

# Social Mega Trends Are Influencing FinTech.

Are You Paying Attention?

# Executive Summary

## Financial advisors need to go wider – not deeper – to be successful in today's environment.

There are **4 key social mega trends** taking place in our everyday lives that financial advisors can leverage within their own practices to provide the breadth of services investors want, while also helping to grow their book of business and create a more sustainable practice.

It starts with **Decentralization**. We're unbundling services everywhere – everything from music to television to education – to the point where it's practically an expectation consumers have. Because of decentralization, advisors can now access a wide range of solutions – we're talking banking, loans, insurance, estate plans, tax planning, real estate, and beyond – without referring their clients to a banker or insurance salesperson. And, today's investors *want* to work with advisors who can offer advice on the full scope of their financial lives, beyond just investments. Why? Because they're highly focused on **Measuring Their Wellness** and how they can achieve it. By tying into that desire with new offerings, and even advising on healthcare and its financial impact, advisors will be better poised to attract and retain clients, while keeping themselves at the forefront of the relationship as the go-to resource for financial advice.

But that's not the only way to achieve greater growth and engagement. To set themselves apart in this new marketplace, advisors need to lean into the **Age of the Creator** and build and promote their own personal brand. Today's consumers connect with people, not brands. So advisors should seek to humanize their practice and connect on a deeper level.

Finally, 2020 has shown us that we can access almost anything online now. The **Involuntary Tech Revolution** is upon us and we're not looking back. What does that mean for advisors and their clients? It means seeking new technology to enable collaboration, communication, and efficiency. Provide clients with on-demand, real-time access to their financial data through a digital portal. Leverage social media to stay in touch. Offer virtual learning opportunities. Automate routine tasks and implement cloud-based tools.

Now is the time to strategize and take action.

This deck dives more deeply into the social trends that advisors need to pay attention to and how they can evolve their practices to more successfully operate in today's environment. It provides specific examples of how these trends are already taking hold in FinTech, what their clients many want, and actionable steps they can take to move forward. Find out more.



# Social Mega Trends



Social mega trends are changes in everyday behavior that occur at scale and have profound impact on our society.



These social mega trends have accelerated in recent years and over the course of the pandemic.



We're seeing the biggest social mega trends impact FinTech.

**There are 4 social mega trends that directly align with major innovations we're seeing in financial services:**



**Decentralization**



**Measuring  
Wellness**



**The Age of the  
Creator**



**The Involuntary  
Tech Revolution**

**These directly align with major innovations we're seeing in financial services.**

# Decentralization

The move away from the middle

Decentralization is a social movement that has been happening for the past 2 decades. It started small, with music, and has grown to affect major institutions (and governments.)



## The past 20 years:



Music: Albums to on-demand songs



Television: Linear cable to streaming



Education: A Master's degree to a MasterClass



Work: A career to gig work



# Decentralization

The move away from the middle.



College enrollments are down 2.5% and MasterClass just raised \$100M.

National Student Clearing House  
TechCrunch

In 2017, 55M people in the U.S. are “gig workers,” accounting for approximately 34% of the U.S. workforce.

International Labour Organization

# Advisor actions to consider

## Decentralization



### **Capitalize on the trend and make changes to your practice:**

- Move on from the “take it or leave it” ecosystem.
- Consider a subscription or hybrid payment model for a segment of clients.
- Think of other services that your clients would engage with you on, rather than a large institution (examples: banking, insurance).

# What's happening at Envestnet



Decentralization has enabled advisors to offer more services to their clients.

**FIDX™**

**The Envestnet Insurance Exchange,  
powered by the Fiduciary Exchange (FIDx)**

Provides access to leading insurance carriers and their annuity products. As a result, advisors can integrate the protection of insurance solutions alongside managed investments.

**ACX™**  
Advisor Credit Exchange

**The Envestnet Credit Exchange, powered  
by Advisor Credit Exchange (ACE)**

Generates a range of real-time, pre-qualified credit opportunities through a select network of lenders. As a result, advisors can present pre-qualified loan proposals to clients – quickly, at competitive rates, and with a high degree of confidence in their approval.

# Measuring Wellness

Making the world a better place, for you ... and for me.



We're measuring everything that makes us better:



Fitness



STRAVA



Sleep



Owlet



Meditation



HEADSPACE



Eating well

noom



myfitnesspal



Budgeting



everydollar

# Advisor actions to consider

## Measuring Wellness



### **Capitalize on the trend and make changes to your practice:**

- Incorporate insurance, long-term care, multigenerational planning into your client conversations.
- Talk about health and wellness regularly and the impact it can have on finances.
- Understand your clients' values and offer sustainable or values-aligned strategies.

# What's happening at Envestnet

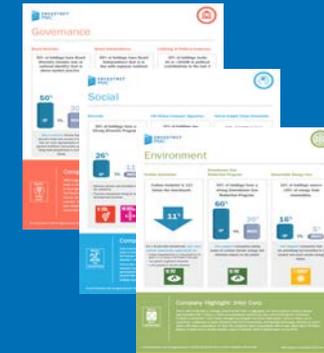


Advisors can help their clients extend the Measuring Wellness trend into their investments and overall financial picture.



**MyBlocks**  
By Envestnet MoneyGuide

MyBlocks is a digital financial planning tool that facilitates incremental decision-making by breaking up key financial topics into bite-sized "blocks." In doing so, users are better prepared for the future and more confident in their journey to achieve financial wellness.



## Impact Investing

With Envestnet | PMC, advisors can offer solutions that support both positive social impact and financial goals. These carefully vetted and constructed impact strategies can be tailored to each client's interests, convictions, and circumstances

# The Age of the Creator

We want to create content and consume content from other creators.



We crave personalization & human connection



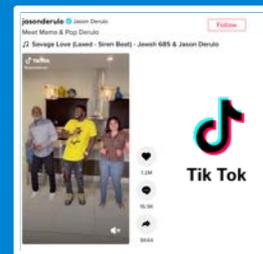
Art



DIY



Influencers



*People follow people, not brands*

# The Age of the Creator

We want to create content and consume content from other creators.



TikTok is the #1 downloaded app of 2020.

Hootsuite

Large cable and satellite companies lost about 5.5M traditional pay-TV customers last year, a roughly 8% decline.

Wall Street Journal

Recipe and cooking videos have seen a 45% surge in views in 2020.

Tapinto.net

# Advisor actions to consider

## The Age of the Creator



### Capitalize on the trend and make changes to your practice:

- Establish yourself as a thought leader and share your voice.
- Create content that showcases your expertise and value:
  - Blogs
  - Podcasts
  - YouTube videos
- Stay on top of new tech and share tools that might interest your clients or their children.

# What's happening at Envestnet



Advisor individuality and client personalization has never been so important.



Envestnet Connect harnesses data science to bring together financial planning, performance reporting, and relevant news into one view. Each dashboard is carefully curated by an advisor based on a client's unique financial situation and interests.

Overall, 57% of financial advisors said their primary source of new clients was referrals. During the pandemic, this percentage rose to 80% among North American advisors.

Michael S. Fischer, "Advisors' Social Media Use Surges During Pandemic," ThinkAdvisor.com, August 31, 2020.

74% of U.S. advisors used social media to initiate new business relationships or onboard clients during the pandemic. 55% who initiated new client relationships said they had increased their use of social media during the crisis.

Michael S. Fischer, "Social Media Bolsters Advisors' WOrk During the Pandemic," ThinkiAdvisor.com, October 8, 2020.

# The Involuntary Tech Revolution

We've been forced to go digital during the pandemic. People have adopted digital services in areas they never thought they would.

Once the mind expands, it can never go back.



## Online 24/7



Food



**GRUBHUB**



Communication



Mobile Entertainment



Tik Tok



Instagram



Exercise



# The Involuntary Tech Revolution

Everything's digital ... and for some, the pandemic forced technology adoption.



Peloton's global membership base hit 3.1M at the end of June 2020, more than double a year earlier thanks to increased demand for at-home workouts.

BBC.com

Instacart saw order volumes increasing 500% year-over-year, app downloads up 218% month-over-month in March 2020, and three years' of projected growth occurring within a period of 30 days. Uber launched grocery delivery in NYC.

(from March 10 to March 31) – VentureBeat  
NY Eater

# Advisor actions to consider

## The Involuntary Tech Revolution



### Capitalize on the trend and make changes to your practice:

- Prioritize your client portal technology – let clients get the info they want, when they want it.
- Embrace digital communication and communicate with your clients based on their personal preferences (think voice memo, podcast, etc.)
- Leverage e-signatures whenever possible.

# What's happening in the advisor space?



**Clients trust online interactions more than ever.  
Do banks need branches? Do advisors need offices?**

Whereas before the pandemic, less than half of investors were comfortable working with a remote advisor, today more than 63% are willing to do so.

Chris Sonzogni, "COVID-19's Impact on the Advisor-Client Relationship," ThinkAdvisor.com, November 11, 2020.

77% of North American advisors report having lost business due to inadequate technology to interact with clients during the pandemic.

Broadridge, "Current Wealth Technology Tools Not Meeting Financial Advisor Expectations, According to Broadridge Study," August 18, 2020.



**Did you know these social mega trends are showing up in FinTech? Take a look ...**

# Overview



# Overview



# Insurance

What's changing?



**29% of American adults intend to buy their life insurance online.<sup>1</sup>**



**Funding in insurtech rose 77% YoY in 2Q2020.<sup>2</sup>**



**42% of survey respondents have used telehealth services since the beginning of the COVID-19 coronavirus pandemic.<sup>3</sup>**

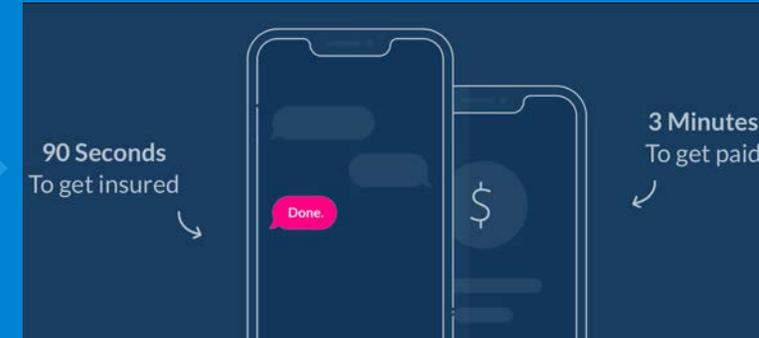
# Insurance

FinTechs that are following the mega trends to revolutionize the traditional model

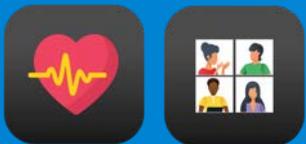
Lemonade



Lemonade's mission is to transform traditional insurance from a necessary evil to a social good, baked into the core of its business model. It's a Public Benefit Corporation and a Certified C Corp.



Hippo



Hippo is more than home insurance, it's home wellness. Easy, accessible, modernized coverage for the digital age.

"I'm saving \$480/yr with better coverage!"



Fallon Fay S.  
Hippo Customer

# Insurance

Revolutionizing the traditional model



oscar



Oscar is personalizing health insurance.



“  
We didn't create Oscar because we liked health insurance.  
Quite the opposite.

# Overview



# Investments

## What's changing?



**77% of investors want their advisors to ensure that their investment strategy is aligned with their personal values.<sup>1</sup>**



**New investors are bursting onto the scene  
Robinhood reported adding 3M first-time traders in Q12020.<sup>2</sup>**



**Investors poured a record of \$12.2B+ into ESG funds in the first 4 months of 2020.<sup>3</sup>**

# Investments

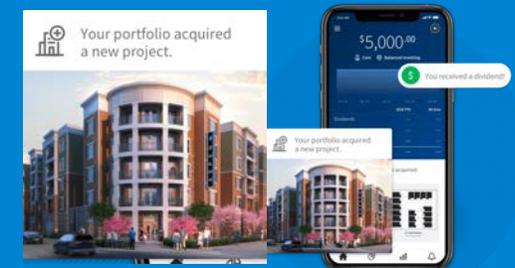
Simple, accessible, low-cost, and online



eToro allows users to “follow” and “copy” other traders.



Fundrise enables people to invest in pieces of real estate.



Rally is decentralizing ownership in rare goods, allowing traders to own things that illicit emotional ties.



# Investments

With impact

## Aspiration



Aspiration combines spending and investing, both aligned with your values



## Betterment



Betterment, who revolutionized digital advice, now shifts to values-based portfolios

### How We Built 3 New Socially Responsible Investing Portfolios

Betterment is moving the category forward for socially responsible investors by offering three SRI portfolios that are fully diversified and keeps costs low.

# Overview



# Lending

What's changing?



Upstart reports a 144% year-over-year growth in its “wedding loan” business.<sup>1</sup>



During the pandemic, Amazon and Apple both launched “pay later” options.<sup>2,3,4,5</sup>



Fintechs originated 49% of all unsecured loans in the U.S. in 2019, up from just 22% in 2015, according to Experian.<sup>6</sup>

# Lending

Personalized, easy, driving financial wellness

## PROSPER

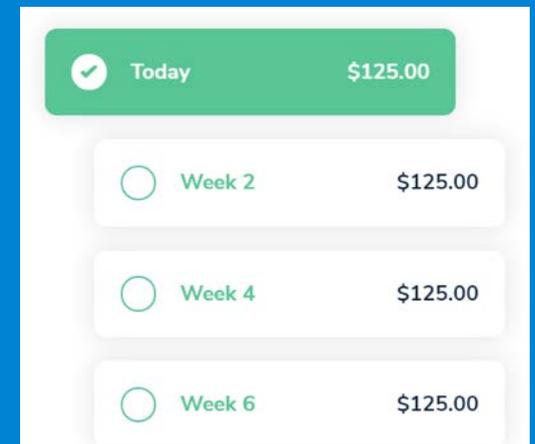
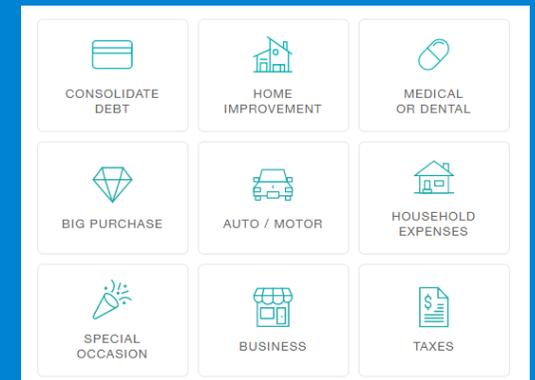


Prosper enables you to become a lender, aligning lending with the causes you want to help.

## Bread



Bread empowers retailers to offer pay-later solutions.



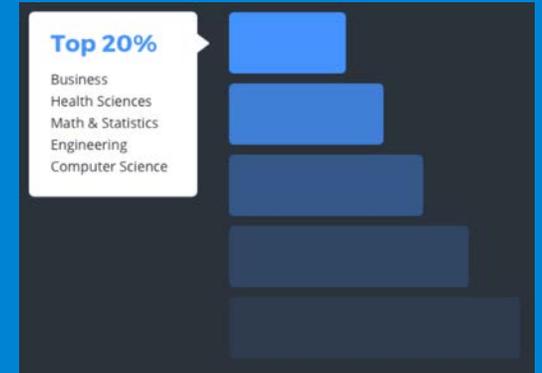
# Lending

Personalized, easy, driving financial wellness

edly



Edly revolutionizes student loans by offering contracts called Income Share Agreements.



Upstart

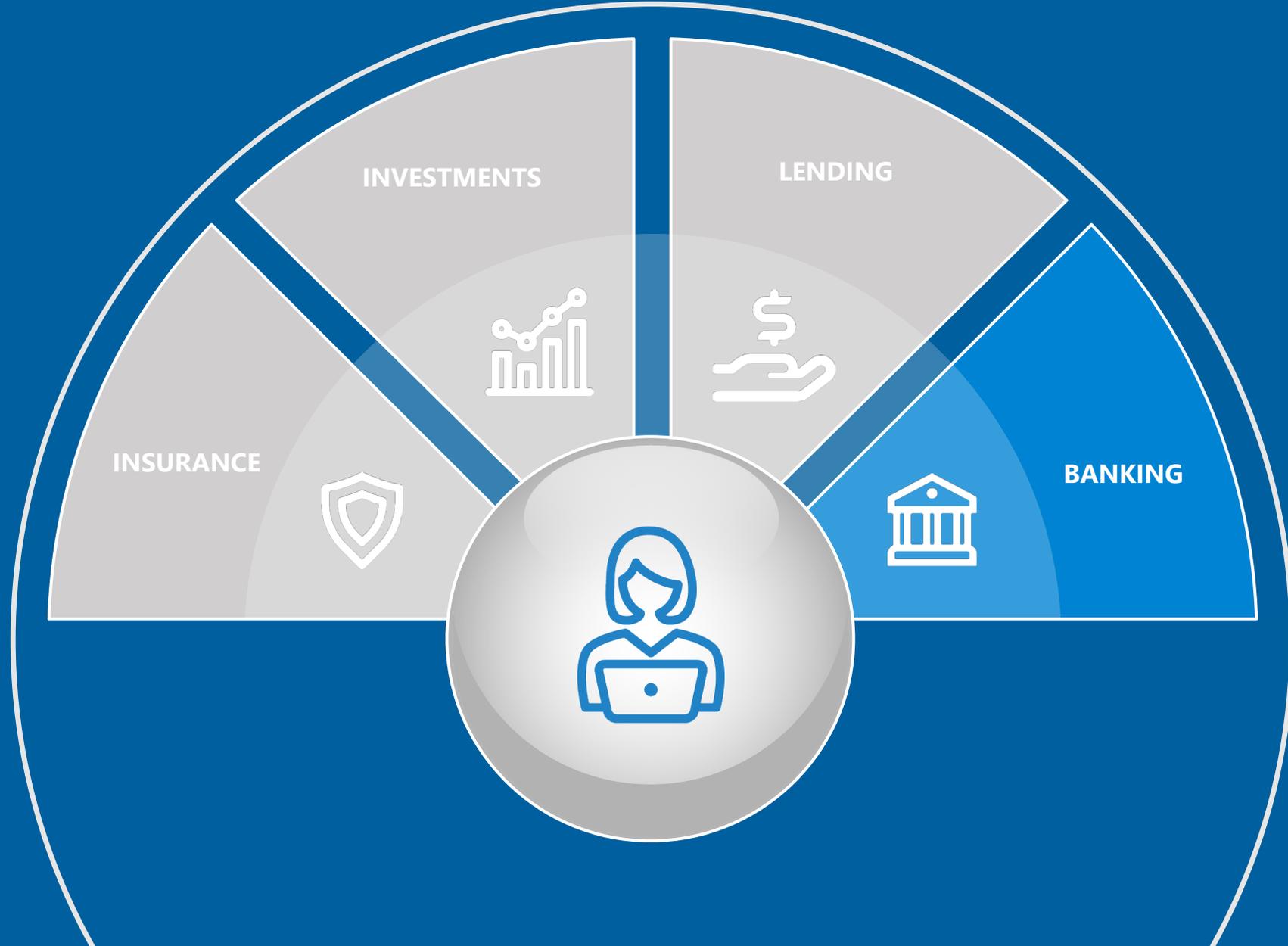


Rather than looking at a credit score alone, Upstart evaluates education, areas of study, and job history when considering applicants.

**NEXT DAY FUNDING**      **LOWER RATES**

**NO PREPAYMENT PENALTY**

# Overview



# Banking

## What's changing?



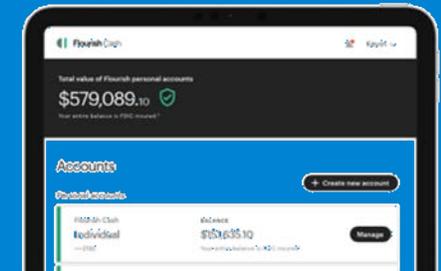
- **47% of millennials use mobile banking.<sup>1</sup>**
- **A March 2020 survey found that 82% of customers were concerned about visiting their branch in person and that 63% of those polled were now more willing to try digital applications.<sup>2</sup>**
- **Nearly 75% of respondents have adopted money transfer and payment apps.<sup>3</sup>**
- **Chime has 8M accounts but is growing rapidly. In 2018, the company had only about 1M people signed up.<sup>4</sup>**
- **Chime is now worth \$14.5 billion, surging past Robinhood as the most valuable U.S. consumer FinTech.<sup>5</sup>**

# Banking

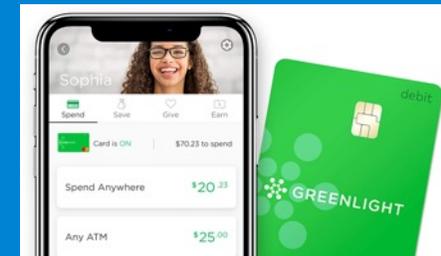
Meet the challenger banks – flexible, competitive, easy



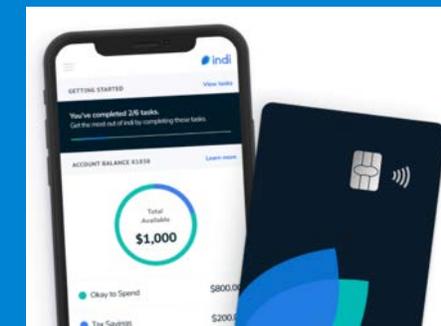
Flourish isn't a bank, but the money you transfer is deposited at an FDIC-member Program Bank.



Greenlight is the debit card for kids, managed by parents.



Indi is banking designed for gig workers.



# Banking

Going mainstream?

chime



Chime's mission is to change the way people feel about banking with an online bank account that helps members get ahead by making managing money easy.



crypto.com



Mainstream adoption of digital currency.



PayPal



Mainstream adoption of digital currency.





**Let's Make Some Changes**

# What your clients may want

- Collaboration and partnership in building their financial future.
- To change the world!
- Communication – their way. Instant and personalized.
- Digital services and online access.
- Candid conversations about their health.
- Holistic advice across all areas of personal finance.
- Creativity in how you deliver advice.
- A human connection complemented by digital tools.

# Considerations for your practice

## A recap

### Decentralization

- Move on from the “take it or leave it” ecosystem.
- Consider a subscription or hybrid payment model for a segment of clients.
- Think of other services that your clients would engage with you on, rather than a large institution (examples: banking, insurance)

### Measuring Wellness

- Incorporate insurance, long-term care, multigenerational planning into your client conversations.
- Talk about health and wellness regularly and the impact it can have on finances.
- Understand your client’s values and offer sustainable or values-aligned strategies.

### The Age of the Creator

- Establish yourself as a thought leaders and share your voice.
- Create content that showcases your expertise and value:
  - Blogs
  - Podcasts
  - YouTube videos
- Stay on top of new tech and share tools that might interest your clients or their children.

### The Involuntary Tech Revolution

- Prioritize your client portal technology – let clients get the info they want, when they want it.
- Embrace digital communication and communicate with your clients based on their personal preferences.
- Leverage e-signatures whenever possible.

A group of cyclists in various colored jerseys (red, black, blue, white) are racing on a road. They are wearing helmets and sunglasses, leaning forward in a racing posture. The image is overlaid with a blue semi-transparent graphic that features several diagonal lines and a large white text area. The text reads "Capture the Benefits and Get Ahead of the Competition".

**Capture the Benefits and  
Get Ahead of the Competition**



**ENVESTNET**

**THANK YOU**

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