

Five Industry Trends Reshaping Financial Advice

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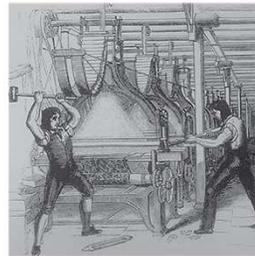


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Five Industry Trends

- The Luddites



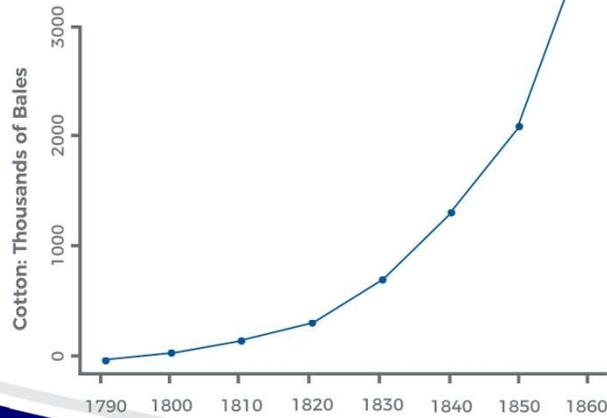
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Five Industry Trends

- Cotton Production – Before & After



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Five Industry Trends

Technology
The Great Convergence
Crisis Of Differentiation
The Search For New MODELS
The Client Experience

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Five Industry Trends

“Financial Advisor” of the 1970s/80s: STOCKBROKER!

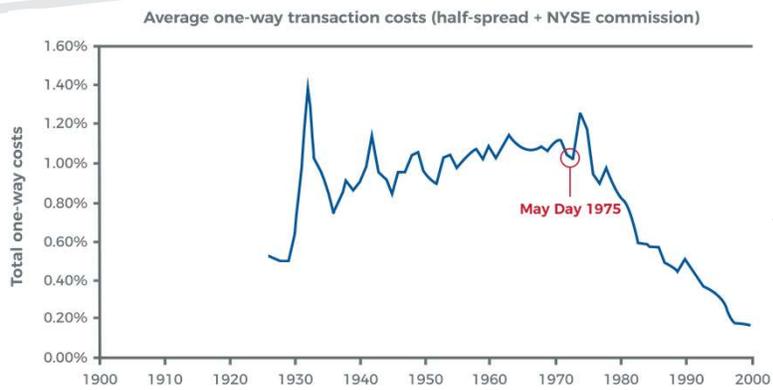


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Five Industry Trends



Source:
“A Century of
Stock Market
Liquidity &
Trading Costs” by
Charles Jones

charlesSCHWAB 1975 TD Ameritrade 1975 Scottrade 1980 E*TRADE 1982

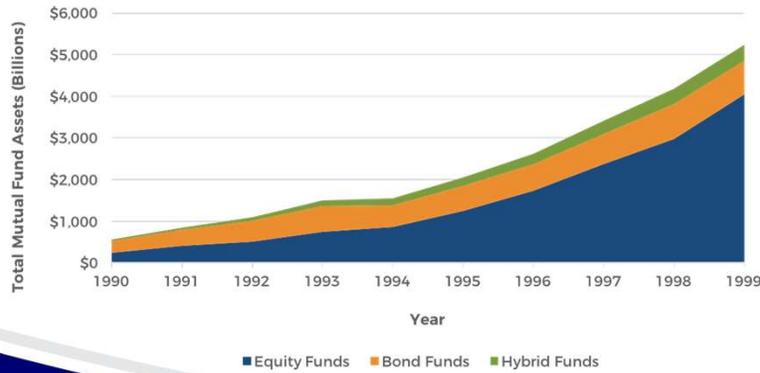
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Five Industry Trends

- “Financial Advisor” of the 1990s – MUTUAL FUNDS!



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Five Industry Trends

- The online Mutual Fund Supermarket!

Forbes

8/24/1998 © 12:00AM

Mutual fund supermarkets

LET'S FACE IT: Buying a mutual fund can be a pretty confusing business these days, what with the proliferation of funds, fund families and fund surveys. What's the best way to assemble a portfolio based on FORBES' recommendations without being swamped by paperwork or unnecessary charges?

Consider opening an account at a financial services organization with a so-called mutual fund supermarket. These programs allow no-load funds from different families to be bought without transaction fees while consolidating holdings in one statement.

Charles Schwab popularized the supermarket concept six years ago with its OneSource program. On Wall Street, as elsewhere, hot ideas quickly get imitated. Now more than 25 supermarkets vie for your attention and money.

charles SCHWAB E*TRADE

TD Ameritrade

Kiplinger Money

YAHOO! FINANCE

MORNINGSTAR

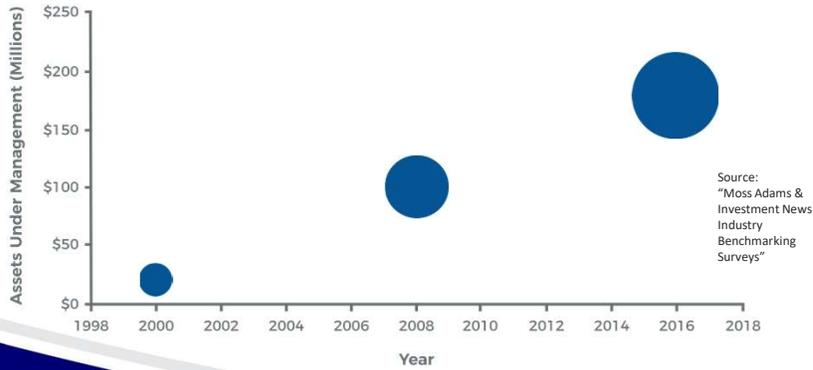
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Five Industry Trends

- “Financial Advisor” of the 2000s – ASSET ALLOCATION!



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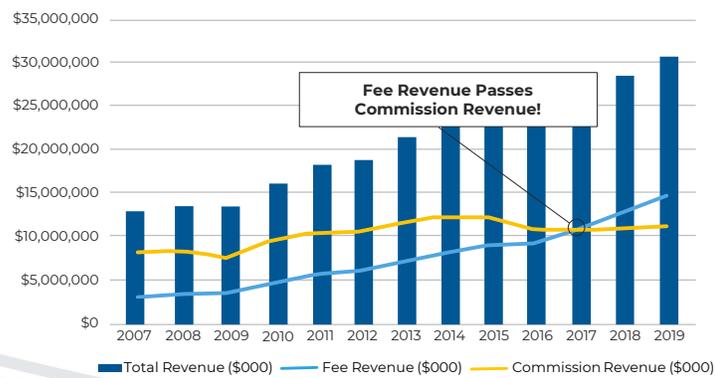
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Five Industry Trends

- The Rise Of The Fee-Based Advisory Model (B/D)

FP50 Long-Term Trends, 2007-2019



Source: Financial Planning Magazine

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Five Industry Trends

- But now technology is commoditizing it again!

<p>TAMPs Market Share of Major TAMP Industry Participants</p> <p>Source: Trust Advisor: America's Best TAMPs</p>	<p>Rebalancing Software</p>
<p>Robo-Advisor's</p>	<p>Model Marketplaces</p>

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Technology & Financial Advice

- What Is The Value You'll Add On Top?



Financial Planning	
Exploring Goals	
Financial Planning	
Behavior Change	
Investment Competency	
Trading	Trading
Rebalancing	Rebalancing
Tax Loss Harvesting	Tax Loss Harvesting
Facilitating Saving	Facilitating Saving



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Technology

The Great Convergence

Crisis Of Differentiation

The Search For New MODELS

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- Once upon a time, commissions were for products, and fees were for advice

COMMISSIONS

ADVISORY FEES

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Education, Transactions, Advice and Management

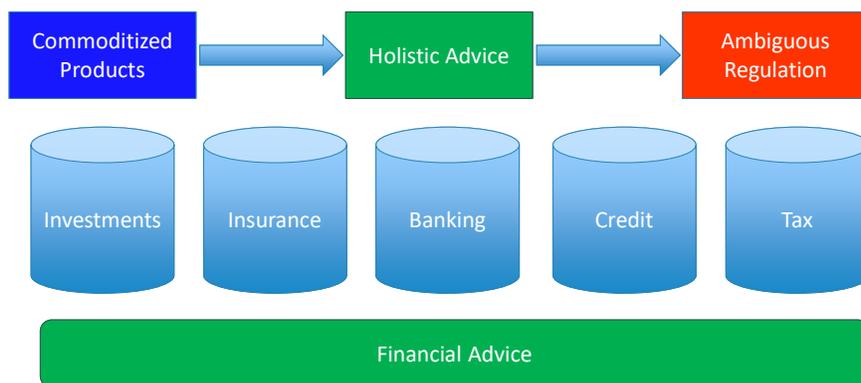
	Education	Transaction	Advice	Management
Investor seeks:	Information	Purchase	Recommendations	Execution
Investor evaluates:	Accuracy (is the info right?)	Suitability (is this the right thing for my needs?)	Relevance (is this right for me?)	Trust (will they do it right?)
Provider:	Teacher	Salesperson	Expert	Doer
Primary factor:	Generalized	Features & Benefits	Personalization	Delegation
Delivery Channel:	Human or Tech	Human or Tech	Human or Tech	Human or Tech

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Products vs Advice



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