

ICI VIEWPOINTS

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Meeting Investors' Evolving Expectations—and Why Delivering Returns Is No Longer Enough

Serving investors is at the heart of asset management. Yet in today's technology-driven world, in which personalized services and experiences dominate everything from banking to shopping, asset managers are having to rethink how to best meet the evolving needs of investors and advisers. Opening day two of ICI's 60th annual General Membership Meeting, held this year from May 22–24, a group of industry experts took to the stage to discuss the future of the fund industry—and to explain why simply delivering returns is no longer enough.

Personalization, Simplicity, and Transparency

Some things in asset management will never change, said Kirk Moore, head of global research for Columbia Threadneedle. Investors still have the same basic need: they want advisers to manage their money in a way that meets their goals. What has changed, however, are clients' expectations about how that need will be met.

Consider the process of buying a phone, Moore said. The average consumer routinely chooses from hundreds of devices, which are sold by multiple providers through many different channels that customize the consumer's experience. That is what investors expect now—more choice and personalization. "Performance is necessary," he explained, "but it isn't enough....We need to think beyond just pushing products, and toward providing solutions to investors' needs."

Matthew O'Connor, president of American Funds Distributors and director of North American distribution for Capital Group, agreed. "Investors want to be empowered to make their own decisions," he said, adding that the fund industry can help by fostering three things: personalization, simplicity, and transparency.

What it really come down to, he said, is a basic question: "How can we give investors a curated experience that boils down the information they need, so it is ridiculously easy for them to understand what they're paying for and getting?"

Knowing What Clients Need Before They Do

Moderator Yie-Hsin Hung, CEO of New York Life Investment Management, noting the increasing role that technology and data are playing in fostering more personalization, simplicity, and transparency in the industry, asked panelists how technology and data have changed their business in other ways.

Speaking from the adviser's perspective, Jillian DelSignore, head of exchange-traded fund (ETF) distribution for J.P. Morgan, explained how the firm is using data and technology to enhance its relationship with clients. Having more information, as well as tools to analyze it, "gives us a 360-degree view of our client, and helps sales representatives have much more meaningful conversations with advisers, because it enables us to know what advisers need before they do," stated DelSignore.

The increasing amount of data and analytics has also helped broaden its client base, she added. There are many advisers that firm representatives aren't meeting with in person, DelSignore said, but they know that the advisers are going to their website or reading their e-newsletters: "To ensure we're enhancing their experience with us, we developed a digital process that takes them through a virtual journey based on what they click."

This serves two purposes, she stated. "First, it strengthens their relationship with us, because we're able to give them the information we think they want, based off their online activity. Second, it enables us to reach new advisers that hopefully we can engage with face-to-face in the future."

"Data used to be an output for a process," added O'Connor, "Now everything is reversed. Data is the input, and it guides the actions we take." For example, five years ago, his firm had four people who managed data—which essentially meant they generated sales reports, he said.

Today, he said, the firm has 40 data scientists who are analyzing a constant stream of incoming data, examining such questions as:

- Did an adviser open an email?
- How long did he/she look at the content?
- Did that person click through to the website?
- Where did that adviser go—or not go—on the site?

The amount of information that can be gathered analyzed is almost endless, he explained, and it guides everything the firm does—from adviser segmentation to product sales.

Diversity Is Key

Hung agreed with O'Connor, saying that the ability to harness "the power of data and technology is clearly critical to thriving in today's market." But, she added, "how we deliver solutions to clients is just as important." That is where people come in, she said, and it is why solid teams and a strong workplace culture are equally crucial to a firm's success.

"I think building a team and culture starts with one word: diversity," responded Moore. "Not only what we traditionally think of in terms of diversity, but also diversity of skill set, thought, experience, and perspective." Moore explained that his firm used to look for analysts who had a financial background, and who could essentially analyze and communicate their findings. Today, he said, they're looking for programmers and data scientists, "and if I look at the new wave of associates we've hired, with these new skills and perspectives, they have been more additive [because] they have created programs and analytics tools that have moved us down the field."

O'Connor agreed, and emphasized the importance of incorporating diversity in every aspect of a firm's operations. "People want to look at an organization and say, 'I can see myself being successful there.' The best and brightest are going to come from all sorts of different

backgrounds, and we need to move the dial on diversity as an industry” if the fund industry is going to attract a broad-based, talented workforce.

DelSignore added that it’s especially important to hire team players. “It’s critical to find someone who can operate within a team-based environment,” she stated. “If you can’t function within a team-based environment, you won’t succeed.” Hung wrapped up the session by asking the panelists to briefly summarize what the industry needs to do to continue to be successful 10 years from now. Their responses?

“Simplify our message,” said O’Connor.

“Listen to what the client really wants,” stated Moore.

“Keep investors at the center of everything we do,” responded DelSignore.

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