Interest outpaces adoption of digital advice: Cerulli

By Editorial Staff *Thu, Feb 15, 2018*

Investors ages 30-39 and older investors with $2 to $5 million to invest showed the greatest enthusiasm for pure digital offerings, the research firm said.

Investors' interest in using digital advice platforms has grown since 2015, but interest has not been matched by actual adoption, according to Cerulli Associates, the global research and consulting firm.

"Cerulli initially examined the growth prospects of the digital financial advice market in 2015 and found a clear inverse relationship between an investor's age and their willingness to engage with purely digital platforms," said Scott Smith, director at Cerulli, in a release.

"As of 3Q 2017, there is greater openness to digital advice relationships, but a strongly negative correlation between age and interest remains." Investors ages 30-39 exhibited the greatest enthusiasm, with interest steadily declining among those ages 70 and older.

But people $2 million or more to invest also like digital advice. "Higher-net-worth investors are more aggressive in adding to their total number of advisory relationships, including digital, as a form of provider diversification," Cerulli said.

"More than one-quarter of investors over 70, with $2 million to $5 million in investable assets, would consider online-only engagement," the release said. "Providers should consider incorporating digital platform features that address the concerns of those approaching, or in, retirement."

But even investors who like online only engagement will often seek the advice of a traditional human advisor, so advisors should develop platforms that can integrate digital and human advice, Cerulli said.

Cerulli's first quarter 2018 issue of *The Cerulli Edge – U.S. Retail Investor Edition* articulates the digital advice market by separating investor households into "Online Enthusiasts," who want a purely digital advisory relationship, or "Traditionalists," who prefer a human advisor.