Clark Capital MANAGEMENT GROUP

Navigator Insights

Investment Trends Shaping Our Industry's Future

I attended iShares Connect in New York this week, a conference focused on bringing together industry leaders in the ETF space. Attendees heard from a variety of investment experts and thought leaders and had an open dialogue about where our industry is headed.

Here are three trends that are shaping the future of the financial landscape:

We are entering the age of the investor

Today, 45% of clients are researching investments online and doing their own due diligence before committing to their investments. This should come as no surprise. Think about the last time you considered making a large purchase, let's say buying a car. Did you go straight to the dealership or did you first go online to research models and prices?

Of course, most of us go online first and head to the dealership only when we feel confident we can have an educated conversation. And although the regulatory environment makes our industry vastly different, more and more investment information is becoming available to the general public. We should embrace this and see it as an opportunity. From a marketing standpoint, financial advisors should create an online presence that helps define who they are and what they stand for. It's important to be a searchable online presence in today's marketplace, so that when clients are ready to talk, they know where to turn.

Technology and online advice platforms are a driving force of change

Although the robo advisors have yet to capture a large percentage of market share, they are getting it right when it comes to communication. Some of today's top robo advisors are delivering simple, easy to understand investments at a low cost; they are helping the industry better understand how we need to be talking to clients. In other words, we need to be communicating with clients in plain English. Words matter. We don't do ourselves any favors using terms that don't make sense to clients.

The democratization of investing is changing clients' expectations

Within five years, an estimated 70% of assets in the U.S. will be sitting with retirees and pre-retirees[1]. Individual investors would thereby essentially become their own CFOs. According to Henry Fernandez, CEO of MSCI, we need to decide what the investor needs and package investments to give them the outcomes they seek.

Today's pre-retirees and retirees are less concerned about alphas and betas and more concerned about having enough money to retain their standard of living throughout their retirement. As we move from a passive population, dependent on income from defined benefit and pension plans, to a population that self-funded their defined contribution plans through 401(k)s, increasingly clients are used to being actively involved in their own investments.

The Main Takeaway

In the age of the individual investor, we need to communicate with clients in ways that don't require them to have a master's degree. If we can help a larger percentage of the population focus on investing for the long term, it will be better for clients, financial advisors, asset managers, and our overall economy.

Author: Patty Quinn McAuley

Patty Quinn McAuley, CFP®, is the Director of Marketing for Clark Capital Management Group. On the blog, she writes about helping clients achieve successful investment outcomes and about communicating effectively with clients.

1. Source: BlackRock