

## Impact of the Hayne Royal Commission on the Operating Model of Australian Financial Advice Firms

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**Abstract :** The final report of the Royal Commission into Australian financial services misconduct, released in February 2019, has had a significant impact on the financial advice industry. The recommendations released in the Commissioner's final report include changes to ongoing fee arrangements, a new disciplinary system for financial advisers, and mandatory reporting of compliance concerns. This thesis aims to explore the impact of the Royal Commission's recommendations on the operating model of financial advice firms in terms of advice products, processes, delivery models, and customer segments. Also, this research seeks to investigate whether the Royal Commission's outcome has accelerated the use of enhanced technology solutions within the operating model of financial advice firms. And to identify the key challenges confronting financial advice firms whilst implementing the Commissioner's recommendations across their operating models. In order to achieve the objectives of this thesis, a qualitative research design has been adopted through semi-structured in-depth interviews with 24 financial advisers and managers who are engaged in the operation of financial advice services. The study used the thematic analysis approach to interpret the qualitative data collected from the interviews. The findings of this thesis reveal that customer-centric operating models will become more prominent across the financial advice industry in response to the Commissioner's final report. And the Royal Commission's outcome has accelerated the use of advice technology solutions within the operating model of financial advice firms. In addition, financial advice firms have started more than before using simpler and more automated web-based advice services, which enable financial advisers to provide simple advice in a greater scale, and also to accelerate the use of robo-advice models and digital delivery to mass customers in the long term. Furthermore, the study identifies process and technology changes as, long with technical and interpersonal skills development, as the key challenges encountered financial advice firms whilst implementing the Commissioner's recommendations across their operating models.

**Keywords :** hayne royal commission, financial planning advice, operating model, advice products, advice processes, delivery models, customer segments, digital advice solutions

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