



CONSUMERS AND TECHNOLOGY: OPENNESS TO TECHNOLOGY IN WEALTH MANAGEMENT

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Research Overview



- The Financial Services Council commissioned this research in order to inform their submission to the Financial Systems Inquiry in regards to driving a digital financial services sector
- The key aim of the research is to identify any key barriers to achieving a digital financial services sector by understanding:
 - Consumers' digital engagement
 - Digital retail habits and use of digital technology for financial services research and transactions, and
 - Intended future usage of digital technology for financial services and attitudes towards e-commerce and digital financial transactions
- The focus of the research when talking about financial services is wealth management rather than day-to-day banking.

Research methodology

- Each objective of the research was met through a different research methodology:

✓ Understand digital engagement



ConsumerScope Survey Q2 2013

Survey of ~50,000 Australians on digital device usage & purchase

Industry sources on internet/digital device usage:

ACMA Communications report 2012-13

nielsen: The Australian online Landscape review Oct 2013

Magna Global 'Unlocking the power of Mobile' report 2013

✓ Understand digital retail habits



FutureBuy Survey 2013

Survey of 600 Australians about on- and off-line retail behaviour

✓ Measure current and intended usage of digital technology for financial services and attitudes towards digital financial transactions



Adhoc survey on digital wealth management

Survey of ~1000 Australians aged 18 years and over about attitudes towards and current and future behaviour in online wealth management

Ad-Hoc research sample profile

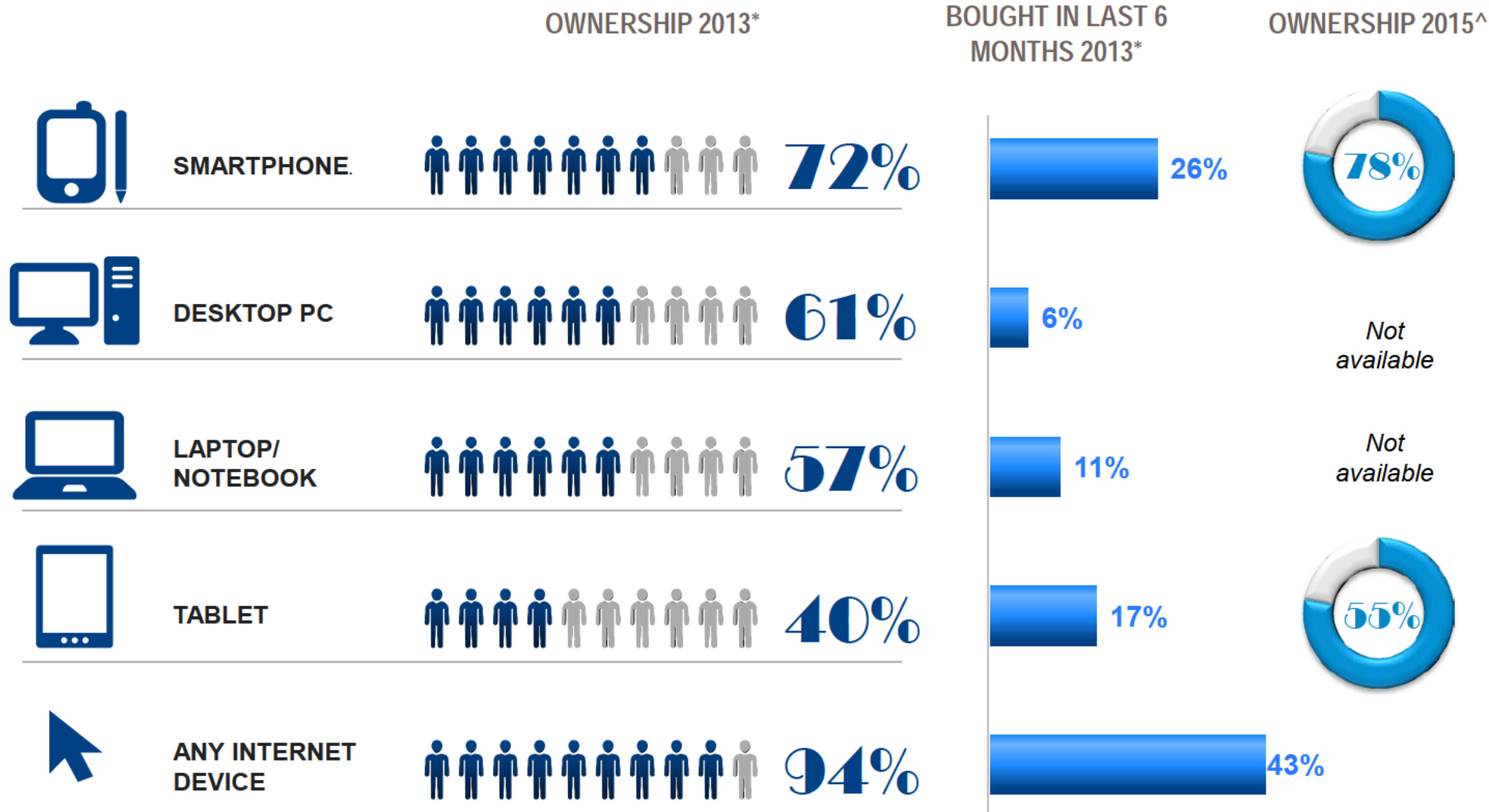
The ad-hoc research data was collected through an online survey with 1,052 Australians aged 18 years and over. Data was weighted on age, gender and location (state) to match the Australian Bureau of Statistics census profile in order to ensure it was representative of the Australian adult population.

Gender	%	Wealth management product ownership	%
Male	49	A (professionally) managed investment	19
Female	51	Self-managed share or investment portfolio	18
		Online share trading account	15
		Life insurance or income protection	28
		None of these	46
Age	%	Superannuation ownership	%
18-24	12	In adult (18+ years) population	84
25-34	18		
35-44	18		
45-54	18		
55-64	15		
65 and over	18		
Location	%		
NSW/ACT	32		
VIC/TAS	31		
QLD	19		
WA	10		
SA/NT	8		

Digital technology engagement



Almost all Australians have access to a digital device (internet-able), and device ownership is projected to grow



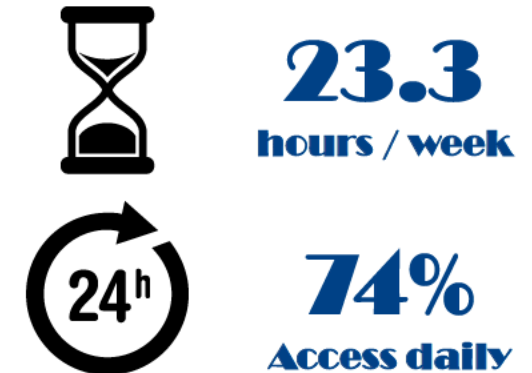
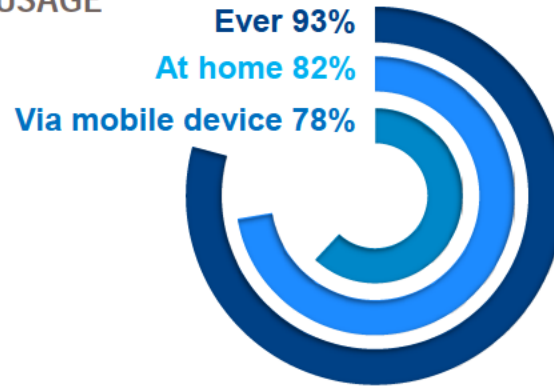
Source: *GfK ConsumerScope Q2 2013 ^Magna Global 'Unlocking the power of Mobile' report 2013
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Almost all Australians have internet access (as many at home as via a mobile device), using for the equivalent of a full day per week

INTERNET PENETRATION (AT HOME)



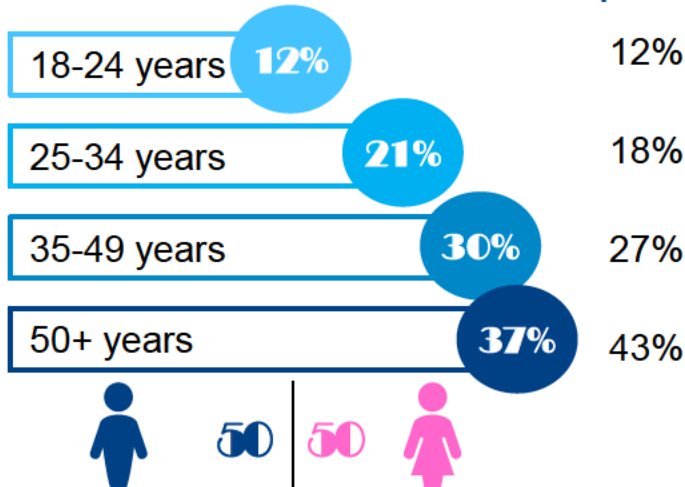
USAGE



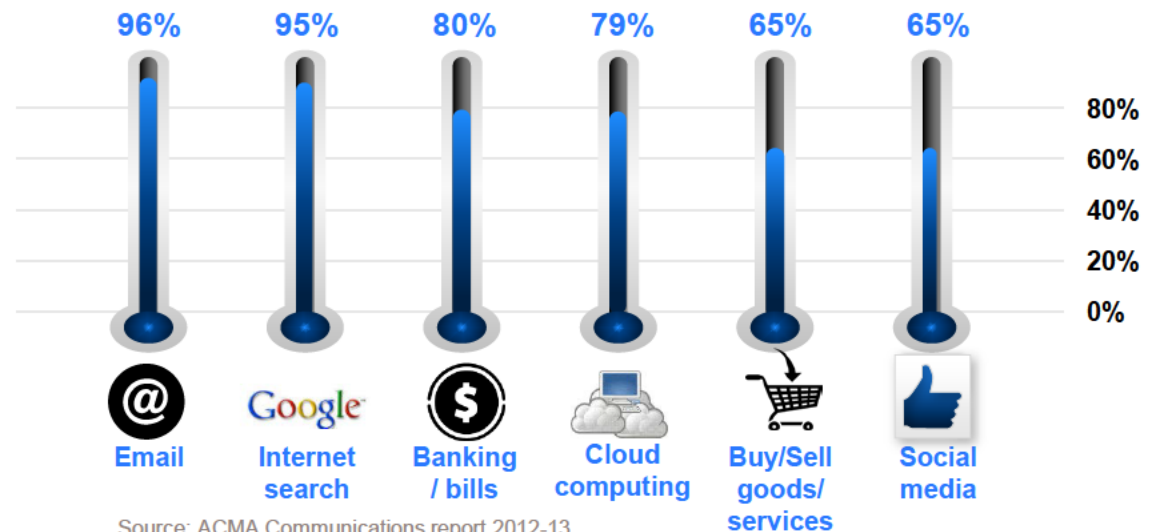
Source: ACMA Communications report 2012-13, nielsen: The Australian online Landscape review Oct 2013,
^ Magna Global 'Unlocking the power of Mobile' report 2013

USER PROFILE

Population:



COMMON USES AMONGST INTERNET USERS (last 6 months):

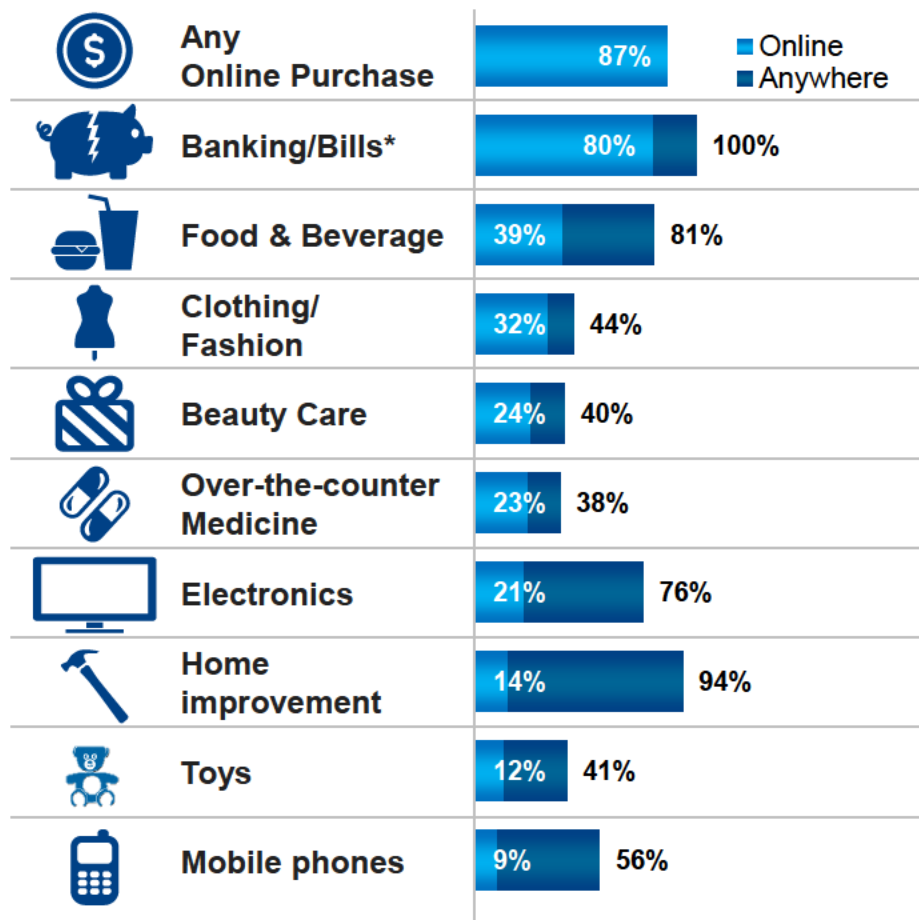


Retail and financial habits online

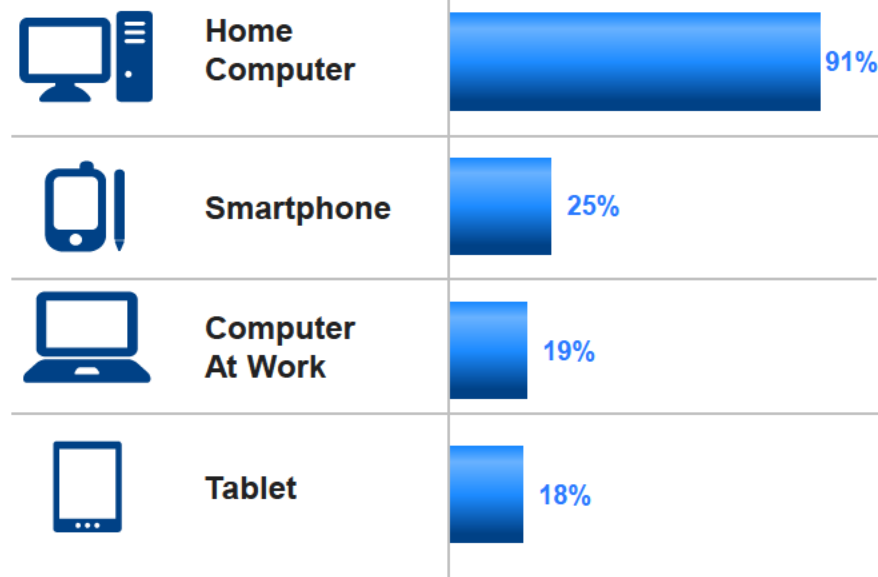


9 in 10 adult Australians shop online (i.e. almost all internet users) – 1 in 6 at least weekly. Banking/paying bills is the most common activity

RETAIL BEHAVIOUR – LAST 6 MONTHS



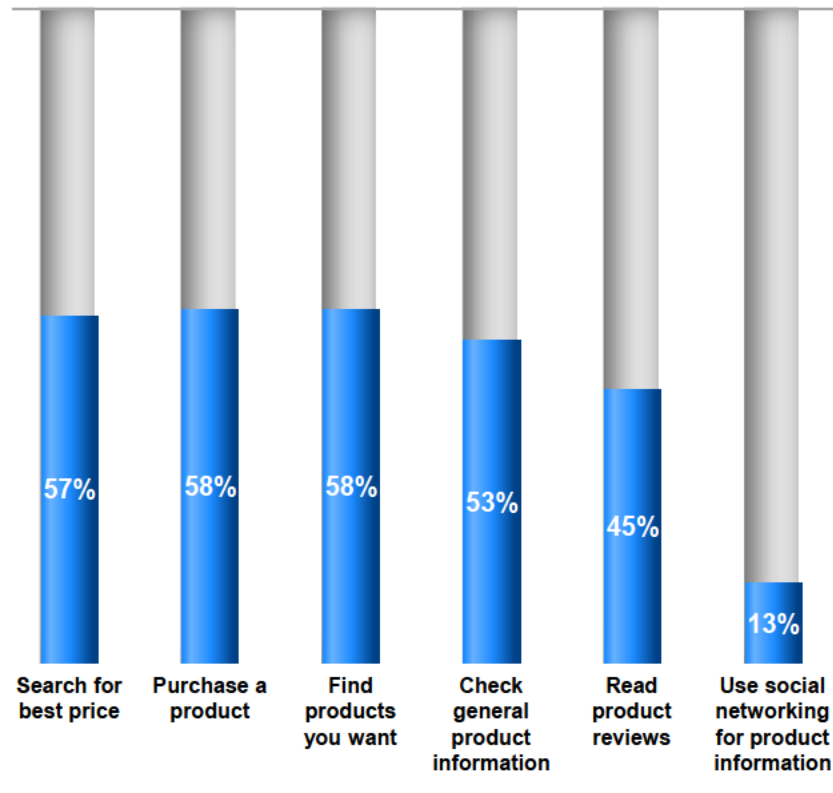
DEVICES USED TO SHOP ONLINE AMONGST INTERNET SHOPPERS)



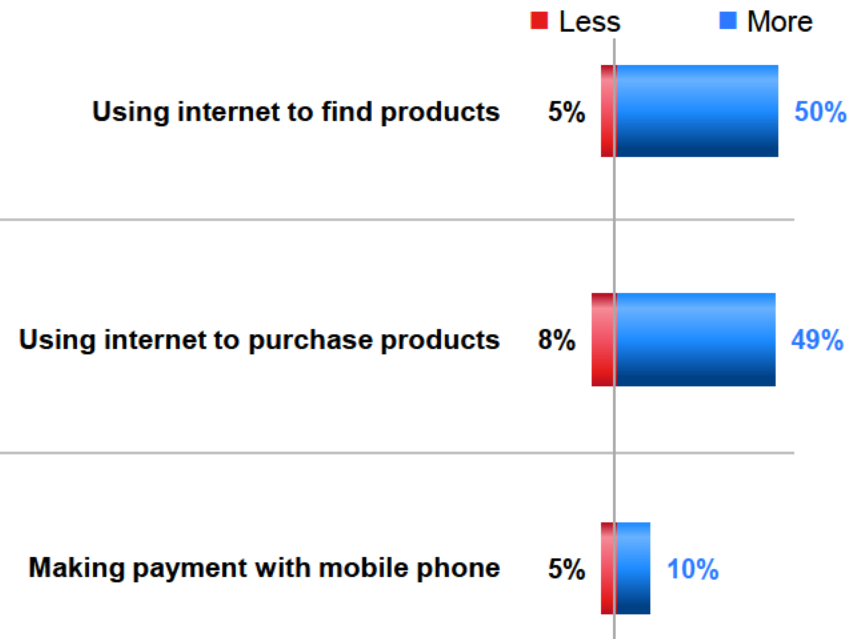
65+ year olds less likely to have purchased online (38%)

Research, search and purchase are all common digital retail behaviours... and on the rise

RETAIL ACTIVITIES CONDUCTED ONLINE IN LAST 6 MONTHS



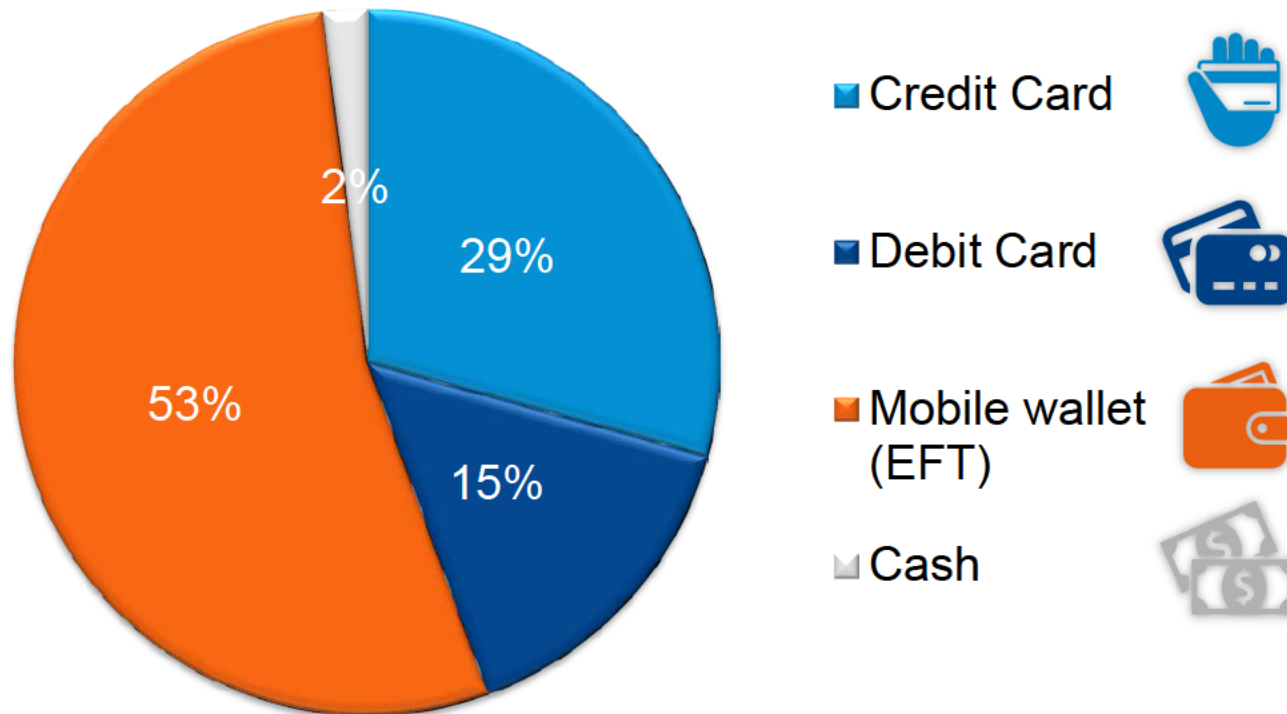
CHANGES IN INTERNET SHOPPING BEHAVIOUR



18-35 yrs	68%	67%	68%	64%	56%	23%
45+ yrs	50%	52%	51%	47%	35%	7%

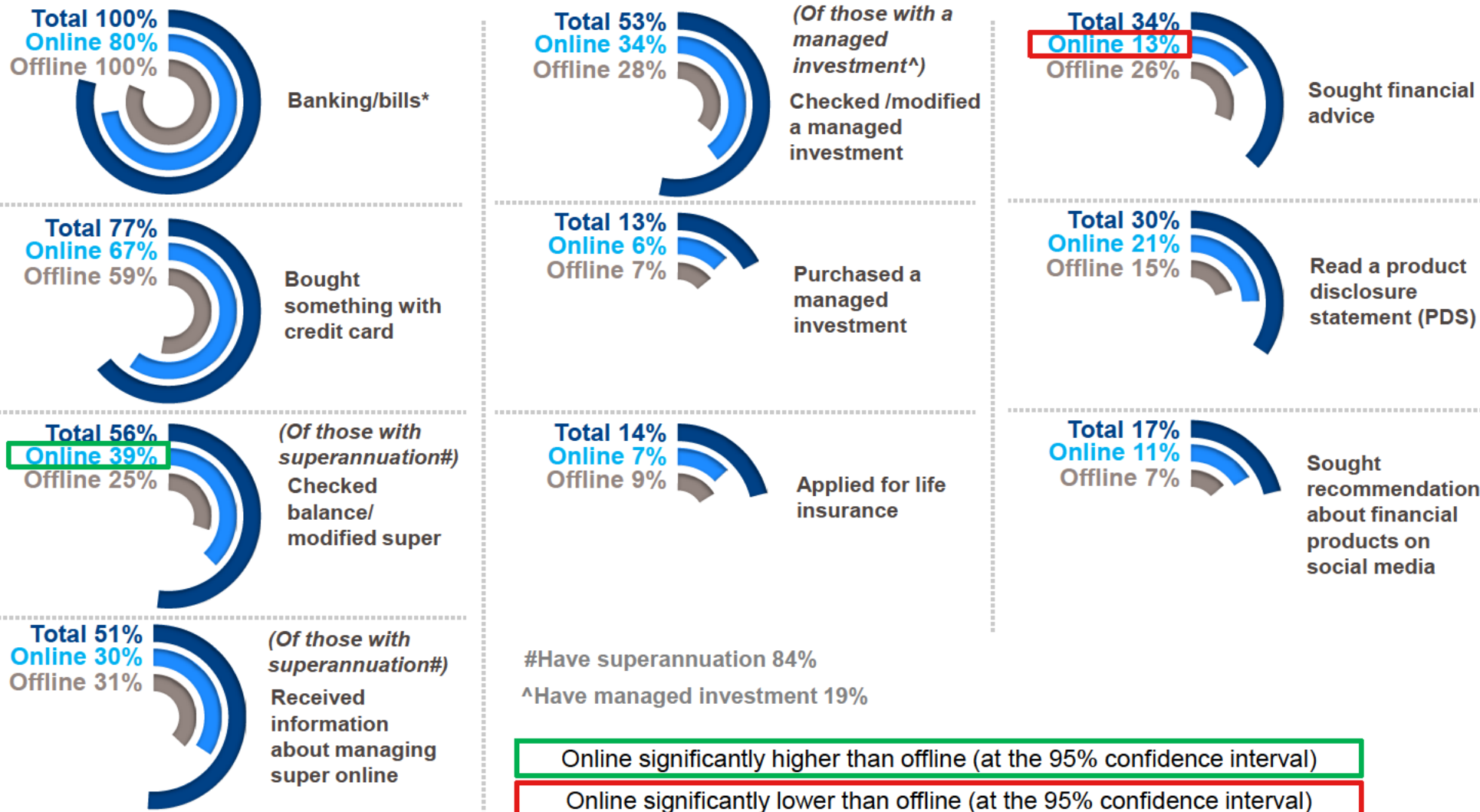
Digital payments (EFT or mobile wallets) are now the preferred online payment option

PREFERRED ONLINE PAYMENT OPTION



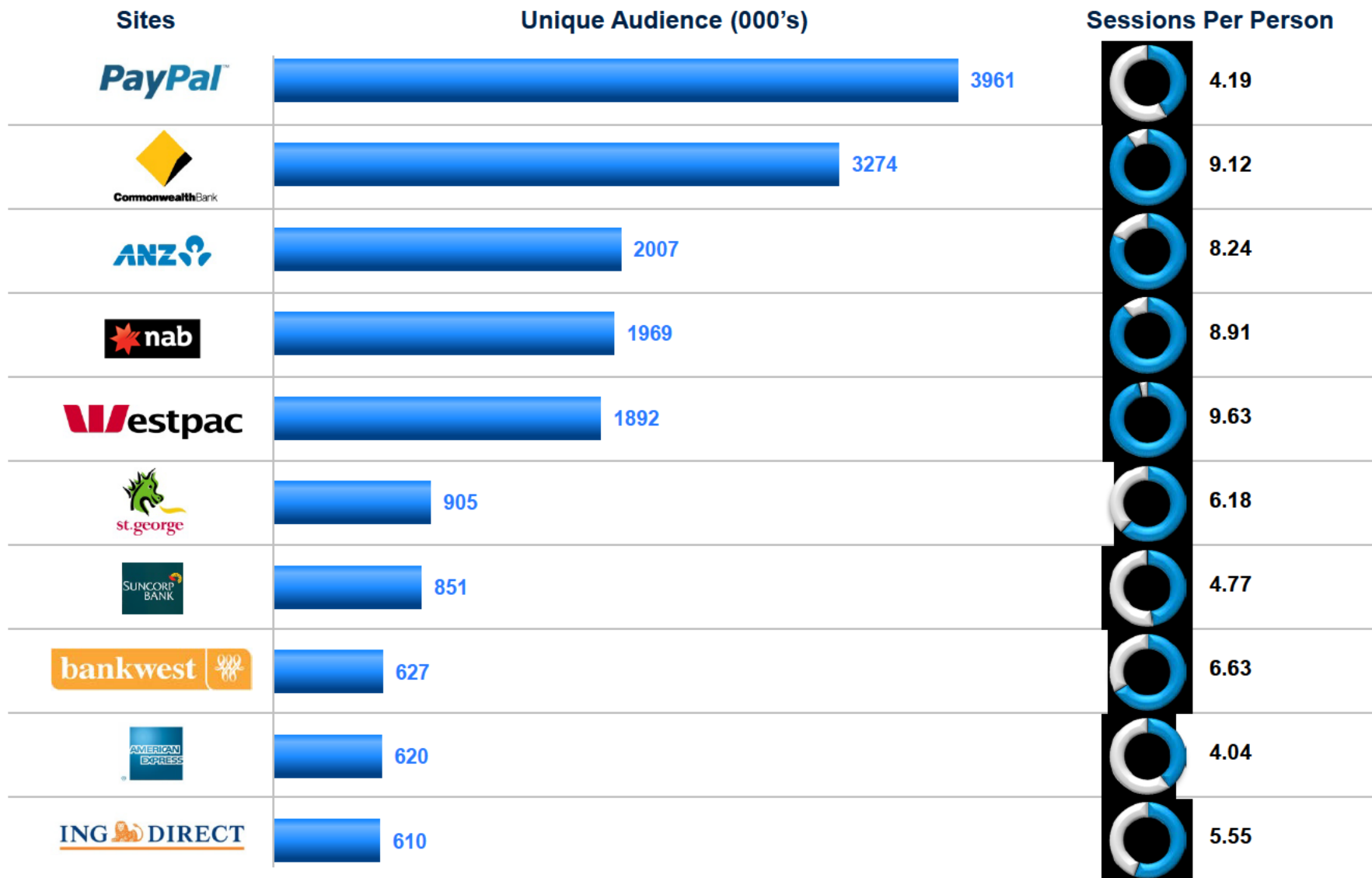
In general, adult Australians are just as likely to conduct wealth management online as offline. Though more check superannuation online and financial advice is in the majority sought offline.

WEALTH MANAGEMENT ACTIVITIES IN LAST 12 MONTHS



Source: Ad-hoc survey Q1 Which of the following activities have you personally done in the last 12 months? Online (via your computer, mobile phone, tablet etc.); Offline (in person, by mail, by phone etc.)

Top 10 finance brands and their engagements: the “safer way to pay online”
 PayPal is the top financial site used, with the remaining top 10 all banks



Source: nielsen: The Australian online Landscape review Oct 2013

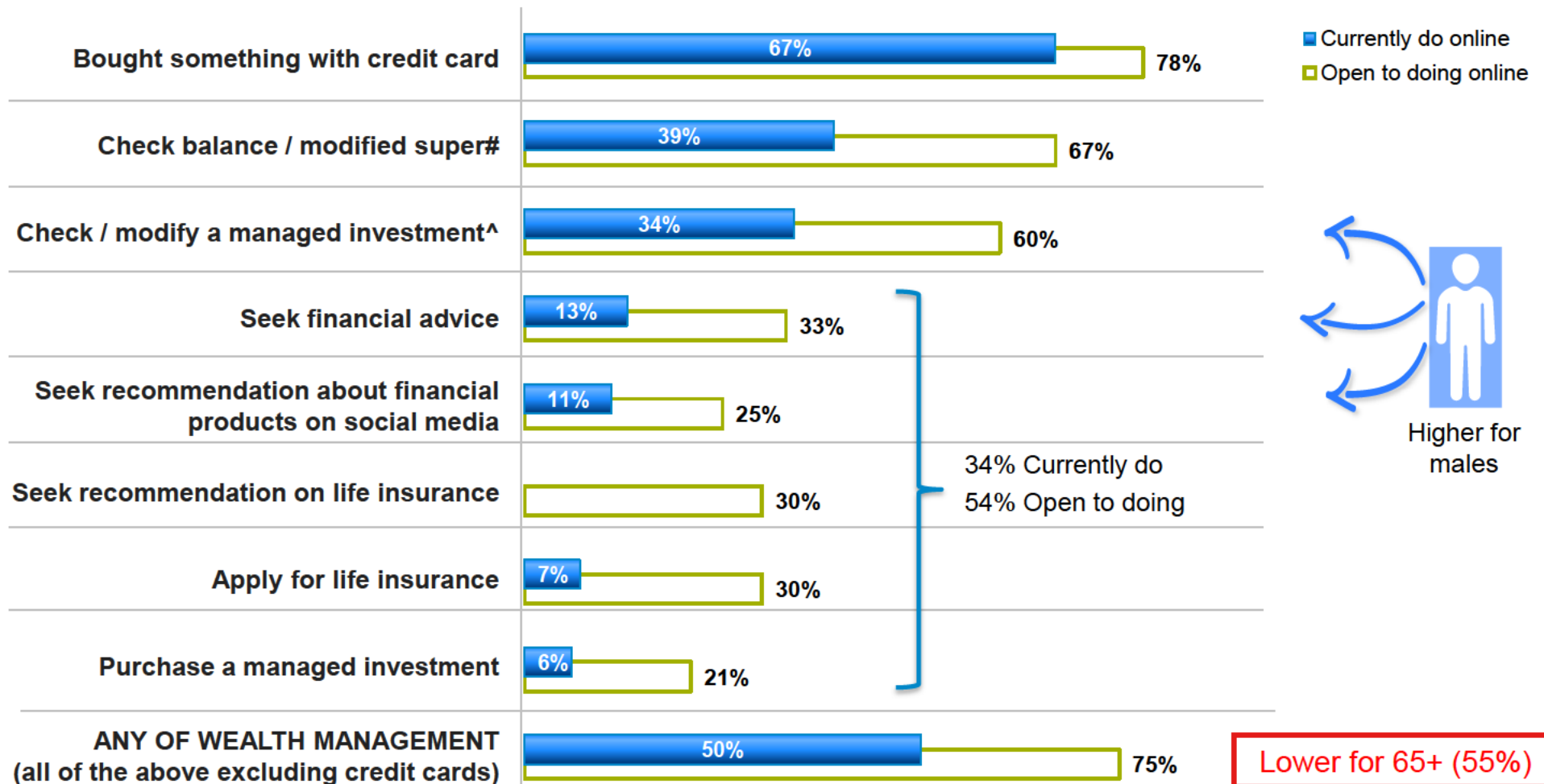
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Future digital wealth management: Intentions and hurdles



75% of adult Australians are open to conducting wealth management online, but only 50% currently doing any wealth management online (34% if checking current products is excluded)

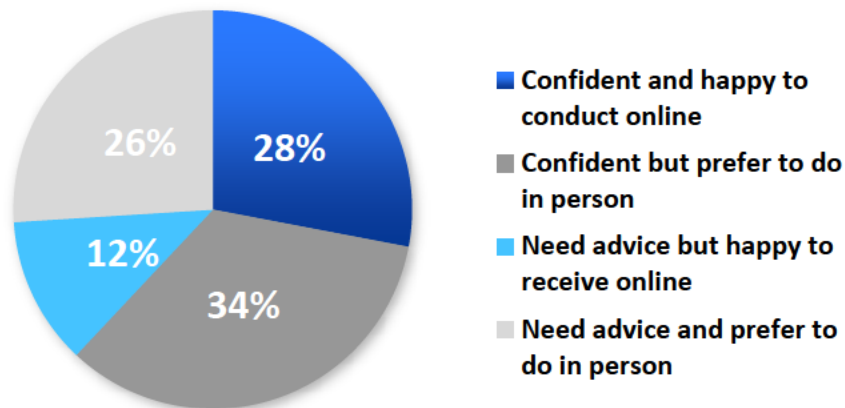
CURRENT AND FUTURE WEALTH MANAGEMENT ONLINE



Source: Ad-hoc survey Q1 Which of the following activities have you personally done in the last 12 months? Online Q2 Assuming the following activities were available to do online, which would you be open to doing online in the future? #Have superannuation – 84% of population n=890 ^ Have managed investment – 19% of population n=212

Just under a third of adult Australians feel financial savvy when it comes to wealth management, and less than half are comfortable conducting wealth management online

WHEN IT COMES TO WEALTH MANAGEMENT I AM...



Net confident ("financially savvy") 62%

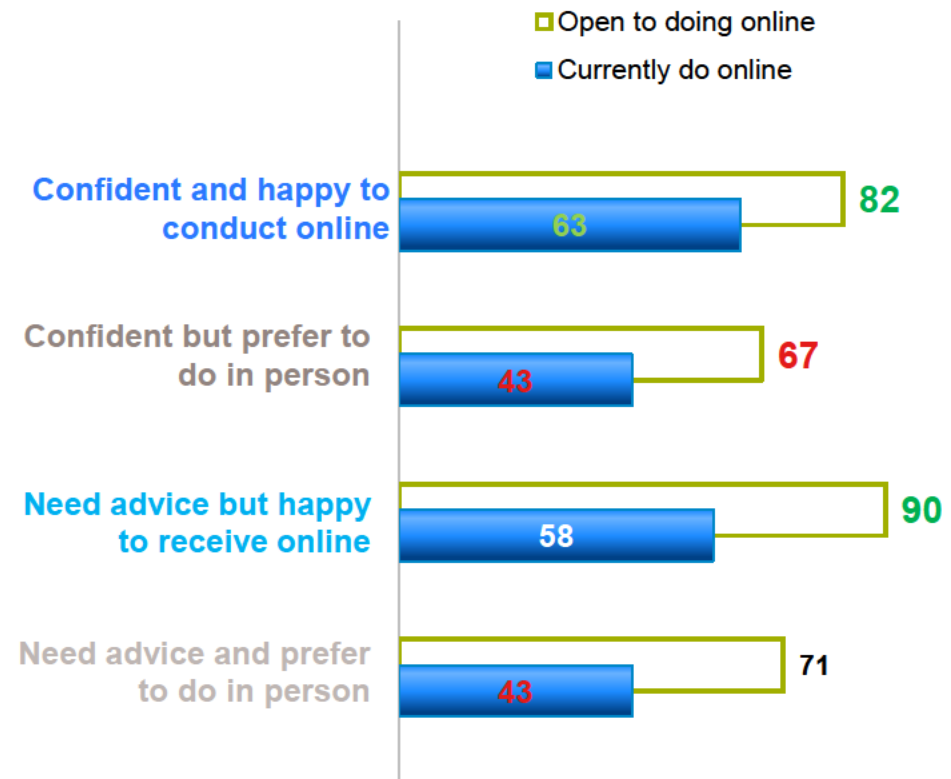
Higher amongst men (67%)

Net happy to conduct online 40%

Higher amongst men (48%) and under 35 years (52%)

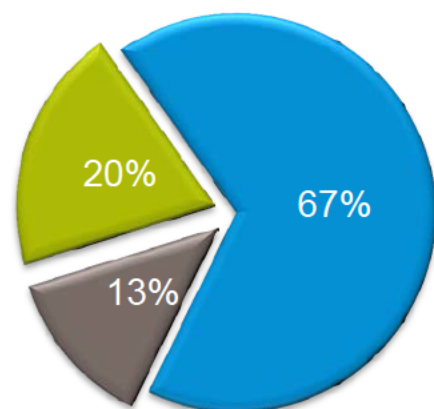
A greater proportion (45%) of those who are financially savvy are happy with wealth management online than those who are less confident (32%)

CURRENT AND FUTURE ONLINE BEHAVIOURS AMONGST FINANCIAL SAVVY GROUPS:



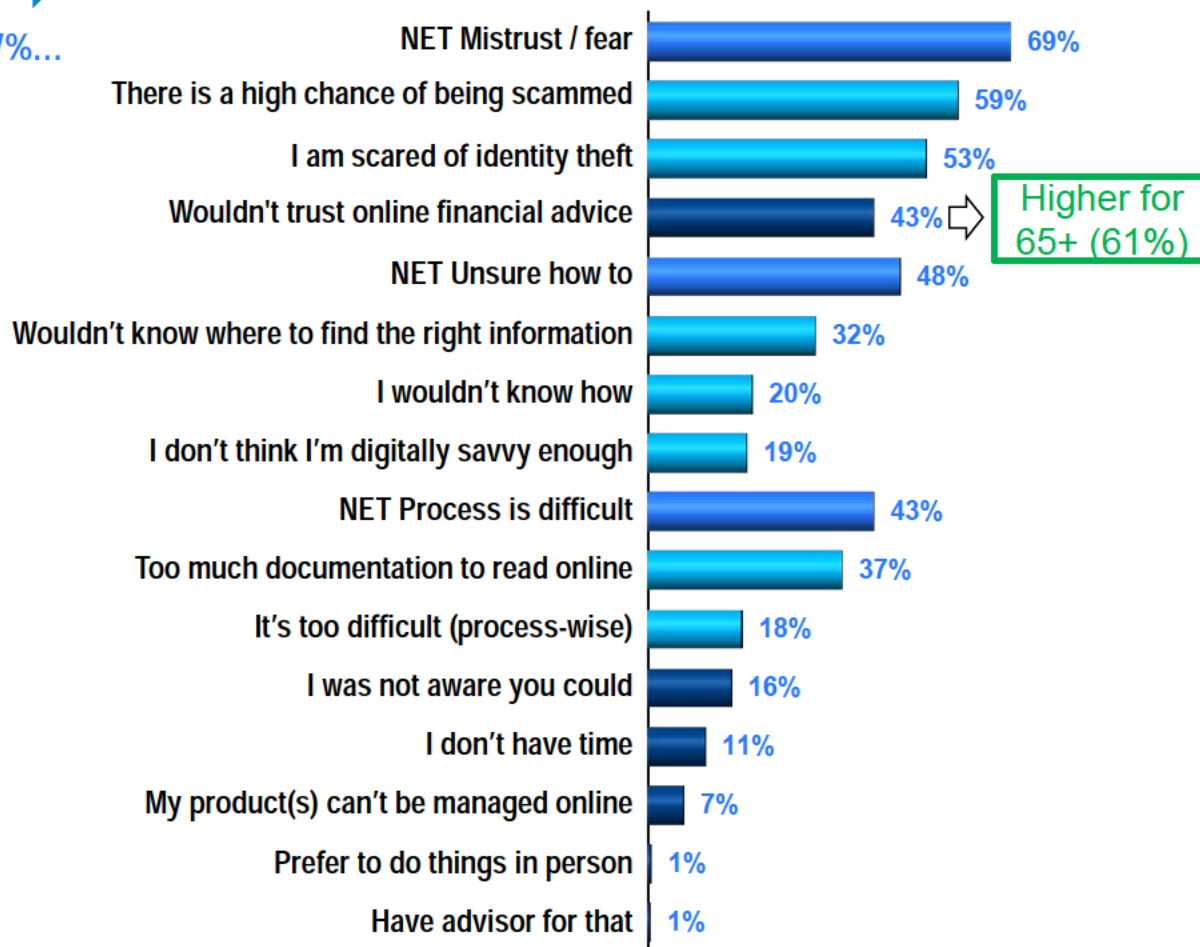
Confidence with online wealth management has a greater impact on digital wealth management activity than financial savviness

Just over 1 in 5 adult Australians who conduct wealth management activities have no qualms in doing so digitally. For the remainder, trust in security is the greatest barrier, followed by a lack of knowledge of how



OF THESE 67%...

WHY YOU WOULD NOT CONDUCT WEALTH MANAGEMENT ONLINE

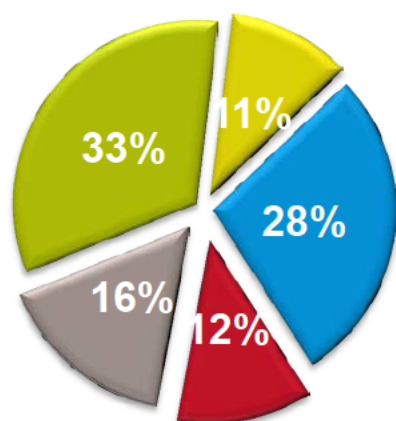


Higher for 65+ (61%)

Source: Ad-hoc survey Q3 Below are some statements people have made about why they would not conduct wealth management over the internet. Wealth management activities refer to transactions or advice-seeking to do with building and protecting your money, such as investments, insurance, superannuation, retirement funds etc. This does not include day-to-day banking and transactions such as credit cards or EFTPOS. Which of these apply to you?

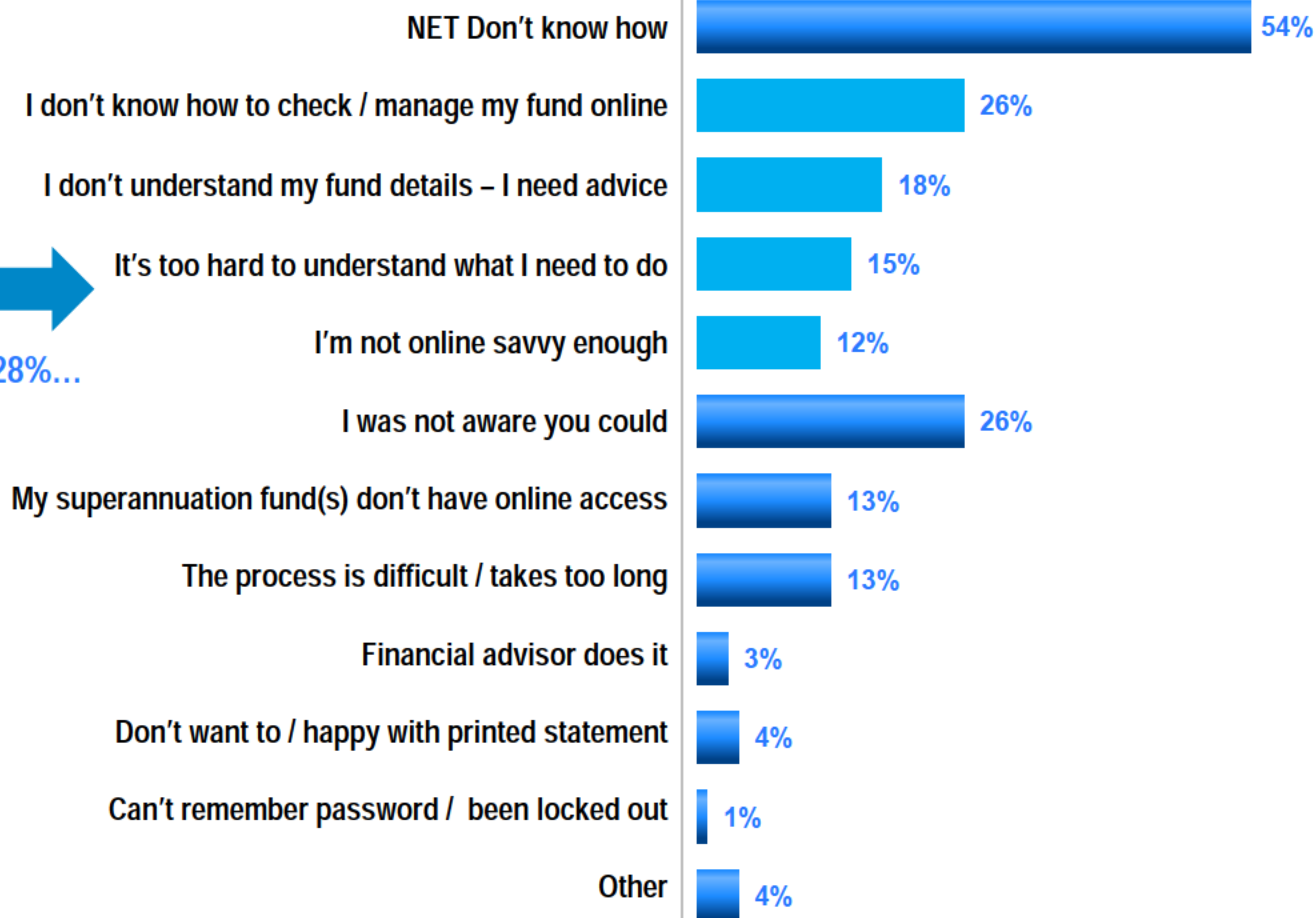
About half of superannuation owners have managed their super online. Lack of knowledge as to how to manage online is the greatest barrier for those that don't, followed by lack of awareness

WHY YOU DON NOT CHECK/MANAGE YOUR SUPERANNUATION ONLINE



- Have checked/managed online
- Do but not recently
- Not yet checked/managed online
- Never check super
- Don't have super

OF THESE 28%...



Summary

- Australians are very comfortable conducting retail transactions and day-to-day finances on the internet (9 in 10 and 4 in 5 have done so in the last 6 months respectively)
- In comparison, only one in two have conducted a wealth management activity online in the last 12 months, and this drops to 1 in 3 if we exclude checking superannuation balances
- 3 in 4 adult Australians are open to conducting at least one wealth management activity online, and 1 in 2 are currently doing so
- This means 1 in 4 Australians would conduct wealth management online but currently have barriers to doing so

- Main barriers anchor on mistrust in or fears about security

Financial education is needed to alleviate these fears (as has been achieved in everyday banking) AND to engender trust in digital financial advice

- Lack of knowledge of how to manage wealth online is a secondary barrier to digital wealth management, and the primary driver for not checking / managing superannuation online

Financial education again is needed in this regard... scaled advice would likely help here (i.e. tell consumers that answers to specific financial questions is possible) – making advice more accessible is likely to increase use

- Two in five who aren't open to conducting wealth management online say the process is too hard

An easier, stepped application process and product description (PDS) is necessary. Can we bring in reforms that allow a PDS to be broken into sections that are understandable and for which comprehension can be checked?

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