

Millennials and the future of wealth management

 CBINSIGHTS





TRUSTED BY THE WORLD'S LEADING COMPANIES



“We use CB Insights to find emerging trends and interesting companies that might signal a shift in technology or require us to reallocate resources.”



Beti Cung,
CORPORATE STRATEGY, MICROSOFT





Own the future.

The CB Insights machine intelligence platform synthesizes, analyzes and visualizes millions of documents to deliver fact-based insights. It enables smart companies to predict trends, see competitors' strategies, explore new markets and reveal opportunities to capitalize on change.

[CLICK TO TRY CB INSIGHTS](#)

IN 1968

The “American Dream”

WAS

To own a home



IN 2018

The “American Dream”

IS...

IN 2018

The “American Dream”

IS

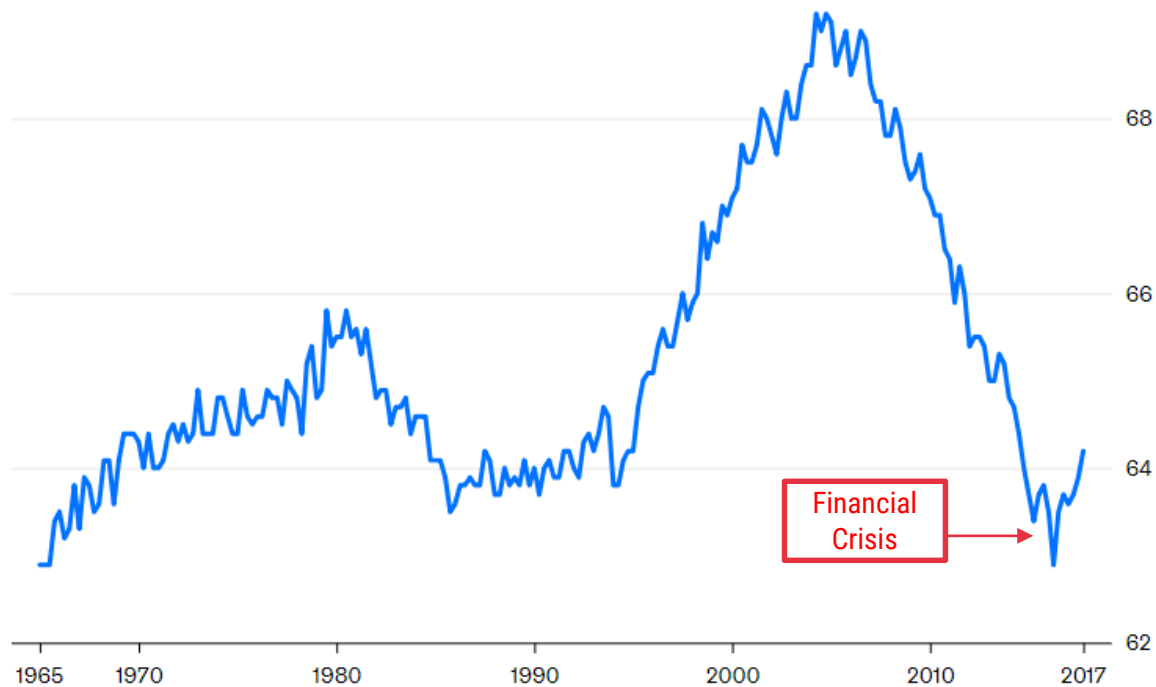
To own a home



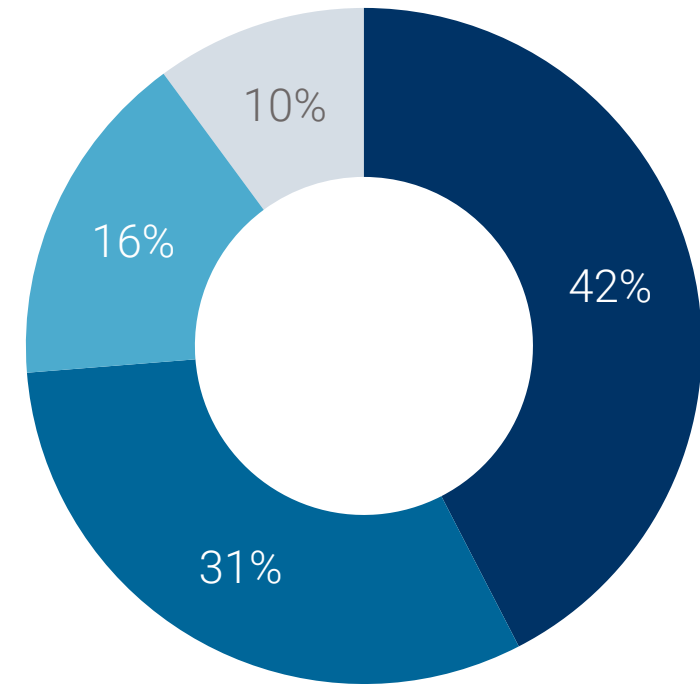
Millennials have a bad reputation but are driven by the same dream

The American Dream's Long Nightmare is Ending

US homeownership rate, share of households that own their dwelling



Homeownership is being driven by millennials over gen X or boomers



■ Millennials ■ Gen X ■ Baby Boomers ■ Silent Generation

MILLENNIALS WANT TO BUY HOMES

“Two-thirds of people who open accounts in Rocket **are buying** a home. **Half of those are millennials.”**



Regis Hadjaris, Product Lead



2017 CB Insights Future of Fintech

THEY MAY NOT BE ABLE TO AFFORD IT TODAY BUT..

By 2030, millennials will hold 5x as much wealth

Forecasted total financial assets held by millennials in (\$T)



The new attack vectors for wealth management



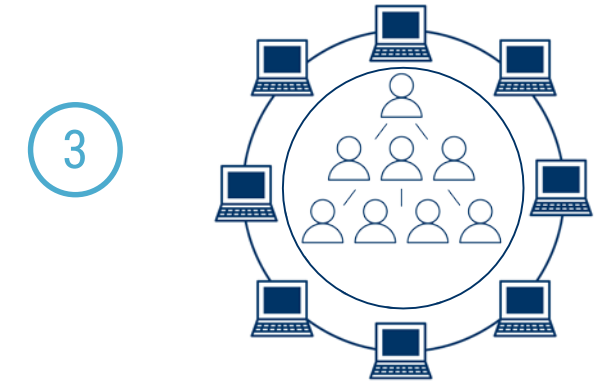
CUSTOMER ACQUISITION

Next gen-platforms are attracting first-time investors into the market ahead of the great wealth transfer



PRODUCT STRATEGY

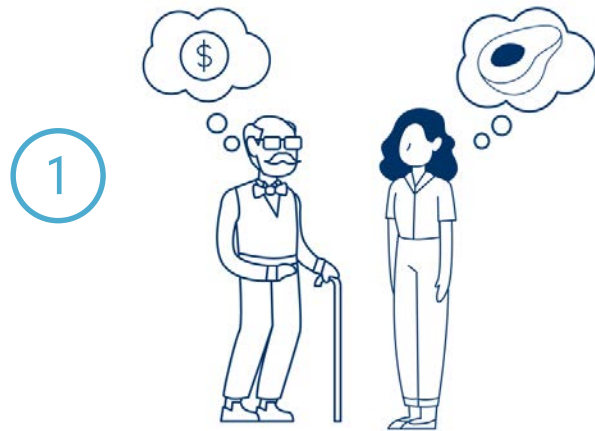
Startups are iterating aggressively on product and capitalizing on digital asset classes ahead of incumbents



BUSINESS MODEL SHIFTS

New delivery mechanisms are putting downward pressure on costs and are posing fresh challenges for incumbents

The new attack vectors for wealth management



CUSTOMER ACQUISITION

Next gen-platforms are attracting first-time investors into the market ahead of the great wealth transfer



PRODUCT STRATEGY

Startups are iterating aggressively on product and capitalizing on digital asset classes ahead of incumbents

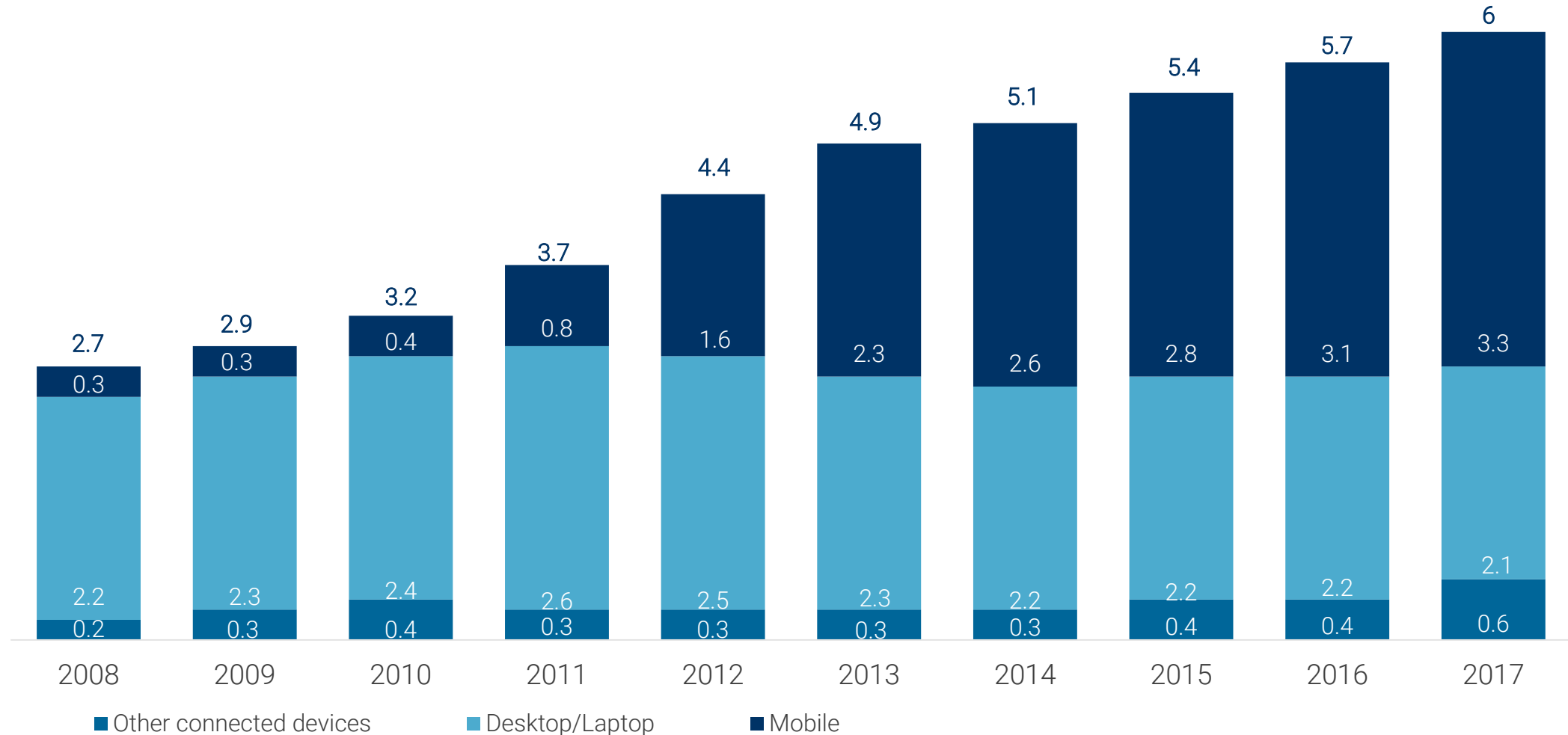


BUSINESS MODEL SHIFTS

New delivery mechanisms are putting downward pressure on costs and are posing fresh challenges for incumbents

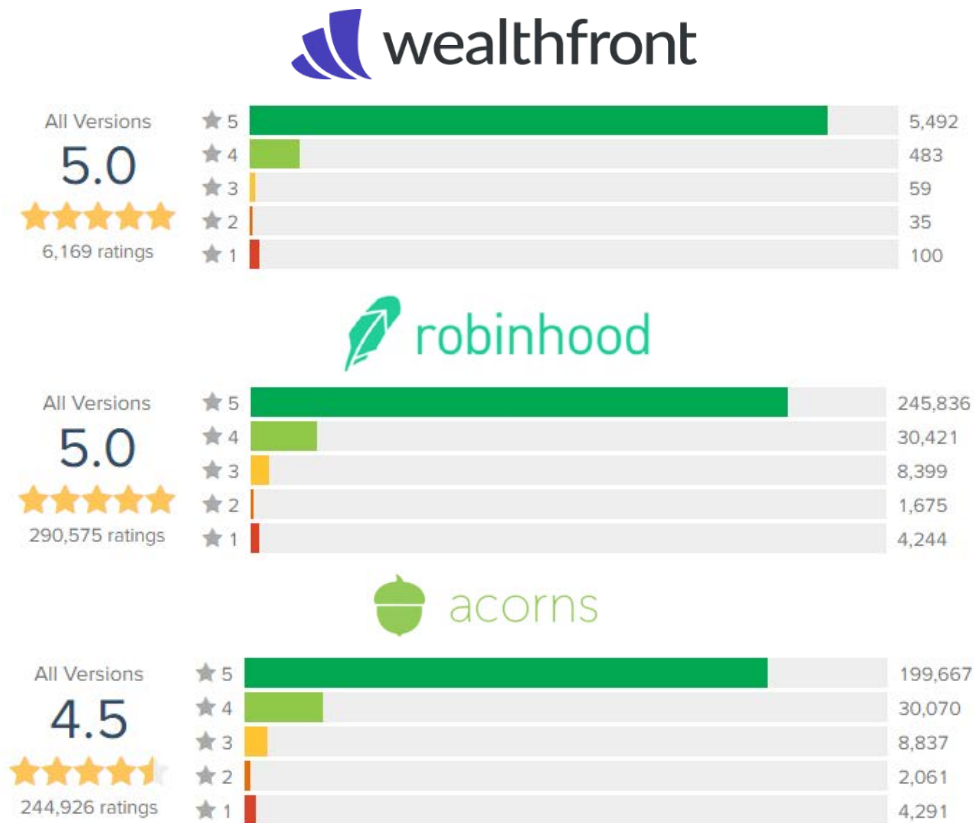
Mobile is core to acquiring millennials

Daily hours spent on digital media per adult user rises on the back of mobile adoption

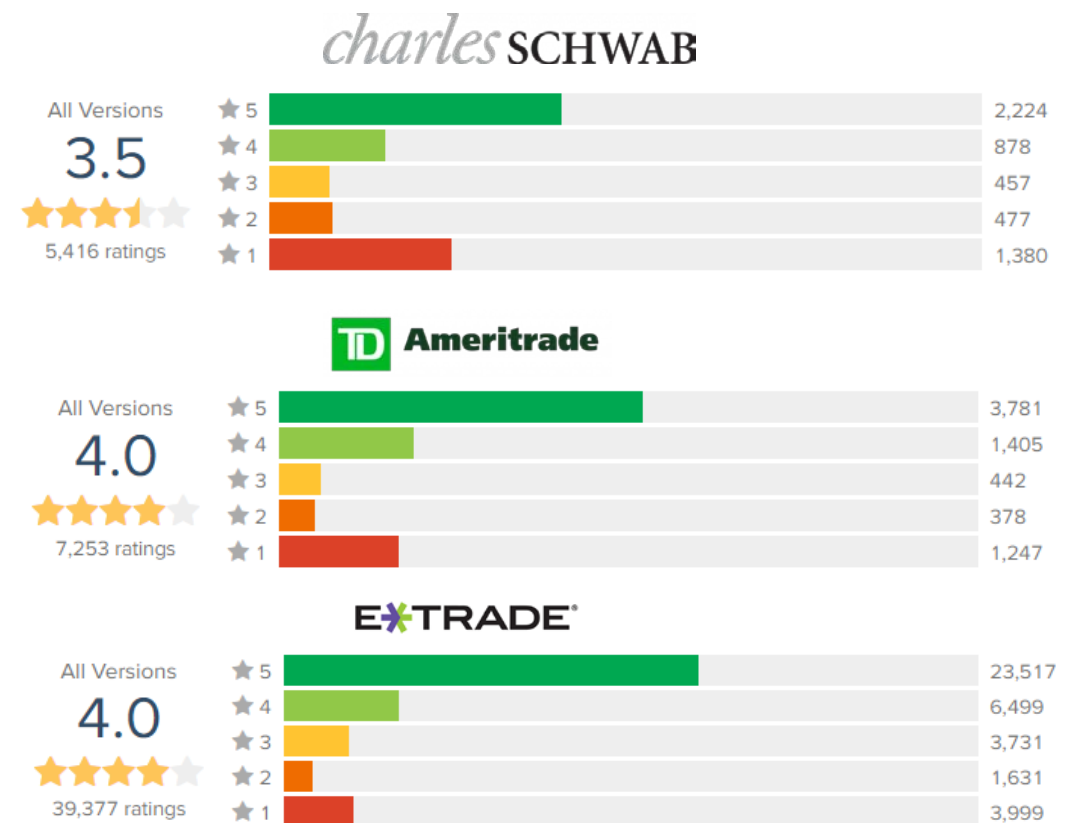


Incumbents aren't meeting the expectations of millennial customers on mobile

US IOS App Store ratings (out of 5)



VS.



Gamifying goals is one tactic to boost millennial engagement



Home Planning with Path

09:41

Home planning

In 3 years, you can comfortably afford up to \$1,007,227. Buying a home for

\$1,000,000

in 4 years

is comfortable

...and doesn't hurt your long-term plans.

[Tell me more](#)

Explore places to live

09:41

2BR, Park Slope, New York, NY

\$1.3M Price in 2021

\$340K 26% down payment

In 2021 you'll have enough for a 26% down payment which means housing costs of...

\$4,990/mo

This purchase is... **manageable**

My planned savings **\$1,600/mo**

See recommendations

Plan to purchase home in **3 years**

Want to make this price more

09:41

Wealthfront

\$1,079,441 Net worth today

\$4.3M Net worth at retirement

Today Retire at 65 2062

A STRETCH

2BR in Park Slope, New Yo...
Planning to buy a home for \$1,300,000 in 2023

Investments **\$945,897.44**

Wealthfront Traditional IRA My IRA Just Updated **\$256,964.32**

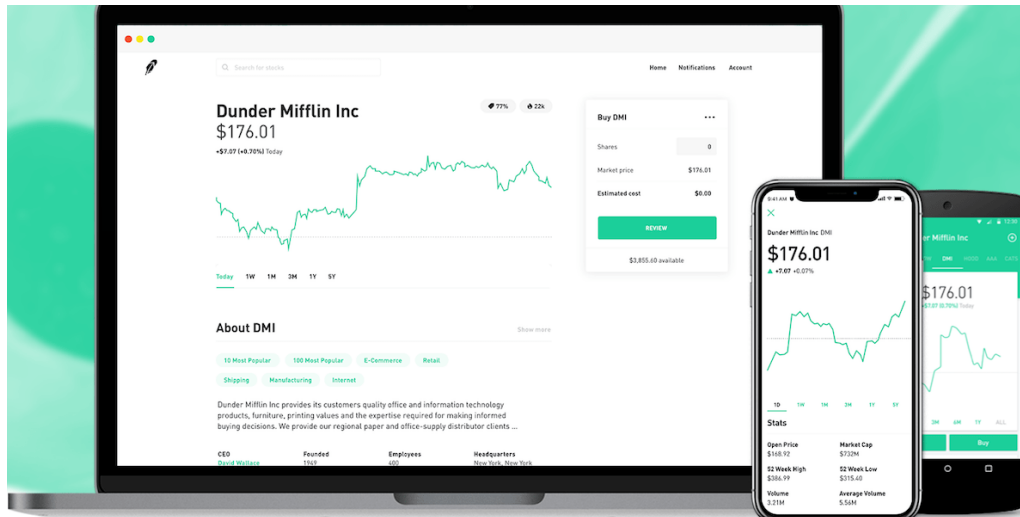
Wealthfront Traditional IRA Mv IRA Just Updated **\$251,318.09**

My Path Notifications Transfer Funds Invite Friends

Startups bet on clean UX/UI vs. household name brands



4M CUSTOMERS IN 3 YEARS
\$100 BILLION TRANSACTED



VS.



3.6M CUSTOMERS IN 35 YEARS

WHY E*TRADE INVESTING & TRADING RETIREMENT BANKING OPEN AN ACCOUNT

Transform Your Trading

Trade Free for 60 Days & Get up to \$500¹

Open an Account

SmartMoney Kiplinger's BARRON'S
TRADING TOOLS CUSTOMER SERVICE RESEARCH ADVERTISING

Get Quotes GO DOW 13194.10 +16.42 (0.12%) NASDAQ 3040.73 0.00 (0.00%) S & P 500 1394.28 -1.67 (-0.12%) 10 YR. T-NOTE 2.274% 3/14/20 12:30:02 PM EDT 15 Minute Delay

SHOW MARKETS

Full Range of Investment Choices
The investments you need at an exceptional value.



The Ultimate Mobile Trading App
Turn your device into a mobile trading machine.

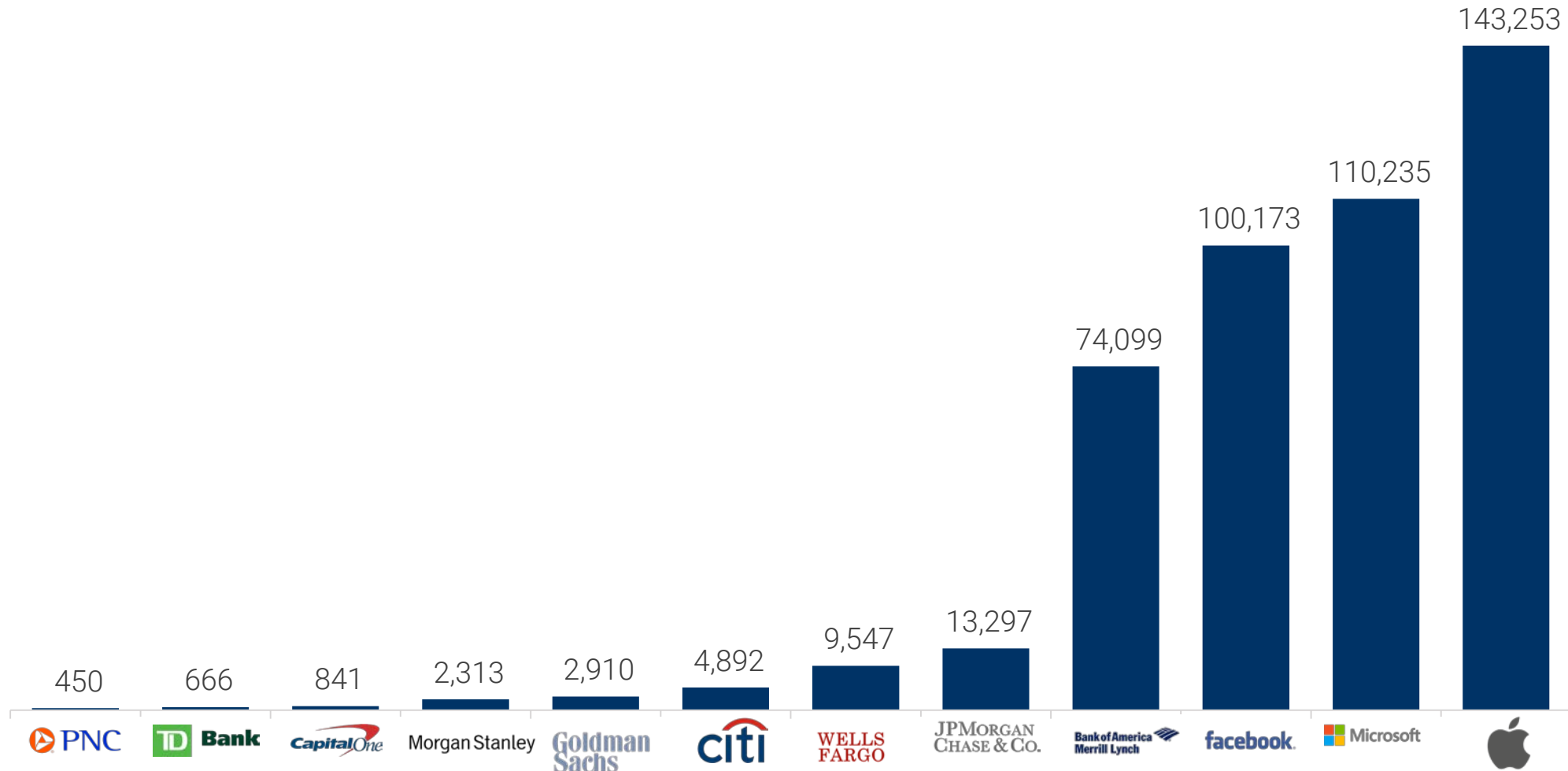


Will You Have Enough to Retire?
Find out fast with our easy Retirement Planning Calculator.



Millennials invest in brands they trust

Reported number of stock holders on Robinhood



The new attack vectors for wealth management



CUSTOMER ACQUISITION

Next gen-platforms are attracting first-time investors into the market ahead of the great wealth transfer



PRODUCT STRATEGY

Startups are iterating aggressively on product and capitalizing on digital asset classes ahead of incumbents

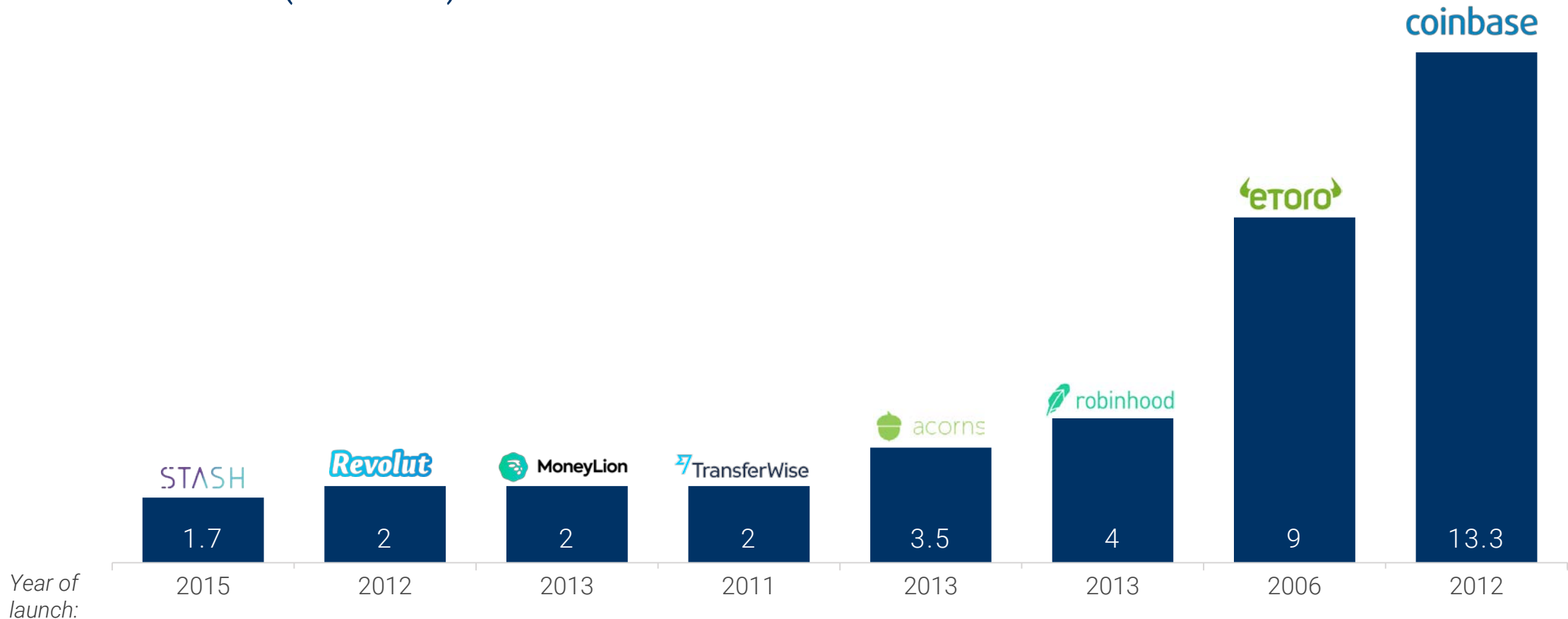


BUSINESS MODEL SHIFTS

New delivery mechanisms are putting downward pressure on costs and are posing fresh challenges for incumbents

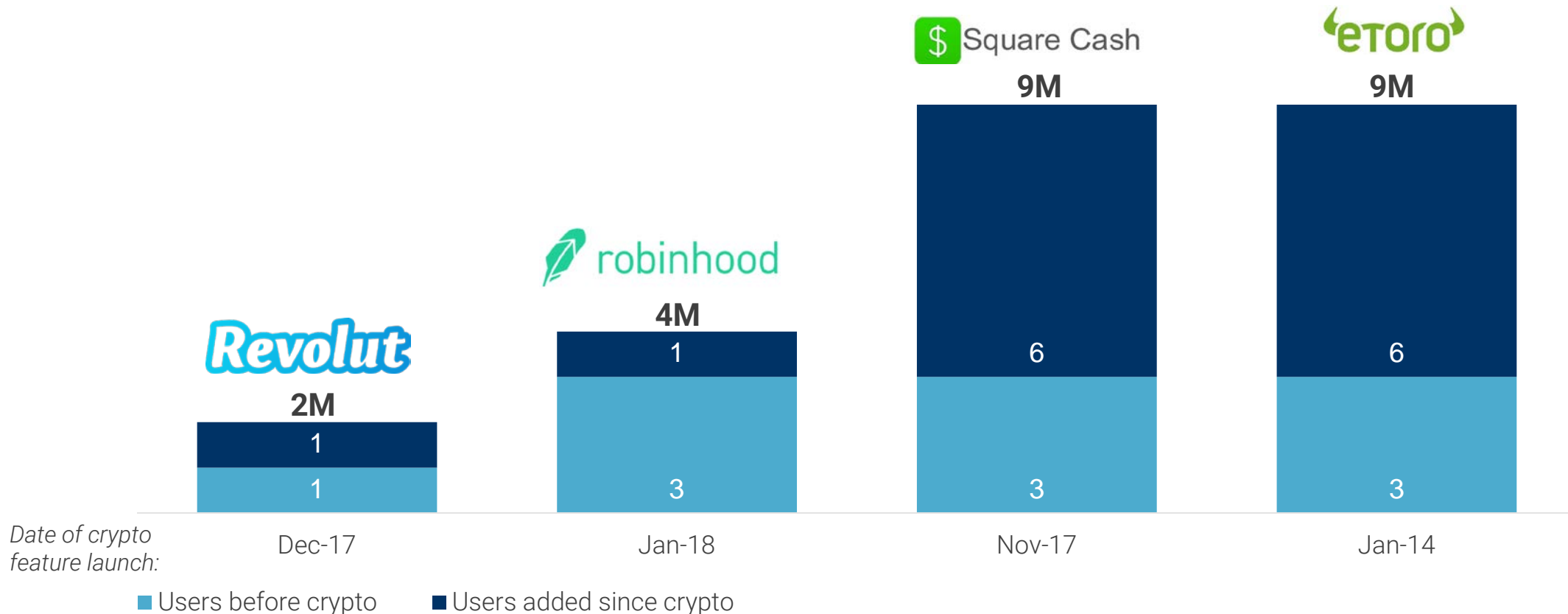
Fintech startups are attracting millions of first-time investors to the market

Total users (in millions)



MILLENNIALS & THE CRYPTOCURRENCY CRAZE

Startups capitalizing on crypto virality see strong customer growth





BUSINESS
INSIDER

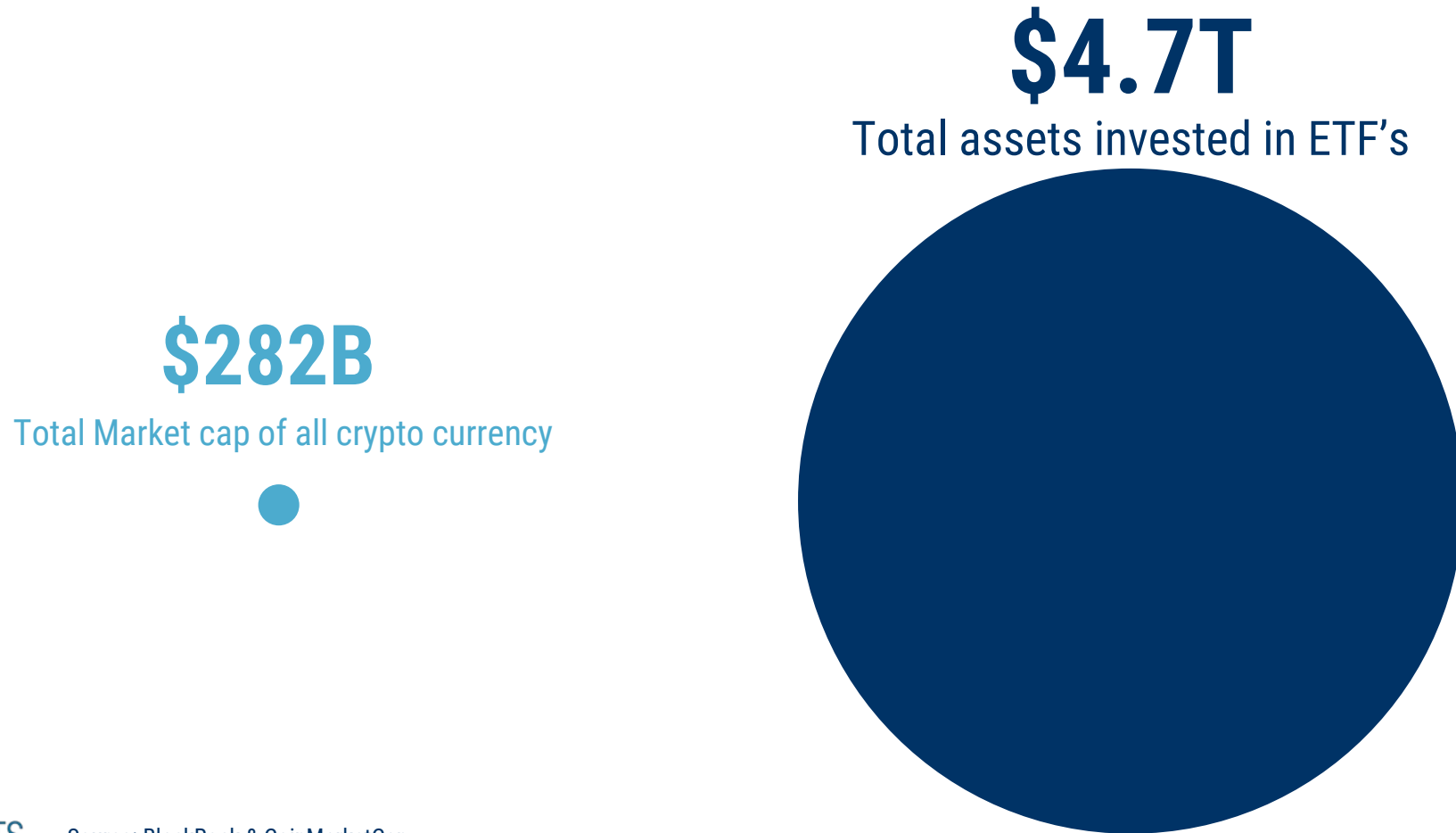
Fidelity, a household name in American investing, is plotting a big move into cryptocurrency trading

Fidelity Investments, a firm that oversees \$2.5T in managed assets, is hiring **to build a digital asset exchange**, an internal job ad reviewed by Business Insider reveals.

The firm is **also working on custody solutions for crypto**, according to another job ad.

If Fidelity successfully launches these products, **it would represent one of the biggest moves by a Wall Street firm into the market for digital assets.**

But there are still many barriers before crypto replaces financial services staples



The new attack vectors for wealth management



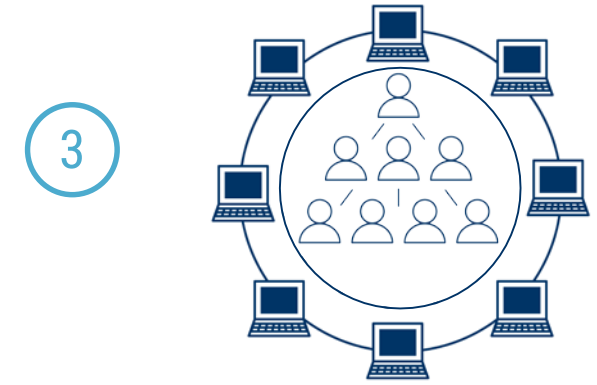
CUSTOMER ACQUISITION

Next gen-platforms are attracting first-time investors into the market ahead of the great wealth transfer



PRODUCT STRATEGY

Startups are iterating aggressively on product and capitalizing on digital asset classes ahead of incumbents

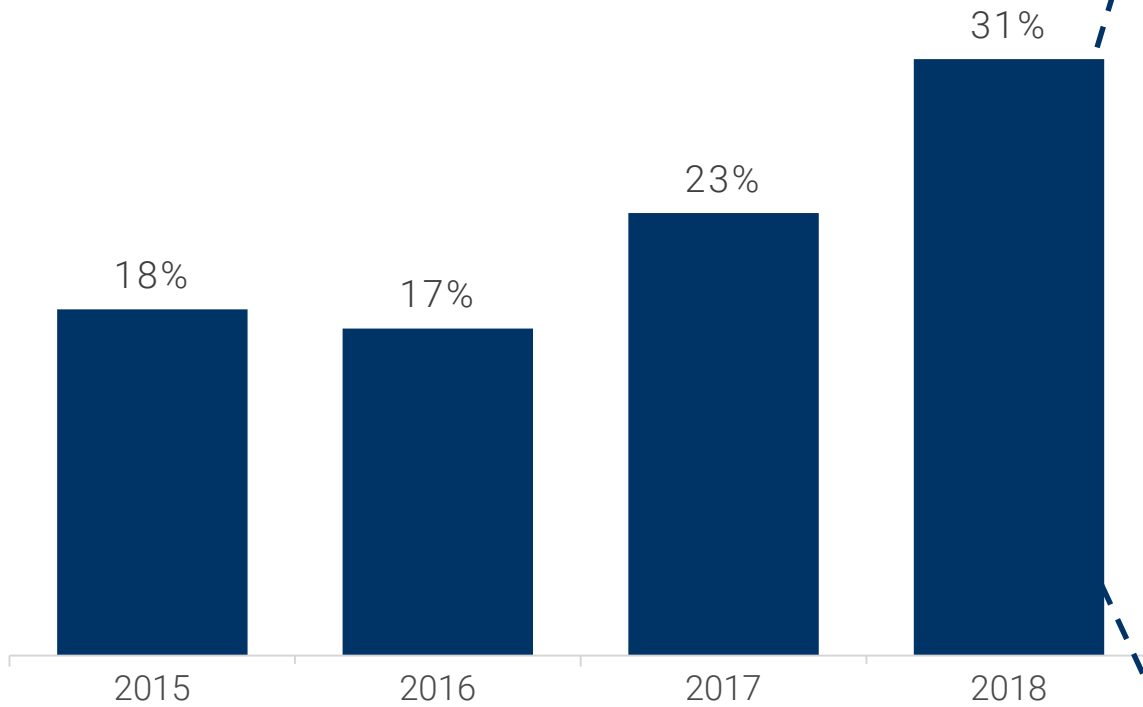


BUSINESS MODEL SHIFTS

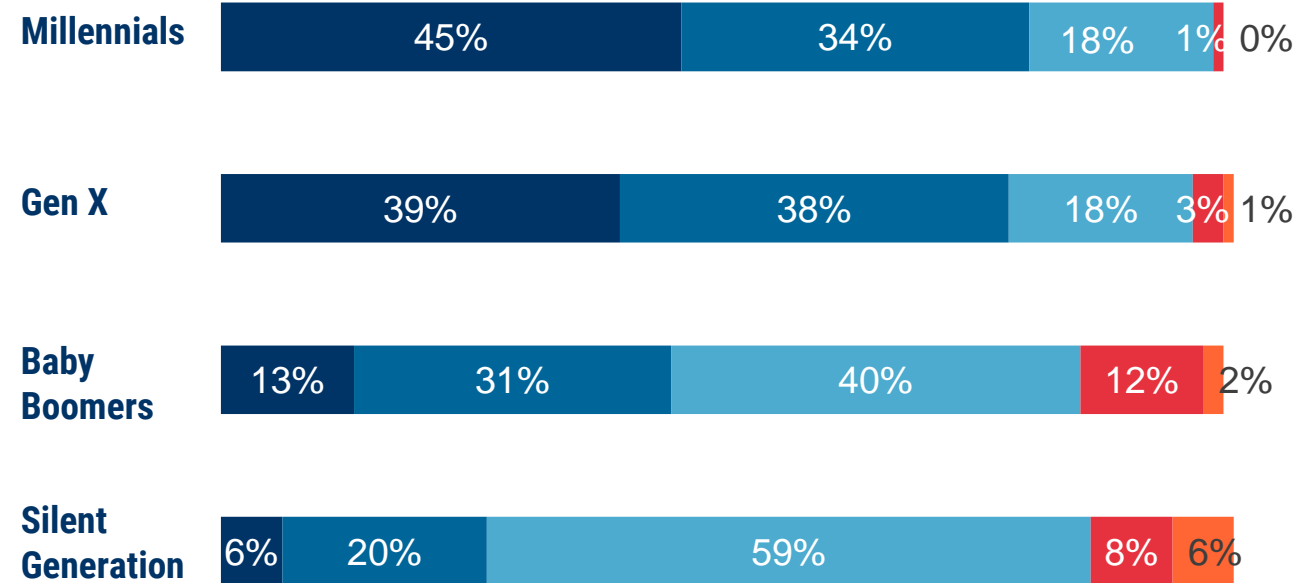
New delivery mechanisms are putting downward pressure on costs and are posing fresh challenges for incumbents

How important is commission-free trading?

31% say commission free is the **'most important'** factor when trading ETF's with a brokerage



More than 50% of millennials & Gen X'ers would **switch** brokerages to **trade commission-free**



Most important - I would move my account to a brokerage firm that offers commission-free ETFs

Very important- I only invest in commission-free ETFs at my brokerage firm

Somewhat important- it is not the only factor that I consider in my buying decision

Not as important- as other factors

Not important at all

Startups undercut incumbents with competitive & transparent fees

 wealthfront **Betterment**

Management Fees

0.25%; first \$10,000 is managed free

0.25% to 0.40%, depending on plan

 robinhood

Trading Fees

\$0

 eToro

\$0

vs.

Morgan Stanley

J.P.Morgan

Management Fees

0.35%

0.25% to 0.50%,

 E*TRADE

 Ameritrade

 Fidelity INVESTMENTS

 charles SCHWAB

Trading Fees

\$6.95

\$6.95

\$4.95

\$4.95

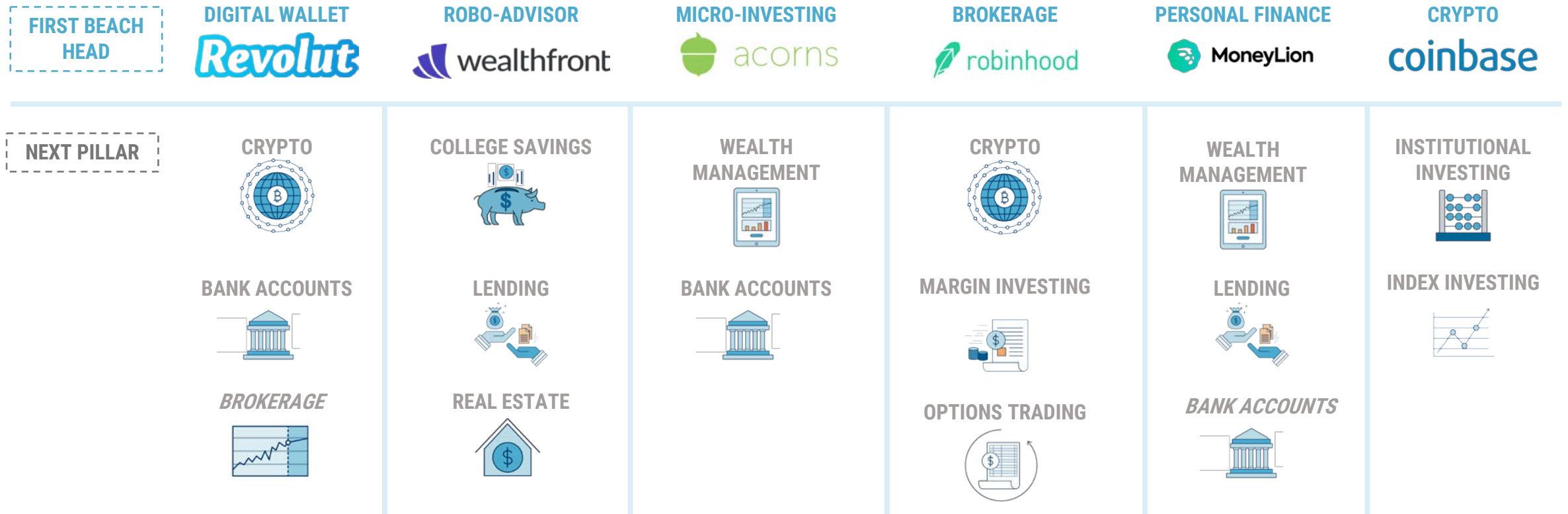
“The evolution of financial services over the coming decade will be driven by **new, beautifully designed products** with **new revenue models**, offering more for less, and ultimately **free to the end user**. The push towards free will dramatically **improve transparency**, and ultimately open up existing and previously inaccessible financial products to a much wider pool of customers.”



 Index
Ventures

Jan Hammer
General Partner

Fintech startups will need to evolve services ahead of millennials' demands



NEW PATHS. SAME DREAM.

And incumbents will need to start positioning themselves accordingly

Total mentions of 'millennial' in earnings calls from Q1'08 – Q1'18

