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ABOUT US

Penn Schoen Berland (PSB), a member of the WPP Group, is a global research-based consultancy with a heritage of helping candidates win elections to partnering with Fortune 1000 brands to reduce marketing decision-making risk. Since being founded 40 years ago, PSB has worked with some of the biggest brands in banking and finance to identify opportunities for growth by conducting a wide range of custom tailored research programs.

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<http://psbresearch.com/>

ROBO-ADVISORS: HOW DO AMERICANS FEEL ABOUT ROBOTS AS FINANCIAL ADVISORS?

INTRODUCTION

Robo-advisors conjure up ideas of robots serving as financial advisors for investors, but in reality, it is a business model that leverages complex algorithms to provide investment advice online or through apps. This field is becoming popular among investors, especially Millennials. It is crucial for those in the wealth management and investment sector to take advantage of this growing field without cannibalizing their core customer base. Big name investment houses are already starting to replace humans with computers to help clients with their investments, and it is estimated that by the year 2020, \$2.2 trillion in investments could be managed by robo-advisors.¹

KEY FINDINGS

PSB recently conducted a survey among 800 Americans and our findings demonstrate that:

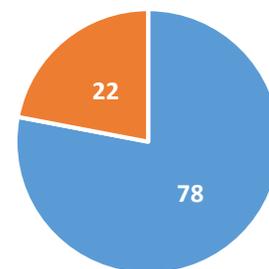
- Few Americans are familiar with robo-advisors and, therefore, are less likely to consider using and trusting as of now.
- Robo-advisors are considered an acceptable form of banking but not as a replacement for traditional banking services – 78% of Americans view it as a complement to traditional banking services, while a full 22% think it will replace traditional.
- 55% of Americans are neutral to the trustworthiness of robo-advisors, suggesting a huge opportunity.
- Millennials aged 18-34 are by far the most receptive group to robo-advisor services, with 35% saying they are likely to use a robo-advisor to help them manage their money.

DETAILED FINDINGS

Of those surveyed, 13% are high net worth investors (currently invest in stocks, bonds or mutual funds through a brokerage account, IRA or 401K account totaling \$250,000 or more), 31% are investors (currently invest in stocks, bonds or mutual funds through a brokerage account, IRA or 401K account totaling less than \$250,000) and 56% are non-investors.

Robo-advisors vs. Traditional Banking

- Robo-advisors will be a complement to traditional banking services
- Robo-advisors will eventually replace traditional banking services



Q. Which is closer to your view? Among All (n=800)

16% of Americans are familiar with the concept of robo-advisors and **18%** are likely to consider using a robo-advisor to help manage their money.

- 29% of high net worth investors are familiar with the concept, but only 15% are likely to consider using a robo-advisor.
- 19% of investors are familiar with the concept, and 25% are likely to consider using a robo-advisor.
- 29% of Millennials aged 18-34 are familiar with the concept, and 35% are likely to consider using a robo-advisor.

78% of Americans believe robo-advisors will be a complement to traditional banking services rather than replacing it altogether.

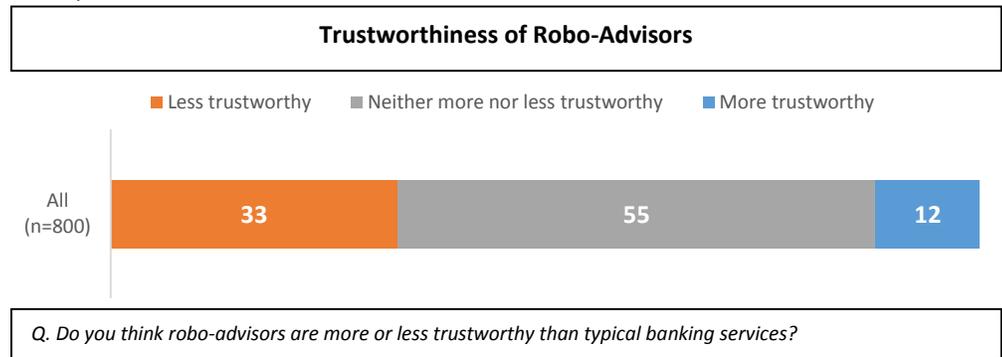
- Around 2 in 10 of both high net worth investors (18%) and investors (19%) believe robo-advisors will eventually replace traditional banking services while 25% of non-investors say the same.
- Millennials aged 18-34 are most likely to say robo-advisors will eventually replace traditional banking services (32%) compared to other age groups.

The findings described here are based on a survey conducted by Penn Schoen Berland from February 1st-2nd, 2016. The survey was conducted among a general population sample of n=800 people. Additional information available upon request.

¹<http://fortune.com/2015/11/06/bank-of-america-robo-advisor/>

More than half of Americans (55%) say robo-advisors are neither more nor less trustworthy than typical banking services, demonstrating significant neutrality toward the practice.

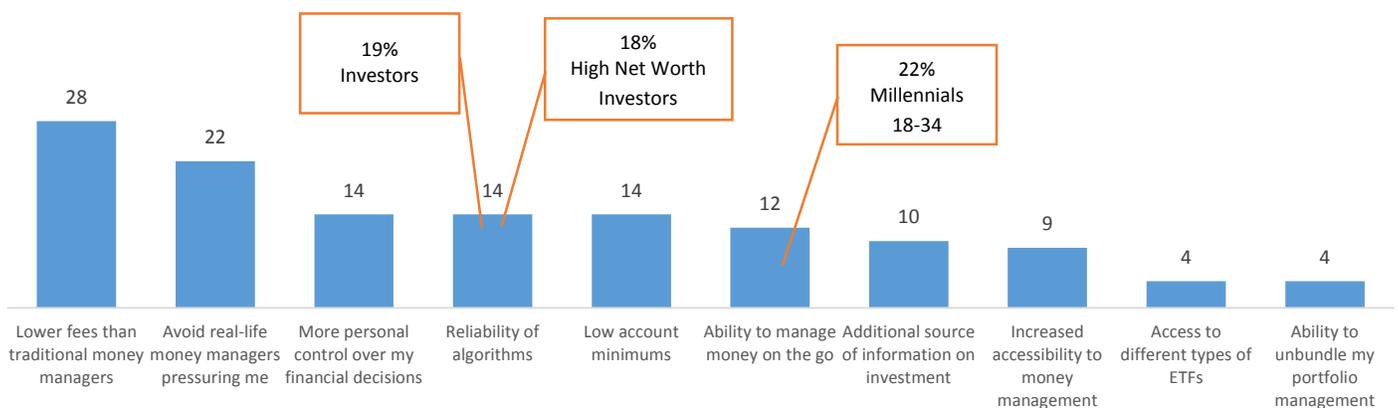
- 39% of high net worth investors say robo-advisors are less trustworthy than typical banking services, compared to 32% of investors and non-investors.
- 18% of Millennials aged 18-34 say robo-advisors are more trustworthy than typical banking services.



Biggest Benefits of Robo-Advisors

The top 2 benefits of robo-advisors for Americans are **lower fees than traditional money managers (28%)** and the ability to **avoid real-life money managers pressuring them (22%)**.

- 22% of Millennials aged 18-34 say the ability to manage money on the go is also a major benefit of robo-advisors.
- Reliability of algorithms is also a key benefit of robo-advisors for high net worth investors and investors (18% and 19% respectively).
- Access to different types of ETFs and ability to unbundle their portfolio management are of low importance across the board.



Q. Which of the following would you say are the biggest benefits of robo-advisors? Please select your top 3 benefits. Among All (n=800)

KEY CONSIDERATIONS:

- Robo-advisors may represent a double-edged sword to your core business, serving as a complement to traditional investing, but if viewed as a replacement technology, key messaging as to the strengths of each option should be investigated.
- Increasing familiarity of robo-advisors will be crucial to get Americans to trust this service over traditional banking services, and can also be used to position among younger investors.
- It is imperative to be able to answer the following questions:
 - How are the benefits offered by you and robo-advisors different?
 - Are there benefits that robo-advisors offer that you are already doing, but you do better?

*Feel free to contact Penn Schoen Berland to get an overview of our Base Swing Reach (BSR) approach to help you understand which of your core customers are more or less open to this business model and what new opportunities are developing.