3 Ways Digital Advice Is Changing the Banking Industry

Technology transforms. It can revolutionize society with the click of a keyboard, or slowly change our daily lives through small, incremental improvements. Perhaps the most amazing thing about technology is that it refuses to acknowledge artificial barriers – industries, generational gaps, and individual preferences are all impacted differently by tech. Yesterday’s differentiators (online banking, mobile deposits, even ATMs) are today’s table stakes. New expectations can seem daunting at first; however, the latest wave of innovation presents unique opportunities to focus on what grows business – helping customers reach their financial goals.

PNC EASY IS THE NEW NORM

Need a 20-lb. box of potato chips delivered to your house by tomorrow? Log in to Amazon Prime®. Want to watch a movie? Log in to Amazon Prime Video®. Building a website and need server space? You guessed it – Amazon Web Services®.

Whether you love or hate them, Amazon is just one example of the impact that streamlined customer experiences have had on the world. Today’s customers expect everything at their fingertips, a limited number of logins (and the tricky passwords that come with them), and easy funding and transfers. Simple and elegant is the name of the game.

Banks are uniquely positioned to develop this one-stop shop approach to personal finance. According to a recent Novantas survey, 68% of bank customers are very or extremely interested in opening an automated investing account, and 45% would do so with their primary banks.

Developing digital advice tools allows a bank to leverage its existing customers (and lower acquisition costs) to diversify revenue streams while providing next-gen technology that can appeal to new customers. It’s a win-win.

MEET CUSTOMERS ON THEIR TERMS

According to an Accenture survey, 67% of millennials want computer-generated recommendations as an essential component of their wealth management. Oddly enough, 66% also indicated that they wanted a self-directed experience with access to an advisor.

This isn’t a story about a confused digital generation looking for their next brunch spot; it’s about an emerging client base with fluid needs. The same customer could want a hands-on, DIY approach in a certain situation and need a face-to-face meeting with an advisor for another. In fact, your customers might not even know they need this range of services until their life situation inspires them to think differently!

The goal of great tech isn’t to replace human interactions – it’s to allow customers to move along this spectrum and take advantage of the benefits in the “pro” column to meet their individual needs.

THE NEED FOR STANDARDIZED CUSTOMIZATION

Or, more accurately, the need for scalable personalization. From Netflix suggesting movies based on your viewing habits to the predictive text on your smartphone, customers expect technology to create products and experiences that uniquely address their needs. Years ago, this type of white glove service was reserved for high net worth customers because it was difficult and expensive. It was service-oriented and tough to scale.

Today, technology bridges the gap between service and scalability. Digital investment advice brings tools to the table that offer delivery of a personalized product to a broader audience:

- Client-Directed Onboarding allows individuals to quickly create their own accounts and answer questions that help create appropriate financial plans.
- Risk Tolerance Questionnaires help determine the personal preferences, goals, and other factors that can be used to build appropriate strategies.
- Automated Rebalancing may keep those strategies on track based on customer goals, time horizon, potential tax implications, and personal risk tolerance.

...and so on.

There’s no denying that customers want more. We expect that banks that deliver more won’t only retain customers; they’ll be able to introduce more products to their existing customers and existing products to new customers.

Technology shouldn’t be daunting; it should be embraced to deliver more. Partnering with financial tech companies, like RobustWealth®, can level the playing field and help banks refocus on what matters most – helping customers reach their financial goals.

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