
Most advisors still many megabytes shy of a digital practice, says Fidelity (owner of eMoney)

By Editorial Staff *Thu, Jun 22, 2017*

Only 40% of advisors are tech-savvy, according to the Fidelity 2016 eAdvisor Study sponsored by Fidelity Clearing & Custody Solutions (FCCS), a unit of Fidelity Investments.

Imagine a new luxury sedan without lane departure warnings. Imagine an upscale hotel without free Wi-Fi in the lobby. Imagine a Wall Street trader without a Bloomberg. Imagine yourself without a smartphone. Imagine a restaurant that still serves cappuccino in those tall transparent 'Irish coffee' glasses.

Now imagine a 21st century financial advisor who:

- Doesn't engage with clients on social media
- Doesn't use Google analytics to track website traffic
- Doesn't offer e-signature and e-delivery
- Doesn't use video conferencing
- Doesn't use automated email alerts and text messages

Sad, right? Often the case? Yes. Only 40% of advisors do those things, according to the Fidelity 2016 eAdvisor Study sponsored by Fidelity Clearing & Custody Solutions (FCCS), a unit of Fidelity Investments. But it beats the same survey's 2014 results, when only 30% of advisors were tech-savvy enough to be called "eAdvisors" by Fidelity.

Fidelity, incidentally, owns *eMoney Advisor*, the advisor technology firm. So like Broadridge, FIS, Advicent and other digital technology firms that are all campaigning these days for the adoption of their products by brokerages and advisors (and predicting the imminent failure of those who don't), the retirement industry giant has a horse in this race.

Fidelity's new survey says that "eAdvisors" (whom it defines as using twice as many different technologies as their peers) enjoy:

- 42% higher assets under management (AUM) than tech-indifferent advisors, up from 40% higher AUM in 2014
- 35% more AUM per client than tech-indifferent advisors, up from a 14% gap between eAdvisors and their tech-indifferent peers in 2014
- More \$1M+ clients than tech-indifferent advisors
- 24% higher compensation than tech-indifferent advisors
- Higher satisfaction with their firm and career than tech-indifferent advisors

In addition, 54% of eAdvisors have client segmentation strategies, versus 40% of "tech indifferent" advisors. eAdvisors are also more likely to serve Gen X/Gen Y clients and to have plans to add digital advice

technology within the next two years.

Based on the 2016 eAdvisor study findings, Fidelity identified four best practices that eAdvisors tend to employ:

- Embrace a strong online presence to generate leads and engage with prospects and clients
- Use technology to both simplify and enhance the client experience
- Take advantage of technology solutions to create a holistic view of clients' lives
- Communicate and collaborate via technology to maintain and deepen client relationships

The survey also found that:

- 64% of eAdvisors have a clear call-to-action on their websites than other advisors (35%), and more likely to utilize compelling visual images and content to engage visitors.
- 94% of eAdvisors engage with clients/prospects on social media (Facebook, LinkedIn or Twitter) compared with 74% of tech-indifferent advisors.
- 54% of eAdvisors use Google Analytics to track website traffic, versus only 28% of tech-indifferent advisors.
- Two-thirds of eAdvisors offer clients e-signature options and nearly all provide e-delivery of statements and reports directly via email, as well as online access to such documents (95% and 94%, respectively).
- 77% of eAdvisors provide interactive or visual reports, versus 38% of tech-indifferent advisors.
- 87% of eAdvisors use data aggregation tools to provide the total picture of clients' assets and liabilities. This is an 18% increase in use from eAdvisors in Fidelity's 2014 study and nearly double the number of non-eAdvisors using such tools (46%).
- 53% of eAdvisors use automated email alerts for client updates and 35% send text messages regarding updates or administrative tasks (versus 19% and 18% of tech-indifferent advisors, respectively).
- More than half (52%) of eAdvisors communicate with clients via videoconferencing or online conferencing.
- 65% of eAdvisors use collaboration technology in five or more ways with their clients, versus only 25% of tech-indifferent advisors.

Fidelity has developed a brief quiz for advisors interested in learning how they stack up on the "eAdvisor" scale, according to a recent release. The quiz asks advisors about their use of technology and, based on their feedback, identifies opportunities for integrating technology more deeply into their practices.

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