

65% of advisers are privately licensed

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According to the latest Adviser Ratings *Musical Chairs* report, which was released on Monday, as at the end of March, there were 10,233 privately licensed advisers, accounting for the bulk of the profession.

Breaking the numbers down further, privately owned licensees with one to 10 advisers made up the largest single segment with 4,102 advisers, or 26 per cent of the profession. Privately owned licensees with 11 to 100 advisers made up 20 per cent of the profession with 3,147 advisers, while those with more than 100 advisers accounted for 19 per cent with 2,984 advisers.

The next largest segment in terms of size was diversified licensees, comprising 17 per cent of the profession, with 2,702 advisers. Stockbrokers were the only other segment to reach a double-digit percentage, accounting for 12 per cent with 1,895 advisers.

Industry super funds, banks, and limited licensees rounded things out with 4 per cent, 2 per cent, and 1 per cent of the industry, respectively.

The breakdown remains consistent when considering the number of licensees, rather than the count of advisers within each segment. Namely, there were 1,472 privately owned licensees with one to 10 advisers, which amounts to more than 80 per cent of the industry.

The other segments range from less than 1 per cent of the industry (banks) to 7 per cent (privately owned licensees with 11 to 100 advisers).

Comparing the latest figures with historical data paints a stark picture of the immense change the industry has experienced over the last five years.

The privately owned licensee segment was the only part of the profession that has seen growth in adviser numbers since the end of 2017, increasing from 3,531 to 4,102 advisers. The other privately owned licensee segments have also fared better than other parts of the industry, despite suffering losses.

Unsurprisingly, banks were the hardest hit, falling from 5,256 advisers to close out 2017 to just 241 advisers at the end of Q1 2023. Limited licensees also fell precipitously, from 1,104 to just 170 advisers, while diversified licensees shed a little more than 2,000 advisers.

“There were only a handful of new licensees registered across the quarter, most of which had between two and five advisers on the books,” the Adviser Ratings report said.

“With the banks now virtually eliminated from the advice space, new licensee registrations are coming primarily from the privately licensed space, however, close to one-in-three set-ups are from the advisers who were previously under a diversified licensee.”

16 May 2023