



01:
Glenn Boyes
general manager –
wealth and advice,
Australia
Iress

Super Robo Advice: Made for members

The last 12 months have seen Australians more engaged with their superannuation than ever before and super funds would do well to capitalise.

Australia's financial advice landscape is in a state of flux; financial adviser numbers are dwindling as the cost of doing business skyrockets and the end consumer, priced out of the market, suffers.

According to Rainmaker analysis of the ASIC Financial Adviser Register, there are now just over 20,700 advisers practicing in Australia and, according to ASIC research, they're charging between \$2600 and \$2900 for comprehensive personal advice.

But, the maximum consumers are willing to pay for comprehensive advice is \$550; almost a third of what the average adviser charges for limited advice.

At the same time, cost-effective robo-advice solutions have largely struggled to gain meaningful traction in Australia. In fact, in early 2020, Investment Trends found that just 7% of Australian investors were using robo-advice solutions – well behind the United States and United Kingdom at 23% and 13% respectively.

However, the uncertainty of COVID-19 has propelled many Aussies to reevaluate their financial situation and it is against this backdrop that Australians are increasingly turning to their superannuation fund for financial guidance, creating an opportunity too good to ignore.

Unfortunately, there's one more hurdle; having not traditionally seen the demand they do now, many super fund advice offerings leave a lot to be desired.

"There has been a relatively slow adoption of online advice solutions for super funds but we've seen an acceleration of that during 2020 and we'll continue to see an acceleration in 2021 and beyond," Iress general manager – wealth and advice, Australia Glenn Boyes says.

An active participant in the superannuation industry for some time now, Iress helps funds create efficiencies via technology, providing back-end services such as registry infrastructure and automated fund administration software and services.

Globally, Iress has over 500,000 users across 9000 businesses.

Known for its Xplan software, widely used by Australia's financial planning community, Iress also offers online engagement software for super funds. This includes member and digital financial advice portals: the gateway to a members' advice journey.

With Iress' software, when a member logs into their super fund portal, the information

available in the existing registry is gleaned and repurposed as the member is taken on an online advice journey.

"[We are] targeting a number of different topics and focusing on goals-based advice for the member, and we use the underlying calculation engines within the back-end to produce outcomes that the member can see online and possibly execute themselves," Boyes says.

But first, the member must get to that point. So how does a super fund, looking to invest the resources into implementing robo-advice software, ensure members will jump on board?

Knowing where to start is not always easy for super funds, Boyes says, but it okay to start small.

"Often the view of the fund is that they would like to provide all of their advice services via online means, but that doesn't necessarily need to be the case," he says.

"Starting small can actually be the catalyst for building a broader and more comprehensive online advice offering."

Attempting to be all things at once may not be the most sensible move for a fund to make either. A study from the CFA Institute in 2020 found 81% of Aussies would prefer to rely on advice from a human adviser. Acknowledging this, super fund members can seek assistance from a financial adviser at any time throughout the process and can be easily transitioned into a funds' traditional advice channels, whether that be phone-based, video conferencing-based or face-to-face.

This is because, at its most effective, a super fund's online advice offering should be a triage service through to the more traditional advice channels, Boyes explains.

"So, if a member goes through the journey online from start to finish, including execution, that's great but doesn't necessarily need to be the success measure," he says.

"Just knowing you've got members that need advice and are reaching out for further assistance is also incredibly valuable and the ability to be able to triage that data into your traditional advice model is equally important."

And there are several key elements that ensure the successful roll out of super robo-advice, Boyes says.

Firstly, Boyes says the tool must be engaging; "the member needs to understand the tool and have a great user experience".

Engagement is something super funds have struggled with greatly over the years, but the government's unprecedented early release of

superannuation scheme saw millions of Aussies take an active interest in their retirement savings – many for the first time.

A robo-advice tool should ideally help members to better understand superannuation, what it means for them now and in retirement, Iress says.

To that end, education is also key, Boyes adds.

So often when we think about our finances, we think in terms of transactions; money in and money out. And perhaps much of this comes down to the fact that 75% of Aussie households don't have adequate savings to cover unexpected expenses, Mozo found last year.

"They need to know why they're using the tool and they need to be informed as to what the better outcome [of using the tool] might actually be," he says.

Finally, the value of using the online tool must be clear to the member and the tool must be one the member can revisit over time, to refer to for motivation or correct their course at any time of the day.

"It's important to be able to provide progress reports on how the member is tracking towards meeting goals and revisit which strategies they may need to look at in order to meet those goals over a period of time," Boyes explains.

And as COVID-19 and the threat of further uncertainty plays on Aussies' minds, there's no time like the present for super funds to beef up their capabilities. Not only that, but Boyes expects the role of technology in financial advice is only going to grow.

Boyes expects that, over the next five years, advice will shift into a hybrid model; a combination of a personalised advice service by advisers and a digital advice model.

"It's important for a super fund to have an advice platform that can support the multi-channel advice journey," he says.

"That means members that start their journey online can triage through the other advice channels and there's a seamless transition of that member data and information passing through each of those channels each time." **FS**



The quote

It's important for a super fund to have an advice platform that can support the multi-channel advice journey.



Watch the video
on www.fsitv.com

Brought to you by

