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Advice

Special Report May 2017

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On the shoulders
of fintech:
top themes
from Silicon Valley

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Big Data

Bitcoin

Cybersecurity

Virtual Advice

Social Media



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Financial advisers have a fresh canvas. Technology will provide the brushstrokes but it's the human touch that will make it a masterpiece.

This was the overarching theme of the 2017 Netwealth Group Study Tour, an intensive four-day program where more than 50 financial advisers and investment professionals gathered in Silicon Valley to learn from leading tech experts and advice practitioners.

It was a big reality check for Australian delegates in three ways. One, their US peers are way ahead in leveraging the latest in finance technology; two, these same technologies are ripe to replicate here, and three, that the industry's battle for survival will be waged not against traditional financial institutions but against the likes of Facebook, Google, Amazon and Apple.

The future is bright if Australian advisers can do two things. First, work to win back the public's trust. Thousands of financial advisers who have earned their keep as fiduciaries are unduly getting the rap for those who haven't. Industry associations should work harder to bridge the trust gap.

Second, financial advisers need to become digital activists - early adopters of finance technology as opposed to trailing behind. There's no better way than just doing it.

Those who joined this study tour manage around \$14 billion in funds under advice: our society will be all the better for it if they boldly unlock the digital potential of their industry.

This Special Report highlights the main themes and lessons of the study tour.

We've taken care to incorporate adviser feedback and have included sections on AI, big data, digital advice, cybersecurity, social media and bitcoin/blockchain technology.

On behalf of Financial Standard, I would like to thank the team at Netwealth for organising a unique program; the presenters for sharing their insights with us and the delegates for their participation.

This edition aims to be a handy starter guide to help navigate the massive changes ahead for financial advice.

We'd love your feedback. Let's get moving. **FS**

Michelle Baltazar

Michelle Baltazar | Director of Media and Publisher

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NAVIGATING THE CHANGING WORLD OF FINANCIAL ADVICE

Silicon Valley offers great ideas to transform financial advice. But first, advisers need to embrace their role as digital activist.

It is a leap of digital faith. Ryan Merrett, chief information officer and financial adviser at Melbourne-based Tribeca Financial travelled 12,000 kilometres to San Francisco early this month as part of an adviser study tour.

It was the fourth and final day of the program and he was in deep thought at the back of the tour bus travelling on Highway 101 returning downtown San Francisco from Silicon Valley.

"I wanted to be challenged. I have my own views of where the advice industry is going ... but I wanted to learn what else is out there. What else is working and what isn't," he said.

By the time he boarded his flight home, he had five ideas he'd like to raise with his colleagues: explore a new finance reporting system, test a new way to aggregate client data, trial chat apps to hold micro-meetings with clients and ramp up his social media.

The fifth and final one is the most important.

"We need to be much more open to disruption and change, and strive to add more value to clients than we previously thought," he said.

For Greg Le Lacheur, wealth adviser at Sydney-based Paladin Wealth Advisers, the tour was an eye-opener.

"I realised there were gaps in my knowledge of Silicon Valley and I'll be addressing those when I get back to Sydney, so from that end, the trip has been a wonderful success."

Merrett and Lacheur participated in back-to-back sessions covering the latest in "robo-advice", big data, artificial intelligence, cybersecurity and social media. Here are the main take-outs from the intensive week-long program.

Robo-advice, but not for long

The finance industry needs to come up with a new lexicon to refer to automated advice.

Simply put, robo-advice is an effective tool to provide low-cost implemented asset allocation to investors,



The quote

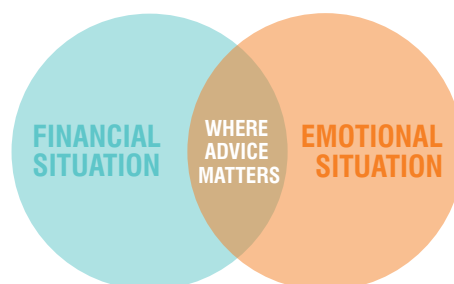
We need to be much more open to disruption and change, and strive to add more value to clients than we previously thought.

without human intervention. This usually means that funds are invested in indexed portfolios and they are based on the client's risk profiles.

While the idea sounded great when it was first launched, it was loss-making: the cost of acquiring customers was higher than the fees that can be charged under the low-cost model.

Since then, major 'robo-advisors' have switched gears to appeal to customers with higher asset balances and needed a human touch to the advice offering (see page 5, "Lift Off: What it takes to be a financial adviser").

WHERE VALUE MATTERS



Source: The Essential Advisor, Wiley, 2016

Leading robo-advice platforms are also moving into the B2B space, where the value-add is to help advisers convert their 'digital doorknocking' to clients.

In one of the presentations, robo-advice platform Jemstep showed how its platform helped convert 10% of the site visitors into clients.

The general direction for all the leading robo-advice platforms is towards merging them with the services of professional financial advisers so the trend is decidedly more human and less robo. Using the term will just be a misnomer and branding-wise, dehumanises a very personal decision and life outcome.

The tale of big data

WIRED Magazine has described data as the oil of the 21st century: "an immensely untapped valuable asset".

No wonder Snehal Antani, chief technology officer at Splunk, said today's planning practices must set up the foundations of a data-driven culture.

"Any business that is digital and physical becomes ripe for disruption because you can start connecting the dots between the digital and the physical world," he said.

"Your first problem is, 'how do you find people that know how to tell exciting stories using the data you have?'"

"Your second problem is, how do you commercialise those insights?"

Antani said that the companies that can crack both problems will become the industry disruptors. To achieve that, you need to hire storytellers (see page 11, 'Alexa, Where is My Financial Plan?').

A bitcoin for your thoughts

Crypto currencies are the next big thing. Michael Dunworth, founder of international money transfer business Wyre said that the best way to understand blockchain technology is to invest in bitcoins.

"Getting skin in the game creates education much faster than anything else,"

he said (See page 15, 'Dollar Might: The Australian Story Behind Bitcoin').

Skill up by reading the latest articles through trade media 'Coindesk' and go on YouTube and search for Andreas Antonopoulos.

Keep an open mind as to what's possible. Bitcoin has several applications: as currency, as a payment infrastructure, as digital assets, to verify identity, to verify data and used as smart contracts.

Be a social media activist

According to a 2016 social media survey by Putnam Investments, there are now more than 30 million Twitter users in the US who have investment accounts, of which around 50% are on social media to search for financial info.

For the newbies, Twitter client account manager Moniza Masud has three top tips: understand how 'keyword targeting' works; moderate the number of hashtags you add to your posts and use videos to showcase your subject matter expertise.

"People are receptive - understanding finance is hard and they do want to hear from the experts," Masud said (See page 10, 'Heard it on the clickvine: making your social presence count').

Whatever you do, keep your language as clear and jargon-free as you can.

Take cybersecurity seriously

Cybersecurity is one of the biggest business risks on the horizon and it is also big business. (See page 7, 'Why cybersecurity matters, a lot').

"You just have to look in your email to see the large number of phishing emails that people get. It would be naïve of us to believe that it doesn't happen and that the financial world won't be a target," said Ryan Merrett, chief information officer and financial adviser at Tribeca Financial.

While breaches are hard to anticipate, you can avoid being an easy target.



The quote

We need to look outside our industry and start to adopt these new technologies to be consistently successful in the future.



Watch the video on www.fsitv.com

Just for starters, use two-factor identity authentication at all times, encrypt sensitive data and segment your networks.

Make sure you have a disaster back-up plan.

Netflix or Kodak?

Matt Heine, joint managing director at Netwealth, said that clients are no longer comparing financial services companies with other financial services or banks or other financial institutions.

"They are comparing the service that we deliver and the way we interact with them to the companies they love like Netflix, Google and Facebook and that's the new expectation in the services that we need to deliver," he said.

"We need to look outside our industry and start to adopt these new technologies to be consistently successful in the future.

Where advice matters

Above all that, never lose sight of the fundamentals. Financial advice is about helping people fund their future and trust is as valuable as the hottest crypto currency.

"It's mind-boggling to me that when you look at people under the age of 30 [in the US], they would rather trust technology than finance institutions to manage their money," said Jay Hummel, senior vice president in direct sales and service, at American Century Investments.

"We have to overcome that trust gap."

Robo-advice can't do that, it all hinges on the adviser's Emotional Quotient (EQ).

"When do people rely on us to deliver advice to them? It's when they have an emotional issue come together with a financial issue," he said. (See Figure 1: Where Value Matters).

"Financial advisers who ignore the emotional part of the equation misses a potential driver of their value proposition in the future." **FS**



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LIFT-OFF: WHAT IT TAKES TO BE A FINANCIAL ADVISER



Even at the heart of the Silicon Valley, the most successful financial advisers are just as focused on the human aspect of their craft as they are on the transformative power of new technology.

At San Francisco-based Mosaic Financial Partners where Sabrina Lowell is an advisor and chief operating officer, financial planning staff have access to 14 different technology applications.

To look after the company household, they use Worldox to manage documents, Quickbooks for accounting and MS Publisher for newsletters. To manage staff needs, they use TriNet and TriNet perform.

To put together custom financial plans, Mosaic uses Money Tree Smartdraw and Stock Opter Insight. To manage portfolios, they have five: iRebal, Etelligent, Ibbotson-Encorr, Morningstar Principia and Aggregator Software.

And what is a business without customer relationship management (CRM) data? For that they use Junxure.

Yet during a 45-minute presentation in front of a roomful of visiting financial advisers from Australia, the tech programs barely rated a mention. Instead Lowell spent a big chunk of the presentation driving home the importance of knowing your client, particularly identifying their prime motivation before they decide to follow a recommended financial plan.

"Start with their 'why'," Lowell said. It sounds obvious but advisers often overlook this most basic line of questioning to get a client from inaction to action.

Lowell is part of today's generation of 'digital native' financial adviser. They live and breathe new technology to the point that it's a utility rather than a unique selling point.

She is on to a winning formula, having received the prestigious 'Heart of Financial Planning' award in 2014 and 2015, as well as being named Investment News 40 under 40 (2014) as a leading professional in her field.



The numbers

\$3m

Average asset balance of Mosaic's clients.

As far as she's concerned, the business differentiator is how well they understood their clients as they go through the various stages of change: from pre-contemplation of a decision to action and implementation. This is something you couldn't do with an app.

The firm has more than \$800 million in funds under asset across 250 clients, many of whom are successful female executives and accomplished individuals who work in the tech industry. To maintain that base, Lowell emphasised the importance of the human touch but to get that right, their office admin needed to be top-notch.

When in doubt, systematise

Lowell's top tip is to leverage technology to systematise as many processes as you can. That starts with the hiring and retaining of quality staff.

"We use a personal profiling test for hiring staff and we would only interview candidates when their score is 80% or higher," she said. This allows the business to quickly filter out those who are either unsuited for the job or, even if they are competent enough, won't be happy in the role anyway.

Making everyone count is important because the business maintains a lean operation. With just 20 staff, Mosaic's practice covers all aspects of financial planning (see Figure 1: Modular, Yet Integrated Approach To Financial Planning) ranging from tax planning, retirement planning to philanthropy and portfolio management.

Mosaic uses technology to track staff performance and incentivise them to do their best. The stakes are high: the average client has an asset base of more than \$3 million and new clients could pay upfront fixed fees running in the thousands of dollars. They expect a high level of service.

FIGURE 1: MODULAR. YET INTEGRATED APPROACH TO FINANCIAL PLANNING



Source: www.MosaicFPC.com

"We practice what we preach. Part of our service to our clients is to encourage them to negotiate their salary or equity scheme and make sure they are looking after their careers. We offer the same service to our own staff," said Lowell.

Happy staff means happy clients.

Doug Fritz, director of F2Strategy, said that one of the problems of today's society is 'time poverty'.

"People want to jam more and more things into the same amount of time. The average attention span has shrunk from 12 minutes to two minutes. That's why automating the onboarding experience of clients is great because it's less time spent on the process," he said.

The offshoot of what he calls frictionless client service is that the user experience is much better. "Happiness is on the uptrend," he said.

FIGURE 2: DIGITAL AS AN EXTENSION OF THE ADVISORY TEAM



The quote

People want to jam more and more things into the same amount of time.

The aggregator model works

Focus Financial Partners has two billion reasons to be excited about the future.

It was revealed last month that two of the world's leading private equity firms – Stone Point Capital and KKR – have set their sights on taking a majority stake in the group, pegging its market value at US\$2 billion.

The company's business model is simple but powerful: they provide strategic, tactical, operational and compliance support to financial advisers so they can focus on looking after their clients instead of the day-to-day running of their practice (Figure 3: The Service Offerings of Focus Financial).

From a modest start in 2006, it has now built a 2,000-strong RIA network around the country, and has Australia in its sights.

Rajini Kodialam, the firm's co-founder and managing partner, believes that Australian-based IFAs share a host of common challenges with their overseas counterparts so pooling in resources to address those same problems makes sense.

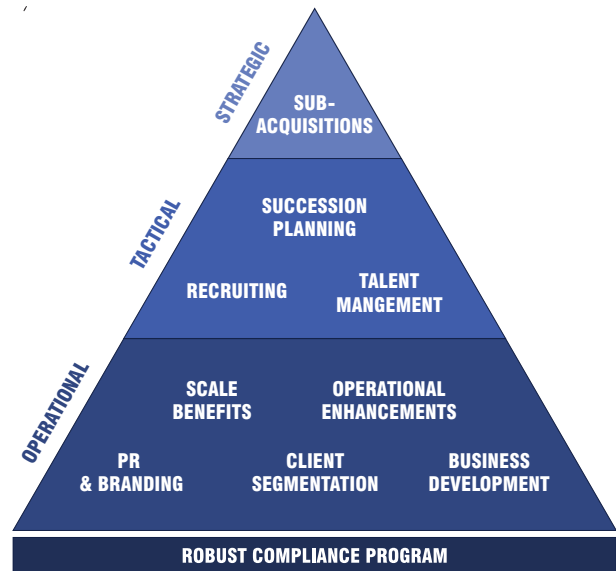
"The wealth management industry is going through a period of unprecedented change ... there are pricing pressures, too, and I don't think financial advisers are even discussing that enough at the moment," she said.

Kodialam has been coming to Australia regularly to study the market and generated plenty of buzz when Focus partnered with Melbourne-based IFA group MW Lomax last May. She is in talks with other IFAs queueing up to understand what an aggregator model can do for them.

For one, Kodialam described RIAs as entrepreneurs. When an IFA joins Focus Financial, they will be treated as entrepreneurs and not employees, suggesting a better cultural alignment with IFAs who are often self-made individuals.

Local IFAs who do join will be in the company of their RIA counterparts who are early technology adopters. This month Focus Financial bought a minority stake in Bordeaux Wealth Advisors, an exclusive outfit with a total FUA of US\$2 billion with

FIGURE 3: THE SERVICE OFFERINGS OF FOCUS FINANCIAL



Technology solutions



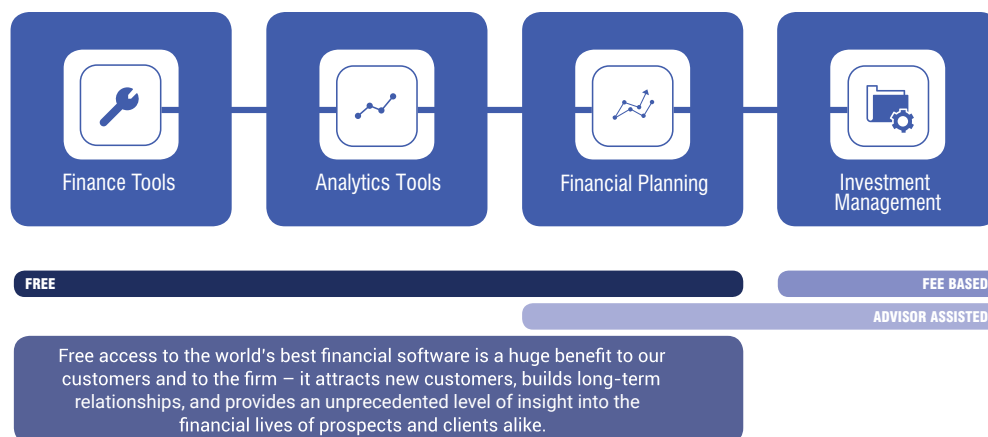
Professional development



Research

pathway

FIGURE 4: PERSONAL CAPITAL'S DIGITAL PLATFORM



Source: Personal Capital

Ultra High Net Worth (UHNW) clients that own a heady \$20 million in investable assets on average.

First stop is to update Bordeaux's legacy performance reporting and CRM software.

"Focus Financial is going to be helpful in that review process – they've got in-house expertise in what's the newest and latest technology in the market," said Tom Myers, Bordeaux's chief executive, in online news publisher, financialadvisoriq.com.

The six-billion-dollar digital adviser

What happens when you combine the finest in cutting-edge technology with veterans in wealth management? It's a match made in personal finance heaven. Personal Capital is one of the biggest fintech successes to come out of the Silicon Valley. One of its founders, Bill Harris, was the former CEO of PayPal and Intuit. Other members of the executive team have Barclays Global Investors, Charles Schwab and Yodlee on their CVs.

That collective pedigree made for a strong foundation to build on. Personal Capital runs a robo-advice platform with both free and paid personal finance analytics tools. In just seven years, they have amassed an enviable audience of more than 1.3 million registered users and manage more than \$6 billion of assets on their behalf.

Contrary to what people think of the robo-advice market, the group's core base is made up of individuals with more than US\$350,000 in investable assets on average. Many of them are millionaires.

Matt Gunderson, head of business development at Personal Capital, said that the earlier iterations of robo-advice (which he calls 'legacy robo') have

tended to look after individuals with low asset balances (\$50k-\$90k). Personal Capital has pivoted away from that market and is focusing its growth on the 'mass-affluent' market segment (its core base).

Their research found that while mass-affluent investors like the convenience and cost associated with a digital wealth management platform, they also want human interaction as part of the loop.

To this end, Personal Capital is beta testing a financial dashboard which blends cutting-edge technology (robo) with adviser-assisted services (human). Gunderson called it the next generation's robo-advice (See Figure 4: Personal Capital's Digital Platform).

The UK is going through the same evolution. The digital disruptors and digital incumbents have had their day and now B2B Robo, which involves IFAs and adviser networks, is the next big thing.

Financial advisers who are delaying their adoption of the latest digital finance trends risk falling seriously behind. Personal Capital has attracted more than US\$180 million in VC funding. That gives it deep pockets to either grow its network aggressively or keep upgrading its platforms.

The financial advice and wealth management industry has come full circle. It is automating a lot of tasks, leveraging technology to gather better data but judging from the successes of Mosaic, Focus Financial and Personal Capital, its future will still rely on the human interaction.

Like their predecessors before them, their financial plan is unique and incredibly personal to each individual client. The magic number is back to one. **FS**



The quote

In just seven years, they have amassed an enviable audience of more than 1.3 million registered users and manage more than \$6 billion of assets on their behalf.



Watch the video on www.fsitv.com

Sharing economy to reshape global real estate

Millennials want a lot of space on their smartphones but not so much for a car or self-storage and that's driving global REITs to change tack.

AMP Capital Investors director of institutional sales and consultant relations Mark Miness said there's a strong link between the sharing economy (think Uber and Airbnb) and the real estate sector, giving new meaning to the term 'clicks-and-mortar'.

As more people live in cities, and the cost of physical space rises accordingly, underlying assets of industrial REITs such as car parks, storage units, warehouses and even retail shops are becoming repurposed to suit the modern era.

Parts of car parks, for example, are being refurbished as data centres or workspaces as the demand for privately-owned cars fall – while popularity of driverless cars rises.

In the same vein, commercial and residential buildings are starting to introduce communal refrigeration units in tandem with the rise of a mobile workforce who eat up online food delivery.

As for shopping malls and warehouses, today's small businesses prefer smaller shopfronts as their e-commerce shop drive revenues – changing the game once again on lease terms and yield.

For investors, the opportunities are there to scout for real estate investment trusts (REITs) that are taking advantage of these demographic and technology trends, including the demand for warehouses that offer 'smart storage' for e-commerce sites.

Miness said in the US, e-commerce has jumped 15 to 20% in the past five years yet it only account for a small 7% of overall retail sales.

This is why companies such as logistics real estate outfit Prologis has seen its shares trade from US\$36 twelve months ago to now US\$53 as more investors realise the sector's potential.

It's not just the millennials, the baby boomers are making their preferences felt as well.

According to research, 70% of the population in developed countries will live in cities by 2050. Baby boomers, unlike their predecessors, are drawn to the conveniences of city dwelling, too.

"We believe that the ageing demographic will also act as a significant tailwind for REITs," Miness said.



WHY CYBERSECURITY MATTERS, A LOT

There's a lot of evil out there," says Bryan Lee, former NASA staff and threat intelligence analyst with Unit 42 at global security giant Palo Alto Networks.

Financial advisers must arm themselves with serious cybersecurity knowhow as more cybercrime networks turn their focus on financial services companies at an alarming rate.

Finance professionals will be affected on three fronts: the value of the companies they are investing in, the security threat to their proprietary company data, and the financial damage to their clients whose personal data have been compromised.

According to the Australian Cyber Security Growth Network (ACSGN), the local cyber security market could triple its annual revenue to \$6 billion in 10 years, as threats escalate.

"Everybody is a target," said Bryan Lee, former NASA staff and now a threat intelligence analyst with Unit 42 at global security giant Palo Alto Networks.

Palo Alto's annual revenue is around USD\$1.4 billion – almost the

same size as the entire cyber security market in Australia.

From phishing to clickjacking to social engineering, cybercrime has become a lucrative market targeting the 'digital' assets of mom-and-dad investors and the big institutions.

Worse, cybercriminals are very hard to trace. In the US, law enforcement could only convict less than 2% of cybercrime activity.

Listed companies are vulnerable. Those investing in global portfolios should bear in mind that 80% of the value of Fortune 500 companies consist of their Intellectual Property (IP) and other intangibles. In Australia, the exposure is less but does exist for the growing crop of homegrown tech companies.

Lee recommends that financial advisers ask their fund managers, the companies that their investing in and their trading partners some basic questions on the cybersecurity system they have in place.

The challenge is that a security breach, minor or major, is rarely disclosed to those that could potentially be affected by it.

"For all you know, your competitors and partners, and all the other people in

your space have actually been compromised, but because of the lack of disclosure, we just don't know - and that is the problem," said Lee.

Rival cybersecurity firms formed a cyberthreat alliance to have a central non-partisan depository of data about the growing number of threats around the world, enabling them to better thwart those attacks before they cause serious financial damages.

"For all the unknowns out there, we do collect a lot of threat intelligence," said Lee.

But at a bare minimum, financial advisers need to educate their staff about cybersecurity. According to a global survey of 1,000 IT security professionals across 10 major countries (including Australia) by CyberEdge group, mobile devices are the weakest link.

"For the third consecutive year, mobile devices are perceived as the IT security's weakest link, closely followed by social media applications," it said.

It will get worse: around 65% of the survey respondents said mobile threats have jumped in the past 12 months.

"Low security awareness among employees continues to be the greatest inhibitor to defending against cyberthreats, followed closely by too much data for IT security teams to analyse.

You don't have to teach your staff how to phish, but they should at least know what it's about. **FS**



The numbers

65%

Mobile threats have jumped in the past 12 months.

HEARD IT ON THE CLICKVINE: MAKING YOUR SOCIAL PRESENCE COUNT



The financial services industry is trailing behind other sectors when it comes to using social media for business. Here's how financial advisers can get a jump on the social laggards.

The numbers don't lie. Over a typical day in the office, this would have happened on social media: 500 million tweets on Twitter, 734 million comments on Facebook and 3.5 billion posts on Instagram.

The lovelorn are just as busy, too: 1.4 billion swipes on Tinder to find Mister or Miss Right.

From that maddening crowd, there is a sliver of an audience that aren't there for pleasure but for business.

They are using social media to get better customer service, to boost their career or to raise funds for charity.

Some are even on the lookout for financial knowledge. Twitter pegs its investment audience at 30 million, LinkedIn is a 500 million 'Facebook for grown-ups' juggernaut and financial advice ads are popping up on Instagram.

This is the sweet spot for the financial services community and the reason why financial advisers should set up their own little corner shop online.

Joshua Opinion, supervisor in social strategies at Franklin Templeton Investments noted Accenture research published this year that detailed how people wanted to interact with their bank, insurer or investment adviser. They surveyed 33,000 financial services consumers across 18 markets globally, including Australia.

What they found can help advisers use social to gain commercial edge.

Find the nomads and hunters

The study revealed three distinct consumer personas based on the way they embrace technology. In Australia, 30% of the population are 'nomads': they are the early adopters of finance technology and the type to use Google or Amazon for banking.

Around 25% are 'hunters', those who want the best of both worlds. They are happy to go online to get financial information but would only adopt new technology at the right price. Unlike the 'nomads' though, they still prefer traditional modes of getting financial advice.

The remaining 40% are the 'quality seekers'- they are very protective of their personal data and the type you are least likely to find on social.

Social media presents an opportunity to design specific marketing and communications strategy around the 'nomads' and 'hunters'.

Generation X marks the spot

While millennials use social media as their playground, many Generation Xers use it as a home office.

Kevin Chen, director of strategy accounts at Hearsay Systems, said that a high 80% of high net worth investors (HNW) age 40 years and under in the US are especially reliant on social.

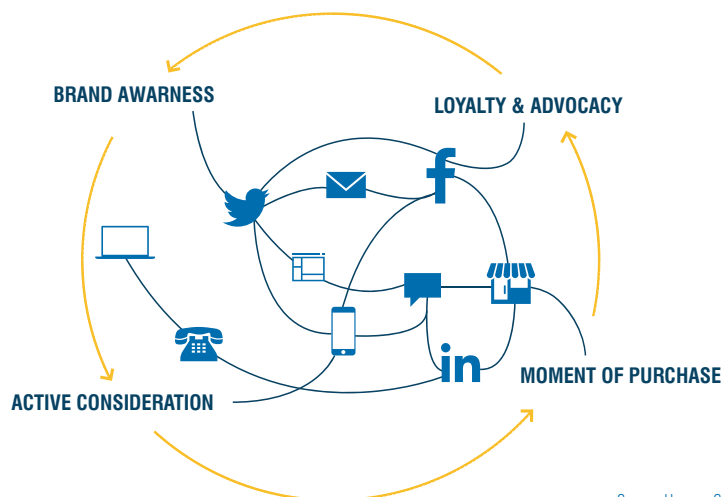
More than a third of them already use it for financial transactions, whether it's to find a financial adviser, link to a payment gateway or query their bills.



The numbers

80%
of high net worth investors age 40 years and under in the US are especially reliant on social.

THE MODERN-DAY CUSTOMER JOURNEY



Source: Hearsay Systems



01:
Melissa Overgaard
Trapit and ScribbleLive



02:
Moniza Masud
Twitter



03:
Kevin Chen
Hearsay Systems

Social is going to become part of everyday life because of its inextricable link to mobile usage trends. This year, Hearsay Systems expects mobile-local search queries to exceed desktop-based queries by 27.8 billion.

The key here is the word 'local'. Financial advisers should build a web presence across Google search, company website and social media to attract potential clients that are geographically nearby. It's like having a turbo-charged Trading Post ad in your neighbourhood.

For those who are feeling overwhelmed and can't be bothered, they are not alone. Hearsay Systems found that 80% of advisers believe social is critical to their business but don't do anything about it.

"They would only spend one day a week and only 10 minutes at a time," said Chen.

Put another way, it's a clear run for those who start posting above this (very low) average.

"You have to be where your clients are and they are on their mobile and social."

Meeting great expectations

Financial services companies are lagging behind other industries when it comes to adopting social media as part of their customer service.

"What is the fastest way to actually get lost luggage from an airline company? You tweet at them. The average response in that industry is three minutes."

The same with retailer Amazon, 'taxi' service Uber and accommodation broker Airbnb.

"Your expectation level as a consumer is heightened across all industries, whether it's in retail, airlines, the taxi industry, they've got it all figured out. But the financial services world has not done that yet," said Chen.

So when their expectations are not met where they can't find you on social or on Google searches, they are more likely to go somewhere else.

"So it's about making that connection. Use social as digital touchpoints to build loyalty." **FS**

EVERYDAY...



500,000,000
TWEETS POSTED



3,499,999,200
POSTS LIKED



9,999,999,360
VIDEOS WATCHED



734,400,000
COMMENTS POSTED



100,080,000,000
WORDS TRANSLATED



1,399,999,680
SWIPES ON TINDER

Source: FS Advice

UNDER - 40 HIGH NET WORTH INVESTORS ARE ESPECIALLY RELIANT UPON SOCIAL

41%

CITE SOCIAL AS IMPORTANT FOR
ACCESSING INFORMATION

36%

FOR ENGAGING WITH WEALTH
MANAGERS & FIRMS

34%

FOR EXECUTING TRANSACTIONS

Source: Hearsay Systems

Follow the digital breadcrumbs



This is where it gets exciting: financial advisers can now access smarter ways to automate social media content, use social data to do predictive behavioural analytics and use hashtags like Twitter's '\$Cashtags' to weed out the social noise.

Companies like Trapit and Hearsay Systems are just some of the new social media businesses that offer consultancy services and customised dashboards to make social media strategies effective.

Some 15 million people are on Twitter to search for financial info? Use filtering algorithms to focus your attention on them.

Want to be seen as an investment expert? Write a blog on, say, UK equities and add the hashtag #Brexit to it. That gets you in an online dialogue of 56 million #Brexit mentions.

Do regular posts. Being a consistent source of information will help grow the right following," said Melissa Overgaard, social business consultant at ScribbleLive.

Even better, social tools exist that allow you to run your content through a compliance or regulatory screen before you publish. That should keep your legal counsel happy.

Just make sure you don't sound clinical. Personal

pages or posts are 40 times more effective than a company branded message.

"What we're all facing in this industry is that we're becoming growingly disconnected. Whether it's a generation gap, or whether you've grown up online or offline, that disconnect is especially appearing in the financial services world."

"It's not just about communication, it's about connection. That's what you should aim for."

A word of caution. Social media is in constant flux. Financial advisers must be agile enough to switch channels.

Out of nowhere, photo-sharing social media app Snapchat transformed itself into a video and augmented reality app after which its number of daily active users skyrocketed to 160 million.

Compared to Facebook's 734 million comments a day, Snapchat videos have been watched 10 billion times a day.

Reuters reported last year that Snapchat has plans to enter the robo-advice market and provide financial services to its core base of millennials.

Will it be the financial adviser coming near you? Even more reason for financial advisers to cement their social presence today. #businessgoals

ALEXA, WHERE IS MY FINANCIAL PLAN?

From virtual personal assistants to fitness trackers and self-driving cars, artificial intelligence (AI) will transform all sectors of business, not least financial planning and wealth management.

Rest in peace, street directories. You've had a good run but Google Maps are here to stay. Artificial Intelligence (AI), in one of its simpler strains, has changed street navigation forever.

It is going to have the same dramatic effect on financial planning and wealth management.

Let's go back in time. Imagine an investment portfolio that, during the financial crisis of 2008, returns 24% against its benchmark's loss of 22%. Four years later, in the financial crisis of 2011, it returns 31% against its benchmark's loss of 0.6%.

Over the period of its 10-year existence to 2016, it returns 281% versus its benchmark's 74%. Its volatility rate at 10.41% is almost on par with its benchmark's 10.4%.

That portfolio already exists. The numbers are the back-tested results of a new AI-driven portfolio run by Sanlam Global Investment Solutions. Driving the portfolio's performance are 600 AI 'analysts'. Each AI analyst operates independently and comes up with its unique view of an investment, which is then analysed by the head analyst (also a machine) and an asset allocator (another machine) before the desired portfolio is constructed.



The quote

Any business that is digital and physical becomes ripe for disruption because you can start connecting the dots between the digital and the physical world.



Watch the video on www.fsitv.com

Sanlam is one of the pioneers. Many financial institutions are starting to make commitments but few, if any, have launched into it in a big way.

The next industrial revolution

David Itzkovits, Head of Investments at Sanlam Global Investment Solutions, said that "We are potentially seeing the start of the next industrial revolution, one based on Artificial Intelligence, where machines have the ability learn by themselves and even improve their own performance."

An 'industrial revolution' is usually not categorised as one until years later, when viewed in hindsight.

"If you look at the previous industrial revolutions (See Figure 1: Evolution of Revolution), they all had one thing in common: machines that do the same job traditionally performed by multiple humans, in a quicker, more efficient way."

AI has become such a big part of everyday life yet many people aren't even aware of it. From Google-based searches, online shopping and smart refrigerators, to cognitive computers such as Watson, AI and machine learning has become routine technology.

For financial services professionals, understanding how it might be applied and in which industries is key, said Itzkovits.

"Advisers which are able to identify trends in the application of AI stand to benefit the most. There are industries that are moving faster than others. You

identify which industries those are and take strategic action based on that."

But first, the industry jargon.

Artificial intelligence (or AI) is a sub-field of computer science that uses computers to generate knowledge and solve challenging tasks that people can't solve.

"It is the exercise of extracting meaningful and actionable intelligence from data," Itzkovits said.

There are two types, General AI and Specialised AI.

General AI is the theory and development of intelligence comparable to that of a human. The technology for General AI does not yet exist.

By contrast, specialised AI is the concept of machines performing specific tasks but they do it better or quicker than a human. Examples include self-driving cars, Google translate and virtual personal assistants, like Siri or Alexa.

Much of Specialised AI is done through 'machine learning'.

"Machine learning is an enabler of AI where machines can autonomously learn from data by themselves without being explicitly programmed," said Itzkovits.

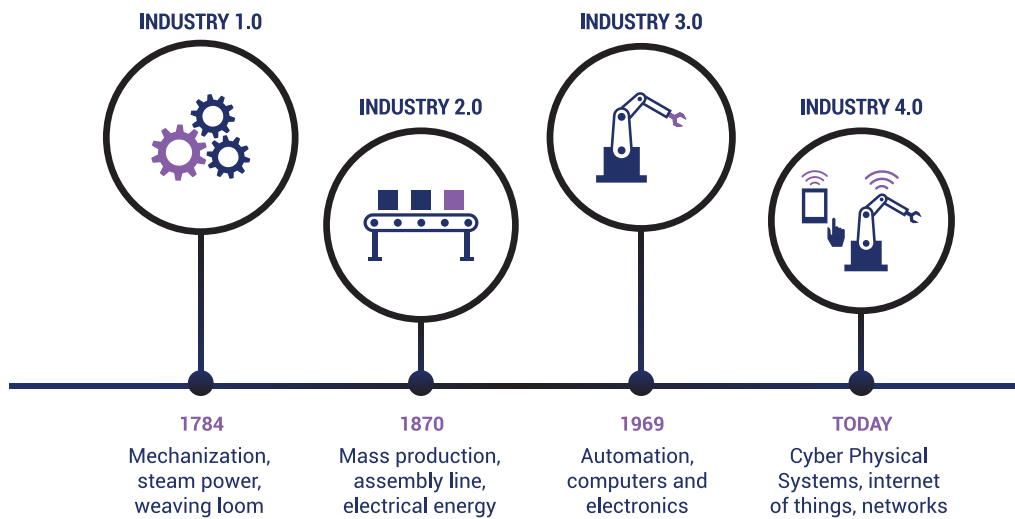
The one on robo-advice

Many finance professionals mistake the current iterations of robo-advice platforms as AI but this is misleading.

"Sophisticated AI is not currently being leveraged in robo-advice," Itzkovits said.

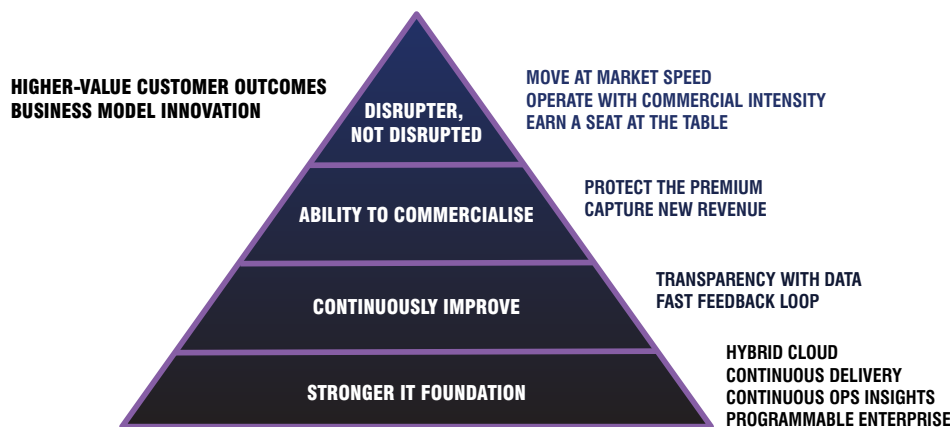
Robo-advice platforms use algorithms to implement and set strategic

EVOLUTION OF REVOLUTION



Source: World Economic Forum

JOURNEY TO EARNING A SEAT AT THE TABLE



Source: Splunk

asset allocation for an end-investor. The client fills out a risk tolerance tool online and it generates a portfolio based on their answers.

But real AI use goes beyond semi-regular portfolio rebalancing. “Robo-advice of the future could use AI to constantly process data and adjust to a multitude of market variables in real-time.”

Still, Itzkovits stressed that AI is not a silver bullet in all market scenarios.

“It can have good predictive accuracy or good generalised performance but it’ll never be 100% or even close to that.”

Rather, it is an incredibly advanced way to make sense of the markets and improve a client’s investment outcome.

Shaking the foundations

For example, it addresses the fundamental disconnect between what investors consider to be their risk - capital loss

or drawdowns - versus the investment industry, which often quotes volatility.

The Morningstar Conservative, Moderate and Aggressive Target Risk Index volatilities from 2007-2016 (which Sanlam’s AI portfolios are compared with) were 4%, 10% and 17% respectively, yet their maximum drawdowns were 12%, 35% and 53%.

“That is three to four times worse an outcome than expected,” said Itzkovits.

In addition, most asset allocation solutions are backward looking and wrongly assume past and future risk and correlations to be stable.

As an example, the MSCI World Equity Index and Barclays Global Aggregate Bond Index correlation 10 years prior to September 2008 was -0.21, but during Global Financial Crises became 0.97, almost perfectly correlated.

“With equities at an all-time high and bond yields at an all-time low, investors will soon be in need of an asset allocation capability that is forward looking and highly adaptive.” Itzkovits said.

From an industry-wide perspective, David Wright, managing partner and joint founder of Zenith Investment Partners, said that AI will once again change the balance of power in wealth management.

Boutique managers just won’t have the resources needed to build AI solutions in the same way that the big institutions can. “They just won’t be able to afford the artificial intelligence solutions coming from the UK, for example,” he said.



The quote

Financial services is not far enough down the line in using AI.



~~Past Present~~ Future

netwealth

WHAT DOES MACHINE DATA LOOK LIKE?

SOURCES

ORDER
PROCESSING

ORDER,2014-05-21T14:04:12.484,10098213,569281734,67.17.10.12,43CD1A7B8322,SA-2100

May 21 14:04:12.996 wl-01.acme.com Order 569281734 failed for customer 10098213.

Exception follows: weblogic.jdbc.extensions.ConnectionDeadSQLException:

weblogic.common.resourcepool.ResourceDeadException: Could not create pool connection. The DBMS driver exception was: [BEA][Oracle JDBC Driver]Error establishing socket to host and port: ACMEDB-01:1521. Reason: Connection refused

MIDDLEWARE
ERROR

05/21 16:33:11.238 [CONNEVENT] Ext 1207130 (0192033): Event 20111, CTI Num:ServID:Type 0:19:9, App 0, ANI T7998#1, DNIS 5555685981, SerID 40489a07-7f6e-4251-801a-13ae51a6d092, Trunk T451.16

05/21 16:33:11.242 [SCREENPOPEVENT] SerID 40489a07-7f6e-4251-801a-13ae51a6d092 CUSTID 10098213

05/21 16:37:49.732 [DISCEVENT] SerID 40489a07-7f6e-4251-801a-13ae51a6d092



CARE IVR

{actor:{displayName:"Go Boys!!",followersCount:1366,friendsCount:789,link:"http://dallascowboys.com/",location:{displayName:"Dallas, TX",objectType:"place"},objectType:"person",preferredUsername:"B0ysF@n80",statusesCount:6072},body:"Can't buy this device from @ACME. Site doesn't work! Called, gave up on waiting for them to answer! RT if you hate @ACME!!",objectType:"activity",postedTime:"2014-05-21T16:39:40.647-0600"}



TWITTER

Source: Splunk

To put in context though, Jay Hummel, senior vice president in direct sales and service at fund manager American Century, said that technology disrupting wealth management is not new.

"Everyone talks about this groundswell in financial services and how drastically it's changing and all we're really doing is repeating the cycle of technology coming in and impacting our business," he said.

"It happened in the '70s, '80s, '90s and it's happening again."

Rajini Kodialam, co-founder and managing partner at Focus Financial, agrees that the new 'next big thing', which is AI, will reshape asset management but financial advisory will be relatively untouched.

"I'm not sure Alexa [Amazon's digital assistant] is ready to take the emotional aspect of financial advice just yet," she said.

Artificial intelligence has far to go before it can supplant the human aspect of financial advice, but it can push it to remarkable heights.

As Itzkovits said, "It's not man versus machine, but man with machine versus man without." **FS**



The quote

Imagine having 5,000 different attributes to a single person, how tailored can your financial planning offer be?

DIVE INTO THE DATA



Matt Heine, joint managing director at Netwealth, sees data analytics as a way to turbo-charge client engagement.

"The amount of data we collect from clients in their offline and on-line environments means advisers can have a more personalised relationship with them."

For example, there are companies out there that have in excess of 5,000 data points about every single person in the US (data on more than 300 million Americans).

"Imagine having 5,000 different attributes to a single person, how tailored can your financial planning offer be?" said Heine.

According to PWC Australia, the nation creates 2.5 quintillion bytes of data daily. The big data market is worth \$53 billion today, up from \$5 billion just three years ago.

All these information shouldn't be left to the IT team for security or storage. They should be core to the business and used actively for real-time sales and marketing strategies.

"Use data as a competitive advantage," said Snehal Antani, chief technology at data analytics giant Splunk.

"Any business that is digital and physical becomes ripe for disruption

because you can start connecting the dots between the digital and the physical world," he said.

In the US, the retail and transport industries have embraced machine learning in a big way. Shop owners can track the spending patterns and product preferences of their customers based partly on public wi-fi data.

Software analytics allow them to create real-time sales and marketing promotions and keep trialling various configurations to maximise their revenues.

Why work with 30-day latent data when there are programs that allow you to analyse and respond to customer behaviour in real-time?

There's a catch. Splunk had to rewrite some job descriptions and recruit new staff who can appreciate machine language and translate them into plain English.

"Data journalists will become one of the most sought after and highly-paid professions in the future."

Understanding data will also need to move from the back-office to front, right and centre. Sales and marketing, operations and IT teams will all have to be upskilled. "You need to create a culture of being data driven," said Stenhal.

THOUGHTS FROM SILICON VALLEY

Q & A: RYAN MERRETT, TRIBECA FINANCIAL



What are your thoughts on technology disrupting the financial services industry?

Disruption can have some negative connotations regarding reduced safety or potential for loss. Especially when talking about finances and people's life savings. However, I think that it's more about challenging the status quo, believing that there is a much better way of doing things and trying to find solutions to potential opportunities that present themselves.

For me, this is an opportunity and is a positive to society. It's the accelerated pursuit of something better. I believe that in Australia we need to be much more open to disruption and change, and strive to add more value to clients than we previously thought possible.

Should cybersecurity be a priority for financial advisers?

Cybercrime does exist and is a massive industry. You just have to look in your email to see the large number of phishing emails that people get. It's also an 'industry' that is continuing to evolve and change.

It would be naive to believe that it doesn't happen and that the financial world won't be a target. It is, therefore, important that we take steps to protect ourselves. However, I think it's also important not to be too fearful. There are ways of controlling who can do what with data and it's time to start taking this more seriously.

Do you think robo-advice will transform the industry?

Robo-advice isn't the silver bullet. The future of advice will not be Man versus Machine, it will be Man with Machine versus Man without. Robo-advice's first iteration was essentially a low-cost asset allocator and ETF investment platform based on a risk profile. There is next to no value in this.

It is becoming more complex now and is able to provide more and more sophistication in what it can do, and how. But it still has many limitations and is based on a bunch of assumptions.



The quote

We need to be much more open to disruption and change.

What robo-advice does well is all just the content. All the dollars, percentages and statistical analysis. Content is meaningless without the context. It's the emotional stuff that might require a few layers to be peeled back to truly find what someone is trying to achieve and why it is important to them. Context is where human interaction will always thrive and where the real value. Robo-advice will get better and better at helping us provide the content and do it extremely effectively. But it also needs the context to be of true value.

Why did you participate in the study tour?

I wanted to be challenged. I have my own views of where I believe the advice industry is going and how we can position Tribeca Financial to take full advantage of that and provide huge value to our clients. But I want to open myself up to other opinions and learn about what else is out there. What else is working? What isn't? Why? There are businesses here that have spent multi-millions of dollars learning the lessons that they have. If I can learn them for the cost of a study tour, and then take action and implement some of these learnings into our business, the investment will be well worth it. **FS**

WHAT THEY SAID

Steve Myers Jemstep

Millennials are a critical demographic. I don't think they're the golden goose per se but they represent the tipping point of when functionality, technology and working with advisers is going to become an expectation.

Jonathan Hoyle Stanford Brown

On whether financial advisers should become accredited coaches:

A really effective adviser is someone who can have a great conversation, has a really high EQ and is a great listener so if you want to be a better adviser, it makes sense to learn coaching skills.

Greg Le Lacheur Paladin Wealth Advisors

On attending the study tour:

I wanted to walk away with two really good ideas. I've done that. I realised that I'm not as technically proficient as I want to be. However, I wanted to know more about fintech and I achieved that objective by going on the tour.

Paramjit Sarai Modoras Financial Performance Solutions

On bitcoin as an asset class:

It is a relatively unknown territory so I would still like to investigate it further. I'll try to invest in it myself and become fully educated on it before even considering it for my clients or viewing it as an asset class.

DOLLAR MIGHT: THE AUSTRALIAN STORY BEHIND BITCOIN

From Silicon Valley bunk beds to Wall Street boardrooms, the US\$20 billion bitcoin market is rapidly building momentum. Australian entrepreneur Michael Dunworth, founder of blockchain start-up Wyre, explains why financial advisers should consider investing in them.

Michael Dunworth could have made a lot of money in the laundry business if he wanted to. Dressed in a superhero suit, he and a couple of mates had a monopoly on the laundry delivery service market in the whole San Francisco Bay area.

It was a gimmick that kept on giving: kids would pester their parents to call Batman to pick up the dirty laundry. Business was brisk and the money kept flowing. The job was as easy as; wash, rinse, repeat.

But Dunworth didn't come to San Francisco from Sydney to star in a soap opera. He was there to try his luck as a tech start-up. He folded the business and squeezed himself with a few other hopefuls in a tiny San Francisco apartment in the hope of striking it rich – or at least get some funding for their big idea.

He struck gold - in the form of bitcoin. Dunworth caught the attention of legendary Silicon Valley investor Tim Draper who in the autumn of 2014 led the US\$1.5 million seed round funding

for Snapcard, a platform that allows consumers to pay in bitcoins. And that's when his bitcoin journey truly started.

At one point, the business grew 6,500% year-on-year and processed US\$16.5 million in payments monthly. But that level of adoption just wasn't enough for Snapcard to keep going.

"We had to look at the writing on the wall," said Dunworth in an article published last month on Nasdaq.com adding that bitcoin payments by merchants had more of a 'novelty effect' than anything else.

Don't call it a 'pivot' but Dunworth changed gears, moving into international money transfer in his new business called 'Wyre'. The principle is still the same – use blockchain technology to facilitate money transfer without the exorbitant fees and complete the transaction in a fraction of the time. It's still in Phase 1 but through Wyre, account holders can move US dollars from a US bank account in the US to a bank account for a beneficiary in China in under an hour (this normally takes two to three days).

This time around Dunworth got US\$5.8 million in Series A funding led by Chinese venture firm Amphora Capital alongside two of the largest payments companies in China, 9fbank and Baofoo.com.

Draper and other Silicon Valley investors were back again to invest in it, too.



Removing the double taxation of digital currency



Tristan wants to purchase a computer game worth \$100 Australian dollars using digital currency.

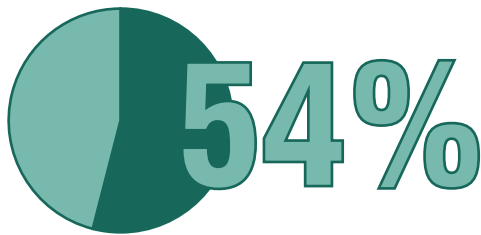
Under current law, Tristan must pay GST on purchases of digital currency using Australian dollars. Therefore Tristan would need to pay \$10 GST to purchase the equivalent of \$100 of digital currency, costing him \$110 in total. Tristan would then need to pay another \$10 GST when purchasing the computer game.

Consequently, Tristan has paid \$20 GST. If Tristan used Australian dollars, not digital currency, Tristan would only have to pay \$10 GST not \$20 GST.

Under the measure from 1 July 2017, Tristan's initial purchase of digital currency would no longer be subject to GST, removing the double taxation. Tristan would only pay \$10 GST for the purchase of the computer game, providing the same GST outcome as if Tristan used Australian dollars.

Source: Backing Innovation and FinTech, Federal Budget 2017-18

POSITIVE OUTLOOK AMONG AUSTRALIANS



BELIEVE ELECTRONIC CURRENCY WILL BECOME THE MAIN WAY PEOPLE MAKE ONLINE PAYMENTS IN THE NEXT 5 TO 10 YEARS

BUT FRAUD CONCERNS MUST BE ADDRESSED



FEEL ELECTRONIC CURRENCIES ARE OPEN TO INSTANCES OF FRAUD AND CORRUPTION

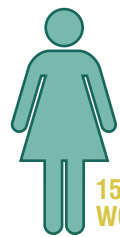
MEN LEAD EARLY ADOPTION OF ELECTRONIC CURRENCIES



OF ALL THE ADULTS SURVAYED HAVE MADE A PAYMENT USING BITCOIN OR OTHER ELECTRONIC CURRENCY INCLUDING:



21%
OF
MEN



15%
OF
WOMEN

Source: Transaction Network Services, 2016

Dunworth may have just pivoted in the right direction: cross-border payment from Chinese companies and investors could reach US\$1.5 trillion within the next five years.

Bringing it all home

But what does this all mean to a financial planning practice based in Wagga, Wagga? Or a self-managed super fund trustee that will never invest in anything outside Australian stocks or property?

The answer is - a lot. Blockchain technology in 2017 is what the internet was in 1994. The world wide web fast tracked the ability to search and exchange information in a way that has truly transformed the way we all do business today. The same can be said about blockchain and cross-border payment, to name just one application of many.

It happens that this currency is not made of copper or silver. It's a digital currency worth its weight in gold. One bitcoin is worth AU\$2,329. In March this year, the price of one bitcoin was US\$1,271 eclipsing the price of gold by 40 cents at \$1,235 at the same time.

Bitcoin as an alternative asset class

Is blockchain a passing fad, a high-risk gamble or is it the hot currency of the digital era? Wyre is not the only player in the arena and it's an arms race to the top.

Dunworth said there is no better way to understand it than to get your feet wet and invest in bitcoins. The trend is your friend.

"You don't have to break the bank. You could invest in \$10, \$100 or \$1000 worth of bitcoin," he said.

"It's exactly what I said when bitcoins were at \$500 and when they hit \$1000 and they're now past \$1500. Bitcoin is the top-performing currency by a long shot in the last six out of seven years."

The crypto currency have outperformed traditional currencies over that period and broke record-highs when it rose this month to USD\$1680 against the US dollar.

But the skeptics remain. Bitcoin is just one of many types of digital currencies (albeit the dominant one) and in Australia, users can get lumped with a 'double GST' treatment (that will change in July following the Federal Budget announcement). The crypto currency also dropped in value a couple of months back when the US Securities and Exchange Commission decided against the launch of bitcoin ETFs.

In other words, it's still very much *buyer beware*.

"A lot of people say that bitcoin is very volatile. It is in the short term but if I were doing fund management for my client, I see it as a very good long term investment," said Dunworth.

Some fund managers are staying away while others are adding bitcoins as an alternative asset in their portfolios.

"If someone told you back in 1994 that you could invest in this thing called 'the internet', you would do it knowing what we now know. We are at that same [early] stage with bitcoin," he said.

Cambridge University counts as many as 5.8 million unique users of the so-called



The quote

Get your feet wet and invest in bitcoins.

crypto currency wallet, most of whom use bitcoin. More than 100,000 merchants and vendors now accept bitcoin as a form of payment albeit regulators warn that bitcoin users are not covered by refund rights.

Some argue that if you're only reading about bitcoins today, it's already too late. The best time would have been 2009 when they were just a twinkle in the market's eye.

But to put in context, the industry is still in its development stage and at USD\$20 billion is a fraction of the USD\$2 trillion-plus global payments industry.

"There's a huge amount of technological growth that is yet to happen, with a very wide impact internationally," Dunworth said.

Matt Heine, joint managing director at advice platform group Netwealth, thinks the application of blockchain technology and smart contracts could change the world and the way we live in far more ways than the internet has.

"While Distributed Ledger Technology (DLT - another term for blockchain) is already being used and trialled across a broad cross-section of industries, including transport, the financial services industry is ripe for disruption through it," he said.

In Australia, bitcoin start-up Living Room of Satoshi has reached \$5 million in processing household bills paid with bitcoin. A big jump from just \$150,000 processed when it launched in early 2014.

If you're still not convinced blockchain is the next technology juggernaut, there is another option: San Francisco is in need of a new superhero laundry delivery service. **FS**



Watch the video on www.fsitv.com

IN CONVERSATION WITH MATT HEINE

In May this year, Netwealth joint managing director MATT HEINE helped organise a Silicon Valley study tour for financial advisers and fund managers. He tells FINANCIAL STANDARD his key learnings from the intensive four-day program.

Why did you decide to host this study tour?

I was fortunate enough to come to Silicon Valley and to San Francisco last September and met with a number of seriously impressive and very inspiring companies.

I just felt like our clients needed to hear from them. It's very easy to get stuck in the day-to-day and not look at the big picture and some of the huge macro themes that are going to change our industry and people's lives in general. So to come here and hear it firsthand really brings it to life.

The first session was on artificial intelligence and AI investing. How do you think AI will change the wealth management industry?

We're looking at it on two fronts: from an investment perspective but also from a client perspective. So if we just talk about investment for a moment, we met with Sanlam (Head of investments David Itzkovits was the presenter). They're basically using artificial intelligence to run global investment portfolios without any human intervention. And they're doing this by using machine learning and big data.

For each asset class they've got somewhere in the vicinity of 600 different algorithms. You can imagine if you've got eight asset classes times 600 different algorithms, you'd get some very, very powerful insight into what's happening around the world in a real-time basis.

From a client engagement perspective, the amount of data that we now know both in their offline and their online environment means that advisers need to get far better in effectively having deep relationships with their clients.

Cybersecurity was the last session. It seemed to have alarmed the delegates.

We were having a conversation with the chief technology officer of big data group Splunk the other day who, during the discussion, pulled out his mobile phone, and basically showed us on that spot a list of all the iPhones in the area with bluetooth on and from that list he was able to easily hack into those phones and steal information. Now that was really scary given the amount of information we hold on our mobile phones these days and what you can do with that information.

I don't think cybersecurity is particularly well understood within the financial advice industry. So many of our clients are almost ignorant to the threats out there. Hopefully, the cybersecurity session helped expand their knowledge.

Robo-advice is the buzzword everybody loves to hate.

There was a great comment at the study tour (from Sanlam's David Itzkovits) that it's not about robo-advice taking away our clients, it's about man with machine winning against man without machine, and when you start to think about that, I think it's definitely true that advisers need to better use technology in their businesses to enhance their offering as opposed to replacing it.

So robo-advice is still very embryonic but we think it's going to be a critical part of ongoing engagement of advice in the future.

Do you think social media plays a role in financial advice?

Many advisers are simply not using technology in their businesses or if they are, they're only using 2% of what may be possible from their system, so marketing automation is another big area that I think advisers need to start looking at and taking very seriously.

We had a session at Franklin Templeton where a panel of social media experts are talking about the ways you can start to really ramp up your social media marketing efforts at very low cost but with huge outcomes.

For example, people are using Twitter to get financial ideas and find financial professionals when they need help. I think advisers should definitely look at how they can use Twitter for their business.



The quote

It's very easy to get stuck in the day-to-day and not look at the big picture.



Watch the video on www.fsitv.com

So, are the delegates 'future fit' in the digital age of financial advice?

I hope it's been a huge wake-up call for the delegates to see what's actually happening and the pace that new technologies are being adopted.

Clients aren't comparing our services to other financial services, banks or other financial institutions, they are comparing us to the companies they love like Netflix, Google and Facebook. That's the new expectation so we need to look outside our industry and start to adopt new technology to be consistently successful in the future.

What was the biggest takeaway for you from the tour?

We can't wait three years or five years. We need to start using better technology now in our businesses.

At Netwealth, we see a big part of our responsibility to advisers is to hopefully help them access these latest technologies, which gives them the benefit of great tools to drive better business outcomes. **FS**



[VIEW THE PHOTO GALLERY AND TOUR HIGHLIGHTS](#)

Select images from the Netwealth Group Study Tour held May 1-4 in San Francisco and Silicon Valley.

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