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Editorial

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Editorial

Abstract

The financial planning industry is at a critical phase of its development. The industry is still in its infancy and yet the impact of financial advice is far reaching in our society. After many years of rapid, yet dislocated, growth and various controversies, the industry is embarking on a fascinating journey towards becoming a profession. Recently the move to a fee for service basis of operation, mandatory professional indemnity insurance, formal codes of conduct and higher barriers to entry in regards to educational and professional experience requirements are key signs of development of a financial planning profession for the future.



Editorial - Volume 5, Issue 2.

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The financial planning industry is at a critical phase of its development. The industry is still in its infancy and yet the impact of financial advice is far reaching in our society. After many years of rapid, yet dislocated, growth and various controversies, the industry is embarking on a fascinating journey towards becoming a profession. Recently the move to a fee for service basis of operation, mandatory professional indemnity insurance, formal codes of conduct and higher barriers to entry in regards to educational and professional experience requirements are key signs of development of a financial planning profession for the future.

In addition to tertiary education programs, an active academe to develop and deliver the education and research programs is a key element in the process of development of such a profession. Academic research into financial planning issues and pedagogical research into the education of financial planners is beginning to emerge as the general interest in financial planning at the tertiary level grows and the number of academics engaged in it also expands. It is therefore fitting that the Australian Accounting, Business and Finance Journal has published a special edition on financial planning. This is the second special edition on financial planning, the first being volume 3, issue 1, 2009 and another is planned for volume 6 issue 3 in 2012, providing an excellent outlet for quality research in financial planning.

This edition is marked by its diversity with papers covering superannuation, financial literacy, financial education, client-planner relationships and the impact of the terminology used in the industry. This makes for interesting reading, but also illustrates the broad interests of researchers in the financial planning arena, and the significant opportunities for further research that exist. It is evident that research in financial planning is truly interdisciplinary in its approach and has an exciting future for collaborative research.

The lead article in this issue (Gallery, Newton & Palm 2011) examines the critical issue of investment choice in superannuation. In particular, the paper presents a framework of factors that influence investment choice decisions in relation to superannuation with the aim of informing the design of financial education programs that attempt to inform and engage superannuation fund members. This paper is very topical given the recommendations of the Cooper review to be implemented by Government this year.

The second paper (Ntalianis & Wise 2011) continues with the superannuation education theme and examines the views of superannuation fund members on the educational resources provided by their fund. They investigate the use of these resources to determine the demographics of fund members that are less (more) likely to utilise this educational information and are therefore at greater (less) risk of poor retirement planning.

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Another key (and somewhat controversial) aspect of superannuation is self managed superannuation. The third paper in the issue (Phillips 2011) examines the composition of SMSF investment portfolios, particularly the proportion of 'sin stocks' (stocks that are usually excluded from ethical or socially responsible invest funds such as defence, alcohol and tobacco companies) that they include. The continued growth in SMSF as a structure of choice for not only retirees but also wealth accumulators ensures future research in this key area.

The issue also includes two papers on financial literacy/capability. The first of these is Brackin (2011) which examines the components and various measurements and surveys of financial capability to determine whether there is a generally accepted practice model. In particular the paper examines the coverage of taxation issues in financial capability. The second (Taylor & Wagland 2011) examines financial literacy from a government policy perspective by providing a review of the policies and strategies used by the Australian and New Zealand governments in relation to financial literacy. The paper also examines the subsequent initiatives that have arisen in an attempt to improve the financial literacy of the community.

The sixth paper (Hunt, Brimble & Freudenberg 2011) examines the factors that influence the quality of the client-professional relationship in a financial planning setting. By applying the received theory and evidence from other professional settings (for example law, medicine and nursing) the paper surveys both planners and clients to derive the determinants of relationship quality. Given the ongoing debate about the quality of financial planning services, this is a timely contribution.

The final paper in the issue (Santacruz 2011) is a technical note that examines the perceptions of consumers (and potential consumers) of financial planning services in relation to the term 'dealer group'. The note argues that this term may suggest a lack of objectivity and perhaps alternative terms such as 'financial planning group' may be more appropriate.

Overall, a diverse and quality issue of AABFJ and we would like to thank all of the contributors, reviewers, and the editor of the journal (Dr Ciorstan Smark) for their hard work that made the issue possible. Finally, we look forward to the growth in academic research in financial planning and future special editions of AABFJ to provide an outlet for such research.

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