

Deloitte Access Economics identifies seven megatrends that will drive the financial advice industry to \$8.2 billion

- Australia's advice industry is expected to grow by \$2bn in revenue and 486,000 customers in the next five years.
- If all Australians could access better advice, the pool of national savings would be \$2 trillion higher in 30 years¹.
- External factors such as shifts in competition, social values, demographics and client priorities provide opportunities for financial advisers to modernise their offerings and service a high growth market.
- Advisers are urged to proactively adapt to changes in clientele, products, technology, and business structure to stay competitive.

Deloitte Access Economics ("Deloitte"), in collaboration with Iress, has today released the '[Advice 2030: The Big Shift](#)' report which identifies seven megatrends that are set to shape the future of financial advice. The report anticipates that shifts in competition, climate impacts, demographics and client priorities will generate greater demand for specialised financial advice delivered through a customer-centric, technology-led offering.

Australia's advice industry has the potential to grow from \$6.1 billion in revenue to \$8.2 billion by 2030, which is contingent on advisers scaling up to serve an expected 486,000 new customers. Additionally, consumers are demanding a broader set of advice support across retirement, intergenerational wealth transfer, wealth accumulation outside of the family home, natural disaster resilience and digital assets.

Beyond traditional advice, opportunities abound to tap into the estimated 11.8m² Australians with unmet advice needs through scaled and digital advice offerings.

The Australian financial advice industry has been characterised by significant internal upheavals, including a 43% decline in advisers, major institutions selling their advisory arms, regulatory reforms, and decreased trust in the industry. Those advisers which have remained in the industry have proven to be remarkably resilient, and have seen profitability rebound to be generating 22% profit margins, with high performing advice practices able to achieve even higher margins representing \$550,000 more in business profits annually.

While acknowledging the resilience of these advisers, '[Advice 2030: The Big Shift](#)' outlines a suite of external factors that will profoundly impact the industry and act as stimuli for advisers to shift how their advice is delivered. Deloitte identified seven external megatrends that will influence the sector over the coming years:

1. **Skyrocketing retirement demand**
2. **Natural disasters and environmental volatility**
3. **The new Australian dream – driven by housing unaffordability**
4. **Digital delivery – of everything**
5. **Intergenerational wealth transfer – 'the grey tidal wave'**
6. **Riding the green wave of future investing**
7. **The rise of digital assets and product proliferation.**

Rice Warner (part of Deloitte) estimated that if all Australians could access better advice that resulted in a 1% p.a. increase in their asset returns, the pool of national savings would be \$2 trillion higher in 30 years³. This

¹ Race Warner, *Future of Advice, 2020*

² Investment Trends, '[2023 Financial Advice Report](#)' (2023) <https://investmenttrends.com/2023-financial-advice-media-release>

³ Race Warner, *Future of Advice, 2020*

presents a compelling case for the advice industry to invest in fit-for-purpose strategies that cater for a broader client base, in support of greater economic prosperity and a thriving financial advice sector.

Deloitte Access Economics Finance Lead Partner John O'Mahony said that while the 'big shift' will transform the competitive landscape of the advice industry, advisers have agency to ready themselves for the future:

"To take advantage of a changing future, advisers need to make choices today that can best service evolving customer needs across the Australian market. Advisers can avoid being edged out in an increasingly competitive sector by adapting and perfecting their unique customer profile, business model, specialised advice capabilities and technology selection. By embracing the megatrends and mapping their practice against the current landscape, advisers can carve themselves a sustaining market position."

76% of the surveyed Australian financial advisers agree the sector needs to evolve its use of technology to help service a growing client landscape⁴.

Iress CEO Marcus Price said proactive advisers can adapt and improve their practices by harnessing advanced technology and developing an acute awareness of their clients' changing needs:

"The findings of this research are compelling – despite a number of challenges in the industry over the past few years, advice revenue is forecast to grow substantially over the next five years driven by strong consumer demand. What's clear though is that advice business models must evolve to capture this demand effectively, as well as adapt to better reflect the breadth of needs from consumers. At Iress, we know that technology and data is at the heart of this and we're committed to reinvesting in our core software, while exploring emerging technologies, to help drive greater efficiency, scale and relevance across all aspects of advice delivery.

"We're excited about what the future holds for advice, and look forward to supporting our clients and the broader industry as they step into this new frontier of opportunity."

The complete 'Advice 2030: The Big Shift' report by Deloitte Access Economics can be accessed [here](#).

Ends

Seven Megatrends

Advice 2030: The Big Shift' report identified seven megatrends:

1. **Skyrocketing retirement demand** – With an ageing population and increasing life expectancy, advisors can expect increased demand for self-managed super funds, greater competition with superannuation funds providing retirement advice, and an increased availability of government data.
2. **Natural disasters and environmental volatility** – 80% of Australia's population has experienced natural disasters since 2019⁵, increasing the need for financial advice linked to lifestyle and asset risk management strategies. Future advisors will need to navigate client trauma and the growing complexity in solutions required.

⁴ Deloitte Access Economics, *Tomorrow's financial adviser survey* (n=232)

⁵ IBISWorld, *Financial Planning and Investment Advice in Australia*, (December 2023)

3. **The “New” Australian Dream** – For many Australians, the Australian dream of home ownership as a primary investment is out of reach, driving them to look elsewhere for wealth generation.
4. **Digital delivery of everything** – Advances in FinTech will enable cost-effective mass delivery of financial services and disrupt financial advice, emphasising the importance of deep client tailoring and identifying varying pricing strategies.
5. **The Grey Tidal Wave** – As the baby boomer generation enters retirement, Deloitte predicts a growing demand for new products and strategies that provide more holistic financial advice that will facilitate a significant wealth transition.
6. **The Green Wave of Future Investing** – As clients increasingly seek investments that align with environmental, social and governance (ESG) principles, advisors will play a complex role in balancing risk and performance, incorporating ESG factors into investment strategies and conducting due diligence.
7. **Digital assets** – The rise of digital assets, cryptocurrency, blockchain and fintech innovations with increasingly borderless financial systems will create a need for advice about investing while managing security, risks and tax implications.

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About Iress

Iress (IRE.ASX) is a technology company providing software to the financial services industry.

We provide software and services for trading & market data, financial advice, investment management, mortgages, superannuation, life & pensions and data intelligence.

Our software is used by more than 10,000 businesses and 500,000 users globally. We have over 1,900 people based in Asia-Pacific, North America, Africa, the UK and Europe.

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