

# Voice of the Advisor:

## Survey report



# Reshaping the future of work: a dialogue with the market

The pandemic proved to be the catalyst that has triggered a major assessment of business models, processes and the redefinition of value. The last eight months have been critical, abruptly exposing points of inefficiency within existing business models. In turn, this has led to a number of opportunities for business to grow, and even thrive, amid this new normal.

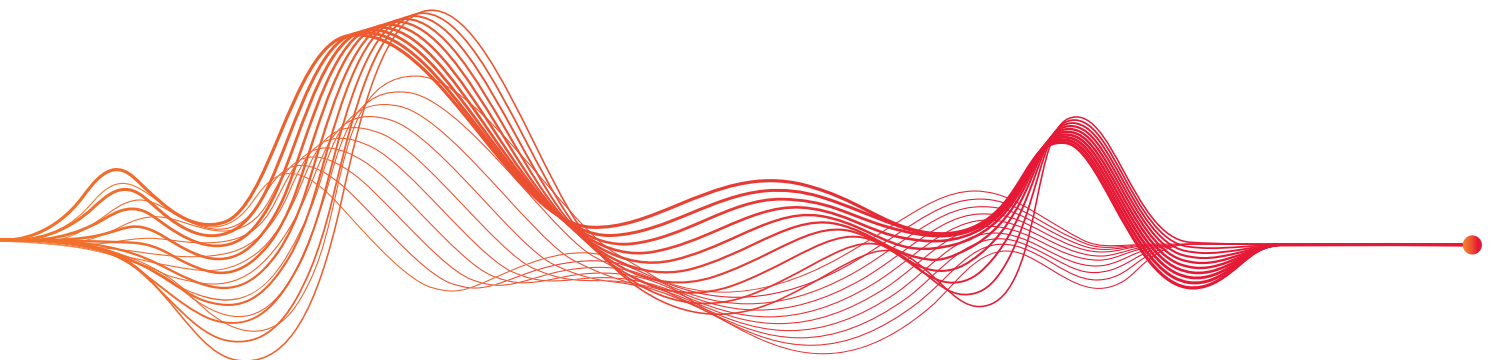
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We're focusing on the trends and behaviours that are shaping the future of work

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CGI has initiated a number of global efforts—spanning across industries—to gauge the pandemic's permanent technological impact on business. Specifically, we're focusing on the trends and behaviours that are shaping the future of work. Our wealth management group has been committed to engaging the Canadian wealth management landscape at every level, so that we can distill valuable market trends into refined actionable insights for our clients, to ultimately deliver greater value to advisors and clients.

Our experts have been engaged in an active dialogue with wealth management executives and their frontline teams across the industry, interacting with integrated firms, asset managers, banks, independent broker dealers, insurance companies and direct investing businesses. The goal of these collaborations is to help inform our strategies from a global wealth perspective—and enable us to deliver the most innovative insights and products back to market.



**ADVISORS**

Need to expand the value proposition

Enable technology to fuel efficiency

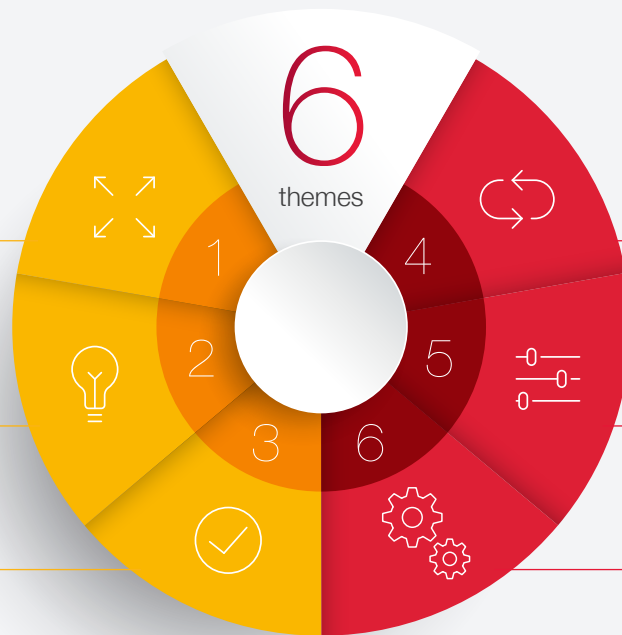
Embrace change

**FIRMS**

Need to drive efficiency and scale

Need to support multi-faceted businesses

Application / platform integration



**Hearing what advisors have to say**

As a part of this initiative, we recently launched our inaugural Voice of the Advisor survey. CGI reached out to financial advisors across a variety of segments to discover their views on how digital transformation has impacted the ways in which they interact with their clients and do business in this new normal. We sought to gain perspective into those behaviours, actions and tools that will lead best practices moving forward.

In analyzing the responses, **six clear themes** emerged. Three centered around Advisors’ own behaviours, and three focused on the actions that Firms can take to help advisors deliver on their business objectives.

Advisors reported the need to: expand the value proposition, enable technology to fuel their efficiency, and be willing to embrace change. Advisors would also like to see firms prioritize application and platform

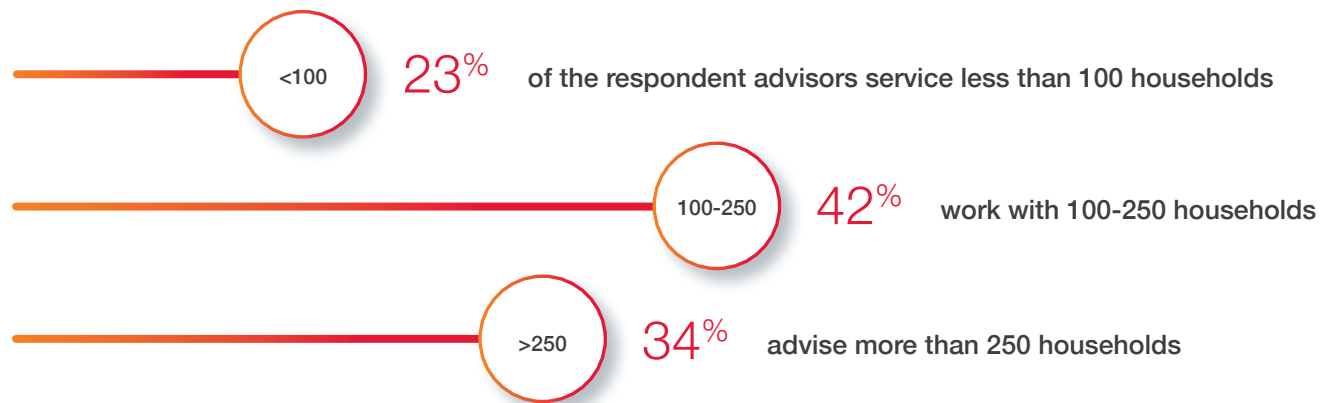
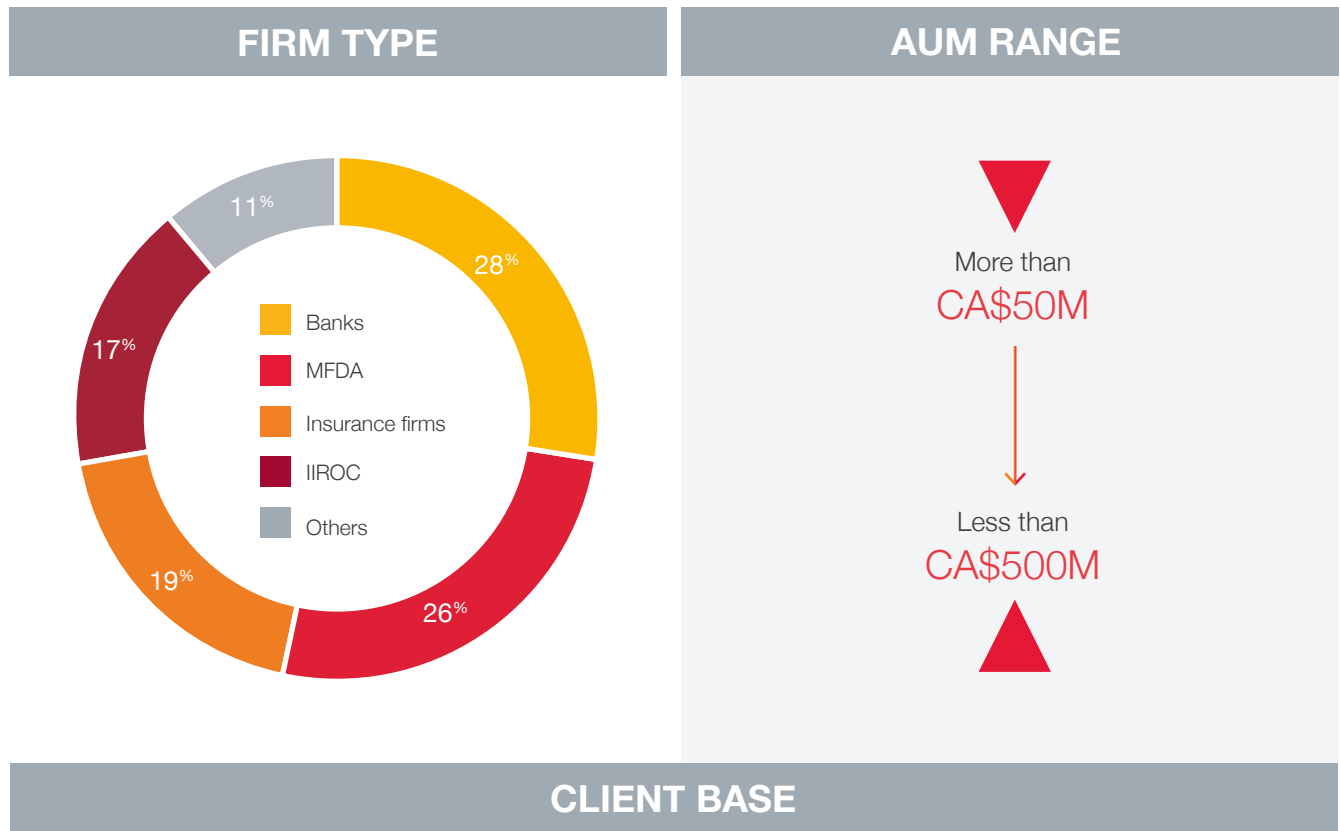
integration, increase efficiency and scale through automation and straight-through processing, and fully support their multi-faceted approach to investment management (i.e. fee-based non-discretionary, discretionary, managed, etc.).

In short, as technology evolves, so do client expectations. Advisors and firms will need the capacity to react appropriately to continue delivering on them.

**As technology evolves, so do client expectations**

### About the survey

Over the course of the last four months, CGI surveyed advisors across the Canadian wealth management landscape, garnering valuable frontline market intelligence from a broad spectrum of advisors.





**ADVISOR THEME 1** | Need to expand the value proposition

# Expanding the advisor's value proposition



75%

of advisors will define themselves as financial planners or wealth advisors

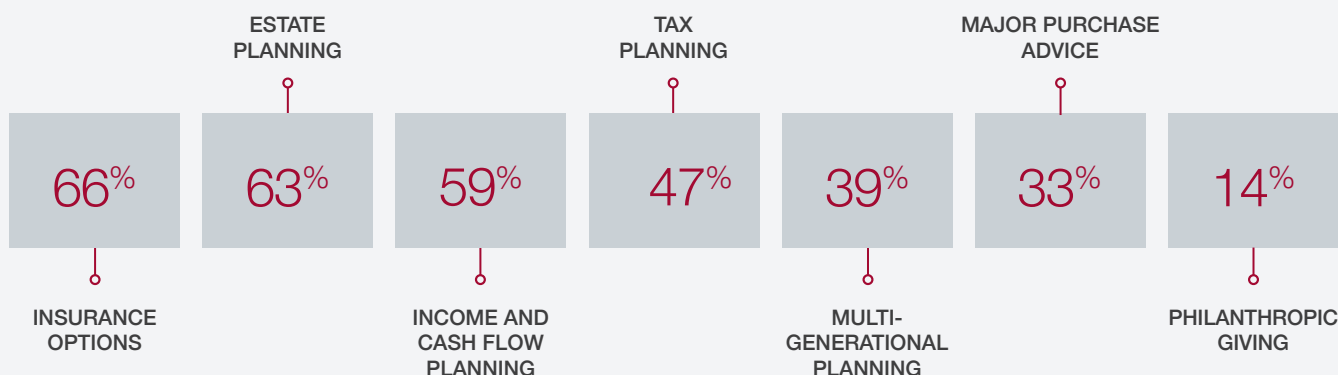
Today's digital capabilities and evolving client needs are transforming both the services that advisors offer and the way that those services are delivered. As clients demand greater value for fees, the role of the advisor has expanded to focus on a more holistic approach to managing client wealth—and maintaining client relationships.

## Rise of the wealth advisor

In line with the demand for more holistic services, our survey shows a clear transition in the way advisors describe their business. The number of respondents who characterize themselves as *investment managers* is expected to drop by half over the next five years, while the amount who use the more encompassing term *wealth advisor* is expected to nearly double.

This shift toward wealth advisory is driving an expansion in the scope of the services provided by advisors. Our survey showed that many advisors (particularly at larger firms) are delivering increasingly complex, personalized services that go beyond traditional investment, financial and education planning.

Today, the core services that advisors typically offer their clients also include:



## More opportunity to deliver

Advisors also report seeing a change in how clients expect to receive their wealth advisory information. Of survey respondents, 54% report that clients demand a more personalized experience. Meanwhile, 35% say clients want to utilize digital mediums. While at 13%, an emerging trend from clients is a more dynamic, on-demand and self-serve type of interaction with their investments.

54%



PERSONALIZED EXPERIENCE

35%



DIGITAL MEDIUMS

13%

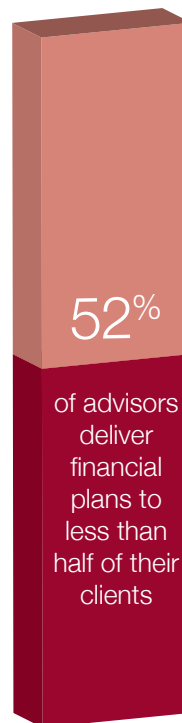


ON-DEMAND CAPABILITIES

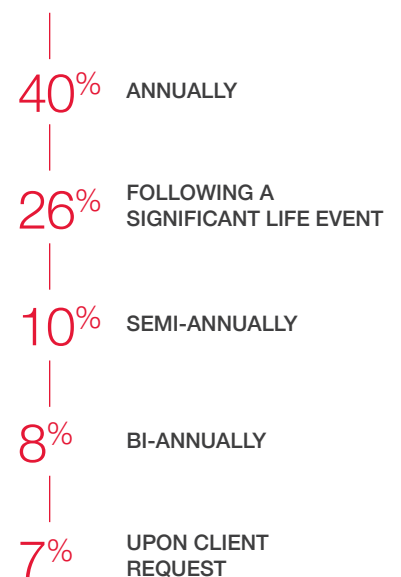
Clients are demanding new ways of working—and a new level of on-demand availability of information—that allow them to track their various financial goals

Our survey uncovered several areas where opportunities exist to expand the value proposition with simplicity and structure. One dominant theme is financial planning as a way to strengthen the value proposition, however, when specifically asked about financial planning, 52% of advisors cited that they deliver financial plans to less than half of their clients. This represents a major area for advisors to deliver additional value across their entire client base—however, the current process is complex and resource intensive.

For example, the survey identified a relatively low frequency of financial plan reviews. Just 40% of advisors review their clients' financial plans with them on an annual basis, while 7% conduct such a review only upon client requests. With increased market volatility, it's clear that advisors who expand their value proposition, beyond just managing portfolios and giving investment advice, can significantly help manage client expectations, increase client engagement and deliver additional value. Technology has made significant strides that, when integrated successfully, can simplify the financial planning process to ensure greater client coverage and easier delivery.



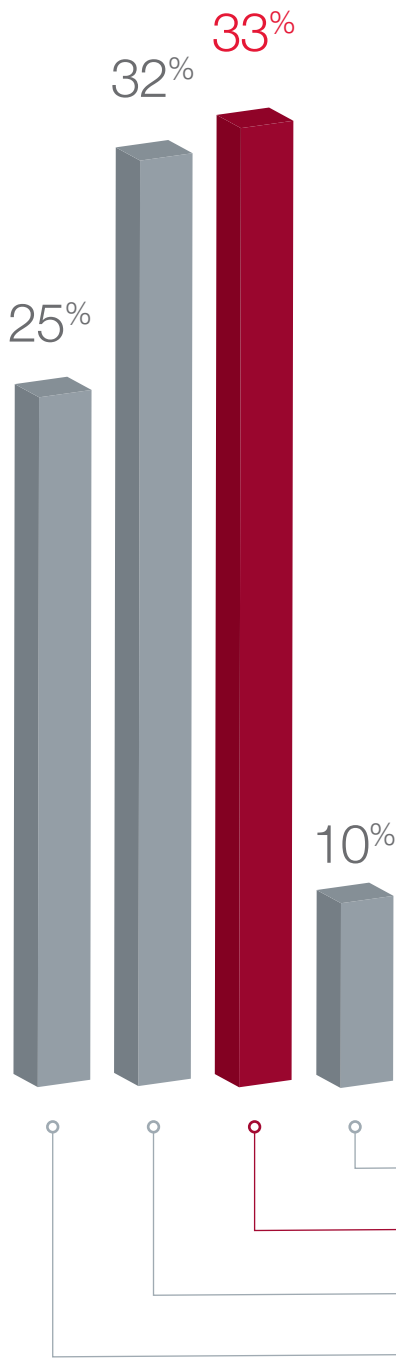
### Opportunity to increase the frequency of financial plan reviews





**ADVISOR THEME 2** | Enable technology to fuel efficiency

# Enable technology to fuel advisors' efficiency



Advisors must often fulfill many roles, from managing a team to processing a trade to tackling administrative tasks. Unfortunately, that doesn't always leave as much time as they'd like for client relationships or growing their business. By taking advantage of technology to increase efficiency, advisors can regain some of their capacity.

### Advisor capacity is stretched thin

Much of an advisor's time is not spent directly on client activities. According to our survey responses, a full third of an advisor's time is taken up by admin duties. Almost as much is spent on portfolio management and maintenance. That leaves only 35% of their time free to manage client relationships and develop new business. There is clearly room for firms to help free up capacity for higher value work.

### ADVISORS TYPICAL WORK WEEK



- NEW BUSINESS DEVELOPMENT
- ADMIN**
- PORTFOLIO MANAGEMENT AND MAINTENANCE
- CLIENT RELATIONSHIP MANAGEMENT

Technology is transforming the way that human beings interact with information. Advisors must do the same in order to ensure continuous delivery of high-value services



### Tech can help

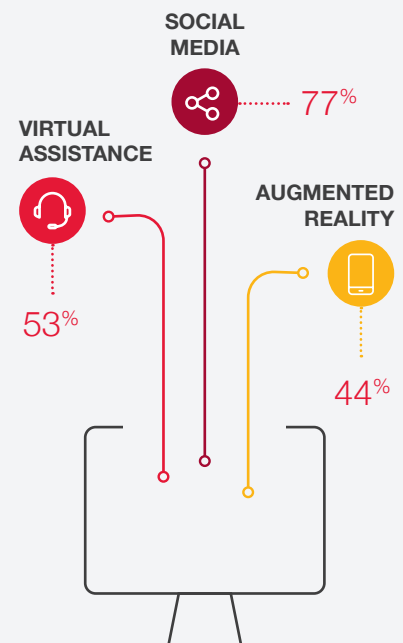
Many advisors have found that a shift toward technology has enabled greater capacity. Roughly four in 10 advisors surveyed reported that financial technology has had a significant impact on how they handle everything from workflows to client relationships and financial planning.

While advisors with lower AUM say they’re less likely to utilize new technologies, a relatively high percentage of overall advisors expect it to play a significant part in the future of wealth. Just consider the significant increase in the popularity of video conferencing due to the pandemic. Additionally, many advisors either already use—or believe that their clients would be interested in using—social media (77%), virtual assistance (53%), and even augmented reality (44%) to deliver services.

Our survey results indicate that advisors have identified their client’s growing demand for self-service capabilities as a significant emerging trend. Rapid advancements in technology have shifted investor attitudes towards digital services and transformed their expectations for how they access information—and, ultimately, how they receive value.

Investors want the same level of digital experience from their wealth advisor that they currently receive from other trusted service providers (e.g. Amazon, Google, etc.). This growing desire for interactive, bespoke content (available to the investor 24/7) can help drive more holistic wealth management advice delivery, while also alleviating some of advisors’ current capacity concerns.

**In service delivery, many advisors either already use—or believe that their clients would be interested in using:**







**ADVISOR THEME 3** | Embrace change

# Advisors must embrace change

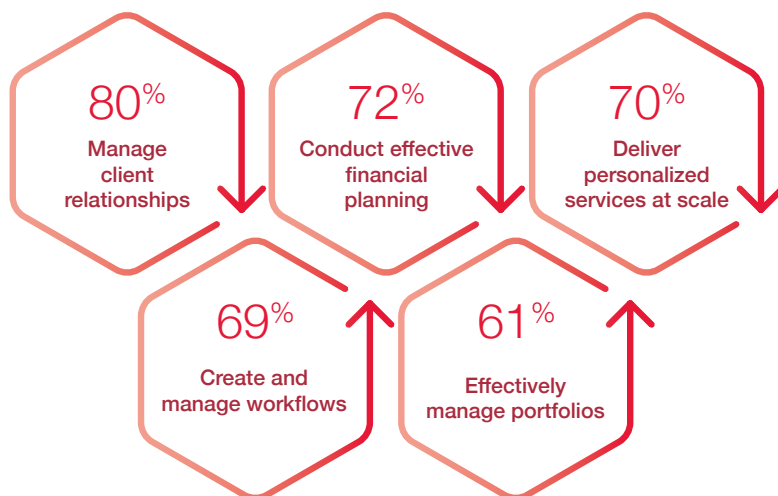
70%

of respondents acknowledge that digital transformation is not only changing the way they do business now, but will continue to do so in the future

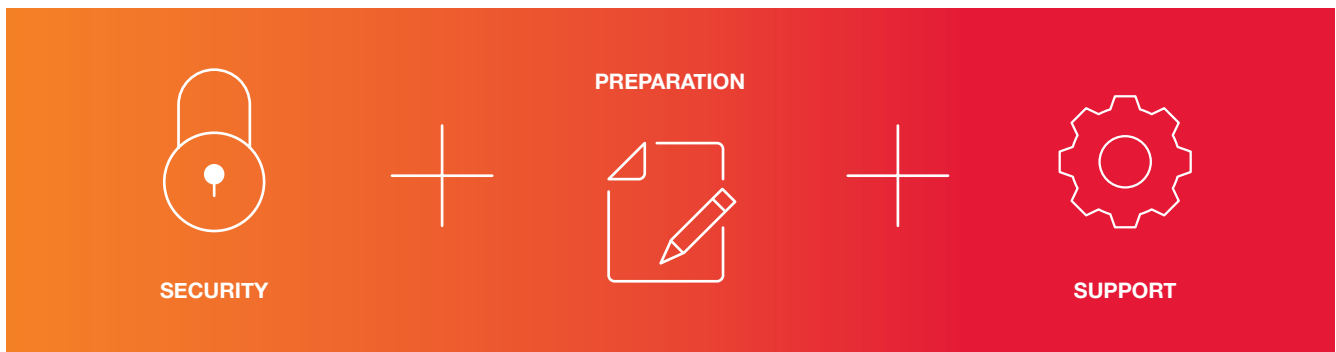
The wealth management industry is undergoing a digital transformation, one in which all areas of an advisor’s business model are being affected. Our survey found that many advisors have already identified this trend, with 70% of respondents acknowledging that digital transformation is not only changing the way they do business now, but will continue to do so in the future.

## The impact of technology is far-reaching

According to our survey responses, advisors have identified several overarching areas of their business where changing technology and evolving digital tools could have the greatest impact. These include their ability to:



As we saw earlier, many advisors have already embraced the various digital tools available today, baking them into the processes and service delivery offerings above. However, in doing so, they must address some new concerns.



## Security, preparation and support are critical

When it comes to integrating technology, data privacy and security are the dominant issues reported by concerned advisors. Training on the new tools also factors into their worries, as does increased complexity for clients and their team's adoption of the new tech.

Moreover, many advisors find that head office response to these concerns is muted. While just over half of respondents felt that their firm strongly supported access to digital tools, fewer than half felt strong support for ongoing training on those tools, or communication to keep them apprised of new features and functionality.

Yet, these challenges are not insurmountable. They can be overcome when firms prioritize digital transformation—and prepare their people for it.

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Advisors know that their business practices can benefit from the ongoing digital transformation in the wealth management landscape. They just need to be willing, and have the support, to take advantage of new opportunities.

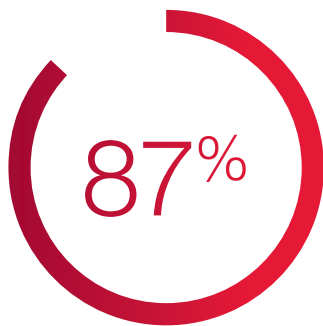
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**FIRM THEME 4** | Need to drive efficiency and scale

# Firms need to drive efficiency and scale



of advisors reported a willingness to embrace the changes that accompany transformation

By and large, advisors are willing to adopt new tactics to improve capacity in their businesses. Of the advisors surveyed, 87% reported a willingness to embrace the changes that accompany transformation. However, they need firms to champion effective change management for the processes and technology they put in place to drive efficiency and scale.

## Top five opportunities for greater efficiency

In evaluating the collected data, we were able to identify five specific tools and processes that advisors would like firms to adopt or update in order to increase capacity:

<p><b>01</b> Streamlined integration between applications</p>	 <p><b>TOP 5</b></p>	<p><b>02</b> Replacing legacy systems with intuitive technology</p>
<p><b>03</b> Greater automation of core business activity</p>	<p><b>04</b> Better utilization of existing software</p>	
		<p><b>05</b> More intuitive and interactive client apps</p>

The survey results also indicated a direct correlation between AUM and the acceptance and utilization of these types of new technology. With newer advisors generally more likely to engage technology solutions to free up their time and seek out new clients, this likely refers to more established advisors with lower AUM that aren't interested in changing or growing their books further. Regardless of AUM, in order for any updated process to add value, it needs to be properly rolled out to the advisors who will be using it.

## Qualities of a successful rollout

Advisor adoption of technology is pivotal to the success of any firm’s rollout program. Yet, less than half of advisors (48%) feel that their firms are effective at evaluating and introducing new technology. This represents an area where firms have significant room for improvement.

In assessing the advisor responses to our survey, three key characteristics of a successful rollout became clear. Advisors need to be given a clear understanding of the need for what’s being implemented. It needs to be an intuitive experience that effectively increases advisor capacity. Advisors must receive sufficient training and ongoing support for the new tech.

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Advisors want firms to adopt new, data-driven technology to enable greater capacity. But in order for firms to successfully implement it, effective communication and training must be prioritized

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### CHARACTERISTICS OF A SUCCESSFUL ROLLOUT



Moreover, it seems that firms have also begun to recognize the importance of advisors’ insights regarding new methods of conducting business. Of those surveyed, 76% of advisors report that their company seeks input on which technology or digital tools to adopt, as well as how they should be rolled out.

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**76%**

of advisors report that their company seeks input on which technology or digital tools to adopt

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**FIRM THEME 5** | Need to support multi-faceted businesses

# Firm support for multi-faceted businesses

For firms to remain competitive with advisors, they'll also need to be flexible regarding how advisors make their money

Advisors operate their business in a number of different ways. No advisor is the exact same. That's why it's essential for firms to have the functionality to facilitate all aspects of the wealth advisory trade in order to both retain their existing advisors and attract new ones.

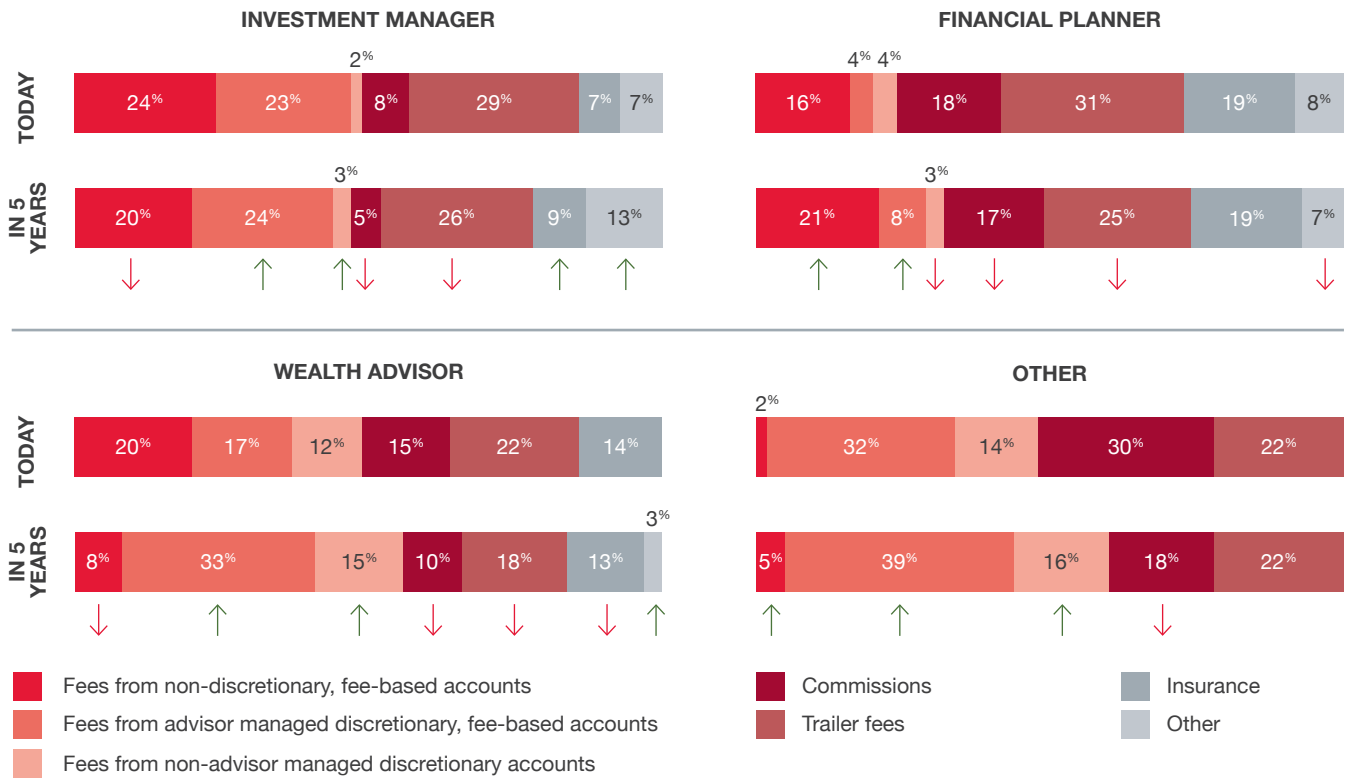
## As advisor offerings broaden, fee structures must adapt

As the industry shifts toward more holistic wealth management, particularly among larger books, advisors have become more likely to offer a broader range of core services. In addition to those mentioned earlier, this can also include core offerings of behavioural coaching (34%), business succession planning (25%) and trust services (8%). A firm's digital capabilities will need to support that. This broader set of services starts to shift advisors from fee for product to more of a fee for service type model.

For firms to remain competitive among advisors, they'll also need to be flexible regarding how advisors make their money. Our survey results show that regardless of how advisors define themselves, they all expect revenues to come from multiple business practices—advisor managed, discretionary, and fee-based non-discretionary, as well as commissions and trailers. Although most anticipate a decline in trailer fees and commissions, they will still remain a source of income that needs to be supported.



ADVISOR INSIGHTS: REVENUE PROFILES NOW AND GOING FORWARD



Firms have technology roadmaps, though advisor awareness is low

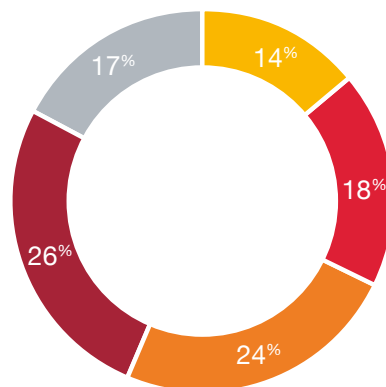
Many firms recognize the role technology can play in supporting their advisors. In fact, most firms currently have a digital strategy in place at the corporate level. However, our survey data indicates this roadmap is generally not well known to their advisors. Less than half of respondents (43%) reported having a strong understanding of their firm’s approach to integrating digital tools into the business. Almost a third (32%) had no, or almost no, awareness of it at all.

In other words, there’s significant room for firms to improve communication around their technology roadmap and how following it can ultimately support the various facets an advisor’s business.

PERCENTAGE OF RESPONDENTS



In order to harness new opportunities around evolving business trends, successful firms will adapt to support all facets of an advisor’s business, especially in terms of its digital capabilities and compensation models



**FIRM THEME 6** | Application / platform integration

## Prioritize firm-wide application and platform integration

Barely  
**HALF**

of respondents agree that firms make very effective use of workflows and standardised processes

Only **48%**

believe their firm is ahead of the curve when it comes to technology and automation

Just **37%**

of advisors consider their firm's business applications to be successfully integrated with each other

When a firm seeks to implement digital solutions to enable investor capacity, full integration between systems is critical—and the benefits are apparent. If platforms communicate, an advisor only has to input data once, rather than spending time replicating their efforts across separate systems. Plus, properly integrated data flow allows a firm and its advisors to garner a more insightful picture of their clients' needs.

### Integration enables capacity, when properly implemented

Overall, advisors believe that better integration, new technology and greater automation will have a significant impact on their ability to more efficiently deliver on client expectations. Yet, they don't always find that their firms prioritize those initiatives.

Barely half of respondents (51%) agree that firms make very effective use of workflows and standardized processes. Similarly, only 48% believe their firm is ahead of the curve when it comes to technology and automation. Just 37% of advisors consider their firm's business applications to be successfully integrated with each other.

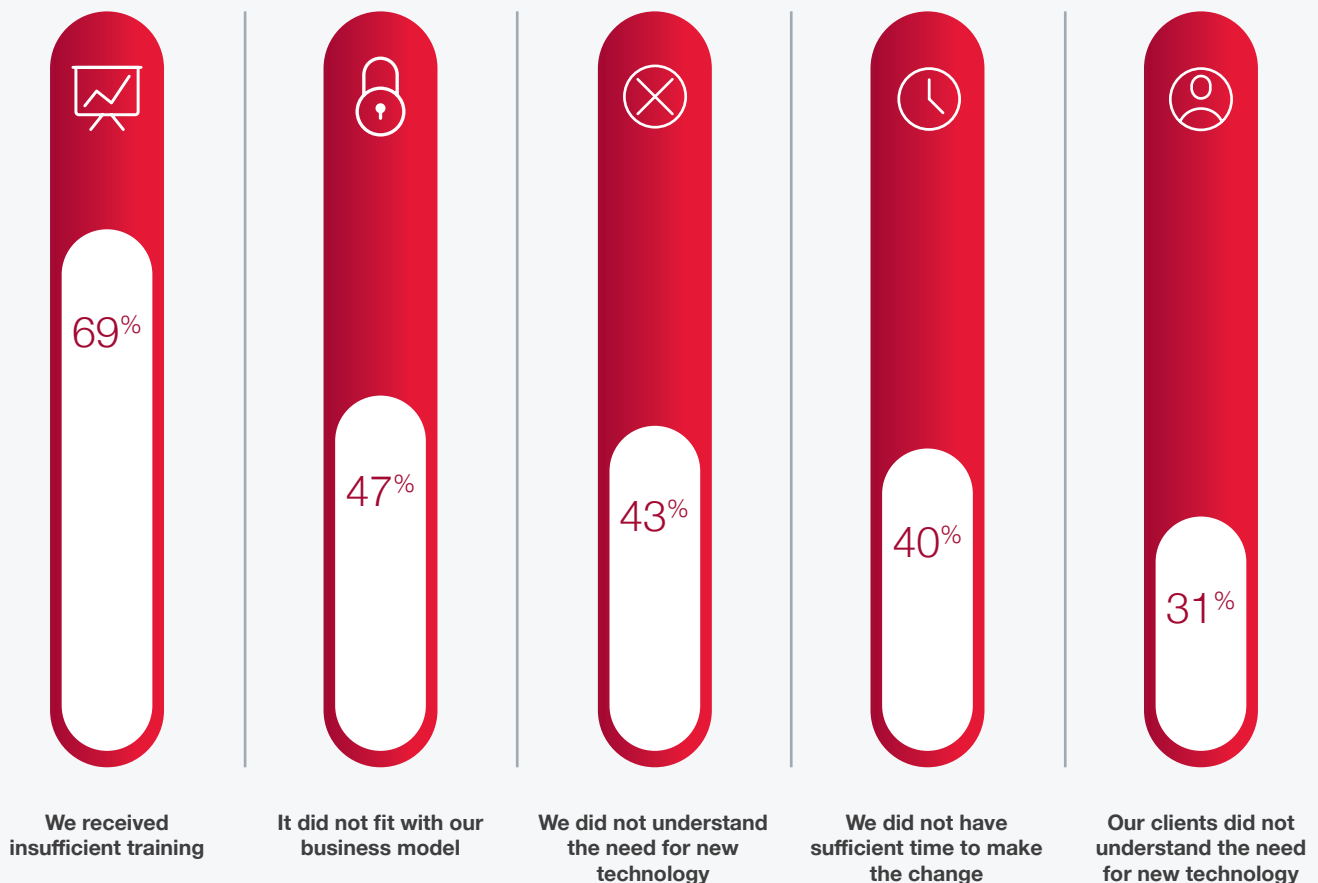
These responses indicate that a clear opportunity exists for firms that can more effectively incorporate technology to enable advisor capacity. However, in doing so, they must avoid common pitfalls.

## Characteristics of an unsuccessful rollout

Previously, we touched on the qualities that advisors believe contribute to a firm's successful technology rollout. Our survey also found that unsuccessful rollouts tend to share similar characteristics. Some were the opposite of a successful rollout's attributes, while others were separate factors entirely.

The most common feature of an ineffective rollout, as reported by over two-thirds of advisors, is insufficient training on the tools being introduced. Roughly half of respondents ascribed rollout failure to the new technology not fitting with the advisors' existing business model. Another important factor that advisors cited was a lack of understanding of the need for the new tech, both on the part of the firm's advisors and on the part of its clients.

Proper integration of a firm's digital platforms is essential to fully realize their potential benefits, as is appropriately integrating the tech with its end users: the firm's advisors and clients





# To sum up

CGI approaches every engagement with one objective in mind: Help clients succeed. It was in service of that goal that the CGI wealth management group launched our inaugural Voice of the Advisor survey.

As a trusted industry partner, this active dialogue with advisors across Canada's wealth management landscape gives us frontline insight into the changing nature of the business, both amid a digital transformation and during a global pandemic. The survey will also be a recurring interaction with the financial community, allowing us to evaluate our study regarding the contemporary benefits of tech adoption for advisors and firms alike.

Advisors' responses have revealed new opportunities for their businesses to thrive today. For those that embrace change, technology can help enable capacity and expand the value proposition they offer clients. At the enterprise level, advisors want firms to tap into digital trends to drive the move toward greater efficiency and scale, and ensure support of advisors' multi-faceted businesses, with proper implementation, system integration and support.

Simply put, digital capabilities are evolving to meet changes in the way that work is done. The firms that will successfully attract and retain top talent will be the ones that take advantage of new tools and listen when advisors say:

“Make it **simpler** and **easier** for me to **run** and **grow** MY business.”

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## About us

At CGI, we are insights-driven and outcomes-based to help you accelerate returns on your investments.

We provide comprehensive, scalable, and sustainable IT and business consulting services that are informed globally and delivered locally.

**10 industries**

**400+ locations worldwide**

**77.5K consultants and professionals**



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