



# THE ROLE & VALUE OF DIGITAL ADVICE IN AUSTRALIA

Building the confidence to act



Borromeo  
Consulting

CORE|DATA  
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The FSC has developed this research in collaboration with Borromeo Consulting and CoreData, supported by its Digital Advice Expert Group.

The FSC is a peak body which sets mandatory Standards and develops policy for more than 130 member companies in financial services, one of Australia's largest industry sectors. Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, and financial advice licensees. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing more than \$4 trillion on behalf of over 16.9 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is one of the largest pools of managed funds in the world.

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# 1. Executive Summary

## What the Market Is Telling Us

Australia's advice system is not facing a demand problem, it is facing a capacity and confidence problem. Consumers want help and guidance before major decisions. They want reassurance when faced with complexity and they want to know whether they are on track, and what to do next. What they are not receiving is affordable, accessible, and timely support.

Digital advice sits at the centre of this tension. It is no longer theoretical or experimental. It is operating in market today, offered through superannuation funds, digital providers, and within licensed financial advice businesses.

The evidence in this paper demonstrates that digital advice can improve engagement with personal finances, increase decision making follow-through, and support better financial outcomes where deployed.

The financial services system is ready, so the question now is whether participants are prepared to move with confidence.

## Consumers Are Already Moving, Faster Than Institutions

Our evidence suggests consumer behaviour is evolving faster than institutional readiness.

Across the nationally representative research conducted for this paper, digital tool usage is strongly correlated with engagement in guidance and advice services. Individuals who use modelling tools, calculators, or retirement planning interfaces are more likely to return, explore scenarios, and ultimately take action. Those already in advice relationships use digital tools to validate and monitor decisions.

Digital engagement is not replacing advice, it's *activating* it. At the same time, consumers are increasingly comfortable seeking information and direction from informal digital sources, including AI-enabled platforms that operate outside the licensed financial system. These tools are conversational, immediate, accessible and also largely unregulated.

If regulated institutions do not provide structured digital pathways, consumers will not wait. They will either delay decisions until urgency forces action, often leading to poorer outcomes, or they will migrate toward less protected environments. The consequence is not only individual risk, but erosion of trust in the regulated system itself.

The choice is not between digital advice and no digital advice. The choice is between regulated digital engagement and unregulated alternatives.

## What Is Working; and Why

Where digital capability is implemented as part of a broader advice ecosystem, measurable value is emerging:

Super funds report:

- High uptake among pre-retirement cohorts;
- Repeat usage indicating perceived value; and
- Improved contribution behaviour, investment adjustments and drawdown decisions.

Digital providers demonstrate higher engagement where data integration, governance and implementation are tightly aligned.

Financial advice businesses observe material efficiency gains where digital capability supports fact-finding, modelling and documentation.

The common factor is not the technology itself, but rather **clarity of purpose**.

The most successful digital advice implementations share four characteristics:

- **Executive and trustee sponsorship** that positions digital advice as a strategic capability rather than a technical add-on;
- **Strong alignment between member need and digital capability**, ensuring the journey matches the decisions members are actually trying to make;
- **Proportionate governance settings** that recognise the predictability, auditability and consistency of digital systems; and
- A clear understanding that digital advice is **part of the broader service ecosystem**, not a standalone product or compliance category.

When these elements are in place, digital advice functions as part of a **coordinated ecosystem** where human judgement, digital modelling, behavioural nudging and structured escalation pathways reinforce each other to build confidence and support better decisions at scale.

### Structural Constraints Based in Interpretation

A consistent message from stakeholders is an acknowledgement that legislation is technology neutral. There is no explicit prohibition preventing scaled digital advice within existing law.

However, governance and compliance frameworks often reflect more conservative regulatory guidance and the perceived or real stance of the regulator. That caution is understandable and has contributed to the strengthened professionalism of the advice sector and improved consumer protections.

But in some cases, these settings now sit uneasily with digital-based delivery compared to human-delivered advice, even where digital systems are predictable, auditable and consistent.

The binding constraint is often **interpretation and confidence**, not statute. Internal confidence, more than statutory wording, determines the pace of adoption.

### Advice Is an Ecosystem, Not a Channel Debate

No single participant is solely responsible for the advice gap. Super funds have scale and member proximity, whilst advice businesses hold judgement and trust. Digital providers have the capability and efficiency to implement solutions and regulators are responsible for consumer protection and system stability.

Each component is necessary and none is sufficient alone. The digital advice opportunity is in integration, not in channel substitution and treating digital advice as a competitive threat between participants misses the larger structural reality. Adviser supply remains constrained and if this continues, comprehensive advice will not scale to meet national retirement demand. At the same time, retirement decisions are becoming more complex as longevity increases and consumers are asked to make more decisions.

Digital capability builds confidence in lower-to-medium consequence decisions and creates structured pathways to human advice when complexity rises. Human advice remains essential for high-consequence decisions and the interaction between decision consequence and confidence to act is central to the Engagement Confidence Matrix presented in section 5 of this paper.

This sequencing, rather than competition between channels, is the foundation of the emerging ecosystem.

### Why Action is Now Urgent

Innovation cycles are accelerating, with AI capability improving rapidly and consumer expectations are shifting accordingly. Delay will not preserve the status quo, but it will expand the gap between consumer behaviour and regulated advice capability.

If regulated participants move too slowly, consumers will normalise the use of unregulated digital and AI-based tools before institutional confidence catches up. Rebuilding trust after that shift will be materially harder.

The foundations for progress already exist in the various parts of the ecosystem: adviser professional standards have strengthened; super funds have become larger and more mature in recent years; digital capability is proven and operational; and governance frameworks are more robust than a decade ago.

What remains is coordinated intent across the sector and the confidence to implement solutions at scale.

### The Implication for the Sector

Digital advice should now be considered **core system infrastructure**. It enables:

- Scaled access to help and earlier activation of engagement.
- Improved behavioural follow-through and more consistent decision pathways.
- Lower cost-to-serve.
- Proportionate escalation to human judgement when complexity rises.

This paper does not prescribe a single model. It concludes that the system is ready for deliberate, proportionate, coordinated progress; and that stability, not disruption, is the goal.

Consumers are already moving.

Capabilities are mature.

Legislation is mostly navigable.

The value is demonstrable.

The sector now faces a choice: continue incremental experimentation at the margins, or treat digital advice as a coordinated ecosystem capability aligned to member outcomes.

The remaining question is whether participants have the **confidence to act**.

## 2. Introduction: Digital Advice as an Ecosystem, Not a Channel

### Why digital advice needs to be reframed now

Australia's retirement and financial advice system has changed materially over the past decade. Super funds have reached new levels of scale, operational maturity and accountability. Advice practices have become more professionalised, supported by higher standards, stronger governance and improved consistency. Over the same period, digital capability has moved from early experimentation to stable, credible services.

The system is no longer immature. **What has lagged is integration.**

Digital advice has historically been discussed as a product, a distribution channel or a compliance category. This narrow framing has slowed progress by isolating digital capability from the broader reality of how Australians seek support, make decisions and build confidence. It has encouraged debates about definition rather than focusing on how different forms of support should work together to deliver outcomes.

This is not a correction of past thinking. Earlier institutional priorities were rightly focused on regulatory reform, risk management and core capability. At that time, the mechanisms needed to deploy digital advice safely and at scale were not yet available. That constraint has now eased.

*The question has shifted from:*

*"Can digital advice exist safely within the system?"*

*to:*

*"How should digital advice operate within a broader decision support system that reflects how Australians actually engage with financial decisions?"*

Digital advice is no longer a point of differentiation. It is increasingly a **foundational capability** for any system seeking to support and retain Australians at scale.

### The advice and guidance gap is structural, not transitional

The advice and guidance gap remains a defining feature of the system. Demand for support continues to grow, particularly among Australians approaching or entering retirement with larger balances, more complex choices and greater sensitivity to decision risk.

This demand is not limited to comprehensive advice. Many Australians are seeking proportionate, timely support to help them understand trade-offs, test scenarios and act with confidence. These needs arise repeatedly over time and often sit between general information and formal advice.

The system's capacity to meet this demand through traditional advice models alone is structurally constrained. Professional advice plays a critical role, particularly in high-consequence decisions, but it cannot scale to meet all needs without compromising sustainability or access.

In response, Australians are already seeking help from other sources. Informal, digital and unregulated forms of guidance are becoming embedded in everyday behaviour. This shift is not ideological; it reflects expectations formed through digital engagement in other parts of life.

*The gap will not close through incremental expansion of existing models alone. Without deliberate evolution of how decision support is delivered, confidence will increasingly be built outside the regulated system – with consequences for trust, consumer outcomes and the long-term role of advice.*

## Super funds and system-level capacity

While responsibility for the advice gap is shared, super funds occupy a distinctive position within the decision support system. They operate at scale, maintain ongoing relationships with members, and are already embedded in key decision moments across accumulation, transition and retirement.

Members do not experience their needs as neatly segmented into information, guidance and advice. They experience uncertainty, risk and the need for reassurance when decisions arise. In many cases, the support required is simply proportionate rather than comprehensive, and benefits from being available earlier and more frequently.

Digital advice, positioned appropriately, offers a way to extend system capacity without displacing professional judgement. It supports earlier engagement, builds financial capability and confidence, and allows human expertise to be focused where decision consequences are highest. In this sense, digital advice complements advisers rather than substituting for them.

The challenge is not capability, it is **coordination**. Decisions about how digital and human support interact, where escalation occurs, and how confidence is built are often fragmented across governance structures and operating models. Without a shared system view, these decisions tend to be cautious, incremental and difficult to scale.

This paper therefore frames digital advice not as a standalone channel, but as a core component of a broader decision support system. Progress depends on coordinated choices across that system, rather than action by any single participant.

## An ecosystem challenge, not a participant failure

The advice and guidance gap persists not because any single participant is failing, but because responsibility for consumer outcomes is distributed across a system that was not designed to act as one.

Super funds, advice businesses, digital providers and regulators each operate with legitimate mandates, incentives and constraints. Viewed independently, decisions made by each group are rational and often conservative by design. Viewed collectively, however, those same decisions can fragment responsibility for how Australians are supported when financial decisions arise.

This fragmentation is rarely intentional. It reflects the reality that decisions affecting consumer experience sit across multiple governance layers, licences and operating models. As a result, no single participant has clear ownership of the end-to-end decision support system, even though all contribute to it.

The consequence is a system that is cautious by default, incremental in its responses, and slow to coordinate around shared outcomes.

## Alignment in principle, fragmentation in practice

Across the research, there is strong alignment on the nature of the challenge. Stakeholders consistently acknowledge that many Australians sit between general information and comprehensive advice, and that existing models do not adequately serve this group.

Where alignment weakens is in **execution**.

Most progress to date has occurred within organisational boundaries rather than across them. Super funds have invested in education, tools and digital support. Advice businesses have focused on professionalisation and sustainability. Digital providers have advanced capability and governance. Each of these efforts adds value, but they often operate in parallel rather than as part of a coherent decision support system.

Misalignment typically arises where strategy, licensing, risk appetite and operating models are not synchronised. In these circumstances, ambition is often tempered not by lack of value, but by uncertainty about how responsibility and confidence are shared across the system.

## Confidence as the binding constraint

The research suggests that confidence is as critical as capability in determining whether digital advice and its complements deliver meaningful outcomes.

Confidence is required at multiple levels: board confidence that member outcomes are being improved safely; executive confidence that strategy is coherent across functions; professional confidence that boundaries are understood and defensible; and consumer confidence that support is reliable and appropriate.

Where confidence is high, digital advice is embedded as a normal part of the decision support system. Where it is lower, digital capability tends to sit at the margins, framed as experimental.

This distinction has material implications for adoption, escalation to human judgement, and the consistency of consumer experience. Progress therefore depends less on further technological advancement and more on building shared confidence across the ecosystem.

## How This Paper Is Structured

The sections that follow build a cumulative, evidence-based case for why the conditions for progress are present and what coordinated action across the ecosystem looks like in practice.

Central to the analysis is the Engagement Confidence Matrix: a framework that maps consumer confidence against the consequence of a financial decision. It provides a practical lens for understanding when digital capability adds greatest value, when human judgement is required, and how the two reinforce rather than replace each other across the member journey. The Matrix underpins the practical implications set out in Section 5.

The evidence draws from nationally representative consumer research, qualitative stakeholder interviews across super funds, digital providers and financial advice businesses, international market comparison, and supporting legal and regulatory input. Section 3 sets out the methodology.

Sections 4 through 9 examine the landscape, consumer behaviour, value creation, AI capability, regulatory environment and international signals in turn. Section 10 draws those threads into practical implications for each participant group, identifying the trade-offs, conditions and coordinated actions most likely to advance the ecosystem.

### 3. Evidence Base and Methodology

This paper draws on a combination of quantitative and qualitative evidence to examine the role and value of digital advice across the Australian advice ecosystem. The purpose of this section is to provide confidence in the robustness of the evidence and clarity on how the findings should be interpreted.

The analysis is informed by four primary inputs:

- **Consumer research**, used to understand demand, trust, engagement, and perceptions of value.
- **Stakeholder interviews** with senior leaders across superannuation funds, digital advice providers, and professional advice businesses.
- **Desktop research**, including public disclosures, industry reports, and market observations.
- **Supporting legal and regulatory input**, used to contextualise governance, accountability, and operating constraints.

No single source is treated as determinative. Insights are developed through triangulation, with different perspectives weighted according to context.

#### Consumer research

Consumer research provides the primary lens on demand and engagement. Findings are used to identify patterns in how consumers interact with digital tools, build confidence, and assess value, including distinctions between foundational tools and more personalised forms of guidance.

Importantly, consumer data is interpreted in context. Stated preferences and willingness to pay are not treated as direct predictors of behaviour, particularly in superannuation environments where digital advice is typically offered at no direct cost. Engagement and confidence are treated as leading indicators of value, rather than transactional intent alone.

#### Stakeholder interviews

Qualitative interviews form a central pillar of the analysis. Discussions focused on lived experience, including how digital advice is used in practice, where value is observed, and how trade-offs are managed.

Perspectives are weighted according to relevance:

- super fund views are prioritised where scale, and trustee accountability, are central,
- digital provider insights inform implementation and design considerations,
- financial advice business perspectives support understanding of adviser-led and commercial advice models.

Differences in perspective are treated as informative rather than problematic, particularly where they reflect different operating contexts.

#### Desktop research and validation

Desktop research is used to supplement and test primary evidence, ensuring the analysis reflects current market and regulatory realities. Insights are developed through triangulation rather than aggregation, with care taken to distinguish between consumer value, institutional value, behavioural outcomes, and commercial considerations.

## Scope and limitations

The research focuses on patterns rather than individual advice outcomes. It does not assess the quality of specific advice outputs, compare providers, or evaluate technical capability. While consumer research provides insight into intent and perception, it cannot fully capture long-term behaviour or outcomes.

The analysis is grounded in Australian market conditions. International examples are referenced selectively to inform discussion rather than prescribe solutions.

## How to read the findings

The sections that follow should be read as an integrated analysis. Observations about value and trade-offs are intended to explain why approaches differ across the market, not to promote a single model. The evidence base is designed to support informed discussion, realistic expectations, and policy confidence regarding the evolving role of digital advice.

### Evidence Base and Methodology

This paper draws on four evidence streams, conducted and compiled between December 2025 and February 2026.

**Consumer Research** A nationally representative online survey of 1,209 Australian adults was conducted in December 2025 and January 2026. The sample was representative by age, gender, state and metro/regional distribution. Respondents ranged from under 35 to 70+, and included both advised (348) and non-advised (861) participants, with further segmentation by SMSF status and parenthood. Median survey completion time was approximately 11 minutes.

**Stakeholder Interviews** Fifteen in-depth interviews were conducted with senior business leaders and C-suite executives responsible for the implementation of digital advice in their organisations. Interviews were conducted on a named basis, with the agreement that no quotes or attributions would be used without the explicit consent of the interviewee. Participants included representatives from five superannuation funds, five digital advice providers, three financial advice businesses, and two international institutional case studies.

**International Case Studies** Two primary case studies, L&G (UK) and Common Wealth (Canada), were developed through direct interviews with institutional leadership. Full case studies are provided in Appendices A and B.

**Desktop Research and External Sources** The paper draws on 14 published sources spanning academic research, industry reports and regulatory guidance relevant to digital advice, consumer behaviour and retirement outcomes.

**Legal and Regulatory Input** Legal and regulatory input was provided by Zein El-Hassan (Partner, Mills Oakley), a Chambers Asia-Pacific ranked specialist in superannuation and financial services regulation with over 30 years' experience advising funds, financial advice businesses and digital advice providers on regulatory design and compliance.

## 4. The Digital Advice Landscape: Who Is Doing What

### Framing the Landscape: From “Digital Advice” to Operating Models

Discussions about digital advice often begin with technology and end with regulation. In practice, this framing misses what is happening on the ground. Digital advice is no longer best understood as a discrete product, channel, or tool. It is increasingly deployed as a component within broader operating models, shaped by organisational intent, member needs, risk appetite, governance maturity, and commercial constraints.

Across the stakeholder interviews, there was no single shared definition of digital advice. Some emphasised self-directed digital journeys. Others saw hybrid models with adviser support as the defining feature. A practical, market-aligned definition is emerging:

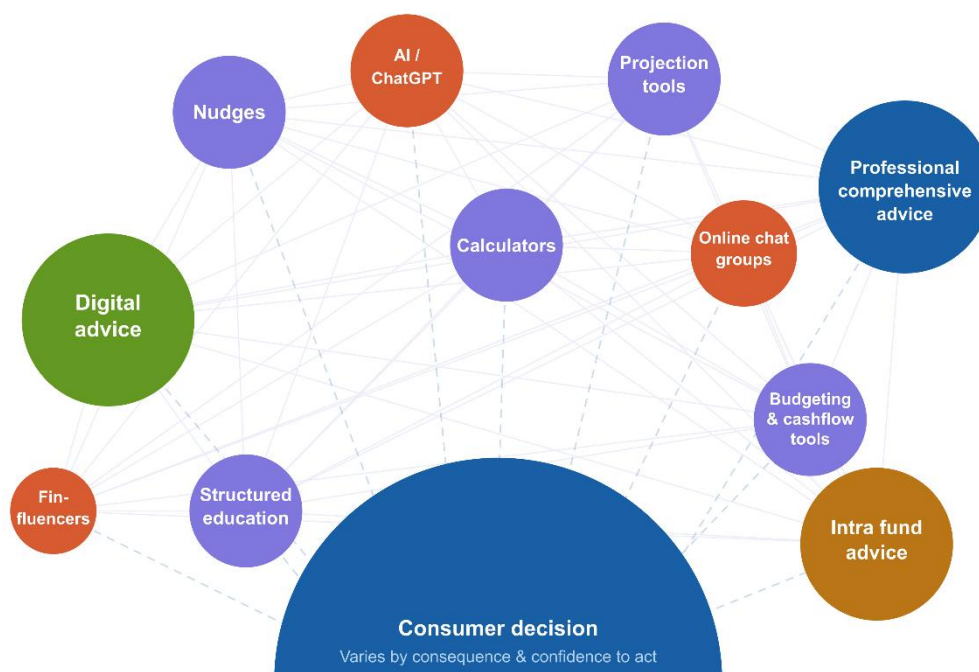
#### *Digital Advice – a definition*

*Advice generated through a digital journey that can be delivered directly to a consumer, with or without human support.*

All major participant groups (super funds, digital providers, and financial advice businesses) align with this framing. Differences arise not from misunderstanding, but from how and why organisations choose to deploy, or deliberately constrain, digital advice given their unique contexts.

What has changed materially is that digital advice is no longer treated as a standalone solution. It has evolved into a **component of a broader service ecosystem**, supporting confidence, consistency and proportionality in decision-making. Digital journeys typically sit alongside data capture, modelling tools, structured explanations, behavioural nudging, and pathways to human support.

In this environment, the digital advice engine is only one element. Surrounding it is a suite of complementary capabilities that, when combined, form the operating model through which member support is delivered.



## Digital Advice Within Super Funds: How Funds Are Deploying Capability Today

Super funds are now one of the most active and diverse sites of digital advice deployment in Australia. This reflects a structural challenge: traditional adviser capacity alone is insufficient to meet member needs at scale. Digital capability is therefore positioned as a way to extend access, build member confidence, and provide more consistent guidance across large and heterogeneous membership bases.

Across the market, three broad patterns of fund deployment can be observed. These are not prescriptive categories, nor are they mutually exclusive. They reflect differences in scale, internal capability, risk posture, and strategic ambition.

Pattern	Characteristics	Typical context
<b>Foundation builders</b>	Investing in education tools, calculators and modelling capability as a precursor to advice. Focus on building member engagement and digital literacy before introducing scoped advice pathways.	Funds in earlier stages of digital maturity, or those with younger, accumulation-focused memberships where the priority is engagement over immediate decision support.
<b>Scoped advice deployers</b>	Deploying defined, rules-based personal advice in specific use cases: typically investment choice, contribution adjustments, or insurance. Tight governance and clear escalation pathways to human support.	Funds with established digital governance frameworks, or those responding directly to pre-retirement member needs. Often combined with human adviser availability for higher-consequence decisions.
<b>Ecosystem integrators</b>	Building integrated service ecosystems where digital advice, guided journeys, modelling tools and human support are tightly coordinated. Advice is designed as a continuous capability across the member lifecycle.	Larger funds with mature governance, data infrastructure and internal capability. Typically have a clear board-endorsed advice strategy and treat digital as part of member outcomes architecture, not a standalone tool.

Table 4.1: Three patterns of digital advice inside super funds

### Emerging common themes across fund models

Despite variation in approach, several themes cut consistently across fund size and structure:

- **Digital advice is not pursued as an end in itself.** It is framed as part of a broader service ecosystem, supporting member decision-making across accumulation, transition and retirement.
- **Sequencing, governance and integration** matter more than the standalone performance of any individual tool.
- **Successful models embed digital advice into existing service** frameworks rather than treating it as a parallel or competing channel.

- **Caution at scale is rational, not timid.** Funds are conscious that errors embedded in automated pathways can propagate quickly. Governance confidence, not technology readiness, is typically the binding constraint.

### Direct Advice Providers: Different Answers to the Same Problem

Digital advice providers play a central role in enabling scalable delivery. While often discussed as a single category, the provider landscape is considerably more diverse than that framing suggests. Providers vary by origin, commercial model, the types of organisations they serve, and their underlying assumptions about how advice logic should be owned and governed.

There is no simple answer to which provider is “better.” Instead, providers are best understood in terms of the role they are designed to play within a broader ecosystem – and the types of client institutions they are structured to support. Three broad groupings can be observed. These are not rankings or maturity indicators; they reflect different commercial philosophies and design choices.

Provider type	Strengths	Best suited to
<b>Specialist digital advice engines</b>	Deep advice logic, strong governance frameworks, and purpose-built compliance infrastructure. High configurability for institutional deployment.	Super funds and financial advice businesses seeking a governed, institution-grade advice capability that integrates with existing service models. Particularly suited where trustee accountability and auditability are primary requirements.
<b>Hybrid platform providers</b>	Combine digital advice capability with human adviser workflows. Strong on journey design and escalation pathways. Often originate from financial planning technology.	Financial advice businesses and practices looking to extend digital reach while preserving adviser involvement. Suited to models where human judgement remains central but digital tools can handle information, modelling and scoped support.
<b>Integrated ecosystem builders</b>	Build end-to-end digital engagement infrastructure: data aggregation, goal modelling, advice, and ongoing engagement. Often have direct consumer channels alongside institutional propositions.	Institutions seeking to build continuous engagement capability across the member lifecycle rather than point-in-time advice events. Suited to larger funds with data maturity and a long-term ecosystem strategy.

Table 4.2: Three groupings of digital advice providers

Taken together, these provider models demonstrate a market that has moved beyond experimentation. Providers are no longer competing to define a singular future state. Instead, they are offering different answers to the same underlying challenge: how to support better financial decisions at scale, in ways that align with the needs, capabilities, and governance settings of the institutions they serve.

## Financial Advice Businesses: Digitising Advice

Financial advice businesses are not, for the most part, deploying consumer-facing digital advice. They are digitising the advice process itself, using technology to improve efficiency, consistency and client experience within an adviser-led framework.

Human judgement remains the organising principle. Digital capability is evaluated pragmatically: does it strengthen adviser delivery without introducing governance complexity or liability exposure? What advice businesses are often adopting today are tools: data capture automation, workflow and document management, client portals, in-conversation modelling, and compliance systems, rather than digital advice in the consumer-facing sense.

Caution is driven less by cost and more by structural factors: scaled liability and professional indemnity implications, the effort of redesigning established service models, and target market alignment. Most practices serve higher-value relationships where consumer-facing digital advice offers limited near-term advantage.

This position is not static. Regulatory clarity and shifting consumer expectations may accelerate adoption. For now, the prevailing pattern is clear: financial advice businesses are using digital capability to strengthen adviser-led advice, not to replace it.

## Differences in Ambition, Scale, and Sequencing

The digital advice landscape is less fragmented than it may appear. Super funds, digital providers and advice practices are not pursuing competing visions. They are responding to different problems, operating under different constraints, and optimising for different outcomes. What can look like divergence is often a rational alignment between purpose, capability and risk appetite.

**Ambition Reflects Problem Definition** Ambition varies across the market, but not hierarchically. Progress is strongest where it is grounded in member need, organisational capability and governance realities. Where ambition misaligns with any of these, initiatives stall or remain in pilot.

**Sequencing Determines Success** Where organisations want to end up is often similar; the difference lies in how they get there. Staged deployment, building governance confidence at each step before extending scope, consistently outperforms attempts at wholesale transformation.

**Multiple Viable Models, Not Convergence** Digital advice is not converging toward a single dominant structure. The market is producing multiple fit-for-purpose models that combine digital and human involvement in different ways, suited to different institutional contexts and member needs.

Understanding these distinctions is essential for informed discussion about value, regulation and the future of digital advice. Without this context, debates risk oversimplifying what is, in practice, a diverse and deliberately varied ecosystem.

## 5. Consumer Demand, Trust, and Advocacy Perspectives

### Digital and Human Advice as Mutually Reinforcing Capabilities

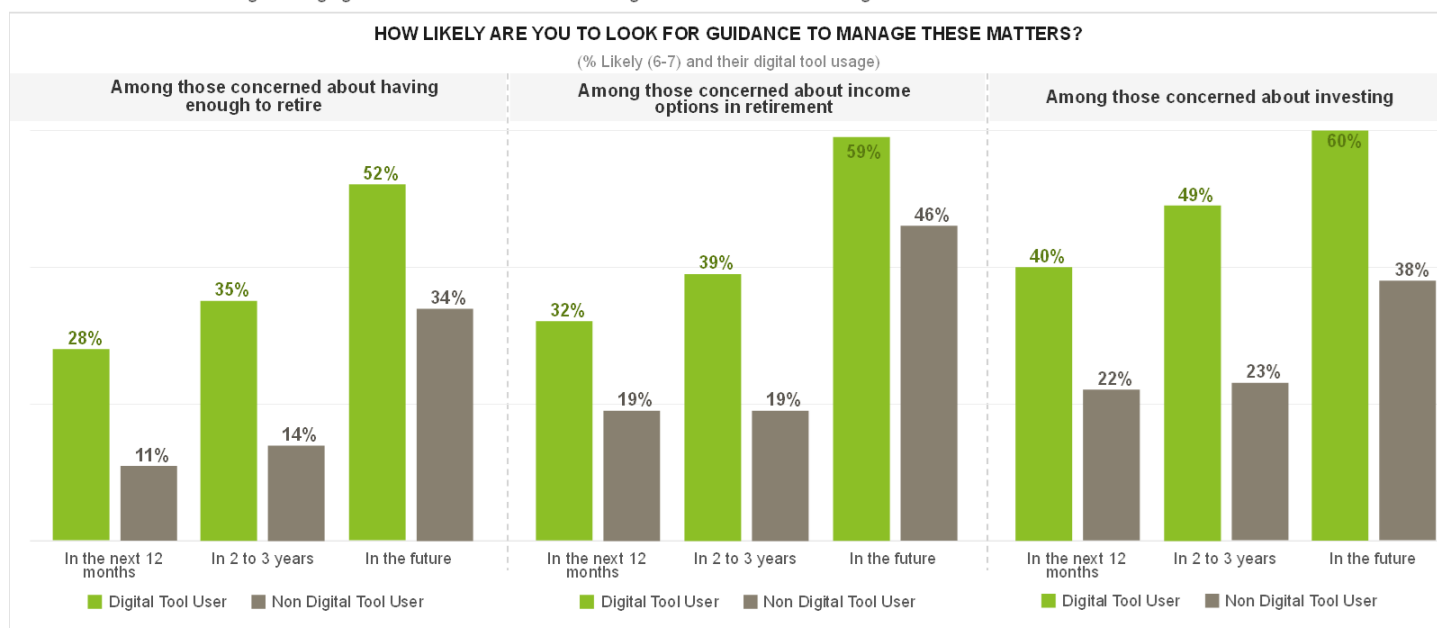
*Digital tools and professional advice reinforce one another. People who use digital tools are more likely to seek advice, and people with advice experience are more likely to engage.*

Consumer engagement with digital financial tools and professional advice is often framed as a choice between alternatives. The consumer evidence does not support this view. Instead, it points to a reinforcing relationship between digital engagement and advice engagement, where interaction with one increases the likelihood of engaging with the other.

When consumers experience financial concern, as shown in Chart 5.1, those who engage with digital tools are more likely to consider seeking guidance than those who do not, and they are more likely to do so sooner. Across retirement and investment concerns, digital tool users are far more likely to seek guidance within the next 12 months. For example, in Chart 5.1 28% of digital tool users intend to get advice on retirement adequacy versus just 11% of non digital tool users. This trend extends to retirement income planning as well, where 32% of digital tool users expressed an intention to explore available income options within the next 12 months, versus 19% of their non-digital counterparts. This gap becomes even more pronounced when examined across age cohorts. Focusing on pre-retirees in Chart 5.1a, digital tool users in the 55 – 59 cohorts are more than three times more likely to seek financial advice in the next 12 months to address concerns around having sufficient funds for retirement (44% vs 13%). Taken together, these findings suggest that digital engagement consistently brings forward advice-seeking behaviour at the moments that matter most and that this effect is particularly pronounced during the critical years leading up to retirement.

**Chart 5.1 — Digital users are more likely to seek advice when concerned**

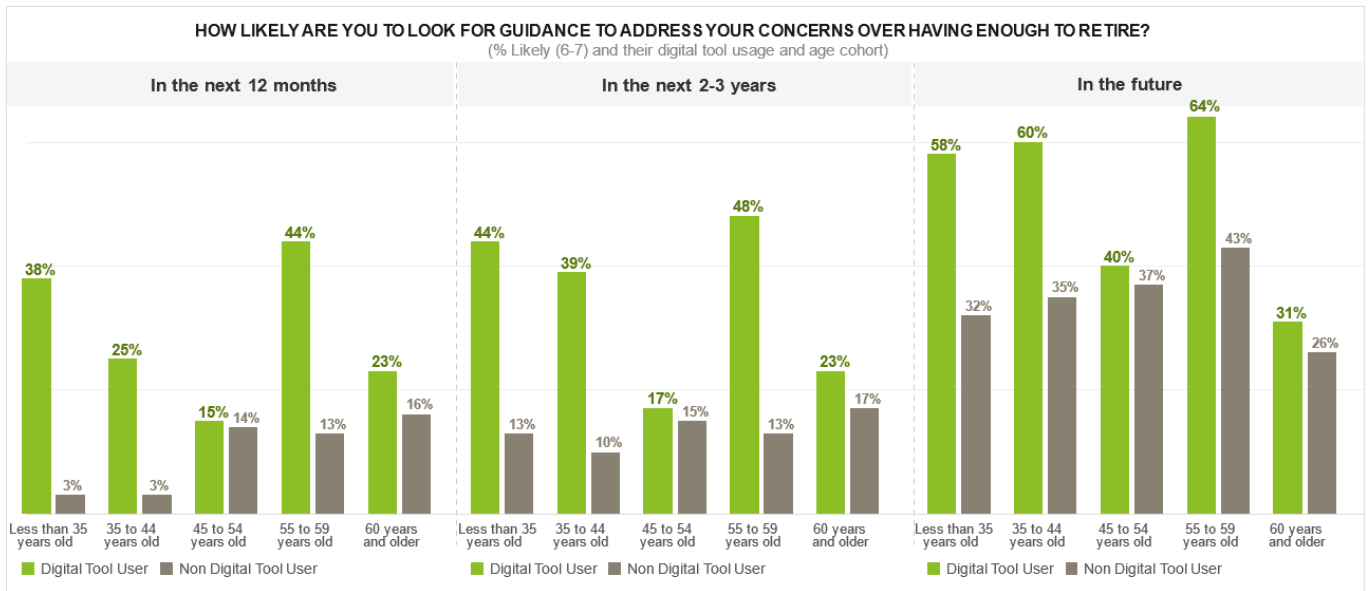
*Digital engagement is associated with a higher likelihood of seeking advice when financial concerns arise*



*This chart shows the proportion of consumers who report considering seeking financial advice when concerned about financial issues, segmented by life stage and need.*

## Chart 5.1a — Digital users are more likely to seek advice when concerned

Digital engagement is associated with a higher likelihood of seeking advice when financial concerns arise



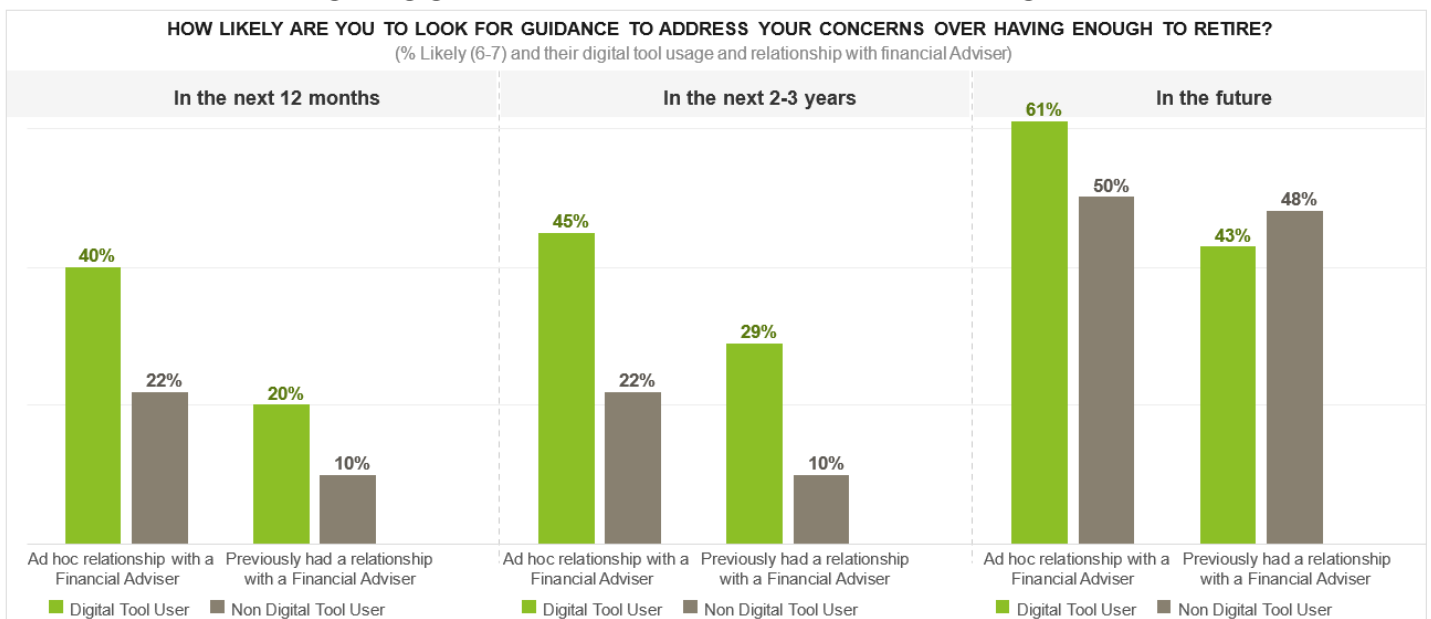
This chart shows the proportion of consumers who report considering seeking financial advice when concerned about financial issues, segmented by life stage and need.

This relationship also extends to consumers with prior advice experience. As illustrated in Chart 5.2, individuals with an ad hoc or previous adviser relationship who engage with digital tools are more likely to consider guidance in the near term than comparable non-digital tool users; those with an ad hoc relationship are nearly twice as likely to seek guidance within 12 months (40% vs 22%), with a near-identical pattern among those with a previous adviser relationship (20% vs 10%). Notably, digital users with a lapsed adviser relationship seek advice at rates comparable to or exceeding non-digital users with an active ad hoc relationship, suggesting digital engagement can partially substitute for the prompting role an adviser would otherwise play.

The pattern also reveals something important about the quality of intent. Near-term intentions carry greater behavioural weight, reflecting immediacy and a higher level of commitment — while longer timeframes can represent agreement in principle rather than a clear signal of action. While intentions often converge over longer timeframes, digital engagement consistently brings forward consideration of support to when concerns first emerge. Taken together, this suggests that familiarity with advice supports readiness to engage digitally, while digital engagement accelerates more immediate help-seeking behaviour.

## Chart 5.2 — Digital users are more likely to seek advice sooner

Digital engagement is associated with a shorter time horizon to seeking advice



This chart compares the expected timeframe for seeking advice among consumers who use digital tools and those who do not.

Taken together, these patterns indicate that digital tools and professional advice do not operate in isolation. Digital engagement appears to support readiness for advice by prompting earlier consideration of guidance, while advice experience supports confidence in using digital tools. Rather than substituting for one another, the two forms of engagement reinforce each other across different stages of the consumer journey.

This reinforcing dynamic holds across life stages and advice relationships. Engagement with digital tools is highest among consumers with prior exposure to advice, whether ongoing, ad hoc or historical, and lowest among those with no advice history. Consumer research shows that 70% of those who consult a financial adviser, regularly or occasionally, have used a digital tool, compared with just 37% of those who have never been advised. This pattern suggests that digital engagement is shaped less by digital literacy or age and more by familiarity with advice, comfort navigating financial decisions and awareness of when professional support may be needed.

Stakeholder feedback aligns closely with this interpretation. Super funds, digital advice providers and financial advice businesses consistently rejected the idea that digital tools compete with professional advice. Instead, they described digital engagement as increasing clarity, preparedness and confidence, improving the effectiveness of subsequent advice interactions.

Rather than progressing along a linear path from digital to human advice, or vice versa, consumers move between tools and people depending on confidence, complexity and consequence. This reinforcing relationship provides the foundation for hybrid engagement, not as a transitional phase, but as a reflection of how advice is actually experienced and valued.

### **Hybrid Engagement as the Confidence-Building Operating Model**

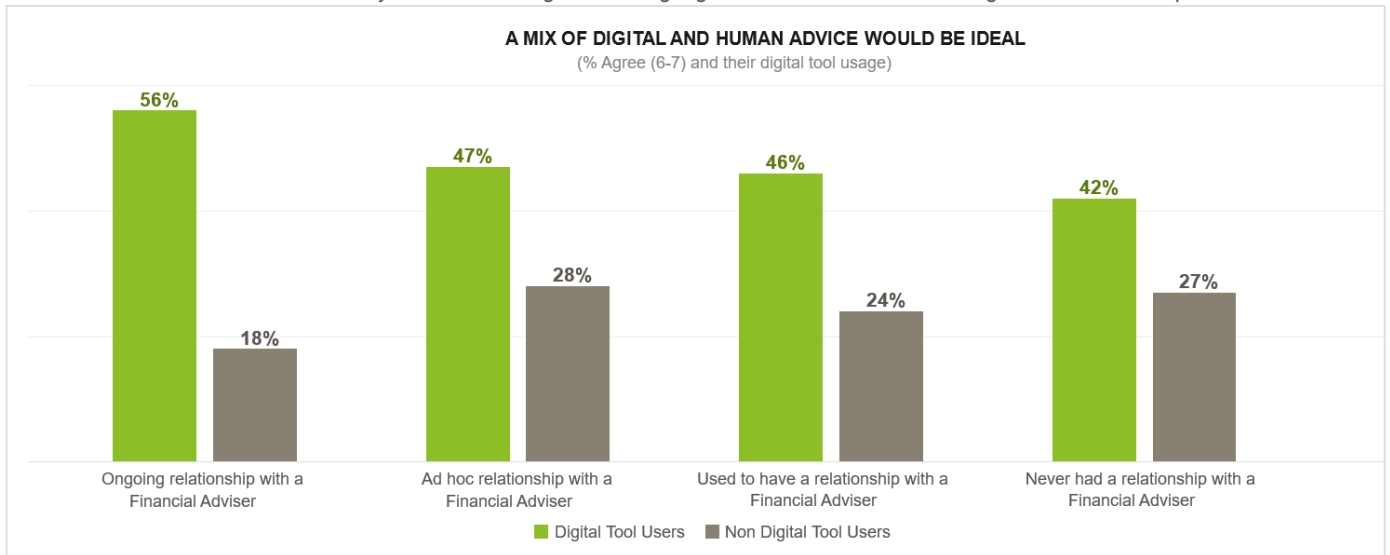
As financial decisions increase in consequence, confidence rather than access becomes the key constraint. Consumer research consistently shows that while digital tools are valued for ease, affordability and clarity, they rarely provide sufficient confidence for independent action in higher-consequence decisions. Only one in four digital tool users report feeling confident acting on recommendations from a digital tool. This confidence ceiling is evident across age cohorts and advice relationships.

Consumer preferences around advice delivery consistently favour hybrid engagement models that combine digital capability with access to human support. This preference is evident across different advice relationships and age cohorts, and is materially stronger among consumers who already engage with digital tools.

As shown in Chart 5.3, consumers with an existing or previous advice relationship who use digital tools are significantly more likely to prefer a mix of human and digital advice than non-digital tool users — most notably among those with an ongoing adviser relationship (56% vs 18%). This pattern holds across ongoing, ad hoc and previous advice relationships, and remains evident even among consumers who have never engaged with an adviser (42% vs 27%). While levels of preference vary by relationship type, the consistent gap between digital and non-digital users suggests that hybrid preference is as much a function of digital engagement as prior advice experience. In other words, digital tools appear to add complementary value alongside traditional advice rather than substituting for human involvement.

## Chart 5.3 — Hybrid preference by advice relationship

Preference for hybrid advice is highest among digital tool users with an existing advice relationship

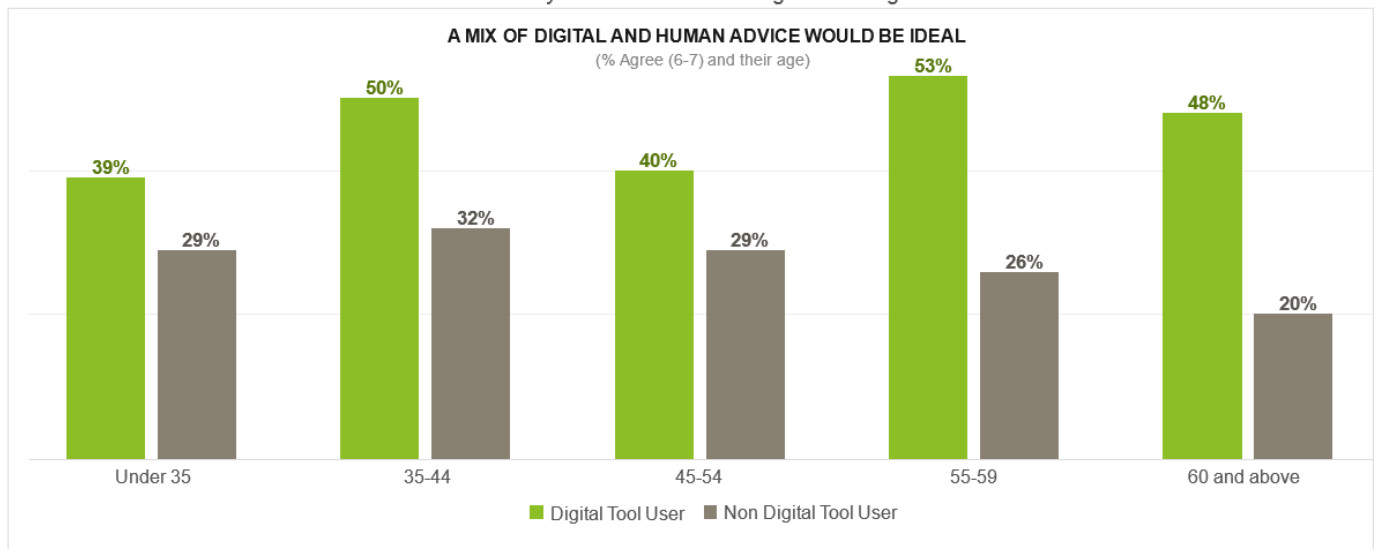


This chart shows the proportion of digital tool users who indicate a preference for a combination of human and digital advice, segmented by advice relationship (ongoing, past, ad hoc, none). Results reflect stated service preference at the time of the survey rather than causation.

This preference is not confined to any single life stage. Chart 5.4 shows that preference for a hybrid model remains high across age cohorts, with digital tool users in every age group more likely to see a combination of human and digital advice as ideal compared to non-users — ranging from 39% among those under 35 to 53% among the 55–59 cohort. The strongest preference is observed among consumers in the years approaching retirement, but even younger and digitally confident cohorts express a clear preference for hybrid engagement rather than purely digital or purely human models. Notably, the gap between digital and non-digital users widens with age, suggesting digital engagement has a particularly strong association with hybrid preference among the cohorts most likely to be actively considering their retirement options.

## Chart 5.4 — Hybrid preference by age

Preference for hybrid advice remains high across age cohorts



This chart shows preference for a combination of human and digital advice among digital tool users by age cohort. Results indicate consistent preference across age groups rather than concentration in any single cohort.

Digital tools play a critical role in structuring information, exploring scenarios and supporting understanding. Human involvement provides confidence to act. In many cases, the value of this human presence appears to be psychological rather than transactional. Consumers express a preference for knowing that human support is available, even if it is used infrequently. This suggests that confidence is strengthened not only through interaction, but through the reassurance that professional judgement can be accessed if needed.

Importantly, this pattern does not reflect a rejection of digital tools or a lack of digital confidence. Instead, it reflects the role of human involvement in building confidence when decisions carry greater consequence. Digital tools are valued for accessibility, structure and exploration, while human support provides reassurance, judgement and accountability at points where consumers are less confident acting independently. The preference for hybrid engagement therefore reflects how consumers want digital and human capabilities to work together as decision complexity increases.

Taken together, the evidence suggests that hybrid engagement should be understood as a confidence-building operating model rather than a transitional stage between digital and adviser-led advice. The combination of digital tools and human support aligns with consumer expectations across advice relationships and age groups, reinforcing hybrid delivery as a durable and scalable approach to meeting consumer needs as confidence and consequence evolve.

Stakeholder feedback aligns closely with this view. Super funds and financial advice businesses described human involvement as most valuable at points where decisions move from exploratory to consequential. Digital advice providers similarly observed that visible escalation pathways and human oversight increase confidence, even when most interactions remain digital. Hybrid engagement is therefore best understood as an operating model designed around confidence, rather than a fallback or compromise between channels.

This framing has implications for how digital advice is positioned and designed. Hybrid engagement is not about replicating traditional advice digitally, nor about replacing human judgement with automation. It reflects how consumers naturally want to interact with advice when both capability and consequence are taken into account, combining the accessibility and continuity of digital tools with human support when confidence to act is limited.

*As decisions become more consequential, confidence – not access – becomes the limiting factor. Human judgement provides reassurance at the point where digital tools alone are no longer sufficient.*

At the same time, hybrid engagement alone does not explain how consumers arrive at advice moments or remain connected between them. Engagement with advice is rarely continuous. It is episodic, shaped by life events, emerging concerns and shifts in confidence. Understanding the role digital tools play in activating and sustaining engagement between formal interactions is therefore essential.

External research also supports the finding that digital and human advice can operate as mutually reinforcing rather than substitutive. Empirical analysis of consumer use of digital advisory services shows a complementary relationship between engagement with digital advice tools and demand for independent professional financial advice. The research also identifies confidence as a significant factor, with the authors recommending interventions such as personalised guidance tools, interactive simulation environments and behaviourally informed prompts as practical means of increasing willingness to engage with digital advice. Finally, it emphasises the value of hybrid advisory models that combine the scalability and lower cost of digital tools with the reassurance and judgement provided by human advisers, enhancing accessibility while supporting consumer confidence (Aristei & Gallo, 2026).

Experimental research on human–AI collaboration further reinforces the value of hybrid engagement in building trust and confidence in advice. A field experiment partnering with a major European savings bank found that customers were significantly more likely to follow investment advice produced through human–AI collaboration than advice generated by AI alone, particularly

for higher-risk or uncertain decisions. Importantly, this effect was not driven by a belief that human involvement improved the quality of the underlying analysis. Instead, the presence of a human adviser generated greater emotional trust through the peripheral route of persuasion, providing decision comfort and reducing anxiety in uncertain situations, rather than through any rational reassessment of advice quality. The research supports the value of hybrid advisory models while also cautioning that human involvement can increase reliance on advice irrespective of its accuracy, underscoring the importance of quality oversight in any collaborative model (Yang, Bauer, Li & Hinz, 2025).

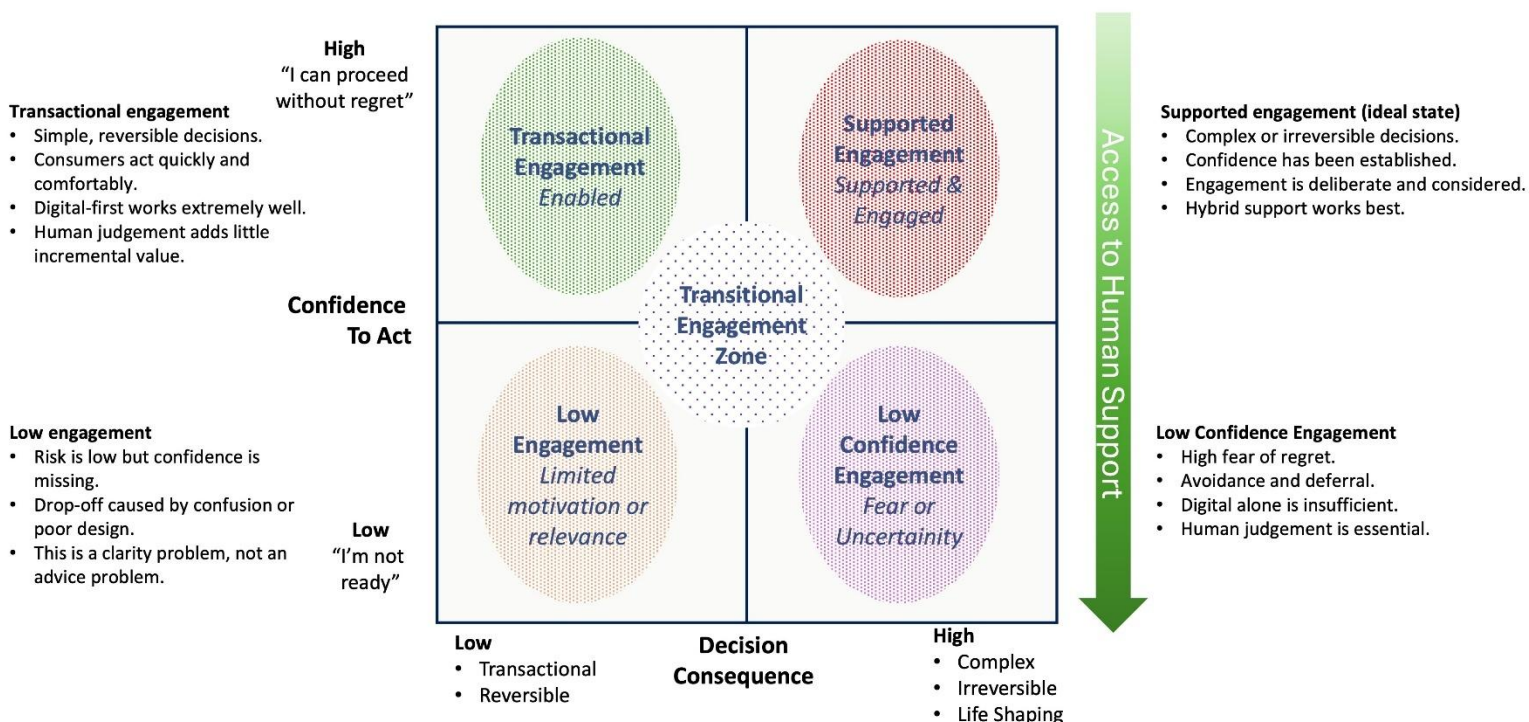
### Digital Activation, Proximity, and Continuity of Advice

The reinforcing relationship between digital engagement and advice engagement, outlined in Section 5.1, helps explain why consumers who use digital tools are more likely to seek advice. This leads to a related issue: how digital tools influence when consumers engage and how connection to advice is maintained over time.

Chart 5.5 illustrates this dynamic through an **Engagement Confidence Matrix**, which reflects how consumers move between different engagement states based on confidence to act and the perceived consequence of decisions. Rather than progressing along a linear advice journey, individuals shift between different engagement states over time.

Digital tools play a critical role in maintaining proximity between these engagement states, while access to human support becomes more relevant as confidence declines or decision consequence increases. This effect is particularly evident in relation to retirement. Among consumers concerned about retirement adequacy or income options, digital tool users are significantly more likely to be considering advice within the next one to three years compared to non-users.

**Chart 5.5 — The Engagement Confidence Matrix**  
*Engagement is shaped by confidence and consequence rather than a linear advice journey*



*Consumers move between engagement states over time. Digital tools help maintain proximity to advice while access to human support becomes more important as confidence falls or decision consequence rises.*

Stakeholder feedback reinforces this behavioural role. Across super funds, digital advice providers and financial advice businesses, digital tools were consistently described as activation mechanisms rather than substitutes for advice. Stakeholders observed that digital engagement helps surface need earlier, supports more effective triage of advice demand and encourages re-engagement among consumers with prior advice experience.

Viewed together, the evidence suggests that digital advice tools function as an early-intervention and continuity layer within the advice ecosystem. Their value lies not in replacing professional advice, but in maintaining connection and momentum as consumers move between engagement states, reducing the likelihood that engagement only occurs at points of urgency or stress.

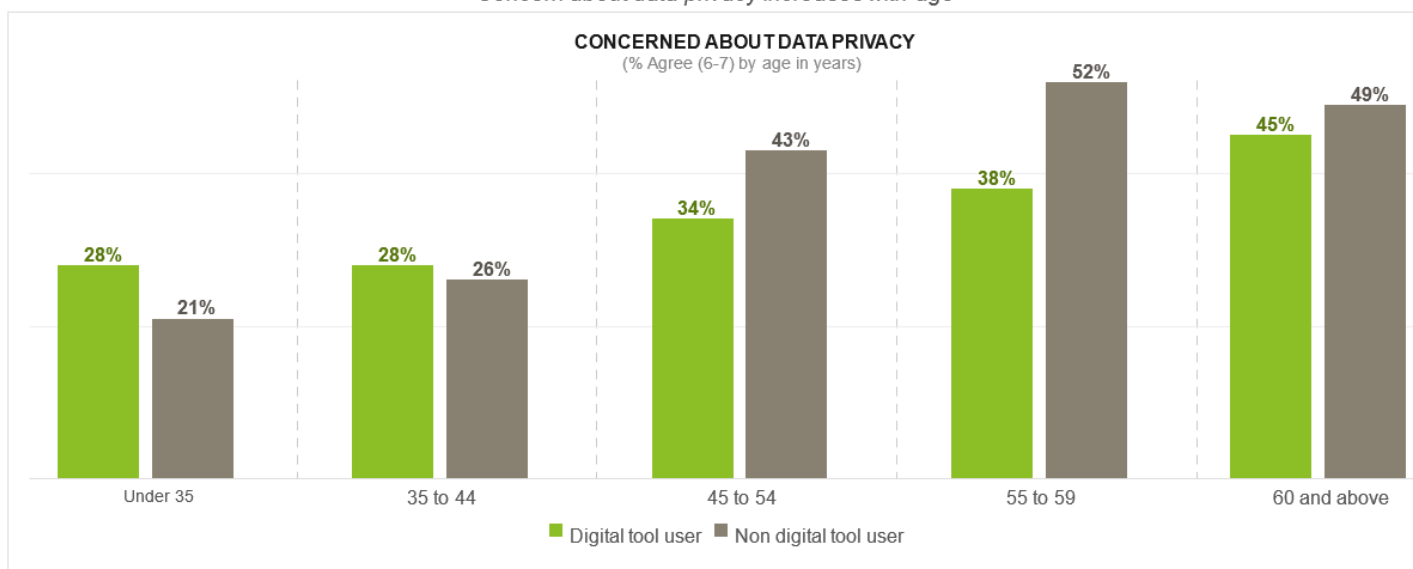
### Institutional Trust as the Enabler of Digital Engagement

While digital tools can activate engagement and maintain proximity to advice, sustained use depends on trust in the institution providing the service. Consumer research indicates that trust in digital advice is shaped less by individual tool functionality and more by confidence in governance, data handling and accountability at the institutional level.

Concerns about data privacy and security are present across all age cohorts and increase as decisions become more consequential (refer chart 5.5). Among younger consumers, engagement with digital tools can surface privacy considerations that were not previously prioritised, as evidenced by the research showing 35% of under 35 year olds say they are concerned about data privacy versus 21% of their peers who do not use digital tools. This suggests that concern often emerges through use rather than acting as a barrier to adoption. For older consumers, particularly those approaching or in retirement, concern about data use remains elevated regardless of whether digital tools are used. Roughly half of consumers aged 60 and above report feeling some level of discomfort with data privacy, indicating that trust must be actively reinforced rather than assumed.

**Chart 5.6 — Data privacy concern by age**

*Concern about data privacy increases with age*



*This chart shows the proportion of consumers reporting concern about data privacy, segmented by age cohort.*

*While concern is present across all age groups, it is more pronounced among older consumers, particularly as decisions become more consequential.*

Importantly, privacy concern does not generally prevent engagement outright. Instead, it shapes how confidently consumers interact with digital tools and whether they are willing to rely on outcomes when decisions feel irreversible. In this context, institutional trust acts as a stabilising factor. Consumers are more willing to engage digitally when tools are clearly anchored to organisations they already trust, even where residual discomfort remains.

Super funds and financial advice businesses consistently emphasised that data governance, accountability and auditability are foundational trust requirements. While usability and clarity support engagement, stakeholders viewed their responsibility for data and decision oversight as critical as digital tools move from exploration into advice and decision-support.

Trust therefore operates as a layered condition rather than a binary state. In lower-consequence decisions, trust is often assumed. As decisions become more consequential, it must be reinforced through visible governance, data transparency and clarity of accountability. Digital advice is most effective when these trust signals are made explicit at the moments where confidence is most fragile.

### Advocacy Implications: Access, Timing, and Consumer Protection

*The risk for consumers is not engaging with advice too early, but engaging too late – often when decisions are made under pressure.*

The combined consumer and stakeholder evidence suggests that improving consumer outcomes is not solely a question of whether advice is available, but when and how individuals are supported to engage. Demand for guidance and advice emerges progressively, shaped by life stage, confidence and decision consequence. Where support is only accessible at moments of high urgency or complexity, consumers are more likely to delay engagement or act without sufficient understanding.

From an advocacy perspective, this underscores the importance of early, proportionate engagement. Digital tools and hybrid advice models can support consumers before decisions become irreversible, enabling exploration, clarification and recognition of when professional input is needed. Earlier engagement should therefore be understood as supporting better outcomes by encouraging advice to be sought earlier in the decision cycle, rather than only in moments of urgency or stress.

The findings also challenge binary distinctions between “advised” and “unadvised” consumers that often underpin service design and policy debate. Consumer behaviour increasingly reflects a fluid ecosystem in which individuals move between digital tools, institutional guidance and human advice over time. Advocacy frameworks that assume static consumer categories risk overlooking the needs of those whose engagement sits between these definitions, particularly mid-life consumers whose advice needs are emerging but not yet acute.

Trust and confidence remain central. As decision consequence increases, consumers require reassurance that guidance is safe, appropriate and accountable. Hybrid engagement models that combine digital accessibility with human judgement provide a practical means of meeting this need, while institutional trust underpins willingness to engage digitally at all. Visible escalation pathways and clear accountability support informed decision-making without forcing consumers prematurely into comprehensive advice models.

Overall, the evidence suggests that consumer advocacy should address the risks associated with delayed or absent engagement. Supporting earlier engagement, maintaining proximity to advice over time, and enabling access to human support when confidence is low can improve decision-making and outcomes across the lifecycle. Digital and hybrid advice, when grounded in institutional trust and clear governance, can therefore be understood as mechanisms for improving access, timing and protection rather than as substitutes for professional advice.

## 6. Value Creation and Trade-offs Across the Market

### Value beyond efficiency

Discussions about digital advice often default to efficiency. Cost reduction, automation, and speed are frequently treated as the primary indicators of success. While these dimensions matter, they are insufficient on their own to explain why digital advice has emerged as a strategic focus across the superannuation sector.

From the evidence gathered, digital advice is better understood as a mechanism for reallocating scarce capability within the advice system. Its value lies not only in doing things more cheaply, but in enabling help to be delivered earlier, more consistently, and to a broader group of members than traditional advice models can support on their own.

This broader conception of value is particularly important in an environment where advice demand materially exceeds adviser capacity. In such a context, the question is not whether digital advice replaces human advice, but whether it allows institutions to deploy human judgement more selectively and effectively, while still supporting members who would otherwise receive little or no help.

Value is also unevenly realised. Some benefits accrue immediately to consumers through access and affordability. Others emerge over time through behavioural change, improved engagement, and more informed decision-making. Institutional value may be indirect, reflected in sustainability, retention, and reduced downstream pressure on advice and service teams rather than direct revenue.

For these reasons, assessing the value of digital advice requires a lens that encompasses access, capacity, behavioural outcomes, and confidence to act, alongside efficiency. Without this broader framing, the trade-offs explored later in this section are easily misunderstood or mischaracterised.

### Consumer value: affordability, access, and confidence

From a consumer perspective, the primary value of digital advice lies in its ability to lower barriers to engagement. Super fund stakeholders consistently describe large cohorts of members who are unlikely to seek traditional advice due to cost, perceived complexity, or uncertainty about where to start. For these members, digital tools provide an accessible entry point to explore options, test scenarios, and build understanding in a lower-pressure environment.

*In environments where advice is not priced explicitly, willingness to engage is often a more reliable indicator of perceived value than willingness to pay.*

Affordability plays a role, but access is not solely about price. Digital advice allows members to engage at their own pace, revisit information, and experiment without committing to an adviser relationship. This is particularly relevant for members in earlier life stages or those with episodic needs, where the perceived threshold for engaging with advice is often higher than the underlying complexity of the decision.

**Confidence to act emerges as a critical dimension** of consumer value. Digital advice is widely seen as effective in supporting exploration and preparation, helping members clarify goals, understand trade-offs and narrow choices. However, confidence to implement decisions varies materially depending on decision consequence and personal circumstances, a dynamic illustrated

in the Engagement Confidence Matrix. As decisions move toward higher consequence, particularly in relation to retirement income, stakeholders consistently observe that confidence is reinforced through human reassurance and judgement rather than replaced by automation.

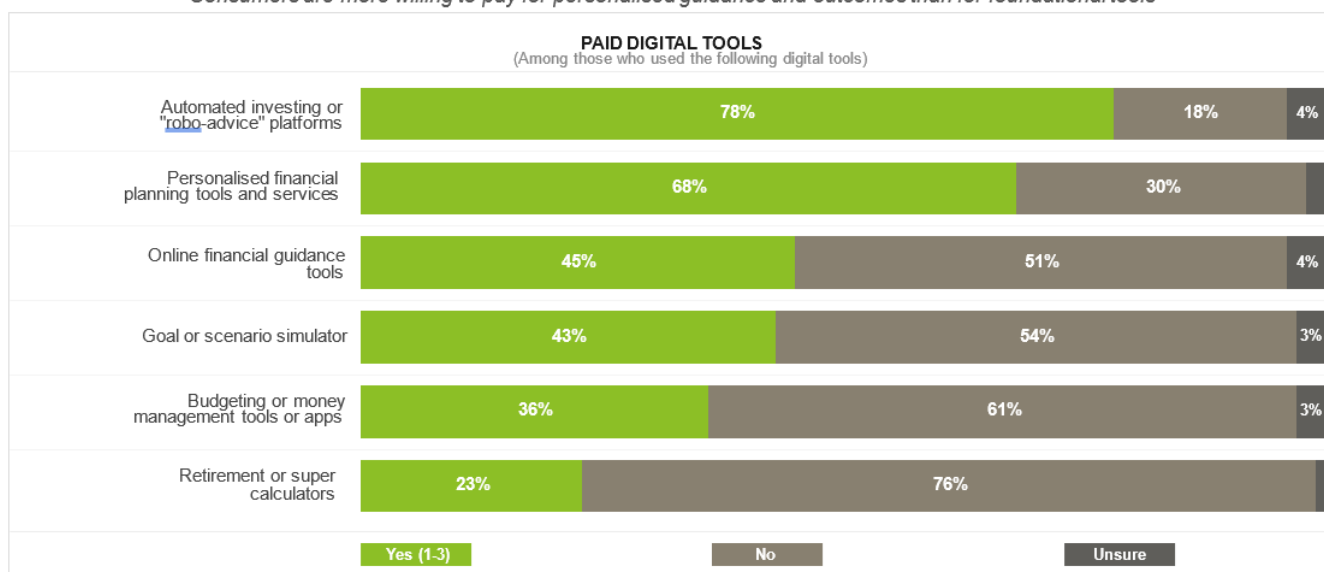
Importantly, super funds do not frame this as a failure of digital advice. Instead, it reflects a realistic understanding of how consumers make decisions in areas involving uncertainty and long-term consequences. In these contexts, digital advice adds value by improving the quality of engagement and the readiness of members to have more productive conversations, whether with advisers or service teams.

Consumer value is therefore not binary. It is realised differently across decision types, life stages, and confidence levels. Digital advice creates material value when it expands access to help, supports informed exploration, and contributes to confidence to act, even where final decisions are supported or confirmed by a human. Cost is often raised in discussions of digital advice, but its influence on consumer behaviour varies materially by context.

Consumer research suggests that perceived value increases as digital support moves from foundational tools toward personalised guidance and outcomes. In this context, engagement and confidence emerge as important precursors to willingness to pay, particularly where digital advice supports clearer understanding and decision readiness.

### Chart 6.1 — Willingness to pay by digital tools

Consumers are more willing to pay for personalised guidance and outcomes than for foundational tools



This chart shows the proportion of consumers who report having paid for different types of digital financial tools. Willingness to pay is highest for tools that provide personalised guidance and decision support, and lowest for foundational tools such as calculators and basic money management, which are more commonly expected to be provided at no cost.

Consumer research in Chart 6.1 reinforces a clear distinction between foundational tools and higher-value digital support. Consumers report a much greater willingness to pay for personalised financial planning (68%) and automated investing platforms (78%) than for calculators or basic money management tools — where willingness to pay drops to 23% and 36% respectively. The gap is substantial: consumers are more than three times as likely to pay for robo-advice or personalised planning tools than for retirement calculators, which are widely expected to be provided at no cost, with three in four consumers saying they have only ever accessed free retirement calculators.

This pattern supports the view that perceived value is driven by outcomes and relevance rather than access to tools alone, and helps explain why engagement and confidence are more informative indicators of value than willingness to pay in superannuation contexts.

Consumer research also provides insight into how cost is perceived in the context of digital advice. In a superannuation environment, where digital tools are typically offered at no direct charge, stated *willingness to pay* can understate perceived value. Rather than signalling rejection, lower

price sensitivity often reflects the way digital advice is positioned as an embedded service rather than a discrete purchase.

In this context, *willingness to engage* offers a more meaningful indicator of consumer value. Engagement behaviours such as initial uptake, repeat use, and progression toward deeper interaction reflect curiosity, trust, and growing confidence to explore financial decisions.

Stakeholders observe that willingness to engage is strengthened when digital advice is supported by complementary services, including guidance, nudges, implementation support, and access to human reassurance. These elements help reduce uncertainty, clarify needs, and sustain engagement over time.

This dynamic also helps explain how digital advice can influence willingness to pay in advice models where pricing is explicit. In financial advice business contexts, stakeholders note that digital tools and scoped advice capabilities can act as complementary services, supporting earlier engagement and helping prospective clients understand the relevance and value of comprehensive advice. By reducing the friction associated with initial engagement and making the benefits of advice more tangible, digital capability can increase readiness among near customers to commit to adviser-led services.

Viewed in this way, willingness to pay for advice is better understood as a downstream outcome of confidence and clarity built through engagement, rather than as a prerequisite for value creation. The same mechanisms that increase willingness to engage in a super fund context can, when applied within professional advice models, support higher perceived value and willingness to pay for in-person or comprehensive advice when it is most needed.

### **Institutional value: scale, capacity, and sustainability**

From an institutional perspective, the value of digital advice is closely tied to capacity rather than efficiency alone. Super funds consistently describe digital advice as a response to a structural imbalance between member demand for help and the limited availability of human advice resources.

In this context, digital advice is not primarily deployed to replace advisers or reduce service cost. Instead, it is used to extend organisational reach, support consistency of delivery, and allow scarce human capability to be applied where it adds the greatest value. This framing is particularly evident in funds seeking to engage large cohorts of members who would otherwise receive little or no advice support.

Institutional value is often indirect. While digital advice may not generate standalone revenue, stakeholders point to benefits such as improved member engagement, increased retention, and reduced downstream pressure on advice and contact centre teams. These outcomes contribute to organisational sustainability even when they are not immediately reflected in traditional financial metrics. Importantly, the value institutions seek from digital advice varies by context.

### **Behavioural outcomes and engagement effects**

Across the stakeholder evidence, behavioural outcomes emerge as a critical, but often underappreciated, dimension of value.

Super funds consistently observe that the presence of digital advice tools changes how members engage with their superannuation, even when those tools do not directly result in immediate transactions or advice implementation. Members are more likely to explore scenarios, revisit

decisions, and engage repeatedly over time, particularly when tools are designed to support learning rather than push outcomes.

Repeat engagement is seen as a stronger indicator of value than initial usage. Stakeholders note that members often approach digital advice cautiously at first, using it to test assumptions or build familiarity. Over time, as confidence grows, engagement deepens and decisions become more considered. This progression is viewed as a positive behavioural outcome in its own right.

Digital advice is also seen to improve the quality of subsequent human interactions. Members who have engaged with digital tools tend to ask more informed questions and are better prepared for conversations with advisers or service teams. This shifts the role of human support from information provision to interpretation, reassurance, and judgement.

However, stakeholders are careful not to overstate behavioural impact. They acknowledge that engagement does not always translate into action, and that behaviour change is influenced by decision consequence, life stage, and personal circumstances.

Stakeholders also point to the importance of implementation. Even where members are confident in a decision, friction in executing that decision can erode momentum and dilute outcomes. Processes such as contribution changes, investment switches, pension commencements, and data verification often sit outside the digital advice experience itself, yet play a critical role in whether advice is acted upon.

In this context, the quality and integration of administrative capability, whether delivered in-house or through external partners, is seen as a material factor in converting intent into outcome. Where implementation pathways are clear, timely, and well aligned to digital journeys, behavioural gains are more likely to be realised. Where they are fragmented or slow, confidence can dissipate despite strong engagement upstream.

### **Trade-offs at the point of scale**

The most commonly cited tension in the super fund interviews sits at the intersection of scale and accountability.

Increasing scale heightens sensitivity to unintended outcomes, reputational risk, and trustee responsibility. As digital advice moves from calculators and general guidance into more personalised or scoped advice pathways, these concerns become more pronounced.

As a result, funds are cautious not because they doubt the potential value of digital advice, but because they are conscious that mistakes, once embedded in automated pathways, can propagate quickly and widely.

### **Structural constraints versus organisational choice**

Stakeholders consistently distinguish between constraints that are structural and those that are organisational.

Structural constraints include adviser supply relative to member demand, the diversity of member needs and confidence levels, and the obligations that accompany increased personalisation of advice. These factors are largely common across the sector and cannot be resolved by any single fund.

Organisational trade-offs, by contrast, reflect deliberate choices. These include how narrowly or broadly intra-fund advice is interpreted, how tightly digital journeys are coupled to human escalation, and how much variation in member experience is acceptable.

Funds that appear more advanced in digital advice are not operating under fewer constraints. Rather, they have made different decisions about where to place boundaries and how much risk to accept at different stages of maturity.

### **The role of risk appetite, governance maturity, and member profile**

Digital advice decisions within super funds are framed through a trustee risk lens rather than a technology lens.

Risk appetite varies materially across funds, influenced by governance maturity, confidence in controls, and the ability to monitor outcomes at scale. Funds with more developed governance frameworks and testing regimes report greater comfort extending digital advice into more complex use cases.

Member profile is also a significant factor. Funds with a higher proportion of pre-retirement and retirement members express heightened sensitivity to decision consequence, and therefore place greater emphasis on reassurance, escalation, and oversight. In these contexts, automation is more likely to be used to support preparation and exploration, rather than execution.

Across the interviews, caution is driven less by aversion to innovation and more by uncertainty around how confidently risk can be managed as scope expands.

### **Divergent priorities, aligned intent**

Despite differences in implementation, super funds show a high degree of alignment on intent.

There is broad agreement that digital advice has a role to play in improving access, supporting earlier engagement, and extending institutional capacity. Where funds diverge is in how they prioritise competing objectives. Some funds prioritise learning and iteration, accepting higher uncertainty in exchange for faster insight. Others prioritise certainty and control, extending scope only once internal confidence is firmly established.

These differences reflect starting position, organisational readiness, and sequencing preferences rather than disagreement on end goals. In this sense, variation across the market reflects rational strategy choices rather than fragmentation.

### **Recurring tensions in practice**

Four recurring trade-offs appear consistently across the super fund interviews:

- **Scale versus personalisation**  
Broader reach typically requires simpler, more standardised journeys, while deeper personalisation increases governance and oversight demands.
- **Speed versus assurance**  
Faster pathways can improve engagement but require greater confidence in controls and monitoring.
- **Automation versus accountability**  
Automated outcomes raise questions about where responsibility sits, particularly at the trustee level.
- **Innovation versus confidence**  
Funds often delay capability expansion until internal and board-level confidence is fully established.

These tensions are not viewed as failures to resolve, but as ongoing balancing acts.

## Why trade-offs persist

Super fund stakeholders are clear that technology does not remove trade-offs. It reshapes them.

Digital tools can reduce friction, improve consistency, and support earlier engagement, but they do not remove trustee accountability, the emotional weight of retirement decisions, or the need for judgement where circumstances are complex or ambiguous.

For this reason, funds tend to frame digital advice as a capacity and confidence amplifier rather than a substitute for human involvement. Value is realised not through eliminating tension, but through consciously designing how trade-offs are managed within the broader advice ecosystem.

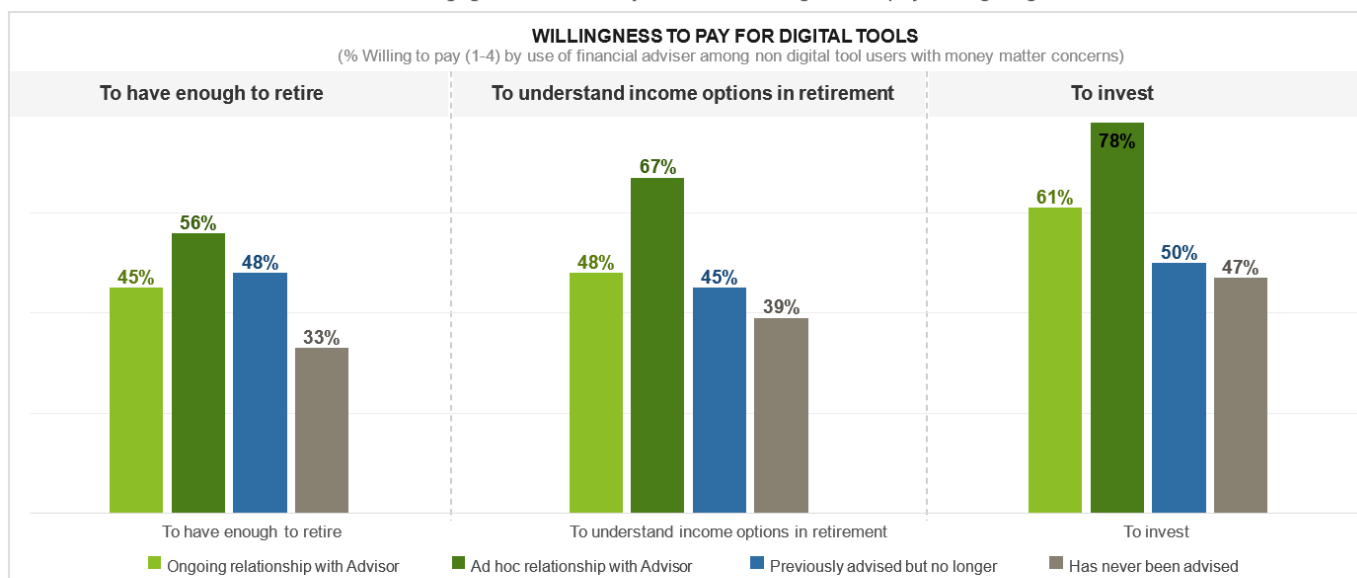
## Why different strategies can all be rational

Taken together, the evidence highlights why digital advice strategies vary materially across the market, even where participant intent is closely aligned. Differences in approach reflect rational responses to context, rather than disagreement about the value of digital advice or the needs of consumers.

Super funds operate with distinct member profiles, governance frameworks, and starting positions. These factors shape how trade-offs are prioritised and sequenced. A fund with a younger, accumulation-heavy membership may place greater emphasis on early engagement and education, while a fund with a larger retirement cohort may prioritise reassurance, oversight, and controlled pathways to action. Both approaches can be appropriate within their respective contexts. Consumer research provides further insight into how these contextual differences shape willingness to pay for digital support.

### Chart 6.2 — Willingness to pay by advice relationship

*Advice engagement materially increases willingness to pay for digital guidance*



*This chart shows willingness to pay for digital financial tools segmented by advice relationship status. Consumers with ongoing or ad hoc advice relationships are consistently more likely to have paid for digital tools than those who have never been advised, highlighting the link between advice engagement and perceived value of digital support.*

Willingness to pay for digital tools, as seen in chart 6.2 increases materially among consumers with existing or previous advice relationships, particularly for personalised planning and online guidance. For instance, 67% of consumers who consult occasionally with a financial adviser would be happy to pay for digital tools that could help them understand their income options in retirement compared to just 39% of consumers who have never been advised. This pattern suggests that engagement with advice changes how consumers perceive the value of digital support, shifting it from a standalone tool to a complementary service that reinforces understanding and decision-making.

For professional advice practices, this supports the role of digital tools as enablers rather than substitutes. Digital engagement can help near customers clarify needs, reduce uncertainty, and recognise the value of adviser involvement, increasing readiness to engage in comprehensive advice when it becomes most relevant.

In this context, digital tools and scoped advice capabilities can support earlier engagement with near customers, improving readiness to enter a full advice relationship when decisions become more complex or consequential.

Evidence from consumer research reinforces why digital advice strategies differ across institutional and professional advice contexts. While super fund members generally expect basic digital tools to be provided at no cost, consumers engaged with professional advice models demonstrate a willingness to pay for digital services that deliver personalised guidance and outcomes.

Importantly, no single model optimises for all dimensions of value simultaneously. Strategies that maximise reach may sacrifice personalisation, while approaches that prioritise assurance and depth of support may limit scale. As strategic analysis has long observed, value creation depends on coherent choices that increase customers' willingness to pay while managing cost and complexity, rather than attempting to optimise every dimension at once (Oberholzer-Gee, 2021).

What differentiates more effective implementations is not the selection of a particular model, but the coherence between ambition, capability, and governance. Where these elements are aligned, digital advice is more likely to deliver sustainable value for consumers and institutions alike. Where they are misaligned, they can struggle to translate engagement into outcomes.

Recognising the legitimacy of different strategies is therefore critical to understanding progress across the market. It allows digital advice to be assessed in context, reduces pressure for false uniformity, and supports more constructive dialogue between institutions, providers, and policymakers about how value is created and sustained.

### Implications for policy confidence

The analysis in this section highlights that digital advice creates value in multiple, interconnected ways, but that this value is realised through choices rather than certainty. The trade-offs observed across the market are not signs of immaturity or failure. They are the natural consequence of delivering advice at scale within a system that prioritises consumer protection, trustee accountability, and long-term outcomes.

For policymakers and regulators, this has important implications. Progress in digital advice is shaped less by the availability of technology and more by institutional confidence in how risk, responsibility, and outcomes are managed. Where uncertainty persists, it is often linked to ambiguity around boundaries, proportionality, and the interaction between digital tools, human judgement, and accountability, rather than to opposition to digital advice itself.

Recognising that different strategies can be rational in different contexts supports a more constructive policy dialogue. It reduces pressure for prescriptive models, acknowledges the diversity of member needs and organisational settings, and allows innovation to proceed in ways that are deliberate and well governed. Clarity and confidence, rather than uniformity, emerge as the conditions most likely to support sustainable adoption.

Seen through this lens, digital advice is not a marginal or experimental capability. It is an established and evolving component of the advice ecosystem, whose future impact depends on the extent to which institutions, policymakers, and regulators share a common understanding of how value is created and how trade-offs are responsibly navigated.

## 7. AI and Digital Capability: Reality, Not Rhetoric

### Human judgement as the trust anchor

Across stakeholder interviews and consumer research, a consistent theme emerged: confidence in AI-enabled tools is shaped less by whether automation is present and more by whether human judgement remains clearly involved.

This mirrors patterns already observed in digital advice more broadly. Consumers are generally more comfortable engaging with digital tools when they know human support is available if needed, even if it is rarely used. As AI capability is introduced, it is being framed in the same way. Rather than replacing professional judgement, AI is being positioned within hybrid models that support understanding and engagement while preserving accountability.

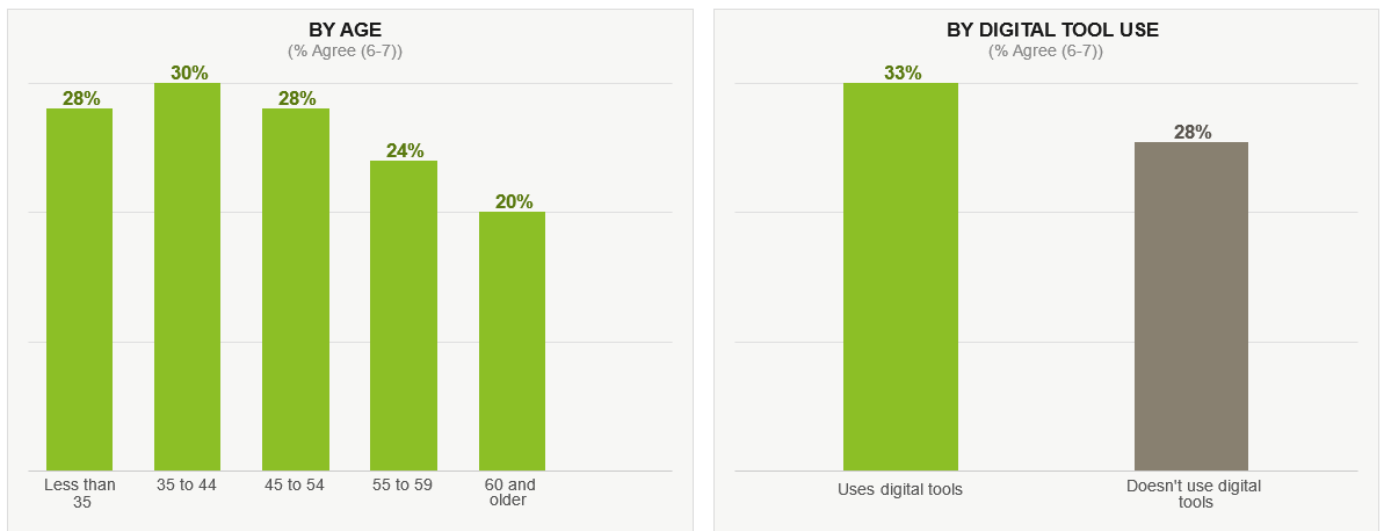
Consumer research reinforces this point. Across all age cohorts, respondents expressed higher trust in AI-enabled tools when human judgement or discretion was explicitly part of the model. This effect is particularly strong among digitally engaged users, who are both more open to AI-supported experiences and more insistent that human oversight remain visible. For these consumers, confidence appears to depend less on constant human interaction and more on clear accountability; the reassurance that responsibility ultimately sits with a person or institution they trust.

The data makes this concrete. Even among digitally native cohorts, the data shows 28% would only trust AI if there was an element of human oversight. This is not a fringe view among less digitally confident consumers; it reflects a baseline expectation that cuts across cohorts most likely to embrace AI-enabled tools. Oversight is not a barrier to adoption; it is a condition of it.

*Reichheld, Goodwin and Sherman (2026), drawing on Deloitte's TrustID data from over 500,000 U.S. customers, find that transparency in AI raises customer expectations across all trust dimensions simultaneously, not just perceptions of openness. Consumers want evidence that the system performs well and that it has been designed with their interests in mind. Explaining how AI works is necessary, but not sufficient. (Harvard Business Review, 2026)*

### Chart 7.1 — Trust in AI-enabled tools when human judgement is present

*Proportion of respondents reporting greater trust in AI when supported by human oversight, by age cohort and digital tool usage*



*This chart shows that trust in AI-enabled tools increases when human judgement or discretion is explicitly part of the model. While trust declines gradually with age, the presence of human oversight remains important across all cohorts. Notably, digitally engaged users report higher trust overall, suggesting that familiarity with digital tools increases openness to AI, provided accountability and escalation pathways remain clear.*

Funds and providers described AI as most effective when it supports explanation, exploration and navigation, while responsibility for judgement, escalation and accountability remains with humans. In practice, AI is being explored as a way of helping members orient themselves, clarify options, and engage more easily with information, particularly at earlier stages of decision-making.

Hybrid models therefore reflect existing behavioural patterns rather than a transitional compromise. Digital tools reduce friction and structure information. Human judgement provides reassurance where decisions carry complexity or consequence. The introduction of AI extends this pattern rather than disrupting it.

This also reframes how AI should be communicated to consumers. Most people are not consciously evaluating whether a tool is “AI-driven” when they first engage with it. They are focused on themselves: their question, their uncertainty, and whether the response makes sense. It is often only after receiving an answer that questions about credibility and accountability arise. At that point, clarity about human oversight becomes critical.

For industry participants, the implication is clear. AI should be designed and positioned around user needs rather than technology narratives. Consumers value tools that respond in language they understand, reflect their personal circumstances, and help them make sense of options. AI enables this at scale. Human judgement ensures those interactions remain trustworthy, accountable and aligned with regulated advice obligations.

### Where AI is starting to be introduced

Across the market, AI is being introduced in narrow, deliberately bounded ways. Current applications focus on improving engagement, comprehension and navigation, rather than generating advice recommendations or making decisions on behalf of consumers.

These early use cases reflect both consumer behaviour and institutional risk settings. AI is being explored where it can enhance accessibility and responsiveness without altering underlying advice logic, decision frameworks, or accountability arrangements. Common areas include:

- **Engagement and interaction** – allowing members to ask questions in plain language, receive timely responses, and navigate information without needing to interpret technical or industry-specific terminology.
- **Explanation and comprehension** – supporting clearer articulation of concepts, trade-offs and processes, helping users make sense of information rather than directing them toward a specific outcome.
- **Triage and pathway guidance** – assisting members in understanding whether their needs sit within guidance or intra-fund advice boundaries, or whether escalation to human support may be appropriate.

In each case, AI operates as an interface or support layer. The underlying assumptions, rules and boundaries remain unchanged. What changes is how information is accessed and experienced.

## Case Study: Using Generative AI to Reduce Friction and Improve Member Understanding

### Ford Motor Company and Quietroom – PensionsChat (UK, 2025)

**Context:** In 2025, Ford Motor Company, working with Quietroom, introduced a generative AI chatbot (PensionsChat) to support members of its UK pension schemes. The primary objective was to help members get clearer answers to common questions more quickly and with less effort.

**What members used it for:** Members used the chatbot to ask short, practical questions about how the scheme works, clarify terminology and next steps, and navigate existing information without searching through lengthy documents. Most interactions focused on understanding and orientation rather than seeking personalised recommendations.

**How it improved the member experience:** The chatbot reduced friction by allowing members to ask questions in their own words and receive immediate, plain-language responses grounded in approved scheme content. Where questions became complex or moved beyond guidance, members were directed to appropriate human support, helping them progress their understanding without being prematurely escalated into high-touch advice channels.

**Observed outcomes:** Analysis of interactions showed that members primarily used the tool to orient themselves, build confidence, and decide what to do next. The AI functioned as an explanation and navigation layer rather than a substitute for professional judgement, supporting engagement at scale while preserving clear accountability boundaries.

**Relevance to Australia:** This example illustrates how generative AI can improve member outcomes by making information easier to access, understand and act on without altering advice responsibility or accountability. While the UK pension context differs from Australian superannuation in regulatory structure, the underlying dynamic is directly transferable: AI as an explanation and navigation layer, operating within defined boundaries, with clear escalation to human support.

### Deliberate boundaries and governance considerations

Across interviews, participants were clear that AI use in advice environments remains deliberately constrained. These constraints are not driven by a lack of technical capability, but by governance, accountability and risk considerations. Clear limits were consistently described around:

- Advice decision-making and personalised recommendations.
- Autonomous or unbounded generative responses.
- Situations involving heightened decision consequence or consumer vulnerability.

Governance was consistently framed as a practical operating requirement rather than a compliance overlay. Participants emphasised the importance of clear accountability, explainability, monitoring and escalation pathways. Where these conditions cannot be confidently met, AI use is typically deferred.

There is also a strong preference for learning before scaling. Rather than broad deployment, organisations are focusing on limited use cases where behaviour can be observed, controls can be tested, and confidence can be built incrementally. This staged approach mirrors the sequencing logic that characterises successful digital advice deployment more broadly.

### Overall assessment

Taken together, the evidence suggests that AI is beginning to be introduced into digital advice environments in a cautious and pragmatic way. Current use is focused on supporting engagement, explanation and navigation, while preserving clear responsibility and accountability.

At this stage, AI's role is best understood as **helping enable better conversations and earlier engagement**, rather than making decisions on behalf of consumers. The case study evidence, combined with stakeholder experience, suggests that where AI is deployed with clear purpose, defined boundaries, and visible human accountability, it adds genuine value to the member experience without introducing new regulatory risk.

How that role evolves will depend less on technological potential and more on institutional readiness, governance capability, and accumulated experience. The foundations for responsible expansion are already present in organisations that have begun this work deliberately. For those that have not, the starting point is not AI strategy; it is governance confidence.

## 8. Regulation as an Operating Environment

Regulation is often described as a constraint on digital advice. In practice, it functions more as the environment in which advice models are designed, governed and delivered. Across stakeholder interviews, a clear message emerged: **the Australian financial advice framework does not prohibit digital or hybrid advice delivery**. The legislation is principles-based and largely technology-neutral.

Yet regulation is frequently experienced as friction at the point of design and implementation. This friction does not arise from the law itself, but from how regulation is interpreted and operationalised within organisations, which can vary across the sector. Decisions are made within licensing arrangements, risk frameworks, compliance processes and with regard to reputational considerations, superannuation trustee accountabilities and the stance of regulators. Over time, these internal positions can harden into **constraints**.

Viewing regulation as an operating environment, rather than a set of fixed limitations, helps distinguish **legal obligation** from **organisational interpretation**, enabling more deliberate design and governance decisions without lowering standards.

### Legislation vs. Interpretation in Practice

At the legislative level, financial advice obligations focus on **conduct and outcomes**, not delivery channel. Requirements related to best interests, appropriateness, disclosure and conflicts apply whether advice is delivered by a person, a system, or a hybrid model.

In practice, however, interpretation drives implementation. Stakeholders described a consistent gap between what the law requires and how it is applied internally. Historic guidance, supervisory experience and established compliance practices often shape internal positions more than the legislation itself.

A recurring example is the assumption that **system-delivered advice requires more safeguards** than adviser-delivered advice, even when the underlying logic is materially the same. Because digital advice is deterministic, explicit and scalable, it is often held to a higher evidentiary and control standard. This reflects **risk perception**, not the actual legal threshold.

Human-delivered advice relies on judgement exercised case by case whereas system-delivered advice relies on defined logic and repeatable processes. Each presents different risk characteristics. However, the transparency and scalability of digital systems can attract greater scrutiny, even where they provide stronger auditability and consistency than human judgement alone.

This asymmetry reflects how risk is perceived rather than how it is defined in law, and it matters because it can result in digital delivery being treated as inherently riskier, when in many respects it is more controllable.

Importantly, no stakeholder identified a specific legislative provision preventing the digital or hybrid models they had implemented or were exploring. Perceived barriers, when examined closely, most often reflected **governance confidence and organisational readiness** rather than legal prohibition.

### Areas of Limited Guidance and Prevailing Assumptions

Although the framework is principles-based, formal guidance has not always kept pace with evolving delivery models. Much of the guidance was developed during earlier stages of digital advice, when services were more linear and channel-specific.

Today, real-world member journeys are **layered and adaptive**. Members move fluidly between education, modelling, prompts and scoped advice within a single interaction. Guidance that differentiates calculators, general advice and personal advice does not always reflect this reality, while real-world journeys increasingly combine all three within a single interaction.

Where guidance is silent or ambiguous, organisations tend to adopt **conservative interpretations**. These shape decisions about scope, data use, personalisation and integration. The resulting constraint is often attributed to regulation, even where it reflects risk appetite brought about by a perceived or real regulatory stance rather than legislative requirement.

### Compliance Frameworks Built for People, Not Systems

Many operational challenges arise not from regulation itself, but from applying **human-advice compliance frameworks** to **system-based advice**.

Traditional frameworks manage adviser discretion through supervision, file review and remediation. When digital capability is introduced, these same mechanisms are often applied with minimal adjustment. Controls intended to manage human variability are extended to systems that operate through defined logic and repeatable processes.

Stakeholders described digital advice engines as **deterministic, version-controlled and fully auditable**. Despite these characteristics, system-based advice is frequently subjected to adviser-style controls. This can slow implementation and constrain scope, not because systems are inherently riskier, but because governance frameworks remain oriented toward managing individual discretion rather than system logic.

Where organisations recalibrated oversight to reflect system behaviour – through structured pre-deployment testing, algorithm governance and outcome monitoring – confidence increased. Digital advice began to be treated as **another delivery mechanism within the same regulatory intent**, not an exception.

### Data, Privacy and PII as Genuine Binding Constraints

Unlike many perceived constraints, data, privacy and personal information obligations are **real and material**. This distinction matters: the misconceptions discussed elsewhere in this section arise from interpretation; these constraints arise from law.

Digital advice depends on data to produce relevant and appropriate outcomes. Its use is shaped by:

- Consent settings and system architecture
- Trustee obligations and prudential requirements
- Data quality and accessibility
- Third-party administrator constraints

For superannuation funds, privacy and prudential obligations apply across all member-facing services. Digital advice does not create a new category of responsibility, but it amplifies the consequences because decisions are automated and applied consistently at scale.

Several participants noted that personalisation was often limited not by Corporations Act requirements, but by data access, consent constraints and governance confidence, particularly where data is held by external administrators.

These considerations are structural conditions for safe scale, not reasons to avoid digital capability. Organisations with mature data governance and cross-functional alignment reported materially greater confidence in expanding digital advice.

### Common Regulatory Misconceptions and Their Operational Impact

Across stakeholder interviews, a consistent theme emerged. Many of the constraints attributed to regulation do not arise from explicit legal prohibition, but from commonly held beliefs about what regulation requires. These beliefs shape operating decisions in powerful ways, influencing scope, sequencing, investment and risk appetite.

These misconceptions are rarely the result of misunderstanding or poor intent. They reflect how regulation is experienced in practice: through layers of accountability, legacy controls, and the need to protect member trust. Over time, caution hardens into convention. Five patterns emerged consistently.

Misconception	What the evidence and law actually support	Operational impact if unchallenged
<b>1. Digital advice is a distinct regulatory category requiring separate or higher standards than adviser-led advice.</b>	The framework is largely delivery-neutral. Obligations around best interests, appropriateness, disclosure and conflicts apply regardless of channel. What differs is how risk is managed and evidenced, not the standard itself.	Digital capability is over-engineered and treated as an exception, deployed cautiously in narrow use cases or separated from core advice pathways.
<b>2. Using more member data automatically increases regulatory risk.</b>	Data and privacy obligations are real, but they don't prohibit responsible use of relevant information. The core question is whether use is transparent, consented and governed, not whether data is used at all.	Conservative design choices limit personalisation and fragment member journeys. Digital advice becomes constrained more by internal data policy than by advice regulation.
<b>3. Calculators, guidance and personal advice must remain strictly separate.</b>	Regulatory guidance distinguishes between these categories but does not require them to operate in isolation. What matters is how responsibility, interpretation and recommendation are applied at each stage.	Disjointed member experiences where tools reset assumptions, language and logic between steps. Technically compliant, but confidence and engagement are undermined.
<b>4. Human involvement always reduces regulatory risk.</b>	Human involvement changes the nature of risk, not its presence. Adviser-led advice relies on judgement and discretion; system-led advice relies on defined logic and controls. The question is which risk is better managed, not which carries less.	Digital systems are often subject to oversight frameworks designed for human-delivered advice. Where those frameworks are applied without adjustment, the audit scope can obscure rather than illuminate the risks that actually matter in system-based delivery..

Misconception	What the evidence and law actually support	Operational impact if unchallenged
5. Regulation is the primary barrier to scale.	Where progress has stalled, causes can be due to organisational challenges: governance alignment, data readiness, confidence in controls, clarity of ownership.	Attention is diverted from the changes that would most improve outcomes. Investment in capability, experimentation and learning within existing regulatory settings is discouraged.

### DBFO Reform, the ‘New Class of Adviser’, and Safe Harbour

Several stakeholders referenced the Delivering Better Financial Outcomes (DBFO) reform agenda and related policy discussions as influencing confidence and investment decisions. In particular, the proposed introduction of a 'new class of adviser' was cited as relevant context for decisions about digital and hybrid advice.

The DBFO reforms promise to make quality financial advice more affordable and accessible for consumers, including through the extension of valuable consumer protections to interactions that may otherwise occur outside of existing regulatory structures. Throughout the interviews conducted as part of the research, participants viewed the DBFO reforms with some uncertainty, possibly having expected further progress to this point. They remained eager to see the reforms legislated, however, at the same time they noted digital advice solutions continued to progress in the market.

The evidence gathered across this research consistently points to the same conclusion: where progress on digital advice models has occurred, it has done so within existing frameworks: through governance clarity, organisational confidence and deliberate sequencing. That pathway remains open regardless of how the reform agenda develops.

These references were less about reliance on reform and more about directional signals. Where policy direction appears uncertain or subject to change, institutions tend to adopt more conservative positions in relation to delegation, supervision and liability.

Stakeholders noted that interpretations of best interests and safe harbour have often been shaped by comprehensive advice models. Greater clarity around how proportionality applies in scoped and system-led advice would support institutional confidence, but uncertainty in this area has not prevented progress.

Importantly, whilst reform was viewed as an important step in opening access to advice, action on digital advice implementation was proceeding nonetheless. Institution-led models operating under existing AFSL and trustee structures already provide a pathway to scale advice responsibly. Across interviews, **governance clarity and organisational readiness** were consistently described as just as important as structural reform.

## 9. International Signals for Market Participants

International comparison is useful not because other markets are "ahead" or "behind", but because it helps distinguish structural constraints from local interpretations. Pension systems differ. Regulatory structures differ. Charging models differ. Yet the underlying human needs are consistent across markets.

This section draws on two primary case studies, L&G (UK) and Common Wealth (Canada), developed through direct interviews with institutional leadership as part of this research. Full case studies for both organisations are included as Appendices A and B. The aim here is not replication, but to draw out what is transferable to the Australian context.

### Market Structure: Institutional Anchors and Engagement Pathways

#### United Kingdom – Guidance as Behavioural Infrastructure: L&G

L&G is one of the UK's largest pension and retirement providers. Its Guided Retirement Planner was developed in response to three intersecting pressures: low pension engagement despite rising individual responsibility following the shift from defined benefit to defined contribution; emerging adequacy shortfalls; and a practical advice gap where many members seek support but cannot access regulated personal advice.

Rather than digitising traditional adviser models, L&G built a guidance-led retirement planning architecture embedded directly into the member experience. The Planner enables members to translate accumulated balances into projected retirement income, test alternative scenarios, and understand trade-offs (particularly around income structure) without issuing recommendations. The architecture is sequenced deliberately: education-led journeys for younger members, deeper income modelling for those approaching retirement, and clear escalation pathways to regulated advice where asset complexity warrants it.

The emerging outcomes from early deployment are material. A 45% reduction in projected shortfalls has been observed within the modelling journey, as members adjust retirement age, contributions and income assumptions rather than disengaging when gaps are surfaced. Approximately one in five members aged 55+ who complete a retirement plan proceed to a primary action: consolidation, annuity application or transition to drawdown. Younger cohort participation has also exceeded expectations, with completion rates approaching those of pre-retirement members.

Two findings carry particular weight for the Australian context.

First, members confronted with projected shortfalls do not disengage, they adjust. Guided users who contact L&G after completing the journey ask fundamentally different questions from non-guided users: not "what is my pension worth" but "how do I act on what I have learned", a shift from exploration to implementation that the tool consistently drives.

Second, the quality of outcomes reflects the depth of investment in behavioural design. L&G embedded behavioural science specialists throughout the development process, not simply to review research findings, but to inhabit detailed member personas and stress-test how the journey felt to different cohorts. Equally important was the discipline applied after launch: the team iterated continuously, using engagement data to identify where members hesitated or dropped out, and refining accordingly. The internal lesson was that getting it right once was not sufficient. For Australian funds, the implication is institutional rather than technical: behavioural design is not a project phase, it is an ongoing operating discipline.

## Canada – Planning as the Primary Engagement Model: Common Wealth

Common Wealth presents a structurally different context. Canada does not operate a compulsory superannuation-style system; engagement must be earned rather than assumed. Common Wealth was established to serve private-sector workers who typically lack workplace retirement plans, access to professional advice, or meaningful engagement with long-term savings.

Its model is anchored in a simple strategic belief: retirement confidence comes from clarity, and clarity comes from planning. Rather than replicating adviser-led models digitally, Common Wealth embeds retirement planning directly into the member experience from onboarding. The platform supports ongoing savings decisions, investment choices and periodic updates throughout the member's working life, sitting deliberately within the guidance domain. Where complexity or life events warrant deeper support, Certified Financial Planners are available: a hybrid model that combines digital scale with targeted human expertise.

The engagement outcomes are striking. Members log in approximately 15 times per year on average, with active users engaging more than 50 times per year, well above industry norms for voluntary retirement platforms. Planning embedded at onboarding has proven materially more effective than offering tools later in the journey, and demand for CFP support within the digital model has been stronger than anticipated, particularly around life events and increased complexity.

Two lessons are directly transferable regardless of differences in system compulsion. First, frequency matters as much as functionality. A platform used 50 times per year creates a fundamentally different relationship with retirement planning than one accessed at a point of crisis. Second, demand for human advisers within a digital model can be stronger than expected, reinforcing the paper's central argument that digital and human advice are complementary, not substitutive.

### Common ground across both markets

In both the UK and Canada, digital capability evolved within clear regulatory perimeters rather than outside them, and in both cases the boundary shaped the architecture rather than constraining it. Neither market relied on the removal of regulation as a precondition for innovation. Clarity of interpretation and leadership confidence within existing frameworks were the more significant enablers, directly mirroring the argument made in Section 8 of this paper.

## Adoption Patterns and Behavioural Dynamics

Viewed through the Engagement Confidence Matrix introduced in Section 5, the international evidence reinforces a consistent pattern. Digital is rarely positioned as a single-event substitute for comprehensive advice. It functions as a continuous engagement layer that reduces anxiety, builds familiarity and supports confidence to act over time.

The L&G evidence makes this concrete: members confronted with projected shortfalls adjust rather than disengage. Common Wealth's engagement frequency data tells the same story from a different angle: when digital tools are embedded as ongoing planning environments, members return repeatedly and engage more deeply. Where decision consequence rises, particularly at retirement income conversion, human judgement remains central in both models. The hybrid architecture is not a fallback. It is the deliberate design principle that allows scale and trust to coexist.

## Structural Versus Transferable Lessons

Some constraints are structural and limit direct replication; pension compulsion varies, employer involvement differs, and liability and charging norms shape deployment in market-specific ways. However, four lessons appear transferable regardless of those differences:

1. **Guidance as activation** – positioning digital capability as a confidence builder and planning environment increases engagement and behavioural follow-through.
2. **Progressive hybrid by design** – sequencing digital modelling alongside visible human escalation pathways supports trust without constraining scale.
3. **Frequency matters** – design for ongoing use, not point-in-time events. Regular interaction drives behavioural engagement and action.
4. **Behavioural design as a discipline** – the most effective implementations invest in behavioural science throughout design and treat iteration after launch as an ongoing operating commitment, not a post-project activity.

## Implications for the Australian Context

Both case studies demonstrate that this architecture can be built deliberately within existing regulatory frameworks at institutional scale, producing measurable behavioural outcomes, not aspirational claims about digital potential.

For Australia, the opportunity lies less in choosing between digital and human models, and more in designing systems that allow members to move fluidly between them. The international evidence points consistently to the same conclusion:

- Retirement planning capability should be treated as a strategic system function, owned at trustee and executive level, not delegated to technology teams.
- Behavioural design matters as much as, and often more than, the sophistication of the underlying tools.
- Digital tools are most powerful when embedded as ongoing planning environments, not deployed as one-off engagement events.
- Regulatory clarity, pursued collaboratively, enables rather than constrains sustainable innovation.

### The single most transferable lesson

The human need for confidence, especially in high-consequence decisions, means that scalable advice models must prioritise progressive engagement: enabling people to engage early, remain engaged over time, and build the confidence required to act. Digital capability is most powerful when it strengthens that progression rather than attempting to replace it. Both the L&G and Common Wealth models demonstrate that this is achievable at institutional scale, within regulated frameworks, with measurable behavioural impact.

*Full case studies for both organisations, developed through primary interviews with institutional leadership, are included as Appendices A and B.*

## 10. Practical Implications for Market Participants

Digital advice is not simply a technological feature in the market. Instead, it represents a **system-level design decision**. The Engagement Confidence Matrix (see Section 5) illustrates a central truth: **consumer confidence shifts with the consequence of a decision**. Digital capability supports exploration, comprehension and preparation; human judgement strengthens reassurance, accountability and implementation.

Through this lens, the practical question is not whether digital advice should exist. It is **how the broader advice ecosystem can be designed to meet human needs at scale**.

The preceding sections have demonstrated that the structural, regulatory and behavioural conditions for progress are present. This section draws those threads into practical implications for each participant group, not as prescribed models, but as considered trade-offs and design questions.

### Implications for Super Fund Executives and Trustees

Digital advice now sits at the intersection of **member outcomes, operational capacity and regulatory accountability**. It is no longer a peripheral innovation project; it is a core element of how funds discharge their member obligations at scale.

#### 1. Strategy Ownership vs. Technology Delegation

A consistent message from stakeholder interviews is that the strongest digital advice programs are strategy-led, not procurement-led. This means:

- Digital advice should be embedded in a clear member and advice strategy, not implemented as an isolated tool.
- Responsibility for advice design should sit with executives accountable for member outcomes, not solely with technology or functional service teams.
- The fund should define how digital advice fits within its overall guidance and advice ecosystem.

***The trade-off:** Treat digital advice as a technology acquisition and adoption stays shallow. Treat it as a strategic capability and it reshapes engagement and member outcomes.*

#### 2. Embedding the Engagement Confidence Framework

Not all decisions require the same level of confidence or human involvement.

**Lower-consequence decisions**, such as contribution adjustments or investment choice, can often be supported digitally with high confidence. **Higher-consequence decisions**, particularly retirement income structuring, frequently require human reassurance and contextual judgement.

This creates a deliberate design choice:

- Should digital advice attempt to replicate comprehensive advice?
- Or should it provide a **structured, confidence-building pathway** that escalates to human support when appropriate?

***The trade-off:** Funds that align digital pathways to decision consequence improve both confidence and implementation rates. Funds that collapse all decisions into one channel risk underserving both simple and complex needs.*

### 3. Governance as an Enabler, Not a Constraint

Digital advice changes how risk manifests, but not the underlying regulatory obligations.

The legislative framework governing advice is technology-neutral. As discussed in Section 8, nothing within the Corporations Act inherently prevents digital delivery of personal advice, provided existing obligations are met. In many cases, digital systems can deliver advice more consistently, predictably and auditably than human-only processes.

Digital delivery also offers a distinct assurance advantage within fund operations. Systems that:

- apply rules consistently across cohorts;
- do not vary with fatigue, interpretation or behavioural bias;
- create full audit trails of inputs, outputs and logic pathways; and
- can be stress-tested and scenario-tested at scale before release

— are well-suited to a clearly defined and reviewable assurance model, potentially easier to calibrate to actual risk than frameworks originally designed around discretionary advice processes.

In some cases, however, internal assurance settings have been shaped by earlier regulatory environments and enforcement actions that influenced risk appetite, rather than current legislative requirements. Over time, conservative interpretations of scaled advice, intra-fund and scoped engagement have hardened into de facto constraints. Periodically reassessing whether internal frameworks reflect present capability, rather than historic caution, is a legitimate governance responsibility.

***The trade-off:** Maintaining historical governance settings may feel safer but limits proportionate innovation. Recalibrating governance to reflect system logic, not human variability, supports innovation without reducing consumer protection.*

Where governance is engaged early, aligned to legislative intent, and applied consistently across human and digital channels, it becomes a source of strategic confidence rather than hesitation.

### 4. Data as a Strategic Asset

Digital advice generates behavioural data at scale. This data can reshape how funds understand member confidence, decision timing, engagement pathways, and retirement readiness gaps.

Funds may consider whether they are treating digital advice as a **service channel**, or as a **data engine that informs broader member strategy**. The trade-off is between incremental efficiency gains and system-level insight.

Digital advice data, when properly governed, can surface retirement readiness gaps that are invisible through traditional engagement models, enabling earlier, more targeted interventions at population scale.

## 5. System Sustainability

Super funds face a structural imbalance: **growing retirement complexity** against **constrained adviser supply**. Digital advice scales repeatable, rules-based interactions and frees human advisers to concentrate on high-consequence decisions.

Fund executives may consider:

- Whether adviser time is currently allocated to activities that could be digitised without loss of quality or safety.
- Whether digital adoption is framed as productivity enablement rather than adviser substitution.

The central question becomes: **how should scarce human judgement be deployed most effectively?**

### Implications for Digital Advice Providers

As the market matures, provider success increasingly depends on **ecosystem fit**, **demonstrable behavioural impact** and **governance transparency**. Engine sophistication remains important, but it is no longer the primary differentiator.

#### 1. Moving Beyond Engine Capability to Ecosystem Fit

Institutional deployment depends less on technical depth and more on ecosystem alignment.

Providers may consider:

- How well their model integrates with the fund's existing advice philosophy and member strategy.
- Whether their solution enhances adviser workflows rather than competes with them.
- How seamlessly data flows into implementation and member servicing systems.

***The trade-off:** Technological sophistication vs. institutional adaptability. Engine capability alone is insufficient without ecosystem alignment.*

#### 2. Demonstrating Behavioural Impact

The market is moving from "proof of concept" to "**proof of impact**". Early evidence from super fund deployments shows measurable uplift: increased engagement, improved contribution behaviour and higher implementation rates.

Providers who anchor their proposition in demonstrated behavioural outcomes, not just technical features, will earn greater institutional confidence and momentum.

#### 3. Governance Transparency as Competitive Advantage

As digital advice scales, trustee scrutiny intensifies. Providers may consider:

- How transparent their advice logic is, and the testing regimes that provide trustees with confidence in repeatable compliance.
- Whether AI components are deterministic, explainable and version-controlled.
- How proactively they support clients in supervisory or regulatory engagement.

In a maturing market, governance clarity may become as important as innovation velocity.

## 4. AI Sequencing and Guardrails

AI will increasingly shape engagement, data capture and member comprehension. But sequencing is critical.

Applying generative AI prematurely to high-consequence recommendation engines may lead to organisational risk and regulatory scrutiny. Applying it first to engagement, triage and internal productivity builds confidence incrementally.

Providers who demonstrate **disciplined sequencing** and **strong ethical guardrails** will deepen institutional trust and create the conditions for broader deployment.

### Implications for Financial Advice Businesses

Financial advice businesses operate within a structurally constrained environment: adviser supply is limited, compliance costs remain elevated, and client expectations are shifting. Digital capability is not a threat to this model; it is a means of extending its relevance and sustainability.

#### 1. Recognising the Structural Advice Gap

The advice gap is economic as much as technological. Advisers are increasingly concentrated in higher-net-worth, pre-retirement segments. Lower-balance and episodic advice needs remain underserved.

Financial advice businesses may consider:

- Whether digital tools can support lighter-touch, proportionate engagement for clients who fall below the threshold for comprehensive advice.
- Whether episodic advice pathways could coexist alongside comprehensive ongoing models.
- How digital validation tools might reinforce adviser relationships rather than dilute them.

***The trade-off:** Preserving traditional service models vs. expanding relevance to a broader cohort.*

#### 2. Human Judgement as Differentiator

As consumers increasingly use AI tools, calculators and digital platforms for exploration, advisers may encounter clients who are more informed, but not necessarily more confident. The gap between information and action remains the adviser's core territory.

The adviser's role may increasingly centre on:

- Interpretation of digital outputs in the context of individual circumstances.
- Behavioural reassurance at the point of implementation.
- Contextualisation of scenarios and trade-offs that digital tools surface but cannot resolve.
- Building implementation confidence in high-consequence decisions.

Practices that position digital engagement as preparatory rather than competitive will strengthen client trust and deepen the value of human advice.

### 3. Bridging to the Next Generation

A recurring theme in stakeholder discussions is intergenerational engagement. Digital tools offer practices a structured pathway to engage the next generation of clients, not simply as a future revenue pipeline but as a genuine service to wealth accumulators who currently fall outside the economics of comprehensive advice.

Financial advice businesses may consider:

- How to engage children of existing clients through digital guidance tools, building early trust relationships that mature into full advice engagement over time.
- Whether structured digital pathways for wealth accumulators could develop a more informed and engaged pipeline of future clients.

Long-term practice sustainability may depend less on serving today's retirees well, and more on cultivating the next generation's confidence to engage with regulated advice at all.

### Implications for Consumer Advocates and Policymakers

For consumer advocates and policymakers, the question is not whether digital advice should replace professional advice. It is how to create a safe environment for the system to evolve in ways that improve retirement outcomes at population scale.

#### 1. Recognising Changing Consumer Behaviour

Consumers are already seeking guidance digitally through AI-enabled tools, calculators, peer networks and financial content across multiple platforms. This behaviour is not emerging; it is established.

The policy challenge is not to restrict digital engagement, but to ensure that regulated pathways are accessible, safe and trusted. Where regulated options are absent or difficult to navigate, consumers will default to less protected alternatives. Advice reform through the Delivering Better Financial Outcomes (DBFO) reforms has a role to play here in ensuring access to quality, affordable and regulated advice expands to capture these interactions.

#### 2. Supporting Proportionate Pathways

Stakeholders across funds, providers and financial advice businesses consistently indicate that clarity around the boundaries between guidance, scoped advice and personal advice increases confidence to innovate responsibly.

Key questions for policymakers:

- Do current regulatory interpretations support proportionate engagement aligned to decision consequence?
- Are safe hybrid models enabled, or are they forced into binary categories that do not reflect how real member journeys work?
- How is informed consumer agency acknowledged while maintaining appropriate protection?

*The trade-off: Rigidity vs. adaptability.*

### 3. Creating Conditions for System Evolution

If the objective is improved retirement outcomes at population scale, the system must accommodate hybrid advice models, scalable digital engagement, responsible AI integration, and human judgement where consequence demands it.

Consumer advocates may play a role in ensuring that innovation remains anchored in fairness, accessibility and clarity, rather than simply cost reduction or efficiency gain. The two objectives are not in conflict, but they require deliberate stewardship.

#### Closing Reflection

Digital advice is not a singular product innovation. It is a structural response to the tension between **growing retirement complexity** and **constrained human adviser capacity**. The Engagement Confidence Matrix reinforces that digital and human advice are **complementary, not substitutive**. These are mutually reinforcing components of a redesigned advice ecosystem.

For each participant group, the core consideration is similar: **How should the system be designed so that Australians can build confidence to act safely, proportionately, and at scale?** The answers will vary by role but the underlying objective does not.

## 11. Conclusion: From Insight to Execution

The research underpinning this paper (consumer survey data, stakeholder interviews across super funds, digital providers and financial advice businesses, and international case studies) points to a market that is no longer debating whether digital advice has a role. The question is now how deliberately and coherently that role is shaped.

The original intent of this project was to clarify the role and value of digital advice for the sector. What has emerged is not a polarised debate between “digital versus human”, but a broad alignment across participants on three core propositions. Where genuine differences exist, they tend to reflect not disagreement about direction, but inconsistency between stated intent and current governance settings — a gap this paper seeks to address.

First, the advice and guidance gap is real and persistent. Adviser capacity constraints, cost pressures, and demographic change mean traditional models alone cannot meet current or future demand. No participant believes the status quo will close that gap.

Second, digital capability is already embedded in the ecosystem. It is being used to engage members, structure conversations, generate projections, support implementation, and augment advisers. In some funds it is central to the operating model. In others it is an enabling layer. In financial advice business environments it is increasingly viewed as a productivity multiplier rather than a competitor. Across contexts, digital advice is no longer experimental. It is operational.

Third, confidence to act, not information volume, is the defining consumer need. The Engagement Confidence Matrix articulated in this paper has proven useful in interpreting both consumer data and stakeholder experience. Digital tools are highly effective in low-to-moderate consequence decisions and in exploration phases of higher-consequence decisions. Human judgement remains critical where emotional weight, irreversibility, or personal complexity increases. These are complementary strengths, not substitutes.

### Common Ground Across Participants

Despite differing commercial models and regulatory vantage points, several areas of common ground are clear:

- Super funds see digital capability as essential to serving members at scale, particularly under the Retirement Income Covenant.
- Digital providers recognise that institutional deployment, governance strength and ecosystem fit are as important as engine capability.
- Financial advice businesses do not see digital as replacing advisers in high-consequence advice. They see it as potentially expanding reach, improving efficiency, and enabling more proportionate service models.
- All participants acknowledge that consumer behaviour is already digital-first in many domains, and that advice delivery cannot remain structurally misaligned with that reality.

Importantly, few stakeholders argue that legislation itself makes digital advice impossible. Rather, uncertainty, interpretation variance, and inherited compliance assumptions often create internal friction. Regulatory reform could serve to reduce these uncertainties and points of friction, supporting greater consistency in how obligations are interpreted and applied across the sector. In several cases, digital advice has progressed not because regulation changed, but because boards and executives developed confidence in their interpretation of it.

## The Cost of Fragmentation

Where progress slows, it is rarely due to technology constraints. It is more often due to fragmentation: fragmented definitions of advice, fragmented accountability between trustees and financial advice businesses, fragmented confidence between compliance and innovation teams.

The opportunity cost of that fragmentation is measurable:

- Members continue to default to informal, unregulated sources of financial guidance.
- Adviser capacity is consumed on repeatable, rules-based tasks rather than higher-value judgement.
- Retirement income decisions are deferred or made conservatively out of fear rather than clarity.

In that context, caution has its own risk. A system designed to avoid error at all costs can inadvertently perpetuate inaction, exclusion, and disengagement.

## Clarity and Confidence as Enablers

The most consistent differentiator between participants who have progressed and those who have failed to do so is not capital, nor scale, nor regulatory reform. It is clarity of purpose and confidence in execution.

Where trustees and executives have articulated a clear advice ambition, digital capability has been sequenced deliberately, supported by governance, auditability, and member testing. Where digital advice is framed as a technology project, it stalls. Where it is framed as a member outcome strategy, it advances.

Confidence also matters externally. Clearer differentiation between guidance, scoped advice, and comprehensive advice, based on decision consequence rather than delivery channel, would materially increase institutional confidence to deploy proportionate solutions. Similarly, regulatory settings that acknowledge hybrid and deterministic models as legitimate operating forms will accelerate adoption without diluting consumer protection.

## Digital Advice as an Evolving Capability

Digital advice should now be understood as an established and evolving capability within the ecosystem.

It is not:

- A fully automated replacement for advisers.
- A narrow robo-investment engine.
- A compliance workaround.

It is:

- A structured mechanism for scaling repeatable advice logic.
- A confidence-building environment for exploration and preparation.
- A productivity enabler that allows human advisers to focus on judgement, reassurance and complex trade-offs.
- A data engine that improves understanding of member behaviour and intent.

AI will extend this capability further, particularly in engagement, explanation and triage, but its safe and trusted use will depend on the same foundations already identified: deterministic logic where required, transparency, auditability, and clear human accountability.

## From Insight to Execution

The market no longer lacks insight into digital advice. The evidence base is substantial. Consumer behaviour is observable. Early deployments demonstrate engagement, action and measurable improvement in retirement outcomes.

What remains is coordinated execution.

- For super funds, that means embedding digital advice within endorsed advice strategies rather than treating it as an adjunct tool.
- For digital providers, it means demonstrating ecosystem fit, governance maturity and clarity of operating philosophy, not simply technical sophistication.
- For financial advice businesses, it means identifying where digital can extend reach and improve economics without undermining trust or professional standards.
- For policymakers and regulators, it means providing clarity that reinforces proportionate innovation rather than allowing inherited uncertainty to dominate interpretation.

The collective opportunity is significant. A more confident, digitally enabled advice ecosystem can expand access, strengthen retirement outcomes, and sustain viable advice businesses. Continued hesitation risks entrenching a two-speed system; one where informed, higher-balance consumers access professional advice, and the remainder rely on informal guidance or none at all.

Digital advice is no longer a concept awaiting validation. It is a capability awaiting coherent scale. The question facing the sector is not whether to proceed, but how deliberately and collaboratively it chooses to do so.

# Appendix A: L&G Case Study - United Kingdom

## 1. Executive Snapshot

L&G is one of the United Kingdom's largest pension and retirement providers. Its Guided Retirement Planner (the 'Planner') represents a deliberate institutional strategy: embedding behaviourally designed retirement planning capability within a mature defined contribution system while operating within clearly defined regulatory boundaries.

Rather than digitising traditional adviser models, L&G has developed a guidance-led retirement planning architecture integrated directly into the member experience. The Planner enables members to translate accumulated balances into projected income, test alternative scenarios and understand trade-offs, particularly around retirement income structure, without issuing recommendations.

Early directional evidence indicates meaningful behavioural impact. Members are actively engaging in scenario modelling, reducing projected shortfalls within the journey, voluntarily incorporating broader asset information and demonstrating materially higher consideration of longevity protection options compared to non-guidance cohorts.

For Australia, the relevance lies not in technology adoption, but in strategic posture. The L&G model demonstrates how trustees and large providers can embed behavioural retirement planning as a core capability: aligned to income objectives, sequenced alongside advice pathways.

## 2. L&G's Strategic Perspective on Digital Retirement Planning

L&G's approach to digital retirement planning is grounded in a structural assessment of the UK pension system. The long-term transition from defined benefit to defined contribution arrangements has transferred investment and longevity risk to individuals. At the same time, pension freedoms have expanded flexibility at retirement, increasing both choice and complexity.

Responsibility has shifted materially. Engagement has not always followed.

L&G identified three intersecting tensions:

- Low pension engagement despite rising individual responsibility.
- Emerging adequacy shortfalls in a DC-dominant system.
- A practical advice gap, where many members seek support but do not or cannot access regulated personal advice.

The Planner was developed as a system-level response to these dynamics. It is positioned as guidance-led digital retirement planning, not as an automated advice nor as a substitute for advisers. Its purpose is to strengthen decision preparation within clearly defined regulatory boundaries.

At the centre of this philosophy is structured modelling. Members translate accumulated balances into projected income and test incremental adjustments to retirement age, contribution levels and income structure. By observing the consequences of these changes, abstract retirement risk becomes tangible and manageable.

In this sense, the Planner strengthens what the FSC research describes as confidence to act; not through persuasion, but through informed experimentation.

Segmentation enabling personalised engagement is fundamental to this strategy. Engagement pathways differ according to proximity to retirement, financial complexity and behavioural

readiness. Younger members engage through education-led journeys. Members approaching retirement engage through deeper income translation and decumulation modelling.

The strategic shift is therefore architectural rather than technological. L&G has embedded behavioural retirement planning as an institutional capability, integrated across digital experience, advice pathways and regulatory discipline.

### 3. Market Context and Structural Drivers

Against this backdrop of structural change, automatic enrolment has significantly expanded participation in workplace pensions. Coverage has improved, but engagement has not necessarily followed. While it has played a significant role in encouraging greater participation in saving, further efforts are required to ensure individuals save enough to improve overall adequacy levels. For many members, pension saving remains passive during accumulation and becomes cognitively demanding only as retirement approaches.

The introduction of pension freedoms in 2015 further reshaped the landscape. Members gained flexibility in how they access retirement savings, including full cash withdrawal, drawdown and annuitisation. While this reform expanded autonomy, it also increased complexity at the point where accumulated capital must be converted into sustainable income.

At the same time, regulated personal advice operates within a clearly defined perimeter. Access to advice remains uneven, particularly for members with moderate balances, creating a structural “midlife transition cohort” between generic information and tailored advice.

This combination – increased individual responsibility, expanded choice and a disciplined advice boundary – has intensified the need for structured retirement planning capability within pension institutions.

The Planner must be understood as a strategic response to this environment: strengthening engagement and decision preparation in a system where responsibility has shifted, complexity has increased and support pathways must be sequenced carefully.

### 4. The Digital Model at a Glance

The Planner is not a standalone tool. It is a structured retirement planning capability embedded within L&G’s broader engagement architecture.

It is deliberately positioned within the guidance domain. It generates modelling outputs based on pre-populated and member-entered data but does not issue recommendations or determine suitability. The personalisation within the tool reflects the member’s own inputs, with any actions generated based solely on what they have done throughout the journey and presented strictly as guidance, not as a recommendation.

#### Structured and Sequenced Architecture

L&G’s Planner operates within a layered, sequenced framework:

**Cohort-Based Segmentation:** distinct member cohorts based on proximity to retirement and behavioural readiness. Engagement pathways differ accordingly.

**Education Before Deep Planning:** For younger members, mobile-first educational content builds baseline understanding with the option to dive further into structured modelling.

**Scenario Modelling and Income Translation:** Members translate accumulated balances into projected retirement income and iteratively test adjustments. Retirement age, contribution changes, part-time work and income structure can be explored in combination.

**Trade-offs**, particularly between flexibility and guaranteed income, are surfaced transparently.

**Escalation and Advice Pathways:** Where complexity or asset levels warrant regulated advice, signposting is clear. Human support remains accessible. The digital layer prepares rather than replaces.

**Preparation for Regulatory Evolution:** The architecture is designed to accommodate future targeted support capabilities, allowing contextualised assistance within defined guardrails.

**Design Discipline at Scale:** Sequencing is intentional. Education precedes modelling. Modelling precedes advice consideration. Support pathways remain visible throughout.

This progression reflects a view that decision quality improves when members move through structured stages rather than confronting complex income decisions without preparation.

Embedded within a large incumbent pension provider, this architecture positions behavioural retirement modelling as a core engagement function rather than an optional tool.

## 5. Outcomes and Evidence of Impact

L&G's Guided Retirement Planner is influencing member behaviour in measurable ways.

- **Shortfall Reduction Through Scenario Modelling:** L&G tracks overall projected shortfall status of members throughout the journey and at the last point after scenario adjustments are made. Within the modelling process, a 45 percent reduction in projected shortfalls has been observed post-modelling stages.

Members confronted with projected gaps are not disengaging. Instead, they adjust retirement age, contribution levels and income assumptions to improve outcomes. . Structured experimentation boosts confidence and turns awareness into action.

- **Action Following Plan Completion:** Among members aged 55+ who complete and save their retirement plan, approximately one in five proceed to a primary action, including consolidation, annuity application or transition toward drawdown. Emerging tracking provides an indication that engagement translates into behavioural movement.
  - **Income Structure Exploration:** Within the journey, exploration of annuity and drawdown options occurs in roughly equal proportions, which contrasts with broader market behaviour.

Guidance users are more likely to annuitise compared to digitally engaged members who do not use the Planner. While early-stage, this suggests improved visibility and consideration of longevity protection options.

- **Holistic Planning Behaviour:** Approximately one in three members aged 55+ voluntarily input external asset information to construct a more comprehensive retirement view. This exceeded expectations and indicates both trust in the modelling environment and appetite for broader financial clarity.
  - **Engagement Across Cohorts:** Engagement has been strongest among members approaching retirement, as anticipated. However, participation among younger cohorts has also been significant, with adoption exceeding expectation. This challenges assumptions that retirement planning interest emerges only near decumulation.
  - **Interpreting the Signals:** Taken together, these indicators suggest deeper engagement, increased willingness to confront projected gaps and greater

consideration of income structure trade-offs. Early behavioural evidence points to improved retirement decision preparation rather than superficial digital interaction.

## **6. Trust, Behaviour and Experience Design**

Trust in the Planner is built through clarity, real-time structured experimentation and visible support pathways.

This shifts retirement planning from a single high-consequence decision to a series of manageable adjustments. Members are not told what to do. They are shown how decisions influence projected outcomes. Visibility replaces persuasion.

Evidence that members confronted with projected shortfalls continue modelling rather than disengaging suggests that structured experimentation reduces avoidance and strengthens decision preparation.

Segmentation reinforces behavioural precision. Distinct cohorts receive relevant framing and sequencing; education-first journeys for younger members, deeper income translation for those approaching retirement. Engagement is designed around life stage and decision consequence rather than uniform messaging.

Hybrid architecture further reinforces trust. The digital journey does not replace human judgement. Where decision consequences increase, support pathways and advice escalation are visible. This layered design reduces perceived risk and reassures members that guidance operates within clear boundaries.

Trust, in this model, emerges not from automation alone, but from transparency, controllable modelling and clearly sequenced human support.

## **7. Regulatory and Policy Environment**

The UK retirement and advice framework operates within a clearly defined perimeter. Under Financial Conduct Authority (FCA) rules, a personal recommendation triggers suitability obligations and regulated advice standards. Guidance may provide information, projections and modelling, provided it does not direct an individual toward a specific course of action.

This distinction has shaped the architecture of L&G's Planner. It generates modelling outputs based on member-entered data but does not issue recommendations or determine suitability. Language discipline and interaction design are constructed explicitly to operate within the guidance domain.

In a post-pension-freedoms environment, where members face consequential decumulation decisions, this perimeter clarity reinforces trust and protects the role of personal advice.

### **Collaborative Regulatory Engagement**

L&G describes its engagement with regulators as open and constructive. Developments in targeted support have progressed alongside ongoing dialogue, strengthening clarity on service classification and design parameters

This collaborative posture reflects a broader principle: sustainable digital innovation within a regulated pension system requires architectural clarity and ongoing dialogue rather than boundary testing.

## Targeted Support – Regulatory Evolution

The UK's proposed targeted support reforms represent the next stage of regulatory development.

Targeted support is intended to create a structured middle ground between generic guidance and fully personalised advice. It will permit contextualised assistance to defined member cohorts without triggering full individual suitability obligations.

From a system perspective, this recognises that a strict binary distinction between generic information and regulated advice can leave a significant cohort under-supported.

## Regulatory Implications

The UK framework demonstrates several characteristics relevant to digital retirement planning:

- Clear perimeter definition between guidance and advice.
- Strong consumer protection emphasis in decumulation.
- Supportive of interactive digital tools to help consumers understand the choices they have
- Regulatory evolution aimed at addressing the "midlife transition cohort."

Within this structure, innovation occurs through disciplined design and collaboration rather than boundary expansion.

## 8. Future Outlook

L&G expect meaningful transformation in the next phase of digital retirement planning. The objective is not to automate advice, but to deepen structured support within clearly defined regulatory boundaries.

Three trajectories shape this outlook.

### 1. Regulatory Evolution

The implementation of targeted support represents the most immediate inflection point. L&G considers targeted support to be a major advancement in the ongoing evolution of digital retirement planning. The introduction of targeted support is regarded as the most significant reform of the advice guidance boundary since the Retail Distribution Review, with the potential to enhance member engagement and deliver improved outcomes.

By enabling contextualised assistance for defined member cohorts within guardrails, targeted support may strengthen the bridge between generic modelling and personalised advice.

For L&G, this expands the ability to provide relevant prompts while preserving the integrity of the advice boundary.

### 2. Earlier and More Continuous Engagement

Engagement patterns suggest retirement planning can begin earlier and become more continuous. Participation among younger cohorts exceeded initial expectations, indicating that modelling relevance is influenced by framing and accessibility rather than age alone.

Digital planning capability allows retirement preparation to occur progressively, rather than emerging only at the point of decumulation. Engagement should be focused on shifting awareness to action.

### 3. Personalised content and AI

Dynamic modelling already sits at the core of the Guided Retirement Planner. Future digital capability is expected to enhance contextualisation, interaction design and sequencing rather than introduce automated suitability logic. Content served should be personalised and responsive to each member's interactions.

Artificial intelligence is viewed pragmatically. Its role is to improve responsiveness and member experience within defined guardrails, not to replace regulated personal advice.

## Measurement Maturity

A further area of development is extending behavioural tracking beyond modelling engagement to real-world implementation. Early directional evidence indicates improved decision preparation. Over time, longitudinal measurement will provide deeper insight into behavioural follow-through.

## 9. Insights and Inflection Points

The development and deployment of the Planner surface several lessons that extend beyond digital capability and into institutional strategy.

- **Engagement Is a Design Variable, Not a Fixed Constraint**  
One of the most significant surprises has been the strength of engagement among younger cohorts. Early assumptions anticipated limited participation from members aged 18–34. Actual engagement exceeded those expectations.  
  
This challenges the belief that retirement planning interest is age-dependent. Framing, accessibility and sequencing appear to influence engagement more than life stage alone.  
  
The implication is structural: disengagement is not inevitable. It can be mitigated through behavioural design and personalised content to deliver contextual relevance.
- **Confronting Shortfalls Does Not Drive Disengagement**  
A common concern in retirement modelling is that exposing projected shortfalls may lead to avoidance. Early evidence within The Planner suggests the opposite.  
  
Members confronted with projected gaps are actively adjusting retirement age, contribution levels and income assumptions rather than exiting the journey. The observed reduction in shortfalls within the modelling process indicates that structured experimentation can convert anxiety into corrective action.  
  
This insight is important at system level. Decision quality improves when members are given controllable levers rather than static projections.
- **Trade-Off Transparency Influences Income Structure Behaviour**  
Within the Planner, exploration of annuity and drawdown options occurs in roughly equal proportions, a contrast to broader market behaviour.  
  
The Guided Retirement Planner does not promote guaranteed income products. It makes trade-offs visible. When longevity protection, stability and flexibility are presented transparently, members engage with them more actively.

This suggests that income structure decisions are sensitive to framing and comprehension rather than solely to product preference.

- Iteration Is an Ongoing Institutional Discipline

The Planner did not emerge fully formed. It evolved through repeated behavioural testing and refinement.

“We kept thinking we got it right, and then we test again.”

This iterative approach reflects a broader organisational shift: engagement capability is treated as a continuous discipline rather than a one-time build.

Institutions operating at scale must expect to refine digital planning journeys over time rather than assume static optimisation.

- Hybrid Architecture Strengthens the Whole System

The Planner does not attempt to displace regulated advice. It prepares members for more informed engagement with it.

By sequencing education, modelling, advice signposting and human escalation, L&G reinforces the view that digital and human capabilities are complementary layers.

The inflection point is not digital substitution. It is digital preparation.

- Perimeter Discipline Can Enable Innovation

The UK regulatory boundary between guidance and advice has shaped, rather than constrained, the architecture of The Guided Retirement Planner.

Clear perimeter definition reinforces trust, sharpens design discipline and supports sustainable scale. Innovation inside a regulated pension system may not require boundary expansion. It requires architectural clarity.

## Strategic Inflection

Taken together, these lessons suggest a broader shift in the role of pension providers. Digital retirement planning is not a technical enhancement. It is a strategic capability that strengthens engagement, improves option literacy and prepares members for consequential income decisions.

The inflection point lies not in technology adoption, but in institutional commitment to behavioural design, hybrid architecture and regulatory collaboration.

## 10. Relevance and Application for Australia

The L&G case study offers system-level insights directly relevant to the Australian superannuation landscape, particularly as trustees respond to the Retirement Income Covenant and evolving advice reform.

1. Behavioural Retirement Preparation as a Trustee Responsibility

Australia’s Retirement Income Covenant requires trustees to support members not only with product design, but with improved understanding and decision capability.

The Planner illustrates how digital retirement planning can move beyond product construction toward behavioural retirement income preparation. Scenario modelling, transparent trade-off framing and cohort-based sequencing help members translate accumulated balances into projected income and test alternative decisions before retirement.

Retirement planning capability must be treated as a strategic system function, owned at executive level and integrated across digital, advice and member experience architecture. For trustees, this reframes digital engagement from optional enhancement to covenant-aligned obligation.

## 2. Addressing the Midlife Transition Cohort Through Hybrid Architecture

L&G's experience highlights a cohort in midlife whose engagement profile differs from both younger accumulators and near-retirees. Members in their late 40s and early 50s are often managing mortgages, children and peak cost-of-living pressures. Retirement planning becomes more salient, but competes with immediate financial demands.

Australian research for the FSC project shows a similar inflection. Younger members predominantly use budgeting tools. Older members focus on retirement projections. The 45–54 cohort sits between these modes.

Many operating models, however, are oriented toward either early accumulation or imminent retirement. As a result, this midlife group can become structurally under-served, a practical manifestation of the "missing middle."

Hybrid architecture is particularly relevant here. Digital modelling can introduce retirement income clarity at this inflection point, while advice pathways remain available as complexity increases. The opportunity for Australian trustees lies in deliberately designing for this transitional stage rather than allowing it to sit between strategic priorities.

## 3. Confidence Formation Through Structured Modelling

The L&G model suggests that confidence is built less through abstract literacy and more through structured experimentation.

When members can see how incremental adjustments influence projected retirement income, abstract risk becomes manageable. The observed reduction in shortfalls within the modelling journey demonstrates that members are willing to engage with difficult information when it is presented transparently and controllably.

For trustees, the implication is clear: improving retirement outcomes requires embedding modelling capability within the member experience, not relying solely on static information or disclosure.

## 4. Regulatory Collaboration as Enabler, Not Obstacle

L&G's experience underscores the importance of perimeter clarity and regulatory collaboration. Innovation was pursued within defined guidance boundaries, in preparation for targeted support this has also been supported by an open dialogue with regulators.

As Australia continues to refine advice reform and consider scaled advice settings, the UK experience suggests that regulatory clarity and collaborative posture can enable sustainable digital modernisation rather than inhibit it.

Trustee-level strategy must therefore integrate regulatory design thinking alongside technology and engagement capability.

## 5. Institutional Modernisation at Scale

Perhaps the most significant lesson is institutional.

L&G's Guided Retirement Planner is embedded inside a large incumbent provider operating at national scale. Behavioural retirement modelling is integrated into core engagement

architecture rather than positioned as a peripheral digital initiative. For Australian funds, the implication is that digital retirement planning must be treated as an institutional capability aligned to covenant objectives, advice pathways and income strategy, not as a standalone technology project.

### **Strategic Reflection**

The L&G case study demonstrates that modernising engagement inside a mature pension system does not require boundary expansion or advice substitution. It requires architectural clarity, behavioural discipline and regulatory collaboration.

For Australia, the relevance lies not in replicating features, but in adopting the underlying posture:

- treat retirement preparation as a system responsibility,
- design hybrid architecture deliberately,
- build confidence through modelling rather than persuasion, and
- innovate within clear regulatory guardrails.

## Appendix B: Common Wealth Case Study - Canada

### 1. Executive Snapshot

Common Wealth is a Canadian digital-forward retirement plan provider established to address persistent gaps in retirement coverage, planning, and confidence among private-sector workers. Operating in a voluntary pension system without compulsory employer contributions, the organisation focuses on people who are typically excluded from traditional workplace pensions and professional financial advice.

Rather than positioning itself as a digital advice provider in the regulatory sense, Common Wealth has deliberately built a **digital retirement planning and guidance model**. The platform embeds planning into the member journey, supports behaviour change through nudges and recommended actions, and offers continuity across employers. The result is a scalable model that delivers guidance outcomes – improved engagement, better investment choices, and clearer retirement expectations – within a workplace-pension, rather than a retail advice, regulatory framework.

For Australia, the case study is relevant because it demonstrates how **planning-led, behaviour-aware digital models** can materially improve member decision-making at scale, particularly where access to personal advice is constrained.

### 2. Common Wealth's Strategic Perspective on Digital Advice

Common Wealth's approach is anchored in a simple strategic belief: millions of people fail to prepare adequately for retirement not because they are unwilling, but because the system does not give them access to coverage, planning, or timely guidance.

In Canada, the retirement system combines strong public pillars and robust public-sector pensions with a fragmented private-sector landscape. Large numbers of workers, particularly those employed by small and mid-sized businesses, have no workplace plan, limited savings, and little or no access to professional advice. Common Wealth was created to close this gap.

The organisation's philosophy is that **retirement confidence comes from clarity**, and clarity comes from planning. Rather than replicating adviser-led models in digital form, Common Wealth embeds retirement planning directly into the member experience. Members are guided through projections, savings decisions, and investment pathways that help them understand their likely retirement outcomes and the actions required to improve them.

This model sits deliberately in the guidance domain, guided by Canada's regulatory regime for workplace retirement plans. It generally avoids suitability determinations and personalised advice triggers, but still produces advice-like outcomes through structured journeys, behavioural nudges, and transparent assumptions. Human advisers (CFPs) are available where complexity or life events warrant deeper support, forming a hybrid model for clients looking for more in-depth financial planning support.

From a system perspective, Common Wealth views digital retirement planning not as a product feature, but as an **enabling capability**, one that can expand access to guidance, improve decision quality, and support better outcomes for populations that traditional advice models cannot reach economically.

### 3. Market Context and Structural Drivers

Canada does not operate a compulsory superannuation-style system. Retirement outcomes depend on a mix of public benefits (Canadian Pension Plan (CPP) and Old Age Security), employer-sponsored plans where available, and voluntary individual savings vehicles.

While public and public-sector arrangements are relatively strong, private-sector coverage is uneven. Many workers, particularly those employed by smaller firms, lack access to any workplace retirement plan. Even where plans exist, engagement and planning are often limited, and defined contribution solutions have historically been investment-product-led rather than planning-led.

These structural features create several interconnected gaps:

- A **coverage gap** for workers without employer plans.
- A **planning gap**, where individuals lack clear insight into retirement income adequacy.
- A resulting **confidence gap**, which limits action and engagement.

Common Wealth's model is explicitly designed to operate within these constraints, using the workplace as the primary access point while reducing the burden on employers and simplifying participation for employees.

### 4. The Digital Model at a Glance

#### Position on the guidance–advice spectrum

Common Wealth generally positions its offering as digital retirement planning and guidance rather than regulated personal advice. The platform provides projections, suggested actions, and behavioural nudges based on member inputs and transparent assumptions, without making suitability determinations.

#### Core member journey

1. **Employer onboarding** – Members typically encounter Common Wealth through their workplace, often with an employer contribution or match.
2. **Guided planning at enrolment** – Planning is embedded into the onboarding experience. Members build a simple retirement plan as they join, establishing a baseline understanding of outcomes and gaps.
3. **Ongoing guidance and nudges** – The platform supports savings decisions, investment choices (notably target-date funds), and periodic updates.
4. **Continuity and portability** – Members can retain their plan as they move from job to job and into retirement, creating a "retirement plan for life."
5. **Hybrid support** – Access to CFPs is available where additional support or advice is required, such as in assisting members in developing and implementing retirement income strategies.
6. **Continuing education** – Members receive ongoing retirement education through the platform, live employer-based sessions, and support from external adviser partners.

This journey reflects a deliberate shift away from static product delivery toward an **active, planning-first engagement model**.

### 5. Outcomes and Evidence of Impact

While Common Wealth does not publicly disclose detailed performance metrics, several indicators from leadership interviews demonstrate meaningful impact:

- **High engagement** – Members log in frequently (around 15 times per year on average, active users 50+ times per year), well above industry norms for voluntary retirement platforms.

- **Behaviour change** – One observed shift is movement into target-date funds following guided prompts, improving age-appropriate investment alignment.
- **Action-oriented planning** – Members engage with projections and recommended actions, particularly around savings rates and investment choices.

These outcomes suggest that when planning is embedded and supported by behavioural design, members are willing to engage and act, even in a voluntary system.

## 6. Trust, Behaviour and Experience Design

Trust is built through a combination of structural and experiential factors:

- **Employer endorsement** provides an initial credibility anchor.
- **Simplicity and clarity** reduce intimidation for users new to retirement planning.
- **Guided, step-by-step journeys** lower cognitive load and increase follow-through.
- **Action-focused framing** shifts conversations away from abstract investment concepts toward concrete next steps.

Importantly, the model avoids overwhelming users with choice. Instead, it emphasises one decision at a time, supported by explanations that help members understand *why* an action matters.

Barriers such as low financial confidence and system complexity are addressed through design rather than education alone.

## 7. Regulatory and Policy Environment

Canada's regulatory environment for defined contribution workplace retirement plans is broadly principles-based, embodied by the Capital Accumulation Plan Guidelines. Innovation is permitted provided providers are clear about the nature of their service, maintain transparency, and avoid regulated advice triggers unless appropriately licensed.

This posture has enabled Common Wealth to deliver embedded planning, projections, and behavioural guidance safely. The organisation has structured its model carefully around regulatory boundaries, with human advisers providing advice where required.

The regulatory framework has not constrained responsible innovation when consumer protection principles are met. Recent changes to regulation (e.g., reforms to the Capital Accumulation Plan Guidelines) encourage more proactive ongoing member engagement and education, including the use of retirement income projections, as part of a broader regulatory push to focus on member retirement outcomes.

## 8. Future Outlook

Common Wealth sees the next phase of digital retirement planning focusing on:

- **Retirement income and decumulation**, an area still under-developed across the industry.
- **Deeper personalisation**, supported by data and modelling, while remaining within guidance boundaries.
- **Selective use of AI**, particularly to make experiences more conversational and intuitive, rather than to automate suitability decisions or replace human guidance.

The organisation expects digital tools to play a growing role in helping people understand and manage the transition from saving to spending.

## 9. Insights and Inflection Points

Key lessons from Common Wealth's experience include:

- Users are more willing to engage and act than commonly assumed when decisions are framed clearly and delivered at the right time.
- Planning at onboarding is materially more effective than offering tools later in the journey.
- Demand for human advisers within a digital model can be stronger than expected, particularly around life events and increased complexity.

These insights reinforce the value of hybrid models that combine scale with targeted human support.

## 10. Relevance and Application for Australia

For Australia, the Common Wealth case study highlights several transferable lessons:

- **Planning-first design** can materially improve engagement and decision quality within large member bases.
- **Guidance-led digital models** can deliver advice-like outcomes at scale without relying on full personal advice frameworks.
- **Behavioural design**, as much as or even more than product choice, drives member outcomes.
- **Hybrid pathways** remain important, even in digitally mature environments.

At the same time, differences between compulsory and voluntary systems mean these lessons must be applied thoughtfully. Australia's superannuation structure provides stronger coverage but still faces similar challenges around engagement, confidence, and retirement income decision-making.

## Appendix C: Stakeholder Interview Methodology & Participants

### Overview

Fifteen stakeholder interviews were conducted in December 2025 and January 2026 as part of the primary research for this paper. Each interview was conducted over approximately one hour via Microsoft Teams and recorded with participant consent. The programme generated over 20 hours of stakeholder interviews (many sessions extended beyond the scheduled hour or involved follow-up discussions) with responses collated into 139 pages of documented summaries.

A structured question set was used as the basis for each interview, tailored by participant group to reflect the different contexts and roles of each cohort. Following each interview, responses were collated and documented in a summary for review and approval by the participating organisation. Approved summaries, together with full transcripts, formed the basis of the cohort-level analysis presented in this paper.

Interviews were conducted on a named organisational basis. No quotes or attributions of individual comments were used without the explicit consent of the relevant participant.

### Participant Groups

Superannuation Funds	
<b>Structured questions</b>	20 questions
<b>Participating organisations</b>	Aware Super, AMP, Colonial First State, Brighter Super, UniSuper

Digital Advice Providers	
<b>Structured questions</b>	16 questions
<b>Participating organisations</b>	moneyGPS, DASH, Otivo, Ignition, Iress

Financial Advice Businesses	
<b>Structured questions</b>	19 questions
<b>Participating organisations</b>	Entiriti, WT Financial Group, InFocus

## International Case Studies

<b>Structured questions</b>	Conducted under the same methodology
<b>Participating organisations</b>	L&G (United Kingdom), Common Wealth (Canada); full case studies provided in Appendices A and B

### A note on interview conduct

Participants were senior business leaders and C-suite executives with direct responsibility for the implementation of digital advice within their organisations. The structured question sets were used as a guide rather than a rigid script; interviews were conducted as open conversations, allowing participants to expand on areas of particular relevance to their context. This approach is reflected in the variation in session length and the depth of material captured across the programme.

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