

FinTech and Big Data: the friend of the Financial Advisor?

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Building a customer base is an uphill battle that requires determination, perseverance, value, and resilience at the best of times, but in recent years the emergence of 'robo-advisors' has made generating new business one of the most challenging aspects of the advisory profession.

Despite a common perception that it's only small investors and millennials using robo-advisors, high net worth individuals are also experimenting with their offerings and these platforms are intensifying competition for financial and insurance a trend noted by financial institutions such as Charles Schwab Corp. - about 15% of clients in the firm's automated portfolios have at least \$1M at the company.

With services that are typically faster, cheaper and more transparent than the traditional offering, many have found these algorithm-based advisory services appealing, and a recent report by A.T. Kearney projected that these platforms will manage up to \$2.2 Trillion by 2020.

What's more, the trend toward technology-based relationships and an inherent trust in technology, particularly amongst millennials, will significantly play to the strength of these tech enabled robo-advisors in the future. In North America alone, millennials are set to inherit \$30 trillion and, born into a digital age, there is no doubting their expectations from financial advisors will differ significantly to that of their parents.

Still, whilst technology is becoming increasingly important, the traditional financial advisors' specific skills set has not become redundant- and leading robo-advisors like Betterment still rely on human knowledge to complement their automated service. Far from becoming obsolete, financial advisors can fight back - if they embrace new technology in the right ways.

This means harnessing the power of big data. Access to technology which leverages big data can, amongst a myriad of benefits, enable advisors to identify and target market sectors currently outside their reach and strengthen their tool kit - as they have access to detailed and precise information in real-time about potential clients. This enables advisors to have more meaningful and consequently lucrative interactions with prospects as they can better anticipate their needs, get an insight into what products they'll be most receptive to and provide them with detailed insights into their business.

At BizEquity, we are helping financial advisors leverage big data for better prospecting through our online big data business valuation engine. By also giving users access to the contact information of key decision markers, and the value of their businesses, it enables advisors to instantly prospect and engage.

Unsurprisingly, research by Fidelity found that those advisors who embrace technology achieve greater growth, have 40% more assets under management and increase their geographical reach faster than those

who shy away from it. Yet despite this evidence, firms often struggle to capitalise on the opportunity presented by technology due to the cost of their design and implementation.

Partnering with new financial technology (FinTech) big data companies can be a truly compelling and effective solution for the over 800,000 global financial advisor community. A report published by PWC this month revealed that a majority of financial service CEOs view data and analytics as the most effective way to engage customers and reported 58% are planning strategic alliances or joint ventures to implement this.

Inspired by the potential of new technologies, the next generation of investors and clients are demanding more than ever before that their financial services advisors be savvy with technology and show their 80% additional worth on assets under management. Advisors who leverage technology by partnering with fintech firms can enhance their prospecting tool kit and services to enable them to stand above the competition, show true measurable value, and engage future generations of investors, maybe even millennial business owners one day.



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Contact me now for more in depth analysis and insight *on technology, regulation, HNWI and emerging markets.*

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