

A major challenge for property investment managers is ensuring that those groups building robo-advise systems understand and incorporate the attributes of property investment into systems.

Robo-advice has arrived and superannuation funds have taken notice with some retail and industry superannuation funds becoming early adopters. Superannuation fund trustees are under constant pressure to attract and keep members engaged, retain superannuation members post retirement and provide cost effective investment advice. The robo-advice model has the potential to engage members with efficient provision of advice much earlier in their life cycle, not just nearing retirement. Members may later transition to more extensive financial planning solutions.

Robo-advice is a category of financial adviser that uses digital technology to provide investment portfolio solutions online with minimal intervention from financial planners. As with an individual adviser, the robo-advisor guides the client through a series of questions which assess their financial and personal circumstances, and then creates a tailored portfolio of shares, property and fixed interest for implementation.

Clients will access robo-advice through online interfaces with the advice being based on responses regarding key factors which have been determined by financial advisory experts. The systems incorporate the fundamental questions appropriate for an assessment and financial advice which generates an appropriate portfolio of investments. The fundamental differentiating factor between digital financial advice and traditional financial advice is that a digital system generates the asset allocation using factors specified by experts, rather than a human through traditional analysis of an individual's financial circumstances.

ASIC acknowledges that robo-advice has the potential to offer Australian consumers good quality, low-cost, financial advice early in consumer's life-cycle. They are seeking views from the industry about the extension of existing regulations into inclusion of digital based advice.

A well-constructed advice model would incorporate both robo and traditional individual advice. Robo-advice would be used as an efficient educational tool which incubate individuals towards a full advice model as they build more assets. Robo-advisors will complement the work performed by individual financial advisers.

There is a huge gap between what individuals are willing to pay for advice and what advisers will charge for advice. Robo-advisors will help bridge that gap.

Robo-advice could revolutionise financial advice in Australia based on the principles of customer centricity, connectivity, contemporariness and compliance.

In order to build individual relationships with their members, and to improve retention rates of members as they move closer to retirement, superannuation funds are exploring how they can efficiently extend the services being offered to their members using robo-advice. The medium term objective is a tailored solution for members that not only delivers asset allocation and investment advice but can take a more holistic approach and include insurance, transition to retirement, estate planning, centrelink entitlements and asset and liability assessment.