

Media release

Gen X and Y reject robo-advice for face-to-face

Wednesday, 20 April 2016: A new report by ING DIRECT, 'The truth about Gen X and Gen Y', quashes the assumption that younger generations are more likely to embrace robo-advice, with almost 80 per cent wanting a face-to-face advice relationship.

Mark Woolnough, Head of Third Party Distribution at ING DIRECT, commented: "Relationships have always been the cornerstone of successful and sustainable advice partnerships and it's refreshing to see that the more digitally-savvy younger Australians recognise the value of face-to-face financial advice.

"This shows that while there is a place for online solutions, they should complement personal advice relationships and not be at their expense."

A strong appetite for advice among young Australians

While less than five per cent of Gen X and Gen Y currently have a financial adviser, the report found that they recognise the value and importance of advice with more than half intending to seek advice in the future.

Those whose parents use an adviser most strongly recognise the value of advice, with 68.7 per cent stating that advice delivers benefits.

Mr Woolnough commented: "The net wealth of Gen X and Gen Y is approximately \$1.4 trillion¹, and coupled with an intergenerational wealth transfer of \$2.4 trillion² occurring during the next three decades, that's a huge opportunity for advisers.

"The recognition of the value of advice, particularly among those whose parents are advised, means that there is a rich pipeline of new clients among the existing retiree and pre-retiree client base of most advisers."

Fees holding young Australians back

The key factor holding Gen X and Gen Y back from seeking advice is the perception of high fees. Both generations expect to pay a maximum of \$250 for comprehensive face-to-face advice, demonstrating a clear imbalance between the cost of advice and what young Australians think is appropriate to pay.

While this may be an unrealistic expectation, it bodes better than for robo-advice, which the majority believe should be free.

Mr Woolnough commented: "While \$250 may be far off the mark in terms of the true cost of personal advice, this presents an opportunity for advisers to educate and take these younger Australians on a journey, demonstrating the real value that advice can add."

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¹ ING DIRECT analysis based on McCrindle demographics data and ABS Household Income & Wealth data

² ING DIRECT Women & Finance Report 2015

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About the report

'The Truth about Gen X and Gen Y' is based on research commissioned by ING DIRECT and conducted by Rice Warner in January 2016. The research was carried out between 7-12 January via an online qualitative and quantitative survey of more than 1,000 respondents between the ages of 22 and 52.

About ING DIRECT

ING DIRECT changed the way Australians bank 16 years ago by launching the country's first high interest, fee free online savings account. Since then, we've brought this low fee value to home loans, transactional banking and superannuation.

With over 1.5 million customers – and \$34 billion in savings and \$40 billion in mortgages – ING DIRECT has the highest Net Promoter Score of any bank.

Australia's most recommended bank according to Nielsen Consumer Media View.