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Protecting members and curbing lead generation activity in superannuation

Introduction

CBUS Super welcomes the opportunity to participate in the consultation on *Curbing lead generation activity* in superannuation and financial services.

This consultation presents some important questions about the superannuation system and the appropriateness of workers' retirement savings being used as an opportunity to extract contact details to generate switching behaviour.

The legislated Objective of Superannuation is to *preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way*. Switching a superannuation account is a highly consequential financial decision with long-term implications for retirement outcomes, insurance coverage, fees, taxation and investment performance. Choosing a fund is rightly treated differently to changing a mobile phone provider or clicking through an online comparison site - it's a regulated choice, and CBUS supports changes to the existing framework to ensure members are supported by strong safeguards.

Lead generation activities in superannuation are designed to blur the lines between genuine member assistance and lead acquisition. Commercial incentives drive most of these activities, and in many cases these incentives are not aligned to improving member outcomes – as the experience of thousands of Australians affected by the Shield and First Guardian collapses has shown. Instead, they are aimed at harvesting data and securing a switch through which an intermediary can extract renumeration that is ultimately paid for by a member.

These activities are embedded in sophisticated digital marketing systems which combine artificial intelligence, online profiling, and algorithmic targeting to identify and influence members into switching their super account.

Members facing harm

CBUS is a profit to member superannuation fund with more than 900,000 members employed in sectors essential to the Australian economy, many of whom work in physically demanding roles and under diverse employment arrangements, with aspirations for financial security in retirement.

Like all Australians in the superannuation system, members have varying levels of day-to-day engagement with financial services, including with their superannuation. That is why Australia's compulsory, trustee-governed superannuation system exists – to ensure retirement savings are professionally managed, protected and able to grow over a working life.

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Within this framework, members are supported through investment management, insurance, and retirement income solutions that are designed to translate decades of work into long-term financial wellbeing.

It is in that context that CBUS has been highlighting the dangers of the "wild west" of digital lead generators and online marketing targeting superannuation members.[i] We continue to be concerned that lead generator tactics are being used to exploit gaps in the current framework which includes:

- Targeted social media advertising offering "free super health checks"
- Online surveys or quizzes that harvest personal details
- Misleading content promoting SMSFs or early access to superannuation
- Property development groups that use lead pipelines to feed members directly into their own developments - often alongside the aggressive promotion of SMSFs
- Lead funnels that deliberately obscure relationships between advertisers, referrers, and financial product providers
- The use of digital influence tools to find members most likely to respond to triggers around financial anxiety about retirement
- Impersonation of trusted brands or institutions.

Recent member research commissioned by CBUS suggests that nearly one in three members recalls being targeted by these types of tactics over the past 12 months. Previous member research also found a persistence in the high-pressure tactics, misinformation and techniques used by lead generators to convince members to switch superannuation funds, with members being called multiple times across the day and for weeks at a time, even when they've asked to stop the contact.



These activities are not only exploiting loopholes in the existing rules, but also member decision-making processes themselves. Members are often presented with prompts online that are designed to appear impartial or educational but are engineered in ways aimed at encouraging switching behaviour. In many cases, consent to share personal information is buried within pathways in which members may not provide meaningful consent.

Response to proposed reform

The proposal outlined in discussion paper - *Option 1a – Bring prescribed lead generation activities into the regulatory framework* – is intended to enhance accountability for the conduct of lead generators, but it does not go far enough to disrupt the business models and behaviour that profit from directing members into Shield and First Guardian-type arrangements and would will not prevent this happening again in the future. Specifically, the concerns about this proposal include that it:

- *Sends the wrong message.* Requiring lead generators to have a financial service licence signals to members that these operators are providing a financial service which is safe and supervised. These operators however are not providing a financial service to the community but are instead preying on workers' fears of not having enough superannuation and then pressuring them to switch superannuation funds so that they can profit. These providers don't meet qualification requirements and historically have used misinformation and false comparative claims to encourage members to switch and should have no role in a mandatory retirement savings system.

- *Does not address fundamental incentive misalignment.* Lead generators profit by pushing members to switch products or engage certain advice providers. As a result, lead generators prioritise volume over members' best interests and licencing will not change this. Lead generator profits are derived from the mandatory retirement savings of members without providing any benefits to the community.

- *Would be resource intensive to regulate.* Due to the high volumes these operators work in, it would be resource intensive for regulators to monitor and regulate these providers if brought into the licencing framework. Ultimately it is members that will be paying for the monitoring and supervision of these providers through ASIC levies.

- *Is essentially whack-a-mole.* Even when regulators can shutdown certain providers, it has become common practice for them to cease operations and reinvent themselves under a different name. Whilst licencing may provide some additional oversight and record keeping, it does not prevent the inappropriate activity happening in the first place.

Policy recommendations to keep super safe



Keeping members' super safe requires a series of reforms designed not only to respond but to also prevent harm to members. CBUS recommends that the Government consider a strong package of actions to curb lead generator activity.

1. Ban lead generators in superannuation

Lead generation activity that is connected to superannuation switching should be prohibited where remuneration or commercial benefit is contingent on the movement of a member's retirement savings. This includes banning payments that reward the generation of leads or referrals, or the conversion of superannuation switching leads. A bright line test would be more objective, easier for regulators to enforce, and simpler to communicate and ultimately for all to understand.

2. Ban the purchase of leads in superannuation

Even with a total ban on lead generation activity in superannuation, the Government should consider a further prohibition on entities purchasing leads in the first place. Such a demand-side reform would close the market for superannuation leads and reduce incentives to develop increasingly sophisticated tactics to obtain them. Members' retirement savings should not be able to be used for dodgy advisers to purchase leads as has increasingly become the case.

3. Stronger enforcement

Regulators should be given stronger powers for earlier intervention in relation to digital advertising campaigns that involve superannuation products and services. This should include the ability to compel the removal of misleading or potentially harmful campaigns rapidly, particularly where advertising is being amplified through algorithmic targeting.

4. Review the targeting of members

The Government should consider a more detailed review of the prevalence and impacts of behavioural and algorithmic profiling in superannuation used to identify or target individuals as being psychologically or financially susceptible to switching retirement savings products. Superannuation should not become a testing ground for increasingly invasive forms of behavioural manipulation.

Conclusion

Australians are compelled to contribute a portion of their wages into superannuation on the basis that those savings will be safeguarded and preserved for retirement. Public trust in the system relies not only on preventing outright fraud, but on ensuring the system itself does not incentivise confusion and manipulation around members' retirement savings.

Members should absolutely have access to impartial, factual and empowering information that assists informed financial decision making. There is an important role for guidance, education and comparison where it improves retirement outcomes. But there is a fundamental difference between genuine member assistance and commercial systems designed to monetise behavioural vulnerabilities. The rules should reinforce this important distinction.

Resources such as ASIC MoneySmart demonstrate that it is possible to provide accessible and objective information without embedding conflicted commercial incentives into the engagement about superannuation. The regulatory framework should encourage these models, while constraining practices that depend on complexity, data harvesting and sales funnels that are engineered to encourage switching behaviour.

Ultimately, the Government has an opportunity through a strong package of reforms to reiterate the important principle that superannuation exists not to fuel an increasingly sophisticated digital sales network, but to deliver members dignity and security in retirement, no less.

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[i] Kristian Fok, Cbus Super CEO, 'Lead generator cowboys are the wild west of superannuation and financial advice', printed in *The Australian*, 20 October 2025