Millennial Investors: High-Tech or High-Touch

It turns out, Millennials expect the best of both

The great wealth transfer is about to begin. Millennials will inherit an estimated $30 trillion from their Baby Boomer parents over the next 10-20 years[1]. This will be the largest intergenerational transfer of wealth in history—and wealth management firms will need to understand the unique attitudes and preferences that define this generation if they wish to attract and retain Millennial investors.

Unlike previous generations, Millennials are "digital natives" who grew up with the Internet and mobile tech. "For them, technology to access vast, diverse amounts of information has just always been at the ready— they've been born into it. Gaming, videos, driving directions—everything to them really takes place on the fly," says Traci Mabrey, head of Wealth Solutions at Broadridge. "Millennials will trigger a revolutionary change in a marketplace that typically acts in an evolutionary manner."

Results of a recent survey conducted by Roubini ThoughtLab on behalf of Broadridge and a coalition of sponsors indicate that Millennials are very open to tech-enabled investment services. Over the next five years, more than half of Millennials expect to use digital technology for a wide range of investment activities, including:

- Technology-enabled financial planning tools: 41%
- Customized products and investment services: 39%
- Automated trading and rebalancing tools: 35%
- Anywhere, anytime, any device access to information and investment services: 33%
- Low-cost online trading platforms/websites: 33%

Although Millennials comprehend the benefits and limitations of technology in wealth management better than prior generations, they don't expect to rely on technology alone. They want to continue to have access to wealth advisors, and 69% said they expect to moderately or heavily use personalized advice. When it comes to communication, human interaction is still extremely important - 78% plan to meet directly with an advisor, and 66% expect to use the phone.

Broadridge®

That said, however, digital channels are rapidly gaining in importance, because Millennials want it all. They expect a digitally-driven, omni-channel experience when communicating with their investment advisor. They have a greater preference for digital methods, such as texting, use of mobile devices, online portals, and social media platforms than their parents. They are also much more open to the idea of telepresence and web collaboration platforms. They expect that the consumer experience will be consistent across all these channels, as well.

This means it's essential for firms to interact in the channels that Millennials frequent. Social media presence is increasingly important—perhaps even more important than a financial advisor website— as are apps like Evernote, AmazonDrive and Dropbox. Wealth management companies need to master this ever-expanding digital ecosystem, or risk missing out on engagement opportunities that can help them attract and retain Millennial investors.

A FinTech future?

One key consequence of Millennials' high-tech propensity is their interest in using FinTechs. Although Millennials believe people know investing better than machines, more than half of those surveyed would be open to using a FinTech. Their reasons for doing so include:

- Convenience: 48%
- Reduced cost: 39%
- Innovative solutions: 37%
- Greater transparency: 31%
- Personalized service: 27%
- Access to a wider range of assets and investment alternatives: 24%

Almost half stated that they would be willing to shift a large proportion of assets to a FinTech, and many think that FinTechs may be able to provide them with better returns.

However, their enthusiasm is tempered by healthy skepticism. Millennials express concerns about cybersecurity, under-regulation, and the maturity of startups. They also worry about reputational risks: more than a third would not use a FinTech unless it was linked to a recognizable brand. This may prove to be a keen opportunity for established wealth providers that develop their own FinTech capabilities internally, or through partnerships and acquisitions.

Clearly, wealth management firms that want to meet Millennials' high expectations will have to rethink the products, services and advice they offer, and the way they offer them. They need to carefully consider what Millennials want as consumers, and be prepared to balance state-of-the-art technology with personalized service.

To learn more, download our whitepaper Targeting the Digital Generation at **www.Broadridge.com/Digital-Generation.**

[1]Accenture: "The 'Greater' Wealth Transfer – Capitalizing on the Inter-generational Shift in Wealth", 2012

About Broadridge

Broadridge is the leading provider of investor communications, technology-driven solutions, and data and analytics for wealth management, asset management, and capital markets firms. We help clients drive operational excellence to manage risk, accelerate growth, and deliver real business value. Our technology-driven solutions power the entire investment lifecycle, enabling our clients to successfully manage the complexity and operational requirements of today's capital markets. Broadridge is at the forefront of multi-channel communications, strengthening our clients' capabilities to communicate with their clients and investors, and meet regulatory requirements.

Call us: +1 888 237 1900
Visit us: **broadridge.com**

Broadridge®

© 2017 Broadridge Financial Solutions, Inc., Broadridge and the Broadridge logo are registered trademarks of Broadridge Financial Solutions, Inc.