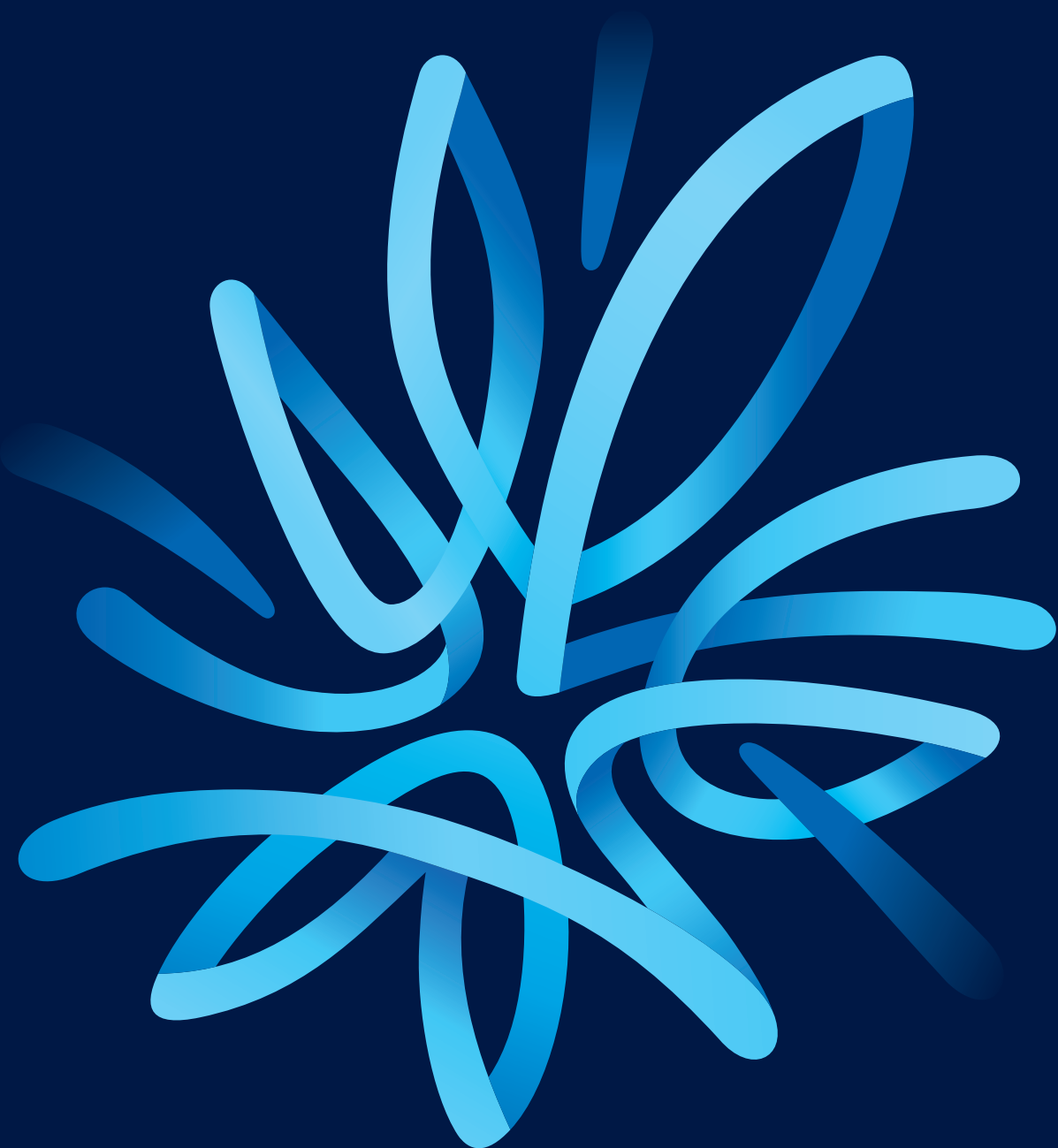


# Digital Financial Advice Market Scan

March 2023





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## FOREWORD



**Alexis George**  
CEO AMP

Quality financial advice changes lives for the better. It provides peace of mind and confidence in the future – we see this every day from those who receive it. It's why AMP is passionate about financial advice, and why we've partnered with KPMG to develop this report.

Trusted, technology-based solutions will be vitally important to helping more Australians access affordable and accessible advice. Solutions which will also complement and enhance limited phone-based and traditional face-to-face advice. This report provides analysis and insight into the current digital advice landscape, highlighting the significant innovation that has already occurred.

At this pivotal time for the advice profession, and as AMP embarks on the development of our own digital solution, we hope the report is a platform for discussion, collaboration, and further innovation across the industry.



**Matt Lawler**  
Director Advice AMP

We often see digital advice versus face-to-face advice as binary. In reality, clients are likely to move in and out of different forms of advice over time. We see digital advice as much about an offer from an advisory practice as we do a direct to consumer offering from superannuation funds. Practices have the same issues with cost to serve of financial advice as large institutions and superannuation funds so supporting all players to provide a service that “nurtures” clients along the advice spectrum is core to how we think about solutions in this space.

Understanding the full spectrum of financial advice that clients are looking for and how face-to-face and digital advice interplays is critical. As is the support of fintechs seeking to solve these problems for the advice industry to provide simple and scalable solutions. We are on this journey with the rest of the financial services sector and I'm encouraged with the quality of the providers working to simplify the advice process for more Australians.

## INTRODUCTION

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Digital financial advice will deliver more affordable and accessible financial advice to more Australians.

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The financial services industry is searching for ways to make advice more affordable and accessible to Australians. ASIC 2019 report (19-223MR) found that only 27 per cent of Australians had received financial advice in the past<sup>1</sup>. The industry is turning to digital options with many enterprises conducting their own strategic reviews to gain a better understanding of current providers.

AMP has partnered with KPMG to conduct a market scan that will be accessible to all industry participants. The objective is to accelerate the change needed to ensure that the financial advice industry has the capacity to serve more customers and reach Australians who need affordable financial advice. The market scan includes 16 digital financial advice providers (“providers”) that are supporting the delivery of digital financial advice across a diverse set of tools, services and solutions. This report describes how each provider defines their target market, what their services are, ranging from information, engagement, and guidance through to comprehensive personal advice, what technology they use, and how they work with enterprises to implement the advice services.

The market scan isn’t a benchmarking survey, and providers aren’t ranked, rather it outlines the details of each service offered by each provider which is provided in Appendix B.

## EXECUTIVE SUMMARY



**Daniel Knoll**  
National industry leader, Financial Services  
KPMG Australia

Providing affordable and accessible financial advice is an important service that offers everyday Australians the opportunity to achieve financial security and certainty.

But in reality not everyone has access to quality and affordable advice. Research consistently indicates that only one in five Australians<sup>1</sup> are getting the advice they need to improve and manage their financial circumstances. The top three barriers are:

- the high cost of advice<sup>2</sup>
- the lack of trust in financial services, which has an average trust score of 6.8 out of 10<sup>3</sup>
- the high level of regulation.

This has led to the view that the risks for providers are high and a perception that traditional advice services are out of reach for most Australians.

Recent research on the value of financial advice, conducted for the Financial Planning Association (FPA) by MYMAVINS<sup>4</sup> indicates that 85% of Australians who have a financial adviser are more likely to feel financially secure, compared to 62% who don’t receive advice. At least two-thirds benefit in terms of mental health and family life, as well as a comfortable retirement, better financial wellbeing and better financial decision making.

The Government, through the Quality of Advice Review (QAR) is tackling regulatory reform to enable access to quality and affordable advice, including digital financial advice, for more Australians<sup>5</sup>.

Digital advice in Australia lags countries like the US and the UK<sup>6</sup>. Recent momentum in Australia has generated a sense of optimism about digital solutions that provide more people with a low-cost, quality service to meet their financial needs.

AMP and KPMG have partnered to conduct a market scan across a range of diverse digital engagement and financial advice providers. The aim is to provide insights to inform and educate the industry and public of the scope, features, benefits, strengths, opportunities and challenges inherent for enterprises considering and executing various digital solutions.

We’re pleased to present our detailed analysis to support the industry’s ability to engage with customers and provide affordable financial advice to more Australians. Digital engagement and financial advice providers will be key players in this quest and the success of the industry relies on industry collaboration and support.



## WHAT IS DIGITAL FINANCIAL ADVICE?

The Quality of Advice Review (QAR) defines digital financial advice as follows: “Also known as ‘robo-advice’ or ‘automated advice’ — the provision of automated financial product advice using algorithms and technology and without the direct involvement of a human adviser”.

We asked each provider to give us their definition of ‘digital financial advice’ and without exception, all indicated the definition outlined in the QAR and in ASIC Regulatory Guide 255 is limiting<sup>7</sup>.

A common theme among all responses was that digital drives enablement, that delivery could be self-service and also involve a human, including a financial adviser, and there’s most likely to be a combination of self-service and human delivery at some point in time. This is often referred to as a “hybrid” model.

We recommend the definition of digital financial advice might be expanded to:

**Digital financial advice is the technology-enabled delivery of general or personal advice using an algorithm to provide outcomes based on an individual’s answers to various targeted questions. This can be entirely self-directed or involve human interaction, or a combination of both.**

Hybrid digital advice is core to meeting consumer needs. An increasing number of advice and service needs can be digital but for moments that matter consumers want human help.

*Steve Davison, Midwinter*

Digital financial advice is the technology-enabled delivery of general or personal advice using an algorithm to provide outcomes based on an individual’s answers to various targeted questions. This can be entirely self-directed or involve human interaction, or a combination of both.



## KEY FINDINGS

The market scan involved 16 providers, one of which submitted two separate responses for two different solutions. It's not an exhaustive list, and new providers are emerging regularly.

Each provider completed a detailed 75-question survey and participated in a discussion to gain further understanding of their perspective on the industry, engagement with enterprises, and insights into what it takes to succeed.

For more detailed information on each provider please review Appendix B.

### Operating models

All providers operate in Australia, with those based overseas establishing local sales and servicing offices. They vary from large global enterprises through to emerging start-ups. Most have a co-founder or business leader with a long track record in the financial advice industry in Australia.

The number of clients (B2B) serviced varied from “close to being appointed” through to 100+ (predominantly financial advice firms using a platform). The number of customers (B2C) ranges from 100 through to 120,000. Not all providers could indicate accurate numbers of customers as they distribute through other Australian Financial Service Licensees (AFSLs)

Tracking customer up take varies considerably. This will need to be addressed if enterprises are to have confidence in the return on their investment, and the value of and impact on their customer engagement strategies, including digital advice.

### Licensing arrangements

The number of providers that either use a third-party AFSL to deliver advice solutions or their own AFSL was split evenly. Those that have adopted both models have done so to accommodate differing client needs.

These licensing arrangements may evolve as the landscape provides greater certainty for both providers and clients.

The provider sample enabled a breadth of experience to be captured, based on the varying demands of enterprises that either have their own AFSL, or would prefer to outsource this to a third-party. The figure below outlines the categorisation.

### Market segments

More than four out of five – 81% – of providers operate in the B2B market, with several operating in both B2B and B2C markets. None focus only on the B2C market.

#### Both solution provider and AFSL Holder



Figure 1: Licensing arrangements of providers<sup>8,9</sup>



Figure 2: Market distinction

## KEY FINDINGS (CONTINUED)

### Types of advice provided

The majority of providers support both general and personal advice, and they also provide customer engagement journeys, tools and onboarding services. Two provide customer engagement tools only (Expertli and Lumiant) and not financial advice solutions. But their solutions align with and/or integrate with financial advice customer journeys and solutions provided by an AFSL. Two providers (IRESS and Midwinter) deliver the software to provide financial advice and leverage a third party AFSL for customer engagement strategies.

Figure 3 below highlights the scope of each providers' offer in relation to their digital financial advice only.

















Provider	Customer Engagement	General Advice	Personal Advice		
			Intra Fund Advice	Limited Advice	Comprehensive Advice
 abrdrn					
 Capital Preferences					
 DASH					
 Expertli					
 IGNITION					
 investcloud					
 iress					
 LINK Group					
 LUMIANT					
 Mercer					
 midwinter					
 moneyGPS					
 OnTrack					
 otivo					
 sixpark					
 SuperEd					

Figure 3: Provider advice categories

Some providers offer comprehensive financial advice using different solutions to their chosen digital financial advice provider. We've only included digital solutions.



## Features and functionality

As part of the digital journey, customer engagement tools and accessibility typically include the following features:

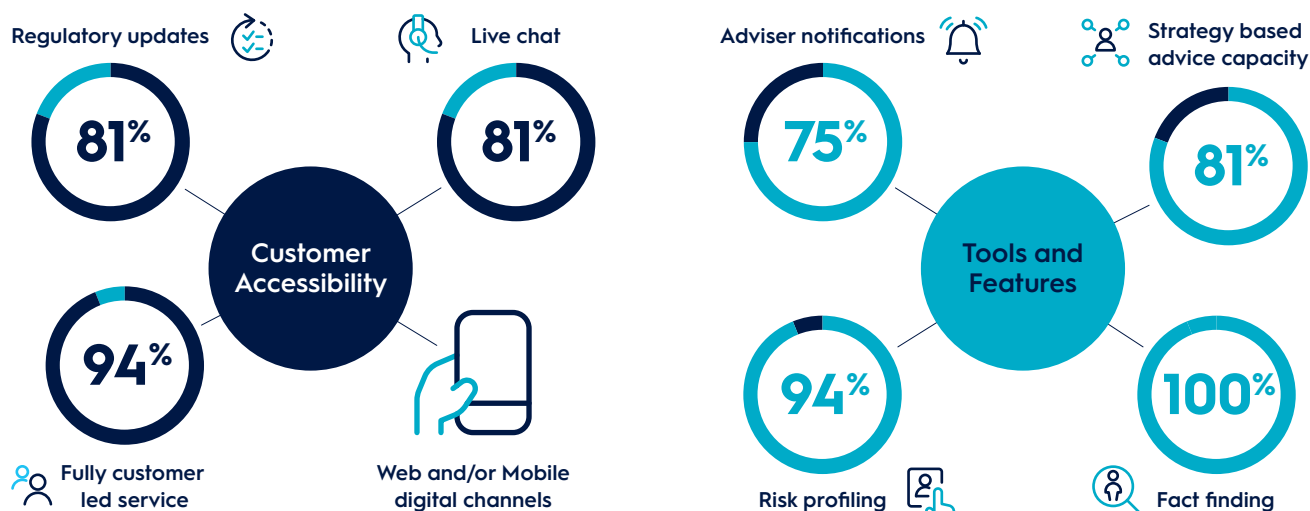


Figure 4: Features and functionality

## Statements of Advice

Statements of Advice (SoAs) are generated as part of the financial advice process and are a mandatory regulatory requirement. They document the assumptions and context that lead to advice recommendations. The providers typically generate 35-1,500 SoAs per month depending on the number of customers they have. The largest number of SoAs generated from our survey providers (1,500 per month) have six B2B clients.

Providers that deliver services to third-party AFSLs did not provide numbers of customers accessing their service, or numbers of SoAs generated given that this information is produced by the AFSL holders.

We caution that the numbers quoted by providers vary significantly based on the fact that while an SoA is generated as part of the advice process, not all customers access the SoA, nor do they necessarily implement the advice recommendations. Further, solution providers generate a far greater number of SoAs through their clients, and third-party AFSLs, but the ability to accurately capture this information varied between providers. Appendix B captures the tracking capabilities of each provider, and the use of dashboards and other mechanisms.

If the industry is to embrace investment in digital advice technologies, we believe this is one area that should be further enhanced despite the difficulties in capturing information across the advice process.

## Compliance

Where providers do not hold their own AFSL, regulatory and compliance risk lies with the third-party AFSL they serve.

In all cases, algorithms have been verified by independent experts including legal firms, professional accounting firms and actuaries.

Those providers with an AFSL include internal risk and compliance teams who monitor and implement legislative and regulatory compliance requirements.

All providers will update systems to accommodate legislative and regulatory change. Most include this in the cost of providing the service, while some providers charge for this separately.

Most providers are aware of the Government's Enhanced Regulatory Sand-Box. The rules around ERS are designed by the Government and administered by ASIC. The reactions as to whether the Sand-Box would be accessed varied. None had accessed it yet, most likely because the current version applies to those seeking an AFSL. As we have stated, most providers in this market scan provide solutions through a third-party AFSL. However, most providers responded with an appetite to use it in future, but there was a view that the rules were too restrictive – because they apply to entities looking to lodge an AFSL application.

ASIC's Innovation Team has a program for entities, especially FinTech, that are looking to apply for an AFSL at some stage. The program provides access to ASIC for a 12 month period to determine how best to operate within the licensing regime.

Further information on the Enhanced Regulatory Sand-Box, and the FinTech program, can be found in Appendix C.

## KEY FINDINGS (CONTINUED)

### PRICING

There are several pricing models in use that vary depending on operating model, customisation required and whether the offer is B2B, B2C, or both. Further specific details for each provider are outlined in Appendix B.

A summary of the main options include:

AFSL holder	Third-party AFSL
Subscription fee per customer per month	Installation and customisation fee to establish the solution
Fee for service paid for by the customer per SOA	Out-of-the-box fee for adopting the solution
Fee paid for by the super fund or enterprise per customer, per SOA or a combination	Hybrid: Installation plus customer fee for service

Figure 5: Pricing models

### TECHNOLOGY

#### Technology platform

All providers use cloud providers to host their solutions, with 69% using Amazon Web Services (AWS) and 19% Microsoft Azure. 88% have built their solution in a modular (flexible) manner using contemporary technologies such as microservices. This has brought down the cost of infrastructure setup, integration and implementation and made it faster to deploy these solutions.

This has also provided greater flexibility in their ability to scale IT hosting needs in line with fluctuations in demand with 100% of providers making use of automated scaling (enabled by cloud).

#### Data and integration

Data integration capabilities vary between AFSLs and solution providers, ranging from robust data capability, with well documented and published solutions including APIs, through to evolving data tools and services. All acknowledge the importance of a data integration “package” which includes a data strategy, data mapping, data storage and data analytics. Expertise to develop the strategy and integrate with existing systems is also critical. Clients want a consistent customer experience across the customer ecosystem, which often requires integration with CRM, mobile apps and other applications that support the customer servicing model.

Most (88%) of providers make use of an open or well published API, which can mitigate the complexity of integration, assuming that core systems operate with open architecture. Furthermore, 94% of providers are using a REST based API (industry standard).<sup>10</sup>

When it comes to dealing with more complicated and unstructured data types (PDFs, images, voice recordings, videos, free text) 88% of providers have a mechanism in place to consume and / or store this data. Data management and integration is an area for improvement in some cases, as

providers gain traction, and work through the complexities of client ecosystems, and in particular legacy systems. Providers also indicated that it is critical that they can work with clients to resolve complexity, which in some cases requires process change and investment in infrastructure. This needs to be clearly understood when contracting between parties.

#### Cyber security

Cybersecurity and data protection is a top priority and most providers have applied industry standard measures to their solutions. Most cited cyber security, data breaches and privacy as a top 3 concern.



As such, industry standards have been adopted across the board.

All providers encrypt data in transit and at rest, using external parties to conduct security and penetration testing on a regular basis (yearly at a minimum). Given the importance of risk and compliance, 94% are capturing key adviser and/or user activity in system audit logs.<sup>11</sup>

Hosting Personally Identifiable Information (PII) in Australia is seen as fundamental for most providers, and one provider has a subset of PII data hosted in the US. The use of cloud hosting has made it easy for providers to establish appropriate IT disaster recovery plans, making use of the multiple local zones provided by AWS or Azure. In terms of data deletion, which is fast becoming an imperative, one provider has a policy in place to delete historic data, but we believe more will adopt this policy sooner than later.

## Implementation

There are different methods of implementing the various provider solutions ranging from “out of the box” through to fully customisable solutions, designed for individual clients, and their budgets and levels of in-house expertise. Each provider has a preference, with 50% preferring a configuration-only (via a Graphical User Interface or GUI change) deployment, 19% customising each deployment and 31% flexible on either model.



and 44% offer a **hybrid/flexible** implementation model.

Timeframes vary considerably based on the level of customisation required. An “out of the box” installation could be delivered within a matter of days, through to 6+ months for more bespoke solutions, depending on the level of integration needed with legacy systems, customer requirements and testing, for example.

All providers noted the complexities that are often misunderstood in implementing and integrating solutions. The most common starting point is a desire for an “out of the box” solution, whereas the reality is that a level of customisation based on the specifics of the client deployment is most often where it lands.

In fact, no provider has installed an “out of the box” solution as yet, noting that there are still many ongoing conversations and RFPs that are currently underway.

Key to understanding whether an “out of the box” solution would work, and the subsequent cost and timeframe involved in a customisable solution include clarity around:

1. Customer ecosystem and level of integration required. Examples were quoted of Customer Relationship Management (CRM) systems that appeared to be off-the-shelf but were in fact not standard instances and required specific work to integrate
2. Channel access and the level of desired customer experience consistency, noting that different channels (web, phone, app, chat) may use different systems
3. The need to access legacy systems that are on different platforms, where data has to be accessed to provide live and accurate information for the customer
4. Integration with helpline, other financial advice tools, and other support mechanisms that could use different applications, including CRM systems
5. Reporting and use of dashboards is critical but can be complex if the data is collected across different systems and different AFSLs
6. Current risk and compliance processes and reporting that might require updating
7. Skills and expertise on the client end required to architect, integrate and operate effectively.

## Support and maintenance

69% of respondents provide all levels of IT support to their customers (Levels 1 – 3 as defined in Appendix A). The remaining 31% apply a hybrid model with the use of partners and/or clients being responsible for certain aspects (i.e. clients handling basic queries and vendor partners dealing with more complex issues that have been escalated).

## KEY EMERGING THEMES

**The interest in engagement and financial advice solutions in Australia appears to be at a peak, from superannuation funds through to financial institutions such as insurers, banks, asset managers, platform providers and financial planning firms. Whether the interest results in successful uptake of digital financial advice solutions by enterprises, and in turn, customers, is not yet evident.**

As we navigate the intense interest, and based on the responses received, the following themes have been raised by providers who currently operate in the Australian market.

Customers will embrace digital financial advice in the same way that they have embraced online shopping and online banking.

Customers are increasingly buying financial services online, as evidenced through COVID, with 29% of Australians seeking financial advice.<sup>12</sup>

People will access help when they need it most. Data analytics should be deployed to identify customer needs, timing, and context to optimise success, and provide customers with options as to how they might solve their particular financial concern.

Research conducted by KPMG for the Financial Services Council (FSC) indicated that customers believe **financial advice should not cost more than \$340 for the first financial advice consultation.**<sup>13</sup>

Introducing digital financial advice will reduce the cost, and improve financial capability, but it is not the “silver bullet” that will solve all financial literacy issues. This needs to be part of a broader engagement and marketing strategy.

Our initial observations are that about 20% of our e-advice users log in between 11pm and 5am. These are members who may not have accessed our phone advice service during working hours.

*Sai Ahlawat,  
Mercer Head of Advice Services*

**There is intense interest in digital financial advice options from a range of enterprises. Customer engagement and retention strategies, including financial advice, are being reviewed by a variety of enterprises.**

Enterprises had initially slowed down their engagement with digital advice providers, but the QAR, declining adviser numbers and an increasing number of previously advised customers have combined to prompt a more recent flurry of activity.

Risk management and risk aversion from superannuation trustees and management is still prevalent, having witnessed or been involved in the Royal Commission.<sup>14</sup>

There is a need to educate stakeholders, and to provide confidence, assurance and risk management frameworks that will allay or mitigate these concerns.

The successful execution of digital strategies requires existing management teams to develop new skills and capabilities. In particular, understanding the intersection between advice and technology and customer expectations, behaviours and engagement through digital channels. We address this further in the earlier section: Findings – Technology and Implementation.

Boards will want confidence from management that they have the skills, capabilities and capacity to implement advice solutions, manage the risk and compliance requirements effectively while also delivering optimal customer uptake and commercially viable outcomes.

**Navigating the regulatory environment is critical**

There is little disagreement in the sector that financial advice is heavily regulated and has resulted in:

- A significant decline in the number of advisers with 38% of advisers leaving the sector since 2019<sup>16</sup>.
- A significant increase in the cost to produce financial advice documents, evidenced by verbatim comments included in the KPMG Cost Profile of Australia’s Financial Advice Industry – Research Paper<sup>17</sup> stating the cost of Recommendation 6

...the spectrum of interest in greater than you would expect, ranging from super funds and institutions through to small financial planning firms and asset managers. The QAR has been a real catalyst for change, irrespective of whether the proposals will be adopted or not.

*Geoff Rogers,  
IRESS Commercial Director*

The top concern from a government perspective for me is the regulatory spaghetti advisers are put through. We're regulated by 4 laws, 8 regulators, 2 different complaints handling bodies and the Corporations Act has become incredibly difficult to understand let alone comply with.

*Sarah Abood, FPA CEO15*

proposes to enable super funds to offer personal advice to members including their members transitioning to retirement and proposed that Trustees be able to consider the member's family situation and social security entitlements and Recommendation 7 and 13.2 proposes that Super Trustees have discretion as to how to charge and deduct advice fees in regards to their members for advice.

- Recommendation 6 provides trustee clarity and discretion on advice fee quantum, and removes the restriction on intra funds advice fees (collective charging).
- Removal of the SoA and Record of Advice (RoA) requirements to be replaced with record keeping obligations that suit the needs of the client and adviser. The cost to produce advice has doubled in the last four years.
- An increase in complexity in operationalising the vast number of regulatory requirements, which has led to lack of certainty, over-engineering of compliance systems and a lack of innovation.

The Quality of Advice Review (QAR) announced in February 2022 was largely welcomed across the sector. Submissions highlighted the following areas that the providers wanted addressed:

1. Amendments to change structural policy/legislative inefficiencies. For example, simplification of types of advice such as the removal of general advice, who and what should be regulated;
2. Removal of matters which are no longer required because other protections exist. For example the Best Interest Duty safe harbour steps and FASEA Standard 6); and
3. Amendments seeking to provide legislation capacity to permit advice to be provided (for example amending the SIS Act to enable a super trustee to give personal advice and removing section 99F from the SIS Act).

The QAR's Final Report issued to government in December 2022 acknowledges the value digital advice may deliver Australians "...convinced that digital advice tools can make good quality financial advice widely available .<sup>18</sup>"

The QAR reaffirms that additional regulation is neither required (because the Corporations Act already contemplates digital advice and does not treat it differently from other financial advice) nor desirable by stakeholder to facilitate digital advice<sup>19</sup>

Other proposals that would support digital financial advice include:

- The 'good advice' obligation will also sit with digital providers and will be evidenced by the nature of the advice provided.<sup>20</sup>
- Recommendation 3 (relevant person) provides an outcomes-based basis for regulating advice which turns on the nature of the advice to be given and has the potential to take digital financial advice out of the "relevant provider" framework, removing the need for a digital advice provider to meet costly education and professional standard qualifications require; Recommendation 5 (removing the safe harbour) and 9 (removal of the statement of advice disclosure requirement to be replaced by record keeping)<sup>21</sup>.

If the QAR proposals went ahead in the current form, Abrdn would be ready and able to operate in Australia within weeks...

*Jason Nyilas,  
Abrdn Head of Retirement  
and Digital Innovation*

Other proposals put forward in the QAR Final Report will facilitate and support the provision of personal advice by superannuation funds and product providers, for example, include:

- Recommendation 6 proposes to enable super funds to offer personal advice to members including their members transitioning to retirement and proposed that Trustees be able to consider the member's family situation and social security entitlements and Recommendation 7 and 13.2 proposes that Super Trustees have discretion as to how to charge and deduct advice fees in regards to their members for advice.
- Recommendation 6 provides trustee clarity and discretion on advice fee quantum, and removes the restriction on intra funds advice fees (collective charging).
- Removal of the SoA and Record of Advice (RoA) requirements to be replaced with record keeping obligations that suit the needs of the client and adviser.



## KEY EMERGING THEMES (CONTINUED)

In summary, providers want greater certainty regarding regulatory parameters that will enable their solutions to provide personal advice with confidence. Regardless of whether the QAR recommendations are accepted or not, providers will still need to carefully design advice offerings and pricing arrangements to operate within the proposed good advice regime – including acting in members’ best interests, delivering member outcomes, treating members fairly and reasonably (including with regard to fees and charges) and supported by good decision-making frameworks, good governance and monitoring and oversight programs.

**Business:** taking commercial risks, and a return on investment, particularly noting the ever-changing regulatory environment and challenges with customer engagement in super or direct customer acquisition in other parts of the market.

**Inertia:** the Retirement Income Covenant and trustee obligations, for example, mean that there is a question as to whether the risk of not providing advice is higher than adopting a digital advice model. On the other hand, given the immediate and perceived risk of providing advice, trustees struggle to balance these competing risks.

In the face of a range of other commercial and regulatory priorities, the question of digital advice is often not clearly articulated or explored.

### Digital advice providers are at various stages of maturity

Many providers consider themselves as early phase FinTech start-ups. They have all received a warm welcome from enterprises looking to enhance their customer services and support innovation. However, they observe that decision making has been slow – a concern for start-ups who require cash flow to continue to operate.

Capital requirements have been mentioned by providers on multiple occasions. Some providers are seeking a compelling commercial case which would allow them to customise and scale to meet the needs of enterprises. In some cases, capital funding will be critical to continue to operate. The need to invest to address the behind-the-scenes complexity of financial advice and system integration is not insignificant. Enterprises and investors will need patience as these models are introduced and tested, and the return on investment (ROI) takes longer than traditional transformation and investment models.

Slow adoption by customers has also been mentioned as a risk to achieving a satisfactory ROI, with current experience indicating lower than expected customer take-up.

We should really be focusing on the cost of not providing financial advice. Our research with Link found that 30% of retirees access the age pension late. What else are retirees missing out on?

*Jeremy Duffield, SuperEd and Retirement Essentials Director*

### What are the key risks for enterprises digital advice providers need to address?

Providers referred to the risks that they encounter as they work with enterprises, as follows:

**Regulatory:** compliance with licensing and regulatory requirements especially where this is outsourced, and the ever-increasing risks inherent in managing data security.

Trustees are aware of the risk of treading into personal advice territory, particularly after the High Court ruling in the Westpac case on general advice.<sup>22</sup> There is an expectation that the QAR and subsequent government proposed reforms will address this issue of blurred regulatory lines and lack of certainty.

**Security:** privacy, cyber security, data loss and data breaches are high on the list of risks. We outline steps to mitigate these in the section Technology – Security.

**People:** skills and capabilities on the demand side to assess, implement and supervise digital financial advice. This includes the skillsets to perform these services in house and enable enterprises to select partners, design and implement digital advice solutions themselves. A talent shortage on the supply side is significant due to the current economic environment.

To make financial advice affordable, it needs to be digitally led. This approach benefits both individual clients as well as advice firms who can service clients when required.

*Paul Feeney,  
Otivo CEO and Founder*



### **Digital initiatives are easier to implement, and it's quicker and cheaper**

The mass adoption of cloud has meant that providers are offering a Software as a Service (SaaS) solution. These can be deployed live in a matter of days, at the most in a couple of weeks for those willing to adopt out-of-the-box solutions.

However, to take advantage of these lower cost and faster to deploy solutions may require adapting current business models and processes to avoid costly customisations.

APIs have made it easier for digital advice solutions to plug and play into other modern systems, including Customer Relationship Management (CRM) systems. However, those with older complex legacy systems will find this a lot more challenging and time consuming.

Providers need to make sure their APIs are robust and well documented to better assist their clients when it comes to more complex integration.

Enterprises need greater education and a better understanding of the cost and timeframe implications of out-of-the-box versus customised solutions.

### **The financial advice industry is at an inflexion point**

The number of financial advisers in Australia has dropped from 26,500 in 2019 to 16,671 in 2022, a fall of 38% in the last 3 years<sup>23</sup> with a long-term forward projection of 12,000 in 20 years' time. There will not be enough financial advisers to service the Australian population. This provides an opportunity to leverage technology and the propensity to "buy" online services, including financial advice. The industry needs to work collaboratively to support providers and focus on the collective objective, which is to get advice to more Australians.

We therefore need to embrace innovators trying to generate better outcomes for customers across engagement, financial advice and implementation. There is no silver bullet, rather a combination of strategies and ideas that will promote better engagement, more advice, and better outcomes for customers.

# A ROAD MAP FOR SUCCESS

Our work with the providers has identified the following key stakeholders who, collectively, hold the keys to success. We raise the challenges each are grappling with, and 3-5 actions that each might take to 'move the needle'.



**For digital financial advice providers the challenge is to provide confidence to clients and customers that the digital solution is sustainable and will mitigate risks, noting this is about financial advice, and customer financial security.**

Success will involve:

1. Education of stakeholders and decision makers on the risk and cost of not providing advice to customers, along with the many benefits
2. Contribution to risk management frameworks for clients and customers with assurance and certification, and compliance standards
3. Clarity regarding liabilities and attribution in the case of error particularly where there are two different AFSLs involved
4. Improvements to services including clarity of scope and value proposition, reporting dashboards which track customer up take, clear implementation and integration requirements, and the differences between "out-of-the box" and customised solutions



**For the financial services industry and consumer advocacy groups the challenge is that while the industry publicly commits to the need for more financial advice, driving the change needed is much harder.**

Success will involve:

1. Aligning with consumer advocates to find areas in common rather than focusing on the differences in an adversarial way
2. Collaboration on agreed areas of regulatory change, and support for regulatory sand-boxing
3. Provision of capital to invest and support FinTech development
4. Tolerance of different models, of failure, and promotion of innovation to tackle issues differently



**For financial advice firms the challenge is that they don't want a two-tiered advice system that disadvantages comprehensive advice, but they also have clients that they find hard to service.**

Success will involve:

1. Working with digital advice providers on a seamless service across all parts of the financial advice value chain
2. Ensuring referrals are handled well
3. Continuing to focus on comprehensive advice, and ways to bring cost down through digitisation



**For the client (enterprise) the challenges are that financial advice is highly regulated, it carries significant risk, and it does not solve retention and growth issues alone.**

Success will involve:

1. Accepting the risk/return dynamic and broadening the trustee and/ or board's risk appetite, with a focus on longer term outcomes, along with test-learn-adapt strategies
2. Establishing an over-arching digital strategy across customer engagement to clearly understand what digitisation will achieve and how, from customer engagement through to business efficiencies, and supervision and monitoring
3. Ensuring management has the expertise to implement and manage digital financial advice from various angles including the customer ecosystem, technology and compliance



**For the individual customer the challenges are a lack of awareness of the benefits of advice, lack of trust in advisers and lack of available digitised services.**

Success will involve:

1. Education on the benefits of engaging with your finances, and getting help when needed, which might include financial advice
2. Encouragement to experiment by starting small, and knowing you can access a Helpline Service if in doubt (where there is one)
3. User-friendly customer journeys that encourage customers to engage, test and learn, and build confidence
4. Targeted lifecycle marketing to customers leveraging CRM and data analytics (for example) to identify and support customers when they're looking for help



**For Government and regulators the challenge is that neither wants to be seen to be taking a 'backwards' step in terms of regulation, while acknowledging that progress must be made.**

Success will involve:

1. Promotion more broadly of ASIC's Innovation Hub FinTech program to support entities looking to secure an AFSL
2. Solution-appropriate sand-boxing (pilot programs) for entities that service AFSLs, perhaps through one-off webinars and roundtables, along with collaboration behind the scenes to help providers understand the guard-rails before they integrate with third-party AFSLs
3. Support for regulators to understand and get ahead of technology and meet the pace of change, through secondments to technology companies, and more expansive learning and development programs



# APPENDIX A: A-Z OF DIGITAL FINANCIAL ADVICE

**AFSL:** Australian Financial Services Licence

**AML/CTF:** Anti-money laundering / Counter Terrorist Financing

**ANZ:** Australia and New Zealand

**API:** Application Programming Interface

**AWS:** Amazon Web Services

**B2B:** Business to business

**B2C:** Business to consumer

**BCM:** Business continuity management

**Client (B2B):** includes enterprise, superannuation fund, institution, AFSL, insurer, asset manager, private bank, adviser dealer group

**Configuration:** When changes required to the solution can be made through a GUI using fields, check boxes, drop down menus, drag and drop etc. (no code changes required)

**Customer (B2C):** includes superannuation member, consumer, individual

**Customer engagement:** The means by which a solution provider engages and interacts with their customer (B2C)

**Customisation:** When changes required to the solution require code development

**DR:** Disaster recovery

**Ecosystem:** An ecosystem is an interconnected set of services enabling users to fulfil a variety of needs in one integrated or overarching experience

**Enterprises, we have used enterprises to include Corporates, Superfunds and AFSL's who would be users or purchasers of digital services**

**ESG:** Environmental, Social and Governance

**GUI:** Graphic user interface

**ISO:** International Standards Organisation

**KYC:** Know your customer

**Level 1 support:** Support for basic customer issues such as solving usage problems and fulfilling service desk requests that need IT involvement. If no solution is available, level 1 personnel escalate incidents to a higher level.

**Level 2 support:** Experienced and knowledgeable technicians assess issues and provide solutions for problems that cannot be handled by level 1. If no solution is available, level 2 support escalates the incident to level 3.

**Level 3 support:** Access to the highest technical resources available for problem resolution or new feature creation. Level 3 technicians attempt to duplicate problems and define root causes, using product designs, code, or specifications. Once a cause is identified, the company decides whether to create a new fix, depending on the cause of the problem.

**Low code:** Not determined as technical coding language that requires a programmer, a technical business analyst or equivalent can make changes using basic scripts

**OOTB:** Out of the box

**PII:** Personal identifiable information

**QAR:** Quality advice review

**REST / RESTful:** Representational state transfer

**ROA:** Record of advice

**ROI:** Return on Investment

**SaaS:** Software as a Service

Allows natural persons and businesses to test certain innovative financial services or credit activities without first obtaining an Australian financial services (AFS) licence or Australian credit licence (credit licence)

**SI:** System Integrator

**SOA:** Statement of advice

















**Solution provider:** Survey participants who do not provide services under an AFSL

**UI:** User interface

**UX:** User experience



## APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER

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## APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



### BACKGROUND INFORMATION

<b>Market identification</b>	A digital end to end cloud-based solution for financial wellbeing, savings, retirement, and protection.
<b>Business summary</b>	The organisation is a global investment company and asset manager located in the United Kingdom, Europe, the United States and Asia Pacific regions. Abrdn Australia Limited is an active asset manager which has been operating in Australia since 2000 and currently has 50 staff in Australia.
<b>Scope of service</b>	Services will include providing comprehensive, limited, intra fund and general advice. Services focus on digital customer journeys covering superannuation accumulation, retirement, insurance protection, financial health checks and other aspects of financial advice.
<b>Current local customers</b>	Abrdn has partnered with Hub24 in Australia to launch the service when ready to deploy, which is expected to be in 2023 and/ or when the QAR proposals have been addressed.
<b>Licensing arrangements</b>	Will partner with financial services providers who have their own AFSL.

### CUSTOMER BASED INFORMATION

<b>Target market</b>	Target market will be B2B which includes platforms, dealer groups, wealth management firms, banks and super funds.
<b># of SOAs generated</b>	This information will be with the AFSL holder.
<b>Customer journeys</b>	End to end customer digital journeys and wireframes that provide self-service, digital and bionic/hybrid of these across superannuation, retirement, insurance protection, financial health and education.
<b>Dashboards</b>	Dashboards enable customer configured dashboard reporting and data visualisation.
<b>Digital channels</b>	Digital channels include desktop, laptop, web and mobile devices.
<b>Offer ancillary services</b>	Financial wellness and content management.



## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	×

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Customised based on client's requirements
Preferred implementation model	Hybrid model: Have an in-house digital development team and can also use partners (HUB24 in Australia) if the need arises

### SUPPORT

Support model	Level 1: HUB24
	Level 2: Combination of HUB24 and Abrdn Australia
	Level 3: Abrdn UK

### RISK AND COMPLIANCE

Risk and compliance management	This is managed by the third party AFSL holder. Abrdn works with their partners to understand legislative and regulatory changes and then updates the customer journey accordingly.
Would leverage ASIC's Enhanced Regulatory Sand Box	N/A

### PRICING

Pricing model	The pricing model varies depending on specific needs of the customer.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✓	Chat functionality	✓
Speech to text	×	Artificial Intelligence/Machine Learning / Natural Language Processing	✓
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	✓		

# APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



## BACKGROUND INFORMATION

<b>Market identification</b>	Provides advice technology focused on using research in the scientific methods for personalised financial services.
<b>Business summary</b>	While based in New Zealand, Capital Preferences has employees in all major continents and operates in Europe, United Kingdom, Hong Kong, Singapore, Australia, New Zealand, and the United States. They have offered their services in Australia since 2017.
<b>Scope of service</b>	Scopes of service include general, intra fund and limited advice and related client engagement solutions in the retirement income, ESG investing and personalisation space.
<b>Current local customers</b>	Currently launching service in Australia with pilots underway at several B2B enterprises.
<b>Licensing arrangements</b>	The organisation does not hold their own AFSL and use financial services providers who have their own access to AFSLs.

## CUSTOMER BASED INFORMATION

<b>Target market</b>	Target markets are typically B2B and include all customer types within the financial services industry from retail through to private banking.
<b># of SOAs generated</b>	This information is held by the AFSL holder.
<b>Customer journeys</b>	Customer interfaces include a web-based experience to understand preferences and capture information to inform the advice process. Customer journeys start with a mobile-native decision activity which leads to insights that form the basis for recommendations.
<b>Dashboards</b>	Dashboards enable customer configured dashboard reporting and data visualisation.
<b>Digital channels</b>	Digital channels include web and other devices.
<b>Offer ancillary services</b>	N/A.

## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	✓

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	×	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Solution is <b>configurable</b> only with OOTB solutions available		
Preferred implementation model	<b>Hybrid:</b> Are flexible and can support different deployment models to meet the client's preference.		

### SUPPORT

Support model	Level 1 – 3: Capital Preferences
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### RISK AND COMPLIANCE

Risk and compliance management	The risk and compliance process is overseen by the CEO and CTO, and legislative and regulatory changes are monitored through in-house Senior Counsel and external counsel.
Would leverage ASIC's Enhanced Regulatory Sand Box	Yes

### PRICING

Pricing model	The pricing model depends on the complexity of each customer's circumstances. There are additional costs associated with custom work.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✓	Chat functionality	✓
Speech to text	✓	Artificial Intelligence/Machine Learning / Natural Language Processing	✓
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	×		

## APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)

# DASH



### BACKGROUND INFORMATION

<b>Market identification</b>	Software solutions provider enabling an integrated end-to-end adviser journey from digital customer engagement, full advice generation and advice implementation and digital review cycle.
<b>Business summary</b>	Have operated in Australia for 128 years, offering joint services in advice software and platform solutions in 2022.
<b>Scope of service</b>	Services include providing technology to facilitate all forms of advice, and investment platform. As a technology provider, also partner with advice participants to integrate their functionality and workflow.
<b>Current local customers</b>	As of September 2022, Dash has a total of individual 1006 licences on the platform.
<b>Licensing arrangements</b>	Dash's Managed Discretionary Agreement (MDA) service is offered under an AFSL (Dash Investment Services Pty Ltd AFSL no. – 500032).

### CUSTOMER BASED INFORMATION

<b>Target market</b>	Target markets are typically B2B and include financial advice participants of all types (from sole practitioners in financial planning to institutional digital advice) who operate in Australia. They have customers in each segment of the financial advice industry as well as participants that bridge multiple advice types.
<b># of SOAs generated</b>	Over 3,000 advice documents YTD.
<b>Customer journeys</b>	Customer journeys can vary from customer-to-customer dependent on an individual customer's circumstances. Interactive SOA with video avatar functionality through "DynamicDocs" available to the customer.
<b>Dashboards</b>	Dashboards enable customer configured dashboard reporting and data visualisation.
<b>Digital channels</b>	Digital channels include desktop and/or mobile usage.
<b>Offer ancillary services</b>	Financial wellness and custom build applications.

## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	✗

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Hybrid of both <b>configurable</b> and <b>customisation</b> .		
Preferred implementation model	Hybrid: Dash is flexible on the implementation model and it will depend on what the client's preferences are		

### SUPPORT

Support model	Level 1 – 3: Dash can support all levels but is dependent on the client agreement.
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### RISK AND COMPLIANCE

Risk and compliance management	As the AFSL provider, Dash is responsible for risk and compliance risks and has an internal team who manages this.
Would leverage ASIC's Enhanced Regulatory Sand Box	Yes

### PRICING

Pricing model	The pricing model varies from customer to customer due to custom work for each, including any additional costs such as installation, customisation etc.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✓	Chat functionality	✓
Speech to text	✓	Artificial Intelligence/Machine Learning / Natural Language Processing	✓
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	✓		

## APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)

# Expertli



### BACKGROUND INFORMATION

<b>Market identification</b>	Provider of virtual rooms for financial advisers to engage customers and manage the ongoing relationship.
<b>Business summary</b>	The platform is an engagement platform that allows professionals to provide financial advice in virtual rooms. They have been operating in Australia for a year.
<b>Scope of service</b>	Services include providing virtual rooms which are an engagement platform for advisers to help customers with their financial advice needs. All forms of advice can be provided on their engagement platform.
<b>Current local customers</b>	~ 100 customers using their service which is in pilot mode.
<b>Licensing arrangements</b>	Expertli does not hold their own AFSL and works through financial services providers who have their own AFSLs.

### CUSTOMER BASED INFORMATION

<b>Target market</b>	Target markets are typically B2B and include all financial advisers.
<b># of SOAs generated</b>	N/A – this platform does not generate SOAs.
<b>Customer journeys</b>	The virtual rooms include features such as needs analysis and interactive instruments to capture the customer journey and includes whiteboards, interactive forms, media, and video conferencing.
<b>Dashboards</b>	N/A – their platform does not use dashboards.
<b>Digital channels</b>	Digital channels include both desktop and mobile phone devices.
<b>Offer ancillary services</b>	Coaching for professionals to lift their level of digital engagement with clients. These are interactive workshops conducted by our experts, similar to Genius Bar sessions in an Apple store.



## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	✓

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	x <sup>24</sup>	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Configuration which is done by the client via GUI
Preferred implementation model	Clients self-deploy the solution themselves

### SUPPORT

Support model	Level 1: Knowledgebase and chat
	Level 2 & 3: Expertli team

### RISK AND COMPLIANCE

Risk and compliance management	This is managed by the third party AFSL holder. Expertli works with their partners to understand legislative and regulatory changes and then updates the journey accordingly.
Would leverage ASIC's Enhanced Regulatory Sand Box	Potentially

### PRICING

Pricing model	The pricing model includes a subscription fee and additional costs where complex implementation support is required.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	x
Adviser auditing & monitoring	✓	Chat functionality	✓
Speech to text	✓	Artificial Intelligence/Machine Learning / Natural Language Processing	x
Strategy based advice capability	x	Fully-customer led advice journey	x
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	x
Fee deduction/collection	x		

# APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



## BACKGROUND INFORMATION

<b>Market identification</b>	A SaaS-based digital advice technology platform powering a fully integrated, highly configurable proposition across customer engagement, financial assessment, general advice, Intra-fund advice through to regulated personal advice (simple single issue, comprehensive and ongoing).
<b>Business summary</b>	Areas of operation include Asia Pacific and Europe with offices in London, Edinburgh, Dublin, Sydney. Have been providing services to the Australian market since 2014.
<b>Scope of service</b>	Provision of an omni-channel digital advice platform supporting Self-service, Hybrid and Adviser-led distribution channels. The platform enables collaboration over a unified journey allowing customers to move seamlessly through distribution propositions, and pass the journey back and forth with advisers/support staff as required. The platform supports general advice, intra-fund advice, through to personal advice (simple single issue, comprehensive and ongoing).
<b>Current local customers</b>	The platform is currently deployed in production environments in the UK and Ireland supporting Tier 1 Global Banks and Wealth Managers.
<b>Licensing arrangements</b>	The organisation does not hold their own AFSL and partners with Financial Services providers who have their own AFSL.

## CUSTOMER BASED INFORMATION

<b>Target market</b>	The platform is only available on a B2B basis, ensuring we are never in competition with our clients. Ignition targets tier 1 banks, insurers, super funds, other large financial institutions, and larger advice service providers.
<b># of SOAs generated</b>	This information is held by the AFSL holder.
<b>Customer journeys</b>	The platform is highly configurable and tailored to our institutional client’s guidance, advice and business standards, with journeys configured to support the desired propositional and operating model. As a platform Ignition seamlessly integrates with best-of-breed third-party components where desired by our clients. The platform can be configured to deliver a digital recommendation that the client and or adviser can interact with alongside fully automated SOA generation.
<b>Dashboards</b>	The platform has configurable dashboards for advisers, contact centre staff, and supervisors, enabling reporting and data visualisation. A standard suite of reports can be configured to our clients’ requirements, but the platform is underpinned by a data lake that our clients can access to run their own MI/BI and ML tool sets. The platform also delivers fully configurable customer dashboards which contain journey engagement points, educational matrix, secure document repository, and customer focused MI.
<b>Digital channels</b>	Digital channels include support for websites enabling delivery via all device types including laptop, tablets and mobile.
<b>Offer ancillary services</b>	Ignition offers a financial health/wellness journey that explores a client’s current position across savings / debt, protection, investments, and pensions relative to their goals and/or alternative data sets such as peer comparison based on a configurable hierarchy of needs. The configurable algorithm can surface ‘next best actions’ and drive customers towards appropriate services.

## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	✓

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Configuration of user interface and business rules
Preferred implementation model	Provider led: Work directly with client teams to implement

### SUPPORT

Support model	Level 1 – 3: Ignition via Service Desk ticket system
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### RISK AND COMPLIANCE

Risk and compliance management	This is managed by the third party AFSL holder. Ignition works with their partners to understand legislative and regulatory changes and then updates the journey accordingly.
Would leverage ASIC's Enhanced Regulatory Sand Box	No

### PRICING

Pricing model	The pricing model is based on a license fee construct with a tiered per-user annual fee. Implementation and integration work is completed at a near cost rate.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✓	Chat functionality	✓
Speech to text	✓	Artificial Intelligence/Machine Learning / Natural Language Processing	✓
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	✓		

## APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



### BACKGROUND INFORMATION

<b>Market identification</b>	A software house, digital design agency and financial content provider.
<b>Business summary</b>	Founded in 2010 in California, InvestCloud has over 1,200 staff servicing over 550 customers. Predominantly serving the North America, Europe, Middle East and African markets, and have recently expanded in the Asia and Pacific region. Services have been offered in Australia since 2017, and a local presence in Australia was established in 2021.
<b>Scope of service</b>	Provides end to end functionality across the adviser and customer journey. Services include providing fully digital, white label and customisable services for goals-based financial planning, retirement planning, portfolio advisory, ESG investing, performance & risk analytics, customer reporting, investor trading, customer lifecycle management, financial wellness, research content and engagement.
<b>Current local customers</b>	Partnering with other local providers for the provision of financial advice in Australia. InvestCloud currently have 5 B2B customers in Australia and New Zealand.
<b>Licensing arrangements</b>	The organisation does not hold their own AFSL.

### CUSTOMER BASED INFORMATION

<b>Target market</b>	Target markets are primarily B2B and include advisers in wealth management, advice firms, banks, private banks, broking firms and insurance companies. Services are also provided to superannuation funds, asset management firms, trust companies and custodians.
<b># of SOAs generated</b>	This information is held by the AFSL holder.
<b>Customer journeys</b>	Offer customised customer journeys dependent on each customer's individual needs.
<b>Dashboards</b>	Dashboards enable client and customer configured dashboard reporting and data visualisation.
<b>Digital channels</b>	Digital channels include web, mobile and tablet devices.
<b>Offer ancillary services</b>	Financial Wellness solution which includes budgeting, cash flow management, health scores, document tracking.

## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	✓

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Customised based on client's requirements
Preferred implementation model	InvestCloud or via multiple implementation partners

### SUPPORT

Support model	Level 1-3: InvestCloud
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### RISK AND COMPLIANCE

Risk and compliance management	This is managed by the third party AFSL holder. InvestCloud works with their partners to understand legislative and regulatory changes and then updates the customer journey accordingly.
Would leverage ASIC's Enhanced Regulatory Sand Box	InvestCloud is unlikely to.

### PRICING

Pricing model	Services are charged on an annual subscription fee (inc. hosting charges) plus a one-off fee for implementation services.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✓	Chat functionality	✓
Speech to text	×	Artificial Intelligence/Machine Learning / Natural Language Processing	✓
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	✓		

# APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



## BACKGROUND INFORMATION

<b>Market identification</b>	A range of self-serve and hybrid education-led digital advice solutions to market participants across investment management, financial advice and superannuation for licensees, advisers and their clients.
<b>Business summary</b>	Operate globally across Asia Pacific, United Kingdom & Europe, North America, and Africa. Corporate office is based in Melbourne and have provided services in Australia for 31 years.
<b>Scope of service</b>	Services cover the full spectrum of advice, including end-client education and engagement, from full self-service general and personal advice direct to consumer, to scaled and intrafund advice, complex comprehensive advice and portfolio administration, through a single advice platform accessible either directly in the software, or via API integration.
<b>Current local customers</b>	Iress' software is utilised by over 10,000 companies, comprising around 500,000 users throughout Asia Pacific, Europe, North America, Africa, and the United Kingdom. Iress' clientele includes a diverse range of businesses across the financial services sector, from small retailers to large institutional firms. In the digital advice arena, Iress has partnered with six institutional B2B clients in Australia who cater to over three million members.
<b>Licensing arrangements</b>	The organisation holds their own AFSL but typically works with Financial Service Providers who prefer to use their own AFSL.

## CUSTOMER BASED INFORMATION

<b>Target market</b>	Target markets are typically B2B and include superfunds and advice businesses.
<b># of SOAs generated</b>	Where Iress has access to data from the AFSL, an average month for the direct-to-consumer advice toolset sees: <ul style="list-style-type: none"> <li>– 119,000+ Personalised retirement income projections</li> <li>– 20,000+ interactive general advice engagements</li> <li>– 1,000+ general advice summaries</li> <li>– 6,500+ personal advice journeys</li> <li>– 2,000+ personal statements of advice.</li> </ul>
<b>Customer journeys</b>	Education-led advice journeys covering non super investment, retirement, investment mix, and insurance.
<b>Dashboards</b>	The Digital Advice tool was designed with a focus on analytics to better understand the needs and patterns of members/clients seeking advice. Iress offers access to a dashboard view of key data, along with the ability to export raw data to clients' Business Intelligence tools for further analysis.
<b>Digital channels</b>	Digital channels include web, tablet and mobile.
<b>Offer ancillary services</b>	In addition to financial wellbeing and education, Iress provides a range of ancillary services including implementation services to help clients integrate it's software into their systems, training and education to ensure effective usage, technical support for troubleshooting and issue resolution, consulting services to optimise clients' use of Iress software, data services for market insights, and hosting and infrastructure services to ensure the security, reliability, and scalability of Iress software solutions.



## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	×	Open Banking integration	×

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Hybrid: Both configuration and customisation are available		
Preferred implementation model	Provider-led, in partnership with third party or hybrid supported configuration and branding of the core solution. Also available as API's should clients wish to completely own the front end experience.		

### SUPPORT

Support model	Clients provide level 1 to their customers for matters relating to the advice and triage issues to Iress for technical issues in levels 1, 2 & 3 via phone & service desk.
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### RISK AND COMPLIANCE

Risk and compliance management	This is managed by the third party AFSL holder. Iress works with partners to understand legislative and regulatory changes and then updates the journey accordingly.
Would leverage ASIC's Enhanced Regulatory Sand Box	Open to using, but generally go to market via clients existing AFSL.

### PRICING

Pricing model	Iress' services are offered via a SaaS pricing model, comprising initial deployment and ongoing licensing and support.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✓	Chat functionality	✓
Speech to text	×	Artificial Intelligence/Machine Learning / Natural Language Processing	✓
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	×	Integration with third party payment gateways available	

## APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



### BACKGROUND INFORMATION

<b>Market identification</b>	Telephone advice, licensee services and digital advice to corporate, retail and industry superannuation funds.
<b>Business summary</b>	Link Advice is wholly owned subsidiary of the Link Group, a global provider of technology and business solutions. Link Advice has been providing digital advice via Super Blueprint since 2011.
<b>Scope of service</b>	Super Blueprint Intra fund advice focusing on retirement planning and investment options, contributions and insurance. Link also provides a range of comprehensive advice services through traditional financial planning using other software and delivery services.
<b>Current local customers</b>	3 superannuation funds with an excess of 1.5 million members.
<b>Licensing arrangements</b>	Link Advice currently operates under AFSL 258145. All instances of Super Blueprint are currently licensed by Link Advice.

### CUSTOMER BASED INFORMATION

<b>Target market</b>	Target markets are typically B2B and include corporate, retail and industry superannuation funds. The scope of the service is focused on the members interest in the provider's superannuation fund. Link has, in the past, allowed clients to use their own AFSL, however, it is not a preferred model.
<b># of SOAs generated</b>	~ 280 Statements of Advice per month.
<b>Customer journeys</b>	A member can choose advice topics before Super Blueprint will commence the customer journey. At the conclusion of each advice topic, the user will be provided with an indication of the outcome before proceeding to the next topic and building on top of the recommendation.
<b>Dashboards</b>	They do not have customer configurable dashboard reporting and data visualization available.
<b>Digital channels</b>	Fully self-service. Digital channels include mobile, tablet and laptop/desktop.
<b>Offer ancillary services</b>	Link has a number of ancillary services including member portals, contact centres, telephone advice service, other digital services such as budgeting, micro investing and interactive statements.

## TECHNOLOGY

## TECHNOLOGY PLATFORM

Modular (flexible) architecture	x <sup>27</sup>	Cloud hosted	✓
SaaS offering	x	Automated scaling	✓

## INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	x

## CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

## IMPLEMENTATION

Preferred solution change model	Configuration only using a standard user interface
Preferred implementation model	Partner led: Working directly with the client to implement

## SUPPORT

Support model	Level 1 – 3: Link
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## RISK AND COMPLIANCE

Risk and compliance management	As the AFSL provider, Link Advice is responsible for the compliance of Super Blueprint. They will update the service to reflect changes in legalisation and regulatory requirements and this is built into the ongoing fee.
Would leverage ASIC's Enhanced Regulatory Sand Box	Potentially.

## PRICING

Pricing model	The pricing model includes a one-off implementation fee, a fixed ongoing management fee and a usage fee.
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## FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	x	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	x	Chat functionality	x
Speech to text	x	Artificial Intelligence/Machine Learning / Natural Language Processing	x
Strategy based advice capability	x	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	x		

# APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



## BACKGROUND INFORMATION

<b>Market identification</b>	Advice engagement and customer experience platform.
<b>Business summary</b>	A SaaS business based in Australia and operating in the United States and New Zealand. Established in 2020 with 30 employees.
<b>Scope of service</b>	Lumiant focuses on the advice experience of getting to know a client prior to providing advice. Services include tools that are general in nature and include value identification, life and financial discovery questionnaires, goal updating, planning, and modelling optimisation engines etc. They focus on the experience of getting to know a customer prior to advice as well as engagement post advice.
<b>Current local customers</b>	They currently have 177 advisers servicing over 4000 households.
<b>Licensing arrangements</b>	The organisation does not hold their own AFSL and uses financial services providers who have their own AFSLs.

## CUSTOMER BASED INFORMATION

<b>Target market</b>	Target markets are typically B2B and include advice professionals such as advisers and accountants.
<b># of SOAs generated</b>	Lumiant does not generate SOAs.
<b>Customer journeys</b>	The platform allows advisers to engage customers on the digital advice journey including financial and personal data collection and secure storage, identifying and capturing values goal setting and tracking progress and wellbeing.
<b>Dashboards</b>	Configurable dashboard reporting & data visualization coming in 2023.
<b>Digital channels</b>	The service relies on the interaction between self-service and an adviser supporting the process. Digital channels include web and phone. Mobile coming in 2023.
<b>Offer ancillary services</b>	Education materials through the Zendesk support page and webinars and the podcast Lumiant Live.

## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST GraphQL
Consumes unstructured data	✓	Open Banking integration	✓

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Configuration only and client can make limited changes themselves
Preferred implementation model	Hybrid: Client can implement out of the box solution and Lumiant is responsible for more complex implementations

### SUPPORT

Support model	Level 1 – 3: Lumiant
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### RISK AND COMPLIANCE

Risk and compliance management	This is managed by the third-party AFSL holder. Lumiant works with its partners to understand legislative and regulatory changes and then updates the journey accordingly.
Would leverage ASIC's Enhanced Regulatory Sand Box	Yes.

### PRICING

Pricing model	The pricing model is based on different tiers of subscriptions ranging from starter to enterprise. Implementation costs such as white labelling will incur additional costs.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	×	Chat functionality	×
Speech to text	✓	Artificial Intelligence/Machine Learning / Natural Language Processing	×
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	×		

## APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



### BACKGROUND INFORMATION

<b>Market identification</b>	Intrafund advice delivered via phone and digital to superannuation funds (client) administered by Mercer.
<b>Business summary</b>	Mercer has been providing intrafund advice services to superannuation administration clients since 2015.
<b>Scope of service</b>	Phone advice – Investments, contributions, insurance and retirement projections. Digital Advice – Investments, contributions and retirement projection.
<b>Current local customers</b>	Superannuation funds administered by Mercer.
<b>Licensing arrangements</b>	Intrafund advice delivered by Mercer Financial Advice, AFSL 411 766

### CUSTOMER BASED INFORMATION

<b>Target market</b>	B2B – Superannuation funds administered by Mercer.
<b># of SOAs generated</b>	Information held by AFSL.
<b>Customer journeys</b>	Promotion campaigns and activities run by the client. Member can access digital advice service via their Member Online portal. End to end advice journey takes approx. 10 minutes. A SOA is generated and available on the members digital advice dashboard. Member can get human assistance by calling the contact centre.
<b>Dashboards</b>	Limited customisation possible.
<b>Digital channels</b>	Service accessed via Member Online portal.
<b>Offer ancillary services</b>	N/A

## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	✗

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Configuration only with a view to make the interface standardised.		
Preferred implementation model	Mercer is responsible for full implementation.		

### SUPPORT

Support model	Level 1-3: Mercer		
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### RISK AND COMPLIANCE

Risk and compliance management	As an AFSL provider, MFAAPL manages the compliance obligations around advice delivery and Mercer manages IT security risks.		
Would leverage ASIC's Enhanced Regulatory Sand Box	No.		

### PRICING

Pricing model	Initial implementation fee and annual service fee charged to the client.		
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✗	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✓	Chat functionality	✗
Speech to text	✗	Artificial Intelligence/Machine Learning / Natural Language Processing	✗
Strategy based advice capability	✗	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	✗		



# APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



## BACKGROUND INFORMATION

<b>Market identification</b>	Bravura (whose suite of advice solutions is known as 'Midwinter') develops and supports software solutions across the Wealth Management value chain, including Midwinter advice technology.
<b>Business summary</b>	Operating in Australia, New Zealand, United Kingdom, Europe, Africa, India, and Asia. Midwinter has been providing financial advice technology solutions since 2006 and Digital Advice since 2017.
<b>Scope of service</b>	Software enabling the end-to-end management of customer-facing intra fund and scaled advice, including guidance, tools and education.
<b>Current local customers</b>	12 superannuation funds, and approximately 2000 financial advisers.
<b>Licensing arrangements</b>	The organisation does not hold their own AFSL and uses financial services providers who have their own AFSL.

## CUSTOMER BASED INFORMATION

<b>Target market</b>	Target market is B2B and includes advice businesses (self-licenced and aligned) and enterprise organisations such as superannuation funds, wealth managers, banks, and personal financial managers.
<b># of SOAs generated</b>	This information is held by the AFSL holder.
<b>Customer journeys</b>	Their software completes advice journeys which generate SOAs without adviser input. Advisers can also view completed journeys and SOAs, view in-progress journeys and customer-selected advice topics.
<b>Dashboards</b>	Dashboards enable customer configured dashboard reporting and data visualisation.
<b>Digital channels</b>	Digital channels include mobile devices and desktop devices.
<b>Offer ancillary services</b>	Third-party ancillary services include, but are not limited to; Personal Financial Management Solutions e.g. My Prosperity, Money Soft. Estate Planning solutions e.g. Inherit Australia. Accounting and revenue management software, for example Class, Xero, Revex.

## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	✗

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	<b>Hybrid:</b> Both configuration and customisation via code changes are offered.		
Preferred implementation model	<b>Provider led:</b> Work directly with client teams to implement.		

### SUPPORT

Support model	<b>Level 1:</b> Bravura local support desk <b>Level 2 &amp; 3:</b> Bravura's Midwinter team		
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### RISK AND COMPLIANCE

Risk and compliance management	Bravura manages risk and compliance internally. Risk assessments are conducted on an ongoing basis. Internal and external audits are conducted annually. Legislative and regulatory changes are scheduled within agreed timeframes and delivered through fortnightly delivery cycles.		
Would leverage ASIC's Enhanced Regulatory Sand Box	Yes		

### PRICING

Pricing model	The pricing model is a SaaS product charged on a subscription basis with implementation professional services costs charged based on a rate card.		
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✓	Chat functionality	✓
Speech to text	✗	Artificial Intelligence/Machine Learning / Natural Language Processing	✗
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	✓		

# APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



## BACKGROUND INFORMATION

<b>Market identification</b>	Fully customer led digital strategic advice with no adviser involvement. Functionality allows for limited adviser interaction post completion of documents if required. A hybrid model can also be offered, with an Adviser or a technical expert to cover general advice.
<b>Business summary</b>	moneyGPS was established in 2019 and employs 15 people
<b>Scope of service</b>	Customer led digital advice & ancillary services appropriate to the customer circumstances, meeting Best Interest requirements, includes product recommendations. Limited and comprehensive personal advice and implementation services.
<b>Current local customers</b>	Less than 1,000 customers.
<b>Licensing arrangements</b>	moneyGPS operates under an AFSL from Fiduciary Financial Services Pty Ltd No. 247344 for its retail channel. Fiduciary Digital Services Pty Ltd, engages with organisations wanting to licence the digital advice technology via a SaaS arrangement. In addition, an outsource AFSL solution as part of the SaaS arrangements can be offered.

## CUSTOMER BASED INFORMATION

<b>Target market</b>	Target markets are typically B2B and engage the ‘mass-market’ cohort as the main client focus via superfunds, retail, employers, institutions, insurers.
<b># of SOAs generated</b>	moneyGPS generates fully digitised SOAs for both Super and Non-Super.
<b>Customer journeys</b>	Customer journeys are fully self-led. Customers need to input information on their current financial situation and their financial goals to then be generated an outcome. Information can be pre-populated by institutional client or via moneyGPS CDR/Open Banking capability.
<b>Dashboards</b>	Dashboards enable customer configured dashboard reporting and data visualisation.
<b>Digital channels</b>	Digital channels include desktop and mobile browsers.
<b>Offer ancillary services</b>	Offers a range of factual reports leading to single topic digital advice where appropriate (personal or intra-fund) including: Money Check Up, Pre-Retirement Planning, Retirement Income Simulator, and offers a Hybrid support solution via access to human moneyGPS Coaches (ex-financial advisers/CFP’s). Other ancillary services include lending & finance, estate planning, tax service, personal insurance, aged care etc.

## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	GraphQL

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Majority of UI changes can be configured via GUI and some complex changes require customisation via coding.
Preferred implementation model	<b>Hybrid:</b> Flexible to the client's needs.

### SUPPORT

Support model	Level 1 – 3: moneyGPS.
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### RISK AND COMPLIANCE

Risk and compliance management	moneyGPS manages all risks including legislative and regulatory risks with their own internal team. MoneyGPS can also provide outsourced legal services if required. Additional support is provided by Hamilton Locke – formerly The Fold Legal. Money GPS also provide access to TFL or any prospective SaaS client.
Would leverage ASIC's Enhanced Regulatory Sand Box	Not required given AFSL.

### PRICING

Pricing model	Provides flexibility depending on degree of platform customization.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✓	Chat functionality	✓
Speech to text	×	Artificial Intelligence/Machine Learning / Natural Language Processing	✓
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	✓		

# APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



## BACKGROUND INFORMATION

<b>Market identification</b>	The offering focuses on the delivery of an end-to-end advice journey and includes digital, automated KYC and financial needs analysis process along with goals, motivators and customer journey lifecycle analysis to build customer retirement plans.
<b>Business summary</b>	The organisation was established in 2017. They utilise a B2B model and have established a substantial partnership in Australia which allows them to operate in Australia.
<b>Scope of service</b>	Services include providing a platform which uses a calculation engine to perform probability-based analysis and education for their customers as well as a behavioural focused User Interface.
<b>Current local customers</b>	One financial planning group has been using the tool for over a year, while we are in pilot with 2 major dealer groups and several own AFSL as of the start of March 2023.
<b>Licensing arrangements</b>	The organisation does not hold their own AFSL and seeks to partner with financial services providers who have their own access to AFSLs.

## CUSTOMER BASED INFORMATION

<b>Target market</b>	Target market is primarily B2B which include financial providers that offer retirement advice to their own end customers. OnTrack also targets other regulated financial services providers including superannuation funds, insurance companies, banks, and consulting firms.
<b># of SOAs generated</b>	This information is not available.
<b>Customer journeys</b>	Their tool builds strategies via personal and financial details, goals, motivators, and attitudes of consumers. Their engine is goals-based.
<b>Dashboards</b>	Dashboards enable customer configured dashboard reporting and data visualisation.
<b>Digital channels</b>	Digital channels include desktop, mobile and tablet.
<b>Offer ancillary services</b>	Facilitate the ability for clients to add other services.

## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	×

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Primarily <b>configuration</b> based and low code for some changes.
Preferred implementation model	<b>Hybrid model:</b> Opex Consulting will implement for their own AFSL clients. OnTrack can implement for simpler installations.

### SUPPORT

Support model	<b>Level 1:</b> Chat bot and Opex Consulting
	<b>Level 2:</b> Opex Consulting
	<b>Level 3:</b> Opex Consulting escalates to OnTrack

### RISK AND COMPLIANCE

Risk and compliance management	This is managed by the third party AFSL. OnTrack will provide technological modifications for legislative and regulatory changes.
Would leverage ASIC's Enhanced Regulatory Sand Box	Yes, if a client wanted On Track to do so

### PRICING

Pricing model	Services are subscribed to as a SaaS product and start at \$1000 per month for 3 financial advisers, and 200 customers. Installation fees are dependent on integration requirements.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✓	Chat functionality	✓
Speech to text	×	Artificial Intelligence/Machine Learning / Natural Language Processing	×
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	✓		

## APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



otivo



### BACKGROUND INFORMATION

<b>Market identification</b>	Online financial advice for all Australians.
<b>Business summary</b>	Otivo was established in 2016 as Map My Plan and was renamed 'Otivo' in 2022. They currently employ 10 full-time people.
<b>Scope of service</b>	Services include providing general and personal advice, agnostic of any product.
<b>Current local customers</b>	Over 6,500 clients. A mixture of direct-to-individuals, employers and financial services firms.
<b>Licensing arrangements</b>	Otivo operates under the Map My Plan Pty Ltd (ABN 47 602 457 732) AFSL and Australian Credit Licence No. 485665.

### CUSTOMER BASED INFORMATION

<b>Target market</b>	Target markets are typically B2C and include all working Australians. Otivo also targets employers, advisers, superfunds and financial services firms.
<b># of SOAs generated</b>	9,380 SOAs have been generated since March 2020.
<b>Customer journeys</b>	The customer journey starts with a few questions to better understand a customer's financial situation. From there, you can either enter your bank details manually or link it all securely directly with Otivo, to keep advice up to date. Once the account is set up, you will be provided with tips that are tailored to your specific details.
<b>Dashboards</b>	For B2B clients, basic functionality can be tailored to a client's needs. Customers can request bespoke reports which will be developed for a separate fee.
<b>Digital channels</b>	Otivo can be fully self-service without human involvement. Digital channels include Web, Mobile Web, iOS and Android applications.
<b>Offer ancillary services</b>	Financial fitness.



## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✗ <sup>29</sup>	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	✗

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	<b>Configuration</b> of business rules and integration of CRM will be done on an individual basis.		
Preferred implementation model	<b>Provider led:</b> Will support a client through integration and implementation, including training and marketing.		

### SUPPORT

Support model	Level 1 – 3: Otivo
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### RISK AND COMPLIANCE

Risk and compliance management	Otivo manages all risks including legislative and regulatory risks with their own internal team.
Would leverage ASIC's Enhanced Regulatory Sand Box	No, there is no requirement for ASIC sandbox as Otivo holds its own AFSL and ACL.

### PRICING

Pricing model	The pricing model is based on different tiers of subscriptions ranging from essential to premium. Implementation costs for customisation for enterprises are priced on request.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✓	Chat functionality	✓
Speech to text	✗	Artificial Intelligence/Machine Learning / Natural Language Processing	✓
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	✗		

## APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



### BACKGROUND INFORMATION

<b>Market identification</b>	Six Park provides investment advice to customers (via B2C and B2B) that would like to invest in a diversified portfolio of exchange traded funds (ETFs).
<b>Business summary</b>	Operating for six years in Australia.
<b>Scope of service</b>	Limited advice related to personal investments (individual, joint, trust, company)
<b>Current local customers</b>	~ 2,500 customers
<b>Licensing arrangements</b>	Six Park is an authorised representative of Bespoke Portfolio Pty Ltd, AFSL No. 341991

### CUSTOMER BASED INFORMATION

<b>Target market</b>	For early savers, wealth accumulators, SMSF trustees, and low touch/low need situations like intergenerational wealth transfer for HNW consumers.
<b># of SOAs generated</b>	They produce roughly 100 SOAs per month.
<b>Customer journeys</b>	Once authenticated, customers can view their investing holdings, balance, configure trading and portfolio rebalancing options.
<b>Dashboards</b>	Dashboards are not configurable.
<b>Digital channels</b>	The solution is fully self-service with support via live chat, phone and email. Digital channels include Web, Mobile Web, iOS, and Android applications.
<b>Offer ancillary services</b>	No.

## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	×	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	×

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	× <sup>30</sup>
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Solution is <b>customised</b> for white label partner.
Preferred implementation model	<b>Provider led:</b> Six Park develops solution for white label partner.

### SUPPORT

Support model	<b>Level 0:</b> Self service
	<b>Level 1 – 3:</b> Six Park

### RISK AND COMPLIANCE

Risk and compliance management	Six Park is an authorised representative of an AFSL that has the authority to provide Six Park's services. Six Park adheres to AFSL regulatory requirements. They have a Compliance Committee where regulatory changes are reviewed and discussed.
Would leverage ASIC's Enhanced Regulatory Sand Box	No.

### PRICING

Pricing model	The pricing model for end invested clients is based off the dollar amount that is invested, regardless of whether the client is acquired via B2C or B2B. There are no implementation costs for B2B partners/customers.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	×	Chat functionality	✓
Speech to text	×	Artificial Intelligence/Machine Learning / Natural Language Processing	×
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	✓		

# APPENDIX B: FEATURES AND FUNCTIONALITY OF EACH PROVIDER (CONTINUED)



## BACKGROUND INFORMATION

	SuperEd (B2B)	Retirement Essentials (B2C)
<b>Market identification</b>	Digital solutions to institutions to help improve members outcomes through engagement, advice & calculators/tools.	Digital retirement assistance service with human help as needed.
<b>Business summary</b>	SuperEd serves super funds, financial institutions in Australia with a focus on retirement issues. They have offered their services in Australia for nine years.	Serves consumers in partnership with super funds as well as directly. Customers and members of super funds are acquired through referral arrangements and also directly. Retirement Essentials operates on the SuperEd platform, and it has been serving consumers for four years.
<b>Scope of service</b>	Services include household income and wealth forecasting, financial advice (factual, general, intra fund, advice, and personal) and member engagement.	Services provided include assistance with pension entitlements and retirement advice (factual, general, strategic personal).
<b>Current local customers</b>	100,000 through Retirement Essentials and more through other service offerings such as their retirement forecasting engine.	
<b>Licensing arrangements</b>	SuperEd holds AFSL no. 468859.	

## CUSTOMER BASED INFORMATION

<b>Target market</b>	Target markets are typically B2C and include older "everyday" Australians who have pre or post-retirement issues.
<b># of SOAs generated</b>	SuperEd generates SOAs and with 50-60 advice sessions per month via Retirement Essentials, in addition to their age pension concierge services.
<b>Customer journeys</b>	If eligible, customers can complete the Age Pension Application or Commonwealth Seniors Health Card Application Concierge Service. Retirement Essentials reviews and submits the application and becomes the customer nominee with Centrelink.
<b>Dashboards</b>	Dashboards enable customer configured dashboard reporting and data visualisation. Retirement Essentials platform does not include a dashboard.
<b>Digital channels</b>	Digital channels include web and mobile.
<b>Offer ancillary services</b>	Retirement Essentials Entitlement Services are unique in the marketplace and are highly valuable ancillary services to a super fund retirement advice offer. Member data collected as members access services can be shared, with member permission, back to super funds.

## TECHNOLOGY

### TECHNOLOGY PLATFORM

Modular (flexible) architecture	✓	Cloud hosted	✓
SaaS offering	✓	Automated scaling	✓

### INTEGRATION

Open API	✓	API pattern	REST
Consumes unstructured data	✓	Open Banking integration	✗

### CYBER SECURITY

ISO 27001 (Info Sec) compliant	✓	Encryption in transit and at rest	✓
Regular penetration tests/security audits	✓	Customer PII data hosted only in Australia	✓
BCM and DR in place	✓	Audit logs capturing key user events	✓

### IMPLEMENTATION

Preferred solution change model	Configuration only required to make changes to the UI
Preferred implementation model	<b>Hybrid:</b> For Retirement Essentials (B2C) SuperEd will implement in conjunction with the relevant client teams. For larger more complex SuperEd (B2B) solutions will typically partner with an SI partner unless the client has inhouse implementation capabilities.

### SUPPORT

Support model	Level 1 – 3: SuperEd.
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### RISK AND COMPLIANCE

Risk and compliance management	As an AFSL provider, SuperEd manages risk internally via a Risk and Compliance Committee Framework. All legislative and regulatory changes are monitored by this framework and embedded.
Would leverage ASIC's Enhanced Regulatory Sand Box	No, it's too restrictive and not necessary.

### PRICING

Pricing model	The pricing model depends on the complexity of each customer's circumstances. There are additional B2B customer charges for installation and ongoing support as well as for any development unique to the customer.
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### FEATURES AND FUNCTIONALITY AT A GLANCE

Adviser notifications/comments	✓	Risk profiles/scoring engine	✓
Adviser auditing & monitoring	✗	Chat functionality	✓
Speech to text	✗	Artificial Intelligence/Machine Learning / Natural Language Processing	✗
Strategy based advice capability	✓	Fully-customer led advice journey	✓
Fact Find	✓	Regulatory updates to features/functions embedded in fee structure	✓
Fee deduction/collection	✓		

## APPENDIX C: RECENT PUBLICATIONS

### **QUALITY OF ADVICE REVIEW – ISSUES PAPER**

FSC and KPMG's research paper on financial advice fees released June 2022

### **KPMG'S FINTECH REPORT 2022**

KPMG's survey report on Australian fintech firms released June 2022

### **KPMG'S AUSTRALIAN FINTECH LANDSCAPE 2022**

KPMG's Landscape report on Australian fintech firms released October 2022

### **THE COST PROFILE OF AUSTRALIA'S FINANCIAL ADVICE INDUSTRY**

FSC and KPMG's research paper to ascertain the impacts of proposed FSC advice reforms released August 2021

### **REBUILDING TRUST**

KPMG's overview of the Royal Commission Final Report into Misconduct in the Banking, Superannuation and Financial Services Industry released February 2019

### **KPMG'S BIENNIAL FRONTIERS IN FINANCE**

KPMG's exploration on how financial services ecosystems are transforming through digital platforms, innovative technologies, and crypto assets released May 2022

### **KPMG'S 10 PRIORITIES FOR FINANCIAL SERVICES LEADERS IN THE NEW REALITY**

KPMG's report on financial services priorities for leaders released September 2020

### **KPMG'S 30 VOICES ON 2030 – THE NEW REALITY OF FINANCIAL SERVICES**

KPMG's report on disruption and the future voiced by 30 distinguished leaders in financial services and beyond released February 2021

### **KPMG'S FINANCIAL SERVICES 2030: UNLOCK YOUR POTENTIAL WITH PEOPLE AND CULTURE**

KPMG's report on predictions for 2030 which suggest actions for organisations to be future prepared released November 2022

### **AMP'S FINANCIAL WELLNESS REPORT**

AMP's research on financial wellness in Australia released September 2022

## ENDNOTES

1. **Transforming Financial ‘Advice’ Report**, Conexus and CoreData, September 2022, Executive Summary, Page 5
2. **The Cost Profile of Australia’s Financial Advice Industry**, FSC and KPMG, page 15
3. **Transforming Financial ‘Advice’ Report**, Conexus and CoreData, September 2022, Page 16
4. **Value of Advice Survey** conducted by MYMAVINS for the Financial Planning Association, 5 October 2022
5. The Quality Advice Review was first released on 11 March 2022. Proposals for discussion were issued in August 2022 and the expectation is that the QAR will respond to submissions in December 2022
6. Research shows that only 7% of investors in Australia have accessed robo-advice compared with 23% of investors in the US and 13% of investors in the UK, **Robo advice vs digital advice: what is the difference**, Money|Management, April 2022
7. Note that ASIC’s intent under RG 255 is to provide guidance for firms to comply with existing requirements and that those who provide combined (or hybrid) financial product advice models should also consider the guidance under RG 255.9, 255.10 and RG 221.
8. Link has in the past allowed clients to use their own AFSL however it is not their preferred model
9. Invest Cloud currently partners with Dash and MoneyGPS
10. Note that one provider did not respond to this question
11. Note that one provider did not respond to this question
12. “The demand for advice has soared since the onset of the pandemic, with 29% of unadvised Australians looking to seek help from a financial adviser”, **Australian Financial Adviser Landscape 2022**, page 8
13. **The Cost Profile of Australia’s Financial Advice Industry**, FSC and KPMG, page 15
14. **The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry** conducted in 2018 and reported on in February 2019
15. **One on one with the FPA CEO Podcast**, March 2022
16. **Rainmaker** research released on LinkedIn on 28 September 2022 indicated that adviser numbers have dropped from 26,500 to 16,671 since 2019
17. KPMG research undertaken in August 2021.
18. **Quality Advice Review Proposals**, August 2022, page 4
19. **Quality Advice Review Proposals**, August 2022, page 7
20. **Quality Advice Proposals**, August 2022, point 2.14 page 18
21. As highlighted by the QAR Final Report, “only a relevant provider is able to call themselves a financial adviser, financial planner or stockbroker” (p90) and it “will be a matter for the AFS Licensee to determine whether the personal advice can be provided by an individual who is not a financial adviser, if an individual is providing the advice at all”, (p 89).
22. The High Court confirmed that Westpac had breached financial services laws, including the requirement to act in the clients’ best interests and to act honestly, efficiently and fairly, in relation to advice provided to 14 customers. Westpac asserted that the advice was general, and ASIC asserted that the advice should have been personal. 3 February 2021. As per 21-013MR, that the High Court found Westpac subsidiaries breached the Corporations Act by providing personal financial product advice in calls made to 14 customers. Neither company was licensed to provide personal financial advice. 21-013MR ASIC successful against Westpac subsidiaries’ appeal to High Court | ASIC
23. **Australia’s financial adviser numbers in 2024**, Rainmaker Information, 28 September 2022
24. Planned to be completed in 2023
25. Dash Technology Group is a participant in the market scan survey
26. MoneyGPS is a participant in the market scan survey
27. Move to a microservice architecture is currently underway
28. MoneyGPS is a participant in the market scan survey
29. Uses a private API
30. Subset of PII data stored in the US hosted CRM



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