



The Future of Financial Advice is Here.

If you're not utilizing standardization, integration and automation of data, you're already behind.



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Today's wealthtech landscape is saturated with seemingly endless solutions for every facet of the financial advisor business, from all-in-one behemoth platforms to niche, highly focused products.

So it's unsurprising that research indicates technology has become the top spending priority for wealth managers – above continuing education, hiring, compensation and client acquisition. And yet, a recent Financial Planning technology survey¹ indicates that only 38% of advisors believe their firm has “definitely” focused on the right technology to keep them competitive in the market.

We believe the sea of tech solutions may be part of the problem. We've grown up past the teen-age years of buying tech platforms, when it seemed like there were endless options that were new and shiny and unlimited in potential. Today, advisors aren't looking for endless options. They just want end results.

So what are those end results?

Simplicity is a big part of the equation. Things like account opening, account maintenance and digital onboarding need to mimic the typical e-commerce experience.

But leveraging technology to remain competitive in today's market is about more than introducing simplicity to streamline the traditional advisory experience. Technology also needs to account for the risks and opportunities advisors are facing in our evolving landscape, including meeting client expectations, managing data privacy and attracting and retaining advisory talent.



Delivering a Next-Gen Client Experience

Certainly, offering a future-forward client experience tops the list of goals for most financial advisors. But today's client expectations are a moving target headed perpetually in the direction of more comprehensive, more connected and more convenient.

When they experience changes in their lives, whether getting married, sending kids to college or retiring, they want to be able to make that informational change in one place. It's standardization of data that allows for the automation of that, enabling advisors to make a change once and have it reflected across multiple systems.

And while much has been made about serving the digitally native generations Z and millennials with mobile apps, Baby Boomer clients are savvy enough to check their financial information on their phones as well. At CG Financial, we have a client portal and a mobile app, and the app is used more than the portal by a ratio of about 3:1.

Keeping pace with evolving client needs can be a challenge. Without the right technology, it's impossible.

Managing Cybersecurity and Data Privacy

Beyond convenience and connectivity, data privacy is a lesser-discussed but perhaps more critical facet of the client experience heavily influenced by technology.

Clients don't want to have to deal with interference from random players in the industry who shouldn't be privy to confidential, personal discussions they've had with their advisor. A lot of advisors aren't even aware that many fintech providers aggregate client information and sell it.

All of a sudden, clients start getting emails and advertisements about mortgages and other financial products that they never asked for. So the question for clients becomes, how can I have this experience between me and my advisor and not the entire world wide web?

Someone has to be the caretaker of client data. As fiduciaries, it should be the advisor.

But the introduction of APIs (application program interfaces) has made that more challenging. APIs have become the go-to solution for advisors looking to enhance their technology performance without fully replacing legacy systems – but that could come at a cost.

Once data leaves a system set through an API, it's vulnerable to cybercrime.

They need to navigate these systems with due diligence to ensure the most secure approach.

Without that, advisors risk scrutiny from regulators, as the SEC and FINRA continue to tighten compliance, cybersecurity and due diligence restrictions.

Now more than ever, advisors need to be aware of how client data gets transmitted from system to system and the **cyber risk** that goes along with it.

Winning the War on Advisory Talent

Clients' expectations aren't the only ones evolving; advisors' are too. A recent research report from Arizent² indicates that more than seven out of 10 employers in the wealth space are having difficulty attracting, retaining and maintaining their workforce. And while compensation tops the list of reasons for turnover, freedom and flexibility are also major players in the talent retention game.

Advisors want the freedom to work remotely at least part of the time, sometimes far away from a head office. One in five companies surveyed reported that a lack of offsite positions and flexible work locations was a barrier to hiring, while 24% said that rigidity had caused employees to resign.

And yet, only 12% of employers would make changes to flexible work arrangements – possibly because most lack the technology infrastructure enabling them a successful virtual or hybrid model.

But there's no way to empower your staff to work virtually without a tightly woven, highly efficient and integrated system. Think about employees accustomed to a seamless and flexible working model who get hired into a firm without one. That's going to be a massive cultural problem right away.

Not only does a highly integrated and standardized technology system enable advisors to work where and when they want to, but it also empowers them to work how they want to – namely, efficiently.

The same time savings clients want with regard to making a single change across multiple systems also applies to advisors.

Less time spent on operational tasks and more time spent building and nurturing client relationships is the key to advisory firm growth and longevity.



Conclusion

Changing the Practice Mindset

In many instances, as practices grew into firms and those firms grew into businesses, some stayed stuck in the practice mindset from a process and an operational standpoint. They balked at evolving into a holistic financial planning business that stresses clients' life needs and goals—and how to achieve them with the resources they have—over beating a benchmark.

Many are now coming to the realization that they can no longer continue to think of themselves just as a singular investment advisory practice. They need the power to coach and execute on 360° life-centric financial advice.

For advisory firms, that means prioritizing technology for standardization and efficiency to make processes and operations consistent, measurable and replicable across the board. In turn, this can translate into creating a more efficient client experience, better investment outcomes and a professional experience advisors want to be part of.

To learn more about how technology influences our platform, visit [cgadvisornetwork.com](https://www.cgadvisornetwork.com).



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1 - Mack, J. L. (2022, November 16). Advisors say Lousy Tech is costing them clients and prospects. Financial Planning. Retrieved December 7, 2022, from <https://www.financial-planning.com/list/advisors-say-lousy-tech-is-costing-them-clients-and-prospects>
2 - Place, A. (n.d.). Arizent.brightspotcdn.com. How to Win the War for Talent. Retrieved December 7, 2022, from <https://arizent.brightspotcdn.com/58/40/94105d0743b790c8ae906396e87d/war-for-talent-research-060622.pdf>

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