

3 Essential Elements for New Investment Programs for New Year



By Kevin Mummau

This was a busy year with several factors converging in the investment services industry—increased competition, commoditization of advice, continued decreases in branch traffic, and growing fiduciary pressure.

These changes are prompting many financial institution executives to rethink their investment offerings and service models. With the simplicity of remote-delivery options, many financial institutions are adding investment services as an additional core product to increase customer loyalty and “stickiness” with the institution. Research shows that average customer checking account balances are 1.4 times higher for customers who also purchase an investment with the financial institution, and savings accounts are 2.4 times higher.



But can financial institutions compete against the “big guys,” with Amazon and Walmart dabbling in the investment space? The answer is yes. In fact, with strong customer relationships, they are in a *better* position than others to offer investment services. Of course, to be successful, financial institution investment programs require a concerted and coordinated effort.

Following are three essential areas every investment program should focus on in the new year.

Use Top Technology

If you don’t have access to the right tools, you will not be successful. The competition is not Amazon’s financial services, it’s the Amazon’s *business model*. We are all a part of the digital society, programmed to expect on-demand access, ease, and customization. Yet, many advisors still believe older, retired customers don’t care about technology, which is simply untrue. Today, four out of ten seniors own smartphones, two times those that did in 2013.

How do your customers want to interact? Do they appreciate the ability to perform just one click on the site to ask a question? Does having a click-to-call feature make their experience better? Do they like booking an appointment from the site at their convenience? The answers are yes! Make sure your technology supports these options.

Look also for technology that enables you to continually reassure them, despite ebbs and flows of the market. Get a client portal that uses visual indicators to identify and track their goals. Offer options to “click to text” and other convenient ways to ask advisors questions.

Capitalize on Opportunities

Relying solely on getting referrals from a teller or branch is another strategy that can leave investment programs behind. More than 70% of all bank customers, for instance, regularly use online banking and may never go into the branch. Having a good website with useful information and calls to action that lead customers to access an advisor are “musts.”

Advisors can also use social media to drive people to the website, increase awareness, and create curiosity with posts offering timely insights on commonly-asked questions and “click here for more information.” As consumers increasingly expect more targeted communication, financial institutions need to become more strategic about demographics, big data, and artificial intelligence to get the right message to the right people.

Tier It Up!

Where previously, financial institutions may have targeted a smaller portion of consumer investment needs, today, the most successful are focusing on tiered options. These institutions are evolving from traditional one-dimensional sales models to more customized offerings that allow advisors to better serve clients based on wealth complexity, appropriate delivery channels, and product sets.

In more effectively addressing services to tiered needs of low, mid-market or high-net-worth investors, financial institutions can also better leverage talent (with newer advisors started at the lower end and brought upstream to advance) and be more efficient in delivery. Research from Stathis Partners shows that as investment programs move away from two or less advisor tiers serving all clients to multi-tiered models, institutions can better serve investor needs and life stages, increasing productivity and recurring revenue by up to 50%.

Financial institutions that seek to innovate and leverage services to meet customers how and where they want to interact are sure to gain an advantage in the New Year.

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