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ETF Trends Work From Home Financial Advisor Survey

ETF Trends & Direxion conducted an advisor survey in October 2020 to see how the new work from home environment created during the COVID-19 pandemic has been affecting financial advisors and the ETF industry. 2169 advisors responded to the survey. Find some of the new trends below:

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THE ETF TRENDS WORK FROM HOME ADVISOR SURVEY

Key Findings

- Employees would generally like to work from home at least one day a week after Covid-19 is no longer a concern.
- Client relationships are just as good now working from home as before.
- Communication between colleagues, management and company leadership is Good or Excellent.
- Advisors are leveraging new technology and are even more tech savvy than before.
- Productivity is the same or even improved working from home.
- Advisors rely heavily on trusted ETF websites, but have increased their reliance on digital research including issuer webcasts and virtual events.

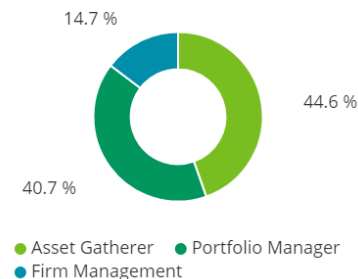
THE ETF TRENDS WORK FROM HOME ADVISOR SURVEY

OVERVIEW

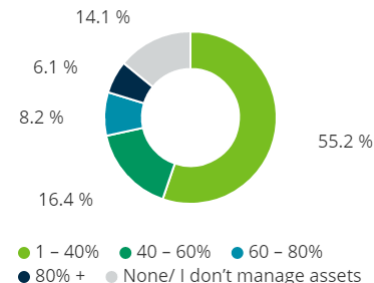
The U.S. economy underwent the most radical transformation since the great depression over the course of a few short weeks in March. Almost overnight, entire industries were transformed from in-office, in-person affairs to remote-only. Wealth management was uniquely positioned in this transformation. On the one hand, many of the core activities of running a financial advisory practice are location agnostic – reporting, research, accounting, portfolio management. Yet the most critical part – actually working with clients – is inherently a person to person activity.

To better understand the long-term impacts of this secular shift on the advisor market, ETF Trends partnered with Direxion to conduct an extensive survey of the advisor market. The survey was in the field from September 25th through October 28th of 2020 and explored multiple aspects of working remotely during the COVID-19 pandemic. Of the 2,169 respondents, the majority describe themselves as either asset gatherers or portfolio managers, with 55% saying that their client portfolios are 1-40% ETFs, with another 35% reporting using ETFs for more than 40% of their client assets. The survey covered a broad range of advisory practices, from senior managers, portfolio managers to self-described asset-gatherers, from firms ranging from sub-\$100mm under management to over \$25 billion in AUM. Some 30% of the sample work at firms with over 100 employees.

Which type of advisor would you describe yourself as?



What percent of your clients' portfolios are in ETFs?



The Environment



73%

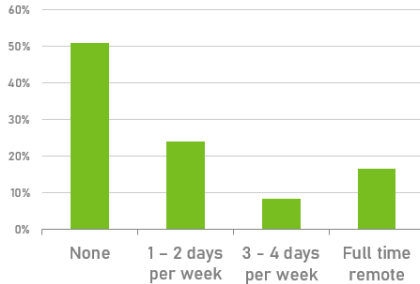
of respondents said that under 25% of their firm's employees worked from home at least one day a week before Covid-19. 50% said they never worked from home.



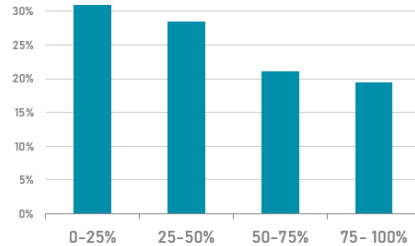
40%

of respondents said that they would like to work from home 1-2 days a week after COVID-19 is no longer a concern.

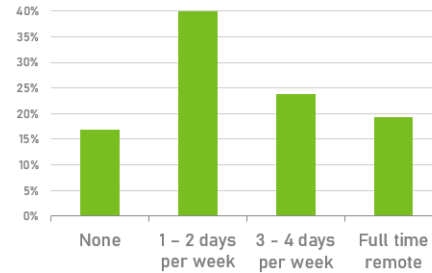
How often did you work remotely before COVID-19?



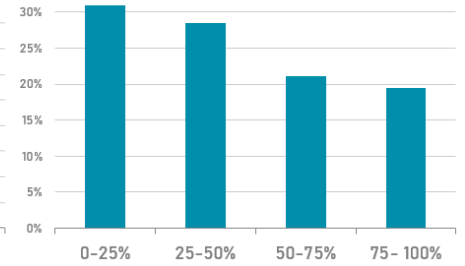
What percent of your firm's employees worked remotely at least one day a week before Covid-19?



How often would you like to work remotely once COVID 19 is no longer a concern?



What percent of your firm's employees will work remotely at least one day a week after Covid-19?



The initial responses weren't all that surprising. Most advisors never worked from home prior to this, and most firms had very few remote workers. We made the assumption that, during the period we were flighting the survey, most advisors were working remotely, so we asked what their intention was once the Covid-19 pandemic had abated to the point where returning to the office was viable.

One critical piece of information we sought to uncover was how most advisors viewed working from home before – and after – the global pandemic. We approached this question from two angles.

How often did the respondents personally work remotely before the pandemic, and what percentage of the firm worked remotely on a regular basis (which we defined as at least a day a week on average).

Somewhat to our surprise, 83% of respondents would like to continue to work remotely at least one day a week going forward. Perhaps even more surprising, 43% of advisors would like to remain remote at least 3 days per week, permanently.

The implication from this is quite clear: advisors are comfortable that they can do their jobs, and do them well, without the need to go to a physical office every day.

Client Relationships



64% of Advisors

said that their relationships with clients haven't changed due to working from home. 18% say their relationships are closer.



60%

of advisors have conducted more calls with clients without video & 70% increased video calls



12%

have increased their hourly flexibility to meet client needs

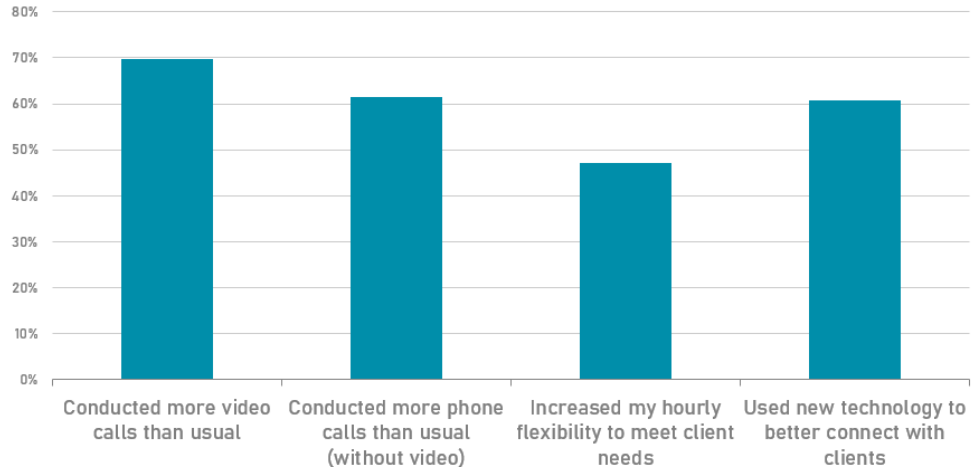
While many functions of an advisory firm can be handled from any location, interacting with clients requires special attention. We were curious whether, on average, the pandemic had been positive or negative for their relationships with clients. The results are unequivocal: the vast majority of advisors believe their relationships with clients haven't fundamentally changed just because they—and their clients – are working remote.

But when asked how their communication changed, the reasons why advisors might want to stay remote become clear.

Overwhelmingly advisors have been talking to their clients more – 70% reported increasing their use of video, which makes sense, but more than 60% report also just making more plain old phone calls.

The majority are using new technologies, and a third have leaned into social media, creating proprietary content or completely changed their marketing strategies. Put another way – the pandemic has fundamentally altered how advisors work with their clients. It seems unlikely this is a genie that goes back in the bottle.

Which (if any) of the following apply to how you've furthered your relationships with clients while working from home?



Communication



74%

of respondents Agreed or Strongly Agree that they receive enough communication from managers and leadership



58%

rated communication with **colleagues** as Good or Excellent



72%

rated communication with **managers** as Good or Excellent

72.5%

rated communication with company leadership as Good or Excellent



While advisors are getting the job done with clients, we were also curious how the pandemic has been affecting the flow of communication within advisory firms. After all, it's one thing to run the outward-facing part of the business, it's another to run a company.

There's good news here too. The vast majority of advisors report their communication internally, with senior management, with colleagues and throughout the firm is effective and frequent.

Put another way: advisory firms have figured out how to make this work, maximizing technology and increasing their communication skills.

Technology Use



75%

of respondents have learned or leveraged new technology or apps



43%

of respondents consider themselves more tech savvy now than before COVID-19



85%

of respondents have attended a virtual conference

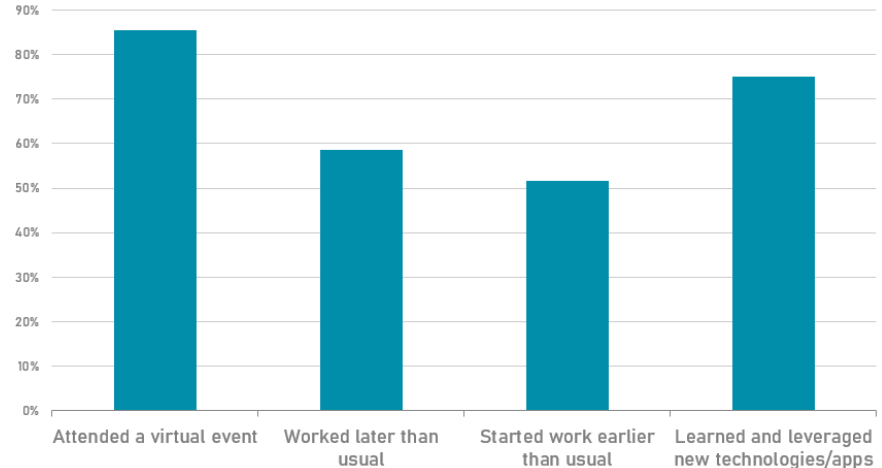
Wealth management comes down primarily to two activities: relationship management, and knowledge management. Because the latter always benefits from good technology use, advisors have historically considered themselves quite tech savvy (and the burgeoning advisor-tech industry would suggest their right).

While pre-Covid 87% of advisors considered themselves tech savvy, 43% consider that they are more tech savvy today than the beginning of 2020. A sizable group have leaned in to using brand new technology platforms to connect with their clients.

Some of the ways in which advisors have used new technologies are obvious: 85% have attended a virtual event. 75% have learned a new tech platform. But it's also worth pointing out there's a cost to this reliance on technology. The majority of advisors report either working later, starting earlier, or both on an average day. Some of this is just the logical replacement of a commute to an office turning into a walk to the coffee maker, but firm management would do well to take note of this.

With 2021 still full of unknowns, financial advisors are well equipped with their current technology stack to operate their business and communicate with clients from home.

Which of the following have you done while working remotely?



Productivity

 **58%**
of respondents said that they feel just as productive working from home as in their office


 **78%**
of respondents rated their productivity as Good or Excellent

24% of respondents said that their productivity is higher now than before the pandemic




Still, most advisors report their level of productivity has at a minimum remained the same, with some 24% reporting higher productivity during the pandemic than before. Overall, 78% of advisors feel like their highly productive.

The Future Office

 **62%**
of respondents said they had the necessary digital elements (files, systems, network access, etc.) to be as productive/efficient working from home as in the office



 **60%**
of respondents said they had the necessary physical elements (furniture, equipment, etc.) to be as productive/efficient working from home as in the office



26% of respondents said that better hardware and software were the most desired things from employers going forward



As we've all learned, a big part of being effective in a remote work environment is having everything you need to get the job done. And the news here from the field is good. The vast majority of advisors report having access to both the physical and digital necessities to get their job done, whether that's VPNs and file shares or simply having the right desk.

But looking to the future, firms looking to make remote work permanent would do well to note that 26% of advisors still think they could have better computing hardware and software.

ETF Issuers & ETF Research



52%

of respondents continued to say that trusted ETF websites were their primary source for ETF research



40%

of advisors have increased their usage of ETF Issuer websites



45%

of advisors have increased their usage of ETF Issuer webcasts

85%

of advisors have now attended a virtual event

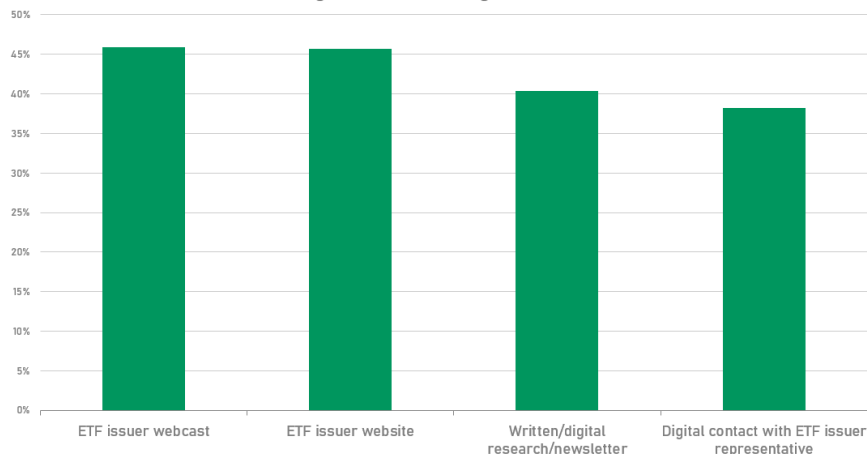


Last, we wanted to understand how the relationship between the issuers of ETF products and the advisors who use them has changed. The short answer is that the work from home environment has accelerated already existing trends in the marketplace.

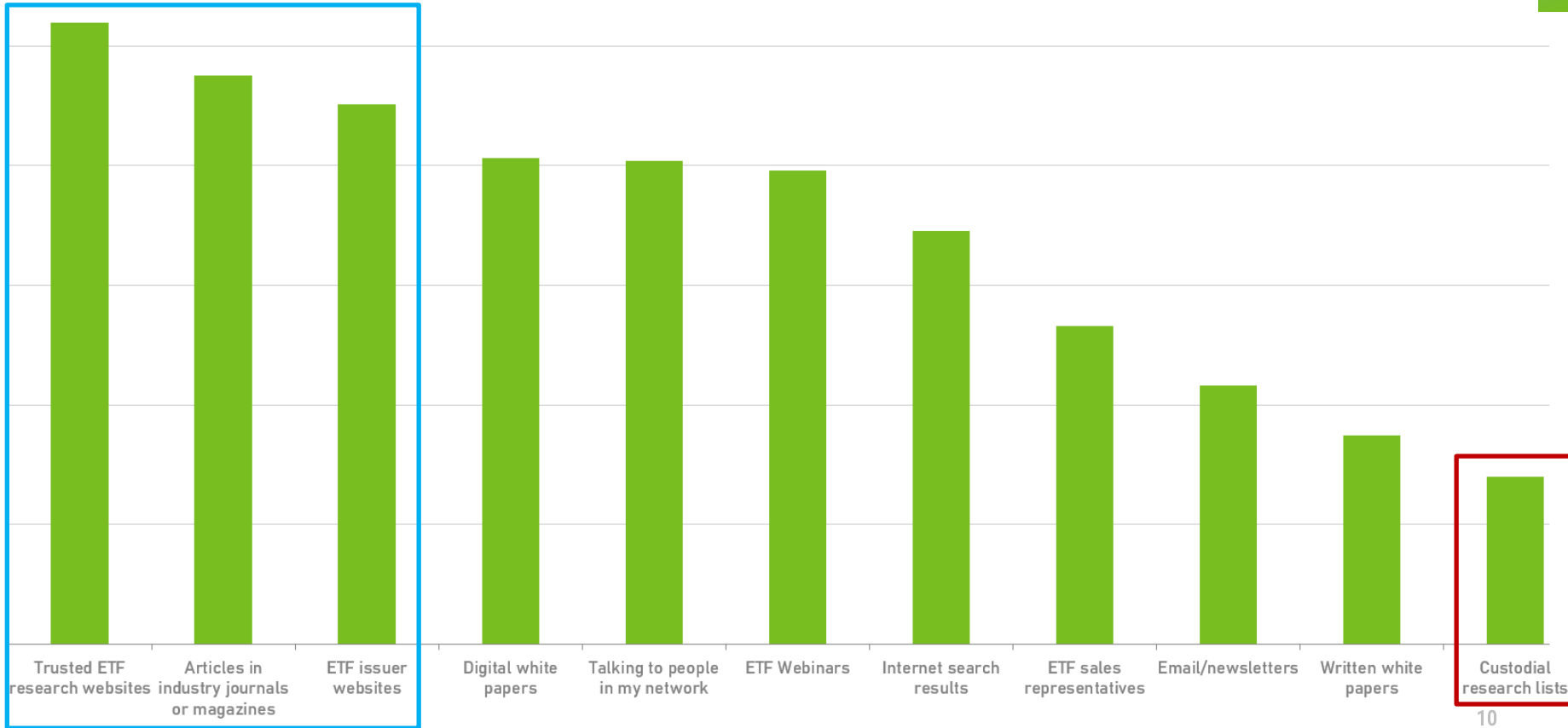
Consistent with prior years, third party ETF websites remain the most used source for advisors conducting research, along with industry publications, issuer websites and white papers, and webinars. But when we ask what issuer resources advisors have increased their reliance on, the digital components stand out.

Already the “gold standard” for advisor education, nothing has come close to replacing the importance of the webcast in this remote work environment, although there remain a small class of advisors who continue to lean into their personal contact with the ETF issuer’s representatives.

Which of the following services offered by ETF issuers have you increased your usage of due to working from home?



When conducting ETF research, which sources do you use the most now while working remotely?





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Conclusion

2020 has been without precedent in so many ways. It's sometimes hard to remember that many parts of the economy were already well on the way towards the transformation to a work from home environment. Wealth management, in particular, can be seen as a bit of a forward-scout for a range of knowledge based industries, as it combines sales, customer service, complex problem solving, execution, reporting, and most importantly, trust.

The next-generation financial advisor isn't some far-off transformation. The next-generation advisor is already here, and it is, frankly almost every advisor. Remote work will continue to transform the economy, but for this particular corner of the financial services industry, that transformation has already happened.

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