Retirement Income
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Hearts & Wallets identifies growth in investor technology use

By Editor Test *Wed, Sep 28, 2011*

Investors are using technology for pre-work before contacting a financial professional, to check up on their advisor and to monitor their advisor's account management, the consulting firm has found.

There's been a significant year-over-year increase in the numbers of investors who use technology to access investment information, according to a survey of more than 4,400 U.S. investor households by Hearts & Wallets, a Boston-area consulting firm.

"The biggest gains were in investors watching videos, a 350% increase, and attending webcasts, a 300% increase," said Chris Brown, Hearts & Wallets principal. "Other big gainers were assessing potential new providers by their websites, reading blogs and traditional media online, subscribing to investment services (such as Morningstar or paid newsletters), and using tools and calculators."

Investors are using technology to supplement other traditional go-to resources, the firm said in a release. They are using technology for pre-work before contacting a financial professional, to check up on their advisor and to monitor their advisor's account management.

"We found fewer people are consulting financial advisors for any advice," said Laura Varas, Hearts & Wallets principal. "Also, the number of investors dropped who rely upon themselves for financial advice. Technology is supplementing, and in some cases, possibly replacing human advice."

Yet for all the blogs, websites and other financial resources at their fingertips, many American savers – one-third of all survey participants – say they are "very inexperienced" with investing, an 20% increase in just one year.

A common belief among American savers – including Gen Y-ers – is that it is not possible to improve one's financial situation or that financial resources are scarce.

The survey shows younger investors are almost as risk adverse as pre-retirees, which does not bode well for willingness to invest in 401(k) plans."

The study revealed a shift in market share to banks from other financial services channels. Since 2008, banks have steadily gained from 16% to 25% among affluent/high-net worth "Accumulators," which Hearts & Wallets defines as investors ages 21 to 64 who are not planning to retire within five years. Banking products grew across all age groups, in part because investors are seeking more security in financial products. Convenience may also play a part with the broad offerings of banking institutions.

Insight Modules "Investor Mind-set in Mid-2001: Concerns, Attitudes & Beliefs " and "Focus on Advice: Sources, Preferences, Use of Technology" are the first in a series of reports this fall from the comprehensive 2011 Hearts & Wallets Quant Panel. This annual, qualitative analysis of U.S. savings and retirement trends incorporates Hearts & Wallets ongoing qualitative consumer and benchmark industry research for insight on investor needs and competitive trends and is part of Hearts & Wallets multi-year study of U.S. investor attitudes and beliefs about savings, retirement and the financial services industry.

The “Investor Mindset in Mid- 2011: Concerns, Attitudes and Beliefs,” Module includes:

• How different investor segments feel about their financial situation as they get ready for, or live in, retirement. How they describe their investing experience and appetite for risk.

• The top concerns of investor segments today as compared to prior years

•Investor beliefs today as compared to prior years (such as employer responsibility for retirement, insurance company ratings, ability to rely on children for support in old age, etc.)

The “Focus on Advice: Preferences, Sources and Use of Technology,” Module includes:

• How preferences for investment decision-making processes are changing

•The sources of advice different investors segments are using

• How investors use technology. How they blend technology and live channels.