



‘Consumer-Centred’

Reimagining how Australians access
help and advice

July 2021

Foreword

The not for profit superannuation sector has been remarkably successful in the delivery of investment and insurance solutions that meet the needs of ordinary Australians, harnessing the collective power of its large member base to deliver services at scale that would otherwise be beyond the reach of most.

But, as a sector, we have not yet found a scalable model of help, guidance and support that would provide our members and their families with the advice they need, when they need it at a realistic price.

There are many reasons for this: regulatory complexity, the conundrum of delivering a highly personalised service to a mass audience, norms and biases borrowed from the traditional financial product advice sector.

And while we can and should continue to tailor the traditional model to serve our members, it will never be capable of meeting the latent demand for help and guidance.

We know that improving access to financial advice will improve retirement outcomes for Australians. We know that many Australians miss out on formal advice¹. We know that those who receive it value the service². And we know that cost is a significant barrier.

We also know that super funds have struggled to identify an optimal service model. That too often the question is not “will this solve a problem for our members?” rather “will this solution be treated as general or personal advice?”, “limited or complex advice?”, “intrafund or not intrafund?”

In this project, we attempted to throw off the regulatory constraints. Consumer needs were our sole focus - ensuring we develop services that solve their problems, not our problems.

We purposely remained agnostic to the regulatory environment. We wanted to know what was possible if regulations weren’t a constraint at the design phase, while recognizing that appropriate consumer protections would ultimately need to wrap around any new model.

With our Steering Committee we developed three service model concepts that could meaningfully improve how many Australians access advice.

Each concept tackles the problem in a different way, focusing on different consumer needs and addressing different barriers to accessing help, guidance and advice.

None of these ideas are a silver bullet. Our intent for publishing this work is to encourage our industry to consider different ways of designing advice models for members.

We will continue to work with industry partners to progress these ideas beyond concept and into implementation.

If you want to hear more about the content of this report, or would like to participate in the next steps for this work, please contact Adrian Gervasoni at AGervasoni@ifs.net.au.

1 – ASIC. (2010). Access to financial advice in Australia. <https://download.asic.gov.au/media/1343546/rep224.pdf>

2 – Adviser Ratings. (2019). *Australian Financial Advice Landscape*.

We acknowledge the following organisations for their contributions

STEERING COMMITTEE MEMBERS:



PROJECT CONTRIBUTORS:



Objective for this work

We want to move away **FROM** ...

Traditional advice

How financial advice
(and support) is delivered today

- Service models focus on client-adviser relationships and development of compliance documents (e.g. SOAs)
- Constrained by today's regulations and capabilities
- Ineffective at meeting the needs of all members



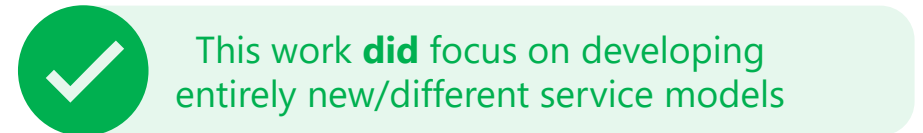
The **objective** is to explore alternative service models that can help, guide and support members make sound financial decisions

... and consider how we can move **TO** ...

Consumer-led advice

How financial advice¹ *could be* delivered in the future to **best meet the needs of Australians**

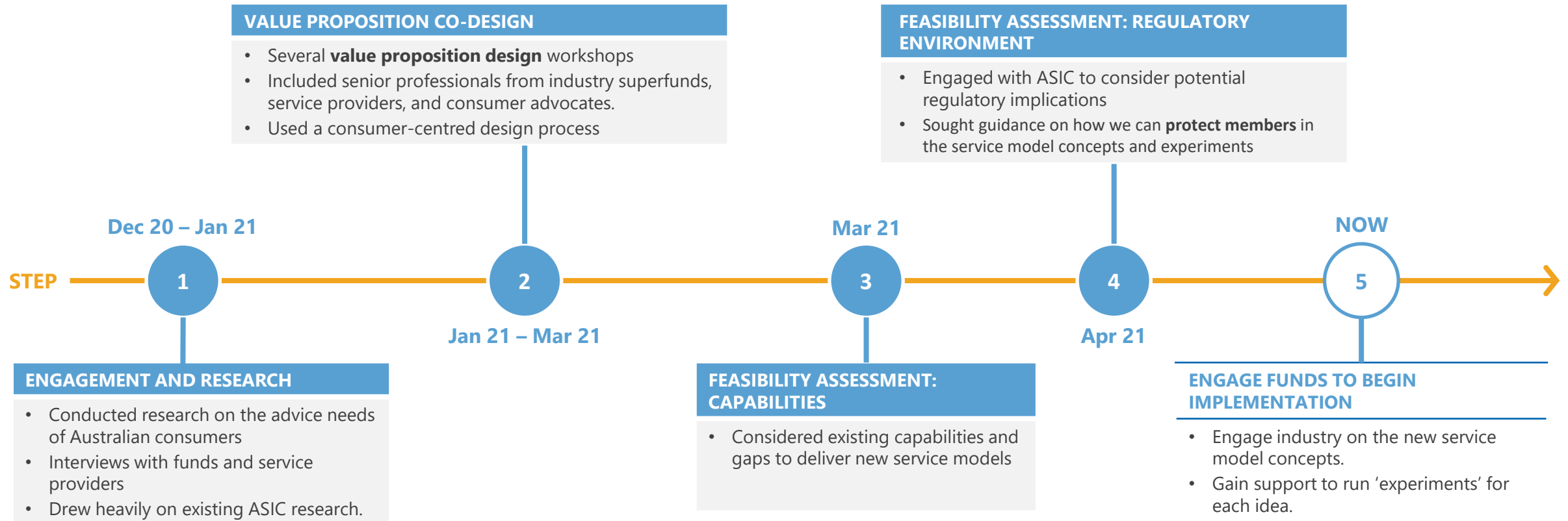
- What service models for financial support could exist in the future?
- What if we were totally unconstrained by today's regulations and capabilities?
- How could we best meet the needs of all members and overcome the barriers to accessing support?



1 – While we use the term 'advice' here for consistency, in the future state we expect Australians will receive a broader scope of financial support beyond traditional financial advice. This includes other services such as counselling, coaching, etc.

Approach and rationale for this work

- Steering Committee included staff from IFS, industry superfunds, and service providers.
- Role was to consider alternative service models may better meet Australians¹ needs in the future.
- In collaboration with stakeholders ² the Steering Committee worked through a five-step process.



1 – For the purpose of this work, the terms 'Australians' and 'members' are used interchangeably. 'Members' are a direct reference to the members of industry superfunds.

2 – Page 3 includes a full list of organisations that were project contributors.

Consumer needs led the design of 3 service model concepts

Benefits consumers expect from advice

- Optimising their finances.
- Achieving specific financial goals.
- Establishing themselves financially.
- Facilitating the transition to a new life stage.
- Providing a 'reality check'.
- Managing anxiety.
- Feeling empowered and motivated.
- Improving financial knowledge and skill.

Barriers to accessing advice

- High cost.
- Distrust of financial advisors.
- Lack of clarity about how to best engage with the industry.
- Lack of interest in finances.
- Too much hassle.
- Lack of urgency.
- Perceived lack of relevance.
- Fear of being pressured into taking risks.
- Feelings of vulnerability.
- Not wanting to change lifestyle.

Consumer preferences for accessing advice

Online (self) discovery— having access to relevant and reliable information that is targeted to them, based on their personal situation and life stage.

Learning with peers— understanding what similar people in their positions have done (or are doing), and being able to share their personal experiences and learnings with peers.

Easy to engage experts— knowing who to go to when they need expert advice, and having total clarity of what it will cost and what the process includes.

We used these consumer needs to lead the design of three service model concepts:



Help-finder platform: Helping consumers find the right adviser




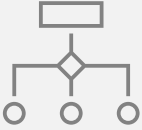

Digital Advice Journey: small pieces of advice and guidance delivered along the way



Moderated peer communities: harnessing the wisdom of people like you

Each service model is explored in detail over the following pages.

Consumer-led advice service models

	Help-finder platform: Helping consumers find the right adviser
	Digital Advice Journey: small pieces of advice and guidance delivered along the way
	Moderated peer communities: harnessing the wisdom of people like you

Concept 1: Help-finder platform

Overview of concept and features for the help-finder platform

Problem being addressed

- Members struggle finding advisers in general, let alone ones they can trust and at a price-point they can afford.
- Creates an efficient and transparent digital marketplace for members and financial coaches to interact.
- This will help members to find coaches, understand how others have reviewed them, and get transparent and competitive pricing for support.

Overview of the help-finder platform

- The help-finder platform is a digital platform that members, funds, and financial coaches¹ 'plug into'.
- At its core, the platform is a marketplace for members and financial coaches to connect.
- Analogous to platforms such as Airtasker and Uber.
- Connects with members' data to build a data-driven service that helps members identify the type of support they need, and facilitating the process of soliciting and receiving support from professionals.

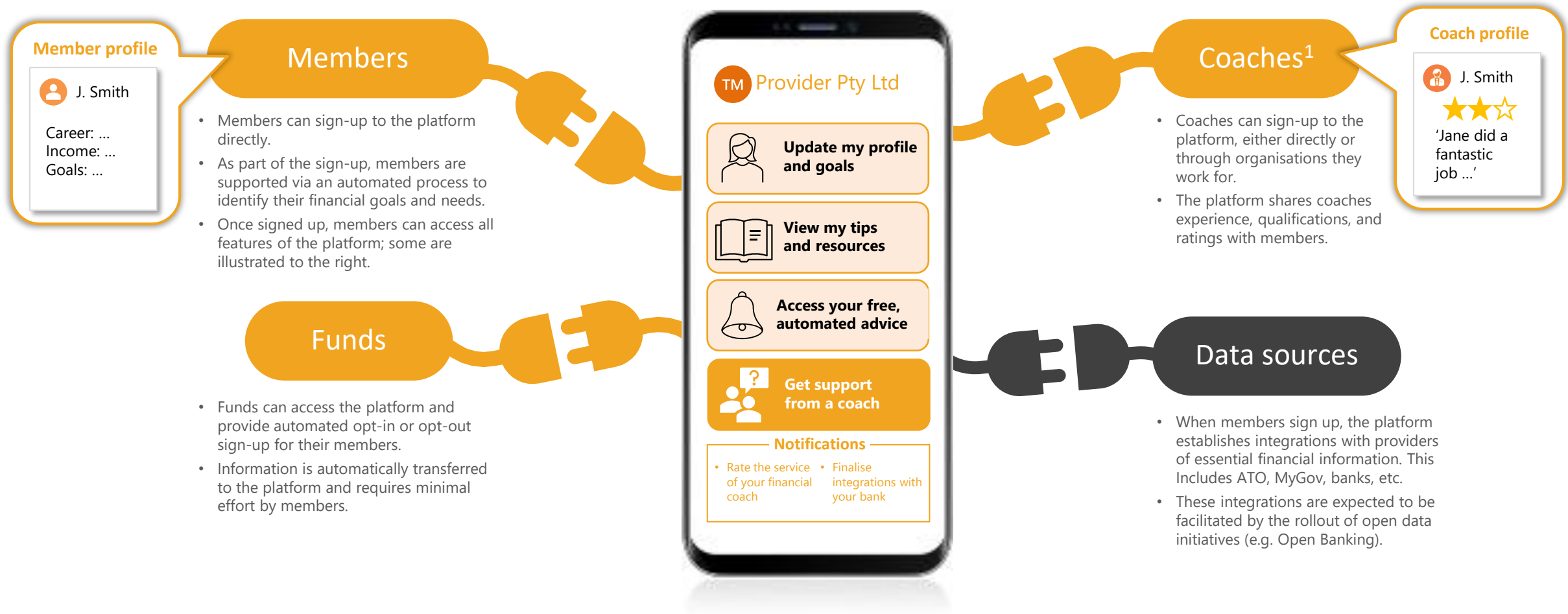
Key features of the concept

1. **Efficient digital marketplace for members and coaches.** The platform includes:
 - A network of 'signed on' coaches available to connect with members and provide financial support. Coaches join directly as individuals. Trusted financial services firms could join their network of educators, coaches and advisers to the platform. This may include superfunds and their in-house planners.
 - Members/users join the platform directly, or via their superfund, and can engage coaches through the platform.
 - When members seek support, the platform will target a specific cohort of coaches, based on the members' needs, and the qualifications/specialisation of the coaches.
 - Coaches/advisers quote for work, and members can compare multiple quotes
 - Members can rate and score coaches based on their performance (and fees).
2. **Building a central library of members' financial information.**
 - The platform would connect directly to sources of financial data—such as ATO, MyGov, funds, and banks (leveraging Open Data initiatives)—and synthesising the information into a single picture.
 - The platform also prompts members to share information about themselves, such as their financial goals, hopes for retirement, etc.
 - Any advice that members receive is stored in the platform, and access to member data is controlled by the member.
3. **Offering some automated advice to build engagement.**
 - An automated process would guide members to identify their financial goals and needs, and potentially serve some simple advice as a starting point for members, such as high-level strategies and plans.
 - Members could also access financial literacy tools and templates, but prompt members to consider engaging 'signed on' coaches for more in-depth support.

1 - The terminology 'coach' is intended to capture a broad group of financial professionals that can support members, such as advisers and counsellors.

Concept 1: Help-finder platform

Illustrative model of the help-finder platform



1 – The term 'coach' is broader than financial advisers. It could include financial counsellors, planners, wealth management specialists, etc.

Concept 1: Help-finder platform

Open questions for the help-finder platform

We are clear on the **concept** of this service model, but there are many elements that remain as open questions. We have set out below the most pressing questions, and some hypotheses, that will need validation.

Q: Who is the provider?	Q: What is the commercial model?	Q: What are the key risks and mitigants?	Q: What are the regulatory and consumer protection considerations?
<p>A: Two main options were identified. Under both models the platform is built and operated by a third party.</p> <ul style="list-style-type: none"> Under a 'closed' model, the platform is licenced to funds. <p>Funds operate their own front-end, connecting their members with a curated selection of coaches (e.g. the funds' internal planners and a selected number of other planners or firms).</p> <ul style="list-style-type: none"> Under an open model, all users and coaches on the platform can interact with each other freely. 	<p>A: Potential commercial models include:</p> <ul style="list-style-type: none"> Charging members directly (e.g. per annum). Charging participating funds for access (perhaps on a flat or per-member basis). Charging coaches an annual fee for accessing the platform. Charging a flat or percentage fee for transactions on the platform (i.e. when coaches and members connect). <p>Any commercial model will need to avoid or manage conflicts, support quality advice, and consider intra-member equity and unfair cross subsidies.</p>	<p>A: Key Risks and mitigants include:</p> <ul style="list-style-type: none"> Risk of including unqualified / poorly skilled coaches Mitigated by due-diligence process for new coaches (ideally automated, but likely to require some human input), and using pre-existing quality controls (e.g. planners on Adviser Ratings, fund financial planners). Risk of members receiving poor service, including poor advice, and not having recourse. Mitigants include dispute resolution process; real time monitoring, document storage to facilitate auditing; and sophisticated user feedback mechanisms. Risk of data or security breaches, controlled via mature technology partner. 	<p>A: Potential regulatory issues include:</p> <ul style="list-style-type: none"> Responsibility for advice. Will need clear accountability for advice given over the platform between (1) individuals coaches / businesses or, (2) the platform provider Blended advice delivery: The current friction where advice is delivered through a blend of member-driven technology and humans will need to be resolved. Data source integrations. Privacy and data security issues will need to be addressed in service design and operating controls Labour market regulation to ensure coaches / advisers attract fair compensation

Consumer-led advice service models



Help-finder platform: Helping consumers find the right adviser



Digital Advice Journey: small pieces of advice and guidance delivered along the way



Moderated peer communities: harnessing the wisdom of people like you

Concept 2: Digital advice journey

Overview of concept and features for the advice journey

Problem being addressed

- Most members aren't engaged with their personal finances
- Accessing traditional advice is too much hassle/effort.
- This service model removes the onus on members to get advice
- It proactively engages members on financial topics that are relevant to them—in an easily accessible, engaging and 'low effort' format.

Overview of the digital advice journey

- Will occur progressively throughout a member's life, rather than the traditional point-in-time advice, guiding them on what they should be thinking about and sharing guidance on how to navigate these topics.
- Uses data to build a picture of the member (who they are, what their goals are, what life stage they're at) and pro-actively engages them (education, support and advice) on financial topics that are relevant to their situation.
- Delivered via a purpose-built app or as an add-on to superfunds' existing apps.

Key features of the concept

1. Building a coherent, data-driven understanding of the member.

The application will:

- Provide a platform that connects with members' sources of financial data, including Centrelink, ATO, personal banks, MyGov, etc to create a centralised and real-time picture of members' key personal and financial details.
- Using this, the platform would fit members into personas and tailor specific types of content for them.
- Members would add data to supplement and validate the generic personas to allow more nuanced and tailored support

2. Set short-term goals and provide real-time updates to keep members on-track.

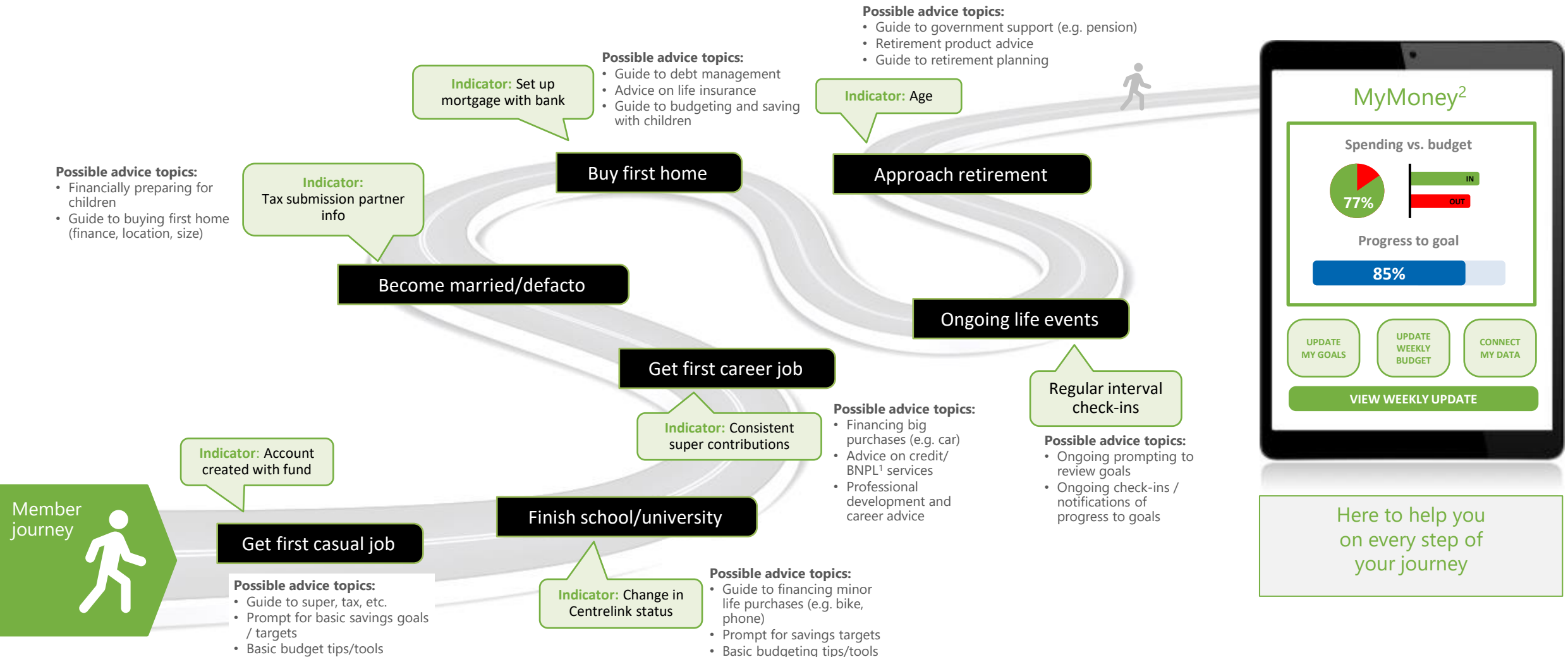
- On sign-up process, and continuously through their lifetime of a member, users will be prompted to setup shorter-term financial goals (savings target, monthly savings goals, etc.).
- Users will receive real-time updates and nudges on their progress to these goals. This ongoing tracking of spending habits will give members a clear picture of where their money is going, and how they can manage their outgoings (in-line with their goals).

3. Give regular, pro-active advice to members, driven by life events.

- Triggers are used to flag when a user experiences a key life event and share relevant information and advice (e.g. first job, getting a promotion, buying a car or house).
- This advice starts small and incrementally becomes more comprehensive as the user engages with the tracker.
- In-between life events, the service regularly shares advice on broad financial topics that are most relevant for the user at their stage in life. This is not restricted to financial products, and can include more general lifestyle decisions that influence individuals' financial situation (e.g. downsizing or upsizing homes at different stages in life).
- Support from a human to help navigate the platform, answer queries and access a qualified adviser will be provided.

Concept 2: Digital advice journey

Illustrative model of the digital advice journey



1 – Buy now pay later

2 – The application name is indicative and for illustrative purposes only. There are other applications called 'MyMoney': this does not imply this application will function in a similar way.




Concept 2: Digital advice journey

Open questions for the digital advice journey

We are clear on the **concept** of this service model, but there are many elements that remain as open questions. We have set out below the most pressing questions, and some hypotheses, that will need validation.

Q: Who is the provider?	Q: What is the commercial model?	Q: What are the key risks and mitigants?	Q: What are the regulatory and consumer protection considerations?
<p>A: Discussions mainly focused on:</p> <ul style="list-style-type: none"> A third party building, owning, and operating the platform, who would partner with superfunds to provide this service to their members. It would be possible, but less likely, for the platform to be developed by a trusted organisation such as IFS, or a special purpose vehicle Superfunds would be able to customise the front-end for the application Funds may require integration with their channels (e.g. providing it via existing superfund apps/websites). There is also opportunity for other consumers to access the platform directly via the third party. 	<p>A: Options include:</p> <ul style="list-style-type: none"> Charging partnered funds for access to the service. This could be based on the number of members they have signed up, or the FUM these members represent, or something else entirely. Charging members a subscription fee (e.g. per annum/month), that may or may not be deducted from their superannuation account, depending on the size of the fee and the frequency of the service offer. Offering 'premium' content and resources on the platform (for services that are more complex / expensive to provide) which members must pay to access (one-off or ongoing). This must be done carefully to ensure that free content is still meaningful and helpful for members. <p>Any commercial model will have regard to conflicts of interest and duty, intra-member equity and reasonable or sustainable cross-subsidies, and the investment required to deliver a quality service.</p>	<p>A: The key risk and potential mitigants are:</p> <ul style="list-style-type: none"> Risk of data or security breaches, mitigated by mature technology partner Risk of serving generic automated advice that isn't appropriate for the member. Possible mitigations include data entry and data re-fresh controls, and careful design and governance of the scope of advice given via the solution. Risk of users being charged for this service after becoming inactive. Mitigants include controls and governance to ensure inactive accounts are not charged. 	<p>A: Regulatory considerations include:</p> <ul style="list-style-type: none"> Provision of generic "people like you" advice based on member attributes such as life stage, life events and personas does not easily satisfy the test of general or personal advice. Consumer protections will need to balance efficiency and the potential benefits of getting some advice vs getting no advice, or getting perfect advice. Data security, privacy & permitted use – as with other digital platforms strong controls will need to be in place. Potential for government to support broader use of TFN.

Consumer-led advice service models

	Help-finder platform: Helping consumers find the right adviser
	Digital Advice Journey: small pieces of advice and guidance delivered along the way
	Moderated peer communities: harnessing the wisdom of people like you

Concept 3: Moderated peer communities

Open questions for the moderated peer communities

Problem being addressed

- The cost of professional advice is a major barrier for members
- Some members seek and act on advice from their trusted, but unqualified peers: family, friends, with potential adverse outcomes.
- Model leverages members' natural desire to consult peers, but in a controlled environment with financial professionals (and other safeguard) to protect them from bad advice.

Overview of moderated peer communities

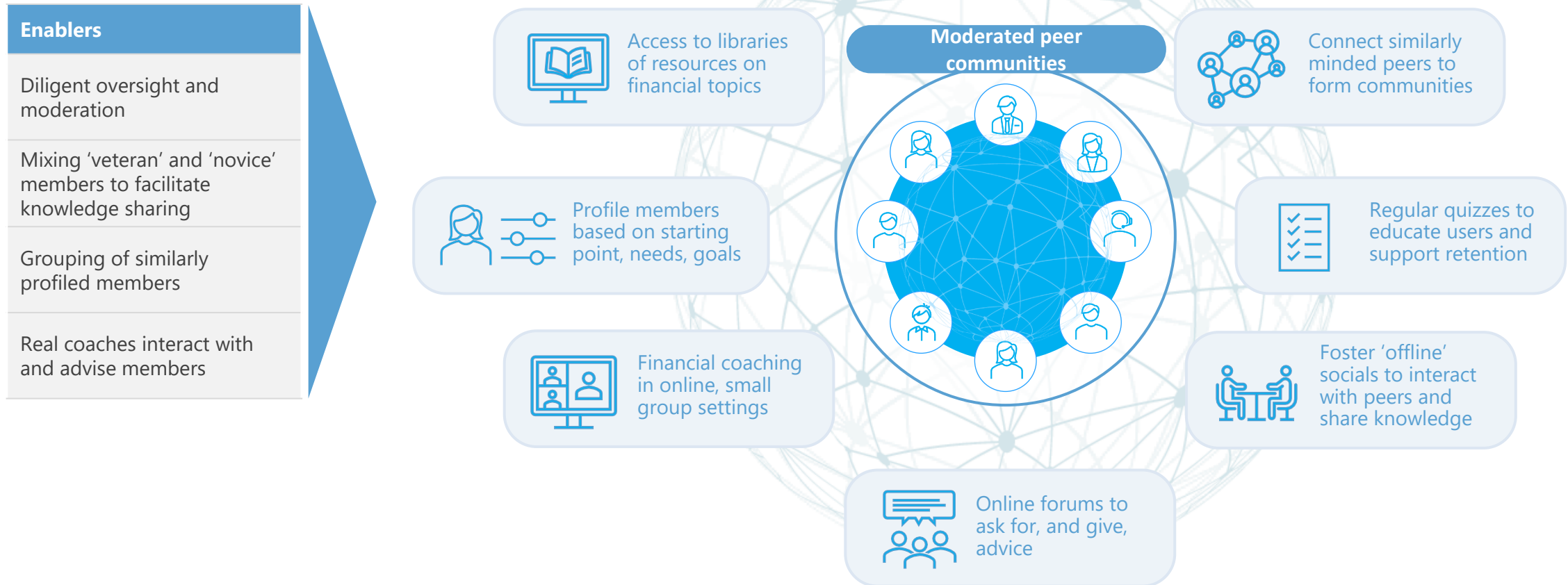
- Platform facilitates the transfer of financial knowledge and experience between peers.
- Members sign-up to an online community and are grouped with similar peers (who are undergoing similar life events).
- Platform forums and resources for peers to interact with each other and share tips and advice in a safe format that is moderated by professionals.

Key features of the concept

1. **Members of the online community can access the following features:**
 - Formation of online groups. Users are matched to "people like you" and encouraged to interact and share their knowledge via posts, live discussion threads, Q&A forums.
 - Regular quizzes to help educate members on financial topics, promote knowledge retention, and build engagement with the online solution.
 - Dynamic libraries of online resources for a range of financial topics, including videos, articles, budgeting tools, debt calculators, etc.
 - Opportunities to receive coaching from qualified financial professionals in small group online settings
 - Online forums where all users are encouraged to ask questions, and share their opinions, on specific financial topics (similar to online communities such as Reddit or Facebook).
 - Potential to add in-person functions and events to build social networks and further facilitate the transfer of knowledge between peers.
2. **The online community will be supported by:**
 - Diligent oversight and moderation of online forums and exchanges, enabled by a combination of automated tools and human oversight, to avoid the spread of misinformation or other bad practices.
 - Ability to profile and group similar members, based on their available data, to form communities of like-minded peers that collaborate on common financial topics and challenges.
 - Ability to automatically mix members who are experienced on a topic with those that are inexperienced, to facilitate targeted and efficient transfer of knowledge.
 - Qualified financial coaches to interact with members and offer advice (such as via contributing to online communities, hosting seminars etc.). The addition of real coaches plays a key role in building trust for, and legitimacy in, the solution. They will also play a role in moderating content in the community.

Concept 3: Moderated peer communities

Illustrative model of moderated peer communities



Concept 3: Moderated peer communities

Open questions for moderated peer communities

We are clear on the **concept** of this service model, but there are many elements that remain as open questions. We have set out below the most pressing questions, and some hypotheses, that will need validation.

Q: Who is the provider?	Q: What is the commercial model?	Q: What are the key risks and mitigants?	Q: What are the regulatory and consumer protection considerations?
<p>A: We considered the following options:</p> <ul style="list-style-type: none"> A third party could build and operate the peer community platform. The third party would be responsible for moderating/curating content on the platform. Users access the community directly The platform could be promoted by super funds. "Open communities" could be formed where members from different funds would be mixed together on the platform A super fund could lease the platform and create member-only communities. The fund could assume greater responsibility for content curation, moderation and day to day operations. 	<p>A: Commercial models include:</p> <ul style="list-style-type: none"> Charging participating funds for access (perhaps as a flat fee or per-user basis) Charging members directly (either once-off or on a subscription basis) Generating advertising revenue on the platform for products or services that align with the values and objective of the idea (less likely and will need to be done carefully to avoid conflicts) <p>The commercial model would depend on the role of different stakeholders (who is the owner, provider, etc.)</p>	<p>A: The key risk is that members receive poor quality advice from other people on the platform.</p> <p>Mitigants include:</p> <ul style="list-style-type: none"> Controlled and monitored communication. All interactions are monitored, to allow the provider to intervene Embedding real financial coaches into communities. Real, qualified financial coaches will be connected with online group to create, curate, and moderate content that is shared. Complementing moderators with automated oversight mechanisms. Potential for automated flags to identify instances of bad advice or malicious behaviour, to trigger intervention by moderator Mixing 'veteran' and 'novice' members in communities. Peer moderation by experienced members in each group will help to notify instances of poor conduct and moderate this content. <p>Other risks – eg privacy – controlled through mature technology partner.</p>	<p>A: There is no current regulation of online groups providing peer to peer support, although ASIC guidance on internet discussion sites designed to allow non-professional people to exchange information about securities.</p> <p>That said, there are many thousands of unregulated groups where users discuss financial issues and retirement using existing social media platforms</p> <p>Key issues are:</p> <ul style="list-style-type: none"> Safeguarding users from inappropriate advice Enforcing participation guidelines Liability for inaccurate or inappropriate peer-generated content

Next steps

- This report outlined three service model concepts that may better meet some of the needs of Australians.
- Progressing these service model beyond the *concept* phase, and into implementation, could be done over three phases to validate the desirability, viability, and feasibility of each idea. This is outlined below.

1. DESIRABILITY

Are members interested in these service model concepts?

Validate members interested in these service model concepts via a series of experiments that funds and service providers run to test this perspective. Experiment design is explored in the longer version of this report.¹

2. VIABILITY

What revenue model will ensure the long-term sustainability of the service model concepts?

Validate the revenue model, including testing for unintended bias or conflicts as well as commercial sustainability.

3. REGULATORY FEASIBILITY

What regulatory environment will enable these service models to operate?

Validate regulatory environment that would enable these service model concepts to operate effectively, including if necessary regulatory relief to pilot and test the concepts, and reform to construct appropriate consumer protections.

How can I be involved?

If you or your organisation are interested in participating in the next steps for this work: please contact Adrian Gervasoni from Industry Fund Services at agervasoni@ifs.net.au to discuss how you could be involved.

1 – One experiment was developed per idea. These experiments are not included in this version of the report (for brevity). You can reach out to hear more on these experiments as outlined in the introduction.