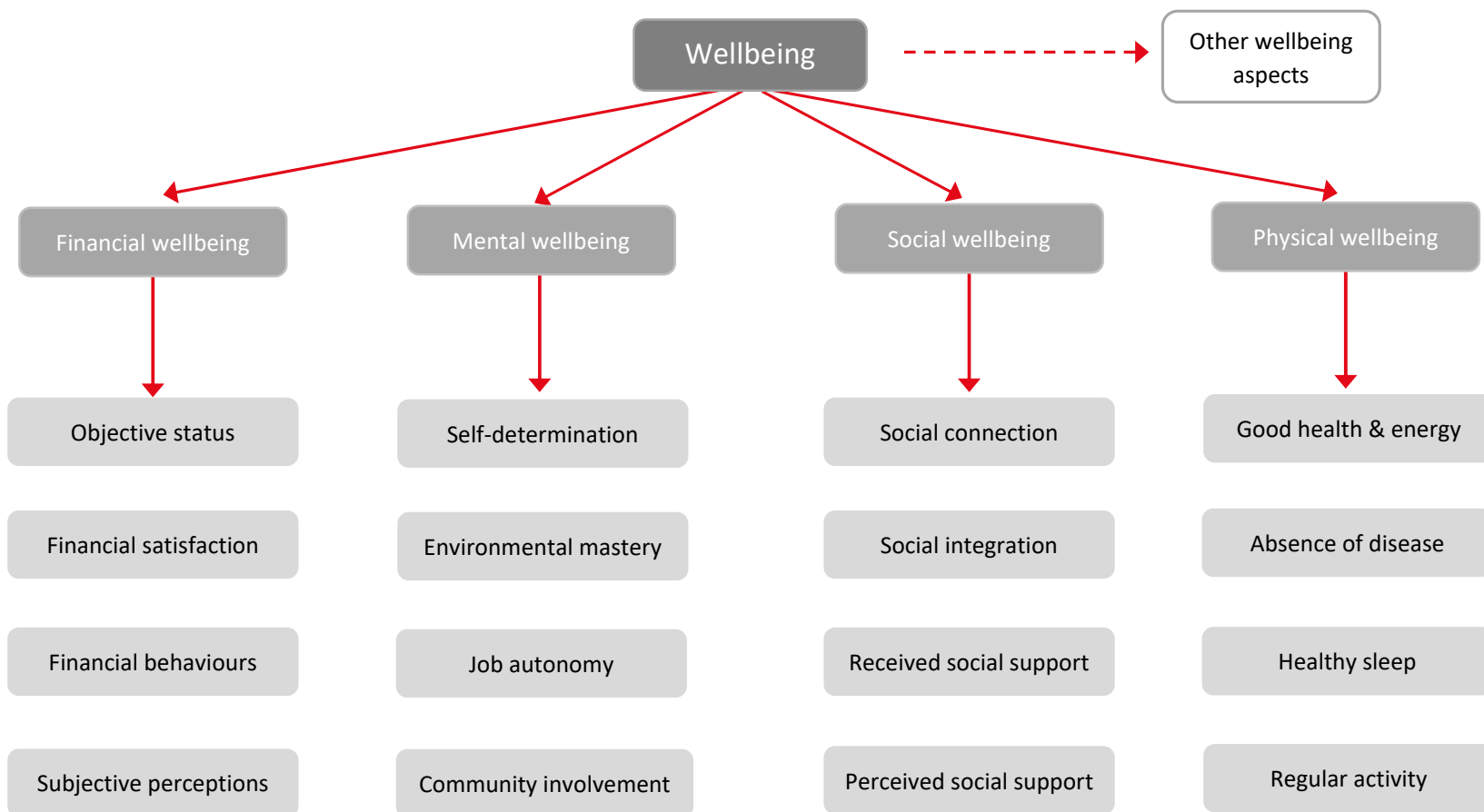
The quality and quantity of social relationships has been linked to good mental and physical health (Cohen and Wills 1985; Holt-Lunstad, Smith and Layton 2010). Physical wellbeing is the fourth and final aspect of overall wellbeing that is relevant to the value of financial advice. Zemtsov and Osipova (2016, p. 6) define physical wellbeing as:

"... feeling very healthy and full of energy, the absence of chronic diseases, healthy sleep and regular moderate physical activity."

This definition is relevant to the value that clients receive from financial advice as a supportive client-adviser relationship can help to reduce or eliminate stress and associated physiological symptoms (Cohen and Wills 1985) (see Appendix 5 for additional definitions). Plus, as the research participants in this study attest, financial advice helps ease clients' anxiety which in turns helps them acquire a better night's sleep. Figure 4 provides a summary of the wellbeing concepts discussed herein.



Figure 4. Conceptualisation of wellbeing¹



¹ Financial wellbeing concepts adapted from Joo (1998). Mental wellbeing concepts adapted from WHO (2001). Social wellbeing concepts adapted from Holt-Lunstad, Smith and Layton (2010). Physical wellbeing concepts adapted from Zemtsov and Osipova (2016). See Appendices 1 through 5 for a list of definitions on each of the wellbeing concepts.

3.0 Research method and sample

This report forms part of a multi-stage study investigating the value of professional financial advice to clients at different points in time and under different life circumstances. The aim of this initial phase was to survey financial professionals to better understand their perspectives on the value of advice to clients. The sample therefore included anyone over the age of 18 who was working, or had worked, in the financial advice industry in Australia. While few studies on the value of financial advice collect data from this population, survey items drew on themes identified in a large systematic literature review (MacDonald et al. 2023).

To reduce the burden on participants, qualitative and quantitative questions were combined into one online survey containing 29 Likert-scale, multiple choice and open-ended questions. The survey was structured to prevent leading participants to respond a certain way. The questions focused on where and how advisers add value to their clients, which factors drive or inhibit the amount of value clients receive from financial advice, and advisers' attitudes towards or actions taken in response to regulatory changes within the industry. In future stages of this project, we interview financial advisers to gain a deeper understanding of some of the themes identified in this study (Loy et al. 2021).

The survey ran from November 2019 to June 2020, with a variety of strategies used to engage potential participants in the research.² Financial advice professionals were approached at an industry conference to participate in the research and invitations to participate were posted on social media platforms and distributed by large licensees.³ A nominal prize draw was also used to increase participation in the survey.⁴ Despite multiple recruitment strategies, engagement with the survey was low. As a result, the services of a paid panel provider (Qualtrics) were used.⁵ In order to maintain high data quality and ensure that only eligible participants were completing the survey, additional screening questions were added. The open-ended questions in the survey were also heavily scrutinised to detect responses from participants who misread the instructions and answered as clients, or who had no knowledge of the field and merely recited information from the internet. The responses were then subjected to quantitative and thematic qualitative analytical research techniques to address the research questions. On average, participants took 12 minutes and 48 seconds to complete the survey.⁶

The final sample consisted of 105 complete and useable responses with a relatively even split across genders. Table 1 shows that most participants (74.3%) were aged under 50 years old which is largely consistent with the wider financial and insurance services industry in Australia – in 2016, 48% were male and 77% were aged under 50 years (ABS 2016). Most of the sample were financial advisers (52.4%) or provisional financial advisers in their Professional Year (8.6%). On average, participants had 13.3 years of experience working in financial services and most (74.3%) held a university qualification. Compared with the industry average (11%), a relatively high share (41.9%) held university postgraduate qualifications (ABS 2016). The sample is also consistent with characteristics of the average financial adviser reported by the Financial Planning Association of Australia (FPA) (2019) and Adviser Ratings (2019).

² While the survey ran until June 2020, most responses were collected by the end of March 2020. We therefore do not believe that the events surrounding COVID-19 influenced responses to this survey.

³ Griffith University Human Research Ethics clearance was obtained and protocols followed.

⁴ Participants who completed the survey were given the option of winning one of two prizes (a \$50 dinner voucher or a bottle of wine) or having \$2 donated to Future2 foundation (a local charity for disadvantaged young Australians). Given the nominal size of the prize we do not expect the prize draw to have impacted the responses provided by participants.

⁵ Participants who completed the survey in Qualtrics were being paid for their participation in the study and were therefore not eligible for inclusion in the prize draw.

⁶ Timings were only available for participants who completed the survey via the Qualtrics paid panel. A trimmed mean of 10% was used to exclude observations where people had completed the survey over multiple sittings.

In addition to qualifications, nearly two-thirds (61.9%) of the sample held at least one professional designation. The most common designation held by participants was the Certified Financial Planner (CFP; 25.7%), while the least common were the Fellow Chartered Financial Practitioner (FChFP; 6.7%) and the SMSF Specialist Advisor (SSA; 3.8%) designations. Most participants (81.9%) still worked in financial services. Business owners and self-licensed advisers were also well-represented (32.4% and 40.0%, respectively). The geographical spread of participants largely reflected population density, with most responses stemming from the east coast of Australia (NSW & ACT 31.4%; VIC 20.0%; QLD 24.8%; Table 1). Participants worked in both advantaged and disadvantaged areas, as indicated in Figure 5.

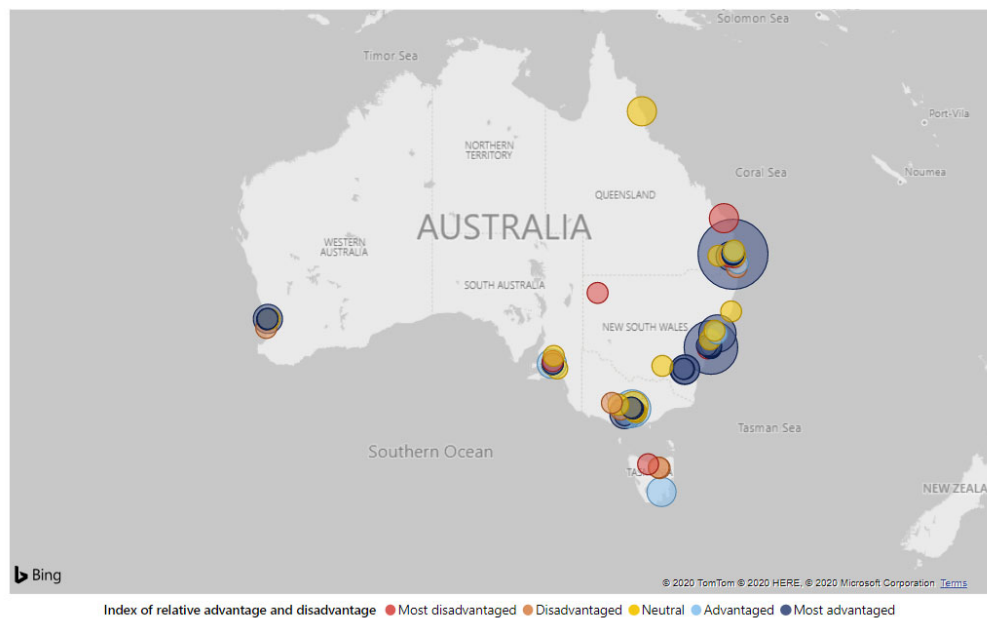
Participants served a diverse client base. Over half (58.1%) provided holistic advice to clients, while the remainder provided specialised advice. The types of clients served were spread across the wealth spectrum, although the majority provided advice to clients of average wealth (80.0%). A similar proportion of participants served high and low wealth clients (35.2% and 24.8%, respectively). Participants also worked equally with clients at various life stages. Around half served retirees (52.4%), pre-retirees (49.5%) and middle-aged clients (48.6%), while fewer (14.3%) provided advice to early career clients (Table 1).

Table 1. Sample descriptive statistics

Group	Sub-group	Share (%)
Gender	Male	50.5
	Female	47.6
	Prefer not to say	1.9
Age	18-29	16.2
	30-39	35.2
	40-49	22.9
	50-59	18.1
	60+	7.6
Education	High school (year 12)	3.8
	Diploma	16.2
	University undergraduate (Bachelor) degree	32.4
	University postgraduate degree	41.9
Designations	CFP	25.7
	CPA	20.0
	CA	18.1
	CFA	13.3
	FChFP	6.7
	SSA	3.8
	Other	2.9
	Not applicable	38.1
Experience	Average years	13.3
State or Territory	NSW & ACT	31.4
	QLD	24.8
	VIC	20.0
	SA	9.5
	WA	7.6
	TAS	4.8

Role	Financial adviser	52.4
	Client services officer	12.4
	Provisional financial adviser	8.6
	Business development manager	7.6
	Accredited mortgage consultant	5.7
	Paraplanner	1.9
	Other	11.4
Still work in the industry	Yes	81.9
Own their own business	Yes	32.4
Works for a self-licensed firm	Yes	40.0
Firm provides...	Holistic advice	58.1
	Specialist/limited advice	41.9
Type of clients	High net wealth	35.2
	Average wealth	80.0
	Low net wealth	24.8
	Retirees	52.4
	Pre-retirees	49.5
	Middle-aged	48.6
	Early career	14.3
	Couples	58.1
	Singles	24.8
	Have dependent children	29.5
	Widowed	4.8
	Other	1.0

Figure 5. Geographic spread of sample



To gain a deeper understanding of the value themes identified in this report, a further empirical protocol was deployed which involved semi-structured interviews with 21 financial advisers located across Australia, along with a short online survey of those interviewed. This second empirical stage of the research confirmed and extended some of the findings from the initial survey, but largely focused on the value of financial advice in crisis situations, including during the COVID-19 pandemic. The results from Stage 2 which relate to the value of advice only (not in a crisis per se) are presented in section 4.6. Loy et al. (2021) present the report on Stage 2 findings on the benefits that financial advice provides to clients in a crisis.

4.0 Results

4.1 Value of financial advice to clients

4.1.1 Structure of the results

To elicit a response from participants about the value of advice that was uninfluenced by the research, the survey began with the open-ended question *“In your opinion, what is the value of financial advice to clients?”* Seven themes were identified within responses which are grouped into adviser actions and client outcomes in Table 2. Around half of advisers (56.5%) articulated both adviser actions and client outcomes in their responses. Of the remaining advisers who focused solely on actions or outcomes, more were likely to focus on actions (28.7%) than on outcomes (14.8%). Very few responses mentioned moderating factors which influence the value of advice to clients.

Participants were then asked to rate a range of questions related to various aspects of the value of advice on a Likert scale from 0 to 10 where 0 represents no value or importance and 10 represents high value or importance. Specifically, participants rated the value of a range of adviser actions and services to clients, the impact of advice on various measures of client wellbeing, the importance of certain aspects of the adviser-client relationship to value creation, and the impact of various client and adviser factors on the value clients receive from financial advice.

The themes identified in the open-ended question at the beginning of the survey were largely consistent with the concepts covered in the remainder of the survey. The results have therefore been presented using a themes-based structure which analyses adviser’s responses to the open-ended and Likert questions together.

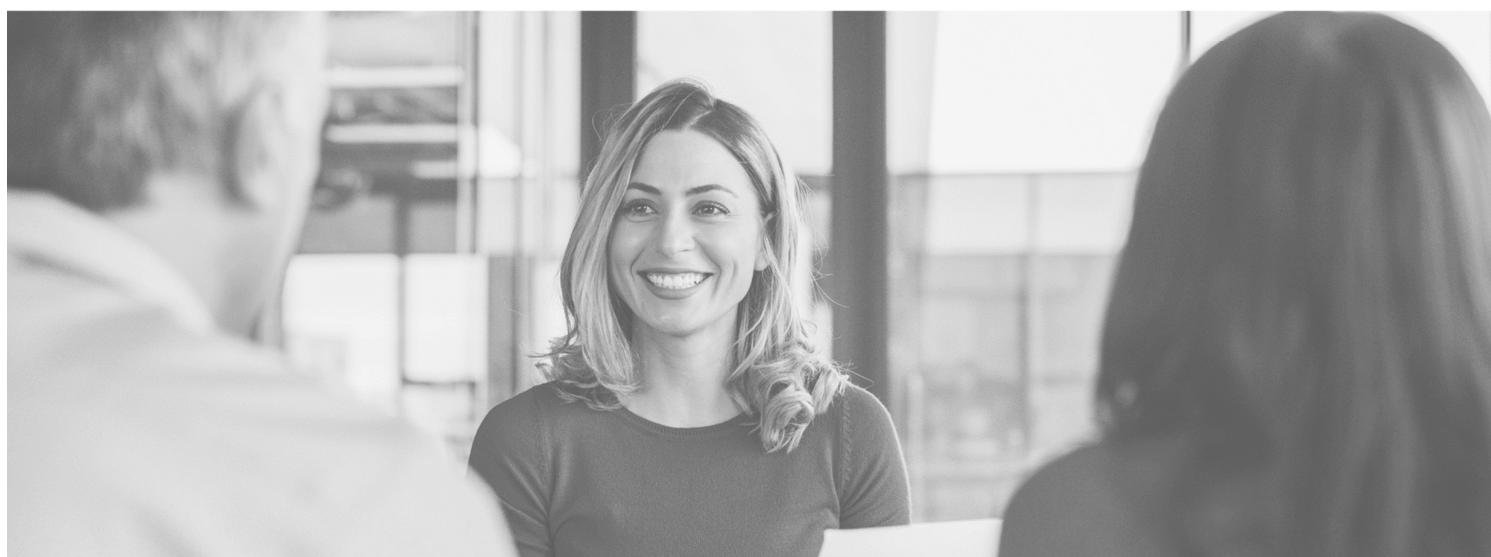


Table 2: The value of financial advice to clients – Key themes

Themes	Description	Share (%)*
Client outcomes		
Client wellbeing	Wellbeing outcomes for clients as a result of advice; subclassified into the four wellbeing themes below.	71.3
Financial wellbeing	Engaging in positive financial behaviours, being more financially secure, having the resilience to withstand financial shocks.	48.7
Mental wellbeing	Greater certainty, confidence, peace of mind and reduced levels of stress.	28.7
Social wellbeing	Personal relationships and having a support network.	5.2
Physical wellbeing	Improvements in physical health.	1.7
Adviser actions		
Provision of advice	Provision of guidance and information. Typically brief, rudimentary and generic responses.	40.0
Strategic advice	More sophisticated responses illustrating the value of having strategies and plans in place which are tailored to client's unique circumstances and work to achieve client's individual goals.	33.0
Educating clients	For example, on their financial situation, financial markets, and financial products and strategies. The role of education was often linked to helping clients make better financial decisions.	19.1
Behavioural coaching	Holding clients accountable, tracking progress, aligning actions with goals, empowerment, and dissuasion from engaging in frivolous or regrettable behaviour.	14.8
Acting in the clients' best interest	Having the client's best interest at heart and working to create the best outcomes possible for them.	12.2
Product, time saving and transactional support	Adviser's knowledge of and access to financial products, their ability to provide transactional support, and time savings due to provision of researched information and administrative tasks.	10.4

*Responses were coded into multiple themes, hence do not add up to 100%. Participants showing inability to articulate advice were excluded from this analysis.

4.1.2 Theme 1: Client wellbeing

The improvement in client's wellbeing as a result of receiving advice was by far the strongest theme in the open-ended responses, identified by 71.3% of advisers (Table 2). Most responses included in this theme were able to be clearly classified into sub-themes based on the type of wellbeing referenced (mental, financial, social, and physical wellbeing).

As expected, advisers described the value of financial advice in terms of the **financial wellbeing** benefits it provides to clients (48.7%). Responses included under this theme described value in terms of being or feeling more financially secure, having enough money to meet financial commitments, and having the resilience to withstand financial shocks:

"Gives security and confidence in making choices that will help them financially in the long term."

“Good financial advice...can be the difference of experiencing extenuating financial hardship, or relatively difficult-but-manageable financial hardship, during the worst of times.”

Additional comments were made in reference to positive financial behaviours exhibited by clients with regards to managing their finances and thus improving their financial capabilities and contributing to their own financial wellbeing. In contrast to statements made under other themes which suggest advisers take control of client's financial situation, the comments relating to this theme reflect clients being able to take action themselves or having an improved ability to take action as a result of financial advice:

“I believe good advisers will empower their clients to take an interest and to take control of their financial decisions.”

“...also expand their financial capabilities to live a life they would like to lead.”

“Having clarity of goals and an active role in tracking towards them...”

However, the **mental wellbeing** benefits of financial advice appear to be almost as important, with 28.7% mentioning this outcome. Responses included under this theme described value in terms of clients receiving greater certainty, confidence, peace of mind and reduced levels of stress:

“Most often, I find it gives them the 'sleepability' factor, the reduction of stress in their financial affairs allowing them to sleep better not having to worry about money so much.”

“Provides for peace of mind; reduces uncertainty relating to important personal arrangements; reduces stress and anxiety.”

Turning to the Likert questions, participants were asked to report how frequently they add value to their clients through certain actions. A 0 to 10 scale was used where 10 indicated a belief that performing that action frequently provided value for clients while a 0 indicated that performing that action never generated value for clients. Table 3 presents the average rating for each action taken by advisers, with rows ordered by highest to lowest average rating. While average ratings are useful, they can hide the range of participant's views. The share (%) of participants who selected each rating has therefore also been included, with colour coding to indicate the strength of consensus around the different ratings.

Consistent with over a quarter of participants mentioning the mental wellbeing benefits of advice in their open-ended responses, we find that providing peace of mind to clients was viewed as one of the most valuable actions performed (average rating 8.92). Despite roughly half of participants describing the financial wellbeing benefits of advice in their open-ended responses, investment performance (average rating 7.4) was perceived as being performed less frequently compared to many of the other adviser actions (Table 3).

Table 3. Frequency with which actions taken by advisers add value for clients

	Average rating	N/A	Never (%)										Always (%)	
			0	1	2	3	4	5	6	7	8	9	10	
Providing peace of mind	8.92	1	1	0	0	0	0	1	0	12	15	34	36	
Educating clients	8.79	0	1	0	0	1	0	1	5	12	18	17	46	
Assisting with decision making	8.59	0	1	0	0	1	1	1	6	10	22	26	33	
Through specialist/ technical knowledge	8.51	0	1	0	0	0	1	3	4	14	25	21	32	
Reducing client's administrative burden	8.11	0	4	1	0	0	1	6	9	14	19	21	29	
Keeping clients accountable	8.07	0	2	1	0	0	1	4	10	11	20	25	26	
Asset allocation	7.94	3	1	0	0	1	2	6	9	11	30	16	22	
Creating savings habits	7.8	2	2	0	0	6	2	3	5	17	18	25	21	
Managing client biases	7.71	0	0	0	1	0	2	8	12	20	23	16	18	
Investment performance	7.4	4	1	2	2	1	4	9	9	11	26	16	16	
Management of debt	7.38	1	2	2	2	4	3	6	9	13	18	26	15	
Reducing information search costs	7.26	0	2	2	0	1	0	10	15	22	20	12	15	
Reducing trading frequency	6.75	5	2	3	2	3	5	17	8	15	16	7	18	
Referrals	6.73	1	4	0	2	4	4	18	8	13	22	16	9	

The final wellbeing themes alluded to in the open-ended responses relates to clients' **social** and **physical** wellbeing. These were mentioned far less frequently (5.2% and 1.7%, respectively):

"The negative effects of financial issues can also affect other parts of people's lives, including relationships with friends or family. Receiving financial advice provides benefits to people beyond the expected financial aspects, with mental health, family life and physical health often positively influenced."

The four aspects of wellbeing articulated by participants in the open-ended comments were assessed for their relative importance in the Likert questions. Participants were asked to rate the impact of advice on client wellbeing, with a 10 indicating much improvement and 0 indicating no improvement. All aspects were considered to have improved as a result of professional financial advice but to varying degrees (Table 4). Participants rated improvements in clients' financial wellbeing the highest (average rating 8.6) although improvement in clients' mental wellbeing was close behind (average rating 8.08). In comparison, the impact of advice on clients' social and physical wellbeing was perceived as moderate (average ratings 6.76 and 6.52, respectively). Agreement was the highest for financial and mental wellbeing, indicating that the impact of advice on these aspects of wellbeing is clear and similar for all clients. The opposite is true for client's physical wellbeing, which had the greatest dispersion of responses.

Table 4. Impact of advice on client wellbeing

	Average rating	No improvement (%)										Improvement (%)			
		N/A	0	1	2	3	4	5	6	7	8	9	10		
Financial wellbeing	8.6	0	0	0	0	1	1	1	1	12	30	21	32		
Mental wellbeing	8.08	0	0	1	0	0	1	4	9	17	28	18	23		
Social wellbeing	6.76	0	0	3	2	2	7	10	15	22	20	10	9		
Physical wellbeing	6.52	0	1	2	3	3	8	16	14	17	15	12	9		

4.1.3 Theme 2: Provision of advice (generic)

The value that advisers create for clients by providing guidance and information was the second largest theme identified (40.0%) in adviser's open-ended responses (Table 2). The responses included in this theme were typically brief, rudimentary, and generic:

"...direction, guidance and making a factual difference."

"Help with finances and get the best out of your money."

While some responses referred directly to the adviser's level of technical competence as creating value for clients, often it was alluded to rather than directly mentioned. It was almost taken as a given that advisers have a level of knowledge beyond that of the general public which creates value for clients:

"More knowledge of financial services."

"Guidance from an educated expert."

This idea of advisers adding value for clients by providing expert information is echoed in the Likert questions. Specifically, we covered advisers' specialist or technical knowledge and referrals to other professionals. Whilst on average all actions were rated as valuable, advisers' use of their specialist or technical knowledge was rated among the most valuable (average rating 8.51) (Table 3). Participants were also asked about advisers' technical competence by identifying adviser factors which drive or inhibit the value clients receive from financial advice. On this scale, a 10 indicated a strong driving factor and a 0 indicated a strong inhibiting factor. Although technical competence was rated slightly lower in this question (average rating 7.8), it was still viewed as one of the strongest drivers of value for clients (Table 5). Participants viewed advisers' level of experience and technical competence as stronger drivers of value compared to their qualifications, designations and continuing professional development (Table 5). In comparison, providing referrals was viewed as the least valuable way advisers add value to clients (average rating 6.73) (Table 3).

Table 5. Impact of adviser factors on the value of advice for clients

	Average rating	Inhibitor (%)										Driver (%)			
		N/A	0	1	2	3	4	5	6	7	8	9	10		
Act in clients' best interest	8.48	0	0	2	2	0	0	3	5	12	18	20	39		
Experience	8.23	0	1	1	1	3	1	3	2	10	27	19	32		
Technical competence	7.8	0	0	0	2	0	5	6	5	21	27	14	21		
Face-to-face advice model	7.58	0	0	1	2	1	4	10	10	9	28	18	18		
Professional demeanour/ 'bedside' manner	7.32	1	0	0	2	0	9	11	11	17	18	15	17		
Continuing professional development (CPD)	7.26	0	0	1	5	1	3	16	8	16	12	19	19		
University qualifications	6.73	0	2	0	4	5	3	17	9	20	19	9	13		
Designations	6.72	1	1	2	6	2	7	16	7	14	19	11	13		
Diploma of Financial Planning	6.53	1	0	2	5	4	7	20	8	17	15	10	12		
Risk seeking	6.3	5	1	2	7	4	2	17	14	17	14	11	6		

4.1.4 Theme 3: Strategic advice

The value that advisers create for clients by providing strategic advice was the third most frequently identified (33.0%) theme in the open-ended responses (Table 2). This theme is closely related to the second theme (provision of advice) however responses coded in this theme were generally more sophisticated and illustrated

the value to clients of having strategies and plans in place which are tailored to the client's unique circumstances and work to achieve client's individual goals:

"Financial advice is vitally important as financial advisers provide advice and guidance to their clients on how they can achieve their savings and/or retirement goals. We develop strategies which are tailored to the individual and can encompass minimising their tax, maximising their Centrelink entitlements, reducing their debt and establishing and following a budget."

"The value of financial advice is that advised clients are able to understand the complex interplay of super, tax, Centrelink and other legislation and how this impacts on their situation. They can understand their current financial position and how they can achieve their short, medium and long term goals."

Several responses indicated that the value of advice was important both at specific points in clients' lives and over time as actions taken by clients and advisers help clients better prepare for the future:

"Taking the clients from the initial advice to retirement and then into aged care."

"It provides the comfort and peace of mind of a well thought out plan, a plan that ensures clients are better prepared for the future."

Responses in this theme also both alluded to, and directly mentioned, the adviser's level of technical competence as creating value for clients:

"Also the comfort knowing you have a specialist available at any time to answer questions and ease stress."

"Peace of mind knowing that a financial services professional is managing their affairs for them by providing advice, assistance, understanding and education about financial matters that are now affecting them and will affect them in the future."

In the Likert questions, there were several actions tested which relate to the theme of strategic advice, for example, advising on client's asset allocations (average rating 7.94) and managing their levels of debt (average rating 7.38) (Table 3). While these actions were rated as valuable, they were not viewed as the most important actions taken by advisers.

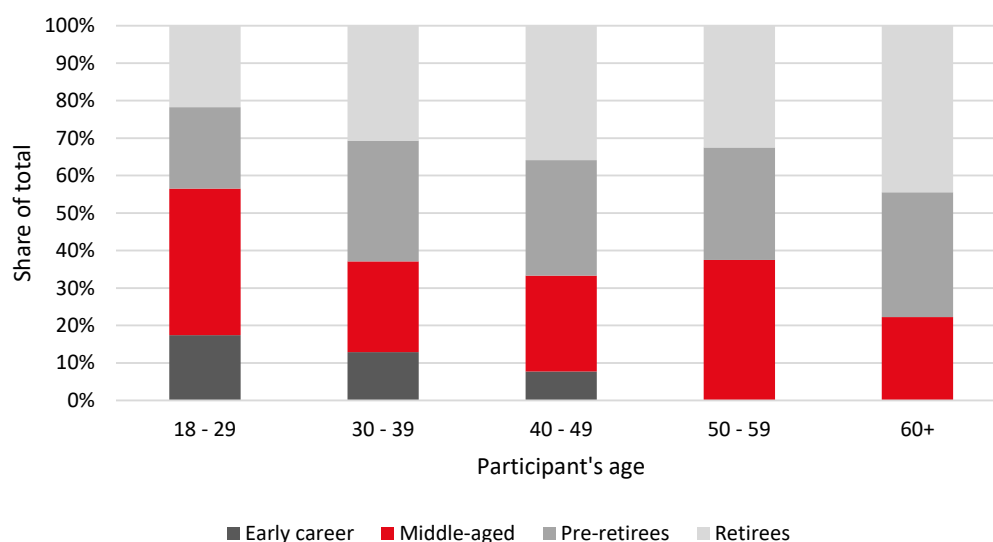
Participants were also asked to rate the benefit of different financial services to clients, with a rating of 10 indicating that the financial service is of significant benefit to clients and a 0 indicating no benefit. As expected, all financial services were rated as beneficial for clients. However, the most beneficial services were regarded as cash flow management (average rating 8.58), investment advice (average rating 8.49) and superannuation advice (average rating 8.22). Tax advice was also viewed as greatly beneficial, but to a slightly lesser extent (average rating 7.99). Behavioural coaching (average rating 6.89) and mortgage brokerage (average rating 6.92) were considered the least beneficial of the financial services (Table 6).

Table 6. Value of different financial services for clients

	Average rating	No benefit (%)								Significant benefit (%)			
		N/A	0	1	2	3	4	5	6	7	8	9	10
Cash flow management/ budget/ saving advice	8.58	0	0	0	0	0	1	7	3	9	18	30	33
Investment advice	8.49	0	0	0	0	0	1	5	5	9	28	22	31
Superannuation advice	8.22	0	0	0	1	1	3	3	10	8	26	20	30
Tax advice	7.99	0	0	0	2	1	1	7	8	15	23	18	26
Insurance advice	7.78	3	0	1	1	3	3	8	10	11	11	25	24
Estate planning	7.76	2	0	0	3	3	0	5	10	19	17	20	21
Debt management/ counselling	7.74	0	1	0	1	1	1	10	10	17	19	21	20
Mortgage brokerage	6.92	7	2	1	3	3	1	15	13	15	11	13	15
Behavioural coaching	6.89	2	1	1	2	6	5	13	12	15	16	9	18

Participant age and experience appear to have some influence on the perceived impact of various financial services for clients. Older participants rated cash flow management, insurance and debt advice significantly lower than the younger participants. Additionally, participants aged 40-49 rated behavioural coaching as more beneficial than any other age group and also showed the greatest consensus about its benefit (Appendix 6). These differences between different age groups may in part reflect the demographics of the clients they serve. As shown in Figure 6, younger participants typically had a higher share of younger clients, while older participants had a high share of retirees. Participants with younger clients perceived their clients benefit more from mortgage and debt advice while those with older clients perceived their clients benefit more from superannuation and estate planning advice (Appendix 6). Unsurprisingly, these results suggest that the value of various financial services varies with the client's stage of life. However, when participants were asked directly to rate which client factors drive or inhibit clients from benefiting from financial advice the results were less clear. Client's age, in particular being young, was viewed as not having an impact on the value of advice (average rating 5.33) (Table 8).

Figure 6. Client's stage of life by participant age



The value of financial services to clients was also perceived to change with client wealth. While there was a high level of agreement among participants about the value of cash flow management and investment advice, regardless of client wealth, participants with high wealth clients perceived clients to gain more value from superannuation, insurance, behavioural coaching and estate planning advice (Appendix 6).

4.1.5 Theme 4: Educating clients

The role advisers play in educating clients about financial matters was the fourth most frequently identified theme in the open-ended responses (19.1%) (Table 2). Comments captured in this theme described the education that advisers provide to clients regarding, for example, on financial markets, and financial products and strategies. The role of education was often linked to helping clients make better financial decisions. In the interpretation of responses, a distinction was made between comments which suggested educational information is provided by the adviser for the client to make a decision about, and comments that explicitly state the client was engaged in better decision-making or other client actions having improved as a result of behavioural coaching. It is also apparent that advisers' technical competence is assumed rather than expressly verbalised:

"In short - the value is helping people understand the inevitable financial trade-offs so that they are empowered to make informed financial decisions. It's understanding how much do I need, when can I retire, and how much can I spend before I run out? How can I maximise what I have got through the maze of tax, super, Centrelink benefits. How can I best manage the risks with insurance and sound conservative portfolio management?"

"The value is within the underlying education that is conveyed through advice. It's making things seem simple and easy to understand so that clients have that lightbulb moment and really understand the WHY in the advice."

"In my opinion the value of financial advice to clients is knowledge. Comprehensive financial advice will enable the client to: a) understand their current circumstances; b) understand what they need; c) provide realistic understanding of what they can achieve. Ongoing financial advice is just as crucial because as circumstances change (client and regulations) so it is likely a), b) and c) will change."

When participants were asked the value of certain adviser actions in the Likert scale questions, educating clients was viewed as highly valuable, as was assisting with decision making (average rating 8.79 and 8.59, respectively) (Table 3). Participants with the most experience (31-40 years) tended to give higher ratings for both educating clients and helping with decision making (average rating 9.5) (Appendix 7).

4.1.6 Theme 5: Behavioural coaching

Less than a fifth of participants (14.8%) spontaneously mentioned the value that advisers add for their clients through behavioural coaching (Table 2). Responses in this theme touched on the value that advisers provide by holding clients accountable, tracking their progress, aligning their actions with their goals and dissuading them from engaging in frivolous or regrettable behaviour:

"I think my favourite expression in terms of what we can do is to empower people to make decisions, and better decisions, and make positive changes to set and achieve their goals."

"Setting goals, aligning their action with their goals, keeping them on track..."

“Cutting through the noise and avoiding poor emotionally driven decisions.”

“To save them money or stop them wasting money.”

Within the Likert questions, participants were asked to rate the benefit of different financial services to clients; a 10 indicated that the financial service is of significant benefit to clients and a 0 indicated that the financial service is of no benefit. As expected, all financial services were rated as beneficial to clients (Table 6). In line with the thematic analysis which found that fewer participants spontaneously mentioned behavioural coaching as part of the value proposition, behavioural coaching was rated as one of the least beneficial services for clients (see Tables 2 and 6).

Within the Likert question asking participants to rate how frequently they add value to their clients through certain actions were several options related to behavioural coaching, including creating savings habits, keeping clients accountable, modifying client biases and reducing trading frequency. Keeping clients accountable was rated as one of the most valuable actions (average rating 8.07), while reducing clients’ trading frequency was viewed as one of the least valuable (average rating 6.75) (Table 3). Those with early career clients viewed managing client biases as one of the most valued factors (average rating 8.73) and more valuable than participants with older clients (average rating 7.85). Those providing holistic advice also stood out from the sample for recognising their high value add in terms of managing client biases and keeping clients accountable (average rating 8.05 and 8.41, respectively), which they rated as providing significantly higher value than those providing specialist advice (average rating 7.25 and 7.59, respectively) (Appendix 7).

Open-ended responses within this behavioural coaching theme indicated the value that advisers provide in empowering clients to be more involved with their finances. This was also reflected in the Likert questions where participants were asked to rate aspects of the client-adviser relationship, such as client empowerment (for these questions, a 10 indicated the factor was very important and a 0 indicated it is not important). All factors were viewed as very important for creating value for clients, with trust rated significantly higher than other factors (average rating 9.51) (Table 7).

Table 7. Impact of the client-adviser relationship on the value of advice for clients

	Average rating	Not important (%)										Very important (%)			
		N/A	0	1	2	3	4	5	6	7	8	9	10		
Trust	9.51	3	0	0	0	0	0	0	1	4	8	17	68		
Client engagement	9.03	3	0	0	0	0	0	0	3	8	18	24	45		
Client commitment	9.00	3	0	0	0	0	0	2	4	9	13	20	50		
Client empowerment	8.69	3	0	0	0	0	1	1	7	10	16	30	33		
Ownership by client	8.34	4	0	1	0	1	1	2	6	17	17	21	30		
Active client involvement	8.29	3	0	1	0	2	0	4	8	13	18	18	33		

4.1.7 Theme 6: Acting in the client’s best interest

Having someone acting in the client’s best interest was the sixth theme identified in the open-ended responses (12.2%). This theme is closely related to the client-adviser relationship and advisers’ technical competence, all of which can be thought of as factors which moderate the value of advice for clients. While some responses under the strategic advice theme demonstrated an awareness or concern for the best interest of the client, not all comments did. It was therefore deemed important to identify this theme separately. Responses highlighted the value in having someone with the client’s best interest at heart, working to create the best outcomes possible for them:

“Financial advice to clients is of great benefit to clients if it has their best interests at heart.”

“Having someone with 'fiduciary obligation' do the work for you.”

Consistent with this theme, participants rated acting in their client's best interest as a strong driving factor of value (average rating 8.48). In fact, acting in the client's best interest was rated as the strongest adviser factor driving value for clients, and together with adviser's level of experience (average rating 8.23) and technical competence (average rating 7.80) was rated significantly higher than the other factors tested (Table 5). A related concept is the trust that clients have in their adviser, which was tested multiple times in the Likert questions. As discussed in the fifth value theme (behavioural coaching), trust was rated as the most important aspect of the client-adviser relationship (average rating 9.51) (Table 7). Trust was also measured as a client factor which may drive or inhibit value creation and, in line with other results, was rated as the strongest driving factor (average rating 7.68) (Table 8). Clearly, having an adviser who has the client's best interest at heart and a client who trusts their adviser and the advice process is critical to the client-adviser relationship and the generation of value for clients.

Within many of the Likert questions was the option for participants to provide an open-ended comment to further explain or expand upon the options listed. In analysing these open-ended responses, the concepts of trust, client wellbeing, technical competence and acting in the best interests of the client featured consistently throughout. This speaks to the passion that these participants have for their clients and their beliefs in acting ethically and maintaining a strong client-centred client-adviser relationship.

4.1.8 Theme 7: Products, time saving and transactional support

Adviser's knowledge of and access to financial products and their ability to provide transactional support to clients was the final theme in the open-ended responses (13%) (Table 2).

“Financial advice helps clients to understand financial instruments and products available in the market that would help them to achieve their personal financial goals. The advice process shows what, how, when and why the products would be useful for them in their personal situation. Apart from this, advice helps them to understand how to filter from so many choices available in the market.”

“We have access to a large range of products and knowledge, often allowing clients to achieve goals they didn't know were possible, and structure their products in the correct way.”

Some advisers also mentioned the time saving benefits provided to clients by advisers undertaking the research and administrative work on their client's behalf:

“We also ensure that clients and their families are protected in the event of prolonged illness, accident, TPD and premature death through appropriate insurance cover. If such an event occurs, we assist them with their claim and liaise with the insurance company on their behalf.”

“Saving the client time by doing the research (strategy and product) and implementing any changes/updates.”

When participants were asked to rate how frequently advisers provided value for clients through various actions, reducing clients' information search costs (average rating 7.26) (Table 3) was viewed among the least valuable actions listed. However, males rated reducing clients' administrative burden as one of the most beneficial actions (average rating 8.42), and significantly higher than female participants (average rating 7.78) (Appendix 7).

4.2 Moderating client factors

While client factors which moderate the value of financial advice were tested in the Likert questions, participants failed to mention the impact of client factors on value in their open-ended responses. Participants were asked to rate which client factors drive or inhibit clients from benefiting from financial advice; a rating of 10 indicated a strong driving factor and 0 a strong inhibiting factor. While on average no factors were considered to inhibit value for clients, a wide range of views around the impact that various client factors have on advisers' ability to generate value for their clients were evident. This may reflect that advisers were unsure of the impact that client factors have on value, or that there are other factors which influence whether client factors are drivers or inhibitors, or perhaps advisers misunderstood the question.

Nonetheless, the more emotional, intangible client factors were viewed as the largest drivers of value, with clients who trust their adviser (average rating 7.68), are engaged in the advice process (average rating 7.21) and are worried about their financial situation (average rating 7.02) receiving the highest average ratings (Table 8). There were conflicting views around tangible factors, such as the impact of clients' having low cash flow (average rating 5.72), short investment horizon (average rating 5.54) and being young (average rating 5.33). Factors such as client location (average rating 5.12), low net wealth (average rating 5.19) and being young (average rating 5.33) were perceived to have the least impact on the value clients receive from financial advice (Table 8).

Participants were given the option to suggest other factors which they believed drive or inhibit value for clients. The comments received confirmed the view that client's openness and perspective on the advice process are more important than demographic factors such as wealth or age:

“Trust in advice – I think if people knew where they could get a consultation with a trustworthy independent adviser who wasn't there to sell them a dodgy product – then most would go for an initial consultation.”

“Being teachable.”

Table 8. Impact of client factors on the value of advice for clients

	Average rating	N/A	Inhibitor (%)										Driver (%)		
			0	1	2	3	4	5	6	7	8	9	10		
Trust their adviser	7.68	0	0	2	3	0	5	6	8	11	27	20	20		
Highly involved in the advice process	7.21	0	1	1	2	3	3	11	15	12	18	17	16		
Concerned about their financial situation	7.02	0	0	3	3	9	5	9	8	14	14	12	24		
New client	6.26	3	2	3	4	4	10	20	6	14	10	13	11		
Low financial literacy	6.02	0	5	9	6	7	9	10	8	9	8	10	22		
Risk seeking	5.99	1	2	2	5	7	6	20	18	13	10	9	8		
Low cash flow	5.72	0	7	12	10	2	6	7	8	12	7	11	19		
Short investment horizon	5.54	0	1	8	8	11	9	13	12	10	11	8	10		
Being young	5.33	0	2	11	9	11	7	11	9	12	10	9	10		
Low net wealth	5.19	0	6	14	9	8	6	10	7	9	13	8	11		
Regional location	5.12	0	1	12	9	7	6	21	16	10	7	6	7		

4.3 The impact of regulation

Regulatory change was explored in the Likert questions where participants were asked to rate the short- and long-term impact of certain regulatory changes on advisers' ability to add value for their clients. The regulatory changes tested were education requirements, continuing professional development (CPD), the ban on commissions and the FASEA Code of Ethics. A rating of 10 indicated a strong positive impact and 0 a strong negative impact. Participants were not overly positive about the impact that industry changes have had on advisers' ability to add value for their clients (Table 9). Average ratings for the short- and long-term impact that the FASEA code of ethics (short-term 5.65; long-term 6.15) and the ban on commissions (short-term 5.28; long-term 5.53) have on advisers' ability to add value indicated that they had no impact on value. However, there were sizable shares of participants who viewed the regulatory changes more positively than others. Compared to business owners, employees tended to perceive the FASEA code of ethics as having a more positive short-term impact on their ability to add value to clients (6.28 vs 4.36, respectively).

In contrast, some participants expressed their frustrations in the open-ended comments regarding the negative impact of increased compliance measures:

"BID and associated compliance makes the process complex and time consuming. It means that you are focused on cost recovery to simply comply with regulation and cannot charge extra for service the clients actually value (for example, education, peace of mind, certainty, financial modeling, coaching etc.)"

"Ridiculous licensee compliance/standards changes to please ASIC that have no consideration for the adviser or his firm or indeed their clients."

"The increased regulatory requirements on advisers daily has not curbed the behaviour of the large institutional financial planning businesses and licensees, the behaviour is embedded in these businesses."

"All these government laws have increased the cost of providing advice to no benefit to the consumer... We are now becoming like lawyers, the rich can afford us and the average Mum and Dad cannot afford us, meaning more of a burden on Centrelink (not enough insurance as no calculation has been done, insufficient planning for retirement and investing, paying too much tax, the list goes on and on)."

While these open-ended comments convey the negative sentiments that some participants feel regarding regulation and increased cost to serve, the Likert results show that the regulatory changes aimed at increasing advisers' skills (education and CPD requirements) were rated as having a positive impact on advisers' ability to add value for clients, albeit a moderate one, with participants viewing these changes more positively in the long-term. This duality of increased costs, for both clients and for advisers, but increased benefit, was also echoed in some open-ended responses:

"In my opinion, the recent regulatory changes to financial services have been both positive and negative: positive because it has forced the financial services 'industry' to become a 'profession'; and negative because it meant a significant portion of society will simply not be able to afford to pay for financial advice."

"I welcome the move to professionalise the industry with education requirements etc., but it comes at a very real cost financially and of people's time."

Most participants see advisers increasing their formal education as a result of the regulatory changes as having a positive impact on their value proposition. However, it is important that advisers are able to articulate the value that the upskilling of the profession will have for clients.

Across all four regulatory measures, participants' average scores were higher in the long-term compared to their short-term assessments. While these results are not statistically significant, it shows a trend that participants believed that the positive impacts of these regulatory changes will be greater once the industry has adjusted to them (Table 9).

Table 9. Impact of regulatory change on advisers' ability to add value for clients

		Strong negative (%)							Strong positive (%)					
	Average rating	N/A	0	1	2	3	4	5	6	7	8	9	10	
Education requirements (long-term)	7.13	1	7	1	4	3	1	9	5	14	17	14	25	
CPD requirements (long-term)	7.09	1	4	0	2	2	1	18	7	16	19	12	18	
Education requirements (short-term)	6.75	1	7	3	2	4	1	16	3	15	15	13	20	
CPD requirements (short-term)	6.58	1	5	1	1	6	3	15	10	20	13	13	11	
FASEA code of ethics (long-term)	6.15	3	10	1	4	1	3	15	11	16	13	10	12	
FASEA code of ethics (short-term)	5.65	5	13	3	4	5	4	14	8	10	11	12	10	
Ban on commissions (long-term)	5.53	2	14	2	5	6	3	14	11	11	10	10	10	
Ban on commissions (short-term)	5.28	3	15	2	3	10	7	13	8	10	8	9	12	

Participants were also asked to indicate what actions they had taken in response to regulatory changes (Table 10). Participants commonly chose to educate themselves, increase their use of technology to reduce costs and/or alter their fees. The proportion of those who commenced or completed education may be inflated somewhat due to the share of participants with a university degree being higher than the industry average (Tables 1 and 10) (ABS 2016). Over 13% had not implemented any changes to date (Table 10).

Table 10. Actions taken by participants in response to regulatory changes

Themes	Share (%)
Commenced additional education	41.0
Increased use of technology to reduce costs	39.0
Increased fees	37.1
Changed fee structure	28.6
Completed education requirements	28.6
Changed services offered	22.9
Outsourced aspects of the business	21.9
Targeted a different market	17.1
Increased the number of employees	13.3
Decreased the number of employees	12.4
Created a succession plan	11.4
Changed licensee	9.5
Become a self-licensed practice	6.7
Sold my business	1.9
Recruited younger advisers	1.9
Exited the industry	1.9
Other	5.7
No changes to date	13.3

*Participants were able to select more than one response.

Very few participants indicated they had sold their business or exited the industry (both 1.9%). However, the open-ended comments left in response to this and other survey questions paint a bleak picture of the emotional and financial strain which these regulatory changes have had on some advisers:

"Slept a lot less."

"Been forced to sell [the] business and change licensee at a large loss."

"Costs and complexity are increasing. Planner numbers are reducing and the barriers for new entrants are rising, especially the Professional Year. It will be interesting to see how this squeeze plays out."

"The higher education standards are a positive for the industry but the massive level of regulation is going to make the cost of providing advice higher which in turn is going to have an impact on the number of clients willing to seek advice as much of the value of advice is intangible and people are not good at valuing intangibles, such as the value of their time or their mental wellbeing."

“As a new adviser since 2016, I entered because of the changes. Being in this for the ride has been like staring into the abyss watching more conflicted people than myself make decisions on how to act professionally. I’ve delayed education because at times it’s hard to see any future in this industry because it’s being regulated into oblivion and the costs cannot be recovered from the client.”

“This is a tough gig... I want to help the average Aussies, but at the cost I have to charge just to provide the advice, many are put off... You work your absolute rear end off and earn the same wage as a low level government employee who works half as much as you do, doesn't have CPD or education requirements, doesn't have to worry about getting sued every day and goes home regularly on time.”

Participants also suggested other actions they have taken and other issues that have arisen as a result of the recent regulatory changes:

“Reduced and reducing the number of clients.”

“I left the industry due to personal frustration by being witness to unethical conduct by other advice providers. The banking industry was no exception. I still keep up to date via industry publications and feel annoyed that many of the issues regarding education, commission and client value propositions are still being debated or have not gained total clarity to date.”

“The supervision required for Provisional Advisers will be a huge barrier to entry – I would not consider employing a Provisional Adviser as it would make me unproductive.”

4.4 Benefits versus profitability of advice services

Participants were asked to rate the profitability of a selection of financial services for their financial advice business; a rating of 10 indicated the financial service is highly profitable and a rating of 0 indicated the service is not profitable⁷. While all financial services were viewed as profitable, participants generally considered investment, superannuation and tax advice as being the most profitable. While investment and superannuation advice were considered by advisers to be the most profitable and of the greatest benefit to clients, cash flow management was perceived as being highly beneficial yet one of the least profitable services (Table 11). This scenario where a service is perceived as highly beneficial for clients but is perceived as less profitable presents a challenge for advisers. However, in some areas, such as estate planning, it makes sense that a gap exists between the benefit and profitability because clients are likely to be referred to specialist advisers or other professionals.

⁷ Participants were asked to select N/A if they did not provide a service.

Table 11. Benefit vs profitability of advice services

Services	Participants who offer this service* (%)	Benefit to clients (Average rating 1-10)	Profitability (Average rating 1-10)
Cash flow management	95.2	8.58	6.00
Investment advice	94.3	8.49	7.45
Superannuation advice	94.3	8.22	7.25
Tax advice	87.6	7.99	6.76
Insurance advice	92.4	7.78	6.48
Estate planning	87.6	7.76	6.16
Debt management / counselling	93.3	7.74	5.63
Mortgage brokerage	83.8	6.92	6.20
Behavioural coaching	86.7	6.89	5.69

*Excludes those who indicated they did not provide the service.

Across all services, profitability was rated lower, on average, than the perceived benefits to clients. There was also a wider range of views about the profitability of services than there was about the benefits for clients (Table 12). However, profitability does not appear to be preventing advisers from offering services to clients, with few participants indicating that they do not provide a service (Table 11). This is particularly true for debt management, which is viewed as the least profitable service but was still offered by 93.3% of participants. One caveat on these results is the frequency with which advisers perform these services was not measured; thus, further work is needed in this area to better understand service gaps.

In the open-ended responses at the end of the survey, some advisers mentioned issues relating to cost, profitability and service gaps:

“Educating clients is something we do but don't charge for. It takes a lot of time and we don't/can't recover our costs.”

“The issue that I see with advisers is that clients see value in cash flow advice... but this process is costly and takes significant time with an adviser. Often businesses don't charge appropriately for this.”

“The high-net-worth clients will always have someone to help them however, those at the other end of the scale will be cut off from service by financial planning businesses – not because they want to cut them off – but because the ridiculous compliance measures imposed mean that the liability of having those smaller clients on your business is not justified. And that is a sad indictment on those that changed and implemented ridiculous compliance and legislation changes.”

“You're kidding right... If the real price of initial advice was charged, I wouldn't have any clients.”

Table 12. Benefit vs profitability of advice services

	Benefit of services (%)												Profitability of services (%)											
	N/A	0	1	2	3	4	5	6	7	8	9	10	N/A	0	1	2	3	4	5	6	7	8	9	10
Cash flow management/ budget/ saving advice	0	0	0	0	0	1	7	3	9	18	30	33	5	5	8	6	1	5	10	12	14	13	12	9
Investment advice	0	0	0	0	0	1	5	5	9	28	22	31	6	4	1	1	1	2	5	7	20	19	19	16
Superannuation advice	0	0	0	1	1	3	3	10	8	26	20	30	6	2	2	1	2	2	5	12	22	15	21	10
Tax advice	0	0	0	2	1	1	7	8	15	23	18	26	12	5	2	1	4	2	10	10	13	12	18	10
Insurance advice	3	0	1	1	3	3	8	10	11	11	25	24	8	3	3	3	3	6	10	8	23	18	10	7
Estate planning	2	0	0	3	3	0	5	10	19	17	20	21	12	7	2	7	3	3	9	7	16	13	17	5
Debt management/ counselling	0	1	0	1	1	1	10	10	17	19	21	20	7	6	5	10	5	6	12	6	15	10	12	7
Mortgage brokerage	7	2	1	3	3	1	15	13	15	11	13	15	16	10	4	3	1	3	6	8	17	11	9	13
Behavioural coaching	2	1	1	2	6	5	13	12	15	16	9	18	13	8	4	4	4	4	13	11	12	11	10	5

4.5 The value of advice to clients: A more in-depth investigation

To gain a deeper understanding of the value of financial advice themes identified in this paper, semi-structured interviews with 21 financial advisers located across Australia were conducted in Stage 2 of this project. Participants were asked a similar open-ended question to Stage 1 participants: *“Can you briefly outline, what the value of financial advice is to clients?”*. The results were generally consistent with those presented in section 4.1, although the interview responses were more comprehensive than the open-ended responses from the Stage 1 survey. This likely reflects the method used, with interviews facilitating more in-depth responses than survey questions. The sample chosen for Stage 2 may also have played a role.

Table 13 displays the main themes identified by thematic analysis of the Stage 2 responses. The themes identified in both research stages exhibited a reasonable degree of similarity. However, the multidimensional nature of advice, and the direct and indirect links between adviser’s actions in the provision of advice and the positive outcomes that advice delivers to clients, were more evident in the Stage 2 interview responses. Actions taken by advisers, in particular, behavioural coaching, education and strategic advice were seen to help increase client’s confidence in their financial situation and their ability to make financial decisions. These outcomes were then thought to have flow-on effects to client’s mental wellbeing. Advisers also mentioned both the indirect impact that improvements in client’s financial wellbeing have on their mental wellbeing, as well as the direct impact that adviser’s care and empathy have on client’s mental wellbeing. Similarly, the strong relationship between advisers and clients, built from advisers proving themselves as trustworthy, reliable, available and empathic, was thought to have direct and indirect impacts on client’s mental and social wellbeing.

Finally, adding additional complexity to the topic, some Stage 2 advisers expressed the sentiment that the value of advice is different for different clients. Together, these points highlight the complexity of the concept of value. It also suggests that a question on the value of financial advice to clients is better suited to an interview setting where participants are more able and willing to give a detailed response.

Table 13. Stage 2 main themes – Value of financial advice to clients

Themes	Description	Example quotes
Client outcomes		
Financial wellbeing	Improvement in client's financial situation and/or standard of living. Framed in terms of maximising wealth, structuring finances. Often linked with goal setting and achievement. Also includes clients having a better understanding of their finances and general financial concepts which helps them make better financial decisions and engage in positive financial behaviours.	<p><i>"It's about helping clients to achieve their goals and to maximise their wealth, if that's what they're looking for."</i></p> <p><i>"So in short, the answer to the question would be, we make people, we help people make the best use of their resources irrespective of what those resources are."</i></p> <p><i>"The value is that if you've got good financial advice, you understand where you're at, where you're going, and how you're going to get there."</i></p>
Mental wellbeing	Primarily couched in terms of creating or providing peace of mind for clients, enabling them to feel more confident and less overwhelmed. This was viewed as just as important as financial wellbeing but less visible by clients and potential clients.	<p><i>"What people get from the process of getting advice is how they feel from the experience; more in control, more confident, more secure, there's a great value in that."</i></p> <p><i>"...it's the peace of mind that they get at the end of the day from knowing that they can meet their goals."</i></p> <p><i>"It's the comfort that they know they've got someone in their corner."</i></p>
Social wellbeing	Feeling a sense of belonging and connection with others, having adequate friendships and positive personal relationships.	<p><i>"We all want someone to actually know us, that we could trust to talk to, that we actually can share what we're thinking and be listened to."</i></p> <p><i>"I've got clients who just ring me willy nilly and ask how am I going, what's happening?"</i></p> <p><i>"There are other clients that, especially older clients, we notice that are more relationship, looking for a chance to come and have a chat, go out for the day, have a coffee... I think there's a social value in what we do..."</i></p>
Adviser actions*		
Strategic advice	Formulating strategies and plans relative to clients' unique circumstances and level of resources, to help them achieve their goals.	<p><i>"You don't know what you don't know, and that's generally what we do know, is the best strategies and structures to be able to maximise the, I guess, maximise the benefits that you get out of financial planning, but your wealth at the end of the day, and meet those goals."</i></p> <p><i>"I think that it helps them to set a plan and a strategy for the future... it's going to an expert to get them to help you with achieving your goals basically."</i></p>
Reassurance, empathy and understanding	Expressions of empathy, care and understanding, together with providing validation and reassurance.	<p><i>"Having someone listen to that worry and try to counsel you through that, in a way that tries to balance the emotions of it with a bit of logic."</i></p>

		<i>"They have to know that you're there. They have to know that you haven't changed your point of view, they just need the reassurance."</i>
Education	Educating clients about their financial situation or general financial concepts to improve their financial literacy, build their financial resilience and enable them to make better financial decisions.	<p><i>"Every year when we talk to our clients, we give the education around the different asset classes, what they are invested in, why they are invested in that, the fact that markets can go up and go down, this is the reason why it was structured that way."</i></p> <p><i>"Then I've got other clients and this is probably a real challenge, is that they want someone else to make the decisions for them... And I think my job with them is to educate them and hold their hand so that they are more confident and more financially literate to make those decisions."</i></p>
Relationship focus	Time spent getting to know the client, sharing personal information, building rapport and trust.	<p><i>"For me it's more about building, being able to build a relationship with the client in a meeting and encouraging them to open up to you. Which also means opening up to them as well so they get to know you too."</i></p> <p><i>"I don't think you should treat people as just clients and it's a financial transaction. That's a mistake... You've got to have that emotional intelligence to be able to connect with people..."</i></p>
Behavioural coaching	Providing a mentoring role, to help keep clients accountable and on track, identify biases and avoid making regrettable mistakes.	<p><i>"See there's two things we do, we help them make good financial decisions but we help them avoid bad financial decisions."</i></p> <p><i>"Much in the same way people may be self-motivated for exercise and do a great deal about themselves, but when they get a personal trainer involved, always say I work hard and I get better results and I think having a financial adviser involved in that similar kind of context makes things work better."</i></p>

*For brevity, only key themes are displayed.

5.0 Discussion

This report takes the perspective that the nature of advice is a relational process (Grundmann 2017) wherein at the crux of the financial advice environment lies the client-adviser relationship. As a credence good, professional financial advisers are faced with the difficult and competing tasks of delivering a service to a diverse and at times financially unsophisticated client base, having to explain why their service is worth paying for even when the outcome is to stay the course, all while attempting to engage clients and build a solid trusting relationship in an increasingly regulated and costly environment. It's not surprising then that the value of advice is often difficult both for a financial adviser to articulate and for a consumer to accurately assess. Value is intrinsically tied to the experience of interacting with and gaining benefit from a service (Holbrook 2002). The multiple layers of value means it can have subjective and objective benefits (Boztepe 2007) and it is acknowledged that consumer's perceptions of value can be a function of their goals, needs and expectations and can also change over time. The research presented in the current study found that value in the financial advice realm can be conceived of as the result of actions undertaken by the financial adviser or as the result of positive outcomes realised by the client. These outcomes relate not only to financial benefits but to mental,

social and physical wellbeing outcomes. The multidimensional nature of financial advice is therefore a worthy and necessary avenue of exploration.

The results from this study indicate that relationships are important, with trust, engagement and commitment perceived as strong driving factors, aligning with Hunt, Brimble and Freudenberg (2011, 2022). A consequence of a quality relationship is the long-lasting bonds formed between the client and adviser, with financial wellbeing outcomes (understandably) mentioned frequently by advisers. However, participants weren't frequently referring to the tangible financial outcomes such as investment performance or rate of returns, as these feature lower down in the rating responses. Rather, the open-ended responses make mention of clients engaging in positive financial behaviours, being more financially secure and having the resilience to withstand financial shocks, which creates a positive feedback loop into the relational drivers listed above. Despite participants adopting a broader view of value, a recent systematic literature review shows the measurement of value has more often focused on tangible financial benefits such as investment returns as opposed to the intangible financial and other wellbeing benefits (MacDonald et al, 2023). This may indicate a disconnect between the attentions of academia and industry.

That said, as the planning profession matures, there has been at least anecdotal evidence that personal finance may be heading in the direction of a broader advice perspective, with a gradual shift from financial planning to a wider yet also more personal focus on clients' financial and nonfinancial needs (Anthes and Lee 2002). For instance, Grable and Chatterjee's (2014) six-step planning process focuses on improving a client's overall financial situation within the context of the client's goals, rather than looking for improvement in only one aspect of a client's financial situation. Similarly, Hogan (2012) believes that good financial advice integrates a client's personal values, is centred on client's goals and takes a broader view of the client's life course, rather than being anchored in portfolio management alone. The results of our study align with these scholars' views, however given the persistent scholarly focus on investment research, more needs to be done to contribute to academic discussion on the holistic value of advice.

The findings of this report also imply that middle- and low-income clients may have unmet advice needs. Participants report cash flow and debt advice adding the most value for clients, but report the same areas of advice as being the least profitable. This may have implications for business structure, fee structure or both, by taking a longer-term view of the cost to serve, who can provide this advice and how it is provided. In other jurisdictions, such as Canada and New Zealand, some areas of advice or less complex issues or products are advised on by a lower tier of qualified adviser. In Australia, cash flow advice is not included in the personal financial advice regulation. However, the provision of this advice on its own outside the structure of an advice practice, restricts value for clients, particularly if they also have a need for multiple advice services, regardless of the scope and complexity of the strategies and products. Banks and other financial institutions have an abundance of client data that means they are well-placed to assess who might need advice and explore how to support clients to access cheaper, more time critical advice. The challenge of affordability and accessibility of advice with upfront fees for service also has implications for government policy, given that accessibility and low participation rates in professional financial advice is already a concern.

5.1 The dynamics of the client-adviser relationship

In many client facing areas, value is defined in terms of the client outcomes relative to cost to receive a service. Yet value can be analysed and communicated through multiple lenses, for example, through describing the actions performed that generate value or by outlining the outcomes realised by clients. While cause and effect relationships exist, it is not always the case that a specific action will always lead to a specific outcome, given there are internal and external factors which influence both actions and outcomes on both sides of a dyadic relationship. When asked about the value of financial advice for clients, participants were more likely to talk about value in reference to the actions that they perform for clients and less likely to talk about the outcomes for clients. These results suggest financial advisers are more comfortable talking about what they do, which represents a narrower focus and is problematic given the multidimensionality of value. This highlights the need

to take a more detailed look at outcomes for clients, to better understand the link between adviser actions and client outcomes and ultimately to develop a more comprehensive understanding of the value of professional financial advice for clients.

While this report set out to capture the relevant elements of the institutional context and background literature including the role and assessment of expert advice in decision-making, professionalism, consumer protection and definitions of value, further insights have been gained by exploring what happens in practice as reported by financial advice professionals. Central to Figure 1 is the client-professional relationship. While extant literature focuses on the nature of the client-adviser relationship in terms of factors such as trust and satisfaction (Sharma and Patterson 2000), this study has considered value and the reported adviser actions and client outcomes to develop a conceptual framework (see Figure 7) in which the dynamics of the client-adviser relationship are overlaid on the financial advice environment. By displaying the complex, interconnected and multidimensional nature of the client-adviser relationship against the backdrop of business, administrative and broader environmental constraints within which personal finance sits, this figure clarifies, informs and extends our thinking on the value of personal financial advice.

Surrounding the adviser moderating factors in Figure 7 are different types of support an adviser provides to clients during the advice process. The client outcomes identified in the qualitative data (Table 2) were noted to closely align with the constructs which feature in social support theory. Finance has links to sociology through behavioural finance and exploring attitudes, behaviours and their interaction. It has been linked to social support theory in terms of how people search for financial information and the role of social support in reducing financial stress (see for example, Aslund et al 2014 and Brackertz 2014). Like social support models, our study is concerned with wellbeing, along with a focus on relationships. In the client-adviser relationship, the adviser performs different actions, including strategic advice, education, and situational appraisal, and provides different types of assistance that may be considered in terms of whether the physical actions or use of words provided emotional support, tangible goods and services, facts or feedback on actions or educational messages to enhance financial literacy skills or even validation of a client's actions to keep them on track. Table 14 presents common types of social support including examples applicable to the financial advice relationship. These social support typologies will serve as a framework for the next stage of this project to determine the extent to which social support moderates client wellbeing outcomes (financial, social, mental, and physical) during times of crisis.

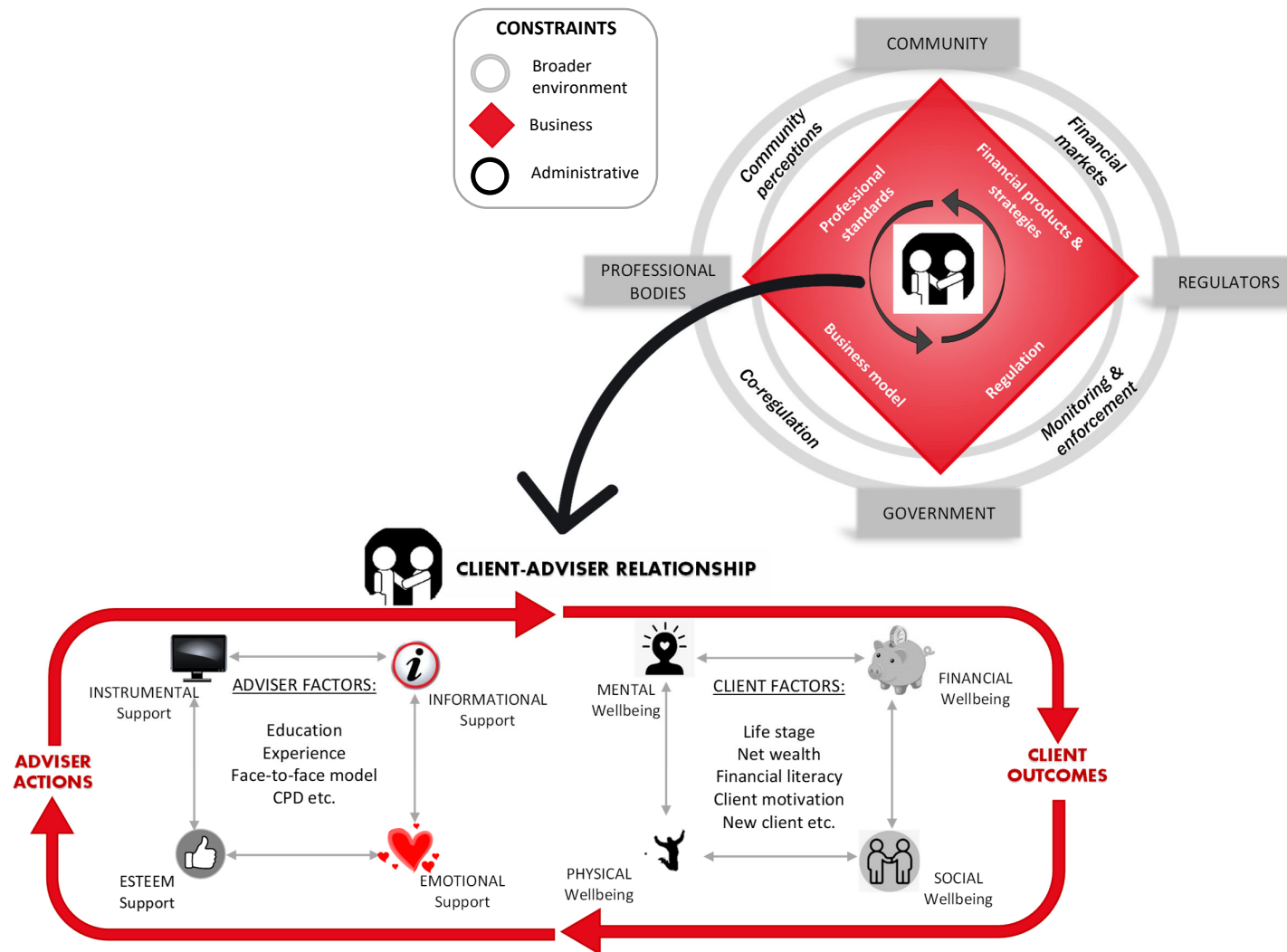
Table 14. Mapping the social support model to financial advice

Type of support	Definition	Examples
Emotional & Esteem	Expressions of trust, concern, encouragement and empathy, to promote skills, abilities and intrinsic value.	Verbal and non-verbal expressions of care Active listening Reassurance, validation
Instrumental	Tangible support, that is, providing needed goods and services to recipients.	Strategic advice Technical expertise Being proactive
Informational & Appraisal	Advice, knowledge, facts, suggestions or feedback on actions. Information useful for self-evaluation.	Education Behavioural coaching Situational, emotional and personal appraisal
Social	Making time to spend with others, building positive relationships and affect.	Relationship focused Social interaction Being reliable and available

The moderating factors which influence the client outcomes that result from actions taken by advisers are also noteworthy. As displayed in Figure 7, these moderating factors may include adviser factors such as adviser qualifications, experience, and ability to communicate effectively. Similarly, there are likely to be client factors which influence advisers' ability to help clients achieve certain outcomes, for example, clients' stage of life, investment horizon, and receptiveness to advice. The results show that participants tend to rate the ethical and practical aspects of the advice-giving process (acting in the client's best interest, experience, technical competence) more highly than their qualifications (CPD, university degrees, designations). This indicates that advisers are more focused on their skills rather than their qualifications, which may in part be a legacy of an industry edging towards professionalisation. In addition, there was a low degree of consensus among advisers as to which client factors drive value. There are also likely to be some client factors which both moderate the value of advice and are impacted as a result of advice (client outcome), for example, clients' financial literacy, certain financial behaviours, clients' level of wealth or cash flow. These results highlight the need for access to client data both to further the literature and empower advisers through the development of value propositions.



Figure 7. The dynamics of the client-adviser relationship and the financial advice environment



6.0 Conclusion

The findings of this report suggest an industry in transition to a profession and highlight some of the tensions that can be created from the legacies of being product focused and the challenges of a new regulatory environment. It is evident that some advisers are moving at a faster rate than others towards the new profession, including the way that they charge and articulate professional fees. Although professional bodies and licensees already communicate some information to the market on the value of professional financial advice, persistent negative media continues to overwhelm positive advice stories. There have also been efforts by professional bodies and licensees to help advisers articulate the value of financial advice, and these professional development sessions continue to be offered now. However, despite these actions, the level of difficulty advisers experience in communicating the value of professional financial advice to clients and the challenges the profession has in communicating effectively to the community, regulators and government, suggests a call for leadership from the professional bodies and licensees to consider new ways to both provide more accessible information to consumers and to upskill and instil confidence in advisers. Interestingly, the FPA has recently released a first report on the perceptions of the value of advice, suggesting they are heading in this direction (FPA 2022). Academia also has a role to play in providing independent, quality research and a framework around the holistic value of professional financial advice.

The limitations of this research relate to the focus being on the supply side of financial advice, specifically, self-reported data and opinions from a sample of 105 financial advice professionals. While the survey sample reasonably reflects the Australian adviser population, a larger sample may reveal additional trends and themes. Nonetheless, the analysis of the demographics and other characteristics of the advisers and their clients reveal few significant relationships between variables that add value to our understanding on their own. The richness of open-ended responses combined with the demographic and Likert scale data is far more valuable in informing the research about the value of financial advice from financial advice professionals' perspectives, a source of information not widely tapped in formal research. Qualitative adviser data provides a new lens through which to view client wellbeing and client behaviours by supporting the identification and application of theoretical frameworks from other disciplines to better understand specific adviser actions and their contribution to client outcomes.

In order to further test these implied findings for clients as reported by financial advice professionals, it is recommended that longitudinal quantitative and qualitative analysis of client data be undertaken to:

- gain a more complete understanding of the supply and demand side of the advice process, including the connection between adviser actions and client outcomes;
- advance the body of literature;
- develop a theoretical framework for the value of personal financial advice; and
- empower advisers and the profession through access to more tangible information on the value of financial advice.

Practices and licensees have a critical role to play in this future research endeavour through provision of data to support comprehensive client analysis employing historic client file data and periodic future access to client file data and clients to interview. Similar to the current study, such future research offers the ability to include advisers and others in financial services in the development of the body of knowledge of their profession, and thus advance their own individual and collective reflection on and understanding of professional identity.

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Appendices

Appendix 1. Wellbeing definitions and conceptualisations

Author	Construct	Definition
Diener et al. (1999, p. 277)	Subjective well-being	"...is a broad category of phenomena that includes people's emotional responses, domain satisfactions, and global judgments of life satisfaction."
Dodge et al. (2012, p. 230)	Wellbeing	"...the balance point between an individual's resource pool and the challenges faced...stable wellbeing is when individuals have the psychological, social and physical resources they need to meet a particular psychological, social and/or physical challenge. When individuals have more challenges than resources, the see-saw dips, along with their wellbeing, and vice-versa."
Dolan, Peasgood and White (2008, p. 95)	Subjective well-being	"...an umbrella term for how we think and feel about our lives ... SWB [subjective well-being] takes an individual's well-being to be their overall assessment of their life."
Gudmundsdottir (2013, p. 1084)	Wellbeing	"is about lives going well, about positive feelings and functions, health and happiness. Furthermore, it is a condition that permits individuals, groups or societies to thrive and flourish."
International Wellbeing Group (2013)	The personal wellbeing index-adult (PWI-A)	This measure contains 7 items of satisfaction, each corresponding to a quality of life domain as: standard of living, health, achieving in life, relationships, safety, community-connectedness, and future security; and a Global Life Satisfaction item.
Johnson, 1986 (p. 753)	Wellness	"...a proactive way of life that incorporates good health habits, such as a balance of adequate nutrition, exercise, and rest, supportive thought process, and spiritual nurturance."
Shah and Marks (2004, p. 9)	Wellbeing	"As well as feeling satisfied and happy, well-being means developing as a person, being fulfilled, and making a contribution to the community."
Sumner (1996, p. 1)	Welfare	"...the condition of faring or doing well."
Swarbrick (2006, p. 311)	Wellness	"...the process of creating and adapting patterns of behavior that lead to improved health in the wellness dimensions [physical, emotional, intellectual, social, environmental, and spiritual] and heightened life satisfaction."
Witmer and Sweeney (1992, p. 140)	Wellness	"The characteristics of wellness are expressed through the five life tasks of spirituality, self-regulation, work, love and friendship. These life tasks dynamically interact with the life forces of family, community, religion, education, government, media and business/industry."
World Health Organization (2020, p. 1)	Health	"...a state of complete physical, mental and social wellbeing."

Appendix 2. Financial wellbeing definitions

Author	Construct	Definition
Brüggen et al. (2017, p. 229)	Financial well-being	"...the perception of being able to sustain current and anticipated desired living standards and financial freedom."
Draughn et al. (1994, p. 25)	Economic survival	Discussed economic survival as consisting of three components: financial adequacy, perceived economic well-being, and satisfaction with level of living. "Perceived economic well-being is a subjective assessment by individuals as to their overall economic survival. Financial adequacy is a more objective term based on assessments of adequacy of income to meet financial demands for needs within a chosen lifestyle. Perceptions of ability to meet these needs without undue stress from concern over economic survival ability is reflected in satisfaction with level of living."
Fergusson, Horwood, and Beautrais (1981, p.716)	Family economic well-being	"...describes the level of financial input received by the family and the transactions that are (or may be) performed on this input."
Hayhoe and Wilhelm (1998, p. 21)	Perceived economic well-being	"...refers to the perception of one's economic situation in light of what is required and desired."
Joo (1998, pp. 50-51)	Financial wellness	"... is conceptualized as a level of financial health. It includes the satisfaction with material and non-material aspects of one's financial situation, perception of financial stability, including adequacy of financial resource, and material and nonmaterial financial resources that each individual possesses. Personal financial wellness can be measured with four levels of scales: subjective perception scale, behavioral scale, objective scale, and overall satisfaction scale."
Joo (2008, p. 23)	Personal financial wellness	"...is a comprehensive, multidimensional concept incorporating financial satisfaction, objective status of financial situation, financial attitudes, and behavior that cannot be assessed through one measure."
Kim, Garman and Sorhaindo (2003, p. 76)	Financial well-being	"...is a function of individual characteristics, financial behaviors, and financial stressor events. Financial well-being is also an outcome of financial behaviors."
Muir et al. (2017, p. 1)	Financial wellbeing	"...is when a person is able to meet expenses and has some money left over, is in control of their finances and feels financially secure, now and in the future."
Porter (1990, p.22)	Financial well-being	"...a sense of one's financial situation that is based on objective attributes and perceived attributes that are judged against standards of comparison to form evaluated attributes of that financial situation."

Appendix 3. Mental wellbeing definitions

Author	Construct	Definition
Bradburn (1969, p. 9)	Psychological wellbeing	"...the degree to which he has an excess of positive over negative affect."
Cresswell-Smith et al. (2019, p. 136)	Mental wellbeing	"...centres around three separate domains; evaluative wellbeing which relates to satisfaction with life, hedonic wellbeing which is linked to positive and negative emotions or affects, and eudaimonic wellbeing with a focus on meaning in life."
Huppert (2009, p. 1)	Psychological well-being	"...is about lives going well. It is the combination of feeling good and functioning effectively. Sustainable well-being does not require individuals to feel good all the time; the experience of painful emotions (for example, disappointment, failure, grief) is a normal part of life, and being able to manage these negative or painful emotions is essential for long-term well-being. Psychological well-being is, however, compromised when negative emotions are extreme or very long lasting and interfere with a person's ability to function in his or her daily life."
Kahneman and Deaton (2010, p. 16489)	Emotional well-being	"...refers to the emotional quality of an individual's everyday experience – the frequency and intensity of experiences of joy, fascination, anxiety, sadness, anger, and affection that make one's life pleasant or unpleasant."
Keyes (2002, pp. 208-209)	Psychological wellbeing	"... when they like most parts of themselves, have warm and trusting relationships, see themselves developing into better people, have a direction in life, are able to shape their environments to satisfy their needs, and have a degree of self-determination."
Ryff and Keyes (1995, p. 720)	Psychological wellbeing	"... includes positive evaluations of oneself and one's past life (Self-Acceptance), a sense of continued growth and development as a person (Personal Growth), the belief that one's life is purposeful and meaningful (Purpose in Life), the possession of quality relations with other (Positive Relations with Others), the capacity to manage effectively one's life and surrounding world (Environmental Mastery) and a sense of self-determination (Autonomy)."
Secretary of State for Health (1998, Chapter 1, point 1.3)	[Mental] health	"...being confident and positive and able to cope with the ups and downs of life."
Thieme et al. (2015, p. 2)	Mental wellbeing	"...positive emotional, psychological and social health."
World Health Organization (2001, p. 1)	Mental health	"...a state of well-being in which the individual realizes his or her own abilities, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to his or her community."

Appendix 4. Social wellbeing definitions

Author	Construct	Definition
Cohen, Gottlieb and Underwood (2000, p. 4)	Social support	"...the social resources that persons perceive to be available or that are actually provided to them by non-professionals in the context of both formal support groups and informal helping relationships."
Holt-Lunstad, Smith and Layton (2010, p. 2)	Social relationships	"...(a) the degree of integration in social networks, (b) the social interactions that are intended to be supported (that is, received social support), and (c) the beliefs and perceptions of support availability held by the individual (that is, perceived social support)."
Joshanloo, Rastegar and Bakhshi (2012, p. 641)	Social wellbeing	"...is not reducible to having positive relations with others. While the concept of positive relations focuses on the quality of the person's relations with the relatively limited number of significant others, social wellbeing deals with the person's attitudes towards and perceptions of the whole society."
Keyes (1998, p. 122; 133)	Social wellbeing	"...the appraisal of one's circumstance and functioning in society... includes social dimensions such as coherence, integration, actualization, contribution, and acceptance."
Yu et al. (2016, p. 1827)	Social wellbeing	"...includes perceptions of support from children, other immediate family and friends, as well as dimensions of loneliness (that is, feelings of isolation and feelings of connectedness)."

Appendix 5. Physical wellbeing definitions

Author	Construct	Definition
Capio and Abernethy (2014, p. 4805)	Physical wellbeing	"...consists of the ability to perform physical activities and carry out social roles that are not hindered by physical limitations and experiences of bodily pain, and biological health indicators."
Felce (1997, p. 130)	Physical wellbeing	"...subsumes health, nutrition, fitness, mobility and personal safety."
Rath, Harter and Harter (2010, p. 6)	Physical wellbeing	"...good health and enough energy to get things done on a daily basis."
Zemtsov and Osipova (2016, p. 387)	Physical wellbeing	"...means feeling very healthy and full of energy, the absence of chronic diseases, healthy sleep and regular moderate physical activity, exercises."

Appendix 6. Value of different financial services for clients*

	Cash flow/ budgeting/ saving advice	Investment advice	Superannuation advice	Tax advice	Insurance advice	Estate planning	Debt management /counselling	Mortgage brokerage	Behavioural coaching
Overall	8.58	8.49	8.22	7.99	7.78	7.76	7.74	6.92	6.89
Participant's age									
18 - 29	9.35	8.71	8.12	7.53	8	7.71	8	7.31	6.82
30 - 39	8.73	8.35	7.73	7.89	7.46	7.43	8	6.97	6.34
40 - 49	8.71	8.46	8.67	8.38	8.5	8.21	8	7.19	8.04
50 - 59	7.89	8.63	8.74	8.21	8.29	8.11	7.58	6.47	6.84
60+	7.5	8.38	8.13	7.75	5.63	7.14	5.63	6.13	6.13
Participant's gender									
Female	8.86	8.52	8.44	8.04	7.72	7.82	8.06	7.1	6.77
Male	8.26	8.43	8.04	7.87	7.8	7.67	7.38	6.73	6.96
Participant's years of experience									
0 - 10	8.91	8.6	8.25	7.89	8	7.62	8.11	7.46	6.85
11 - 20	8.63	8.59	7.78	8.26	6.96	7.74	7.59	6.24	6.77
21 - 30	7.84	8.11	8.63	7.89	8.22	8.12	7.47	6.69	7.21
31 - 40	7.83	8.17	8.67	8	8.4	8	6	5.4	6.83
Participant's business structure									
Provides holistic advice	8.66	8.51	8.54	8.08	8.27	7.98	7.74	6.91	7.2
Provides specialist advice	8.48	8.45	7.77	7.86	7.12	7.44	7.75	6.93	6.48
Self-licensed	8.64	8.67	8.33	7.86	7.62	8.1	7.81	7.26	7.07
Has a licensee	8.54	8.37	8.14	8.08	7.9	7.53	7.7	6.66	6.77
Owens the business	8.47	8.65	8.21	7.76	7.84	8.09	7.59	7.19	7.38
Does not own the business	8.63	8.41	8.23	8.1	7.76	7.59	7.82	6.79	6.65
Client's stage of life									
Early career	9.4	8.2	7.67	8.07	7.93	7	8.47	7.87	6.86
Middle-aged	8.71	8.61	8.35	8.24	7.67	7.59	7.84	7.22	6.76
Pre-retirees	8.81	8.58	8.13	7.94	8.04	7.85	7.65	6.34	7.24
Retirees	8.82	8.69	8.45	8.07	7.94	7.85	7.75	6.66	7.37

Client's wealth									
Low net wealth	8.92	8.81	7.65	8.35	7.48	7.23	8.15	7	6.67
Average net wealth	8.68	8.55	8.21	8.06	7.66	7.72	7.7	6.82	6.84
High net wealth	8.89	8.46	8.43	8.16	8.32	7.78	7.97	7.29	7.49

*Average ratings are displayed, using a rating scale from 0 to 10.

Appendix 7. Frequency with which actions taken by advisers add value for clients*

	Providing peace of mind	Educating clients	Assisting with decision making	Through specialist / technical knowledge	Reducing client's admin burden	Keeping clients accountable	Asset allocation	Creating savings habits	Managing client biases	Returns	Managing debt	Reducing info. search costs	Reducing trading frequency	Referrals
Overall	8.92	8.79	8.59	8.51	8.11	8.07	7.94	7.8	7.71	7.4	7.38	7.26	6.75	6.73
Participant's age														
18 - 29	9.06	8.65	7.94	8.29	7.76	8.29	7.73	8.6	7.76	7.6	8.44	7.24	6.73	6.71
30 - 39	8.89	8.76	8.54	8.38	8.08	8.05	7.67	7.65	7.43	7.63	7.65	7.16	6.69	6.57
40 - 49	8.92	8.79	8.83	8.63	8.5	7.83	8.13	7.29	7.75	6.25	6.5	7.75	6.75	7
50 - 59	8.89	8.95	8.89	8.84	7.95	7.95	8.11	7.84	7.95	7.74	7.05	6.95	6.35	6.72
60+	8.88	8.88	8.75	8.5	8.25	8.63	8.63	8.38	8.25	8.63	7.38	7	7.88	6.75
Participant's gender														
Female	8.84	8.74	8.52	8.5	7.78	7.84	7.6	7.79	7.56	7.36	7.8	7.02	6.27	6.4
Male	8.98	8.79	8.62	8.49	8.42	8.25	8.21	7.79	7.77	7.43	6.92	7.4	7.14	7.02
Participant's years of experience														
0 - 10	8.91	8.72	8.45	8.26	8.02	7.96	7.86	7.82	7.6	7.45	7.56	7.23	6.72	6.94
11 - 20	9.11	8.81	8.56	8.67	8.11	8.3	7.67	7.74	7.63	7.48	7.44	7.52	6.41	6.52
21 - 30	8.67	8.74	8.74	8.89	8.16	8	8.37	8.11	8.11	7.21	7.16	6.58	6.95	6.37
31 - 40	9	9.5	9.5	8.83	8.83	8.17	8.5	6.83	7.83	7.17	6.17	8.5	8.5	7
Participant's business structure														
Holistic advice	9.03	9.02	8.84	8.62	8.31	8.41	8.39	8.07	8.05	7.47	7.21	7.18	6.83	6.79
Specialist advice	8.77	8.48	8.25	8.36	7.84	7.59	7.33	7.42	7.25	7.3	7.6	7.36	6.64	6.65
Self-licensed	9.12	8.86	8.81	8.71	8.33	8.24	7.93	7.6	7.88	7.38	7.1	7.74	7.49	7.29
Licensee	8.79	8.75	8.44	8.38	7.97	7.95	7.95	7.92	7.6	7.4	7.56	6.94	6.28	6.35
Owns the business	9.29	9.03	9.21	8.91	8.5	8.47	8.26	8.29	8.12	7.76	7.65	7.32	7.94	7.27
Does not own the business	8.74	8.68	8.3	8.32	7.93	7.87	7.78	7.55	7.52	7.21	7.24	7.23	6.19	6.48

Client's stage of life														
Early career	9	9.67	9.13	8.8	8.73	7.8	7.54	7.29	8.73	5.92	7.71	7.93	6.15	6.6
Middle-aged	9.08	9.16	8.82	9.02	7.94	8.02	8.06	8.04	7.84	7.63	7.82	7.45	6.7	7.22
Pre-retirees	8.87	8.98	8.54	8.75	7.98	8.1	8.14	7.65	7.71	7.28	7.21	7.13	6.74	6.88
Retirees	8.87	8.93	8.55	8.75	7.89	7.98	8.26	7.53	7.85	7.25	6.91	7.11	6.49	6.8
Client's wealth														
Low net wealth	9.46	9.23	9	8.88	8.15	7.85	8	7.72	8.15	7.33	8.24	7.27	6.13	7.16
Ave. net wealth	8.9	8.87	8.58	8.69	8.12	8.1	8.01	7.82	7.8	7.33	7.51	7.26	6.84	6.89
High net wealth	9	9.08	8.7	8.81	8.03	8.3	8.11	7.72	7.57	7.59	7.44	7.57	6.86	6.95

*Average ratings are displayed, using a rating scale from 0 to 10.

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