

How Investor Education Can Become a Business Differentiator for Investment Firms

As investment firms introduce more alternative assets, helping clients understand them becomes increasingly important. Beyond just being informed about new options, clients need straightforward, accessible information on both the benefits and risks. Developing educational tools or partnering with research providers can make these complex investments easier for both clients and advisors to understand.

Investor Education: A Key Advantage in a Competitive Market

According to [Deloitte's 2025 outlook](#), more and more investment firms expand into alternative assets like private credit – now over \$2.1 trillion globally – and evergreen funds, which have grown to \$350 billion. In this context, investor education is proving to be a real game-changer. With more clients seeking lower-cost options, such as exchange-traded funds (ETFs), which have attracted over \$3 trillion in net inflows in the U.S. over the past five years, making complex investments easy for them to understand is more important than ever.

Firms are launching their own education platforms or teaming up with research providers to help advisors explain various structures – from unlisted business development companies (BDCs) to hybrid funds. These resources help advisors explain the diversification benefits for clients, building trust along the way. Deloitte notes that prioritizing education could set firms apart in 2025, especially as they navigate economic shifts and new regulations. Firms that invest in educating their clients will likely find themselves winning loyalty and staying a step ahead.

Adapting to Gen Z: Why Financial Firms Must Embrace Digital and Values-Driven Solutions

Investment firms must adapt to a new client base, especially as Gen Z, already in the workforce and soon inheriting Boomers' wealth, prioritizes digital-first, seamless experiences. Raised online, they seek easy-to-use, 24/7 accessible financial tools and view traditional banks as outdated. For them, a mobile app isn't a perk; it's the baseline.

With [projected spending power](#) reaching \$9.8 trillion in 2024 and climbing to \$12.6 trillion by 2030, Gen Z is financially savvy but cautious, often turning to social media and influencers for advice.

Firms that combine educational initiatives with digital, values-driven solutions are more likely to earn loyalty from existing clients and this emerging generation. Embracing these strategies positions firms to meet market demands, from simplifying alternative assets for investors to meeting Gen Z's expectation for accessible, transparent financial experiences.

OTC Securities Adding Complexity to Modern Investing

The investment landscape is more complex than ever, with over 12,000 [over-the-counter \(OTC\) securities](#) now in the mix. Unlike traditional stocks on major exchange floors, OTC securities are traded through a broker network. Many are smaller companies, foreign stocks, or American Depositary Receipts (ADRs) that don't meet exchange listing requirements.

The OTC market is decentralized and generally less regulated, which can increase investment risks. This structure allows companies that do not meet the stringent listing requirements of major exchanges to access public capital.

OTC securities are categorized into three tiers:

1. **OTCQX Best Market:** This tier includes more established companies with higher financial standards and greater transparency.
2. **OTCQB Venture Market:** Focused on developing and entrepreneurial companies, this tier has less stringent requirements than OTCQX.
3. **Pink Open Market:** This tier encompasses a wide range of companies, including those with limited disclosure and financial information, making them at higher risk.

Investing in OTC securities offers unique opportunities but presents challenges like lower liquidity and higher volatility. That's why investors should carefully assess these risks when considering OTC investments. Educational resources, like those provided by financial institutions or reputable online platforms, can shed light on liquidity risks, volatility, and the due diligence process necessary for OTC investments.

Educational Innovations From Top Investment Firms

Here's how major investment companies are upgrading their educational tools to deliver better insights and stronger support for financial advisors and clients:

- **BlackRock:** [BlackRock's Aladdin](#) platform provides advisors with a detailed view of portfolio risks, using advanced data analysis to centralize data and streamline operations. Aladdin now manages over \$184 billion in assets through its Royal London Asset Management partnership.
- **JPMorgan's Wealth Plan and Self-Directed Investing Platform:** [Through this platform](#), clients can explore different investment strategies, track their portfolio's performance, and receive custom alerts on market changes. These tools let them make confident decisions, and advisors can rely on them for detailed, client-focused insights.
- **Morgan Stanley's AskResearchGPT:** This tool taps into [Morgan Stanley's vast research](#) library, allowing advisors to pull up relevant data and insights on demand. It's especially handy in conversations with clients, as it provides quick answers and deeper context on market trends and investment choices.
- **Fidelity's Wealth Management Q&A System:** [Fidelity's Wealth Management](#) services are designed to provide clients with comprehensive support and personalized guidance. Fidelity offers a range of educational resources and tools to address common financial questions and provides a Virtual Assistant on their website, which can help answer frequently asked questions and assist with various tasks.
- **Wealthfront's Path and Self-Driving Money Features:** [Path](#) guides clients in planning long-term goals, like buying a home or saving for retirement, by showing how their investments support these milestones. On the other hand, [Self-Driving Money](#) automates managing clients' finances by routing funds to appropriate accounts based on individual goals and preferences. It handles tasks such as paying bills, topping off emergency funds, and investing surplus cash.

Creating Investor Education Tools That Truly Deliver

Building investor education tools that genuinely support clients requires a thoughtful, well-structured tech foundation:

- **Scalable infrastructure:** A flexible system is crucial to handle the high volume of financial data while ensuring security and reliability. For example, cloud-based infrastructure allows firms to grow their platforms smoothly, even during peak usage, keeping response times quick and data available in real time.
- **High-quality, AI-optimized data:** AI thrives on clean, well-organized data to offer relevant insights. Imagine a tool that analyzes a client's portfolio in seconds and suggests tailored strategies based on current market trends. Without high-quality data feeding into these models, this kind of personalization and timeliness just isn't possible.
- **User-friendly interface:** An intuitive UI can break down complex financial concepts, guiding users to the information they need without frustration. Clear dashboards, interactive graphs, and straightforward navigation make it easier for clients to explore new topics or review their portfolios.
- **Automation for client and sales tasks:** Automating standard tasks like personalized emails, reminders, or proposal generation lets advisors focus on more meaningful client conversations. This means clients get timely, relevant communications and responses without delays.

Parting Words

Investor education has evolved into a strategic advantage, especially as firms look to connect with diverse audiences, from seasoned investors to Gen Z clients. A well-designed education platform is about building trust. Firms that prioritize education are better positioned to engage today's investors, who expect transparency, digital accessibility, and tailored insights.

Scalo can provide the proper technical and strategic support to create an investor education platform that meets these needs. Reach out to us, and let's start building tools that empower clients and help your firm stand out in a competitive market.