



## INSURANCE AND INVESTMENT MANAGEMENT

---

### ALISON ROONEY

Director  
646.227.4703  
alison.rooney@navigant.com

[navigant.com](http://navigant.com)

#### About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at [navigant.com](http://navigant.com).

# DISRUPTION IN THE WEALTH MANAGEMENT BUSINESS: DEMOGRAPHIC, SOCIAL AND TECHNOLOGY SHIFTS CHANGE HOW WE ENGAGE

Following the financial crisis in 2008 and in the years that followed, the overall industry of buying, selling and managing securities has undergone a profound change. The change has come from enhanced and ongoing regulatory scrutiny, a low interest rate environment and shrinking liquidity in the marketplace. Large global institutions as well as local financial institutions have fought ardently to deliver greater cost savings, enhance the customer experience, improve efficiencies and explore new businesses to enhance the bottom line.

One area that is most ripe for change and has seen the greatest demand for a new approach is the field of Wealth Management. 1% of the wealthiest Americans hold 30% of the total wealth of the US population. (Money: How Stuff Works) This audience has not only grown in size but in composition, as well. The U.S. population has become more diverse, and there are many more affluent millennials, women and other minorities who now fall into the mass affluent category. This rising affluent population is changing the landscape of traditional wealth advisory services. Advisory relationships are allowing for greater diversity in approach, format and ultimately in the delivery of the service itself.

## A DIFFERENT RELATIONSHIP

The traditional relationship between the financial advisor and the client has slowly evolved and then changed quickly. The reason for the changes lies in the demographic, social and technological shift that has occurred over the past 25 years. Technology as an industry has created a larger body of wealthy clients who are younger and more accustomed to on-demand services from retailers, car purchasing and travel to name a few. The new affluent clients want greater information access, the ability to customize their portfolio views and access across platforms to better understand their asset allocations. Clients also want a reciprocal relationship with their advisors around information sharing and goal setting. It is no longer the advisor sitting "on high"

parceling advice to the client. In addition, with the rise of women household heads, the lead relationship with the advisor has also changed. Advisors are looking to diversify their teams to better reflect their client base. Technology is one way advisors are able to cover a wider and more diverse audience with lower overhead.

## WHAT THIS MEANS TO YOU

It is no mystery as to why technology is playing such an important role in the shifting wealth advisory landscape. Our current society is driven by on-demand services.

- Clients want less human intervention and desire, in many cases, a portfolio that isn't dependent for any one individual.
- Technology-enabled solutions provide lower cost, lower intervention and potentially greater results for the investors.
- Clients are looking for their advisors to provide transparency and easy access to performance data as a regular course of business.
- Many clients may look to a hybrid model where a portion of their wealth is invested in a "robo-advisor" and other portions are actively managed.

## WEALTH MANAGERS' RESPONSES

Large advisors like Charles Schwab embraced technology, data analytics and customer relationship management to better understand the needs that drive investment decisions early on. Wealth advisors, even the smaller ones, have begun to adopt a customer segmentation strategy to better understand and ultimately serve their client base.

Large institutions are doubling down in their data analytics, customer segmentation, and on-demand offering because they know that there is an opportunity to capture clients who want a more transparent and accessible advisory experience. There is a fair amount of switching, especially for those clients in the early days of their investment lifecycle. Or for those clients who are reaching another life event where active management isn't possible or doable. On-demand solutions allow the client to feel more "in charge" and in the decision making role while also allowing for real time updates, asset allocation reviews and rebalancing. Human intervention is perceived as "slowing down" the client's ability to access information on their schedule.



## NEXT STEPS FOR INVESTMENT MANAGERS

- Assess your customer base and understand their needs
- Evaluate solutions that allow for clients to access their portfolio "on-demand"
- Invest in customer relationship management processes and solutions to gather information to tailor your offering
- Think about leveraging social media and other interactive ways to engage your customer base

## CONCLUSION

Our industry is undergoing rapid change in order to keep pace with the needs of the customer base. It is a time where the sophistication of data analytics and customer segmentation have changed the way wealth advisors engage with their clients. The industry is poised for continued disruption as more advisors leverage a full range of technology solutions to improve the experience while keeping costs down in this low interest rate environment.