

Democratizing the Investment Management Industry

By Joseph Miskel

MMXCHANGE

It's clear the digital investment age is upon us.

Advisors are facing a new reality – one that provides them with unprecedented capabilities while also threatening to rewrite their job descriptions. And while many advisors delight in spending less time on activities like portfolio maintenance and report generation, they must walk a fine line to ensure they are still providing true value. That means focusing on differentiating the services offered and using their investment expertise differently to enhance and optimize portfolios for clients as they continue to digitize processes.

In this new industry climate, many advisors and their firms have rushed to implement investment technology solutions without viewing their offering through the lens of the investor – who craves fee transparency, quality insight, and flexible, customized investment solutions. Investor preferences should dictate platform design, not the other way around. While many of today's "investment hubs" provide a wide range of services, advisors and wealth management firms find themselves limited by asset manager gatekeepers who restrict innovation with their own burdensome rules and criteria. With an investment hub, advisors are stuck combating the same roadblocks, rather than creating a fluid marketplace where they can control and adjust relationships with ease on behalf of their clients.

The next era of wealth management demands harnessing digital investing in a whole new way. A better approach than a hub is a marketplace – a digital ecosystem that reinforces and supports the value that advisors and their firms provide investors, while also streamlining processes. By democratizing investment management at their firms, advisors can drive value for their clients in two key ways – advice and access.

With constant pressure from fee compression, the quality of an advisor's insights is more important than ever. It drives the advisor/investor relationship and influences how clients evaluate the services they're receiving. Increasingly, this advice is supported by access to context and expertise from consultants and managers who can guide investors through various investment products and advise on ways to integrate



them into overarching investment and asset allocation strategies to manage risk and expenses and increase the chances of success. More and more wealth managers are moving to ecosystems where this robust collaboration can take place.

Advisors must also reconsider the way they manage and deliver investment solutions to clients. Through a digital investment marketplace, advisors can access quality investment products and managers who can create tailored offerings for investors. This new approach enables advisors to get back to what they do best – working with clients to make investment decisions.

As technology continues to drive new investor demands and reshape advisor value, an investment hub will not continue to satisfy investors. The next era of digital investing demands an ecosystem, where true collaboration is possible and advisors are empowered to provide the best advice and access. ■

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