



# ICFS Index May 2009 with MATT WALSH

## Research provides valuable insights for financial advisers

Findings from the latest Lifeplan ICFS Financial Advice Satisfaction Index indicate how advisers can improve their client relationships during the global financial crisis.

The index, which measures investor perceptions of financial adviser services, declined by 4.3% in the past six months, reflecting a continued fall over the past two years of investment market turmoil.

“It is encouraging to see that investors maintain a relatively high opinion of advisers’ trust and reliability. This measure was only 2% lower, in contrast with views of investment performance decreasing by 12%,” said Matt Walsh, Lifeplan Funds Management’s General Manager of Strategy and Development.

“This is certainly a bright spot for advisers that the trust and reliability component has not fallen far, even though investors understandably have become less satisfied with the overall performance of their advisers as investment markets have deteriorated.

“Another heartening aspect for advisers is that investor views of planner’s technical ability has remained relatively stable throughout the worst markets in living memory,” Mr Walsh said.

“A breakdown of the findings reveals investors aged 30 to 44 years showed the least decline in perception of the performance of their financial advisers. This suggests advisers may need to spend more time assisting their clients either side of this age group – their youngest clients and those closest to retirement – to adjust to the market conditions.”

The Index is carried out every six months by the University of Adelaide’s International Centre for Financial Services (ICFS) for Lifeplan. It focuses on investors’ perceptions regarding the categories of trust and reliability, advisers’ technical abilities and their investment performance.

ICFS’s Dr ‘Aku’ Akbar Z Ali, said “the findings showed the most positive perceptions were held by those investors who had long-term relationships of more than 10 years with the same adviser. Advisers would benefit from paying more attention to clients they have helped for less than five years, as investors in this category have less faith in their adviser’s trust and reliability compared with clients of five years or more.

“Providing high quality advice to ‘new’ investors – those who have sought professional advice due to the economic downturn – would also help



For media enquiries please contact:

**Matt Walsh**  
General Manager, Strategic Development  
Lifeplan Funds Management  
Telephone (08) 8212 3838  
Mobile 0418 113 878

**Sean Whittington**  
Senior Consultant  
Field Public Relations  
Telephone (08) 8234 9555  
Mobile 0412 591 520

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build long-term relationships, as this category of investors has low expectations regarding future market conditions.

“Equally important are the smaller value investors who have been most affected by the decline in market conditions, while investors with higher investment levels have had marginally more positive perceptions,” Dr Ali said.

Mr Walsh said the research also revealed male

investors were harsher judges than female investors.

“Advisers could benefit from leveraging the more favourable attitudes of their female clients while addressing the concerns or negative perceptions of their male clients,” he commented.

*Matt Walsh joined Lifeplan in 1993 and was appointed General Manager of Strategic Development in 1998.*

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General Manager, Strategic Development  
Lifeplan Funds Management  
Telephone (08) 8212 3838  
Mobile 0418 113 878

**Sean Whittington**  
Senior Consultant  
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