

Harnessing the Power of Digital Money Management

By Jeff Maling, President & Chief Experience Officer, Roundarch

May 24, 2010

Over the past decade, an information revolution has been shaking the financial world. Just as numerous other industries are coping with how to communicate and operate in a digital environment, financial companies are grappling with how to engage a more proactive and educated client base.

Financial clients can access a range of data independently, making it possible to research even the most complex derivatives, technical trading strategies and emerging industries. The exchanges themselves are furthering this trend with big investments in online training as they try to broaden their own reach.

As a result of technology's impact on investors, the money manager/client relationship has changed considerably in just a short period of time. Traditionally, the relationship has been one-way, with managers feeding advice and information to clients. Now, well-informed clients are demanding more dialogue and are challenging professional assertions, using easy-to-find research and opinions to shape arguments. Rather than simply seeking a guide, investors appear to be searching for collaborative arrangements in which their input is considered and respected.

Like physicians faced with patients who are well-studied and more vocal advocates for their care, money managers may very well be measured in the future not just on technical competency but by how they adjust to this new dialogue.

Instead of fighting the ever-growing tide of financial tools and research on the web, it is time money managers embrace the digital world as an opportunity to capture greater mind- and wallet-share. This requires embracing the Web 2.0 revolution in several ways:

Go Rich

Roundarch has conducted nearly 500 interviews with personal and institutional investors. Consistently ranked as a top complaint is a lack of good access to data for investors. Most of today's reporting is very limiting and difficult to access. In one Roundarch study at a major bank, it took customers more than 100 clicks and nearly 50 pages to perform a basic portfolio review. By redesigning these reporting interfaces online and using rich technologies such as Adobe Flex or AJAX, customers can accomplish the same portfolio review in a single web page.

Making existing data more approachable is the easiest way to engage in a dialogue with customers. To see improved financial data visualization in action, go to: vimeo.com/7926429.

For obvious reasons, money managers can't always disclose their strategies. However, investors are often interested in the thought processes of their money managers more than the specific strategies. Celebrity chefs like Rick Bayless have effectively used Twitter and Facebook to highlight how they develop menus and think about ingredients.

Money managers might be equally effective at showing how they glean information and how they think about investing. Simply understanding what a money manager reads and how he spends his time might give customers the type of access they crave. And, if appropriate and approved by compliance, sharing specifics around particular strategies may also be a refreshing surprise to customers. In many ways, this is no different than conversations that money managers often have with clients—it is just a different medium.

Collaborate

Collaboration does not have to mean turning your process over to the customers. One technique used is the concept of shared workspaces. An advisor or money manager can create a workspace for an individual client or for a group (e.g., those interested in green investing) within a rich interface designed with Adobe Flex or AJAX, for example. The money managers can then place information in the workspace (links, articles, comments, etc.). Perhaps the lead analyst for green investing creates a space of all the key information he comes across. It is then subscribed to by those customers with a passion for the topic.

Again, you might accord large customers with this type of access in person. But what Web 2.0 techniques do is allow you to improve the reach of this method. Encouraging collaboration has met with very positive reviews. To see an example of this type of workspace in action, go here: vimeo.com/7926501.

Financial Thought Process

How do you get there? The first step is to understand how clients find and consume financial information. This can involve discovering the channels and mechanisms that clients use to form their opinions and influence their investment decisions.

The next important step is to ask the right questions when developing a digital strategy. Many advisors have implemented tools and features on a one-off basis to meet the perceived immediate needs of clients. While each application might be sufficient, a lack of integration and cohesiveness makes the overall digital experience appear clumsy.

Instead of asking questions like "Should I start a blog?," begin with more fundamental questions that set the objectives and the strategy you want to achieve, most notably: "What outcome do we want? How are we going to do it? Who will be involved? How will it integrate with our marketing mix? How will we measure success? That will ultimately lead to the development of a more comprehensive digital strategy.

Think Digital & Build Loyalty

Today's investors are more sophisticated about technology and its role in financial services than ever before, and asset management firms and wealth advisors must be willing to explore how they can continue to add value in a new realm.

By investing in a solid digital strategy that provides clients with the transparency, dialogue and collaboration they are seeking today, money managers can build loyalty, attract referrals and increase assets under management for the long term.

Jeff Maling has 16 years of experience shaping interactive and multi-channel strategies for clients including Citi, the U.S. Air Force, The Hershey Company, MCI and Motorola. Previously, he worked in the CRM strategy group at Deloitte Consulting and Accenture's Boston office.

(c) Copyright 2010 Money Management Executive and SourceMedia Inc. All rights reserved.