Do finance professionals need an image overhaul?

Launched this week, the latest Roy Morgan State of the Nation report includes a detailed Spotlight on Changes to the Financial Services Market since the Financial System Inquiry (Wallis Report, 1997). There have been some dramatic changes to the market in that time, including the rapid expansion of wealth management and an increase in the number of financial products held by the average Australian. Consequently, our need for reliable, solid financial advice has grown.

Unfortunately, very few Australians trust professionals in the financial services industry, rating them consistently poorly for ‘ethics and honesty’. Not exactly the best foundation for a successful working relationship, is it?

Trust me, I’m a financial planner...

Despite Australians’ increased interaction with, and need for, financial advisors/planners, only 25% of us rate them favourably in terms of ‘ethics and honesty’. The government’s current amendments to the FoFA legislation clearly recognise the need to protect and inform consumers, but issues such as independence (and ownership), commissions and consumers’ best interests will need further scrutiny as part of the current Financial System Inquiry.

Rating of Professionals in Financial Services on ‘Ethics and Honesty’

Source: Roy Morgan Research; Annual Image of Professions Survey
Although bank managers received a higher rating (38%) than financial planners, their image has taken a hiding since 1985, when 58% of the population rated them positively for ‘ethics and honesty’. This decline is cause for concern, as a bank manager is often the highest level of finance services professional that consumers would deal with — so inspiring confidence is important.

Michele Levine, CEO, Roy Morgan Research, says:

“Roy Morgan has been tracking the image of the more traditional finance professionals such as bank managers, accountants, stock brokers and insurance brokers since 1985/1986. Stock brokers and insurance brokers rate consistently poorly, while accountants are held in higher regard.

“Considering that the level of financial literacy among the Australian population is generally quite low, it’s vital for consumers to have confidence in the advice they receive from financial planners and other industry professionals.

“The amendments to the FoFA legislation will hopefully encourage more focus on consumers’ best interests, and make financial advice more accessible, affordable and trustworthy for Australians while protecting them from commission-hungry sharks.”

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Read more about State of the Nation Report 18 – Spotlight on the Financial Services Market since 1997

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in New Zealand, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years’ experience in collecting objective, independent information on consumers.

In Australia, Roy Morgan Research is considered to be the authoritative source of information on financial behaviour, readership, voting intentions and consumer confidence. Roy Morgan Research is a specialist in recontact customised surveys which provide invaluable and effective qualitative and quantitative information regarding customers and target markets.

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Roy Morgan’s State of the Nation Reports provide a long-term perspective on Australian society. Released quarterly, the Reports measure a broad range of issues affecting the nation, plot them over time, and explore in more detail the impacts on Society, Technology, Economy, Politics and the Environment.

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