

Technology, Social Media Critical to Bridging Financial Advisor Age Gap, J.D. Power Finds

Edward Jones, Commonwealth Financial Rank Highest in Financial Advisor Satisfaction

COSTA MESA, Calif.: 9 July 2019 — The wealth management industry is facing a generational crisis. The average age of financial advisors is about 55, and approximately one-fifth of advisors are 65 or older. As these advisors move into retirement, tomorrow's leading firms will be those that effectively attract, develop and retain new advisor talent.

Advisors under the age of 40 account for only 11% of the financial advisor population, and the support they want to help them develop a successful practice looks very different from that of the previous generation. According to the J.D. Power 2019 U.S. Financial Advisor Satisfaction Study,SM released today, this first generation of financial advisor "digital natives" expects technology to play a more important role in that support, and they are much less satisfied than older advisors with the technology support they currently get from their brokerage firm.

"The 9-to-5, office-based culture, with its coffee for closers and gong-ringing ceremonies to celebrate new sales is gone," said **Mike Foy, Senior Director of the Wealth and Lending Intelligence at J.D. Power**. "In its place, the new generation of mobile financial advisors is interacting with clients and prospects via a range of digital channels including social media, text, chat and video. Wealth management firms that embrace these technologies and train and empower advisors to use them effectively will ultimately win the war for talent, but very few are delivering the solutions that younger advisors demand.

"When it comes to technology, younger advisors score their firm low on reliability, relevance and responsiveness of support," Foy added. "This group has high expectations and firms will need to raise the bar to meet them going forward."

Following are some key findings of the 2019 study:

- **Mobile tools need work:** About one-fourth (26%) of employee financial advisors under 40 either aren't aware of or don't use smartphone-friendly tools, and 49% don't use tablet-friendly tools. Among those who don't use firm-provided mobile tools, younger financial advisors are more than twice as likely to cite a lack of integration with other tools as a reason.
- **Social media drives business—but many advisors still can't take advantage:** Social media use by advisors continues to be a sticking point for the industry, with 42% of employee advisors under age 40 reporting that their firm does not allow them to use social media to communicate with clients or prospects, despite the fact that 64% of advisors in that age group who have used social media say that it has helped them strengthen client relationships and 47% say it has directly helped them win new business.
- **High-functioning tech drives advisor loyalty and advocacy:** Among employee advisors under 40 who are highly satisfied with their firm's technology (900+ satisfaction score on a 1,000-point basis), 82% say they "definitely will" remain with their firm and 76% say they "definitely will" recommend their firm to other advisors. Among those dissatisfied with technology (<800 satisfaction), just 33% say they "definitely will" remain and 29% "definitely will" recommend.

Study Rankings

Among employee advisors, **Edward Jones** ranks highest in overall satisfaction with a score of 926. **Raymond James & Associates** (864) ranks second and **Stifel, Nicolaus & Company** (848) ranks third.

Among independent advisors, **Commonwealth Financial** ranks highest in overall satisfaction with a score of 960. **Cambridge** (873) ranks second and **Raymond James Financial Services** (869) ranks third.

The study measures satisfaction among both employee advisors (those who are employed by an investment services firm) and independent advisors (those who are affiliated with a broker-dealer but operate independently) based on seven key factors (in alphabetical order): client support; compensation; firm leadership; operational support; problem resolution; professional development; and technology support.

The study is based on responses from 3,571 employee and independent financial advisors and was fielded from January through May 2019.

For more information about the U.S. Financial Advisor Satisfaction Study, visit <https://www.jdpower.com/business/resource/us-financial-advisor-satisfaction-study>.

See the online press release at <http://www.jdpower.com/pr-id/2019098>.

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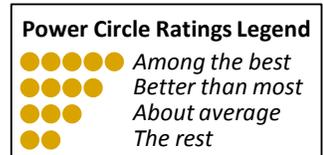
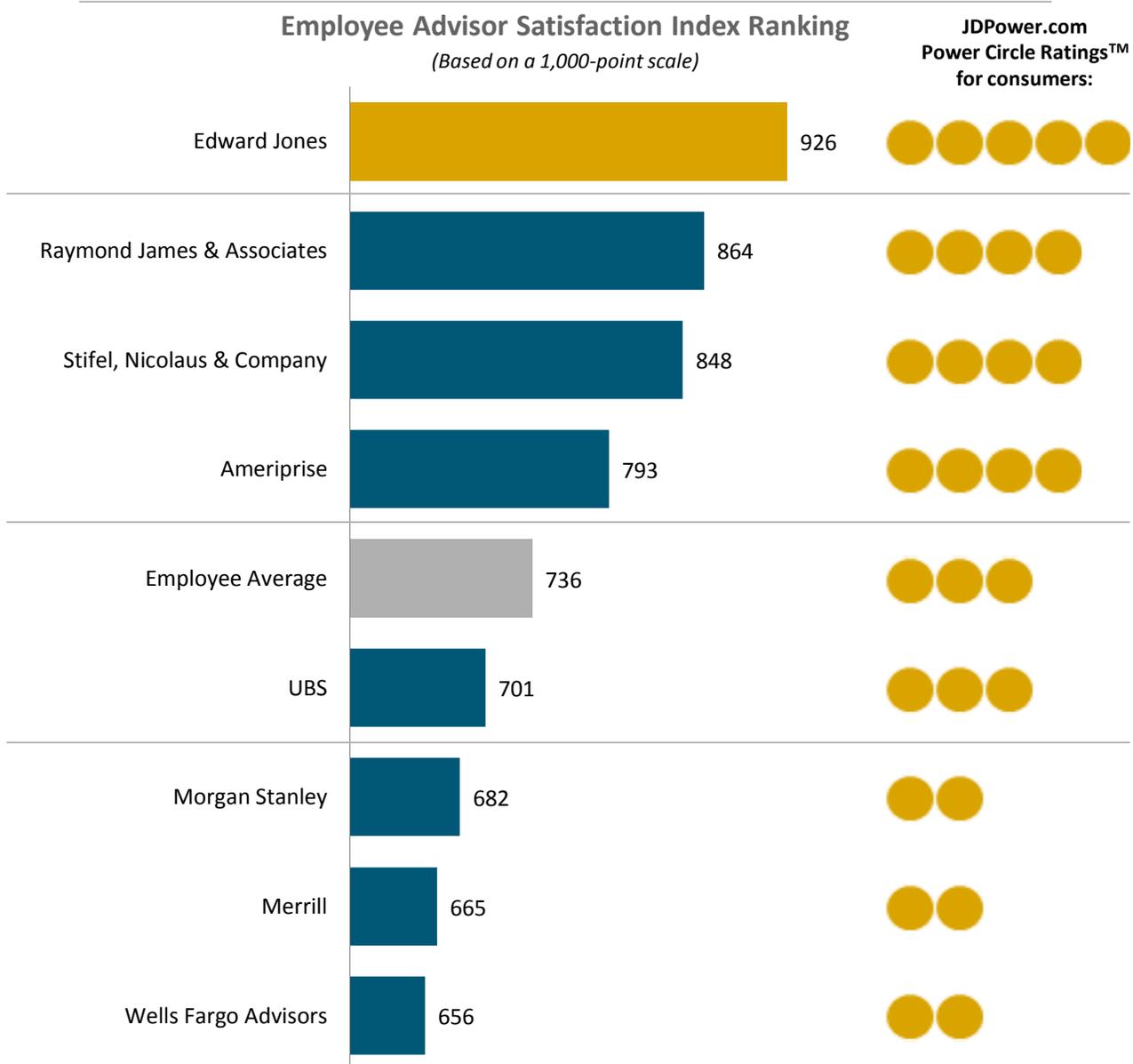
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NOTE: Two charts follow.

J.D. Power 2019 U.S. Financial Advisor Satisfaction StudySM



Source: J.D. Power 2019 U.S. Financial Advisor Satisfaction StudySM

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