



# Investment management, mobility, and managing investor security concerns

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## The investment management industry is developing mobile offerings for both clients and advisors. In many ways, the current state of the mobile channel harks back to the early days of the internet.

Investment managers had vociferous debates about the value of the internet, the return on investment of websites, what types of information and functionality to offer, and of course, on the safety and security of the internet channel. These very same questions are now being asked about the mobile channel.

To provide some data to better inform this latest debate, the Deloitte Center for Financial Services commissioned a survey by Andrews Research Associates, conducted in January 2014. The 2,193 respondents (of whom 1,488 were investment management account holders) were asked about their awareness, usage, preferences, and concerns when it came to interacting with financial services firms via mobile devices. Many operational and technical issues raised by the survey are covered in greater detail in a companion paper published by Deloitte University Press.<sup>1</sup> In this article, we focus specifically on the issues that impact the investment management industry.

### Just how important is the mobile channel to investment managers?

At first glance, our survey data seem to indicate that mobile offerings may not be all that important to investment management account holders: only 27% of IM account holders said that mobile offerings are extremely important or important, with 36% stating that mobile is unimportant or not at all important.

When asked how useful mobile services are, the survey respondents tell a similar story: only 27% of IM account holders find the mobile services of investment managers extremely useful or very useful, while a majority, 53%, find the services not very useful, not useful at all, or are undecided as to how useful the mobile channel is.

These results might lead some investment managers to question whether it is worth investing in mobile at all. If clients don't find the service important or useful, why not invest those dollars elsewhere?

<sup>1</sup> Val Srinivas, Sam Friedman, Jim Eckenrode, 'Raising the bar on customer engagement through mobile financial services', Deloitte University Press, May 19, 2014

However, the story is more interesting when you dig a little deeper into the data. It turns out that the typical IM account holder who is a mobile user—as represented by respondents to the Deloitte survey—is potentially a very attractive customer to many investment managers.

**For example:**

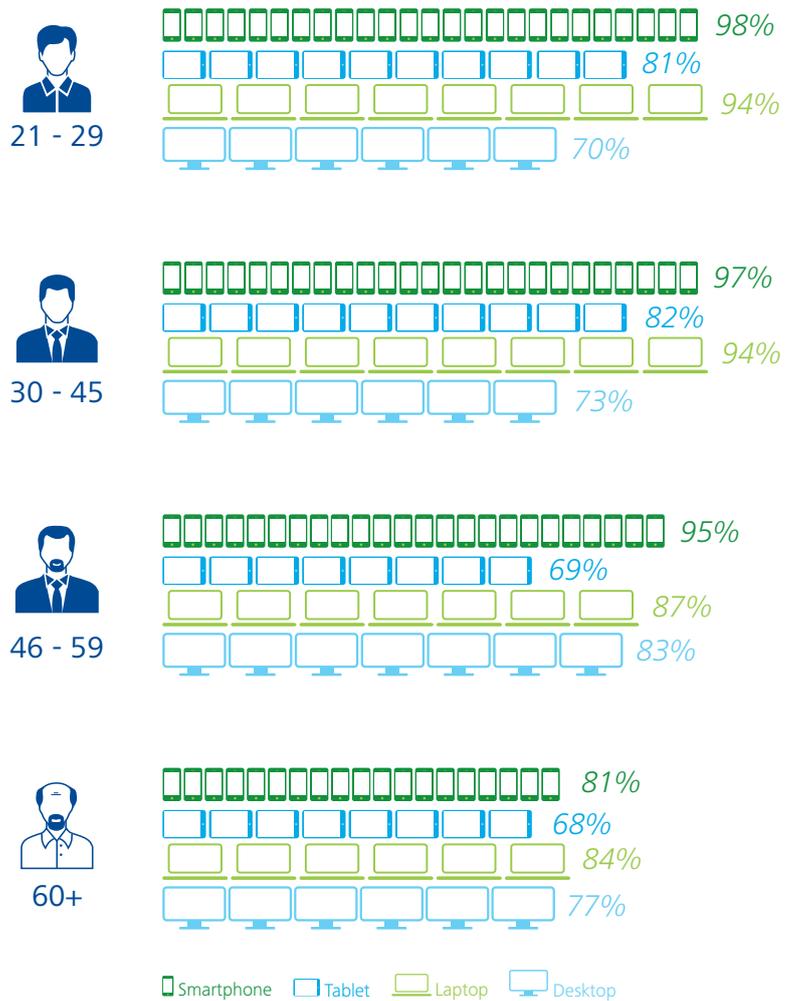
- 83% are homeowners
- 63% have a college or post-graduate degree
- 23% report income in excess of US\$100,000
- 55% report investable assets in excess of US\$100,000

These respondents seem to fall squarely within the “emerging affluent” and “affluent” segments that many investment managers are targeting. Another factor in favour of investing in mobile is that nearly all respondents aged 21-59 use a smartphone to interact with financial institutions (Figure 1).

It is also interesting that more than 80% of IM account holders aged 21-45 use a tablet to interact with financial institutions, and that IM account holders use multiple devices to interact with investment managers.

The survey data also indicate that a slight majority of IM account holders, despite an apparent lack of enthusiasm, do in fact interact with a financial institution (not only an investment manager) via mobile devices. It is noteworthy that IM account holders are using their mobile devices for some financial services activities, despite saying that those same mobile services are less important for investment management.

**Figure 1: Which of the following devices, if any, do you use to interact with your financial institution?**



Variable N=1,110 to 1,391 investment management account holders  
Source: Deloitte Center for Financial Services, 2014

## The biggest challenge to widespread mobile adoption in the financial services industry, by far, is concern about security

### How is the mobile channel being used in investment management?

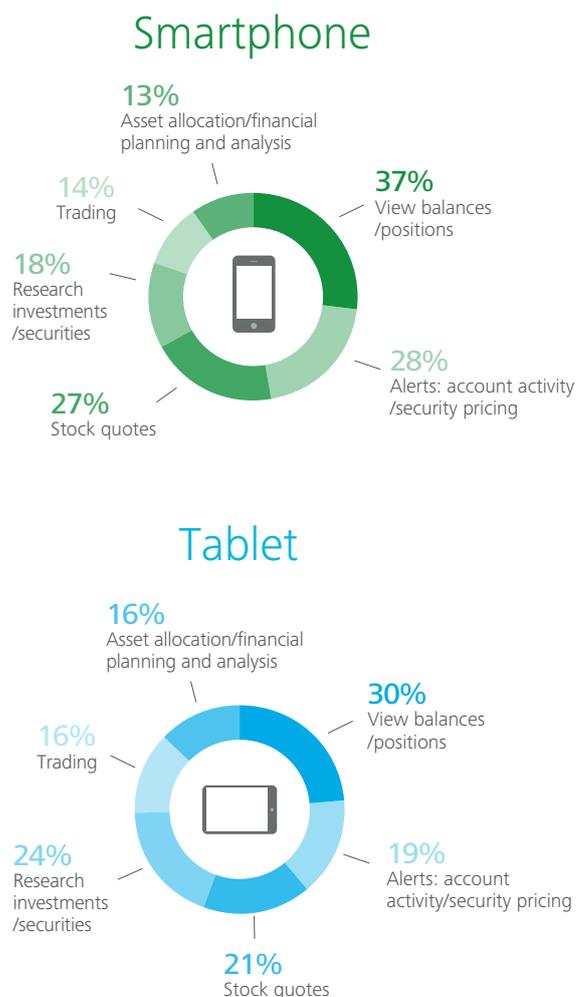
According to our survey, IM account holders primarily use their mobile devices for the consumption of information. As shown in Figure 2, the top four options chosen are all information-based activities. Mobile use for an actual transaction, i.e. trading, is one of the least popular offerings, at about 15% of those surveyed.

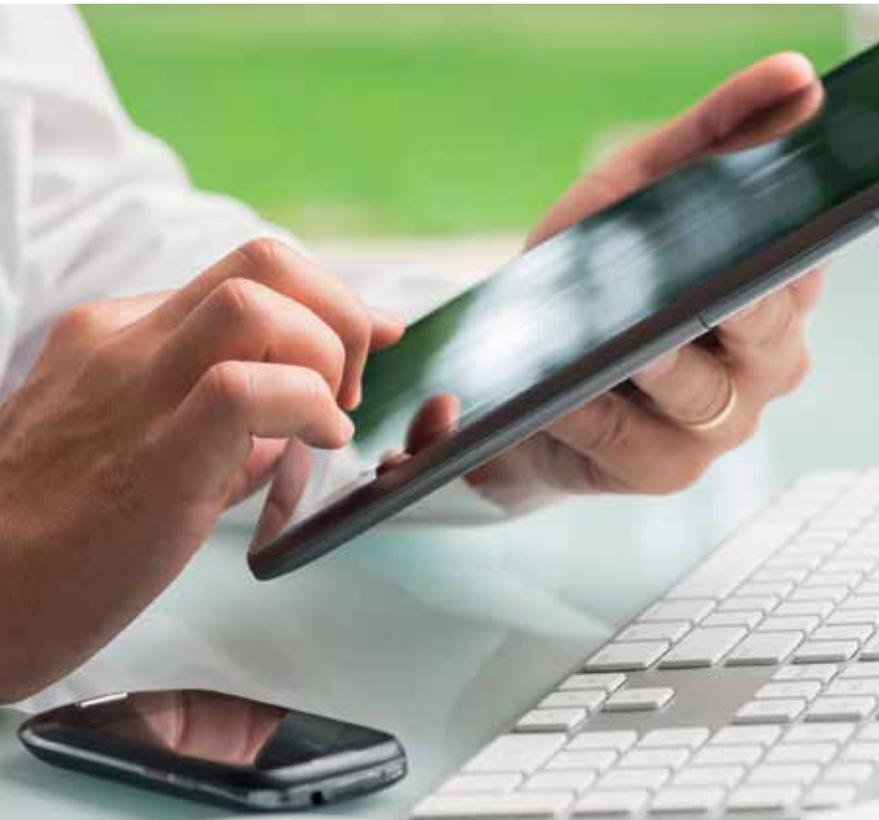
The importance of the size of the device also came through when we asked IM account holders about the major limitations impacting the use of mobile for financial services. The two leading responses were: "difficulty in seeing on a smartphone screen", at 31%, and "difficulty in typing on a smartphone screen", at 23%. When asked the same question about tablets, only 3% had those issues.

Our survey data show that the biggest challenge to widespread mobile adoption in the financial services industry, by far, is concern about security (Figure 3).

The fact that 78% of respondents were at least "fairly concerned" about mobile security for investment purposes goes a long way to explain the less extensive use of mobile services for investment management. The real impact on investor behaviour is also shown in Figure 3, with 75% of respondents stating that their security concerns had at least 'moderately' restricted their use of mobile for all financial services. The concerns about mobile security are palpable in some of the survey's open-ended responses.

Figure 2: How do you currently use your smartphone or tablet for investments?





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## Investment managers should next consider what they want to get out of their mobile offering and build accordingly

### These include:

- *"Hackers are becoming more and more active in the world and are able to access and steal identities."*
- *"I am afraid that my account information could be captured by an outside group. Also I am not convinced that mobile security programs are effective. Therefore I prefer to do as little financial business as possible on mobile devices."*
- *"I am not even going to take the chance."*

These security concerns are impacting which mobile services, if any, investors are willing to use. The Deloitte survey data suggest that respondents have several levels of concern regarding mobile security. According to our open-ended answers in the survey, IM account holders were least concerned about viewing general information, and more concerned with any activity

that required entering their own information. This argument is also consistent with the data in Figure 2, which indicate that mobile use is low for transactions. This tiered level of concern should be considered when investment managers are designing their mobile offerings.

### What about the advisor?

One intriguing finding from our survey is that all respondents were more likely to find mobile banking services extremely or very important (39%) than investment services (23%) or insurance services (19%). One possible reason for this is that for many, banking tends to involve more routine transactions. Another factor is that both insurance and investments are more likely to be intermediated than banking, meaning that the investment manager does not always have a direct relationship with the end client because an advisor is often in the middle.

The fact that many advisors serve clients outside of their office provides a real opportunity to harness the power of mobile offerings. For example, an advisor could use a tablet to present a client with a quarterly review, or wirelessly print an account application, and complete it electronically with e-signature capability. Another useful finding from the study is that 53% of investment management account holders said that immediate access to a video call with their investment advisor would be fairly or very valuable. This type of virtual face-to-face interaction could have any number of service applications for investment managers in the future.

**What does it all mean and what should investment managers do?**

**Is mobile a worthy pursuit?**

The first task is to decide whether and how much to invest in a mobile strategy. Our data show that it is by no means clear that investors are ready to widely accept mobile services and that presents a challenging decision for investment managers. However, because of the growth of smartphones and tablets overall, and the fact that a significant percentage of account holders do interact with investment firms via mobile devices, we expect the majority of investment managers to continue to invest in mobile.

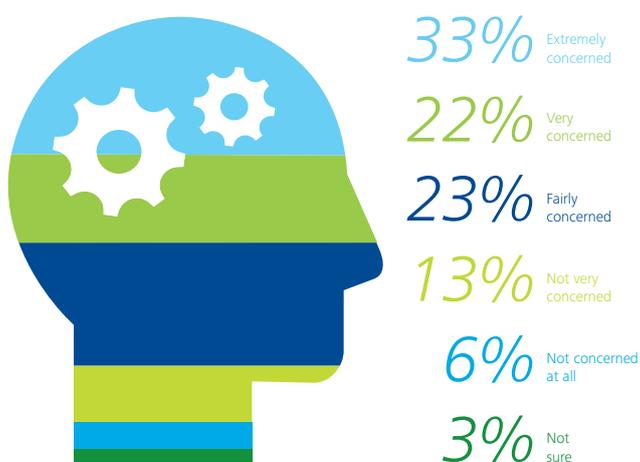
**Assess priorities**

Investment managers should next consider what they want to get out of their mobile offering and build accordingly.

Is the primary goal marketing and branding, is it serving advisors, is it enhancing customer service, or is it to make all web functionality, such as transactions, accessible via mobile devices? This setting of priorities will have far-reaching implications for the design and delivery of mobile offerings and should be carefully considered.

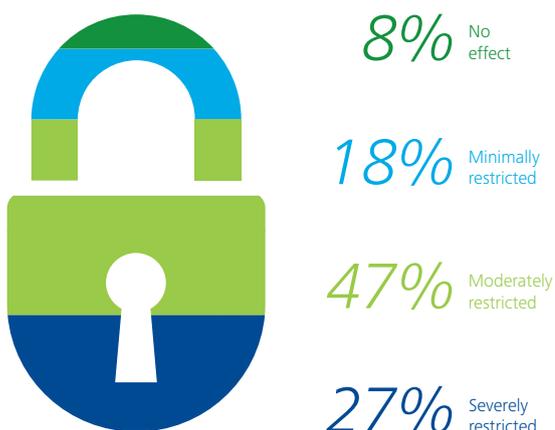
**Figure 3: Investor security concerns versus actual mobile use**

*How concerned are you in general about the security of your mobile devices for investment purposes?*



N=1,488 investment management account holders  
Source: Deloitte Center for Financial Services, 2014

*To what extent has your concern about security restricted the way you use your mobile devices to access financial services?*



N=1,283 investment management account holders  
Source: Deloitte Center for Financial Services, 2014

### **Integrate customer touchpoints**

Our survey also shows that investment management account holders interact via multiple devices. This means investment managers cannot think of mobile as a discrete channel. Rather, it is part of a customer service ecosystem that must be integrated with other customer touchpoints.

It is customers who will determine how, when, and on what devices they will interact with investment managers. For example, a customer on the train to work might use a tablet to check the status of a fund purchase, then, seeing an issue, might stop by a branch office to inquire, and then check again later that day from their laptop to ensure the trade was executed.

### **Address security concerns**

An important part of the prioritisation process for investment managers is the security concerns of their clients. Our data indicate that accessing general or educational information is less of a concern to many investors. However, the real power of mobile can be harnessed when clients log into their accounts, can view the performance of their individual accounts, and are able to make transactions. By making the mobile experience personal, it becomes more valuable, has the potential to reduce service costs, and can provide valuable analytics.

For example, when investors are logged in, investment managers can gain precious demographic information on the use of mobile services and build accordingly in the future. The focus on security requires effort in both technology and marketing. Investment managers should strive to ensure the security of their mobile offerings and they must convince their clients of that security if they want full investor engagement. This is a challenging, long-term and ongoing effort, but a necessary step in the evolution of mobile investment offerings.



To the point:

- IM account holders who use mobile devices are potentially very attractive customers to many investment managers, as according to the survey 83% are homeowners, 63% have a college or post-graduate degree, 23% report income in excess of US\$100,000, 55% report investable assets in excess of US\$100,000
- IM account holders primarily use their mobile devices for the consumption of information including viewing balances and positions, alerts, quotes and research
- The two major limitations impacting the use of mobile devices were *"difficulty in seeing on a smartphone screen"* at 31%, and *"difficulty in typing on a smartphone screen"* at 23%, while only 3% of tablet users had these challenges
- 78% of survey respondents were at least fairly concerned about mobile security. They were least concerned about viewing general information, and more concerned with any activity that required entering their own information
- 53% of respondents felt that that immediate access to a video call with their investment advisor would be fairly or very valuable

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Mobile is part of a customer service ecosystem that must be integrated with other customer touchpoints