

Pershing Securities: The Evolution of Advice

Mark Nelligan, Chief Executive Officer of Pershing Securities Singapore Pte Ltd, an affiliate of Pershing LLC, a BNY Mellon Company, believes that robo-advisors, not long ago considered to be a disruptor to the wealth management space, have failed to have the effects predicted, and as a result most of them have actually already been sold to larger firms that can offer a full wealth management model with digital tools. However, digital transformation continues apace in the wealth space as firms realise that they must evolve their solutions and offer a 'full service' approach to meet the needs of clients. Nelligan gave his views in a presentation at the Hubbis Digital Wealth

NELLIGAN, CHIEF EXECUTIVE OFFICER OF PERSHING SECURITIES SINGAPORE PTE LTD, AN AFFILIATE OF PERSHING LLC, A BNY MELLON COMPANY, IS A STRONG PROPONENT OF DIGITALISATION IN wealth management to help meet the demands and preferences of current and future generations of clients, as demand in APAC for online services and digital tools is now greater than in North America and Europe, especially amongst Generation CX.

Nelligan clearly believes that there is a great opportunity for wealth management providers to digitise effectively, and to create hybrid models that combine both digital and human skills.

He is not negative about robo-advisors, but he is simply realistic about their role in wealth management for the foreseeable future, maintaining that they do not offer a stand-alone solution to client engagement and also that most such offerings have been bought up by the full-service, major wealth management firms.

“Back about five years ago,” Nelligan began, “if I had earned ten thousand dollars for every phone call I had from someone who said they wanted to be an independent robo-advisor and wanted to Pershing to be the custodian, I would retired and on the beach by now. Yet for the past two years I have not had a single such call.”

Digital firmly in the mainstream

But the evolution towards assets managed on digital investment



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Pershing, a BNY Mellon company

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platforms continues to surge, and there is strong demand for a variety of technology solutions strong demand for digital interface, including AI/chatbots, automated investment advice, apps and robo-advisors. “So,” he told the audience, “there is no doubt that technology continues to have a major impact on our lives.”

Nelligan then highlighted for what purposes clients prefer digital access and which avenues they prefer for personal advice. At one extreme is account opening, and news and keeping track of financial goals. At the other end, clients far prefer personal advice in relation to more complex and personal matters such as discrete financial advice, retirement planning, or estate planning.

Big decisions = trusted advisers

“At the end of the day,” Nelligan

noted, “when push comes to shove and people need to make a big decision, it is usually with a trusted advisor. Nevertheless, the survey found that 45% of people will still prefer the self-directed route.”

Nelligan highlighted how the big-name wealth advisories in the US such as Vanguard, Merrill Lynch, Charles Schwab, Fidelity and others saw the digital threat coming, embraced it and either built their own digital platforms and robo-advisors or bought up Fintechs to complement their businesses.

Quality is key

Nelligan then covered the key attributes that clients seek in the different markets, including quality of service, overall reputation, quality of planning and advisory needs, financial returns, transparency, quality of online services, quality of digital

values and fees, and the quality of deposit and loan products.

“What can we learn from this?” Nelligan asked, rhetorically. “The word quality shines through for clients across all region, but in Asia in particular, there is the highest rating for quality of service and for reputation. It seems that what you have in terms of product really matters less than who you are, and how you deliver it. And it also seems that given the views expressed on digital, the clientele is saying digital is valuable but for anything requiring real trust or experience, we trust in the advisers and we still need to look you in the eye and believe in what you do.”

Nelligan then highlighted how the survey also asked respondents for their views on Big Tech as a future entrant into the wealth space. “Asia,” he reported, “is more accepting of the big digital

firms coming up with a wealth management offering.”

Catering to customer experience

He turned then to Generation CX, otherwise known as “The Customer Experience Generation, which encompasses all generations who have adapted to new technology and have certain standards for usability.

“They desire a personalised and immediately gratifying experience,” Nelligan commented. “To achieve that, design-centric tools offer a better customer experience including easy interface and accessibility, while innovation makes platforms more scalable and productive. The advisers of the future essentially become digital conductors of the experience for these clients, because it is all about the customer experience.”

Pershing’s close involvement

BNY Mellon’s Pershing is deeply involved in all these important

developments in wealth management. The firm is a business-to-business provider of global financial solutions to advisors, asset managers, broker-dealers, family offices, fund managers, registered investment advisory firms and wealth managers. Pershing also acts as a clearing broker for partner financial organisations.

Established in Singapore in 1974, BNY Mellon in Asia provides premier financial services to organisations in Singapore with a broad spectrum of technology and investment solutions to help these organisations better serve their clients. The services include asset servicing, collateral management and segregation, corporate trust, depository receipts, foreign exchange sales and trading, investment management and treasury services. BNY Mellon is the first issuer of sponsored depository receipts from Singapore and was one of the first organisations to offer local brokers, and their clients, online investing

services to the US market.

Conducting the digital orchestra

To close his talk, Nelligan pointed to a variety of insights. “People desire a personalised experience that is immediately gratifying. We all know how frustrating it can be when you are online, and it is not easy to navigate or find where you were, and you have to start over. So, innovation is great but if the experience is poor you have lost the client. The advisers therefore need to orchestrate the experience and provide some sort of advice, not just on the financial portfolio but also how to navigate, to introduce the clients to tools that will make it easier, saving time.”

If digitalisation goes well and is effectively delivered, then the result is positive for financial performance, Nelligan reported. “By embracing technology wealth management companies win AUM, reduce costs, increase revenues and become more relevant to their clients, so there are plenty of advantages.” ■

