Generation D Europe Investor Survey
Understanding Expectations of Wealth Management in the Digital World
Accenture surveyed 1,200 individuals across seven European markets to help wealth management firms understand how investors are managing their finances digitally. This paper, the first in a three-part series, addresses the opportunities presented by the use of digital technology in the investor-advisor relationship.

### A Changing Landscape

The growing reliance on digital technology in many aspects of consumer life is making its way into the European wealth management industry, which has been hesitant to bring digital into its service offerings. Much of this reluctance is probably due to the nature of wealth management and financial advice, which is highly dependent on personal relationships and the guidance of financial experts. Increasing amounts of digital technology—“self-service” tools, endless financial information sources, and 24/7 connectivity—is putting the decision-making power into the hands of investors, and many advisors may perceive this as a threat to their current position.

In fact, a number of niche providers in the industry are using digital technologies to target traditional wealth management clients with exclusively online services, crowdsourcing and “crowd-modeling” techniques, as well as mobile technology, all of which seek to lower the cost of doing business by gradually removing the advisor from the equation. The proliferation of personal financial management tools has made financial services users more comfortable with “Do It Yourself” budgeting tools.

Mixed levels of trust and satisfaction amongst European investors, particularly amidst a slow recovery from the financial crisis, are complicating matters for advisors. While investors are optimistic about their financial futures and confident in their abilities to invest for the long term, they are less certain that institutions and advisors are putting their interests first. The combination of these factors provides the foundation for a new model for wealth management firms to serve investors who are more autonomous in their financial decision making.
Generation D—An “Always-on” Generation

Extending our existing research on digital trends in financial advice, Accenture surveyed European investors of varied ages and wealth levels to determine their attitudes, behaviors, and preferences for digital in their existing relationships, as well as their expectations for the future.

We sought to understand where and how digital may be best incorporated into existing service models. We also tested several assumptions persistent within the industry about digital technology in wealth management: digital means convenience, not value; digital threatens the existing traditional service model in wealth management; older investors will not be receptive to digital technology.

The survey, however, indicates otherwise. It suggests significant opportunity for institutions that offer digital technology, particularly around filling gaps in investor knowledge, augmenting the existing relationship to satisfy more autonomy in investing and improving investor satisfaction with their advisors and institutions. Most importantly, these opportunities exist across age groups and wealth bands, suggesting that institutions of all types—e.g. large banks and brokerages, independent advisors, and private bankers—can use digital services and tools to improve their service offerings to all of their clients.

This digital generation, or “Generation D,” are heavy users of digital technology in all aspects of their lives, including their investing habits, and have the desire and means to invest. Generation D spans socioeconomic lines and represents an estimated $22 trillion market opportunity across the seven European markets where the study was conducted. The wealth management industry should not overlook this group of investors, who are always on and always accessible: 77 percent currently use social media more than once daily, and 80 percent log on routinely for simple services such as online bill pay and other banking services. For these consumers, technology is already ingrained into their financial lives. (see Fig. 1)

FIGURE 1. Generation D Characteristics
Generation D investors rely on digital services as part of their everyday lives. They represent nearly 140M people and nearly 60M investors.

Deeply integrated social media and technology into their lives
Always on, always accessible
Highest differentiation value on digital tools, especially those that promote account control and advisor access

Habituated social media and technology across devices and platforms
78% daily, 96% weekly
Moderate to high differentiating value on digital tools, especially future-focused planning tools

Regular use of social and digital media
62% daily use, 92% weekly
Lowest value placed on digital tools and platforms, digital advisory access, etc.

Source: Accenture Research
Exploring the Digital Investors

The survey examined a cross-section of educated, active, and engaged investors across seven European countries. The spectrum of respondents included mass market, affluent, and high- and ultra-high net worth individuals who ranged from those relatively new to wealth management to those in long-standing relationships with wealth managers. All respondents currently use a financial advisor or wealth manager, or they plan to utilize one in the future.

Accenture surveyed 1,200 individuals between the ages of 22 and 65. Millennials comprised 37 percent of respondents, Generation X accounted for 31 percent and Baby Boomers 33 percent. More than 80 percent of respondents have at least a bachelor’s degree, and 88 percent described their wealth as earned or self-created (see Fig. 2 and 3).

FIGURE 2. Generation D—Vital Statistics
Generation D members are generally well educated, highly digital, and interested in furthering their investment knowledge.

Source: Accenture Research
FIGURE 3. Research Breakdown

1,200 respondents from across seven European countries participated in the Generation D survey.

Percentage surveyed by country

Age cohort surveyed by country

Net worth surveyed by country

Source: Accenture Research
These investors have mixed feelings regarding trust and satisfaction towards financial advisors. Forty-five percent of survey respondents said they receive good advice from their financial advisors, and 40 percent said they trust them. But 30 percent said they feel their advisor is simply trying to sell them products. Only 17 percent feel that financial institutions can be trusted. Brand goes a long way in establishing credibility as 57 percent believe it is important that the institution has a strong reputation.

One thing is clear: Technology is important. While 38 percent said it is important that their institution provides the best technology, only 4 percent said this is not important. Numbers indicate that respondents are also currently using digital technologies to manage their money, with 75 percent paying bills online; 50 percent seeking investment advice via online searches; and 28 percent performing more complex activities such as opening a new account online. Generation D in Europe is primed to use more technology when investing.

While Generation D is comfortable executing transactions and gathering information online, they still prefer direct interactions with advisors via “traditional” means to help guide their wealth management decisions (see Fig. 4 and 5). Seventy-one percent of respondents prefer face-to-face interactions with their advisor and 68 percent prefer phone conversations, while only a small percentage use social media platforms such as Facebook or Twitter for interaction with an advisor, including discussing finances or obtaining information.

Survey results also indicate that investors are not interested in a “digital-only” relationship. When asked about their interest in various offerings, only 32 percent indicated that a digital-only relationship in which all investment functions can be self-administered and communication occurs via online, mobile, or tablet applications would suit their needs.
While investors prefer elements of a traditional investor-advisor relationship, 76 percent of respondents indicated that digital technology will not adversely affect the overall quality of the relationship, implying that investors feel traditional and digital relationships can co-exist. Firms that can take advantage of the digital tools that have a positive impact on the investor while maintaining aspects of a traditional investor-advisor relationship can increase their value proposition to their clients (see Fig. 6).

**FIGURE 5. A Digital-only Relationship**
While comfort with digital technology is apparent in survey results, respondents are generally not yet willing to forego a face-to-face relationship with their advisors.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Given the state of digital tools, my financial advisors and I can work together perfectly well.</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>If I have multiple advisors, I will have greater trust with the one with whom I have the most face-to-face contact</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>Digital technology will limit face-to-face contact, thus limiting the quality of the relationship I have with my advisor</td>
<td>76%</td>
<td>24%</td>
</tr>
<tr>
<td>By moving more capabilities online, I will lose access to my financial advisor.</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>The amount of personal information I am asked to share with my advisor is a privacy risk I am becoming increasingly uncomfortable with</td>
<td>81%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Source: Accenture Research

**FIGURE 6. Digital Tools as a Supplement**
Digital tools could enhance existing investor-advisor relationships by increasing engagement, education, and communication.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help me be better engaged and interested in investing</td>
<td>33%</td>
</tr>
<tr>
<td>Help me communicate better with my advisor</td>
<td>22%</td>
</tr>
<tr>
<td>Help me get better information to make better decisions</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: Accenture Research
Filling the Educational Void

As digital investment tools mold and re-shape how investors behave, financial institutions have an opportunity to add value to their investor relationships by providing more investment education. Survey results suggest that investors across Europe report being less informed about investing than they would prefer.

In fact, 68 percent of Generation D respondents stated they are neutral or lack knowledge about investing (see Fig. 7).

The data reveal an opportunity for institutions to differentiate themselves through value-added services. While there is a high degree of autonomous decision making on simple investment products, 48 percent of those surveyed use digital tools to become more educated about investing. Providing a resource for investment education helps build trust and therefore stronger relationships with investors. This overall desire for additional knowledge can translate to promising downstream benefits for banks and investment firms that step up to fill that void.

FIGURE 7. Self-reported Investing Knowledge
Nearly across the board, investors’ knowledge is not at the level they ultimately desire it to be.
Keys to Investor Engagement

Knowledgeable investors reported holding a broader range of investment products and securities, regardless of affluence level. Knowledge tends to correlate to more aggressive investing styles as well. Knowledgeable investors are more satisfied with their advisors and are more likely to report that their advisors understand their needs, with many crediting the advisor with helping them learn (see Fig. 8). These investors report higher usage of digital tools for learning, suggesting a connection between digital and knowledge.

FIGURE 8. Educational Benefits
Increased investor education in five key areas could result in downstream institutional benefits such as a broader range of investments and higher advisor satisfaction.

<table>
<thead>
<tr>
<th>Investor Knowledge</th>
<th>Portfolio Breadth</th>
<th>Investing Style</th>
<th>Advisor Satisfaction</th>
<th>Investment Rules</th>
<th>Digital as Brand Differentiator</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Knowledgeable investors invest in a broader range of products, especially less common ones, regardless of affluence level.</td>
<td>Educated investors are significantly less likely to be conservative in their approaches — this is especially evident in the younger age cohorts.</td>
<td>Well-informed investors tend to be much more satisfied with their advisors. They demonstrate more understanding, and they may credit the advisor with helping them learn.</td>
<td>Savvy investors are more likely to be invested in the market, suggesting that a lack of knowledge is the barrier to market entry.</td>
<td>Knowledgeable investors are more attentive to digital offerings that help them make smart, autonomous investing decisions. Digital education tools can attract knowledgeable investors and appeal to those who want to learn about investing.</td>
</tr>
</tbody>
</table>
Digital Tools' Emergence

While digital services and tools ultimately will not replace the traditional investor-advisor relationship, they are gaining marketplace traction and emerging as a critical supplement to institutions' overall portfolio of services. Increasingly, digital tools are being used for high-value activities such as financial planning.

Twenty-seven percent of respondents indicated they have switched financial institutions in order to obtain a digital tool, service, channel, or application that their current institution did not offer. This trend is seen most in younger cohorts: respectively, 36 and 31 percent of Generation X and Millennial investors reported having switched, compared to 17 percent of Baby Boomers. Digital tools and services have broken through to become not just an integral part of the advisor value proposition, but in some cases, they can drive advisor selection.

Of those who did indicate switching for digital tools, the largest motivator (59 percent) was to reduce costs of transactions and fees. However, half said they switched to get better access to accounts, while more than 30 percent of respondents indicated the change was to gain better access to an advisor. A similar number believed an institutional switch would help them make more informed investment decisions (see Fig. 9).

**FIGURE 9. Institutional Change Motivators**

Fewer fees, lower transaction costs, and ease of account access are the largest impetus behind Generation D institutional switches, regardless of investor age or wealth.

<table>
<thead>
<tr>
<th>Motivator</th>
<th>Age of Investors</th>
<th>Investors' Wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce the cost of transactions and fees</td>
<td>Milennial 55%</td>
<td>Mass Retail 59%</td>
</tr>
<tr>
<td></td>
<td>Generation X 61%</td>
<td>Affluent 58%</td>
</tr>
<tr>
<td></td>
<td>Baby Boomers 64%</td>
<td>High and Ultra High Net Worth 64%</td>
</tr>
<tr>
<td>Provide better or easier access to my account</td>
<td>Milennial 53%</td>
<td>Mass Retail 47%</td>
</tr>
<tr>
<td></td>
<td>Generation X 44%</td>
<td>Affluent 43%</td>
</tr>
<tr>
<td></td>
<td>Baby Boomers 61%</td>
<td>High and Ultra High Net Worth 57%</td>
</tr>
<tr>
<td>Provide better or easier access to my advisor</td>
<td>Milennial 33%</td>
<td>Mass Retail 31%</td>
</tr>
<tr>
<td></td>
<td>Generation X 28%</td>
<td>Affluent 28%</td>
</tr>
<tr>
<td></td>
<td>Baby Boomers 32%</td>
<td>High and Ultra High Net Worth 28%</td>
</tr>
<tr>
<td>Help me make more informed investment decisions</td>
<td>Milennial 24%</td>
<td>Mass Retail 19%</td>
</tr>
<tr>
<td></td>
<td>Generation X 36%</td>
<td>Affluent 34%</td>
</tr>
<tr>
<td></td>
<td>Baby Boomers 28%</td>
<td>High and Ultra High Net Worth 35%</td>
</tr>
<tr>
<td>Help me compare investments and investment performance</td>
<td>Milennial 24%</td>
<td>Mass Retail 23%</td>
</tr>
<tr>
<td></td>
<td>Generation X 32%</td>
<td>Affluent 37%</td>
</tr>
<tr>
<td></td>
<td>Baby Boomers 26%</td>
<td>High and Ultra High Net Worth 37%</td>
</tr>
<tr>
<td>Integrate or aggregate information from multiple investment accounts</td>
<td>Milennial 19%</td>
<td>Mass Retail 23%</td>
</tr>
<tr>
<td></td>
<td>Generation X 29%</td>
<td>Affluent 23%</td>
</tr>
<tr>
<td></td>
<td>Baby Boomers 29%</td>
<td>High and Ultra High Net Worth 24%</td>
</tr>
</tbody>
</table>

Source: Accenture Research
Digital Tools and Services: Moving Up the Value Curve Hierarchy

Not all digital tools are viewed equally—higher-value tools that assist investors with educating themselves or planning their investments outrank transactional tools such as bill pay. Advanced planning tools that support long-term scenario analyses are most likely to drive institutional selection, and these tools are becoming more widely available.

Personal financial management tools, such as those that help people budget and organize accounts, are now considered table stakes to most. These are especially important to mass retail individuals or new investors who desire simple services that provide support on day-to-day financial decision making. Mass market and affluent wealth segments are generally receptive to educational tools, but those services are not viewed as critical, overall. Channel options, such as mobile applications, were found to be table stakes (see Fig. 10).

Many of the investors surveyed—between 60 and 70 percent—are uninformed about what services their institution offers. This indicates that institutions may not be adequately promoting these tools, or possibly that advisors may not be incorporating them into their service offerings. This may represent a missed opportunity, especially among Millennials who show more interest in digital tools, service offerings, and applications than the other generations.

Other opportunities to engage Generation D investors may include emerging applications that foster client interaction in both do-it-yourself and advisor-led formats. These services and tools appeal to all age cohorts, but particularly younger investors. They range from gamification and simulations to applications that link investors to their advisors. These promote increased education, collection of investor data, and insights on clients’ investing habits (see Fig. 11).

FIGURE 10. Levels of Digital Tool and Service Importance

A large amount of digital tools and services are widely available and considered must-haves, but forward-looking tools are typically viewed as difference makers in institutional selection.

Source: Accenture Research
A notable amount of Generation D investors expressed interest in both do-it-yourself digital tools, such as simulations, and advisor-connected offerings.

<table>
<thead>
<tr>
<th>Service</th>
<th>Mass Retail</th>
<th>Affluent</th>
<th>High and Ultra High Net Worth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gamification and Simulations</td>
<td>44%</td>
<td>42%</td>
<td>44%</td>
</tr>
<tr>
<td>Scenario Analysis</td>
<td>44%</td>
<td>42%</td>
<td>42%</td>
</tr>
<tr>
<td>Testing Multiple Investment Allocations</td>
<td>44%</td>
<td>44%</td>
<td>44%</td>
</tr>
<tr>
<td>Advisor-led Online Education</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
</tr>
<tr>
<td>Custom App</td>
<td>41%</td>
<td>41%</td>
<td>41%</td>
</tr>
<tr>
<td>Giving Private Access to Advisor</td>
<td>40%</td>
<td>39%</td>
<td>39%</td>
</tr>
<tr>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Accenture Research
The findings in this study reflect the evolving nature of the investor-advisor relationship—where investors want to retain traditional interactions with their financial advisor while also learning more about investing, the options available to them, and tools and services that can help them engage more fully in the process. Digital service is an important component in the emerging value proposition—it is not just the future of investing, but the present. The digital investor expects more personalized service and options delivered efficiently, and the speed with which digital is making waves within the industry demands that institutions take action.

How are wealth managers expected to satisfy this desire? Accenture recommends several questions firms and advisors need to consider to prepare for the future:

- Are you providing the content that makes autonomous and self-directed investors comfortable with their options—education on investing strategies, third-party research on products, and opportunities for investors to tap into the "wisdom of the crowd" via expert strategies and social communities?
- Do your emerging channels for financial advice measure up to the standards that investors have come to expect from other aspects of their digital lives? Despite the guidance and trust in financial advisors, the industry cannot be an exception to the best online experiences.
- Is your firm equipping advisors and investors with the tools—such as advanced portfolio management and monitoring, scenario testing, and portfolio modeling—that enable the investor to test "what-if" scenarios and deepen engagement and understanding of investing?
- Is your firm thinking ahead to provide novel forms of investor engagement, such as game play, to instill more investor confidence, and foster higher levels of interaction between the investor, institution and advisor?
- Are the tools you provide aligned to the right investor segments? Research indicates age groups and wealth bands have different tool preferences—particularly for high net worth individuals. This can improve return on investment for firms tailoring offerings to different client segments.

Wealth managers have made significant strides in developing digital. For the next generation of offerings, firms need not only to provide better technology, but also maintain a balance between automation and consultation, which will remain critical in the industry for the foreseeable future.

The next Generation D paper will take a closer look at the role of the advisor and what digital means to this group. The third paper in the series will share an in-depth analysis of what digital evolution means specifically to high- and ultra-high net worth individuals.
References

1 Population estimates and projections are the product of publicly available population estimates from the Eurostat Reports (2013 data), Internet World Stats Reports estimates of the online population (2012-13), and the conditional incidence rates observed in the quantitative study. European population data were used to estimate the size of the population that falls within the Millennial, Generation X, and Baby Boomer age ranges. The resulting population estimate was multiplied by the midpoint of the proportional estimates of online households from the 6-24-2014 updates to Eurostat Tables "people by age group" tables study to arrive at an estimate of the online Millennial, Generation X, and Baby Boomer population. The resulting figure was, in turn, multiplied by the conditional qualifying incidence figures from Accenture’s Generation D Investor Survey. This survey required respondents to participate or fully control financial decision-making in their households (which disproportionately affected Millennials), required incomes of no less than USD$30k for Millennials and USD$75k for Baby Boomer and Generation X-ers, and either some form of current investment (including 401k, any stock or bond) without regard for amount, or (for Millennials) a stated intent to begin investing in the next three years. Asset projections were the product of median self-reported total asset levels taken from the survey and the population estimates. Medians were used to mitigate the impact of disproportionately wealthy respondents whose asset levels would have skewed the projections upwards.

2 Age range estimates:
22-32 years old - Millennial candidate
33-45 years old - Generation X candidate
46-70 years old - Baby Boomer candidate

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