THE ADVICE QUALITY INDEX

An independent longitudinal benchmark built from one of Australia's largest independent advice review datasets.

24,614+ advice files reviewed since 2015
200+ Australian licensees
9,315 reviewed files in the six-year Index
6 years of comparable quality ratings

What six years of evidence reveal about the changing quality of financial advice

| 2026

Why this benchmark matters

The Advice Quality Index is an independent longitudinal benchmark built from one of Australia's largest independent advice review datasets.

Most public discussions about advice quality rely on complaints, enforcement action, remediation programmes or individual cases. Those sources are important, but they principally show where advice has failed. They don't measure how the overall quality of independently reviewed advice changes over time.

The Advice Quality Index establishes an independent longitudinal benchmark for measuring how advice quality changes over time.

It applies a consistent assessment methodology to independently reviewed financial advice and measures how the distribution of quality ratings changed over six financial years. The inaugural Index is based on **9,315** reviewed files from 1 July 2020 to 30 June 2026 and is informed by Assured Support's broader dataset of more than **24,614** advice files across more than 200 Australian licensees.

The findings tell a clear story:

- advice assessed as Poor or Very Poor fell from **20.9%** to **10.0%**;
- Sound advice increased from **77.0%** to **88.2%**; and
- independently reviewed advice became more consistent despite sustained regulatory and professional change.

For licensees, boards, Responsible Managers and advisers, the Index provides an evidence-based benchmark for understanding where advice quality is improving, where further capability development is required and how review outcomes should be interpreted over time.

Key insight

In a complex and frequently changing regulatory environment, independently reviewed advice became substantially more reliable. Poor and Very Poor ratings halved, while Sound advice increased to 88.2%, establishing the necessary foundation for Good and Exceptional advice.

Executive summary

The Advice Quality Index establishes an independent longitudinal benchmark for measuring how the quality of independently reviewed financial advice changes over time.

The inaugural Index analyses six years of validated distribution data from 1 July 2020 to 30 June 2026. The results identify a clear long-term trend: advice assessed below the expected standard became materially less common, while Sound advice became the dominant outcome.

Over the six-year period:

- Poor advice declined from **18.5%** to **9.7%**.
- Very Poor advice declined from **2.4%** to **0.3%,** representing approximately three in every 1,000 reviewed advice files.
- Combined, Poor and Very Poor advice fell from **20.9%** to **10.0%**, a reduction of more than half.
- Sound advice increased by 11.2 percentage points, from **77.0%** to **88.2%**.
- Good advice remained a small and variable proportion of the reviewed population, reflecting the demanding threshold applied above the expected professional standard.

This improvement occurred in a complex, highly regulated profession that experienced sustained legislative, regulatory and professional change. Maintaining quality through that period would itself have been notable. Achieving a substantial reduction in advice assessed below the expected standard is a more significant achievement.

The principal achievement wasn't an increase in Good or Exceptional advice. It was the sustained movement away from below-standard advice and into Sound advice. That shift represents the necessary foundation from which Good and Exceptional advice can be developed more consistently.

The inaugural Advice Quality Index demonstrates that independently reviewed advice became progressively more reliable and consistent over the six-year period.

It establishes an evidence-based benchmark that enables licensees, boards, Responsible Managers and advisers to understand where advice quality is improving and where further capability development is required.

Four headline findings

1. **The profession has raised the floor**. Advice assessed below the expected standard fell by more than half over six years.

2. **Sound advice became the norm**. Nearly nine in ten reviewed files met the expected legal, professional and evidentiary standard.

3. **Raising the floor isn't the same as raising the ceiling**. Reducing below-standard advice is the foundation for increasing Good and Exceptional advice.

4. **The Advice Quality Index measures change, not blame**. The Index measures how advice quality changes over time. Companion reports will examine why.

What sits behind the benchmark

Most public indicators of advice quality are reactive. ASIC enforcement action identifies serious misconduct. AFCA complaints highlight consumer disputes. Court decisions establish legal principles. Each is important, but none was designed to measure how advice quality changes over time.

The Advice Quality Index addresses that gap.

Rather than measuring failure, it measures how advice quality changes over time using a consistent independent review methodology applied over six years.

Each Advice Assurance Review independently assesses the advice against a consistent framework and classifies the overall quality of the advice as:

- Exceptional Advice
- Good Advice
- Sound Advice
- Poor Advice
- Very Poor Advice

The Index examines how the distribution of those ratings changes over time while preserving the confidentiality of advisers, licensees and clients.

It is a longitudinal benchmark of change within the reviewed population, not an estimate of advice quality across the Australian financial advice profession.

Advice quality isn't just compliance

Advice quality can't be reduced to technical compliance alone.

The Advice Quality Index reflects the cumulative quality of the advice, taking into account legal compliance, professional judgement, evidentiary support, client outcomes and the effectiveness of the advice process.

Each review also records exceptions identified during the assessment.

An exception is an aspect of the advice that departs from the expected standard.

A positive exception recognises advice that exceeds the standard ordinarily expected of a competent adviser or demonstrates particularly good professional practice.

A negative exception identifies advice that falls below the required legal, regulatory or professional standard, or where the advice could reasonably have been improved.

Overall ratings and individual exceptions measure different things

The overall rating reflects the quality of the advice considered as a whole. Exceptions identify particular aspects of the advice that departed positively or negatively from the expected standard. A file assessed as Sound or Good may therefore contain both positive and negative exceptions. The presence of an exception isn't, by itself, evidence that the advice was poor. Its direction, significance and context must be considered alongside the overall rating.

Consistency matters more than unanimity

Assessing advice quality necessarily involves professional judgement. Reasonable reviewers may occasionally differ about whether a particular file should be assessed as Sound, Good or Exceptional, or about the significance of individual review findings. That possibility is inherent in any professional assessment process.

The purpose of the Advice Quality Index isn't to suggest that every experienced reviewer would assign the same rating to every advice file. Rather, it's to measure how independently reviewed advice changes over time when assessed using a common review framework and methodology.

The value of the Index lies less in any individual rating than in the consistent structure and criteria of the assessment framework applied across the reviewed population. That common methodology supports meaningful longitudinal comparison, even where reasonable differences of professional judgement may exist at the margins.

Importantly, the Advice Quality Index measures outcomes, not the reasons those outcomes occurred. It doesn't determine whether a particular rating primarily reflects documentation, professional judgement, evidentiary support, client communication, governance, supervision or another contributing factor. Those underlying drivers will be examined in companion reports forming part of the Advice Quality Research Series. **The rarity of Exceptional ratings also reflects the deliberately demanding threshold applied to the highest category.**

Why the benchmark is robust

The Advice Quality Index isn't based on a random sample of Australian advice files. The reviewed population comprises licensees and advice businesses that elected to commission independent Advice Assurance Reviews. Those businesses have invested in external quality assurance and may therefore differ from the broader profession in their governance priorities, compliance maturity or commitment to continuous improvement.

The dataset nevertheless encompasses more than 200 Australian licensees operating under diverse ownership structures, governance arrangements, advice processes and business models. The findings should therefore be interpreted as describing trends observed within a large and varied population of independently reviewed advice, rather than as estimates of the prevalence of advice quality outcomes across the Australian financial advice profession.

The reviewed population has raised the floor

The strongest finding is that advice assessed below the expected standard became materially less common while Sound advice became increasingly dominant. Exceptional advice never exceeded 0.2% of reviewed files, demonstrating that the highest rating is reserved for truly outstanding advice.

In a demanding and frequently changing regulatory environment, that sustained improvement represents a substantial professional achievement.

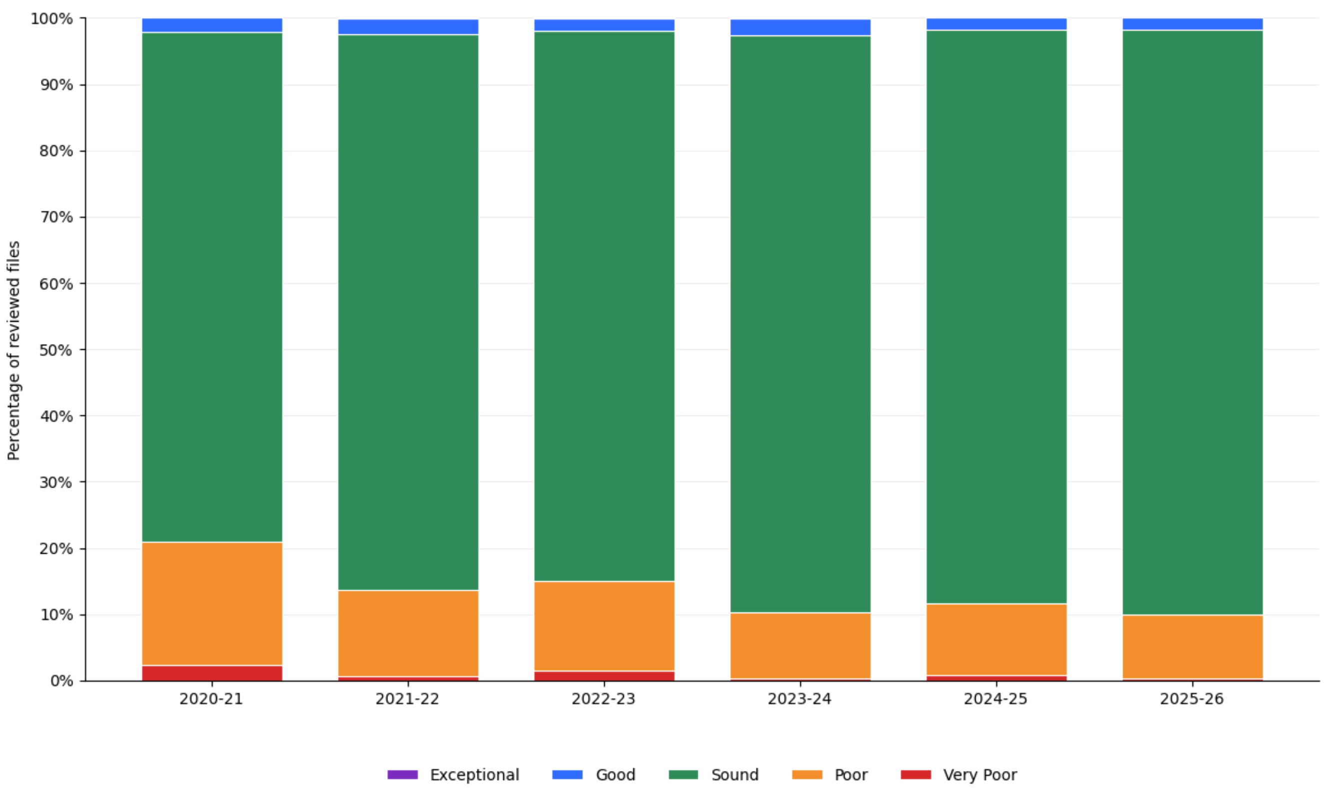

Figure 1. Distribution of Advice Quality Ratings, 2020-2021 to 2025-2026.

Category	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Exceptional	0%	0.2%	0.2%	0.1%	0%	0%
Good	2.1%	2.4%	1.8%	2.6%	1.8%	1.8%
Sound	77%	83.8%	83.1%	87.0%	86.6%	88.2%
Poor	18.5%	13.1%	13.5%	9.9%	10.8%	9.7%
Very Poor	2.4%	0.6%	1.5%	0.4%	0.8%	0.3%

Table 1. Validated annual distribution of Advice Quality ratings. Percentages are reproduced as supplied and may not sum to exactly 100% because of rounding.

Quality improved despite sustained regulatory change

Between 2020 and 2026, financial advisers operated through educational reforms, Design and Distribution Obligations, breach reporting reforms, evolving best interests guidance, changing ASIC expectations and increasing documentation standards. The operating environment didn't become simpler.

Against that backdrop, the proportion of independently reviewed advice assessed below the expected standard was more than halved. Maintaining quality through sustained regulatory change would itself be notable. **Achieving such a substantial improvement during that period is consistent with the reviewed population becoming more capable of adapting to regulatory change and more effective in its supervision, governance and quality controls**.

Where the improvement occurred

Poor and Very Poor advice became materially less common

Poor advice declined from 18.5% of reviewed files in 2020-21 to 9.7% in 2025-26. Very Poor advice declined from 2.4% to 0.3%. Combined, the two categories fell from 20.9% to 10.0%, a reduction of more than half.

The decline wasn't perfectly linear. Poor advice increased slightly in 2024-25, while Very Poor advice rose in 2022-23 and 2024-25. The long-term direction is nevertheless clear: advice assessed below the expected standard became materially less common.

Sound advice became the dominant outcome

Sound advice increased from 77.0% in 2020-21 to 88.2% in 2025-26. The increase of 11.2 percentage points broadly corresponds with the contraction in Poor and Very Poor outcomes.

This is the defining result of the Index. The reviewed population didn't simply produce fewer poor outcomes. It became substantially more consistent in delivering advice that met the expected legal, professional and evidentiary standard.

Good advice remained comparatively stable above a demanding benchmark

Good advice represented 2.1% of reviewed files in 2020-21, reached 2.6% in 2023-24 and was 1.8% in both 2024-25 and 2025-26. These ratings recognise advice above the expected professional standard.

Their relative scarcity should therefore be interpreted alongside the substantial increase in advice reliably meeting that standard.

Exceptional advice remained an aspirational category

Across the six-year period, Exceptional advice never exceeded 0.2% of reviewed files. This demonstrates that the review framework reserves its highest rating for advice that genuinely exceeds the expected professional standard. The relative rarity of Exceptional ratings shouldn't diminish the significance of the broader findings.

The principal achievement identified by the Index is the sustained movement from Poor and Very Poor advice into Sound advice, establishing a stronger foundation from which Good and Exceptional advice can be developed more consistently.

What the findings mean for advice businesses

What quality assurance is designed to achieve

> **Sound advice isn't an average outcome. It represents advice that meets the expected legal, professional and evidentiary standard.**

Advice Assurance Reviews are designed to identify weaknesses before they become entrenched, repeated or capable of causing poor client outcomes. A sustained reduction in Poor and Very Poor ratings therefore represents more than an encouraging statistical trend. It indicates that fewer reviewed files contained weaknesses that, considered cumulatively, were significant enough to reduce the overall quality rating.

Sound advice shouldn't be treated as an unremarkable or average outcome. It represents advice that meets the expected legal, professional and evidentiary standard in a complex and highly regulated profession. Increasing Sound advice to 88.2% is therefore a meaningful achievement and a necessary precondition for developing Good or Exceptional advice more consistently.

The reviewed population has raised the floor

The evidence shows that the reviewed population became more consistently reliable. Fewer files fell below the expected standard, and a greater proportion were assessed as Sound. This is a meaningful achievement because it indicates a substantial reduction in advice whose cumulative weaknesses materially affected the overall rating and, potentially, client outcomes.

> **Reducing below-standard advice and increasing Good or Exceptional advice are different stages of quality development.**

Raising the floor isn't the same as raising the ceiling

Reducing below-standard advice and increasing Good or Exceptional advice are different stages of quality development. The first establishes a reliable professional foundation. The second builds on that foundation by extending professional judgement, evidence, communication and client-centred practice beyond the expected standard.

The six-year results indicate substantial progress in the first stage. Fewer files were assessed as having cumulative weaknesses sufficient to produce Poor or Very Poor outcomes, while Sound advice became the norm. That progress is a necessary precondition for the next stage: increasing the proportion of advice that demonstrably exceeds the expected standard.

The data measures movement, not causation

The six-year period coincided with substantial regulatory and professional change. Advisers and licensees were required to adapt to new obligations, evolving regulatory expectations and increasing evidentiary demands. The distribution data doesn't establish which reforms, supervisory practices or market factors caused the observed improvement. It does establish that the improvement occurred despite that demanding environment.

The Advice Quality Index measures outcomes, not causes

One recurring discussion within the advice profession is whether review findings reflect deficiencies in the quality of the advice itself or weaknesses in the way the advice has been documented.

The Advice Quality Index doesn't attempt to resolve that question. Its purpose is to measure how the overall quality of independently reviewed advice has changed over time, not to attribute the reasons for individual ratings.

In practice, the distinction is often less clear than it first appears. Advice that can't adequately demonstrate the client's circumstances, the adviser's reasoning, the evidence supporting recommendations or compliance with legal obligations may expose clients and licensees to risk regardless of whether the underlying reasoning was sound. Equally, some review findings may identify documentation deficiencies that don't necessarily indicate poor strategic thinking or inappropriate recommendations.

For that reason, this report deliberately avoids attributing causation. The observed movement in ratings may reflect improvements in adviser capability, documentation practices, supervision, compliance systems, governance, technology, professional standards, regulatory expectations, or a combination of these and other factors.

Understanding those drivers is the purpose of the Advice Quality Research Series. Companion reports will examine the underlying review findings, recurring positive and negative exceptions, documentation standards, supervision practices and other factors that appear to influence advice quality over time.

Why this matters for licensees and advisers

For boards, Responsible Managers and compliance professionals, the Advice Quality Index provides evidence that should change how review programmes are interpreted.

- Track the full distribution of ratings. An average score can conceal whether improvement reflects fewer poor files, more good files or both.
- Recognise the reduction of Poor and Very Poor advice as a substantive governance achievement and continue treating it as a distinct objective.
- Treat the development of Good and Exceptional advice as the next, separate capability objective built on a foundation of consistently Sound advice.
- Analyse recurring negative exceptions to understand why files remain below the expected standard.
- Analyse positive exceptions to identify practices that may be reinforced across the business.
- Assess whether corrective action improves future advice quality and client outcomes, rather than measuring only whether actions were closed.

High-quality advice depends on more than governance. It requires capable, honest professionals who accept personal responsibility for their conduct and exercise sound judgement. Effective governance supports those qualities by identifying negative exceptions requiring action, recognising positive exceptions worth reinforcing and ensuring that both contribute to better client outcomes.

Quality isn't achieved through perfection. It's achieved when capable, honest professionals operate within governance frameworks that encourage accountability, challenge and continuous improvement. Neither is sufficient without the other.

Interpreting the benchmark

Like any longitudinal research, the Advice Quality Index should be interpreted within the context of its reviewed population and methodology.

The findings describe the population of advice independently reviewed by Assured Support. They aren't intended to represent every Australian adviser or licensee.

The reviewed population isn't a random sample of all Australian advice files. It comprises licensees and advice businesses that elected to commission independent Advice Assurance Reviews. Those businesses may differ from the broader profession in their governance priorities, compliance maturity, commitment to quality assurance or willingness to subject their advice processes to external scrutiny.

The dataset isn't confined to advisers operating within a single institutionally owned, controlled or aligned group. It spans a varied population of independently owned or controlled licensees with different governance arrangements, business models, advice processes and supervisory frameworks. That diversity strengthens the longitudinal value of the Index, but it doesn't make the reviewed population statistically representative of the entire profession.

- The annual composition and volume of reviewed files may vary.
- The distribution data doesn't control for advice type, review purpose, licensee mix or adviser cohort.
- The results establish observed changes in ratings, not the causes of those changes.
- Percentages are reproduced as supplied and may not total exactly 100% because of rounding.
- The Advice Quality Index measures the distribution of overall advice quality ratings. It doesn't determine whether individual ratings arose primarily from strategic advice, evidentiary support, documentation, communication, process or other contributing factors.

The next stage of the benchmark

The Advice Quality Index is published as an annual benchmark for the Australian financial advice profession. Future editions and companion reports will examine the underlying evidence in greater detail, including:

- which recurring weaknesses continue to constrain advice quality;
- which negative exceptions have declined most significantly;
- the principal reasons advice is assessed as Poor, Sound or Good;
- the practices associated with Good advice;
- the characteristics required for advice to be assessed as Exceptional;
- what consistently high-performing licensees do differently; and
- the extent to which documentation, evidence, strategy and professional judgement each contribute to review outcomes;

Together, these publications will create one of Australia's most comprehensive longitudinal evidence bases on financial advice quality.

About the Advice Quality Index

The Advice Quality Index is Assured Support's annual research report examining long-term trends in the quality of Australian financial advice through independent Advice Assurance Reviews.

The inaugural report analyses six years of validated distribution data from 1 July 2020 to 30 June 2026 and draws on Assured Support's broader review dataset encompassing more than 24,614 advice files across more than 200 Australian licensees since 2015.

The findings describe trends observed within the population of advice independently reviewed using Assured Support's methodology. They're not intended to represent every Australian financial adviser or licensee.

About Assured Support

Assured Support provides independent compliance, governance and advice assurance services to Australian financial services and credit licensees.

The Advice Quality Index forms part of Assured Support's broader Advice Quality Research Series.

Future reports will examine recurring review findings, the characteristics of exceptional advice, emerging risks and the governance practices associated with stronger advice outcomes.

The Advice Quality Index is published independently of any product issuer, financial institution or licensee group.

The research is intended to assist licensees, Responsible Managers, advisers and boards to better understand advice quality, identify emerging risks and support continuous improvement across the profession.

Further information and future editions are available at **assuredsupport.com.au**.