

Research Report

# AdviceTech 2022 Client Experience Report

Exploring the human side  
of technology



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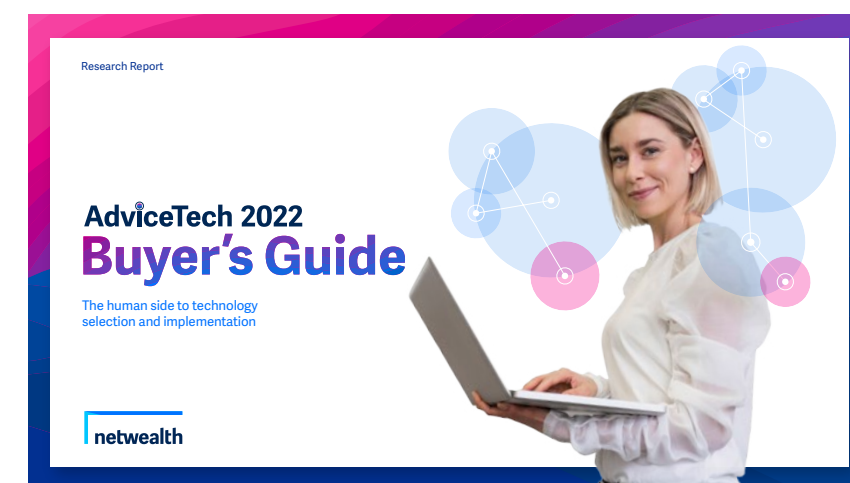
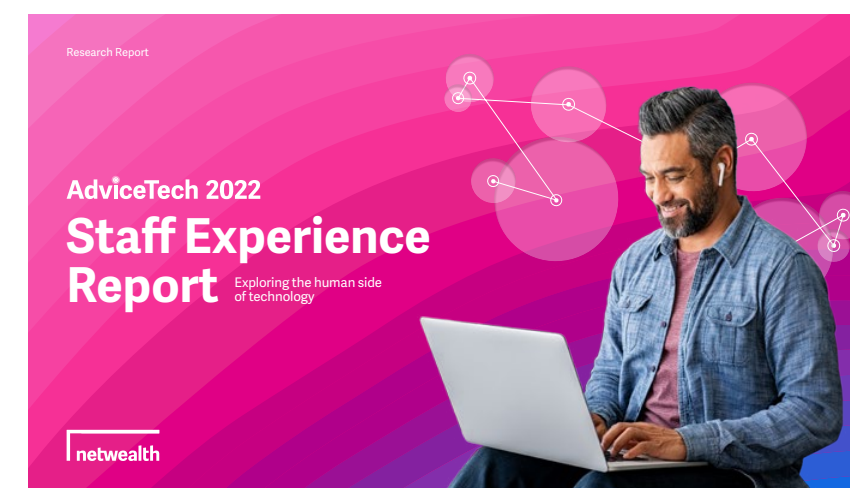
# AdviceTech and the client experience

Think AdviceTech and you usually think of the impact technology has on the operations and bottom line of an advice firm.

As technology becomes more pervasive in our daily lives it is often important to take a step back and look at the direct impact on people.

The 2022 AdviceTech Report takes a close look at the human side of technology, not only from the perspective of advice firm staff, but also our clients, technology partners and suppliers.

To make the content more relatable, we have decided to break the report into three mini-reports, that are all accessible from [www.netwealth.com.au/advicetech](https://www.netwealth.com.au/advicetech).



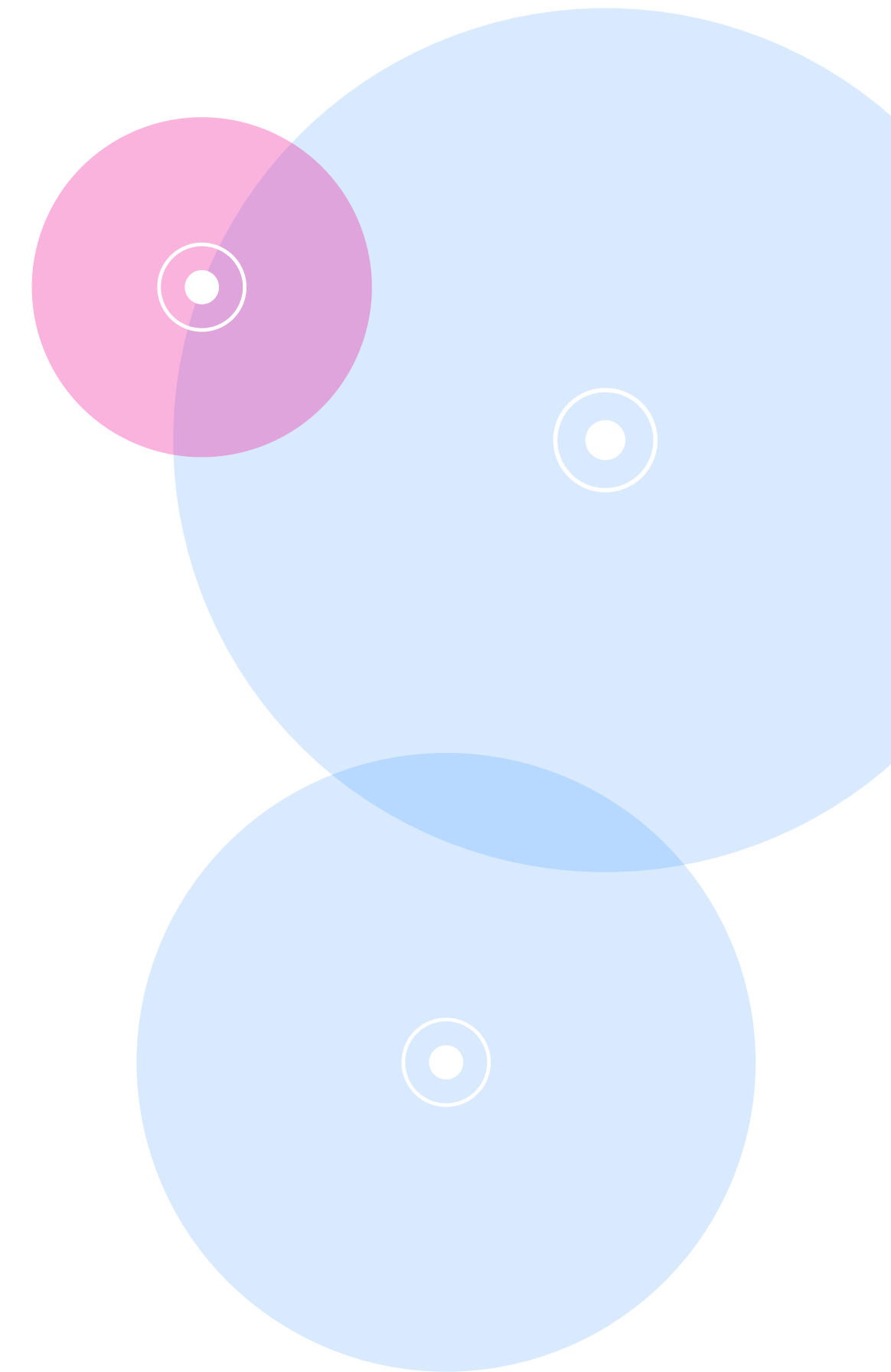
At the same time as we are adapting to technology, technology is adapting to us. Our technology experiences are becoming increasingly seamless as they integrate with our daily activities so easily and painlessly.

Now when we encounter anything that doesn't, it can be a deeply jarring and disconcerting experience.

One thing clients and potential clients are not short of is choice, and if your technology doesn't give them what they need or expect, or creates an unexpected barrier, they may just choose to use someone else whose technology works for them better.

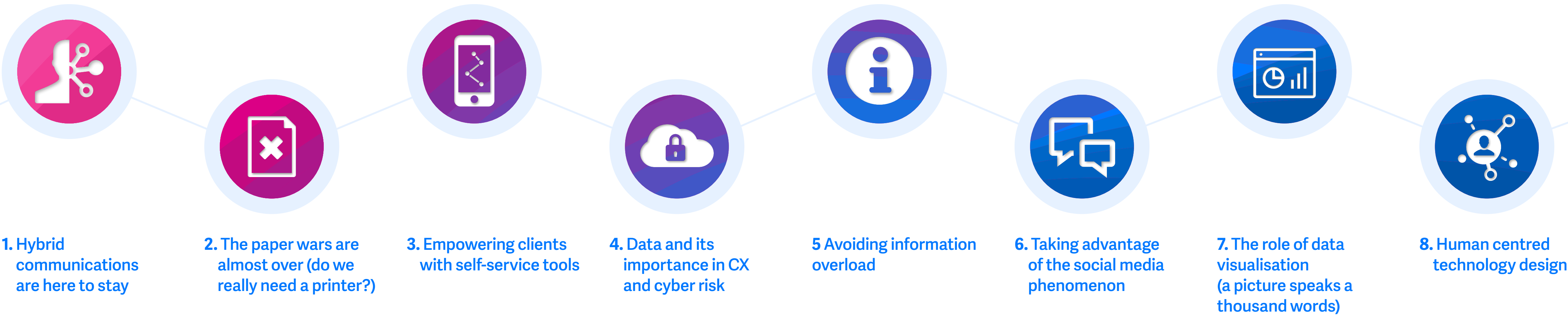
The digital experience we provide our clients needs to be intuitive, designed to meet their habits, easy to access, and it must work.

Advice firms recognise this with one in five firms (22.1%) definitely increasing investment in client engagement technologies from the previous financial year and another two in five (39.9%) probably spending more.



# Trends in digital client experience

In this report we examine the needs of the Advisable Australian, particularly the needs of the Established and Emerging Affluent groups, and identify several trends where the investment in client-facing AdviceTech could be directed. As in previous reports, we will benchmark firms overall against our AdviceTech Stars, so we can learn from them.





# Executive summary



## AdviceTech and the client experience

A business’s digital capabilities are among the top reasons a person will choose a professional services provider, especially the younger Emerging Affluent.

Yet many (64.4%) firms say technology aids but is not the focus of the client engagement experience.

With that said, many firms have already seen the benefits from investment in client engagement technology, with half of firms reporting improved client engagement and communication (49.8%), and another one in three firms reporting improved quality of advice (34.7%) and more time spent with clients (32.0%).

The use of technology to improve the client experience is likely to grow, with more than one in five firms (22.1%) definitely planning to increase investment in client engagement technologies in the coming year, and another two in five (39.9%) open to doing the same.



## Hybrid communications are here to stay

Among the 24.6% of Advisable Australians that receive financial advice today, many want some form of live human-to-human interaction with a person, whether that be in-person, over the phone, via an online meeting or a live chat.

The shift to online meetings over the past few years has certainly changed our ability to meet with clients, which works extremely well for both clients and advisers alike. Today, 79.5% of advice firms hold online client meetings, compared to 46.0% two years ago.

Yet for some interactions like initial meetings, face-to-face is still preferred by most (72.7% of Advisable Australians who receive advice).

Email does become the channel of choice for Advisable Australian clients when they are receiving important documents for their records (49.6% want this), information about new products and service (51.1% want this) and relevant news and insights (58.6%).

The ability to create a technology-based strategy to support relationships with clients is great, but it is important to remember that for some the value of the in-person interaction cannot be discounted, so a hybrid approach is necessary. It is important for advice firms to consider the trade-off between the potential time saved through technology and the opportunity to build longer-term relationships by consistently meeting the client’s expectations.



## The paper wars are almost over (Do we really need a printer?)

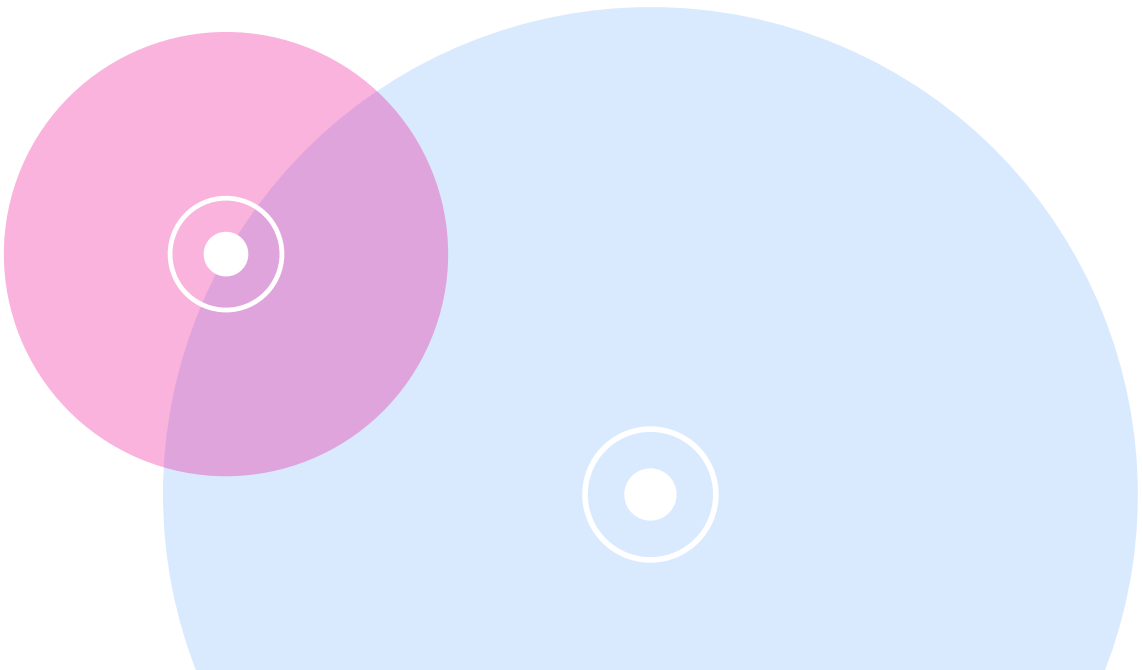
The idea of the paperless office has been around for years, but the idea of a paperless client interaction has been slower to catch on.

That’s changing now with the use of document sharing technology with online signature tools.

Use of digital signature tools has increased over previous years, rising sharply because of COVID-19 lockdowns. In 2017 only a third (33.5%) of advice firms used them, but now they are used by more than two-thirds (67.7%).

This shift to paperless will be welcomed by many Advisable Australians. The majority (70.7%) would highly or somewhat value access/storage of their financial documents via a client portal (for example, Will and insurance documents), whilst 75.4% would like to sign financial documents (like insurance renewals) using one.

Four in 10 (42.2%) AdviceTech Stars use client portals and a third of them (33.3%) plan to introduce this technology in future.



# Executive summary



## Empowering clients with self-service tools (Helping clients help themselves)

Technology has empowered consumers to do more, to do things quicker, and to do things more conveniently, for themselves. Australians shop online, book flights and restaurants online, post to social media regularly and research almost anything online.

Advice firms need to recognise this do-it-myself mindset and provide tools and access points for clients to serve themselves, at the times and in the places that best suits them to do it.

For example, three-quarters (76.1%) of Advisable Australians say they “must-have” or “highly appreciate” being able to view their total household balance sheet (including banking, superannuation, property and other assets and liabilities) online.

Enter the client portal. It’s the principal tool available for advisers to provide to clients to empower them to do things for themselves.



## Data and its importance in CX and cyber risk

Financial advice firms collect more data and information about their clients today than ever before – from the fact find, to managing investment portfolios, to sensitive strategic goal-related information.

Savvy businesses, not just in financial advice, are taking advantage of this treasure trove of data in novel ways to better engage with and influence the customers – to better understand or predict customer behaviour and to remove friction or personalise the customer experience.

A lot of client information collected by advice firms is highly sensitive and personal, so understanding that the threat of cyber risk is real is important.

AdviceTech being adopted to leverage and protect client data includes:

- Client survey technology – used by almost six in 10 (57.8%) AdviceTech Stars to collect client feedback.

- Client behaviour reporting and dashboards to track and understand clients better – used by four in 10 (40.0%) AdviceTech stars with a further 42.2% of them planning to use these in the next 24 months.
- Online fact-find technology to collect personal information in a more convenient manner – usage has increased by Stars with six in 10 (60.0%) using them, having increased from one in three (37.8%) the previous year. Almost a further one-third (30.7%) of advice businesses plan to use them in the next 24 months.
- Cyber security tools, like VPNs which create an encrypted internet connection for sending and receiving data - used by just over three in 10 (31.1%) AdviceTech Stars, with relatively modest planned usage in the next 24 months of 13.3%.



## Avoiding information overload

Both the Emerging and Established Affluent are large consumers of information with the majority (64.8% of Emerging Affluent and 56.0% of Established Affluent) reading business, investment, or financial news on a website or app at least weekly; and one in three consuming this information daily (34.6% of Emerging Affluent and 32.9% of Established Affluent).

Advice firms have an opportunity to add value to the relationship and become a trusted source of investment information, ideas and market news, as well providing legislation and tax information.

Advisable Australians would like to receive investment-related news from their advice firm at least quarterly (82.1%).

More than seven in 10 (71.1%) AdviceTech Stars produce articles, with four in 10 (40.0%) creating video content. Stars push this content out to clients via email (90.0% of them), via their website or blog (55.0%), through social media (37.5%) and via the client portal (20.0%).

# Executive summary



## Taking advantage of the social media phenomenon

Social media is perhaps the phenomenon of our age. It has become a cornerstone of media consumption and social interactions, and increasingly a preferred communication tool, especially amongst younger generations, although it's not just limited to the young anymore.

For businesses, social media give them enormous reach to new prospects. It can be used as a platform to distribute content, build and enhance a business's brand, and to develop trust with the market.

But understanding how different groups of clients engage with social media is key to using it effectively. For example, of the top platforms, Instagram is relatively rarely used by Baby Boomers, although they do use Facebook (86% of them) and YouTube (59%). Yet Instagram is used by younger generations.

AdviceTech Stars have embraced social media, and since last year, the proportion of these firms posting daily has more than doubled, from 6.7% to 17.8%. At the same time the proportion posting monthly has also increased, from 20.0% to 31.1%.

Of the four in 10 AdviceTech Stars (40.0%) that use technology to manage social media, a quarter (27.8%) outsource it to an external agency and more than one in five (22.2%) use Hootsuite.

One in six (17.8%) AdviceTech Stars use paid advertising on social media, of which they tend to favour Facebook (66.7%), then LinkedIn (33.3%) and Instagram (22.2%).



## The role of data visualisations

Data visualisation is the representation of data and information through charts and diagrams.

Data visualisation AdviceTech tools empower advisers to help clients better understand their financial strategy and their progress against it over time, as well as more easily explain how actions taken today can affect the client's outcome in years to come.

About eight in 10 Advisable Australians who receive advice, expect their advice firm to use digital tools, such as online calculators, podcasts and videos, to demonstrate how they're tracking to goals (81.3%), and how their investment portfolio is performing (83.1%), plus also to educate them on financial concepts (78.3%).



## Human-centred technology design

Increasingly, the factor that most determines the success or failure of technology is not necessarily how good or clever the technology is, per se, but how effortless the user experience is.

More than three quarters (78.4%) of Emerging Affluent Advisable Australians and more than seven in 10 (70.8%) Established Affluent Advisable Australians say the digital/tech capabilities of an advice firm is a key factor in their decision to use the firm's services.

As technology becomes increasingly pervasive in our lives, we expect it to be functional, reliable, usable and pleasurable to interact with. To achieve all these things, it must be fit for purpose – first and foremost, technology must do what it promises, and meet a genuine need.

Given the choice of using technology that is great but difficult to use and technology that is good but very easy to use, people will tend to favour the easier-to-use option. We will opt for the easier-to-navigate interface, friendlier look, clearer menus and the more reliable, predictable experience.



# A quick refresher on AdviceTech Stars

AdviceTech Stars are firms that lead the way in many aspects of technology use, and which provide a useful guide to other firms wishing to take advantage of AdviceTech.

Regular readers of the AdviceTech Report will recall that each year we highlight the performance of this elite group of advice firms as a benchmark for all.

AdviceTech firms lead the way on both technology adoption and business performance. They've found the sweet spot of using the right AdviceTech in the right way, to address clearly identified issues and to generate tangible business and client benefits.

While many (64.4%) advice firms increased their revenue last year, more than 9 in 10 AdviceTech Stars (91.1%) increased theirs. Nearly half of Stars (46.7%) increased their revenue by between 11% and 25%; and more than one in six (17.8%) increased their revenue by more than 25%.

You might assume that the decision-makers of AdviceTech Stars are individuals who are overwhelmingly tech-focused. In fact, that's not the case. Whilst some (22.2%) do fall into the category of early tech adopters, the largest proportion (42.2%) of AdviceTech Stars describe themselves as tech pragmatists who will use stable but not-yet-common technology to develop a competitive advantage and almost on in three (31.1%) categorise themselves as tech conservatives, deploying only proven technology to deliver the services their clients expect.

AdviceTech Stars use a greater number (17) of AdviceTechs than the average firm (14), and they spend more than other firms across the AdviceTech spectrum, and they also plan to spend more in future.

Critically, they dedicate appropriate capital, resources and planning to technology. Over half (57.8%) have a clear map of the technology road ahead (versus 34.3%) and they spend more as a percentage of revenue of technology, on average of 9.7% (compared to 8.0% of overall firms).

AdviceTech Stars use a greater number of AdviceTechs than the average firm



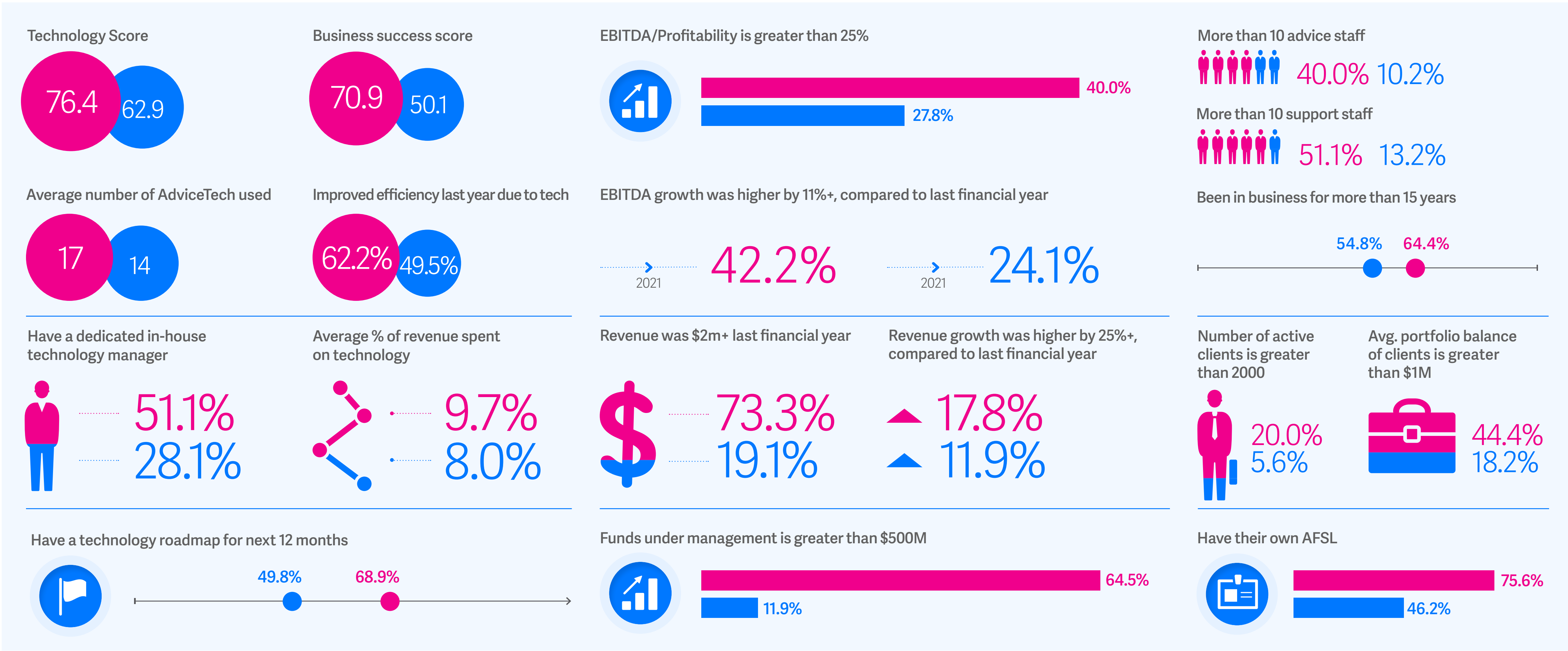
AdviceTech Stars spend more than other firms across the AdviceTech spectrum, and they also plan to spend more in future.



# A quick refresher on AdviceTech Stars

AdviceTech Stars versus the overall industry

● AdviceTech Stars ● Overall





# A quick refresher on AdviceTech Stars

AdviceTech Stars generate greater business benefits from AdviceTech than do other firms.

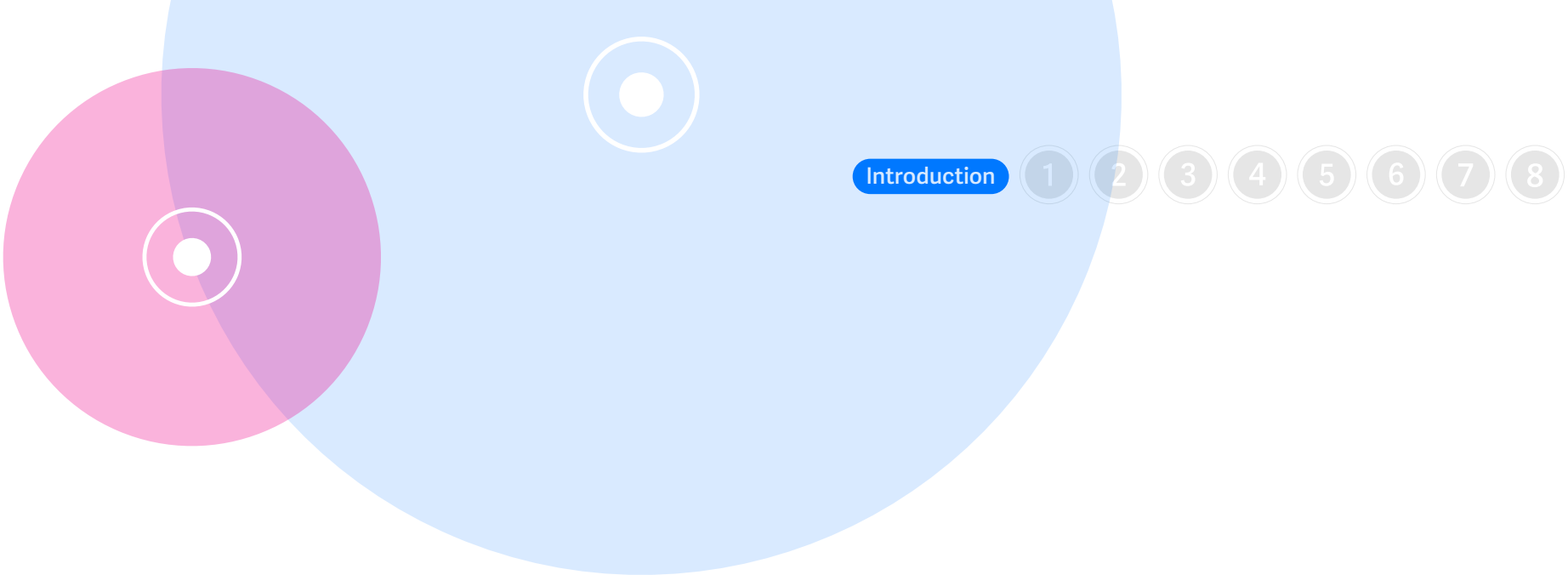
Almost two-thirds (64.4%) report improved client engagement and communication (compared to 49.8% of firms overall), growth in client numbers (44.4% versus 37.3%), growth in revenue (46.7% versus 37.3%) and growth in funds under management (37.8% versus 24.1%) – and all this helps underpins a greater proportion of AdviceTech Stars 46.7% versus 26.7%) who say technology leads to better profitability.

AdviceTech Stars also believe their AdviceTech makes them more efficient (62.2% versus 49.4%) and better able to adapt to changing circumstances (55.6% versus 50.2%)

AdviceTech Stars frequently utilise technology to stay engaged with their clients, with seven in 10 (68.9%) posting to social media monthly or more frequently, and more than half (51.1%) adding content to their website monthly or more.

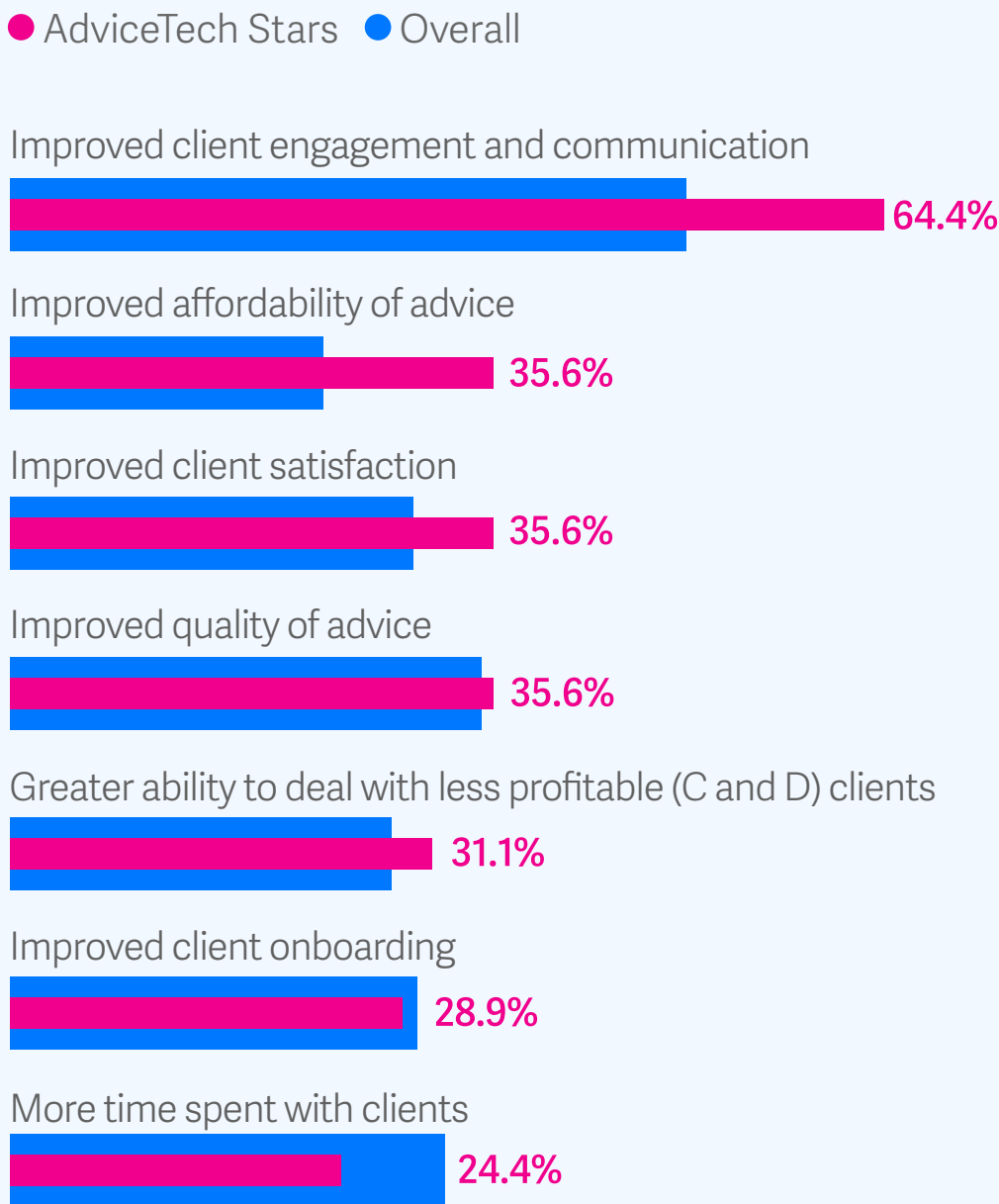
They are comfortable using technology to aid and augment their business, but not letting it replace the adviser relationship. More than eight in 10 (82.2%) AdviceTech Star businesses describe the experience they offer clients as one where technology aids, but is not the focus of, the client engagement experience.

AdviceTech Stars are on average, more likely to be larger, more established firms. However, this is not to say that size is a pre-requisite to being an AdviceTech Star. More than one in six (17.8%) are small firms, and about one in ten (11.1%) have been in operation for less than seven years. A key difference separating AdviceTech Stars from most advice firms is that a large proportion hold their own AFSL (75.6%) rather than being authorised by an external licensee.



## In what ways did your business benefit from technology in the financial year ended June 2021?

### Client benefits



### Costs & efficiencies



# Meeting the technology needs of Advisable Australians

In Netwealth's Advisable Australian report we analyse the wealth behaviours and financial advice needs of Australians 18+.

In this report, we identified 4 segments, two of which, the Emerging Affluent and the Established Affluent, are arguably perfect clients for advice firms – as they are affluent and open (or have higher propensity) to receiving financial advice.

## The Emerging Affluent

There are approximately 1.9 million accounting for about \$1.8 trillion of household wealth.

These people are under 45 years old, wealthier individuals, who are highly engaged and interested in investing, and most likely to seek an adviser.

Being younger, they're typically digital natives – more than four in 10 (45.3%) describe themselves as very tech savvy and see themselves as being among the first to try out new technology. Fewer than half of them (49.7%) say they will wait for others to try out new tech before they do.

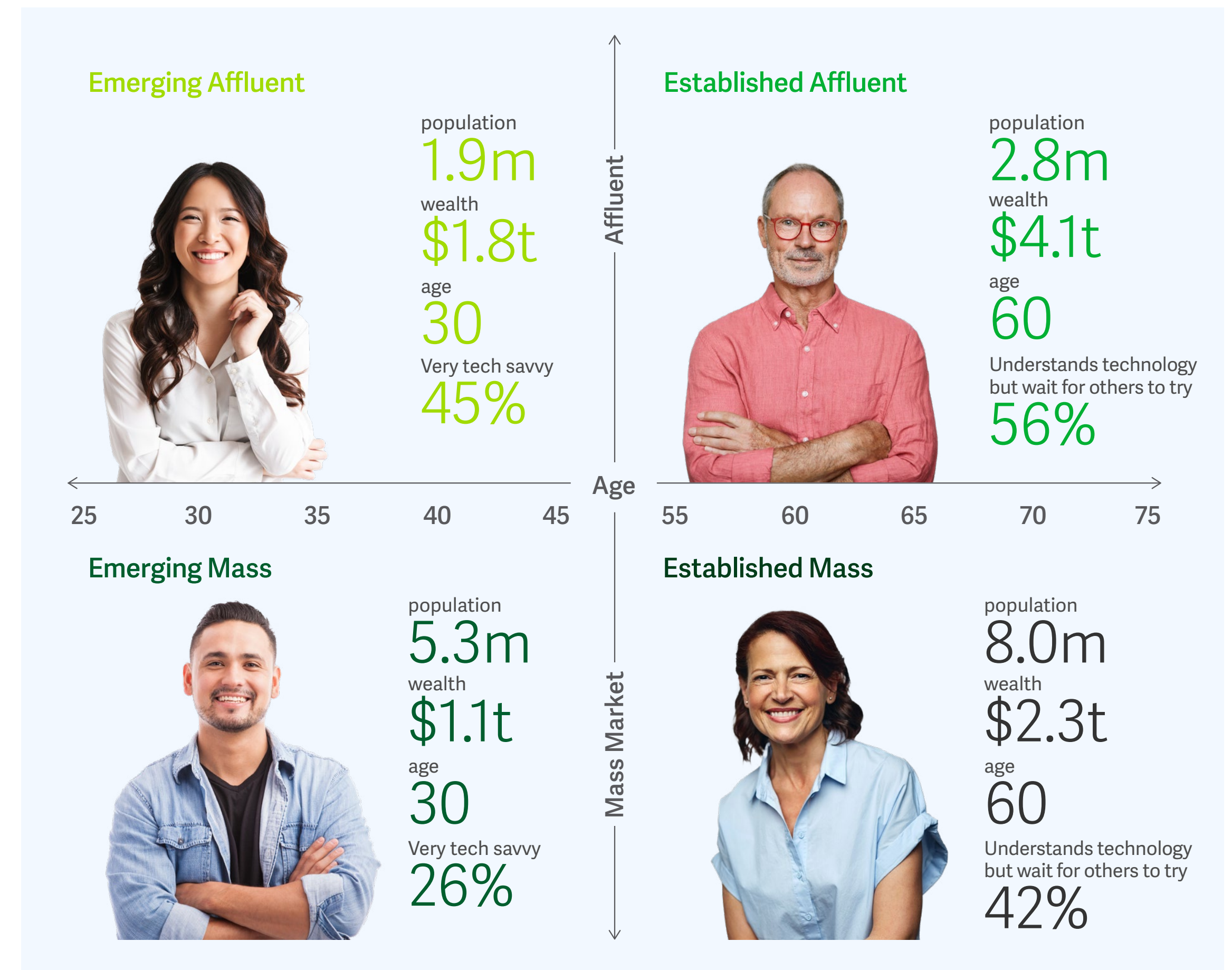
## The Established Affluent

There are approximately 2.8 million who have total household wealth of about \$4.1 trillion.

They are over 45 years old, wealthy individuals, and like their younger counterparts are highly engaged in investing and most likely to already have an adviser.

The Established Affluent are less tech-savvy, with the majority (56.4%) saying they largely understand new technologies but wait for others to try them first, with another one in six (16.4%) consider themselves to be highly tech-savvy.

[Find out more about the Netwealth's Advisable Australian Report here](#)





# Technology is an important consideration when choosing a financial adviser

The technology offer is a very important consideration the affluent Advisable Australians, especially younger ones.

For the Emerging Affluent, the technology credentials of a financial advice firm (or any professional services firm for that matter) is in their top 3 most important factors (51.6% identify this) when choosing a brand or firm. This includes whether a firm has a good technology offering (for example, an app and a client portal), a good website, publishes articles, podcasts, videos and other online content and has a good social media presence.

For the older Established Affluent, a company's reputation, its credentials and recommendations from other users are the top factors in their decision-making process. However, a firm's technology credentials are still important, with almost one quarter (24.4%) identifying with this factor.

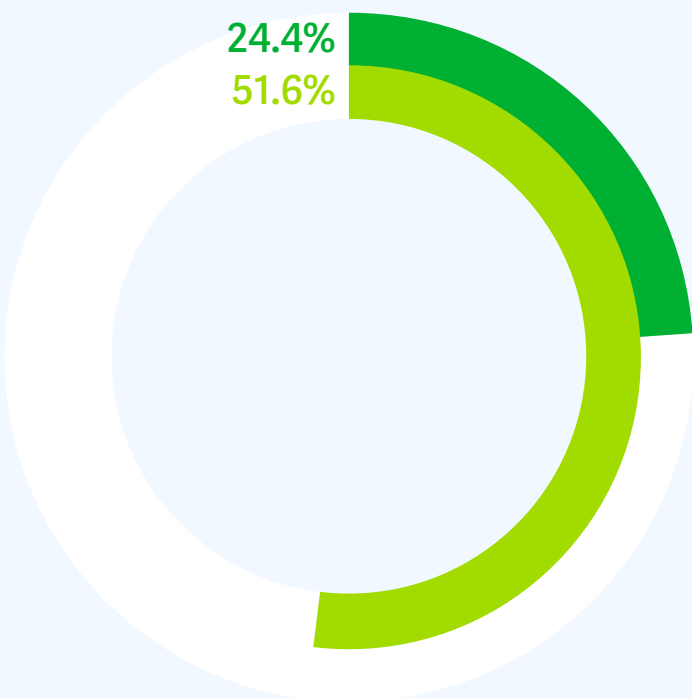
## Keeping existing clients satisfied with AdviceTech

We found that a firms digital/tech capabilities is a key driver of satisfaction. Almost eight in 10 (78.4%) of the digital savvy, younger Emerging Affluent and seven in 10 (70.8%) Established Affluents rate the digital and tech capabilities of their advice firm as very or somewhat important to them.

Other drivers of satisfaction, including a firms' innovativeness, personalisation, education offering, and overall client experience/service – all aspects that can be better served through digitisation.

## How important is technology experience when choosing a brand or firm to use for professional advice or services?

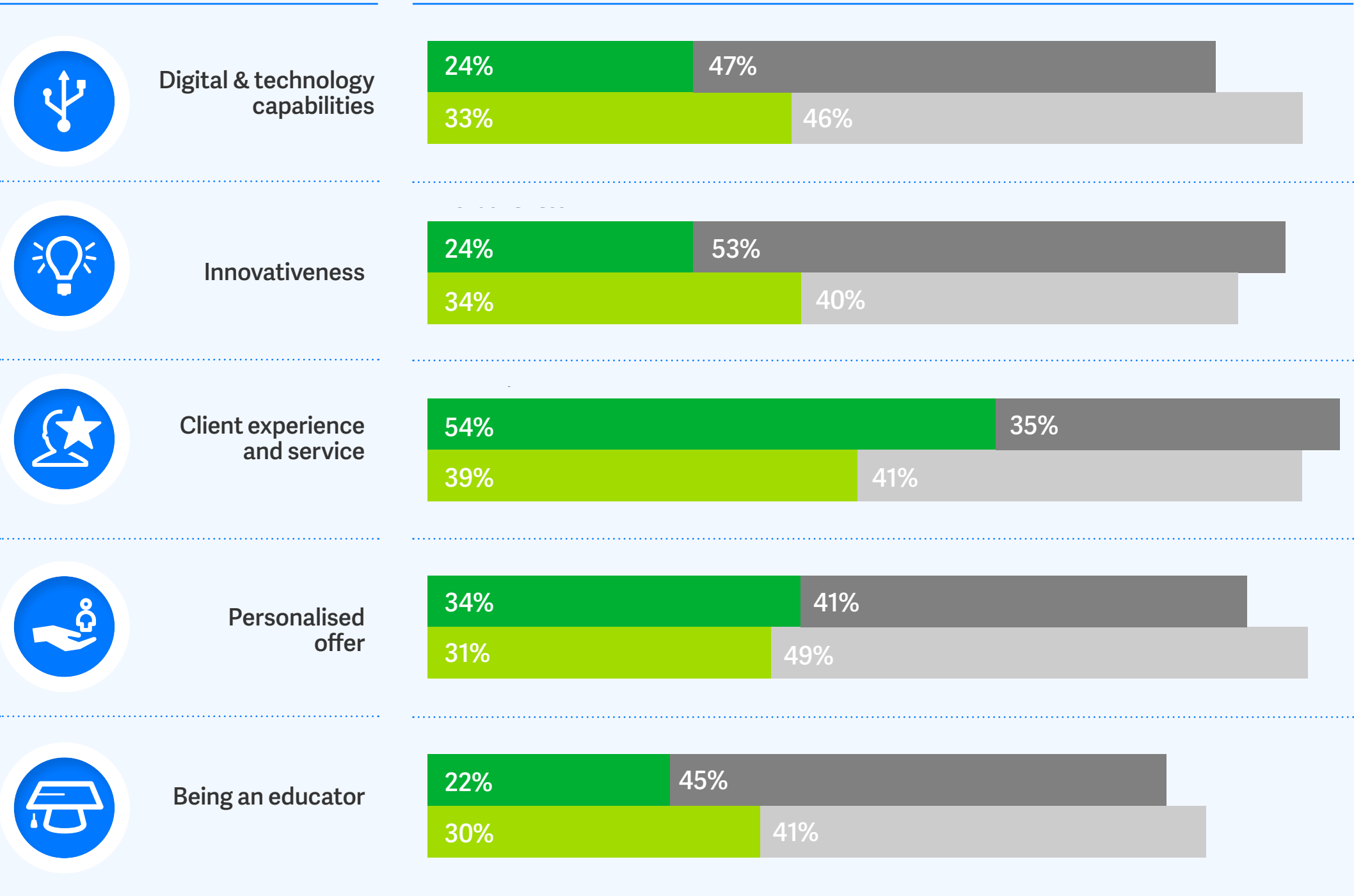
Emerging Affluent Established Affluent



Source – Advisable Australian 2021

## How important to you are the following aspects of a financial planner and their service ...?

Emerging Affluent - Very important Established Affluent - Very important  
Emerging Affluent - Somewhat important Established Affluent - Somewhat important



Source – Advisable Australian 2021



**1**

**Hybrid communications  
are here to stay**



# Hybrid communications are here to stay

The shift to online meetings over the past few years has certainly changed our ability to meet with clients, which works extremely well for both clients and advisers alike.

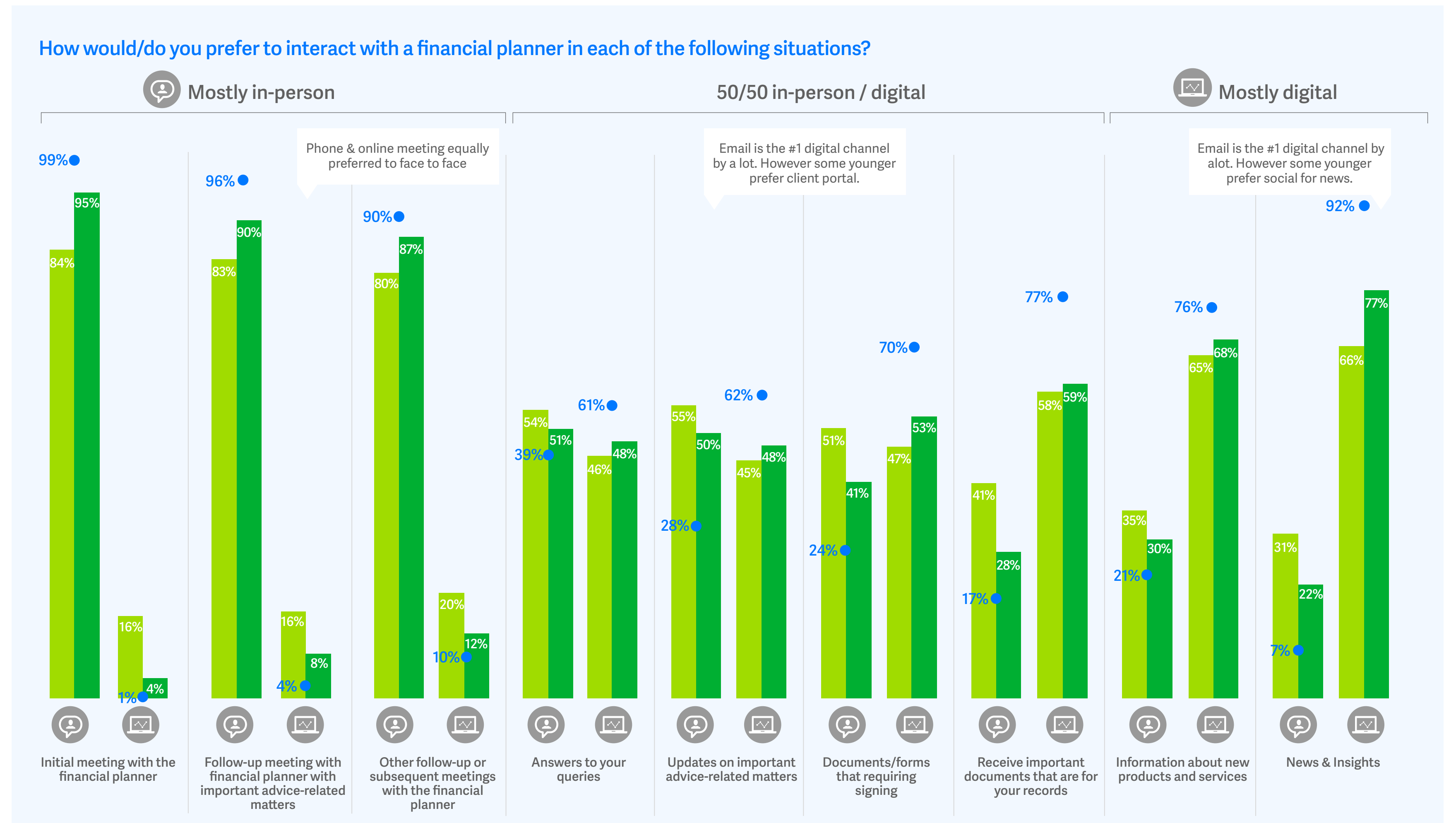
Today, 79.5% of advice firms hold online client meetings, compared to 75.0% a year ago.

However, there are certain situations where digitally aided communications are not appropriate.

Further, having a live interaction with a person, whether that be in-person, over the phone, via an online meeting or a live chat, can be overkill.

We suggest a hybrid approach to communication, which utilises the appropriate channel for the type of engagement at the time.

● Emerging Affluent ● Established Affluent ● Preference of advice firms



# Hybrid communications are here to stay

## Predominately face-to-face

Among the 24.6% of Advisable Australians that receive financial advice today, many want some form of live in-person interaction for initial meetings, preferably face-to-face (72.7% of them). Not surprisingly, AdviceTech Stars are leading the way in meeting this need with 88.9% of them using this channel for the initial meeting.

## In-person preferred

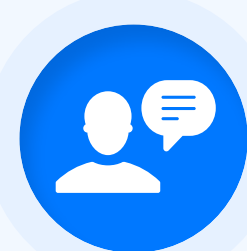
However, when it comes to answering queries, other less important meetings and general updates on advice related matters these Advisable Australian clients still want that in-person interaction, but are less discerning whether it is face-to-face, via phone or an online meeting. We see some disconnect in what is being offered and desired. For example, half of (57.6%) Advisable Australian clients still prefer answers to queries via a live human-to-human interaction, yet email is the preferred channel used by both AdviceTech and firms overall (57.8% and 59.4%).

Another example is that around four in 10 Advisable Australian clients (41.2%) would prefer a face-to-face setting for signing documents, yet only two in 10 (21.1%) of advice firms overall, and only one in 10 (11.1%) AdviceTech Stars hold document-singings in person, with the majority using email (60.0%).

## Email preferred

Email does become the channel of choice for Advisable Australian clients when they are receiving important documents for their records (49.6% want this), information about new products and services (51.1% want this) and relevant news and insights (58.6%). In each of these situations, it seems that both firms and AdviceTech Stars might be relying a little too heavily on email, using a one-size fits all approach.

The ability to create a technology-based strategy to support relationships is great, but it is important to remember that for some clients the value of the in-person interaction cannot be discounted, so a hybrid approach is necessary. It is important for advice firms to consider the trade-off between the potential time saved through technology and the opportunity to build longer-term relationships by consistently meeting the client's expectations.



57.6%

Advisable Australian clients still prefer answers to queries via a live human-to-human interaction, that is face-to-face, phone or online meeting.



59.4%

Yet email is the preferred channel for both AdviceTech Stars and firms overall.





# Hybrid communications are here to stay

## ➤ Taking advantage of this trend with AdviceTech

To meet the hybrid communication needs of Advisable Australians, you could consider the following AdviceTech solutions.

### Online meeting technology

Online meeting tools have increased in usage since 2017, largely driven by the COVID-19 pandemic and widespread and long-lasting lockdowns. Eight in 10 (79.5%) firms overall and nine in 10 (88.9%) AdviceTech Stars now hold meetings online, up from 45.7% of firms overall in 2020.

Zoom remains the most popular among firms generally (used by 85.5% of firms that use such tools), but notably, AdviceTech Stars have started to migrate away from Zoom (with usage falling from 92.5% of firms to 77.5%) and towards Teams (with usage increasing from 52.5% to 65.0%).

### Email newsletter technology

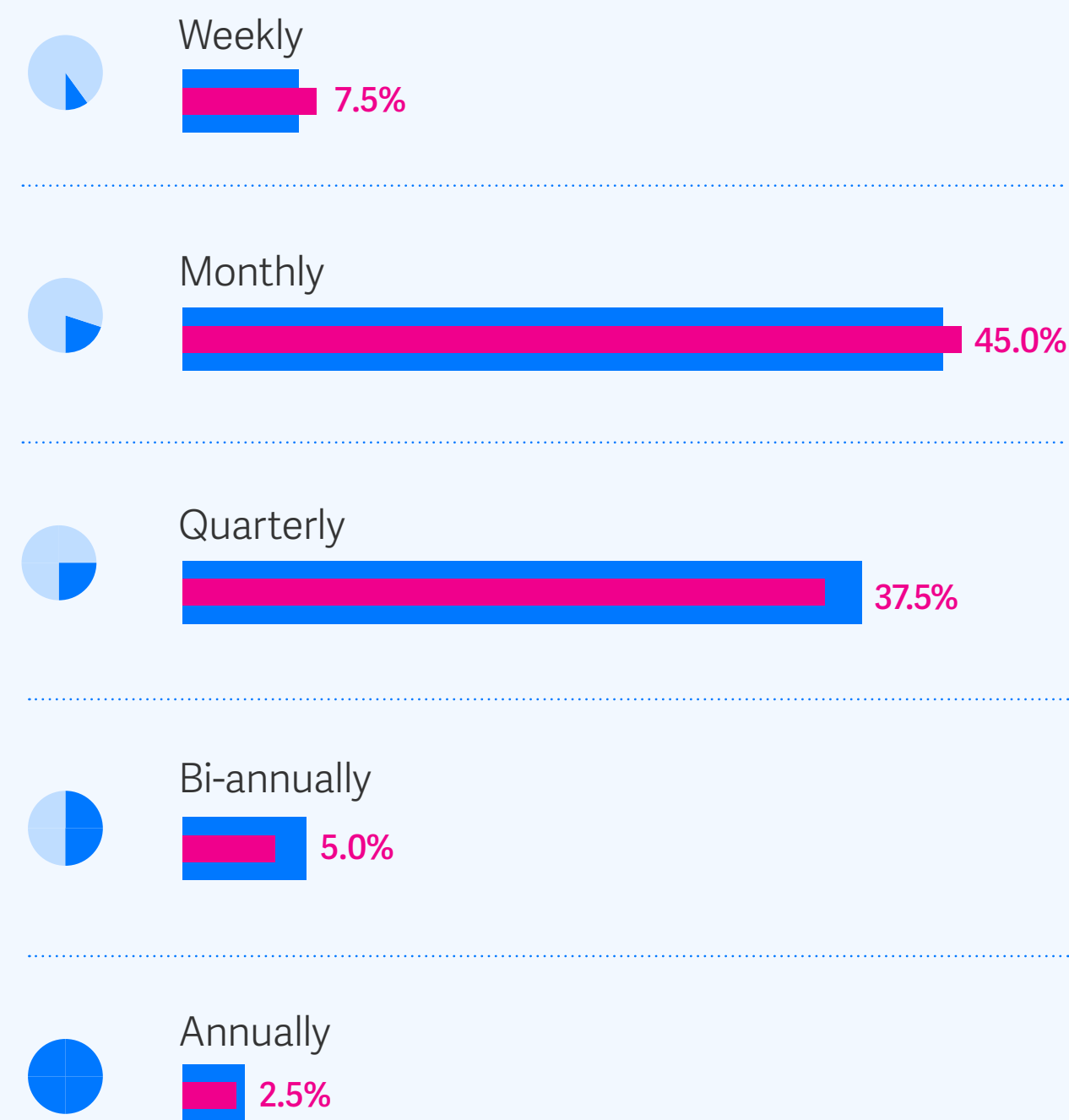
Two-thirds (65.7%) of advice firms integrate email campaigns and online newsletters into a hybrid communications strategy to help get their message out and communicate with both existing and prospective clients.

Almost half of advice firms (49.7%) are sending emails of educational or informational nature to clients at least monthly, even more Stars are doing so (52.5%).

The most popular email management tool is Mailchimp, used by almost half of firms (43.7% and 42.5% of Stars), which provides advanced functionality to assist in the creation and automation of electronic communications.

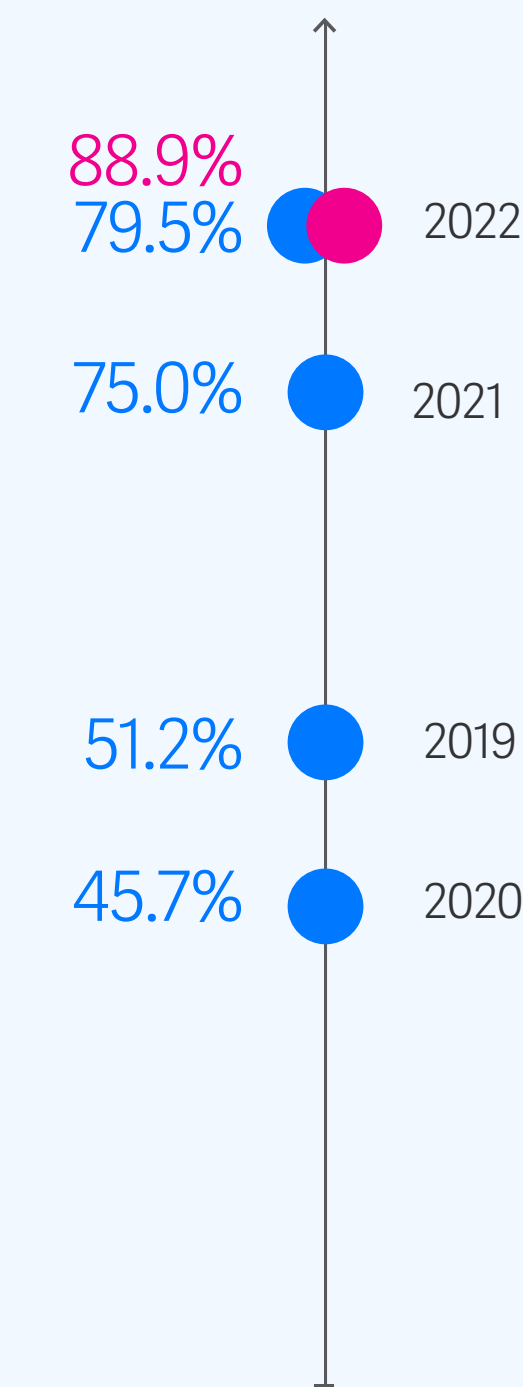
### How frequently does your business send email campaigns and newsletters of an educational or informational nature to clients? (For those that use this technology)

● AdviceTech Stars ● Overall



### % use online meeting tools for client meetings

● AdviceTech Stars ● Overall





## 2 The paper wars are almost over (Do we really need a printer?)



# The paper wars are almost over (Do we really need a printer?)

The idea of the paperless office has been around for years, but the idea of a paperless client interaction has been slower to catch on.

That’s changing now, however, as advice practices move towards more integrated online ways of sharing documents with clients and with online document signature tools. Less reliance on moving paper documents from one place to another has led to a reduction in turnaround times and greater practice efficiencies.

There are also signs from compliance teams that signatures are not even necessary for all documents, being replaced by other forms of digital approvals.

This shift to paperless will be welcomed by many Advisable Australians. The majority (70.2%) would highly or somewhat value access/storage of their financial documents (for example, Will and insurance documents) via a client portal or app in the cloud, whilst 75.4% would like to sign financial documents (for example, insurance renewals) via a client portal or app.

## ➤ Taking advantage of this trend with AdviceTech

To build your paperless office, you could consider the following AdviceTech solutions.

### Digital signature technology

Use of digital signature tools has increased over previous years, rising sharply as a result of COVID-19 lockdowns. In 2017 only a third (33.5%) of advice firms used these tools – a figure that remained relatively constant through to 2020 (32.2%). But then usage exploded, to more than half (55.5%) of advice firms in 2021 and more than two-thirds (67.7%) this year.

Almost four in 10 (36.6%) firms say a digital signature tool is the AdviceTech implemented in the past two years that has reaped the greatest business benefits – on a par with the firms that say an online meeting tool has provided the greatest benefit.

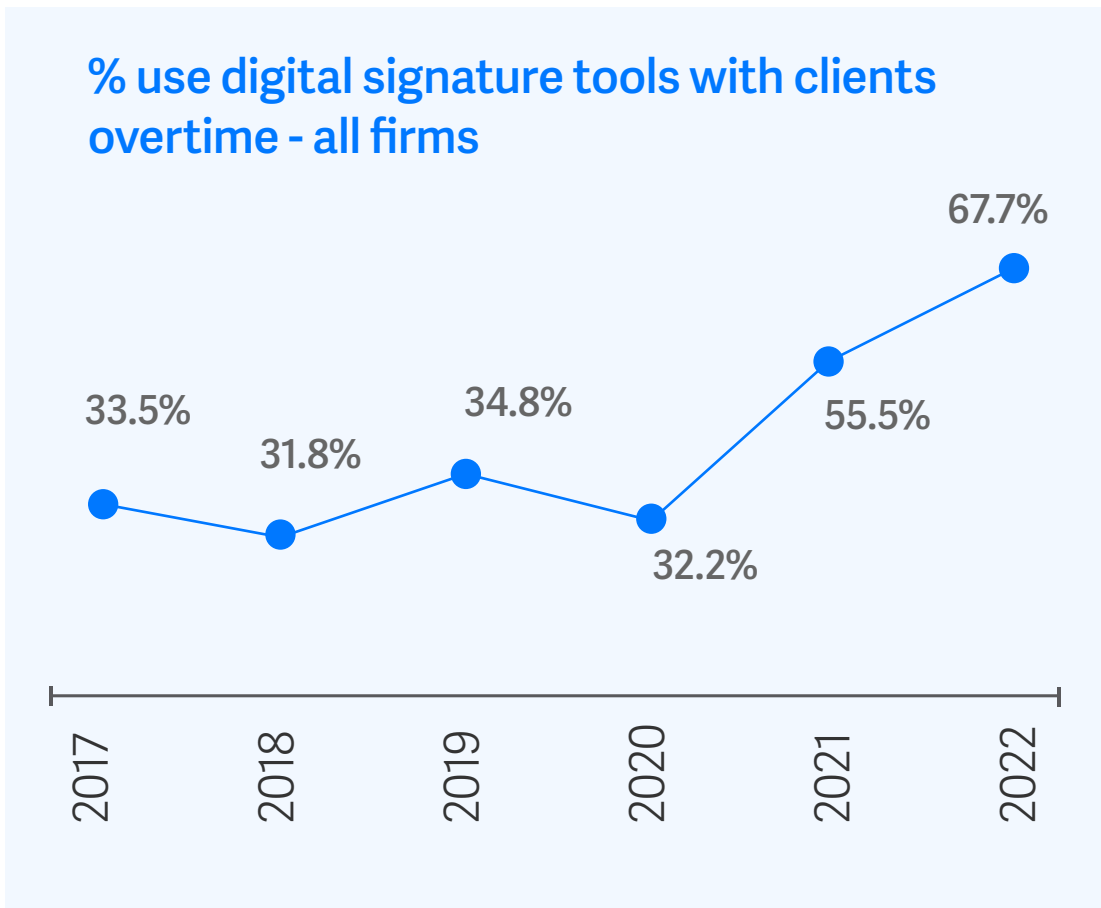
DocuSign has consolidated its position as the most popular tool, with three-quarters (75.6%) of firms using it this year (and 84.2% of AdviceTech Stars) compared to just over two-thirds (68.4%) of firms last year (and 62.8% of AdviceTech Stars). This appears to have happened at the expense of a similar tool offered by Adobe, where usage has declined from 29.5% to 23.0% of firms overall (and only 15.8% of AdviceTech Stars).

### Document storage and file sharing in the cloud

AdviceTech Stars are somewhat more likely (82.2%) than other firms (80.2%) to store documents and other files in the cloud. They’re also more likely (11.1% compared to 8.9%) to be planning to introduce cloud-based storage in the next two years.

### Client portals

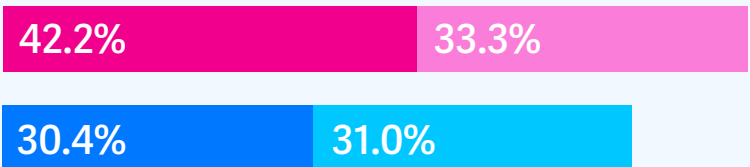
AdviceTech Stars diverge significantly more from the average advice firm in their use of client portal. They are almost 1.5 times more likely to use portals than the average firm (42.2% vs 30.4%); and a third of Stars (33.3%) plan to introduce this technology in future (vs 31.0% of firms overall).



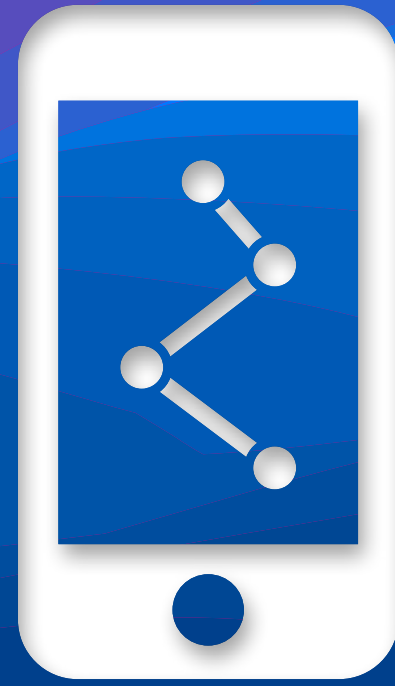
**Does your business use cloud-hosted online document/file storage and sharing services?**



**Does your business use a client portal for client engagement?**



- AdviceTech Stars - Yes
- Overall - Yes
- AdviceTech Stars - No, but plan to in the next 24 months
- Overall - No, but plan to in the next 24 months



# 3 Empowering clients with self-service tools



# Empowering clients with self-service tools (Helping clients help themselves)

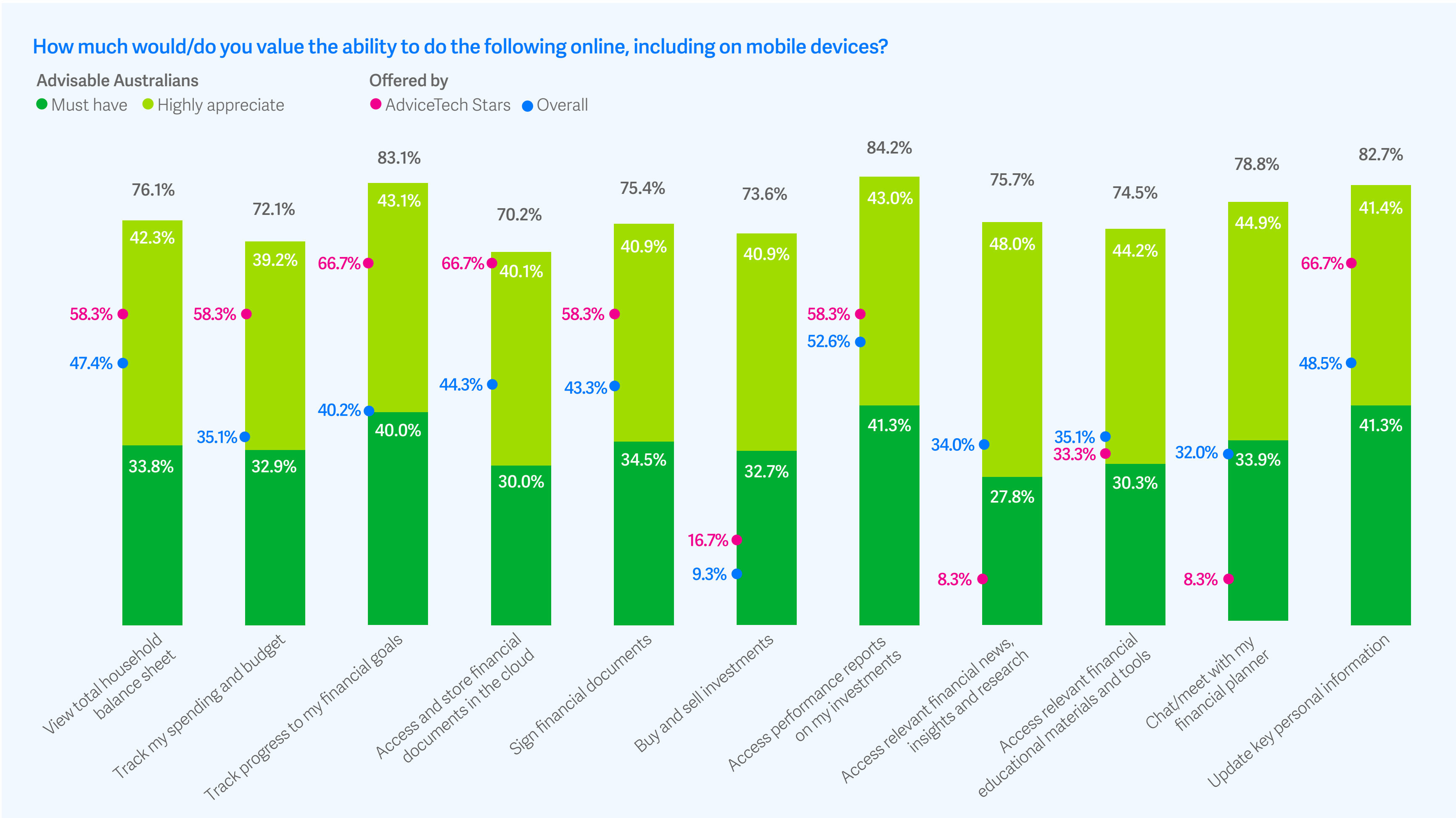
Think about how we used to queue up in person to buy concert tickets.

Today, we do it online. We used to wait on calls with service providers, now we scour forums looking for answers. We used to get skilled professionals to fix things; now we watch YouTube videos and try and work it out ourselves. When we get sick, we go to Dr. Google instead of booking an appointment with a real doctor.

Technology has empowered consumers to do more, to do things quicker, and to do things more conveniently, for themselves. Australians shop online, book flights and restaurants online, post to social media regularly and research almost anything online.

Advice firms need to recognise this do-it-myself mindset and provide tools and access points for clients to serve themselves, at the times and in the places that it best suits them to do.

According to our Advisable Australian report, there are certain things Advisable Australians highly value being able to see at a glance, or whenever it's convenient for them, from their financial advice provider. These include their total household balance sheet (including banking, superannuation, property and other assets and liabilities), progress towards their financial goals, and tracking their spending and savings habits.



Source – 2021 Advisable Australian Report / 2021 AdviceTech Report



# Empowering clients with self-service tools (Helping clients help themselves)

Three-quarters (76.1%) of Advisable Australians say they “must-have” or “highly appreciate” being able to view their total household balance sheet (including banking, superannuation, property and other assets and liabilities).

## > Taking advantage of this trend with AdviceTech

Enter the client portal. It’s the principal tool available for advisers to provide to clients to empower them to do things for themselves.

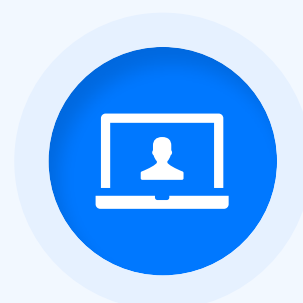
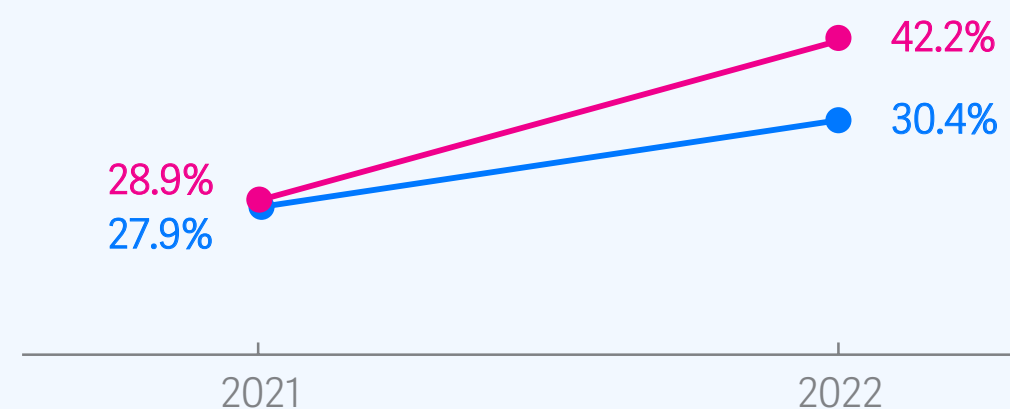
Today 42.2% of AdviceTech Stars say they currently offer a client portal, having grown from 28.9% last year, with a further 33.3% planning on using one in the next 24 months.

Key benefits include being the central point of information for clients, improving client engagement, improving transparency, aiding compliance; improving security, and providing access on-the-go to accounts via mobile apps.

Advice firms are most likely (30.4%) to use their customer relationship management (CRM) or financial planning software to provide portal functionality. However, the figure is down from last year (46.6%) and there’s been a trend towards building the functionality in-house (19.6% in 2022, up from 10.3% in 2021) and towards using specialist client portal providers.

### Does your business use a client portal for client engagement?

● AdviceTech Stars ● Overall



## 33.3%

AdviceTech Stars who say they are planning to use a client portal in the next 24 months.







# 4 Data and its importance in CX and cyber risk

# Data and its importance in CX and cyber risk

Financial advice firms collect more data and information about their clients today than ever before – from the fact find, to managing investment portfolios, to sensitive strategic goal-related information.

This information is often stored as structured data or unstructured data in documents or files notes in their AdviceTech systems.

Savvy businesses, not just in financial advice, are taking advantage of this treasure trove of data in novel ways to better engage with and influence their customers – to better understand or predict customer behaviour and to remove friction or personalise the customer experience.

## The threat of cyber risk is real

A lot of client information collected by advice firms is highly sensitive and personal.

For example, advisers may trade on their client’s behalf using systems like Netwealth. They hold client Tax File Numbers, insurance details, powers of attorney, Wills, and financial records and statements.

Just like lawyers and accountants, financial advisers are a trusted vault for many people’s sensitive financial and personal information.

Adequate cybersecurity protects not only the adviser’s business, but it is also expected by clients that a firm will have strong measures in place. Most Advisable Australians (85.7%) rate themselves as at least somewhat concerned with the risk of online fraud, identity theft or scams that could result in financial losses to them.

Client information and data must be protected at all costs – and it’s been made clear by recent court decisions<sup>1</sup> that cyber security is not an issue advisers (or licensees) can afford to take lightly.

Most firms understand this and are very concerned about the possibility of online fraud, identity theft or a scam that could result in the loss of sensitive client information (55.8% and 62.2% of AdviceTech Stars).

85.7%

of Advisable Australians are at least somewhat concerned with the risk of online fraud, identity theft or scams that could result in financial losses to them.

55.8%

of advice firms are very concerned about the possibility of online fraud, identity theft or a scam that could result in the loss of sensitive client information.



<sup>1</sup> <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2022-releases/22-104mr-court-finds-ri-advice-failed-to-adequately-manage-cybersecurity-risks/>



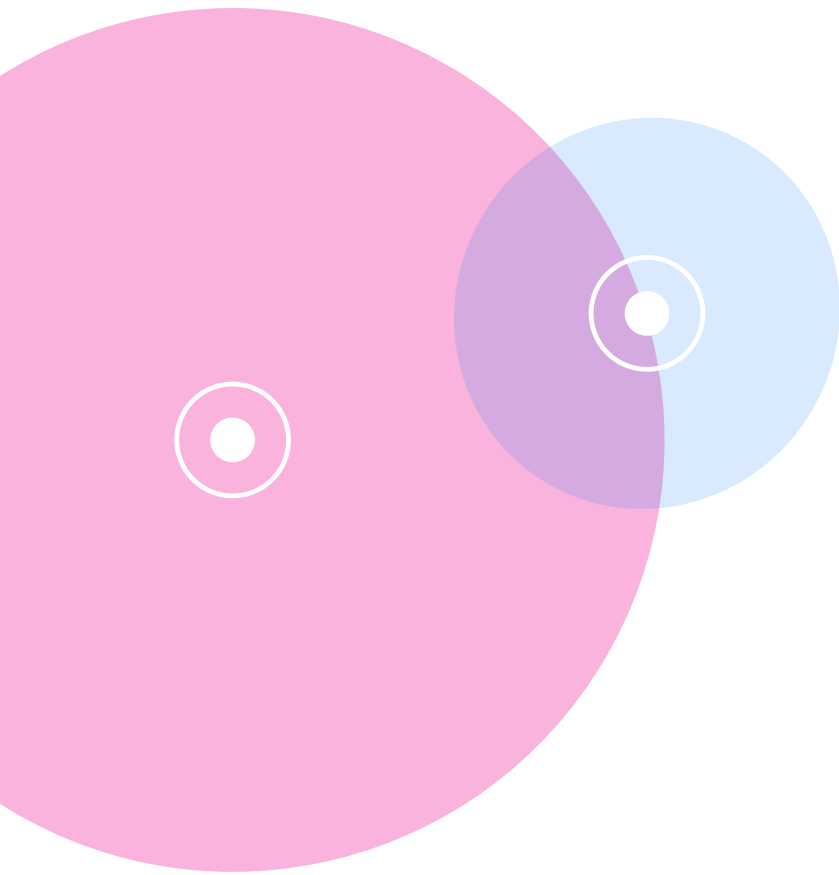
# Data and its importance in CX and cyber risk

## > Taking advantage of this trend with AdviceTech

### Client survey technology

There are clear opportunities to understand clients better by collecting and analysing data – and an important method is via targeted client surveys.

Around a quarter (26.1%) of firms (and almost six in 10 (57.8%) AdviceTech Stars) are using formal survey and client feedback tools to collect data, with the most popular provider being SurveyMonkey (used by four in 10 (41.8%) of these advice firms).



### Client behaviour reporting and dashboards

Being able to track client behaviour in real-time is a critical tool for providing services to clients in a timely manner.

Four in 10 (40.0%) AdviceTech stars use digital or online dashboards and reporting tools to gather information to help them better understand clients, with a further 42.2% of them planning to use in them in the next 24 months. These tools allow firms to gather and display information about clients in easy-to-read and intuitive interactive dashboards.

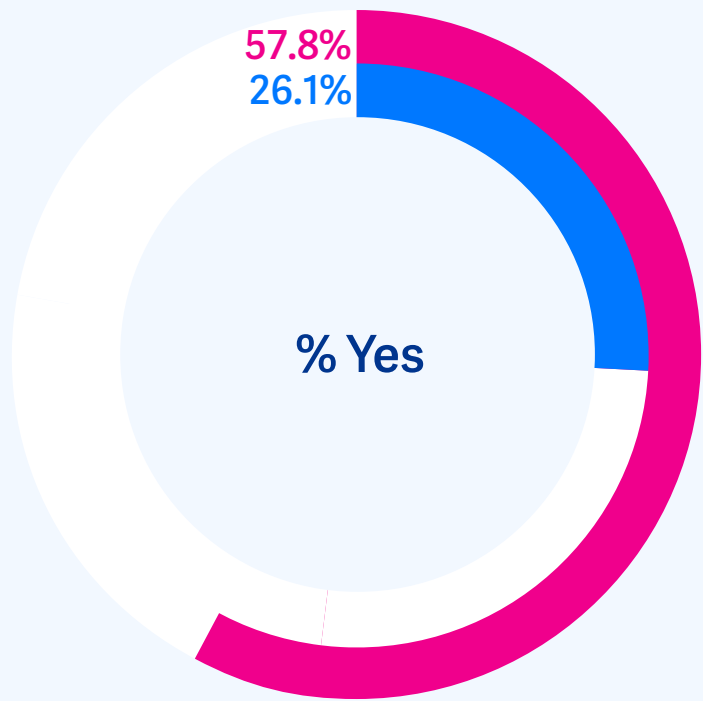
Most advice firms produce client information dashboards using the reporting tools built into their customer relationship management (CRM) software (61.1%), while the same proportion (18.9%) use their superannuation/investment platform’s reporting features as they use PowerBI.

Further, many Stars are also tracking the performance of their client facing digital activities.

In the 2021 AdviceTech Report, we found that over one-third of Stars (35.6%) use technology to track the performance of their website regularly, almost two in five Stars (17.8%) track the performance of their client portal regularly, almost one-third (28.9%) track social media regularly, a further quarter (24.4%) track email performance and their content marketing performance (28.9%).

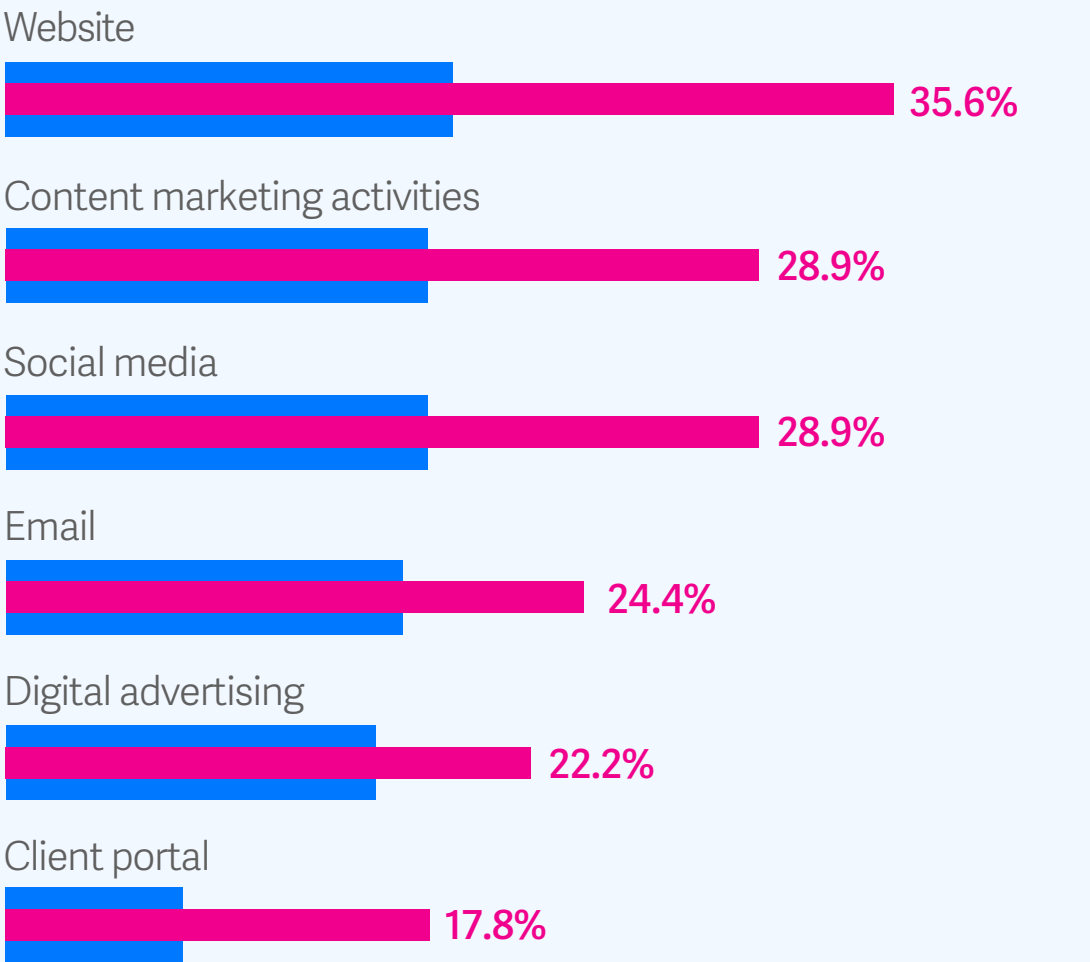
### Does your business use online survey, review and rating tools to capture feedback from clients?

AdviceTech Stars Overall



### Our business uses technology to regularly track the performance of...?

AdviceTech Stars Overall



Source - 2021 AdviceTech Report

# Data and its importance in CX and cyber risk

## Online fact-find technology

During the fact-find process, there is a lot of client data collected, including information from banks, existing super funds, insurance and so on.

Further, clients are more likely to have relevant information close to hand when they're at home, whether it's a paper record or, for example, information that requires logging onto online banking.

Through advanced online fact-find technology the process of collecting this information can be made easier and less time consuming for your future clients – ultimately leading to a more frictionless experience, more akin to that of a leading tech provider.

The use of online fact-find tools has increased by Stars with six in 10 (60.0%) using them, having increased from one in three (37.8%) the previous year. Almost a further one-third (30.7%) plan to use them in the next 24 months.

But there's been a change in the use of the tools available, with a move away from Astute Wheel (usage falling from 34.2% to 15.3%) to Xplan (usage increasing from 18.0% to 24.0%) and use of a wider spread of tools from relatively new providers, including Plutosoft, Advice Revolution and iFactFind.

## Cyber security tools, like VPNs

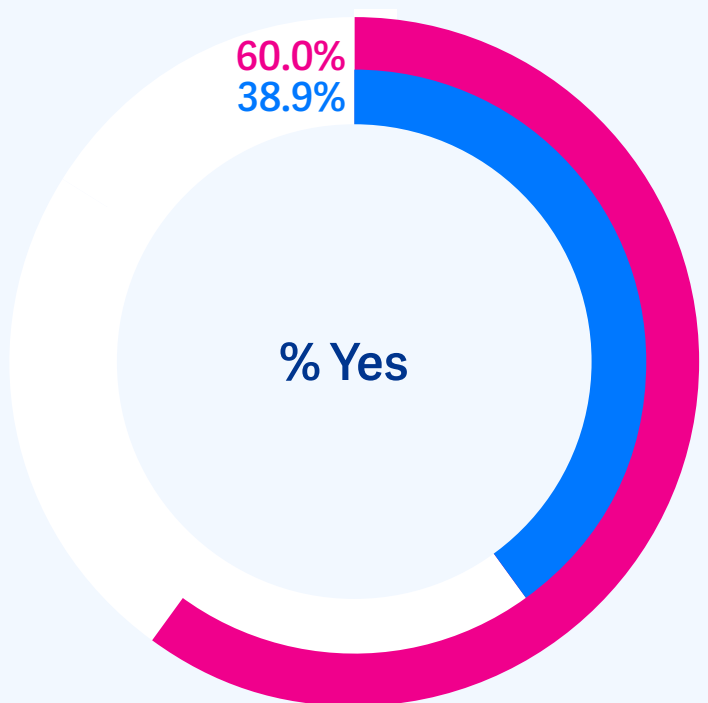
Advice firms need to establish proper processes and training to mitigate cyber risk, but only a quarter (23.8%) strongly agree that they have appropriate levels of cyber security, confidentiality procedures and the like in place.

VPNs are a tool that may assist, as they protect an internet connection and privacy online by creating an encrypted connection for sending and receiving data (including client data). A VPN also protects a user's identity online by hiding IP addresses and allows the safe use of public Wi-Fi hotspots.

VPNs are used by just over three in 10 (31.1%) AdviceTech Stars, with relatively modest planned usage in the next 24 months of 13.3%.

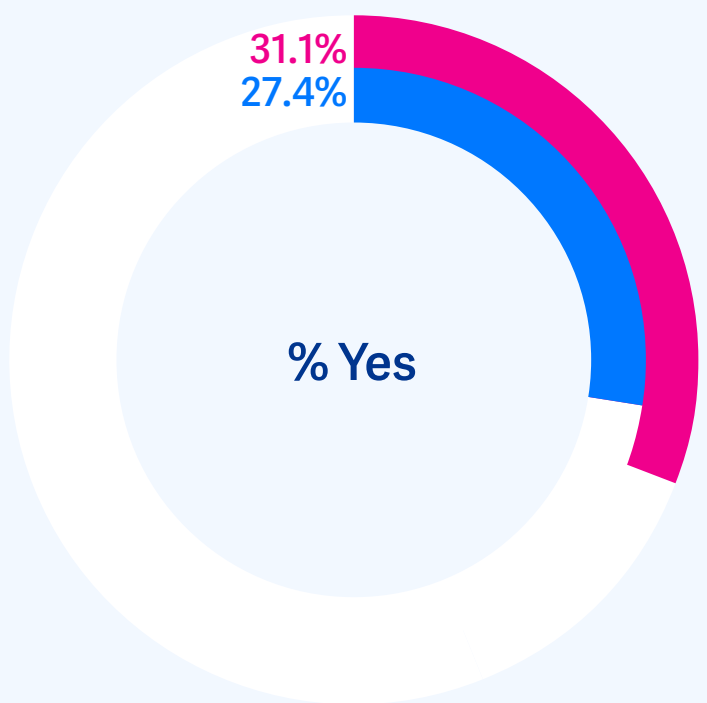
## Does your business use online self-service tools to capture client (or prospect) information, including their risk profile?

● AdviceTech Stars ● Overall



## Does your business use Virtual private networks (VPNs)?

● AdviceTech Stars ● Overall







**5**

**Avoiding information  
overload**

# Avoiding information overload

Information is all around us, and sometimes it's overwhelming. Advisers tread a fine line between keeping clients informed, up-to-date and educated, without contributing to information overload.

Both the Emerging Affluent and the Established Affluent are both financially capable, having good levels of financial literacy and being highly engaged in investing. As such they are large consumers of information and news on business, the economy and investments with the majority (64.8% of Emerging Affluent and 56.0% of Established Affluent) reading business, investment, or financial news on a website or app at least weekly; with over one in three consuming this information daily (34.6% of Emerging Affluent and 32.9% of Established Affluent).

But when it comes specifically to getting advice and information about their investments, it's conversations with friends and family that are the most commonly (31.1%) consulted sources.

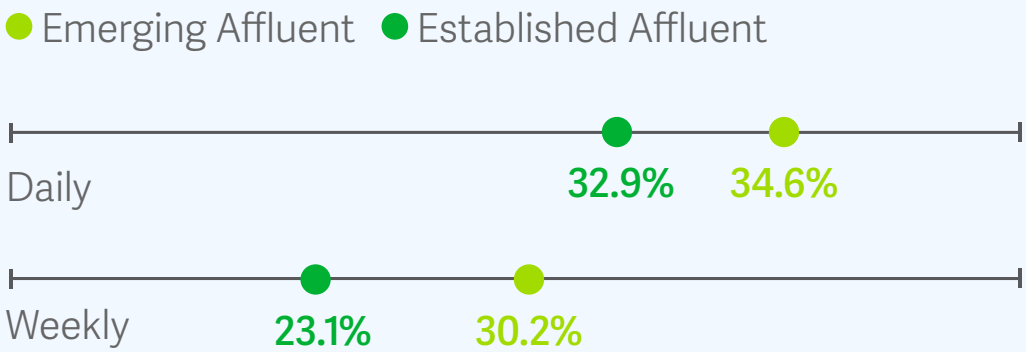
It's worth noting that only one in four (25.6%) say their 'typical' source for information and advice about their investments is from their wealth adviser. And only one in five (20.0%) go to websites and reports published by the companies they potentially invest in.

Advice firms have an opportunity to add value to the relationship and become a trusted source of investment information, ideas and market news, as well providing legislation and tax information.

Advisable Australians who receive advice today would like to regularly receive investment-related information from their advice firm at least quarterly (82.1%), with more than one in three wanting it at least monthly (40.9%).

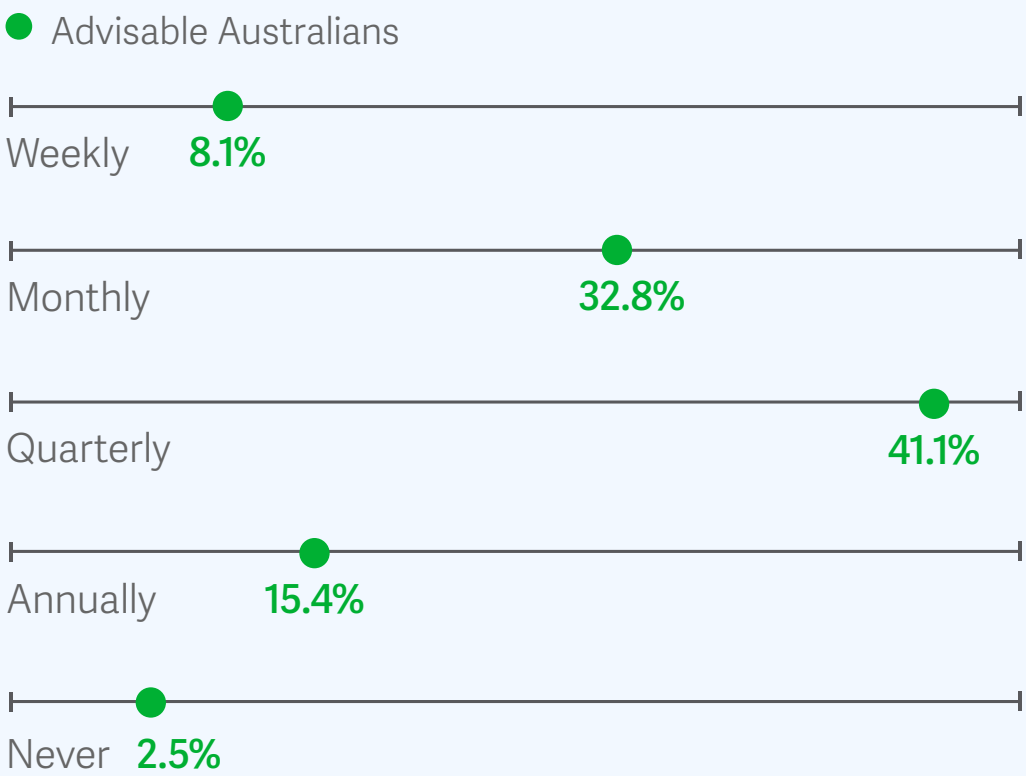


## How frequently do you typically read business, investment, or financial news on a website or app?



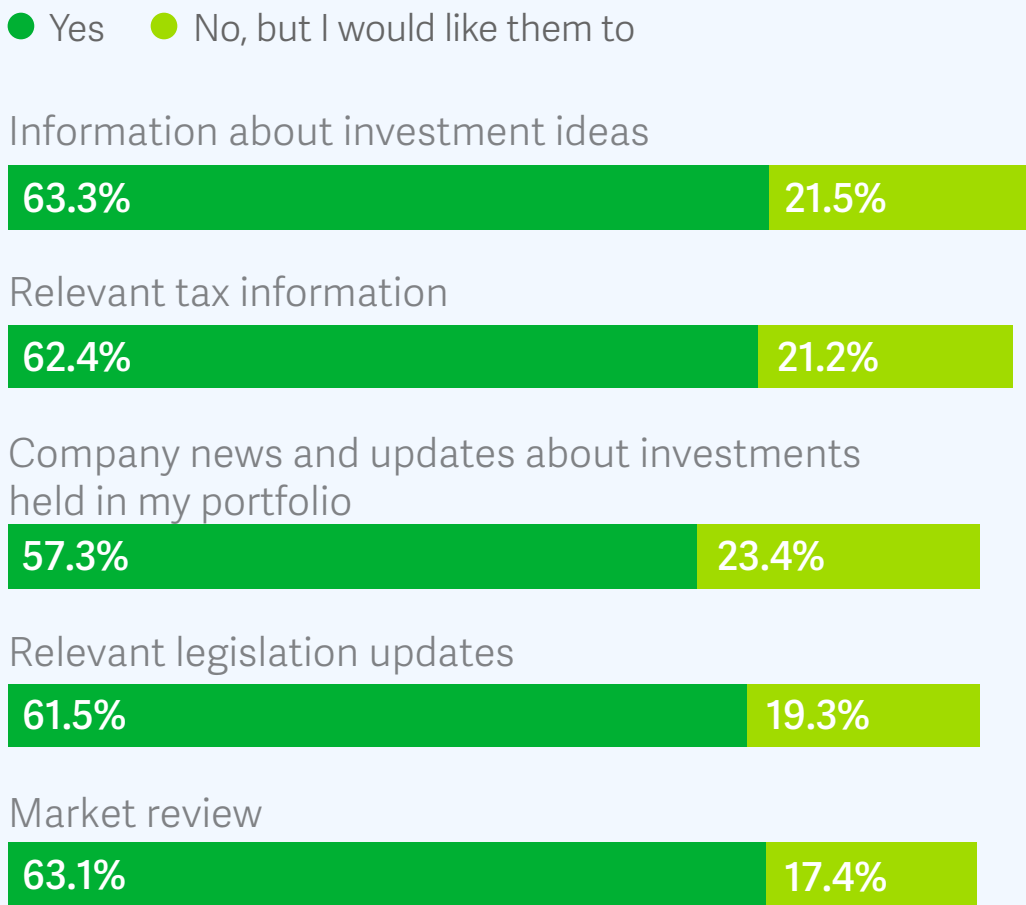
Source – Advisable Australian 2021

## How regularly do you/would you like to receive investment-related information from your financial planner?



Source – Advisable Australian 2020

## Does your financial planner provide any of the following investment-related information?



Source – Advisable Australian 2020



# Avoiding information overload

## ➤ Taking advantage of this trend with AdviceTech

### Digital content marketing

Advice firms love writing content to be read by clients. More than seven in 10 (71.1%) AdviceTech Stars (and almost six in 10 (56.1%) overall) produce articles for distribution to clients. AdviceTech Stars have also branched out into video, with four in 10 (40.0%) using the moving picture to communicate with clients (compared to only one in six (16.2%) overall). Stars are greater users of client case studies (24.4% compared to 15.2%) webinars or live-streaming events (24.4% compared to 11.2%) and podcasts (20.0% compared to 8.3%).

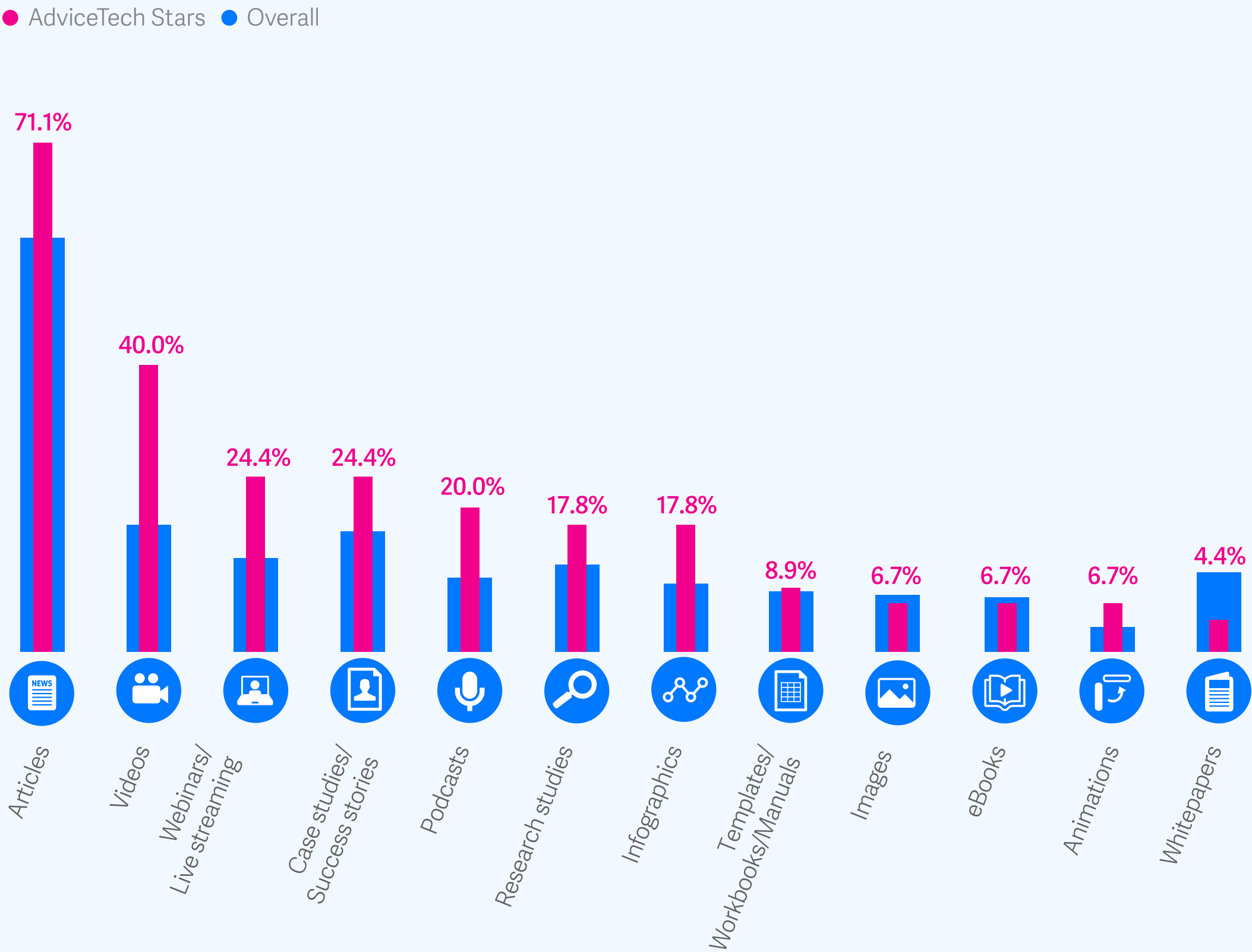
### Digital distribution with AdviceTech

Once the content has been created, most advisers push it out to clients via email (90.0% of AdviceTech Stars and 93.4% of firms overall) – but from here they diverge noticeably.

AdviceTech Stars follow the adage of produce once, publish often. More AdviceTech stars distribute their content via their own website or blog (55.0% compared to 38.2%) and through social media (37.5% compared to 29.2%).

And more AdviceTech Stars make use of their client portal (20.0% compared to 15.6%) and podcasts (17.5% compared to 7.5%).

Which of the following types of content do you create for clients?



How do you typically distribute content to clients? (of those who create content)

	AdviceTech Stars	Overall
Email	90.0%	93.4%
Company website/blog	55.0%	38.2%
Social media	37.5%	29.2%
Client portal	20.0%	15.6%
Podcast syndication	17.5%	7.5%
Organic search and SEO	12.5%	6.1%
Paid advertising	7.5%	7.1%
Influencer marketing	2.5%	0.5%
External publication/Guest posting	2.5%	2.8%
Content syndication	0.0%	0.9%

# Avoiding information overload

## Email marketing technology

Email campaign and newsletter management platforms has reached almost full penetration with AdviceTech Stars (88.9% compared to 65.7% of firms overall), with AdviceTech Stars moving towards feature-rich email platforms like Mailchimp (climbing from 33.3% to 42.5%) from Xplan (dropping to 20.0% from 38.9%) and MS Outlook (increasing from 8.3% to 22.5%) for client content communications.

Full featured email marketing tools, like Mailchimp, provide advice firms with deep customer engagement features. These include:

- The ability to personalise the imagery and copy in the email based on interests, traits or other data points in the client record.
- The ability to create a series of client emails, like welcome emails or have them triggered on defined on defined acceptance criteria (like the date the proposal is signed).
- The ability to easily analyse email marketing performance through reports, such as looking at what emails have been opened, and what links have been clicked.

More than half (52.5%) of AdviceTech Stars send email and newsletter campaigns monthly or more frequently.

## Website content management tools

Advisers have stepped up the use of website content management platforms to add and modify content to their website or blog, with 68.9% of AdviceTech Stars (up from 48.9%) using them, and 40.6% of firms overall (up from 33.3%).

Wordpress is the preferred content management tool of AdviceTech Stars, with usage rising from 27.3% to 45.2%.

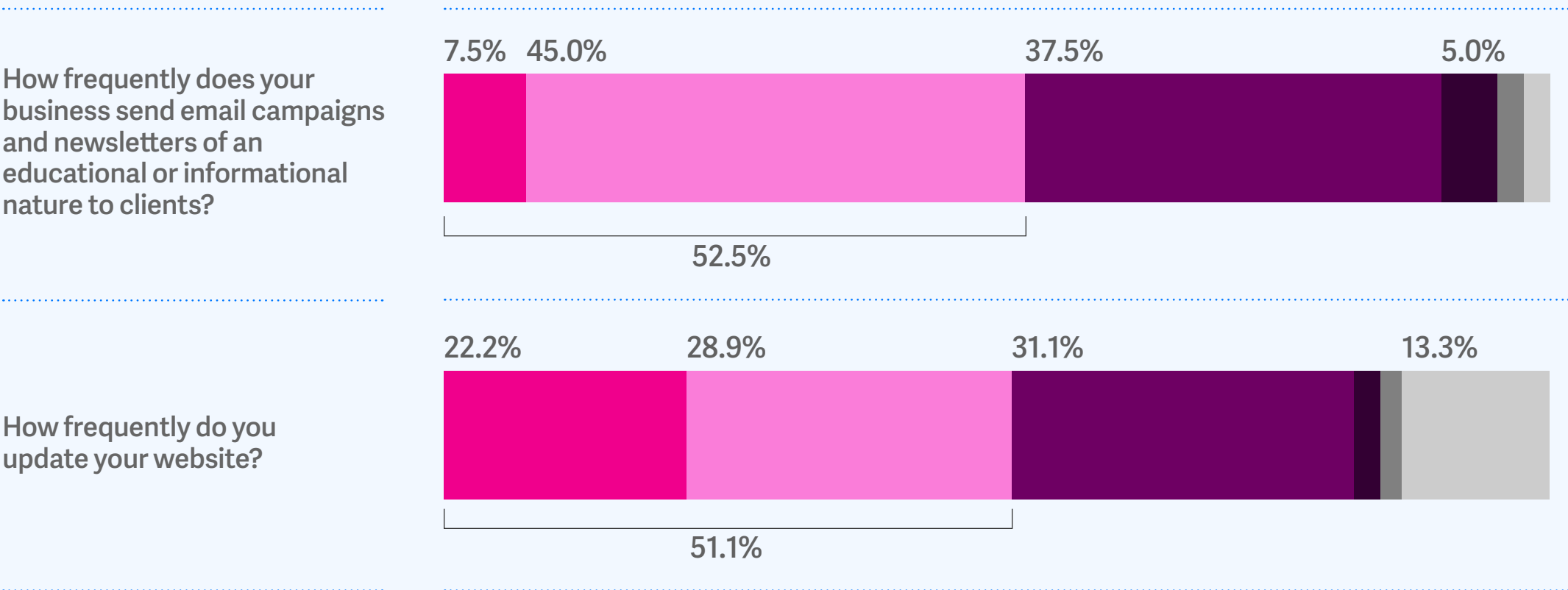
More than half (51.1%) of AdviceTech Stars update website or blog content monthly or more frequently.

27.3% → 45.2%

Wordpress is the preferred content management tool of AdviceTech Stars, with usage rising from 27.3% to 45.2%.

## Which of the following types of content do you create for clients?

Weekly Monthly Quarterly Bi-annually Annually Other







6

**Taking advantage of the  
social media phenomenon**

# Taking advantage of the social media phenomenon

Social media is perhaps the phenomenon of our age.

They have become a cornerstone of media consumption and social interactions, and increasingly a preferred communication tool, especially amongst younger generations, although it's not just limited to the young anymore.

A steady procession of new platforms – think Facebook to Instagram to TikTok – underlines the longevity of this medium and the need for advisers to use it effectively to communicate with clients and prospects.

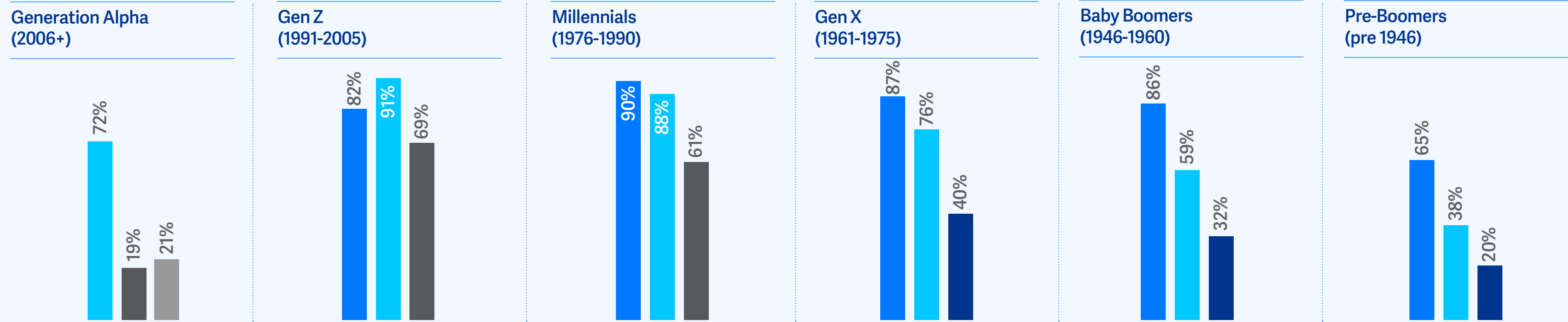
For businesses, social media gives them enormous reach to new prospects. It can be used as a platform to distribute content, build and enhance a business’s brand, and to develop trust with the market. It’s cost-effective to use, it’s fast, it’s easy and its results can be readily tracked and measured.

Every generation has its social media preferences

But understanding how different groups of clients engage with social media is key to using it effectively.

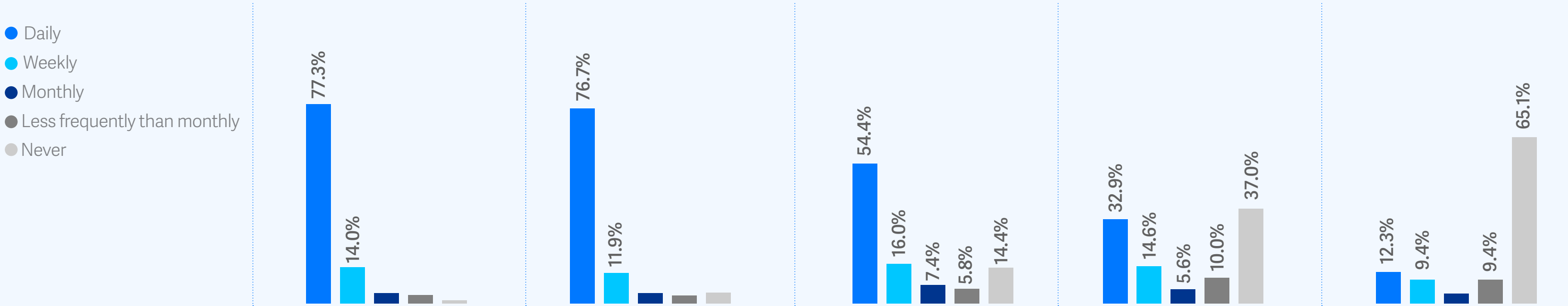
Generational breakdown of social media users in Australia by platform\*

Facebook YouTube Pinterest Instagram TikTok



How frequently do you typically use social media?\*\*\*

Daily Weekly Monthly Less frequently than monthly Never



\*Roy Morgan Research Feb 2022    \*\*Advisable Australian 2022



# Taking advantage of the social media phenomenon

For starters, it is worth understanding that different generations use different social media platforms. For example, of the top platforms, Instagram is not used by Baby Boomers, although they do use Facebook (86% of them) and YouTube (59%). Yet Instagram is used by younger generations.

Frequency of usage is not uniform across all age groups either.

## > Taking advantage of this trend with AdviceTech

AdviceTech Stars have embraced social media, and since last year, the proportion of these firms posting daily has more than doubled, from 6.7% to 17.8%. At the same time the proportion posting monthly has also increased, from 20.0% to 31.1%.

### Social media platforms

LinkedIn remains the preferred platform for social media posting, with the proportion of AdviceTech firms using it unchanged from last year at 73.8%. This is likely because although not necessarily the most popular social media in terms of usage, LinkedIn is a platform that attracts professionals, an important key target market for advice firms.

AdviceTech Stars are using Facebook less (falling from 88.9% of Stars to 69.0%) and Instagram (falling from 45.7% to 28.6%), while there has been a big jump in the use of video to get messages out (usage of YouTube has grown from 8.6% to 26.2% of AdviceTech Stars).

### Social media management technology

Managing social media can be time-consuming, and an increasing number of firms are turning to technology to manage posts and social media activity.

Social media management tools allow the coordination of social media posts via scheduling across multiple social networks from a single online location. They also provide reporting and analytic tools.

Among AdviceTech Stars who post to social media there's been a big jump in its usage, from 24.4% to 40.0%. A further third (31.1%) of AdviceTech Stars plan to join this trend in the next two years.

Of the four in 10 (40.0%) of AdviceTech Stars that do use technology to manage social media, a quarter (27.8%) outsource it to an external agency and more than one in five (22.2%) use Hootsuite.

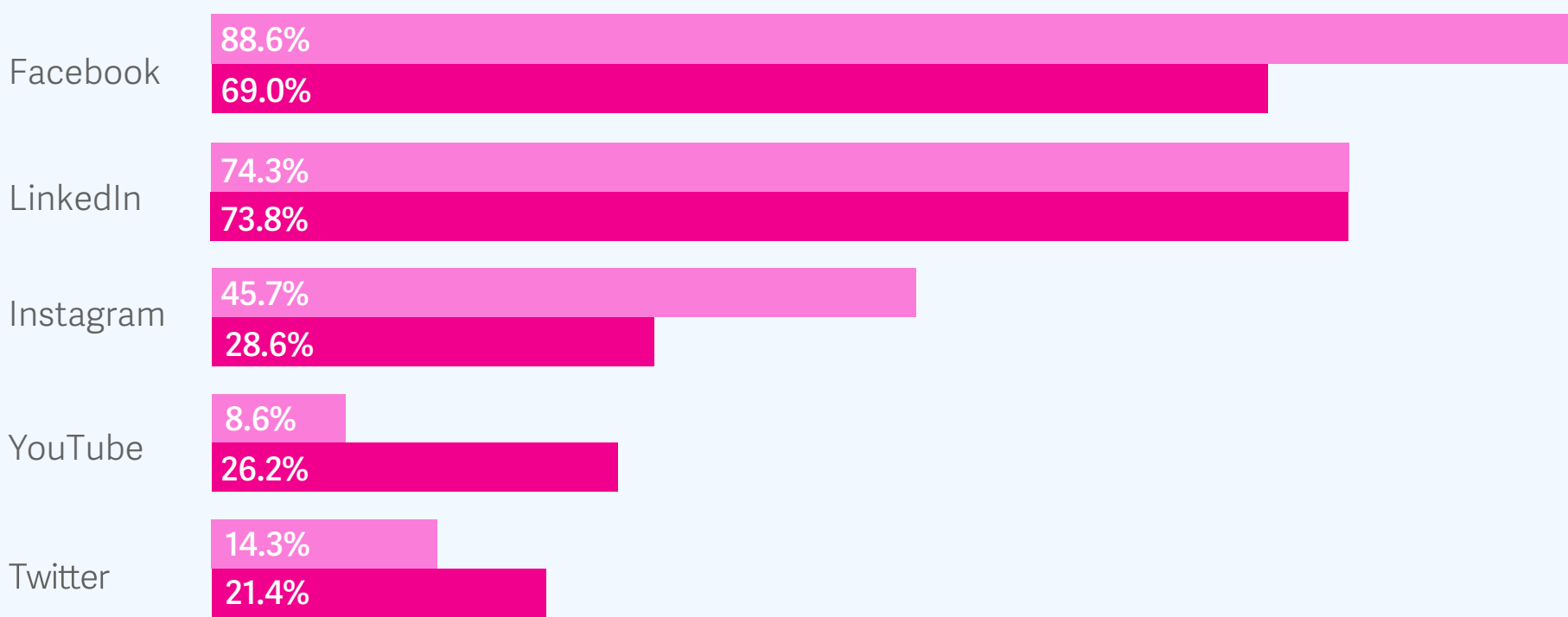
### Advertising on social media

Advertising on social media can be an effective and affordable way to reach your target market if done correctly.

One in 5 (19.5%) AdviceTech Stars use paid advertising on social media, of which they tend to favour Facebook (66.7%), then LinkedIn (33.3%) and Instagram (22.2%).

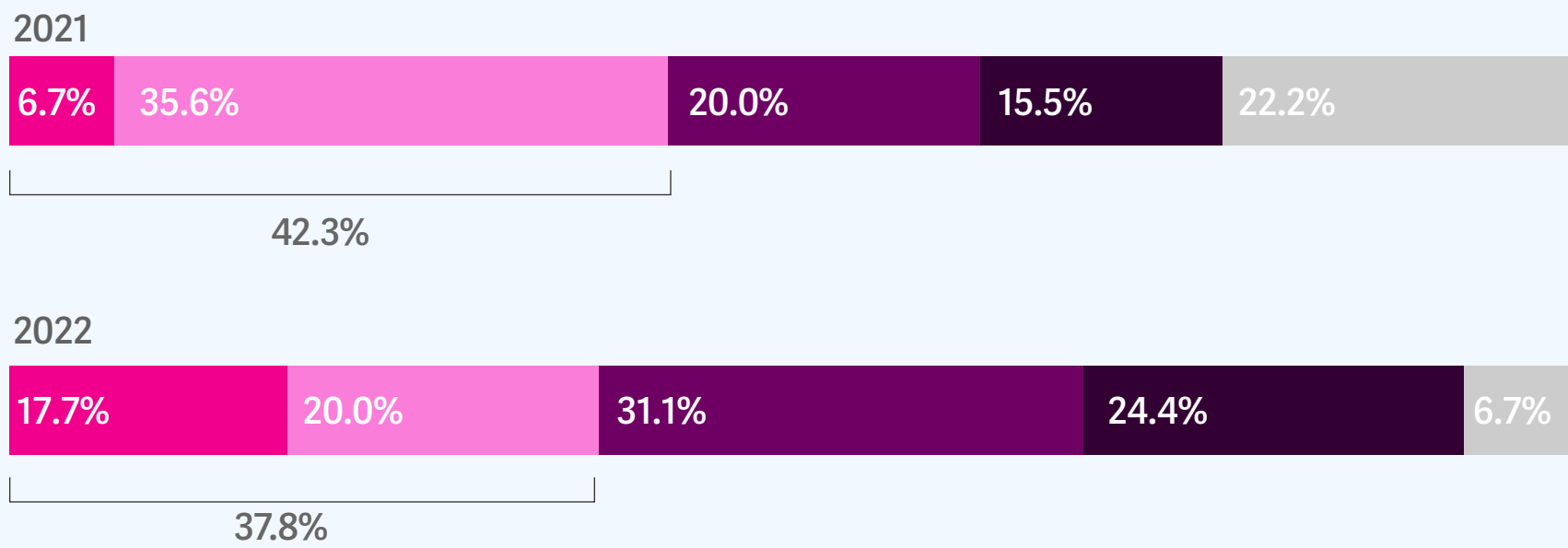
### Which social media networks do you post to? (AdviceTech Stars who post to social media)

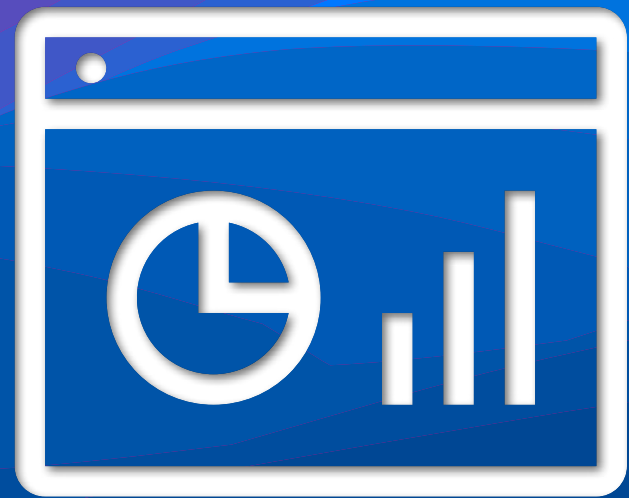
● 2021 ● 2022



### How often does your business post to social media networks? (AdviceTech Stars)

● Daily ● Weekly ● Monthly ● Less frequently than monthly ● Never





# 7

## The role of data visualisation



# A picture speaks a thousand words

Better client engagement is often about managing expectations, especially when markets are volatile or when client goals may seem a long way off.

Expectations can be managed by clearly articulating a strategy and showing how it is performing, and this demands the delivery of relevant and timely information in a way that makes sense and communicates messages clearly to the client.

When asked, over seven in 10 Advisable Australians who receive advice, expect their advice firm to use digital tools, such as online calculators, podcasts and videos, to demonstrate how they're tracking to goals and how their investment portfolio is performing, and also to educate them on financial concepts.

## A picture speaks a thousand words

Data visualisation is the representation of data and information through charts and diagrams.

Data visualisation AdviceTech tools empower advisers to help clients better understand the strategy and their progress against it over time, and to better explain how actions taken today can affect the client's outcome in years to come.

## ➤ Taking advantage of this trend with AdviceTech

There are a few AdviceTech tools that advisers have at their disposal to visualise data for client engagement and education.

### Super and investment platforms

Most super and investment platforms (as well as many planning tools), have rich reporting capabilities that allow advice firms to create personalised reports with charting capabilities.

Advanced platforms even provide firms the ability to create 'report packs' based on client personas, to improve efficiency and reduce the time to create personalised reports. For example, an advice firm might create a report pack for their 'more sophisticated' clients adding benchmarks to performance reporting or including contribution reports and further analysis.

## Tools and calculators

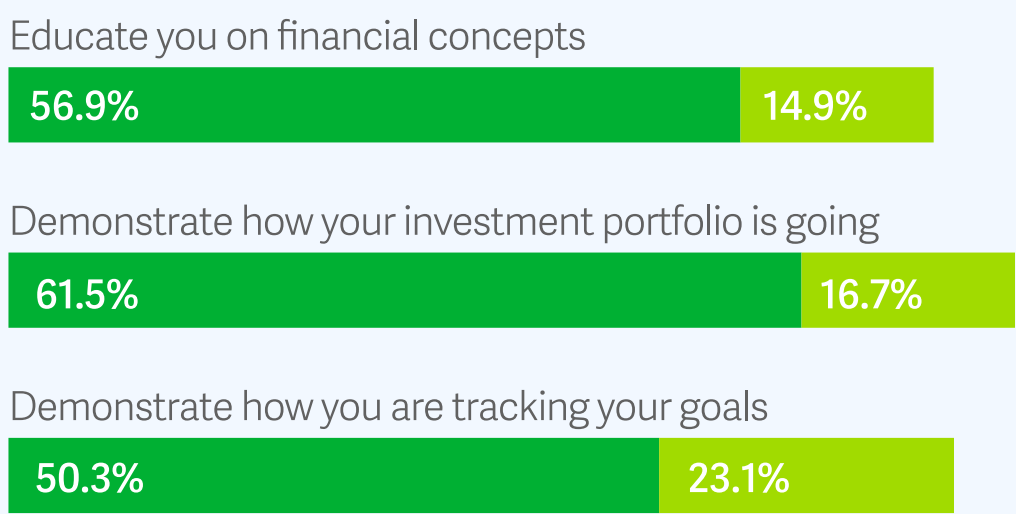
You can also use calculators to model "what-if?" scenarios to visualise strategies. Usage of these tools has increased from 64.9% last year to 74.3% this year, with the most popular providers being Xplan, where usage has increased from 28.3% to 50.7% (and 61.8% of AdviceTech Stars) and also spreadsheets such as Excel – usage has increased from 3.1% to 25.8%.

### Presentation software

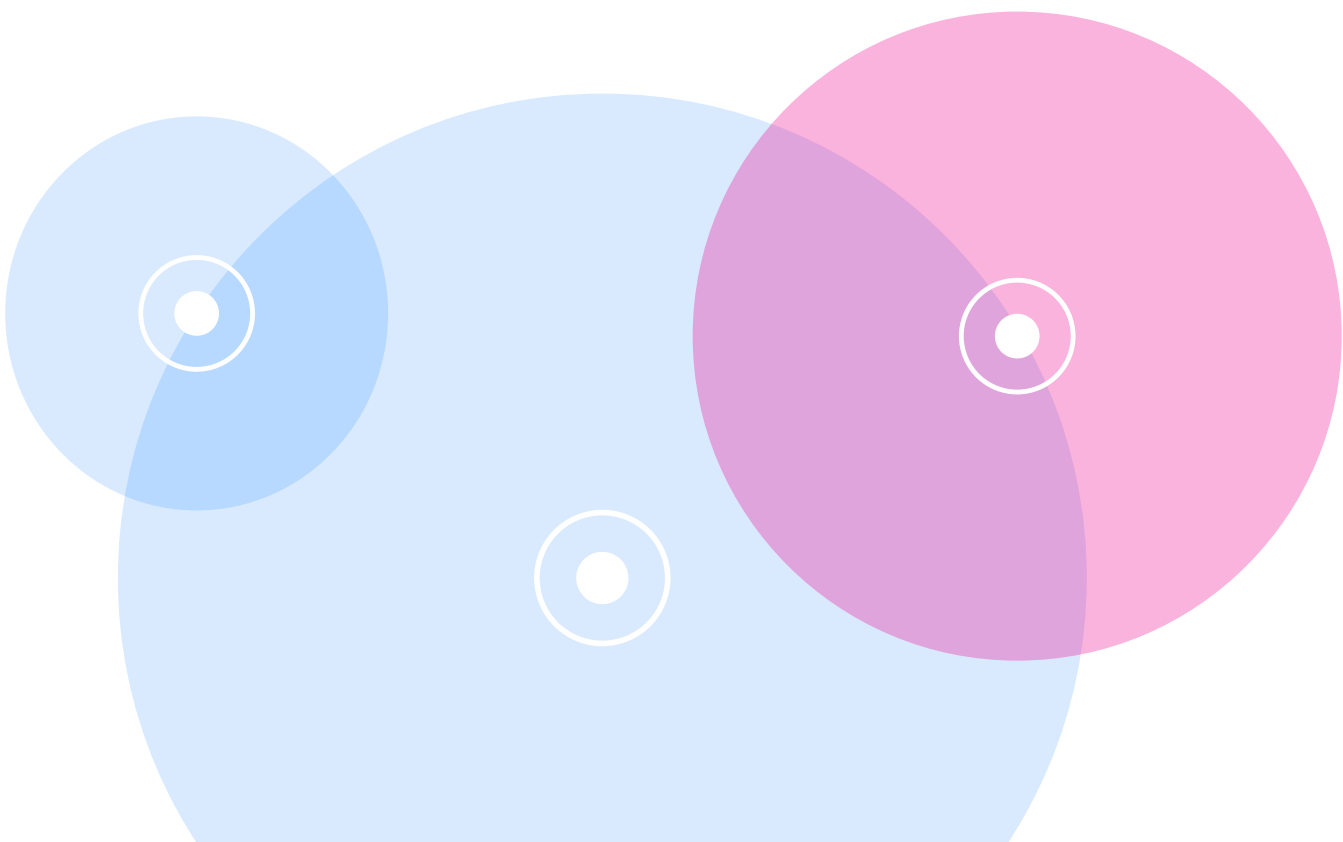
Tools, such as Microsoft Powerpoint (used by to 71.0% of AdviceTech Stars) and Canva (used by 29.0% of AdviceTech Stars) also can be a powerful storytelling and visualisation tool.

## Does your financial planner use any digital materials and tools (e.g. online calculators, podcasts and videos) to ...?

● Yes ● No, but I would like them to



Source - Advisable Australian 2020





8

**Human centred  
technology design**



# Human-centred technology design

Increasingly, the factor that most determines the success or failure of technology is not necessarily how good or clever the technology is, per se, but how effortless the user experience is.

More than three quarters (78.4%) of Emerging Affluent Advisable Australians and more than seven in 10 (70.8%) Established Affluent Advisable Australians say the digital/tech capabilities of an advice firm is a key factor in their decision to use the firm's services.

As technology becomes increasingly pervasive in our lives, we expect it to be functional, reliable, usable and pleasurable to interact with. To achieve all these things, it must be fit for purpose – first and foremost, technology must do what it promises, and meet a genuine need.

But then it must be carefully packaged to make it convenient and simple to use, and to work with how we naturally think and behave.

When we encounter technology that doesn't do this, it can be an off-putting experience.

Given the choice of using technology that is great but difficult to use and technology that is good but very easy to use, people will tend to favour the easier-to-use option. We will opt for the easier-to-navigate interface, friendlier look, clearer menus and the more reliable, predictable experience.

As technology develops and integrates into our lives ever-more tightly, it can be a deeply jarring and disconcerting experience when we encounter anything that doesn't work seamlessly.

Making technology human-friendly is a critical part of making it work well for your business. Good technology should establish a connection – a bond, almost – between you and your client. It should reflect what clients expect it to do and how they expect it to do it – so ask them what they think.

It needs to look good, and it needs to present choices and options and to offer an interface that works in the way people already think and do things.

And crucially, it needs to pay the customer the courtesy of not wasting their time.

Guidance is often an integral part of human-centred technology design – think of chatbots or other mechanisms to ask questions and present options or suggestions based on what a user tells you they want to know.

Whether your technology offering attracts clients and serves them well or puts them off dealing with you comes down to how well it supports and empowers them to do what they want to do.

One thing clients and potential clients are not short of is choice, and if your technology doesn't give them what they need or expect, they'll quickly move on to someone else whose technology does.





In this year’s 2022 Netwealth AdviceTech Research Report we surveyed 303 advice firms. Fieldwork took place from April 13 to May 19, 2022

AdviceTech Segmentation methodology

In the 2020 AdviceTech Report, we created a segmentation method to split advice firms into five different groups based on the success of the business and the rate at which they adopt technology. This methodology was replicated in this year’s survey. This is how we defined our AdviceTech Stars in the report. We developed a Business Success Score comprised of measures such as a practice’s funds under advice (FUA) and revenue growth or decline from the previous year. We also considered a ratio of FUA to active clients and to length of business operation. Practices that have better business success score higher. The average Business Success Score is 50.1 out of 100 for all practices.

We also developed a Technology Adoption Score, comprised of the number of technologies used by a practice, how many technologies they are considering implementing in the short term, and characteristics about their technology investment and management. Practices that adopt more technology in a planned manner score higher. The average Technology Adoption Score across all practices is 62.9 out of 100.

Five segments were determined based on these two scores:

	Tech Score	Success Score	Segment size
AdviceTech Stars	76.4	70.9	17.6%
AdviceTech Moderate Performers	71.9	54.3	27.7%
AdviceTech Underperformers	47.6	58.6	10.5%
AdviceTech Conservatives	70.2	39.2	24.6%
AdviceTech Laggards	38.7	34.7	19.5%

Summary of Advisable Australian segments

In this report we also referenced the Emerging Affluent and Established Affluent which were first created in Netwealth’s 2021 Advisable Australian Report.

The methodology for deriving the four Advisable Australian persona segments is as follows:

- Emerging = 18 - 45 years
- Established = 45 years and over

Affluent versus Mass Market = Combination of:

- Personal income
- Household income
- Value of residential property relative to debt
- Household investment portfolio
- Household super

Income versus assets comes into consideration for wealth as individuals may have a lower income but substantial assets and vice versa. The starting point is everyone being considered mass market unless they reach a certain threshold on any of the following wealth measures

i.e., they are affluent if:

- Personal income is greater than \$100,000, or
- Household income is greater than \$150,000, or
- Household investment portfolio is greater than \$250,000, or
- Residential property equity is greater than \$650,000 (this is determined by subtracting outstanding household debt from residential property value), or
- Household super is greater than \$100,000 if aged under 35 years, or greater than \$250,000 if aged 35 to 45 years, or greater than \$500,000 if aged over 45 years.



# Speak to Netwealth

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