



# EMPOWERED WEALTH

Exploring the wealth management  
models of the future

Presented by **NAB LABS**

**September 2017**



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## About NAB Labs

NAB Labs is National Australia Bank's innovation hub, focused on the rapid experimentation and commercialisation of customer-led innovation. Primarily driven by human-centred design, NAB Labs investigates current challenges, analyses trends, and understands users to identify, prototype and iteratively deliver solutions. NAB Labs brings to life the infrastructure, capabilities, and talent of the organisation to allow disruptive innovation to go to market quickly and efficiently to 'change the way the bank changes'.

# FOREWORD



The future of Wealth in Australia depends largely on our ability as providers to be useful to our customers. Wherever they are and whatever stage of life they are in, we need to be there with the right help, guidance and advice, delivered in the way our customers want it, in order to meet their needs and propel them forward in life.

There is no doubt that digitally enabled products and services are playing a larger role in helping us deliver advice to our customers in a more agile and flexible manner, but fundamental to the success of these platforms is their ability to work hand-in-hand with traditional advice. As customer needs grow and evolve over time, digital and traditional offerings must not be an 'either or' proposition but work together to deliver a seamless experience in the moments that matter for our customers across every life stage. I'm proud of the work NAB is doing to help transform the way Australians build, manage and monitor their Wealth and look forward to the incredible opportunities that lie ahead for us as an industry.

## **Matthew Lawrance**

*Executive General Manager – Wealth, NAB  
CEO – MLC*



The building, managing and monitoring of wealth is inextricably linked to the human experience, and whilst it will continue to be so in the future, traditional engagement models are fundamentally changing. Customers are demanding flexible products and services that allow them to build, manage and monitor their wealth on their terms. Overarching technological and demographic shifts are further catalyst for this change, creating unprecedented opportunity to create new capabilities, products and services that meet a broader set of customer needs and segments.

Both traditional and Fintech players around the world have responded to this opportunity and continue to provide new solutions to support customers through their personal wealth journey. At NAB we are challenging ourselves to continually innovate to support our customers with the right advice tools at the right time. As NAB's innovation centre of excellence, NAB Labs is excited by the potential to transform wealth management and empower customers to make the most of their money to live the life they strive.

## **Jonathan Davey**

*Executive General Manager – Digital and Innovation, NAB*

## **Key insights**

- Wealth management encompasses a broad set of customer needs and personas underpinned by complexity of needs as well as desire for control and accessibility
- Broader global and industry specific trends are accelerating development of new capability and possibilities to support customers to build, monitor and manage their wealth
- Fintechs and incumbents are responding to these trends however high barriers to entry mean new products are heavily modular with few platforms that allow customers to manage their wealth holistically across multiple asset classes

- Wealth models of the future need to support a range of solutions that are both personalised and accessible to a broader range of customer personas

### **Key opportunities include:**




- Provision of holistic wealth management solutions via both digital and face-to-face channels
- Leveraging new technology to augment existing capability in advice and investment management to deliver these services digitally

# 1. CONCEPT OVERVIEW

For generations, humans have been focussed on planning their financial future to achieve personal goals. Although the mechanisms used to manage wealth may vary based on individual preferences, wealth management is embodied in how we choose to spend our money, what sacrifices we are willing to make and what it is that we are ultimately working towards. Frictionless access to the necessary tools and insights at the right time and price point are crucial for this process.

## Personas

NAB research has identified three key investor personas which are representative of how people consider managing personal wealth.

<b>James, 52</b> <i>Delegator</i> 	<b>Helen, 27</b> <i>Validator</i> 	<b>Michael, 38</b> <i>Self-directed</i> 
<ul style="list-style-type: none"> <li>• Has an advisor</li> <li>• Knows the importance of managing his wealth, though is too time poor to do this himself</li> <li>• Has investments in multiple assets, and delegates the majority of his investment decisions to an advisor</li> <li>• Trusts the advice of professionals, however wishes it was easier to view his net wealth position and communicate with his advisor</li> </ul>	<ul style="list-style-type: none"> <li>• Does not have an advisor but wants support and advice</li> <li>• Confident in her financial knowledge and prefers to do her own research on investment strategies</li> <li>• Open to end-to-end as well as episodic advice on her terms and at the right price point</li> <li>• Trusts the advice of professionals, however wants to make the final call on investment decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Does not want an advisor</li> <li>• Wants to understand different investment strategies himself</li> <li>• Has limited time to do extensive research and therefore wants relevant insights at his fingertips</li> <li>• Prefers to invest in assets using his own judgment, but would like to access tools and insights to support these decisions when required</li> <li>• Wants easy access to a wide variety of investment vehicles</li> </ul>

## Customer needs

Despite having different approaches towards wealth management, investors such as James, Helen and Michael are demanding greater flexibility and transparency in the way that they build their investment portfolios, monitor the performance of their investments and manage their risk and return profiles in order to achieve their wealth objectives.

	 <b>BUILD</b>	 <b>MONITOR</b>	 <b>MANAGE</b>
 <b>James, Delegator</b>	<p>"I want my advisor to build on my existing investments, as aligned to my broader goals and life stage"</p>	<p>"Have I increased my wealth? I want transparency over the performance of my investments"</p>	<p>"Help me be better connected with my advisor so they can quickly respond to my changing needs and goals"</p>
 <b>Helen Validator</b>	<p>"I've done my own research however, I want ways to validate my thoughts digitally and in person"</p>	<p>"I want an aggregated view of my real-time wealth and tools to evaluate and track my financial position"</p>	<p>"I want to make adjustments to my investments via a digital platform, and validate those decisions with an advisor in some cases"</p>
 <b>Michael Self-directed</b>	<p>"I want access to tailored insights and a range of tools that will support my decision making"</p>	<p>"I want a deep understanding of the performance of my investments so that I can track my progress against my goals"</p>	<p>"Provide me with tools that will allow me to manage my own portfolio with confidence"</p>

# Global trends driving new frontiers

Whilst underlying customer needs will endure, six megatrends in the macro environment are starting to challenge the way incumbents and Fintech players meet these needs. These trends are embodied in three key themes of enhanced accessibility, changing investor preferences, and demand for greater value and variety.

## Greater value and variety

### Increased transparency

Global regulators are responding to innovation by demanding greater transparency of fees and performance outcomes. This places significant pressure on existing models and new entrants to deliver greater value to investors.

### Product sophistication

New entrants bring greater variety and complexity of products, ranging from very simple to highly sophisticated investment vehicles.

## Enhanced accessibility

### Globalisation

Globalisation is driving the ability for investors to easily access both domestic and global markets.

### Access to information

Technology has made access and sharing of information easier.



## Changing investor preferences

### Liquid expectations

Expectations of heightened customer experiences are transferring across industries. This is fundamentally changing the way we expect to be engaged.

### Trust

Within a data sharing and globalised world, consumers are increasingly placing more importance on trust and authenticity as they select products and services.

## Millennials<sup>1</sup>



The millennial boom is one of the largest generational cohorts in history and will be a key catalyst in shaping the products and services of the future. Inherently empowered as a group, this socially connected segment are demanding business models they can engage with on their terms. Having grown up within a digital-first but also debt-ridden world, millennial customers are re-shaping the traditional 'Australian Dream' as they place more emphasis on lifestyle and wellbeing over traditional goals such as owning a house or car. These preferences extend to the value they place on creating social value as they are two times more likely to invest in social causes through impact investment vehicles than their predecessors. As the millennial cohort starts to move up the age curve and build their financial future's, the wealth management models of today need to adapt.

## Industry accelerators

Beyond the macro environment, there are a number of trends specific to the wealth management space that are also accelerating industry transformation:

### Emerging business models

- Account aggregation
- Global platforms connecting investors and peers/advisors
- Customised portfolio allocation

### Advanced Technology & Analytics

- APIs driving simple access and sharing of data
- Increased sophistication of data analytics delivering enhanced capability to identify and quantify risk
- Algorithms which automate and increase the sophistication of advice

### Changing Preferences

- Deeper, more sophisticated insights and advice for those looking to self-direct their wealth
- Simplified and automated investment solutions (e.g. ETFs which automatically rebalance)
- Digitised wealth management solutions for existing investment portfolios

<sup>1</sup>. Deloitte, The 2017 Deloitte Millennial Survey, 2017

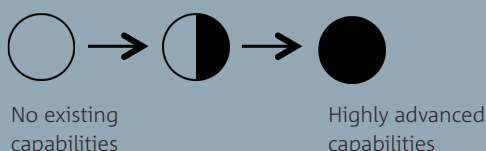
# What capabilities should we expect in the future?

As consumer expectations of a seamless digital experience become more fluid across industries, expectations of wealth management are no longer being set by traditional perceptions of what the industry has to offer. Acknowledging strong evolution to date, over the next decade we can expect to witness a substantial uplift in capabilities, allowing customers to pick and choose products and services that cater to their needs. This further evolution will not only continue to enhance existing business models but also create new ones.

BUILD			MONITOR			MANAGE		
Capabilities	Today	2020+	Capabilities	Today	2020+	Capabilities	Today	2020+
Explore investment options based on target risk and return			Have holistic position of overall wealth across all asset classes			Notification of position changes and new opportunities		
Dynamically assess potential outcomes/exposure in line with strategy and objectives			Safe, secure and central virtual storage of ownership documents			Dynamic assessment of new opportunities based on behavioural mindset and goals		
Custom build portfolios including Investments in equities, cash and fixed income			Breakdown of wealth position relative to goals and aspirations			Automatic reallocation based upon changing circumstances		
Build sophisticated portfolios with multiple asset classes including property			Ability to access fixed price advise from a range of different advisors			Tools for advisor to automatically reallocate existing assets based upon changing client circumstances		
Arrange insurance/hedging to manage downside risk of portfolio			Advanced performance reporting and portfolio health check					

## KEY

### Development of capabilities



### Personas



# The rise of Exchange Traded Funds (ETFs)

Over the past decade, the extent to which many actively managed funds have outperformed the market has been marginalised. This has driven a trend toward passive investment strategies as an increasing number of investors have begun to place their money in ETFs with low fees and strong market returns. Accordingly, active fund managers (who have historically charged higher fees than ETF based platforms) are under increasing pressure to create more value and provide greater transparency to investors.

## 2. GLOBAL LANDSCAPE

Estimated to be worth US\$ 168 trillion, it is no coincidence that the market for private wealth is huge given it is inherent to the human journey<sup>1,2</sup>. Whilst a large portion of overall wealth is currently controlled by organisations that specialise in actively managing assets, this is starting to shift as investors move toward passive investment approaches and the number of digital wealth management solutions in the market continue to grow.



### Wealth distribution<sup>3</sup>

53% mass households  
47% millionaire households

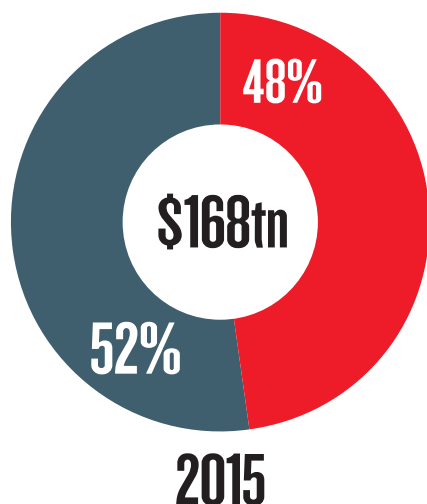
### Asset allocation<sup>4</sup>

42% equities  
42% cash and deposits  
16% bonds

### Annual growth<sup>5</sup>

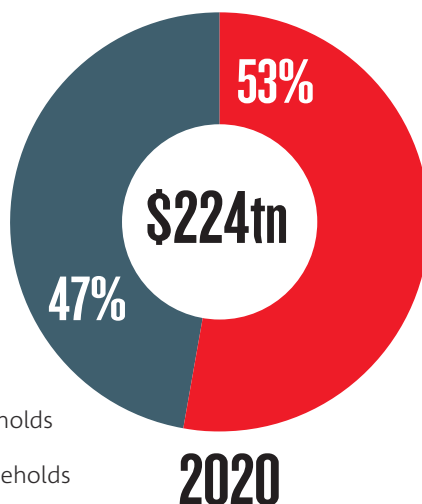
5.9% projected average annual growth  
from 2015—2020

## Who holds this wealth?



### Mass household wealth is king for now...

In recent years, global wealth has been heavily skewed towards mass wealth households, with 52% of wealth attributed to those with less than US\$1 million in total assets<sup>8</sup>.



### The distribution is shifting...

Over the next five years, the distribution of global wealth is expected to shift, with the share of wealth held by millionaire households forecast to experience greater than twice the amount of growth as mass households<sup>8</sup>.

1. Boston Consulting Group, Global Wealth 2016 – Navigating the New Client Landscape, 2016. Note: Global Financial Wealth includes cash and deposits, mutual funds, equities, debt securities, life insurance payments, and pension entitlements held either directly or indirectly through managed investments.

2. Boston Consulting Group, Global Asset Management 2016 – Doubling Down On Data, 2016

3. Boston Consulting Group, op.cit

4. Boston Consulting Group, op. cit

5. Consultancy.uk – <http://www.consultancy.uk/consulting-industry/financial-advisory>

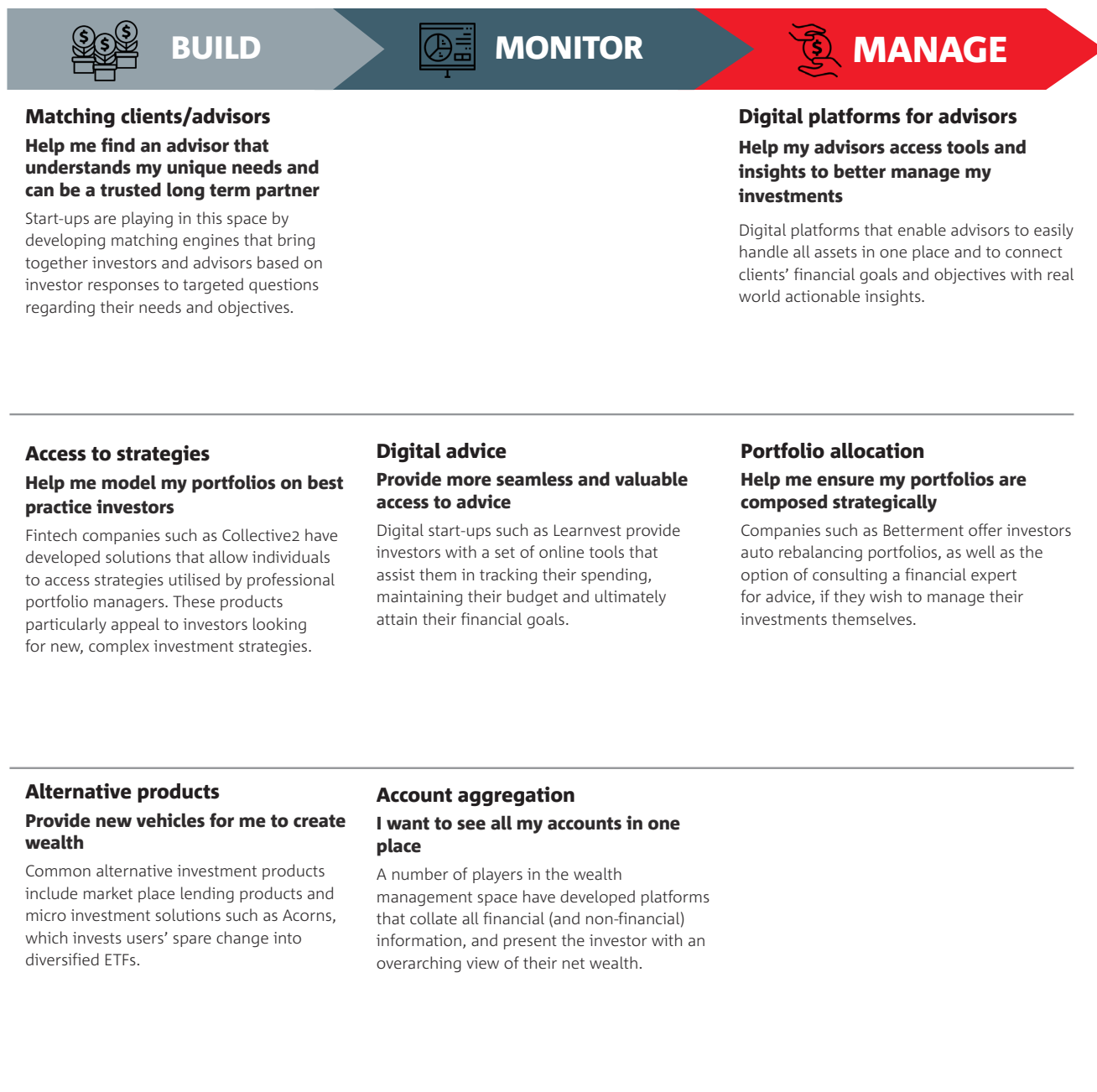
7. Deloitte, Positioning for prosperity? Catching the next wave, 2014

8. Boston Consulting Group, op. cit.



# Global Fintechs see the opportunity

The products and services delivered by many new entrants have been modular in fashion, whereby their solutions successfully serve a specific customer need, but do not provide a holistic wealth management experience.



## Is there opportunity for new entrants with large balance sheets?

Large digital and technology players like Google, Amazon and Facebook are continually demonstrating their ability to leverage core competencies to create new offerings and enter new industry segments. Given the large economic value at stake, these players could add real value to the customer experience of wealth management. For example, the application of Google's leading data science and machine learning capability could add immense value to how people build, manage and monitor wealth in a machine driven world. Google's proprietary data sets also enable unprecedented access to data underpinning consumer preferences and behaviour. Google's 2014 purchase of DeepMind Technologies, a London based artificial intelligence company, could indicate they are looking to play in this space.



## How are incumbents responding?

With increased competition from emerging players, global incumbent wealth management and financial advisory firms are faced with the challenge of adapting traditional models to cater for increased demand for flexibility of channel and transparency of fees and performance.

### Adapting business models

Incumbent players who traditionally provide comprehensive wealth advice to clients face-to-face and via telephone calls, are shifting their models to make advice, investment tools and insights more accessible via digital channels

#### Key example

Charles Schwab have developed a hybrid model that allows clients to receive live advice and portfolio recommendations through virtual meetings with their advisers. The model also provides investors the ability to control their own wealth and investment decisions by giving them access to a suite of ETFs and investment tools

### Embracing collaboration with Fintechs

Rather than perceiving fintechs as threats, over the past few years banks have opened to the idea of collaboration with emerging players, as they believe their technologies hold the potential to complement existing human-led advisory models

#### Key example

In 2016, American-based bank Wells Fargo announced that its advisory arm will collaborate with SigFig, a wealth management tech company, to develop a Digital Advisory Offering. The collaboration aims to provide a holistic financial experience, utilising both automated-investing tools and direct-to-client products

## The evolution of digital advice models

Despite the continued importance placed on face-to-face advice channels, the recent growth in robo-advice platforms are widening the accessibility of formal advice to meet a broader set of customer needs. NAB's research suggests that rather than replacing existing face-to-face models, these platforms are another support mechanism for the validator segment who want advice and support but don't perceive current models as accessible. At the current level of capability however, these platforms are not sophisticated enough (nor able to be due to compliance obligations) to provide the level of personalisation offered by many advisors, thereby replacing the human altogether. With the evolution in regulation as well as application of new technologies, there is great opportunity to consider digital advice as not replacing human advisors but creating meaningful digital experiences that create new value for customers.

# EXTERNAL PERSPECTIVE

## BlackRock

*Dominik Rohe, Country Head & Managing Director of BlackRock Australia*

**Our clients throughout the world see that their models need to evolve to meet the challenges of regulation, digital disruption and tough markets. These are three different trends that intersect with digital advice. Across the globe, we are already seeing a shift away from independents to more established players building digital advice offerings, where they can bring their brands and existing client acquisition capabilities to bear. Digital advice presents some distinct challenges and opportunities, for instance adding potential for greater operational simplicity whilst accelerating fee compression.**

### **Transparency: Legacy systems will not be enough**

Moves towards greater pricing structure transparency are leading to higher compliance and regulatory costs. Digital advice, and its application to diversified client portfolios fit for a lower yielding environment, also lowers costs for investors. These two trends present challenges to existing wealth provider models.

Firstly, fee pressure has followed regulatory moves towards transparency. Secondly, more onerous reporting presents a requirement for regulatory driven technology that provider legacy systems have often not been designed to cover. Both require wealth providers to invest in technology to deliver compliant, cost-efficient portfolio solutions to clients.

### **Technology will set the winners apart**

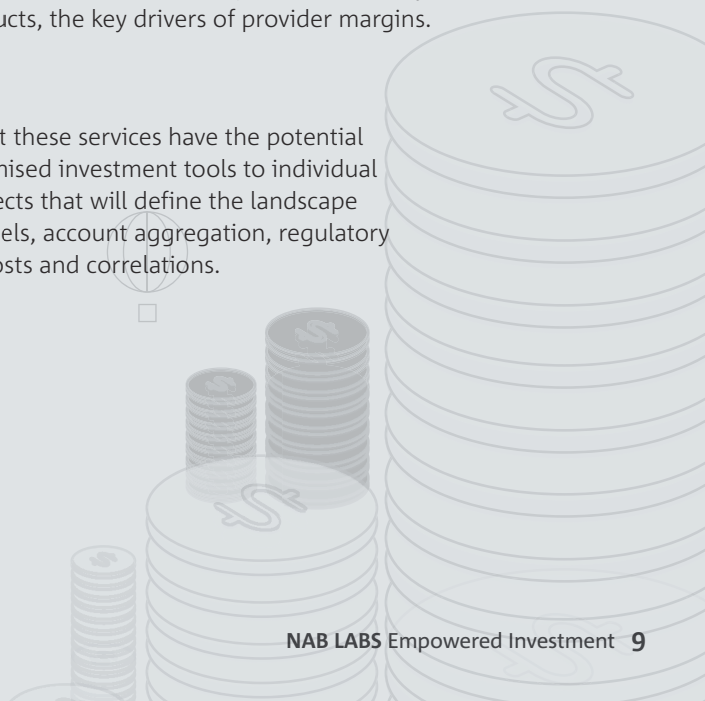
The application of technology services can be advantageous for financial institutions by automating routine aspects of the client servicing process. Digital systems also provide advisers with greater channels of communications to their clients and increase engagement. Advisers are learning how to articulate a service-based value proposition and re-structuring their business accordingly.

There is demand for systems, processes and insights to support advisers in producing appropriate, customised and robust portfolios, and investment solutions for clients. Digital advice also requires the ability to process increasing levels of data on a unified platform.

Technology that has been previously available to institutional investors, particularly around portfolio construction and risk, is now required in the wealth space and being adopted by banks across the global market. But it is now also at a price point that makes it viable. The effects of fee compression are likely to make advice and portfolio construction, not sales and products, the key drivers of provider margins.

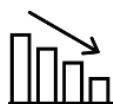
### **Winning attributes**

The evolution of digital advice is still in its very early stages but these services have the potential to significantly mitigate behavioural biases and provide customised investment tools to individual investors at a relatively low cost. We believe there are key aspects that will define the landscape for the winners in this new space such as mobile enabled models, account aggregation, regulatory technology and, the ability to digitally analyse portfolios for costs and correlations.



### 3. AUSTRALIAN LANDSCAPE

Maintaining and growing wealth in Australia has historically been achieved by investing across three key asset classes; savings accounts, equities, and property investments. Despite industry advances and evolution to improve accessibility and insight around these asset classes, 92% of Australian adults still indicate that they have concerns about their finances.<sup>9</sup> There are two key factors particular that have lead to a greater need for support in this area.



#### Interest rates

Over the past 30 years, the cash rate in Australia has fallen from 17.5% in 1990 to a record low of 1.5% in 2016, where it remains today.<sup>10</sup> This means that compared to previous generations, it is no longer a viable option for Australians to grow their wealth through investing their funds in a savings account.

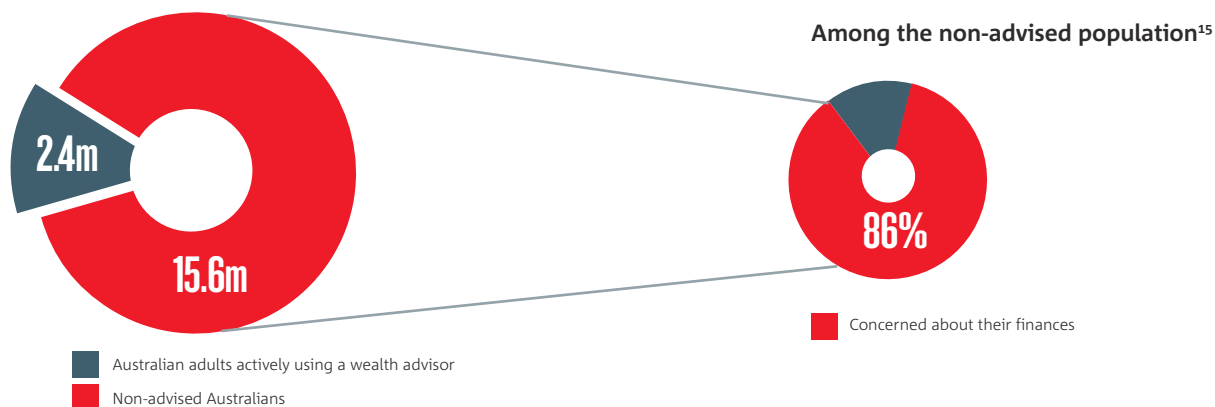


#### Property prices

Over the past 5 years, Australian property prices have risen by greater than 40%.<sup>11</sup> In contrast, over the same period of time the average Australian wage has risen just 13%, illustrating that under current circumstances it is more difficult than ever before for first home buyers to enter the property market without the support of intergenerational wealth transfer<sup>12</sup>

### Unmet advice needs

Less than 15% of Australians are currently receiving professional financial advice. Among this non-advised population, 86% are concerned about their finances, indicating that there is a substantial opportunity to better serve the wealth needs of the Australian market<sup>13</sup>. To many Australians, accessing advice remains out of reach due to the mismatch with the demand for accessible advice at varying levels of sophistication and price points with current offerings<sup>14</sup>.



### What are Australians looking for advice on?

Surveys also indicate that the majority highlighting the following three needs as areas which they would like to receive financial advice, however are currently not<sup>15</sup>:

- Buying an investment property
- Planning for retirement
- Having an investment strategy

9. MLC, Investment Trends Financial Advice Report, July 2016

10. RBA Statistics, Historical cash rate - <http://www.rba.gov.au/statistics/cash-rate/>

11. Australian Bureau of Statistics – December 2016

12. MLC, Investment Trends Financial Advice Report, op. cit.

13. Ibid.

14. Ibid.

15. Ibid.

## Current offerings from Australian Fintechs

Many emerging players in the Australian market have recognised the opportunity to address the needs of Australian customers with solutions closely aligning to the global mix. Whilst this represents strong progress in meeting a broader set of needs within the Australian population, the majority of solutions are targeting the validator segment via products which provide access to low-cost digital platforms that enable investment performance tracking of passively managed ETFs.



### Risk-based models

The most common business models adopted by Australian Fintechs require investors to respond to a series of targeted questions that provide the platform with an insight to the investors risk appetite.

Stockspot has replicated a similar model, developing solutions that recommend a diversified portfolio (ETF) to investors, aligning to their risk profile.

### Visualising performance

Australian robo-advisor Ignition Direct has developed a digital wealth management platform that visually breaks down the underlying assets that make up their ETF's, as well as providing them with tools to track the performance of their portfolios in greater detail.

### Auto-rebalancing portfolios

QuietGrowth is another Australian Fintech offering risk-profile aligned ETF solutions to investors; however, where QuietGrowth differentiates itself to competitors is in its automatic and periodic rebalancing of the customer's portfolio in order to adjust the risk exposure of the investment in line with cyclical market fluctuations

## Areas of opportunity

**James, 52**  
*Delegator*



**Helen, 27**  
*Validator*



**Michael, 38**  
*Self-directed*



### Holistic wealth management platforms

The products and services provided by new entrants currently address customer needs for either a specific segment or at a certain stage of the wealth lifecycle. This presents a key opportunity to address the wider needs of the market by offering a more holistic wealth experience that integrates the following features:

- Customers are able to determine the level of control/visibility granted to their advisors (e.g. full control, partial control, no control)
- Customers are able to engage in all stages of the wealth management lifecycle through a single platform that offers a multitude of investment vehicles (build), an aggregated view of ones wealth position (monitor), and the tools and insights to allow advisors/clients to manage their wealth position on an ongoing basis (manage).

### Leverage new technology to augment existing capability

There is an opportunity to leverage advanced data analytics and artificial intelligence in order to produce more granular insights relating to financial markets and industry performances. Ultimately this would allow both self-directed investors and advisors who are managing investments across multiple asset classes to make better informed decisions and therefore optimise returns.

# EXTERNAL PERSPECTIVE

## myprosperity

Chris Ridd, CEO of the online advisory software company myprosperity, is associated by many as the ex-Managing Director of Xero. Xero, a cloud-based accounting software company, gained its success by driving substantial efficiency gains for accountants and bookkeepers working with small and medium business (SME) clients. Chris made the decision to join myprosperity in March 2017 after recognising that the company's business model shared many similarities with that of Xero's. Whilst both companies utilise cloud technology to place real-time data in the hands of advisors, where Xero is designed to service the needs of SME customers, myprosperity aims to address the broader financial needs of household consumers.

### **“The advisor isn't going to disappear”**

*Chris Ridd, myprosperity CEO*

To date, current innovation from Fintechs in the wealth management and financial advisory space has been quite narrow in its focus, with many companies attempting to bypass human advisors through the development of automated, robo-advice platforms. Chris indicated that from his view the advisor isn't going to disappear, and that innovation should therefore focus on amplifying the value of the advisor, rather than attempting to remove them from the equation.

### **“Human advisors who lean on data about their clients will be able to offer beneficial advice in almost any domain”<sup>15</sup>**

*John Hagel and John Seeley Brown, co-chairmen of Deloitte Centre for the Edge*

Using reputable sources such as ASX, CoreLogic and Redbook to validate the value of client assets in real-time, advisors are able to understand their clients holistic wealth position, enabling them to provide proactive and insightful advice to clients on a more timely basis compared to those using static data. Ultimately, by having a holistic view of the clients wealth advisors are able to identify which of their clients are being underserved, allowing them to have far more relevant and meaningful conversations.

Whilst robo-advice platforms and human advisors will likely co-exist in the future, the continuous advancement of digital technologies provides strong reason to believe that the face of advisory will experience rapid change over the next decade, with software companies such as myprosperity ready to take on the challenge.

# 4. THE OPPORTUNITY FOR CUSTOMER INNOVATION

The combination of unmet customer needs & new technology creates a multitude of opportunities to deliver new customer value and innovation

## Help me easily build wealth across multiple asset classes



Whilst many people would say they don't have an active investment strategy, many people have predefined ways in which they manage their money. Ranging from putting cash in envelopes relating to spending categories, always transferring 20% of their salary into savings to regularly making mortgage repayments. There is an opportunity to leverage this rhythmic approach to money management to help customers build wealth holistically, in asset classes other than just cash or property. If customers had access to a tool which provided a holistic view of assets and liabilities and allowed them to build their investments incrementally, they may have more confidence to invest in alternative and complex investment vehicles to further diversify their portfolios.

## Empower my wealth to achieve my objectives



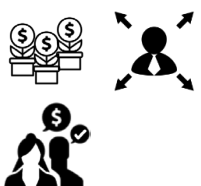
There is an opportunity to integrate and embed wealth management into customer's daily lives. An engine could be built which analyses existing holdings, assets and liabilities to provide personalised recommendations on the decisions they can make to achieve personal financial goals.

## Be your own portfolio manager



The application of more sophisticated analytics, access to data as well as artificial intelligence could provide self-directed investors with an unprecedented opportunity to have all the insights required to manage existing portfolios in a sophisticated manner. This could include personalised research recommendations on their portfolios, the overall sector and country exposures, with comparisons to recommended weightings from asset consultants, etc.

## Hybrid advice models



As customers continue to expect digital first business models, there is an opportunity to leverage hybrid platforms to allow customers the flexibility to access both digital as well as human advice at their choosing. These platforms could be further augmented with advisor matching capabilities, allowing customers to pick and select advisors based on the specific decision they are making.

## KEY

### Stages of wealth management cycle



Build



Monitor



Manage

### Personas



Delegator



Validator



Self-directed

# 5. KEY CONSIDERATIONS

## Client Centricity

### Proposition stretch

Due to the diversity in needs, behaviours and preferences, it may not be possible to scale new propositions across all personas. These segments may require different value propositions to adequately serve their unique needs. This may challenge business models that rely on scale for sustainability.

### Defining the role of computers and humans

Not all components of investment can/should be handled by algorithms; there are some instances/parts that need to be handled by a human advisor. Success will come when players establish how to use both digital platforms and human advisors together

## Capabilities of the future

### Investment in innovation and digital capabilities

Incumbents will need to invest in the development of new digital capabilities in order to continually enhance their offering and appeal to a wider audience. Investing in digital capabilities is critical to meeting the expectations of existing investors, but is also key to serving the unmet needs of the broader market.

### New skills required for advisors

The dynamic between advisors and their clients is shifting. Advice conversations are fast becoming needs-centric, whereby advisors are required to utilise customer data to understand clients on a deeper level and ultimately provide more timely and relevant advice.

## Risk and Regulation

### Regulation

New models need to create value for customers, enterprises and regulators. This will allow regulators to manage the fine balance of encouraging innovation whilst protecting investor interests. A key challenge for regulators will be to create legislation that can evolve with algorithms and machines.

### Data protection & trust

The major problem new platforms have is that for customers to extract the greatest value, they are required to place implicit trust in the use of a single digital platforms to manage their entire portfolio.

## Technological constraints

### Technical maturity

API capabilities are still in their infancy for many financial institutions, and whilst many customers have relationships with multiple banks, API capabilities will need to mature before incumbents and Fintechs are able to offer a true, aggregated real-time view of their customer's wealth positions.

### Creating value beyond a digitised experience

Rather than trying to replicate advice models of today via digital channels, product and service providers of the future need to consider how to leverage digital technology to create new meaningful wealth experiences that provide additional value.



# 6. NAB'S VISION FOR EMPOWERED WEALTH

## Deliver customer led innovation

### Continue to build broader advice solutions

We are focused on evolving our advice services and offerings to better connect to customer needs so that we can become a trusted and valued financial partner of choice. Focused on the 80% of Australians that do not receive advice today, we are building remote and automated advice services (over the phone and online) focused on educating and giving customers the guidance they need to feel in control and make better decisions with respect to their retirement. Concurrently, we are investing in and strengthening our traditional face-to-face advice offering, providing our advisers with new tools and technologies to help them improve their own service offerings and meet the needs of more customers.

### Continually optimise the NAB Trade platform

With strong transformation in this industry segment, NAB is committed to a high quality, reliable customer experience. As a leading share trading platform in Australia, NAB is committed to constant evolution of this platform to make it easier for customers (and their advisors) to invest with confidence.

## Exploration of new partnerships and participation in emerging ecosystems

### Innovation partnerships

NAB Labs will leverage its market leading Innovation Partnership capability to continue to explore and build strong partnerships with wealth management Fintechs.

### Engagement with emerging ecosystems

As this space continues to evolve, NAB will continue to identify and explore how to leverage emerging ecosystems and platforms to innovate for our customers.

## Customers

If you have an idea on how NAB can innovate to better address your needs, contact [nablabinsights@nab.com.au](mailto:nablabinsights@nab.com.au) to get in touch with our team.

## Partners & Fintechs

If you believe your company can work with NAB to better serve the needs of customers, we want to hear from you!

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