



TECHNOLOGY

Some RIAs Forced to Adopt Tech at a Faster Pace During COVID-19

Schwab's latest RIA benchmarking survey shows how technology can improve an RIA's performance. But the coronavirus has been the catalyst that pushed many to pull the trigger.

Diana Britton | Jul 28, 2020

Atlanta-based CornerCap Wealth Advisors, a registered investment advisor with about \$1.3 billion in client assets, has grown organically over time through the traditional old school methods of this industry—networking and client referrals.

“We found ourselves in a really nice position, but unfortunately that white glove service is harder to deliver virtually,” said Catharine Aguilar, chief marketing officer at CornerCap. “To get from \$1 billion to \$2 billion, white glove service has to look differently in order to be operationally efficient. The pandemic has forced us to experiment and adopt technology a little bit more quickly than we probably would have otherwise.”

Aguilar is not alone. Lisa Salvi, who leads business consulting and education for Schwab Advisor Services, said the custodian has seen a spike in adoption of digital forms and workflow capabilities during COVID-19, “and I would expect this number to continue to rise.”

This week Schwab released its 2020 RIA Benchmarking Study, a survey of 1,010 advisory firms, representing \$1.1 trillion in assets under management. And although the study asks about 2019 performance, 75% of participants filled out the survey after March 1, Salvi said, when much of the uncertainty had already begun to take hold.

Travis Maus, managing partner at S.E.E.D. Planning Group, said that while firm’s strategic business priorities haven’t changed, his firm is focusing more on how to integrate technology.

“What’s changed is the fact that we’re having a much broader conversation about technology and virtual experience for both employees and clients,” he said. “The smart firms are running in that direction.”

Indeed, over 80% of top performing RIA firms are using electronic/digital signatures for custodian forms. “Top performing firms” are those that rank in the top 20% of Schwab’s Firm Performance Index, which evaluates all firms in the study according to 15 metrics.

About 77% of these top performers use virtual client meetings, while just under 75% use screen sharing or co-browsing capabilities. About 71% of top performers use

digital forms, while 41% use texting to communicate with clients.

CornerCap's Aguilar said her firm had to adopt some technologies more expeditiously during the pandemic, using tools like eMoney for prospecting and Riskalyze for risk tolerance assessment.

But the firm also had to deliberate delay the implementation of some technology where it didn't make sense in the pandemic. For instance, they were about to roll out a new client portal based on Black Diamond, but they decided to pause on that effort to focus more on client hand-holding, she said.

"We didn't want [clients] to feel disrupted by new technologies being thrown at them."

And while her firm has historically grown through traditional networking, they're now much more focused on digital prospecting.

"At a time when our firm has grown to \$1.3 billion through networking, traditional, being out in the community, cocktail party networking, that's not available to us right now," Aguilar said. "So we have flipped that on its head and trained our team to prospect digitally."

The RIA recently launched three content marketing campaigns to grow its My Accumulation Plan platform, a program aimed at millennial investors. Recent campaigns focused on graduation season in the era of this pandemic and ways females can combat the financial crisis.

"Giving them content and serving it up to them in the right places when they're captive at home, that's bringing that business into our firms in ways that we've previously not captured it," Aguilar said. "It's been a great exercise in recalibrating how we go about marketing as a firm on the whole."

CornerCap has seen a 59% increase in this platform over the last four months, which is powered by Schwab's Institutional Intelligent Portfolios, she added.

But it hasn't been a completely smooth transition to these technology tools with older clients, she said.

“Clients that we intercepted 30 years ago who are 50 years old are still the clients that want to mail us hard copy checks,” she said. “Especially during this pandemic, we've had to coach through ways to digitize their experience.”

Overall, Schwab's study found that the RIAs are growing, with average assets under management increasing from \$424 million in 2015 to \$761 million at the end of 2019. The average RIA's revenue grew from about \$2.9 million in 2015 to \$4 million in 2019. The number of clients grew from 302 on average in 2015 to 389 in 2019.

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