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From Prospecting to Talent Cultivation, Advisors Predict the Future in Latest SEI Survey

OAKS, PA -- (Marketwired) -- 12/07/15 -- In the year 2025, personal interactions within the financial advisory industry will not vanish even with an increase in robo-type services and technological advances, according to an SEI (NASDAQ: SEIC) survey of 175 financial advisors released today. The 2025 prediction survey, conducted at two SEI Strategic Advisor Conferences held this fall, provides a look into the future of the financial advisory business. Ten years from today, financial advisors will spend most of their time cultivating existing client relationships via in-person meetings according to more than half (58 percent) of those advisors who took the survey. Video conferencing comes in a distant second (32 percent), while email, social media and events capture the last 10 percent.

From a prospecting standpoint, more than half (58 percent) of the respondents expect referrals to remain the number one business generation tool in the year 2025, and 19 percent expect centers of influence will continue to be useful. With regard to social media, 16 percent of advisors surveyed believe that it will be an important tool for new business generation 10 years from now; however, a small percentage (3 percent) does not think it is the ideal tool to cultivate relationships. Likewise, a small percentage of advisors predicts that networking events (3 percent) and direct marketing (3 percent) will not be effective tools for prospecting.

"While certain aspects of portfolio management can be automated for smaller portfolios, financial planning and the decisions related to it are far more complicated today for larger portfolios, and will continue to be so 10 years down the road. These survey results further demonstrate the necessity for a human-centric approach," said Wayne Withrow, Executive Vice President of SEI and Head of the SEI Advisor Network. "However, due to the changing needs of tech-savvy and time-constrained investors, financial advisors need to use technology to improve productivity and free up time to spend with clients. Becoming a techno-advisor will be critical to better servicing clients in the future."

Growth Strategy

When asked about the biggest differentiator for their firm in 2025, an overwhelming 92 percent say their planning approach and relationships, followed by investment approach (5 percent), technology (2 percent), and practice size (1 percent). With regard to investment offering, respondents suspect that tax-managed investing (29 percent), goals-based investing (20 percent), and index investing will gain the most momentum in 2025. Tactical/dynamic investing, ETFs, and socially-responsible investing will have less momentum according to the advisors surveyed.

"As tax codes continue to change and take a large bite out of investors' gains, it is not surprising that tax-managed investing is expected to gain momentum 10 years from today," said Withrow. "It's critical for financial advisors to help investors rethink investment tax management by employing new techniques and strategies."

Another area of focus that can help financial advisors grow their business is technology, which will continue to impact the way advisors do business in the future according to the survey. Of the technologies presented to the survey participants, 38 percent selected business efficiency tools to have the biggest impact on their practice in terms of winning new clients in 2025, while nearly a quarter selected front-office tools, such as CRM technology. Other impactful tools for advisors include digital marketing, robo-planning tools, being virtually available to clients 24/7, and social media, such as Twitter, LinkedIn and Facebook.

While advisors anticipate having new tools to help their businesses grow in 2025, certain obstacles will remain at large. Nearly half of advisors noted legal and compliance regulations as the biggest obstacles for growth, with recruiting talent, growth of "do-it-yourself" investing, and attracting the millennial market rounding out the list. Interestingly, technology advancement and tax code are less of an obstacle to these advisors. Notably, 84 percent of advisors surveyed said the DOL fiduciary rule will have a large or very large affect on the next generation of advisors.

Additionally, the surveyed advisors predict that robo-advisor is here to stay, with nearly half (48 percent) of advisors believing that robo-advisors will impact the industry in a positive way, and 21 percent feeling the opposite. When asked if financial advisors will include a robo-advisor component as part of their offerings, more than half of the respondents predict that 31 to 80 percent of advisors will offer some type of robo-advising services by 2025.

Talent Cultivation

It is projected that the financial advisory industry will have more than 300,000 advisors by 2019, according to Cerulli Associates. Overwhelmingly, nearly three-quarters of respondents think this employment number will decrease by the year 2025. Recruiting and hiring next-generation talent should be a strategic priority for financial advising firms across all channels, and a number of initiatives have been launched in recent years to help the next generation hone in on certain skill sets. According to the majority of survey participants (54 percent), the most important skill set for financial advisors in 2025 is communication and interpersonal skills, while investment skills is ranked as the least important, further supporting the need for a balanced approach with human interactions and technology.

When asked which area is the most critical for the next generation of advisors to adopt, more than half of the respondents (54 percent) pinpointed client relationship management, followed by co-planning (22 percent), and full integration of workflow and technology (15 percent). Investment expertise and social media are not as critical as the other areas (9 percent).

About The SEI Advisor Network
The SEI Advisor Network provides financial advisors with turnkey wealth management

services through outsourced investment strategies, administration and technology platforms, and practice management programs. It is through these services that SEI helps advisors save time, grow revenues, and differentiate themselves in the market. With a history of financial strength, stability, and transparency, the SEI Advisor Network has been serving the independent financial advisor market for more than 20 years, has over 6,100 advisors who work with SEI, and $48.7 billion in advisors' assets under management (as of September 30, 2015). The SEI Advisor Network is a strategic business unit of SEI. For more information, visit seic.com/advisors.

About SEI
SEI (NASDAQ: SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of September 30, 2015, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers $638 billion in mutual fund and pooled or separately managed assets, including $245 billion in assets under management and $393 billion in client assets under administration. For more information, visit seic.com.

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