In collaboration with Accenture

The Future of Financial Advice

WHITE PAPER

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Foreword

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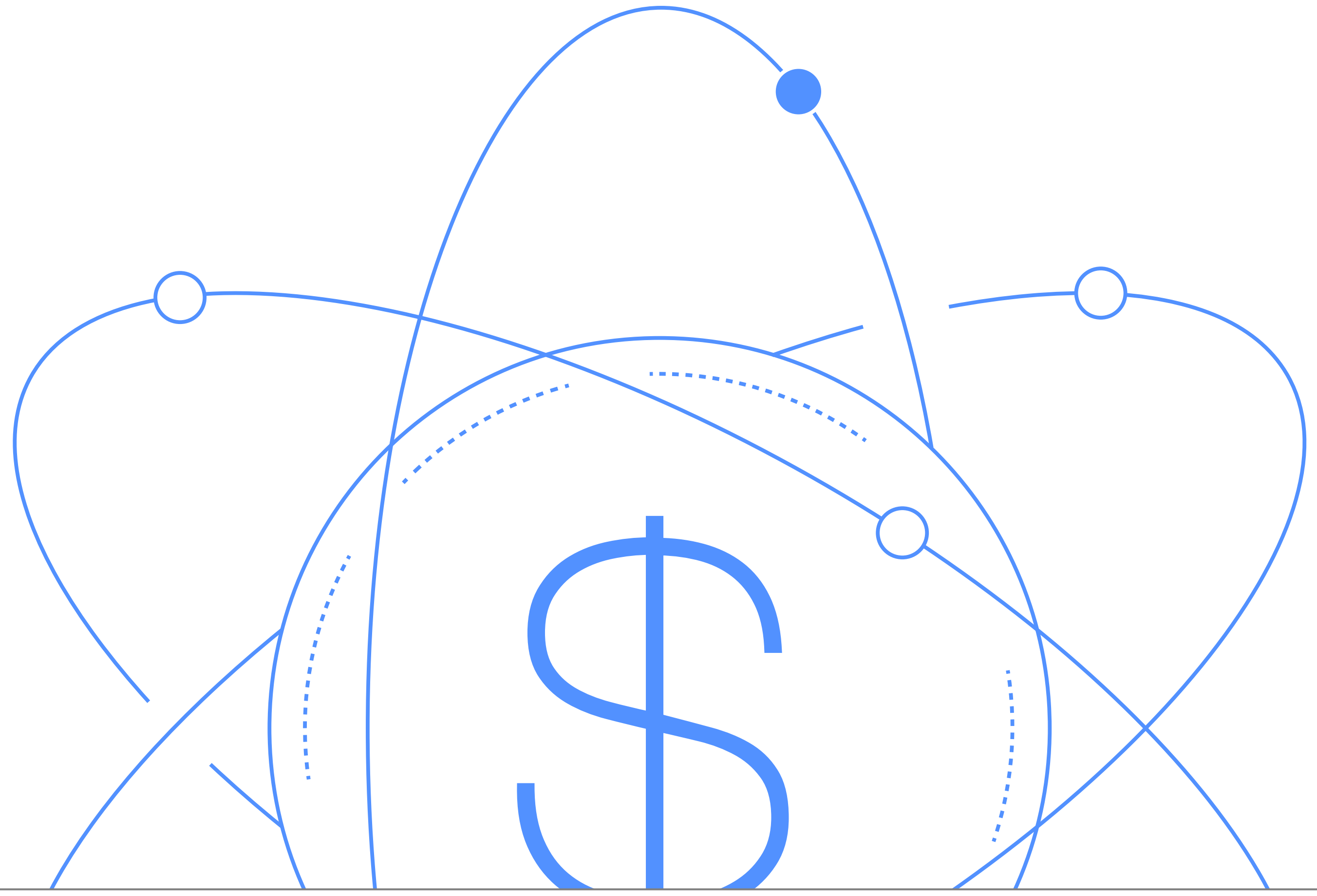
In an era of rapid technological advancements, demographic shifts and evolving consumer expectations, the financial advice landscape is undergoing profound transformation. Traditional financial advice models are being challenged, necessitating a re-evaluation of existing practices and new ways of thinking. As we navigate this dynamic environment, it becomes increasingly imperative to assess what is shifting the industry landscape and the role financial advice can increasingly play in shaping the financial resilience of individuals worldwide.

This paper represents a collaborative effort to examine the future of financial advice and draws insights from industry leaders, academics and policy-makers. At the core of the work lies a recognition of the impact that effective financial advice could have on an individual throughout their life, whether it be planning for retirement, managing debt, financial planning or investing for the future. Sound financial advice can empower individuals to make informed financial decisions and achieve long-term goals.



Yet, as we lay out in this paper, realizing the full potential of financial advice requires technological innovation and educational efforts, as well as industry adaptation. It also requires a holistic approach that addresses systemic challenges, promotes inclusivity and ultimately facilitates greater transparency and trust. We lay out some calls to action for the industry, policy-makers, regulators, social media organizations and individuals to begin to address some of the challenges identified.

Finally, we would like to take this opportunity to thank all the organizations, industry experts and academics who contributed their expertise and time to shape the insights presented in this paper.

Executive summary

Technological advancements have revolutionized access to financial advice and capital markets, empowering individuals with unprecedented convenience and personalized solutions. This shift is particularly significant in an era of financial uncertainty and complexity, where tailored and attainable financial advice has become essential. The 2022 World Economic Forum Global Retail Investor Survey highlights the critical role of financial advice across nine global markets, revealing its importance in investment decisions and comprehensive financial planning across all life stages.

Delving into the trends transforming the financial advice landscape, there are opportunities to enhance access to affordable, quality financial advice while acknowledging the challenges posed by information overload in the digital age. Combining financial advice with enhanced financial literacy is necessary to empower individuals to navigate financial markets effectively, ultimately facilitating financial stability and well-being.

The future of financial advice is being shaped by industry changes and underpinned by advancing technologies. This paper explores six seismic changes affecting the financial advisory landscape.

- **Changing demographics**, including significant wealth transfers and growing diversity, is driving the need for innovation in financial advice.
- Individuals are increasingly seeking advice to achieve **holistic financial well-being,** necessitating a fundamental shift in how advisory services are delivered.
- Individuals expect a **digitally accessible and hyper-personalized** experience from their financial institutions.
- **Fair and transparent pricing models** come with the opportunity to improve trust and affordability for individuals.
- Individuals increasingly use **social media** as a resource for financial information, but this poses potential risks.
- **Technology innovation**, such as generative artificial intellligence (AI), machine learning and blockchain can bring forward great efficiency gains if deployed responsibly.

Overview of calls to action

How can the financial services industry, policy-makers and regulators act together to improve access to quality and trustworthy financial advice?

Improving access, education and trust presents a significant opportunity to enhance individuals' use of financial advice.

In 2022, the Global Retail Investor Survey presented the empowered investor framework, highlighting the importance of access, education and trust when making financial decisions such as investing.[5] In the context of financial advice, this framework is helpful for understanding opportunities to unlock economic value for individuals.

With these opportunities come hurdles that financial institutions, policy-makers and regulators may have to address.

Increased access to financial advice can empower individuals to make informed investing and financial decisions, ultimately with the goal of creating resilience and prosperity. Some key challenges may include:

- Financial advice historically has catered to high-net-worth clients. Moving forward, it's critical to evolve sustainable business models for a wider set of individuals and institutions.
- Advisers may have incentives to encourage frequent trading or to sell specific products. Establishing a model for incentive alignment between advisers and individuals is fundamental to building trust.
- With the deployment of new technology, such as generative artificial intelligence (AI), bias control and data governance are critical. At the time of publication, there are ongoing global efforts to consider this in financial services.

Access

There is an evolution in how financial advice is being accessed and delivered, potentially expanding affordability and access points for individuals.

The increasing availability of information sources, including social media platforms, is prompting individuals to seek knowledge and ask questions about financial matters.

Education

Financial literacy is critical to the effective use of financial advice and to empower financial well-being, and financial advice is a complement (rather than a substitute) for this.

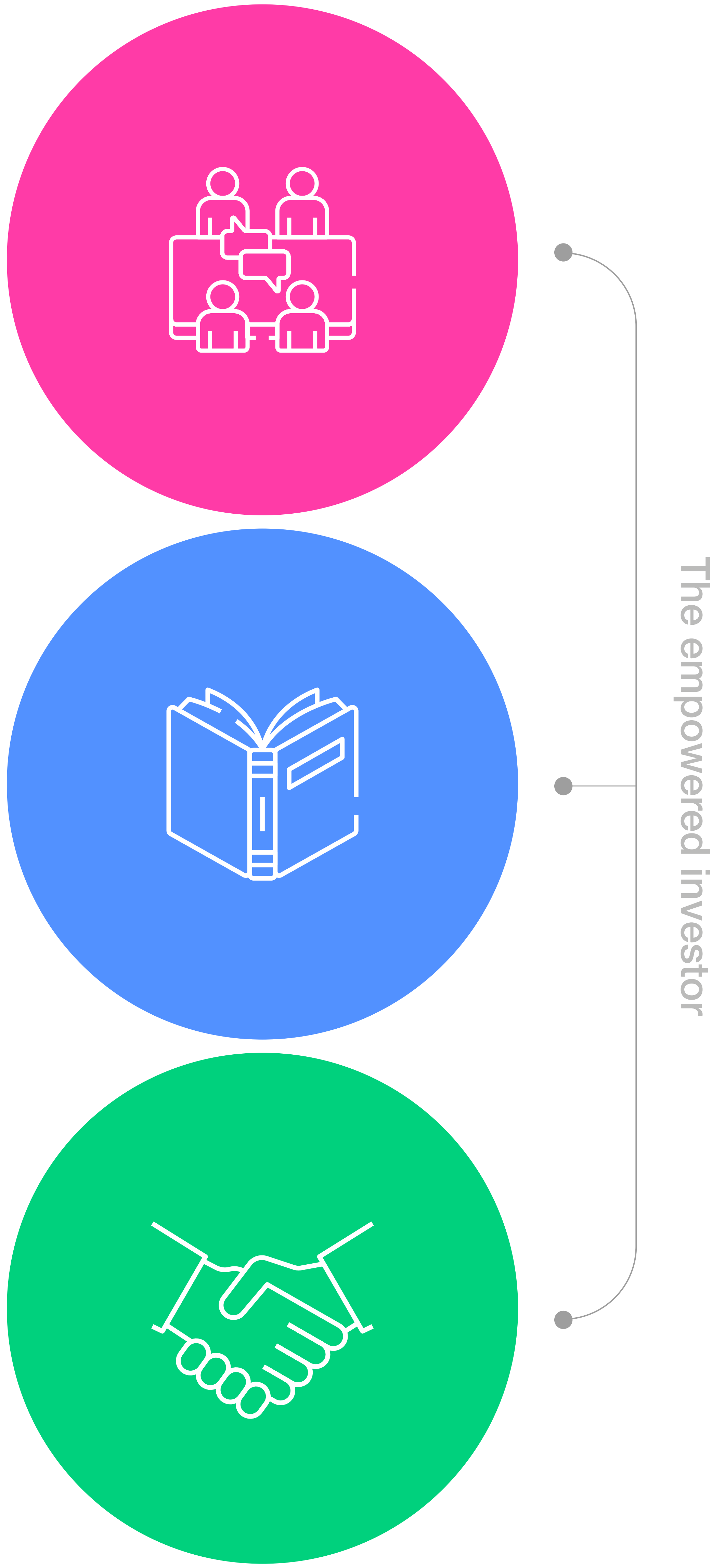
Trust

Trust between the adviser/provider and the individual remains paramount.

Evolving models within the financial advice landscape are shifting how trust is earned and kept.

The training and credentials of advisers are crucial gatekeepers.

With technology comes a risk of misuse and exacerbating existing biases if not deployed responsibly.



To unlock the value of financial advice, this paper explores and details a number of calls to action for a wide range of stakeholders

Expanding access to financial advice and evolving traditional models to adapt to technological shifts and demographic disruption presents significant economic opportunities to reach new individuals and strengthen relationships with existing involved parties.

Engaging new individuals

Younger and more diverse investors offer an opportunity to broaden the scope of existing investor teams and build trust through thoughtful marketing and education strategies.

Broadening to include financial well-being

Focusing on holistic financial well-being by incorporating many individual needs creates a path towards increased trust and access for investors and advisers.

Needs-based financial planning

A tailored and personalized approach to financial advice to suit individuals' needs and preferences, with digital tools enabling this approach to advice.

Transformative and effective business model options

A variety of business models enable greater choice as to which adviser model best suits their needs and to understand adviser value more clearly.

Building interactive and practised social media interaction

Financial institutions and policy-makers can deliver informative content and collaborate on best practices by using social media as a channel to reach investors.

Efficiency through technology

Integrating generative AI and other technologies while being mindful of possible biases or risks can help scale personalized services and provide financial advice at a more accessible cost.

Introduction

Key terminology

Term	Definition (as used in this paper)
Financial advice	Financial advice refers to recommendations, guidance or expertise provided by financial professionals to help individuals make informed decisions about managing their finances, achieving financial goals and navigating complex financial situations.
Financial education	Financial education is different from financial advice and refers to information and teaching to improve one's knowledge of and ability to use fundamental financial concepts in their economic decision-making.
Financial literacy	The knowledge and understanding of financial concepts and risks, as well as the skills, motivation and confidence to apply such knowledge and understanding to make effective decisions across a range of financial contexts, improve the financial well-being of individuals and society, and enable participation in economic life.
Financial well-being	Financial well-being is a state of being wherein a person can fully meet current and ongoing financial obligations and can feel secure in their financial future.
Finfluencer	A finfluencer is short for financial influencer and refers to an individual who uses social media to share information, recommendations, guidance or opinions on financial advice, news or other related matters.
Great Wealth Transfer	The Great Wealth Transfer is the anticipated large-scale transfer of private wealth from the post-World War II generation (often referred to as Baby Boomers) to younger generations, expected to reach trillions of dollars over the coming decades.

Term	Definition (as used in this paper)
Hybrid advice	Hybrid advice refers to a traditional financial advice model augmented by technology. It uses digital/augmented tools for tasks like data analysis or portfolio management while offering human expertise through in-person or virtual meetings.
Market democratization	Market democratization refers to the increased ability of an individual to access capital markets related to the newfound availability of information, investing platforms, investment products and other banking services.
Omnichannel/ multichannel advice	Omnichannel or multichannel refers to advisory models in which clients have access to digital tools that facilitate self-investing, and includes an integrated individual experience across all touch points, including online, mobile and opportunities for virtual or face to face if suited to the client. Omnichannel prioritizes a unified experiences across various communication channels.
Retail investing	Retail investing, as defined in this paper, includes any form of investment activity that involves decision-making by the individual. This includes employer-sponsored defined contribution plans but does not include government or employer pension. Retail investing includes: – Investing via a brokerage, fund company or consumer-facing platform – Investing through an adviser, including when the adviser makes trades on an individual's behalf – Investing in self-directed savings plans (such as for retirement or higher education)
Retail investor	Retail investors are non-professional investors who buy and sell securities or funds (i.e. non-institutional investors).

Note: The terminology, as defined above, has been adapted from a range of official sources, including the Consumer Financial Protection Bureau, the World Economic Forum Global Retailing Investor Survey and the Global Financial Literacy Excellence Center. In addition, these definitions have been adapted from material published by A. Hackethal and A. Lusardi.

Methodology and scope

The financial advisory landscape is shifting – and with it comes an opportunity to improve access to financial advice and enable long-term financial resilience for individuals.

Today, technological innovation has enabled greater accessibility to financial advice and capital markets via digital platforms, offering convenience and cultivating individual financial empowerment. This coincides with rising preference for personalized financial advice, driven by desire for tailored solutions that reflect each person's circumstances in a time of financial uncertainty and complexity.

In 2022, the World Economic Forum's Global Retail Investor Survey, featured in *The Future of Capital Markets: Democratization of Capital Markets* report, surveyed individuals across nine global markets (the UK, US, France, Germany, South Africa, Japan, China, the United Arab Emirates, and Brazil). The survey revealed that financial advice is a crucial tool and resource for individuals' investment decisions.[1] The power of financial advice extends beyond this; it is a tool to help individuals to plan for their financial future across all life stages. This paper defines individuals broadly across wealth tiers segmented by investable assets.

This paper explores trends shifting the financial advice landscape, including demographic shifts and disruptive technology. It seeks to identify opportunities to improve access to affordable, quality financial advice. It also explores deeper insights into social media's role in democratizing access to financial advice and outlines potential risks.

This white paper is intended for the financial services industry, policy-makers and regulators.

It aims to answer the following questions:

What factors are shaping the future of financial advice?

How can access to financial advice be expanded to individuals who have not previously sought it or had access?

What are the opportunities and challenges of disseminating financial advice information through social media?

What possible actions can policy-makers and industry leaders take as they consider how to deliver value through financial advice?

Methodology

Desk-based research and review of literature

Over 20 expert interviews

Global workshop with industry executives and focus groups with Gen Z and Millennial investors

Financial advice and the individuals who use it are defined broadly for the purposes of this paper.

What is financial advice?

Broadly defined, financial advice refers to recommendations, guidance or expertise provided by financial professionals to help individuals make informed decisions about managing their finances, achieving financial goals and navigating complex financial situations. Financial advice can span various aspects of personal finance, including but not limited to budgeting, saving, investing, retirement planning, tax strategies, insurance, estate planning, debt management and risk management.

Financial advisers who provide this financial advice are regulated professionals, with specific standards varying by jurisdiction and the type of financial advisory services they provide.[2] Types of advice include the following:

- Retirement planning
- Estate and inheritance
- Budgeting
- Family and education goals
- Investment guidance
- Debt management

Note: The terminology as defined above, has been adapted from a range of official sources.

Individuals across all wealth tiers are in the scope of this paper. Each group has unique goals and financial advice needs.

For the purpose of this white paper, investors are grouped according to their net worth, which is one way in which global regulatory bodies often assess accredited investor status. Each set of investors may have different levels of base knowledge and interactions with financial advisers (and types of financial advisers).

Historically, those with more investable assets have had more interaction and experience with financial advice. Investors with lower investable assets and lower income could also obtain significant benefits from receiving financial advice. In many cases, investor groups may differ in their preferences, experience and expectations with financial advisers, as well as their financial goals.

Mass market	Mass affluent, affluent	High net worth and beyond
($0-100,000)	($100,000-1 million)	(>$1 million)

Typically:	Typically:
Lower stock ownership and market participation	Higher financial market participation
Lower levels of financial knowledge and expertise	Higher levels of financial knowledge
Higher use of self-service digital platforms	Higher reliance on advisers to assist with decision-making

The value of financial advice

The financial advice landscape is changing in the information age.

Innovations such as real-time financial product information, social media and super apps have empowered a shift in financial advice.

The enhanced accessibility facilitates more individuals' active participation in capital markets, which can be critical to building wealth and ensuring long-term financial security. However, alongside the benefits of increased access, the transformation in information consumption habits has ushered in a new era of information overload. The vast expanse of the internet offers abundant financial data, analysis and opinions, presenting individuals with a myriad of sources to navigate. In this landscape, discerning valuable insights from noise becomes increasingly challenging, underscoring the importance of informed decision-making and reliable guidance in the digital age.

The availability of information has shifted the traditional one-way model, where financial advisers possessed a significant information advantage, to a contemporary two-way model. In this new paradigm, individuals have access to more financial information. Consequently, advisers must be responsive to inbound requests for better or worse (see Figure 1).

Even in the era of abundant information, ensuring individuals receive impartial, high-quality and trustworthy advice remains challenging.

The financial advice industry has wrestled with conflicts of interest and information asymmetry. This has historically led to some instances of mis-selling products, biased recommendations and inadequate consumer protection measures. Even in this new information age, there remains ongoing discourse on how to best align the interests of the individual with those of the financial adviser while maintaining the integrity of advice and associated business models, particularly while keeping information asymmetry in mind.

It's crucial to recognize that while financial advice plays a vital role, it cannot serve as a substitute for enhanced financial literacy among individuals. Empowering people with the knowledge and skills to make informed financial decisions is foundational to their financial well-being. Therefore, efforts to improve financial education should complement, rather than be supplanted by, the provision of financial advice.

FIGURE 1

Financial advice information flow

Traditional model

Advisers – data and experience advantage

Emerging model

Advisers – AI tools and data analysis

Individuals – information via news, books, limited data

Individuals – digital financial product information availability

Source: Adapted from framework provided by Hackethal, A. (n.d.). *AI and the Future of Financial Advice* [Presentation]. Goethe University and Leibniz Institute SAFE.

While the landscape for financial advice is changing, the goal to improve individuals' well-being and decision-making remains consistent.

Advisers serve as "money doctors" who employ empathy, judgement and efficiency in their roles to help individuals reach financial stability.

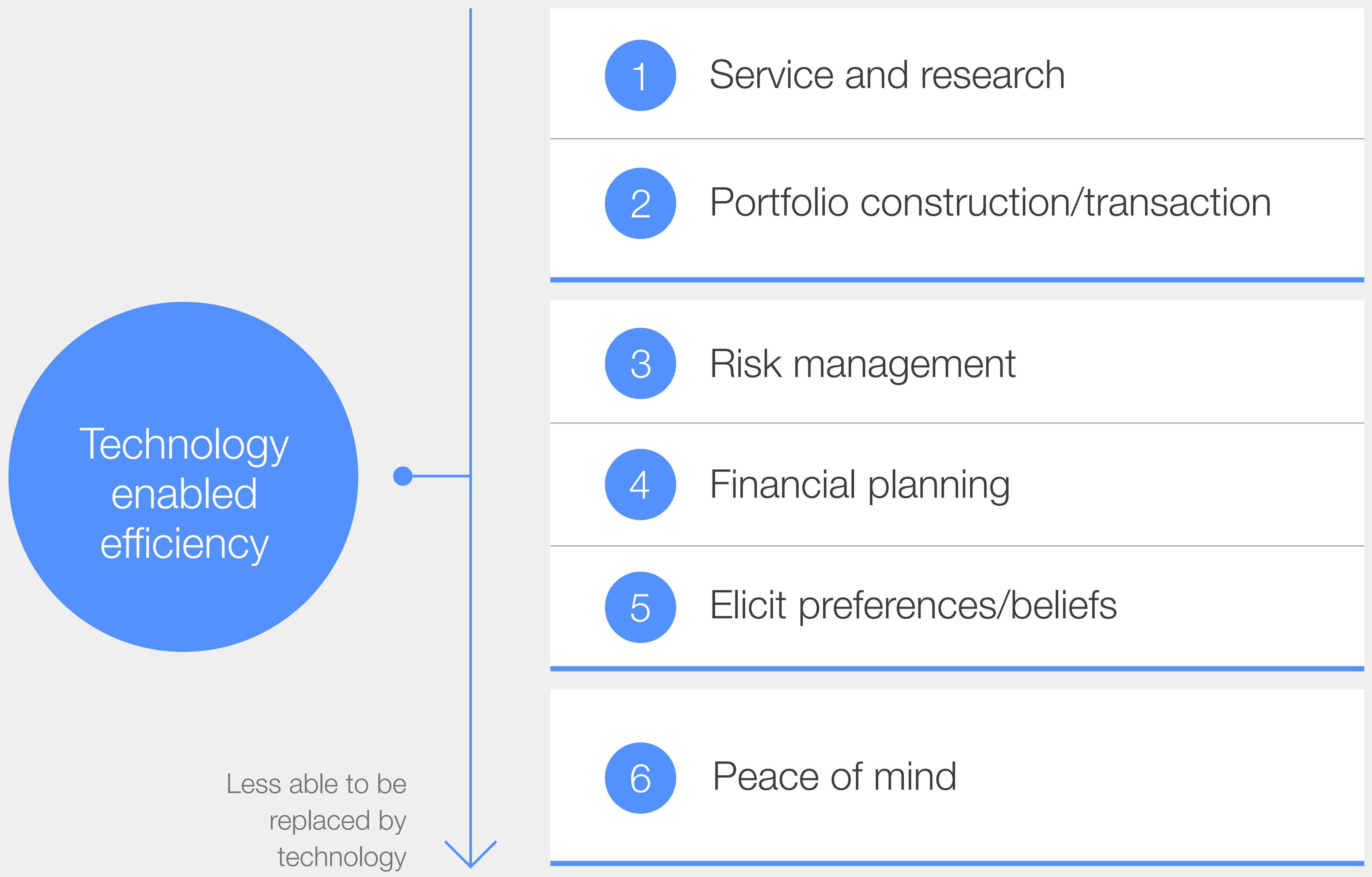
Financial advice aims to equip individuals to navigate financial markets and achieve financial stability throughout their lifespan. It is deeply personal and can be a critical tool for ensuring an individual's well-being.

Financial advice serves six main purposes in supporting individuals with their financial planning skill gap: 1) service and research, 2) portfolio construction, 3) risk management, 4) financial planning, 5) elicit preferences, and 6) peace of mind.[3]

Technology can streamline portfolio construction and research, but "peace of mind" is more reliant on human empathy and experience and, therefore, is less easily replaced by technology in many cases.

FIGURE 2

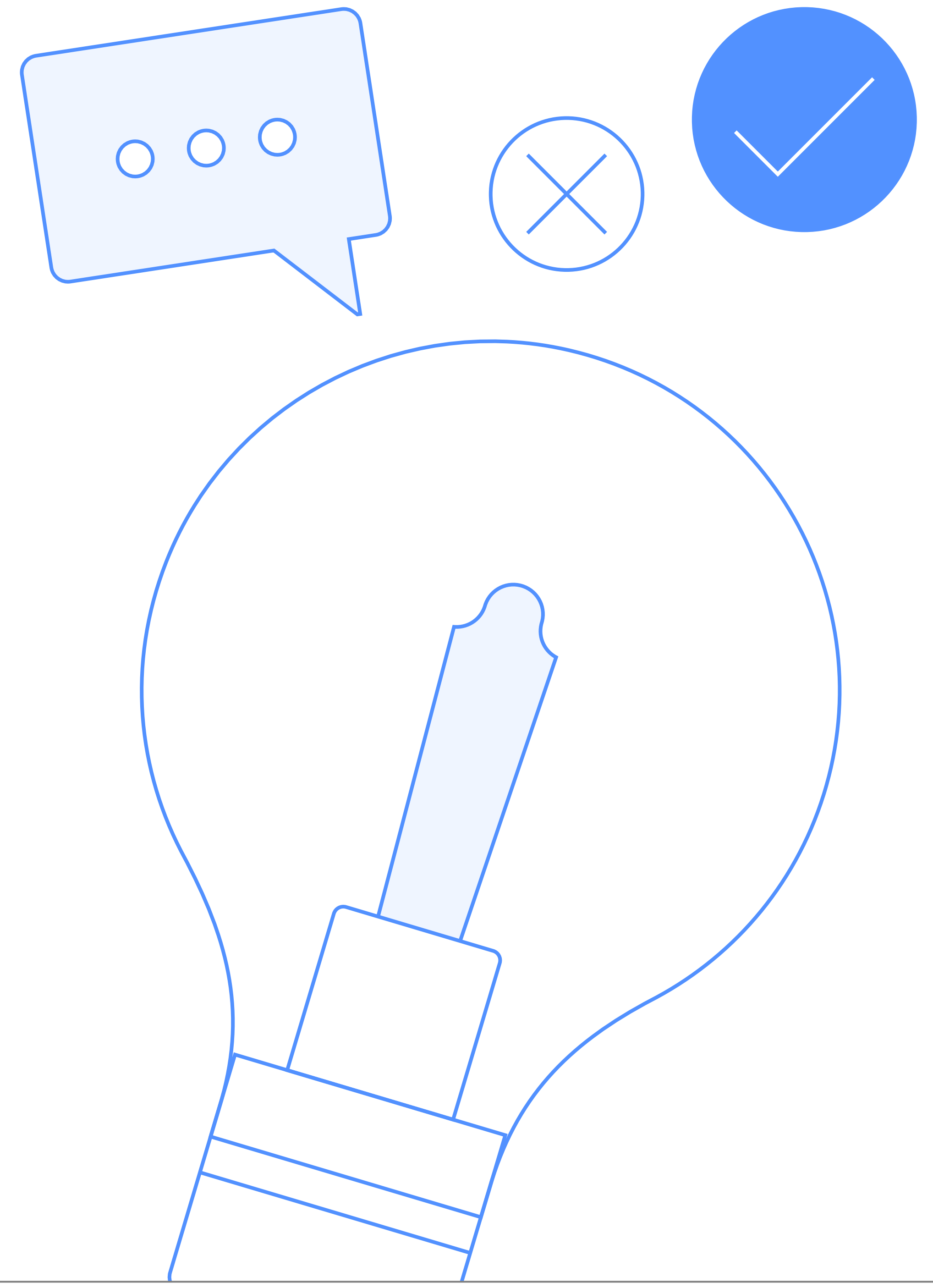
The main roles of financial advice



Source: Hackethal, A. (n.d.). *AI and the Future of Financial Advice* [Presentation]. Goethe University and Leibniz Institute SAFE.

Financial advice, across all six purposes, can improve economic outcomes for individuals.

In 2022, the Global Retail Investor Survey found that in the context of investment decisions, financial advice was a powerful tool:[4]



Retail investors…

74% would be likely to invest more if they had more opportunities to learn about investing

65% would invest more if a financial adviser recommended it

47% found that a financial adviser is an extremely important source when making investment decisions

79% stated that being able to speak to a financial adviser was important in making an investment decision

48% of investors were able to turn to a financial adviser for advice on how to invest

Non-investors…

53% would be more likely to invest if a financial adviser recommended it

40% chose not to invest because they did not know how to invest or found investing confusing

68% would invest more if they had more opportunities to learn about investing

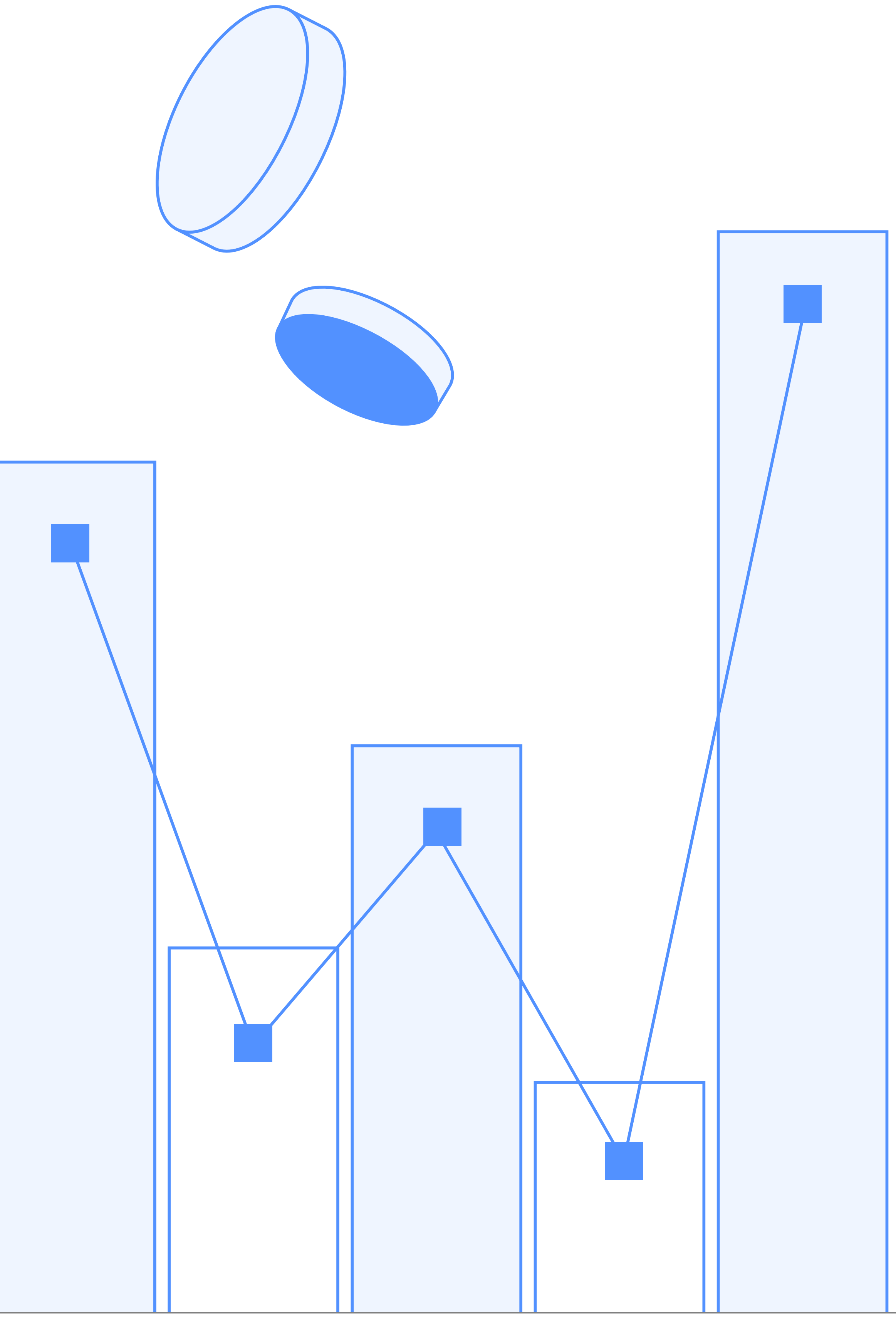
37% would be more likely to invest if they had access to automated advice or a robo-adviser

58% would be more likely to invest if it was easier and faster to get started

1 Six trends shaping financial advice

The remaining sections of this paper will explore the six key trends shaping the future of the financial advisory landscape.

The future of financial advice is being shaped by industry changes and underpinned by advancing technologies.



1 Changing demographics

Investors are becoming more diverse in age, race, ethnicity, gender and income.[6] Baby Boomers and the Silent Generation are expected to pass down $72.6 trillion to younger generations by 2045, while women are poised to control a significant portion of the $30 trillion held by Baby Boomers by 2030 in the United States, with similar transfers taking place in markets like Hong Kong, Mainland China and the United Kingdom.[7,8,9,10] Changing demographics will necessitate innovation in financial advice.

2 Holistic financial well-being

Individuals seek advice with the goal of broader financial well-being. This addresses major life milestones and incorporates various aspects, including savings, debt management, insurance, tax planning and retirement preparedness. Holistic financial advice has been shown to potentially save the typical household $4,384 per year with tremendous value to policy-makers, advisers, industry and individuals.[11]

3 Digitally accessible and hyper-personalized

Individuals expect an easily accessible, high-touch experience across mobile and web from their financial institutions. 52% of advisers in the US believe that investors want more personalization.[12] As firms seek to innovate their digital channels and provide greater personalization for investors, accessibility and scalability should be first in mind to help build trust with individuals and create sustainable business models.

4 Transparent and fair pricing

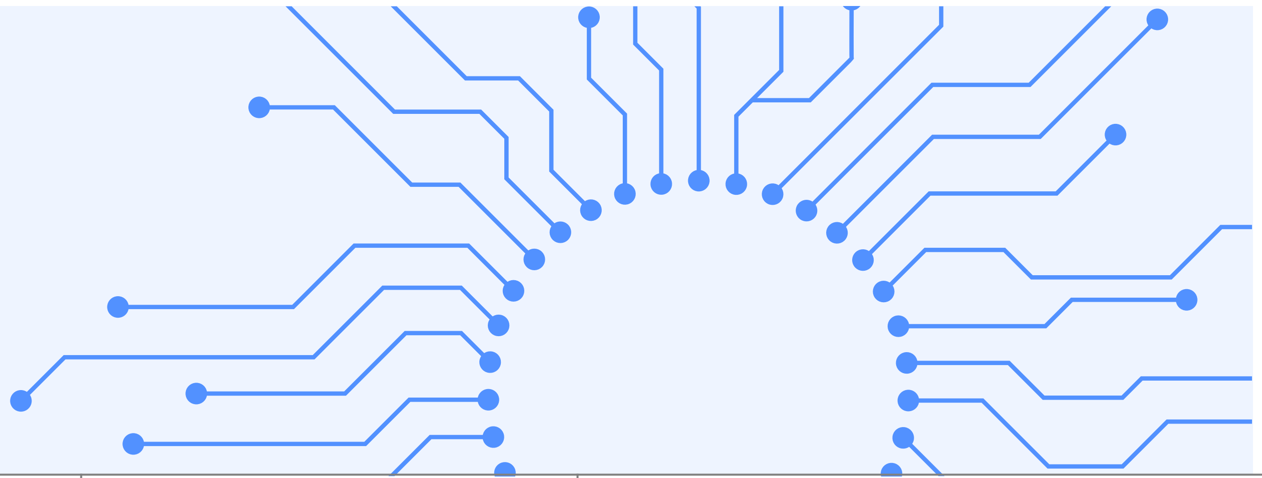
The landscape of pricing models is becoming more nuanced. Commission-based structures remain prevalent, but advisory services increasingly explore fee-based, subscription-based or hybrid pricing structures. Younger generations prefer short-term, low-commitment pricing models with the flexibility to start and end services as needed.[13] Fair and transparent pricing models come with the opportunity to improve trust and affordability for individuals.

5 Technology innovation

Technological innovation has the potential to bring forward great efficiency gains. Technology such as generative AI, machine learning and blockchain can revolutionize automating processes, data analysis and personalization. At the same time, it's critical to be mindful of issues such as data privacy and algorithm bias.

6 Social media

Individuals increasingly use social media as a resource for financial information, used by 80% of individuals in the US between the ages of 18 and 31.[14] With low to no costs, it is accessible and offers both authenticity and entertainment. However, it poses potential risks within a changing regulatory environment and open source of cascading information.



Trend 1

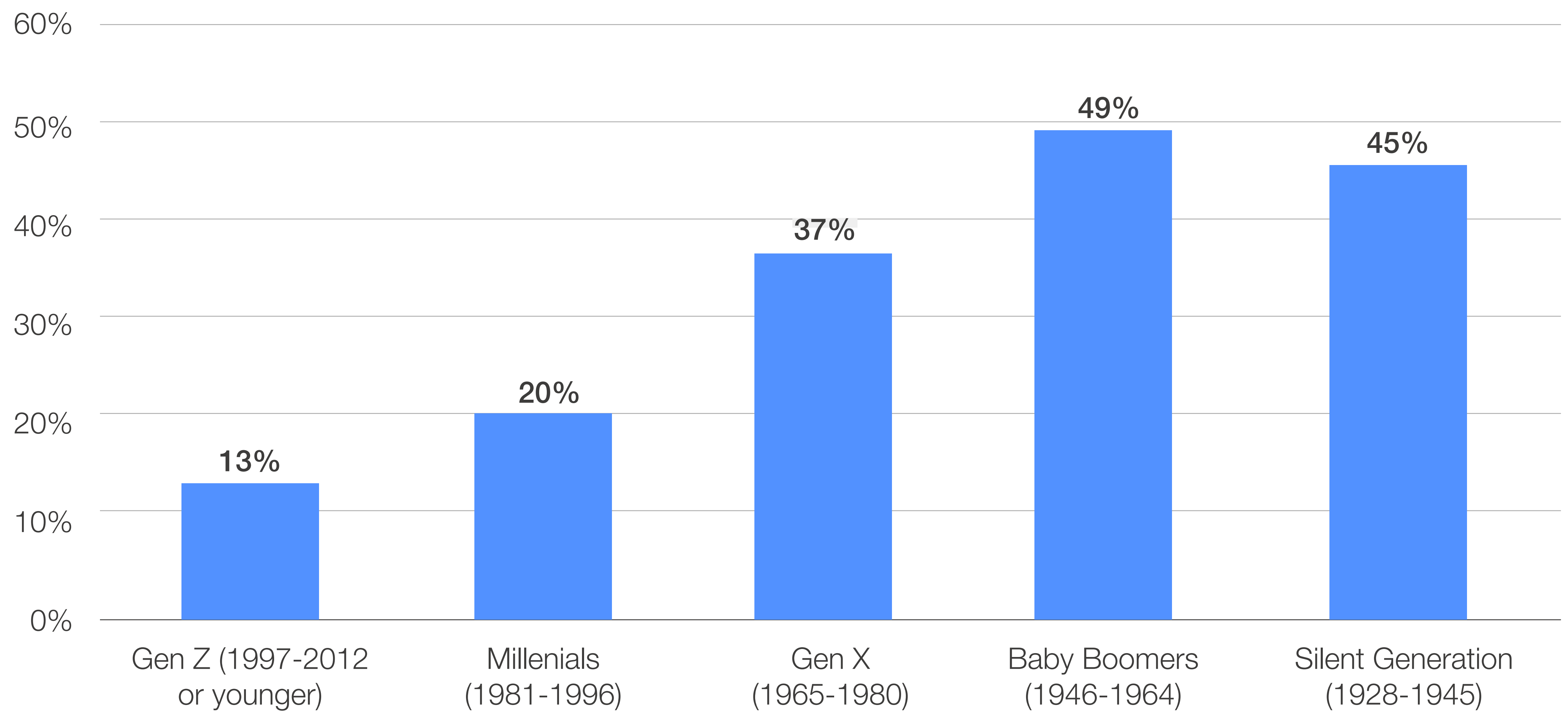
Changing demographics

As life expectancy increases and wealth is transferred to other generations, there is a need for innovative financial advice to help investors prepare for long-term financial resilience.

As demographics shift and investor needs evolve, financial institutions need to reimagine their approach to financial advice by prioritizing inclusivity and personalization tailored to every life stage. Shifts such as younger generations beginning their advice journey earlier, people experiencing longer lifespans, varied career trajectories, and considerations such as long-term care expenses and inheritances lead to comprehensive financial guidance becoming paramount in safeguarding financial resilience.

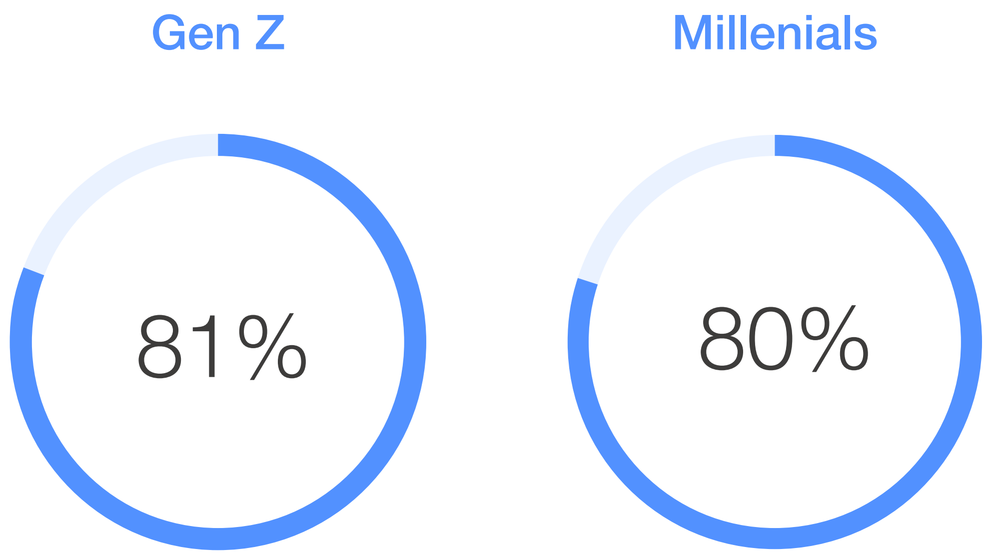
	People are living longer, leading to a growth in the longevity economy[15]	Younger investors are entering the market earlier than previous generations[24]
Gaps to consider	As life expectancy increases in much of the world, particularly in Asia, global research indicates many individuals are not prepared financially to retire.[16,17] Without access to financial education throughout working years, older generations may be unable to build savings and could become reliant on public retirement programmes, which are facing increased strain globally.[18] In the US, 51% of Americans worry they will not have enough for retirement, and in Europe, only 45% of individuals feel financially confident in their retirement.[19,20,21]	In the US and Europe, findings show that younger Gen Z and Millennial investors often have lower levels of trust in financial institutions.[25,26,27] The level of financial literacy that younger investors have when they enter capital markets is highly dependent upon socioeconomic status and family background. There is also a need to bridge the literacy gap. Younger individuals may have higher levels of debt due to student loans. They may also have financial scarring from the Great Recession, which can lead to hesitancy around traditional financial institutions and/or advice.
Key opportunities	Transparent advisory processes and conflict of interest-free models could enable better retirement funds and more returns for older individuals. There is an increasing need for integrated financial planning to support transitions between life stages, e.g. incorporating wealth accumulation and wealth decumulation, retirement planning, long-term healthcare costs, planning philanthropy and legacy, and wills/probate.[22] Workplace offerings and education programmes can support individuals planning for retirement and offer an affordable and trusted source for financial information needs.[23]	Young investors have different needs and preferences. They often prefer holistic views of their finances consolidated into a single view, fee-only business models, and express interest in social impact investing and sustainability. Holistic planning and advice that includes concerns such as budgeting, saving and debt management are fundamental to supporting financial resilience for younger individuals. A one-stop-shop for financial advice aligns with younger individuals' preferences.

Respondents who can correctly answer financial literacy questions (US data)

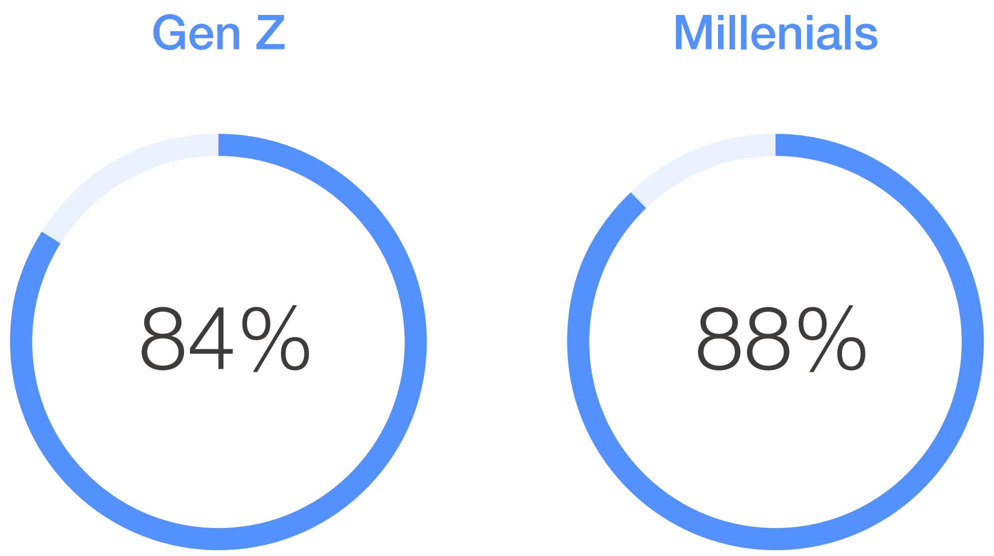


Source: Global Financial Literacy Excellence Centre

According to the Global Retail Investor Survey



of retail investors globally find it important for investments to align with personal values



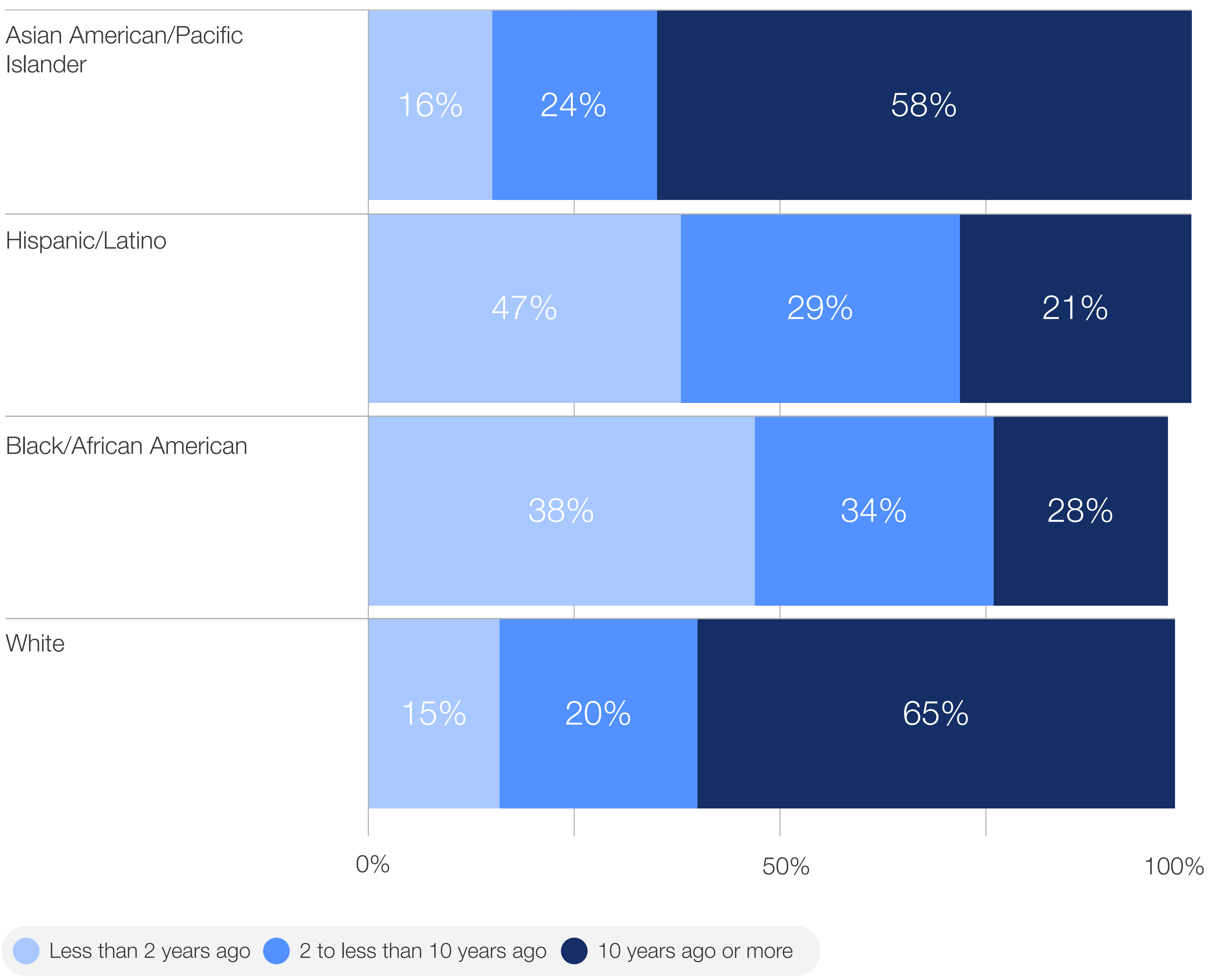
of retail investors globally think low fees are important

Firms have an opportunity to integrate new investors into the landscape of financial advice by evolving their models and methods to better serve diverse needs.

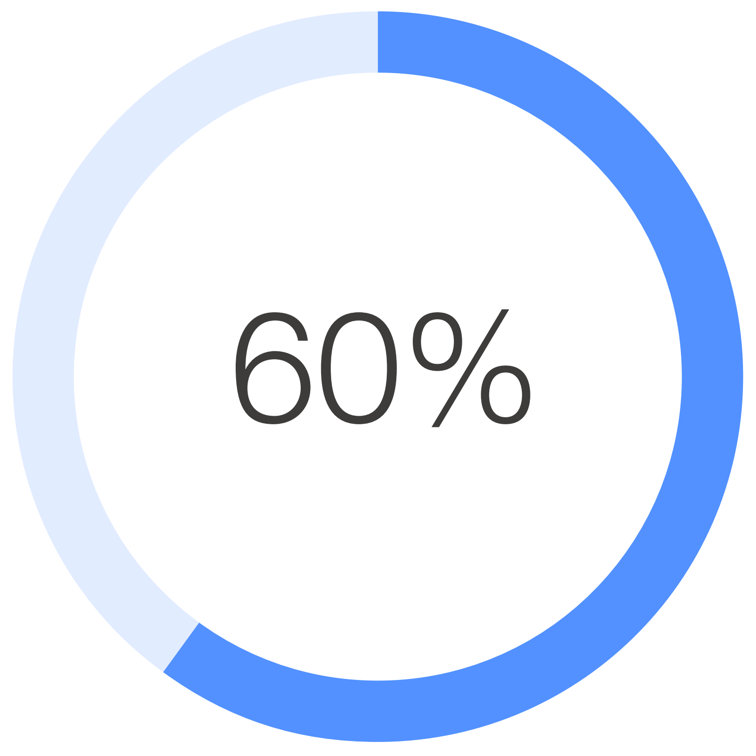
Emerging investors may be the first in their family to graduate college, buy a home and earn income higher than their parents. As a result, approaching these investors may require a different approach to education, advice and financial products. The wealth shift is a significant opportunity for wealth managers to capture new segments, including women and people who identify as Black, Indigenous and people of colour, particularly those who are emerging affluent or nearing retirement.

	Women are poised to control a significant portion of the $30 trillion held by Baby Boomers by 2030[28]	Investors today are increasingly diverse[36]
Gaps to consider	Women have historically faced barriers to access to the financial services industry, with offerings often built with men in mind. Overall, 86% of asset managers in the US admit that their default customer is a man.[29] Women tend to face financial challenges such as earning less, living longer and career interruptions due to unpaid familial care responsibilities. For example, women in Hong Kong have been found to receive suboptimal (inefficient and flawed) financial advice due to misperceived risk tolerance based on gender discrimination/bias.[30]	People of colour have faced a lack of representation within the advisory workforce as well as historical inequities and exclusion in financial advice in Western nations.[37,38] Lack of access to culturally resonant content and financial services products. Black and Latina women are three times as likely as white women in the US to say financial services do not fit their needs.[39] Emerging investors have faced historical barriers to engagement in capital markets and financial education.
Key opportunities	Women often outlive their spouses and take control of their finances – in the UK, by 2025 an estimated 60% of women will hold wealth, primarily due to having become widows.[31] Women now control about one-third or $14 trillion of total US household assets, and $4.92 trillion in Western Europe with more women making financial and investment decisions in their households than previously.[32,33] In 2023, 68% of women in the US are actively saving towards retirement.[34] Only 7% of wealth managers in the UK currently have a dedicated strategy in place to retain, attract and advise women.[35]	Women and people of colour in the US and emerging markets are more involved in capital markets today than in previous generations. Furthermore, people of colour are becoming new investors at a faster rate, and these investors tend to be younger. In the US, investors of colour are found to be more interested in investing based on positive impact potential and values alignment. As investor demographics evolve, creating diverse and resonant advisory groups can help improve personalization and create avenues for trusted relationships globally.

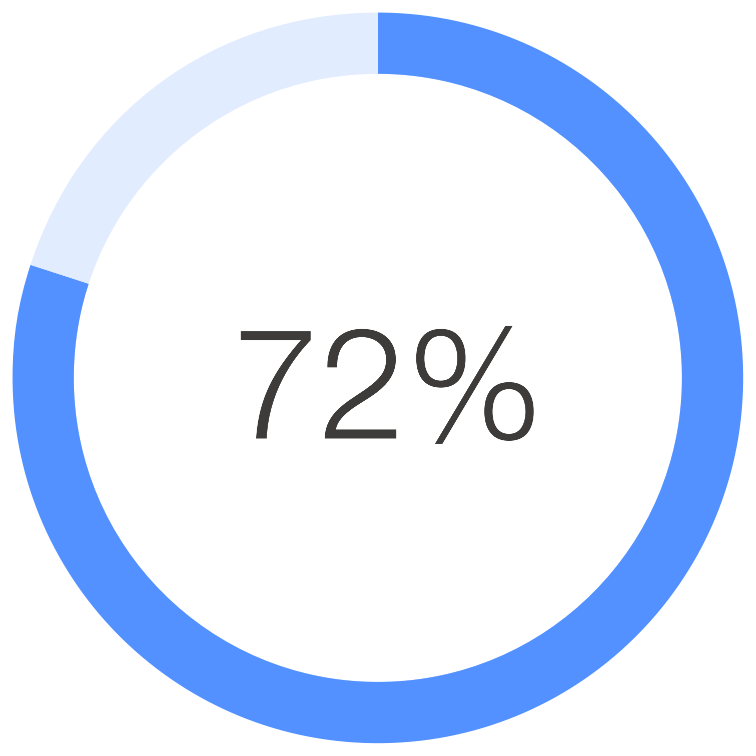
When did you first start investing in non-retirement accounts? (US data)



Source: Financial Industry Regulatory Authority (FINRA) Investor Education Foundation. (2023). *Investors of Color in the United States: A Report of the National Financial Capability Study.*



of women in the US are actively investing in the stock market, and 68% of women are saving for retirement[40]



of global female investors surveyed invest at least monthly, and 16% invest a third or more of their monthly income[41]

Trend 2

Holistic financial well-being

Holistic financial advice has the potential to help individuals achieve financial well-being.

What is financial well-being?

Broadly defined, financial well-being refers to a state of being wherein a person can fully meet current and ongoing financial obligations and feel secure in their financial future.

- Control over one's finances
- Capacity to absorb a financial shock
- On track to meet financial goals such as paying off debt or saving towards retirement
- Choices that allow one to enjoy life[42]

Four types of behaviours are demonstrated to support financial well-being:

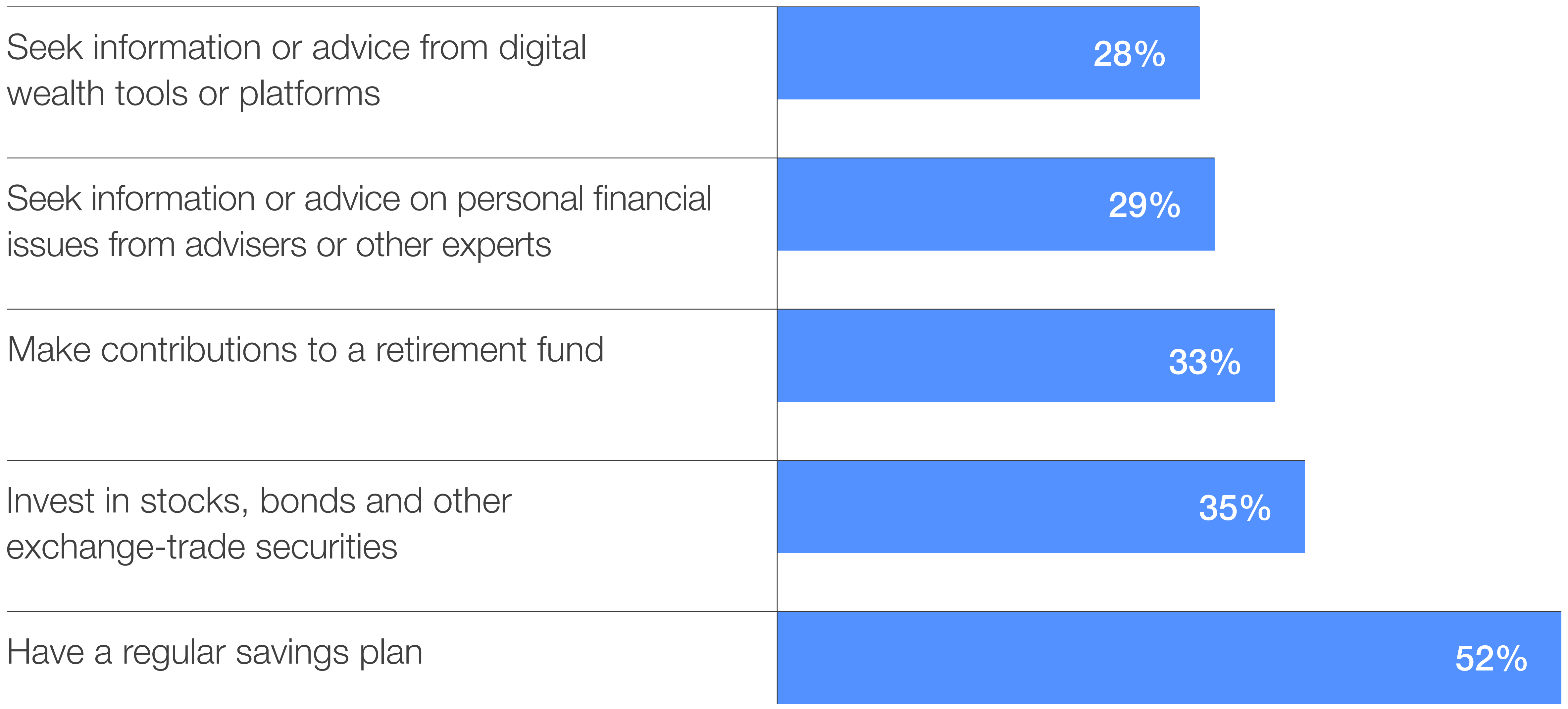
1 Effective routine money management

1 Financial research and knowledge-seeking (education)

1 Financial planning and goal-setting

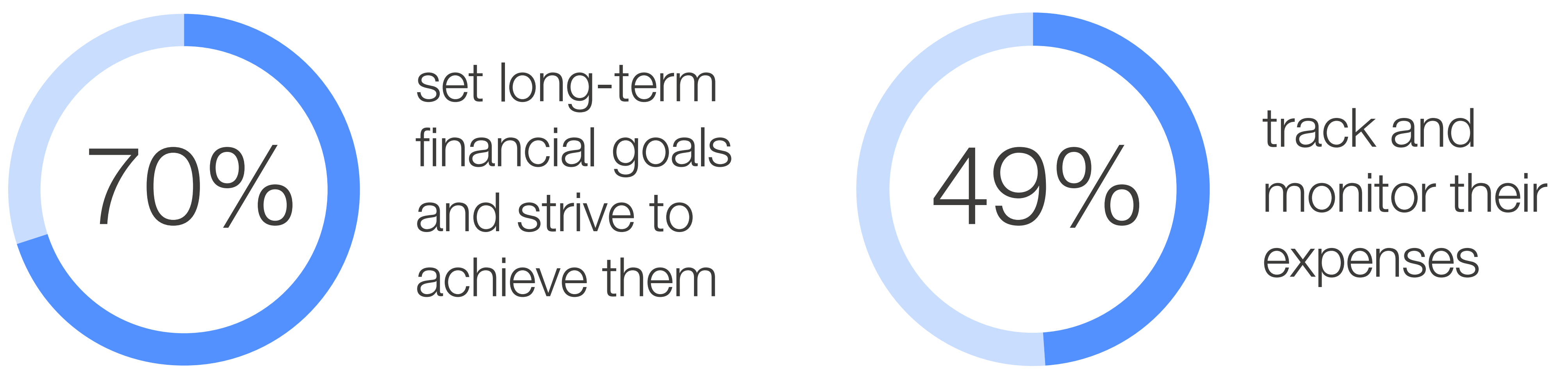
1 Following through on purposeful financial decisions

Measures taken most regularly by those in Asia to secure financial well-being[43]



Source: Prudential. (2023). *Re-thinking well-being in Asia.*

Strategies for financial well-being used by individuals in Europe[44]



Holistic advice to empower well-being matters

1. **Holistic advice can facilitate significant savings and improve financial well-being**. In the US, access and use of unbiased financial advice and planning has been estimated to help the average household save 7.5% of their annual income per year.[45]

2. **Financial well-being has psychological value**. Individuals with low levels of financial literacy are often more financially vulnerable and spend a disproportionate amount of time worrying. In the US, studies have estimated individuals take up to 9 hours per work week worrying about personal finances, which can impact productivity and overall well-being. Overall, 85% of financially healthy employees believe they are more productive at work.[46,47,48]

3. **Financial well-being scores vary across demographic indicators, including education and income**. This holds true even among the top eight global economies where individuals exhibit distinct levels of financial well-being.[49] Therefore, a focus on holistic advice could significantly benefit middle and low-income individuals, as well as those new to financial planning.[50,51]

4. **Holistic advice that incorporates milestone planning through a focus on individual well-being could help the average individual increase their savings by hundreds per year**. Nearly 40% of older workers in the US are not properly using defined contribution and defined benefit plans.[52]

Emerging or actionable solutions

1. **Individuals are increasingly interested in a one-stop holistic experience for their financial needs**. Creating comprehensive financial plans that consider major life events and understand individual needs can help build trust as well as individual success.

2. **Personalized holistic financial platforms, many of which are digitally accessible, can help make financial well-being feel attainable**. These platforms, such as apps or websites, can embed financial literacy education behavioural change through interactive tools, educational resources and gamification. These platforms can help make financial planning approachable.

3. **Reducing jargon, cost barriers and opaque pricing structures is vital**. Both investors and non-investors cite confusion on capital markets and finance more generally as a principal reason not to invest.[53] Meeting individuals at their comfort level with financial planning and demonstrating the value of advice through transparent pricing structures is critical.

Trend 3

Digitally accessible and hyper-personalized

Individuals increasingly expect digital accessibility and hyper-personalized advice.

76%

of US now see personalized interactions as the default standard[54]

+25%

investor satisfaction and likelihood to recommend service given the availability of personalized advice, product bundling and hybrid client experiences in the US[55]

78%

of advisers in Asia said that using a one-stop digital platform that combines financial applications would improve individual experience[56]

80%

of surveyed investment managers in the US state that customization for the masses as an investment strategy will define the next five years[57]

Accessibility is critical, as individuals demand that financial services be available anytime, anywhere and through various digital channels.

Investors today want instant access to their financial products and accounts. Firms need to consider the entirety of their digital engagement channels and ensure that investors feel they have options to receive advice on demand. Even in human-adviser-led scenarios, investors still want easy access to digital portals and apps to keep track of their investments and reach advisers when needed. Increased on-demand access can also help lessen information asymmetry and empower individuals to make informed decisions.

While personalization at scale has long been an industry challenge due to the associated costs, technology could help provide tailored advice at an affordable price to a wider swath of individuals.

Building capabilities to take advantage of data analytics and new advancements in technologies such as generative AI will be an important step for firms to scale personalized advice at an accessible price that is accessible. Generative AI can provide initial insights for advisers and create dynamic, ongoing personalization through use cases such as real-time sentiment analysis and return on investment tracking. Technology remains a game-changer for older generations or other individuals who may prefer in-person financial advice. By automating routine tasks, technology can help free up advisers' time for personalized consultation, making these services more accessible and affordable for those who prefer face-to-face/human advisory.

Individuals are increasingly demanding tailored financial advice that recognizes their unique circumstances.

Hyper-personalized advice goes beyond traditional segmentation based on demographics or broad characteristics. It uses the power of data analytics and adviser training to more deeply understand each individual's unique financial situation, goals, risk tolerance and preferences. Tailored advice can help bring visibility into situations investors may not have considered and help them prepare for the unexpected. As such, advisers and firms should learn to navigate the behavioural signals that investors give and navigate accordingly.

Personalized financial planning can enhance financial inclusion by recognizing a variety of different needs and circumstances of investors, from managing student loan repayments to building an emergency fund to opening an investment account. Based on interviews, while 29% of Black respondents in the US felt overwhelmed and apprehensive about investing, 46% felt financially aware and wanted in-depth analysis of the market, trading strategies and products.[58] Personalized financial advice can help meet a range of cohorts where they are.

A tailored approach to financial advice can build trust between investors and their advisers by creating a positive and credible relationship and improving investor outcomes.

Trend 4

Transparent and fair pricing

Industry dynamics, regulatory reforms and technological advancements are driving a rise in transparent and flexible pricing models.

Shifting preferences among individuals of all generations and calls from some policy-makers advocating for transparent, flexible and fair pricing models have driven innovation for business models to offer great choice and control over advisory costs.

Gen Z and Millennials favour transparent pricing models and are more inclined to engage multiple advisers. Additionally, over half are easily swayed to switch primary financial advisers if another offers lower fees (in contrast to only 9% of Baby Boomers in the US).[59] Concurrently, technological advancements have fuelled the rise of digital advisory platforms and robo-solutions, providing companies with opportunities to deliver financial advice more cost-effectively. These shifts underscore a broader industry trend towards client-centricity, transparency and accountability in financial advisory services.

There has been a growth in fee-based revenues, but there are jurisdictional nuances.

Regulatory changes, primarily in the US and Europe, have increasingly emphasized fiduciary standards and transparency, prompting a move towards fee-based and fee-only advisory models versus the more historically prevalent commission-based models. These changes can help ensure adviser incentives are aligned with individual goals.

Additional approaches include offering a fixed price for services and subscription-based pricing. Some advisers are exploring hybrid fee structures that combine elements of various pricing models to provide individuals with choices in how they pay for advisory services.

Investors benefit from having options when it comes to advice models. For example, major life decisions may lend themselves to a fixed-price session with a financial adviser, while day-to-day portfolio maintenance could be supported by commission-based or subscription advice.

Communicating the clear value of financial advice to individuals through a fair and transparent pricing structure is foundational to building trust in advisory relationships. Reducing conflicts of interest is also paramount. In practice, this means mitigating situations where advisers may be motivated to prioritize their own gain (through high churn, unsuitable products, etc.) over an individual's best interests. This could further establish trust and ensure individuals receive financial advice that benefits their long-term well-being.

87% of adviser-directed households prefer fee-based in the US[60]

75% of financial advisers' gross revenue in the US stems from fee-based advice, up from only 54% in 2016[61]

62% of the adult population in Europe are not confident that the investment advice they receive from their bank, insurer or financial adviser is in their best interest[62]

67% of the adult population in Europe do not trust the investment advice they receive[63]

An evolving breadth of advice models has risen with a range of pricing structures to suit the gradient of customer needs. These models may be combined within one firm to give investors flexibility depending on their particular circumstances or advisory needs.

Commission | Fee-based | Fixed price | Subscription

Percentage-based ← → Dollar-amount

Source: Wohlner, R. (2023). *What You Need to Know About Fee-Only Financial Advisors*. Investopedia.

New advice models are emerging to offer more options to investors.

Investors are increasingly seeking diverse options when it comes to pricing models for financial advice, with emerging firms introducing subscription and fixed-price models as a notable trend. Traditionally, advice was provided by the institutions where individuals held their assets, and this practice continues for many firms today. However, there is a growing trend of individuals accessing financial advice through various channels, including robo-advice and human advisers, on a fee or fixed-price basis. Throughout an individual's life, the financial advice model that suits them best may change according to milestone planning, financial situation or preferences.

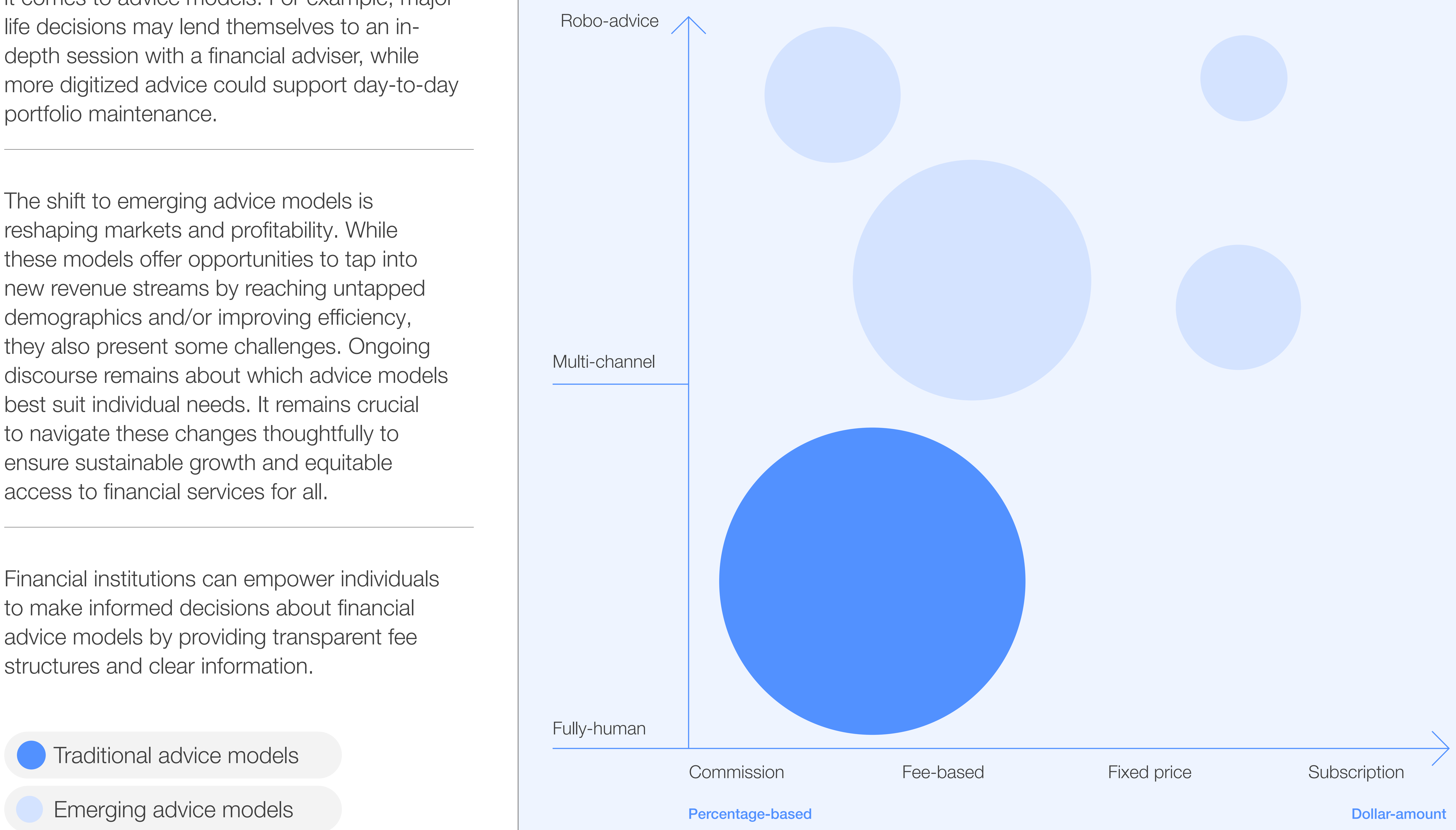
What does this mean for the future of advice models?

Many firms are considering how to evolve their financial advice models to meet the needs of new investors and capitalize on new technologies. This has led to an evolution in pricing structure models combining fixed or subscription pricing with robo-advice.

Individuals benefit from having options when it comes to advice models. For example, major life decisions may lend themselves to an in-depth session with a financial adviser, while more digitized advice could support day-to-day portfolio maintenance.

The shift to emerging advice models is reshaping markets and profitability. While these models offer opportunities to tap into new revenue streams by reaching untapped demographics and/or improving efficiency, they also present some challenges. Ongoing discourse remains about which advice models best suit individual needs. It remains crucial to navigate these changes thoughtfully to ensure sustainable growth and equitable access to financial services for all.

Financial institutions can empower individuals to make informed decisions about financial advice models by providing transparent fee structures and clear information.

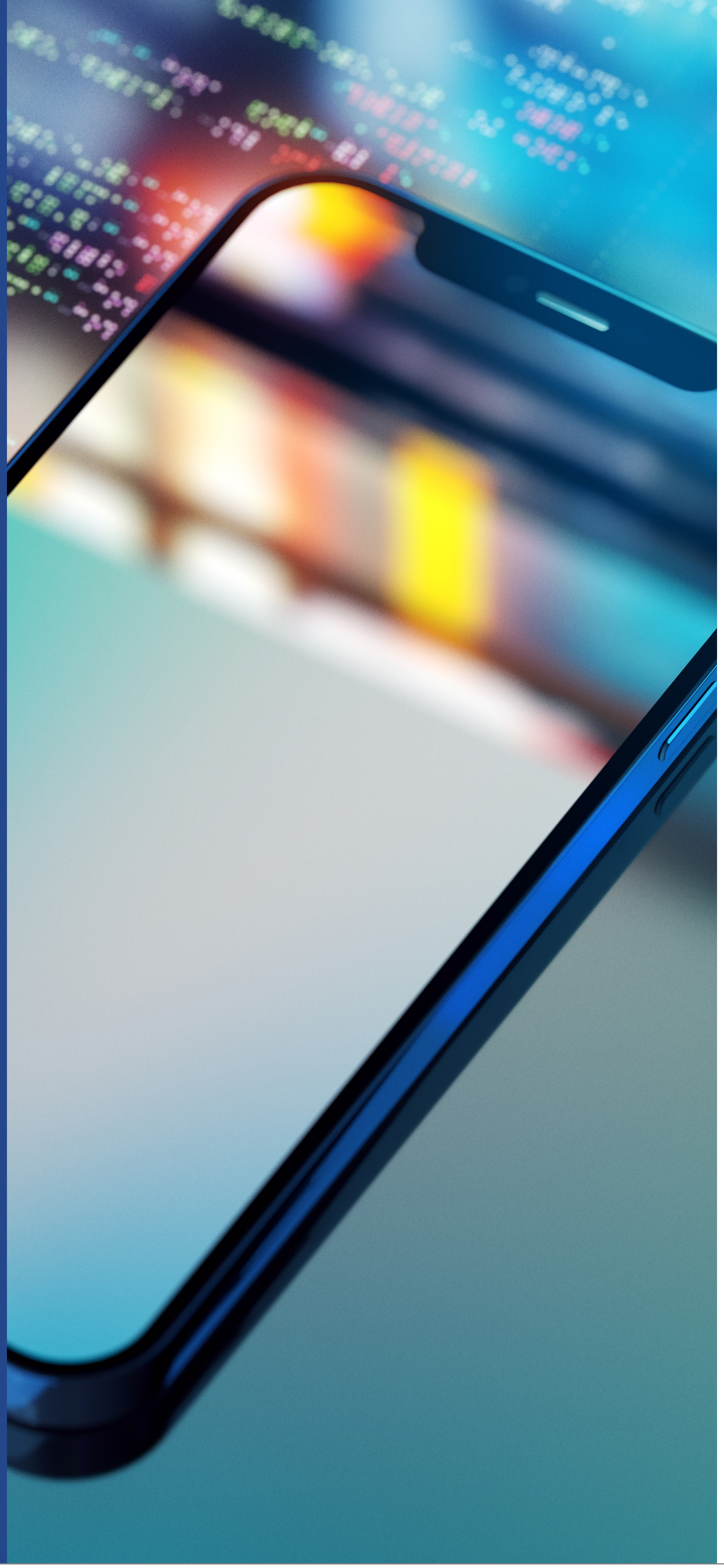


Notes: For illustrative purposes only – emerging advice models surpass what is pictured here.
Size represents illustrative prevalence.

Trend 5

Technology innovation

Strategic use of technology is crucial to unlock the potential of financial advice by increasing adviser productivity, reducing costs and improving access.



While early in their maturity, technologies such as generative AI have the potential to revolutionize financial advice by automating highly manual processes for advisers and delivering enhanced personalization for individuals through customized financial plans, portfolios and financial education at reduced costs. It's estimated that up to 67% of working hours in wealth management will be impacted by generative AI.[64] To take advantage of these benefits, firms will need to ensure they are building their adoption capabilities and have their core technologies in place to support the use of generative AI. This topic is at the top of leaders' minds as 94% of capital markets executives agree that generative AI will compel their organizations to modernize their technology architecture.[65]

Enhancing productivity and the client experience

From reaching out to new individuals to managing current relationships, financial advisers could use generative AI to reduce administrative tasks so they can focus on the parts of their roles that bring the greatest value to individuals. Generative AI can help advisers consolidate various data sources to summarize market insights, draft tailored individual outreach and ingest investor information to generate tailored financial advice. Optimizing manual processes will allow advisers to reallocate more of their time to nurturing relationships and enhancing the quality of their service. As firms begin to plan the integration of tools such as generative AI, it's essential to create strategies to ensure positive employee outcomes and experiences with using the technology.

Lowering cost barriers through scalability of services

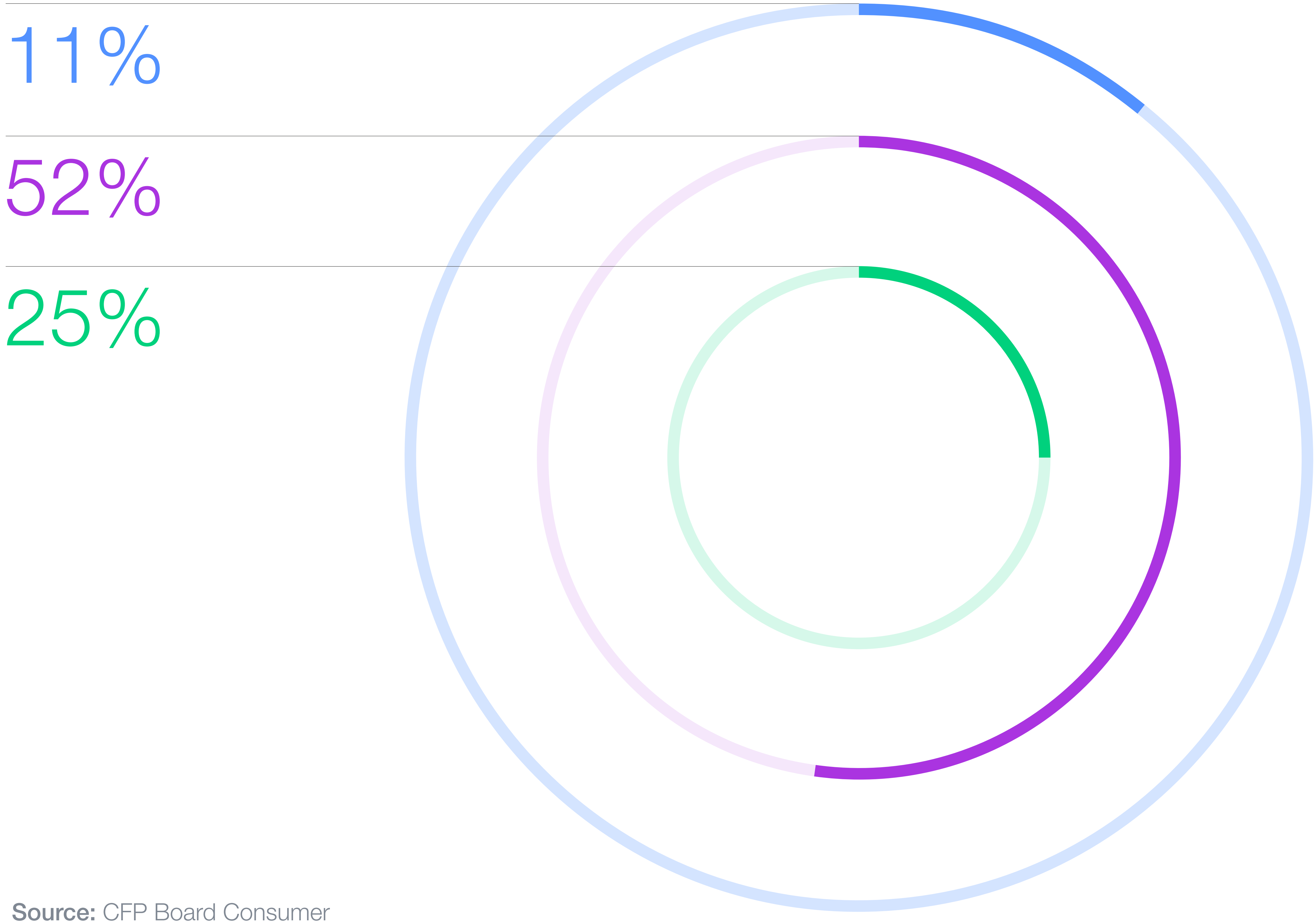
The price of financial advice deters many individuals. This is particularly prohibitive for low-income and vulnerable households, who could benefit most from advice. Further, the value younger consumers place on advice is different – the younger generation wants a broader set of advice and products and is interested in lower-fee services. In response to these changing needs, technological innovations are an increasingly important way to help lower costs and scale services.

Integrating technology in financial advice can lower operational costs through automation and robo-advisers. Innovations such as these, along with digital platforms, can provide scalability through cloud infrastructure, data analytics and lower operational costs. This could help financial institutions serve a larger group of individuals more efficiently and cost-effectively, ultimately bringing services traditionally offered to higher-net-worth individuals to a broader array of investors.

Improving financial education

Technology can also help improve access and create financial literacy content while incorporating customization based on individual learning needs. Further, technologies such as generative AI can be used to create interactive learning platforms and portfolio and risk modelling tools. These embedded learning experiences could be tailored to an individual's personal investing goals, risk tolerances and additional preferences to provide unique perspectives at a low or no cost.

Consumers think that in the next three to five years, AI and social media will...[66]



Source: CFP Board Consumer Sentiment Survey Trust, August 2023

- Take the place of the financial adviser
- Supplement the financial adviser
- Not take the place of the financial adviser

Investment advisers in the US, UK and Asia agree that automation enables efficiencies.[67,68,69]

79% It saves time
United States

78% A one-stop digital platform would improve efficiency
Asia

70% It allows people to focus on higher value tasks
United States

67% It allows people to spend more time servicing clients
United States

63% It helps with efficiency and automation
United Kingdom

Incorporating technology into financial advice comes with inherent complexities that must be carefully navigated when developing future advice models.

Navigating these complexities involves addressing potential biases and inaccuracies in algorithmic decision-making, optimizing the return on investment of technology implementations, seamlessly integrating technology with human advisers to enhance experiences and adapting to the evolving regulatory landscape to ensure compliance and consumer protection.

Bias and inaccuracy in technology

While promising, new technologies such as generative AI still carry a risk of bias and inaccuracy.

Large language models are the driving force behind technologies like generative AI and, by design, incorporate historical financial advice and planning data. This historical data may have certain biases and behavioural tendencies, which can lead to gender, race and financial background-based biases in financial advice.[70]

As an evolving technology, AI remains prone to errors and inconsistencies, underscoring the importance of reviewing the generated outputs.

Data security and ethical considerations also need to be taken into account to ensure integrity, privacy and accuracy are built in.

Return on investment in technology

Many financial services firms' digital architecture, infrastructure and data capabilities will likely impede their successful adoption of technologies like generative AI at scale, at least initially.[71]

Purchasing and implementing new technology requires substantial upfront investments in infrastructure, software development and training, as well as ongoing maintenance. As an example, wealth management IT spending globally is projected to grow 4.4% to $56 billion by the end of 2024.[72]

While larger firms may have a more substantial budget to invest in new technologies, even larger players may struggle to identify the best uses for their investments.

This financial burden may be prohibitive for smaller advisory firms or individual advisers, limiting their ability to compete with larger firms or adapt to rapidly changing market dynamics.

Integration of technology with human advisers

Individuals often turn to financial advisers to reduce the psychological burden of their finances and may feel uncomfortable with unfamiliar or emerging technologies carrying out these critical tasks.

Further, 51% of investors in the US have little to no trust in financial advice generated by AI, and 48% of investors do not feel comfortable acting on advice from AI that has not been verified by a financial planner.[73]

Dynamics are changing, however, as Gen Z and Millennials are open to both human and AI-driven advice. Still, they are more likely to follow recommendations from a human financial professional.[74]

In its initial stages, firms would likely roll out AI capabilities to advisers, not end-consumers, which will necessitate a level of training and comfort-building with the workforce.

Evolving regulatory environment

Regulators' primary focus is striking a balance between promoting technological innovation and safeguarding against potential risks such as data privacy breaches, algorithmic biases and cybersecurity threats.

Investor protection issues, including data use and how technology can influence investor behaviour, are at the forefront of global regulatory focus.

Moreover, international collaboration and coordination among regulatory authorities is increasingly important as countries seek to harmonize standards and facilitate cross-border innovation while ensuring consistent levels of consumer protection and regulatory oversight.

Trend 6

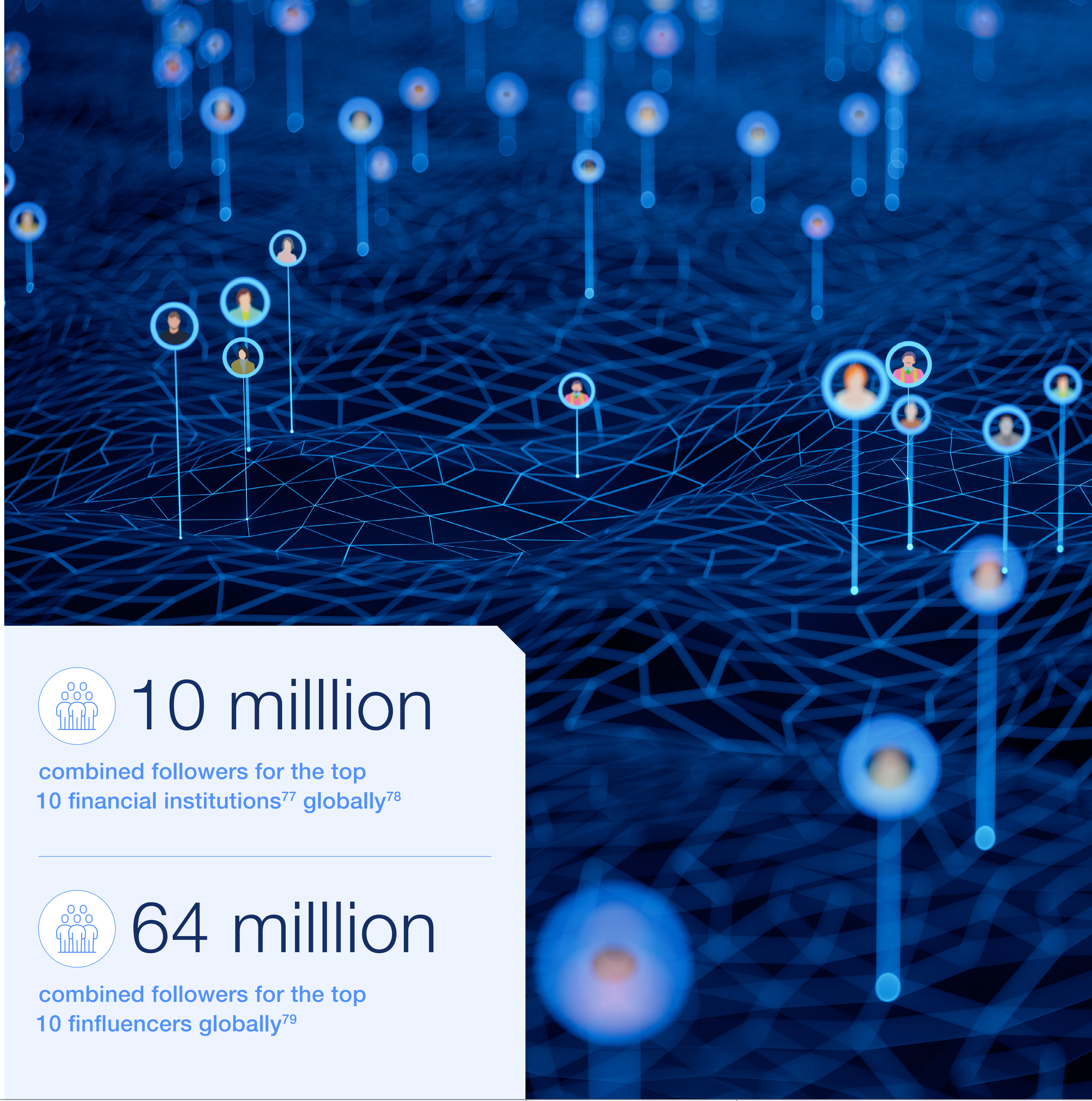
Deep dive
Social media

"Finfluence" – a new paradigm for financial information.

The exponential growth of social media has birthed a new phenomenon known as the influencer economy, where individuals wield significant influence over their followers' opinions and purchasing behaviours.

This evolving landscape now commands a multi-billion-dollar market, projected to reach $24 billion by the end of 2024.[75] As companies increasingly recognize the impact of influencers on consumer decisions, they are **reallocating advertising budgets from traditional mediums to invest heavily in influencer marketing**. This strategic shift has seen the share of marketing budgets allocated to social media more than double over the past decade, surpassing 20%, as businesses harness the power of content creators to drive purchasing decisions.[76]

Influencers have expanded into the financial sphere to promote financial products, services, education and advice. This trend has led to the emergence of a new term: "**finfluencer" – short for financial influencer**. Finfluencers are helping drive the democratization of financial advice, presenting opportunities for financial institutions and investors.



10 million

combined followers for the top 10 financial institutions[77] globally[78]

64 million

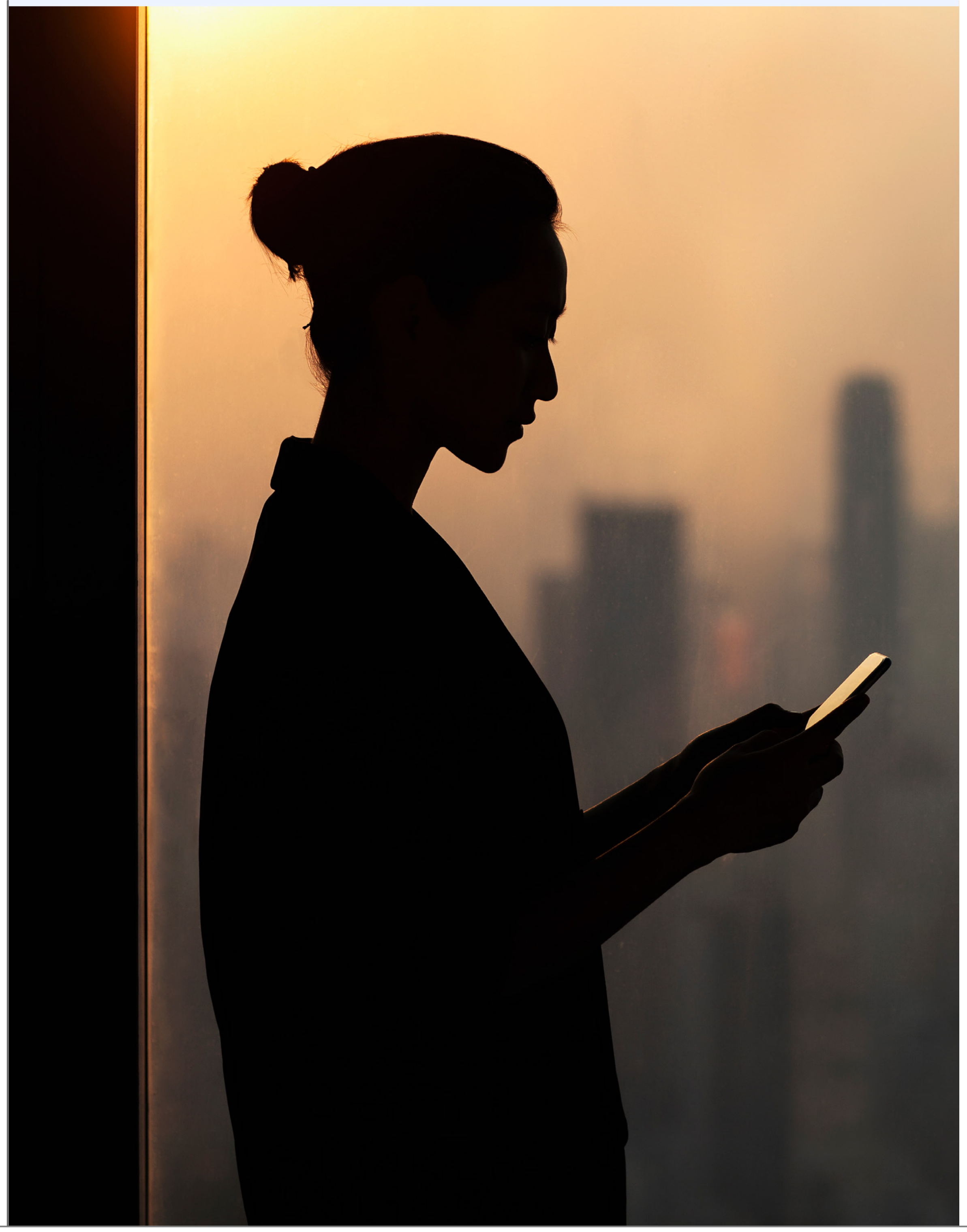
combined followers for the top 10 finfluencers globally[79]

Social media finfluencers, who transcend borders and demographics, use their platforms to offer financial education and have a significant impact on investing behaviours.

Gen Z and Millennials are entering the financial market earlier than previous generations and have access to new financial education and advice sources, including through social media. This new cohort of investors presents an opportunity to offer a growing segment of individuals the right tools to build long-term wealth and financial stability. The rise of social media finfluencers has impacted the investing behaviours of younger individuals entering capital markets. Often, finfluencers mirror the demographics of young, diverse investors, which may help create trust and connection.[80] Finfluencers are building thriving and diverse communities online centred around building wealth and filling a void left by more traditional industry channels. While these new investors may work with traditional financial institutions, their preferred methods for accessing advice and education are changing when compared to those of prior generations, and there are risks embedded within this new channel.

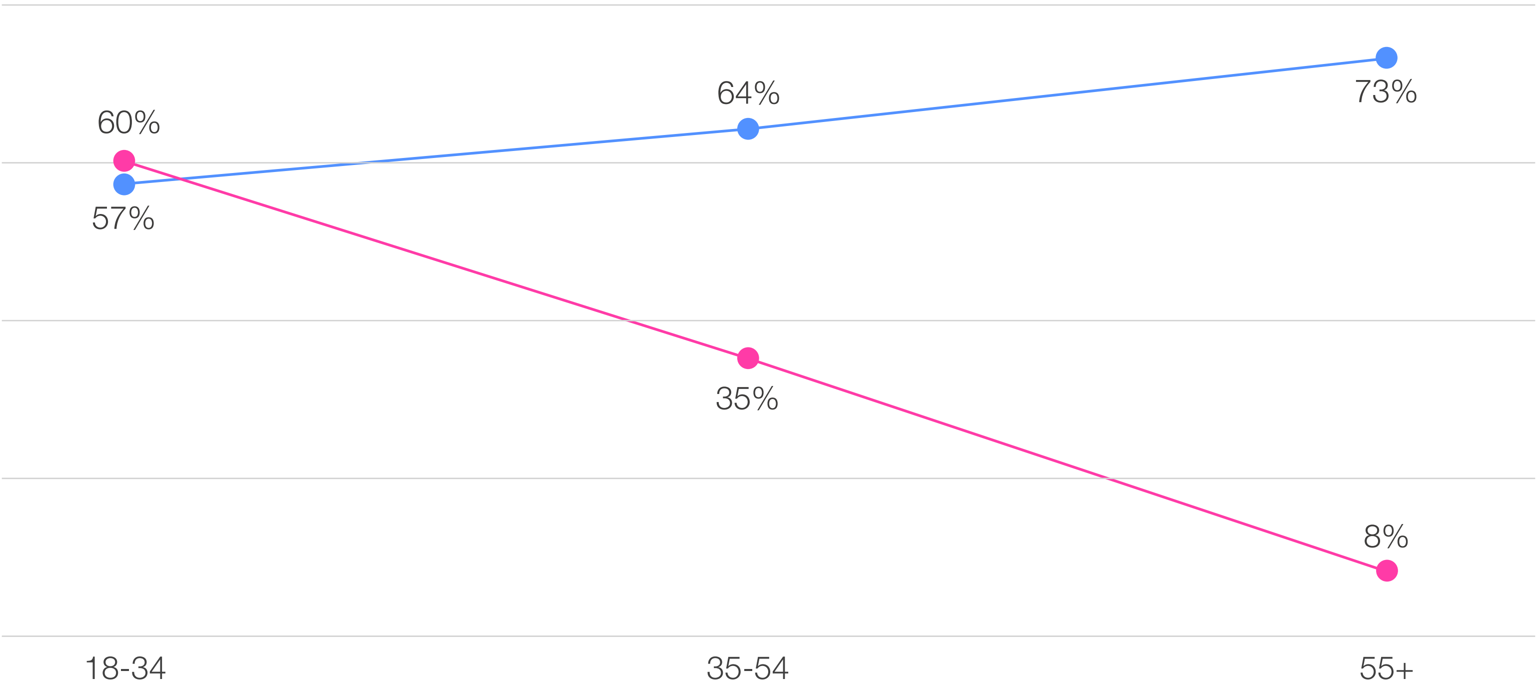
Finfluencers produce videos, blogs, podcasts and posts across social media platforms, offering general investment advice, endorsing investment products, providing guidance and sometimes even offering more explicit recommendations.

Select finfluencers are growing their platforms and professionalizing to become authors and podcast hosts and partner with financial institutions.



Finfluencers are driving individuals to start investing...

Main source of investment information (US) December 2022[81]



50%

of Gen Z investors in China cite social media influencers as a major factor in their decision to start investing, compared to 37% in the US and 38% in the UK.[82]

Financial professionals

Social media

Note: Due to limited availability of data, the global statistics span the following countries unless otherwise noted: US, UK, France, Germany, the Netherlands, Japan, United Arab Emirates, China, Brazil and South Africa.

Source: Financial Industry Regulatory Authority (FINRA). (2022). *Financial Capability in the United States: Highlights From the FINRA Foundation National Financial Capability Study.*

… and telling them what to invest in.

A 2022 study conducted in the UK showed that 90% of investors who followed finfluencers acted as a result of their new learnings. While a majority consulted other avenues before taking action, **23% said they acted on finfluencer content alone.**[83]

As financial institutions adapt to this new environment, it's critical to recognize that **prospective and current investors may be armed with a new set of data and influences** and educate their advisory force as such.

Younger investors are turning to social media to address specific needs previously unmet by financial institutions.

What's the appeal? Through a focus group with Gen Z and Millennials, the following key themes were identified:[84]

Relatability

Younger retail investors like to consume content that directly relates to their financial goals and life decisions they need to make right now.

> **While someone else's information is different than mine, there are things [from others' personal experiences] that are interesting to think about and that I use to inform my own decisions.**
> – Focus group participant

Trust

Some younger investors believe that, with finfluencers, there are "no strings attached", while financial institutions are incentivized to sell new financial products.

> **I don't want to be sold things while I'm being educated, I just want to learn… I don't want it to feel sales-y.**
> – Focus group participant

Inclusion

Finfluencers create inclusive, judgement-free communities for individuals with a wide range of unique lived experiences.

> **The content [I consume] is focused on female-specific spending habits, what the female experience is. [Having this community] helps eliminate the shame that comes with a learning curve.**
> – Focus group participant

What can the financial services ecosystem learn from finfluencers?[85]

Meet investors where they are

A firm's social media presence is now a significant part of the value chain. Rethink the way financial advisers interact with Millennial and Gen Z investors by removing jargon and creating interactive experiences.

Authenticity is a currency

Consumers are now hypersensitive to marketing that appears inauthentic. Consider hiring advisers who mirror the demographics of your intended audience and encourage transparency around fees and investments.

Community builds stickiness

The new generation of investors is increasingly flocking to companies and spaces where they feel more connected to others. The next frontier of social investing (and the key to stickiness in this space) will be to create communities that make investors feel seen and provide financial advice and education that meet the unique needs of investors.

Sharing financial content via social media could help empower historically underserved communities and promote access to financial information…

Benefits for investors and society

Democratized education

With the proliferation of social media, **financial education is also being shared with individuals who have been left out of the conversation in the past**. Over 65% of investors in emerging markets ranked social media as extremely important in decision-making.[86]

Breaking barriers

Beyond knowing **what** to invest in, many **don't know how to invest**. With information becoming more accessible through social media, the barrier of entry to capital markets is breaking down. People can access free, compelling and entertaining content covering everything from basic budgeting and investing to complex trading and investing strategies.

Increased diversity

There is great diversity among social media influencers and communities across **language, geography, race, ethnicity, background** and **lived experience**, something which is often lacking across traditional financial channels.

Inclusive communities

Investors can **find micro-communities** (e.g. investor groups led by women and people of colour) they identify with who highlight cultural nuances around earning, saving, investing and achieving financial success.

37%

of individuals **in the US** not currently investing cite a lack of knowledge about how to invest as the primary reason.[87]

54% and **50%**

of Black and Hispanic respondents **in the US,** respectively, use social media groups or message boards where people post investment ideas, compared to 25% of white respondents.[88]

65%

of women **in the US** feel their gender would have historically been a barrier to obtaining financial advice.[89]

48%

of the top 25 most popular finfluencers are people of colour, with around 40 million followers combined. **36%** are women, with 30 million followers combined.

70%

of women **in the US** say they've never met with a financial adviser, compared to **41%** of men[90]

…but investors should be cautious of misleading information.

Risks to investors and society

One-size-fits-all risk management

Whereas traditional advice uses risk models and recommends investments based on individuals' risk profiles, finfluencer advice **rarely covers risk management**. Thus, investors might be **getting advice beyond their recommended risk threshold**.

Unreputable sources

Some finfluencers are licensed financial advisers, while **others may not be qualified** to give advice, thus posing risks to users, and **putting the onus on individuals to self-regulate, which disproportionately impacts vulnerable populations**.

Finfluencing is a business

Many finfluencers have prosocial reasoning behind their posting strategies. However, as their activity becomes monetized, it transforms into a business, bringing with it certain expectations and pressures. Social media algorithms reward shocking or entertaining posts; thus, **finfluencers may turn to exaggerated content** for views. Creators have **a wide range of monetization options**, including receiving a share of advertising revenue, corporate sponsorships, affiliate contracts for sharing links or products, creating exclusive content for paid subscribers, and even publishing books or launching podcasts.

Inadequate disclosures

In a recent study, **over 25%** of respondents felt that investment industry disclosures were insufficient. **Individuals should spot disclosures on social media content** to decipher the veracity or commercial motivations of a post. While a post may provide a disclosure, it may still go on to offer what looks like investment advice.

Regional disparities

Social media spans the globe, and content is not customized by region; thus, viewers can be introduced to financial concepts that **do not apply to their jurisdiction**. Additionally, **regulation is not global**, making it difficult to enforce across borders.

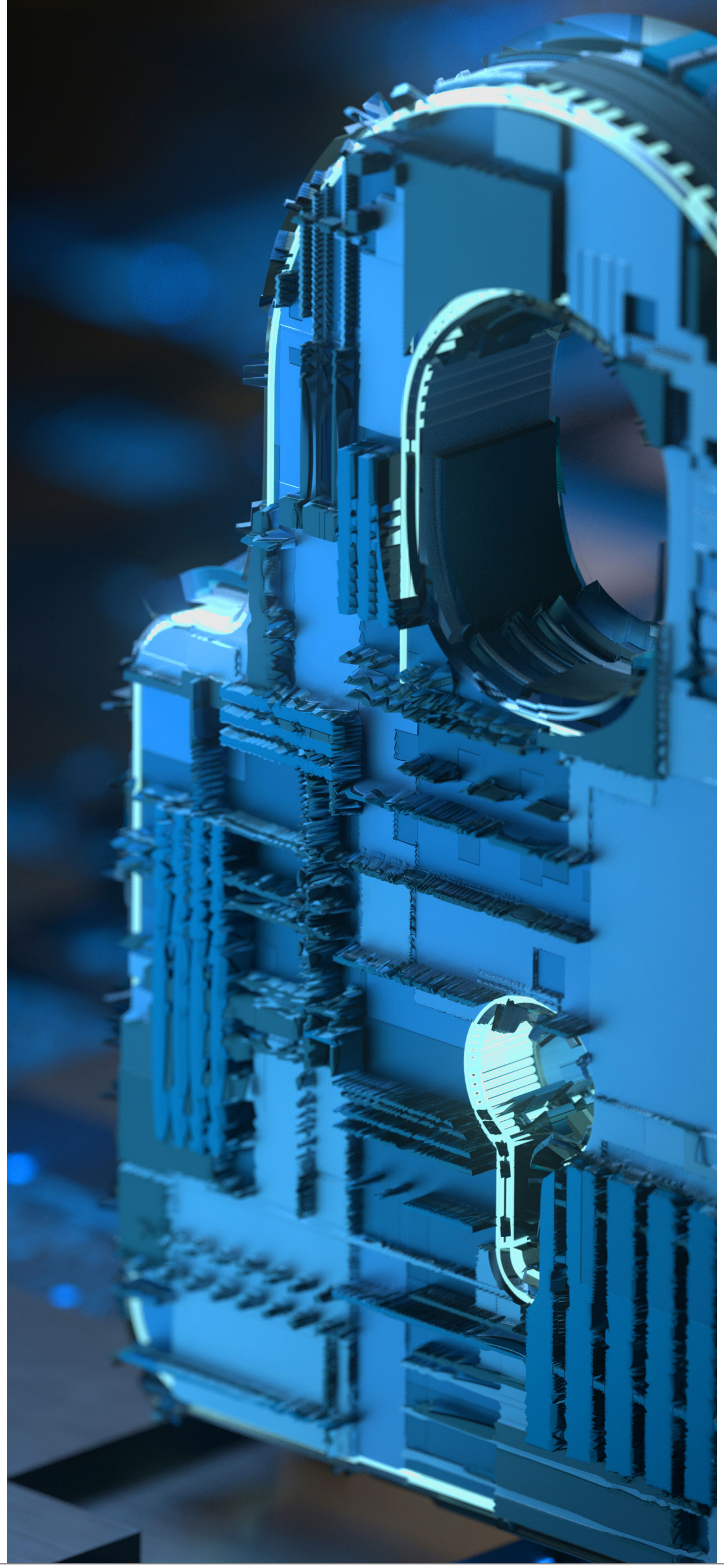
31%

of Millennial and Gen Z investors **in Canada** often verify the credentials of those who offer financial advice on social media

$770 million

in losses to fraud initiated on social media platforms reported to the US Federal Trade Commission (FTC) in 2021, accounting for 25% of all fraud losses that year[91]

Consumer protection is a primary concern, and while steps are being taken to build trust in the finfluencer ecosystem, the global nature of finfluencers makes governance and regulation challenging.



Consumer protection and regulatory measures:

1 Tailoring consumer protection measures and guidance to encompass finfluencers

For example, establishing agencies or organizations to educate consumers about financial risks, providing resources for reporting and addressing fraudulent practices, and educating others about the potential risks of taking advice from finfluencers.

2 Updating disclosure requirements to include social media and online channels

Mandating that individuals or entities providing financial advice disclose their qualifications, conflicts of interest, sources of information and whether they're being compensated for giving advice.

3 Creating regulations and enforcing penalties

Tailoring regulations specifically to finfluencers (e.g. promoting virtual currencies online, offering advice without a licence or making false claims) and taking action when regulations are not followed (e.g. warning rule-breakers, issuing fines or even imposing prison sentences).

Example legislation across regions: In the last three years, there have been global activities attempting to govern this space, ranging from implicit to explicit restrictions on finfluencers

Implicit restrictions ← → Explicit restrictions

Japan

Stealth marketing has recently been regulated **and will fine the company sponsoring the advertisement, not influencers** and content creators themselves.[92]

Brazil

Monetized content online is undergoing evaluation for regulation and **would put the onus on the social media companies, not influencers**, to protect the "digital environment".[93]

Germany

The Federal Financial Supervisory Authority (BaFin) **issued national guidance on social media use by financial services providers** related to the protection of customers to ensure any communication via social media is fair, clear and not misleading.[94]

India

Securities and Exchange Board of India (SEBI) is **constructing strict regulations against unlicensed finfluencers giving advice or promoting products and services** in addition to their existing regulation of social media influencers.[95] India banned TikTok in 2020.[96]

US

The FTC has released updated endorsement guidelines for influencers. Financial Industry Regulatory Authority (FINRA) issued its first fine against an investment app company over **its use of influencers who made misleading claims to consumers.**[97,98]

France

France is set to become the **first country to legally define "influencer"** in hopes of providing a regulatory framework. Proposed legislation will ban influencers from promoting financial products and services.[99]

UK

In 2024, the Financial Conduct Authority (FCA) provided finalized guidance on influencers, including finfluencers, stating that those who promote financial products or services are subject to regulation. It also states that authorized firms working with finfluencers should take proactive responsibility for how the promotion is communicated with a focus on providing fair and clear material.[100,101,102]

China

In 2021, China began to crack down on social media and blogs publishing misleading financial information.[103] Finance live streamers on **WeChat must be licensed professionals and cannot offer market predictions.**[104]

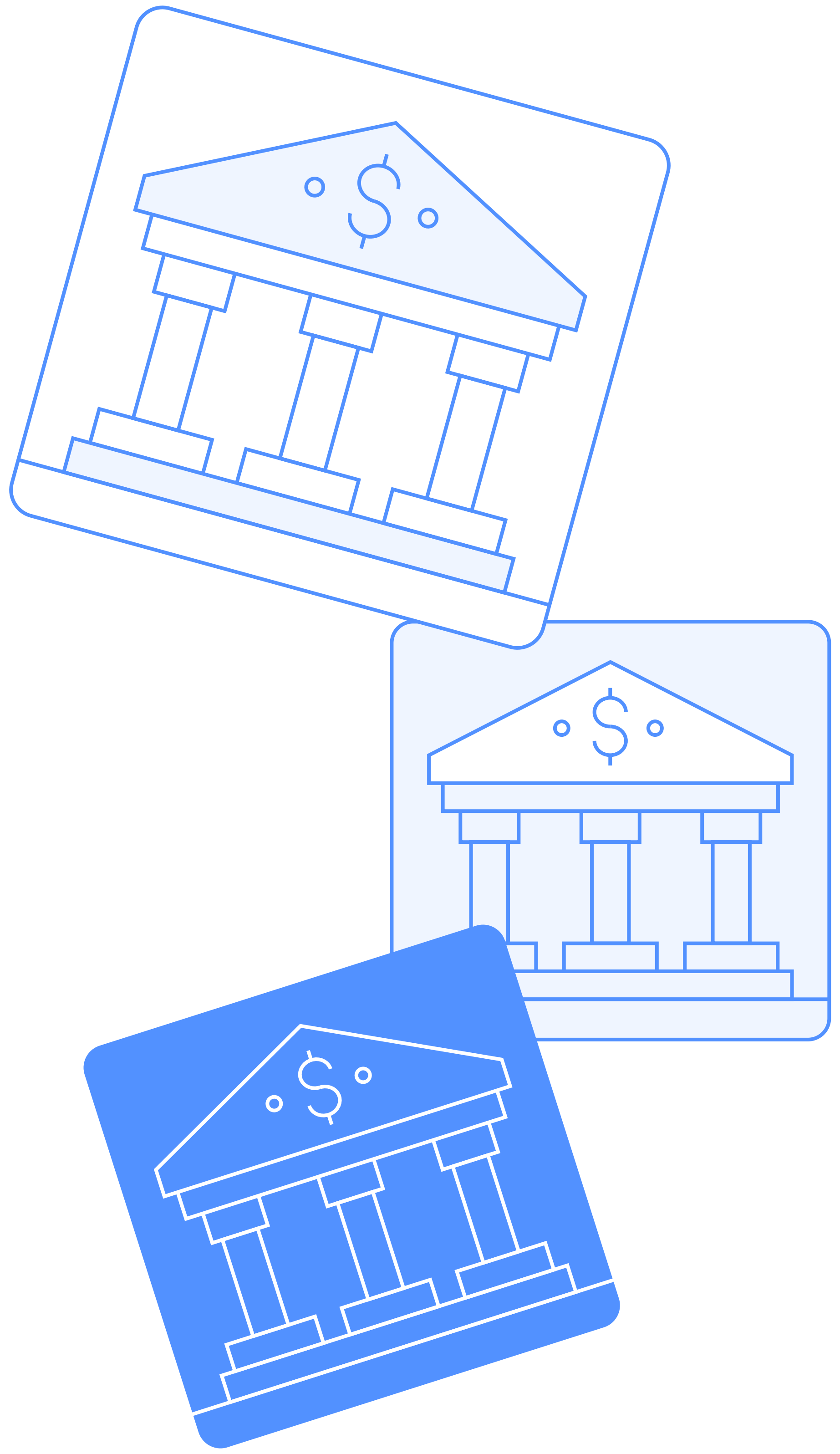
Australia

Australian Securities and Investments Commission (ASIC) created new legislation and warned that finfluencers providing financial product advice **must be licensed or face fines of AUD 1 million (Australian dollars) and up to five years in prison.**[105,106]

Note: Legislation listed above for each country is not exhaustive. Factors considered for placement within the level of restriction include the number of legislations passed, intent to continue regulating, and severity of legal repercussions tied to the policy/ies. Placement of country within legislation section doesn't not signify level of legislation.

2 Calls to action

Calls to action for financial institutions



Changing demographics

– Build diverse adviser teams by focusing on recruitment, development and retention to better reflect and serve investors. Set actionable targets, measure progress and train current advisory force on historical barriers to entry for diverse candidates.

– Innovate marketing and outreach strategies to better resonate with and attract diverse groups of investors.

– Educate with a thoughtful tone and focus education on growing wealth through sustainable, healthy financial habits.

Holistic financial well-being

– Incorporate the shifting goals investors have today to supply new and current investors with tools and products that meet all their financial needs.

– Focus on contextualizing financial information to better enable individuals to understand their financial picture, including acknowledging how emotional states affect their decision-making.

Digital-first and hyper-personalization

– Renew focus and seek to innovate on the individual experience for today's investors (e.g. creating user-friendly digitally-enabled platforms).

– As firms roll out digital solutions they should anticipate and embrace receiving digital feedback and iterate on this. This can help to amplify and improve their digital offerings.

Transparent and flexible pricing

- Consider how the firm's business model can be further evolved to enhance access to investors (e.g. enabling options such as pay-as-you-go or subscription advice models or designing compelling, free educational resources).

- Identify and enhance the firm's strengths by communicating value clearly (e.g. showcase investor stories of value gained from advice, highlight cost savings or additional gains).

Social media

- Engage with the new generations of investors where they are most comfortable, which may include social media platforms, in a way that makes sense for your brand.

- Create personal connections to humanize your brand. Investors stated they were more likely to engage with their financial institution's content if they didn't feel like they were being sold something.

Technology innovation

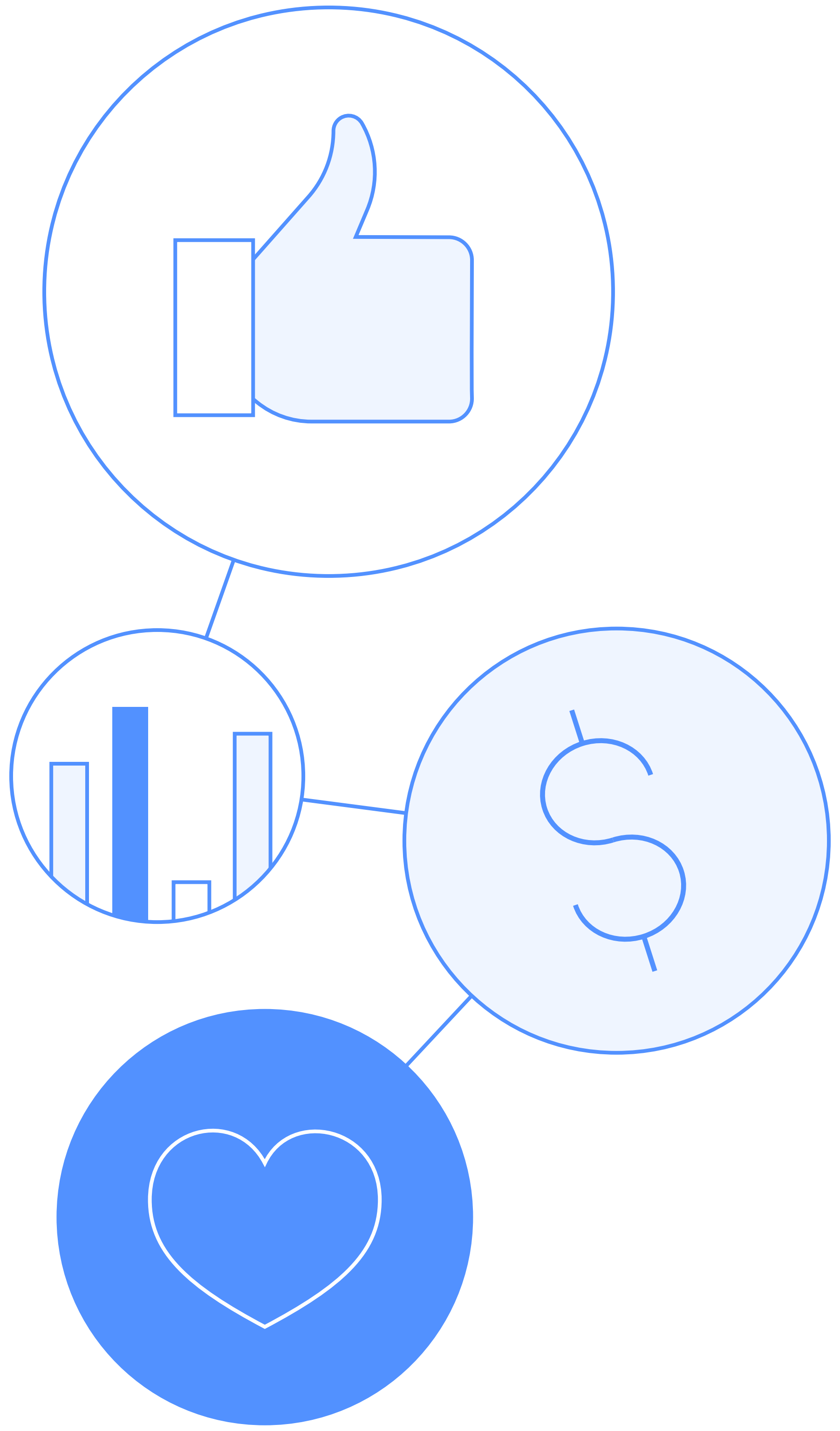
- Reinvent talent and ways of working by hiring and training a future-proof workforce by making technological skills a requirement.

- Close the gap on responsible AI. Use risk-management processes to build compliance and responsibility from the outset.

- Understand and develop a secure AI-enabled digital core. Organizations should aim to activate cloud, data and AI through an interoperable set of systems.

- Focus on education and governance of risk for new technologies across the enterprise and through distribution channels.

Calls to action for others: social media companies and regulators



Social media

Regulators

– Consider the broader landscape of constituents who engage with financial service advice (e.g. finfluencers) when crafting new policy and integrating it into existing policy.

– Align on requirements around disclosures of paid promotions and finfluencer regulatory status (i.e. registered adviser, etc.) to enforce global protection from hidden marketing.

– Seek to create cross-border collaboration, where possible, to create harmonized guidance and policy for how finfluencers and social media companies can build trustworthy content while recognizing there are geographic-specific requirements and contexts such as existing government savings programmes.

– To help promote a trustworthy online environment, clarify advice versus education and gain international alignment on key definitions of advice/recommendations versus education to successfully enforce regulation.

Social media companies

– Enact policy to protect investors by establishing an action plan to monitor finfluencer content. If monitoring is already in progress, ensure that notices to viewers are clearly visible.

– As standards for governing misinformation online evolve, e.g. political messages, consider extending those standards into the financial information space.

Joint action

– Progress discussions with key regulators and social media companies must occur to shape a framework that acknowledges finfluencers are here to stay and helps individuals feel comfortable with the source from which they get their financial information.

Technology innovation

Regulators

– Build a foundation for responsible technology.

– Acknowledge the new development of tools such as generative AI in ways that embrace innovative opportunities while balancing investor protection considerations.

– Encourage collaboration among the global regulatory community to harmonize cybersecurity standards and facilitate cross-border innovation to mitigate the risk of data privacy breaches, misinformation and algorithmic biases.

Calls to action for investors

Technology innovation

While increased access to information empowers investors, there is an element of self-regulation required to determine the validity of information and establish trust:

– Look out for disclosures and paid advertisements and question the intentions and motives behind published content.

– Evaluate credentials to ensure creators are qualified to speak about financial and investment topics.

– Be aware of biases in AI and consider the factors at play when receiving advice generated through AI.

– Consider the algorithm and be mindful of when only one type of content is being served, as the algorithm may be perpetuating unsafe investing habits.

Social media

Information and education on investing is becoming limitless, so keep these things in mind when engaging with financial content:

– Know your personal investing goals, and ensure the educational content you're consuming is aligned to help you reach those goals.

– Look for diverse perspectives and opinions to gain a more balanced understanding of the topic or investment opportunity.

– Understand the context of the educational content being provided and understand the broader market context that may impact the validity of the information.

– Avoid FOMO (fear of missing out) , and don't succumb to hype or speculative information circulating on social media.

Transparent and flexible pricing

Consider these factors when choosing a financial adviser:

– Choose the model that matches your preferences – either digital, in-person or omnichannel.

– Get a sense of the "what", and understand different investment types.

– Set the right expectations on your role in investment decision-making and your risk tolerance.

– Discover the full fee structure, i.e. how fees are calculated and paid, if there are any add-on fees and how the adviser is being incentivized.

– Understand the investment approach. Advisers should be able to describe their approach (quantitative, AI-driven, qualitative or a mix).

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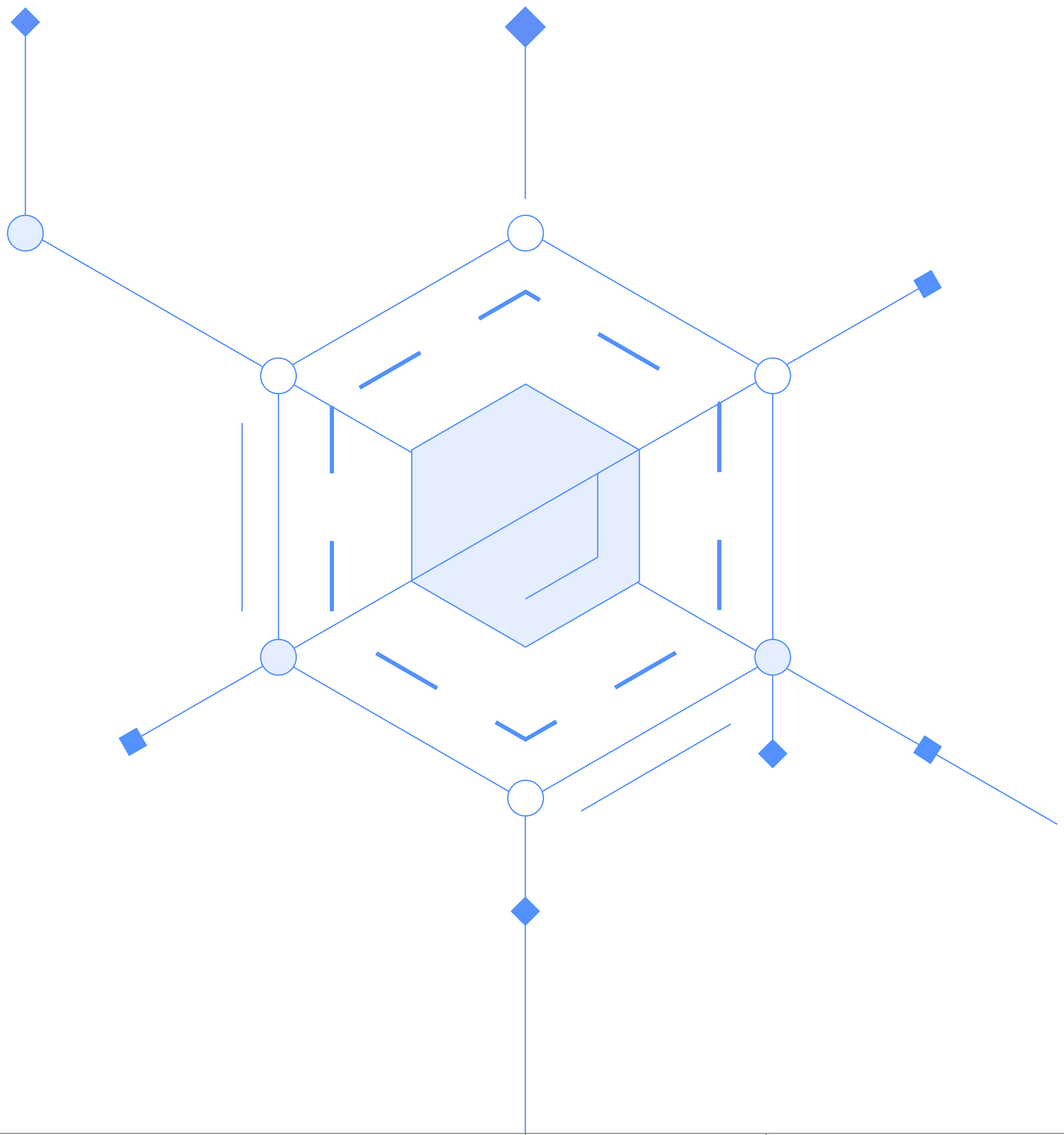

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