Transcript
The Ideas Exchange - Episode 69

A nation of investors: the trends defining Australia's investing future

November 2026



Aaron Viscayno (00:00):
Hello and welcome to The Ideas Exchange, ASX's regular podcast where we cover investment trends, market updates, and ideas for your portfolio. My name is Aaron Viscayno, Business Development Manager from the investment products team here at ASX. And it is our mission to deliver to you the latest in market updates and ideas through the conversations we have with investment experts.

Voiceover (00:22):
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Aaron Viscayno (00:50):
Hey everybody and welcome back to the Ideas Exchange Podcast. My name's Aaron Viscayno, business development manager with the investment products team at ASX. Roughly every three years, ASX publishes the Australian Investor Study. These research projects were originally undertaken to chronicle how Australians think of investing and wealth creation. The 2026 edition launched earlier in October and also marks 40 years since the original study. To celebrate this milestone, the 2026 release is accompanied by a sister document entitled A Nation of Investors, 40 years of the Australian Investor Study. In this report, we highlight a number of trends, including how technology has changed the investing landscape, the emergence of the self-directed investor, and how the face of investors has changed over the past four decades.

(01:33):
I encourage all of our listeners to check the link in the description of this episode and head on over to the ASX website to download the two reports for free. It is a story that's worth celebrating, how we as a nation have adapted financial life into the mainstream and learned how to invest. Joining me to touch on some of the key findings of the report is the Head of Research at Investment Trends, Julian Cappe. Welcome.

Julian Cappe (01:54):
Hi, Aaron.

Aaron Viscayno (01:55):
And the author of the AIS for 2026 and the 40th anniversary report, Tony Ferguson. Hey Tony.

Tony Ferguson (02:00):
Hi, Aaron.

Aaron Viscayno (02:01):
Good to see you in the flesh, mate.

Tony Ferguson (02:02):
Good to see you.

Aaron Viscayno (02:03):
Julian, I wanted to start with you. So ASX were pleased to partner with Investment Trends to work on the AIS this year. This will be the third AIS that we've worked with together. How important is the AIS and how does it help gauge the financial health of the nation?

Julian Cappe (02:17):
Yeah, thanks Aaron, and thanks for inviting me onto the podcast. And it's been a real privilege for Investment Trends to work with the ASX on this report. Look, the Australian investor study matters because of its depth and because of its history. It's been running for 40 years, so it's one of the few ways in which we can really track how Australians are investing, not just over years, but over decades. In this year's report, we surveyed over four and a half thousand Australians, and crucially that includes both Australians who do invest as well as those who don't.

(02:45):
So the survey this year showed that more than half of Australians now invest outside of their super, which is a really positive sign and really highlights that in retail investing, Australia does punch above its weight. Our participation rates are higher than most other similar economies such as the US and the UK. But the survey also shows us where the gaps are, the gaps around confidence and knowledge and access to advice. And I'm sure we'll get into all of that through this discussion.

Aaron Viscayno (03:09):
Definitely. And Tony, as someone with such a long and storied history as a financial journalist through the past few decades, it has been really great to have you on board to write both the AIS for 2026 and the 40th anniversary reports. Now looking back in your past, was the release of the AIS normally something that was met with a lot of anticipation in the financial industry?

Tony Ferguson (03:30):
Absolutely, Aaron. From a journalist's perspective, it was always very newsworthy. This year's surveys had a lot of coverage. It's had a lot of different stories, which is great to see on different angles because the survey has such rich insights and it should get a lot

of coverage because, as Julian just said, we are one of the great share-owning nations. Millions of people have shares. So from a journalist perspective, it's a great thing to write about. But I got to say it's more than a media event, much more. When I talk to people in the market and I say, "I worked on this study," they say, "I love that report. I have that report on my desk. I go back to it all the time. When we're looking to launch a new product or service, we have a look at what the AIS said." So it's a really valuable research tool with great research and it has a long shelf life.

(04:17):
And the other thing I'd say is whilst each survey gets a lot of coverage on its own, as you'd expect, for me, the real value, as Julian touched on, is the longitudinal data. So it's looking at it over the 40 years. And I was talking to Julian before. So I worked on the 40th anniversary report and I locked myself in a library for two weeks and I read all 18 editions right from the start. And whilst the methodology's changed a bit over the years, it was fascinating to see how it's changed. So to me, it's just a treasure trove of info. I would really encourage the listeners of this podcast, go to the ASX website, have a look at the 40th anniversary report because it really talks about how Australia became a nation of share investors. And it's a great story.

Aaron Viscayno (05:03):
Definitely something that I can attest to there, Tony. Every three years, myself, Eliza, and the team will get the tap on the shoulder, just getting asked the question, "Where's the report? When's it due out?" So definitely good to get this one over the line. Just before we start and get into the meat and bones of the data, I think it would be a great idea just to look back at the investing landscape, just so how we can appreciate just how far that we have come. Now, we've had a chance to talk before the interview. Julian, you started your investing journey in the 1990s, and yourself, Tony, in the 1980s.

Tony Ferguson (05:33):
Sounds old.

Aaron Viscayno (05:35):
I just want to kind of take it back to 1986, Julian. I imagine the process to buy and sell equities would've been much harder for an investor back then.

Julian Cappe (05:44):
Look, absolutely, Aaron, and we have come a long way since 1986. That was very much a different era. So back in 1996, about one in 10 Australian adults owned shares, but it was largely older, wealthier Australians and mostly males who owned shares back then. So the process in 1986 to buy shares, you had to have a full-service broker. You'd call your broker, you'd pay a fairly hefty commission. Your broker would then go onto the trading floor and place an order and settling the trade could take days, if not weeks. You'd eventually get a paper certificate in the mail. And if you wanted to track the prices, you'd look up the price the next day in the newspaper. Today, you can do all of that on your phone in about 30 seconds and almost anyone can do it, even if you have only a few hundred dollars to invest.

Tony Ferguson (06:26):
And Julian, you also needed a bit of money too to get some love from your broker back then. So if you were a small investor, you needed to have a bit to invest for a commission-based broker too.

Julian Cappe (06:37):
If you're a small investor back then, it is very likely that the full-service brokers weren't interested in your business.

Tony Ferguson (06:42):
Yeah, exactly.

Aaron Viscayno (06:43):
And Tony, are there any moments in the past 40 years that you'd like to highlight that have really pushed investing into the mainstream here in Australia?

Tony Ferguson (06:50):
Well, we could talk all day about that. So when we looked at all these reports, we distilled them into seven trends. Now I won't go through all seven trends, but I'll touch on a couple. The first trend, so in 1986, as Julian said, there are all these barriers to invest. And then what happened was we saw in the '90s, we saw the big government privatizations, CommBank, Qantas, CSL. Then later on we had Telstra. We saw some state government privatizations in gaming, and then we saw the big demutualization. So if you were an AMP policyholder, suddenly you're a shareholder. That brought millions of people into the market for the first time. So that was what we call the democratization of share investing. The issue, of course, is when you've got millions of investors, how are they going to buy and sell shares? Because as Julian said, you needed a full-service broker.

(07:37):
So the second trend that came along was technology. So ASX in 1987 launched SEATS, Stock Exchange Automated Trading System, which progressively digitized share investing. We went from that cumbersome paper-based system. So I remember back then your mailbox was just full of annual reports and letters. I think that single-handedly contributed to global warming back then. But anyway, so ASX launched SEATS just days before the '87 crash, and it was a very successful launch. The system held up really well. And then we saw the big brokers come along. So we saw discount brokers. And as the internet took off in the '90s, that morphed into online brokering. So suddenly, as we were saying before, you didn't need a full-service broker anymore. So these millions of new share investors could actually buy and sell shares without spending a lot of money.

(08:31):
And that's great. But the final trend I'll talk about was that the nation had to learn to invest. And of the seven trends in the report, that's my favorite. Because if you look at those early reports, people were just really, I'm talking averages here, people didn't know how the share market worked. And I was in the thick of it at the time because I was editing Shares Magazine, which was launched to cater for all these new investors,

and Personal Investor Magazine and BIW Magazine. And you might recall there were primetime TV shows on investing, Money Show. There was Healthy, Wealthy and Wise. So to me, the '90s were this golden era.

(09:08):
And I got to give credit to the ASX. The ASX did so much investor education back then because there was a gap. It was hard for brokers. Brokers didn't want to do that. So the ASX really led it. The ASX had, I think at its peak, had a dozen investor ed people, used to do newspaper market updates, used to give all the data. So those three trends, democratization of share investing, technology and the nation learning to invest, that's what kicked it all off.

Aaron Viscayno (09:35):
Thank you so much for that trip down memory lane. So let's fast-forward to present day 2026 and have a quick look at the high-end numbers. So 11.5 million Australians who represent 54% of the adult population now invest outside of their super and family home. Now this is up from 46% in 2020 and 51% in 2023. That's an increase of 8% over the past six years. 950,000 are classified as intending investors. That is to say they plan to invest over the next 12 months. And the average age of the Australian investor is 46 with a median portfolio size of 130,000 and a median annual income of 122,000. Long story short, market participation is at an all-time high here in Australia. I think we can all agree that these numbers are really encouraging to be seen.

(10:27):
Now beyond that, there are actually a handful of really interesting trends covered in the report. Now we won't have time to cover them all today, but I did want to pick a couple of them or a handful of them that we can touch on between us. And the first topic I'd like to cover off is just the topic of female participation. So I'd say the single stat from the report that took me the most by surprise is the fact that of the 950,000 intending investors over the next 12 months, 61% of them were female. Now, Tony, it was in 2023 when it was pretty much at parity where 50% of female intending investors and 50% were male, which in itself is a massive leap. Historically, Tony, females have tended to be less likely to invest compared to males. Why has that been the case?

Tony Ferguson (11:11):
Well, that's a big topic. If you go back to 1986, as Julian touched on before, to be a share investor in 1986, so you're male, you're over 50, you're married, you're likely to be married, tertiary educated, your career was likely to be an executive or a professional, and you needed to know a full-service broker. So back then, share investing really was something that wealthier people did. And there are a lot of unfair barriers for women to invest back then.

(11:39):
And there were other reasons as well with society. So back then men tended to be the main breadwinner. The mum might have controlled the day-to-day household budget, but the man often did the investing. There was this awful gender pay gap. And I think

there were just these attitudes that investing was mostly a male thing. And thank God, thank God that has changed.

(12:01):
And I think there's some less obvious reasons why it was harder for women. We touched on needing a relationship with the full-service broker. Well, I worked in broking in the '80s and they were all men, all men, or mostly men. And you need a lot to invest. And again, that was a barrier. So there are a lot of barriers. It's breaking down. There's still a gender gap. We still need to do more, but there are good signs.

Aaron Viscayno (12:26):
And what do you think has changed over the past few years to encourage women to get involved in investing?

Tony Ferguson (12:31):
Well, if we're just talking about the past few years, I would say COVID was a big change. COVID brought a lot of young investors, male and female into the market. Property's been a big driver. So we saw in this survey less interest in residential investment properties, still high, but certainly it's less with high property prices. So I think a lot of people are saying, "I can't afford a property." Young people are saying, "It's harder to buy a property, so I'll invest in the market." Or they're saying, "I want to buy a property. I need to get started." We were talking about our kids earlier, how they're all getting into investing early, far earlier than we did because they know they have to start early.

(13:10):
I think another factor is this boom in ETFs. So ETFs have made it really easy to invest. And Aaron, I've just finished a story where I interviewed a bunch of first-time mums for the ASX. So this story will be in the November ASX newsletter. And I asked them, I said, "How are you investing?" They're all using ETFs because they're busy, they've got babies, they're sleep-deprived, all of that. They said, "Last thing we have time for is to pick and choose stocks." So ETFs have brought a lot of women into the market, and I think there's more information for female investors, but we need a lot more.

(13:43):
I just want to touch on that 61% figure you mentioned of female intending investors. When I looked at the, what was it, 400 slides from Investment Trends, that was the figure that jumped out for me as well. So of intending investors, people who intend to start or resume investing in the next 12 months, there's about 950,000, I think Julian, 61% women, 39% male. Now the last few surveys, as you said, Aaron, it's been gender parity, 50/50. Nowhere in the history of this survey have we ever had women far outstripping men in intending investors. It's a big change.

(14:19):
It is just based on intentions. People don't always follow through with their intentions. Every January I say I'm going to exercise more and eat less and doesn't always happen. And I don't want to downplay the gender investing gap, but it's a big change. We also cut it by age, intending investors. Almost 40% of all intending investors are what we call

next-generation investors, 18 to 29. So by gender, 61% women, by age, 40% people mostly in their 20s or thereabouts. So I don't think it's too provocative to say that we are going to see a much bigger influx of young female investors in the next few years, based on this survey. And to me, that finding just makes sense when you see all the great things young women are doing at school and uni and their career. At some point, I think that's going to translate into sharply higher share market participation amongst that cohort. I think we're seeing that now.

Aaron Viscayno (15:15):
And Julian, so clearly there's a lot of intention, a lot of momentum there. What needs to be done to ensure that that interest investing continues within the female demographic?

Julian Cappe (15:24):
Yeah. So the momentum is real, and Tony's just pointed to that, and he's called out the 950,000 intending investors. So these are those who intend to invest but haven't done so yet. So you need to look at why they haven't done so. They're aware of the market. They understand that it's going to provide an advantage to them financially, but they haven't done so. So our survey looks at the reasons why they haven't invested. The number one reason across intending investors is not having enough confidence in their investing ability and also a lack of confidence in deciding which product to start with. Now on the question of female investors, those two reasons were over-indexed with female investors. The confidence gap is slightly higher for female investors and for male investors.

(16:07):
So the question then becomes, how do we provide intending female investors with the confidence to take that first step? How do you give them the right information that's aimed at their needs, helps them understand that this is something that they can do, they have all the tools that they need. And I'm just following on what Tony said about the role of ETFs. For those who don't know which product to start with, an ETF is a great solution because it gives you diversification and exposure to a whole range of underlying shares without having to make the decision about which individual stock to start with. So those are steps in the right direction.

(16:42):
The final thing I'll call out is whilst we can be proud as a nation that our retail investing is up to 54%, it is still only 54%. There's a long way to go. We want to get those numbers much higher still for female investors, also for male investors. And that's really something that the industry as a whole together needs to work towards.

Tony Ferguson (17:04):
Julian, you mentioned we need to give them the right information. It seems to me for the past 40 years, it's always been people like me standing up saying, this is how you should invest or this is what the market's doing or this is what you should buy or sell. Do you think we need to flip that on their head and have more opportunities to tell the stories of young women and create opportunities for young female investors to learn

from young female investors? We were talking about our kids before and how I have a 21-year-old daughter and when I talk to her about investing, it's like, "Oh Dad, please, please no more." So do you think we're doing it right, how we're communicating?

Julian Cappe (17:39):
There's obviously more we could do. So what I would call out is that different types of potential investors use different information access channels, right? So what's the role of social media? What are the role of apps? What are the role of podcasts like this? So we need the information to be available on multiple touch points and meet people where they're at. So for example, young female investors, what information channels are they accessing? Who are their influencers? Maybe it's not people like me and you, maybe it is their social peers, but how do we get that information out through those channels?

Aaron Viscayno (18:13):
Really good numbers to be seen, but definitely some work that we can do on our end to push that forward. Now onto the next topic, financial advice. So the report shows that investors that receive financial advice typically have a larger median investment portfolio size, $200,000 advised versus $90,000 non-advised. They also have a belief that their portfolios are adequately diversified, 59% of advised investors versus 46% non-advised. So just over a third of all investors intend to seek financial advice in the next 12 months. And this is being led surprisingly by the younger next generation investors between the age of 18 and 29. So Julian, it's clear from the numbers that these investors that are advised not only have a sizably larger portfolio, but also more confident in the diversification in their portfolios. Tell us about the role that a financial advisor can play in building wealth for an investor.

Julian Cappe (19:07):
So advisors can play a really important role in building wealth. So firstly, a note of caution about the numbers that you cited, yes, the median portfolio of advised investors is higher, but that's also partially because advised investors tend to have more money to start with and to be able to afford an advisor. But that said, advice brings a number of positive benefits that are very hard to do on your own. You mentioned diversification. This is something that the survey tells us a lot of self-directed investors really struggle with. They might make their first couple of investments in shares that they like or an ETF, but how do they really build a truly diversified portfolio across asset classes, a core and a satellite? It's very difficult to do so by yourself, and this is something an advisor can certainly help with.

(19:51):
An advisor also helps you come up with a strategy and stick to it through volatile markets. Many investors, especially those who are coming into the market now, maybe have only ever known a rising market. They have not had to deal with a volatile market or markets going backwards. And an advisor can help you stick to your strategy and understand what pivots you need to do in different market conditions. And also advisors can help you with things like getting the right investment structures, thinking

about tax planning, estate planning, some of the more complicated aspects of investing.

Aaron Viscayno (20:23):
And Tony, just from the report as well, for those who do not have a financial advisor, where are these investors getting their investment insights from?

Tony Ferguson (20:30):
Well, the top one is family and friends, and it always has been. So family and friends has always been a dominant source of investment information and advice through the years. And even with AI, I can't really see that changing because if you think about it, families are getting smaller, kids are living at home for longer. We're seeing parents having more roles in their kids' finances, not all people of course, but we're seeing the bank of mum and dad, for instance. And we're just seeing more share investors, right? So as we see 11.5 million share investors, there's more family and friends who know a little bit about shares. So I think we really need to think about how do we communicate with that family and friends dynamic? People are still getting their info from the media, not traditional media like when I was working in it, but these days, according to the report, they really want short form videos and podcasts. So podcasts really continue throughout the years to go up.

(21:27):
I find finance podcasts really interesting because as I said, the number one source of investment info is family and friends. And there's a whole body of academic literature saying the success of podcasts is their intimacy and they replicate this feeling that when you become attached to a host, you're listening to a family and friends. So it's an interesting dynamic how finance podcasts are replicating that intimacy and family and friend thing. So I think they're going to become bigger and bigger. People are getting their info from AI, particularly younger investors. I wouldn't say it's overwhelming, but it certainly is a trend and it's probably going to grow. So I'd say those three things.

Julian Cappe (22:05):
Yeah, absolutely. And really the reason why individuals are turning to family and friends is they don't know who to trust and they do trust their family and friends. They know their family and friends are looking out for their best interests. So even though the family and friends might not be the most knowledgeable about the market, I know that they're looking out for what's best for me. So how do we build that sense of trust about in relation to more knowledgeable sources of market information?

Aaron Viscayno (22:34):
Great. And in terms of growing the number of investors that do employ a financial advisor, one prohibiting factor would be what they're willing to actually pay for financial advice per annum. So Julian, we have actually seen a rise in that minimum amount of $900 in 2026 versus $600 in 2023. Julian, is this something that we can attribute to the cost of living increases in the past few years or is there a genuine increase in demand for financial advice? And what in your opinion does the financial advice industry need to do to increase that uptake?

Julian Cappe (23:06):
Yeah, it's really interesting that the amount people are willing to pay for financial advice has clearly gone up. When we started looking at this a decade or so ago, it used to be around 300, then it got to 500, now it's 900. The way we read this is increasingly people do understand the value of advice. There is a greater appreciation of the value of advice. However, $900 is not nearly enough. During this time, the cost of receiving advice or of providing advice has gone up significantly. The average advice fees right now are, depending on which advisor you go to, not less than $3,000, they're typically $5,000 and upwards. So there's still an enormous gap.

(23:49):
So where does the industry need to get to? Clearly what we need to solve for is the ability to provide affordable and more targeted advice and advice also focused on those who are entering the market who aren't necessarily willing to pay $5,000 and might have a specific question or a specific topic rather than needing a full financial plan.

(24:09):
So how can we achieve this? Well, technology's going to play a role, AI in bringing down the cost of advice and allowing different types of advice to be accessible to investors. AI may play a role and also regulation has an important role to say. We need to see regulators focused on ensuring or taking steps to improve the accessibility and affordability of financial advice for everyday Australians.

Aaron Viscayno (24:38):
Great. Thank you. Now onto our third topic. Now we have touched on it already and that is on ETFs. So ETFs have been attributed to democratizing investing, allowing investors to access a large span of asset classes and build diversified portfolios by holding only a handful of products. Tony, you talked a little bit before about the impact that ETFs have had on the female demographic. How does it appeal to the youth?

Tony Ferguson (25:03):
Well, it really appeals to them. And when I think of ETFs and next generation investors, I break it into three groups. There are young people who, to touch on Julian's point, they don't yet feel confident about investing. So they don't want to have to decide which share to own, but they're happy to own the ASX 200, right? That seems like a less risky thing to do and they like the simplicity of it. So this idea of just having an ETF, putting a bit of your pay in through an automated thing, I think in some ways we're going back to that set and forget investing where you get started and you just invest for young people. That's one group. Another group that's really caught my eye is this thematic investing. And I think by my count, depending on how you define a thematic ETF, so this is where you're investing in an ETF that invests in companies exposed to a specific trend or theme.

(25:52):
So you might invest in say a copper ETF that owns copper companies all around the world as an example. Depending on how you define a thematic ETF, and you'd know this

better than me, Aaron, I think about one in four ETFs on ASX now, thematic ETFs, it's really taken off. And I remember when I started investing, Julian, you'd say, "I want to buy this company," and you'd read its annual report and its profit and loss and you'd pretend like you could make sense of all that. And now I think a lot of people are saying, "Well, companies are too complex. I can't analyze a BHP or a copper company, but I do have a view on copper. I mean, I can't give advice, but I do have a view on copper doing well with EVs and all of that." So we're seeing a much bigger focus on top-down investing, investing in trends, and there's pros and cons to that from next-generation investors.

(26:41):
And the third way I see them using it, I see young investors using ETFs more actively. And I think COVID was a big part of that. So we were talking about, Julian, in the 2020 survey when COVID struck, and that was a real eye-opener because next generation investors, 35% of them said they were investing all their spare cash in the market. So if you go back then, people were on JobKeeper, they were accessing their super, and if you're like me in Victoria locked down forever, they were spending far less money. So all these young people started using ETFs to trade markets. I think 45% of them, from memory, were going for ETFs.

(27:19):
And I think what we're seeing now from that volatility event, we're seeing next-gen investors are saying, "Well, when we sadly have the Iran conflict, what does that mean for oil prices? When we have Trump telling European governments they need to spend more on their own defense, what does that mean for defense stocks and defense ETFs?" So I think people are being more active again with those themes at the next-generation level.

Aaron Viscayno (27:43):
Great. Thanks, Tony. And yeah, to your point, a lot of the new products that we are seeing to market are definitely within that active space and of course thematic ETFs. So Julian, onto you, ETF investors have more than doubled since 2020. They've increased from 1.35 million to 2.82 million in 2026. Is this trend something that we can expect to increase in the future?

Julian Cappe (28:07):
I absolutely do expect this trend to continue. So as Tony mentioned, there's now a really diverse, broad set of ETFs available on the market, actives, passives, sector, geography. You can invest, if you want an exposure to India or to Japan rather than try and identify a particular stock. You may not know any companies from those markets, but you can absolutely invest in those geographies. There are now over 450 listed ETFs on the Australian market that has doubled in the past few years at a time when the number of ASX-listed companies has been flat.

(28:43):
So one of the trends that we are now seeing is that for first-time investors, they are now just about as likely to select an ETF for their first investment as select a individual stock.

We expect that to accelerate. And I think what it points to, and Tony touched on this, is it represents a shift in the way people are investing. For those who are entering the market now and investing via ETFs, it's less about jumping in and out of individual stocks, buying and selling individual shares. We have seen the number of trades per investor come down since last report, and instead it's more about building a portfolio that's going to generate wealth over a period of time and adding to that portfolio. And an ETF is a really great way to do that.

Tony Ferguson (29:28):
Julian, for the past decade or so, we've had this rising market, right? So rising markets are good for index investing in ETFs. And so I think we talked about it before this podcast. So all these young investors have seen markets going up and up and up. At some point, we're going to have markets going down, which always happens, and we're going to have a really volatile period, which suits active investing rather than passive through ETFs. Do you think market conditions have been a big driver?

Julian Cappe (29:55):
No doubt market conditions have been a big driver, Tony, but what I would say is when markets become volatile, that's precisely where you want to be diversified. And when if you are too exposed to an individual stock where you've got a large holding in, you bear a disproportionate risk. So an ETF, you might shift the weighting of the ETFs within your portfolio, but an ETF gives you that diversification that allows you to ride through different market cycles.

Tony Ferguson (30:22):
And it's a bit of a misnomer, isn't it, this active/passive debate where ETFs are passive, because if you are using ETFs to get in and out of markets, that's active investing. So maybe you can use it that way.

Julian Cappe (30:33):
Absolutely. And over the past year, we have seen more active ETFs being listed on the market than passive. And as with the 450 plus ETFs on the market, maybe 60% of those are passive, but there's a wide range of active ETFs that are available.

Aaron Viscayno (30:50):
Just onto our last topic for the episode, gentlemen, let's talk on artificial intelligence. So for the majority of us who have kept an eye on how AI has developed over the past decade and seen firsthand the changes that have come, not only in our work life and everyday life, it's no surprises really that the investment landscape is also set to change as a result. So AI has been reported by investors to be used not only as a source of investment information, but also as a means to receive financial advice. So Julian, as someone who has monitored the impact of AI in the investment space, how has AI developed as a tool for financial advice over the years? Is it something credible to use in the present or do you think it still has a ways to go? And if so, how long do you think it will take for us to get there?

Julian Cappe (31:33):

Aaron, this is a really fast moving space and people are already using AI. So the survey tells us that 14% of investors are using AI for what they consider to be financial advice, and it's approximately double that for younger investors. And these numbers are climbing incredibly rapidly. Investors are already using AI. So I'll say a couple of things. So firstly, AI can play an incredibly positive role. Firstly, in providing people with the confidence to invest. For those, we talked earlier about those who want to invest, but lack the confidence to make that first step. AI can help to give them that confidence and help explain terms that would otherwise be difficult for them to understand. So AI can play a really critical role in helping people work through challenges that they may have that may prevent them from otherwise investing.

(32:19):
However, where people need to be careful is when AI starts to feel like personal advice, AI will give you a confident personal sounding answer, and then it comes down to the individual to determine whether or not that advice is right for their circumstance. So the questions to bear in mind for me are firstly, when I'm building an AI prompt, have I given the AI all the relevant information about my circumstance and my risk tolerance and my investment horizons? The type of information that an advisor would ask me, does the AI have that information about me? Secondly, where is the information that AI is pulling data from coming out of? Is it current or does it apply to Australia? And thirdly, and this is really important, is AI giving me a considered response or is it just playing back what it thinks I want to hear? We're all familiar with AI telling us what it thinks we want to hear and where this happens in investing that could potentially lead to dangerous outcomes if you don't then apply the human layer of judgment over the top.

Aaron Viscayno (33:27):
Gotcha. I'm actually curious to know as well, do professional fund managers here in Australia and abroad, do they currently use AI to assist in their investment decisions?

Julian Cappe (33:35):
Yes, absolutely they do. And increasingly, although it is mostly behind the scenes, so fund managers have always used quantitative models and data analysis and AI is in many ways a natural extension of that. So where fund managers are using AI is processing large amounts of information quickly. So for example, reading company reports, processing market data, earnings calls. In most cases, it supports the investment team. There is still a human judgment, a human overlay looking at the outcome coming through the AI models and applying that judgment. Now where AI is a real game-changer is that many of those tools which previously were the preserve of the fund managers, those tools now are increasingly available to retail investors and it's up to us to work out how to use those responsibly.

Aaron Viscayno (34:26):
Great. And Tony, I'm curious to hear what you think as well. So 10% of all investors specified that AI is an important information source when making these investment decisions. So this still lags behind the likes of family and friends, like you mentioned, traditional media. Do you foresee AI increasing its importance in the future, maybe even elapsing some of these sources?

Tony Ferguson (34:46):
Absolutely. And respectfully, I'd say that 10% figure is already out of date. So it's climbing obviously every month. Now, to just draw on Julian's point, will people use AI to pick stocks? So will they go into AI and say, "Tell me what to buy"? I'm not sure they will and they might try it because a lot of people still lack a bit of confidence in investing. They know you can't fully rely on AI. So I'm not sure people will use it that way. They might try. And if it did pick good stocks, if it said, "Tony, what a great choice, that stock, you've done so well." If it does make money, everyone will do it and it'll be arbitraged away.

(35:27):
To draw on Julian's point, I do see more and more people using AI for basic investor education. So they'll say, "I'm thinking of reinvesting my dividends. What's a dividend reinvesting plan? What's a franking credit?" And AI is really good for that type of stuff in my experience. I do see people using AI to do a bit more research. So let's say I'm looking to invest in the ASX 200 with an ETF and there's half a dozen ETFs on ASX that do that, I might ask AI, "What's the best one?" And it might compare fees and do all that sort of thing, tracking it. So I see people using it like that.

(36:01):
The other way I see it using it is to query the advice you get from your broker or financial advisor. It's a bit like going to the doctor these days. Before you go to the doctor, you ask Dr. ChatGPT, "What's wrong with me?" And then you go and talk to your doctor. And I see people using it like that. And I think for advisors, they need to recognize that you can't stop this, right? You can't say to people, "Don't use AI for investing." It's a bit like uni saying, "Kids, don't use AI to write your assignments." And they all are. You just got to go with the flow. And I think Julian raised a really good point before. You've got to give people genuine investor education on how to do the prompts. That's the key. So how do you prompt AI to give you sound, balanced information, but not personal financial advice?

Aaron Viscayno (36:46):
Fantastic. Thank you so much, Julian and Tony, for joining us today. One final question that I have for each of you guys before we get out of here, considering all the stuff, the breadth of stuff that we've actually covered today, what is your favorite takeaway from the report this year?

Julian Cappe (37:02):
For me, it's despite the fact that Australia has a very high rate of market participation, as we talked about, we do have nearly a million Australians who aren't currently invested and who want to take that first step over the next year. And that is super exciting and that is something that really we can work towards and get them into the market and they can start to see the benefits.

Aaron Viscayno (37:20):
Thanks, Julian. Tony?

Tony Ferguson (37:21):
Aaron, for me, it's 61% of intending investors are female. I think that's a huge finding. Now, if we do the math, 950,000 intending investors, if everyone follows through on their intentions, that's about just over 200,000 more women than men who will invest in the next 12 months. And a lot of them are going to be young women. And I think that's a trend we should get behind, we should recognize, we should support, we should do everything we can to help young women start their investment journey far earlier than previous generations because it's going to change a lot of things down the track.

Aaron Viscayno (37:57):
Thank you so much. And thanks to you, Julian and Tony, for joining me today. Understandably, these reports are a lot of work and who better to sit down and discuss with than the head of research and investment trends, Julian Cappe, and of course the author of the AIS for this year, Tony Ferguson, thank you so much for joining us today.

Julian Cappe (38:17):
Thank you, Aaron.

Tony Ferguson (38:18):
Thanks, Aaron.

Aaron Viscayno (38:19):
To our listeners, or should I say family like Tony mentioned before with the podcast audience, I do encourage you, head on over to the ASX website, download the two reports that are available, the AIS 2026, which will cover a lot of the points plus more. You got the likes of cryptocurrency, you've got SMSF investors as well being on the rise, plus much, much more. And the 40-year anniversary, A Nation of Investors, which is a real retrospective look-back at how we as a nation have continued to grow. Until next time, thanks for listening.

Voiceover (38:53):
Are you keen to learn more? Why not visit the ASX blog, asx.com.au/blog for a wide range of articles, videos, and insights from ASX experts, listed companies, and investment professionals.