

## Wealth Management In A Mobile-First Era

### How To Turn Robo Savers Into Robo Investors

14 December 2016 By: Mark Schwanhausser

A growing number of so-called robo investment firms, fintech innovators, and bank partnerships is rushing to refine a cost-effective business model for investment services in a digital-first era. The challenges are numerous, starting with how to tempt today's affluent Gen X, Baby Boomer, and female investors to try untested upstarts while also grooming tomorrow's Gen Y banking customers who aren't yet rich. The outcome will be shaped by how well financial institutions incorporate robo capabilities in three categories: digital banking insights, robo advising and investing, and personalized "robo writing." Together, these services and players can build on Javelin's Financial Journey Model, usher in new ways to coach customers, simplify investment decisions, counter anxiety in volatile times — and put banks and credit unions in a strong position when customers are ready to invest.

#### Key questions discussed in this report:

- How can financial institutions use robo services to provide cost-effective investment services and groom customers to become eventual wealth management clients?
- What is the forecast for the potential market for Gen Y, Gen X, and Baby Boomer investors?
- Can banks and credit unions compete to provide robo services profitably?
- How should an FI prioritize investments to deliver insights in digital banking, robo advising and investing, and personalized information?

**Companies Mentioned:** Acorns, Amazon (Echo), AssetBuilder, Associated Press, Automated Insights, Bank of America, Bank of Montreal, Battery Ventures, BBVA Compass, Betterment, BlackRock, Bloomberg, Capital One, Charles Schwab, Convoy, Credit Karma, Digit, Digital Garage, E\*Trade, Eaton Vance, Ellevest, Envestnet Yodlee, Equifax, Fidelity Investments, Financial Engines, FinLife Partners, FlexScore, FutureAdvisor, HelloWallet, IGM Financial, Intuit (Mint), Jump Capital, Key Bank, Kinnevik, LearnVest, Merrill Lynch, Morningstar, MX, Narrative Science, NCR (Digital Insight), Nutmeg, PayPal, Pershing Advisor Solutions, Personal Capital, Q2, Rakuten FinTech, ReadyForZero, Sapphire Ventures, SigFig, State of Nevada, TD Ameritrade, TransUnion, Tyfone, U.S. Bank, UBS Wealth Management Americas, United Capital, USAA, Vanguard, Vista Equity Partners, Warburg Pincus, Wealthfront, Wealthsimple, Wells Fargo, Yahoo, Yseop

Consumer data in this report is based primarily on information collected in a panel of 10,639 consumers in an online survey conducted in May 2016. The margin of sampling error is  $\pm 0.95\%$  at the 95% confidence level.

#### The Moneyhawks and Emergents Segmentation

Javelin's retail banking customer segmentation incorporates scores of variables regarding demographics, banking behavior, and attitudes about relationships with FIs. Unlike approaches that use predetermined if/then rules regarding specific behaviors or demographic characteristics, Javelin employs sophisticated multivariate tools to develop a holistic segmentation based on multiple dimensions, resulting in homogeneous segments that differ from one another on such diverse criteria as how consumers prefer to interact with their FIs, what products and technologies they use, their needs and attitudes, and their financial value.

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