

FIVE KEY TAKEAWAYS

1

Regulation and demographic changes are the biggest forces of change

US financial advisors expect that the forces of regulation and demographic change will have the biggest impact on their industry over the next three to five years, outweighing technological innovation, the threat from robo-advice and fintech, as well as issues such as fee compression, the macroeconomic environment and geopolitical risks.

2

Demonstrating value is the key to growth for advisors

There is a strong consensus among financial advisors that the best way to grow their businesses over the next two to three years is to demonstrate their value beyond investment advice and portfolio management. In practice, this is likely to mean offering a range of services with a human touch, in order to meet the needs of individual clients.

3

Advisors want more help from asset managers on risk management, education and content

Asked how asset managers can best help them over the next two to three years, advisors want help and support on risk management, informative educational material and content, such as market commentaries, ahead of bespoke products and strategies, or better access to alternative assets.

4

Technology issues are important but not everything

While technological innovation is seen as an important force for change, advisors do not see technology, in the form of robo-advice or fintech, as a major threat, nor is implementing a digital strategy for their clients seen as vital for growth.

5

Larger advisors are more concerned about fee compression

The more assets they manage, the more likely advisors are to expect fee compression and the low yield/low return environment to have a big impact on the future of the advice industry. Advisors with more assets under management are also more likely to want asset managers to offer better access to alternative assets, such as hedge funds and private assets.

INTRODUCTION

Financial advisors in the US currently face a multiplicity of challenges, from technological disruption in the form of robo-advice and new arrivals from the world of fintech, to the challenges of investing in a world of both low interest rates and high volatility, to the shifting demographic profile of the US population, and their need to comply with regulatory matters.

In this paper, CoreData Research reveals new findings from polling US financial advisors on how they view some of the most important aspects of their world. In particular, we look at how they see the forces around them which are reshaping the financial advice industry, what they believe are the most important growth factors for their businesses, and what they want from asset managers. We have deliberately taken a forward-looking approach, asking advisors what they see as important over the next few years, in order to give forward guidance to those working with US financial advisors.

We have also segmented the results, showing the differences between the different types of financial advisor and by size (as measured by assets under management at advisor firms). Registered investment advisors (RIAs) currently differ from other advisors in having a fiduciary duty to the clients, which means they have a greater degree of independence. They typically offer a more personal, high-touch service to more affluent clients, compared to, say, large wirehouses, which sell their own products to their clients. Independent broker-dealers are another key advisor segment, selling products from a range of firms, while regional broker-dealers and bank broker-dealers are also included in these findings. Regional broker-dealers are seen as a re-emerging force in the financial advice industry by some, so it is timely to look at their views here.

Methodology: CoreData Research surveyed 218 US financial advisors in November 2019. The advisors are from registered investment advisors (RIAs), independent broker-dealers, wirehouses, regional broker-dealers and bank broker-dealers.

CoreData

About Us

CoreData Research is a global specialist financial services research and strategy consultancy. CoreData Research understands the boundaries of research are limitless and with a thirst for new research capabilities and driven by client demand; the group has expanded over the past few years into the Americas, Africa, Asia, and Europe.

CoreData Group has operations in Australia, the United Kingdom, the United States of America, Colombia, Sweden, Malta, Singapore, South Africa and the Philippines. The group's expansion means CoreData Research has the capabilities and expertise to conduct syndicated and bespoke research projects on six different continents, while still maintaining the high level of technical insight and professionalism our repeat clients demand.

With a primary focus on financial services CoreData Research provides clients with both bespoke and syndicated research services through a variety of data collection strategies and methodologies, along with consulting and research database hosting and outsourcing services.

CoreData Research provides both business-to-business and business to- consumer research, while the group's offering includes market intelligence, guidance on strategic positioning, methods for developing new business, advice on operational marketing and other consulting services.

The team is a complimentary blend of experienced financial services, research, marketing and media professionals, who together combine their years of industry experience with primary research to bring perspective to existing market conditions and evolving trends.

CoreData Research has developed a number of syndicated benchmark proprietary indexes across a broad range of business areas within the financial services industry.

- Experts in financial services research
- Deep understanding of industry issues and business trends
- In-house proprietary industry benchmark data
- Industry leading research methodologies
- Rolling benchmarks

The team understands the demand and service aspects of the financial services market. It is continuously in the market through a mixture of constant researching, polling and mystery shopping and provides in-depth research at low cost and rapid execution. The group builds a picture of a client's market from hard data which allows them to make efficient decisions which will have the biggest impact for the least spend.



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