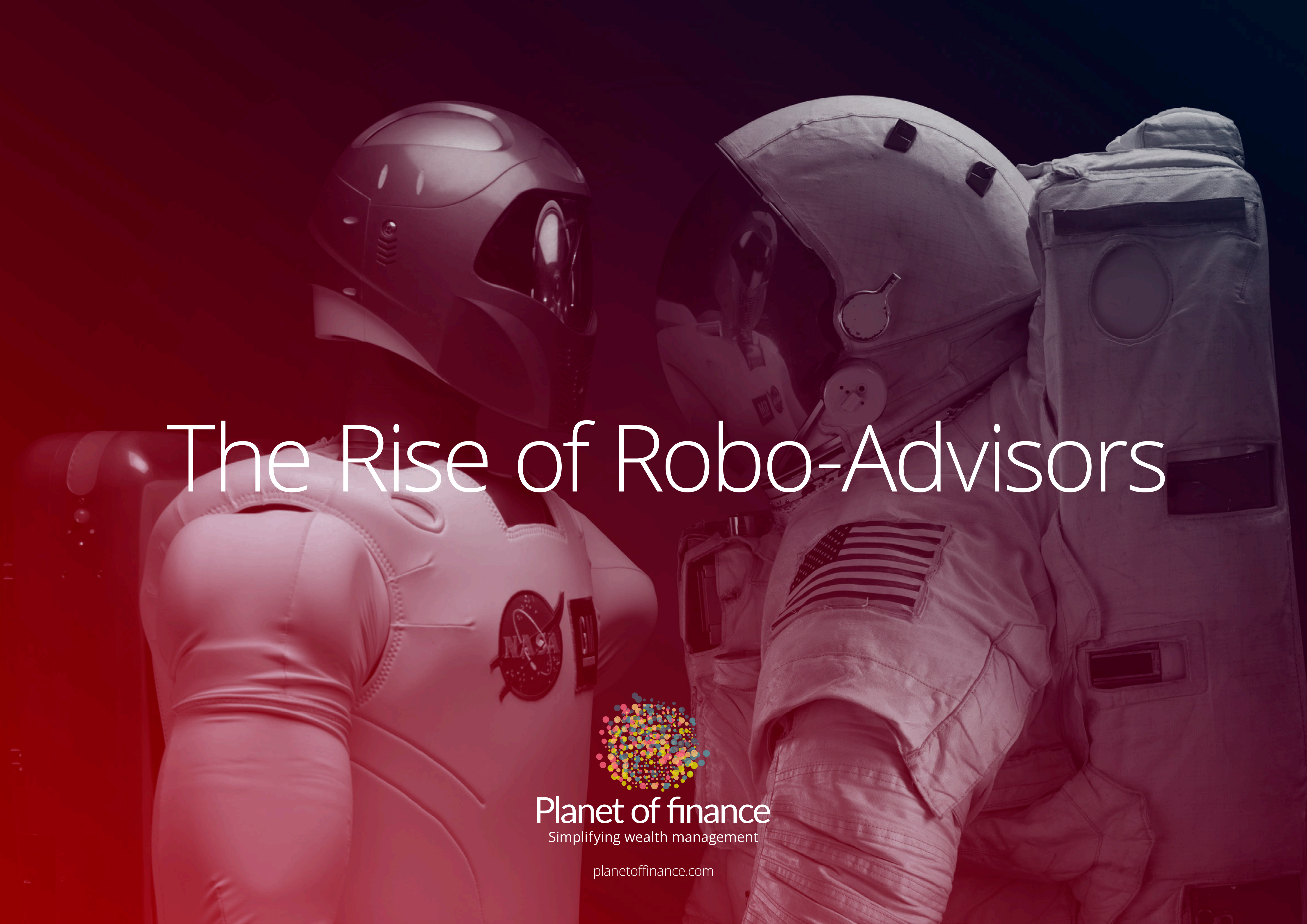


The Rise of Robo-Advisors

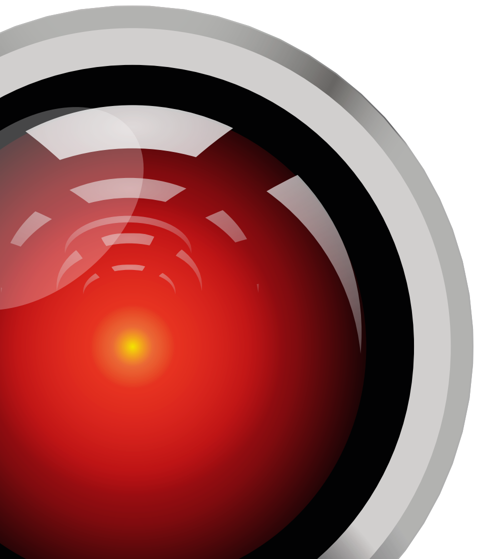
Planet of finance
Simplifying wealth management

planetoffinance.com

Introduction

Artificial Intelligence (AI), Big Data and other new technologies are causing a disruption that is reverberating across our industries, societies, politics, economies and more.

Those who have prepared well for this sweeping evolution are learning to thrive under new challenges. The wealth management sector may have been slower than others in their response but the adoption of robo-advisors has seen a steady increase over the last few years.



In 2001: A Space Odyssey, HAL is initially considered a dependable member of the crew, maintaining ship functions and engaging genially with its human crewmates on an equal footing.

Source: Wikipedia

The wealth management sector is watching closely and analysing how AI can support or even improve upon their current services. As we speak, innovative FinTech companies are building niche wealth management software solutions. One of these solutions is non-human financial advisors or robo-advisors.
Although still a very small segment of the market in terms of AUM, Robo-advisors are gathering momentum and a faithful following especially amongst investors that are tired of the '*old ways*' and are seeking a delightful online customer experience. Robo-advisors have essentially cut the middle man out and put the end client in control.

Can robo-advisors make us richer than human advisors?

According to a recent survey from the CFA Institute, robo-advisors are expected to pack the greatest punch on financial services between now and the next 5 years.

As wealth management industry accelerates its use of AI, the instruments to manage your wealth will also experience radical change and, certainly, have you pondering questions such as:

- Can robo-advisors make us richer than human advisors?
- Who are the main players in wealth management robo-advisors and what do you need to know about them?
- Are robo-advisors a good fit for you?

'*The Rise of the Robo-Advisors*' provides relevant information to get your head around the topic of robo-advisors in general, and what they can mean for your investment experience, including exclusive interviews from the top robo-advisors in Europe.

There is a multitude of new and exciting ways to invest your money today. Here at Planet of finance we keep track of the most relevant developments to signal them for you. We are the ultimate meeting place to discover, connect and learn about the latest topics relating to your financial wealth.

We hope you find the guide useful and informative and feel free to visit our website to learn how to best manage your wealth and achieve financial freedom.

Artificial Intelligence and the wealth management industry. Who stands to benefit?

Artificial Intelligence and the Wealth Management Industry: Who Stands to Benefit?

Forget asking yourself, *'will artificial intelligence impact my life in the future?'* you are already too late. From self-driving transport, drone technology, Siri or Alexa to Amazon, Facebook, Netflix and Google; chances are high you interact with artificial intelligence (AI) on a daily basis, without even consciously realizing it. What you really need to ask yourself is *'how can I benefit from AI?'*

Artificial Intelligence Meets Wealth Management

As AI or machine learning produces its brain-aching plethora of Big Data, the wealth management sector is watching closely and analysing how AI can support or even improve upon their current services. Innovative FinTech companies are building niche wealth management software solutions. They have embraced AI's all-encompassing, algorithmic technology and are implementing it in areas like customer service, trading, policies and even finance decision-making.

How computers can support humans to be more efficient and more accurate for their clients

That said, even those who are building AI software don't quite yet see how a computer can fully replace a human expert when it comes to offering bespoke wealth management advice. Instead they are settling (for now) on a partnership between the two. What is clear though is how computers can support humans to be more efficient and more accurate for their clients. Using a computer to spot new trends and patterns is unquestionably faster than even the best mathematician out there but it isn't just about speed. They are not burdened with emotions, biases or morals; those exact traits that make us human. They don't possess political, religious or cultural preferences and that makes them reassuringly predictable. And perhaps more importantly for a regulated industry like finance, they don't break rules which they have been told to follow. It's these comforting attributes that are leading to the rise of automated investment and trading services.

Humans vs. Bots

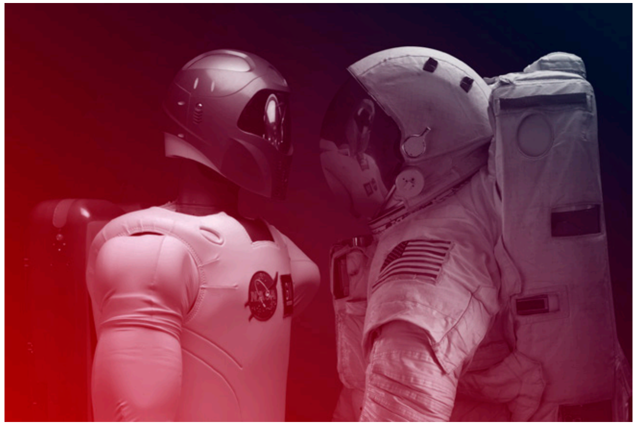
Let's take customer service as an example. The days when customers would pick up the phone in the hope of getting their question answered by a customer service agent are disappearing fast. Not only are customer call centres a costly service to provide, they are increasingly becoming too slow in this age of instantaneous, fingertip information. Enter Chatbots: web applications underpinned by

Artificial Intelligence and the Wealth Management Industry: Who Stands to Benefit?

AI algorithms that converse with customers like humans would. Banks are quickly adopting these as alternatives to real human interaction and their customers benefit from access to a cheaper and quicker service than making a telephone call while AI works silently in the background ensuring answers are accurate and humanlike.

Can robo-advisors really make smarter decisions than humans?

Many leading executives in the finance and wealth management sectors have accepted that AI will soon become the forefront technology where customers and finance companies interact with each other. Another disruptive innovation is non-human financial advisors or robo-advisors. Those in the market for expert advice on wealth management are experiencing how robo-advisors are fast overtaking elements of, or even entire parts of, the human financial advisor role. Automating processes has led to speed efficiencies and improving compliance issues, and together these have helped to begin to build a sense of trust, but they are just the tip of the iceberg. You may be asking yourself can robo-advisors really make smarter decisions than humans. The current consensus here is that whilst they are faster, they are not yet smarter per se. However FinTechs are already looking at a future where robo-advisors can enter the psyche



of the client. If this proves successful, it will enable computers to learn from previous behaviours, together with analysing the investor's social media and other online networking activities to eventually make wealth management recommendations to clients. This would be a significant step closer to computers thinking like humans. But is wealth management safer in the hands of a computer? Can robo-advisors make us richer than human advisors?

To offer accurate, unbiased investment options according to the customer's risk tolerance, wealth portfolio and previous behaviours

as with any new technology these questions still remain, at least in part, unanswered but as the wealth management business begins to accelerate its use of AI coupled with exponential increases in Big Data, they will increasingly be able to offer accurate, unbiased investment options according to the customer's risk tolerance, wealth portfolio and previous behaviours. There is without a doubt a comforting feeling knowing the investment advice you are being given is programmed to be devoid of unethical or immoral preferences, that rules are not broken and that trends are quickly spotted so you can maximize on your opportunity.

Whether you have made that mental adjustment and are content taking your advice from an algorithm or you still cling to human interaction on matters of wealth management, make no mistake, AI is here, AI is happening and a future where AI is able to personalize wealth management advice through the adoption of behavioural thinking is perhaps not as far away as one might expect. In short, we all stand to benefit in some way.

The Big Players in Robo-Advisors and What you Need to Know

The Big Players in Robo-Advisors and What you Need to Know

In the last decade, there has been a slow but steady rise in the implementation of robo-advisors. Simply put '*Robo-advisors (robo-advisors) are digital platforms that provide automated, algorithm-driven financial planning services with little to no human supervision. A typical robo-advisor collects information from clients about their financial situation and future goals through an online survey, and then uses the data to offer advice and/or automatically invest client assets.*'[1]

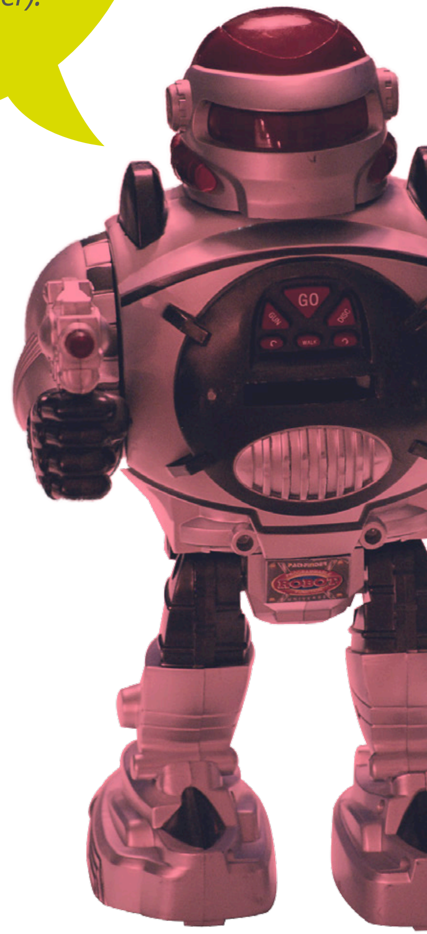
When it comes to adopting AI software to improve efficiencies and accuracies, not to mention reducing cost base and influencing bottom-line growth, many industries are learning to flourish again. The wealth management sector, however, are finding themselves playing catch up somewhat. This is largely because robo-advisors have slipped in and started to disrupt their traditional pricing model and services. Wealth managers are now finding themselves adopting off the shelf robo-advisors or designing their own.

> **… are digital platforms that provide automated, algorithm-driven financial planning services with little to no human supervision…**

When they first appeared, robo-advisors offered a simple online interface with automatic rebalancing for investors that held passive investments and favoured a buy-and-hold strategy. Today, however, they are increasingly sophisticated and have further developed to include investment selection advice, tax loss harvesting and retirement planning, etc. As you would expect, there is no '*one size fits all*' solution; different robo-advisors are built to serve different client needs. Typically robo-advisors vary between the levels of customization, tax management and human assistance.

'Robot' was first applied as a term for artificial automata in a 1920 play R.U.R. by the Czech writer, Karel Čapek. The word 'robot' itself was not new, having been in Slavic language as robota (forced laborer).

Source: Wikipedia

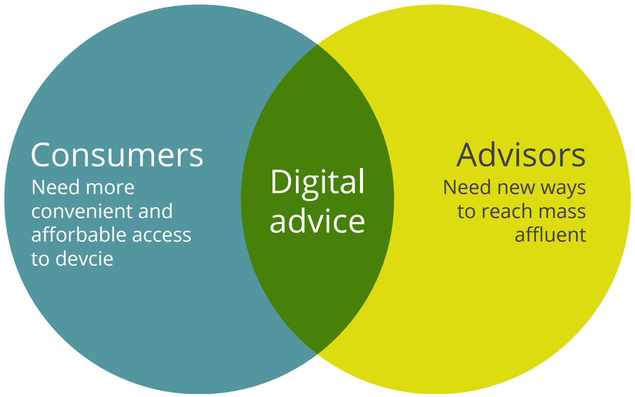


The Big Players in Robo-Advisors and What you Need to Know

The true beauty of automated investing is that robo-advisors have essentially cut the middle man out. The tools and technology to rebalance a portfolio or create an asset allocation was traditionally proprietary and reserved for professionals only. Thanks to the AI revolution and Big Data the process of wealth management advice has been acutely simplified, and together with a user-friendly interface, robo-advisors have put the end client in control.

Our New Partnership With Technology

Their '*digital*' nature implies they require little to no human interaction but that is somewhat misleading. In fact robo-advisors require humans to build them, implement them, regulate them and '*teach*' them (for example when the client answers risk analysis questionnaires; this essentially teaches the robo-advisors the risk levels that the client is comfortable with). Today robo-advisors are filling a gap between what the consumer wants and how traditional financial advisors can access a bigger market.



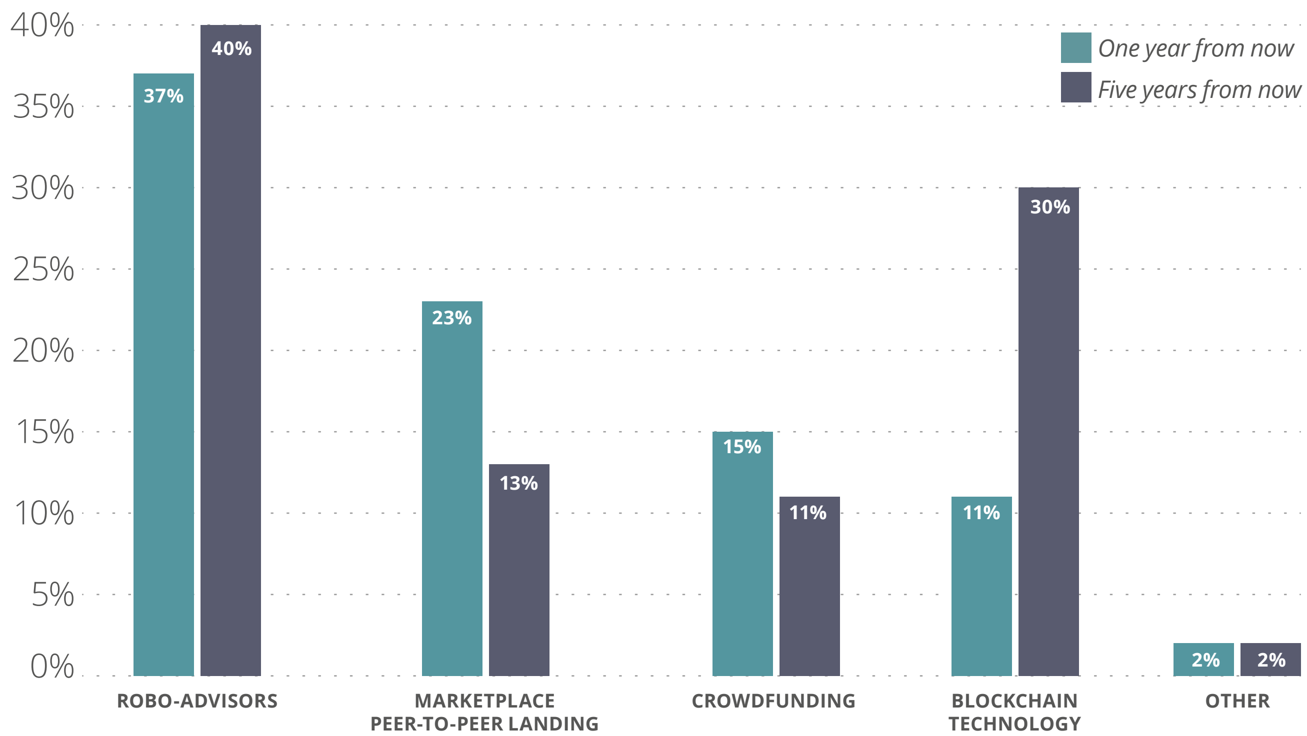
Source: Digital Investment Advice: Robo-Advisors come of age by Blackrock

According to Mattieu Remy, co-founder and CEO of Easyvest (one of Belgium's latest entry in the ro-bo-advisory world).

Investors are showing signs of frustration with retail banks based on 'poor performance, poor service and high fees'. Smaller, start-ups like Yomoni for example (France's leading robo-ad-visor), are beginning to compete with traditional retail banking products by exploiting their agility in implementing financial technology more quickly. As a result, they are successfully tackling other investor grievances like lack of transparen-cy and low levels of customer experience that retail banks are finding hard to address through their traditional business models.

The Big Players in Robo-Advisors and What you Need to Know

With algorithms being set on historical market data (which is not a predictor for future performance) and robo-advisors' difficulty in reading, understanding and interpreting human behaviour and personality, wealth management companies still rely heavily on a hybrid partnership between robo-advisor software and human-to-client interaction when it comes to offering bespoke wealth management advice. Nonetheless, according to a recent survey from the CFA Institute, robo-advisors are expected to pack the greatest punch on financial services between now and the next 5 years.



Source: Which technology do you see as having the greatest impact on the financial services industry 1 year and 5 years from now? CFA Institute FinTech Survey Report (April 2016)

The Big Players in Robo-Advisors and What you Need to Know

AI reading our minds?

The current dependence on the hybrid partnership model between robo-advisors and humans is still very fundamental to the implementation and level of success for AI in wealth management.

... investors have a continued need for human contact

Take Simplewealth for example, who, like other companies, understand that whilst technology can provide a solid foundation, when it comes to wealth and investment, this is a topic intricately woven into our emotions; investors have a continued need for human contact. But could the future of robo-advisor software look set to change that? FinTechs are already investing in solutions that aim to delve into the client's behaviour and psychology, with the end goal being that a computer can eventually interpret what the client needs (maybe even before the client knows it themselves?) and offer personalized advice in return. In short, replacing the human financial advisor altogether. However, this still looks to be some way off so for now, who are the main players in wealth management robo-advisors and what do you need to know about them?

The Big Players in Robo-Advisors and What you Need to Know

The following table, produced by Planet of Finance, provides a non-exhaustive quick view map of robo-advisors across the world. Website links are provided to support you in your research into key factors like asset allocation, matching towards your end goal (for example, pension planning or family support), tax services and automation (how much is automated and how much requires human advice) before deciding where to invest your money.

North America

NAME	MIN. DEPOSIT	INVESTMENT AMOUNT	FEES/YEARS	REGION
Betterment	–	–	0.25 %	USA
		10,000 $	0.40 % (human advisors)	
Wealthfront	500 $	Up to 10,000 $	0	USA
		Above 10,000 $	500 $	
Personal Capital	–	Up to 1,000,000$	0.89 %	USA
		1,000,000 $ - 3,000,000 $	0.79 %	
		3,000,000 $ - 5,000,000 $	0.69 %	
		5,000,000 $ - 10,000,000 $	0.59 %	
		more than 10,000,000 $	0.49 %	
Asset Builder	50,000 $	0.45 %	50,000 $ - 249,000 $	USA
		0.43 %	250,000 $ - 600,000 $	
		0.30 %	1,000,000 $ - 4,000,000 $	
		0.30 %	more than 20,000,000 $	
Future Advisor	$3,000	No specific investment amount	0.50 % AM Fee	USA
SigFig	$2,000	Up to 10,000 $	Free	USA
		More than 10,000 $	0.25 %	
Acorns	–	Up to $5,000	1.25 $/month	USA Australia
		Above $5,000	0.275 %/year	
TradeKing Advisors Momentum	$5,000	Not Applicable	0.50 %	USA
Hedgeable	–	1 $ - 49,999 $	0.75 %	USA
		50,000 $ - 99,999 $	0.70 % (.05 % fee break)	
		100,000 $ - 149,999 $	0.65 % (.10 % fee break)	
		150,000 $ - 199,999 $	0.60 % (.15 % fee break)	
		200,000 $ - 249,999 $	0.55 % (.20 % fee break)	
		250,000 $ - 499,999 $	0.50 % (.25 % fee break)	
		500,000 $ - 749,999 $	0.45 % (.30 % fee break)	
		750,000 $ - 999,999 $	0.40 % (.35 % fee break)	
		1,000,000 $ and up	0.30 % (.45 % fee break)	
TradeKing Advisors Momentum	$5,000	Not Applicable	0.50 %	Canada

Europe

NAME	MIN. DEPOSIT	INVESTMENT AMOUNT	FEES/YEARS	REGION
Nutmeg	–	£100,000	0.75 %, if fully managed portfolio 0.45 %, if fixed allocation portfolio	UK
		more than £100,000	0.35 %, if fully managed portfolio 0.25 %, if fixed allocation portfolio	
Wealth Horizon	£1,000	Not Applicable	0.25 % on invested money 0.75 % AM Fee - 0.18 % IM Fee	UK
Scalable Capital	£10,000	Not Applicable	Fixed fee 0.75 % + 0.25 % FTA Costs	UK, Germany
True Potential Investor	£1,000	Not Applicable	0.40 % Platform Fee 0.83 % Portfolio Fee	UK
Wealthify	£1	Not Applicable	0.7 % AM Fee + 0.17 % Average Fund Charge	UK
MoneyFarm	£50	Up to £10,000	0.3 % fund average fees	UK
		£10,000 - 100,000 £	0.6 %/year + 0.3 % fund average fees	
		£100,000 - 1,000,000 £	0.4 %/year + 0.3 % fund average fees	
		Over £1,000,000	0 %	
Wealth Wizards	–	Up to £30,000	65 £	UK
		30,001 £ – 50,000 £	0.45 %	
		50,001 £ – 75,000 £	0.40 %	
		75,001 £ – 100,000 £	0.30 %	
		Over 100,000 £	0.25 %	
Fiver a day	£1,000	Not Applicable	0.25 % of each initial contribution + 0.34 % asset management fee on invested money	UK
		Not Applicable	0.46 % - 0.52 % fund management fee on invested money	
Quirion	10,000 €	10,0000 €	0 %	Germany Switzerland
		Ab 10,000 €	0.48 % Fee/year-No coach	
			0.88 % Fee/year-With coach	
Ginmon	1,000 €	Not Applicable	0.39 % Fee/year + 10 % of earnings	Germany
Easyfolio	100 €	Not Applicable	0.91 % AM Fee	Germany
Cashboard	100 €	Not Applicable	10 % of annual earnings	Germany
Growney	–	Up to 10,000 €	0.99 %	Germany
		10,000 € - 50,000 €	0.69 %	
		More than 50,000 €	0.29 %	
Vaamo	–	Not Applicable	0.79 %/year	Germany

Europe

NAME	MIN. DEPOSIT	INVESTMENT AMOUNT	FEES/YEARS	REGION
Whitebox	5,000 €	Up to 30,000 €	0.95 %/year	Germany
		30,000 € - 50,000 €	0,85 %/year	
		50,000 € - 100,000 €	0.75 %/year	
		100,000 € - 250,000 €	0.6 %/year	
		250,000 € - 500,000 €	0.45 %/year	
		More than 500,000 €	0.35 %/year	
TrueWealth	8500 CHF	Not Applicable	0.5 % AM fee	Switzerland
SimpleWealth	5000 CHF	Not Applicable	1 % fee	Switzerland
Irisos	-	Not Applicable	Monthly fees starting from 25 CHF for the most basic package	Switzerland
Investivity	-	Not Applicable	0.5 % management fee/year	Switzerland
Keytrade Bank	15,000 €	Not Applicable	Monthly fees starting from 25 CHF for the most basic package	Switzerland
Descartes Finance	20,000 CHF	Not Applicable	Fees Descartes: 0.30% to 0.80% p.a., depending on the chosen investment strategy Fees Custody: 0,20% to 0,35% p.a.	Switzerland
Yomoni	1000 €	Not Applicable	1.6 % combined fee	France
Advize	1,000 €	Not Applicable	0.85 %	France
Fundshop	-	Not Applicable	9 € / month	France
Marie Quantier	5000 €	Not Applicable	70.80 € platform fee 5 % on profits - Trading Fees	France
WeSave	10,000 €	Not Applicable	0.7 % AM	France
Easyvest	5,000 €	Up to 25,000 €	1 %	Belgium
		25,000 € - 50,000 €	0.90 %	
		50,000 € - 100,000 €	0.75 %	
		100,000 € - 250,000 €	0.60 %	
		More than 250,000 €	0.50 %	
FeelCapital	-	Not Applicable	Fix Fee 150 €/year	Spain
Indexa Capital	1,000 €	Not Applicable	0.45 %/year	Spain
Swanest	Beta	Not Applicable	Beta	Europe

South-East Asia

NAME	MIN. DEPOSIT	INVESTMENT AMOUNT	FEES/YEARS	REGION
Theo	100,000 Yen	Not Applicable	1 % first 30 million, 0.5 % after	Japan
8 Securities	1000 HKG	accounts under 8888 HK$	0 %	Hong Kong
		accounts over 8888 HK$	0,88 %	
Six Park	–	10,000 $ – 199,999.99 $	0.5 %/year	Australia
		200,000 $ – 499,999.99 $	0.4 %/year	
		500,000+ $	0.3 %/year	
Stockpot	–	Up to 10,000 $	6.60 $/month	Australia
		10,001 $ to 49,999 $	0.792 %/year	
		50,000 $ to 499,999 $	0.66 %/year	
		above 500,000 $	0.528 %/year	
MOVO	–	none	199 $ —Basic Plan	Australia
			249 $ - Premium Plan	
			349 $ —Deluxe Plan	
Quiet Growth	$2,000	$2,000 - 10,000 $	0 %	Australia
		10,001 $ - 30,000 $	0.6 %	
		30,001$ - 200,000 $	0.5 %	
		200,001+ $	0.4 %	
Clover	$2,500	2500+ $	5 $ + GST per month	Australia
		10,000+ $	0.65 %+ GST per year	
		50,000+ $	0.60 %+ GST per year	
		100,000+ $	0.55 %+ GST per year	
		500,000+ $	0.45 %+ GST per year	
FirstStep	200 $	Not Applicable	0.275 % AM Fee	Australia
ETFmatic	£1,000/€1,000	Not Applicable	1 % first 30 million, 0.5 % after	Austria, Belgium, Denmark, Estonia, Finland, France, Germany , Irland, Italy, Latvia, Netherlands, Norway, Poland, Portugal, Spain, Sweden, UK

Top 5 Reasons to Opt for a Robo-Advisor when Managing your Wealth

Top 5 Reasons to Opt for a Robo-Advisor when Managing your Wealth

For some of us it is can be an unsettling mental leap to make, handing our wealth management control over to a piece of software. For others, it is a self-evident switch; unquestionable and indisputable. Whether you fully embrace the power of Artificial Intelligence (AI), remain stubbornly guarded or find yourself somewhere in between, there are many important factors to consider when it comes to making the right choices in your wealth management.

We have previously covered the rise of robo-advisors and what their destiny in the market may be, it is certainly clear that their popularity remains on the increase. We have also talked about the different types of robo-advisors that are currently available and how this technology looks set to evolve within the next decade. But maybe you are just getting started or maybe you would like to know what attracts fellow investors to this new technology.

... their popularity remains on the increase...

The following is a list of the top 5 reasons to choose a robo-advisor when managing your wealth. It is based on our market observations and as wealth management relies upon a selection of personal choices, you may find this list is out of sync with your own individual preferences. Nevertheless, these are popular enough to make our top 5 and we hope they help guide you in your research.

Deep Blue was a chess-playing computer developed by IBM. It is known for being the first computer chess-playing system to win both a chess game and a chess match against a reigning world champion under regular time controls. Deep Blue played Kasparov in May 1997, winning the six-game rematch 3½–2½, ending on 11 May. Deep Blue won the deciding game six after Kasparov made a mistake in the opening, becoming the first computer system to defeat a reigning world champion in a match under standard chess tournament time controls.*

**Source: Wikipedia*

Top 5 Reasons to Opt for a Robo-Advisor when Managing your Wealth

1. Lower cost
2. Access for all
3. Effortless wealth management
4. Improved Customer Experience
5. Transparency and accountability

1. Lower costs

It is no surprise that AI is able to disrupt the pricing model for wealth management advice. Chatbots, for example, are the catalyst to the demise of traditional call center services, as AI is able to reproduce similar service levels at a fraction of the cost. Where previously an individual investor might be required to pay annual fees of up to 2-2.5% for expert (human) advice on asset allocation and portfolio options etc., robo-advisors have significantly forced that down and (see our comparison table here), in some cases, even eliminated it. WiseBanyan and Charles Schwab for example, are both advertising 0% management fees [1]. But remember, there is no such thing as a free lunch! There will always be a caveat to something that sounds too good to be true; always do thorough research before handing your cash over.

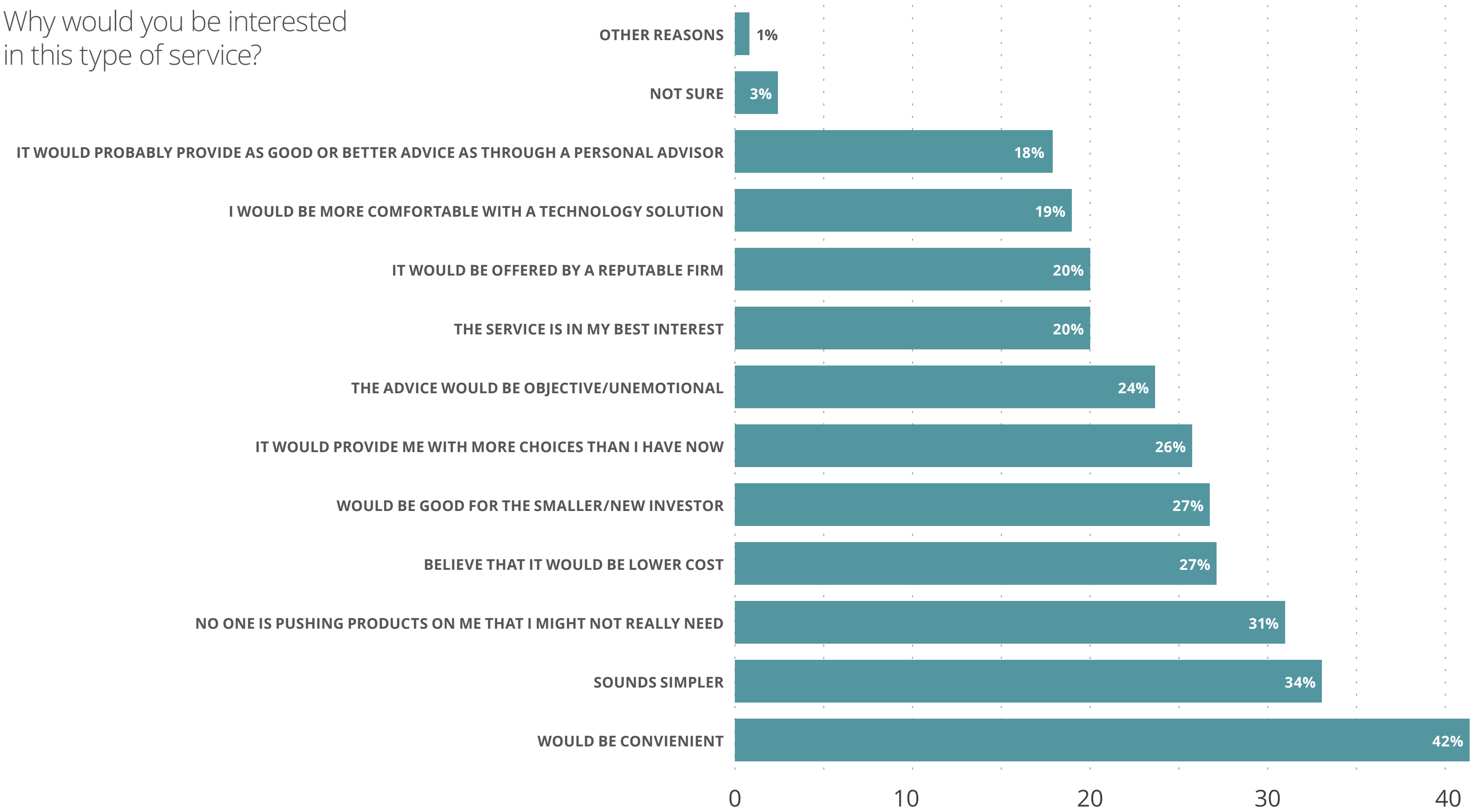
2. Access for all

Whilst robo-advisors have undoubtedly impacted on the fees an investor is likely to pay, additionally (and arguably) more importantly, robo-advisors have opened up the market for new investors. The market for wealth management was previously reserved for the rich and wealthy in society, but thanks to FinTech, the minimum amount of required financial investment has plummeted to (what some might call) an amount the average person could consider investing. Betterment and Wealthfront, (both early entrants into robo-advisor wealth management) are leading the way in the compelling growth of this market by offering account minimums set to zero [2]. These types of offerings allow the average Joe to access wealth management services and test the waters at low-risk levels.

In short, FinTech AI means basic wealth management services just became a lot cheaper and a viable option for the masses.

Top 5 Reasons to Opt for a Robo-Advisor when Managing your Wealth

Why would you be interested in this type of service?



Source: Investor Pulse 2015. Depicts responses of US respondents to the question, 'Why would you be interested in this type of service?'

Top 5 Reasons to Opt for a Robo-Advisor when Managing your Wealth

3. Effortless wealth management

Remarkable recent advances in technology coupled with access to Big Data have collectively brought us to a point where, not only is information instantaneous it is extremely convenient. This is true for wealth management too, there are many people who appreciate how robo-advisors take out the '*hassle*' of learning about asset allocation, rebalancing or tax-loss harvesting, etc. If, as an investor, you are not interested in learning the ins and outs of wealth management, you just want to make a few quick decisions and leave your wealth alone to be managed, then robo-advisors are an attractive solution. You won't need to interact with a human financial expert, you can just click and go. Millennials are also a very interesting group now. To address their instant demands and high-tech expectations, robo-advisors put the user in control of self-driven investing and this tech-savvy group are proving keen to explore. Added to this, some companies are offering nifty little in-house apps that allow the user to track progress, all at their fingertips. Some robo-advisor apps like Charles Schwab for example, even let you trade and carry out other transactional tasks within the app itself, instead of visiting their website.

4. Improved Customer Experience

As emerging technologies go, robo-advisors appear to have relatively quickly overcome obstacles to reach the mass market. Although still a small segment, in terms of numbers, the adoption curve has been very steep recently with new customers switching to robo-advisors on a daily basis. FinTechs are doing their jobs well; offering agile products and services to suit a wide variety of needs. Wealth management companies are striving for that '*something-for-all*' status. Some companies have opted to focus on zero or low annual fees and some accept zero minimum deposits to get started. Others have chosen to attract investors through offering additional services like in-house apps or retirement planning tools for example. Whereas others prefer tax gain or loss harvesting as a way to appeal to their new investors. Some robo-advisors are fully powered through technology alone, whilst others are a hybrid of technology and human expert advice. Betterment, for example, offer online access to human financial advisors through their app. This partnership allows for machines to do the back office leg work then humans can step in at the point of personalized, client requirements; eventually making the human more efficient and accurate, though (at the moment) not obsolete. To sum up, you'd be hard pushed not to find a solution that fits your personal needs.

Top 5 Reasons to Opt for a Robo-Advisor when Managing your Wealth

5. Transparency and accountability

The adoption of robo-advisors has pushed the sector towards increased transparency in the rates and fees that are charged for digital wealth management services. It is largely a '*what you see is what you pay*' scenario. Hidden fees are becoming a pain point of the past. Despite this, it is worth noting that whilst a well-designed robo-advisor should offer unbiased and accurate advice to all, it is still a software that has been designed and implemented by (prone to error) humans. On the assumption that the robo-advisor you have chosen has been implemented correctly, personal finance can now be handled more transparently. Although a machine can (currently) only work under the application it has been programmed to, the intelligent part of robo-advisory services is in their asset allocation model and the resulting outcome of risk and returns. That said, there is still a level of human intervention required to mitigate those risks, set those choices and decide on those boundaries within which the robo-advisor will operate. Ultimately robo-advisors are only as good as the technology and implementation behind them, but it is fair to say that they are pushing the industry towards a considerably more transparent and accountable position than previously, though it is still early days.

[1] According to NerdWallet.com, published June 23, 2017
[2] At time of publication

*The Turing test, developed by Alan Turing in 1950, is a test of a machine's ability to exhibit intelligent behavior equivalent to, or indistinguishable from, that of a human. Turing predicted that machines would eventually be able to pass the test; in fact, he estimated that by the year 2000, machines with around 100 MB of storage would be able to fool 30% of human judges in a five-minute test, and that people would no longer consider the phrase 'thinking machine' contradictory.**

**Source: Wikipedia*

Meet the Robo-Advisors Exclusive Interviews with the CEOs of 4 Top European Robo-Advisors

Meet the Robo-Advisors – Exclusive Interviews with the CEOs of 4 Top European Robo-Advisors

As part of our research we conducted interviews with 4 European Robo-Advisors and asked them to share their story. Full interviews are available on our blog.

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Meet Yomoni
Interview with Sebastien d'Ornano (Executive President).
https://www.yomoni.fr/

YOMONI

COUNTRY France
FOUNDED 2015
N° CLIENTS 3,800
AuM 28 M€
PRODUCTS
Assurance Vie, PEA, compte Titre, Assurance Vie Kids
MIN INVESTMENT €1,000
FEES 0.6% to 1.6%

How would you explain Robo-advisory services?

We take what we feel is the best of private banking – quality of counsel, customized portfolios and experienced asset managers – and the best of online banking – instant and paperless transactions, fluid user experience, 24/7 service availability and low fees – to provide French households with the best of both worlds.

Who are our clients and how much do they invest?

We defined our target client as a 35–45-year-old individual that stacked up significant savings but lacks time or interest to manage their wealth themselves. Most of them were disappointed with private banks or mainstream financial advisors and have been drawn to Yomoni by our customer experience, our transparency and our fair pricing. However, Yomoni also attracts many customers less in line with our target such as experienced investors or young professionals who start to put some money aside.

We found that clients gradually increase the size of their portfolio once they feel more comfortable with the platform and the way Yomoni manages their financial assets, usually after 6 to 12 months. The average portfolio size is €7,500 with 80% of all our clients investing through an Assurance Vie product.

How does Yomoni use artificial intelligence?

AI is used on 3 levels
1. At the sign-up stage, clients are asked about twenty questions to establish an investment profile with their goals, their risk preferences and the money they are willing to invest over time; the answers help our AI to select the adequate product and the best portfolio for each profile.
2. Our Asset Allocation is based on a proprietary quantitative algorithm that uses factors such as market conditions or macroeconomic data to produce model portfolios that reflect different risk levels; within the portfolios, we select traditional exchange-traded funds (ETF) as well as advanced Smart Beta ETF.
3. Many time-consuming, low-value tasks of our back office are automated to save up time and resources. For example, retrieving and verifying required supporting documents is a partly automated task – only red flags are manually checked – as well as collecting customer information – mainly through chat which is a popular customer relationship channel at Yomoni.

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We feel that we will always need human intervention but that robots can help us collect and process information seamlessly and efficiently to improve our understanding of our customers' needs, incorporate that information to customize investment strategies and improve our services to them over time.

How do you see the future of banking?

Our economy is transitioning from a model focused on products and ownership towards a functional economy in which customers are sold experiences, services or functionalities rather than products alone. As well as many other products, the distribution of financial products shall disappear to be supplanted by a much more seamless '*saving service*' involving a closer proximity with customers and complex packages with specific features to ensure that each customer's financial needs are fulfilled at every stage of their personal lives. It requires a great deal of digital technology and – also – a deep cultural and organizational change. This is a big deal for the financial sector.

Yomoni going forward – What can we expect?

Currently the leading robo-advisor in France, Yomoni aims to reach 10,000 clients in 2018 and 1 B€ AUM in 2020. We will continue to work hard to keep our fees at the lowest level possible whilst improving the depth of our financial advice, the features of our online platform and the variety of our financial products and the range of our assets.

> *The distribution of financial products shall disappear to be supplanted by a much more seamless 'saving service'*
>
> Sebastien d'Ornano – Yomoni – Executive President

Meet the Robo-Advisors – Exclusive Interviews with the CEOs of 4 Top European Robo-Advisors

Meet Simplewealth
Interview with Jeremy Cohen (CEO)
https://www.simplewealth.ch/

COUNTRY Switzerland
FOUNDED 2017
N° CLIENTS 50+
AuM (Target) 100M in 1-2 Year (depends on the fundraising)
IDEAL PORTFOLIO SIZE 25,000
FEES 1% (to be reduced to 0.7%)

Can you introduce Simplewealth?

We are the latest robo-advisory firm to launch in Switzerland. We are targeting both the young professionals that is starting to accumulate some wealth and the older investor that is looking for alternatives to traditional banks. With a minimum investment of 5,000 CHF you receive the sleek user experience you come to expect from robo-advisors and a model portfolio allocation modelled to your profile.

What are the first questions clients are asking about Simplewealth?

Our current clients reflect two mindsets: the expat community and the Swiss investor. The expat investor is digitally savvy and has an inbuilt trust in online services that extend to the management of their money. Building trust with this segment is relatively easy. The second segment is more suspicious and will want to verify whether we are regulated and who are we backed by.

What makes the Swiss Market an interesting place for Robo-advisors?

Switzerland is a very unique place. There is a perception of wealth but not everyone has the portfolio size to place their money with a private banker. The '*normal*' people would have their money with the big traditional Swiss banks and leave it there for many years without looking at it. Today, they have come to realize that the products being offered by these banks are very standard, charge a high fee and have not produced interesting returns. So they are looking for choice.

Also from a tax perspective, although Switzerland does not have any capital gains tax, it does not offer a real interesting tax umbrella for private investment vehicles. Once you take into account the high fees charged by banks and the limited tax optimization opportunities, you find that it is a ripe environment for a product that charges lower fees, offers market returns and with a better customer experience. This is where we are positioning ourselves.

What are your products and your fees?

Switzerland does not offer a real interesting tax umbrella (like the ISA in the UK or the Assurance Vie in France) for private investment vehicles. So

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any investments made by individual clients will be through a standard investment vehicle.
Our fees are currently 1% but we see them going down between 0.6% and 0.7% in the near future.

How can I invest in Simplewealth?

To start investing with Simplewealth we first gather your personal circumstances, then our algorithm will produce a model portfolio that will be a combination of equity and bonds depending on your tolerance to risk. Our portfolios are comprised of ETFs which are index funds that replicate the market and depending on your circumstances we will propose a specific strategic asset allocation that you can modulate if you wish.

How are you using Artificial Intelligence in your services?

We are looking to use artificial intelligence to improve our knowledge and understanding of our clients and of their behaviours to identify patterns and correlations, for example between age, gender and risk appetite. We feel that the better we know our clients, the better we can reflect their objectives in our product and produce the desired results.

How to you communicate with your clients?

Communication with our clients is either via email, chat or WhatsApp. We are finding that clients appreciate instant communication and the ability to quickly get a response.

You have just recently launched but can you tell us about plans for the future?

We are finding that our more affluent clients are seeking customized portfolios and the ability to change their asset allocation to reflect their beliefs. Also we are increasing our efforts to help our customers better understand how to make good investment decisions. We are looking to create a coaching program which will include calls, face to face meetings and guides.

How do you see the future of banking?

If I look into the future, smart banks will become more than just your financial service provider. They will, for example:

- Help you find the best offers for what you usually buy
- Help you avoid bad behaviour such as debt, impulse buying
- Help you save more

Also what will change is the way we interact with banks. Human interactions will remain important, in so far that money decisions will always require some form of emotional support but from a technical standpoint machines are better.

> *If I look into the future, smart banks will become more than just your financial service provider*
>
> Jeremy Cohen – Simplewealth – CEO

Meet the Robo-Advisors – Exclusive Interviews with the CEOs of 4 Top European Robo-Advisors

Meet EasyVest
Interview with Matthieu Remy (CEO)
https://www.easyvest.be/

EASYVEST

COUNTRY Belgium
FOUNDED Founded 2016
N° CLIENTS 400
AuM 20 Million
AVERAGE INVESTMENT 25,000
FEES from 0.5% to 1%

Tell me a little about you and your history with Easyvest?

I am the co-founder and CEO of Easyvest, Belgium's top robo-advisor. I have an engineering background and specialized in Artificial Intelligence.

The idea for Easyvest started in 2012 during my MBA at Harvard. It took 4 years to move from idea to reality. The idea stemmed from a personal family pain where family members would constantly complain about their bankers. They were frustrated about the poor performance, the poor service and the high fees charged by their private banker, which could reach 1.5% per annum. I felt that there had to be a more efficient way to provide financial services.

How would you explain robo-advisory to your grandmother?

We do the same job as the private banker but we use technology to do it in a more transparent, more delightful and more affordable way.

What are the main challenges for robo- advisor adoption in Belgium?

One of the key challenges we face is trust. Building trust especially when it comes to managing money takes time. We have been successful in building trust by generating good financial performance. In 2016, our stock portfolio generated 12% return.
Our other challenge is to build awareness at a reasonable cost. We charge lower fees than banks and have a lower entrance threshold so one of our key challenges is to build awareness about our product and acquire clients at a reasonable cost.
If you had to describe Easyvest in one sentence
Easyvest is a registered financial advisors and our mission is to reinvent the classical job of the private banker by using technology to bring efficiency to private banking.

What are 3 aspects you believe EasyVest does really well?

- Returns – we acknowledge that nobody beats the market in the long run. Our products are ETFs that replicate the market.
- Customer Experience – we aim to provide a delightful customer experience to all our clients, whether online or in person. We believe that clients

should be able to access their accounts whenever, wherever and on any platform.
- Affordability - Our minimum investment threshold is 5,000 Euros and we charge as high as 1% for accounts below €25k and as low as 0.5% for accounts over €250k.

What do you think people like about EasyVest?

Our clients are individuals that either have little time or who believe that they do not have the necessary investment knowledge to take control of their investments. We provide them with the right tools and user experience to empower them to become investors.
We also provide 24/7 access to a human financial advisor called '*Easyvalet*' that can complement the digital experience and assist in translating what our platform is doing for them.

What are your Easylunches?

Easylunches are a great way to educate our clients about investing. We invite a group that wants to learn about finance for lunch. We explain the basic principles of investing, things that everyone should know that has not been taught in school.

As a rule, people don't like to talk about money in Belgium so investment education is very poor. We aim to demystify a few things, what you read in newspapers and on the internet

What's next for Easyvest?

We are currently developing new tools to help our clients make better estate planning and financial planning decisions. We will do this by gathering key parameters about their financial lives and their family to produce an investment plan and a recommendation which can then be followed and implemented through our platform.

How do you see the bank of the future?

The future of banking will be tech oriented and customer centric. To stay relevant banks need to listen to clients, to serve them and delight them.

> *To stay relevant banks need to listen to clients, to serve them and delight them*
>
> Matthieu Remy – EasyVest – CEO

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Meet ETFMatic
Interview with Luis Rivera (CEO)

https://etfmatic.com/

COUNTRY UK
FOUNDED Founded 2016
N° CLIENTS 100,000 (no downloads)
AuM 20 Million
AVERAGE INVESTMENT 25,000
FEES from 0.5% to 1%

Can you introduce ETFMatic and explain what makes you different to other Robo-Advisors in the UK.

We manage a unique portfolio for each customer by buying and selling ETFs on his or her behalf. We offer 3 investment styles to manage these portfolios, and they are available in multiple currencies. Our App enables anyone to try a simulation account for free, or open a real money portfolio in under 5 minutes.

Who is your typical client?

While some experts claim that only digitally native millennial would be comfortable with our investment approach, we have in fact investors in almost in every age category imaginable. Our oldest client is almost 70 whilst our youngest is only 5 months old. The average age of our clients does fall squarely in the millennial cohort at 34 years.

ETFMatic has an interesting fee structure – can you explain it?

ETFmatic can manage all your investment goals for 0.5% of your Assets under Management (our fees) plus the ETF issuer costs (fees of the Funds you invest in). The total ETF issuer fees of your portfolio (also known as Total Expense Ratio) will depend on the asset allocation (weights) you have selected. Customers that have invested over £25k with us pay only 0.3% of their AUM.

What 3 things would you recommend our readers to consider when choosing a Robo-Advisor in the UK?

- Test the technology, particularly if they offer simulation accounts with virtual money so you can try before you buy
- Read the fine print, many competitors charge extras beyond an attractive price tag
- Make sure its investment approach is tax aware, an ISA wrapper can significantly improve your returns

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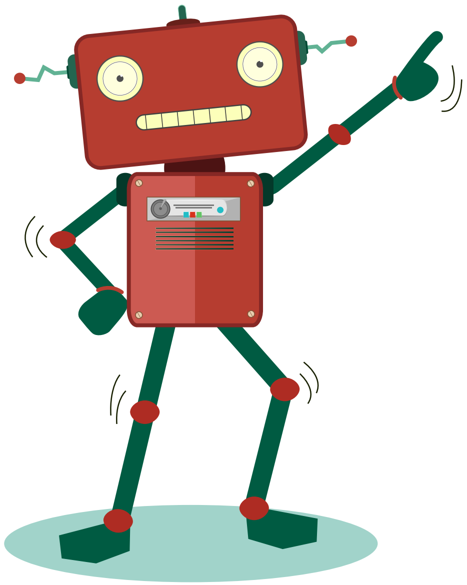
How do you imagine the 'bank of the future'? And what are your plans for the future?

We are very excited about our work with Revolut, that will connect to our Platform to millions of customers that are moving beyond banking. In 10 years, digital wealth management players might hold a similar market share to Google and Facebook's in advertising.

> *'Banking is necessary, banks are not'*
>
> Luis Rivera — ETFMatic — CEO

Are you ready to take the next step?

Start here



Disclaimer

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