Netwealth IQ Report

Creating loyalty that lasts



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Introduction

Your clients' lives are always changing. And with that, what they value from their adviser changes too.

Netwealth's Value for Money Model[1] Fig 1



Your clients are dynamic, influenced by personal milestones, professional transitions, and changes in the broader economic landscape. What they value in their financial adviser evolves alongside these shifts. Early in their journey with you, they may prioritise guidance on foundational financial planning, while later, their focus could shift to wealth preservation, legacy planning, or navigating unexpected life changes.

A clients' journey often impacts how they perceive your value. As a result, it is important to take actions so that your clients continue to believe they are getting value for money from your service.

Key to being in this proactive position is understanding how the principles of behavioural science impact client decision making and actions, such as the role of cognitive biases.

Building this understanding in relation to the client-adviser relationship is at the core of this new report, Creating loyalty that lasts.

Inside this report

The content of this report focuses on Australians aged 18+ who receive advice today. It explores what clients truly value from their advisers, and how their perception of value changes over the lifetime of the service experience.

The report uncovers 12 key value drivers and aligned behavioural science principles, to help you tailor your services around them, and increase your potential to retain loyal clients.

Research methodology

The data in this report is based on research – both in-depth qualitative and a quantitative study of 450 Australians aged 18 and over – conducted in partnership with The Lab Strategy, a strategic insights firm (refer to Methodology section).

In our companion Netwealth IQ report that focused on prospects, Bridging the value gap to win new clients, we introduced the Netwealth Value for Money Model[1] →Fig 1 which is a behavioural science model that defines over 80 drivers of value when it comes to why people use a financial adviser (and why not). The model has three core dimensions of value: Ease (make it easy for me to find and access value), Motivation (help me achieve my goals), and Context (provide me contextual associations and heuristics). The underlying behavioural science drivers were used as the basis for the insights for this report.

1 Informed by the COM-B framework from University College London (Michie, van Stralen, & West, 2011)

Key findings

Our Advisable Australian research highlights two critical insights about what clients value from their advisers

01 Even as your client's perception of value grows, they may still leave.

02 What clients value changes over time, requiring advisers to adapt their approach to meet these evolving needs and retain loyalty.

Key findings

01

Even as your client's perception of value grows, they may still leave.

In this report, we define three groups of clients to help demonstrate how value drivers change across the client lifecycle.

These groups are:

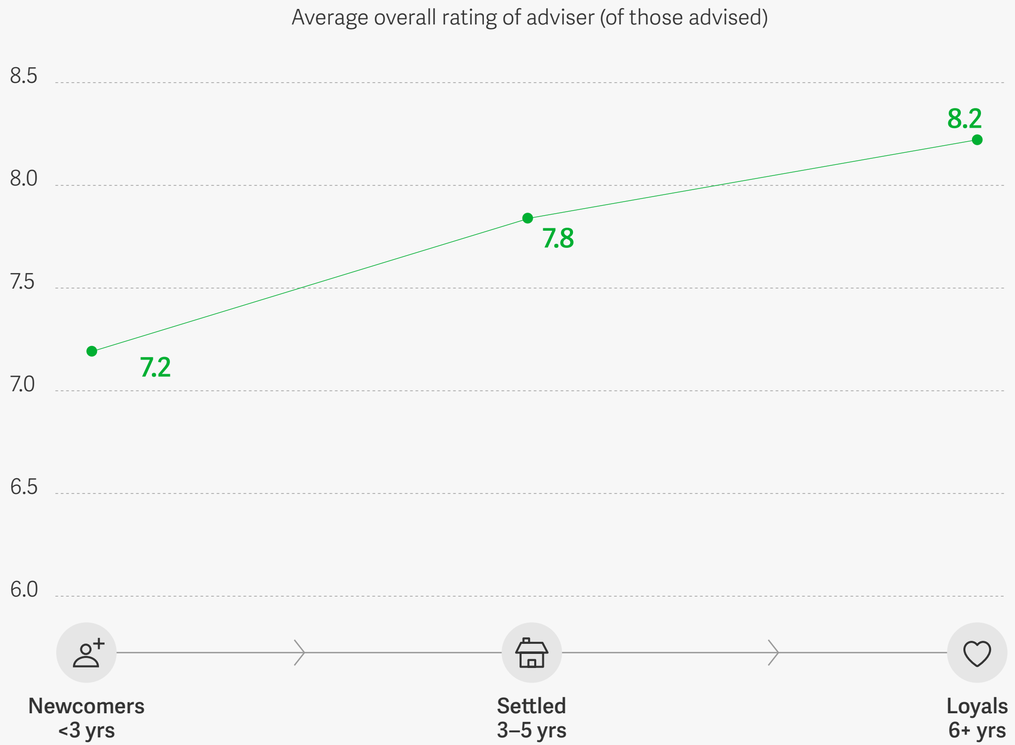
1. **Newcomers:** Have a financial adviser for less than 3 years.
2. **Settled:** Have one for 3-5 years.
3. **Loyals:** Have one for more than 6 years.

According to our research, clients feel their adviser delivers greater value over time. When looking at these three client segments by 'life cycle', our research indicates that over time, the perceived value provided by an adviser increases. Newcomers rate the value they get as 7.2 (out of 10) Settled 7.8, and Loyals 8.2. →Fig 2

Despite this, clients still leave their adviser. This happens for two primary reasons, firstly their perception of value changes over time, and secondly their financial literacy and confidence in their ability changes, such that they desire to 'do it themselves'.

We also see cost as a key barrier to continuing with a financial adviser (43% of those who stopped using an adviser cite this). Cost is often a proxy for 'I don't see enough value' or 'not feeling like my finances are large or complex enough' (23%). Of course, some explicitly say they are 'not receiving value' (17%). →Fig 3

Please rate the overall value provided by your financial adviser on a scale of 1 to 10, where 1 represents 'extremely poor value' and 10 represents 'exceptional value'. Fig 2



Key findings

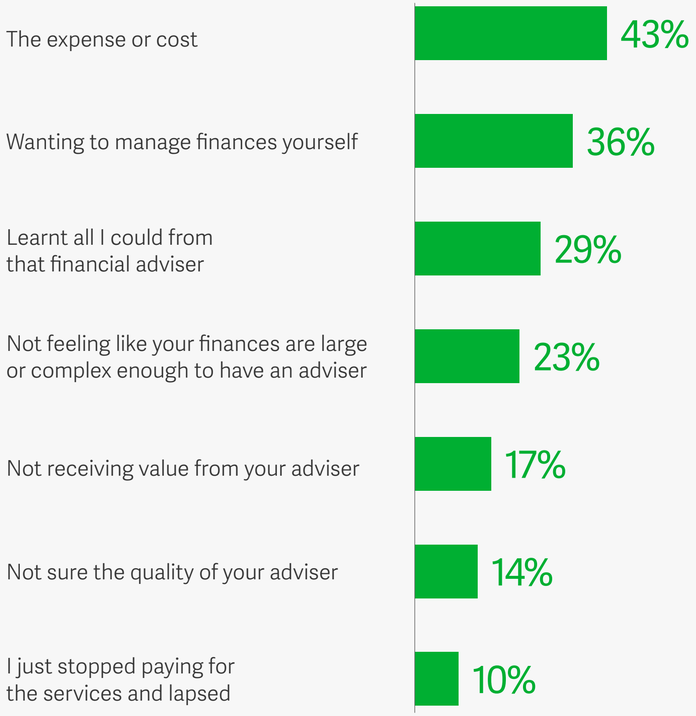
Confidence in one's self-sufficiency is another driver of churn. Around one third of those who stopped using an adviser feel they've gained enough financial literacy to 'go it alone' (36% 'wanting to manage finances themselves' or 'have learnt all they could', 29%).

Yet, our research suggests that this desire to do it themselves might be due to a misguided overconfidence in their abilities. In fact, most clients significantly overestimate their financial know-how, a cognitive bias known as 'overconfidence bias'. Across all segments – Newcomers, Settled, and Loyals – self-rated ('perceived') financial literacy is much higher than actual scores on a standardised financial literacy test we set them (see Methodology section).

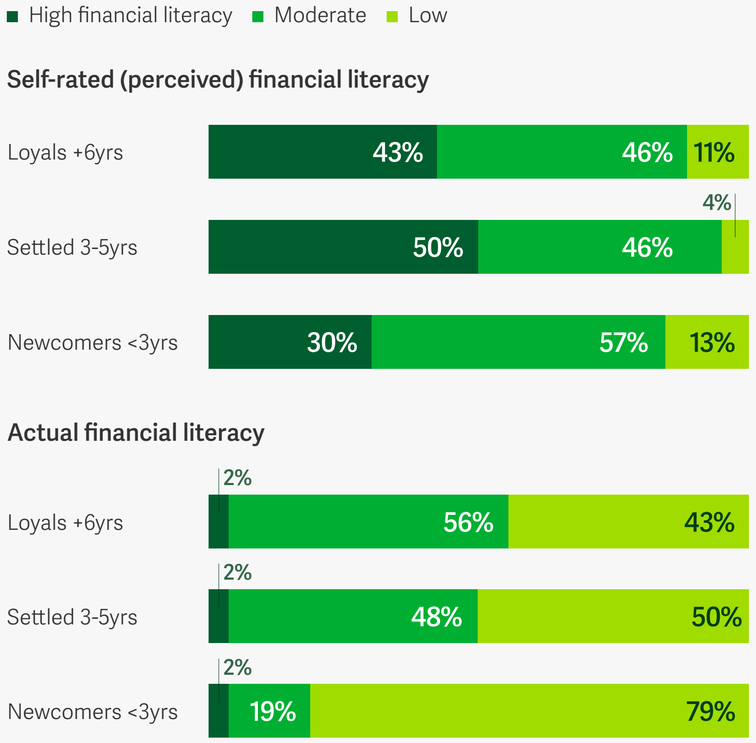
To illustrate this, 43% of Loyals rate their financial literacy as very high, whilst only 2% of Loyals actually have high financial literacy, instead the majority of Loyals (56%) have only moderate financial literacy. So, whilst actual financial literacy does increase moderately overtime, very high financial literacy is rarely achieved. →Fig 4

By confronting misconceptions about financial acumen early and often, advisers can help clients make better, more informed decisions about their wealth.

Reasons for lapsing (among those who have recently stopped using a financial adviser) Fig 3



Financial literacy – perceived vs. actual Fig 4



Key findings

02

What clients value changes over time, requiring advisers to adapt their approach to meet these evolving needs and retain loyalty.

Netwealth's Value for Money Model gives us a comprehensive view of the factors within the financial advice experience that contribute to a sense of value and help retain advised clients.

We asked advised clients to rate the most important attributes of their experience of engaging with an adviser (from 80 different factors), to land on a view of what they value the most. →Fig 5

We found two things. Firstly, clients believe that only around half of advice firms deliver on these various factors or drivers of value. Secondly, some of these drivers were more important at different stages of the client lifecycle than others. Look at →Fig 5 and this is evident comparing the Newcomers (dark green line) vs. Loyals (green line), where there is regularly a gap between what they value.

This second point, that value perceptions shift, is critical to this report. As we deep dive into the 12 key areas of value, we consider the factors of the client experience and the tactics you can engage to deliver the greatest value overtime. This will help you to prioritise and improve how you manage the client experience and help you to build a loyal client base.



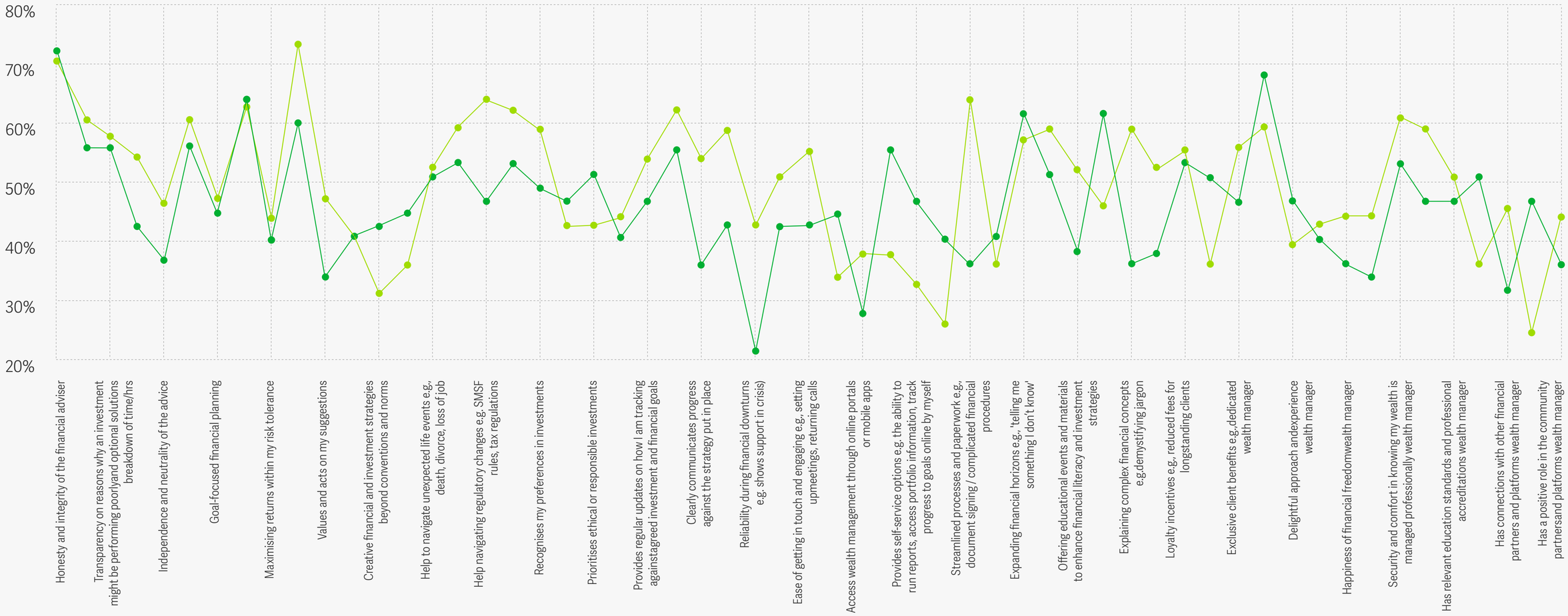
Key findings

Which factors do you think are most important for a financial adviser to offer you...

Fig 5

● Newcomers <3yrs ● Loyals 6+ years

Netwealth Value for Money Model – Drivers of value



12 value drivers that matter

01. Goal-based advice
02. Aligned investment options
03. Guidance for the unexpected
04. Innovative advice
05. Operational transparency
06. Communicate often, proactively
07. Continual reassurance beyond markets
08. Knowledge for empowerment
09. Prompt and timely support
10. Frictionless digital experience
11. Rewarding clients
12. Contributing to the world

Value driver 1

Goal-based advice

Goal-based advice is an approach that can help prepare clients for future life events.

It is helpful as it reduces 'temporal discounting', a behavioural science principle where individuals tend to undervalue distant benefits whilst overvaluing more immediate returns and rewards.

When advisers use goal-based planning and provide a picture of how future goals can be met, these future rewards become more immediate, concrete and valuable. This can create positive psychological value, or even pleasure from anticipating a future positive event or goal. Clients derive value not just from the eventual reward, but also from the process of waiting for it (also known as 'anticipatory utility'). Goal-based advice helps create excitement in looking forward to something, contributing to overall satisfaction even before it happens.

Over half of clients seek goal-based advice that's not just financial in scope, but also tailored to their personal needs. This need grows stronger as the advice relationship matures: 74% of Loyals value it, compared with 60% of Newcomers and 57% of Settled. →Fig 6

Personalisation that matters

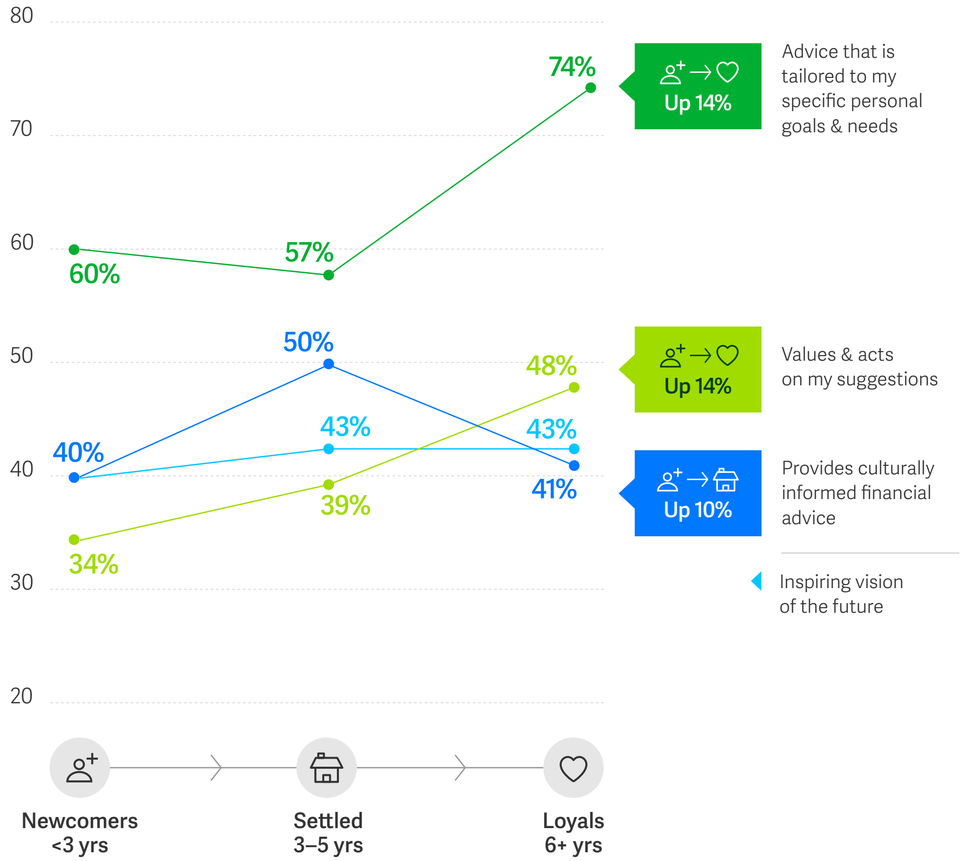
Personalisation of goals taps into your clients' innate desire to feel understood and valued. In addition, there are even deeper levels of personalisation that can set your advice apart.

For Settled clients, half (50%) indicate that personalisation could extend to providing advice that is 'culturally informed', respecting their cultural background.

As the relationship deepens, personalisation could mean having more 'flexible plans that adapt to changing goals' (64% of Loyals, 62% of Newcomers, vs. 52% of Settled clients), or a 'co-creation' approach, where almost half of Loyals (48%) want someone who 'values and acts on their suggestions' (vs. only 34% of Newcomers), which may be a product of their expanded financial knowledge.

Which factors do you think are most important for a financial adviser to offer you?

Fig 6



Actions
Goal-based advice

Actions that could help you make the most of these insights:

01. Gamify the plan

Think of the plan as a video game with short and long-term rewards. Reward milestones through engagement and some fun.

02. Monitor life events

Track financial milestones and map them to life-events and personal goals (like starting a business or a ‘big splurge’). By linking investments to tangible objectives, this can reduce the emotional impact of market volatility.

03. Celebrate early achievements

Highlight clients' goals and early progress to boost commitment and motivation.

04. Address emotions

Focus on both life goals and their emotional experiences, as well as their financial goals for comprehensive satisfaction.

05. Scenario and what-if planning

Provide simulations for retirement and investment outcomes, incorporating visual aids to demonstrate strategies.

06. Anticipate life goals/needs and proactive outreach

Proactively address life events, like marriage, a new home, or the birth of a child, with timely recommendations. This demonstrates attentiveness and care to reinforce loyalty.

07. Use language that emphasises a sense the long-term plan is achievable, like:

“We will be here to guide you through the ups and downs,”

or

“Let’s work together to create a plan that feels right for you.”

08. Train staff on behavioural science principles

This knowledge can help them to better uncover behavioural biases like loss aversion or overconfidence. Teach them how to ask better questions to identify biases early. Help them to use open-ended questions to encourage clients to reflect on their financial history and emotional responses to past events.

For example:

“Can you provide me an example of a financial decision you’re particularly pleased about – or one you regret?”

or

“If you were given $50,000 today, how would you use it?”

09. Co-create

Involve clients in planning by offering them options, educating them on the pros and cons, and then letting them choose. Collaborative planning becomes more important as relationships mature.

10. Grow cultural competency

Understand clients' cultural backgrounds to improve relationships.

Case studies
Goal-based advice

Here are several companies from both inside the wealth industry and beyond, that you might be inspired by.

Please note this is not endorsement by Netwealth.

Lumiant

Goal-based advice in action

Lumiant is a solution that ties financial decisions to what matters in a client's life, helping shift the focus away from short-term thinking and toward long-term aspirations.

Some of its features include:

- **Values-based:** Illuminates personal values, so clients see money as a means to achieve more fulfilling life goals.
- **Co-creation:** Clients and advisers jointly set priorities and goals, fostering commitment through shared ownership.
- **Real-time adaptability:** Plans can be updated on the fly, ensuring they remain relevant and keep clients engaged.

1

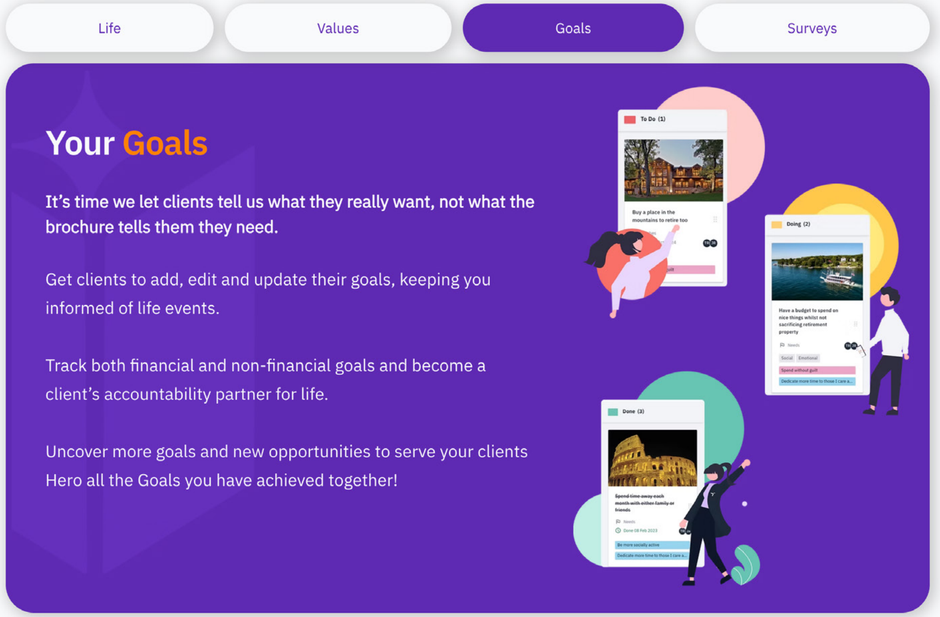


Image sources:

1 https://www.lumiant.io
2 https://www.duolingo.com
3 https://www.secondnature.io/au

Case studies
Goal-based advice

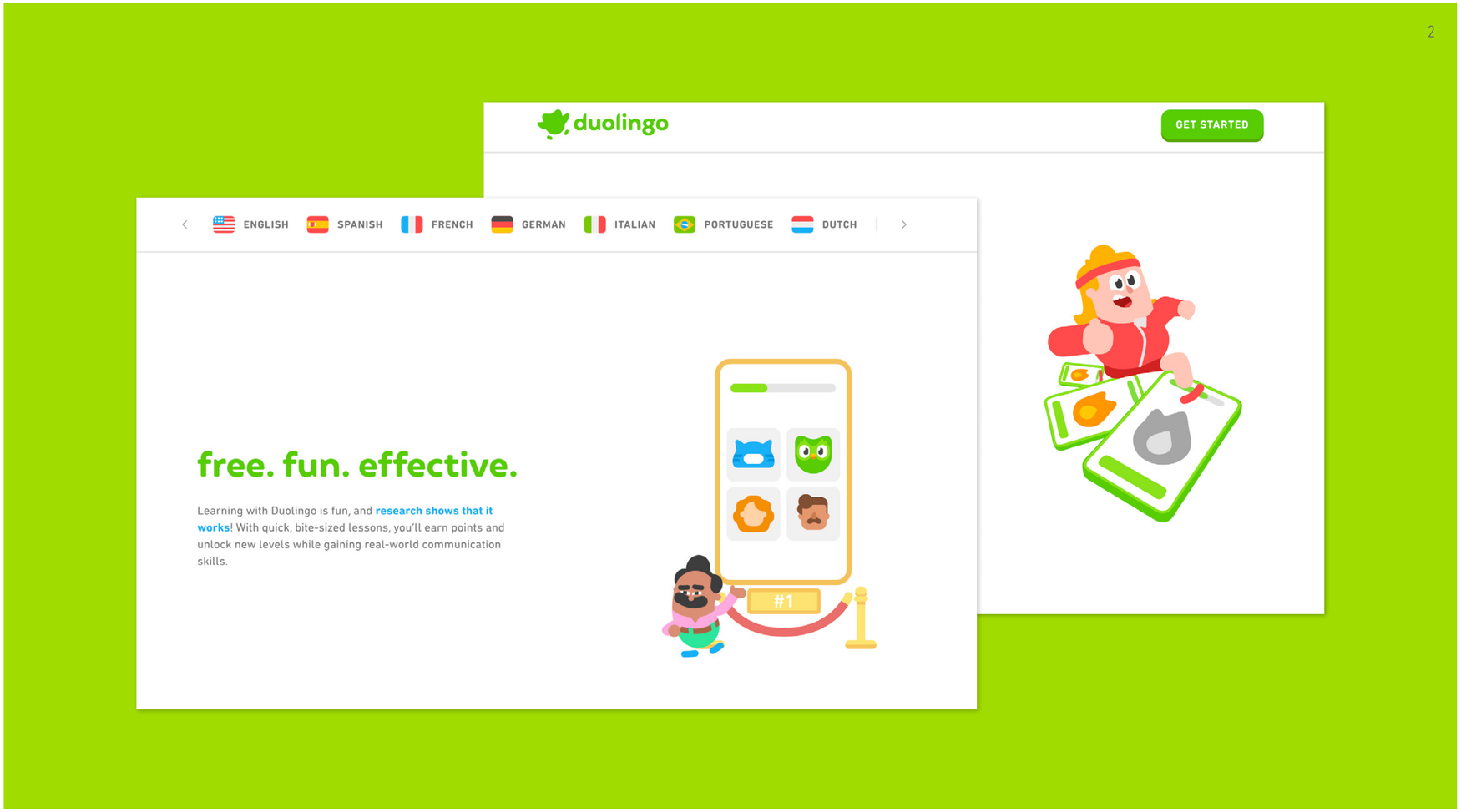
Duolingo

Makes learning a language feel easy by using gamification

Duolingo is a language learning platform that turns lessons into fun, bite-sized challenges. It helps learners adopt a consistent study habit – vital for long-term success.

Some of its features that leverage behavioural science principles to keep users motivated and engaged are:

- **Gamification:** Badges, points, and levels transform language practice into a game, boosting motivation and encouraging daily use.
- **Commitment:** The 'streak' feature nudges learners to log in daily, reinforcing their commitment to keep learning.
- **Immediate feedback:** Quick corrections and progress updates tap into the desire for instant gratification, helping users stay aware of their improvement and maintain momentum.



Case studies
Goal-based advice

Second Nature

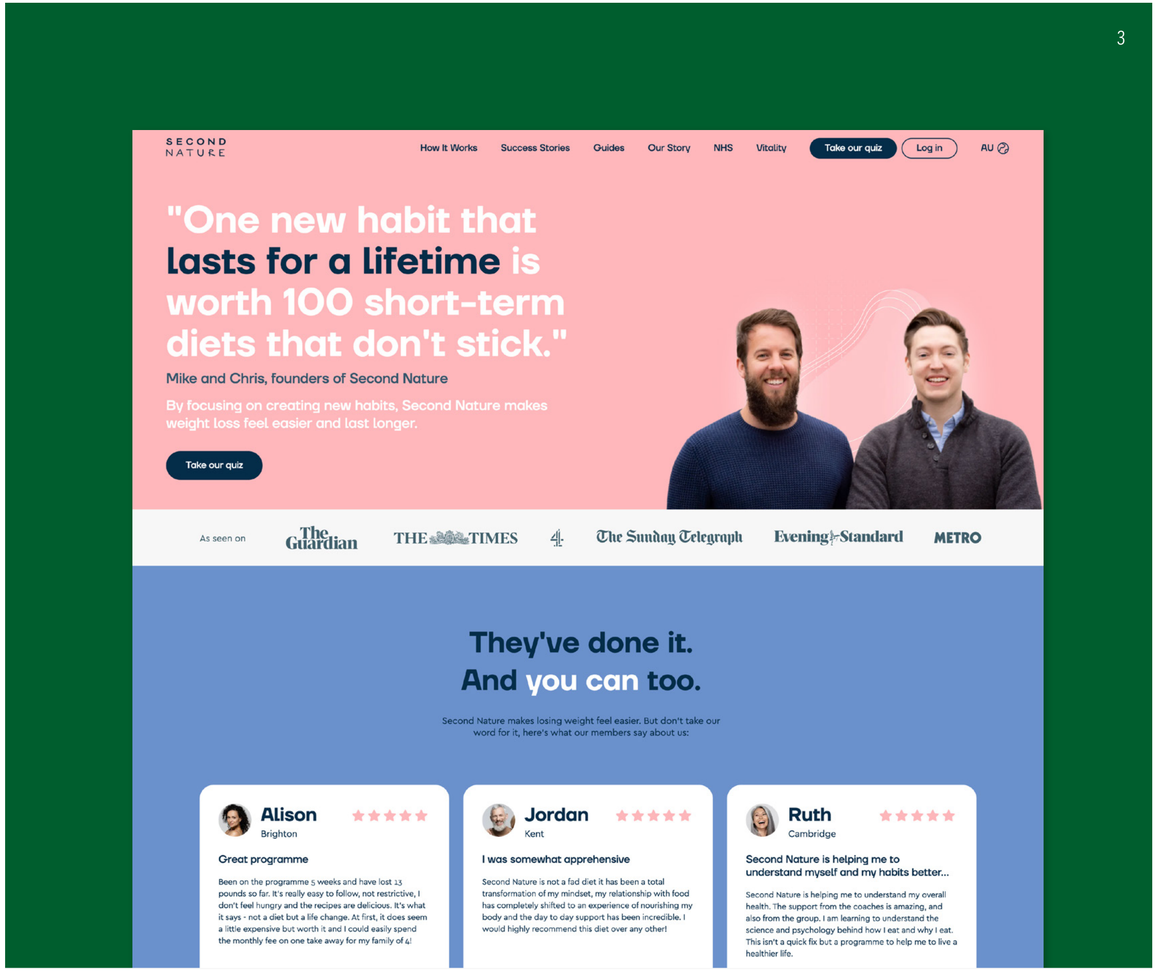
Helps people lose weight with goal setting and a clear pathway

Second Nature is a digital weight-loss app that uses behavioural science to help people form lasting, personalised health habits.

Rather than dictating a diet, it focuses on the individual's unique goals, values, and lifestyle – mirroring the idea of goal-based advice in financial services.

Some of its features include:

- **Tailored guidance:** Registered nutritionists and coaches work with each participant to create custom action plans, ensuring the program reflects their personal objectives.
- **Co-creation:** Users set their own health goals, fostering commitment and consistency. By actively defining their path, participants are more likely to stick with new habits.
- **Adaptive support:** The platform provides interactive tools – such as articles, recipes, and progress tracking – that adjust to evolving needs, much like a wealth manager updating advice as clients' financial situations change.
- **Clinically proven results:** Endorsed by the UK's National Health Service, Second Nature reports that 9 out of 10 people lose weight and keep it off, demonstrating how personalised, goal-based strategies can produce sustainable outcomes.



Value driver 2

Aligned investment options

Aligning investment advice with a client's personal beliefs taps into the powerful psychological principle of 'identity alignment'. This means people engage more with things that reflect their own sense of identity. Recognising a person's core values deepens the two-way connection.

Specifically, when clients see their ideals reflected in their investment portfolios, they feel genuinely understood. By continually incorporating a client's values, advisers can cultivate stronger trust and deeper engagement.

For instance, as clients become more informed, they expect their adviser to keep pace with their evolving investment preferences →Fig 7. In fact, six in 10 (59%) of Loyals say 'recognising my investment preferences' is important, compared to half of Newcomers (49%).

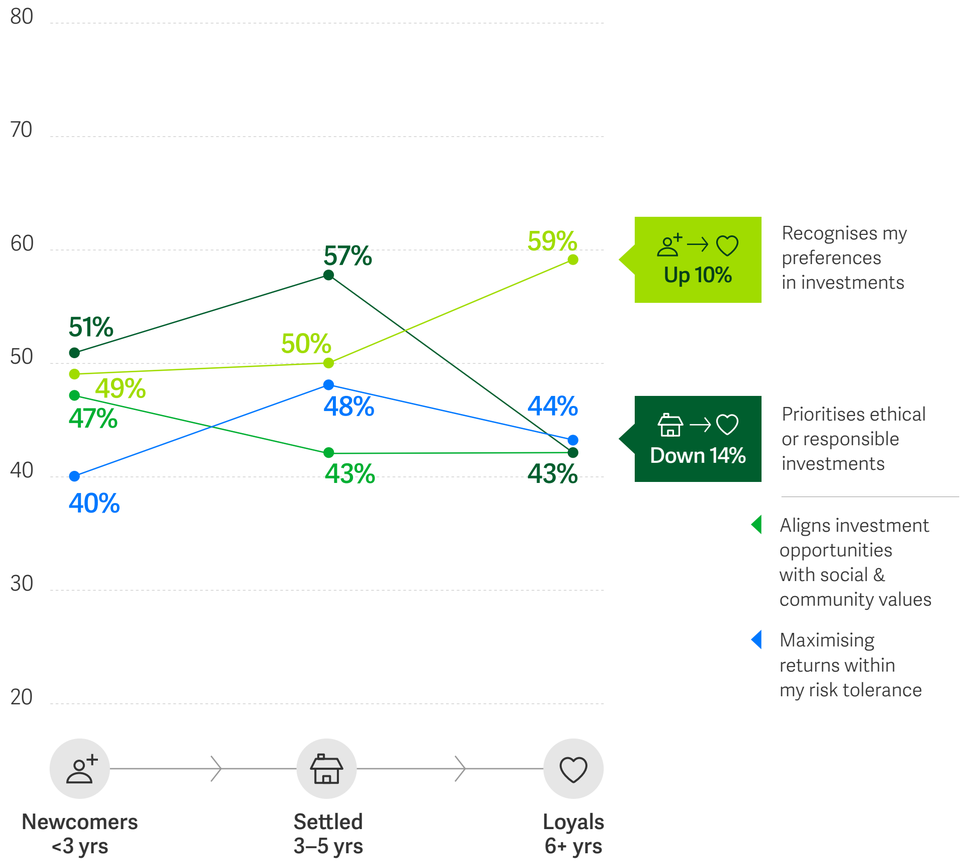
More specifically, both Newcomers (51%) and Settled (57%) 'prioritise ethical or responsible' options (vs. 43% of Loyals).

And Newcomers are slightly more likely to want 'investment opportunities aligned with their social or community values' (47% vs. 43% of both Settled and Loyals).

Maximising returns within an appropriate risk level is vital for all clients, but it's especially important to Settled (48% vs. 40% of Newcomers).

Which factors do you think are most important for a financial adviser to offer you?

Fig 7



Actions
Aligned investment options

Actions that could help you make the most of these insights:

01. Regularly discuss values with clients

Schedule periodic reviews to understand clients' evolving personal and community values and align portfolios accordingly.

02. Leverage identity framing

Highlight how investment choices align with their identity, such as being an 'ethical investor' or 'community-focused steward'.

03. Regularly align portfolios

Align investment strategies to match the evolving preferences and knowledge levels of clients.

04. Understand the responsible investment options available

Seek information to continually upgrade your knowledge, so you can present opportunities to interested clients.

05. Provide transparency through reporting

Use digital tools and reporting that show the social or environmental impact of clients' investments, reinforcing their connection to their values.

06. Minimise risk with what-if and scenario planning tools

Demonstrate different investment outcomes using what-if simulations modelling such things as changes in interest or inflation rates.



Case studies
Aligned investment options

Here are several companies from both inside the wealth industry and beyond, that you might be inspired by.

Please note this is not endorsement by Netwealth.

Image sources:

4 https://www.aspiration.com

5 https://www.consciousinvest.com.au/app/uploads/2024/10/CIM-Impact-Report-2024.pdf

6 https://www.youtube.com/watch?v=Yz2ypMfex9M

Aspiration

Banking on climate friendliness

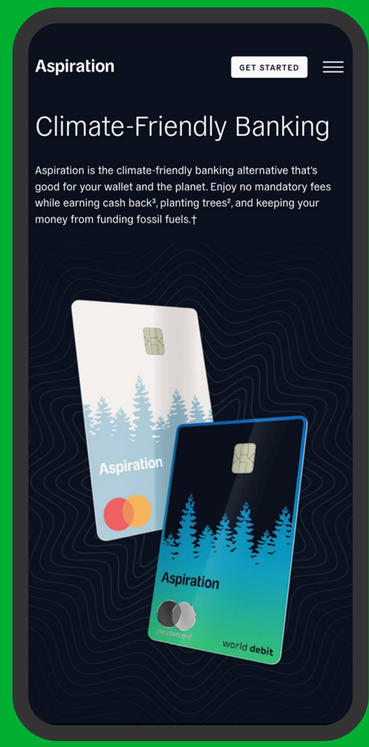
Aspiration is the technology offer of US-based Coastal Community Bank that positions itself as a sustainable, socially conscious alternative to traditional banks.

They use language on their website, such as 'climate-friendly banking' to appeal to people who care about aligning their financial decisions with personal values. According to their website, customers can avoid fossil-fuel-related investments, donate a portion of their fees to charitable causes, and even track personal sustainability scores.

Aspiration taps into several key behavioural science principles that reinforce loyalty and trust:

- **Identity alignment:** Aspiration directly appeals to customers' environmental and social values, forging an emotional connection that goes beyond simple transactions. When clients see their ideals reflected in their financial activities, it strengthens their identity as 'ethical investors' and increases their willingness to stay committed.
- **Social proof and momentum:** Aspiration highlights stories of other customers taking steps to support sustainability, which fuels social proof. Seeing a broad community of ethically minded account holders encourages newcomers to feel confident in their choice, reinforcing a cycle of positive word-of-mouth.

4



Case studies
Aligned investment options

Conscious Investment Management:

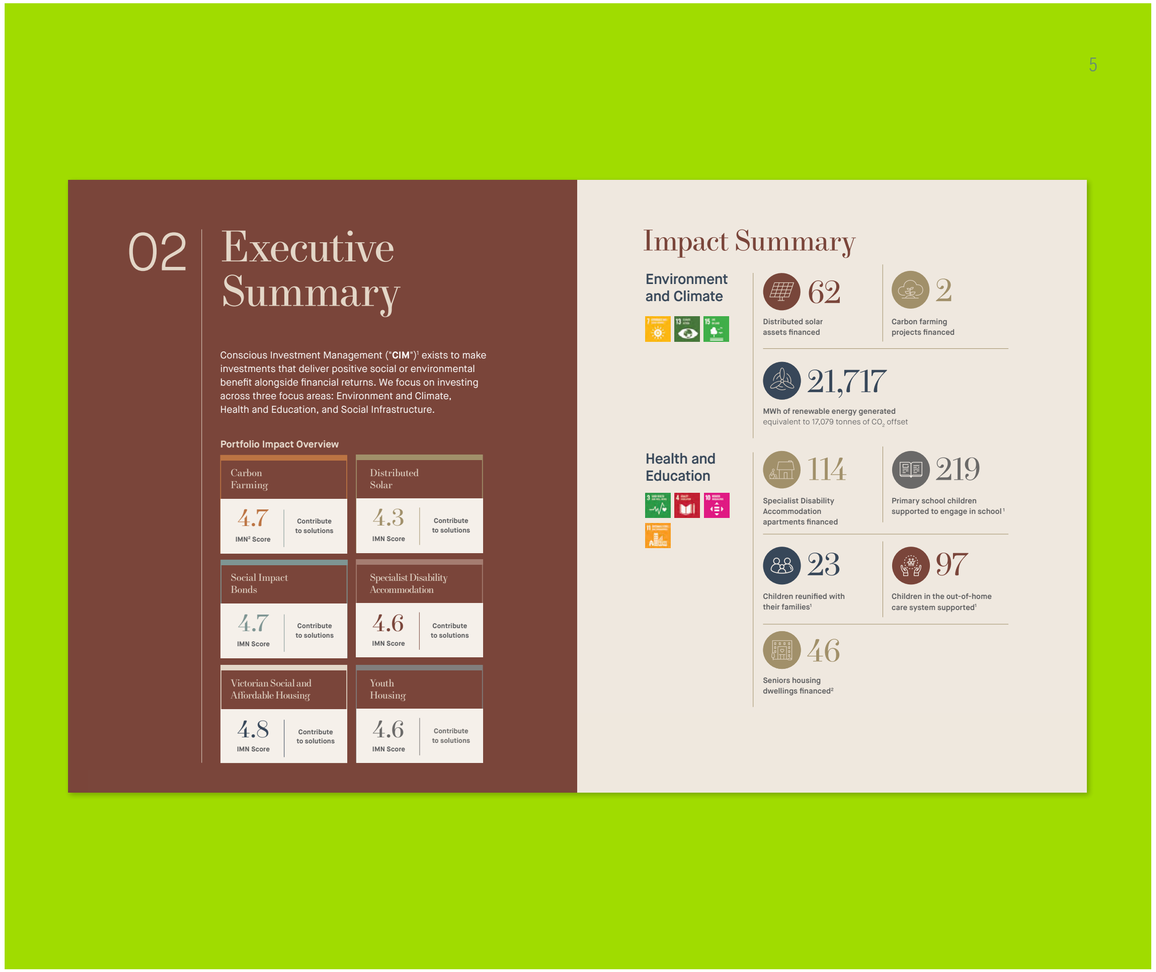
Impact reporting

According to their website, Conscious Investment Management is a dedicated impact investment fund manager founded in 2019, with a vision is to unlock the power of mainstream investment markets to fund assets that create positive social and environmental impact.

It has several funds, including an Impact Fund (available to wholesale investors on Netwealth) that invests in such things as: Specialist Disability Accommodation, social and affordable housing, distributed energy generation/energy transition, and social impact bonds.

By leveraging behavioural insights, it offers the following features:

- Annually it provides an impact report, which not only details its financial performance, but also its impact on the environment (e.g. 21,717 MwH of renewable energy generated since inception 30 June 2024), health and education (e.g., financed 46 senior housing dwellings), and social infrastructure (e.g., financed 270 social and affordable housings).
- It is a Certified B Corporation, a group of companies committed to using business as a force for good and balancing purpose with profit.



Case studies
Aligned investment options

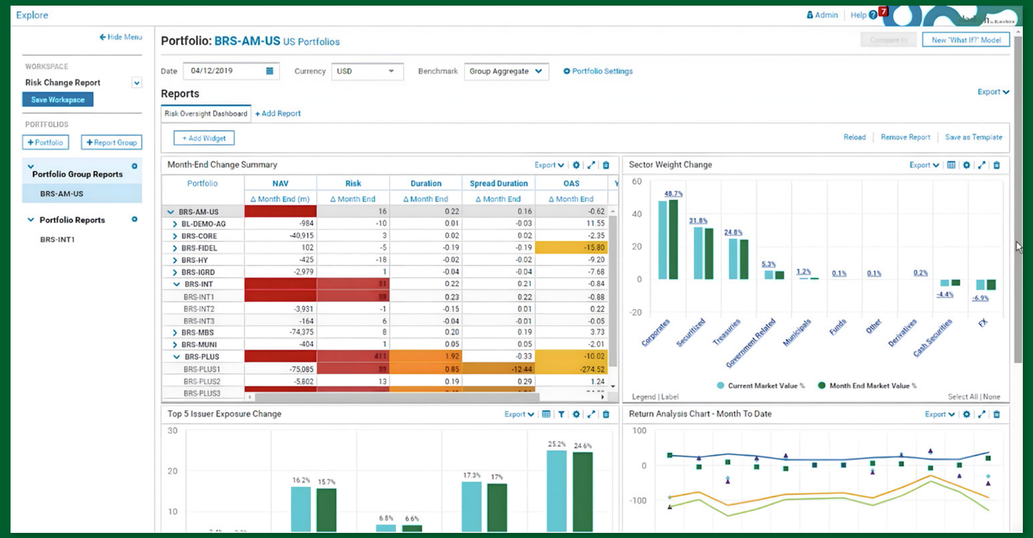
Aladdin Wealth™:

Data-driven portfolio risk analysis

Aladdin Wealth™ by BlackRock uses AI and advanced analytics to deliver proactive, personalised investment guidance. By making risk and performance crystal clear, it empowers advisers and fosters client trust.

Some of its features include:

- **Stress testing:** Using real-time 'what-if' scenarios, it brings potential market events to life, easing anxiety and helping clients understand how their portfolios might respond.
- **Proactive risk monitoring:** Automated daily checks highlight emerging risks – like sudden market shifts – encouraging timely decisions and reducing panic.
- **Personalised portfolio construction:** By considering each client's unique goals, constraints, and preferences, it helps create portfolios aligned with individual values – reinforcing 'identity alignment'.



Value driver 3

Guidance for the unexpected

Providing help during uncertain times is a core function of advisers – and it is a crucial offering valued by around half of both Newcomers (51%) and Loyal clients (52%). →Fig 8

This need reflects the behavioural science concept of 'loss aversion', where people are especially motivated to avoid negative outcomes (like the financial impact of death, divorce, or job loss), and therefore seek out advisers who can minimise such risks.

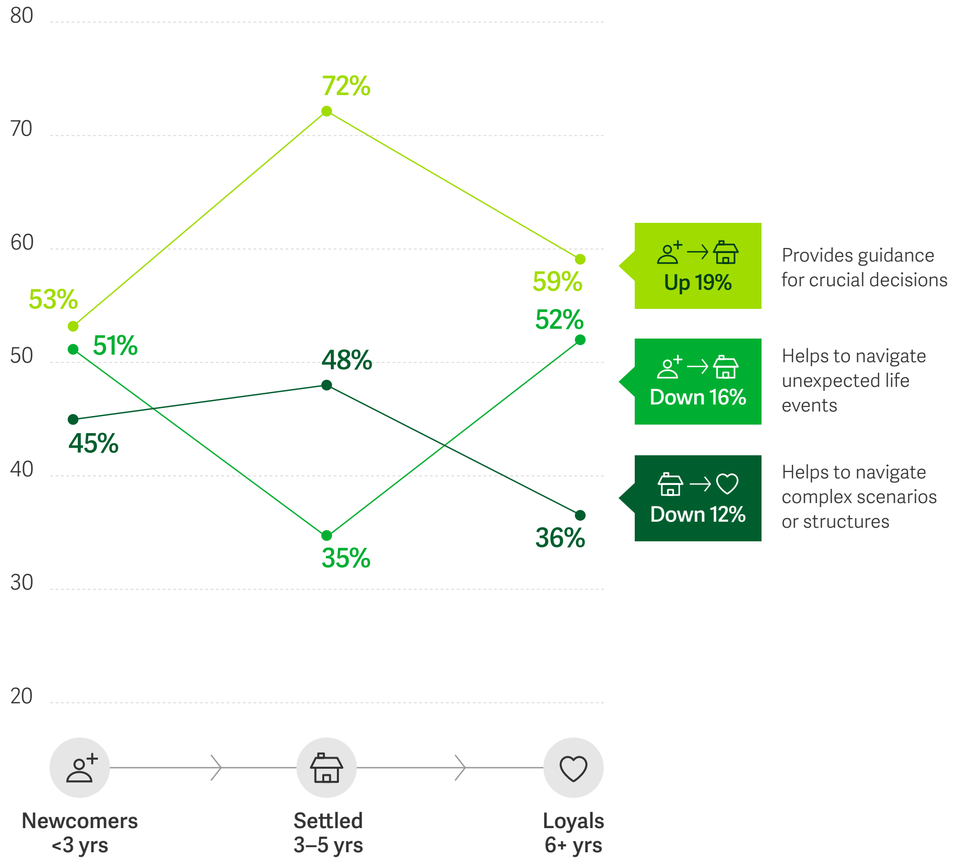
For Settled clients (72%), the emphasis shifts to advice for high-stakes decisions, such as buying a home or selling a business.

Loyal clients (64%), meanwhile, expect guidance on more specialised, complex topics (e.g., navigating SMSF rules or changing tax regulations).

Initially, clients look to advisers for support during major milestones and unexpected events, but over time they recognise the broader range of support and expertise on offer. This highlights the concept of 'authority bias', where clients trust professionals who demonstrate deep experience in specialised areas.

Which factors do you think are most important for a financial adviser to offer you?

Fig 8



Actions
Guidance for the unexpected

Actions that could help you make the most of these insights:

01. Use case studies

Illustrate the additional support you can provide, plus additional services available, when there are uncertain and complex decisions to be made.

02. Offer regular updates that are easy to understand

For example, via a newsletter or podcast, provide insight on regulatory and tax changes, highlighting your specialised knowledge.

03. Illustrate your crisis support capabilities

Clearly communicate your expertise in supporting clients through major life events such as death or divorce. Highlight your track record and case studies where your guidance has made a significant impact. This will build initial trust and demonstrate your capability in handling sensitive and critical situations.

04. Promote your decision-making guidance

For clients who have been with you for some time, emphasise your role in facilitating major financial decisions, such as home purchases or business sales. Use case studies to showcase successful outcomes as this will reinforce their trust and reliance on your services.

05. Showcase specialised knowledge

As clients become more established with you, highlight your expertise in complex areas such as regulatory changes and tax regulations. Offer regular updates, detailed insights, and proactive advice on these topics. This will position you as a knowledgeable and trustworthy adviser, capable of navigating intricate financial landscapes.



Case studies
Guidance for the unexpected

Here are several companies from both inside the wealth industry and beyond, that you might be inspired by.

Please note this is not endorsement by Netwealth.

Image sources:

7 https://www.bpwealth.com.au/resources/case-studies
8 https://www.willful.co

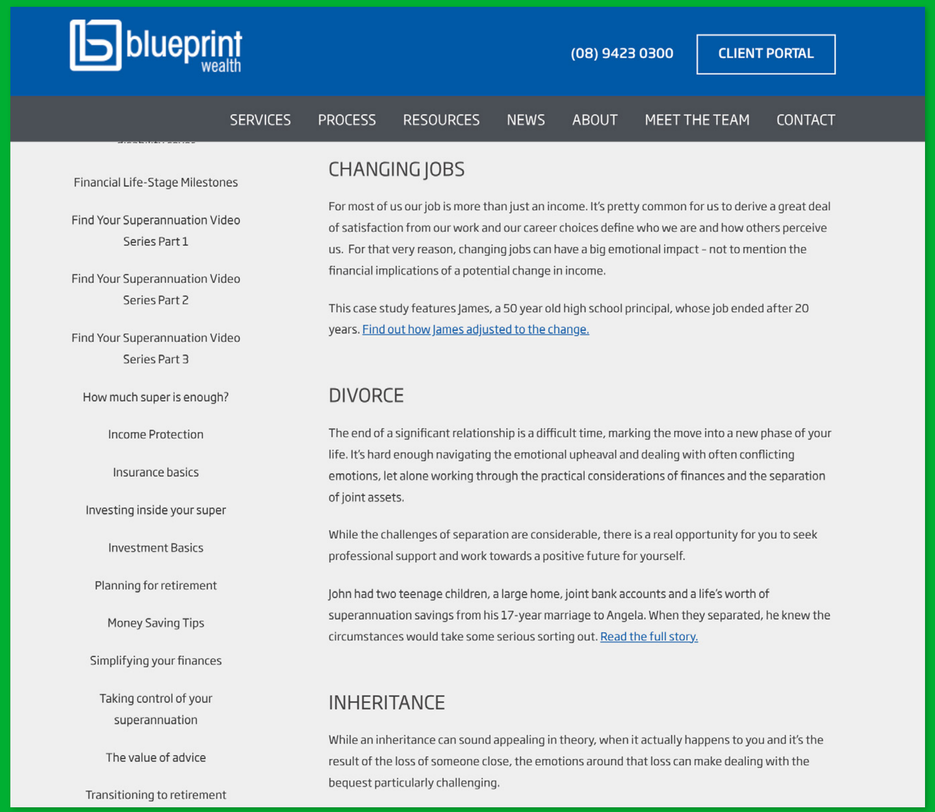
Blueprint Wealth

Exploring the unexpected with case studies

Blueprint Wealth is a financial planning practice that has been serving clients across Australia since 2001.

It uses written case studies to demonstrate how it can help clients during the unexpected. It delves into topics such as changing jobs, divorce and inheritance.

7



Case studies
Guidance for the unexpected

Willful

Providing guidance for life's unexpected turns

Willful is an online Canadian company that simplifies estate planning. It helps people overcome procrastination and anxiety around the unexpected.

By leveraging behavioural insights, it offers the following features:

- **Loss aversion:** Willful addresses users' fear of leaving loved ones unprotected, providing a straightforward way to secure their future with a last will, testament and power of attorneys.
- **Simplification:** A user-friendly interface with engaging language reduces cognitive load, making the process manageable and less intimidating.

8



Value driver 4

Innovative advice

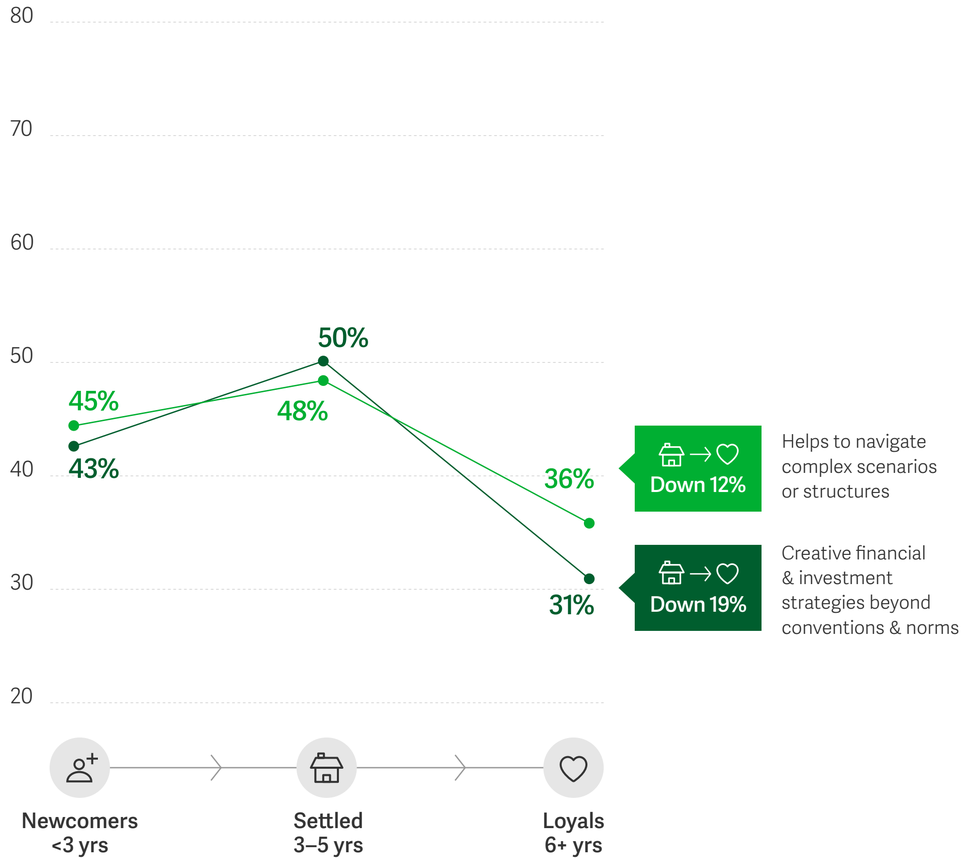
People often pay extra attention to new or novel ideas, sometimes overvaluing them. This tendency relates to the psychological principle of 'novelty effect' where fresh stimuli tend to spark excitement, urgency and engagement. This is where the value driver of innovative advice is key.

Among Newcomers and Settled clients, this drive for newness is especially strong. Early on, they're drawn to 'creative financial and investment strategies beyond the norm' (valued by 43% of Newcomers and 50% of Settled, vs. 31% of Loyals) or 'complex scenarios or structures' like foreign investments or specialised tax approaches (45% of Newcomers, 48% of Settled, vs. 36% of Loyals). →Fig 9

However, as clients gain confidence in existing strategies, the hunger for constant innovation naturally fades. Over time, familiarity and trust in the adviser's recommendations reduce the need to keep introducing novel options, as shown by Loyals' lower need for novelty.

Which factors do you think are most important for a financial adviser to offer you?

Fig 9



Actions
Innovative advice

Actions that could help you make the most of these insights:

01. Use language that primes associations of innovation

Frame new strategies or decisions in ways that emphasise newness and creativity, e.g.

"Consider our advanced tax minimisation strategies,"

or

"There are two new creative investment opportunities that we think can help grow your portfolio."

02. Focus on early client touchpoints

New and recently onboarded clients place higher value on creative solutions. Emphasise innovation prominently in initial interactions. For example, during onboarding meetings introduce novel investment opportunities.

03. Continually highlight the 'new'

Communicate any added service or investment options regularly, through newsletters or meetings.

04. Offer specialised tools and resources

Expand your service offering into niche areas, or offer unique tools and technologies that demonstrate innovation.



Case studies
Innovative advice

Here are several companies from both inside the wealth industry and beyond, that you might be inspired by.

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Image sources:

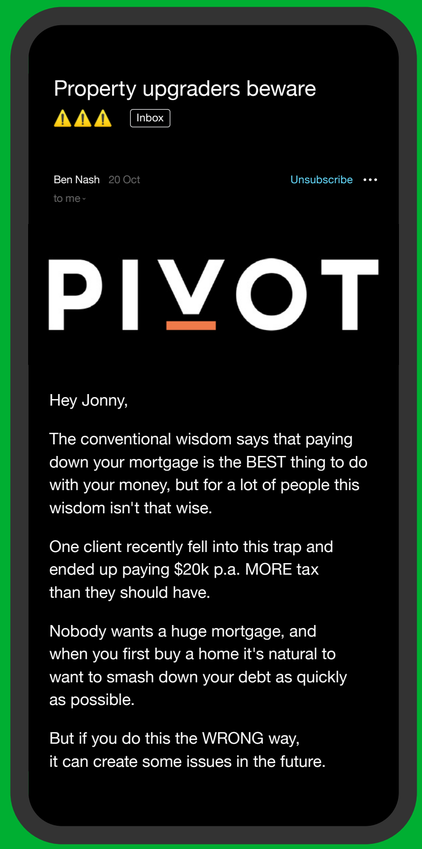
9 https://pivotwealth.com.au
10 https://www.ubereats.com
11 https://www.disneyplus.com

Pivot Wealth

Myth-busting for novelty (and authority)

Pivot Wealth challenges the concept that it's best to pay down your mortgage ASAP by revealing hidden drawbacks – such as higher tax bills or missed investment prospects. This fresh, counter intuitive perspective leverages the 'novelty effect', capturing attention and showcasing Pivot Wealth as an authority.

9



Illustrated interpretation

Case studies
Innovative advice

Uber Eats & Disney+

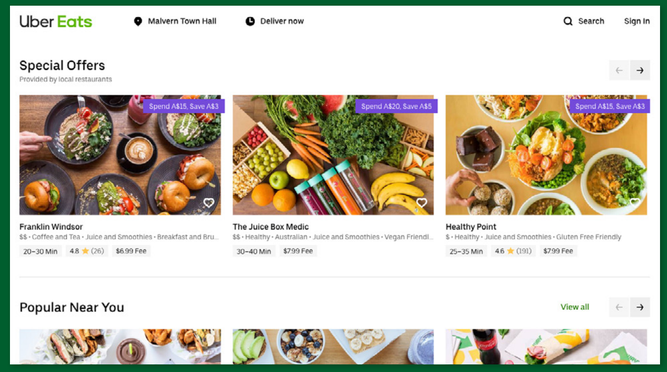
Feeding our need for variety

People believe they want a broad range of choices, even if they tend to select the same few options in practice. Both Uber Eats and Disney+ offer plenty of new ideas using features like:

- **New items and offers:** Uber Eats spotlights fresh menu items and special deals, enticing users to explore novel cuisines or restaurants.
- **'What's New' content:** Disney+ keeps users returning by constantly promoting brand-new shows and movies, playing into our desire to see 'what else is out there'.

"People believe they want a broad range of choices, even if they tend to select the same few options in practice."

10



11



Value driver 5

Operational transparency

Research on ‘operational transparency’ by psychologist Michael Norton shows that when people see the behind-the-scenes effort and rationale involved in a service, they perceive the service as more valuable and trustworthy.

This principle of transparency applies directly to financial advice. By consistently revealing the rationale and processes behind the advice, you can signal expertise, ease uncertainty, and foster trust.

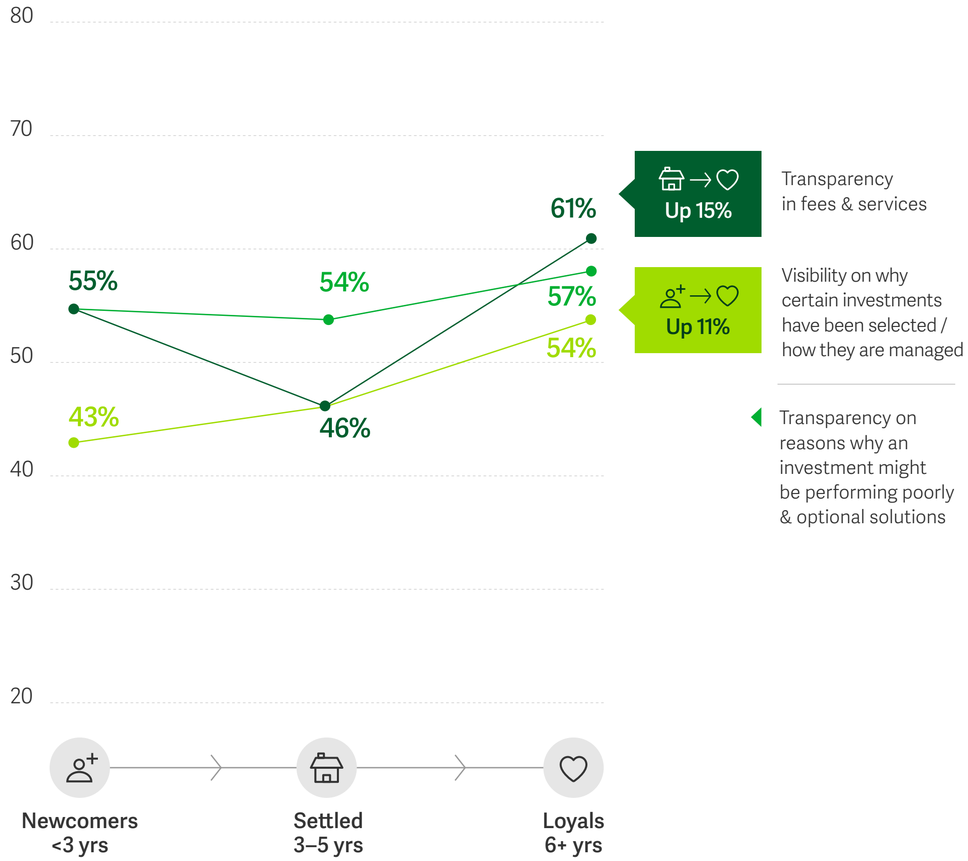
Interestingly, even after time, Loyals continue to seek this transparency (61%) – emphasising the need to avoid complacency.

Your clients are looking for ‘operational transparency’ via →Fig 10.

- **Fee clarity:** Offering real-time insights into your billing structure and a breakdown of time/hours (61% of Loyals and 55% of Newcomers value this).
- **Portfolio explanations:** Over half of all clients want you to explain why certain investments perform the way they do and offer alternatives when appropriate (55% Newcomers, 54% Settled, 57% Loyals).
- **Investment rationale:** Explaining how and why each selection is made. This resonates most strongly with 54% of Loyals (vs. 43% of Newcomers).

Which factors do you think are most important for a financial adviser to offer you?

Fig 10



Actions
Operational transparency

Actions that could help you make the most of these insights:

01. Enhance the annual review

Discuss fees, alternative investment options, service usage, how investments are managed and value delivered. This helps clients feel more involved and reassured about your service, and provides an opportunity to adjust services and fees based on their feedback and changing needs.

Specifically look to:

- Provide detailed explanations of investment strategies and how they align with goals.
- Be clear on how you will rebalance their portfolio over time, what factors will be considered when doing so, and the triggers for rebalancing (such as market volatility, changes in income, or an unexpected event).
- Communicate your investment philosophy in a simple, non-jargonistic way, where you don't assume clients will understand all concepts.
- Communicate using simple language, visual aids, analogies, and case studies of other clients who have benefited from similar recommendations.

02. Deliver regular updates on service and value

Develop a detailed, yet easy-to-understand breakdown of your fees and how they relate to the services you offer.

03. Help people understand fees using different techniques

For example, you could introduce:

- A 'fees FAQ' (perhaps via a chatbot) on your website addressing common questions about fees and services.
- A comprehensive guide that explains your fee structure, the services included at each fee level, and illustrate the value received.

04. Move to fixed-fee tiered arrangements

These eliminate the uncertainty of variable billing with predictable and transparent pricing.

Professional services firms, such as those in accounting and legal sectors, often use tiered pricing models. This approach offers different service levels at varying price points, clearly outlining what each tier includes. For instance, a firm might offer a 'Basic' package with essential services, a 'Pro' package with additional features, and an 'Enterprise' package with comprehensive support and premium services. This model helps clients understand the value they receive at each price level, and they can choose according to their needs and budget.

Case studies
Operational transparency

Here are several companies from both inside the wealth industry and beyond, that you might be inspired by.

Please note this is not endorsement by Netwealth.

Image sources:

12 https://www.illuminatewm.com
13 https://www.originenergy.com.au
14 https://www.twotrailsfp.com

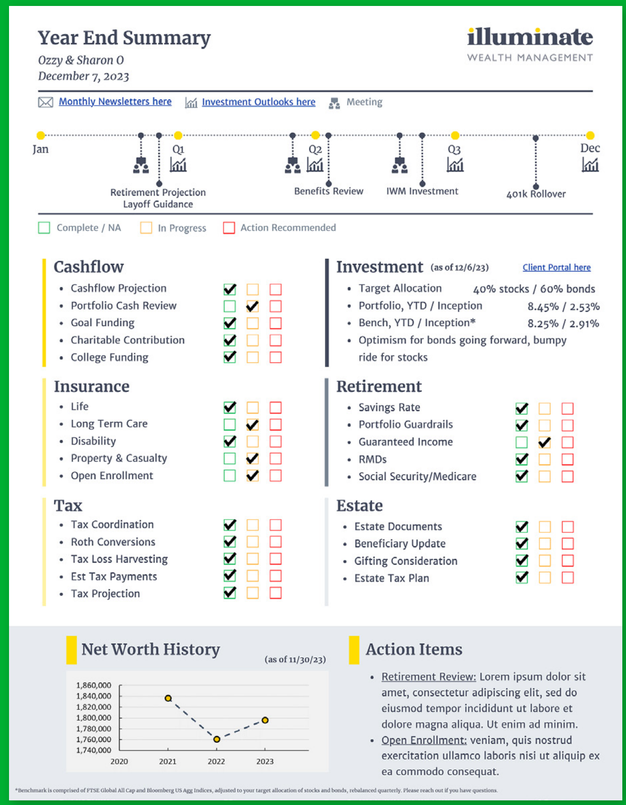
Illuminate Wealth Management

Transparent year-end summary

Illuminate Wealth Management, a US-based firm, provides clients with a year-end review that addresses past achievements, current status, and future tasks.

In the visual to the right, the timeline recaps the accomplishments from the past year; the middle section provides colour-coded status updates to let clients know where they stand in each important planning category; and the Action Items section at the bottom clearly states what to do next.

12



Case studies
Operational transparency

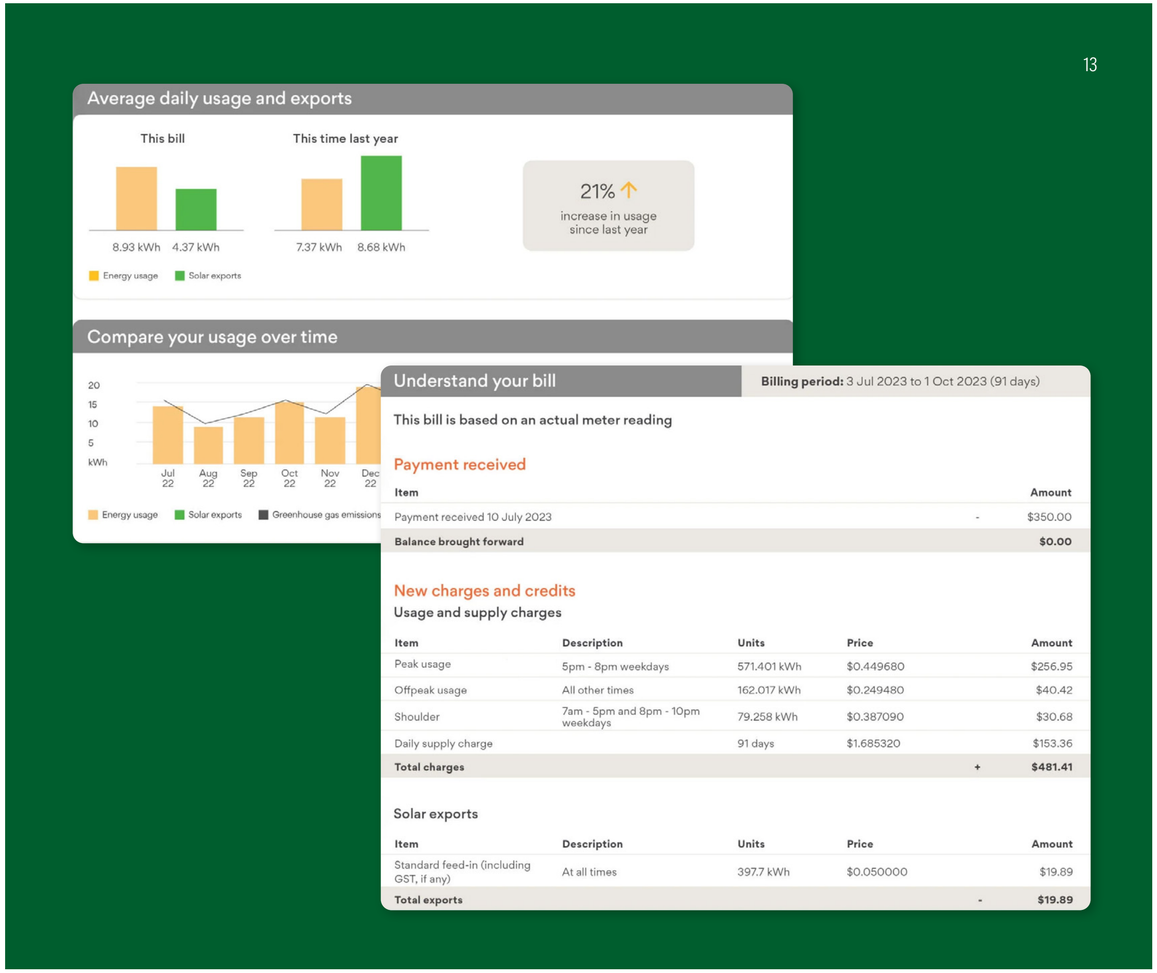
Origin Energy

Continual fee and service transparency

Origin Energy uses detailed invoices and clear usage summaries to show customers exactly how their fees are allocated. This approach leverages the principle of 'operational transparency' by showing:

Fee clarity: By itemising charges such as energy, network, environmental, etc., Origin Energy reduces uncertainty about where customers' money is going.

1. **Usage insights:** Side-by-side comparisons of current and past usage help customers spot trends and feel in control of their consumption.
2. **Stronger engagement:** Clear, visual data invites customers to participate actively in decisions (e.g., adjusting usage or exploring green power), fostering collaboration and loyalty.



Case studies
Operational transparency

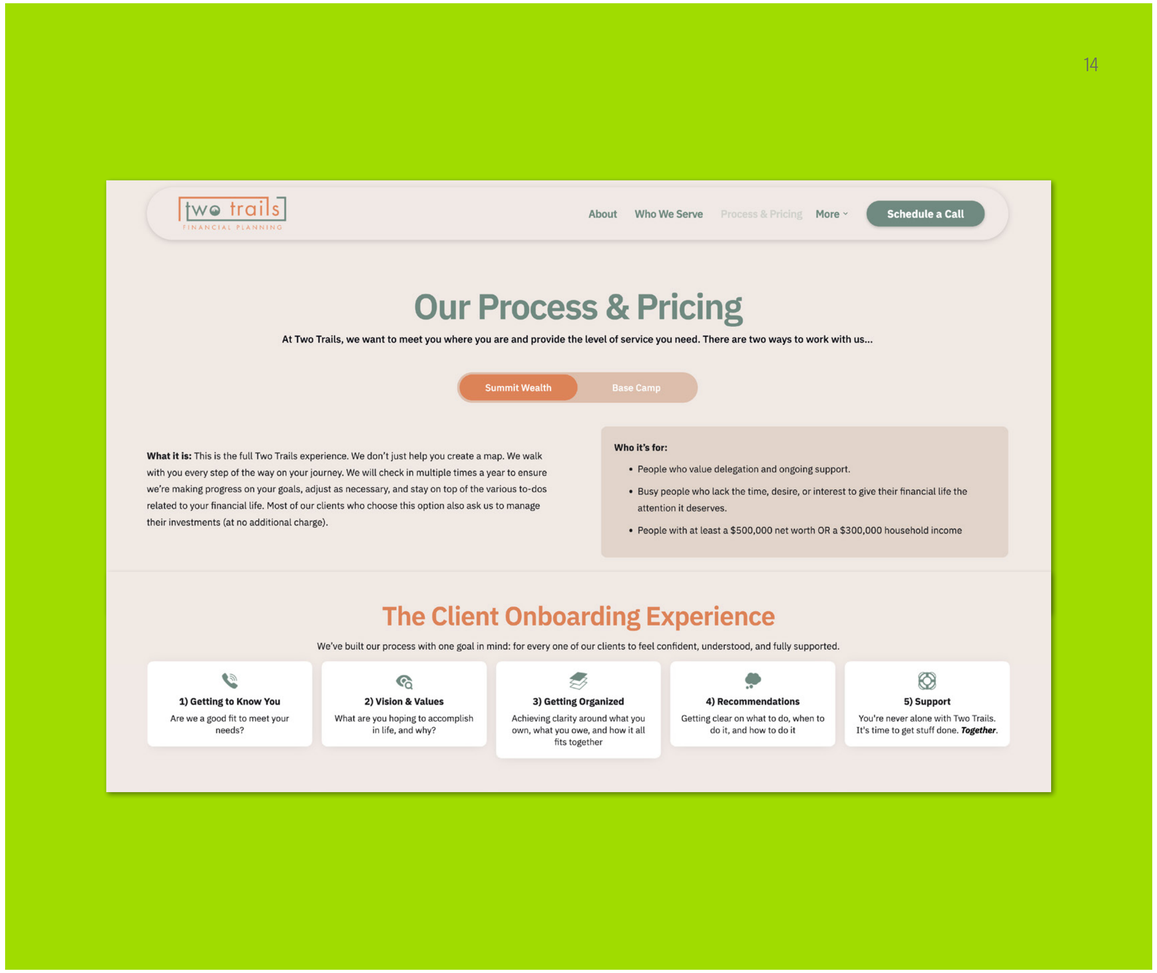
Two Trails Financial Planning

Intuitive tired pricing with visibility of the journey involved

Two Trails Financial Planning takes a clear and straightforward approach to explaining both its process and fees, allowing clients to choose between two distinct service tiers: ‘Summit Wealth’ or ‘Base Camp’.

By openly detailing what each option provides – and precisely how much it costs, they tap into ‘operational transparency’.

- **Tiered pricing clarity:** Having clear service levels reduces ambiguity about costs and scope, making clients feel in control of their spending.
- **Step-by-step process:** The website outlines each stage of the journey – from creating a map to regular check-ins – easing ‘uncertainty aversion’ and boosting confidence in the adviser’s expertise.



Value driver 6

Communicate often, proactively

Financial plans, by their nature, involve a degree of uncertainty about the future. Proactive communication directly addresses the principle of 'uncertainty reduction', that is, humans are naturally averse to uncertainty.

Providing a continuous feed of information including performance, clarifying next steps, and addressing changing conditions, can contribute to a greater sense of predictability and control. It can also have the potential to keep clients motivated and engaged with their financial goals and feel supported.

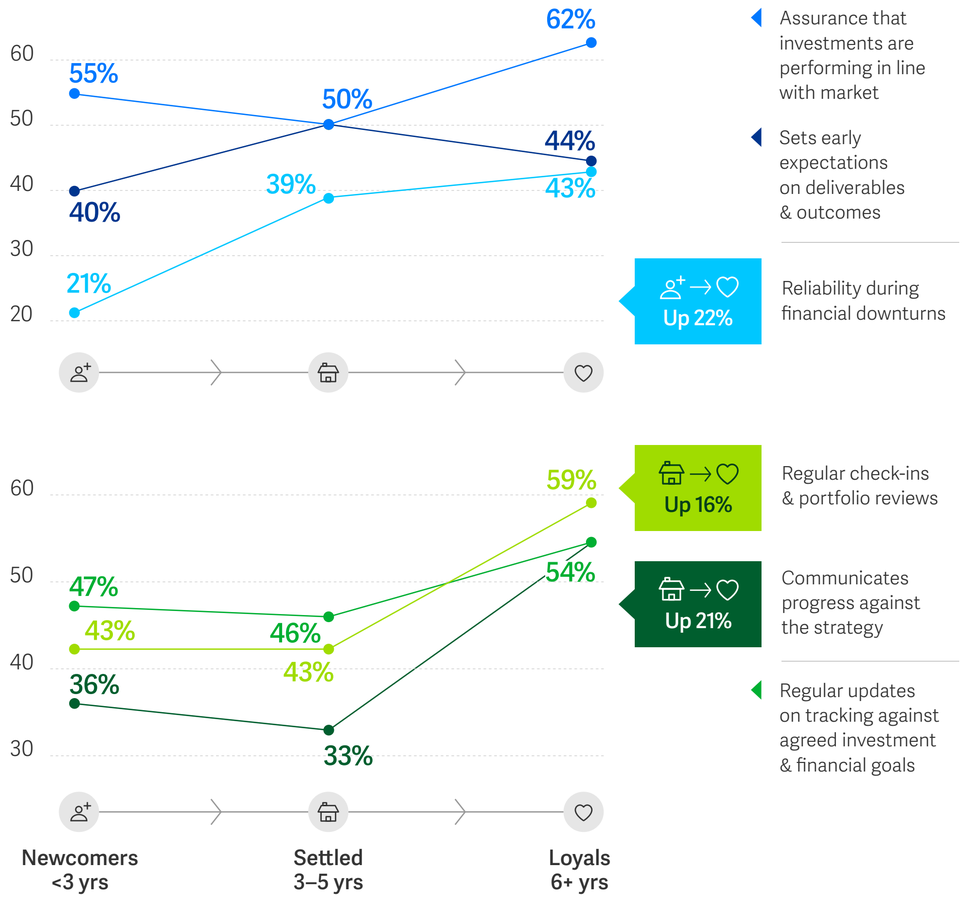
Advisers continually need to assure clients about their investments, with over half wanting 'assurance their investments are performing in line with the market' (62% of Loyals vs. 55% of Newcomers, 50% of Settled), especially during market downturns to show support in a 'crisis' (43% of Loyals, 39% of Settled, vs. 21% Newcomers). →Fig 11

As the relationship matures, proactive communication becomes even more vital. Advisers should look to do 'regular check ins and portfolio reviews' (59% of Loyals value this, vs. 43% of Newcomers and 44% of Settled), and look to 'clearly communicate progress against the strategy' (54% of Loyals vs. 36% of Newcomers, and 33% of Settled).

Around half of clients also expect firms to set clear expectations for the next 12-24 months.

Which factors do you think are most important for a financial adviser to offer you?

Fig 11



Actions
Communicate often, proactively

Actions that could help you make the most of these insights:

01. Set clear expectations for the next 12-24 months

This involves outlining potential market scenarios, anticipated returns, and any adjustments that might be necessary. By doing so, you can help clients prepare for future financial landscapes and make informed decisions.

02. Communicate when things might look bad

Schedule consistent meetings or calls to discuss progress, address concerns, adjustments to the strategy and discuss plans.

03. Conduct regular portfolio performance reviews and market comparisons

Focus on providing clear, concise, and timely updates that align with clients' financial objectives.

04. Consistent communication can manage expectations

During financial downturns, increase communication frequency to provide support and reassurance, reflecting your expertise and stability.



Case studies
Communicate often, proactively

Here are several companies from both inside the wealth industry and beyond, that you might be inspired by.

Please note this is not endorsement by Netwealth.

Netwealth

Personalised portfolio reports at scale

Netwealth's reporting technology gathers data from multiple accounts, products, and entities to create a comprehensive view of a client's portfolio performance.

This reporting technology can be a tool for proactive communication, leveraging the following features:

- **Holistic progress tracking:** By stitching together data from various sources, advisers can demonstrate how each part of a client's plan contributes to overall returns. This aligns with the behavioural science principle of 'goal gradient effect', which explains how seeing evidence of even small progress keeps people committed to their long-term objectives.
- **Benchmarking:** Providing clear, data-rich reports that benchmark performance against external KPIs, helps clients understand exactly how decisions have paid off, or where adjustments might be needed.
- **Visual dashboard to reduce complexity:** When performance metrics and asset allocations are simplified into one cohesive view, clients avoid information overload. This not only lowers uncertainty but reinforces confidence in the adviser's guidance.

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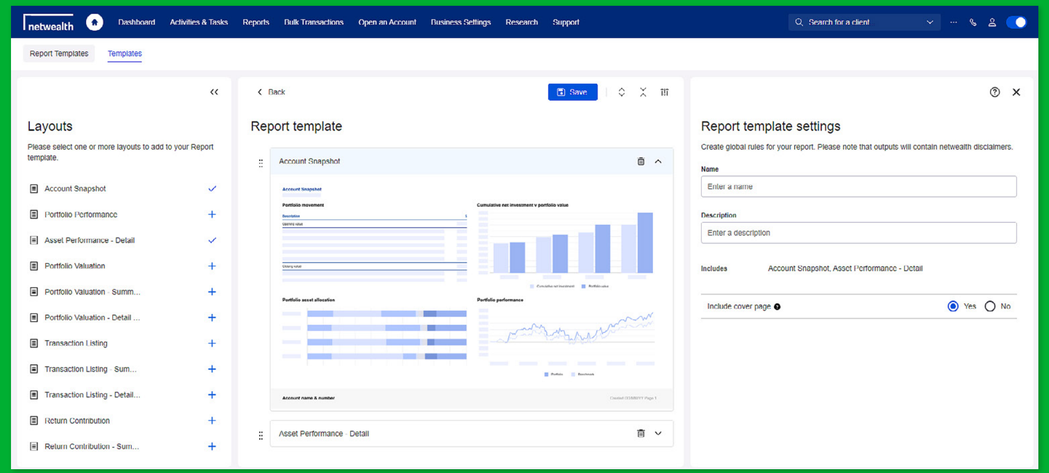


Image sources:

14 https://www.netwealth.com.au
15 https://www.morganstanley.com

Case studies
Communicate often, proactively

Morgan Stanley

Next best action

Next Best Action, used by around 90% of Morgan Stanley's 16,000 advisers at least monthly[2], is an Artificial Intelligence (AI)-enabled system to help its advisers be more proactive.

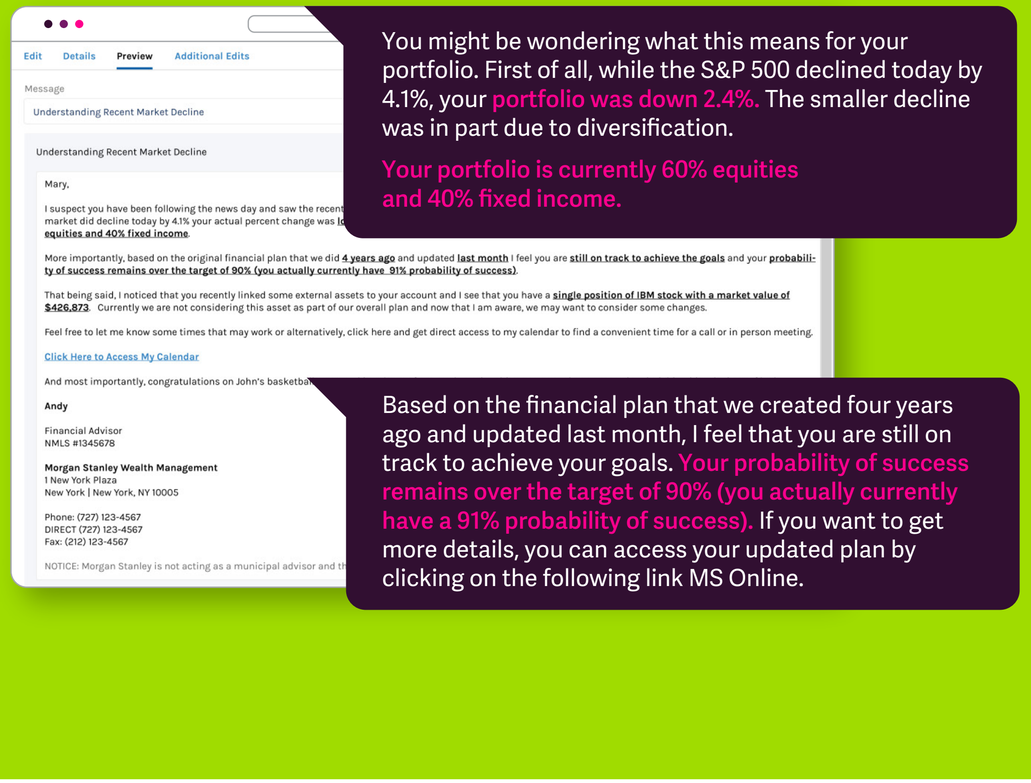
Every day an adviser can login to the system and be presented with a buffet of information and actions they can take with their clients.

This is a complex system based on client behaviours, such as from phone, email and text interactions, plus information from their advice documents, such as their goals, financial model and investment plans. It also pulls in external information like market news. AI and machine learning are overlayed to produce advice alerts, investment ideas, and life event notifications.

For example, if the market was to drop significantly, Morgan Stanley advisers could hit a button and send an automated, yet customised email to every client, in which the system fills the blanks (Name and percentages) automatically. It could say: "Hello Client Name, I just want to let know the market was down by X%, and your portfolio was down by X%, due to your (e.g.) 60/40 split. Based on my review of your financial plan (which was updated last month), you're currently still around a X% probability of success, which is where we want to be. You can access the plan by clicking on the link. Kind regards, Financial Adviser Name."

Morgan Stanley: Scaling customised engagement using digital channels 15

Illustrated interpretation



2 https://www.wealthmanagement.com/technology/morgan-stanleys-16000-human-brokers-get-algorithmic-makeover

Value driver 7

Continual reassurance beyond markets

‘Confirmation bias’ is a behavioural science principle where people tend to seek out information that confirms their existing beliefs or decisions.

In the context of client-adviser relationships, continual reassurance about the adviser’s expertise helps clients feel validated in their choices and reinforce their confidence in the service provided.

The types of continual assurance valued (beyond how they are performing against their strategy and the market) often reflect their adviser’s qualifications, networks, or track record.

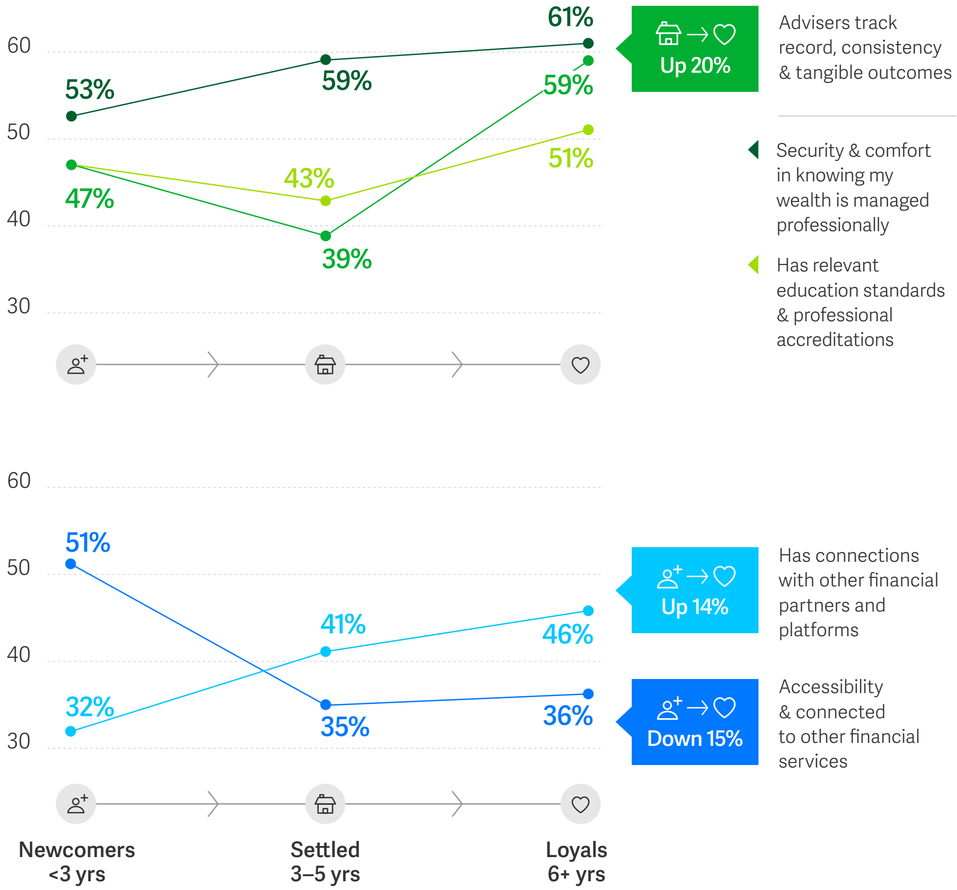
For example, almost half of all clients value ongoing evidence that their wealth is managed by qualified experts (e.g., up-to-date accreditations).

Nearly six in 10 (59%) Loyals (vs. 47% of Newcomers, and only 39% of Settled) want continual assurance of their adviser’s ‘consistency in results and tangible outcomes of advice’. →Fig 12

For Newcomers (51%), having an adviser with ties to other financial specialists (like accountants) serves as additional assurance. In contrast, Settled and Loyal clients appreciate broader partnerships – demonstrating robust networks that could be called on to tackle more complex needs (46% of Loyals, 41% of Settled vs. 32% of Newcomers). →Fig 12

Which factors do you think are most important for a financial adviser to offer you?

Fig 12



Actions
Continual reassurance beyond markets

Actions that could help you make the most of these insights:

01. Share annual highlights of your teams' education and accreditations

To reinforce competence and commitment to professional growth, ensure that all client segments are continually reassured via highlighting the adviser's education and achievements.

02. Your networks are their networks

Share case studies and success stories from other clients to provide social proof and reinforce expertise and consistent performance.

03. Create case studies as social proof

Continually highlight your professional networks and connections to other financial partners.

04. Establish peer networks and groups

Build a community of experienced individuals through regular meetings, workshops, and forums to increase client assurance.



Case studies
Continual reassurance beyond markets

Here is an example of a company from outside the wealth industry that you might learn from.

Please note this is not endorsement by Netwealth.

Entrepreneurs' Organization

Reassurance through shared experiences

Entrepreneurs' Organization (EO) connects business owners so they can learn from peers who have faced similar challenges and come out ahead.

This community relies on leveraging behavioural science principles like 'social proof', overcoming 'loss aversion', and providing 'authoritative sources' of insight for its success:

- **Community as ongoing support:** Regular meetings, workshops, and forums serve as continuous reassurance. Knowing that one can tap into a network of experienced individuals reinforces the sense that the current path is validated, and new opportunities can be pursued without jeopardising existing gains.
- **Social proof and peer validation:** Hearing seasoned entrepreneurs discuss their trials and successes gives newer members confidence that adapting or scaling won't result in insurmountable losses. This real-world evidence counters worries about leaving the safety of the status quo.
- **Loss aversion and shared stories:** Many entrepreneurs are hesitant to pivot strategies for fear of losing what they've already built. By showcasing how others overcame setbacks, EO reassures members that trying something new isn't necessarily risky – reducing anxiety around potential failure.

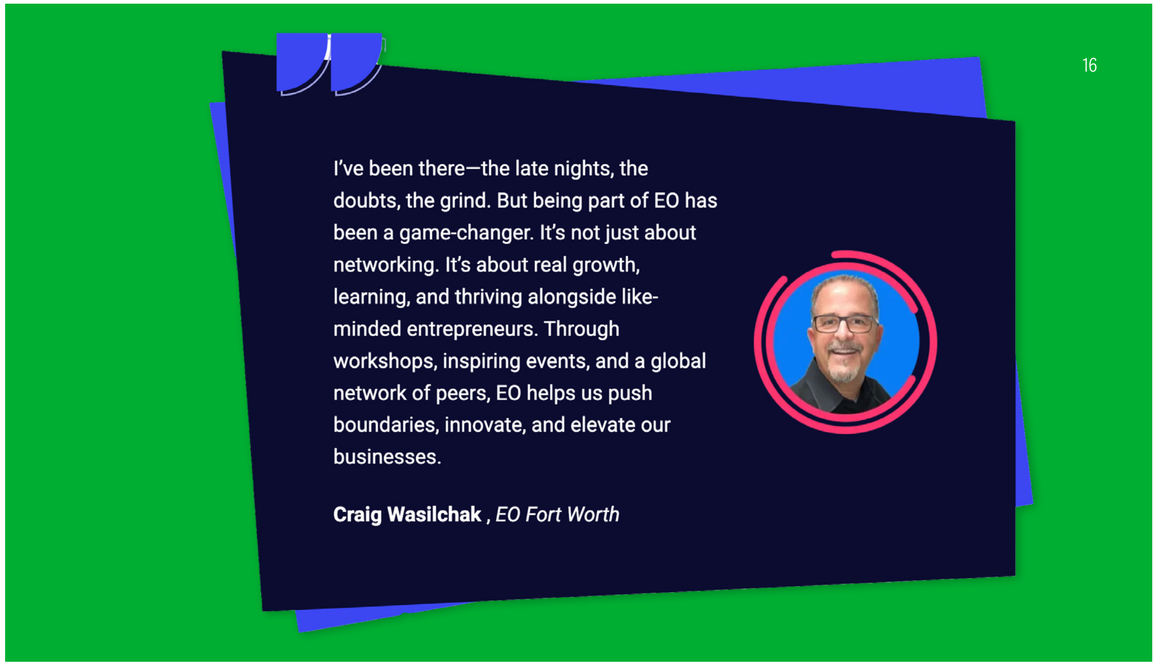


Image sources:

16 https://eonetwork.org

Value driver 8

Knowledge for empowerment

According to the 'self-determination theory of motivation', people are most motivated when they feel capable (competence) and in control of their choices (autonomy). This is where the value driver of knowledge for empowerment is key.

By providing targeted education at each stage of the client journey, advisers can support this driver, while also leveraging the principle of 'authority bias' by demonstrating specialised in-depth expertise.

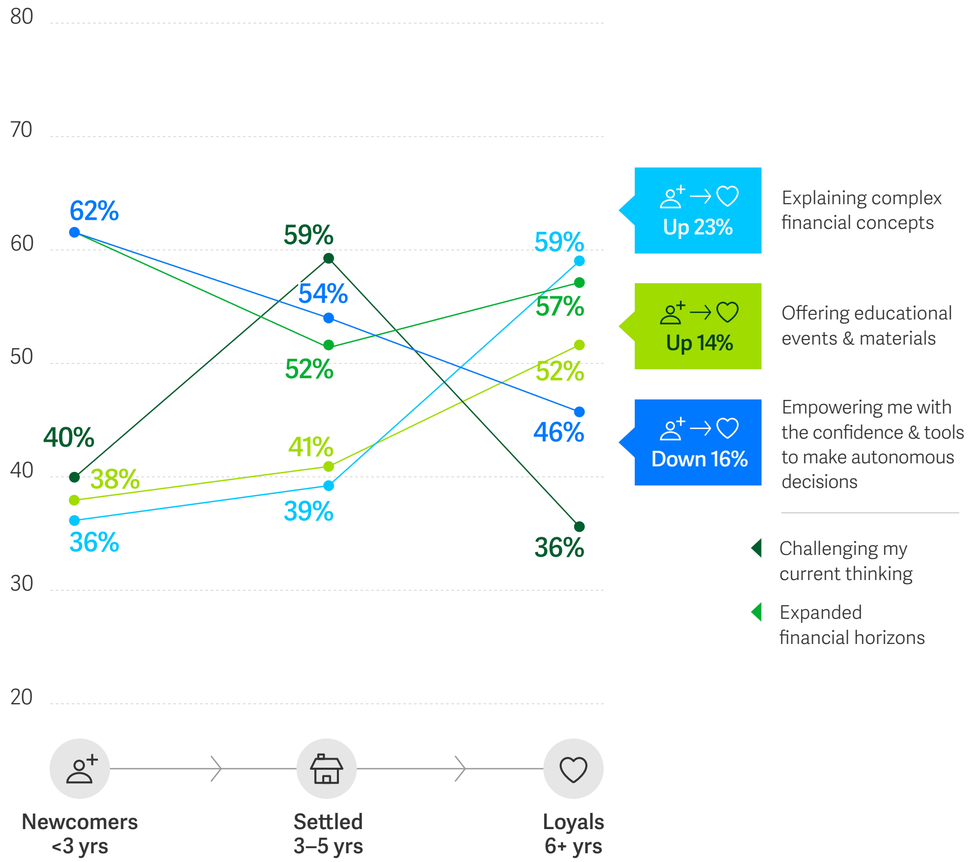
Newcomers (62%) are more likely to want autonomy and look for knowledge and education to 'empower them with the confidence and tools to make autonomous decisions'. However, this need for autonomy wanes overtime with less than half of Loyals (46%) valuing this. The majority of Newcomers (62%) also expect their adviser to tell them 'something they don't know'. →Fig 13

Settled clients are more likely to want fresh perspectives, with 6 in 10 (59%) desiring their adviser to 'challenge their current thinking' and wanting their 'financial horizons expanded' (57%).

Loyals similarly want fresh perspectives (57%) but are less likely to want to be challenged. Instead, they are looking to their adviser for help in 'explaining more complex concepts' (59% vs. 36% of Newcomers, 39% of Settled). Loyals are also more interested in educational events (52%).

Which factors do you think are most important for a financial adviser to offer you?

Fig 13



Actions
Knowledge for empowerment

Actions that could help you make the most of these insights:

01. Offer targeted financial education

Design tailored online courses or guides for each of the client segments – Newcomers, Settled and Loyals. For example, Newcomers could be interested in foundational topics, whilst Settled clients might be more interested in niche investment strategies, and Loyals interested in learning about different investment vehicles like MDAs (managed discretionary accounts).

02. Provide multi-format information and education

For example:

1. **Educational workshops or events:** Offer educational workshops that break down complex financial terms and strategies, empowering prospects with knowledge.
2. **An online learning centre:** Create personalised learning paths tailored to the specific financial interests and goals of the learner.
3. **Live Q&A sessions:** Address client concerns and tailor advice to specific challenges, increasing engagement and trust.



Case studies
Knowledge for empowerment

Here are several companies from both inside the wealth industry and beyond, that you might be inspired by.

Please note this is not endorsement by Netwealth.

Ellevest

Establishing authority to empower women's wealth

Ellevest is a digital investment platform tailored to US women's unique financial needs. By offering dedicated resources, content, and tools, it leverages key behavioural science principles to build client education and position itself as a credible authority:

- **Targeted expertise:** Ellevest addresses the 'confidence gap' found in women's financial literacy by producing content specifically geared to their circumstances. This boosts perceived competence of both the service and the clients.
- **Simplified, relevant education:** By breaking down financial concepts into relatable, easy-to-digest articles and courses, it helps reduce 'ambiguity aversion'. Women who might feel less confident gain clarity about investing and financial planning, encouraging them to take control of their money.
- **Inclusive community and support:** Community forums, workshops, and events create a network effect, tapping into the 'bandwagon' principle. Seeing other women learning and succeeding fosters a shared sense of progress, reinforcing Ellevest's role as a trusted guide.

17

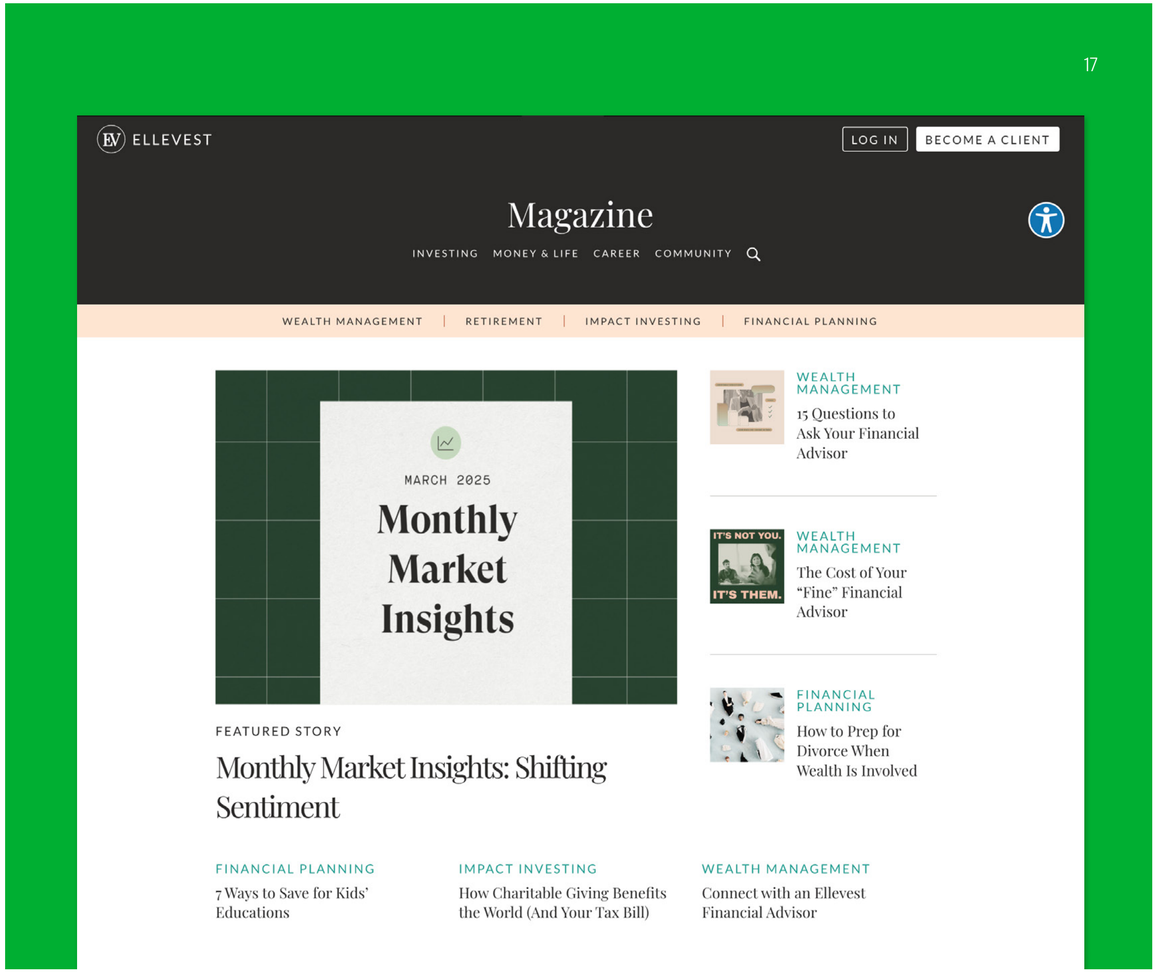


Image sources:

17 https://www.ellevest.com/magazine
18 www.flux.com.au

Case studies
Knowledge for empowerment

Flux

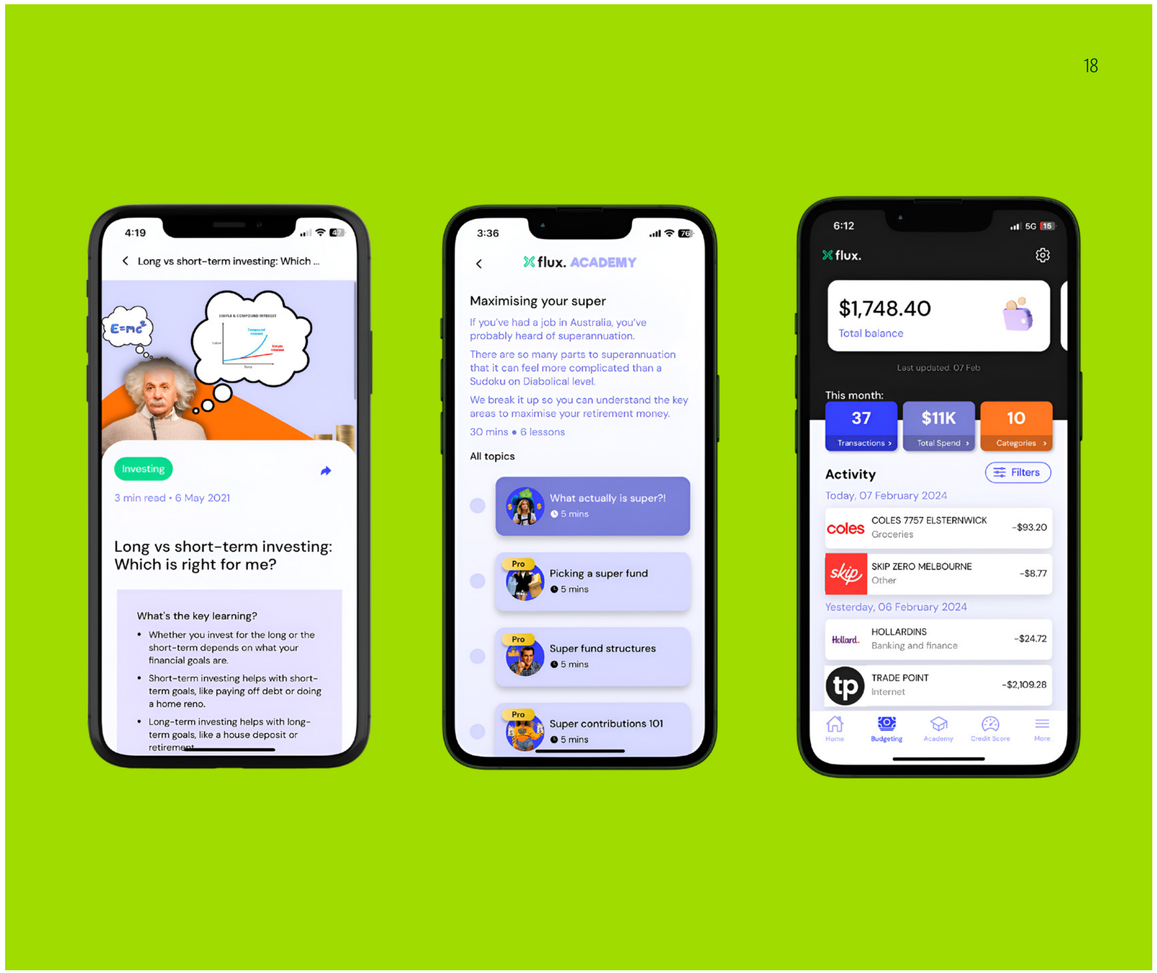
Multi-format education for younger clients

Flux, a wholly owned subsidiary of Netwealth, provides Emerging Affluent clients with several financial educational tools via its mobile app, podcast and digital newsletter.

By weaving together education, immediate feedback, and competitive elements, Flux taps into key behavioural science principles – enabling users to make steady progress and stay motivated over time.

These include:

- **Gamified digital courses:** Bite-sized digital courses on personal finance topics such as investing, superannuation, budgeting and home loans. The behavioural science principles of 'gamification' and 'habit formation' are leaned on with leaderboards, competitions, and prize incentives that use the 'fun factor' to trigger consistent engagement. Behavioural research shows that even small rewards or recognition can create a virtuous cycle of positive habit formation.
- **Micro-learning and quizzes on personal finance and business news education:** A regular stream of engaging short podcasts, videos and written content (on topics such as ETFs, how superannuation works, responsible spending, 'money hacks' and business news) provide users clear, quick wins – aligning with the 'progress' principle. Immediate feedback on correct or incorrect answers keeps motivation high, reinforcing new knowledge.
- **Personal budgeting:** Using Open Banking, users connect to their bank accounts to provide an all-in-one hub to view their financial position, income and expenses. As well as a detailed expense breakdown, there are subscription alerts, period comparison and projections.
- **Financial product references:** Users can assess relevant financial products such as term deposits and bank accounts. By simplifying this somewhat complex task, this can reduce uncertainty, which is often a barrier to action, and improve users' sense of control.



Value driver 9

Prompt and timely support

Prompt, easy-to-access service makes clients feel like a priority, reducing any friction that might push them to look elsewhere and increasing their sense of 'reciprocity' (a feeling they should return a favour, for example). Over time, repeated positive interactions can build trust and lower uncertainty.

Speed also counts, and this expectation increases as the client relationship deepens.

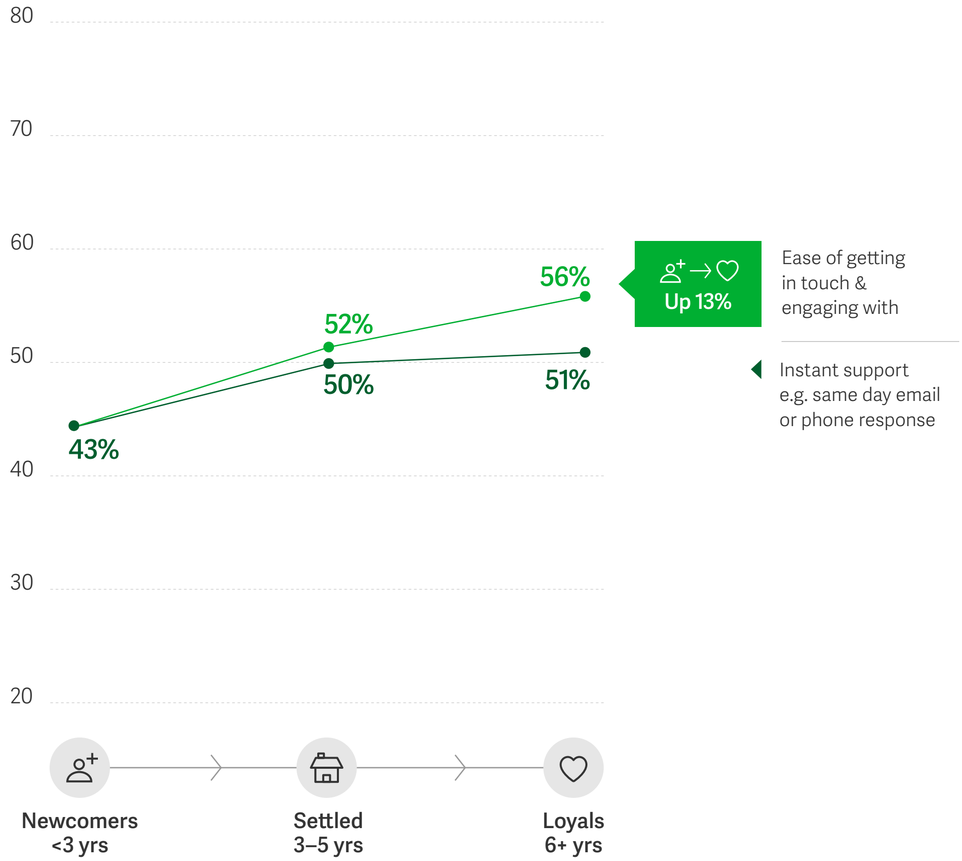
Over half of both Settled (50%) and Loyal (51%) clients want 'instant support or same-day email or phone responses', showing how they value immediate attention. →Fig 14

Also, 56% of Loyals and 52% of Settled have higher expectations when it comes to how 'easy it is to get in touch with you' compared to 43% of Newcomers. This requires offering multiple ways to reach you so they can interact with you through their channels of preference.

Quick communication reassures them you're actively managing their needs and helps clients feel recognised and valued. By combining speed with a personal touch, advisers reinforce the idea that clients are more than just transactions, ultimately encouraging loyalty.

Which factors do you think are most important for a financial adviser to offer you?

Fig 14



Actions
Prompt and timely support

Actions that could help you make the most of these insights:

01. Set internal service standards

Establish clear service standards and ensure all team members adhere to them consistently. This helps avoid fluctuations or lulls in service that might cause client dissatisfaction. Consistent service also creates a predictable environment for clients, reducing anxiety and increasing satisfaction. Set KPIs, establish processes, create exception reporting to monitor these standards, and continually train your staff.

02. Communicate your service standards to set client expectations

Use the principle of 'anchoring' (which means people rely on what comes first, or familiar information to make judgements) to set a reference point for your responsiveness. For example, tell clients how you will respond when markets change (up or down). Articulate how clients can get in touch with you, who will respond, and how quickly.

03. Over communicate reliability and responsiveness

This helps clients feel like you are doing a good job. For example, in your newsletters, mention how regularly you meet your service standards.

04. Offer multiple communication channels

Provide a variety of ways that clients can get in touch with you (e.g., phone, email, online chat, video conferencing).

05. Use technology to enhance service levels

Such as:

- CRM (customer relationship management) systems to track client interactions and ensure timely follow-up.
- Knowledge Centre software for a centralised repository to ensure all staff (and clients) have access to consistent 'help' information.
- Helpdesk software to manage and prioritise client queries, and automated email responses to acknowledge receipt of inquiries and provide estimated response times.

06. Introduce online self-service tools for immediacy

A client portal can have secure access, can send messages or track progress, and have chatbots to answer common questions, routine inquiries, and schedule appointments.

Case studies
Prompt and timely support

Here are several companies from both inside the wealth industry and beyond, that you might be inspired by.

Please note this is not endorsement by Netwealth.

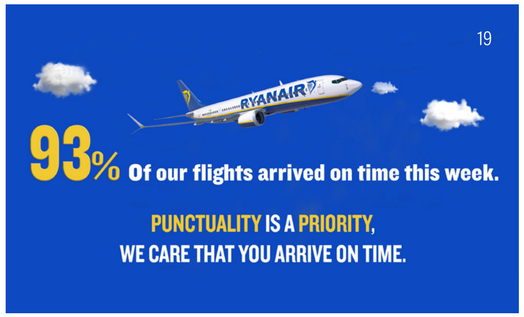
Ryanair

Anchoring on reliability

Ryanair consistently highlights its on-time flight statistics (e.g., 93% punctuality) to assure passengers of its reliability. By repeatedly emphasising this single metric (punctuality), they leverage the 'anchoring effect', where one prominent piece of information shapes people's overall perception. It might make other concerns (like baggage fees or comfort) less salient.

This strategy also taps into the 'availability' heuristic. If the last thing a customer remembers is the high on-time rate, they will be more likely to believe the airline is reliable.

19



Bessemer Trust

Trust: Personalised attention

Bessemer Trust services multifamily offices, with a legacy stretching back to 1907. By combining a storied history with high-touch, personalised attention, it uses several evidence-based behavioural science principles to build trust and deepen client loyalty.

For example, as part of its communications, it highlights its 3:1 client-to-employee ratio, suggesting that each client receives top-tier, individualised care. By highlighting 'scarcity' it may even enhance the perceived value of a service, reinforcing client commitment.

"As part of its communications, it highlights its 3:1 client to employee ratio, suggesting that each client receives top-tier, individualised care."

20



Image sources:

19 https://www.ryanair.com/gb/en
20 https://www.bessemertrust.com
21 https://www.capitalone.com/digital/tools/eno
22 https://openai.com/index/morgan-stanley

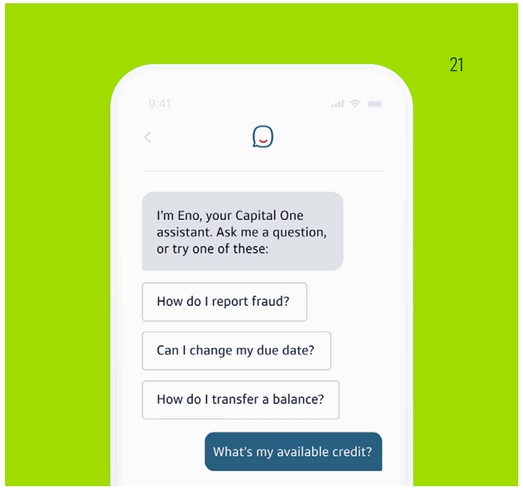
Case studies
Prompt and timely support

Capital One

24/7 digital self-service via a chatbot

American bank Capital One specialises in credit cards, auto loans, banking, and savings accounts.

Capital One launched Eno, a chatbot that provides customers with real-time information about their account balance, transactions and credit score. Eno also allows customers to pay bills, check rewards and monitor their credit usage. Eno uses AI to understand customers' requests and respond in a conversational tone.



Morgan Stanley

Empowering staff with AI

Morgan Stanley has developed a knowledge base (AskResearchGPT) for its staff. It features hundreds of 1000s of digitised documents and webpages (e.g. Morgan Stanley research on over 2000 companies), procedure documents, and quick reference product cards, etc., all in a secure, private location.

Using OpenAI's technology, the company has created a chatbot for its staff that can dive into this repository to answer simple questions such as, "How can a client set up a Morgan Stanley online account?" or "What is the house view on Apple?" It can also answer more complex questions such as "How should a client disperse of a Monet painting they just found in their attic?"

Jeff McMillan, who is responsible for Morgan Stanley's big data and AI efforts, says of the system: "You essentially have the knowledge of the most knowledgeable person in wealth management instantly. Think of it as having our Chief Investment Strategist, Chief Global Economist, Global Equities Strategist, and every other analyst around the globe on call for every adviser, every day."



Value driver 10

Frictionless digital experience

Netwealth's Advisable Australian research identified that clients want both a digital and human experience with their adviser, that changes based on what is being communicated. For example, clients are very comfortable receiving documents and instructions via email or a client portal, yet want advice-related matters communicated face-to-face (either in person, virtual meeting or via a phone call).

The behavioural science principles behind this preference for both digital and human experiences are grounded in two key theories: 'cognitive ease', where people prefer formats, such as digital platforms, that are easy to access, process, and manage; and 'social presence theory', which suggests people feel more connected and understood in face-to-face interactions – especially important for complex matters.

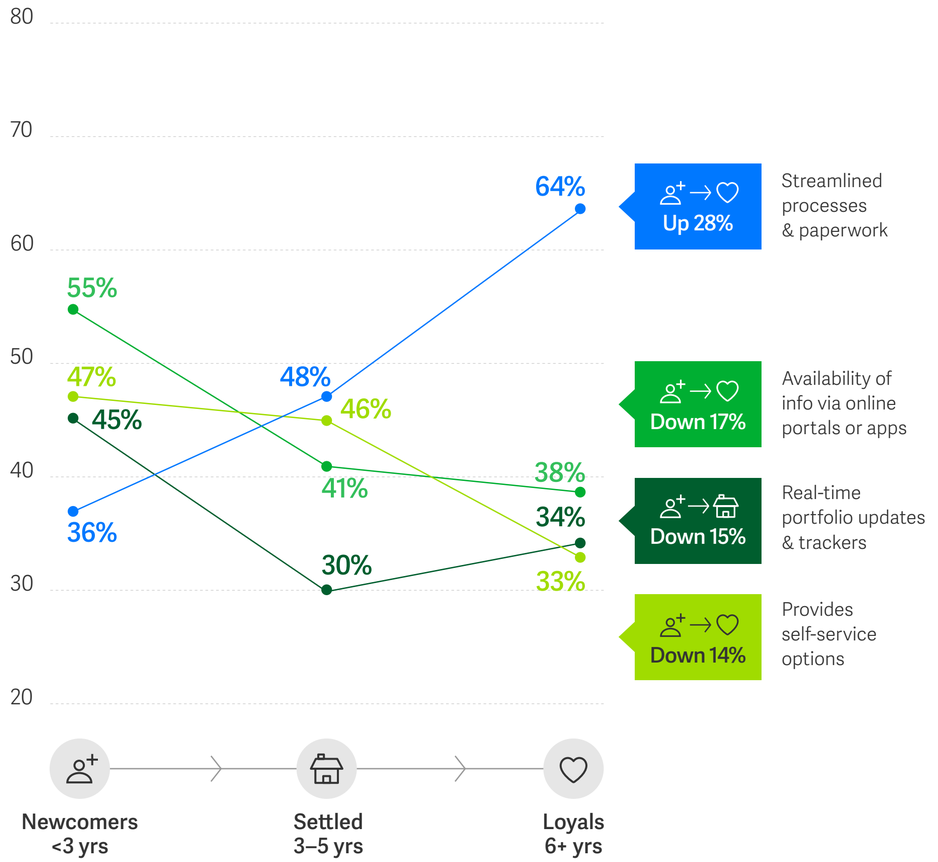
Newcomers crave digitisation, which interestingly becomes less important as a client relationship matures. For instance: →Fig 15

- 55% of Newcomers rate 'availability of information through an online portal' as valuable, versus only 38% of Loyals.
- 47% of Newcomers (and 46% of Settled vs. with 33% of Loyals) want 'self-service features, such as the ability to run reports, access portfolio information, and track progress to goals'.
- 45% of Newcomers look for 'real-time portfolio updates through tools like investment trackers' (vs. 30% of Settled and 34% of Loyals).
- 40% of Newcomers value 'intuitive wealth management platforms' (versus 26% of Loyals).

With that said, both Settled and Loyals (64% and 48% vs. 36% of Newcomers) value 'streamlined processes and paperwork for things like document signing and complicated financial procedures'. They are more likely to appreciate an advice firm's investment in back-end technology that delivers on this promise, making the overall experience smoother without demanding extra effort on their part.

Which factors do you think are most important for a financial adviser to offer you?

Fig 15



Actions
Frictionless digital experience

Understand the importance of a client portal and mobile app.

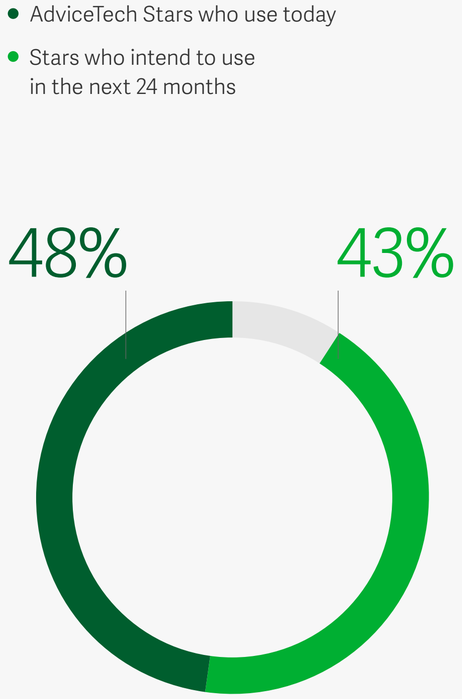
A client portal and mobile app can serve as the cornerstone of a 'digital-first' experience, enabling advice firms to provide real-time updates, intuitive tools, and self-service features that empower clients while reducing complexity and friction.

By offering a user-friendly app, advisers can cater to client preferences for convenience and cognitive ease, fostering trust and satisfaction.

According to Netwealth's 2024 AdviceTech research →**Fig 16**, almost half (48%) of 'AdviceTech Stars' use a client portal and a further 4 in 10 (43%) plan to adopt one in the next 24 months. 'AdviceTech Stars' are a good benchmark for all firms as they typically enjoy greater commercial success and are more advanced users of technology than advice firms overall.

Over three-quarters of advice firms that use a client portal indicate they have potential to boost client engagement (79% get this benefit from a client portal) and client communications (68% benefit), according to Netwealth's 2023 AdviceTech research. →**Fig 17**

Percentage of AdviceTech Star advice firms who use/ plan to use a client portal Fig 16



The value advisers receive or expect to receive from a client portal Fig 17



77%
Business efficiency



79%
Client engagement



68%
Client communication

Case studies
Frictionless digital experience

Netwealth

Client portal and mobile app

Netwealth's mobile app is a client portal solution. It helps advice firms by integrating a comprehensive suite of features designed to streamline client interactions, enhance user experience, and reinforce trust. Through white labelling and seamless integration with third-party platforms, the app redefines how advisers and clients collaborate.

Some of the features of the Netwealth client portal and their behavioural science implications are:

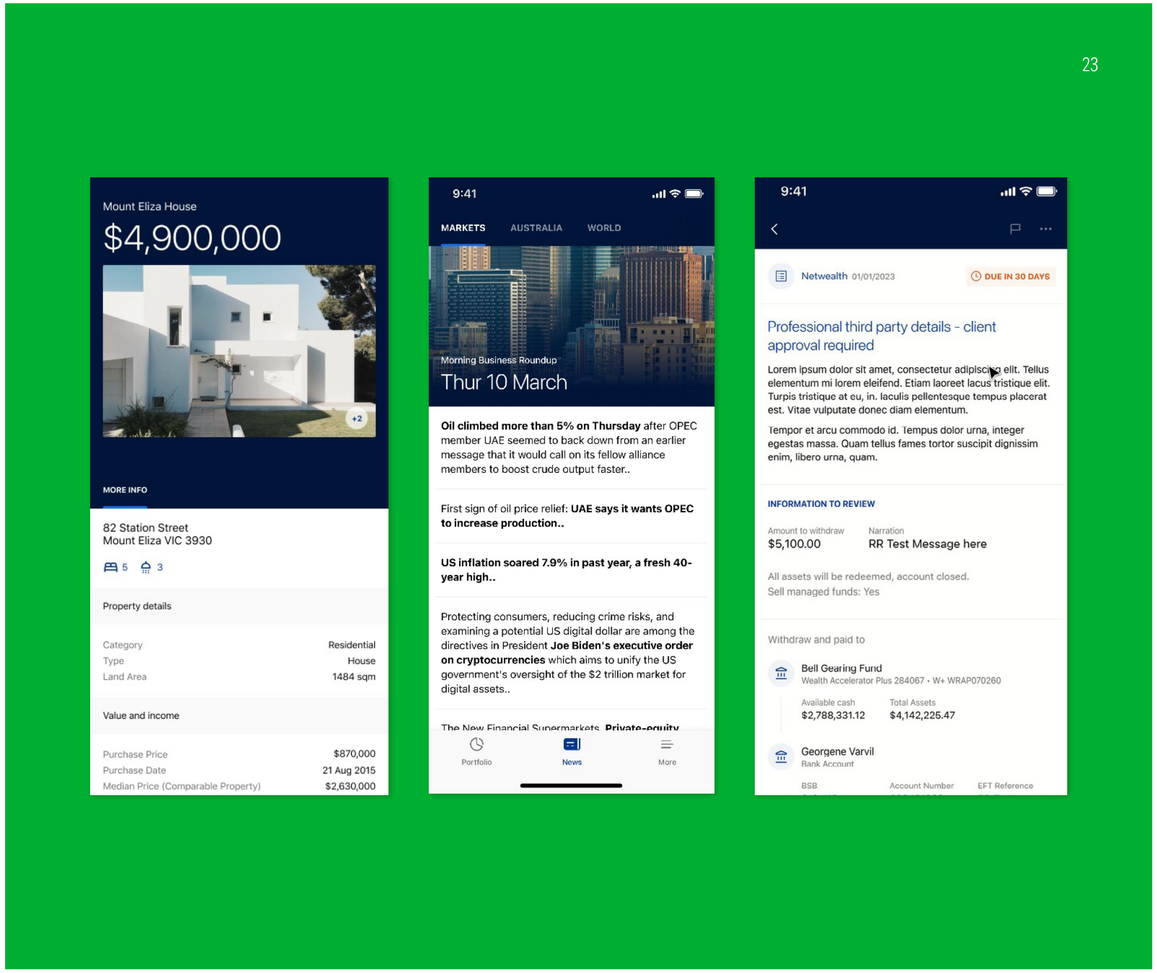
Mobile 'Whole of Wealth' (bank and property feeds, Xplan and third-party integrations): The 'wealth dashboard' taps into the behavioural principle of 'cognitive ease'. By providing a consolidated view of all assets, it reduces the complexity of managing wealth, reducing cognitive load, and promoting a sense of control. Seeing the complete picture can also trigger 'loss aversion', motivating users to protect and grow their wealth. The integration with existing systems (like Xplan) leverages the principle of 'familiarity' and reduces friction.

Digital consent on mobile: This feature leverages the principles of 'cognitive ease' and 'autonomy'. The ability to approve tasks directly increases the user's sense of autonomy over their financial decisions. This also plays into 'immediacy', as users can act on tasks without delay.

Daily financial and business news: This feature caters to the innate human need for 'information seeking'. It provides a regular stream of relevant news and establishes the app (and the adviser) as a valuable resource, fostering 'habit formation' through consistent engagement.

Client profile management (coming soon): This feature empowers users with self-service capabilities and a sense of ownership over their data. It taps into the principle of 'operational transparency' as clients have direct access to and control over their personal information. This can also foster a sense of 'reciprocity' as clients may recognise that accurate information facilitates better service from their adviser.

White labelling: This provides a consistent brand experience across digital and non-digital to create a sense of familiarity and professionalism, making users feel more comfortable and secure using the app.



Case studies
Frictionless digital experience

Netwealth Document sharing and chat with Microsoft Teams integration (coming soon): This feature leans on the principle of 'cognitive ease' and facilitates connection with clients. Two-way digital and easy, secure interaction can strengthen the client-adviser relationship.

24

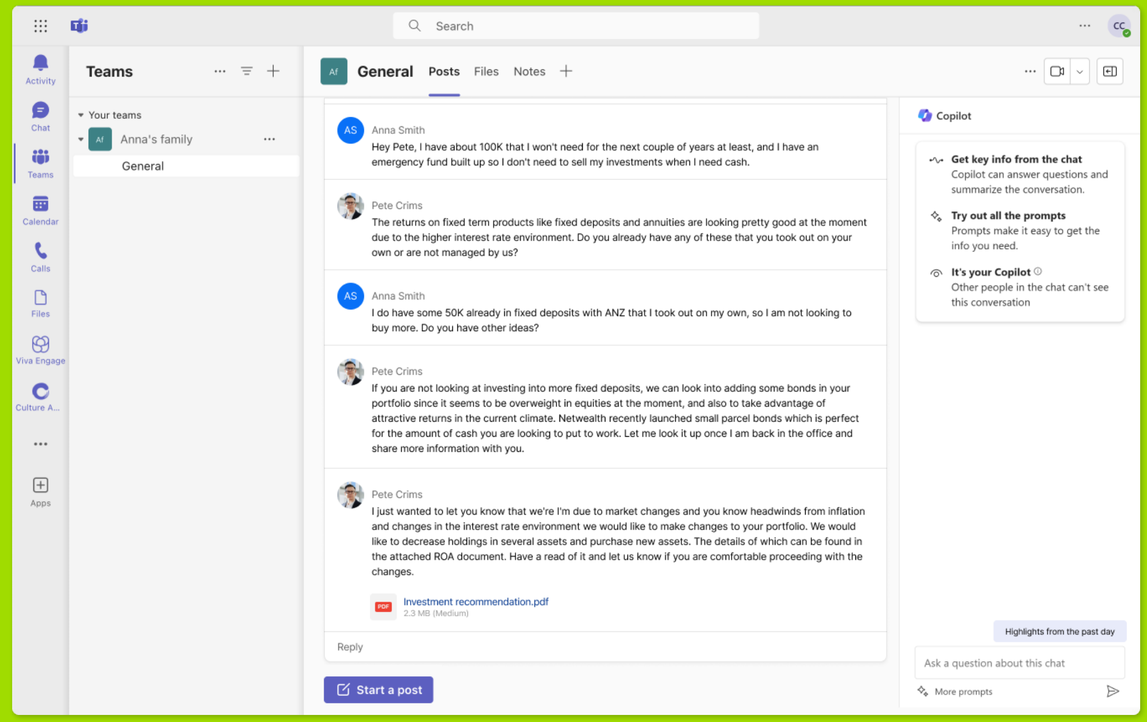


Image sources:

23-24 https://www.netwealth.com.au

Value driver 11

Rewarding clients

When people receive a benefit or thoughtful gesture, they feel compelled to return the favour. This is the behavioural science principle of 'reciprocity'. The concept is rooted in the human tendency to maintain social balance and fairness.

When it comes to advice, this translates to the need to reward clients for their loyalty.

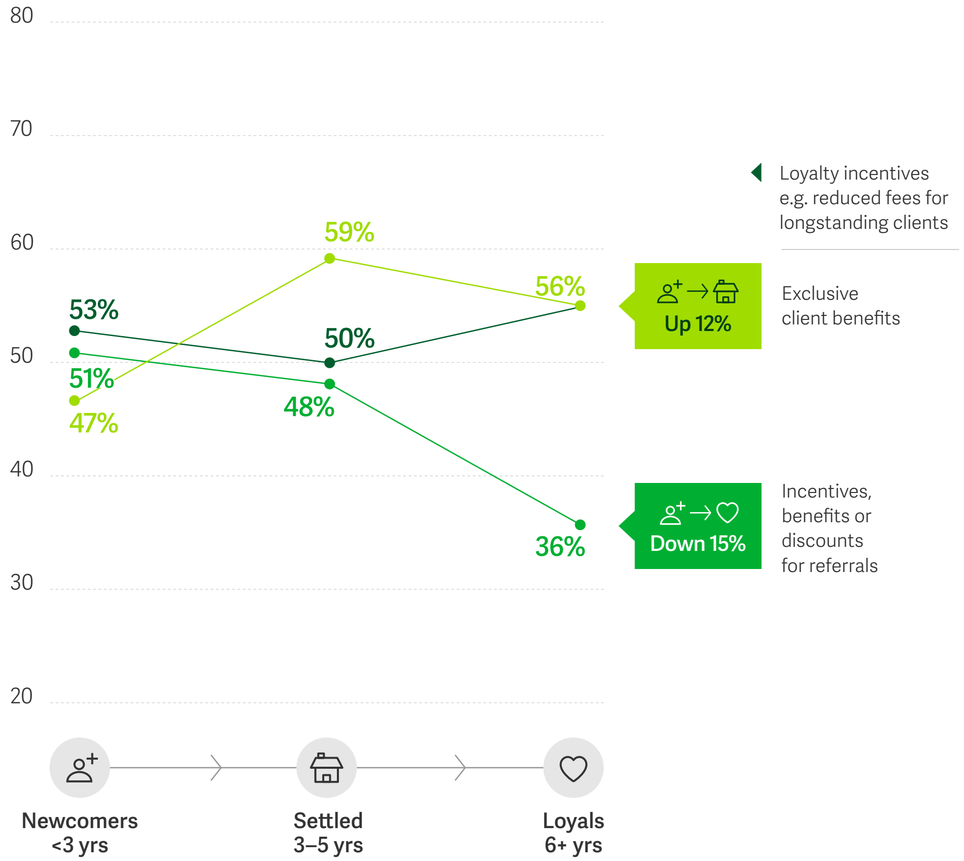
At least a half of all clients, regardless of tenure, expect loyalty incentives, such as reduced fees for being a longstanding client (53% of Newcomers, 50% of Settled, 56% of Loyals). →Fig 18

Additionally, as a clients' tenure grows, their expectations for exclusive benefits also grow (such as having a 'dedicated wealth manager'), or other exclusive loyalty benefits such as 'reduced fees' (59% of Settled and 56% of Loyals vs. 47% of Newcomers). This taps into the principle of 'scarcity' where these segments see increased perceived value due to the rewards' limited availability.

Interestingly, the value placed on rewarding for referrals decreases overtime, with Newcomers valuing this most (51% of them vs. 36% Loyals). For this reason it is important to seek referrals early in the relationship, and reward appropriately.

Which factors do you think are most important for a financial adviser to offer you?

Fig 18



Actions
Rewarding clients

Actions to reward your loyal clients.
→Fig 19

01. Waive certain fees

Select which fees or other minor charges Loyals can be exempt from, or provide fee rebates.

02. Provide valuable resources as a benefit

Sharing free white papers, webinars, or industry reports demonstrates expertise and provides value to clients, increasing their likelihood of reciprocating by continuing the relationship.

03. Offer a loyalty program

Consider how clients can build up points overtime, which they can redeem for perks.

04. Personalised gifts

Sending a personalised gift to a client can create a strong sense of 'reciprocity' and strengthen the relationship.

05. Priority access to advisers

Provide 'tenure-based priority access' to key staff for clients who have been with the firm for over 3 years. Allow these clients to book appointments with minimal waiting times or offer dedicated time slots.

06. Anniversary celebrations

Celebrate milestones such as 1, 5, or 10-year anniversaries with personalised recognition. For example, a handwritten thank-you card and a gift such as a high-quality journal or a custom investment insights report. For major anniversaries, offer exclusive rewards.

Percentage who think the following additional services offered by wealth firms are somewhat or very important to them Fig 19

2022 Advisable Australian research



Case studies
Rewarding clients

Here are several companies from both inside the wealth industry and beyond, that you might be inspired by.

Please note this is not endorsement by Netwealth.

Bank of America

Rewarding clients to strengthen loyalty

The Bank of America Preferred Rewards program effectively uses behavioural science to strengthen client loyalty through personalised rewards and incentives.

For example:

- **Reciprocity:** Offering discounts and benefits like lower fees makes clients feel valued, fostering a sense of obligation to stay loyal.
- **Gamification:** A tiered reward structure to encourage clients to take certain actions, reinforcing their commitment to the bank as they progress through reward levels.
- **Loss aversion:** By highlighting exclusive benefits at higher tiers, clients might be motivated to take certain actions to avoid losing valuable perks.

23

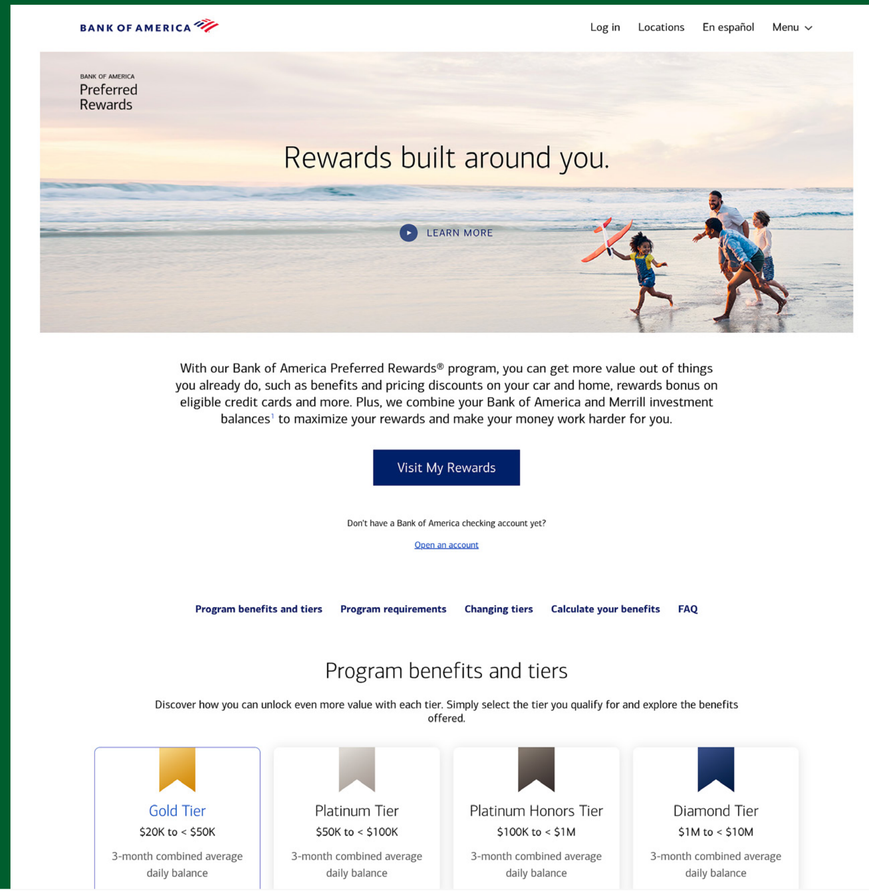


Image sources:

23 https://promotions.bankofamerica.com/preferredrewards/en
24 https://www.netwealth.com.au

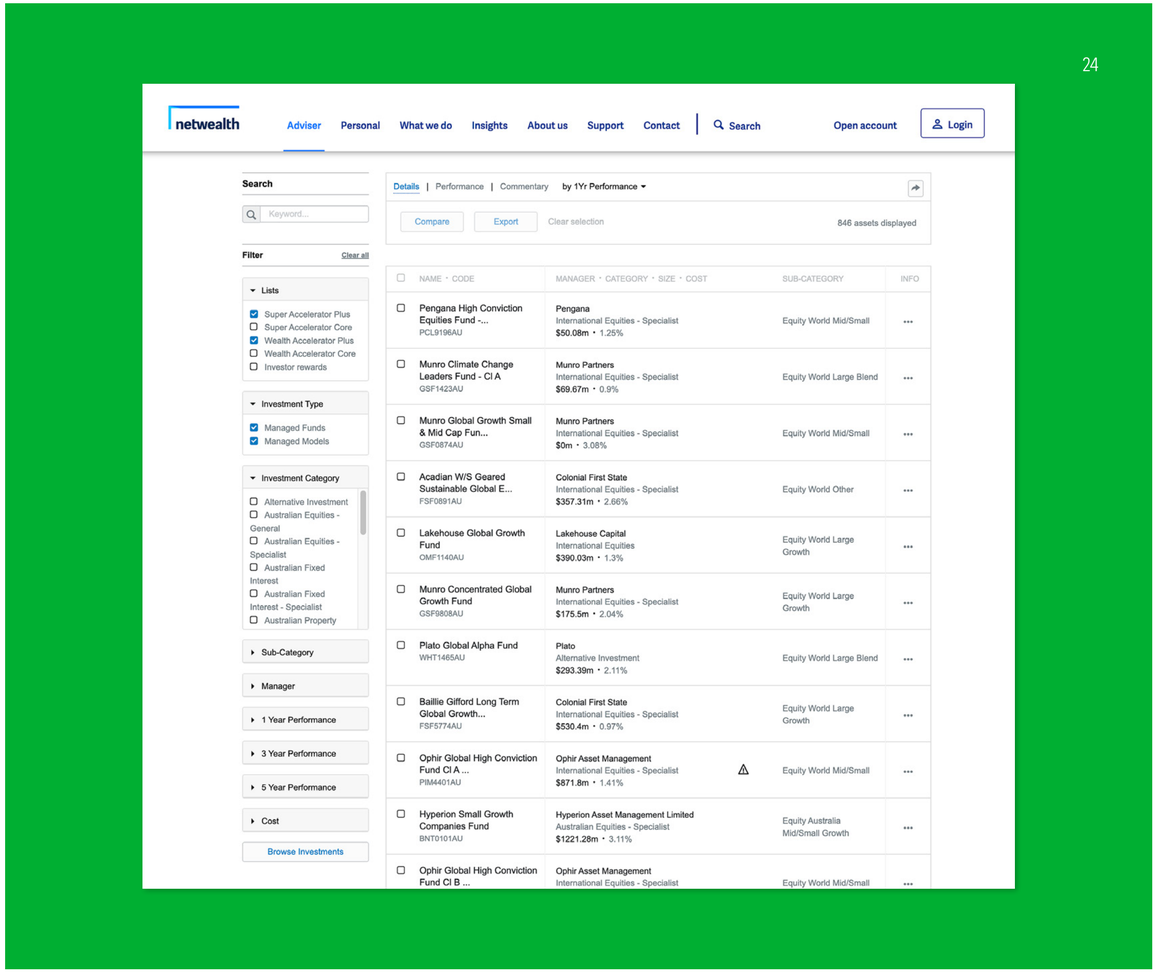
Case studies
Rewarding clients

Netwealth Investor Rewards

Fee rebates for investing

Netwealth's Investor Rewards Program (IRP) is available for Super Accelerator and Wealth Accelerator Plus and provides a rebate to clients when they invest in selected managed funds.

The benefit to clients is an investor reward of at least 0.10% p.a. of the value of the amount they have in these IRP funds. These reward payments are passed on by Netwealth from payments made by the responsible entities of the IRP funds. Communications about the 0.10% p.a. reward tap into the principle of 'anchoring', where the reward is framed as a tangible benefit which in turn can significantly influence perceived value. Anchoring the reward to a percentage of the invested amount may also make it feel more substantial than a fixed dollar amount.



This is not available for Super Accelerate and Wealth Accelerator Core accounts. The investor reward is calculated based on the average daily value of the investment in IRP Funds for each calendar quarter. Clients only need to have an investment in an IRP Fund at some point in the quarter to qualify for some reward, provided they are a member of Super Accelerator at the time the reward payment is made, which may be up to two months after the end of the quarter. The program is regularly reviewed and is subject to change, which may include changes to the products included as IRP Funds. If a managed fund is removed from the Investor Rewards Program, the investor reward of at least 0.10% p.a. no longer applies. Netwealth may also change the way the reward is calculated or remove the program altogether. The inclusion of managed funds in the Investor Rewards Program is not an endorsement by us of these products. You should seek advice from a financial adviser before deciding whether to invest in the IRP Funds.

Value driver 12

Contributing to the world

'Social proof' is the behavioural science principle in which people look to others for cues on how to behave, especially in unfamiliar situations. For advisers, there is a growing need to understand what clients are valuing at a broader societal level, particularly regarding the environment and the community, and to show how they are aligning to those values via social proof.

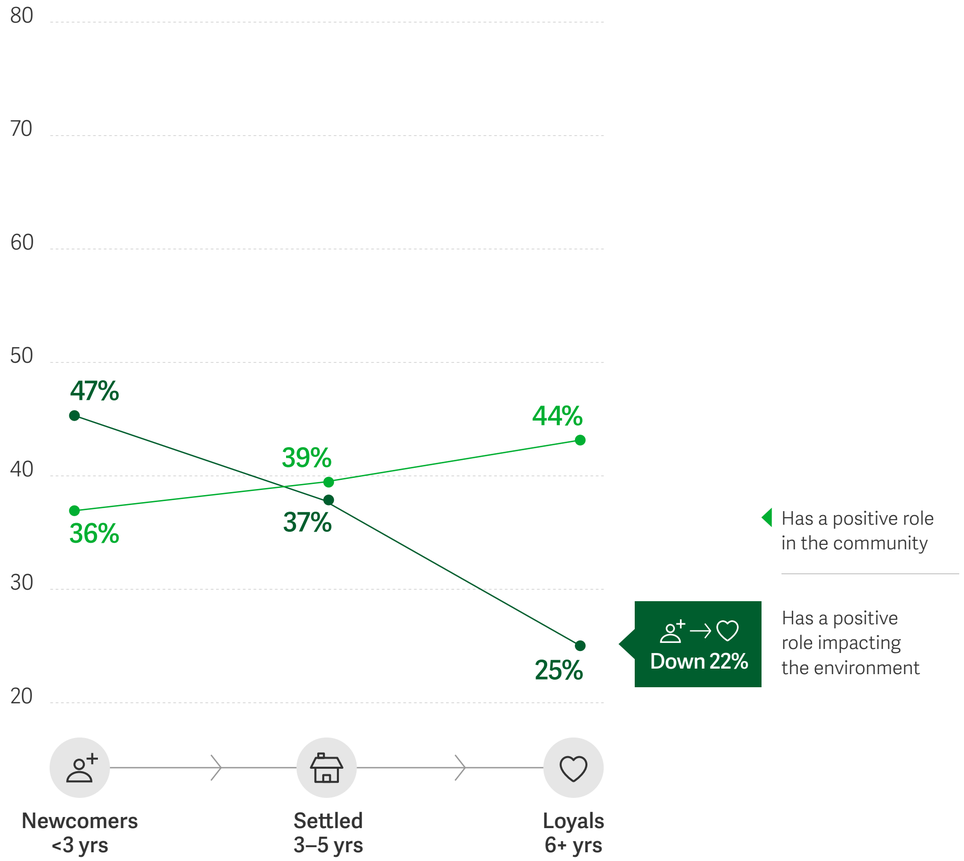
Almost half (47%) of Newcomers value an organisation that 'has a positive role impacting the environment,' which is much higher than both Settled (37%) and Loyals (25%). →Fig 20

"If we did get a new adviser, I would look in investing sustainably, particularly getting away from mining shares. We're going to actively invest in renewables and what or anything else we can to help the planet. That's become our big focus," said one research respondent.

As clients mature in their relationship, their focus shifts to their adviser's community involvement, where almost half of Loyals (44%) expect their adviser's firm to demonstrate a meaningful and 'positive impact in the community'.

Which factors do you think are most important for a financial adviser to offer you?

Fig 20



Actions
Contributing to the world

Actions that can help you demonstrate your broader contribution to the world.

Impacting the environment

1. Offer responsible investment options that focus on companies with strong responsible investing performance, and provide clients with impact reports demonstrating the positive environmental (or social) impact of their investments.
2. Impact investing networks: Facilitate connections between clients who are interested in responsible investing, allowing them to collaborate on projects and achieve greater social impact.
3. Impact storytelling and reporting: Use case studies to showcase the real-world impact of client investments. This could involve videos, photos, and stories that highlight the positive changes being made on the ground.
4. Adopt sustainable business practices (e.g., reducing carbon emissions, using renewable energy).

Impacting the community

5. Support social causes and charities through donations, partnerships, or volunteering time.
6. Employee volunteer programs: Encourage employees to volunteer their time to local causes, providing paid time off for volunteering, and matching employee donations to charities.
7. Provide pro bono (or discounted) services to underserved communities or individuals, partnering with non-profit organisations to address social issues. For example, offer free financial literacy workshops to community members.
8. Sponsor local events.
9. Support community impact funds that invest in local businesses that are addressing social and economic challenges in the community.

For both areas of interest

10. Publish annual reports that detail the firm's sustainable results and/or community involvement, measuring the impact of its initiatives, and setting clear goals for future engagement.

Understanding the three loyalty segments

Ultimately, ongoing loyalty in the client-adviser relationship comes when you recognise what your clients value at each stage of their journey, and you are always one step ahead. By understanding the 12 key value drivers explored in this report, and proactively preparing to meet these expectations, you will be set up for success.

The following pages summarise the key value drivers for each of the three client segments, and how the drivers shift over time:



Newcomers

<3 years



Settled

3-5 years



Loyals

6+ years

Learn more about behavioural science

In the Glossary, you can review the behavioural science principles discussed in this white paper in more detail.

Segment profiles
Key value drivers

Newcomers
<3 years

Set me up for success

New clients want to be excited about the roadmap, and be empowered to control of the plan.

Show me the possibilities

- Prioritises ethical or responsible investments.
- Creative financial and investment strategies beyond conventions and norms.
- Helps navigate complex scenarios or structures, e.g. foreign investments, tax structures, estate planning.
- Connects me to other financial services such as accountant.
- Provides guidance for crucial decisions e.g., buying a house, selling a business, setting up a trust.



Empower me for autonomy

- Empowering me with the confidence and tools to make autonomous financial decisions.
- Availability of information through a financial adviser's online portals or apps.
- Provides self-service options, e.g., the ability to run reports, access portfolio information, track progress to goals online by myself.

Other

- Transparency in fees and services e.g., breakdown of time/hours.
- Incentives, benefits or discounts for referrals.
- Has a positive role impacting the environment.

Segment profiles
Key value drivers

Settled
3-5 years

Build my wealth ‘muscle’

Settled clients want to still know that you are adding value by reflecting their changing preferences and empowering them with new tactics and knowledge to act on them.



Understand me better
- Provides culturally informed financial advice e.g., advice to respect clients’ cultural background.
- Recognises my preferences in investments.
- Helps navigate complex scenarios or structures e.g., foreign investments, tax structures, estate planning.

Challenge and continue to educate me
- Creative financial and investment strategies beyond conventions and norms.
- Has connections with other financial partners and platforms.
- Empowers me with the confidence and tools to make autonomous financial decisions.
- Well-designed financial information to aid comprehension.

Be there for me
- Instant support e.g., same day email and phone responses.
- Ease of getting in touch and engaging e.g., setting up meetings, returning calls.
- Reliability during financial downturns (e.g., shows support in crisis).
- Access wealth management through online portals or mobile apps.
- Provides self-service options e.g., the ability to run reports, access portfolio information, track progress to goals online by myself.

Reward my loyalty
- Incentives, benefits or discounts for referrals
- Exclusive client benefits e.g., dedicated wealth manager.

Be involved in my world
- Has a positive role in the community.

Segment profiles
Key value drivers

Loyals
6+ years

Recognise me and be there for me

Loyal clients want their value and contributions to be acknowledged. They expect you to stay close to them, offering preferential service and reassurance of the status quo.



Recognise my abilities
- Values and acts on my suggestions.
- Recognises my preferences in investments.
- Advice that is tailored to my specific personal goals and needs.
- Helps navigate regulatory changes e.g., SMSF rules, tax regulations.

Remind me why we should be partnering / Don't get apathetic
- Transparency in fees and services e.g., breakdown of time/hours.
- Has connections with other financial partners and platforms.
- Shows track record, consistency and tangible outcomes of advice.
- Has relevant education standards and professional accreditations.

Reward my loyalty
- Exclusive client benefits e.g., dedicated wealth manager.

Be there for me
- Reliability during financial downturns e.g., shows support in crisis.
- Clearly communicates progress against the strategy put in place.
- Regular check ins and portfolio reviews.
- Instant support e.g., same day email and phone responses.
- Ease of getting in touch and engaging e.g., setting up meetings, returning calls.
- Streamlined processes and paperwork e.g., document signing / complicated financial procedures.

Challenge and continue to educate me
- Transparency in fees and services e.g., breakdown of time/hours.
- Incentives, benefits or discounts for referrals.
- Has a positive role impacting the environment.

Be involved in my world
- Has a positive role in the community.

Segment profiles
Key value drivers

For all clients
Valued by everyone

Build and evolve my plan
- Flexible plans personalised to fit individual financial goals.
- Goal focused financial planning.
- Sets early expectations on what deliverables and outcomes should be expected over the next 12-24 months.
- Provides regular updates on how I am tracking against agreed investment and financial goals.
- Expanding financial horizons e.g., 'telling me something I don't know'.

Maximise my returns
- Maximising returns within my risk tolerance.
- Aligns investment opportunities with social and community values.



Help me during uncertainty
- Help to navigate unexpected life events e.g., death, divorce, loss of job.
- Transparency on reasons why an investment might be performing poorly and optional solutions.

Give me peace of mind
- Assurance that investments are performing in line with market conditions.
- Security and comfort in knowing my wealth is managed professionally.
- Has relevant education standards and professional accreditations.

Reward my loyalty
- Loyalty incentives e.g., reduced fees for longstanding clients.

Behavioural science terminology

Outlined in this table are definitions of the behavioural science principles discussed in this report.

Principle	Definition
Ambiguity aversion	The tendency to avoid options with unknown probabilities over those with known probabilities, even if the known probabilities are less favourable.
Anchoring	The cognitive bias where individuals rely heavily on the first piece of information (the "anchor") when making decisions, even if it is irrelevant.
Anticipatory utility	The pleasure or satisfaction derived from anticipating a future event, which can influence current decision-making and behaviour.
Authority bias	The tendency to attribute greater accuracy and importance to the opinion of an authority figure, regardless of the content of the opinion.
Availability	The cognitive bias where people overestimate the likelihood of events based on their availability in memory, often influenced by recent exposure or vividness.
Cognitive ease	The ease with which information is processed, which can affect judgments and decisions; information that is easier to process is often perceived as more truthful or preferable.
Confidence gap	The disparity between one's perceived confidence in their abilities and their actual competence, often leading to overconfidence or under confidence.
Confirmation bias	The tendency to search for, interpret, and remember information that confirms one's pre-existing beliefs, while ignoring or discounting contradictory evidence.
Familiarity	The preference for familiar objects, people, or situations, which can influence decision-making and reduce perceived risk.

Behavioural science terminology

Outlined in this table are definitions of the behavioural science principles discussed in this report.

Principle	Definition
Gamification	The application of game-design elements and principles in non-game contexts to engage and motivate people to achieve their goals.
Goal gradient effect	The phenomenon where people exert more effort as they get closer to achieving a goal, often increasing motivation and persistence.
Habit formation	The process by which behaviours become automatic through repetition and reinforcement, often leading to long-term behaviour change.
Identity alignment	The alignment of behaviours and decisions with one's self-concept and identity, which can influence motivation and consistency in actions.
Immediacy	The preference for immediate rewards over delayed rewards, often leading to impulsive decision-making and short-term thinking.
Information seeking	The active pursuit of information to reduce uncertainty and make informed decisions, often driven by curiosity and the need for knowledge.
Loss aversion	The tendency to prefer avoiding losses over acquiring equivalent gains, often leading to risk-averse behaviour.
Novelty effect	The tendency to pay more attention to and prefer new or novel stimuli, which can influence learning and engagement.
Personalisation	The customisation of experiences or information to match individual preferences and needs, often enhancing engagement and satisfaction.

Behavioural science terminology

Outlined in this table are definitions of the behavioural science principles discussed in this report.

Principle	Definition
Reciprocity	The social norm of responding to a positive action with another positive action, fostering mutual exchange and cooperation.
Scarcity	The perception that something is more valuable when it is scarce or limited in availability, often driving demand and urgency.
Social presence theory	The degree to which a person feels that others are present in a communication interaction, influencing the quality and effectiveness of the interaction.
Social proof	The tendency to conform to the actions or opinions of others, especially in uncertain situations, based on the assumption that others' behaviour reflects the correct course of action.
Status quo bias	The preference for the current state of affairs and resistance to change, often leading to inertia and maintenance of existing conditions.
Temporal discounting	The tendency to devalue rewards or outcomes that occur in the future compared to those that occur in the present, influencing decision-making and prioritisation.
Transparency	The quality of being open and honest in communication, which can build trust and credibility in relationships and organisations.

Methodology

Netwealth collaborated with The Lab Strategy, a strategic insights firm, to develop the 2024 Advisable Australian research, which is the foundation of this report.

This research integrates data from two primary methodologies:

1. Qualitative Insights: Conducted 14 in-depth interviews in November 2023 with Australians considering financial advice, currently advised, and those who had recently ended their relationships with financial advisers.
2. Quantitative Study: A survey conducted in April 2024 with 450 Australians aged 18+. The participants included:
   - 149 individuals currently considering engaging a financial adviser in the next 2 years.
   - 156 individuals currently using the services of a financial adviser.
   - 145 individuals who used the services of a financial adviser in the last 2 years but are not currently advised.

   The findings from this paper primarily focus on the cohort using a financial adviser, with comparisons to other groups included where relevant.

Calculating perceived vs. actual financial literacy

To assess perceived versus actual financial literacy, we asked participants to rate their financial literacy and then took them through a simple quiz. Participants were asked whether the following statements were true or false:

- An investment with a high return is likely to be high risk. (TRUE)
- Dollar-cost averaging involves investing a fixed amount of money at regular intervals, regardless of market conditions. (TRUE)
- Asset allocation refers to dividing investments among different asset classes. (TRUE)
- Self-managed super funds (SMSFs) do not require a written investment strategy tailored to the fund's circumstances. (FALSE)
- Index funds in Australia aim to replicate the performance of a specific market index such as the ASX 200. (TRUE)
- Bonds are generally considered riskier than stocks. (FALSE)
- It is not possible to reduce investment risk by buying a wide range of stocks and other asset classes. (FALSE)
- Active management aims to outperform the market by frequently buying and selling investments. (TRUE)
- An inverted yield curve occurs when long-term interest rates are higher than short-term interest rates in Australia. (FALSE)

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