

# BusinessFIT: Navigating towards the advice practice of tomorrow



# Introduction

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It seems that barely a day goes by where financial advisers aren't bombarded with media headlines heralding the onslaught of 'fintech': the next gen technology promising to disrupt the traditional financial advice model.

And while it is undeniable that the rapid pace of innovation now means consumers have access to more information – way more than we can ever process – in real time, in multiple formats, and via multiple devices, to consume whenever and wherever we like, there are also broader trends afoot that are poised to shake up the financial advice sector as we head towards 2020 and 2025.

At Zurich, we've been partnering with financial advisers for many years to help develop resources and tools, and share best practice thinking to help ensure the continued success of the financial advice profession in Australia.

However, as the scope of innovation continues to evolve, so does the way we need to respond. In addition to the proliferation of fintech, Zurich has identified five other seismic shifts within society that could transform the future of advice as we head towards 2020 and 2025.

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In this whitepaper, *BusinessFIT: Navigating towards the advice practice of tomorrow*, we are taking into account the seismic shifts underway in society across the areas of regulation, technology, generational succession, and changing consumer values and explore the fundamental question:

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# “What is the ecosystem of lifestyle and dream attainment in the next 3-8 years?”



Five seismic shifts within society  
that could transform the future  
of advice as we head towards  
2020 and 2025.

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Mistrust of the “establishment” is permeating Australian society – and the world at large – demonstrated through recent “protest” elections, which gave rise to Brexit in the UK and Donald Trump in the US. In Australia, this is reflected in widespread mistrust of the financial services industry, which has been plagued in recent years by scandal and resultant media scrutiny.



Consumer trust is shifting from these established institutions (government, banks) to other individuals – often strangers – on platforms of the “sharing economy” such as Airbnb and Uber, and through technologies such as Bitcoin.



Australia is facing an increasingly ageing population. The “typical” Baby Boomer client of the past twenty years will soon be replaced by the Gen Y and Millennial client, whose use of technology, preferences towards remote vs face-to-face engagement, and ideas of financial success and a “meaningful” life will be vastly different from the “bread and butter client”.



Today there is already more data in the world than humans can ever hope to collectively analyse. Advancements in artificial intelligence (AI) will be increasingly used to find technical solutions, working in synergy with humans who will specialise in roles which require emotional intelligence (EI).



This is all underpinned by increasingly onerous government regulation, which is lagging in its understanding of the changing nature of financial advice, developments in technology and the role that advisers will play in the coming decades.

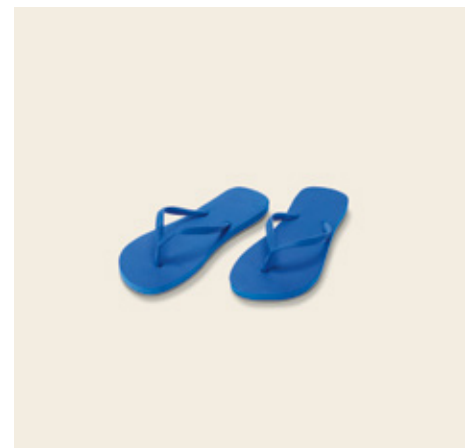


# An exploration of the future of financial advice

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With the five seismic shifts in mind, Zurich handpicked some of the best and brightest thought leaders in the financial advice industry and brought them together to scenario plan the tangible opportunities that these trends will offer financial advisers – particularly those looking to gain and retain clients by efficiently guiding them through the plethora of information about which investments to choose, when to choose them, or when to change tack.

At the helm of the specialist workshop was internationally renowned futurist, Anders Sörman-Nilsson – whose philosophy on balancing the positives of modern technology with traditional customer service methods align with Zurich's way of thinking. Together, we 'travelled through time' to 2020 and 2025 to consider 'a day in the life' of an adviser, and how these seismic trends will impact on how they attract, retain and offer advice to clients in an uncertain future.





## What will an adviser look like in 2020 and 2025?

Through our robust discussion of the tangible technological future for financial advisers, we explored:

- How technology will evolve the way advisers keep in touch with clients on an everyday basis about their portfolio of investments and appropriate wealth protection.
- How digitisation, automation and outsourcing can help financial advisers run truly efficient businesses, where back end processes are largely automated.
- Where the 'sweet spot' is between digitisation, cognitive comprehension and old-fashioned service, and how this will allow advisers to not only access the information they require, but to process and apply it to each client's unique circumstances, getting back to basics of offering valuable, effective and truly tailored advice.

Out of this "science fiction" odyssey, our participants came to one undeniable conclusion of the future that awaits a financial adviser in 2020, 2025, and beyond:

"This whole industry is under a misnomer that money is the point.

It's not. Lifestyle is.

We need to change the way we're approaching [financial planning] and turn it into dreams, hopes, motivation, inspiration. All of the apps out there, they help us to get this stuff done. We talk like that's what we offer, but we behave like it's about money."

Peita Diamantidis, Caboodle Financial Services.



### Tech in focus

Full Contact - analogue business cards still matter, and can serve as nice reminders to contact a new lead or contact. However, the way we reach out is most likely digital. Get access to virtual workers and AI who will scan your newly gained business cards, and input it into your CRM or contacts list for easy outbound marketing and connections.

# Methodology

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## STEEP

S Social

T Technological

E Economic

E Environmental

P Political

Predicting the future impact of trends is often shaped by people's own experiences and beliefs. This tendency can lead to individuals' inability to recognise certain critical changes around them.

In order to objectively identify the key driving forces shaping the future of advice, and get a detailed overview of the impact of tomorrow's drivers of change, participants used the (STEEP trends) analysis framework of scenario planning.

This methodology, which analyses the Social, Technological, Economic, Environmental, and Political (STEEP), is commonly used to gain an insight into developments during times of uncertainty, times of information overload, or times of disorganisation.<sup>1</sup>

## Establishing the 'future state'

In order to meet the transformation challenge head-on, participants developed a framework (XY axis) by nominating the two most disruptive trends that they believe create the greatest uncertainty for advisers, and will also have the most significant impact on the ecosystem of lifestyle and dream attainment for their clients in the future.

Following a robust discussion, using the STEEP analysis, the following disruptors were selected to construct the XY axis:

X: Status Quo vs Values Shift – Comparing the current financial 'success factor' of home ownership with more 'experiential' and untethered lifestyle achievements.

Y: Top Down vs Bottom Up - Comparing government-enforced regulation with consumer-driven change.







## Tech in focus

Struggling to manage logins and a distributed team who need digital access? LastPass enables you to have access to all your passwords via a single, secure log-in. Gone are the days of paper notes, moleskine diaries, and post-it notes with a multitude of passwords.



# Future state scenarios

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Tasked to develop four diverse scenarios, each hypothetically outlining how these disruptors may play out in 2020 and 2025, participants explored the following:

## Scenario 1: Regulation Nation

This is the closest scenario we have to the present day, and takes into consideration that the status quo has remained into 2020 and 2025.

Regulation is driven from the top down and remains a constant for financial advisers. The government and its associated bodies will continue to tick off a growing list of regulatory requirements, with a particular focus on greater transparency and robust self-reporting on the part of financial advisers.

Consumer values remain the same. The 'Great Australian Dream' of home ownership remains unabated, as does the desire for instant gratification that comes from 'quick-hit' purchases such as cars, holidays and luxury goods.

The consumer trend of 'Lifeloggging' is also growing at a rapid pace. Also referred to as the 'Quantified Self' this is the process of tracking personal activity like exercising, eating and sleeping, to track progress towards goals and analyse ways to improve personal habits.

## STATUS QUO

## Scenario 4: Do It With Me

The final scenario is based on values remaining the same as current day, however change is driven from the bottom up, rather than top down by governments and regulatory bodies.

With regulatory control handed back to consumers, there is a significant shift in the roles and responsibilities expected from financial advisers. The example used in building this scenario focuses on the educational standards of advisers, shifting from a narrow technical scope to a much broader holistic "financial coaching" role that encompasses consumer psychology and works with clients to help them achieve the lifestyle they want.

With this change in emphasis on the role of an adviser, may also come a change in their professional networks and education systems. Participants in this scenario workshopped the possibility of Australian tertiary institutions introducing a new qualification such as a Bachelor of Lifestyle Architecture, with generalist knowledge in lifestyle areas, including finance. Graduates would then work alongside advisers, who have technical tools and expertise, in each area required by a client to find the 'perfect fit' for their lifestyle goals. This is a move towards 'Do It With Me' solutions rather than 'Do It For Me'.

TOP DOWN

### Scenario 2: iAdvice

This scenario theorises that consumer values have shifted considerably and regulation is driven from the top down. The example used by participants was the complete de-regulation of the financial advice sector by the Federal Government, opening it up to competitors.

With the government removing itself from the regulation of financial advice, a significant vacuum is left to be filled by an equally – if not more – powerful influencer – social media. In this case, we again address the impact of ‘big data’ and the revolutionary approach to data-driven communication currently taken by major social networks.

The example used by participants was the power of Facebook and its influence over users’ decision-making, to the point that it could be possible in the future for consumers to receive financial advice from the platform, based on direct information, “likes”, and external online activity traced via cookies. In this case, every bit of digital data we create is potentially powerful financial data.

In this scenario, Facebook could advise on almost everything for consumers based on their online activity, including potential real estate investments, holiday planning, or even portfolio construction based on an individual’s psychographic values, interests or ethical viewpoints (i.e. green vs blue chip).

## V VALUES SHIFT

BOTTOM UP

### Scenario 3: The Great Untethered

This scenario is based on a significant shift in consumer values, moving away from the ‘Great Australian Dream’ of home ownership and the 9-5 job as the marker of financial success, however takes into account that regulatory change will be driven from the bottom up.

With the median house prices in major cities (particularly Sydney and Melbourne) inching close to – if not surpassing – the \$1 million mark, consumers in this scenario have realised that owning a home is not a realistic way to invest their money, opting instead to live a mobile existence and work towards achieving other life goals such as travelling the world, operating an online business, or investing their time and money in supporting causes they are passionate about such as climate change, or global poverty.

Examples of clients in this scenario are the retiree cohort of ‘Grey Nomads’, who sell up the family home to travel around Australia in their Winnebago, as well as their younger Gen Y and Millennial counterparts – digital nomads - who may be running their own businesses through new technologies from the myriad co-working spaces that exist from Bali to Berlin.



# Change is the only constant in life.



## Tech in focus

Wistia - if a picture says a thousand words, video says a thousand pictures. Using video platforms like Wistia, in conjunction with open formats like Facebook Video and YouTube video marketing, can ensure you capture leads in-video, and that you control and curate the content that your visitors see on your website and main media channels.

# Key recommendations

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While each of these four scenarios explore a different ‘future state’, the common thread they share is that the seismic social, political and technological trends currently afoot will have a significant impact on the ways that financial advisers attract and retain customers over the coming decade.

As the saying goes, change is the only constant in life. Whether it’s the level of regulatory scrutiny and reporting requirements, the way in which clients choose to engage with advisers, their changing values and ideas around what constitutes the ‘Great Australian Dream’, or the influence of automation, digitisation and Artificial Intelligence (AI) and its increasingly powerful ability to transform back office processes and improve efficiency.

These trends will all have a profound impact upon the ways that advisers not just do business, but how they market themselves and their services to clients as we head towards 2020 and 2025.

The current challenge is that financial advice – and the financial services industry at large – has not been able to keep pace with these consumer-driven changes.

Based on the four scenarios developed in Zurich’s workshop with Anders Sörman-Nilsson and our industry thought leaders, we have explored four key recommendations, which not only detail the challenges and opportunities that lie in each major trend currently afoot, but also offer practical tips on how advisers can leverage these trends and make manageable changes to their businesses to survive and thrive over the coming decade.

# 01.

## Broadening role of adviser as financial lifestyle coach

With the soaring price of property in major capital cities in Australia, a large proportion of Millennials could be rethinking their financial markers of success, moving away from home ownership and towards other assets such as stocks, and lifestyle options such as travelling or starting their own online business.

Without bricks and mortar and the daily commute to the office tethering future Australians to one place, we could see a considerable change in the way financial advisers interact with their clients, the types of products and services they offer, as well as the method in which they deliver their services. Advisers should be preparing themselves to cater for a new generation of remotely-based, ethically-minded, and tech-savvy individuals.

In this scenario, the biggest impact for an adviser will be navigating the shift in their role from a technical specialist who views their role as helping clients achieve a particular financial goal by selling a product, to a more holistic “financial lifestyle coach”, who truly gets to understand their clients’ lifestyles, dreams and motivations to help them achieve their goals in a way that suits their individual needs.

In short, it will not be about the money. Cash in short, may no longer be king. At least not in the traditional sense.

**“Clients want to be excited about their financial future. The sale of a product is irrelevant to them. Having tools that they can engage with are important, so when they interact with their adviser, they feel as though they are being supported on their journey.”**

**Tim Deamer, Crosbie Wealth.**

An important factor in this scenario to consider however, is the increasing power of social media, which has shifted the barometer of trust. While consumers used to place their trust in institutions like governments and banks, today – in the Reputation Economy - they increasingly rely on their social networks – often strangers – on platforms like Airbnb and Uber, and through technologies like blockchain.

It’s clear that there has been a significant shift away from institutional trust in recent years, towards what is known as ‘distributed’ trust, which relies on the internet, peer-to-peer networks and mobile ad hoc networks involving numerous entities.



Four out of five Australian customers don't trust their bank to give unbiased advice



A global banking survey by Ernst & Young has revealed that four out of five Australian customers don't trust their bank to give unbiased advice and put their interests first,<sup>2</sup> whereas word-of-mouth recommendations from social networks (often referred to as earned advertising) are now the most influential, as ranked by 84% of global respondents in a recent Nielsen survey.

As trust becomes an increasingly important driver of financial advice, advisers will need to recognise that the clients of the future will require different methods of engagement, different levels of interaction, and the use of different financial tools, depending on their life stage and lifestyle.

Face-to-face communication will remain crucial, however a greater use of technology tools such as (private labelling) money tracking apps or software that lets clients play around with their own investment portfolios may be required to get Millennial clients 'in the door'.

Once clients become comfortable with managing their own finances (albeit on an elementary level) and familiar with an adviser's 'automated' products, they will likely be more trusting of financial advice as a service and willing to reach out to an adviser for more personalised guidance because they can't get the most out of their money without first knowing what purpose the money is to serve. The focus for an adviser at this point is showing their value as a 'financial lifestyle coach', spending time – especially during the first interview with a client – listening to the client's desires, dreams, goals, objectives and passions so that recommendations are on target with those things. In other words, make sure you spend time scenario planning your clients' futures.



The current challenge that advisers see in providing this service to clients however, is not the technology, but the economics. The margin in most small businesses doesn't exist where the opportunity lies (i.e. the younger Gen Y and Millennial clients). However, by 2020 – which no longer has the same futuristic ring to it as it rushes towards us – it is estimated that Millennials will comprise 50% of the global workforce, so advisers need to be looking at the opportunities to diversify their business and adapt their own ways of working to fully engage the Millennial client of the future.

The best way to approach this is by starting small and understanding that as an adviser, you don't need to be a technology leader or even create your own apps or modelling software – that's not the role of an adviser, nor do clients expect it to be.

What's most important is to be informed enough about the latest technologies and needs of your clients to know when to jump in. This needn't require a significant amount of time or money. Trial something on a small scale and if it works, great but if it doesn't, pass it aside and move on to the next thing. The only way to grow is to take calculated and creative risks.



## Tech in focus

Hubspot (Digital Marketing Automation Platform) – the future of marketing is Inbound Marketing. In a world where clients are doing their own digital due diligence and are re-designing their own customer journeys, from

- a. awareness
- b. engagement
- c. evaluation
- d. decision
- e. usage / loyalty

ensuring that clients can find you across digital and analogue channels matters hugely, and using the right marketing automation platforms can save you both money and ensure your communications get better ROI.

<sup>2</sup> A. Ferguson, Survey casts light on yawning 'trust gap' for banks, The Age, September 24 2016.



# 02.

Powerful back office  
technologies to support  
regulatory requirements





## Tech in focus

Zapier – do you keep downloading web apps. But are not sure how to integrate them without spending a fortune on IT? This is where Zapier comes in. It is a bridge between say FullContact, which will scan new business cards and digitise them and your CRM system, like Hubspot, so that critical properties like email, phone number, twitter handle, and LinkedIn profile can be integrated into your follow up sales or marketing activities.



The advent of ‘big data’ tools will enable regulators to instantly identify systemic issues within the sector, as well as unusual differences in the ways that advice businesses are providing services and products to clients. Advisers will need to consistently and quantifiably prove their ethical credentials to regulators as well as the efficacy of the services that they provide.

As ASIC Chairman Greg Medcraft has acknowledged, “regulatory changes and technological developments are fundamentally changing industries” and financial advisers are not immune.

Reconciling compliance, productivity, liability and expense control is a difficult balancing act. However, in an increasingly complex and highly regulated market, it will be essential for maintaining a successful and sustainable advice business and should be viewed as an opportunity, rather than an obligation – particularly as compliance and regulatory requirements are becoming increasingly data-driven. So much so, that regulation is one of a number of services to recently receive the “Tech” treatment – RegTech.

In the short term, according to Deloitte, RegTech will help businesses to automate the more mundane compliance tasks and reduce operational risks associated with meeting compliance and reporting obligations. In the longer term it will empower compliance functions to make informed risk choices based on data-provided insight about the compliance risks it faces and how it mitigates and manages those risks.<sup>3</sup>

RegTech should be considered an investment in the sustainability and relevance of every advice business. And while the RegTech market is still in its early stage, its potential is considerable. Early examples include tools such as Hadoop, Tableau and Pentaho, which organise a business’ data, and allow for bespoke reporting in a way that is flexible enough to

meet the regulatory requirements of today, as well as be easily configured to meet the changing regulatory requirements of tomorrow.<sup>4</sup> Additionally, consider the likelihood that it will be impossible in the future to claim to be client-centric without also being data-centric.

Another interesting example is Silverfinch, a RegTech tool which turns data-flow and reporting in the asset management and insurance industries on its head. Silverfinch provides asset managers with a single location for portfolio holdings data that will respond to institutional client requests in an efficient, reliable, secure and cost effective manner. From an insurance perspective, Silverfinch provides an easy, reliable and cost effective way to request and organise data required to feed into advisers’ reporting and risk management models.<sup>4</sup>

Digital disruptors as well as traditional banks recognise that ongoing there remains a need for “human touch” in the digital delivery of financial services. Of course, this does not require advisers to build their own RegTech and client-facing apps from scratch. Rather, they should explore the opportunities offered by tech companies that manufacture products that can be private labelled and adapted to suit the needs of individual advice businesses.

The combination of introducing RegTech tools that leverage ‘big data’ and streamline advisers’ regulatory reporting processes, as well as providing an AI-powered finance tracking app for ‘low-touch’ clients, will ensure advisers remain compliant in an increasingly regulated environment and more importantly, free up time for advisers to dedicate to higher net worth clients, demonstrating their value in providing informed and insightful financial advice. Those Gen Y HENRYs (high earning, not rich yet) will soon become your business book of tomorrow.

<sup>3</sup> RegTech Is The New FinTech: How Agile Regulatory Technology Is Helping Firms Better Understand and Manage Their Risks, Deloitte, 2015.

<sup>4</sup> ibid



# 03.

## Harness automated technologies to complement the adviser's 'human touch'

We are on the cusp of the 'Augmented Age', which is bringing about a significant rethink of processes involving dynamic decision making, pattern recognition and advisory services, as artificial intelligence (AI) optimises those processes and feedback loops.

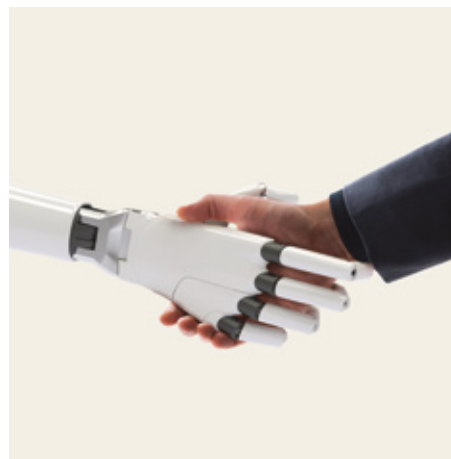
Major social media companies have been a powerful force in recent years, using machine intelligence to determine what users see and interact with, to the point that they have helped shape elections, impact major business decisions, and change the landscape of what consumers find relevant and how they live and document their own lives.

It is not unreasonable to assume that social media will have an ever-increasing influence over clients in 2020 to 2025, as natural human capabilities become increasingly augmented by computational systems that help them think, robotic systems that help them make and design things, and digital nervous systems that connect them to a world beyond your natural surrounds.<sup>5</sup>

What role does a financial adviser play in this scenario? While we move beyond passive tools (i.e. financial planning software) to generative tools that come up with their own solutions to human problems (i.e. "robo" platforms), it is natural for financial advisers to fear they will be replaced by algorithms that are less prone to mistakes, human biases and restricted by limited data or information.

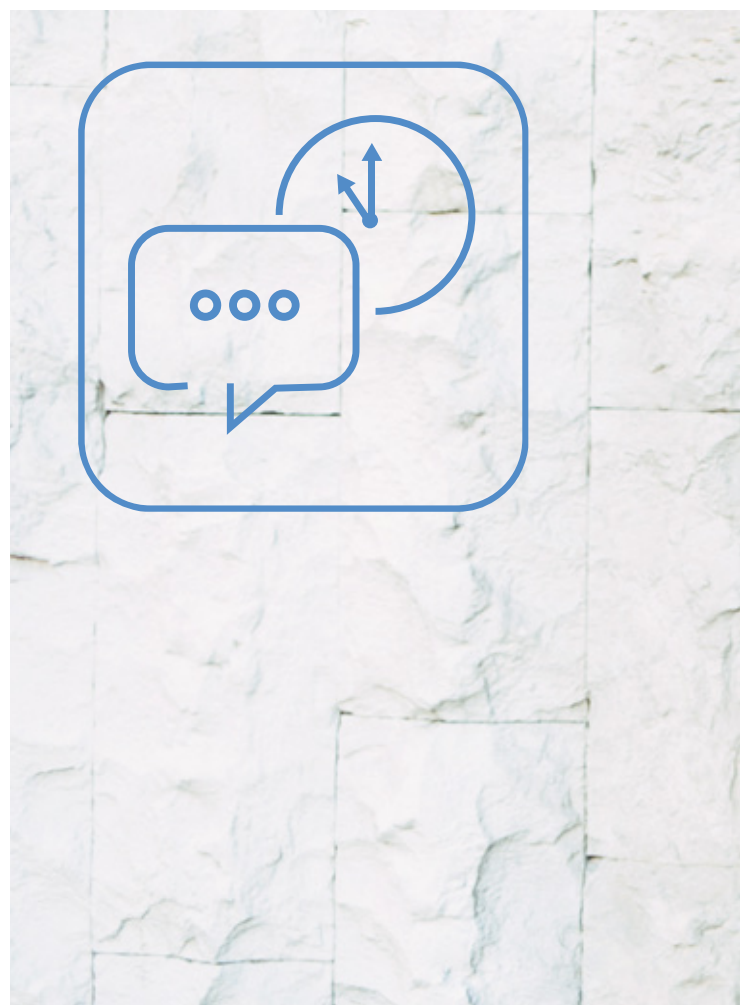
However, the real power of AI and its automated tools lies in its ability to amplify human cognitive abilities, and the unique human traits such as awareness, perception, and tailored decision-making (aka the "human touch") that AI solutions cannot replicate.

So rather than fearing robots taking human jobs, advisers should be embracing of the impending Augmented Age, where the future of financial advice will be bionic — a powerful combination of both humans and robots, working together and augmenting one another to inhabit a brand new consumer space.



### Tech in focus

LiveChat clients are taking matters into their own hands, and are doing their own digital due diligence on their own terms, and in their own time. LiveChat integration into your website via SnapEngage can ensure a more dynamic and customer-centric experience for new visitors, and provide 9-5 support in real-time, if not 24/7 with the integration of virtual support. LiveChat can ensure that you point clients in the right direction, and provide them with your firm's thought leadership and publications, to ensure you earn their trust.



Technical skill is – and will remain – critical for financial advisers. However, as we enter the Augmented Age, the role of an adviser could shift considerably to that of a ‘facilitator’. In this scenario advisers remain crucial in understanding a client’s experiences, preferences and the subtleties of their long-term goals, while relying on powerful AI tools that use machine intelligence to amplify this data to calculate, running through millions – or even billions – of potential financial strategies to find the ‘perfect fit’ for that client.

And while the ‘perfect fit’ for every client looks different, so too does the way in which they prefer to interact with a financial adviser. Successful advice businesses in this scenario will need to re-engineer their business model to take into account clients that want to hand over their entire financial decision-making, as well as those who want a do-it-yourself method to keep track of their own portfolios.

Each type of client – and every other in between – will benefit from a ‘bionic’ style of advice, particularly as clients become more geographically dispersed and dependent on 24/7 methods of communication.

One emerging tool to consider in this scenario is a ‘chatbot’ – a program that simulates a real conversation with users by using artificial intelligence. Building this technology into a business’ website can provide a significant efficiency boost for advisers who receive many requests that are similar to each other, have clients that are classified as ‘low involvement’, or clients that want information that is easy to provide.

There are a variety of ready-to-use chatbot templates that have been developed by Facebook, Microsoft and other major IT companies. Chatbots can also be easily built with online services such as Pandorabots, which provide much more efficient and personalised client communication than regular messaging apps. Advisers can populate the chatbot with their own personality, their brand’s identity, make it speak to clients just as they would, as well as change its message depending on the input from the client.

The added advantage of integrating AI tools into an advice business is that it optimises the potential of human advisers, leaving them to concentrate on the higher value aspects of their business such as strengthening client relationships, and focusing on growth factors such as referrals, networking and marketing.

<sup>5</sup> Conti, M, The incredible inventions of intuitive AI, TED.com, 6 February, 2017.



## 04.

## Scalable solutions that consider the entire customer communication chain

As the world grows more connected, more workers are disconnecting from their office and going mobile. In this scenario, advisers will increasingly deal with clients who are “digital nomads” – location-independent employees who can do their work without being based in one office.

This trend will significantly transform the way in which advisers communicate with, and provide advice to clients. Web conferencing tools such as FaceTime, Skype, Whatsapp and GoToMeeting, and even the wider use of email, mean advisers and clients no longer need to meet in the same room to have a professional relationship.

While being mobile, connected and available “on-demand” is crucial for advisers servicing remote clients, it remains important that meetings are scheduled ahead of time to accommodate the time zones and ways of working for both parties. Using a service or software that supports the .ics standard, such as Google Calendar, will allow your client to automatically add the meeting to their calendar and will convert it to their local time. Other telecommunications tools for advisers to leverage include screen sharing software like join.me, which give your client that “real world” meeting feeling, collaboration software such as Google Docs, which gives clients access to relevant information whenever they want.

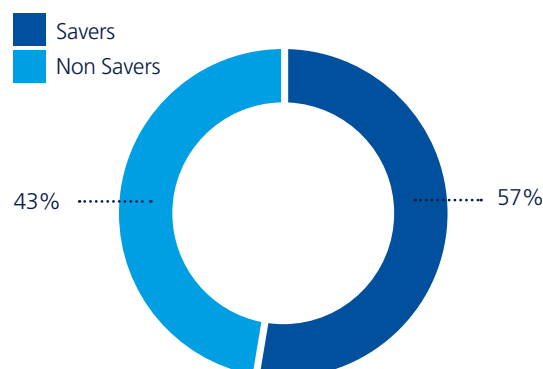
These nomadic customers will be just as hungry for the same simplicity, ease and convenience in tracking their own financial goals and information, which will vary widely across different client life stages and lifestyles.

According to ASIC data, 57% of Australians classify themselves as ‘savers’ and do so on a regular basis. Of those who are putting money away, the most popular financial goals are buying a home (48%), taking a holiday (47%), saving an emergency fund (33%), a new car (13%), a wedding (10%), and new furniture or appliances (8%).

Spanning both the long and short-term, these goals show that fundamentally, the majority of Australians understand the importance of saving, with most (37%)<sup>6</sup> saying they take the “slow & steady” approach, saving small amounts regularly in the hope that they will eventually reach their goal.

### Financial Goals for Australians

**57%**  
of Australians classify themselves as ‘savers’ and do so on a regular basis



There is a significant opportunity here for advisers. We know that more and more consumers now do their banking online. Moving money in real time and paying bills on a smartphone has become second nature. But the banking apps still have their limits. Beyond scanning their digital transaction history, how do consumers know how they are really using their money? How do they track when they’ve reached certain financial goals? How do they share this information?

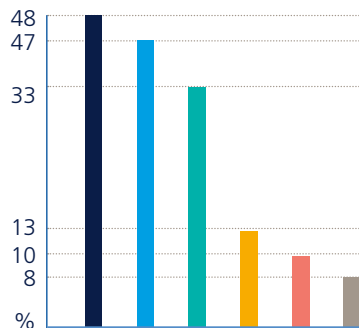
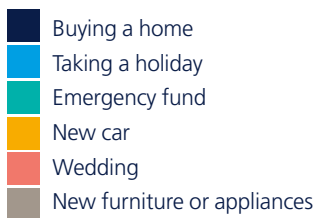
As consumer values trend increasingly towards simplicity, ease and convenience in how they manage their money (often looking to do so ‘on their own terms’), it is understandable for advisers to feel their traditional face-to-face business delivery model come under threat. There is however, a real opportunity here to leverage current technology trends such as financial tracking apps.

A potential scenario to consider is the ‘on-the-go’ client, who wants the ease and convenience of being able to sit at the airport, at a co-working space, or even at home in the middle of the night, and have access to a tool that lets them move their own money and play around with different financial models and scenarios. By private-labelling basic financial apps such as these, advisers can give clients the opportunity to be as hands-on or hands-off with their money as they please, while still having the trust and personal guidance of a professional financial lifestyle coach to help align everything with their specific life goals and dreams.

Some online tools that are already in market to consider include MoneyBrilliant, which requires just one login to connect all of a user’s accounts including bank, credit card, loans, superannuation, investments and loyalty accounts – providing a 360° view of their money. Users can also set their own personal goals (anything from a home deposit to a new handbag) and use the tool’s easy-to-use charts to monitor their performance as they save.

The Australian version of the investment app, Acorns, has also recently added new tracking tools to its arsenal, using artificial intelligence (AI) to predict a user’s budget blowouts before they even spend. The ‘robo-budget’ technology also identifies whether they’re spending too much money on entertainment.





The most popular financial goals



## Tech in focus

Acorns managed what no bank had managed before. To seamlessly interweave your spending habits with your mobile device, and a robotic portfolio, scaling financial advice via hundreds of thousands of Australian smart phones. This is financial advice the Gen Y way. Check it out for research or to think up a collaboration or private label, client-facing app opportunity to scale your advice.



The tool is designed for the emerging Millennial client, who has significant savings goals but doesn't see the value in engaging financial advice professionals. They are the 24/7 online generation and Acorns' research has shown they prefer online engagement rather than face-to-face.

This is particularly relevant for the 'great untethered' clients who are living and working from remote locations. In adapting to this new type of client, advisers could find significant value in leveraging the cryptocurrency, Bitcoin. The global currency allows clients to invest in anything, anywhere in the world, in one shared currency – and almost instantaneously – thanks to the power of blockchain.

The blockchain is also showing great potential in heralding the 'smart contract', effectively helping businesses go paperless, which could deliver significant efficiency gains when it comes to the traditional SOA process.

**This technology is closer than we think, with the Dubai government announcing late in 2016 that they will shift to blockchain and become completely paperless by 2020.<sup>7</sup>**

And while these tools are all examples of the 'digitisation' of finances, which benefit from being much quicker and convenient than transactions of previous decades, they can also run the risk of desensitising people to the real value of their assets.

New Zealand bank, ASB, is leading the way in reframing this view for the next generation with their innovative campaign 'Clever Kash', a cashless money box that teaches kids how to save for the things they want. 'Clever Kash' works through a simple online banking app that lets kids swipe their digital funds from the screen of their smartphone to the physical 'Clever Kash' money box, which lights up whenever a donation is made.

Another important consideration in the communication chain with the new Gen Y and Millennial clients is the image an adviser's business projects to the wider community. It is no longer enough for an adviser to attract and retain clients on talent and skill alone – for the new generation of client, social responsibility is the new religion.

For advisers looking to sustain their business in the long term, Corporate Social Responsibility (CSR) is one of the keys to connecting and maintaining relationships with this generation. In fact, in 2015, Nielsen published its annual Global Corporate Sustainability Report, which revealed that 81% of Millennials expect their favourite companies to make public declarations of their corporate citizenship.

A socially responsible company needs to meet certain standards such as fair wages for employees, charitable donations, and transparent reporting. Other socially conscious issues important to Millennials include open-mindedness on diversity and lifestyle choices and the passion to volunteer and make a difference.

CSR is about having a purpose that is about more than making a profit, and having a set of ethics and values that run right through the heart of a business. These don't need to be large-scale actions. By staying local and helping a charity or community project on your doorstep, you can easily see the difference your help is making and technology has now made it easier than ever to share the good news with clients. Opportunities include setting up a CSR page on the business website, sharing CSR activities and milestones through social media, and including CSR values in marketing collateral.

Other opportunities include offering tailored investment options that appeal to the socially-conscious values of clients. Examples include avoiding investment in companies that produce or sell addictive substances (like alcohol, gambling and tobacco) and seeking out companies engaged in social justice, environmental sustainability and alternative energy/clean technology efforts. Ask yourself what you value and believe in and align your business accordingly.

<sup>6</sup> How Australians save money, ASIC's MoneySmart, October 2016. <sup>7</sup> <http://gulfnnews.com/news/uae/governmentdubai-launches-blockchain-strategy-to-become-paperless-by-2020-1.1907790>

# Conclusion

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As we move ever closer towards the dual horizons of 2020 and 2025, it's clear that technology will play an increasing role in 'the day in the life' of an adviser. However, no matter how powerful or sophisticated this technology becomes, it will not be able to deliver the same benefits as professional financial advisers, who know their clients, their respective life goals and their risk tolerances by virtue of the trusted relationships they have established.

Of course, there will be seismic changes ahead. The role of an adviser as technical expert will likely shift into more of a holistic financial lifestyle coach, the scalability of their service offering will need to be enhanced for a 'hands-off', geographically dispersed, technology-savvy generation of clients, and new innovations will need to be identified and leveraged to alleviate regulatory burden, automate back office processes and propel the most valuable part of the businesses – trusted client relationships – forward.

Adopting the suggestions outlined in this whitepaper, *BusinessFIT: Navigating towards the advice practice of tomorrow*, has the potential to not just strengthen existing relationships with clients, but also open an advice business up to a broader and more diverse range of clients as we head towards 2020 and 2025 – particularly the growing Millennial cohort who are increasingly distrustful of financial institutions, who find it difficult to understand the value of professional financial advice, and who place mobile technology and apps at the top of their preferred methods of engagement and interaction.

It is only through having a clear understanding of what the new 'typical client' looks like, the disruptive trends that are shifting their values, and the technology that can be leveraged to create the perfect solution for every dream, aspiration, lifestyle and life stage, that an adviser can confidently future-proof their business to provide the advice of tomorrow.





# Contributors

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## Anders Sörman-Nilsson (LLB / EMBA)

Anders is a global futurist and innovation strategist who helps leaders decode trends, decipher what's next and turn provocative questions into proactive strategies. With an average of 240 international travel days a year, Anders' view is that the future and the now are converging in a city or start-up near you, giving the curious, the creative and the courageous a competitive and sustainable edge. At the same time, that same future contains fearsome forecasts for futurephobes.

This Swedish-Australian futurist has shared stage with Hillary Clinton, Nobel Laureates, and European and Australian heads of state. He is an active member of TEDGlobal, has keynoted at TEDx in the United States and Australia, was nominated to the World Economic Forum's Young Global Leaders in 2015, and was the keynote speaker at the G20's Y20 Summit in Australia.

His thought leadership has been featured in international media like Monocle, Business Insider, Sky News Business, Financial Review, CIO Magazine and Boss. He is the author of the books *Digilogue: how to win the digital minds and analogue hearts of tomorrow's customers* and *Thinque Funky: Upgrade Your Thinking*, and his latest book *Seamless: the future of digital adaptation and human transformation* is hot off the press.

His presentations and strategy workshops are meticulously researched, highly energetic and always fascinating with content tailored to the audience, which is why clients like Apple, Cisco, Mercedes Benz, Hilton, SAP, Gartner and Macquarie Bank have turned to Anders over the years to help them turn research into foresight and business impact.



## Jessica Brady

Head of Licensee Development,  
BT Financial Group

With a background spanning roles in business development, training, compliance and risk management, Jessica has a wealth of knowledge and experience gained through her work with advisers, business owners and licensees over the past 10 years. She is passionate about access to quality advice and believes education and professional development are critical to achieving this.

Jessica has held senior compliance and training roles at MLC, Macquarie Private Wealth and, prior to joining BT Group Licensees, provided pragmatic risk and governance support as a trusted adviser to the directors and management of the Securitiser and Magnitude businesses. Previously their National Manager, Offer Strategy, Jessica was appointed the Head of Licensee Development for BT Group Licensees in early 2017, and is responsible for the development, execution and continued innovation of BT's core and specialist licensee services.

Jessica holds a Bachelor of Commerce (Accounting and Corporate Governance), a Graduate Diploma in Financial Services (Financial Planning) and is currently completing her Juris Doctor.

## David Clark

Koda Capital

David advises some of Sydney's most successful business people and wealthy families on their wealth management needs.

By utilising extensively researched strategies, David contributes value to his clients' financial situations in the areas of Investment Management, Structuring, Asset Protection and Estate Planning.

David has over sixteen years of experience providing financial advice and holds a Bachelor of Economics, a Graduate Diploma in Applied Finance and Investment, and is a Certified Financial Planner CFP. David has twice been awarded as a finalist in the Association of Financial Advisers "Adviser of the Year Award", and has completed an Executive Education course at Stanford Business School.

## Tim Deamer

Director  
Crosbie Wealth Management

Tim Deamer is regarded as one of Australia's leading advisers, and has received numerous professional awards. He is passionate about helping people fulfil their financial potential by ensuring they achieve their objectives, obtaining true financial security and peace of mind.

With more than 20 years' experience as the trusted financial adviser for many successful families, executives, medical specialists, business owners, retirees and entrepreneurs, Tim advises clients through everything from organising their financial affairs, investing money and protecting their assets to preparing for selling a business, reducing work or how to properly transfer wealth to future generations.

## Peita Diamantidis

Caboodle Financial Services

Peita Diamantidis is a new form of 'geek' hybrid - maths and finance nerdiness combined with a passion for communicating that has her on a mission to empower the public to take charge of their finances.

With 20 years in the financial services industry, and the last 10 as a practising financial adviser at Caboodle Financial Services, Peita has been most valued for her ability to take complex financial situations and break them down to their fundamentals. This culminated in the release of her first book 'Finance Action Hero: Basic Training' in May 2014, with the follow up 'Finance Action Hero: Mission Possible' released in September 2016.

Utilising a background in Actuarial Studies (financial mathematicians that make accountants look hip and groovy), Peita has developed a keen interest in the science of Applied Innovation - the adoption of innovative business models, the development of innovative products and technologies and the engagement of the public in more innovative ways.

## Matt Heine

Joint Managing Director  
Netwealth

Matt started his career in financial services over 16 years ago when he joined Netwealth in July 2001.

At that time, Netwealth was a start-up business with 5 employees and no products or services on offer. Since then, Matt has been instrumental in the development of the distribution, strategy, branding and marketing of Netwealth and subsidiaries which today consists of more than 230 staff, 5 offices, 3 brands and FUMA of more than \$14 billion.

Netwealth is a specialist platform and advice provider building its business with the independent financial planning industry.

Matt's experience in industry-wide sales, marketing and product brings a 'hands on' understanding to his role as Joint Managing Director of the Netwealth group, Bridgeport Financial Services & Pathway Licensee services.

His skills, knowledge and passion for the industry span many aspects including advice, superannuation, investment and IT. Matt is a regular commentator and presenter on a range of topics and is an Investment Guardian on the popular TV show "The investment Series".

## Adrian Patty

Director and Financial Adviser,  
AP Financial Solutions

Adrian is passionate about many areas of the financial advice industry. In addition to being the Principal Adviser at AP Financial Solutions, he is the director of Spark Professional, a recruitment and training firm dedicated to financial advice. He is a driving force behind XY Adviser, a community of advisers who share ideas and inspire one another to improve and innovate.

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