

# Digital Wealth

April 2017 /  @burnmark\_  @roboinvestor



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## INTRODUCTION

# Why Digital Wealth?

Digital transformation of the wealth management industry is happening primarily, but not always, due to the emergence of automated wealth management tools, robo-advisors. However, the incumbents have been quick to join the party by launching digital advisory services through in-house offerings, acquisitions and partnerships. This has led to the evolution of one of the most dynamic, partnership-friendly, consumer-friendly segments within FinTech: digital wealth and robo-advisory. As one of the spaces within FinTech that are working extremely closely with incumbents, the dynamics of this space are very unique.

## The democratization of investments

Digital wealth management firms propose that best-in-class ideas, managers and investments should be accessible to all investors and not just to the financially elite. Through automated algorithm-based advice these innovators undo trading obstacles for investors, while lowering the bar for entrance. The democratization of investment advice promises to embrace the underserved segment effectively.

## The continued growth of ETFs

Many investors have realized that adopting a lower cost, passive approach to their personal investing through ETFs (Exchange Traded Funds) is a more prudent strategy than the active approach that has dominated the industry for decades. In the US, these factors have spurred continued expansive growth in the popularity of ETFs since their introduction in 1993. The European industry is a hybrid. Western European countries are as sophisticated as the US market, but retail adoption is lower. In comparison, ETFs in developing markets are in their infancy and the Asia Pacific market is expected to grow at 20-30% annually.

## Transparency and control

Clients increasingly want to know how their money is being invested and the services for which they are paying fees. Clients' preferences for investment decisions are also evolving. While European clients still prefer to delegate their wealth management needs to a traditional advisor, clients, especially the

mass affluent in Asia and the US, are increasingly keen to make some investment decisions themselves based on digital advice.

## On-demand accessibility

Clients are leveraging digital channels to unprecedented levels. Apart from millennials, Gen Xers and Boomers have also been quick to demand access to digital channels to reach out to their traditional advisors. Some clients in emerging markets are also experimenting by sharing investment ideas online through social media platforms.

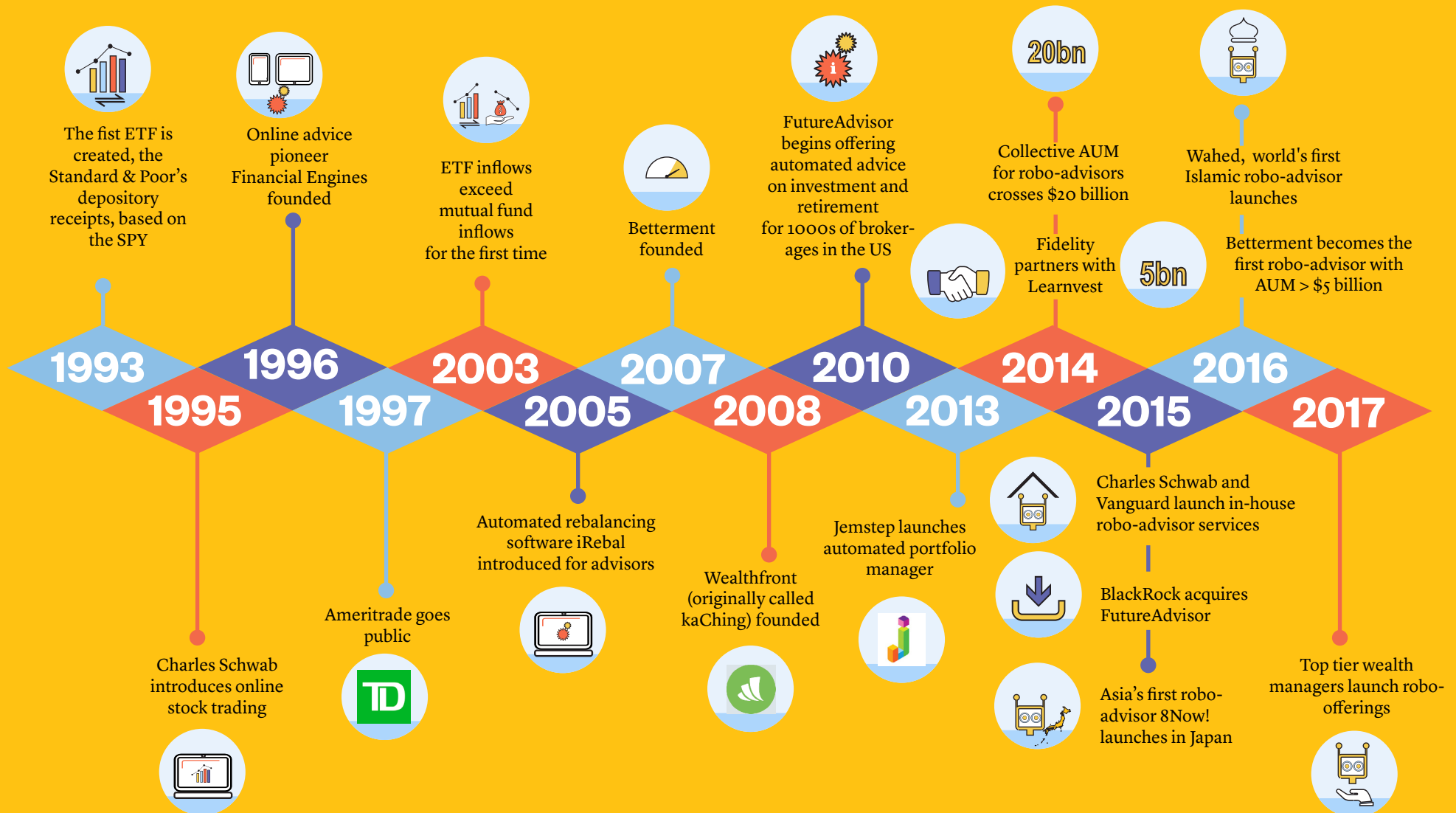
## Goal-based personalization

Clients want to receive advice and tailored portfolio recommendations that make sense to them, for their specific life goals. The interactions with advisors are usually around retirement, education, tax planning, wedding planning, etc. The wealth management process doesn't stop with buying a certain product.



## TIMELINE

# Evolution of digital wealth





## INSIGHT 1

# Niche investor segments emerging

## DATA

## Massive inter-generational wealth transfer

Currently, more than \$12 trillion in financial and non-financial assets are in the process of being shifted from the investors born in the 1920s and 1930s—to baby boomers born between 1946 and 1964. Over the next 30 to 40 years, an additional \$30 trillion in financial and non-financial assets will pass from boomers to their heirs in North America alone. At the peak, between 2031 and 2045, 10% of total wealth in the US will be changing hands every five years. According to the European Central Bank, approximately half of all wealth in Europe is currently controlled by people over the age of 55 and will be transferred to their next generation over the next 20-30 years.

## Women focused investment advisory

According to the CFA Institute, the global income of women will grow from \$13 trillion to \$18 trillion in the next five years. SheCapital, from the US, was one of the first robo-advisors launched exclusively for women (although they shut down last year). A former Wall Street executive has raised \$10 million in funding to launch Ellevest, a new digital investment platform for women. Miss Kaya, a new Singapore based robo-advisor is promising to “simplify and demystify” money management for women.

## Digital investment behaviour

Mass affluent households (US\$250k-US\$1mn financial assets) hold about US\$7 trillion of wealth throughout a fragmented market and only 20% of mass affluent Americans have a financial advisor. This is because

traditional firms have largely focused on high net worth (HNW) and ultra-high net worth (UHNW) individuals. The millennial generation, with 80 million investors, is now the largest generational client base in the US. They exhibit very different investment behavior with 64% of high net worth clients under 40 years old expect to access their accounts via a website and 54% expect to use digital channels such as mobile applications, social media or video. Goal-based investment, already a popular investment approach used by 51% of investors, is projected to be used by almost two-thirds (63%) by 2021.

## Cross-border wealth management opportunity

There are estimated to be over 40 million adult foreign-born immigrants in the U.S. based on US Census Bureau data. Approximately 29%, or 11.6 million, have a bachelors' degree or higher according to

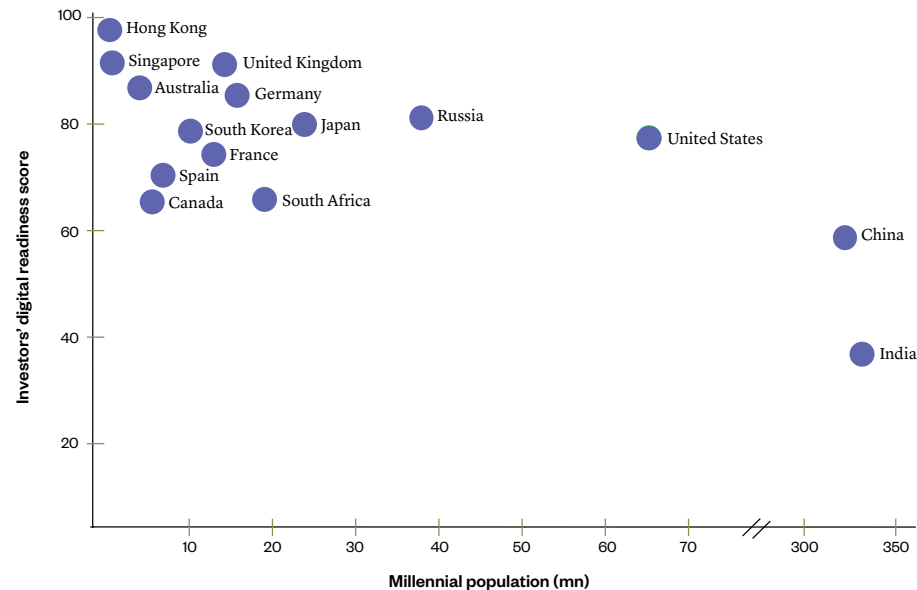
the Center for Immigration Studies. The size of the market is approximately 10 – 15 million people and represent a market of \$2 - \$3 trillion investable assets. American expats are estimated to number over 8 million people, according to the State Department. This segment represents between \$500 billion to \$1 trillion in investable assets. The Non-Resident Aliens, who are foreign citizens living outside the US, but with US-based financial asset present a market size of \$1 – \$2 trillion in investable assets.

**TRENDS** As part of intergenerational wealth transfer, the wealth industry will see trillions of dollars of wealth transfer from baby boomers to a new generation of digital natives with very different investment behaviors. Investors' readiness to adopt to digital channels coupled with the emerging millennials segment across the globe is a strong indicator for the investors' preference for digital

advice. Investors' propensity for digital advice, across wealth segments, in countries like the US, UK, Germany, Hong Kong, Singapore, and Switzerland is at an all time high.

Countries such as China, India, Russia and South Africa have large segments of millennial investors who are keen to try digital advisory platforms. Mobile apps have the highest level of adoption among millennials for both getting information as well as executing transactions. Video calls, powered by cost-efficient technologies like FaceTime, WhatsApp, Skype etc., are seeing quick adoption among both investors and advisors as a replacement for in-person meetings.

# Emerging investor niches



**Demographic niche markets are driving great interest in robo-advisors**



## Insights

With reduced margins and changing investor behaviour, wealth managers - traditional and digital - will increasingly depend on algorithm-powered advice and digital channels to reach out to emerging niche investor segments. These niche markets need micro-personalized products and services, while still being delivered cost-effectively.



### Retirement

A lucrative market, but not enough traction from investors (and seemingly not enough trust!), just yet.



### HNW

We think it's going to take some more time and effort before robo-advisors can seriously wean away the high net worth investors from traditional wealth managers.



### Women

We are not entirely convinced that women's investment needs are vastly different from men's (although life goals and priorities are different).



### ETF

~90% of the robo-advisors today are ETF-based and ETFs alone, in our opinion, have run out of steam to fuel the next growth curve of robo-advisory.

**Not so sure yet**

**Betting big**



### Socially responsible

Investors are now constantly questioning investments on authenticity, ethics, environment and social focus. We think the robos who join forces with the 'socially responsible' investors will thrive.



### Tax planning

Burnmark thinks that it is high time for robo-advisors to take over the painful but rewarding exercise of tax planning and get rewarded by customers. Some of the biggest robo-advisors have begun to offer automated tax planning.



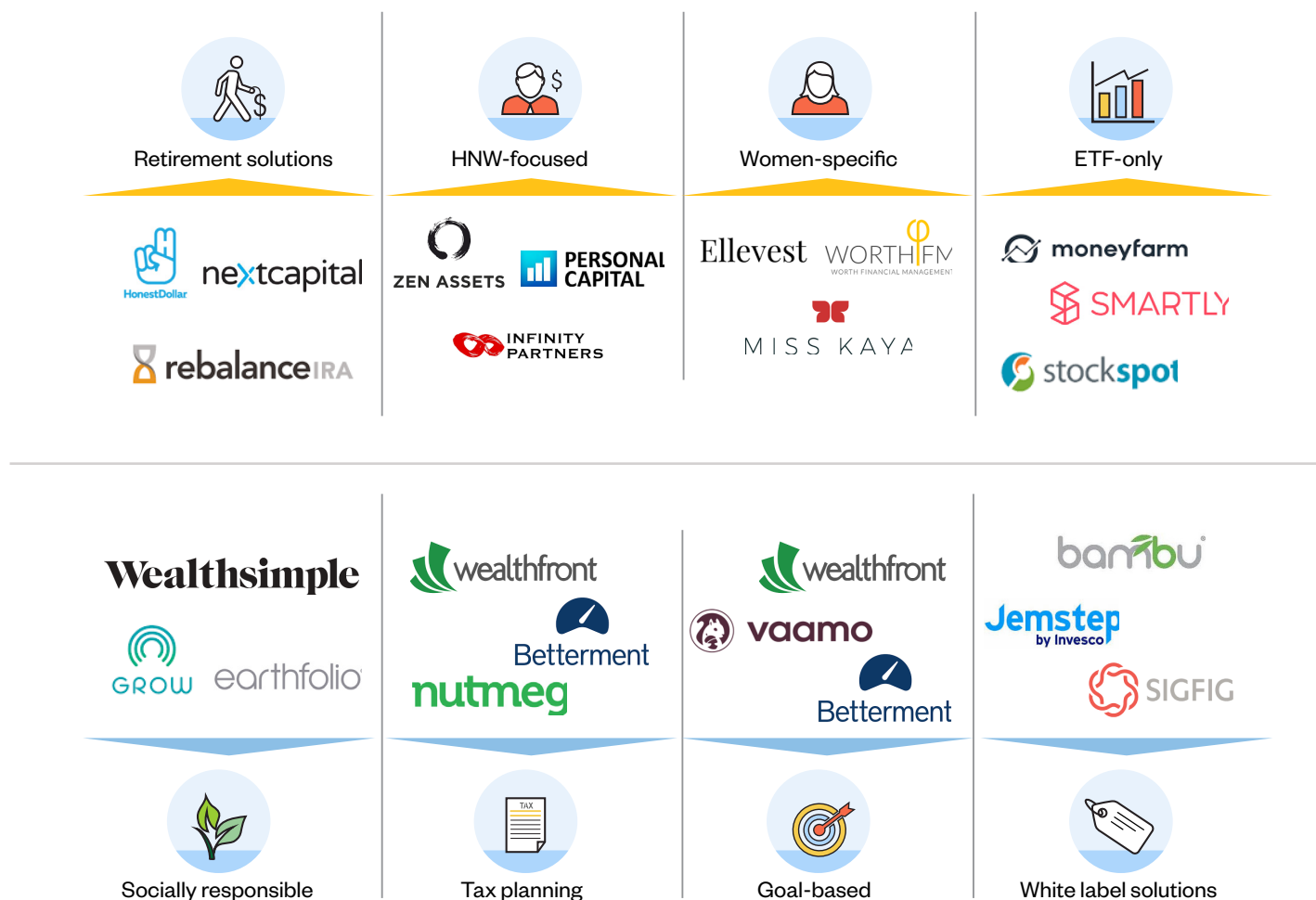
### Goal based

The aspirational investors of today are not seeking just x% of returns, but are looking to achieve their life goals. Robo-advisors who can help investors fulfil customers' plans are going to have a dream run.



### White label

White label solution providers are having a good ride as wealth management businesses at broker-dealers, RIAs, banks, custodians etc. have a strong desire to add digital advice in their portfolio for existing customers.



If you'd like to obtain our full (paid) list of robo-advisors (250+) globally, please contact [info@burnmark.com](mailto:info@burnmark.com) or [@burnmark\\_](https://twitter.com/burnmark_)

- 150+ D2C robo-advisors analysed
- 40+ Hybrid robo-advisors analysed
- 100+ European robo-advisors
- 50+ Asian robo-advisors



## INSIGHT 2

# Digital advisors' mode of growth

**DATA** The US has more than 200 robo-advisors. The top 10 leading robo-advisors have seen their assets under management (AUM) grow at a healthy CAGR in excess of 100% in the last 5 years. In 2015 nearly 280 ETFs were launched in the US while 249 ETFs made their debut in 2016. The US holds the highest share of the ETF market with a 72% market share followed by Europe which has a 17% share. In June 2016, Wealthfront

announced a partnership with the State of Nevada to offer the “529 college savings plan” to diversify its offerings.

In Europe, more than 70 robo-advisors have been launched and 5 of them have cracked the €100m mark in AUM. Spain's Feelcapital and UK's Nutmeg are the largest digital advisors followed by three players who have crossed the €100m milestone: CheBanca, Moneyfarm, both

from Italy, and Prittle from the Netherlands. Nutmeg and FeelCapital offer advice across three asset class – equity, fixed income and money markets, while others mainly use ETFs.

In 2016, there was a \$17.5 trillion increase in private wealth globally, where 60% of this growth came from Asia Pacific (excluding Japan). With the middle class population in Asia Pacific expected to grow to 1.7 billion people by 2020,

emerging markets will drive the segment. Finance in India offers a range of asset classes on its platform - mutual funds, corporate deposits, physical gold, bonds, and even loan and credit card.

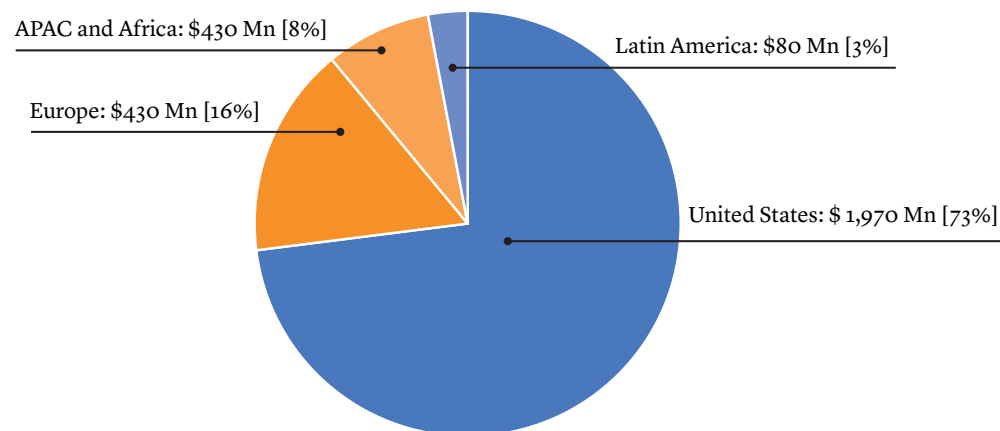
**TRENDS** The fallout of the financial crisis of 2008 has resulted in severe trust issues for individual investors. In the US, Europe and Australia, most robo-advisors use ETFs

as the primary investment product with the largest of them diversifying with alternate investment products such as tax-loss harvesting and retirement funds. Robo-advisors in Asia, especially in emerging economies like India, tend to offer a gamut of investment options - stocks, debt products and hybrid products.



## Insights

While growth of robo-advisors in developed economies will be driven by ETFs in the short to medium term, the leaders in developed markets will look to offer tax-loss harvesting products for investors. Robo-advisors in emerging economies will offer a wider gamut of investment products for emerging affluent segments of investors to access actively managed funds.



Distribution of global ETF assets ( US\$ Million)

Data source: FT Partners

## THE SPREAD

# Geographic presence of robo-advisors



## Robo-advisors

### D2C Robo-advisors

Betterment, Wealthfront, ELM Funds, TradeKing, Financial Guard, Huygens Capital, MarketRiders, FutureAdvisor, WiseBanyan, Personal Capital, Hedgeable, Acorns, Stockspot, Nutmeg, Moneyfarm, Indexa Capital, Ignition Wealth, Yomoni, Easyfolio, Tavaga, Wealthiar, Wealthnavi, FundShop, Zen Assets, Rplan, SelfWealth, Pritle, Investomat.ch, FinanceScout24, True Potential Investor, ePrivate Banking, Vaaamo, Evest, Fairr.de, Etfmatic, Money on Toast, Wealth Wizards, Wikifalia, Cashboard, Wealthsimple, Swanest, Quirion, Marie Quantier, Movo, Advize, justETF, 8Now!, Advise Only, TrueWealth

### Hybrid Robo-advisors

LearnVest, Rebalance IRA, Ellevest, QuickVest, The Motley Fool, Personal Capital, AssetBuilder, Charles Schwab Intelligent Portfolios, BMO Investorline, Santander, Fidelity, Itau, Blackrock, Vanguard, BBVA, Liftoff

### B2B Robo-advisors

Upside, MyVest, Trizic, iQuantifi, Envestnet, NextCapital, InvestCloud, Advizr, Riskalyze, StratiFi, FutureAdvisor, Hedgeable, Betterment for Advisors, GeoWealth, Vanare, SigFig, Jemstep, Financial Guard

## INSIGHT 3

# Emerging digital advisory models

A set of advisory models have emerged in the digital wealth management space.

**D2C Advisory.** Direct-to-consumer robo-advisors with limited advisor assistance.

These are online platforms that provide automated, algorithm-based portfolio management and without intervention from human advisors.

**Business-to-business (B2B) Advisory.** White-label digital platform solution providers for traditional advisors enabling them to offer their own digital wealth management solutions.

**Hybrid Advisory.** These are traditional advisory services, including personalized conversations and actively managed portfolios blended with computerized portfolio recommendations.

## DATA Robo-advisory models in the US

The US is the hub of D2C robo-advisors with two clear leaders, Betterment and Wealthfront, with AUM of US\$7.3 billion and 5.1 billion respectively. Hybrid robo-advisors from incumbents are also expanding fast with Vanguard's personal advisory services in the lead (AUM: US\$ 47 bn) followed by Charles Schwab Intelligent Portfolios (AUM: US\$ 10 bn) and Personal Capital (AUM: US\$3.6 bn).

In the B2B segment, Betterment launched Betterment Institutional in 2014 and Charles Schwab launched its B2B solution in 2015. TradingFront offers a customizable white label robo-advisory platform for Registered Investment Advisors (RIAs). NestEgg by Vanare helps advisors scale their services through an automated platform. Motif, Folio Institutional and Fidelity Institutional Wealth Services

are other automated investment platforms partnering with traditional advisors.

## Robo-advisory models in Europe

15 of the 18 robo-advisors registered in the UK are from London. Germany has 23 robo-advisors whereas Zurich and Paris account for 4 robo-advisors each. Nutmeg, a D2C robo-advisor, leads the UK market with US\$ 0.7 Bn in AUM. Zen Assets in the UK targets investors with large assets who want to pay fewer fees but with good results. Budget-focused firm Wealth Horizon attracts buyers with robo advice starting at £12.50 and only needing investors to invest £1,000 initially. Other robo-advisors are targeting the UK market such as Italy-based MoneyFarm. It has more than 50,000 users in Italy which shows the growth of D2C robo-advisory in Europe. In the B2B segment, UK-based WealthObjects is targeting

private banks and investment firms with a digital platform for automated investment and financial planning.

## Robo-advisory models in Asia

8 Securities launched Asia's first robo-advisor, 8 Now! in Japan in April 2015, which handles both Japan and Hong Kong. Money Design launched Japan's first independent robo-advising company with a focus on retail investing. Meanwhile, Bambu operates as a B2B robo-advisor in Asia, and within two months of launch has secured partnerships with Thomson Reuters, Tigerspike, Finantix, and Eigencat. Infinity Partners and Smartly aim to launch soon as the first platforms in Singapore, along with the new entrant women-focused robo-advisor, Miss Kaya. Crossbridge Capital has recently launched a hybrid robo-advisory platform for Singapore's accredited investors in association with Bambu. OCBC recently

launched OneWealth and DBS Bank has partnered with IBM to launch Wealth Adviser. BlackRock has begun working with Mizuho Bank's automated service, Smart Folio, and now looks to also partner with robo-advisors in Singapore. TenCent, in China, offers its wealth management service through WeChat.

## Robo-advisory models in Australia

Australia has six D2C Robo-advisors: Stockspot, Ignition Direct, Quietgrowth, Acorns, SixPark and Clover. Macquarie Bank has also launched their hybrid robo-advisory service called Owners Advisory and covers thousands of shares and managed funds, not just ETFs. BetaSmartz applies a B2B model to robo advice with white-labelled tools for traditional advisors.

## INSIGHT 3

# Emerging digital advisory models

**TRENDS** The US has more than 200 D2C robo-advisors. Based on their fee structure, it is unlikely that many of these firms can achieve profitability on a stand-alone basis. (The reasoning is explained in page 15.) The hybrid advisors, especially the ones launched by incumbents, have managed to race away in the quest of AUM acquisition in the US. The new entrants in the B2B segment in the US highlights the entrants' objectives of achieving scale and generating alternate revenue stream from the proven solution.

Europe is witnessing early stage disruption

from D2C and B2B robo-advisors. The B2B platform solution providers are enabling independent financial advisors, financial institutions and asset managers to quickly leverage technology for improved customer experience.

With Asia's high internet penetration rates, its large millennial population and the changing consumer behaviour moving towards greater digitalization, Asia is likely to have a tremendous opportunity in financial advisory services with the growth of robo-advisors.

Parameter	Attributes	D2C	Hybrid	B2B
Client Centricity	Digital client onboarding			
	Investor risk profiling			
	Account aggregation			
Portfolio Management	Automated digital advice			
	Discretionary portfolio management			
	Advisory portfolio management			
Monitor and Adjust Strategy	On-demand performance reports			
	Dashboards, alerts for transparency			
	Automated portfolio rebalancing			
Ongoing Support Infrastructure	Tax planning			
	Robust data protection and cyber security			
	Market updates and research inputs			

**Capabilities across digital advisory models**



In our view, robo advice will complement, rather than displace, financial advisors. Hybrid robo-advisory will emerge as a key segment with some large firms building their own offerings, and some buying independent robo-advisory firms. The white-labeled robo-advisors will be the ideal add-on to capitalise on the hybrid trend for smaller firms.

## INSIGHT 4

# Chatbots in digital advisory

**DATA** Chatbots are artificial intelligence tools that provide intuitive answers in to generic customer questions. For digital wealth management, chatbots can respond to standard customer queries and provide automated advice via text, freeing up relationship managers to focus on complex requests and products.

## Customer experience and expectations

According to a recent survey, customers are frustrated with digital customer services offered, with 40% experiencing delays in getting answers to simple questions in the last month and 33% suffering from poor quality or unresponsive contact facilities. This frustration is the primary driver for more than 70% of customers being willing to accept robo advice for their investments. Whereas, only

25% of UK customers see the impartiality of chatbots, that is, better quality advice, as an advantage. Less than 1 in 5 consumers expect quick answers to complex questions from a chatbot. 68% see this 24-hour service as a benefit.

## Status quo

Most banks have started using chatbots for customer service, including advice on wealth management. 60% of High Net Worth individuals use digital channels for everyday banking, with almost 40% using it for portfolio management. In the backend, only a quarter of wealth managers prefer algorithms over human judgment to make big investment decisions. In 2015, 38% of American consumers have used a virtual assistant on their smartphone. In 2016, 42% of wealth managers planned

to offer financial goal planning through the mobile.

## Standard Requests

On average, a customer has around 17 interactions with their bank per month, many of which can be standardized and for which the customer primarily demands speed and convenience. However, 64% of all wealth management clients also request non-financial advice, with, for example, 30% of all clients under 45 looking to their wealth manager for advice on their children's education. A chatbot cannot (yet!) provide these specific, non-financial services but with the advancement of AI and machine learning this may come to fruition in the not-so-far future.

**TRENDS** Chatbots are on the up and we can expect the vast majority of consumers to

be regularly using chatbots to interface with service providers within the next few years. The younger generation often prefers the convenience and speed afforded by a chatbot to interacting with humans in customer service. Especially repeat, standard requests like checking the status of one's portfolio or placing an order can and should have an option to use a chatbot for immediate execution.

However, a majority of clients demand non-financial help from their wealth manager as well. It would be fatal to assume that this aspect is not essential to the business and can be neglected as more of the financial advice and support is delivered through chatbots. While millennial clients may not find themselves tied as much to their specific relationship manager, they still see their wealth manager

as a source of both varied and specific expertise that is not exhausted through automation.

There are two types of chatbot innovation happening as well: startups like Quantapp are providing chatbot-based services for large firms like Canaccord, by focusing on portfolio design and research for wealth managers. On the other hand, startups like Polly Portfolio, a digital investment platform, are creating their own chatbots, for example via Facebook Messenger, for their individual investors to build risk profiles and obtain investment options. However, B2B chatbots remain the primary focus for all startups we are seeing in the market today.












# Chatbots in digital advisory



## Insights

Chatbots are a necessity for strong customer service and can be useful in expanding the client base towards lower net worths. Existing customers in wealth management expect the convenience afforded by chatbots, and the upcoming generations see it as a matter of course. However, these younger clients also rely on their wealth manager for life goal planning, a function that currently does not work well with chatbots.

### Firms' Aspirations from Chatbots

<b>Bank of America</b> 	better number-crunching than a bank-teller
 <b>Santander</b>	voice and text enabled
 <b>DBS</b>	multiple conversation streams at once
<b>Swedbank</b> 	human-like experience
 <b>CaixaBank</b>	IBM Watson for complex queries from corporate customers
 <b>WELLS FARGO</b>	build a pipeline for full-service business
 <b>AJ Bell Youinvest</b>	buy stocks via Messenger
 <b>Polly Portfolio</b>	portfolio advice based on Messenger
 <b>QuantApp</b>	portfolio design and research for wealth managers

### Customer Expectations from Chatbots

60%

Want 24-hour service, quick answers to basic questions

20%

Expert answers, complex queries, good customer experience

## INSIGHT 5

# Costs, costs, costs.

## DATA Customer acquisition cost puzzle

Both Betterment and Wealthfront have invested in TV commercials and Canadian firm Wealthsimple placed an ad in the Superbowl. A high cost of customer acquisition is a given in this relatively new B2C space.

We approximated a cost of \$389 for a US robo-advisor to acquire a new customer. An average account size of \$27,000 produces revenues of just \$90 per year at a 0.35% fee. Even assuming a high retention rate of 95%, the projected customer lifetime value comes out to only \$217. It takes a minimum of 6 years to make a profit for the customer, post acquisition. One of the leading UK robo-advisors receives revenue of \$184 per year per customer, but the cost of acquisition through digital marketing campaigns alone comes out to be \$225 per customer. There are few robo-advisors in Europe (today) that are heavily revenue-focused, but that is changing.

## Disrupters get disrupted

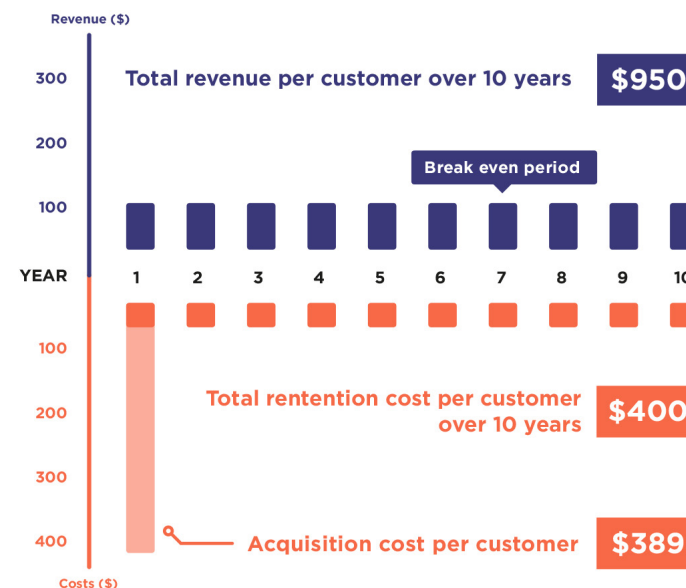
In 2015, traditional wealth management firms like Charles Schwab and Vanguard launched their robo-advisors. To undercut existing robo-advisors, Charles Schwab offered their service “for free” from Schwab’s Intelligent Portfolios solution and Vanguard’s Personal Advisor Services offered a full financial planning solution for a 0.30% cost, which is barely above the price of a robo-advisor’s investment-only service. This has generally negatively impacted the AUM growth of robo-advisors. Wealthfront is growing AUM at a little more than 2% annually, down from above 6%.

## TRENDS

Robo-advisors are embarking upon several innovative strategies to make their business model viable. Betterment has diversified its product portfolio with its 401k option, and Betterment for

Business for small businesses and startups to offer employees a defined contribution plan. Betterment also increased its fees across different investment slabs and added personal consultation services called Betterment Plus and Betterment Premium for higher rates. Several others made similar transition from a B2C to B2B model such as Jemstep (acquired by Invesco), FutureAdvisor (acquired by Blackrock), Hedgeable and SigFig. The quest to set up a digital advisory front by incumbents was on full display with Northwestern Mutual buying LearnVest, Envestnet buying Upside Advisor and Yodlee and UBS partnering with SigFig. The new robo-advisors such as Ellevest and WorthFM are leveraging DailyWorth’s newsletter, a financial and career advice website, to reduce their cost of acquisition.

The use of chatbots may bring near-term cost savings for both traditional and robo-advisors.



## Insights

D2C robo-advisors, with its heavy costs, will have to partner with, or get consolidated by traditional wealth management firms to gain cost-effective access to new customers. B2B model and hybrid model are more efficient from a client acquisition standpoint and are good pathways for diversification.

## INSIGHT 6

# Online brokers say hello

## DATA Online brokerage platform onboards new set of investors

The online retail brokerage industry has witnessed a huge adoption from retail investors in 2016 with over 14 million investors in the US, and over 21 million in Europe. This may seem like a drastic change, but it has been a difficult and gradual growth. Demographic changes in the newly onboarded retail investors of the US and elsewhere have had major implications for the online brokerage firms. For the first time in 2016, millennials have overtaken baby boomers as America's biggest living generation. With 80 million members, the millennial generation is the largest generation in the history of the US with a direct annual spending power in excess of \$200 billion. At brokerage firm TradeKing, 25% of the accounts are held by investors 35 and younger.

Not only do a higher percentage of millennials own smartphones than any other generation, but 18% are mobile-only internet users versus 5% of Generation X and 3% of baby boomers. The investment behavior of these investors is also evolving. Millennials are trading stocks, ETFs and other investments almost as enthusiastically as older investors. At TD Ameritrade, millennials hold 54% of their investments in stocks, 16% in ETFs and 9% in mutual funds, as of June 2016.

### Retail brokers go global

There are tremendous inefficiencies in the retail brokerage market across regions. US brokers are far cheaper. Owing to the differences in product offerings, trading costs, platform capabilities etc. in the retail brokerage market across regions, investors are more willing to look beyond their own countries' service providers. This creates an opportunity

for online brokers to acquire international investors.

**TRENDS** Online brokers are sensing the opportunity offered by the millennial investors. Several online brokers have launched their own robo-advisory offerings as an additional service for the retail investors. TD Ameritrade, which manages assets of over US\$28 billion, has launched a new robo-advisory platform called Essential Portfolios.

Motif Investing is an online broker that is changing the face of online investing through an innovative, transparent social platform. They have launched a robo-advisor that enables investors to perform theme-based investments. Motif has also launched a subscription based platform, Motif Blue, with annual subscription fees and thus removing the transaction costs for heavy traders.

Europe is witnessing similar trends with Saxo Bank launching a full-scale digital investment platform for retail investors in partnership with BlackRock. The automated ETF portfolio expanded to Denmark, Finland, Italy, Norway, Netherlands and Sweden in 2016. They continue to expand geographically. E\*trade, one of the biggest online brokers with over 3.5 million brokerage accounts, has launched its own robo-advisor, Adaptive Portfolio. Discount brokers such as ZuluTrade and eToro are offering social investment features to investors to leverage wisdom of crowd.

In addition to the launch of robo-advisors, some retail brokerage firms are also opening up APIs for third parties which may lead to a new collaborative ecosystem among incumbents and FinTech's to improve the trading experience of investors. Interactive Brokers, which features in the list of top 10

Insight provided by



prime brokers servicing Hedge Funds in the world, is offering trade execution APIs that can be leveraged by robo-advisors for automated portfolio monitoring and management.



Insight provided by



Online brokerage firms have an excellent opportunity to use robo-advisory platforms to onboard the new set of investors who are digital savvy and prefer passive investing. Over time, as these investors become more educated about investing, their investment needs will evolve and online brokerage firms can cross-sell the active investment services of the broker platform. As many investment options emerge, investors would love to use comparison platforms as a single platform to evaluate multiple online brokers.







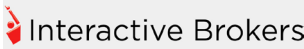










	Financial Incumbents	Established brokers	Discount attackers	Niche Attackers	Scams
Description	Financial <b>institutions</b> with brokerage	<b>Established</b> online broker platforms	Existing and new brokers with main USP on <b>price</b>	<b>Special</b> product and service offers	Promise fast money, but outright <b>scams</b>
Examples	  	  	  	  	<b>Most binary option and some FX brokers</b>
Client focus	X-sale, X-service for affluents and HNW clients	All independent investors and traders	Heavy traders and price sensitives	Beginners and mass clients	Low income, low education clients
Level of Innovation					
Key innovations	<ul style="list-style-type: none"> <li>Robo acquisition or developments</li> </ul>	<ul style="list-style-type: none"> <li>UI / UX</li> <li>FinTech copy pastes (theme based trad-</li> </ul>	<ul style="list-style-type: none"> <li>API for heavy traders</li> <li>Dismantling and simplifying (e.g. no analyst reports)</li> </ul>	<ul style="list-style-type: none"> <li>Service offerings (e.g. social trading)</li> <li>Product offerings (e.g. CFDs)</li> </ul>	<ul style="list-style-type: none"> <li>Marketing champions</li> </ul>

Image provided by BrokerChooser

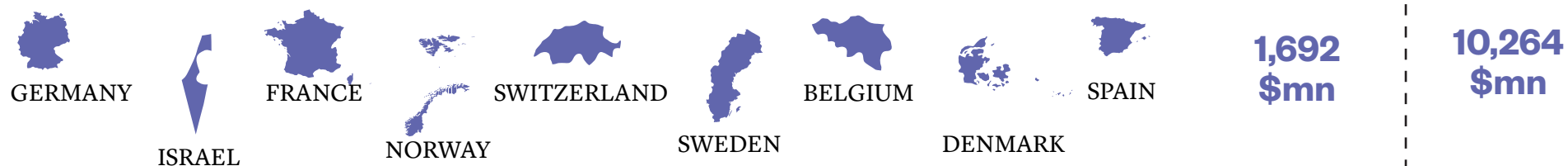
## MARKET SIZE

# Digital Wealth Management: Market Sizes

## ADVANCED



## DEVELOPING



## EMERGING



## NASCENT



## GLOBAL

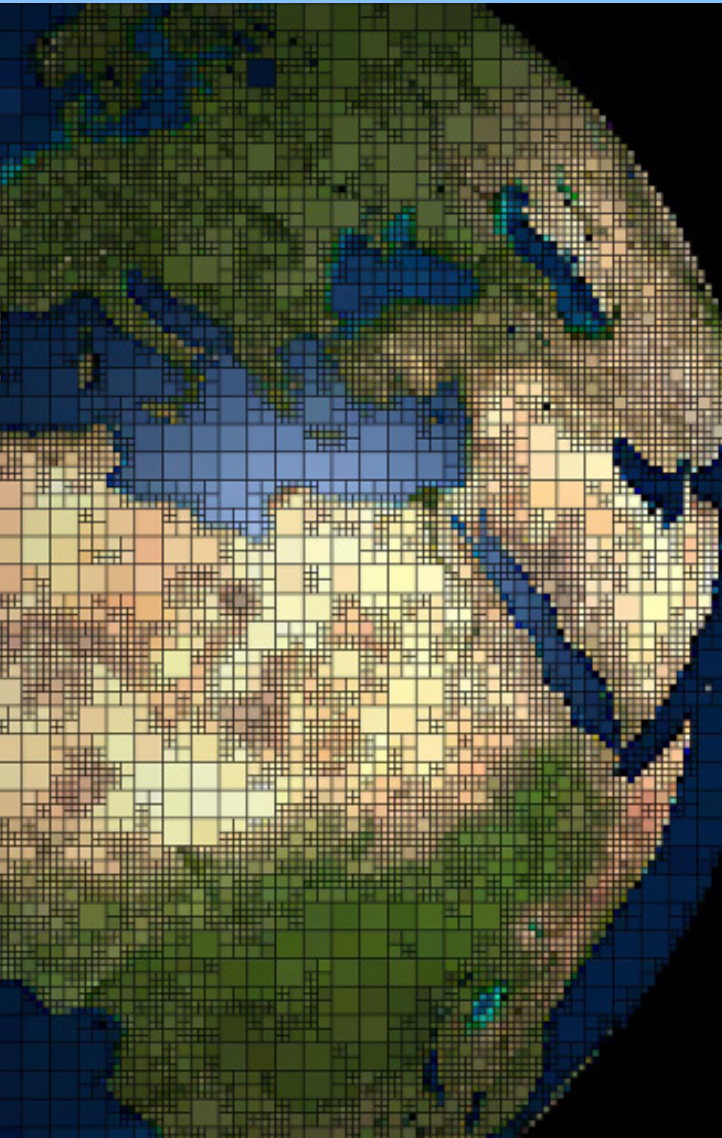


	AUM 2017	AUM 2022
GLOBAL	224,334 \$mn	1,057,531 \$mn



## REGULATIONS

# Global regulatory landscape for digital wealth



Regulators across the globe are coming up with guidelines and compliance requirements for all types of digital players. The list of recent regulatory changes is long and varied across regions, but the direction is clear: wealth managers will be increasingly discouraged from receiving commissions for selling investment products to clients to ensure they provide independent advice in the best interest of the client.

## The United States

### Regulator

FINRA

### Key initiatives

FINRA outlined a number of suggestions for digital investment advice tools as well as best practices for digital advisors in the US in its March 2016 report.

- The governance and supervision of algorithms
- The supervision of portfolios and conflicts of interest
- Ensuring effective practices for customer profiling.
- Implementing effective practices for automatic rebalancing
- Implementing effective training practices for financial professionals before they are permitted to use a digital investment advice tool, PSD2 will

oblige banks in Europe to share for free part of their consumer data. As we will see in the next insights, the extent, the amount, and the channel through which they will need to supply such data is still to be defined.

### Regulator

Department of Labor

### Key initiatives

The Conflict of Interest Rule (Fiduciary Rule) released on April 8, 2016 has implications for digital advisors. Under the Fiduciary Rule, digital advisors will be considered fiduciaries under ERISA for advice provided to qualified retirement plans and individual retirement accounts. Moving forward, digital advisors in the US will need to evaluate whether they need to make changes in their programs to ensure that they are compliant with Employee Retirement Income Security Act (ERISA) fiduciary requirements.

## REGULATIONS

# Global regulatory landscape

## Europe

**Regulator:**

EBA/EIOPA/ESMA

**Key initiatives**

At a pan-European level, the European supervisory authorities (ESAs, including EBA/EIOPA/ESMA) recently published a discussion paper on Automation in Financial Advice. In practice, the current European regulatory framework distinguishes between multiple types of advice and guidance and imposes a number of different standards on the providers of advice. Many of the risks identified by the ESAs arise out of consumer biases, which have been identified in traditional advice models and are not limited to digital advice.

## The UK

**Regulator:**

FCA

**Key initiatives**

The Financial Advice Market Review (FAMR) recognized the drop-in consumers using financial advisors leading to an increasing advice gap as well as the practical and legal difficulties firms face with

the different and often conflicting definitions of advice. The final FAMR report made a number of recommendations for rationalizing the definitions of advice by setting out clear duties and scope of liabilities as well as setting up a specialized advice unit to support the development and registration of automated advice models. This should benefit the development of automated advice models in the UK by providing greater regulatory clarity.

## Australia

**Regulator:**

ASIC

**Key initiatives**

ASIC has sought to position its regulation of digital advice as ‘technology neutral’ meaning that the obligations applying to the provision of traditional (i.e., non-digital) financial product advice are the same as those that will apply to digital advice. ASIC has recently issued draft industry guidance for consultation. This guidance emphasizes ASIC’s focus on the importance of adequate organizational competence to support the provision of advice even where it is automated, monitoring and testing of algorithms and robust compliance arrangements to monitor and test quality of advice provided. The ASIC

has set up an internal robo advice taskforce that will monitor developments in digital advice.

## Hong Kong

**Regulator:**

SFC

**Key initiatives**

In Hong Kong, there is no clear regulatory treatment of digital-advisors yet but it is worth noting that the SFC formed a FinTech Contact Point and Committee in March 2016 to look at, among other things, digital-advisors and to encourage the application of financial technology in Hong Kong. In the absence of clear guidance around this topic, the obligations applying to the traditional advisors are likely to apply to digital advisors as well.

## POINT OF VIEW

# How Doing Things The “Old-Fashioned” Way Puts You Further Behind

## Spend More than One Minute On Millennials

The \$30 trillion wealth transfer is already underway and millennial-minded financial upstarts are already stealing market share from conventional registered investment advisors (RIAs).

Millennials, also known as digital natives, grew up as many service-oriented industries such as media, retail and dining were disrupted by technology. As the financial crisis eroded faith in the investing sphere, several tech-oriented upstarts such as Betterment and Wealthfront, emerged providing similar services with greater transparency at a lower price.

When walking through a typical wealth management firm, clients are likely to see imposing mahogany tables and artist renderings of yachts adorning the walls. A flip through a company pitchbook likely yields photos of active seniors on a golf course and trees signifying growth and prosperity alongside charts depicting three, five and ten-year portfolio performance.

These traditional icons of wealth do not resonate with millennials. Along with

crushing economic times, the financial crisis of 2008 delivered a hefty dose of skepticism to the millennial generation. The greater ease of accessing data -- often by smartphone -- means that millennial clients are fact-checking their advisor's claims real time. RIAs have to adopt new communication styles to engage millennial clients.

But the solution for engaging millennials isn't as simple as launching a few corporate social media accounts, delivering performance reports via app, and decorating pitch books with emojis. In addition to the fleeting and superficial nature of millennial communication methods (like Snapchat), millennials demand authenticity and are aware of when they are being marketed to.

To engage millennial clients, RIAs have to address the problems millennials face today instead of all but guaranteeing a rosy yacht-filled financial future with the right asset allocation.

Millennials are much more financially conservative than previous generations -- thanks in part to hefty student debt

loads. The average student debt load for the class of 2015 college graduate was \$35,000. Nearly 75 percent of millennials said that having control of their finances is a prerequisite for marriage, compared to 55 percent of the total population.

But with 52 percent of millennials holding their financial assets in cash -- forgoing the eight-year bull run in equities -- achieving financial stability and other traditional markers of adulthood seems like a pipe dream to many-many millennials.

Advisors clearly have to do more to truly engage millennial clients. Real time communication as well as thoughtful social media use is a surefire way to reach millennials.

For example, in a casual conversation, one wealth manager once revealed that he obtained his University of Chicago MBA at night school while raising four kids. In previous generations, an advisor sharing personal stories may have eroded investor confidence, but to today's highly leveraged millennials,



April Rudin

such a story shows that an advisor understands the hard work and economic uncertainty with which many millennials are grappling. That anecdote is now part of the advisor's social bio.

An investment portfolio that returns six percent or more on an annualized basis may have been the only selling point needed generations ago. Millennials are also aware that markets move downwards sometimes too. Also, robo-advisors can already provide similar portfolios for a fraction of the price of traditional wealth managers.

As \$30 trillion of wealth moves to millennial hands over the next few generations, RIAs can maintain -- or grow! -- their market share through thoughtful use of social media, greater transparency, and a welcoming attitude to technology.

## INTERVIEW

## Digital Distribution in Asset Management Firms

The transcript of a 1 to 1 conversation between Rob Hudson, Head of Digital Distribution at Aberdeen Asset Management and Devie Mohan, Co-founder of Burnmark at Robo-Investing Europe 2017 Conference, London.



**Devie: Do you think the use of digital distribution channels is improving the way customers perceive your industry and a traditional asset management company?**

**Rob:** Yes I do- those asset managers and traditional providers that are skilled in using digital communication to start to develop trust with simple messages and what they can do for end customers are starting to see the greatest potential across digitally supported channels. The further challenge, I think now, is perhaps for the industry to consider powering up brand that already have fully developed trustworthy values and proven client loyalty and advocacy. It tends to be your



Googles, your Amazons, your digital providers that people use on a daily basis and are relevant in their lives on a daily basis. So, I think, new distribution, new channels have to be all about us being good at pairing up brands that can talk to clients in a particular way. Everybody engages when it is Google or Amazon or when it is some of these most powerful retail brands as well and they know how to communicate. We should be pairing them up and we should be starting to try and talk to clients through them.

**Devie: What do you think of regulation being a help versus a hindrance? I am keen to find out, from a digital distribution angle,**

**how important regulatory aspects are.**

**Rob:** I think the core argument for regulation within distribution at the moment is what is advice, what is guidance, and what is execution only. I don't think there is a lot of clarity currently and I think it will be a long time before things become clear enough to assist any new method of communication. So regulation obviously is a friend in some ways in that it stops quite a lot of these more aggressive brands that I just mentioned diving into the industry without being quite concerned, and therefore creates the opportunity for incumbents to partner with them. But there is some frustration there in clarity on the rules about how we talk to clients and how easy it is for other industries to talk to clients. The classic one everyone uses is how easy it is to advertise the notion of betting and going down the bookies for the weekend, or even extending your house in a property TV program and then quite freely saying that "if you do this your house price will double." So, everyone can say such things without any financial commitments or products or options, but as soon as you start extending the benefits of saving for the future in a way that isn't holding it in a

bank account, then you have this great big roadmap or roadblock, I should say, put in front of you saying "you must speak to your Financial Advisor," and that alienates a very large percentage of individuals. So we must find others ways and we must work with a regulator to convince them and make sure they are comfortable in the way we are communicating various concepts to clients hopefully in a simple way where individuals can understand.

**Devie: And it's a very UK consumer behavior isn't it? When they have excess money they put it in property or they do up their own property multiple times, but they don't think about investing as a tool for planning ahead. And that involves so much education, so much of the regulator's support.**

**Rob:** I agree and I don't think it is necessarily the role of providers to get too altruistic about education, apart from it being a theme to be covered. I think we should be rolling our sleeves up and trying to provide easy solutions and concepts that individuals can get their heads around, and making it quick and straightforward for them to actually do business with us. Like I said there can be a lot of work done, there



## INTERVIEW

# Digital Distribution in Asset Management Firms

can be an obsession with technology, and there can be an obsession with cleverness, but the power of “easy” or the Amazon approach of three clicks and you get transacting must not be forgotten as well. If individuals are searching online, saving for the future, they are probably looking for a product of some kind - they are not looking for some type of advice, as if they want advice then they will probably be talking to an individual or be referred by an individual to meet somebody or talk on the phone. So for those who are searching for concepts about saving for the future they are probably looking for some type of product, so don't be afraid of putting products in front of them.

**Devie:** That's very interesting and very new, and you did say that everything ultimately has to lead to retail, and that's the goal, isn't it?

**Rob:** Well, I think the point is that the market generally can be depicted as all roads leading to retail and that marketing is becoming significantly bigger. Like I said, it doesn't matter what source of data you take it from, your DV market sinking and moving into DC, and a lot of vertical integration, and a lot of inspection

of the value chain, it's a dangerous place for an asset manager now to just sit in, say, an ivory tower, and be comfortable managing assets and leaning on existing distribution channels. I think an event such as this shows all of the developments within the market points to the need to have some type of control or influence, or at least knowledge of how you are going to distribute in the future, and that's true for wealth managers as well because things are changing for wealth managers as well.

**Devie:** Yes that's a huge market in itself, isn't it? Are there any questions for Rob?

**Audience:** I am wondering, whether in the near future, banks and asset managers will still have big teams with analysts and portfolio managers and do discretionary trading or whether they are going to take the robot advisory models with systematic investments and algorithms that will do pretty much the same work but with only, maybe, five or six different IT specialists and one portfolio manager?

**Rob:** Yes, so that's your sophisticated asset management's end of the spectrum. I think there is a movement

inevitably for technology to replace the role of complex individual tasks historically. I think if anything, the financial services industry is quite slow in experiencing that compared to other sectors. So I think the answer is that it will happen inevitably. But on the distribution side, I think that's probably lesser the threat, as I think it is more about using the technology to engage with the market that hasn't been using our services. So, in net, hopefully there's more for all of us to be doing and more money for us all to be managing, but probably in a slightly different fashion. I think it is inevitable that technology will take the role of certainly a number of teams historically.

**Devie:** I think one of the best things that has happened, thanks to robo-advisory is transparency; the transparency of the fees and the pricing available in the market. So you will likely see that hybrid movement where you know the simplest products, the simplest terms are available for a particular price; and then the more complex products, where human interaction is needed, would be handled by manual advisors, of course with a lot of technology underneath.

**And pricing tiers will be clearly established. So, the value for money, thanks to technology, would be very easy and transparent to see in the market.**

**Rob:** Absolutely right! I think when I talk about that one percent, that robo is going to be powered by contact centres, it's going to be powered by an investment helpdesk of individuals who know what they are talking about and potentially and increasingly I think we will see a lot more telephone advisors and that becoming almost a skill in itself, a Remote Advisor or whatever you want to call it, and technology supporting the provision of remote advice; all powered digitally which obviously gives you significant regulatory and audit trail advantages and perhaps giving bigger brands the confidence to step into that space precisely because there is a way of controlling certain types of advise provisions.

**Devie:** Brilliant! Thank you so much Rob!



## CASE STUDY

# Robo-Advisory Demographics Case Study: Nutmeg

## Nutmeg's demographics – it's not the millennials, stupid

Millennials use FinTech, and older users prefer cheques, Post Office accounts and Premium Bonds. That's the received wisdom, but it's actually misleading.

The average age of a Nutmeg customer is 40: not quite baby boomers, but certainly not stereotypical millennials. The majority of our customers skew from a generation that grew up without the internet, but who nonetheless have come to trust web-based services with tens or even hundreds of thousands of pounds.

Although our customers tend not to be younger than thirty, they actually come from almost all age brackets – we have both teenagers and nonagenarians. Indeed, when we think about who our customers are and how to reach them, we think much less about age than about investing experience and their appetite for the nitty-gritty of investing.

There are many types of Nutmeg customer. There are those who choose us because they're first-time investors, and we make the process uniquely straightforward. Others sign up because they're eager to delegate the responsibility to experts they trust and find other ways of investing (like DIY services) too complex and time-consuming. And others join because they're cost sensitive and Nutmeg is cheaper than the alternatives they are considering.

All tend to be frustrated about the industry's opacity about fees and investment performance, unclear in its language, and backwards in its practices when it comes to payments, account management and user experience design.

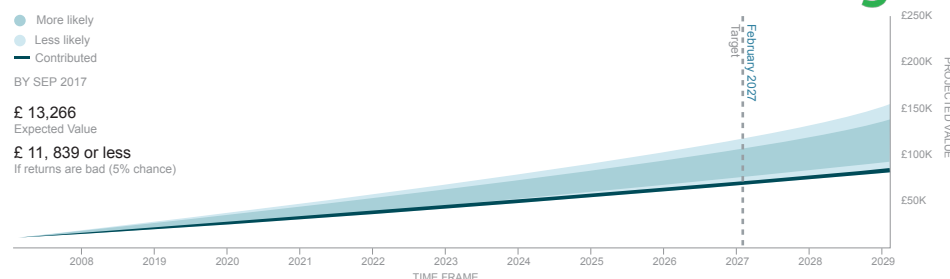
Marketing to this range of demographics brings obvious challenges. We have to deliver different messages using different language depending on the channel and audience we are using. More importantly, however, we have to think about meeting the needs of each demographic with the products we create.

Nutmeg's most important innovation in 2017 so far has been to introduce a brand new product, designed specifically to improve our offering to cost sensitive

customers. We now offer two ways to invest: our existing fully managed portfolios and new fixed allocation portfolios. In contrast to our managed offering, our investment team does not make ongoing changes to the fixed portfolios – the asset allocation is static. It costs less (which experienced, cost sensitive customers like) but at the cost of higher short and medium term volatility (which these customers, uniquely among our three demographic groups, do not mind).

Both first timers and experienced investors offer rich opportunities for Nutmeg. Millions of UK savers are frustrated with low bank interest rates, and many have the disposable income to consider taking on investment risk. At the same time, many experienced investors are tired of opaque, over-complicated investing propositions, and are looking for a change. Communicating to these broad demographics and the many subdivisions within in a language they understand, about the topics that matter to them, is the key to converting these customers.

Projection How we project this portfolio platform - hover or tap on chart for details



### Risk warning

*Your capital is at risk. The value of your investment, and the income you get from it, can go down as well as up. As with any investment, there is a chance you will get back less than you originally invested.*

## CASE STUDY

# B2B Robo-Advisory Case Study: WealthObjects

## WealthObjects

WealthObjects offers a ready-made B2B robo-advisory and engagement platform(or) customisable modular APIs to Banks, Insurance, Investment firms, and Wealth Managers to launch their own new next generation digital wealth platform or enhance their current offering quickly and at a fraction of the cost.

WealthObjects vision is to create a trusted ecosystem and build a B2B financial services platform similar for institutions and developers to build their own digital propositions faster and pay transparently for only the features that they use.

## Solutions

WealthObjects' one integrated platform with its customisable modules is able to launch various business models and offer the opportunity for clients to run their traditional models alongside the new digital automated models without impacting their current businesses. Some of the business models include a pure digital robo-advisory, hybrid model with both robo-advisory and personal advisors serving clients side by side, and traditional models where personal advisors giving advice using digital tools improving efficiency, and including a mix of discretionary portfolio management activities for HNW/Affluent clients. The users of the platform can be end customers/investors, advisors, investment/portfolio managers, administration staff, and branch staff. Some of the key differentiators for WealthObjects products are the fact that they are easily integrated and are a fraction of the cost to launch. The platform is agnostic to investment strategies, products, and risk profiling methodologies – the client can build their own version of robo advisor. They are able to provide a client within a month a demo login specific with their business model and are able to go live within few months.

## Team

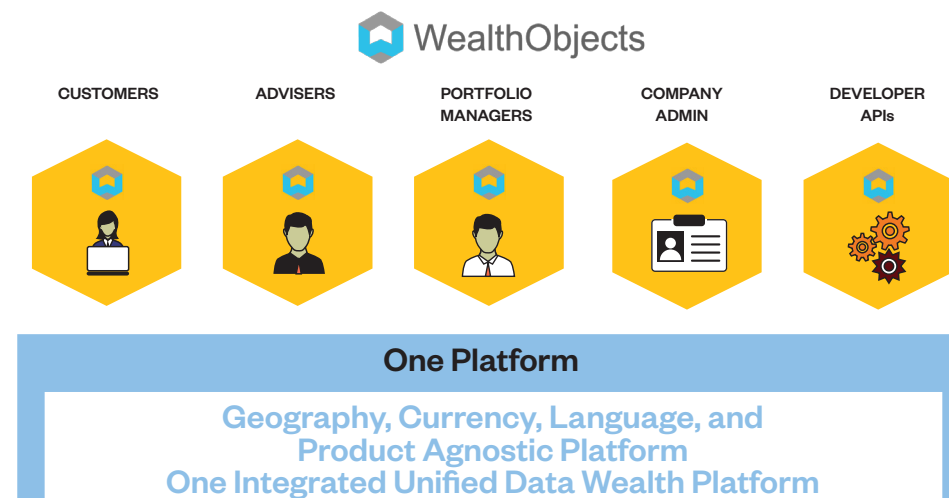
WealthObjects' in-house technology team built the products from scratch and are the business owners. The close-knit team will support the customisation, and integration of the modules. They have also signed MoU with a top 5 consulting firm to implement their products and have more partnerships planned this year.

## Customers

WealthObjects have their first set of paying customers in Europe and Asia going live in Q2/Q3 2017. WealthObjects believes there is strong demand emerging from clients due to the digital adoption of customers of all ages and open API banking methodologies. They have been fully bootstrapped so far and aim to reach 'comfortable' revenues in the next few months before raising growth capital.

## Future

In addition to the current modules such as Automated Investing, Financial Planning, Onboarding, and Engagement – WealthObjects have plans on releasing the Machine learning, Cognitive computing, and Advanced Investment strategies modules in the near future. WealthObjects is mainly in the business of future proofing their client's technologies and business models. They believe only the early adopters who believe significant change is coming are their potential clients today and that there will be a strong demand of digital wealth and open API applications in the years to come from the entire financial services industry.



## CASE STUDY

# Rural Robo-Advisory Case Study: Svobodha

## Opportunities for greater economic participation and returns for millions of Indians

The Indian growth story has been breathtaking thus far, but there is still room for greater economic benefits for a majority of its people. As Indians embark on game-changing digital financial revolution, their equity participation figures remain abysmally low - with less than 3% of Indians actively invested in the stock markets and less than 2% of average Indian household savings exposed to equities. Equity markets, often regarded as indicators of a nation's growth and wealth, have failed to tempt Indians. We rediscovered these interesting trends through our nation-wide market research involving 575 respondents from over 20 states. The multi-level financial survey was comprised of an engagement with urban and rural citizens aged between 18 and 40.

The urban respondents were conversant with the idea of stock markets but they fared poorly at financial planning and understanding basic concepts of investments. Less than 5% were invested in equities directly or indirectly and those aged above 35 parked more than 50% of their money in real estate, fixed deposits & gold. 75% of the young respondents recognized the need to invest, preferred to undertake higher risks and believed that equities were potentially lucrative investment vehicles.

60% of the rural respondents remained completely oblivious to the concept of stock markets. While 15% of them did see equities as outright 'gamble' & a breeding ground for frauds, they displayed a keen interest to

understand financial concepts. The financial decisions are driven by the patriarch and heavily influenced by culture & ethnicity. However, 90% of them were willing to invest an average of Rs. 750 per month (\$11) after a short conversation on the long-term benefits of equity investments.

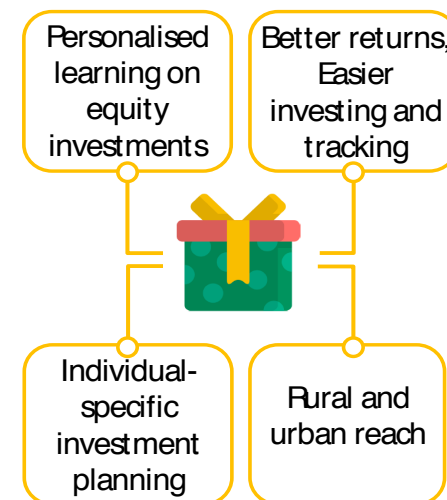
We are attempting to address these widespread needs of urban and rural Indians through our range of products, which are currently in the prototype stage. Our teams of trained agents would help spread financial literacy at the grass-root level while our cutting-edge digital education platform would engage the tech-savvy urban investor through creation of unique learning pathways based on the user's interests, needs and availability of time. Our investment into education would create an informed public and help establish trust with them.

The challenge of creating savings and investing for millennials would be solved through our intelligent multi-channel investment network which analyzes behaviors, advises on spends, helps save money and automatically invests into a spread of ETFs, stocks and mutual funds. This diversified-yet-balanced asset allocation reduces risk and optimizes returns for our investors. Additionally, our human-machine investment interface analyzes millions of parameters, combining machine accuracy with human intelligence to help those investors who wish to pick stocks manually.

These products shall work through online & offline modes and comprise of our business correspondents,

our trademark automatic investment machines, website and app. The system will not only invest systematically, but will also track and rebalance portfolios for the users. The human involvement, integrated solutions, choice of manual or assisted investments and real-time personalization are the key elements that set our services apart from the generic nature of a robo-advise and the inconvenience, costs of a financial advisor.

This comprehensive solution would solve multiple challenges faced by retail Indian investors and will tap into the \$1.2 trillion household savings market.



## CASE STUDY

# Investment Platform Case Study: Huddlestock

Imagine if someone in Soweto in South Africa could download a platform on their phone, harness the minds of the best finance professionals in the world, and then invest together with thousands of crowd-traders, regardless of investment size, gaining access to low costs, an intuitive interface and investment ideas which were before only available at Wall Street or the City in London.

Imagine if gatekeepers at pension funds, could easily log online, cherry pick and choose investment ideas and strategies, and invest in those that made a profit, also choosing if they would invest in alpha or beta, and monitor progress as their portfolio developed, without being locked down to one specific fund manager or robo-advisor – with expensive exit clauses, and often not very transparent terms.

Huddlestock is an online platform that makes available to retail investors investment strategies from strategy vendors – hedge funds, asset managers, wealth managers, robo-advisors, FinTech companies, research houses and individuals. Investment strategies that are long-only and long-short which deal in developed markets individual shares, ETFs and CFDs are allowed on the platform. There is no minimum amount to invest – one can invest with as low as £50 or even lower, as fractional share trading is possible.

The patented crowd trading platform helps to achieve very low costs for investors. The users pay a performance fee which is a fraction of the profits and is set by the strategy vendor. Unlike a couple of broker-

based platforms in the market where individual-to-individual strategies are exchanged, Huddlestock's business model is performance fee based and both professional investment firms and individuals can supply investment strategies to both individuals and firms.

Huddlestock lowers the barriers, and increases participation into the financial markets. Not only for users, but also for professionals looking to monetize their edge by becoming strategy vendors. There are plenty of professionals and individuals with great investment ideas – academics with superb theories, doctors, engineers, students, housewives, as well as companies who have an understanding of their field, and know how to capitalize on their knowledge in the financial markets.

Today, there are high barriers for them to be able to share their edge with the world at more than a personal scale. Either, they need to set up as a fund, a tumultuous and long process, or they try to trigger the interest of a hedge fund, who – if they decide to take them on board – take most of their profits. Imagine if they could register at a platform, prove their strategies, set their own fee structure – and then get access to millions of investors, looking to place their money in these great investment ideas.

We have built a pioneering solution that makes available to retail investors sophisticated investment strategies for a very low price. The aim is to bring down the barriers in what's available to investors of

all sizes and democratize the investment world, all the while rewarding the good ideas. The larger we grow, the more equal opportunities will become in the financial markets. One day the greatest investors will be somewhere far away from the City and Wall Street, and in the hands of those with edge, be it individuals or organizations.

Our vision is a world where everyone has a fair shot at making it in the markets, not depending on their contacts, or their heritage, but on their edge. A world where one has more choices, whether they are from Soweto, or managing the pension of thousands of workers, ensuring they always get the best options.



# Conclusion



The democratization of wealth services, combined with greater wealth accumulation, will mean that every type of provider will have a bigger range of potential customers.

The key to the future of robo-advisory, as with all spaces within FinTech, will be the degree of personalization offered for education (and generating interest in investing) as well as investment management (based on life goals and interests). Thus niche segments will emerge, and technology will act as the super layer eliminating the border between desire and advice.

There will be more choices. Choices on products, the level of interaction, the level of automation, the channel of service, etc. There will be platforms that will make the choosing process easier.

Chatbots, who are seeing tremendous early stage capital today, will develop significant vocabulary within the space.

New markets will emerge in developing countries with their increasing middle class population and interest in investing from rural population through mobile devices.

Thus the interplay of human advisors and machines will reshape the advisor-investor relationship. Human advisors will not disappear; but they will likely turn out to be the high-end, value-added service in digital wealth management. The opportunities available for retail customers, corporate customers, brokers and service providers are evolving on a continuous basis - this is definitely a space to keep a close eye on!



# Notable Tweets



**Sandro Mazzariello**  
@Mazzariello85



Does an asset management division or company need a [#fintech](#) / [#digital](#) strategy? @FINTECHCircle @FintechCH #assetmanagement #roboadvisory

73% Yes, of course  
9% Yes, but already too late  
18% No, the hype is over

22 votes • Final results



**Johnny FD**  
@JohnnyFDK



"Our primary client is someone who can't afford a financial advisor" @arachleff #RoboAdvisory #Wealthfront



ILAB 50 - Wealthfront CEO Andy Rachleff, Investing the Ro...  
"The way you make significant money is by being right in non-consensus" Andy Rachleff Andy Rachleff is not only investlikeaboss.com

5:10 PM - 21 Apr 2017



**CFA India**  
@CFIndia



Roboadvisory v/s advisors? @KalpenParekh bats for advisors! "You need people to give advice, not robots." #InvestorsFirst

LIKE 1

4:25 PM - 21 Apr 2017



Tweet your reply



Jitendra Kumar, CFA @jitendra179 · 2h  
Replying to @CFIndia @KalpenParekh  
But, do we have so much advisors, agree on quality is better by humans, if unbiased. They r focus on top, where as robo on bottom of pyramid



Shreyank Naik @shreyanknaik123 · 3h  
Replying to @CFIndia @KalpenParekh  
I doubt if people will ever let a robot handle money



@IVANHOFF • APR 19

5k invested in \$ISRG on its IPO is worth 220k today. Ask your robo-advisor if investing in robots is good for you

@MAYAZI • APR 9

We need a fintech robo advisory for the fashion models segment . Maybe call fin-couture

@BURNMARK\_ • APR 11

JPMorgan's tech spending should wake up rivals. #FinTech #machinelearning #AI via @BloombergQuint

@PYMNTS • APR 20

The competition is slowly beginning to simmer among the world's #challengerbanks, finds @burnmark\_ : <http://bit.ly/2oodYg2>

@BURNMARK\_ • APR 18

We have released our co-branded report with @financialbrand on #challengerbanking <http://bit.ly/2oH5EJm>

@BURNMARK\_ • FEB 1

"Who's ready for @devie\_Mohan's talk about #digitalwealth today at the Robo-Investing Europe event? #roboinvesting <https://goo.gl/MX2ZST>



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