

The Future of the Financial Advisory Industry



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There is no doubt that when looking to the future of the financial advisory industry, there will be a successful and flourishing practice serving clients and organizations alike. Finance will always be a part of a business and economic environment that is becoming more global and connected. As a result, financial advisors will continue to be of well-needed service.

Money is a constant in the world of business. The development and progress of an international and technologically advanced business environment will give rise to innovative and more efficient financial advisory services, causing the future of the financial advisory industry to be bright.

The current trends in business give reason to believe the future of the financial advisory industry, while strong, will be subject to change that can reap positive rewards, even though the future is still uncertain. Yet, one can forecast bright days ahead for financial advisors who utilize best practices, embrace technology, and discover new ways to give value to clients.

Utilizes Best Practice

How is a business supposed to know the most efficient course of action? Trial and error is one way or learning on the go, but a simpler way is best practice. Business success is dependent on several variables including best practice.

Best practice commits the individual, organization, or team to a standard method of work. Every organization has its own established best practice that reinforces a [set of guidelines, ethics, or ideas](#) that represent the most efficient course of action for any business situation.

Utilizing best practices helps in the processes of analyzing information and determining good choices based on assessing what information is relevant and what is not. As technology continues to advance, there is more information that becomes readily available; however, all available information is not necessarily good or true.

Advancements in technology encourage changes in all industries from the way they operate, develop and progress. This leads to an accumulation of experience and historical documents that can be referred to when setting benchmarks.

Benchmarking serves as a method for creating standards. This can be done by relying on best practices to study the practices of other organizations and the like to better the performance of one's own organization. For the financial advisory this can mean gaining [insight from experience](#), assessing growth, hiring, efficiency, preparedness, and reward systems.

For financial advisors, benchmarking is vital for management decision-making. Being able to critically assess the information, experiences, growth, and competition will be of great avail.

Incorporates or Partners with Technology



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Speaking of technology, the future is tech for all industries, including financial advisory. Technology can already be seen in operations, client engagement, and account management and it is moving into actual advising. Robo-advisors are creating a new way for clients to be successful and prosper in their finances.

Robo-advisor [platforms are web-based services](#) that offer clients an alternative to communicating directly with an investment advisor. This is particularly advantageous for attracting younger clients who are accustomed to using tech in their everyday life and retaining those who are already transitioning to using online platforms for the majority of their needs.

While the services come at a fraction of the cost of a human advisor that does not mean financial advisors are entirely out. Aside from clients still valuing a human connection, financial advisors can also utilize robo-advisors to [outsource traditional functions](#) like rebalancing portfolios and tax-loss harvesting.

Most see the entrance of technological tools as a threat. There is the fear of robots taking over industries and putting people out of work. Although skeptical, chairman and CEO of Edelman

Financial Services LLC, Ric Edelman asserts new technology [creates a massive opportunity](#) for tech-savvy advisors.

That being said, the incorporation of robotics, automation, and other technological tools will indeed create a learning curve. Financial advisors who are technologically proficient, flexible, and fast learners will be more successful while those who struggle on the learning curve and face [technology challenges](#) will be more likely to change or pivot careers.

Despite this fear of tech encroachment, robo-advisors can be used as a tool that allows financial advisors to streamline work and dedicate more time to fostering relationships with clients, increasing client satisfaction and loyalty.

Increases Value in Services and Products

It does not have to be one or the other, technology or man. The introduction of new technology just means advisors need to be more innovative and find new places to offer value to their clients. They can refocus efforts to [higher value-added components](#) of their practice.

Despite the stories of science-fiction, people are still a ways away from developing interpersonal relationships with technology (i.e. robots). The [client relationship](#) in the financial advisory industry is still one of grave importance. In many industries, the power of loyal clients can be observed, such as remaining with one brand despite price increases.

The client-advisor relationship influences many facets of client decision-making including loyalty and goal-planning. It also serves as a significant predictor of advisor employment decisions due to the fact that nearly [40% of client assets](#) go with advisors when they change firms and is an indicator for retention.

Establishing strong client relationships is just one of the many ways financial advisors can add value to their services. They can direct clients to useful tools and still be impactful in their financial decisions, steering them in the right direction, making sure they understand processes and documents, and helping them articulate and meet financial goals.



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The financial advisory industry is not going anywhere, rather it is on track to continue growing and offering better products and services to new and established clients. With the incorporation of best practices, added value, and technology, it is undoubtedly likely to get better for advisors and clients alike.

While machines and automation may be viewed as a threat to the position of financial advisors, if financial advisors stay educated, discover ways to partner with technology, and foster client relationships, they can carve a new path for financial advising where client and advisor can thrive.