APU INSIGHTS
Product of APU Commercial Information Services LLC

ROBO-ADVISORS
invading the investment of pension assets

APU is a knowledge-based consultancy company providing research and analysis, data, technical and business advice and services, sought by business leaders and strategists, to help them capture tomorrow's opportunities, today.
APU delivers market research reports covering markets, industries, countries, companies and technologies.

By continuously updating our desk research, and leveraging market research publications from leading institutes and consultancies worldwide, we provide relevant, current and credible research, critical to the success of your business.

Our clients use our insights, critical analysis, statistics and forecasts to help make strategic business decisions and grow their organizations. Our approach combines deep insight into the dynamics of industries and markets to help clients build more capable organizations and sustain lasting results.

Global Business Intelligence

Trends and forecasts for 18 global industries and over 1200 industry subsectors in up to 60 economies.
Our subscription services for data, news, analysis and forecasts, help clients understand how the world is changing and how that creates opportunities to be seized and risks to be mitigated and managed.

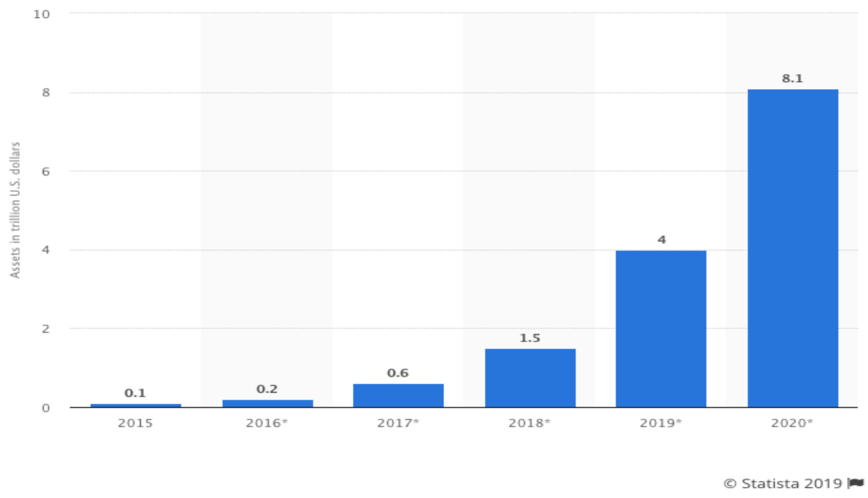
Robo-advisors invading the investment of pension assets

The wealth management industry is undergoing a serious transformation with traditional methods of providing financial advice being disrupted by new and innovative forms of technology. Customer expectations have altered with the unprecedented extensive implementation of internet and digital appliances. Clients expect a flawless customer experience that requires the availability of businesses, products, and services whenever and wherever they want. Businesses providing wealth management services have to deal rapidly with this trend or risk being left behind.[1]

[1] Perficient, (n.d.). Impact of Robo-Advisors in Wealth Management. Retrieved from: https://www.perficient.com/-/media/files/guide-pdf-links/impact-of-robo-advisors-in-wealth-management.pdf

Technological innovation in the financial sector has reached the wealth management services industry where automated financial advisors, known as robo-advisors, are starting to compete with human advisors. The main characteristic of robo-advisors is that with no human interaction, the entire portfolio investment process, from opening an account to tracking the portfolio, can be carried out online. Robo-advisors start by conducting an online short questionnaire to assess a client's investment goals and risk profile. Based on the answers of the client, robo-advisors create suggestions on how to allocate funds across separate assets using automated algorithms. Robo-advisors typically offer low cost, diversified portfolios by offering to invest in exchange traded funds (ETFs) and index funds. Besides recommending an initial allocation, algorithms are generally designed to monitor deviations from targeted risks and automatically rebalance the portfolio.

The enhanced incidence of robo-advisors has the potential to significantly increase both the affordability and accessibility of financial advice, especially for wealthy customers. Using digital platforms and algorithms can decrease expenses and enhance effectiveness, while user-friendly interfaces can make the process more transparent and available, and easier to invest. Using algorithms can also improve financial advice objectivity, overcoming the challenge of traditional channels of human and emotional bias. Moreover, algorithms make the logic and rationale of the financial advice transparent, facilitating the audit and supervision of such platforms.



This statistic presents the total value of assets under management of robo-advisors worldwide in 2015 and a forecast thereof till 2020. It was expected that the assets under management by robo-advisors worldwide would amount to USD 8.1 trillion in 2020. [2]

[2] Statista, 2019. Total value of assets under management by robo-advisors from worldwide from 2015 to 2020 (in trillion U.S. dollars)Retrieved from: https://www.statista.com/statistics/741512/aum-of-robo-advisors-globally/

Investor behavior is greatly different based on where investors are situated in the globe, so robo-advising can play a distinct role depending on the region. Some counties are more conservative and prefer traditional wealth management services types, while others are much more comfortable investing alone. While geographies dictate how robo-advising is perceived, the same can be said for psychographics. Each client base section of a robo-advisor has distinctions in commitment and discussion rates. It is also essential to remember that, apart from demographics and psychographics, industry regulations obviously play a part in the implementation of new banking techniques. The bottom line is this: with the right products and services, companies and governments should meet their constituents ' expectations. [3]

New businesses with robo-advising technology will need to know how to navigate the regulatory landscape, making working with traditional wealth management companies critical. From a bank's perspective, robo-advising remains critical in terms of servicing customers. Banking's familiarity with rules and regulations is unmatched and the personal touch one feels coming into an office creates trust that is irreplaceable. Banks are a saving grace for businesses with clients who are not comfortable investing or navigating the financial markets.

[3] Ibid, 1


APU INSIGHTS
Digital Transformation Accelerator Report
MONITOR IntelFlow
SPECIAL INTELLIGENCE REPORTS
Digital Transformation Accelerator Report
ICT
Digital


APU INSIGHTS
Shaping the Future | Global Growth Opportunities Review
SUITE
IN FOCUS Growth Enablers
Shaping the Future | Global Growth Opportunities Review
Growth Impact Accelerator
SUITE
IN FOCUS Growth Enablers
Growth Impact Accelerator

Designed and produced by APU Insights Creative Studio