

Best practices in wealth management technology can drive firm success

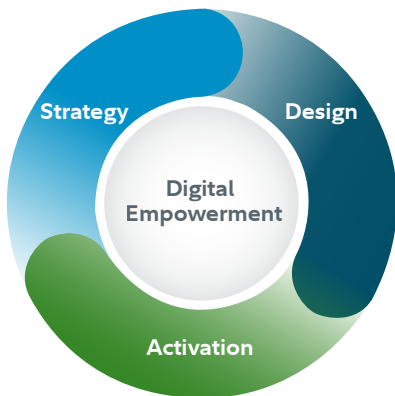
What we can learn from firms that embrace technology to drive efficiency, grow faster, and deliver a better client experience



Fidelity recently asked financial advisors—including owners, partners, and technology decision-makers—to tell us about their firm’s perspectives and practices around technology, along with how their firm is doing. Here’s what we learned about these firms and the impact of technology on their success.

Evaluating digital empowerment

In 2021, we introduced our Digital Empowerment framework to help firms evaluate their use of technology and identify next steps to improve, across three key domains:



Strategy

Develop and understand the goals and principles that guide the firm forward.

Design

Define the firm’s technology ecosystem, workflows, and user experiences.

Activation

Implement and support firm technology to drive adoption and optimal usage.

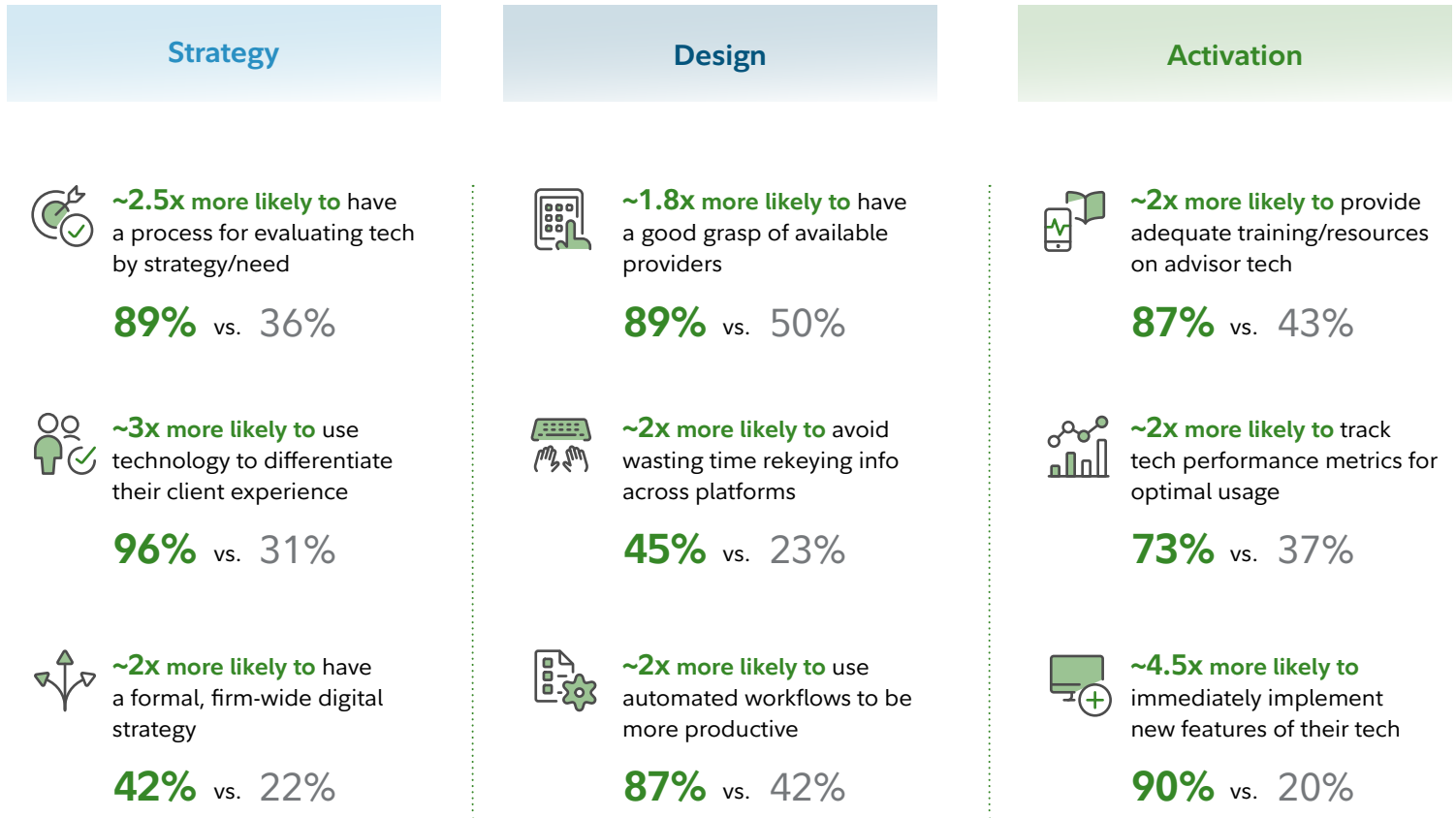
We’ve long believed that firms that invest their time in these areas will develop greater efficiency and be better prepared to compete in any environment. Within this survey, we asked about best practices across each of these domains, and, unsurprisingly, we found that some firms are much more digitally empowered than others. These firms enjoy significant advantages in efficiency, growth, and advisor satisfaction, while competing to better meet evolving client expectations.

Digital empowerment offers firms tangible and meaningful progress, but it is not just a static set of criteria to achieve. It is an ideal to continuously strive toward. As such, when we refer to firms as “digitally empowered,” we mean simply that they are *more* digitally empowered than their peers—not that they have no more work to do. We *all* have more work to do.



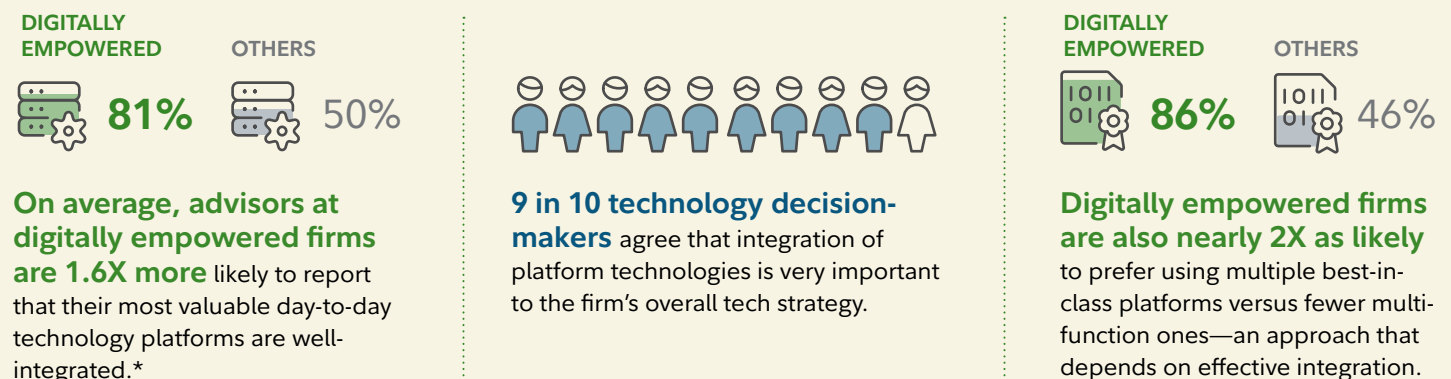
Best practices

Digitally empowered firms consistently embrace technology, receiving significantly higher marks than their peers across a wide range of best practices:



Prioritizing integration

Digitally empowered firms also rank significantly higher on technology integration—a factor almost all agree is very important to overall tech strategy.

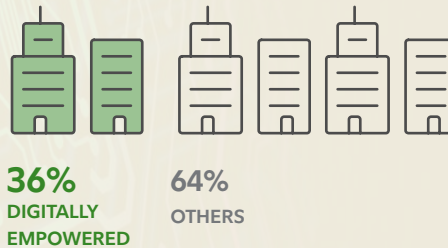


*Represents the simple average of individual platform ratings (not weighted by use)

Represented everywhere

Digitally empowered firms are represented in just about every corner of the industry.

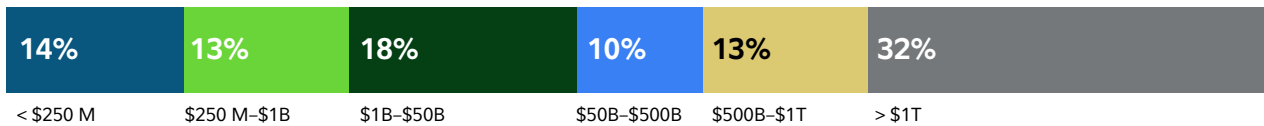
About one third of all advisors surveyed are employed by digitally empowered firms.



We found digitally empowered firms of all sizes.

Segment composition by firm assets

DIGITALLY EMPOWERED



OTHERS



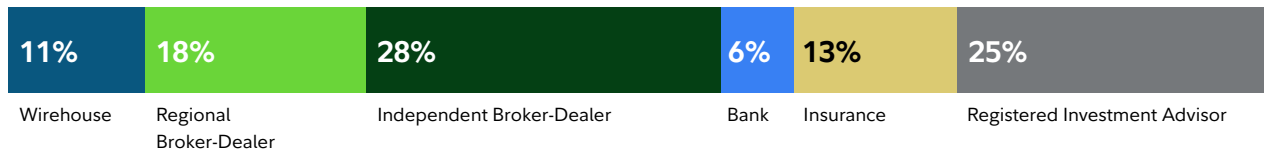
We found digitally empowered firms in all channels.

Segment composition by channel

DIGITALLY EMPOWERED



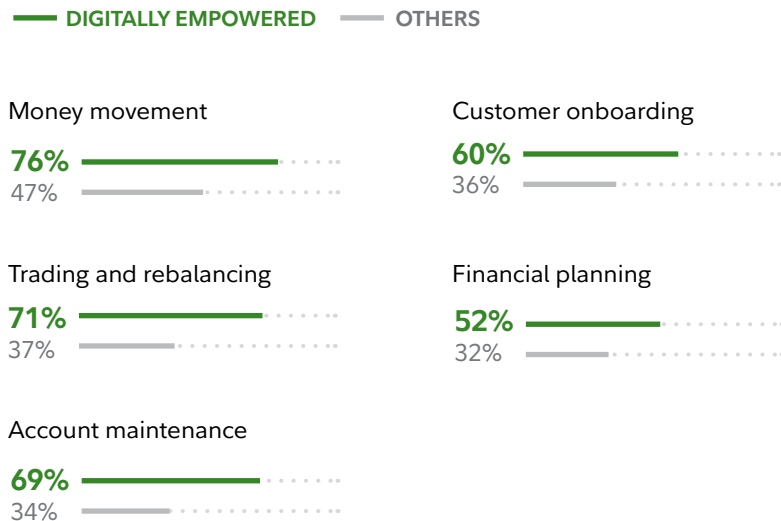
OTHERS



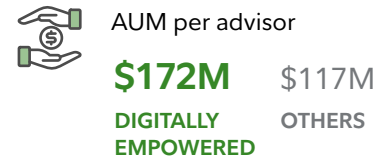
Greater efficiency

Digital empowerment allows advisors to scale their expertise to save time and serve more clients.

Advisors at digitally empowered firms are more likely to report that their processes are efficient, across every workflow that we asked about.



Advisors at digitally empowered firms also report higher median advisor productivity.



A better experience

Digitally empowered firms focus on client experience.

On average, advisors at digitally empowered firms are **~1.7X** more likely to report that their **clients view their processes/workflows as efficient**.*



Advisors at digitally empowered firms are **~1.5X** more likely to report that their **clients view their websites as easy-to-use**.¹

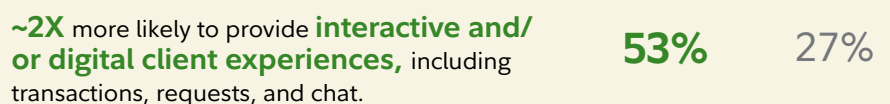
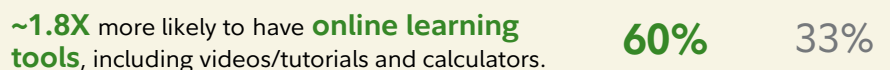
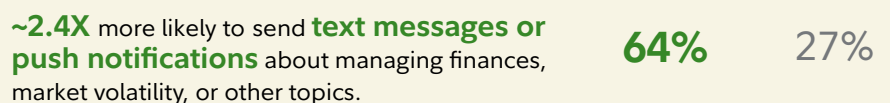
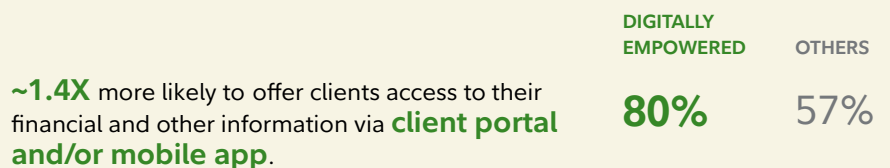
DIGITALLY EMPOWERED 72%



OTHERS 47%



Digitally empowered firms are also more likely to offer online access to information, interactions, and transactions, through several important capabilities.



*Represents the simple average of individual process ratings (not weighted by use)





The bottom line?

Digital empowerment leads to better outcomes






Better for firm leaders

Digitally empowered firms are growing significantly faster than their peers, and they enjoy a larger share of wallet.

	DIGITALLY EMPOWERED	OTHERS
 Client growth rate (Mean)	20%	8%
 Overall AUM growth rate (Mean)	22%	11%
 % of advisors reporting growth in AUM	86%	79%
 Share of wallet per client (Median)	80%	75%

Better for advisors

Advisors at digitally empowered firms reported that they were more highly satisfied, and that they earn significantly more compensation.

	DIGITALLY EMPOWERED	OTHERS
 Career satisfaction	81%	59%
 Firm satisfaction	64%	44%
 Compensation (Mean)	\$489K	\$373K

Key takeaways for firm leaders and advisors

What we've learned and/or confirmed in this study is that some firms embrace technology much more than others, in many different ways, and to their benefit.

This commitment to technology seems to result in greater efficiency and a better client experience, as well as faster growth and more highly satisfied and compensated advisors.

Any firm would welcome these advantages at any time, but they are especially important now, as advisors and firms compete to meet rising investor expectations at scale.

The practices of digitally empowered firms addressed in this research provide a great starting point for firms to explore how they can make better use of technology.

Firms that are ready to roll up their sleeves and dig into these issues more deeply should check out our work on [Digital Empowerment](#) and/or contact their Fidelity representative.



Intended for institutional use.

Endnotes

¹ The 2023 Fidelity Financial Advisor Community—Growth Tech and AI Survey

Unless otherwise noted, all data is from **The 2023 Fidelity Financial Advisor Community—Technology Stack Survey**. The study was an online blind survey (Fidelity not identified) and was fielded during the period November 9 through 24, 2023. Participants included 426 advisors—including some firm leaders, partners, and other technology decision-makers—who work with individual and/or small business investors and are licensed and credentialed. Advisor firm types included a mix of RIAs, national brokerage firms (commonly referred to as wirehouses), and other broker-dealers, with findings weighted to reflect marketplace headcount by channel, as reported by Cerulli. The study was conducted by an independent firm not affiliated with Fidelity Investments.

The 2023 Fidelity Financial Advisor Community—Growth Tech and AI Survey. The study was an online blind survey (Fidelity not identified) and was fielded during the period December 6 through 20, 2023. Participants included 414 advisors who manage or advise upon client assets either individually or as a team, and work primarily with individual investors. Advisor firm types included a mix of banks, independent broker-dealers, insurance companies, regional broker-dealers, RIAs, and national brokerage firms (commonly referred to as wirehouses), with findings weighted to reflect industry composition. The study was conducted by an independent firm not affiliated with Fidelity Investments.

Digitally empowered firms were identified using statistical clustering analysis based on advisors' responses about their firms' use of technology. While the factors that most drove differentiation of these firms versus others were *using technology to differentiate client experience, immediately implementing new features, having a process to evaluate tech based on strategy/need, and providing adequate training/resources to advisors*, these firms scored higher than their peers on nearly every technology best practice that we asked about. Digital empowerment is a goal state to strive for, rather than an actual condition. As such, references to "digitally empowered firms" are intended to reflect those firms that stand out as more digitally empowered than their peers.

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