



SHAPING FUTURES

FPA *Professionals* CONGRESS

BRISBANE 18-20 NOVEMBER 2015



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

**Grant Holley &
Paul Derham**

*Robo-advice: Terminator
or WALL-E?*





Robo – Friend or Foe?

DISRUPTIVE

ESVCLP

VCLP

DISRUPTIVE

FINTECH

ROBO

DISRUPTIVE



Key Facts

- 95% of young professionals who will account for 70% of financial assets in 2030 do not have an adviser, and 84% don't believe they will need one. Traditional channels play a small role in their financial decisions with 74% of preferred channels not directly controlled by traditional financial services business.

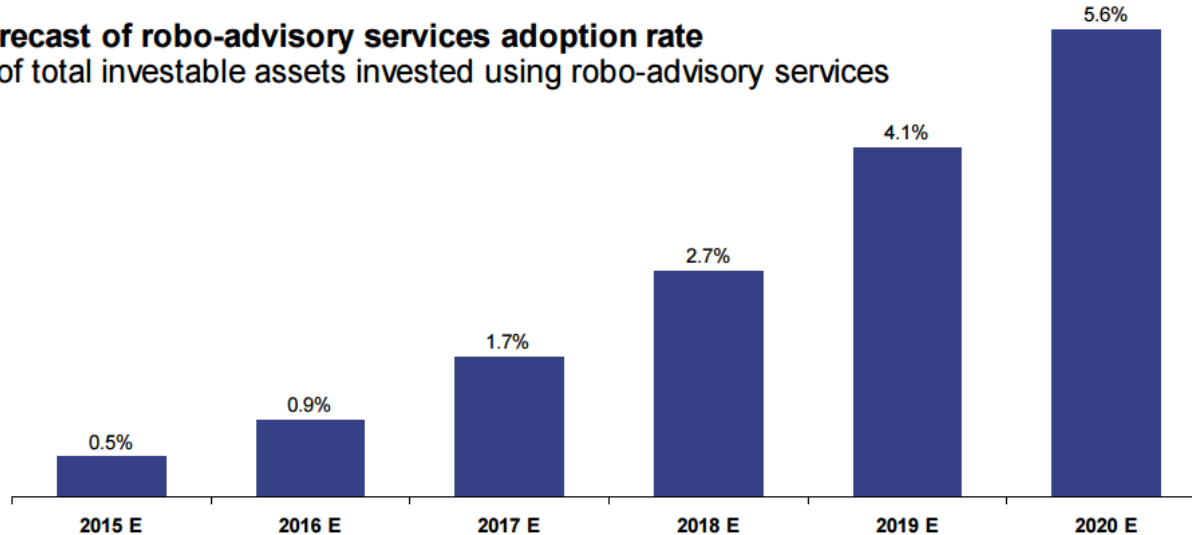
- KPMG Australia, "Banking on the future – the expectations of the Gen Y professional, as quoted by www.stockspot.com.au



Key Predictions

- Robo-advisory services will become mainstream over the next 3 to 5 years

Forecast of robo-advisory services adoption rate
% of total investable assets invested using robo-advisory services



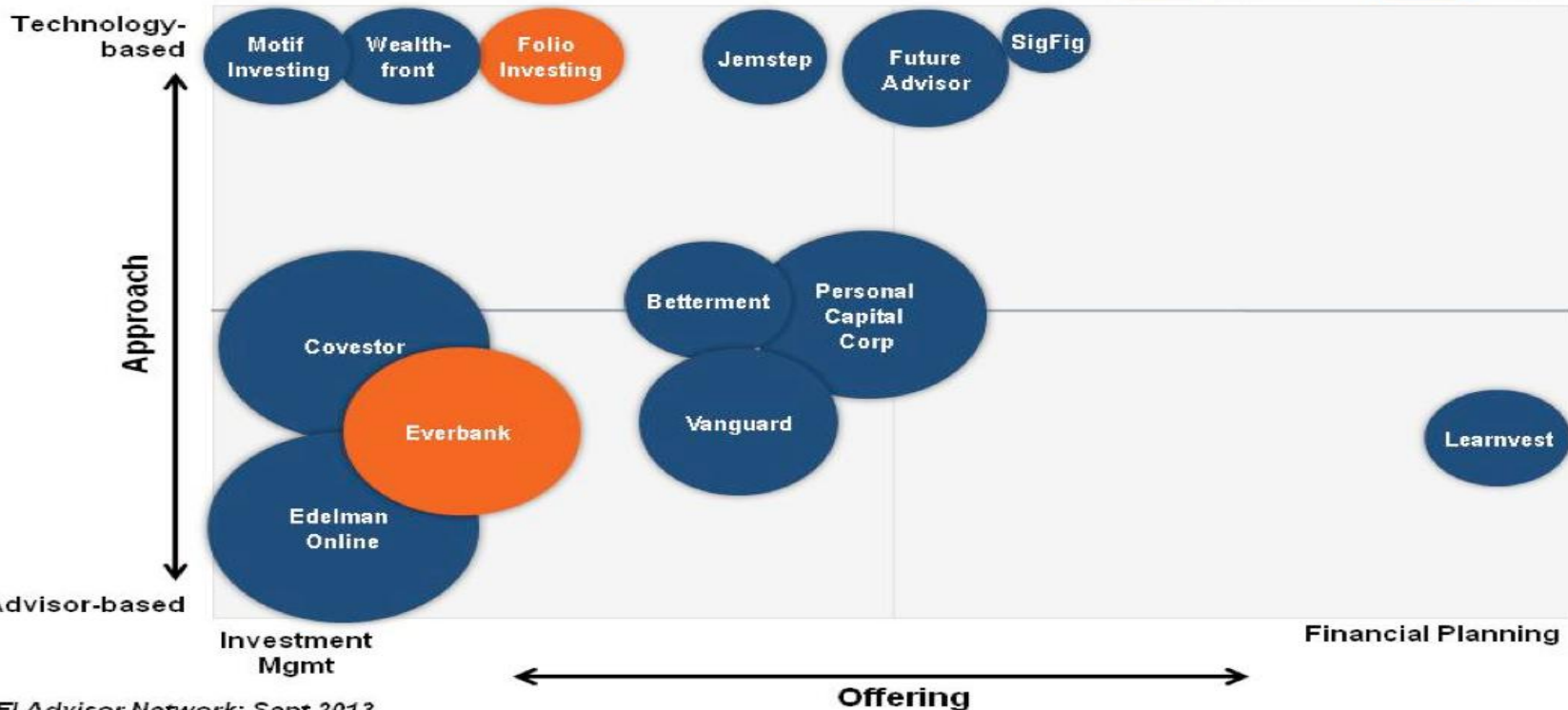
Robo Advice
=
Digital Advice
=
“provision of automated financial product
advice to consumers”
- *ASIC, Report 448*



Robo-advisor Landscape

Size of bubble correlates to fees: Higher fees = larger; Lower fees = smaller

Private Public



SEI Advisor Network: Sept 2013

Financial Product Advice

What it's NOT:

- “I’m just speaking generally.”
- “This general information is not tailored to your circumstances.”
- “You should switch out of that investment because you’re overweight in mining shares. Of course, this is just general advice...”



Best Interests Duty

- Refer to mindmap.



Foe?

- Failure to manage opportunity risk
- Failure to adopt new technologies
- Loss of SMSF “funds under advice” revenue
- Never get in front of some younger professionals (and other younger markets) who go direct to the online services



Friend?

- The Best Interests Duties still apply
- Engage with younger generations via channels that are “non-traditional”
- Real clients, real money, real problems cannot be evaluated by a black box
- Develop your technology skills and apply them during client meetings (an iPad is not a cool new device)
- Develop your online presence – robo advisers are marketing through blogs and tweets
- Emphase your access to alternative investments
 - Frederick P. Gabriel Jr,
www.equityinstitutional.com/equityinstitutional/media/documents/robo-advisor-whitepaper.pdf



Where to go for further info

- Blog: www.hnlaw.com.au
- Compliance forum: www.complianceforum.com.au
- LinkedIn Group: “Compliance Forum for AFSL and ACL holders”
- Twitter: [@FinTechAU](https://twitter.com/FinTechAU)
- Attend our next FinTech Compliance Forum on 7 December or watch our live video stream:
- <https://www.eventbrite.com/e/fintech-compliance-forum-tickets-17791928136>

