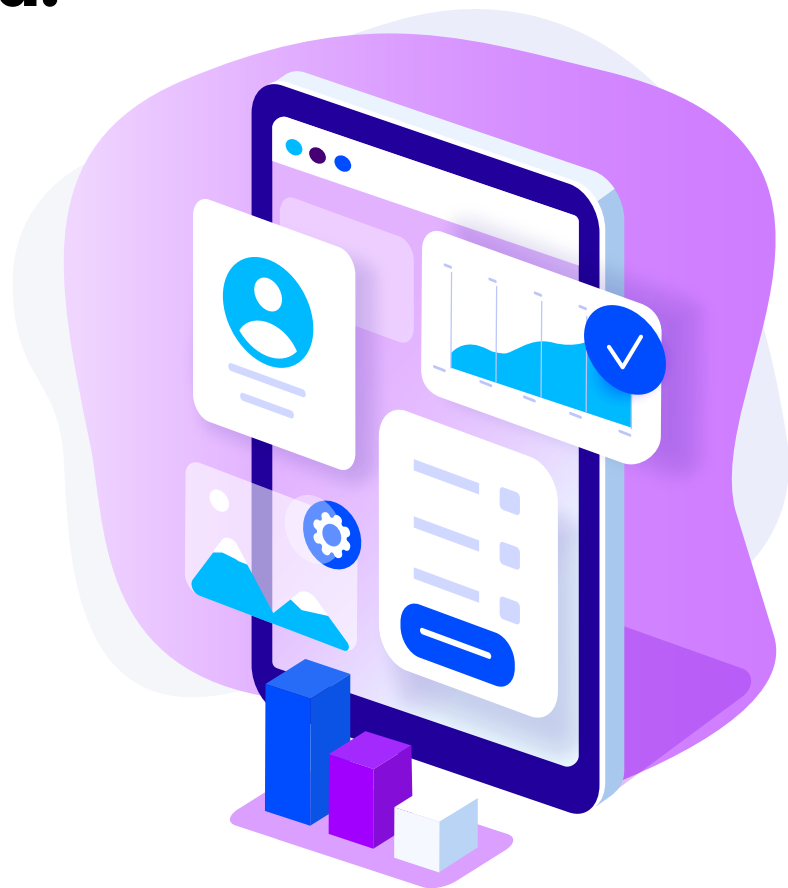


FINANCIAL ADVICE REIMAGINED

**Holistic. On-Demand.
Integrated.**



Results from a survey of North American Financial Advisors on the nature of advice.

It's hard to believe the amount of recent change wealth managers have had to undergo in order to overcome unique obstacles, remain operational and stay competitive this year and beyond.

In many ways, however, the changes firms have faced this year have been an acceleration of projects wealth managers have had in the pipeline over the last five years. As a result, capabilities have been brought to market at a faster speed, creating an environment where firms are trying to serve customers better, faster and with more flexibility. The bar has been raised in terms of what kind of advice consumers want, when they want to receive it, and how and when they want to engage with their financial advisor (FA). This shift has opened up new possibilities for what the future of financial advice will look like. Will you be ready?


Accenture conducted field research to better understand what role FAs are playing in their clients' lives today. Questions were posed around the type of advice clients ask for and need, how they create and deliver solutions, how technology can best be integrated into client service and how firms themselves are making the advice lifecycle more efficient and rewarding for their people.

A financial advisor is a licensed expert in providing advice to their clients on how to best manage their money.

Let's take a look at how this plays out through the eyes of Felicity, a financial advisor persona developed based on our field research.

Felicity typically starts her day by sending an email to her clients.



34% 
of FAs most frequently communicate with clients via email

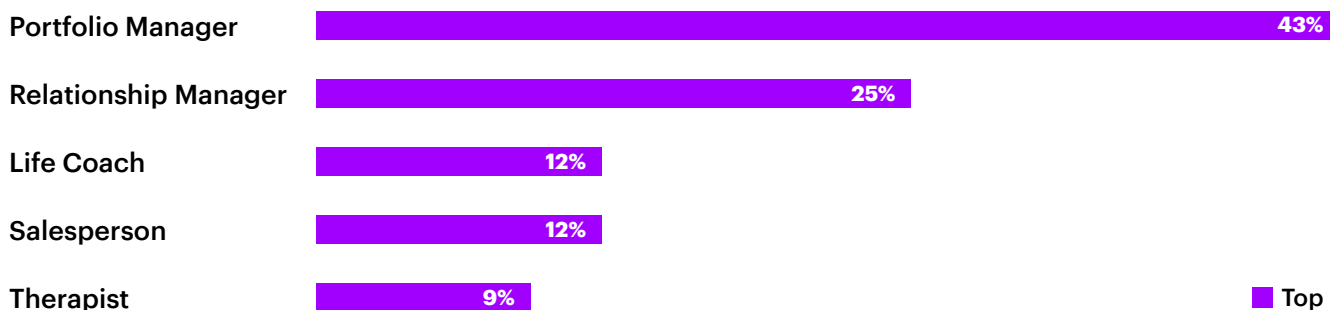
45% 
of FAs most frequently meet with clients in person

Three themes are reshaping the industry

1 HOLISTIC ADVICE

Filling a diverse set of roles to meet clients' needs

Financial advisors were asked to rank the following titles based on how they believe they spend their time taking on each of these roles on a daily basis.



When asked to describe their value proposition to the client, one respondent said, “I help my clients to identify their goals and partner with them to understand the financial implications of life decisions.”

A common misconception about financial advisors is that they are simply portfolio managers. However, while recommending financial solutions for their clients is a core part of their job, financial advisors are increasingly playing the role of investment strategist, financial services concierge, relationship manager, life coach and family therapist—all in the same breath. This diverse set of roles requires a holistic menu of products and services to aptly meet clients' needs.

Portfolio planning requires advisors to deploy a complete set of investment solutions, which can be packaged and combined to scale their business. Recommended investments might include a mix of mutual funds and ETFs, along with insurance, annuities and alternative investments. For some clients, this can also include advice as it relates to real estate transactions and other tangible property.

 **33%**

of advisors rate their clients as moderately financially literate

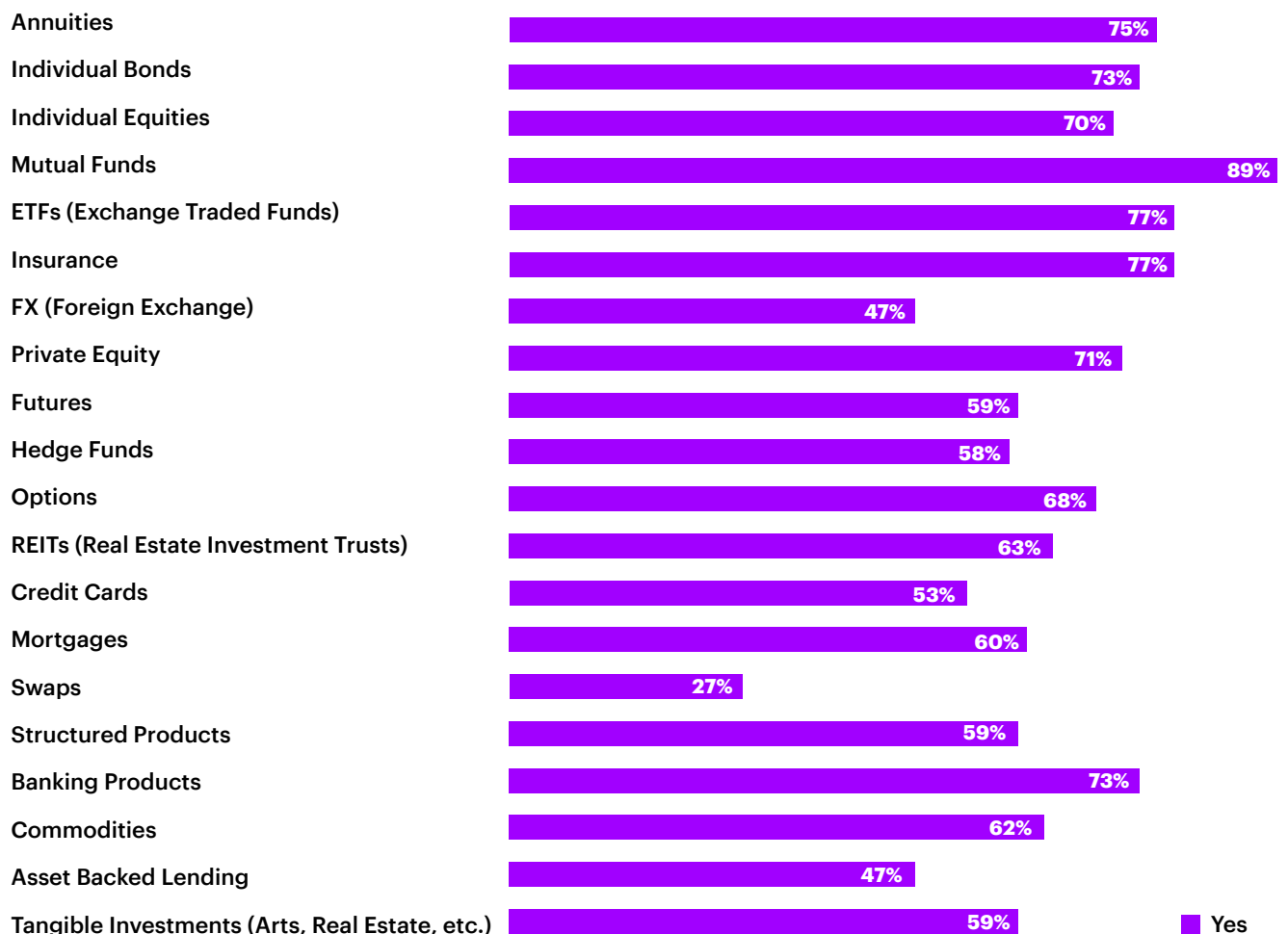
Typically when FAs like Felicity take on new clients, they require a certain amount to be invested.

To scale the diverse set of clients’ portfolio needs, 87% of advisors say they use complex models to allocate capital among the asset classes listed below. This makes it incredibly important for wealth managers and asset managers to help ensure their models are sufficient enough to provide access to all products required for clients to achieve financial success.

Minimum investment required for new clients

No minimum	10%
Less than \$50k	13%
Between \$50k and \$100k	24%
Between \$100k and \$250k	19%
Between \$250k and \$500k	19%
Between \$500k and \$1M	10%
Between \$1M and \$5M	6%
Between \$5M and \$10M	1%
Over \$10M	0%

Percentage of FAs that recommend each listed financial product to their clients



Another insight our study showed was that advisors believe clients crave services to help them navigate life both proactively and reactively.

Proactive

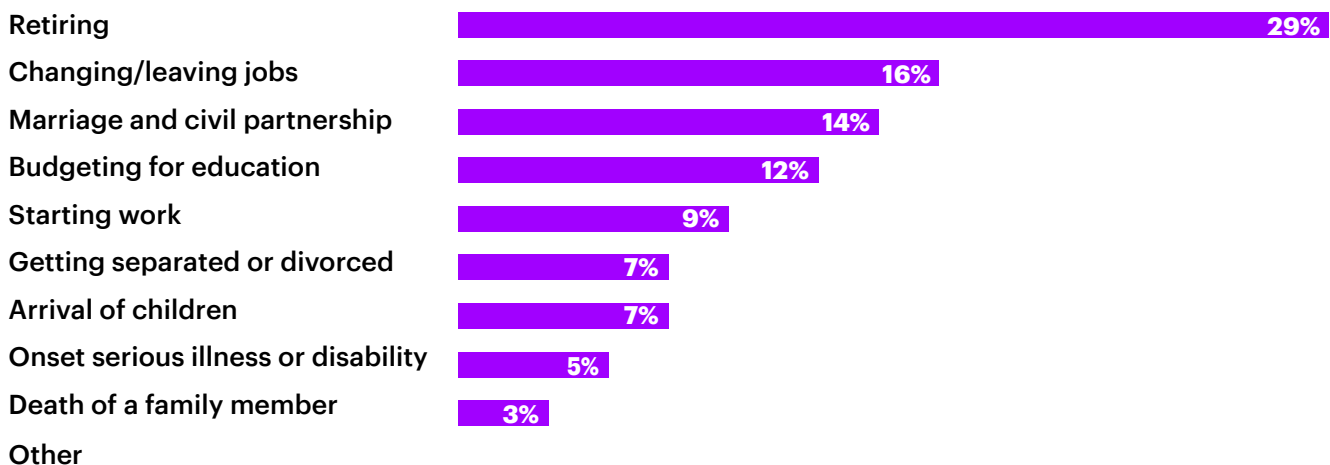
In articulating investment goals, clients commonly share why these goals are important and what they want to do after these goals are achieved. If the advisor is effective in reaching these goals, clients often ask advisors to step in and help them navigate the difficult conversations wealth can have on their family: articulating to the next generation the responsibility associated with wealth transfer, navigating conversations with their children as it relates to prescribing inheritances that are “fair” versus “equal,” and other complex family dynamics. In our study, we noted that one of the most frequent topics clients ask their advisors is

how to conduct family meetings where these conversations are often facilitated by their financial advisor.

Reactive

The reality of planning is that, life happens and plans may need to be recalibrated. When asked what topics clients commonly crave life advice for, the topics run the gamut: how to prepare for marriage or divorce, how to plan for education, how to best protect a special needs child, and how to organize their estate upon a serious illness or disability. A successful navigation of these unplanned events supports the client with real-time advice while staying grounded to long-term objectives.

What are the most common life events clients need help navigating?



To best serve customers as they plan and react to life, advisors need a dynamic and diverse set of content and training to educate clients, demystify these events and instill confidence that the advisor could get them through whatever comes their way.

 **81%**

of respondents report they hold meetings to help clients navigate complicated family dynamics

Trend Towards Doing Good

Our study highlighted how socially-conscious investing is here to stay. Clients are commonly coming to their advisors not just asking how they can make money, but how to invest in solutions that have positive impacts on their wallet as well as the world. Environmental, Social and Governance (ESG) investments have become popular, especially for women and young investors as they look to invest in ways that align with their moral compass and social values.¹ Sustainable and ethical investing is currently outperforming traditional funds, and financial advisors will need to be well-versed in how these client impact desires fit into their broader financial tapestry in order to best provide counsel and support stewardship of those assets.²

Our research showed us that now more than ever, clients want their advisors to be as forward thinking as they are, securing their future and those of the next generation. Retirement and insurance plans, real estate and other tangible assets are just some of the topics driving the majority of conversations. For wealth managers to be successful in the future, advice should meet clients where they are in life, figuratively and literally, to cover all dimensions, bringing the holistic model of product and service to where it's needed most.



75%

of advisors say clients ask about ESG investments

ESG criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.

Some of the most common questions Felicity receives

“Do I have enough to retire? How do I get the safest return? Can I use some investment money now? When can I safely retire and keep this lifestyle?”

“What are my investments? How much should I invest? What are interest rates?”

“What should my risk level be? What is the risk with an investment?”

“How can you help me? Why can't I just do it myself?”

“What's going on with the market? What will happen to my investment as a result of COVID-19?”

“What is the fee structure? What are my costs? How do you get paid?”

2

ON-DEMAND ADVICE

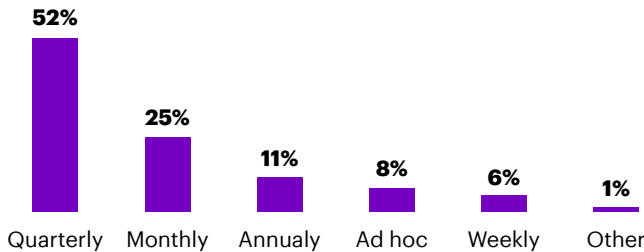
Meeting clients where they are

The second theme we noted through our research, which is highly correlated to the fact that advice is expected to be holistic, is that it needs to be delivered on demand.

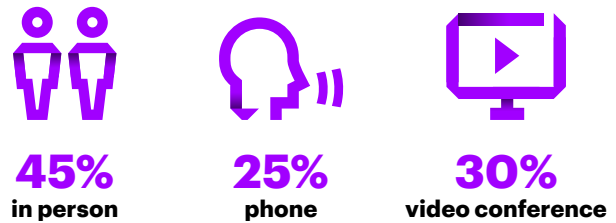
Advice-on-demand is shaping the industry, as the service level expectations of High Net Worth (HNW) and Ultra High Net Worth (UHNW) clients blur with the convenience services they use every day—Uber, Seamless, etc. Research shows that clients are seeking advice for a variety of life events. Yet, most of these events happen in between the standard quarterly touchpoints that have shaped the client relationship for many years, and take place over text or at the coffee

shop, for example, not in the boardroom. Despite this, results show that advice still appears to be “scheduled” rather than occurring on demand as only 8% of FA’s report meeting with their clients on an ad-hoc basis. And while firms have invested in capabilities that promote on-demand advice, advisors need technology improvements that are required to increase speed and digital engagement to react real-time.

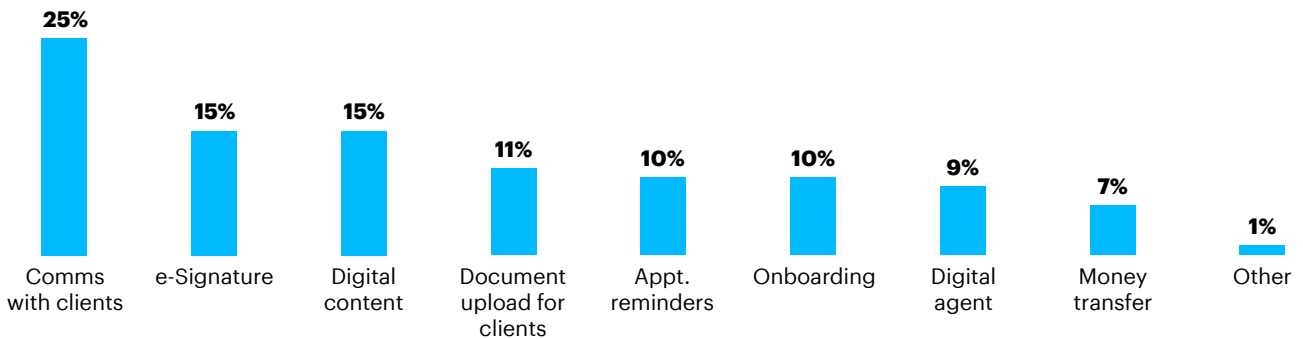
How frequently do you meet with your existing clients?



Generally, how do you most often conduct live meetings with clients?



Percentage of financial advisors that believe their firm can improve services or activities to create a better client experience



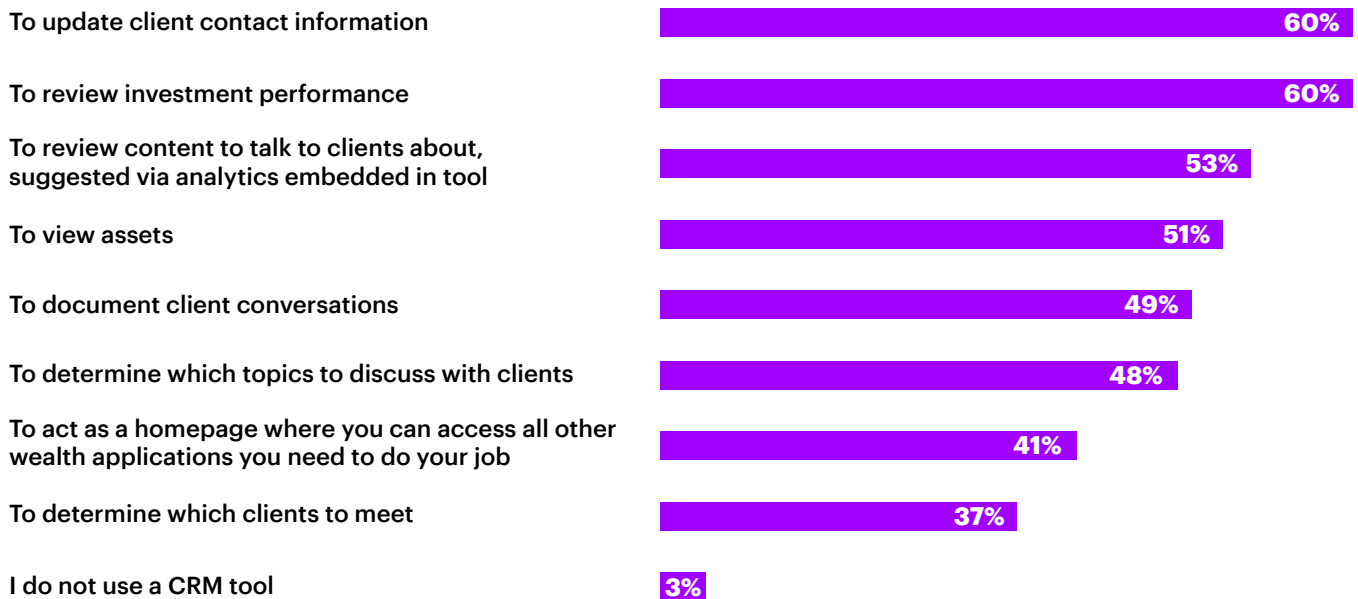
While some firms have been quick to respond, investing in next generation Customer Relationship Management (CRM) systems and communication safeguards that enable advisors to liaise via text while still meeting regulatory requirements, by and large these systems remain a digital pen and pad of paper. Firms need to both activate their advisors around leveraging the tools and technology in a productive way while seeking out ecosystem partners to enhance what those tools can do for helping clients get the most out of their relationship. Calling clients when mortgage rates have gone down is great. Automatically generating a custom

flag for a jumbo mortgage conversation based on a client’s transaction history is even better. Proactive engagement is critical for winning the hearts, minds and wallets of existing and future clients.



Three-fifths of financial advisors surveyed indicate they use a CRM tool for basic tasks such as to update client contact information and review investment performance.

For which of the following do you use a CRM tool?



Today, most advisors don’t use their CRM tool to surface predictive insights, they use it to document conversations and update client information

3

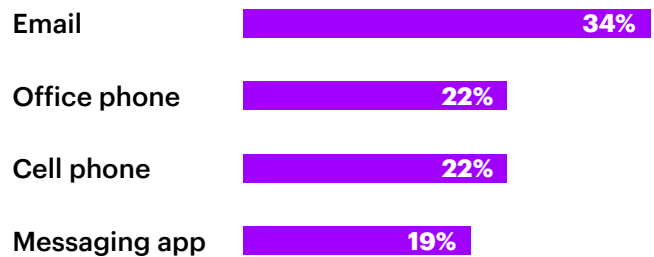
INTEGRATED ADVICE

Consistent and impactful across all communication channels

When asked about the most common question advisors get, pandemic-induced concerns led the way.

It's important to emphasize that during the course of this research, the impacts of COVID-19 had already begun to appear. The way in which financial advisors address their clients had been transforming, but COVID-19 drastically changed business as usual. While initial responses to this survey showed 45% of advisors met with clients in-person, COVID-19 temporarily eliminated any possibility of in-person meetings. As a result, there was greater reliance on virtual channels of communication.

What channel do you use most frequently for client communications?



“While initial responses to this survey showed 45% of advisors met with clients in-person, COVID-19 temporarily eliminated any possibility of in-person meetings.”



Making the shift from in person to virtual meetings was not all bad:

Virtual meetings with clients are generally more flexible, efficient and easier to set up. “Clients can decide when they’re available to work with advisors, instead of advisors proposing a time during their work day to speak with clients.”³

While many of us hope that life does return to some semblance of normalcy, this last six months has shown us that the industry can adapt. Virtual conferencing has been instrumental in many ways as a channel to connect with clients and prospects as well as nurture client relationships. It has many in the industry pontificating about what this means long term for the industry; wealth leaders say

that as real-time virtual advice has been turned on, it foreshadows the long-term industry solution that would cater to clients who want a customized servicing solution, and an advisor that’s empowered to give it to them.

However, in the spirit of personalization, we know there is not a one size fits all approach to advice. Firms should prepare to service clients in person, on the phone or via web conference. However, for this to be a truly integrated experience, these different methods of communicating should be stitched together in a broader experience of presentation and visualization tools to be effective in aggregate.

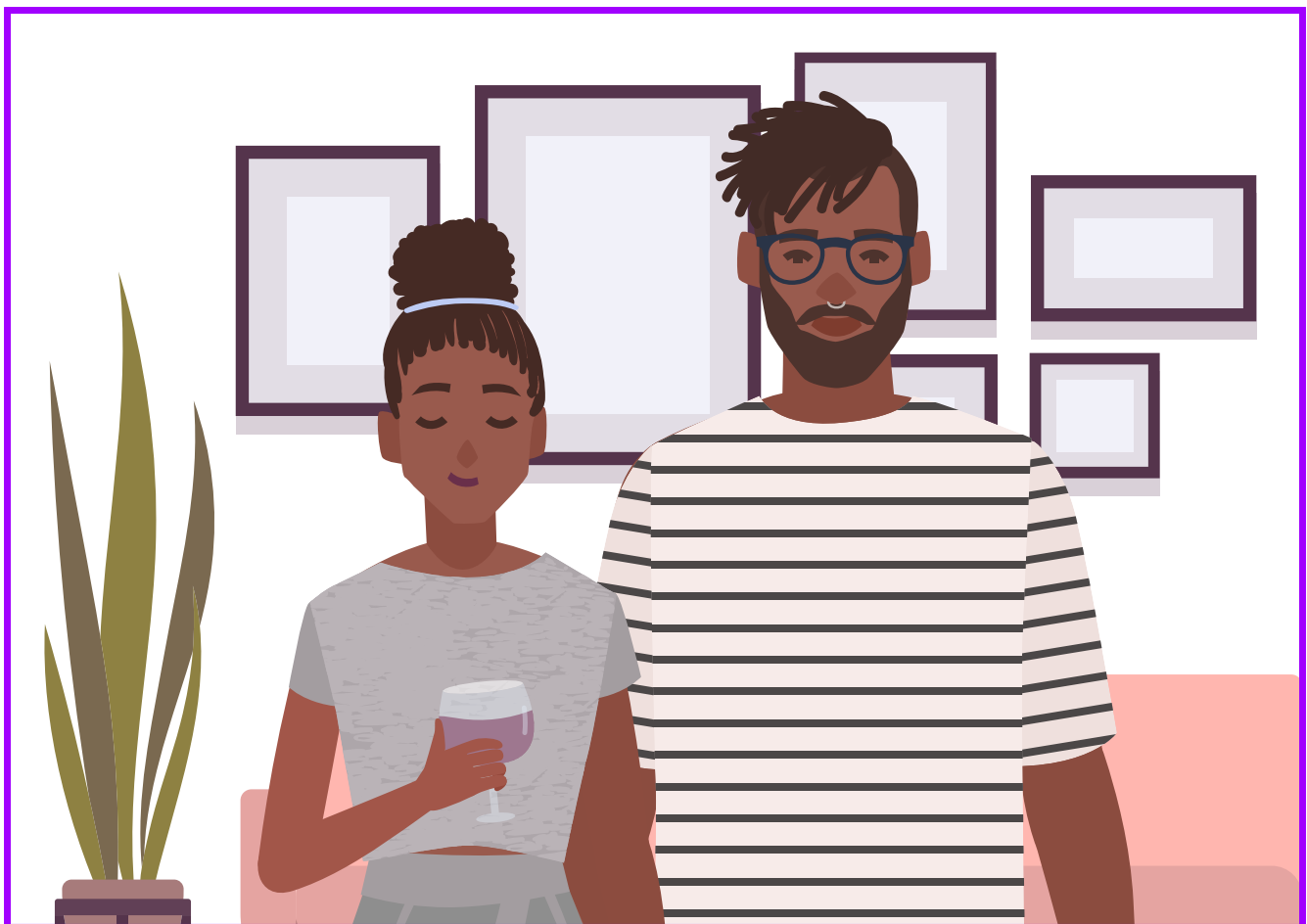
Holistic, on-demand and integrated

One could argue that in 2020, much of the world has changed. However, in comparing this study with previous Accenture wealth management research, one could also argue that much of this is just a maturity of capabilities introduced in 2016 as it relates to digitization. We challenge firms to lean in.

Creating a holistic, on-demand and integrated experience has always been the North Star; the conditions this year simply forced us to realize this was not an optional roadmap. Embrace this tumult and inflection point in our world and create something positive out of it. Clients will thank you—and stand by you—for it.

After a long day of meetings and client interactions, Felicity sips wine and reflects with her partner Luke:

1. She met new clients while going about the day as her authentic self.
2. No topic is the same—she worked across a diverse range of subjects such as: transfer of wealth, complicated family dynamics, adoption, investments that help society, liquidity planning, continuing to expand her professional financial network and assessing the performance of assets.
3. Many topics are prompted by life events that happen organically and can't be planned.
4. She utilized technology to keep her calendar and reminders up to date, provided suggestions for investments and kept her operations running efficiently as she transitioned from one client to the next.
5. She is thankful she can service these clients holistically, with the right tools and an appreciation for the various ages and stages of life her clients are in.



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About the Survey

Accenture conducted field research in the spring of 2020 to examine the client service dynamic and better understand the changing advice paradigm from the perspective of a financial advisor. We interviewed 200 licensed financial advisors at leading wealth management firms—including 20 fintechs / startups—across the United States and Canada. Rather than ask about technicalities, we wanted to hear more about the nature of advice, e.g. creating and delivering solutions, integrating technology further into client service, and delivering advice lifecycle efficiencies, among other topics. All statistics quoted in this paper are from this research study, unless otherwise noted.

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