

# Understanding Australian advice clients better

Evolving your client value proposition using  
a research-led data-driven approach



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In our modern world, advice firms are continually evolving their value proposition and service offer to meet the needs and wants of their clients.

But as the demands of clients continuously change and some argue are getting more onerous, especially with specific cohorts, like digitally inclined Gen Y's, advice firms need prioritise their ambitions when shaping their value proposition.

In this white paper we examine the changing needs of Advisable Australians over the last three years, considering how their portfolios have changed, their use of digital technology and their expectations from their financial adviser has evolved.

Further, we have set out to help advice firms prioritise what matters to its end clients and developed a framework that examines what is important to them. We consider their preferences to: portfolio construction, responsible investing, communication, technology, education and more.

And perhaps more importantly, this framework can be applied to specific advice client cohorts based on their gender, age, generation, and affluence.

This foundation of this white paper is our significant research into the behaviours of Australians 18+ (the 'Advisable Australian') between 2021-2023, and specifically the opinions of more those Australians aged 18 years who receive financial advice.

For ease of use we have divided this white paper into three sections:

1. **Why is financial advice good for Australians?**
2. **Profiling the advice client**
3. **Understanding what's important to advised clients**

It is worth noting that our definition of an advised client is broad, to help us understand the opportunity, and it includes 'those currently receiving advice' and 'those who receive or use when they need it'.

We hope this white paper provides a reliable research-based and data-driven tool to help advice firms shape their value proposition to ensure they are meeting the needs of their clients today and into the future.



The key findings have been gathered from data collected over three years using our Advisable Australian research, and are generous in providing invaluable insights to financial advice firms about how advised Australians want advice to be delivered and how they would like to see it evolve.



## Australians benefit from their advice relationship in more ways than just growing their wealth

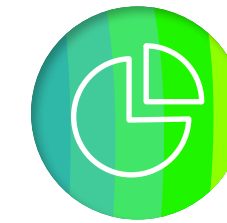
Australians who are advised feel more confident and able to enjoy life, are more prepared for retirement and have more savings. They are also significantly less likely to have daily money worries than those unadvised, and say that advice has allowed them to lead a better lifestyle. For example, unadvised Australians worry more about money on a daily basis (25%) compared to advised Australians (17%).

We also know those who use advice are more likely to embrace it in other aspects of their lives, extending this trust to other professions such as accountants, lawyers, stockbrokers and mortgage brokers.



## The profile of an advised client is not who you'd expect, they're often younger

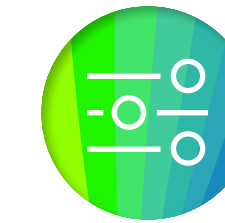
Male and educated are the top line results, but perhaps surprisingly, Gen Y who are now aged between 28 and 42 years old are the greatest users of financial advice, representing 37% of advised clients. Today, one third (35%) of Gen Y's are advised compared to a quarter (28%) of Baby boomers.



## Netwealth's has developed a segmentation model to better understand the nuances in your client base

Segmenting your clients beyond life-stage helps advice firms shape what's important to their clients. For example, the segment known as the Emerging Affluent, are not only younger but more focused on technology and innovation in an advice offering, as well as the environmental and social impacts of an advice firm. For example, three in four (76%) Emerging Affluent say they have responsible investments in their portfolio, increasing from 58% the previous year.

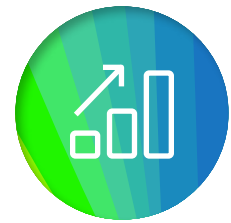
Meanwhile the Established Mass, an older segment who on average have a smaller amount of total household assets than the other segments, are less likely to use digital wealth services compared to other segments (for example, 43% never check their super using a website or app).



## Wealth needs are diverse, with many entry points for advisers to add value

Advised Australians have a range of goals covering wealth creation, budgeting and cash flow management, retirement planning, wealth protection and building a legacy.

In analysing the different segments, gaps begin to appear in how confident they feel, for example the Established Mass segment are most likely compared to the other segments to lack confidence that they will achieve their wealth goals and are looking for additional guidance.



## Australians want more investment choice, with different appetites emerging across segments

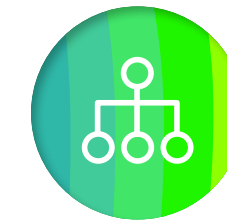
The appetite for non-traditional assets such as cryptocurrencies, commodities and gold has grown. The degree of appetite does vary across segments, with the older Established Affluent client more inclined to invest in more traditional asset classes compared to the two other segments, while the younger Emerging Affluent client invest more in alternative investments, particularly cryptocurrencies (40% invest), and commodities (31%).



## Responsible investing is here to stay, and there is a desire to dial it up

Advised Australians care about social and environmental issues, with a quarter (24%) of those advised reporting they will choose a company to invest in based on their environmental stance. More than half of clients (52%) now have responsible investments in their portfolio, up from 36% in 2021 with the Emerging Affluent clients significantly more likely to have responsible investments (76%).

Interestingly, advised clients want to invest responsibly because they want to do good but also believe there are good financial returns to be made, with half believing returns are as good as traditional investments – a further third think they are better!



## Investment structures provide further choice and differentiation opportunities

The investment complexity of advised clients is also increasing as they look to different structures to support this, such as SMSFs and trusts. Currently, 22% of advised clients use SMSF and 26% use trusts to hold and manage investments.



## Luxury extends to financial advice

There is also evidence that the Emerging Affluent client is looking for a bit of lux in their offer, with features such as exclusive events and travel and lifestyle perks.

For example, 70% of Emerging Affluent clients say they would rate travel and lifestyle perks such as exclusive flights or hotel offers as an important or somewhat important value-add service that an advice firm could offer, with over half (56%) valuing a reward points scheme.



## Coach me or 'do it for me' please

With regards to client experience and service, our research finds that advised Australians either want a coach (56%) or to outsource entirely (44%), with some nuances over how much control they are willing for their adviser to take. For example, for those looking to outsource, around half want their adviser to take care of their entire affairs, whilst the other half will rely on them as a critical source of information and decision-making support.



## Regardless of age or segment, most advised Australians are comfortable with technology

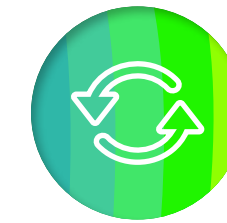
More than half of all segments are early adopters of technology or are happy to use technology. Across the segments, 58% of Established Mass, 93% Emerging Affluent and 63% Established Affluent agree with one of the following statements:

*"I am very tech savvy and always see myself as one of the first to try new technologies";*

or

*'I largely understand new technologies but wait for others to try them first before I do.'*

The Emerging Affluent segment are particularly keen to use technology with stronger preferences than other segments to use websites and apps to view and manage their super or investments, for digital wallets or money transfer services. This highlights their lived experience with technology as a main stay in their lives as well as the opportunity to use technology with this segment.



## Clients expect a multi-mode digital and physical engagement model

Clients' expect prompt and reliable access to information as well as access to their adviser via a variety of different communication modes – whether that be digital or in-person or a hybrid approach.

The role of technology plays a different role at different points in the client relationship, particularly as the relationship evolves where it can be used for the provision of information and education, managing documents, as well as approving and signing forms and instructions.

However in the earlier stages of the relationship, as well as for more advice-related matters, in person communications are favoured (desired by 96% under advice), however today this can be delivered over the phone or via virtual meetings.



## Education is a by-product of advice, and a builder of confidence and financial literacy

The role financial advisers play in educating their clients is demonstrated through their higher levels of financial literacy when compared to unadvised clients. For example, on topics such as the relationship between risk and return, over six in 10 (65%) of advised clients rate their knowledge as good to very good compared to less than half (47%) of unadvised Australians.



## Advice is addictive and highlights the opportunity to work more closely with other professionals

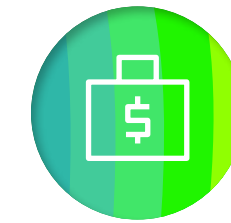
Those who seek advice are also likely to receive counsel from other professionals such as accountants and lawyers, which provides an opportunity for advice firm to partner and build out their ecosystem of like-minded professionals, so they can service their clients better.



## Drivers of decision-making must be factored into the advice process to deliver an inclusive value proposition

The research shows both the relationship status of advised clients as well as gender influence how clients will engage with advisers and make wealth decisions.

For example, it is evenly split between the proportion of advised clients who like to make decisions by themselves versus decisions with some help of their partner. Further, married men are more likely to make a decision on the above by themselves (56%) compared to married women who prefer to get some help in making the decision (41%).



## Flat fees are preferred, but they still want choice

How advice is charged, whether it be a flat fee or percentage is central to clients' concept of value. It is clear from the research that advised clients prefer to pay a flat fee (66%), but ultimately the pricing model must best suit the needs of your clients.

# Why is financial advice good for Australians?

Financial advisers help Australians with a wide range of financial issues during their lifetime, from budgeting to estate planning and everything in between. They also help Australians to have a more positive outlook, to feel more prepared and secure and to consider reaching out to other wealth professionals if they have a need.

# Why is financial advice good for Australians?

## Fact 1: Advisers help their clients with a broad range of wealth related issues

The top ten issues financial advisers help their clients with are:

1. Ensure there is enough money during my retirement (52% of advised clients say their adviser helps them achieve this)
2. Build/diversify my investment portfolio (43%)
3. Ensure my wealth is invested/managed wisely (42%)
4. Minimise risk in my investment portfolio (37%)
5. Estate planning/ transfer of wealth planning to the next generation (31%)
6. Gain greater confidence in making investment decisions (28%)
7. Gain greater confidence in making financial decisions (27%)
8. Tax minimisation strategies (27%)
9. Manage superannuation-related issues (excluding SMSF) (24%)
10. Manage accounting and/or tax issues (24%)

## Fact 2: The financial benefits from receiving advice are clear

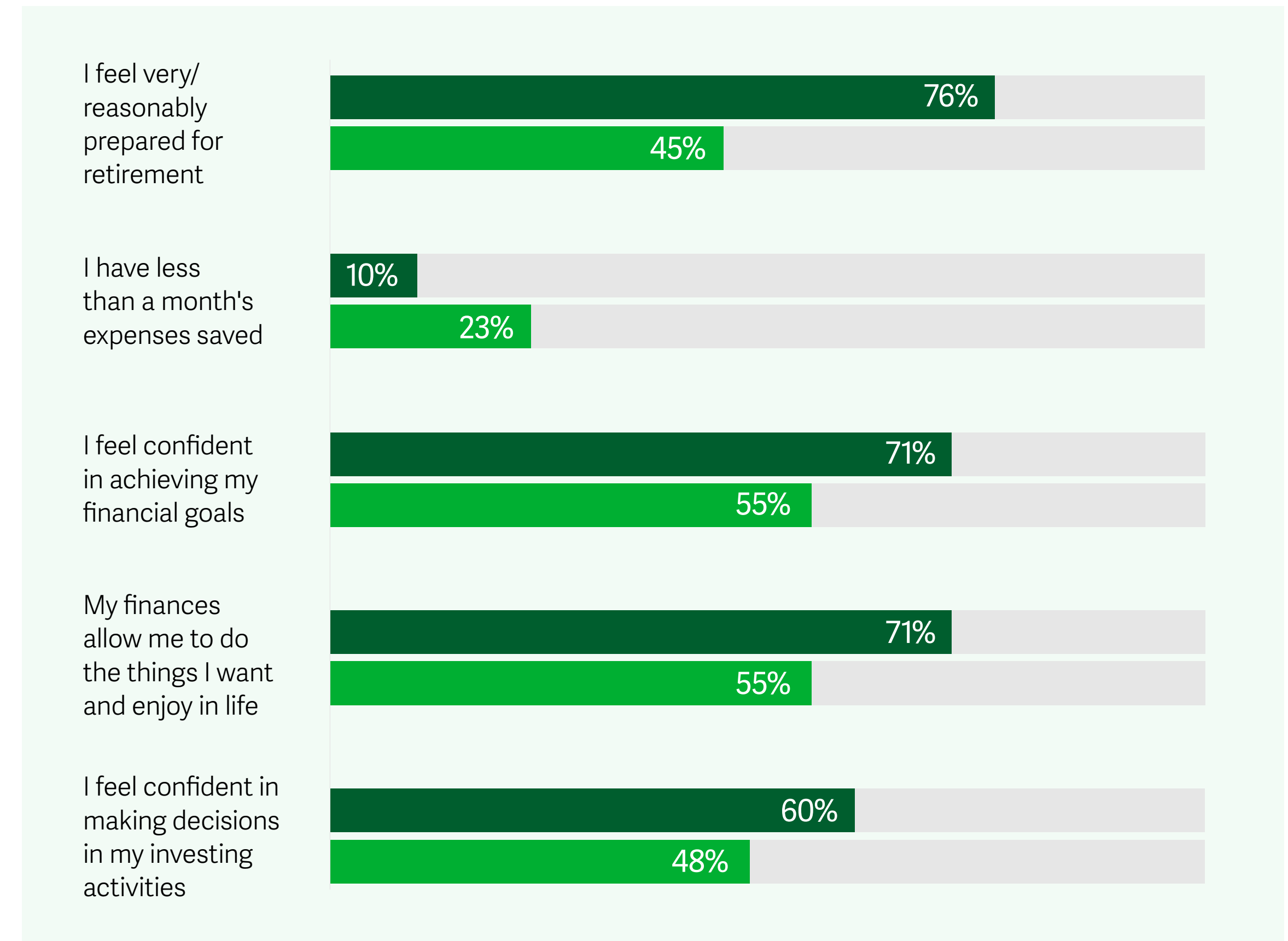
Not surprisingly, but reassuringly, advised Australians say they are getting the benefits of financial advice. For example, advised Australians are significantly more likely to feel very or reasonably prepared for retirement (76%) than those without advice (45%).

They are also more likely to have savings, with a quarter of Australians not receiving advice (23%) reporting they have less than a month's expenses saved (compared to only 10% of advised Australians).

Financial advice also impacts how Australians feel about money which in turn shapes behaviours and decisions. For example, advised Australians are significantly more likely to say they feel confident in achieving their financial goals (71% compared to 55% unadvised), and to say, 'my finances allow me to do the things I want and enjoy in life' (71% compared to 55% unadvised). Further, they are more likely to say 'I feel confident in making decisions in my investing activities' (60% compared to 48% unadvised).

## The financial benefits are clear

■ Advised ■ Unadvised



# Why is financial advice good for Australians?

## Fact 3: The benefits of financial advice positively impact well-being and other aspects of life

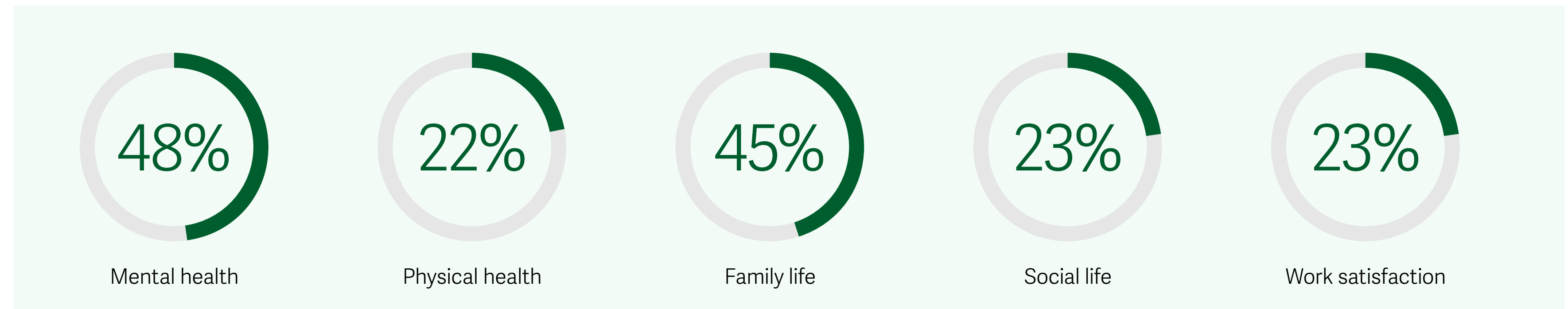
Aside from financial benefits, Australians who receive advice say that it has helped them in many other aspects of their life. Advised Australians are significantly less likely (17%) to have daily money worries than those not advised (25%).

As a result, a sizeable proportion of advice clients say receiving advice has benefited both their mental health (48%) and their family life (45%), whilst around a quarter believe financial advice has benefited their physical health (22%), social life (23%) and work satisfaction (23%).

## Positively impacts other aspects of life too

Which aspects of your life do you think has benefited from receiving financial advice?

■ Advised



## Fact 4: Trust breeds trust and extends beyond financial advisers to other financial professionals

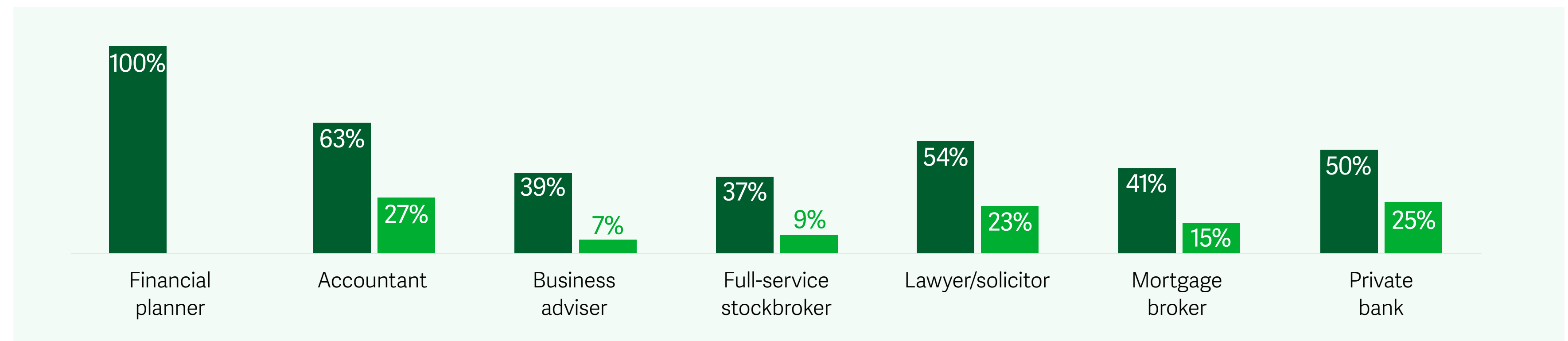
Advised Australians are more likely to use other advisers such as accountants and lawyers, demonstrating they value the contribution that advice can make to their lives.

For example, 63% of advised Australians use an accountant compared to 27% by those not advised. This trend to be more open to other forms of advice is evident across business advisers, stockbrokers, lawyers, mortgage brokers and private bankers.

## Usage of other advisory services is greater

Percentage of advised clients who use different types of service professionals

■ Advised ■ Unadvised



# Profiling the advice client

Who are advised Australians? Apart from Australians who receive financial advice, they are perhaps not who most might think – they are predominantly from Generation Y, skewed to males and well-educated, with almost a third single and not married.

# Profiling the advice client

## Trend 1: They are more likely to be male

Advised Australians are more likely to be male (55%) compared to the male general population 18 years old and above (48%).

## Trend 2: They are more likely to be educated and employed in senior roles

The majority of Advised Australians are likely to be degree qualified (55% versus 39% unadvised) and employed or self-employed (77% compared to 60% unadvised). Almost two-thirds (65%) of those employed are in management roles compared to 41% who are unadvised.



The largest adopters of advice are Generation Y who are aged between 28-42 years.

## Trend 3: The greatest users of advice are not who you think

The largest adopters of advice are Generation Y which is aged between 28-42 years. While this may be surprising, Generation Y accounts for the largest generation of Australians, representing 32% of the population aged 18 years and over.

The percentage of generations that receive advice versus the unadvised:

- Generation Z (18\*-27 years old): 16% vs. 16% of total population 18+
- Generation Y (28-42 years old): 37% vs. 32%
- Generation X (43-58 years old): 16% vs. 19%
- Baby Boomers (59-77 years old): 28% vs. 30%
- Pre-Boomers (78+ years old): 4% vs. 4%

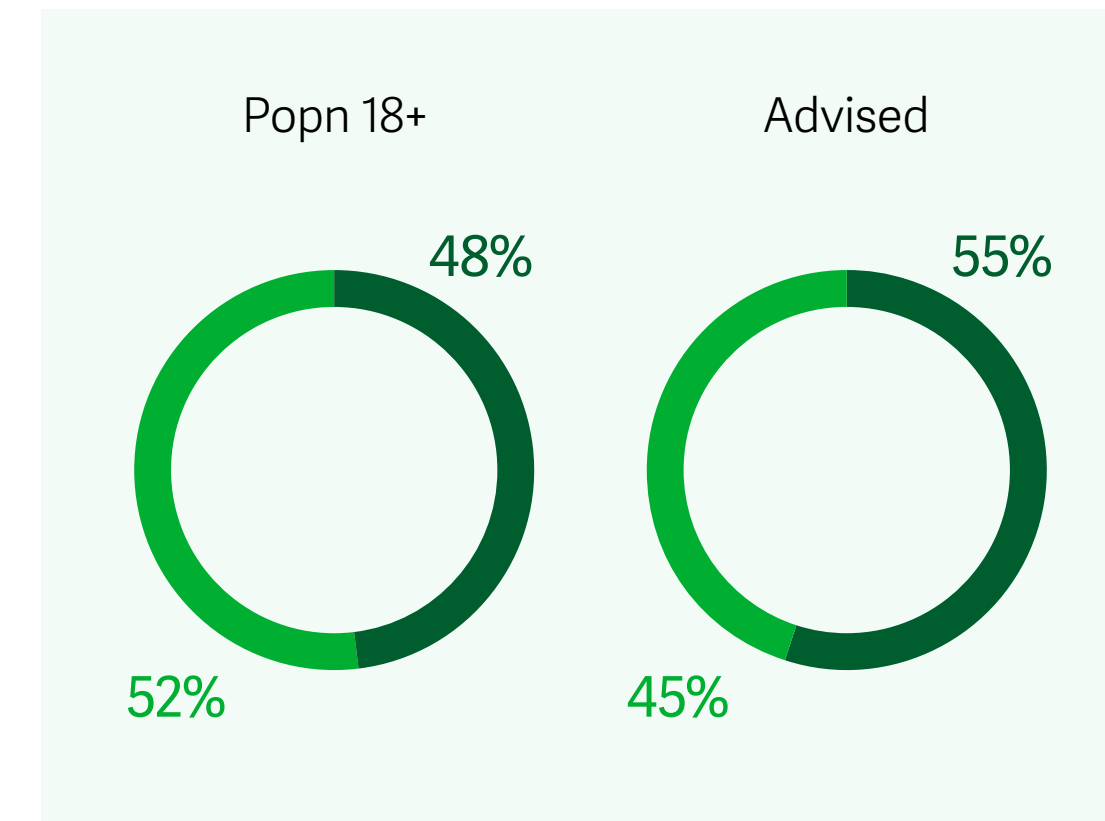
## Trend 4: Women are an important, often neglected segment

Almost half (44%) of advice clients are female (of which 53% are married), and of the male clients that are advised, 64% are married, which is higher for older males.

From this it should be clear that female clients whether single or part of the household, are important decision makers in the advice process.

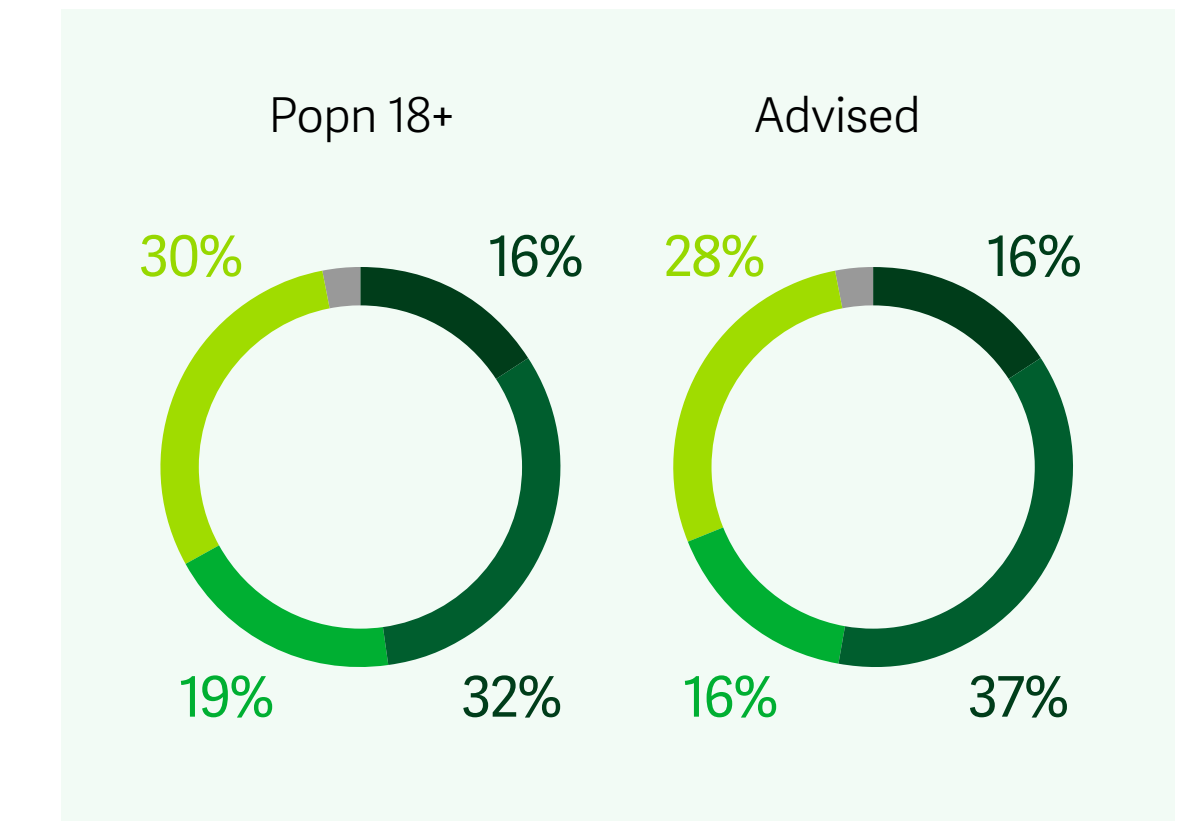
## Advised clients are more likely to be male

■ Male ■ Female



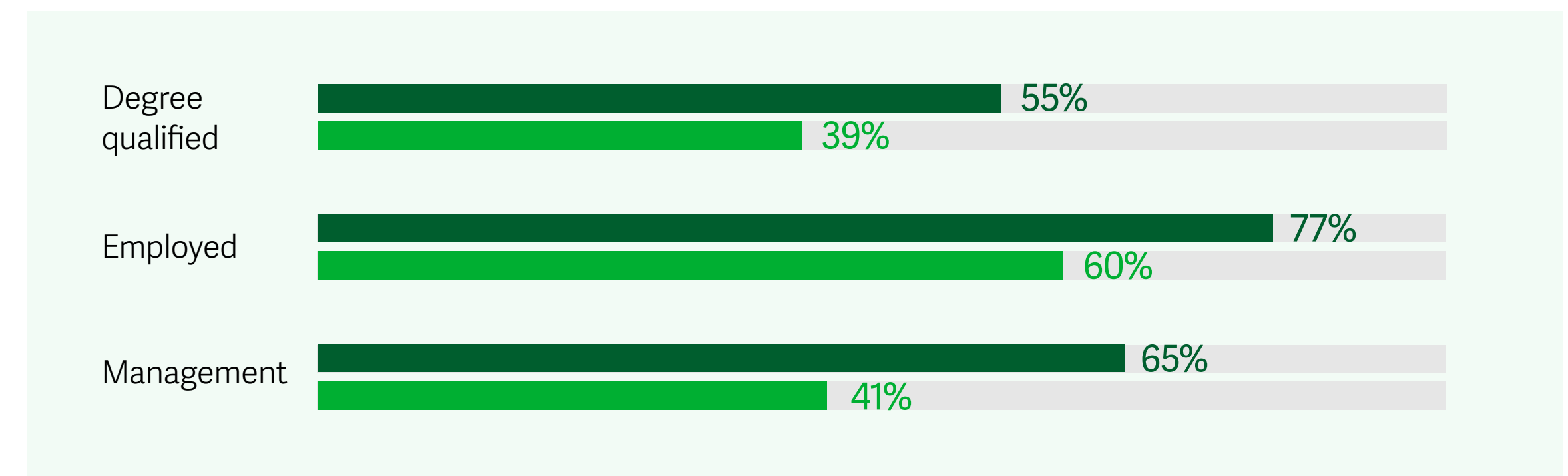
## The greatest user of advice are Gen Y (28-42 years old)

■ Gen Z ■ Gen Y ■ Gen X ■ Boomer



## Advised clients are more likely to be educated and employed in senior roles

■ Advised ■ Unadvised



\* Survey respondents were 18 years and over

# Profiling the advice client

## Trend 5: Australian advice clients can be segmented by affluence and age, introducing Netwealth's Advisable Australian segments

Netwealth's Advisable Australian research uses data on Australian's income, debt levels, property values and household assets and combines it with data on age, and has identified three segments that could be of importance to financial advice firms today:

### Emerging Affluent (Under 45 years)



In this segment, 71% are Gen Y and 24% are Gen Z, making it unsurprisingly, the youngest segment with an average age of 33 years. They represent 12% of the population 18+ (2.4 million Australians) and have total household assets (including property, superannuation and investment property) of approximately \$1.5 million, the second highest levels of wealth.

Interestingly, the Emerging Affluent are more likely to be degree or post degree qualified than other segments reinforcing the strong link between education and valuing advice.

### Established Affluent (Over 45 years)



With around 8% of the population 18+ (1.8 million) in this segment, 51% are Gen X and 46% are Baby Boomers. This is the smallest yet most affluent segment with more than \$2.75 million in total household assets. The average age in this segment is 58 years with half (51%) Gen X and almost half (46%) Baby Boomers.

Three quarters (76%) of this segment is employed in full time, part time or for themselves. Further, this segment is most likely to be working in management (63% of those employed) and 66% are degree qualified. Over one-third (38%) of this segment are getting advice.


### Established Mass (Over 45 years)



The largest segment by population (34%), representing more than 6.9 million Australians, who are largely Baby Boomers (63%) and are more likely to be retired (50%). They have the lowest total household assets (\$0.88m) of the three segments. Although less affluent, still a quarter (26%) of this segment is advised while a further 17% are considering it, making this segment still attractive.

Of those that work, more than half (61%) work in non-management roles and while a smaller percentage are degree qualified (26%), more than a third (38%) have a Diploma or certificate qualification.

# Profiling the advice client



**Emerging Affluent**  
(Under 45 years)

12%  
Overall population



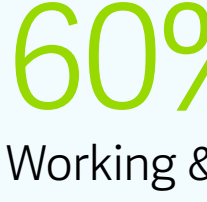
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71% 24% 33  
■ Gen Y ■ Gen Z Avg. Age


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\$231,952 \$1,544,241  
Household income Total household assets

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 73%  97%  60%  
Degree/post-grad qualification Employed Working & in management

---

 44% 31%  
■ Currently advised ■ Considering advice



**Established Affluent**  
(Over 45 years)

8%  
Overall population




---

51% 46% 58  
■ Baby Boomer ■ Gen X Avg. Age


---

\$202,427 \$2,753,180  
Household income Total household assets

---

 66%  76%  63%  
Degree/post-grad qualification Employed Working & in management

---

 38% 19%  
■ Currently advised ■ Considering advice



**Established Mass**  
(Over 45 years)

34%  
Overall population

---

63% 27% 64  
■ Baby Boomer ■ Gen X Avg. Age

---

\$63,241 \$877,944  
Household income Total household assets

---

 26%  36%  39%  
Degree/post-grad qualification Employed Working & in management

---

 26% 17%  
■ Currently advised ■ Considering advice

# Understanding what's important to advised clients

# Understanding what's important to advised clients

The Netwealth Importance Hierarchy framework helps to identify what is important to advised clients, by asking them to rate out of 10 factors such as value, quality and innovation.

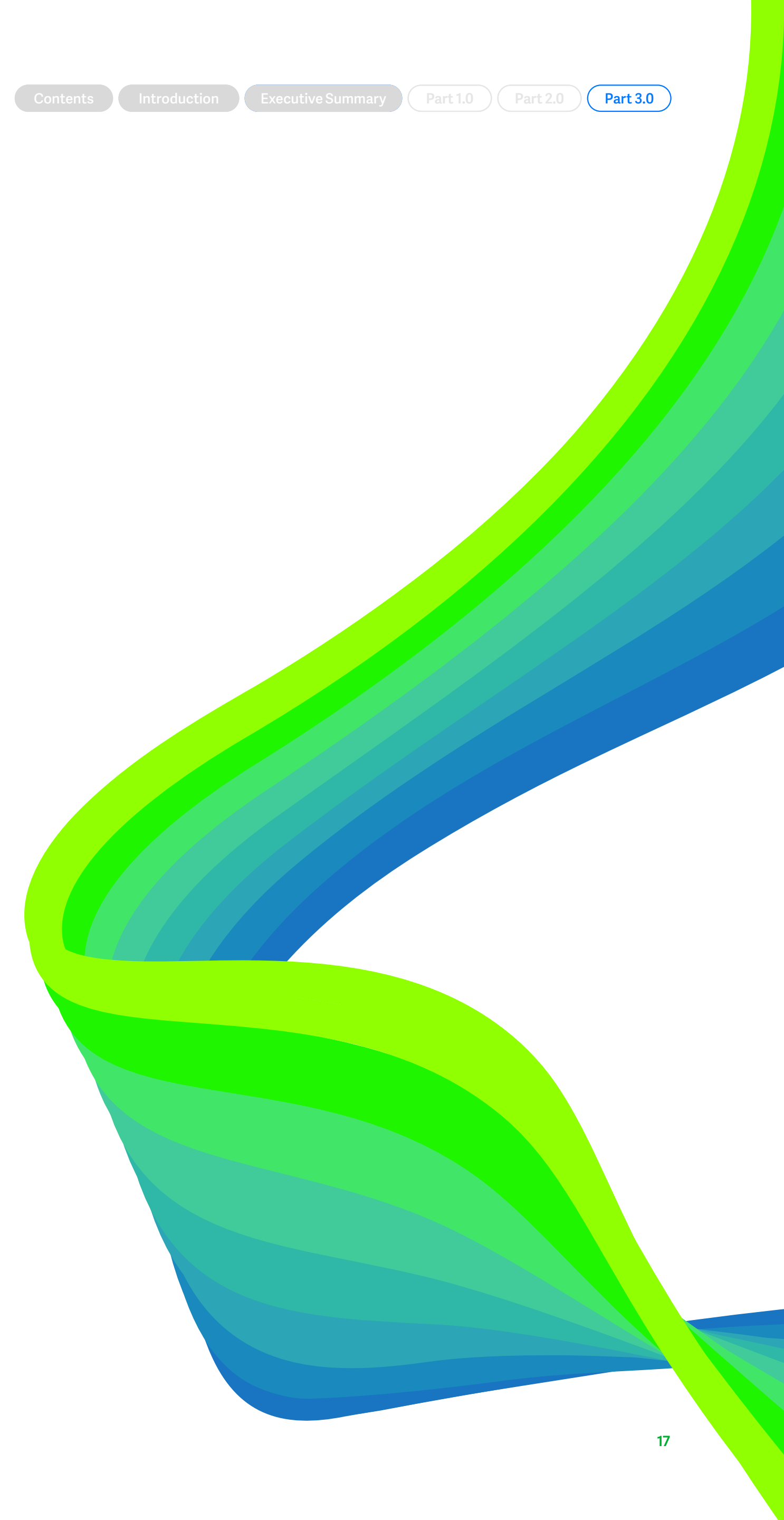
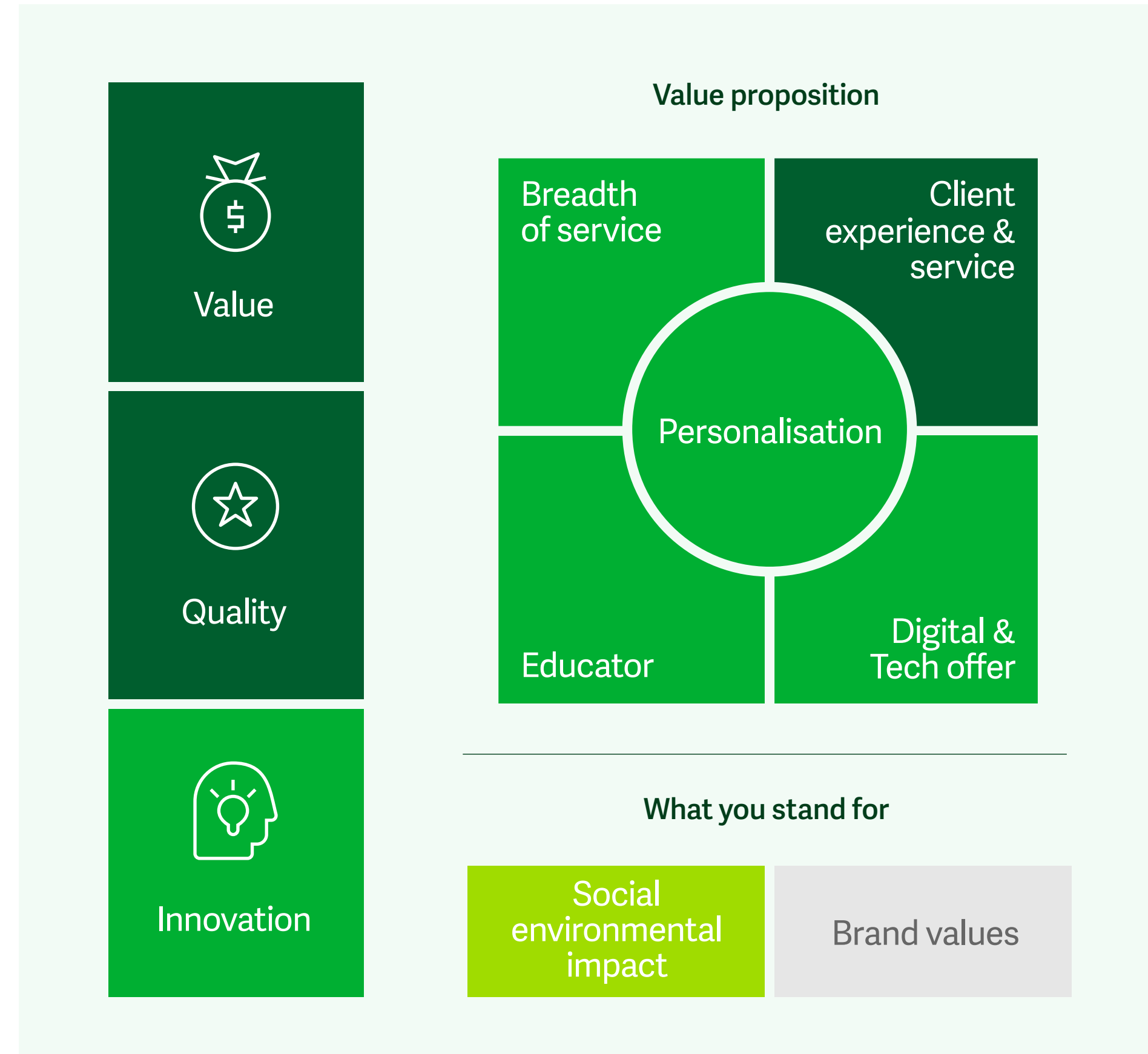
Within areas such as value proposition, clients identify breadth of service, education and the level of digital and technology in an offer, as tangible factors which they attach high importance.

Further, they are also increasingly interested in what their advice firms stands for, in particular their social and environmental impact.

For the rest of the report, we examine these underlying drivers of importance.

## Netwealth's Importance Hierarchy

■ Importance >8 ■ Importance 7-8 ■ Importance 6-7



# Understanding what's important to advised clients

## Trend 1: Advised clients want it all, identifying tangible and intangible factors as important drivers of satisfaction

Value for money (8.1 out of 10) and the quality of advice (8.5 out of 10) are the biggest drivers of client satisfaction for advised clients, with client experience and service a key aspect of an adviser's value proposition.

Meanwhile technology (7.2 out of 10), breadth of services (7.5 out of 10) and education (7.2 out of 10) rate less than client experience (8.0 out of 10), but ahead of social and environment impact (6.3 and 6.2 respectively out of 10).

## Trend 2: Segments do not value the same things

This mix of tangible and intangible factors and the weightings given to each are highly personal with each segment valuing them slightly differently.

For instance, the Emerging Affluent care more about technology and innovation of an advice offering (7.5 and 7.6 out of 10) compared to the Established Affluent (7.2) and the Established Mass (7.1).

An even larger contrast can be found between the segments when looking at the importance of the environmental and social impacts of an advice firm, where the younger Emerging Affluent rate these as much higher (7.3 and 6.7) in importance than their older counterparts.

## Trend 3: The two older segments, Established Mass and Established Affluent have higher expectations when it comes to value, quality, client experience and breadth of service

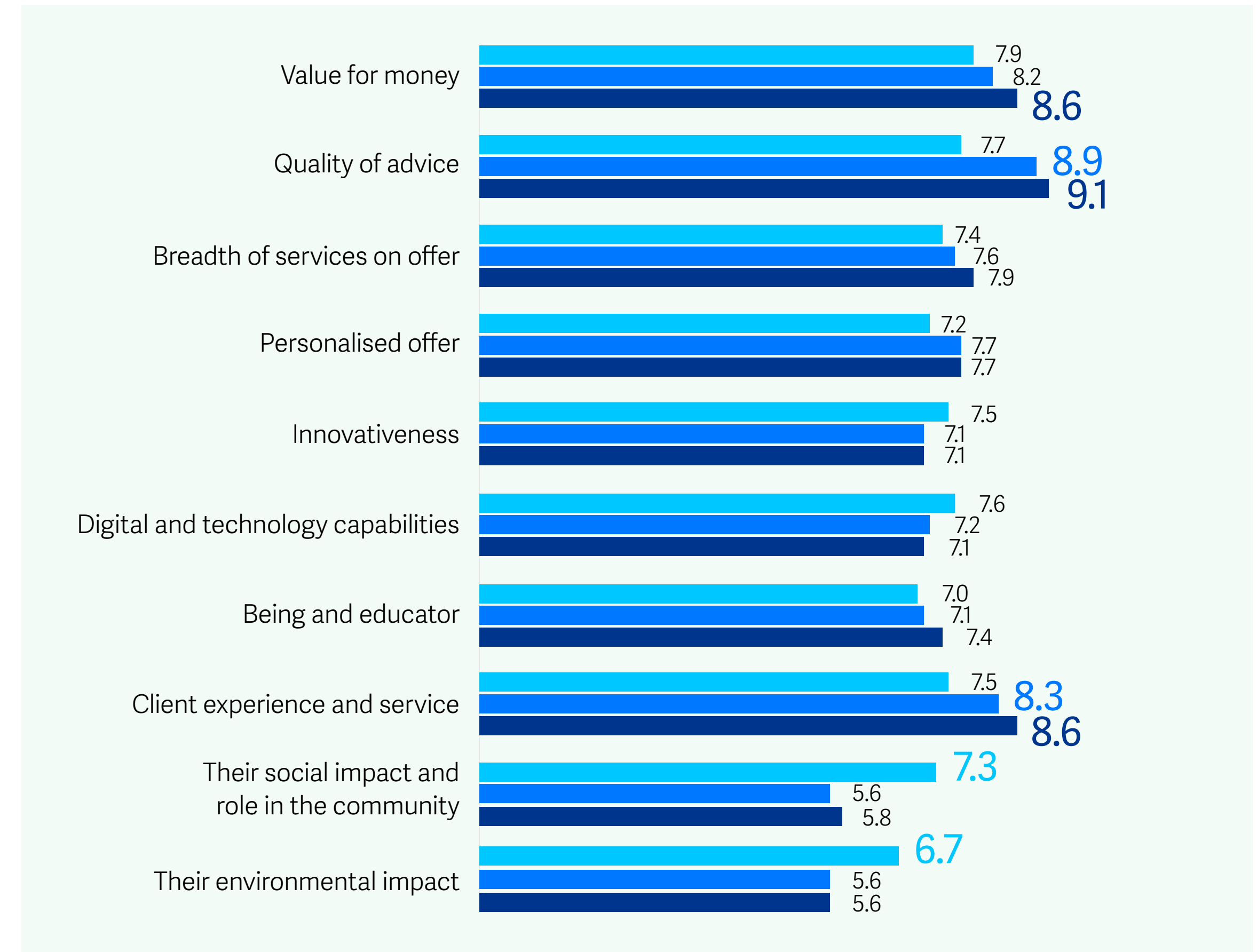
Both Established Mass and Established Affluent value intangibles such as the value for money (8.6 and 8.2 out of 10 respectively) and quality of advice (9.1 and 8.9) more highly than the younger segment. Similarly, client experience and service is more highly regarded (8.6 and 8.3).



A mix of tangible and intangible factors are important to the different segments, and sometimes will value them slightly differently.

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

■ Emerging Affluent 18-45 ■ Established Affluent 45+ ■ Established Mass 45+



# Breadth of service

The breadth of service your firm offers is one of the most important factors valued by your clients and includes portfolio construction and management, supporting their cash flow and budgeting needs, wealth protection, plus a range of other value-add services.

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Part 3.1

## Trend 1: Advisable Australians have goals that go well beyond portfolio construction

Advised Australians have five main types of wealth goals, which all have high importance for clients and cover consideration of personal, financial and legacy issues.

- 1. Portfolio construction and management** – The most common goals held by the majority (87%) of advised Australians are wealth-related and focus on ensuring their wealth is invested/managed wisely. Building and diversifying their investment portfolios, minimising risk in their portfolio and building a sustainable income stream are all as equally important wealth-related goals.
- 2. Budgeting and saving** – Managing household expenses, saving for something and building a passive income stream are highly important to advised Australians (84%), highlighting the importance of these building blocks to good financial management.
- 3. Retirement related** – Ensuring they have enough money during retirement and managing aged care issues is top of mind for clients (83%) who are looking to financial advisers for guidance and discipline to help achieve their long-term goals.

**4. Family and legacy** – Leaving a legacy, the transfer of intergenerational wealth and philanthropy have become more important for advised Australians (82% of them) over the past decade as older segments, such as the Established Affluent, look to distribute the wealth they have accumulated.


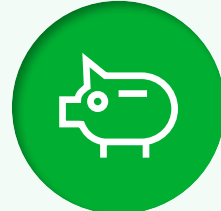


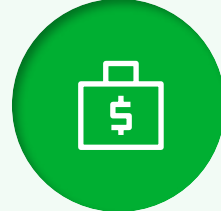
**5. Accounting, tax and business** – Preserving and maximising are central to building wealth, and advised Australians see accounting, tax and tax minimisation strategies plus business-related strategies (79%) as a way of achieving this.

## Trend 2: In most instances, clients are confident in achieving their goals, however when it comes to portfolio construction and management they have some concerns

In most instances, clients do not have the detailed knowledge of advisers and so it is not surprising there are areas where they feel they need help to achieve their financial goals, particularly in more complex areas like portfolio construction and management, where a quarter of the Emerging Affluent (29%) and Established Affluent (23%) say they are not confident in achieving this specific goal.

This is even worse in the older mass market, where four in ten (42%) of the Established Mass say they are not confident in achieving their portfolio management goals.

## Percentage that are actively working towards the following financial and wealth goals in the short and long term?

	<b>Portfolio management</b>	<b>87%</b>	Wealth invested, managed/ diversified, minimise risk, build an income stream
	<b>Budgeting and saving</b>	<b>84%</b>	Manage household expenses, save for something, a passive income stream
	<b>Retirement related</b>	<b>83%</b>	Enough money during my retirement, manage aged care issues
	<b>Family and legacy</b>	<b>82%</b>	Provide for family/loved ones, leave a good inheritance, manage philanthropic activity
	<b>Accounting, tax, business</b>	<b>79%</b>	Accounting, tax and tax minimisation strategies, business-related issues

## Trend 3: Demand for alternative investment options is on the rise

Clients need and want advice on portfolio construction and investing, however their investment appetites are changing to include other asset classes that are not always available to them from all advice firms.

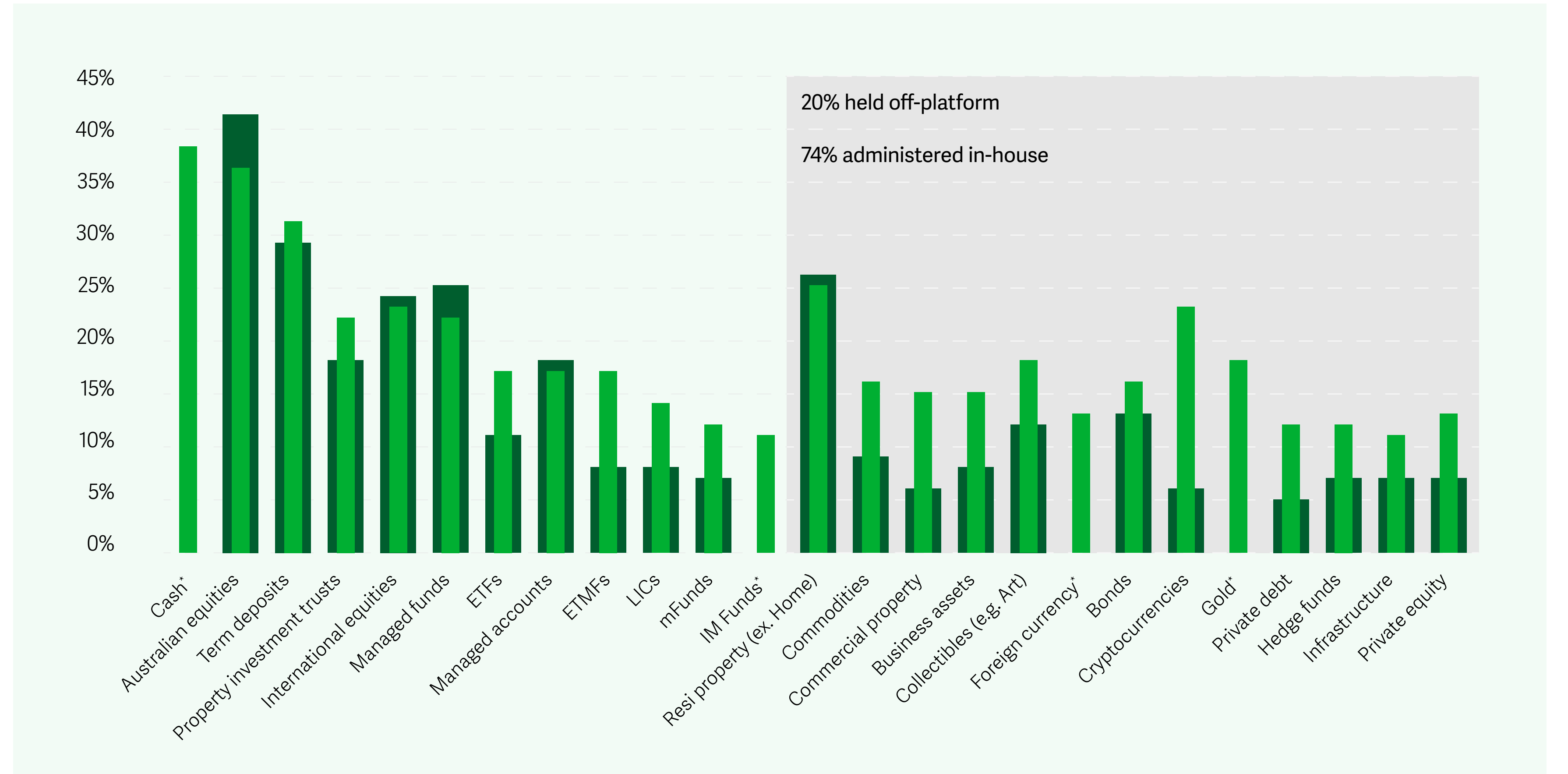
For example, investment in cryptocurrencies has almost quadrupled since 2020, with nearly a quarter (23%) of advised Australians currently investing in crypto (up from 6%). Yet despite this uptick, only a very small proportion (3%) of advice firms currently manage it for their clients.

This is also the case with investing in gold and commodities. Although investing in gold has increased sharply year-on-year up 18% from 11% in 2021, only 9% of advice firms currently manage precious metals for their clients. Meanwhile, investing in commodities is up to 16% from 9% in 2020, yet only a fraction of firms (7%) that manage assets off-platform currently manage commodities/resources funds for their clients. Similar experiences are found across, mFunds, Listed Investment Companies (LICs), Exchange Traded Funds or ETFs, hedge funds and private debt.

According to Netwealth's 2023 AdviceTech Report, advice firms are managing on average around 20% of client balances 'off-platform' often in more alternative style investments. Also, they are typically administering these assets in-house (74% of advice firms who manage non-custodial assets).

Percentage of advised clients investing in the following asset classes

■ 2020 ■ 2022



\* Not measured in 2020

# Breadth of service

## Trend 4: Established Affluent are more inclined to invest in more traditional assets

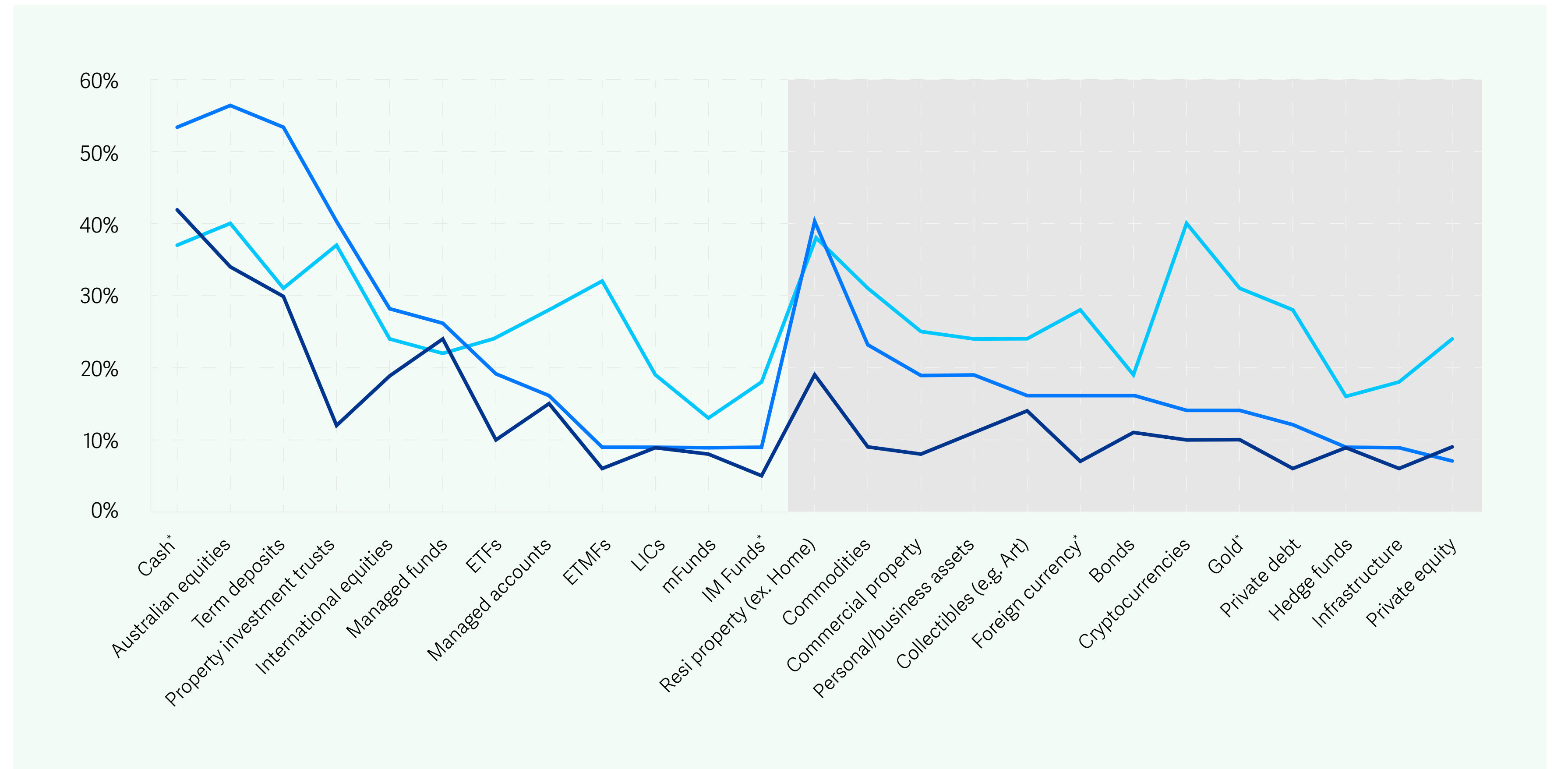
Compared to the Established Mass and the Emerging Affluent segments, the older Established Affluent are significantly more likely to invest in term deposits (53% of them hold), Australian equities/shares (56%) and property/real estate investment trusts (40%).

## Trend 5: Emerging Affluent have a higher appetite for non-traditional investing

The Emerging Affluent segment when compared to other segments, want access to a broader range of investments, and are significantly more likely to invest in alternative or non-traditional investments such as cryptocurrencies (40% of them hold), residential property (38%), commodities (31%) and gold (31%). They are also interested in foreign currency, managed accounts, private debt, commercial property and private equity.

Percentage of advised clients investing in the following asset classes

■ Emerging Affluent 18-45 ■ Established Affluent 45+ ■ Established Mass 45+



## Trend 6: Sustainable investment options are becoming more important for advised clients, as they seek to maximise the impact of their investments

More than half of advised clients (52%) now have responsible investments in their portfolios, up from 36% in 2021 with growth particularly obvious in the Emerging Affluent clients (up from 58% 2021 to 76%) and with the Established Affluent clients (up from 42% to 60%).

Further, those investing responsibly have allocated almost half of their portfolio to responsible investments (47%), an increase from 2021 (43%).

This momentum is set to continue with the majority of those advised clients already investing in responsible investments saying they will increase their holdings (70%) or maintain them at current levels (23%).

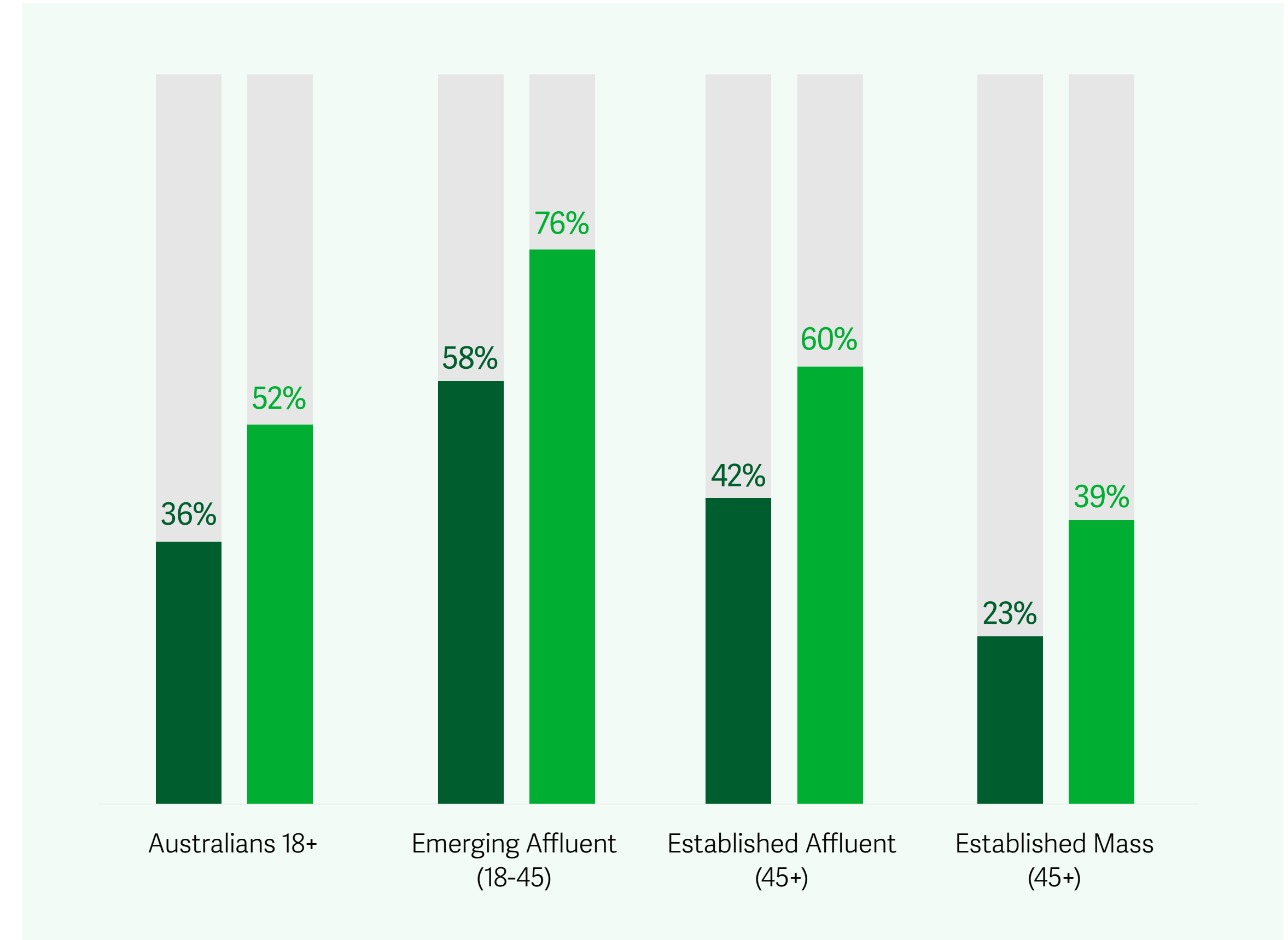
Understanding of responsible investing is also trending upwards, with more than half of advised clients rating their understanding as high (57%), an increase on the previous year (42%). Meanwhile, the Emerging Affluent client's understanding has increased sharply (87%, up from 58%).



The momentum is set to continue, with the majority of those advised clients already investing in responsible investments saying they will increase their holdings in them.

## Percentage of advised clients who have responsible investments in their portfolio

■ 2021 ■ 2022



## Trend 7: The motivation for responsible investing is to do both good and do financially well

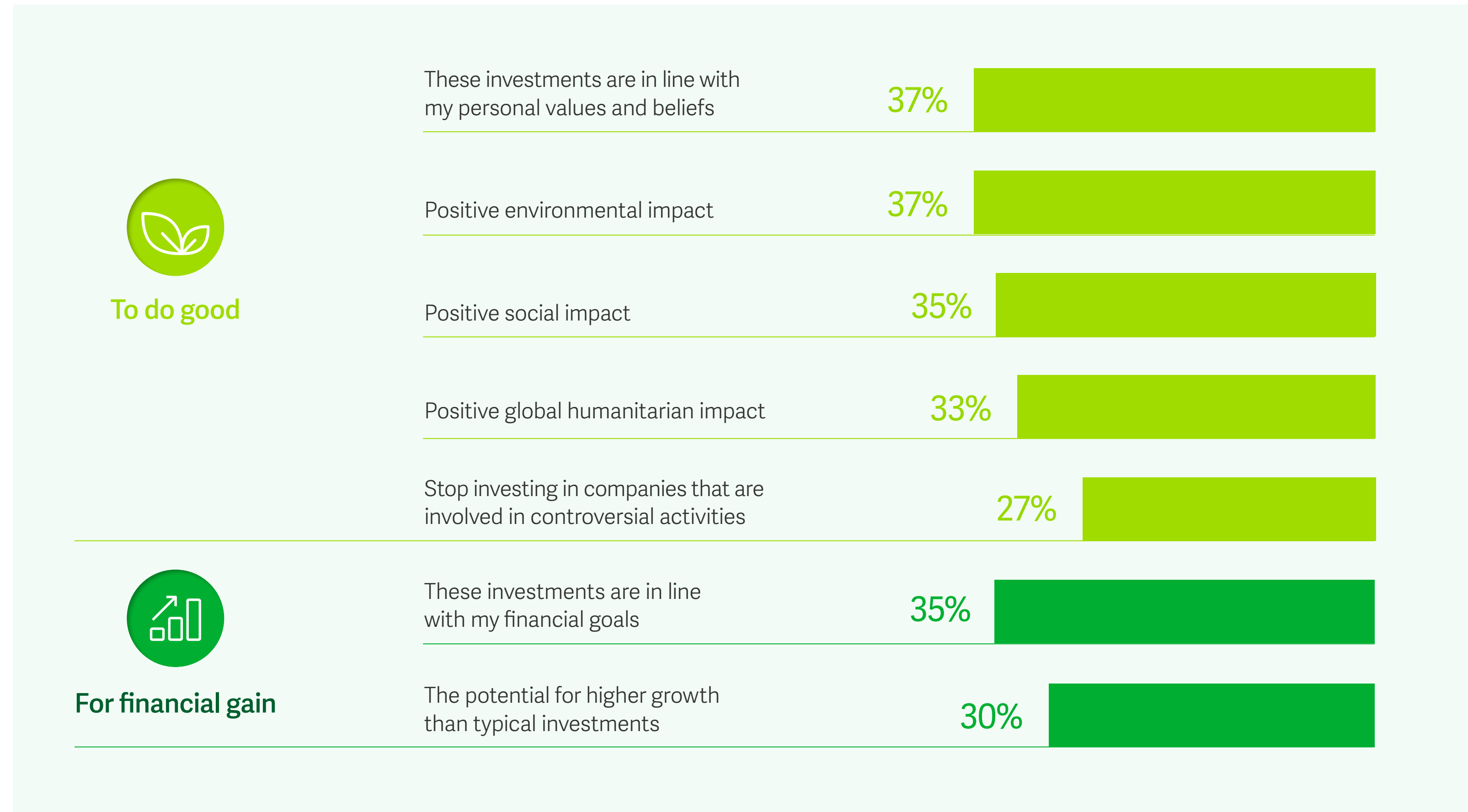
Advised clients do not consider they have to sacrifice returns to invest responsibly, with half believing returns are as good as traditional investments, and a further third (36%) thinking they are better, up from a one in five (22%) from the previous year.

In fact, the top drivers when choosing these opportunities are mostly financial (91% of those under advice) followed by the desire to do good (63%), or if it comes with an adviser recommendation (46%).

They choose these investments to have a positive impact on the environment (41% of those that own) and for their investments to be consistent with their personal values and beliefs (39%). Social impact is also important as well as having a positive global humanitarian impact.

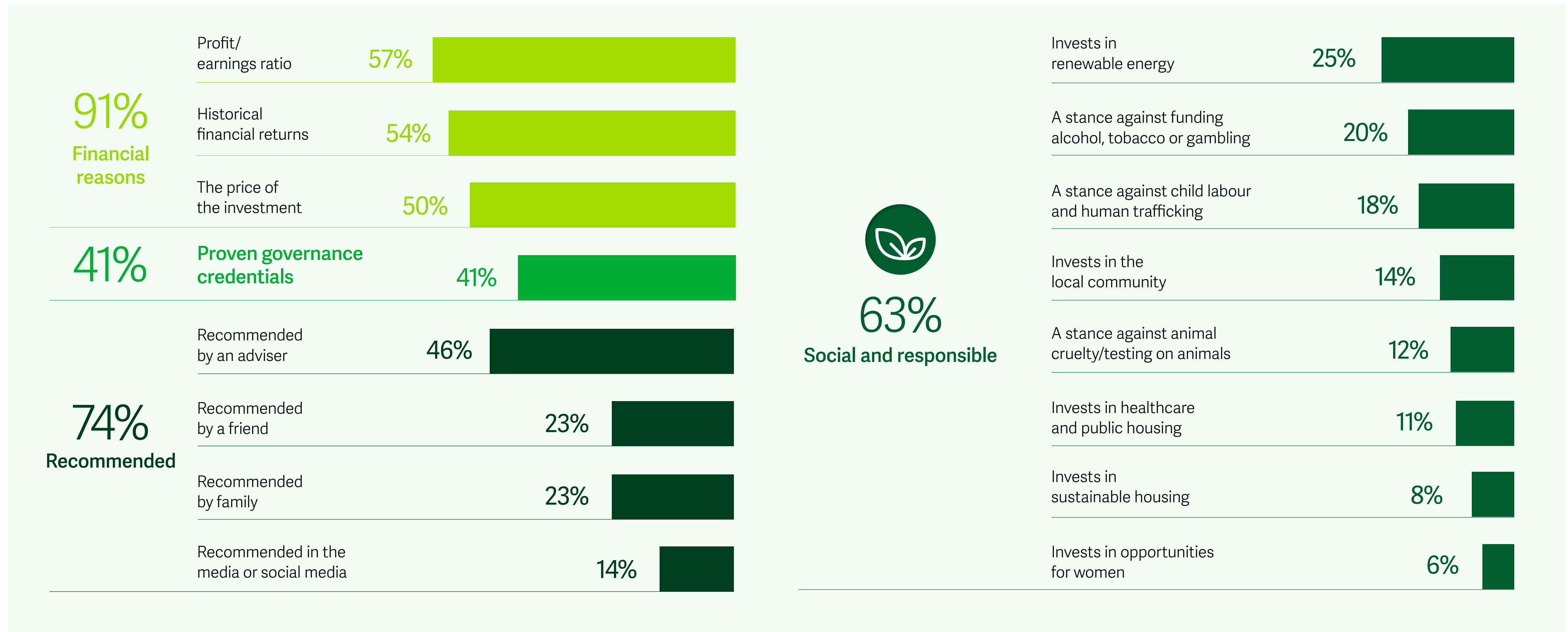
Around 6 in 10 (63%) of advised clients rank social and responsible factors as most important when choosing an investment, and will choose an investment if it invests in renewable energy (25%), takes a stance against funding alcohol, tobacco or gambling (20%) or against child labour and human trafficking (18%).

## What drove advised clients to invest responsibly?



# Breadth of service

Which of the following attributes are most important to advised clients when choosing an investment?



## Trend 8: Advised clients are looking for different structures to hold and manage their investment portfolios

More complexity is being introduced into portfolio management by virtue of clients looking to access different asset classes and more complex family arrangements. As a result, structures such as SMSFs and trusts are gaining in popularity.

Advised clients are now using a variety of these entities to hold and manage their investments, and more recently have shifted towards using trusts (26%, up from 15% last year) or corporate structures (20%, up from 11% last year).

Although the use of SMSFs (22%) has remained steady, among those advised clients that do not use an SMSF, an increasingly large proportion plan on starting one in the next year (24%, up from 12% last year), particularly the Emerging Affluent client, with 56% reporting they are likely to start on in the coming year.

## Trend 9: Clients that use financial advice use advisers in other parts of their lives too

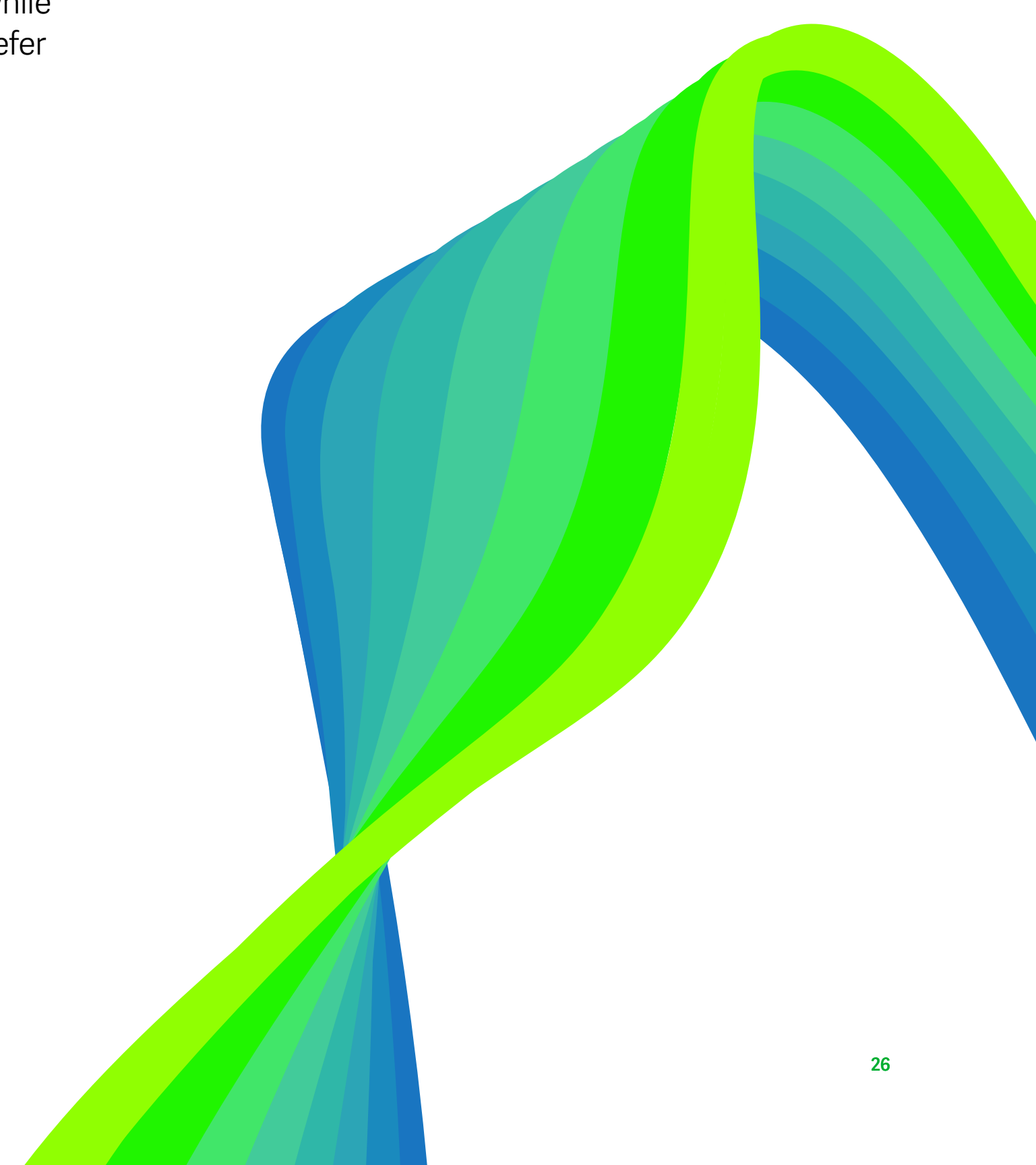
Clients who use financial advice often have other advisers helping them in their professional and financial lives. For example, two out of three (63%) advised clients also use an accountant and those considering using an accountant has almost doubled (19%) from 2021 (11%), particularly in the Established Affluent client who are especially likely to use an accountant (81%).

This represents a large growth and referral opportunity not only for accountants, but also for other advisers such as brokers, lawyers and mortgage brokers. One in three advised clients use a full-service stockbroker (37%) and more than half use a solicitor or lawyer (54%). Two in five clients use a mortgage broker (41%), and an increasing proportion (24%) are considering using one (up from 18% in 2021).

## Trend 10: There is a growing trend for younger clients to look for a service with a range of complex/luxury features

Everyone wants to be treated as special and advised clients are no different, with approximately a third (37%) preferring a service with a range of complex/luxury features.

The Emerging Affluent segment are significantly more likely to prefer this type of service (63%) while the Established Mass are much more likely to prefer a simple 'no frills' product/service (59%).



# Breadth of service

## How to take advantage of these trends

1. Address the perceived lack of confidence by clients in achieving their portfolio management and construction goals through better education.

2. Expand your alternative investment offering to capture advised clients who have changing investment appetites.

**Tips:**

- Look to alternative investment providers like iCapital and Netwealth to support this need.
- Outsource alternative asset management to technology providers such as Netwealth to help relieve the management burden of administering and reporting on alternative assets.

3. Build out your ecosystem, so that you can offer a range of services, whether that be using in-house staff or through trusted partnerships, to broaden your service ecosystem beyond wealth advice.

**Tips:**

- Build expertise internally by hiring appropriate resources or upskilling existing staff, buy the skills through business acquisition, build partnerships with other companies, or a combination of the above.

4. Build out your sustainable investing offering, especially for the younger Emerging Affluent client who are much more attuned to responsible investing issues and are more likely to rate it as important.

**Tips:**

– Start by understanding your options.

Responsible investing is broader than environmental, social or governance (ESG) investment considerations, and stretches into other categories – each of which has a differing social and environmental impact and also different financial returns.

- **Negative screening:** This involves eliminating specific companies or even entire industries, based on an assessment of the ESG credentials of each company and/or industry.
- **Positive screening:** This involves pursuing sustainable opportunities that are focused, that drive capital to sectors and the spaces that the environment and climate desires them to go, and actively selecting companies and investments that meet determined ESG criteria, such as gender or racial equality.

• **Impact investing:** This involves investing with a very clear and specific environment or social purpose in mind, whilst still earning market rate financial returns. For example, an entity may issue bonds to raise funds for a specific purpose (such as building low-cost housing or investing in renewable energy). An investor can see very clearly, and very directly, what positive impact their investment is having.

• **Concessionary returns investing:** These are investments which have submarket rate, risk adjusted financial returns. An example is buying a property and providing it rent free to a not-for profit to use as their office or putting solar panels on roofs for a sub-market return.

– Ensure your reporting meets the needs of those who invest responsibly because they are different – they want to see the financial performance as well as the ‘do good’ performance. They are interested in the quantifiable social and environment impacts achieved by responsible investments and if the investment has an ESG or suitable rating from a reputable research company. Ideally, most want you to report on their responsible investing monthly (34%) or quarterly (25%).

# Breadth of service

## How to take advantage of these trends

Start by understanding your options

	Traditional Finance-only	ESG and negative screening	Sustainable positive screening	Impact investing	Concessionary returns investing	Philanthropy
	Delivers competitive returns					
		Mitigates environmental, social and governance (ESG) risks				
			Pursues environmental, social and governance (ESG) opportunities			
				Focused on measurable high-impact solutions		
<b>Responsible focus</b>	Limited or no regard	Negatively screens out investments with poor practice	Pursues sustainable opportunities	Address societal and environmental challenges	Pursues societal and environment challenges that have below-market financial return	Pursues societal and environment challenges that don't generate financial returns
<b>Example segments</b>	None	Tobacco, gambling, weapons, mining	Renewables, waste reduction, gender and racial equality	Climate, health, education, sustainable development	Support for innovation, proof of concept, catalytic capital	Catalytic capital, social change, political change, environmental protection
<b>Example investments</b>	Oil and gas listed equities	Multi-assets ESG portfolios	Green buildings, renewable energy infrastructure	Impact bonds, private equity, housing	Buying property and providing rent free to a not-for-profit	ClimateWorks Australia, WWF, Blueprint Institute

Source: Making an impact: The breakdown of impact investing and why you don't need to sacrifice returns Sep 2021, Affirmative Investment Management, Kilara Capital, and Conscious Investment Management

# Breadth of service

## How to take advantage of these trends

### 5. Build out your ecosystem, so that you can offer a range of services, whether that be using in-house staff or through trusted partnerships, to broaden your service ecosystem beyond wealth advice.

#### Tips:

- Build expertise internally by hiring appropriate resources or upskilling existing staff, buy the skills through business acquisition, build partnerships with other companies, or a combination of the above.

### 6. To appeal to the Emerging Affluent client segment, upscale to a more premium/complex offer and value add through non-traditional services such as loyalty points, events.

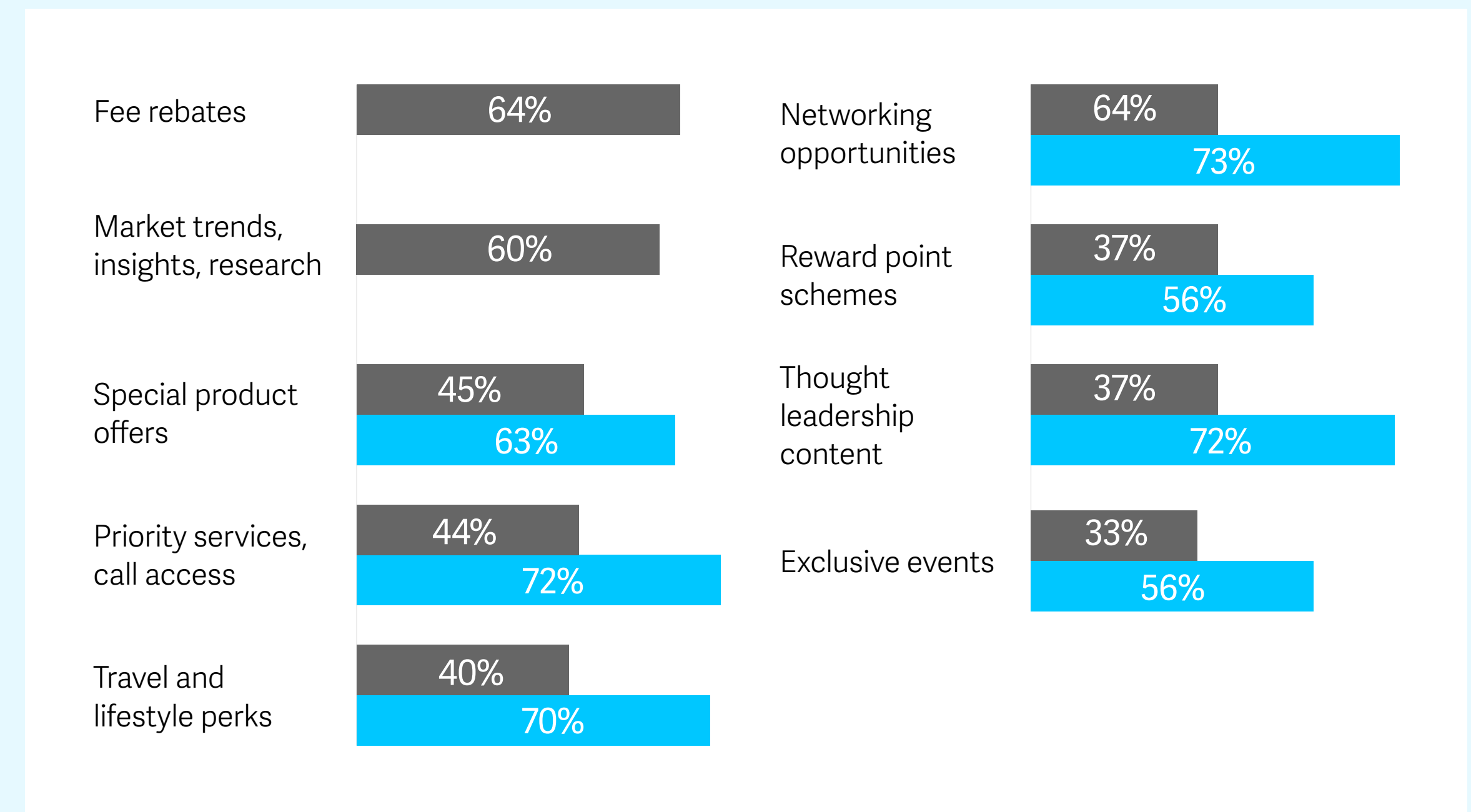
#### Tips:

Consider the following value-add services, that have been identified by advised clients as 'somewhat' or 'very important' to be offered by advice firms:

- Fee rebates (64%)
- Market trends and insights research (60%)
- Special product offers (overall 45%, 63% with Emerging Affluent)
- Priority service access such as priority call access, 'jump the queue' functionality (44% overall, 72% with Emerging Affluent)
- Travel and lifestyle perks such as exclusive flight or hotel offers (42% overall, 70% with Emerging Affluent)
- Networking opportunities (37% overall, 73% with Emerging Affluent)
- Reward point schemes (37% overall, 56% with Emerging Affluent)
- Thought leadership content and/or virtual keynote presentations (37% overall, 72% with Emerging Affluent)
- Exclusive events such as dining experiences, lifestyle and cultural events (33%, 56% with Emerging Affluent).

### Thinking about additional services that might be offered by wealth firms, would these be somewhat or very important?

■ Advised overall ■ Emerging Affluent



# Client experience and service

It is clear from this research that client experience and service, which is one of the most tangible aspects of an advice offer, is also one of the most important things for advice firms to get right.

Client experience and service incorporates how a client wants to interact with their adviser, and the most appropriate channel for each interaction – whether that be in response to a query, document signing or general information.

It also considers the type a relationship a client wants with their adviser – whether that is more of a coach or an outsourced relationship.

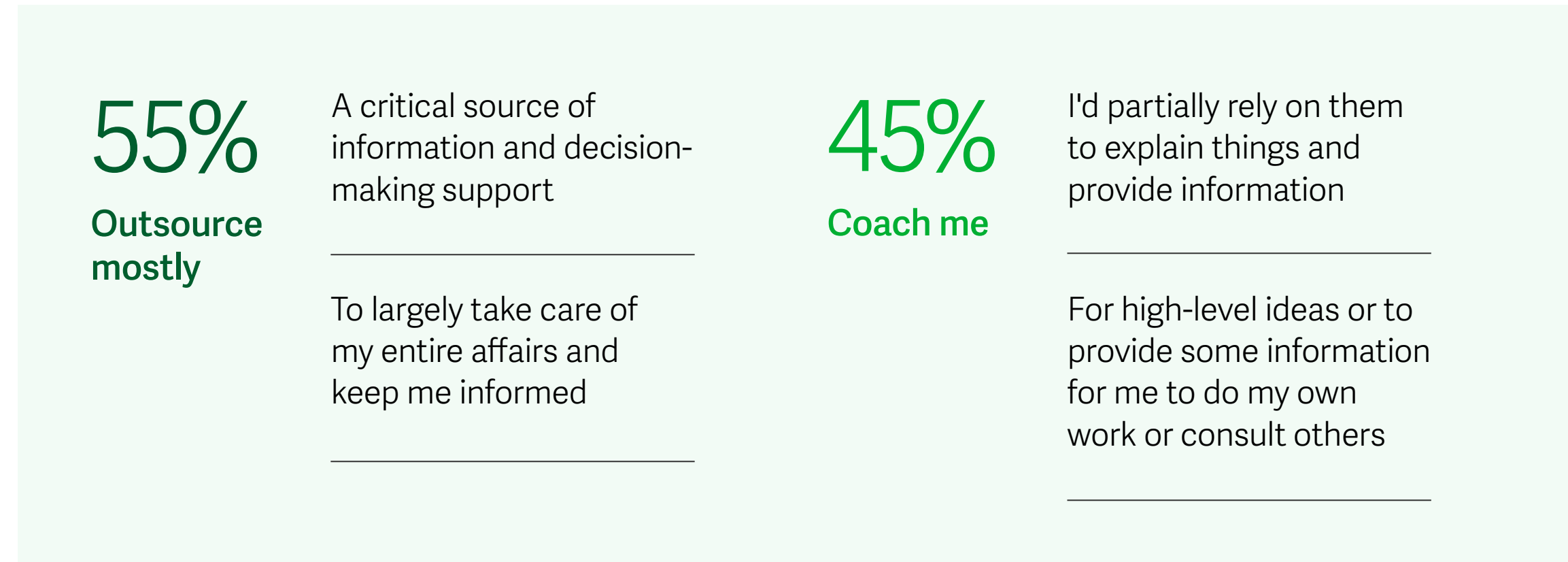
## Trend 1: Clients either want a coach or to outsource entirely, with some nuances in between

The clear distinction between coach and outsourcing provides a unique insight into the service model likely to resonate for each, but is also complicated by the fact that within each there are some nuances.

Half (55%) of advised clients would prefer to outsource entirely to a financial planner to manage their wealth and financial affairs, either to rely on their adviser to take care of their entire affairs and keep them informed, or as a partner that they can rely on as a critical source of information and decision-making support.

The other half (45%) of clients want a coach type relationship, where they would partially rely on them to explain things and provide information or for them to provide high-level ideas or information so they can do it themselves or consult others.

## Which of the following best describes how advised clients prefer to use a financial planner to manage their wealth and financial affairs?



## Trend 2: Hybrid (digital-human) advice is wanted regardless of age

Today, it is common for people to move between online meetings, phone calls, email, WhatsApp, Facebook Messenger or other apps seamlessly, so it's not surprising that advised clients expect some type of digital experience from your advice offer.

However, their expectations will depend on the type of interaction and also where the client is on their journey. For example, if they are relatively new, they are likely to prefer more face-to-face communication even if that is using a virtual platform.

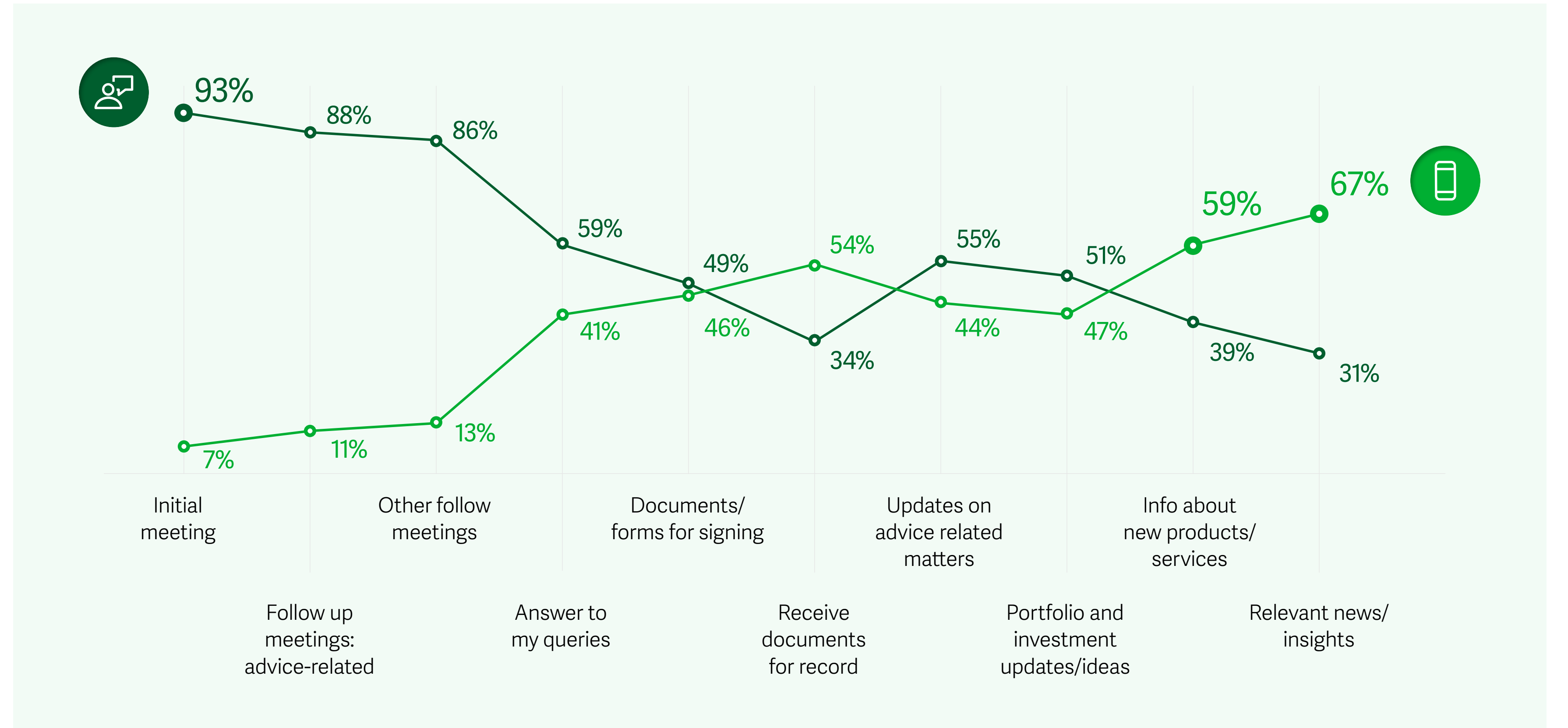
Also face-to-face communication is preferred for advice related matters, questions and queries and so despite having an appetite for tech, it is important for clients to have access to both a human and machine delivered interaction.

But face-to-face doesn't necessarily mean physically in person, and can also mean over the phone or virtual meetings, both of which are considered fine as the relationship matures.

Meanwhile digital interactions, typically email in nature, are largely expected by advised clients for information about new products or news and insights and there is neither preference for digital or face-to-face is for things like updates on advice related matters or signing forms.

## How do advised clients prefer to interact with a financial planner in each of the following situations?

■ Face-to-face ■ Digital



### Trend 3: Inclusive advice needs to acknowledge the house, not the individual

When providing advice, it is important to know who you are dealing with, recognising that the service model for a couple is very different to an individual.

44% of advice clients are female (of which 53% are married), and of the male clients that are advised, 64% are married.

Further, when we consider the relationship status of different generations that receive advice, it is clear that Gen Z are more likely to be single (45% of them), whilst older generations married.

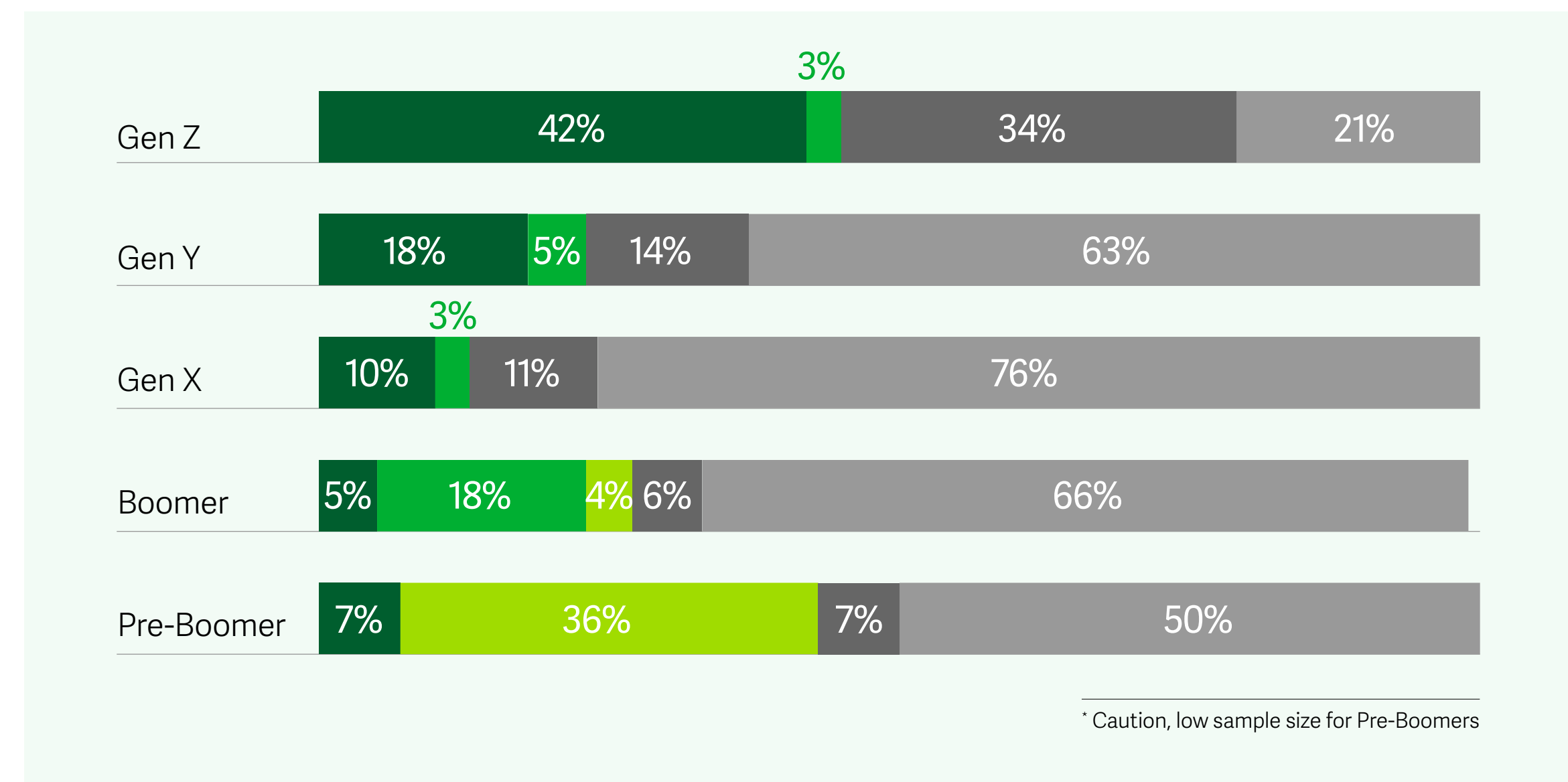
This demonstrates that wealth professionals are often dealing with a household rather than an individual. It also means that advisers are often dealing with both males and females as part of the relationship.

This means, the adviser needs to consider the specific education and communication needs of both parties, which differs slightly between males and females. Of note, in Netwealth's Women and Wealth report it was identified that males typically have higher levels of financial capability, which means they will more likely have higher levels of financial literacy and be more engaged with their investments (38% men have a very high financial capability score compared to 21% of women).

Also to note is research from a US based BCG survey in 2020 highlighted that one in three (30%) women who were receiving advice felt their relationship manager 'spoke to them differently because of their gender'.

### Advised clients by generation and relationship status

■ Single, never married ■ Single, separated/divorce ■ Widowed  
■ In a relationship, not married ■ Married



1. <https://www.bcg.com/publications/2020/managing-next-decade-women-wealth>

# Client experience and service

## How to take advantage of these trends

1. Have a conversation up front with your client regarding the type of relationship desired (coach or outsource) and to keep this in mind in future interactions. Ask, don't assume.
2. Make your approach multi-channel and don't just rely on a single channel for interaction. While face-to-face interaction is a critical part of your advice process, it doesn't need to be in-person, so consider phone calls and online meetings as an adequate replacement.

### Tip:

- AdviceTech tools help you deliver your multi-channel experience. For example, 86% of those advice firms that use online meeting tools use Microsoft Teams and 78% use Zoom. Further, among firms using tools for digital marketing, 42% use Mailchimp as an email marketing system, and for the majority of businesses that use online signature tools, they mostly use DocuSign and Adobe (70% and 41%)

3. Treat everyone equally, regardless of gender. Talk to both people, not just the dominant voice (which can often be the male), and personalise the communication, education and service to both parties – without leaving anyone out.

### Tips:

- Stay up to date on social norms and to get rid of any outdated assumptions you may have about what women want.
- Senior leaders and relationship managers need to examine themselves to be sure their unconscious biases are not getting in the way.
- Consider diversity education for your staff (which should extend beyond gender topics into things like cultural diversity).
- Consider greater diversity in your team at all levels and creating a more consciously inclusive workplace.



# Digital and technology capabilities

An advice firm's digital and technology capabilities include the client facing technologies used by advice firms for prospects and clients. These include websites, client portals, social media, digital newsletters and digital calculators as well as tools used to digitise the advice experience, such as digital signature tools and document vaults.

## Trend 1: Most Australians (even those who are older) are comfortable with technology, especially wealth-related technology

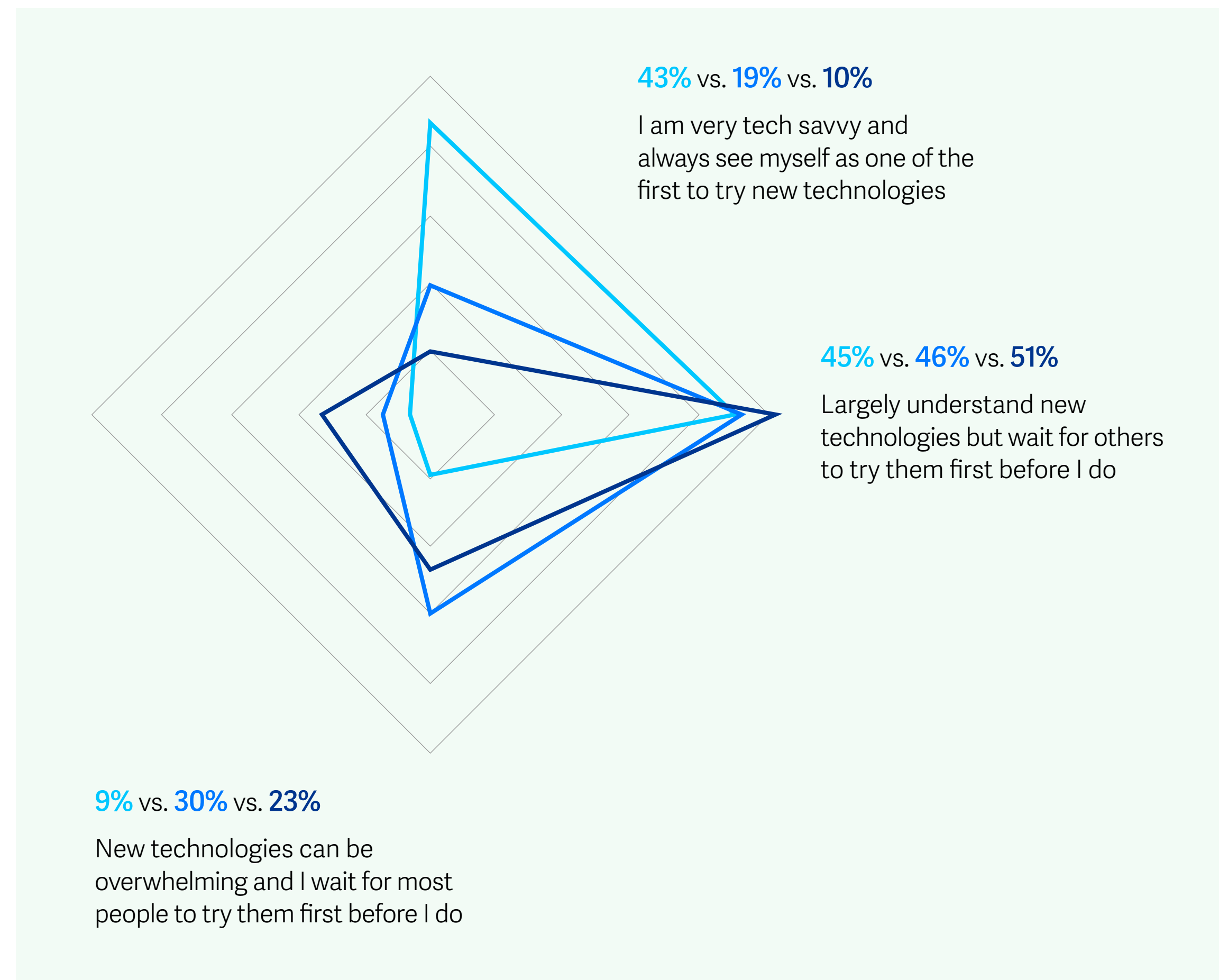
There is a lot of evidence to illustrate advised Australians are on board in using technology to help manage, transact and receive real time information, particularly the Emerging Affluent segment.

In fact, a third of people under advice (35%) say they are tech savvy, and always see themselves as one of the first to try new technologies, a trend that has grown every year from 23% in 2020.

The largest proportion (42%) of advised clients say they largely understand new technologies but wait for others to try them first before they do. There is only a small cohort who say that technologies can be overwhelming, and they wait for most people to try them before they do (17%) or that they largely avoid new technologies altogether (6%).

### Which of the following best describes the attitude of advised client towards adopting new tech?

■ Emerging Affluent 18-45 ■ Established Affluent 45+ ■ Established Mass 45+



# Digital and technology capabilities

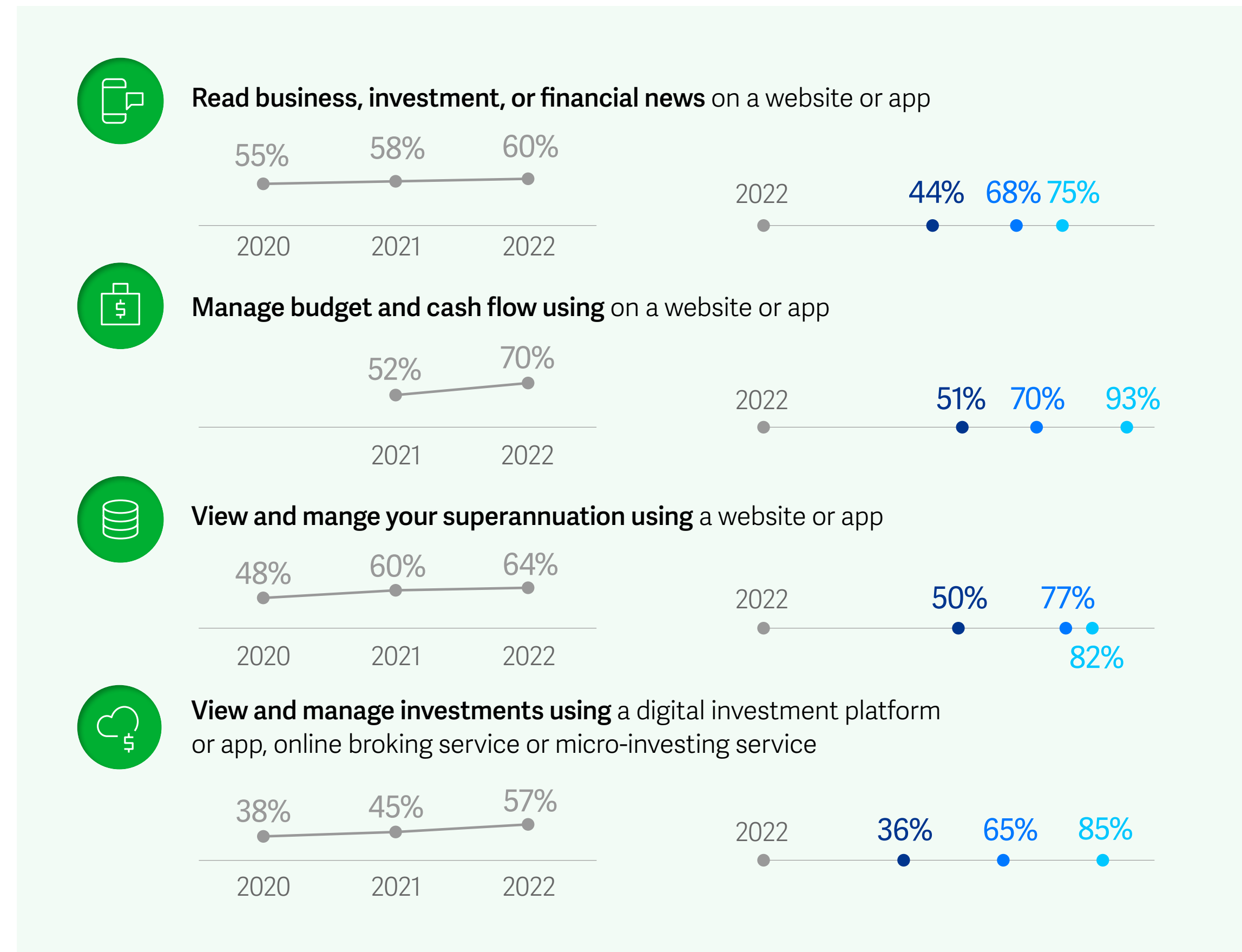
As a result, we have seen an increase in the tech use of wealth services used by Advised Australians over the past few years.

For example, advised Australians use a website or an app to view and manage their bank accounts at least monthly (96%). Almost three in four manage their budget and cash flow using a website or app at least monthly (70%, up from 52% the previous year), with the Emerging Affluent significantly more likely to do this (93%). Also, three in five (64%) advised clients view and manage their superannuation online at least monthly, up from 48% in 2020. Again the Emerging Affluent clients are more likely to do this, (82% of them). Further, over half (57%) of advised clients are managing investments using a digital investment platform or app at least monthly, up from 45% the previous year, with engagement higher again for Emerging Affluent clients (85%).

Interestingly, these engagement habits also extend to how advised Australians digest information. For example, 60% of advised clients read business, investment or financial news on a website or app at least weekly.

## How frequently do advised clients typically do/use the following?

■ Population 18+ ■ Emerging Affluent 18-45 ■ Established Affluent 45+ ■ Established Mass 45+



## Trend 2: Digital tools are desirable by advised clients

A firm's digital and tech capabilities refer to client facing technologies, such as their website, client portal, social media profile, digital newsletters, digital calculators, as well as tools used to digitise the advice experience, such as digital signature tools and document vaults.

Advised clients highly or somewhat value the ability to do many things digitally via a client portal or mobile app, which fall into five main categories. The ability to:

- 1. Manage their 'whole of wealth'** – this includes being able to view their entire household balance sheet across accounts and entitles (64% highly or somewhat value this).
- 2. Track performance and goals** – to help clients with accountability and knowing how their portfolios are tracking in real time (70% highly or somewhat value this for tracking financial goals and 65% highly or somewhat value this for tracking budgeting and spending)
- 3. Approvals and document management** – this includes approving documents and instructions, plus securely storing and accessing financial documents, such as Wills, property and insurance documents) in the cloud (64% highly or somewhat value this).

**4. Receive education** – this includes access to relevant financial educational materials and tools (64% highly or somewhat value this) and access to financial news, insights and research (66%).

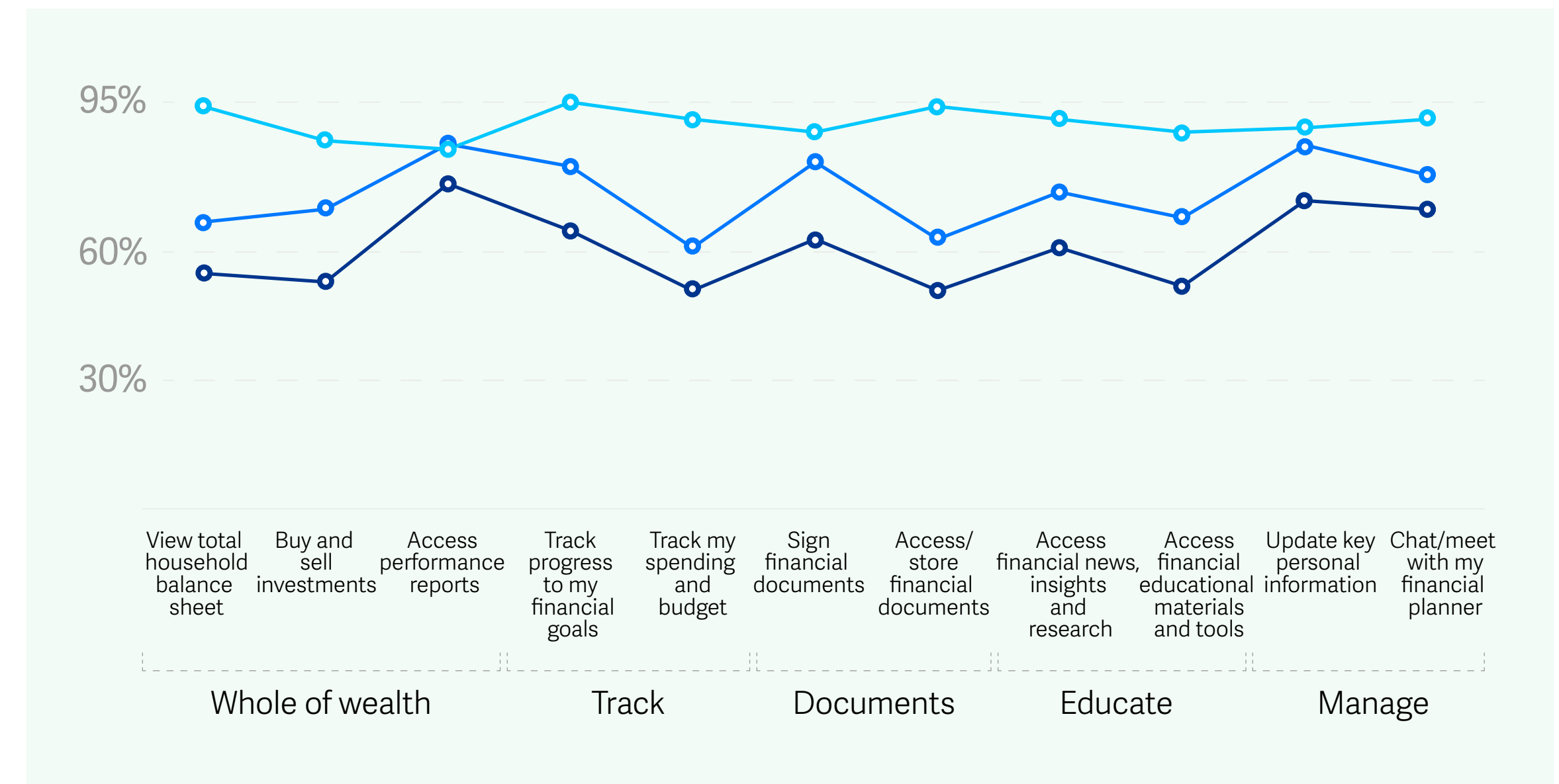
**5. Manage the relationship** – security measures plus, organising meetings or chatting with their financial planner online (74% highly or somewhat value this).

Advised clients also want their financial adviser to provide digital materials and tools such as online calculators, podcasts and videos to demonstrate how they are tracking to their goals (73% either have access to them today or would like to) or how their investment portfolio is performing (78%) or educate them on financial concepts (72%).

Not surprisingly, due to their age, Emerging Affluent will somewhat/highly value all of these capabilities more.

## %age of advised clients that highly value (must have) or somewhat value (highly appreciate) the ability to do online or via a mobile device

■ Emerging Affluent 18-45 ■ Established Affluent 45+ ■ Established Mass 45+



### Trend 3: Established Affluent are the most satisfied with their advice firms technology offer

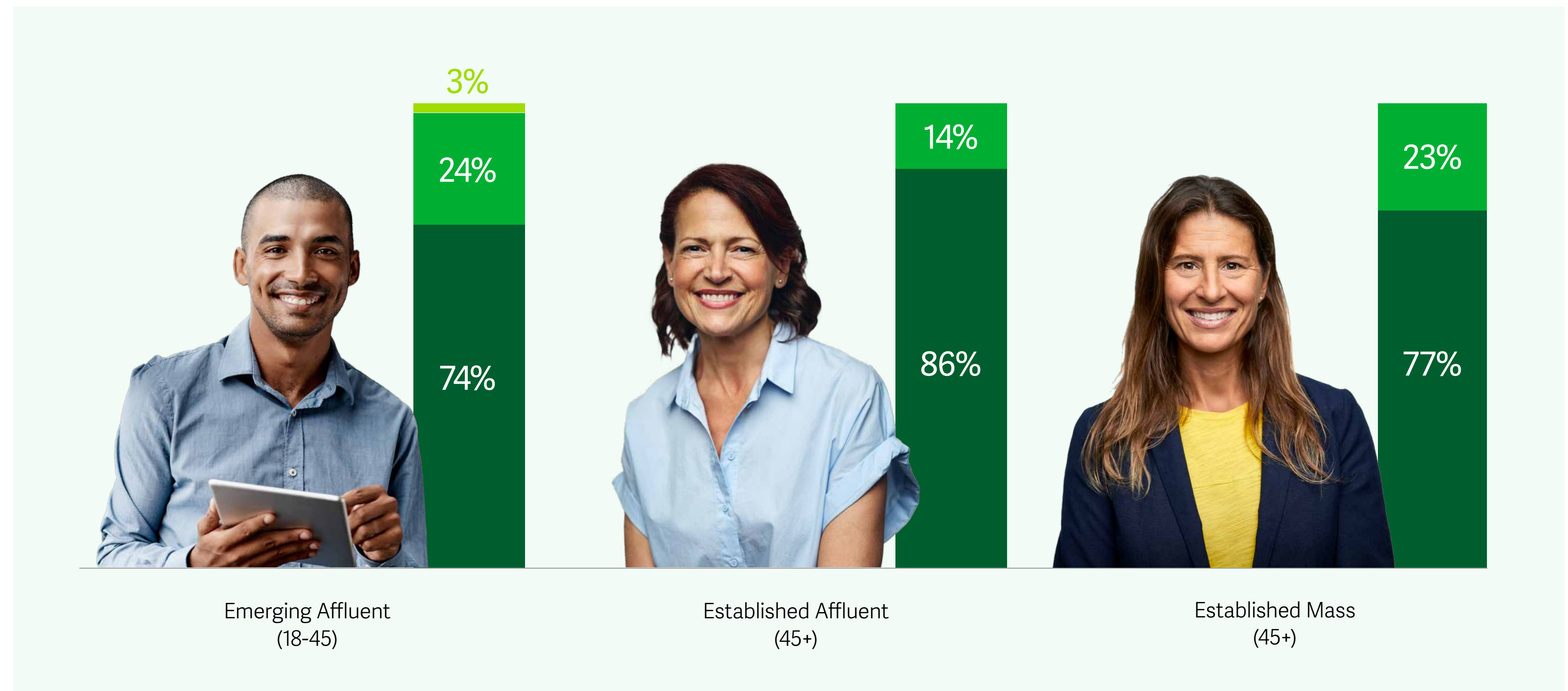
Overall, advised clients rank their advisers 7.4 out of 10 for their digital and technology offer, which highlights there is more opportunity for advice firms to embed tech solutions into their service proposition.

This is particularly important for firms working with the Emerging Affluent, who are digital natives and are used to working with technology. Further, this likely explains the neutral satisfaction levels among almost a quarter (24%) of the Emerging Affluent segment has with their advice firms' tech offer.

Interestingly, 23% of the older Mass Established also indicate neutral satisfaction levels with the tech offer of their advice firm, but this is perhaps for the opposite reason, such as they find the firm's technology offering challenging and hard to use or access.

### How would you rate your satisfaction with your financial planner in terms of their digital and technology capabilities?

■ Satisfied ■ Neutral ■ Dissatisfied



# Digital and technology capabilities

## How to take advantage of these trends

1. When trying to work out what client facing technology matters, benchmark yourself against AdviceTech Star firms (as defined in Netwealth's AdviceTech Report), those businesses that adopt technology successfully whilst also enjoying greater commercial success than the average firm.

**Tips:**

- Consider a dedicated in-house tech manager
  - AdviceTech Stars are more likely to have one (44%) compared to most firms (24%).
- Invest in technology to lift your firm's tech capabilities – AdviceTech Stars spend a greater proportion of their revenue (8.1%) on technology (vs. 7.7% overall).
- Develop a technology roadmap for the year ahead – 91% of Advice tech stars have a 12-month roadmap compared to 62% overall.
- Embrace digital technologies like an AdviceTech Star, for example, 37% use a client portal, 42% use tools to survey clients, 63% post to social networks regularly, 70% use tools and calculators to demonstrate strategies to clients and 95% use digital signature tools.
- [Download the 2023 AdviceTech Buyer's Guide](#) to benchmark your technology capabilities against AdviceTech Stars for over 30 different categories.

2. Promote and communicate your digital prowess to highlight your tech offer.

**Tip:**

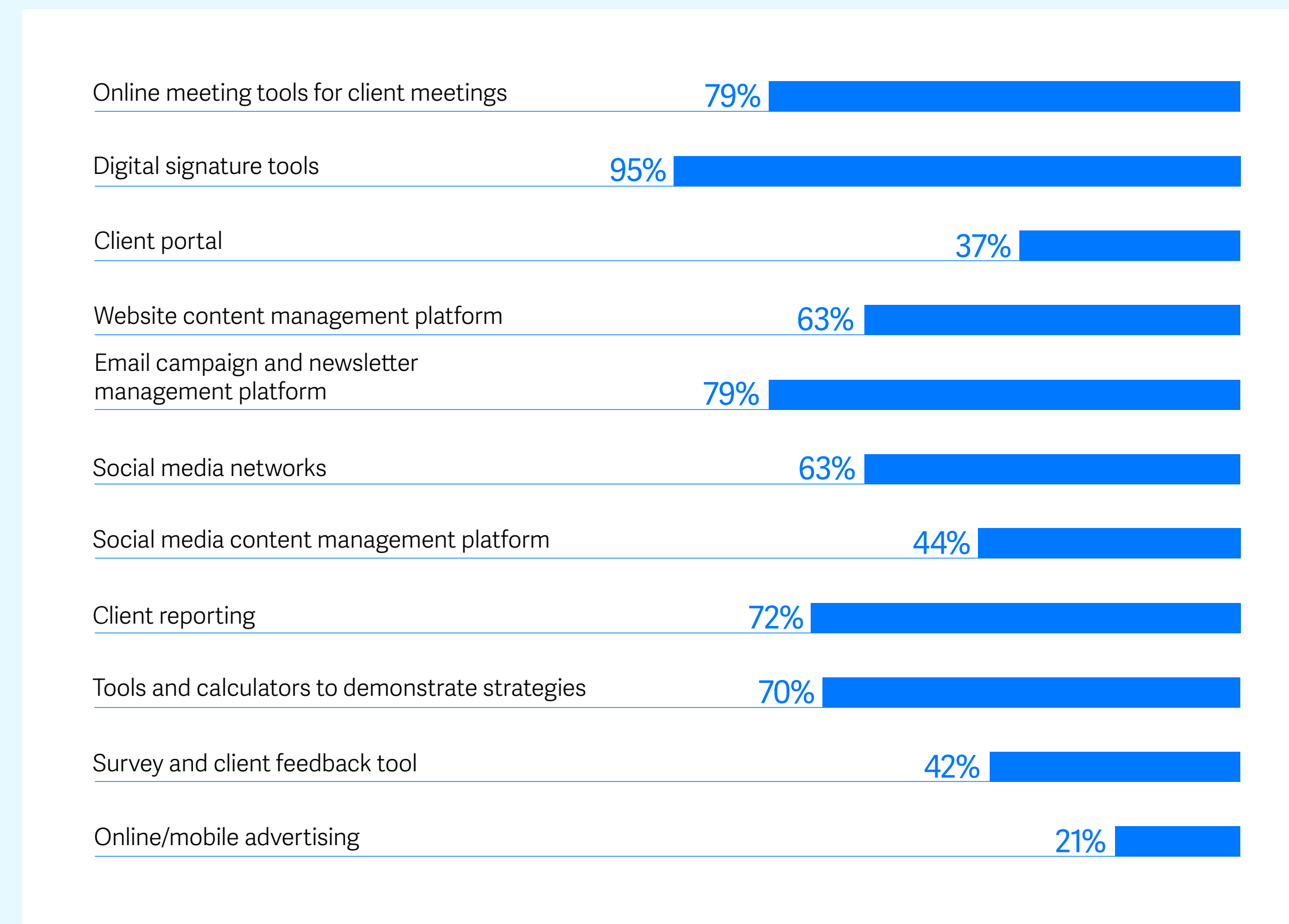
- When there are new enhancements or features to your client portal or digitised client experience, communicate these too – your newsletter is a good place to start.
- This extends to your back-office infrastructure as well, like your managed accounts technology, which often benefits your clients, albeit sometimes less directly.

3. While the data shows the majority of clients are on board with technology, don't assume all your clients are homogeneous and are all comfortable with technology. Identify client segments that might not be and provide them with appropriate 'tech support'.

**Tip:**

- Guides or videos such as YouTube videos are useful to show clients how to use client portals, document vaults, etc.

### %age of AdviceTech stars who use selected client facing technology



# Being an educator

There are two types of relationships clients want – to outsource by delegating, or a coach to show them. Both of these relationships have a bearing on the amount and frequency of education a client may want, while their financial literacy will dictate how much education they need.

# Being an educator

## Trend 1: Advised clients have greater and broader levels of financial literacy yet this varies by segment

Across numerous financial topics, advised clients have greater financial literacy than unadvised clients, emphasising the role advisers play in a clients financial education and its importance in their value proposition or offer.

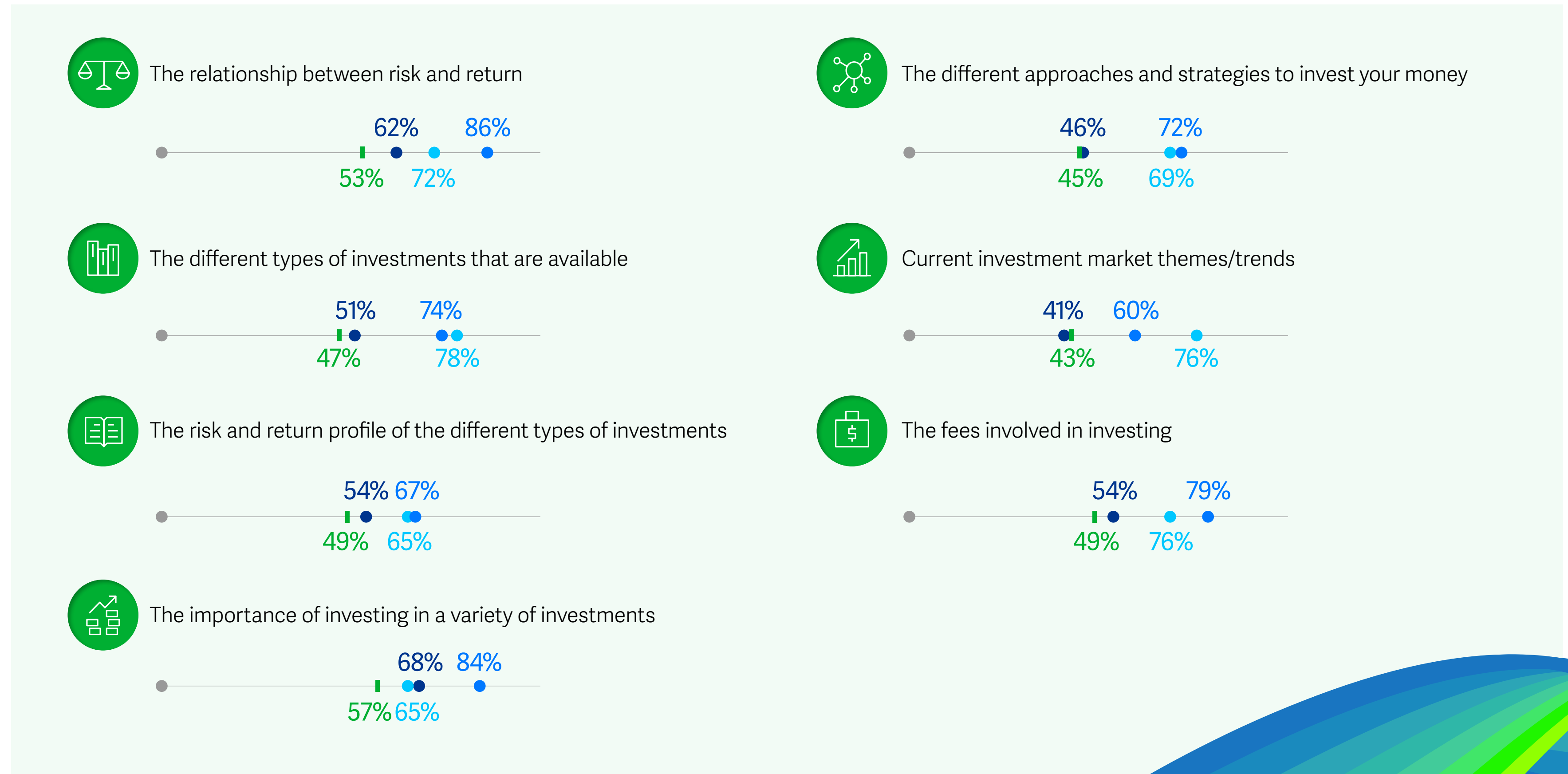
For example, advised clients rate their knowledge as good or very good on the following topics:

- The relationship between risk and return (65% advised clients vs. 52% unadvised)
- The risk and return profile of the different types of investments (60% vs. 35%)
- The importance of investing in a variety of investments (diversification) (67% vs. 44%)
- The different approaches and strategies to invest your money (asset allocation) (57% vs. 33%)

However, a call out is that both Established Mass clients and women clients are less likely than other segments to be financially literate on all the above topics, for example they rate their understanding lower by about 20% points for 'the different types of investments that are available' and 'The fees involved in investing (e.g. administration, trading, advice and product fees).'

## Advised clients that say they have a good understanding of...

■ Emerging Affluent 18-45 ■ Established Affluent 45+ ■ Established Mass 45+ ■ Advised women



## Trend 2: Advised clients get financial information from a wide variety of sources, not just their adviser

Advised clients do not stick to one source for financial and investment information, with financial advisers playing an important part in providing this information.

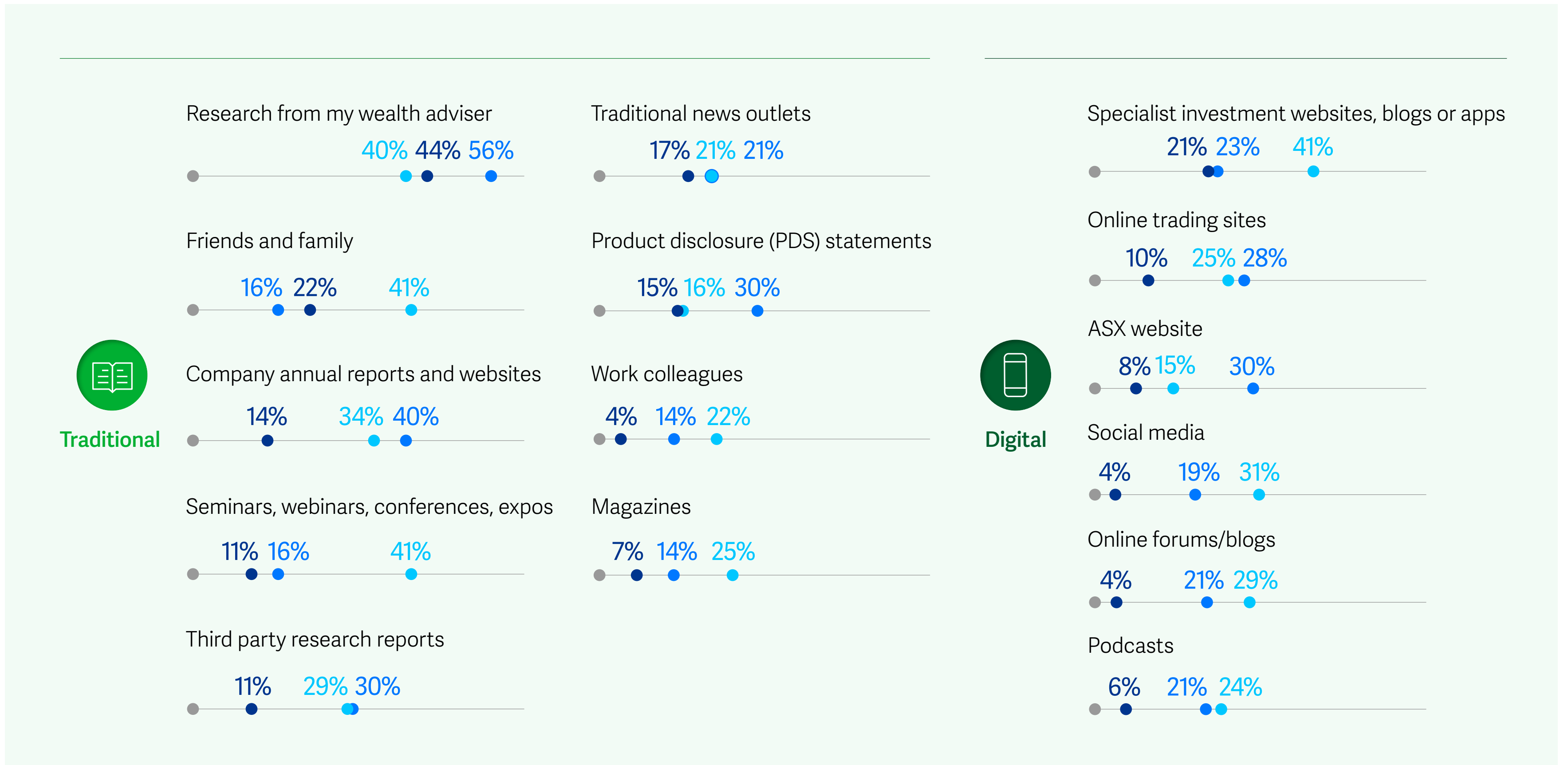
For example, 42% of advised clients source investment information from their wealth adviser including financial advisers, stockbrokers and private banks compared to 14% of unadvised clients.

Meanwhile sources such as specialist investment websites blogs or apps are used by 28% of advised clients (versus 15% unadvised). Company annual reports and websites are also more dominantly used by advised clients (23% compared to 11% unadvised) with the Established Affluent segment (40%) particularly keen on them as a source of information.

Being more digitally native, it is not surprising that the Emerging Affluent segment are the largest users of specialist investment websites, blogs or app (41% versus 28% advised, 15% unadvised) as well as social media (31% versus 17% advised), online forums and blogs (29% vs. 16%) and podcasts (24% vs. 14%). With that said, the Emerging Affluent are more likely to rely on both traditional and digital sources more than the other segments, illustrating their higher propensity to consume information.

## Percentage of advised clients that typically use the following sources for information and advice about their investments

■ Emerging Affluent 18-45 ■ Established Affluent 45+ ■ Established Mass 45+



# Being an educator

## Trend 3: Advised clients want regular portfolio reporting from their adviser, especially the younger Emerging Affluent

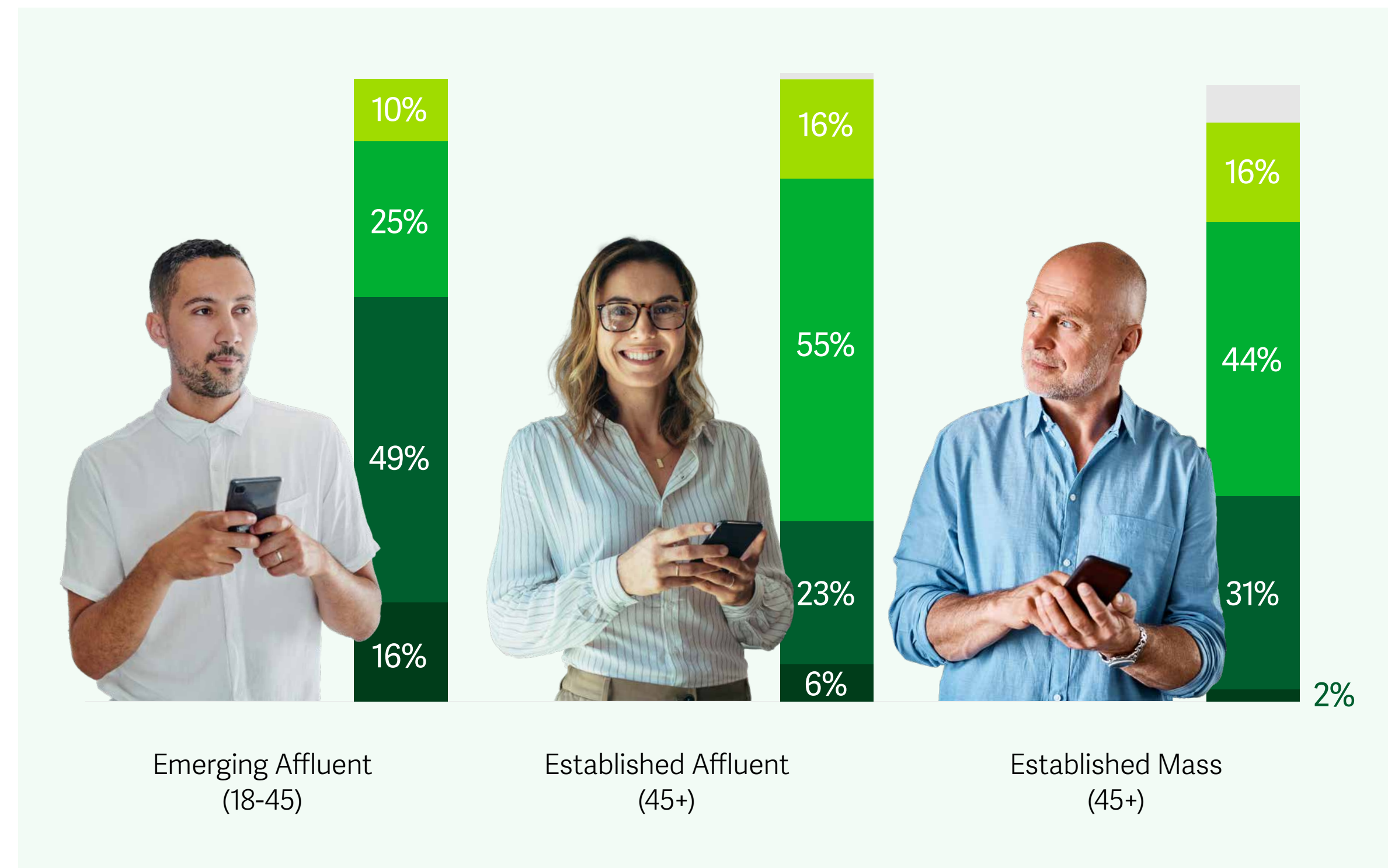
Advisers may not be meeting the portfolio reporting expectations of their clients who want more frequent investment-related reporting from their advice firm.

The Emerging Affluent client in particular is keen for more regular reporting, wanting it weekly or monthly (65%), compared to only around a quarter of Established Affluent (29%) and Mass Affluent (17%). Both of these segments prefer quarterly reporting (55% and 33% respectively).

Unfortunately, this demand is not always being met by advice firms, with only 30% of advice firms providing quarterly reporting at best, according to the Netwealth 2023 AdviceTech report.

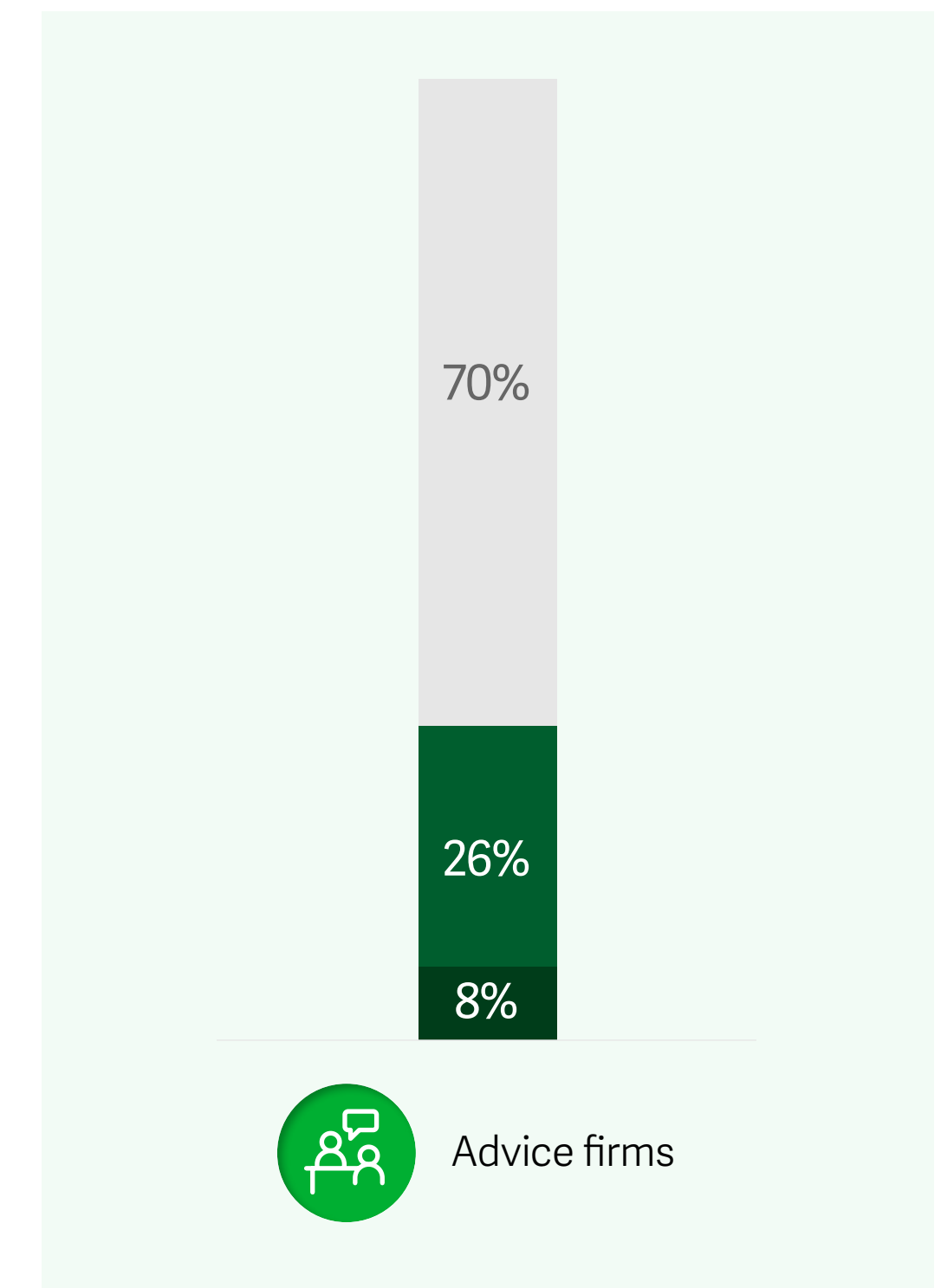
## How regularly would advice clients like to receive investment-related information from their financial planner?

■ Weekly ■ Monthly ■ Quarterly ■ Annually ■ Never



## Frequency advice firms provide investment-related information to their clients

■ Weekly ■ Monthly ■ Less frequently



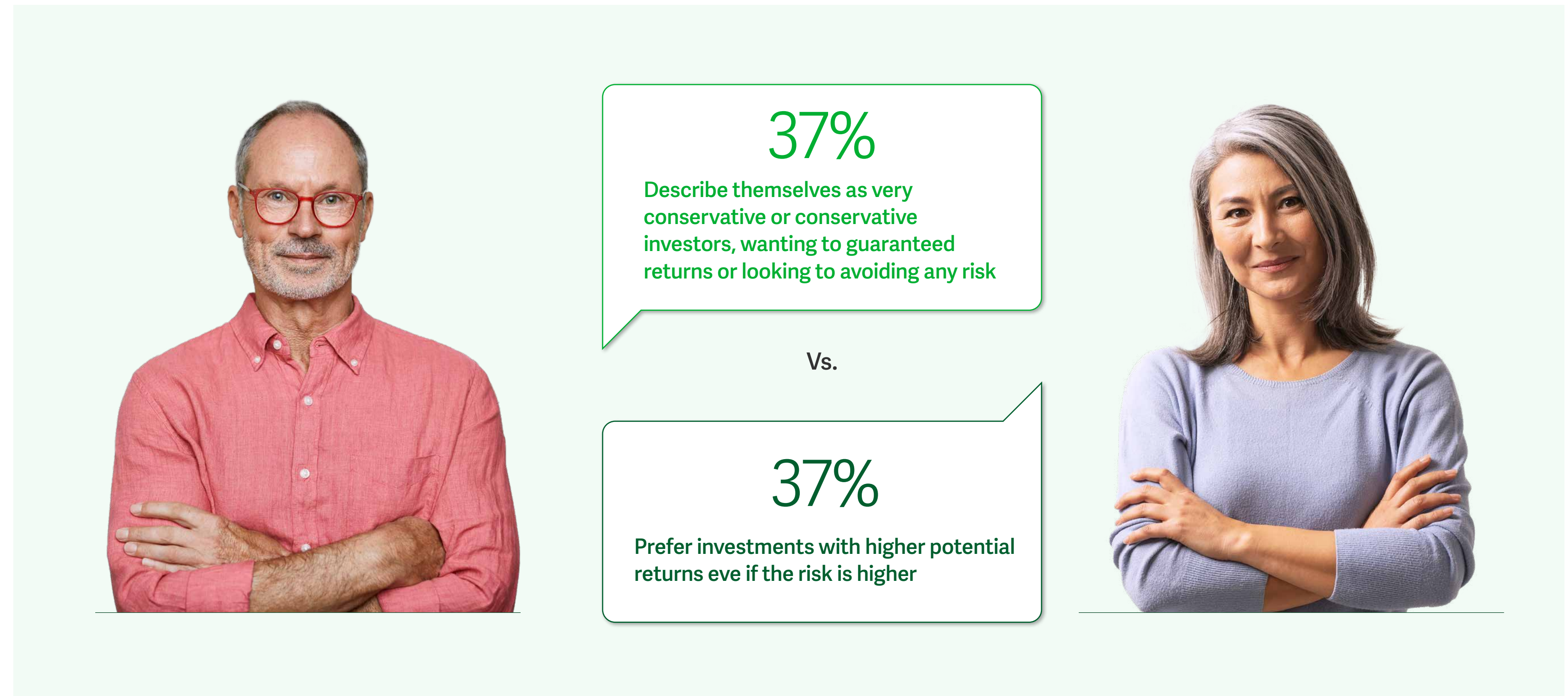
## Trend 4: The trade-off between risk and return is not always understood by Established Affluent

Established Affluent clients who are largely financially literate, contradict themselves when they identify themselves as 'low risk' investors but at the same time want higher returns, illustrating a potential flaw in their understanding of investment fundamentals.

Almost a third (37%) of the Established Affluent client describe themselves as very conservative or conservative investors who are seeking guaranteed returns and looking to avoid risk, whilst around a third (37%) contradict this and also say they prefer investments with higher potential returns even if the risk is higher.

## A contradiction

Established Affluent clients are not quite sure...



# Being an educator

## How to take advantage of these trends

1. Don't assume equal knowledge. Treat everyone in the household relationship as individuals, and educate to their level even if the male voice may be the more dominant in the room.
2. Become the trusted source of information, removing the 'noise' created by the various different sources of information. Do this by developing a content marketing plan using tools like newsletters, webinars and events.

### Tips:

- Find people in your organisation who can become content champions – the more the better – and engage them to help you create the content. Perhaps even set KPIs, such as an article or video blog a month.
- Use AdviceTech to help scale your content production efforts. According to the [Netwealth 2023 AdviceTech Report](#), some examples include:
  - Email marketing systems such as Mailchimp – used by 38% of AdviceTech Stars
  - Podcasts – 76% of the advised Emerging Affluent segment listen to audio streaming services online weekly.
  - ChatGPT to help you write articles – today 11% of firms are piloting and a further 34% are exploring its use.

3. Clearly identify who you are talking to, and adapt educational content to suit their needs. For example, those more literate people, like Emerging Affluent, may like more sophisticated education – ideas, insights, things to challenge them, whilst those with lower financial literacy will need the basics.

### Tips:

- For each segment, understand their education gaps, identify where you can add value and build content around this. And keep it simple – educate those less sophisticated on the basics, meanwhile educate the more sophisticated on emerging trends, like private markets or responsible investing.
- Find out what other content services they are using, and what they like about them, so you can replicate or differentiate yourself on them.



# Social/economic importance

Over the past five to ten years, Australians have recognised and embraced the role they can play in influencing the environment, the community and the greater world around them through their actions – including how they express their opinions, the companies they choose to work with and the way they invest.

This is particularly the case with the Emerging Affluent client and the Millennial generation, who if you consider their sheer population size alone, makes it imperative for businesses to take notice and to build out their value propositions to appeal and satisfy this need.

# Social/economic importance

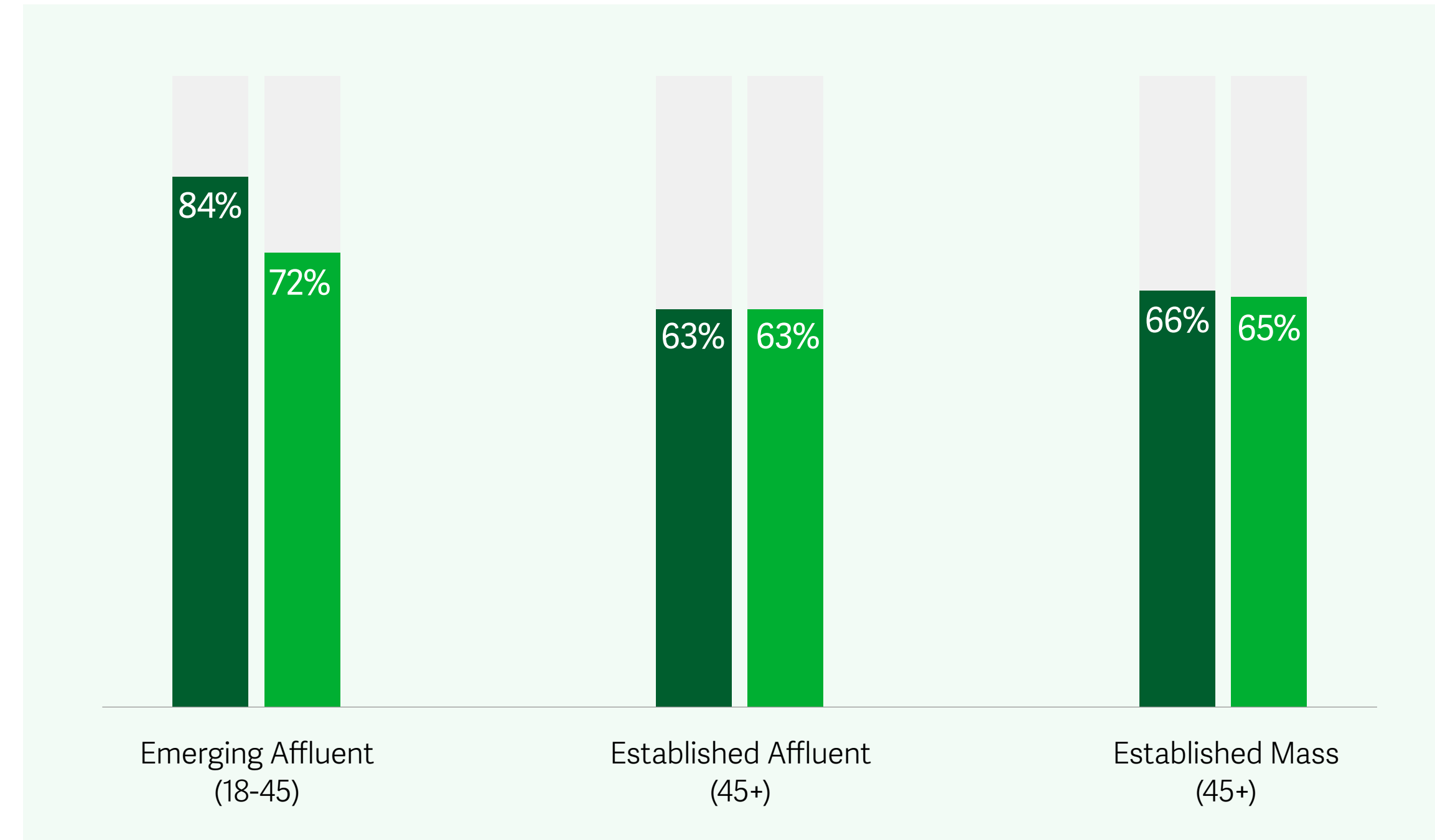
## Trend 1: Australian advice clients care deeply about social and environmental issues, and for some this impacts who they want to work with

The majority (69%) of advised clients say they care deeply about environment issues, with 24% of advised clients saying they will choose a company based on their environmental stance.

Social issues are also important with two-thirds (66%) of advice clients saying they care deeply about social issues (vs. 52% overall population 18+). Similarly, the Emerging Affluent client are even most likely to say this (72%).

## How would you best describe your typical attitude towards life on each of the following dimensions?

■ Care deeply about environmental issues ■ Care deeply about social issues



# Social/economic importance

## Trend 2: Advised clients are looking to partner with a business with aligned values

Brand affinity can provide a useful guide to how advised Australians want to engage with their advice firm. Brand affinity is how a client feels about the firm, its an intangible that goes beyond service and engagement.

The two most popular brand affinity statements resonating with advised clients are:

**Proven** – A proven brand or business is one that emphasises its track record and expertise in financial advice and services. Individuals who prefer proven brands seek advice firms who can educate and collaborate with them on their wealth journey, placing less emphasis on brand name recognition and more on demonstrated capability. They tend to prefer simpler service offerings with less emphasis on digital tools and technology.

**Purposeful** – A purposeful brand is one that embodies a meaningful cause, such as environmental sustainability or social responsibility. Those who prefer purposeful brands seek authentic and compassionate financial advice firms, value simplicity with digital tools, and are open to both smaller and larger businesses that share their values.

**Premium** – A premium brand is one that is positioned at a higher price point than its competitors, offering a sense of exclusivity and luxury to its customers. People who favour premium brands are drawn to the exclusivity they offer, value unique and hard-to-access features, prioritise digital customer experiences, and appreciate creative and playful approaches to service and communication.

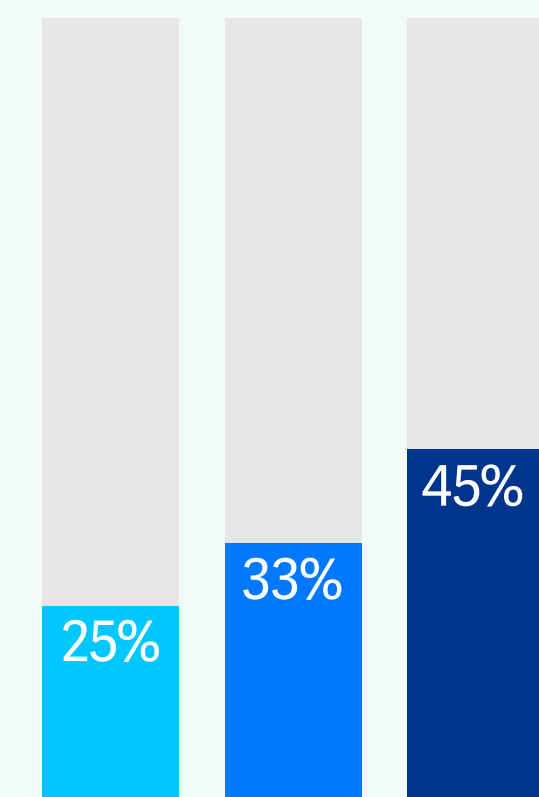
Today, Australians under advice are most likely to identify with:

- One third of Emerging Affluent skew to Premium brands (32%), and a quarter to a Purposeful business (28%)
- Four in 10 Established Affluent want a Purposeful brand (42%), and a third want to work with a Proven business (33%)
- Almost half of Established Mass prefer a Proven business (45%), with a third looking for a Purposeful brand (35%).

### Proven

A business with a history or heritage, and that looks to educate and collaborate with it's customers. Digital doesn't need to be the focus.

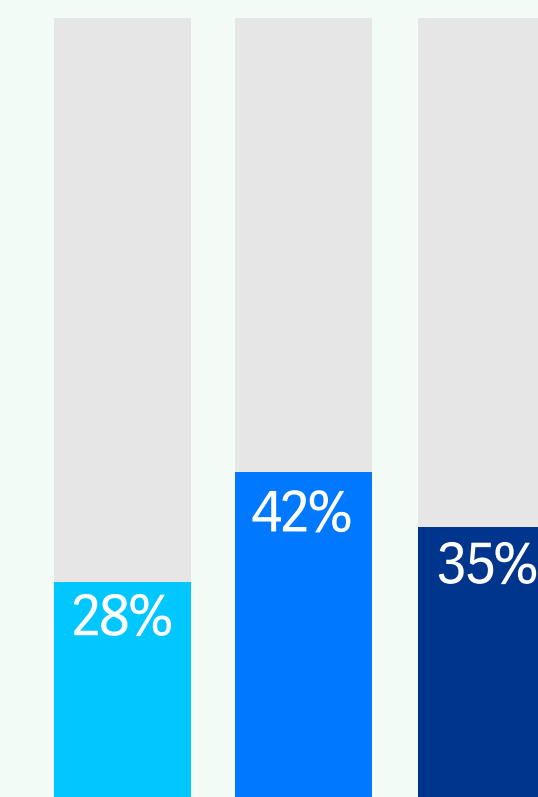
- Intelligent
- Experienced
- Hard-working



### Purposeful

A business that has a social environmental purpose and takes a stand.

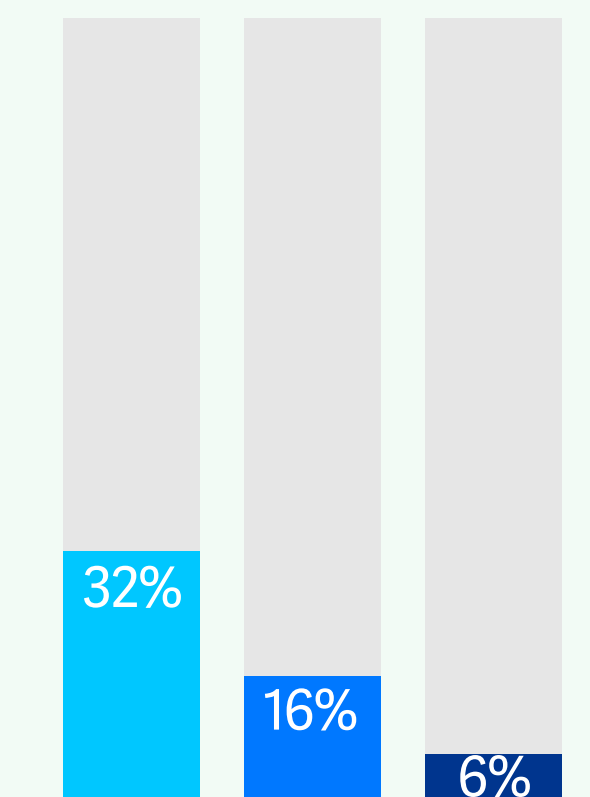
- Authentic
- Social, community, environmentally-minded
- Passionate
- Compassionate



### Premium

Those who look for and admire well-known Premium brands that are feature-rich and with top digital capabilities.

- Creative
- Digital leader
- Dynamic and visionary
- Exclusive



■ Emerging Affluent 18-45 ■ Established Affluent 45+ ■ Established Mass 45+

# Social/economic importance

## How to take advantage of these trends

As a business you will need to clearly define what you stand for as a business, and then shout about it. This is likely to include your environmental and social stance, but also consider how the business can evolve all client touch points so they articulate this and become memorable to the client – from your website and social media presence, to the first office meeting, to the ongoing relationship and how advice is delivered.

### Consider:

- The key messaging, language and tone of voice used in marketing and all client communication touch points – for example, if environmental focus is the most important factor, reinforce it during your all client interactions.
- Matching the visual identity or 'look and feel' of your business to the relevant attributes – for example for those admiring Proven as an attribute, have an appropriate look and feel (think Accenture or Wells Fargo).
- How the utility of your service offering aligns with the desired attribute of the person – for example your responsible investment offering needs to be clear and up front for those that want a Purposeful business.



# Innovativeness

Innovativeness is the action of making changes to something established, by introducing new methods, ideas, services, products or experiences.

Innovation doesn't always have to be new technology, and it doesn't always have to be significantly large in nature. It can be changes to a pricing model, brand, how a business deals with suppliers, team structure and managing client interactions, as well as any new products or services introduced.

# Innovativeness

## Managing innovation in your business

1. Make innovation part of the DNA of your business, and introduce it to all levels. Make idea generation, testing and learning, fast failure, and so on, part of the culture.
2. Run workshops to help optimise creativity and to develop new ideas.

### Tips:

- Don't be afraid to fail – test and learn with new small projects. If implementing new innovations seems daunting, start small. Identify some short-term, easy-win implementations to get your team going. Have a think about this quote from Jeff Bezos of Amazon to shareholders in 2015, "[failure and invention are inseparable twins.](#)"
- Netwealth has created a collection of downloadable resources, workshops and tools to inspire creativity in your team. For example, you can download workshops to identifying pain points in your customer journey, better understand your brand through reflection on the characteristics of famous people and companies, and to help develop an AdviceTech roadmap to prioritise tech in your firm. There are also tools to help unlock creativity such as innovation cards, a guide on removing customer friction points and a prioritisation matrix poster to help prioritise ideas. [Access the Netwealth Innovation Toolkit here.](#)

The image shows a screenshot of an Amazon shareholder letter. At the top is the Amazon logo. Below it, the text reads: "To our shareowners: This year, Amazon became the fastest company ever to reach \$100 billion in annual sales. Also this year, Amazon Web Services is reaching \$10 billion in annual sales ... doing so at a pace even faster than Amazon achieved that milestone." A callout box on the right contains the quote: "One area where I think we are especially distinctive is failure. I believe we are the best place in the world to fail (we have plenty of practice!), and failure and invention are inseparable twins." – Jeff Bezos. The background of the letter text is light blue, and the callout box has a blue border and a blue background.

# Personalised offer

A personalised offer is part and parcel of providing advice, however as advice businesses build scale, they need to embed more repeatable processes and investment models (such as with managed accounts) into its operating rhythm, and this can make personalisation more challenging.

# Personalised offer

## Using technology to improve personalisation

As businesses scale, savvy advice firms are using AdviceTech and emerging technologies like artificial intelligence (AI) to help deliver a scalable, personalised digital customer experience.

The 2023 Netwealth AdviceTech Report provides a few ideas as to how this might be possible:

1. **Proactive advice with 'next best action' – Using Big data and AI that mines client data and external data sets and then creates alerts to advisers or automate client communications. With such as system, advisers can be provided a dashboard list of recommended actions personalised to every one of their clients.**

2. **Behavioural nudges on the client portal – Again with AI and big data sets, alerts can be directed to the client portal instead of the adviser portal, encouraging clients to behave in a certain way, such as saving more. 'Behavioural nudges' could include:**

- Spending alerts to help budgeting and reduce debt, such as: on a overspend, when loan rates change, if a new merchant used (to prevent cyber fraud), to recommend a foreign currency account when overseas.

- Savings and deposit alerts to automate investing and save, such as: excess income or savings could be directed to a higher interest rate account.
- Investment alerts to improve financial literacy and investing, such as: when a dividend is deposited into a cash account, or when employee contributions are provided.
- Educational alerts to improve literacy and financial well-being, such as: educational material during market volatility to help manage client expectations and reduce the influx of phone calls and emails that may occur, or to review life insurance coverage after a significant change in cash.

For more information on AI and emerging technologies, download [Netwealth's 2023 AdviceTech Report, Humans and machines.](#)

### Nudges to influence client behaviours

<p><b>INSIGHTS</b></p> <p><b>Unusual deposits</b></p> <p>You received \$2,276.25 from ACME INC. Make sure to save some of it.</p> <p>   \$2.3K</p>	<p><b>INSIGHTS</b></p> <p><b>Refinance your mortgage</b></p> <p>Get excellent rates on your current payment. Click below to set up a meeting with our experts.</p> <p>   2.7%<sup>†</sup></p>	<p><b>INSIGHTS</b></p> <p><b>Portfolio changes</b></p> <p>You've had a significant change in your portfolio since yesterday.</p> <p>   12.5%<sup>†</sup></p>	<p><b>INSIGHTS</b></p> <p><b>Tax return</b></p> <p>You got \$36,253 tax return. Invest it before spending it. Transfer to your brokerage account today.</p> <p>   \$36K</p>
<p><b>INSIGHTS</b></p> <p><b>Similar subscription</b></p> <p>Are you sure you want to pay for both of these services?</p> <p>   </p>	<p><b>TIPS AND ARTICLES</b></p> <p><b>Learn about your securities</b></p> <p>We've curated articles about your current holdings.</p> <p></p>	<p><b>TRADE ACTIVITY</b></p> <p><b>Dividend received</b></p> <p>You've received dividend from one of your large-cap stocks.</p> <p>STOCK   AMOUNT IBM   \$2,200</p>	<p><b>ADVISER COLLABORATION</b></p> <p><b>Annual review</b></p> <p>Given your portfolio growth you are entitled to a review with one of our experts.</p> <p>   <a href="#">HOW TO BOOK</a></p>

# Value for money

Value for money is the most important aspect when considering a financial adviser and their service.

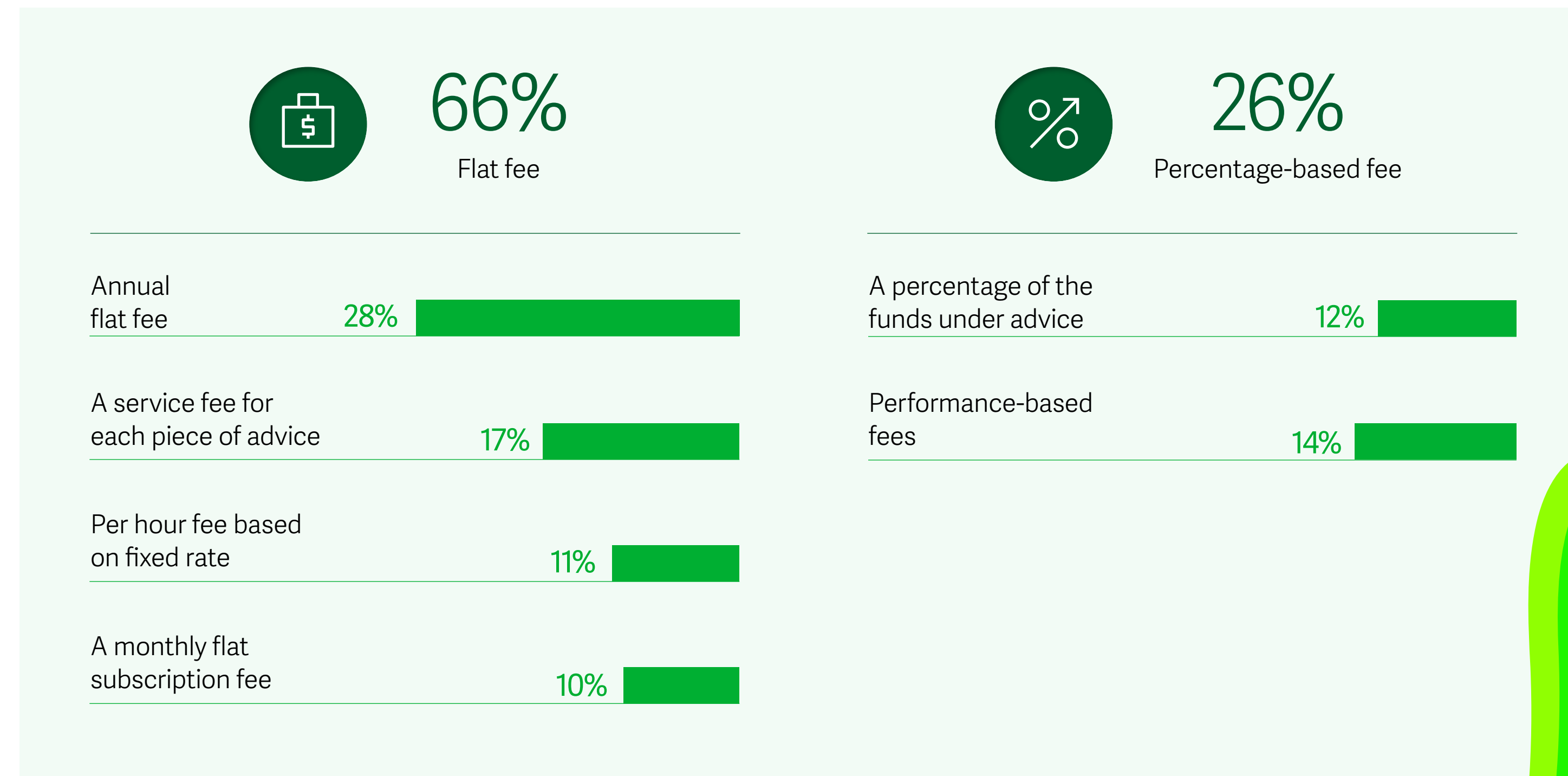
While value is an intangible characteristic and differs from client to client, factors such as price is an important input (however it becomes less relevant if a person perceives they are getting their needs met). Managing a clients' expectation is also critical.

## Trend 1: Advice clients prefer a flat fee rather than a percentage-based fee for advice services

Advice firms are currently meeting clients' preference to pay a flat fee for advice (66% prefer this options) as opposed to a percentage-based fee for service model (26% prefer this).

However, within the flat fee for service model, there are a range of ways a client wants to be billed, whether that be an annual fee (28% prefer this), a fee each time advice is provided (17% prefer this), and an hourly rate (11%) or a monthly subscription fee (10%).

## Which of the following best describes how you currently/would prefer to pay a financial planner?



# Value for money

## Things you can do to improve value personalisation

To improve how clients perceive value for money, you need to look beyond pricing, however it's important to:

1. Review your current pricing model to determine if it fits the needs of your clients.
2. Find out the value expectations of your clients, and what value means to them – to do this, ask them, don't assume.
3. Clearly articulate your service offer and timings up front to manage client expectations and continue to remind them this throughout the delivery of your service proposition.
4. Respond to requests and queries quickly as people often measure your service levels on the quality of regular interactions, as well as big picture results.
5. Remind clients, at least annually, of the value and benefits you have delivered to them through a clear summary of services and key milestones or goals achieved, and/or progress to those goals.
6. Offer value-add services to surprise and delight them, such as introductions to partners or additional adjacent services.
7. Consider using AdviceTech tools to scale and automate your communications. Things like a regular newsletter that is targeting to the educational needs of the client, monthly or quarterly reporting, and a client portal can help.

This research integrates data from the 2022 Advisable Australian research which surveyed 1,318 Australians aged 18 years and over and was conducted from 31st October to 7th November 2022. Reporting in this paper mostly focused on people currently under advice, of which there were 393 in the 2022 survey.

This report also features trend data from two previous editions of the research, which surveyed 1,616 Australians 18+ overall in 2021 (403 under advice) and 953 in 2020 (261 under advice).

## Advisable Australian Segment formation

This report features comparisons across four persona segments. The methodology for deriving the four persona segments is as follows:

- 1. Emerging versus Established = 45 years and under versus over 45 years**
- 2. Affluent versus Mass Market = Combination of:**
  - Personal income
  - Household income
  - Value of residential property relative to debt
  - Household investment portfolio
  - Household super

## 3. 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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