As financial services business models continue to evolve due to regulation and client expectations, accountants offering financial planning services have a competitive advantage in the new era of financial planning.

Following the Commonwealth Bank scandal, public attitude towards financial planners are at a low. However, the core service provided by financial planners is still very much in need as there is increasing pressure for Australians to stay in the workforce and fund their subsequent retirement without recourse to government benefits.

Australians added about $100 billion of their hard-earned cash into the superannuation system in 2014. Everyone should have access to quality advice to achieve the optimal investment portfolio that supports them throughout their retirement.

With the Future of Financial Advice (FOFA) changes, which have been much talked about in the media and in parliament, we will see the emergence of new business models which do not rely on conflicted remuneration and product sales to survive. Despite the complaints from large institutions that it is not financially feasible, I do not agree. I believe that clients are increasingly aware and will demand that those providing them with advice about how to invest their money shift to a business model that promotes independence between advisers and financial products, and economic alignment between advisers and clients. In practice, this will mean that advisers do NOT take commission from financial products and instead charge their clients a fee for service (in the same way that doctors and lawyers do).

This shift represents a really compelling opportunity for accountants to enter the market, providing quality investment advice and expanding revenue along the way.

Accountants offering financial planning services have a competitive advantage in the new era of financial planning:

1. You already have a network for clients who need the service: most accountants I speak to have a client portfolio of 50–100 clients. Every client has superannuation, and is a potential financial planning client.

2. You have a trusted relationship with these clients: the relationship of trust between accountants and clients has remained very strong over a long period of time, quite removed from the deterioration experienced by financial planners and finance firms. Trust is the key ingredient in winning clients in financial planning. You have demonstrated a track record of acting in the interest of your clients in the accounting and tax advice you have provided in the past. There is no reason you cannot leverage that trust into financial planning.

3. Your clients are used to paying you a fee for service: the fee-for-service model is a completely new form of client relationship for existing financial planners. Transitioning to the model will be challenging for them as they seek to demonstrate their value to clients. However, as accountants, most (if not all) your clients will understand this model in their engagement with you.

4. You have professional qualifications and a university degree: an outcome of the next anticipated round of reforms is that financial planners will be required to be degree qualified. Not all of the existing financial planners fall into this category, but as an accountant, almost 100 per cent of you would fit the bill.

The market is screaming out for trusted financial planners to provide valuable advice to their clients. As accountants, this is a very logical business opportunity that can expand and diversify your revenue base, deepen relationship with clients and improve the valuation of your practice.

With big changes and challenges to your existing business models through the rise of cloud accounting, this is a very promising opportunity for you to explore.

Sophie Gerber, director, Sophie Grace

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