Fintech

What to Expect in 2020 and Beyond

Experts weigh in on tech trends, AI, and data privacy

Where is fintech headed? What trends do you need to be aware of as we head into a new decade? Will 2020 be the year we start to see artificial intelligence materially impact the financial planning process and planner-client relationships?

In order to solve these questions, the Journal reached out to technology experts across the planning profession.

Their insights and predictions indicate that 2020 and beyond will be a critical time for the convergence of humanity and technology.

—Carly Schulaka

What will be the biggest fintech trend in 2020?

Many companies and platforms are working on critical upgrades to the client experience, including modernized client portals, client self-service capabilities, and enhanced mobile deployment. In addition, integrations amongst disparate platforms (i.e., portfolio management technology, CRM, financial planning software, marketing tools, etc.) are being built to enrich and unify the overall advice delivery experience. Having an elegant customer experience, consistent with other best-in-class service providers, will be a critical component to a firm’s success in 2020 and beyond.

What role will AI play in financial products and services in the next three to five years?

Over the next three to five years, there will be more opportunities to operationalize artificial intelligence across the advice value chain and improve the entire front, middle, and back office experience.

One of the most impactful ways artificial intelligence can be leveraged is to empower financial planners by streamlining and automating routine, low-value, administrative tasks. An argument can be made that asset allocation models, investment products, and financial planning are being commoditized; and in some cases, delivery of these products and services is “free” of charge. This commoditization has driven more demand for high-quality advice and service, including a more integrated advice experience across investments, banking, and insurance.

Technology can help financial planners differentiate by providing deeper, more customized insights for clients. More data than ever before is being collected on consumers. Data collection and a strong data governance process will be critical to a planner’s reliance on AI. As these tools further mature and advisers learn to trust the data, they will be able to provide highly customized planning solutions at scale.
What will be the biggest fintech trend in 2020?
Artificial intelligence (AI) in client communications. There is far-reaching potential for AI to help advisers communicate more effectively, whether it’s analyzing what a client might be thinking and feeling, gaining a better understanding of how individual clients process information, or offering recommendations on what topics the adviser should be discussing. These tools will be well integrated into existing CRMs and email systems. Overall, advisers who embrace AI-powered tools are going to become better communicators and that will help strengthen client relationships.

What role will AI play in financial products and services in the next three to five years?
There are so many roles for AI to play. AI is already helping in back-office operational functions like fraud detection and client service delivery through chatbots and other conversation analysis. AI is making a further push into investing by helping portfolio managers sift through data, like earnings calls and consumer sentiment. It is moving into the front office by producing text through natural language generation to help investors understand market behavior; and overall helping advisers communicate better with their clients.

What’s the best way to address consumer concerns around data privacy?
Every financial adviser needs to have a data privacy plan. It can be helpful to write up the different cybersecurity measures you take and the best way for clients to maintain data privacy in their financial lives outside of your firm. Personally, I encourage advisers to have a full page about data privacy in your welcome packet for clients as well as in any client-facing contracts. Recording a video on the data privacy measures your firm takes and loading it to their client portal isn’t a bad idea, either.

Advisers who embrace AI-powered tools are going to become better communicators and that will help strengthen client relationships.

– Dani Fava

What role will AI play in financial products and services in the next three to five years?

Artificial intelligence will continue to flood the market from robo-advisers to practice management software. However, I don’t think advisers should be intimidated by the new technology that will inevitably roll out in the near future. The human element of financial planning isn’t replaceable, and many of the AI components that will be introduced to different financial planning and practice management tools can actually benefit advisers. Stay on the lookout for tools that will help you better serve your clients, create efficiency in your business, and make it possible to increase the value of your practice in the eyes of your prospects.

– Charesse Hagan

Charesse Hagan
Founder
Charesse J. Hagan LLC
I predict that advisers will continue to focus on identifying and adopting technologies that facilitate higher-quality client engagements as a way to consolidate held-away assets, justify fees, and meet the next generation.

– Chris Heye

**What will be the biggest fintech trend in 2020?**

I expect to see advisers seeking to leverage fintech as a way to increase the quality and frequency of client engagements. If you look at fintech categories that have experienced significant growth in recent years—financial planning, behavioral risk assessment, and client experience applications—they all have one thing in common: they bring the adviser closer to the client.

I predict that advisers will continue to focus on identifying and adopting technologies that facilitate higher-quality client engagements as a way to consolidate held-away assets, justify fees, and meet the next generation. I also expect large technology companies and private equity firms to spend considerable energy partnering with, and investing in, fintech firms that offer the promise of improving the quality of client interactions and relationships.

**What role will AI play in financial products and services in the next three to five years?**

I expect AI to be used most effectively in the areas of personal privacy, cybersecurity, and financial fraud. By employing algorithms that are good at detecting patterns and flagging unusual activities or transactions, AI is well suited to meet the needs of banks, wealth management, and other large financial services firms that need to protect themselves and their clients from hackers and other malicious actors.

**LEARN MORE**

Continue learning how technology is impacting you and your clients with these FPA resources:

**FPA Connect (Connect.OneFPA.org)**

Visit the All Member Open Forum where you’ll find active threads on the following tech topics, and more:
- Orion Vs. Tamarac Vs. Morningstar Office
- Black Diamond Vs. Advyzon
- Portfolio management/reporting software

**FPA Coaches Corner**

Charesse Hagan, the FPA Coach for technology and operations, shares videos and checklists to help you manage your technology at OneFPA.org/CoachesCorner.

Be sure to click on the “Archive” link to access a variety of cybersecurity tools, resources, and videos from Brian Edelman at FCI.