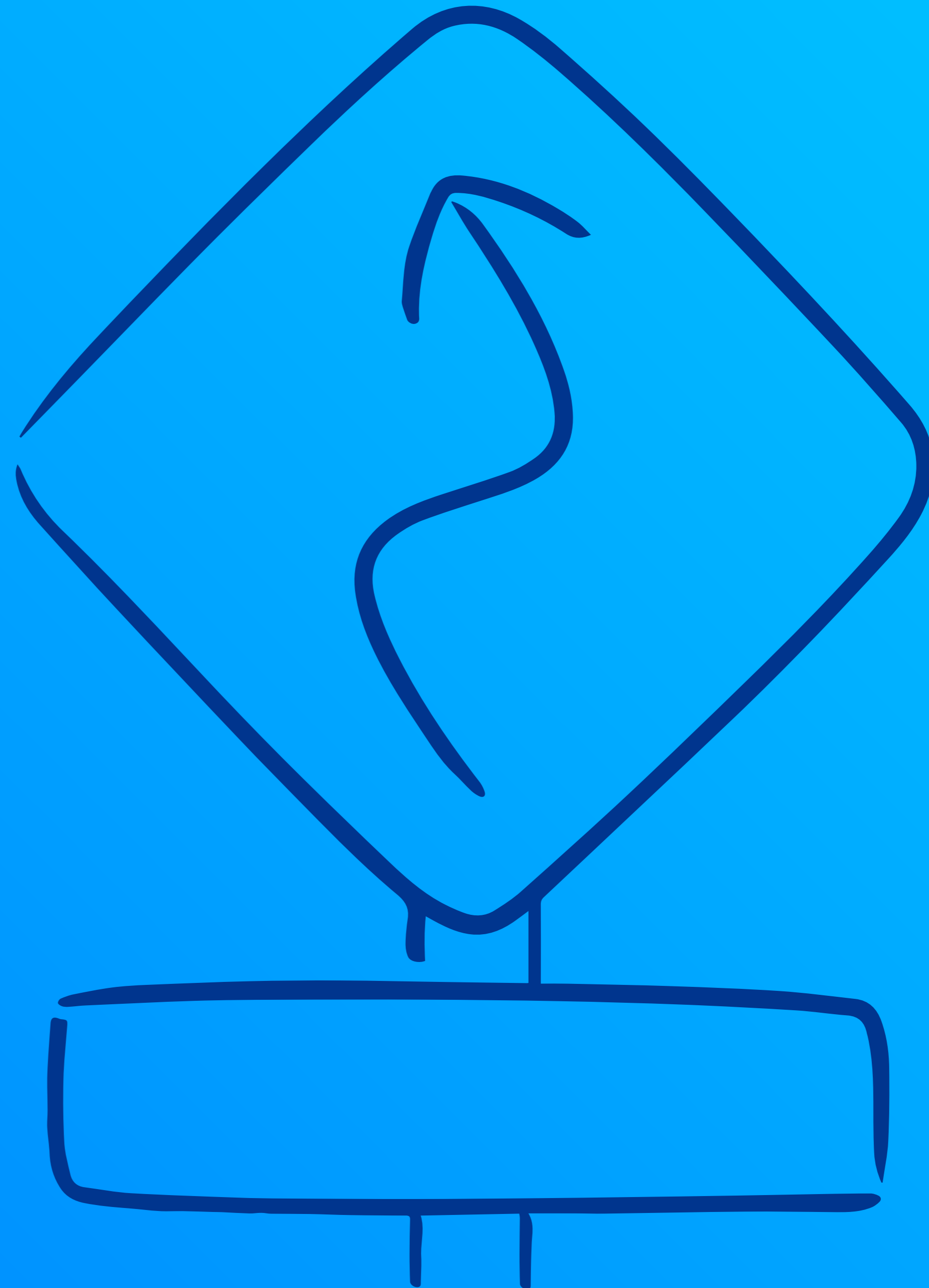


Innovation Series

# Where culture meets technology

And three cultural mega-trends  
that matter.



# About Netwealth

**We are a technology company, a superannuation fund, an administration business. Take advantage of Netwealth’s robust and fully-featured platform that is both powerful and flexible enough to meet the evolving needs of your business and clients.**



**Rated Australia’s #1 platform**

Ranked number one for overall user satisfaction for the past 8 years and ranked number one as having the best overall functionality for the past four years by Investment Trends.\*



**Technology**

Access the latest technology and innovations. Our focus is on ease and efficiency, which means we give you and your clients enormous capabilities without the complexity.



**Efficient administration**

No matter how big or small your business, or what stage it’s at, we give you the support you need to take the right steps forward. Our team makes running your business easier by providing support with regulatory changes, efficient direct equities handling and a timely turnaround on applications and liquid redemptions and tax reports.



**Choice and flexibility**

Netwealth has a solution for all the wealth needs of your clients. Whether they are looking for superannuation, SMSF administration, wrap accounts or insurance, we offer you and your clients real choice that can be tailored to match individual circumstances.



**Support**

Making sure your business runs smoothly and efficiently is as important to us as it is to you. That’s why Netwealth offers a four-tier support system, so whenever you need help, training or guidance someone from our dedicated team will be there to help you.



**Managed accounts**

Not all managed account technology is equal. Enjoy the efficiency and scale benefits Netwealth’s Managed Account can provide your business. And it is fully integrated with our super and wealth services.

\*Investment Trends Planner Technology Report and Platform Benchmark Report

Where culture meets technology

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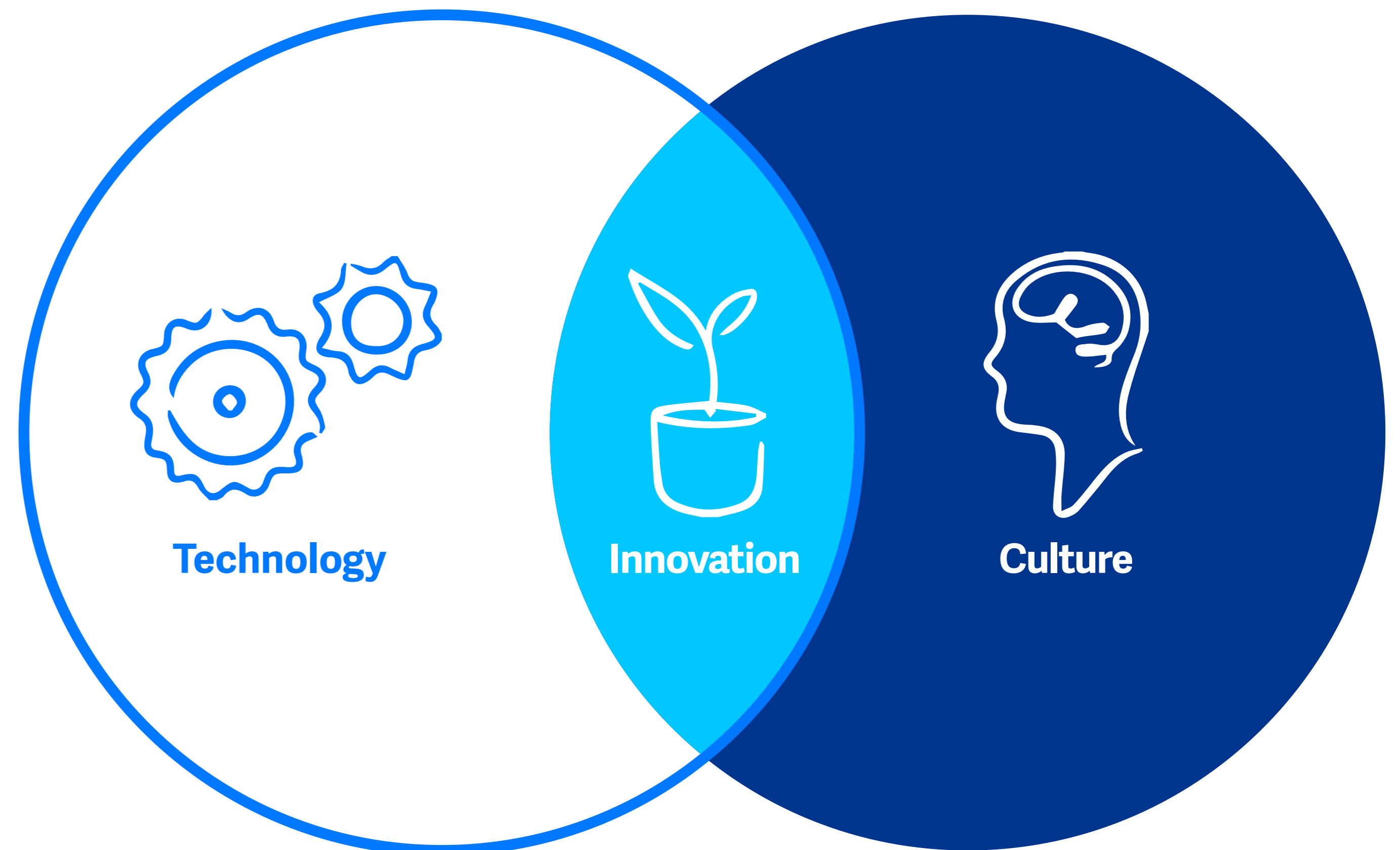
# The intersection of culture and technology

In early 2019, Netwealth went overseas on a study tour to the United Kingdom and Israel – two nations and markets with rich and diverse histories to learn from. What was abundantly clear from this experience is that, despite often being referenced as a modern tool, ‘innovation’ is one of our oldest drivers of success and progress.

Though there’s been hysteria about innovation such as artificial intelligence, and its impact on human jobs, trends like this fall into bigger chains of progression that have created our industry of today. That message has two impacts: innovation is not something to fear or defend against, and innovation will continue to drive successful and future-proofed practices.

Perhaps more importantly in a 2019 context, what struck Netwealth’s Joint Managing Director Matt Heine throughout the tour was how important it is to understand where client needs and cultural changes in the world intersect with technology.

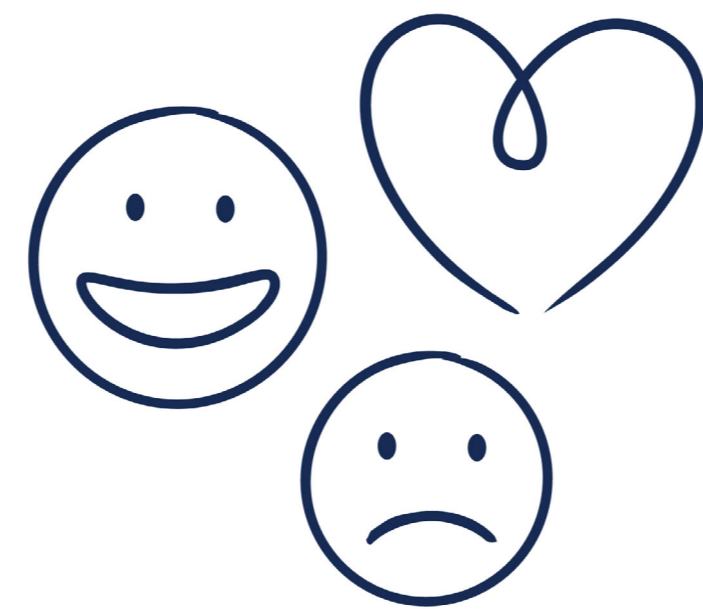
**This is where great innovation happens.**



“Too often we put technology into our business without actually understanding the problem. Rather we should better understand the human drivers, the cultural change underpinning their needs, and then applying technology to this,” Matt says.

“If you take that mindset into digitising your business, hopefully over time you’re going to come up with true disruptive innovation.”

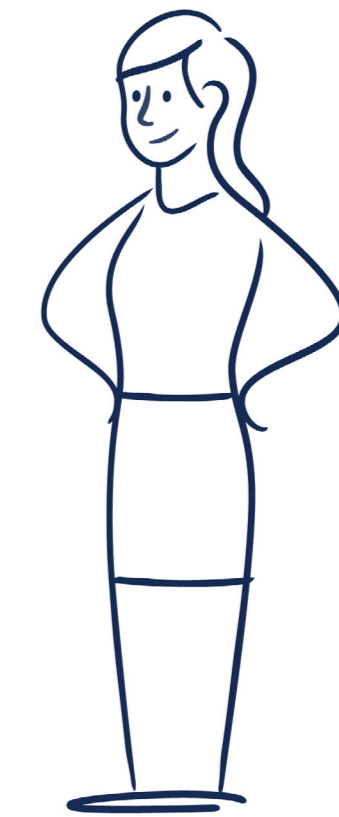
By thinking about innovation as an intersection of the social, human and technological experience, Netwealth has identified three major cultural trends underpinning the evolution and digitisation of wealth management.



The Trust Defecit  
& Sharing Economy



Help me feel good



Gender Neutrality

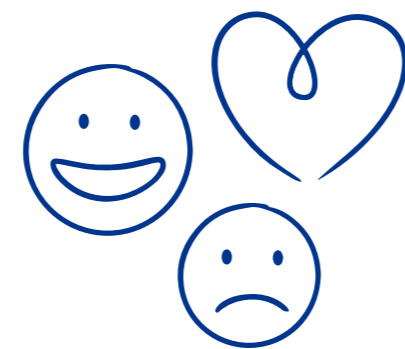
1. The trust deficit and the sharing economy
2. Helping customer feel and do good
3. Gender neutrality and women power

## Three big cultural trends underpinning innovation in advice

# 1. The trust deficit and the sharing economy

Before the internet, we could safely say a person was a person, a cat was a cat and information sources were accurate. Today with the digitisation of everything, this is not possible. We live in a world of fake news, online alter-egos in social networks, bots, artificial intelligence and international information espionage. We just don't know who and what to trust.

Combine this with the fact that we no longer trust the government or media or big business – and don't even trust the honey we buy at the supermarket is genuine.



**"Consumers are on alert, applying doubt to every interaction."**

It is not hard to understand why a consumer trust deficit exists today.

But ironically a counter cultural trend has emerged, that of the sharing economy. That is, we share our houses with strangers on Airbnb, get into cars with unlicensed drivers who are strangers with Uber, we are lending and borrowing from strangers on RateSetter and LendingClub, hiring strangers to hang paintings, bartend our parties or pick up our supermarket shopping on Airtasker. We are sharing our bikes on Spinlister, our cars on Car Next Door, our gardens on Landshare, our pets

on BorrowMyPooch and even our toilets on Looie.

With this in mind, how should advisers take advantage of these two conflicting trends? The answer lies in the development of a trusting relationship. And according to research from Stanford University, the most important element underpinning trust is reputation.

Trust and reputation are relatively easy to understand when it plays out face-to-face. "In your own advice business, when you get a referral from an accountant or a mortgage broker, half the deal is done," Matt explains.

“There is an inherent trust, and that client comes with a reputation, and likewise, you come with a reputation.”

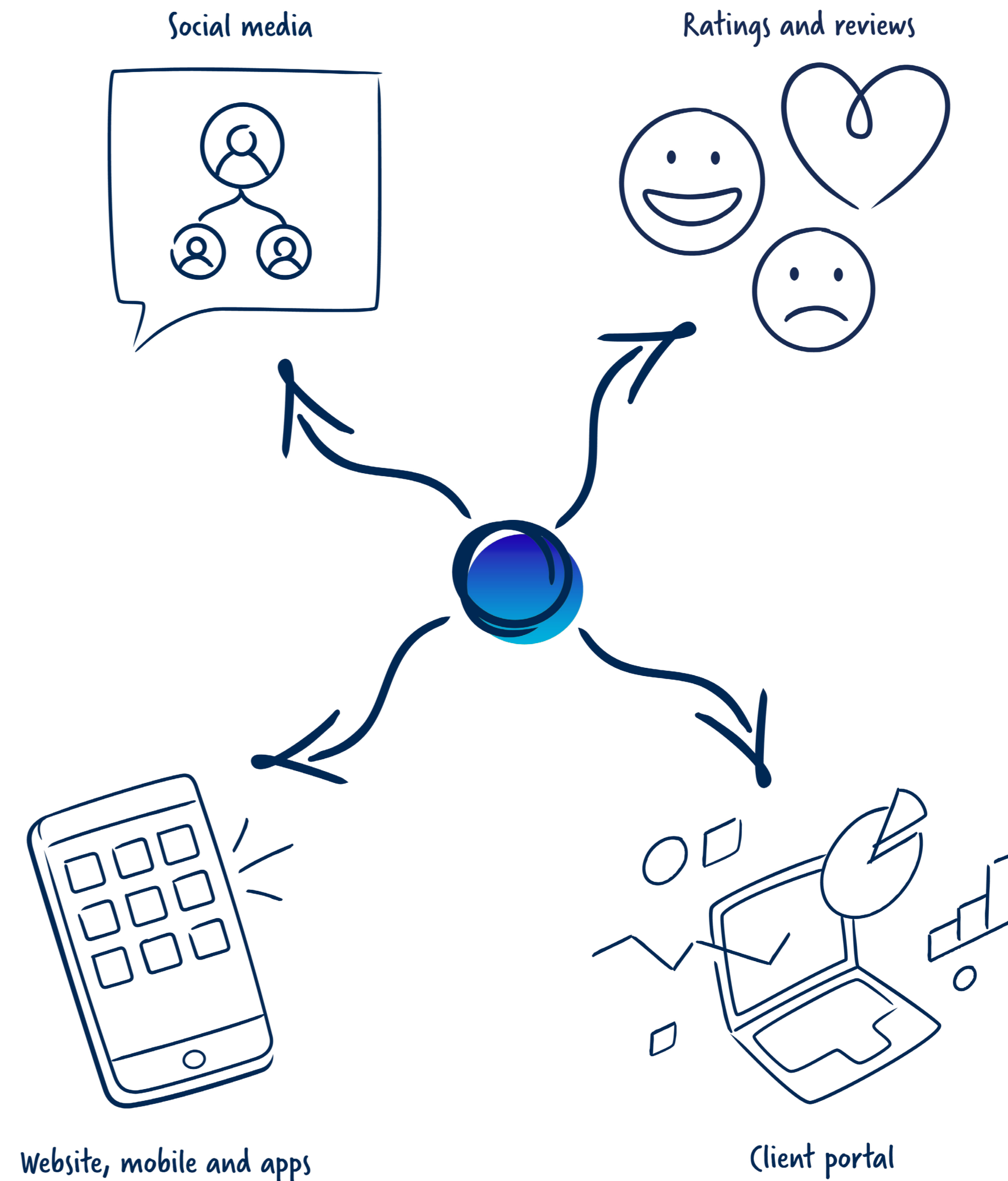
However, it's a very different scenario in the online world. In the sharing economy, reputation and thus trust is built on a person or company's online ratings and reviews. According to the Stanford research, when people had less than three online ratings or reviews, trust wasn't formed by a consumer. When people had more than 10 ratings or reviews, trust was able to form.

So, the lesson here for advisers is to continually seek digital feedback from customers, using tools such as Google reviews and Adviser Ratings.

### Every digital touchpoint matters

There's more to it than the wisdom of the crowd though – every online touchpoint forms part of a firm's digital reputation. Trust also forms from the quality of your social media content, your website and your client portal.

“This is important as a website is often the first time a prospect interacts with you – and we all know first impressions count when building trust. And social media is often a way to establish trust through an ongoing dialogue of well-crafted posts and information,” suggests Matt.



Effort is so often focused heavily on the design and the aesthetics that often the overall experience is overlooked. For example, when designing a website many advice firms fail to ensure that it is optimised to be user-friendly on mobiles.

“There’s nothing more frustrating than going to a website on your mobile, which is actually where most people access them, and not being able to read the text because it is too small or having to try and find menus and navigate not being able to find the information you need,” he says.

“It’s a poor experience, and it basically says to your customer, a prospecting customer or existing customer, ‘I don’t care about you’. It’s an old cliché, but it’s your shop front, and it basically says, ‘I’m not interested in how you feel about me or my service. I don’t have the time.’”



20%

of advice firms use tools to collect ratings and reviews from their clients:  
*2019 Netwealth AdviceTech Report*

Top 3 things an advice firm can do to build their digital reputation

1. Encourage your customers to review your business online, using tools like Adviser Ratings, Google reviews and Facebook ratings.
2. Keep your website and social media presence up to date and fresh with compelling, topical and useful information, articles and videos. This will demonstrate you know what you are talking about.
3. The less obvious way to build online trust is to focus on the online user experience and user interface simultaneously, for example, make sure your website is optimised for a mobile phone experience.

## Three big cultural trends underpinning innovation in advice

# 2. Help me feel good

A key tenet for advisers in making clients feel good about the advice they receive is putting them wholly at the centre of the advice experience. This seems like a relatively simple concept, but it's one that advisers don't always interpret or action in a broad enough way. Incorporating the social and emotional pressures and expectations of your clients is, in fact, an innovative way forward.

Consumers are increasingly drained by the incessant pressure of expectation. We live in a world with endless social media feeds telling people what they should be and how they should be feeling, how much they should be eating or sleeping. Watches are even telling people how



**“People want to bring more meaning into their lives and make a positive impact.”**

many steps they should be taking for their daily exercise.

Within context, people are now wanting to bring more meaning and purpose into their lives and make a positive impact – away from the noise and pace of their every day.

“Whilst your clients might not be able to volunteer substantial time or donate huge amounts of money to charity, nor radically influence climate change, they can make positive decisions such as buying free range eggs instead of caged ones, or they buy recycled goods,” Matt ventures.

Advisers can help and take advantage of this cultural trend by helping their clients make better, guilt-free buying decisions.

Firstly, you can bring ethical or impact investing to the table for clients who demonstrate this attitude.

Interestingly, with ethical investing, it is not just the things to avoid, such as ammunition, gambling, alcohol and tobacco. It's also about deliberately investing into things for the good of the wider world. This is actually what the real meaning of 'impact investing' is, to funding businesses and investments centred on things like health, recycling, renewable energies and bio technology.

Another method to make clients “feel good” and giving them a greater purpose is to help them re-connect with their communities.

This is becoming more important in a world where technology has left people feeling more lonely than they have ever been in history.

Recent research supports this, with a report suggesting eight out of 10 Australians believe Australian society is becoming a lonelier place<sup>1</sup>, and another report finding that one in five Australians say they feel lonely at least three days every week<sup>2</sup>.

This issue becomes even more pronounced when it comes to retiree clients. “A lot of your retirees will finish work and lose their sense of purpose, and that’s the worst thing that can happen,” says Matt.

Modern businesses innovate by knowing that success is less about the superficial quality of their product or service but about what that product or service does for its customers’ higher order needs. They try to move up Maslow’s hierarchy to satisfy a customers’ need for self-esteem and self-actualisation.



**57%**

The percentage of global consumers who purchased or boycotted based on a company's stance on social issues: 2018  
*Edelman Trust Barometer*

### Three actions an advice firm can implement to help their clients “feel good”:

1. Consider ethical and impact investing options for some of your clients. Especially for Millennials, whom we know are set to inherit a fortune over the coming decade. Supporting this is research that suggests 88% of Millennials will change super or investments based on values and 75% of them prefer responsible super over super that just maximises financial returns.<sup>3</sup>
2. Be proactive and stand for something. If not the environment, is there something relevant, a social issue or to align with a cause or community that your business can stand for and build into your value proposition? Then you need to act with purpose. Speak up on your beliefs and make a stand. Talk less, act more.
3. Help your clients connect with themselves and their community.

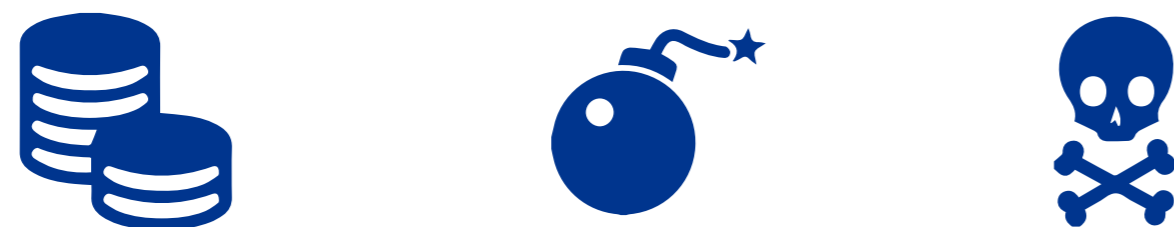
<sup>1</sup> <https://www.lifeline.org.au/about-lifeline/media-centre/media-releases/2016-articles/8-out-of-10-australians-say-loneliness-is-increasing>. <sup>2</sup> The Australian Loneliness Report 2018 - <https://psychweek.org.au/wp/wp-content/uploads/2018/11/Psychology-Week-2018-Australian-Loneliness-Report.pdf>. <sup>3</sup> Responsible Investment Association Australasia: From Values to Riches: Charting consumer attitudes and demand for responsible investing in Australia November 2017

## When considering your ESG choices...

### Avoid



Coal, gas, oil, etc.



Gambling, weapons, tobacco, etc.



Logging, exploitation, human rights,  
harmful products, etc.

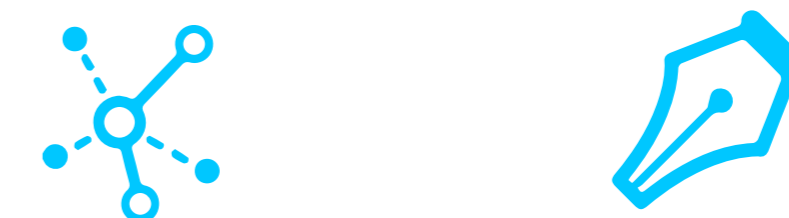
### Look for



Health and aged care, medical solutions, etc.



Clean energy and efficiency, recycling,  
sustainable products, etc.



Innovative technology, education, etc.

Examples we can learn from

Companies are responding to this cultural trend by growing a social conscience. They are helping their customers buy better, incorporating benefits into their products and services with a higher meaning and connecting customers with communities.

Here are few companies we can learn from:

Patagonia

Patagonia has been on the front foot when it comes to environmental activism and advocacy for public lands. For example, it has broadened the scope of its used clothing program by ramping up its investment in sustainable start-ups and launching an activist hub to connect customers with grassroots environmental organisations. Recently, CEO Rose Marcario announced the company would give \$10 million in tax cuts to those aforementioned environmental organisations.

Lulemon

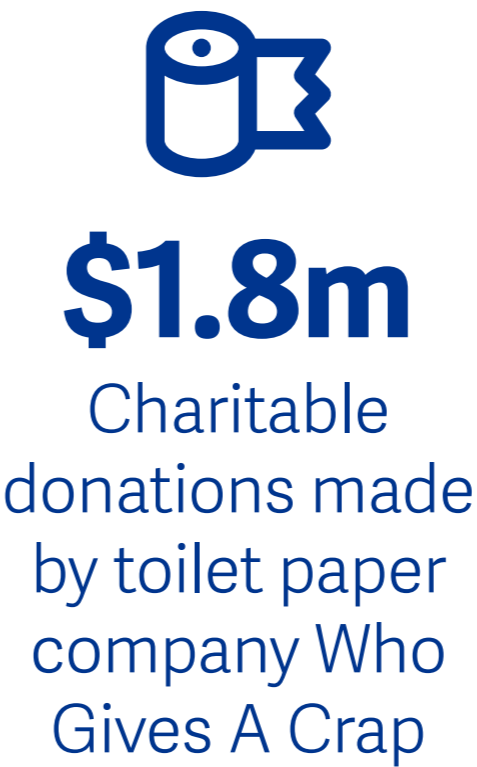
Lululemon is a women’s athletic wear brand that has a focus on “a life better led”. Beyond selling clothes, they connect with their customers through a range of festivals and retreats focusing on yoga, meditation and spirituality. They also have a program called Global Yoga Ambassadors where they promote yoga instructors committed to helping communities.

Who gives a crap / Thankyou

Australian companies Who Gives A Crap and Thankyou sell everyday products like toilet paper, soap and water, but with some or all profits directed to charitable causes.

Who Gives A Crap makes all products from environmentally friendly materials and donates 50% of profits – over \$1.8 million to date – to build toilets in developing countries.

Thankyou is a social enterprise claiming to give 100% of its profits



to helping end global poverty – over \$5.8 million to date has been provided. Customers can track the impact of their purchase online using a unique Tracker ID.

Netwealth and Banqer

At Netwealth, we support Banqer to take financial literacy to young Australians. To date, over 8,000 kids have participated in the online virtual economy where they get to learn about the basics of wealth management, including savings, investing, insurance and retirement – all in a fun and interactive environment.

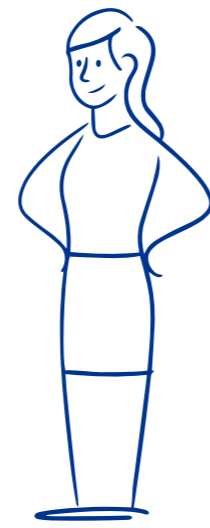
## Three big cultural trends underpinning innovation in advice

# 3. Gender neutrality

Today, it is more common to see universities, sport, business and the media treat people as people, and not be gender specific.

Today, 58% of all university students are women<sup>4</sup>, and female graduates earn largely the same as their male counterparts<sup>5</sup>. We also have seen a growth in the number of women on boards of major companies.<sup>6</sup>

From Stockholm to Seoul to Sydney, the #metoo movement reverberated around the world. In what was one of the first all-digital, all-global female movements, women have taken a stand against sexual harassment and assault. To date, the #metoo hashtag has been tweeted over



**"A woman's pathway is less predetermined than it used to be as they move through life."**

18 million times since its original post in late 2017.

And in 2019, professional female rugby sevens players in Australia receive the same payment as male players, which also includes a pregnancy policy.

As a result, it means that a woman's pathway is less predetermined than it used to be as they move through life, compared with say 30 years ago.

They are just as likely to have stressful jobs, manage the home and kids (in fact much more likely), go to the footy and to be influenced by politics and the media.

The role and impact of women is

something various professions are still understanding and moving forward with. Wholly considering the needs and experience of both men and women is an innovative way of thinking and behaving in the context of modern history.

For example, the advice community has historically been predominantly male. Following on from this, the individual needs of women have arguably been peripheral when it comes to financial planning. New advice innovations need to redress that balance towards 'gender neutrality' – where both male and female considerations need to have equal weight in financial decisions.

<sup>4</sup> <https://melbourne-cshe.unimelb.edu.au/lh-martin-institute/insights/gender-enrolment-trends-flarkins>. <sup>5</sup> <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4125.0~Sep%202018~Main%20Features~Selected%20Highlights~2>. <sup>6</sup> <https://aicd.companydirectors.com.au/advocacy/board-diversity/statistics>

### Two actions an advice firm can implement when building a gender neutral practice:

1. Recognise that every human wants to be seen as an individual, without stereotypes or assumptions.

“Everyone’s going to be a little bit different and so we need to be really conscious about when we’re delivering financial plans, we’re looking at their financial futures and we’re actually taking their individual circumstances into our planning process,” Matt suggests.

2. Design with a female first mentality. This means you segment your female audience and be clear on their attitudes, beliefs and needs.



**“Everyone’s going to be a little bit different and so we need to be really conscious about when we’re delivering financial plans.”  
– Matt Heine, Netwealth**

### An example we can learn from

In the US, Ellevest has developed an online robo-adviser, which was conceived and designed through rigorous research and observation of females and, in their words, “co-created” with Ellevest together. The goal of the online tool is to empower women financially.

The platform’s design reveals several observations that define women differently to men when it comes to wealth<sup>7</sup>.

1. Women tend to be less concerned with beating the market – the focus of much of the modern investment industry – and more interested in assuring that their money won’t disappear completely.
2. As a result, women are more inclined to thinking about investing to achieve life objectives, such as a deposit for a home or setting up a business or a uni fund for the kids.

3. Women tend to take more career breaks than men, and their salaries typically peak earlier. On average, they also live several years longer than men. As a result, saving a higher percentage of their income is more important.
4. Women are less price sensitive and are happy to pay for things they value. This is illustrated by the fact that Ellevest is more expensive than other robo services – charging almost double the amount of other US robo services.

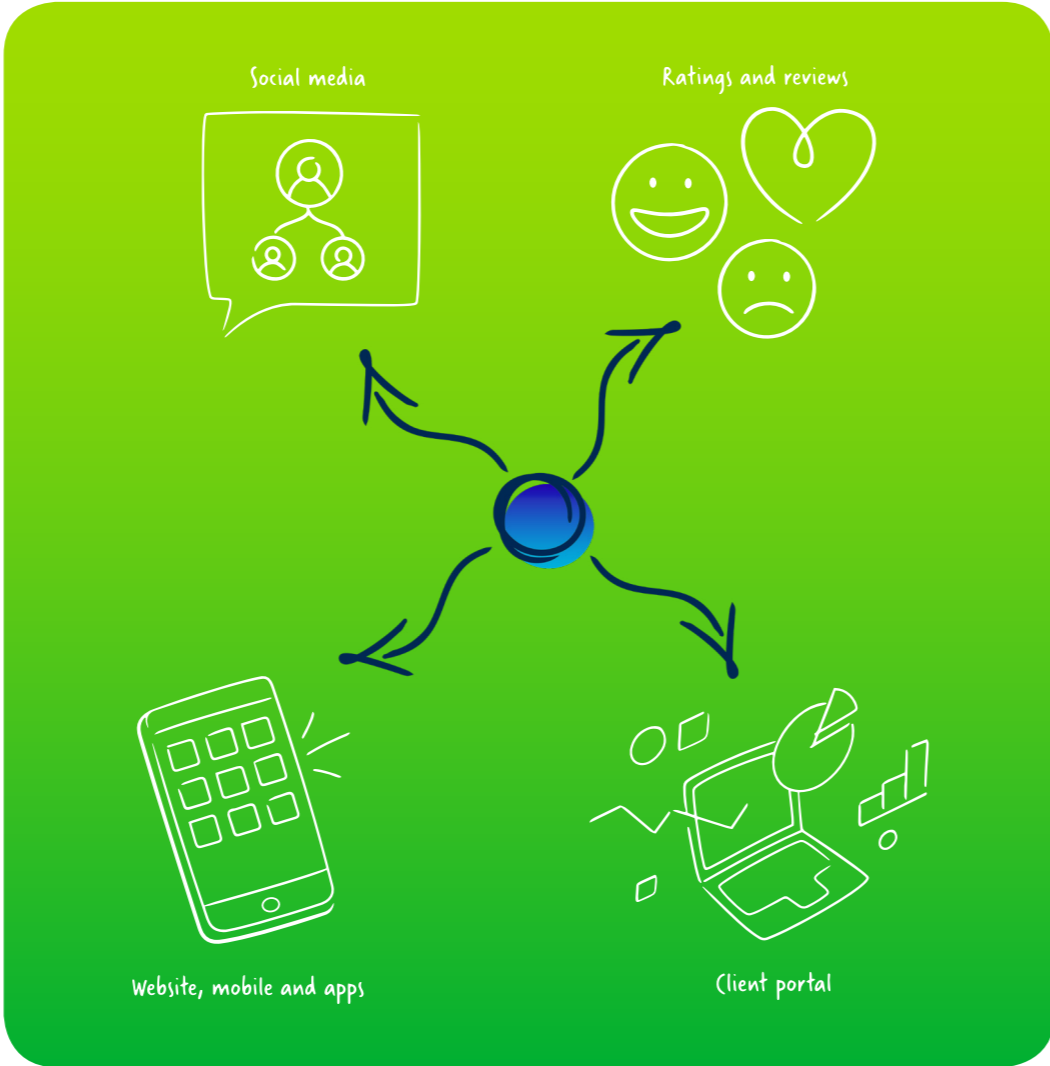
<sup>7</sup> <https://www.fastcompany.com/40476416/is-sallie-krawcheck-women-centric-investment-firm-ellevest-another-example-of-the-pink-tax>

Three big cultural trends underpinning innovation in advice

In conclusion

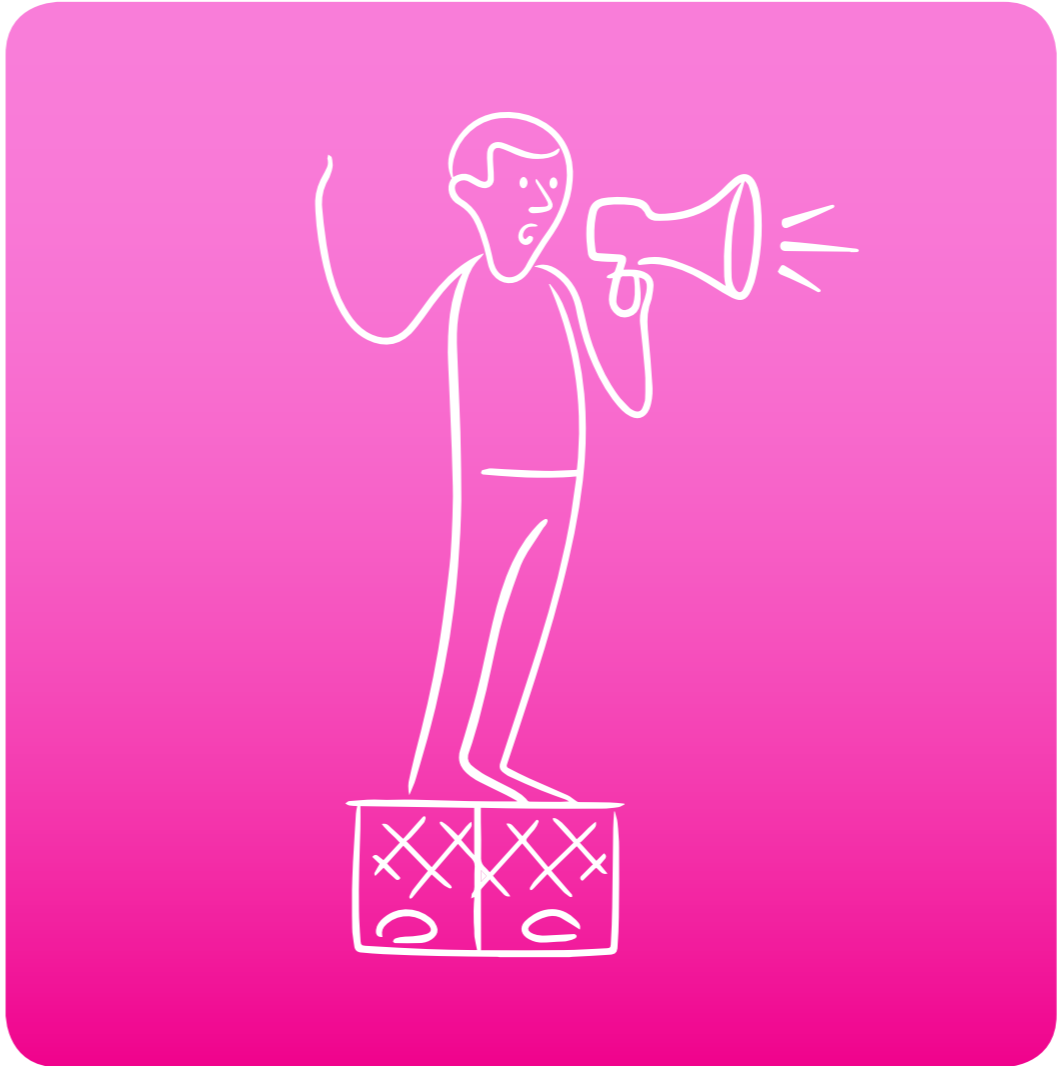


"Be at the interection of technology and culture."



"Don't ignore your digital reputation."

The trust deficit and the sharing economy



"Be proactive &stand for something."

Help me feel good



"Define your value in terms of specific client needs and desires."

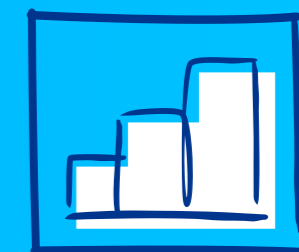
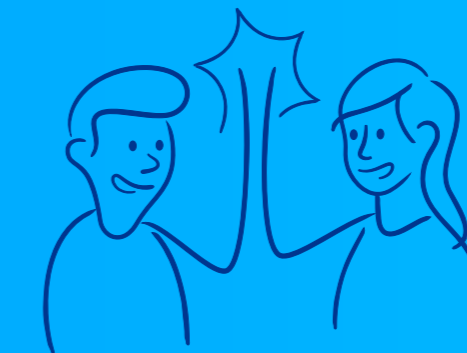
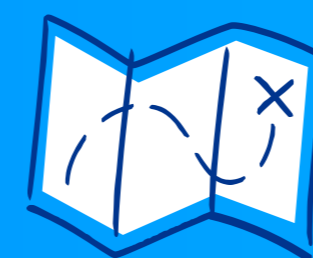
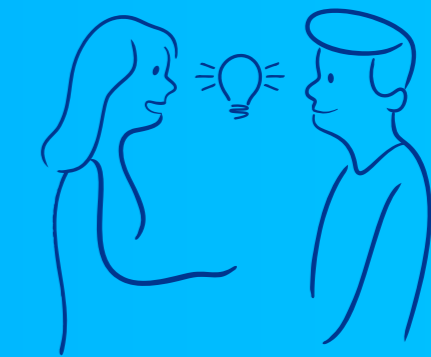
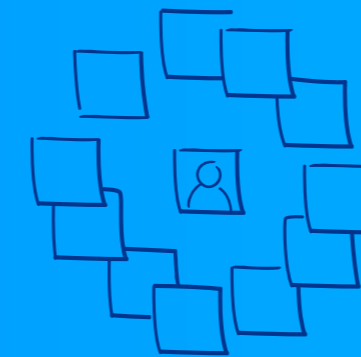
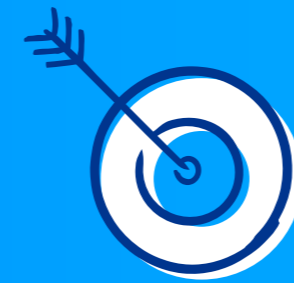
Gender neutrality

# Netwealth Innovation Toolkit

See innovation differently

We've worked with some of Australia's leading innovation experts to create a collection of downloadable resources, workshops and tools to help you innovate effectively within your team and develop actionable solutions for your business.

To download innovation workshops or just to find out more, visit [netwealth.com.au/innovation](https://netwealth.com.au/innovation)



# More publications from Netwealth



## 2019 AdviceTech Research Report

The third Netwealth AdviceTech research report highlights the key benefits of adopting technology intelligently within an advice business. Consider what is important when developing your AdviceTech stack.

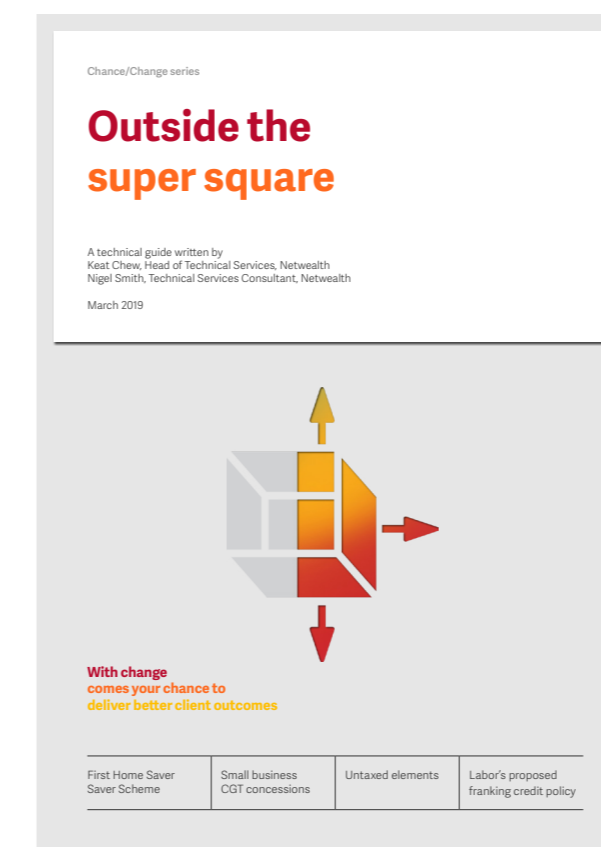
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## Removing customer friction from the financial advice process

If you're competing against the world's customer experience experts then what can you learn from them about removing friction, and how can you apply that to your advice practice today?

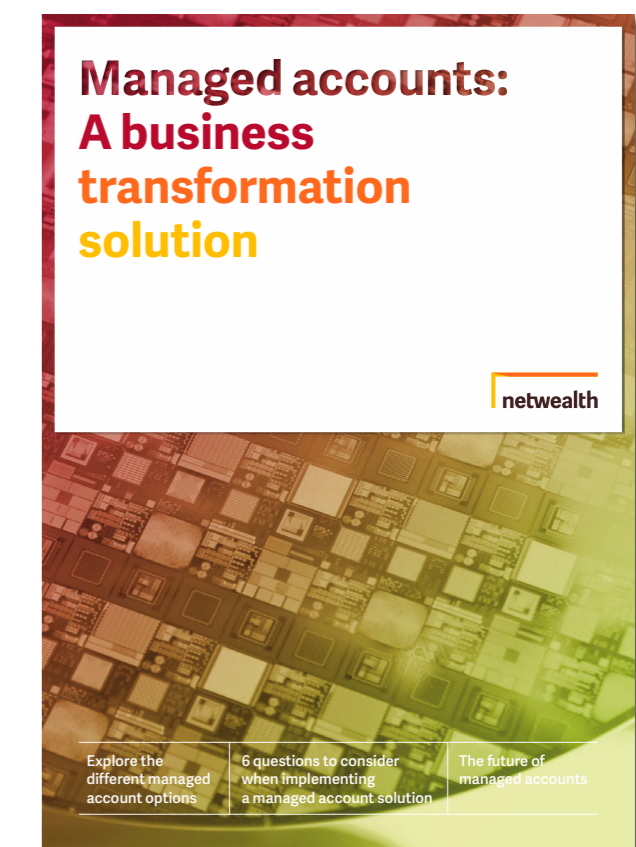
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This guide explores four alternative super strategies. Look outside the super square and remind yourself that there is a lot more to super than just implementing the recent changes.

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This guide looks at the considerations businesses should have when deciding on whether a managed account is appropriate for their advice practice.

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