Desperately seeking stability.

Industry change and market turmoil are putting some advisors on shaky ground.

Never a dull moment.

That's just the way it goes for financial advisors and wealth managers. No sense fighting it. Better to embrace the reality and roll with the changes. Of course, that's not always easy, and it doesn't mean sitting around passively. To the contrary. Advisors may be able to stay viable in the ever-shifting landscape by being proactive and finding a partner that can provide a measure of stability. Leveraging the right ecosystem can help turn inherent instability into an opportunity to thrive where others struggle to survive.

Defining instability

Financial services are undergoing unprecedented change. The challenges are coming fast and from all angles.

For starters, look no further than the macroeconomic backdrop, which remains confusing—even contradictory. This has manifested into repeated bouts of stomach-churning market volatility.

This turmoil remains one of the key threats to individual investors, and by extension, to advisor-client relationships. The entire field of behavioral economics has shown that investors are hard-wired to do the exact opposite of what should be done in the face of volatility. Keeping clients from making emotional decisions–i.e, selling at the bottom and chasing returns at the top–is not new, but it requires constant attention.

To be certain, the fun isn't over. The Federal Reserve managed to coax inflation down from record levels while removing some of the excess liquidity without triggering a recession—so far. But is a soft landing for the economy a foregone conclusion or hopeful thinking? Will the Federal Reserve resume its accommodative ways, or is the new regime of tight money and higher-for-longer interest rates here to stay? Will equity market leadership remain extremely narrow with just a handful of stocks driving the majority of returns, or will participation broaden? And where should fixed-income investors look for the right combination of yield and risk? So many questions, and not many definitive answers.

Beyond the macro

It's not just the confusing macro environment and subsequent client behaviors that define our unstable landscape.

Exacerbating the challenges is the continuing evolution of both asset and wealth management businesses that are putting advisors under intense pressure.

Competition in the asset management industry is fierce. Mergers and acquisitions are on the rise as a means for firms to expand their reach and combat declining fees. The broker-dealer space also continues to evolve, with mergers and aligned interests among small and regional players as they try to gain scale and navigate the changing regulatory environment.

Regulatory issues are also contributing to the unstable backdrop facing advisors. Many advisors are individual contractors working for a broker-dealer, but the Department of Labor may soon mandate that these advisors become employees of a firm. This could force a migration to larger broker-dealers or registered investment advisor firms, and in doing so, it would undoubtedly jeopardize (or sever) existing relationships and force those advisors to adopt new business practices.

Naturally, all these changes are contributing to angst (not to mention fee compression) across the industry. Individual investors are becoming more reticent of paying for the services given that they have been presented with robo-advisor portfolio management options and can buy a wide array of investment products at a low cost.

Embracing change

There is little debate among advisors about the tectonic shifts underway in this business.

Change is everywhere.

But it's not a lost cause, and advisors are not necessarily on an island. Rather, there are ways to improve efficiencies, safeguard client assets, navigate regulatory obstacles, and otherwise thrive in this environment.

Chief among these is finding a partner with a proven and adaptive platform, one that provides the right technology, security, and access to a comprehensive suite of investment products. This is the tonic required to help create stability in the unstable world of financial services.

An antidote for instability

The reality is that the financial services industry is changing at virtually every level and at a faster pace than ever before.

So what's the antidote for this backdrop of shifting sands? Part of the answer involves finding the right partner—the right ecosystem—that provides the foundational stability for success.

Here are four key considerations:

Safety & security

There is no greater responsibility than the safety and security of client assets. A custodial partner should have the safeguards in place to ensure the safety and security of client assets.

Track record

Has your potential partner and platform been properly vetted over the long term, or are they caught in the constant M&A activity the industry is facing? Advisors should look for a partner that has demonstrated the ability to survive different crises and adapt over many years.

Technology tools

Your enterprise platform should provide the tools that will allow you to spend more time building relationships with clients and less time on operational hurdles. Ultimately, advisors need technology that is intuitive, evolving, and fully integrated with custodial platforms.

Values & philosophy

Often overlooked is whether you and your partner share the same values and a similar philosophy. An individualized, goals-based framework is the ultimate benchmark, in our opinion, and the best route to lasting client relationships.

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