



MONEY MANAGEMENT INSTITUTE

*MMI  
Perspectives  
Series*

## A CONVERSATION WITH

# Igor Jonjic

*Senior Product Manager, Investment Services, Fiserv*

One of the biggest ongoing changes in the advisory practice arena is the introduction of front-end automated financial planning tools. In this *Perspectives* interview, Igor Jonjic explores this still unfolding development and its ramifications for advisors and clients alike.

Areas discussed include:

- Growing demand for formalized financial advice
- Latest technology tools and the hurdles faced in implementing them
- How shifting client expectations play into the demand for advice and technology
- The potential long-term benefits for advisors of engaging in financial planning
- Emergence of interactive client-facing planning tools alongside advisor-facing tools

A specialist in financial technology and advice solutions, Mr. Jonjic has helped bring new tools to market that enable advisors to work more efficiently and better collaborate with clients while guiding them through retirement planning and toward achieving their other financial goals. He has dedicated his career to helping financial advisors better serve their clients and grow their businesses through innovative technology. As a former financial advisor, he is familiar with the work it takes to build a successful practice. Prior to joining Fiserv, Mr. Jonjic spent eight years as a technology consultant working directly with individual advisors and senior management at one of the nation's largest independent broker-dealers. Mr. Jonjic earned an MBA specializing in business systems and data analytics from LaSalle University and a BS in computer information systems from Rider University.



**Igor Jonjic**

*Senior Product Manager  
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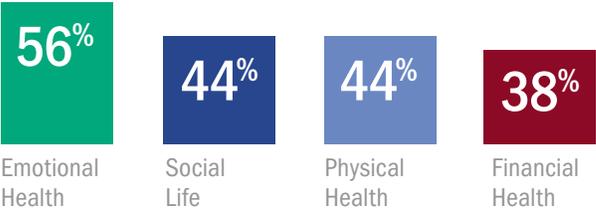
**MMI: What are the principal changes occurring in the advisor marketplace, and what is driving them?**

*Igor Jonjic:* We are seeing a much greater need and, frankly, demand for more formalized advice, whether it is investment advice, financial planning, or developing an overall comprehensive financial program. This demand is coming at advisors from different sources. There is the regulatory pressure—whether it is the old fiduciary rule or the new SEC BI Rule—and there is pressure from clients who are unsatisfied with their current financial health (CHART A). They are better educated, would like to know more, and demand that more sophisticated advice be provided by advisors. Clients—even without the regulatory impetus—have come to embrace more comprehensive advice as part of the long-running shift from defined benefits to defined contributions. That shift requires clients to be more engaged, more involved in their investment strategy and overall comprehensive financial planning, and that in turn puts pressure on financial advisors. We are also seeing advisors in the midst of a long-term shift from commission-based products for their revenue generation to more of a managed account approach, and clients are seeking justification as to how and why they should be investing their assets in the products being set before them.

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**CHART A**

**Client Satisfaction with Financial Health is Lower than Other Areas of Life**



Source: Expectations & Experiences; Household Finances, Fiserv, 2019

## **MMI: Your firm’s marketing literature refers to “configurable and integrated financial planning technology.” What is meant by that?**

*Igor Jonjic:* Underlying technology is always evolving and changing. Clients are now asking for bite-size pieces of information that—in addition to being smaller—are more focused, more targeted, and more interactive. Moreover, they are asking advisors to make changes right then and there. To better enable advisors to provide this type of client interaction, we at Fiserv offer systems configurability and flexibility to allow advisors to take the planning process in pieces rather than trying to make everything happen in one meeting. Advisors can no longer tell clients, “Let me rerun the numbers and get back to you,” and then return a week later with another 100-page report. What they are currently hearing is, “I need answers now, show it to me.”

Another change when it comes to the delivery of advice is that it has become a much more visual exercise. It used to be paper reports, spreadsheets, numbers. Now it’s more graphs and charts to support an interactive discussion with the client. Clients are expecting to see something on a screen that comes from across the country, or potentially even across the world, using WebEx and similar tools to see what other advisors are doing and how they are doing it. Whatever strategies are selected, clients want them presented live. That, of course, forces advisors to learn new skills and compels us, the technology companies, to provide advisors with much more interactive, much more visual tools that describe and define the strategies advisors are proposing.

*“Clients are now asking for bite-size pieces of information that... are more focused, more targeted, and more interactive. Moreover, they are asking advisors to make changes right then and there.”*

## **MMI: Are there concerns being raised by the demand for short-term answers? How accurate are plans made on the fly? Is the quality of advice suffering?**

*Igor Jonjic:* Not necessarily. With some of the technology that we offer, advisors, by moving one lever, can make one small adjustment such as delaying the date of retirement, which used to be an all-day calculation. But delaying retirement also affects five other things down the line. It delays Social Security income. It may change the timing and the sequence of withdrawals from different accounts. All of those things used to be worked out manually. Fintech companies are creating tools that take into account all the aspects of a plan. So, now an advisor drags the retirement age out two years to see how it will impact the client, and all the related changes and calculations are made behind the scenes. Given that the relevant data has already been provided and input into the system, advisors no longer have to worry about calculations they previously had to handle manually. So, no, I don’t think the quality of the advice now being presented suffers.

## **MMI: How much training is required for the use of Fintech tools?**

*Igor Jonjic:* Ideally, very little. The tools are becoming very intuitive. So, advisors don’t have to spend a lot of time, nor do they want to spend a lot of time, educating themselves. This is not seen as a revenue-generating activity for them. It is just a tool, and a tool needs to be transparent. It needs to be easy to learn and so intuitive that advisors using it for the very first time can generate a basic financial plan.

## **MMI: It’s no secret that advisors are already strapped for time.**

*Igor Jonjic:* Exactly, they are chasing that next prospect, and their most productive time is that spent sitting in front of their clients—not in massaging their clients’ cashflow or asset accumulation. They need to be able to produce results on the spot in front of their clients. It all needs to be easy and simple enough that they can do it without extensive training or additional overhead.

## MMI: How common has it become across the industry to integrate up-front financial planning tools with home office systems?

**Igor Jonjic:** The demand is clearly there, but it's not very common. This is one of the problems we are trying to solve. When an advisor is in his or her office, it's almost like they are sitting in front of a control console. Someone recently likened it to a swivel chair in which they move from left to right—from financial planning to trade management to account onboarding—a process that is usually designed and developed by the home office. The problem is that those are different and disparate systems that don't necessarily talk to each other.



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We are innovating by connecting our financial planning tool to different account onboarding systems. When a managed account is opened, those same assets that appear in the retirement plan will also appear in any other investment proposal as a result of the onboarding process. There is no rekeying—it is a matter of managing one client, simply by moving from one window to another, not to different screens for different applications—no need for a swivel chair.

## MMI: What are the chief benefits of adopting front-end tools for advisors and for clients?

**Igor Jonjic:** The primary benefit is helping advisors spend more time with their clients and less time on administrative tasks. Clients should be the highest priority, and they want their advisors to be responsive and quick to provide accurate advice. If the advisor is stuck doing administrative tasks and cannot respond or is continuously juggling between tasks and clients, the client relationship suffers. So, better, faster, more convenient delivery of advice from their advisors along with better access to them—those are the main benefits clients are receiving due to the implementation of the new technologies.

## MMI: What have been the main challenges to the adoption of new financial planning technologies?

**Igor Jonjic:** As I mentioned earlier, financial planning is time consuming. So much so, that many advisors opt out of financial planning altogether, which is unfortunate. Second, financial planning per se, the actual act of developing and delivering advice, is not, again, seen by most advisors as a revenue-generating activity. Advisors do charge for financial plans, but that is not how most of them make their revenue. It's usually through commissions or managed accounts. Regrettably, those advisors who don't consider financial planning valuable are missing out on what I think is a significant opportunity. What advisors really want is for clients to stay with them for a long time and trust in their ability to deliver good objective advice. Good financial planning lays the groundwork for that, and over the long term it should be of tremendous benefit to advisors' practices—in reality, it is how and why they retain existing clients and attract new ones.

**MMI: Among advisors and clients, how widely appreciated are the benefits of up-front financial planning tools? Is it something both clients and advisors can adjust to easily?**

*Igor Jonjic:* It's not especially easy—the adjustment must be made over time. I think clients are much more readily able to adapt to it and much more responsive. The demand we are seeing from clients demonstrates that the new technology is exactly what they want. Advisors are the ones less responsive mainly because they have baggage. Statistics show that the average age of an advisor is well over 50. So, they are ingrained in their old ways of delivering advice. In addition, there are still a lot of commission-based practices. We have research that shows that the new advisors coming onboard, the Millennials, demand these tools. They are much more responsive and willing to adapt to changes in the industry and open to client demands. Actually, they are the ones pushing more and more for this new integrated, more interactive, more visual delivery of advice.

**MMI: And the Millennials come into the game without the traditional advisor baggage, looking for what is new, what is going on?**

*Igor Jonjic:* Precisely.

**MMI: How common have automated portfolio construction, trade execution, rebalancing, and performance calculation become?**

*Igor Jonjic:* Firms are obviously in different stages of the adoption cycle. Where we're seeing a tremendous amount of interest is in rebalancing. In other words, what is the optimum way to rebalance across many different registrations and many different tax treatments?

We're seeing that demand, and it ties closely to the concept of the unified household account, where advisors look at the entire household as one unified portfolio although they may only manage a small sleeve of that portfolio. Advisors need to be aware of assets held elsewhere, and the sleeve they manage must be coordinated with the allocation of those outside assets.

**MMI: Are the new tools enabling advisors to capture more of the household rather than just a sleeve?**

*Igor Jonjic:* Absolutely. There is a growing demand for data aggregation, but that creates more than just an opportunity to capture more of the household portfolio. It is also an opportunity to give good, solid objective advice. As we just noted, an advisor needs to be aware of how all holdings are invested. So, data aggregation is critical for that, and, of course, it may at some point present other opportunities. What if that client changes jobs and has an old IRA or 401K sitting on the sidelines that is not being invested properly or correctly? That is certainly an opportunity for an advisor and why we try to uncover all accounts and allow advisors to monitor those other assets, which ties back to the concept of managing the whole household account.

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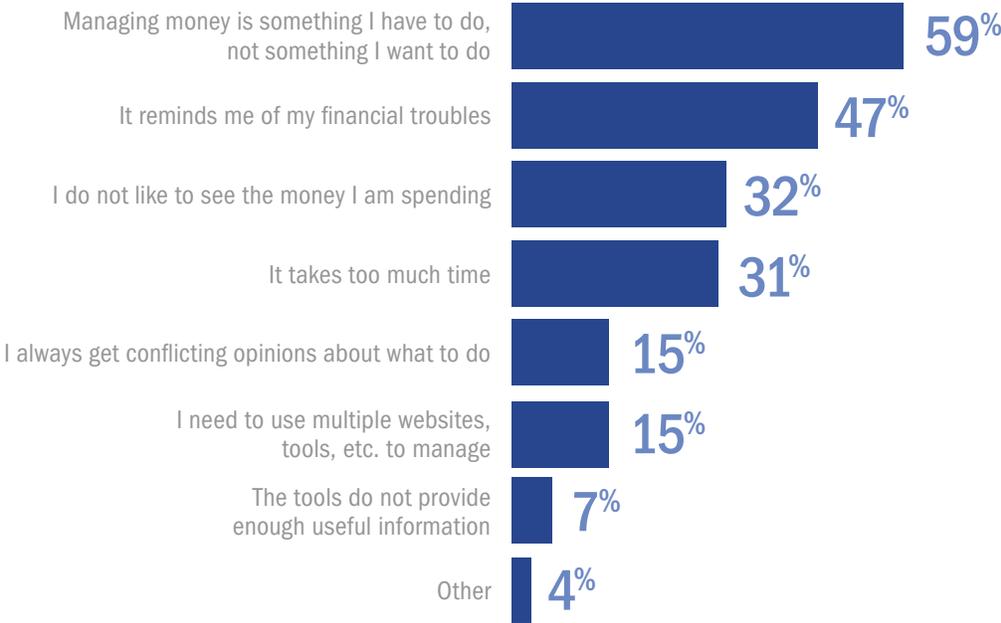
**MMI: If an advisor can secure an entire household account, what does that mean for the client?**

*Igor Jonjic:* It is easier for clients to manage, to see the big picture. Managing finances is often seen as a burden by clients (CHART B), so now they don't need to go to five different places to check status or balances or asset allocation. For a transaction, they just need to go to one place. And many of the tools that provide account aggregation do basically provide exactly those services. So, for clients, it's convenience, ease of access, better oversight. With the tools now being put in place, the client has confidence in his or her advisor because of the level of service they are getting and the quality of advice. For advisors, it's essentially the same thing—and better quality data presents opportunities in terms of held-away assets that could potentially be managed in the future.

**CHART B**

**Why Clients View Managing Finances as a Burden**

(among those who agree managing finances is burden)



Source: Expectations & Experiences; Household Finances, Fiserv, 2019

## MMI: What do you think the next step in this ongoing process of change will be?

**Igor Jonjic:** One important aspect of these tools is that the underlying data is essentially being walled off within gardens. All of these tools are tightly controlled and not willing to share data with or submit data to other systems. That is the biggest bottleneck. With respect to the sharing of data, when we develop advisor tools, we look at it from the advisor workflow perspective—we put ourselves in their shoes and think and act like advisors. Basically, we try to see how they work. I used the swivel chair analogy earlier. Every time they move from left to right or from one place to another, there is possibly a need to key data, and some data could be dropped and mistakes made. That is the aspect we are most strongly focused on—trying to minimize, trying to break those barriers between the systems, trying to connect as many of them as possible—so that we create one cohesive platform with one control center that allows an advisor to take charge all the way from the beginning of a relationship.

## MMI: What is the one step the Fintech industry must absolutely take going forward?

**Igor Jonjic:** There are too many frictions between disparate systems that add to advisors' tasks and are basically a waste of time. This is what we are trying to eliminate or, at least, minimize by connecting all the pieces together. That is really our primary objective and what will move the needle forward. I mentioned two examples—middle and back office systems. I didn't even talk about trading, and then there is account management and rebalancing. What if orders are automatically sent to the trading platform or to the back office that actually handles the trading? Ideally, an advisor in the field could enter a new phone number that pushes all the way through to financial planning and potentially to the home office. Those are the critical kinds of improvements that will ultimately move the needle forward in our industry. We are looking for those bottlenecks, those frictions in disparate systems and eliminating them and allowing data to flow more easily—that is our key message.

## MMI: A monumental task. Do you see the use of up-front financial planning making client relationships “stickier?”

**Igor Jonjic:** One way to make relationships stickier is by creating more interactive tools for clients. It is not enough anymore just to build a tool for a financial advisor to use to present results to his or her clients. In the next generation of these tools, we see a sister side to what advisors are now using. There will be tools that allow clients themselves to log in, do some quick manipulations or ask some what-if questions. There are some standalone tools available out there—mainly through robo solutions—but they all seem to be focused on goals-based investing, not necessarily good comprehensive advice. Ultimately what clients find is that, while they may use those tools—the quick calculators—sooner or later there is a need for a human touch and real one-on-one financial planning. “I still don't understand these numbers. I think I will call my advisor.” Maybe this is how some relationships begin—with clients creating a plan on their own, but, ultimately, they will find they have to connect with an advisor.

What we are seeing is that there will be client-facing tools as well as advisor-facing tools, and they will be interconnected. When an advisor develops a financial plan, that plan is then shared with the client. Clients will not only be able monitor progress, they will also be able to do some of the basic financial planning themselves—all in all, much better integration, and that will make client relationships stickier. Clients will be much less likely to leave if they feel ownership of the plan and a degree of control. Client-facing tools are exactly what are needed to give clients the feeling of being empowered and in charge. The advisor's role will basically be helping them navigate the maze of challenges in reaching their goals.

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*“We think that in the next generation of client-facing tools there will be an advice component as well—not just data aggregation, but some form of advice that interacts with the advisor.”*

## **MMI: And you see that happening now?**

**Igor Jonjic:** Yes, absolutely. Typically, those tools start with data aggregation, and that, of course, involves the client. The client needs to provide their credentials and bring all held-away assets together—however there is not really enough incentive to do that now. We think that in the next generation of client-facing tools there will be an advice component as well—not just data aggregation, but some form of advice that interacts with the advisor. What advisors are also telling us is that a lot of the financial plans out there are not flexible. They tend to brand themselves as comprehensive—asking, for example, for 500 data points to create a financial plan. The problem is that when clients interact with advisors, they often don’t have good data right up front. It used to be that a client was asked to complete a 30-page “fact finder,” and someone would enter the data back at the office. That is no longer the case. Clients are not going to sit through that any more, especially the younger generation—or even the older ones.

Advisors must be able to take in information on the fly—perhaps in a coffee shop when a client shares a piece of data. The advisor’s job is to be able to capture data in small bites as well as from more comprehensive statements provided in formal meetings. The tools need to respond to both situations and be able to build the data file as items, whatever their size, and then come in and make whatever adjustments are needed as the data aggregation progresses. Tools need to be adaptive and flexible to absorb the data—whether in bite-size pieces or massive Excel spreadsheets that are readily imported.

**MMI: Thank you, Igor.**

## **KEY TAKEAWAYS**

- There is a growing demand for more formalized advice, whether it is investment advice, financial planning, or developing an overall comprehensive financial program.
- Clients want strategies presented live. That translates into providing advisors with much more visual tools that both describe and define the strategies advisors are proposing.
- Advisors who don’t consider financial planning valuable are missing out on a significant opportunity because good financial planning lays the groundwork for client longevity.
- The new advisors, who are Millennials, are the ones pushing more and more for the integrated, more interactive, more visual delivery of advice.
- There is a growing demand for data aggregation which is creating the opportunity to capture more of the household portfolio as advisors become aware of how all of a client’s holdings are invested.
- In the next generation of advisor tools, there will be a sister side that will allow clients to log in, do some quick manipulations or ask some what-if questions.