

The Next Generation Looks Ahead

MMI Leadership Pathway Predictions for Year 2027



As MMI marked its 20th anniversary, the industry's next generation of leaders gathered for a Leadership Pathway Seminar in Philadelphia in early September. Part of the agenda called for attendees to break out into separate groups to develop predictions about how five distinct aspects of advisory solutions – wholesaler/advisor relationships, the use of data, the customer experience, products and solutions, and industry consolidation – would change over the coming decade. What follows are some of the predictions – and observations – culled from the reports of each group at the close of the session. **MMI is burying these predictions in a time capsule at the 2017 Annual Conference and will reopen the time capsule at the 2027 Annual Conference to see how the next generation's predictions panned out!**

The Wholesaler/Advisor Relationship of the Future

1. Relationships will be more technology driven and automated.
2. Advisors will become relationship managers, asset gatherers, and gatherers of the data used in the analytics that will drive digital asset management. They will no longer make investment decisions and will rely instead on home office models or third-party solutions. The industry is seeing this trend now, and it will accelerate and dominate over the next ten years.
3. There will be fewer wholesalers and they will be more consultative – playing less of a product specialist role. They will deliver value-added content to advisers, but less investment advice. They will work more closely with home office and sponsor research teams.
4. There will be fewer advisors due to a compressed fee structure and larger financial firms leveraging technology in the management of assets.

Data and its Uses

1. Big data will not plateau – it will continue to grow and evolve. All of the data points discussed today are behavioral or demographic-based and emotional data points still need to be captured. They will start to be included, however, and the data gathered will be very granular. There are firms starting to track facial expressions and using picture analyzers. All of that information will come together, and there is likely to be a continued loss of privacy. Consumers and businesses give up so much personal data in search of a bigger experience.
2. Data will drive everything into a more holistic approach. Real-time data will be easier to get on demand – and accounts can be accessed using thumb print technology to open all accounts.
3. Statements are going to go away – they are not predictive and they raise more questions than they answer. With the advent of mass data and the insights that can be gained from its analysis, there is an increase in opportunities for more predictive information to be used in client interactions. We see this information being used by financial advisors to help clients identify and anticipate real-time and future modifications to their investments in order to better align portfolios with needs and liabilities.

Industry Consolidation

1. Imagine a world where the distribution firms we now know are absorbed into firms like Amazon, Google, Facebook, and Apple. In ten years, those tech giants will play a significant role in the financial services industry. Yes, advisors will be relied on for asset gathering and data gathering, but who has more data than those tech giants? We will definitely see consolidation in the next 10 years. Today's companies must become more data-forward or they will be swept up by the big tech companies.
2. There will be consolidation across customer solutions. Expanded data aggregation – where customers are plugging in bank accounts, mortgages, investment accounts, and credit cards – will accelerate because it is bigger than *just* financial services. For example, Amazon grew from being primarily a book retailer to a full-blown retailer of all consumer goods, even groceries. Barriers between industries will fall, and we will see significant consolidation.

The Changing Customer Experience

1. Today, advisors primarily provide clients access to financial solutions. That will be challenged in ten years. Data is empowering the investor. The mass customization trend that is already occurring in the industry through Google Advisors is going to affect everyone. So, advisors will have to find the inflexion point where they add value. How do advisors customize sophisticated solutions to solve complex, real-world problems for their clients?
2. Technology will play a more important role in the customer experience. However, human interaction with a financial advisor will become increasingly more important. As investors have access to more data, their finances become more complicated, and the complexity and range of investment choices could paralyze an investor. Advisors will have to help clients sort through those choices – almost acting as life coaches.
3. Advisors will manage more family wealth, gain a greater understanding of relationships, and make fewer investment decisions. One consequence will be greater use of home office models and/or outsourcing.
4. A coined term “unified managed life” will be used to describe a customized, goals-based relationship that is wholly integrated in terms of investments, behavioral coaching services, geo-location-based alerts, and choice of communications media – all based on big data.
5. There are many factors to consider when looking into the future. Among them are the power of machine learning, understanding which variables relate to each other and what that means, and what kind of recommendation algorithms can be created for individuals with respect to the integration of their social media and social lifestyles.
6. Imagine a one-stop shop where customers can get a full breadth of investment recommendations and products to purchase – like Amazon.

The Future of Advisory Solutions and Products

1. Currently, there are asset managers that provide a full suite of investment products – all vehicles, all asset classes – and there are firms providing niche solutions. Those types of firms will probably remain the same, but it will be more challenging for the firms in the middle and some will be absorbed by the larger players or decide to turn into niche managers. As barriers fall, only the strong firms will survive consolidation.
2. There will be consolidation in the number of funds.
3. Asset managers will create more risk-based or outcome-oriented solutions.
4. “Average” funds will be trimmed off platforms leaving only high performers and niche asset classes. One result will be an a la carte service approach – do you want gold, do you want silver? It will end up being seamless.
5. There will be growth in the RIA channel, and there will be more of a team-based approach as different generations start to build wealth. The industry will see a change in the way we gather information from clients. Too many advisors, if you look at the banking channel, ask generic questions – that will change.
6. With the DOL rule, there is much emphasis on fee compression, yet there are more fee-based products rolling out along with more home office modeling with an expanded range of choices.
7. As industry consolidation continues, banking and investment platforms will be merged – customers want one account, one app, one solution. Financial services will begin to excel at providing clear-cut solutions to clients’ needs/wants. Fees will be transparent with charges aligned to the level of service the client receives.

Special thanks to the attendees of the 2017 MMI Leadership Pathway Seminar for providing the above predictions:

Nick Alfier, Peter Antonucci, Michelle Avery, Scott Beckerman, Colene Bittone, John Boccio, Ryan Brewer, Ken Burd, Courtney Caputo, Angela Carter, John Caruso, Sean Clark, John Coyne, Jody Cullinan, Ross David, Gavin Dizon-Roosa, Daniel Doucette, Hilary Fiorella, Adam Friedman, Kristen Gallagher, Onkita Ganguly, Sam Giordano, Shannon Granahan, Mark Granshaw, Rebecca Gray, Steve Harris, Kathryn Hass, Joel Hempel, Fred Jacobs, Courtney Kaplin, Brian Kilcullen, Danielle Learned, Jesse Lewis, Michelle Liller, Kelly Luke, Ron Madey, Denis McCartan, Jeff McMillan, Mark Mol, Sara Murphy, Cheryl Nash, Jason Nicastro, Tom O'Shea, Matt Pedicino, Nathallia Pryce, Patty Quinn McAuley, Arvind Ramakrishnan, Matt Reed, Julie Renfert, Bob Rice, Melissa Roe, Brian Schappert, Ted Segal, Neil Siegel, Kyle Simpson, Jack Snyder, Adam Tabor, Kyle Thompson, Travis Troy, Alex Truncala, John Ullman, Andrew Waltke, Denise Williams