

## **More Investors Use Paid Investment Pros, Fewer “Go Solo”; Rich and Young Mostly “Hybrid” Online and Advisors**

*Mobile Surpasses Computers as Younger Consumers Prefer Mobile  
for Investing and Saving; Mobile Payment Companies as Disruptors*

(December 11, 2018, Rye, NY) – Use of paid investment professionals is growing as a source of advice for consumers in 2018 even as technology use continues to increase in the latest report by experts of **Hearts & Wallets**, the source for retail investor data and insights.

The report, *Advice & Technology: Beyond Traditional Market Models, Receptivity to Professional Advice and Mobile Payments Connection*, is an insight module drawn from the latest nationwide survey of over 5,400 U.S. households in the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database). The research examines preferred decision-making processes, sources of advice and use of technology. The report is written by Hearts & Wallets subject matter experts, who have decades of operating experience in retail finance, consumer packaged goods and technology development, and acumen honed at the nation’s finest business schools. The IQ™ Database is recognized as the largest single dataset on U.S. retail consumer attitudes, behaviors and buying patterns with over 45,000 U.S. households.

### **Fewer Go Solo**

Consumers are less likely to “go solo” in their decision making for saving and investing in 2018 and are using multiple sources of advice and information. A detailed examination by Hearts & Wallets, which crosses consumer preference for decision-making by behaviors, finds “myself” is cited as the primary source of information and advice by only 40% of U.S. households in 2018, down 15 percentage points from 55% in 2010. This important trend might be overlooked if only traditional, one-dimensional market models were used. Traditional models break consumers into the ways they make decisions about money, indicating that the majority of U.S. households, two thirds (63%) in 2018, express a preference for “self-direction,” or managing money on their own.

“Consumers often believe they are self-directed, but closer analysis reveals a more complex reality,” Laura Varas, CEO and founder of Hearts & Wallets said. “Consumers are taking advantage of the abundance of resources – digital, friends and family, or a trusted advisor – to make informed decisions. Financial firms should respect consumer self-narratives, and at the same time, create advice experiences that meet actual needs and behaviors.”

### **Receptivity to Paid Investment Professionals**

Use of professional advisors is the norm with use of paid investment professionals continuing to grow, with almost 1 in 2 (46%) consumers using this source to some degree in 2018, up 3 percentage points vs. 2017. Another two thirds (66%) of Americans use other financial professionals to some degree. Use of paid investment professionals is the highest since 2011. Two variables that influence use of paid investment professionals are investable assets and charging of flat fees.

## More Use Invest Pros, Fewer Go Solo/2

### Mobile Growth

Mobile use continues to grow as source of advice and information, especially for younger consumers. For the first time, consumers age 21 to 27 now perform, on average, the same number of activities on mobile and computer as mobile catches up to computers in activities. For the first time since 2011, mobile has also overtaken computers as the device of preference for saving and investing for the consumer group age 21 to 27. With this group, 68% now use mobile devices compared to 62% who use computers.

### Mobile Payment Companies as Disruptors

Comfort with mobile payments is changing mobile behavior for investing and positioning mobile payment companies as a potential disruptor to traditional firms. Of the 64% of consumers who use mobile to some extent for online payments, 51% also use mobile for saving and investing.

“As mobile payments becomes the norm, especially for younger consumers, consumers have become more comfortable using mobile for investing,” Varas said. “The stage is set for mobile payment companies to become disruptors at point of investing.”

### Implications of Hybrid Growth

Online continues its inexorable march as a source of information and advice, especially with younger consumers and more affluent consumers. Almost half of consumers (47%) are “hybrid,” using both online and advisors, up 4 percentage points in one year. This group includes over 80% of consumers under age 35 with \$100,000 in investable assets and consumers ages 35 to 44 with \$500,000 in investable assets. Despite the overall growth of digital, the hybrid trend continues to underscore the importance of human advisors in the advice experience.

“This sort of ‘hybrid’ behavior continues to become more common, and most advice experiences are combining technology and people,” Beth Krettecos, Hearts & Wallets subject matter expert and report co-author, said. “Consequently, ‘hybrid’ as a defining consumer segment or advice experience characteristic is losing relevance at an even faster pace than Hearts & Wallets anticipated, especially for younger and more affluent consumers.”

### Methodology

*Advice & Technology: Beyond Traditional Market Models, Receptivity to Professional Advice and Mobile Payments Connection* is a report drawn from the insight module in the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database). The report examines preferred decision-making processes, sources of advice and use of technology. Paid investment professional includes broker or financial professional paid on commissions, financial professional paid a flat fee or percentage of assets, or Registered Investment Adviser. Other financial professionals include phone-based mutual fund company or online brokerage representative, accountant, bank representative, or insurance representative.

### About Hearts & Wallets

Hearts & Wallets is a data and consulting firm focused on understanding the drivers behind retail investor decision making. Combining a consumer marketing framework with financial services operating experience, the company is a catalyst for consumer-driven innovation in retail investing and saving. Hearts & Wallets works with leading financial providers to improve the effectiveness of their marketing communications, solution design and service delivery. For more information visit [www.heartsandwallets.com](http://www.heartsandwallets.com).

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