

DEFINING THE FUTURE OF WEALTH MANAGEMENT

Study Reveals Challenges and Opportunities for the Profession

By Devon Coquillard

The wealth management profession is transforming at a rapid pace. Regulations, competition from new business models, and advances in technology are driving the way we do business and expeditiously changing the delivery of advice to meet client expectations. Research released in February 2020 by the Investments & Wealth Institute finds the future of wealth management to be bright.

“Defining the Future of Wealth Management 2020” cites client and advisor research and highlights trends discussed by a roundtable of senior industry executives. The research provides compelling evidence that those who thrive in the advisory profession have earned advanced professional designations: They experience (1) high client retention, loyalty, and engagement, (2) enhanced team performance on a variety of metrics, (3) accelerated growth in the client base, and (4) greater job satisfaction.¹

The research findings are based on a series of studies conducted in partnership with the Institute throughout 2018 and 2019:

- “Investment Advisor Job Analysis Study,” conducted by Human Resources Research Organization™ (HumRRO), describes the process and outcomes of a job analysis of the investment advisor/investment consultant profession released in 2018.²
- “Private Wealth Advisor Job Analysis Study,” conducted by HumRRO,

describes the process and outcomes of a job analysis of the wealth management profession conducted in 2019.

- “Investor Expectations and Satisfaction,” conducted by AbsoluteEngagement.com, 2019.³
- “Future of Wealth Management,” the Institute’s Advisory Council conducted a roundtable in November 2019 with the Institute’s board of directors and 15 senior industry executives from various firms representing the investment and wealth management industry sector.

NEW WEALTH MANAGEMENT CAPABILITIES MATRIX

In addition, the Institute also released a new Wealth Management Capabilities Matrix, a concrete model for success within the wealth management space.⁴ This body of knowledge is based upon a job task analysis (JTA) study completed by the Institute in 2019.

The JTA study outlined the knowledge and skills essential for advanced private wealth advisors, organized into the following four domains:

Human Dynamics: Analyze the ethical, behavioral, and family dynamics associated with delivering private wealth advice.

Wealth Management Technical

Design: Implement wealth management techniques by understanding complex tax strategies, applying sophisticated portfolio management, asset protection, and risk management knowledge.

Legacy Issues: Understand and apply charitable planning, estate planning, and issues surrounding intergenerational wealth transfer.

Specialty Client Services: Implement advanced financial planning solutions for executives, owners of closely held businesses, and clients facing retirement.

These findings updated and enhanced the knowledge competencies and certification requirements for the Institute’s Certified Private Wealth Advisor® (CPWA®) certification to meet the future needs of private wealth management professionals.

“As the premier professional development and certification provider, we are excited to release the ‘Defining the Future of Wealth Management’ study. Our research over the past two years shows a bright future for professionals who continuously expand their skills and competencies in our rapidly evolving industry,” said Sean R. Walters, CAE, chief executive officer, Investments & Wealth Institute. ●

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ENDNOTES

1. See www.iwcentral.org/fwm2020.
2. See www.iwcentral.org/Ajobanalysis.
3. See www.iwcentral.org/InvestorStudy2019.
4. See <https://investmentsandwealth.org/online-catalog/investments-wealth-competency-matrix>.