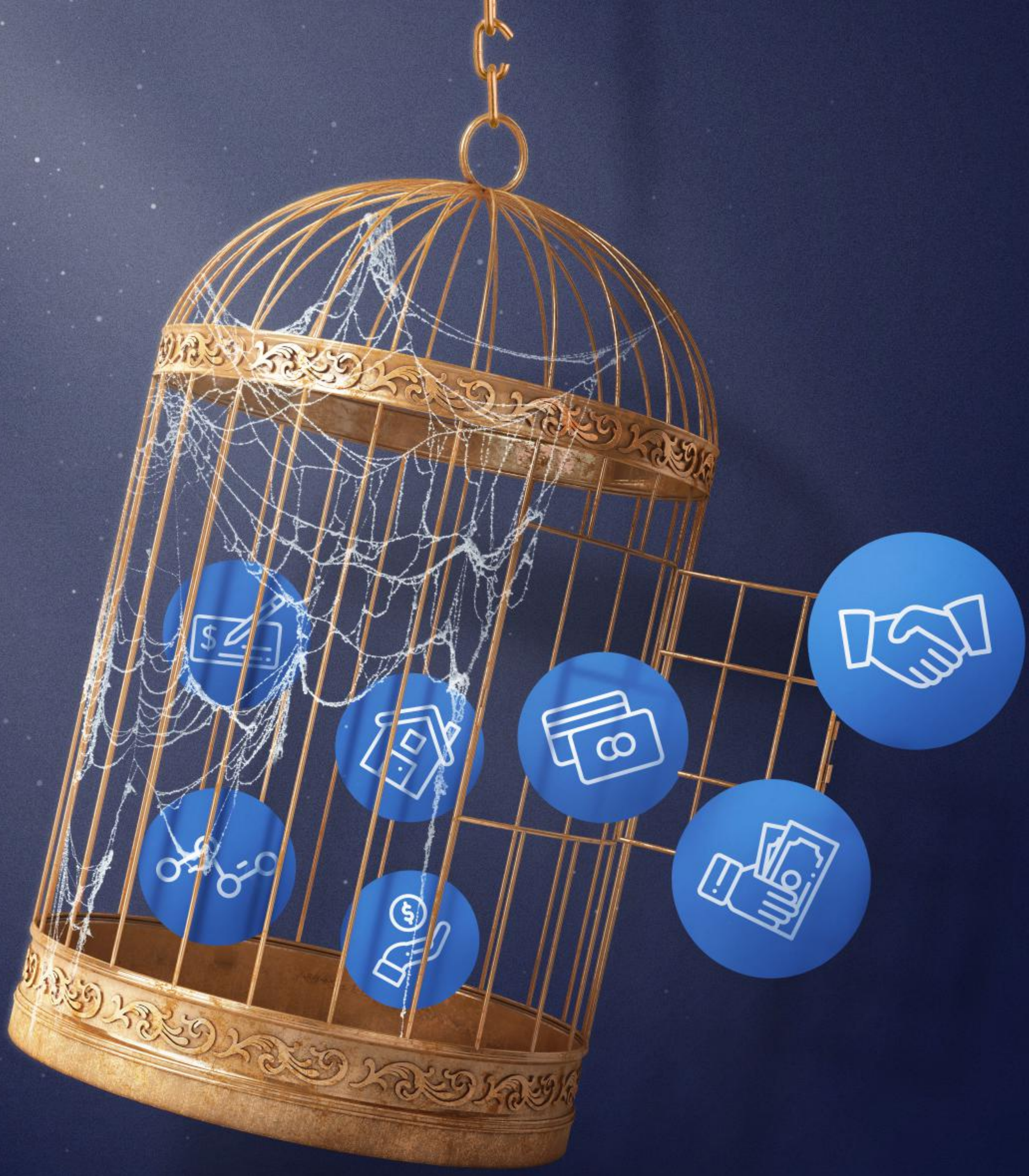


THE UNBUNDLING OF WEALTH MANAGEMENT

About the Author:

Andres Garcia-Amaya

CEO & Founder

Zoe Financial

Garcia-Amaya is the founder and CEO of Zoe Financial, Inc. Zoe is a financial technology company set to reinvent wealth management.

Prior to Zoe, Garcia-Amaya was an Executive Director at JP Morgan Asset Management (JPAM) which oversees $1.3 trillion in assets under management. At JPAM, in his role as Emerging Markets Quantamental Macro Research Analyst, he created innovative tools to measure country economic risk, as well as long-term economic forecasts which were incorporated into the team's investment process. Prior to that role, he was a global macro strategist providing insights to top financial advisors around the country.

Prior to JPAM, Garcia-Amaya worked in Morgan Stanley's Institutional Equity division where he developed investment ideas and conveyed equity market insights to clients. As a credit to his excellent performance, he was awarded the Morgan Stanley MBA Fellowship.

He is a CFA charter holder and obtained an MBA from the Wharton School at the University of Pennsylvania, where he received both the Joseph Wharton Fellowship for outstanding record of academic and professional achievement, and the Robert A. Toigo Foundation Fellowship. He obtained a BS in Finance from Villanova University where he received the Goizueta Foundation Scholars' Fund Merit Scholarship. He is also a Management Leaders for Tomorrow (MLT) Fellow.

Garcia-Amaya is consistently ranked as a top speaker at major industry conferences. He is often quoted in the financial press and is a regular guest at CNBC and Bloomberg. In 2013, he was recognized in Toigo's 40 Under 40 as a rising star in finance.

He is married with two children and lives in New York. His hobbies include reading biographies and coaching his daughter's soccer team.

TABLE of CONTENTS

KEY POINTS

un·bun·dle
/ˌənˈbəndl/

verb
gerund or present participle: **unbundling**

1. market or charge for (items or services) separately rather than as part of a package.

“Registered independent financial advisors unbundle their services to provide the best experience possible for clients.”

Industries go through value chain bundling and unbundling regimes. At first, bundling allows consumers to get more for less; however, once the products or services become too expensive or cumbersome, new unbundled options emerge.

The unbundling of wealth management is underway due to technological advancements that allow financial advisors and investors to provide and receive the services they want in a simpler, more modular fashion.

Unbundling of the current wealth management stack has provided advisors transparency and better alignment with the investor’s interest.

THE UNBUNDLING OF EVERYTHING

There are two ways to make a purchase of a service or a product: A la carte or as a packaged bundle.

If you are staying in a luxury hotel that costs $600 a night, you might receive a complimentary water bottle that if itemized, would be billed at $15. Would you still order that bottle if you knew the price? Most wouldn't, but since the $15 bottle is bundled with the price of the room there is no way for the consumer to decide if they want to purchase it or not. For this reason, product unbundling proves to be excellent when it allows customers to buy what they want and not pay extra for what they do not need.

Most packaged bundles have stronger profit margins for companies by giving you some of the things you want, but also charging for some of the services that you will rarely use. At times, bundling services provides significant benefits for the consumer. In fact, for the better part of four decades post World War II, the individual got more for less through a number of industries that bundled their services to achieve scale. McDonald's bundled burger and fries changed the restaurant experience in the 1960s. Cable companies offered multiple channels in a bundled cable package and transformed the TV experience by the 1980s.[13] Microsoft Office sold a bundle of software including Word, Excel, and Powerpoint in 1989 and revolutionized the work experience. Then, came the internet in the late 1990s and the bundling/unbundling pendulum began its movement in the opposite direction. From music to media to retail to software, the digital consumer began demanding unbundled services. Since the digital world reduced transactional inefficiencies, and in some cases reduced distribution cost to zero, bundling products for the sake of spreading the cost of distribution began to make less sense. [19] In most industries, incumbent players were not ready at the speed at which internet-based technologies created opportunities to abandon unnecessary bundling in favor of choice and flexibility for the consumer. We have seen this disruptive effect everywhere — be it books, TV, or work productivity tools — for the last two decades. [7]

> **"TV is moving from a world where distribution dictates business models to one where business models need to fit the jobs consumers want done."**
>
> -Ben Thompson, *Stratechery* [17]

Replace "TV" with "Wealth Management" in Thompson's quote and it applies perfectly. Although the wealth management industry evolved at a slow pace in past decades, it is no longer immune to technological disruption. Before we dive into the industry's present state, let's take a moment to understand its recent past.

THE UNBUNDLING OF WEALTH MANAGEMENT

The modern wealth management world has traditionally been one of “bundled” services. Human financial advisors obtain revenue by providing a package of products and services to their clients. According to Deloitte, these revenue-producing services, ranging from advisory, security transactions, and managed account enrollments, were typically broad and just adequate enough to meet investor needs (frequency/affordability) while still proving economically favorable for consumers.[23] Providing these services came at exorbitant costs for advisors at the individual level, so most worked at the industry heavyweight “full-service” brokerage houses. These brokerage houses were the only ones who had the scale to feasibly cover the bundled back-end costs.[17]

With rapidly advancing technology and an increased desire for clarity and transparency from consumers, the bundle of services became substantially less desirable. During the last 30 years, the industry, namely the “full service” brokerage houses (i.e. “wirehouses”,) have sought to maintain the bundled status quo despite clients clamoring for a better experience. As will be discussed, Zoe Financial’s research shows that it’s not just the client experience that is suffering, but also that the client’s best interest has been deprioritized within these bundled services. New entrants arose as technological advancements reduced the costs associated with selling each product and service separately. Unbundling occurs as innovation within the industry, and increased visibility for clients causes a consistent redefinition of what is most valuable to the consumer.

Emergence of Transparency

The digital world provided increased knowledge for the consumer and the advisor. The emergence of low-cost investment products easily bought online by the consumer further eroded full-service wirehouses’s perceived value of “access” to investment vehicles. Additionally, innovation on both sides further drove the Independent Broker Dealer (IBD) and Registered Independent Advisor (RIA) models.

For the individual investor, the emergence of the digital world provided a far more transparent channel, in which the investor was able to pick-and-choose the pieces for which they needed expertise, while not having to shell-out a hefty fee on products they could access themselves. By providing a more transparent channel, the investor’s best interest became the priority; thus, reducing the negative consequences that often occurred in opaque bundled models.

For the advisor, unbundling back-end services, such as trade execution and custody of assets, allowed them the independence of working for themselves rather than being an employee at a wirehouse. It also allowed them to focus on providing advice rather than sell products that the wirehouses favored. In other words, not getting paid by a third party provided advisors the liberty to sit on the same side of the table as their clients.

Whether it’s TV services, software, or financial advice, the issue is not bundling, but rather that the winners garner scale and loose focus on the client experience. Over time, the consequence is a lack of transparency and emphasis on the client which allows the new unbundled companies that enter the market to serve that niche need.

A BIT OF HISTORY

For the better part of four decades, the wealth management industry worked much like an assembly line. Product manufacturing, packaging, and distribution were all bundled up to provide economies of scale and lower cost for the consumer. Due to technological advancements and changes in regulation, these products began to get unbundled and as a result, new players emerged in the industry.

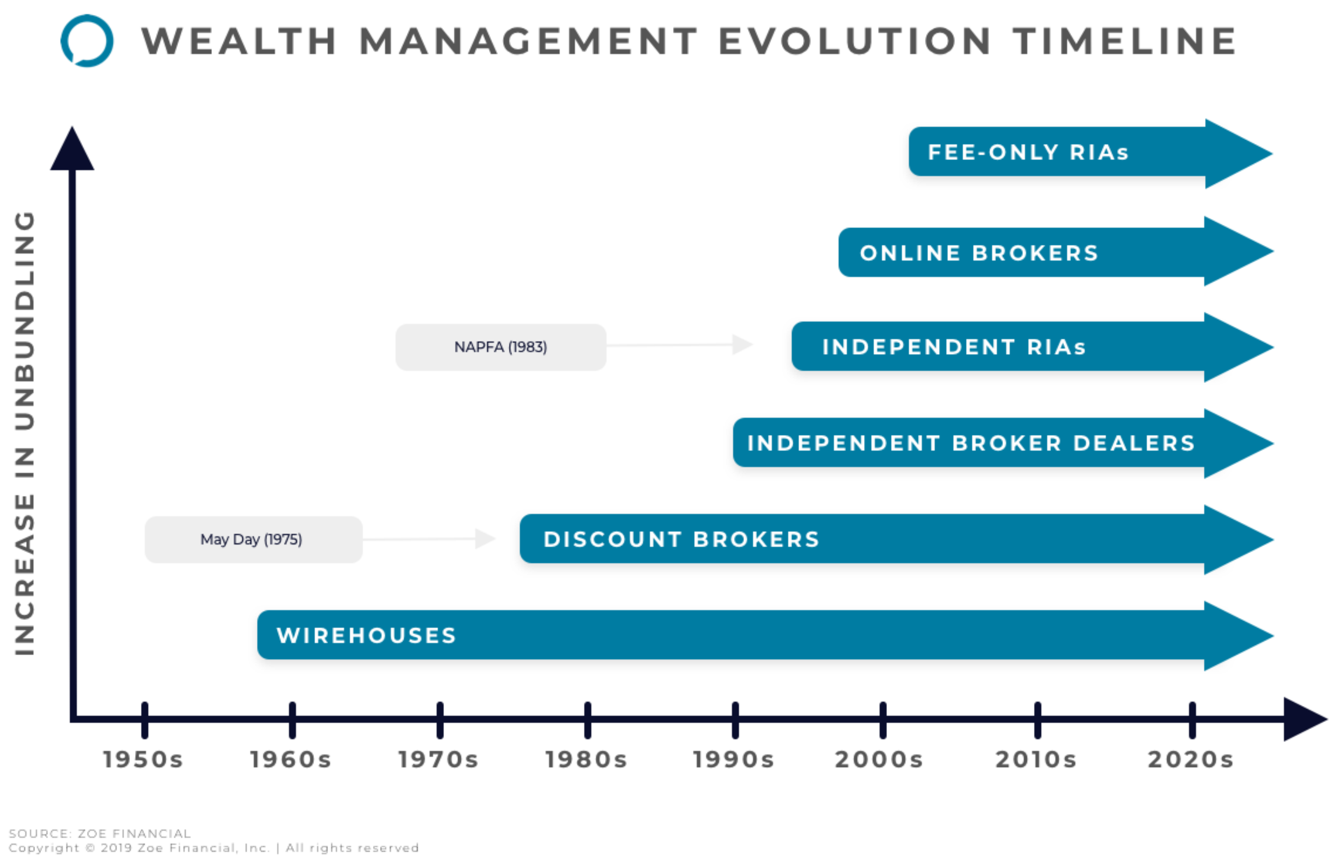


Chart 1.1: Outline of the wealth management timeline, beginning in 1960 and moving forward until the present wealth management landscape.

From the 1950s to the 1970s, wirehouses ruled the wealth management space by providing a bundled package of products and services that were paid by clients via trade commissions.[17] Then, on May 1, 1975, the wealth management space was forever changed as the U.S. Securities and Exchange Commission (SEC) passed legislation that switched trade commissions from fixed to negotiable. Prior to "May Day," as it became known, commissions were extremely high for retail investors that chose to invest directly. The new regulation gave rise to the "discount brokerage" revolution led by Charles Scwhab. This was the first debundling 'rung' in the industry as it allowed the client to have the ability to buy and sell stocks for a very cheap price without having to pay for other services (such as research, stock due diligence, banking, and access to a broker) that wirehouses baked into their commission pricing.

The SEC authorization of the 12b-1 Fee (named for the rule number) in 1980, was another watershed moment. The rule authorized a fee that brokerage firms could collect from investors for selling a particular fund. So investors pay those brokers/agents indirectly, through charges that reduce their funds' returns. The new rule facilitated the wirehouses' shift towards selling mutual funds instead of focusing on paid commission per Buy and Sell orders. Ultimately, the 12B-1 fee allowed the bundled service to be even less transparent for the consumer. This trend continued to grow steadily through the 1980s, well into the emergence of the digital world in the 1990s. At which point, broker-dealers once again felt the threat of disintermediation.

The early 1990s saw the emergence of smaller Independent Broker-Dealer houses who could do part of the job. During this time, online brokerage firms like E*Trade made it possible for investors to buy cheap mutual funds directly without paying a sales commission to a broker. With real time access to buying and selling stocks and mutual funds online, investors began questioning the various solutions "full service" wirehouses included in their financial advice bundle.

Although the establishment of the National Association of Personal Financial Advisors (NAPFA) in 1982 ushered the beginning of fee-only Registered Investment Advisors (RIAs), it wasn't until the late 1990s that they grew in prominence as customers sought out advisors with aligned incentives and the expertise to provide financial advice rather than to sell products. Through this timeline of unbundling, players like insurance or retail bank broker-dealers, partial-service custodian services with "discount brokerage," as well as hybrid RIAs, arrived to take slices of the wealth management pie.

Wirehouses

The term "wirehouse" originates from the largest brokerage firms being connected to their local branches via telephones (and prior to that, telegraph) wires. These 'wires' gave the local branches access to near real-time stock quotes allowing their brokers to provide market news to their local clients. Having a stock price or news in real-time was value in and of itself. Over time these wirehouses provided great economies of scale for advisors to have access to training, products, research, back-office support, trade execution and reporting. Essentially, wirehouses were cutting edge for their time, so advisors chose to be employees in order to provide cutting edge services and products to their clients.

Merrill Lynch was an innovator and disruptor from the 1930s all the way through the 1980s. The firm "brought Wall Street to Main Street" through financial education for the masses, deep local branch distribution, discounted trading fees versus their competitors, and innovative marketing campaigns that appealed to the everyday family. In addition, Merrill Lynch patented the Cash Management Account (CMA) in 1981 which allowed a client to get one sole monthly report for their credit card, savings account and investment account. It was the ultimate aggregator tool that provided significant value both for the client and the advisor.

Wirehouses are the most bundled-up of all wealth management firm types. The largest ones being Bank of America (Merrill Lynch,) Morgan Stanley, UBS, and Wells Fargo. Combined, these four firms have over 45,000 advisors and manage over $5 trillion in client assets.

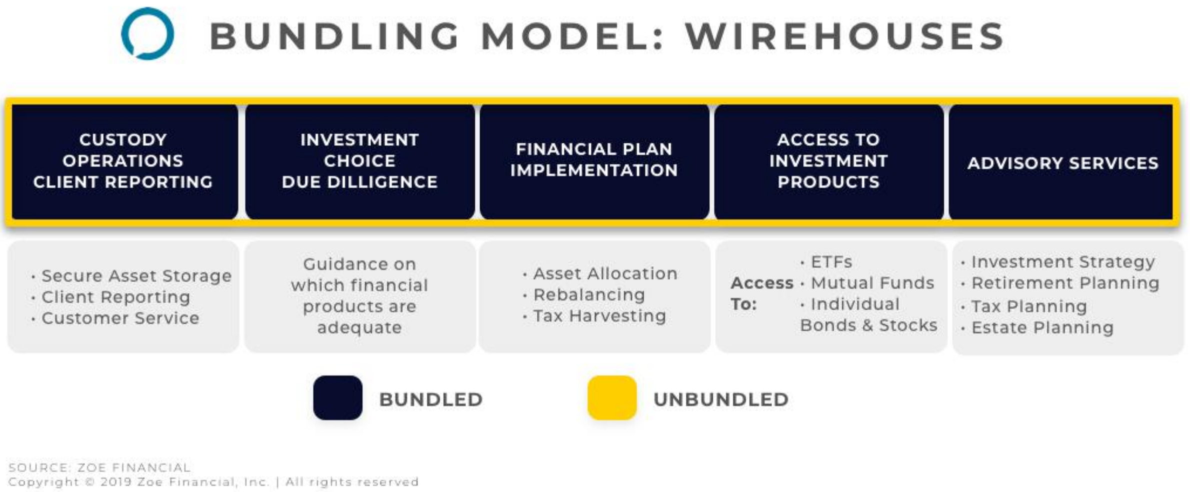


Chart 2.1: Wirehouses act as fully bundled wealth management entities that offer all these services to their clients.

By the late 1980s, technological advancements were replicated and reduced implementation cost led to the emergence of Independent Broker Dealers, which allowed advisors to become business owners rather than employees.

The Independent Broker Dealers (IBD)

By the early 1990s, wirehouse technology was no longer cutting edge and many of their advisors yearned for more independence. The innovators became the incumbents and new innovators emerged: independent broker-dealers (IBDs). Under the IBD business model, advisors are not employees of a firm, but are independent contractors who own their businesses as franchisees. They receive the back-office support of the wirehouses and access to a wider variety of investments, including third-party products, without having to be employees of the firm. For advisors, the open architecture of investment products, meaning a larger amount of variety, was a significant improvement.

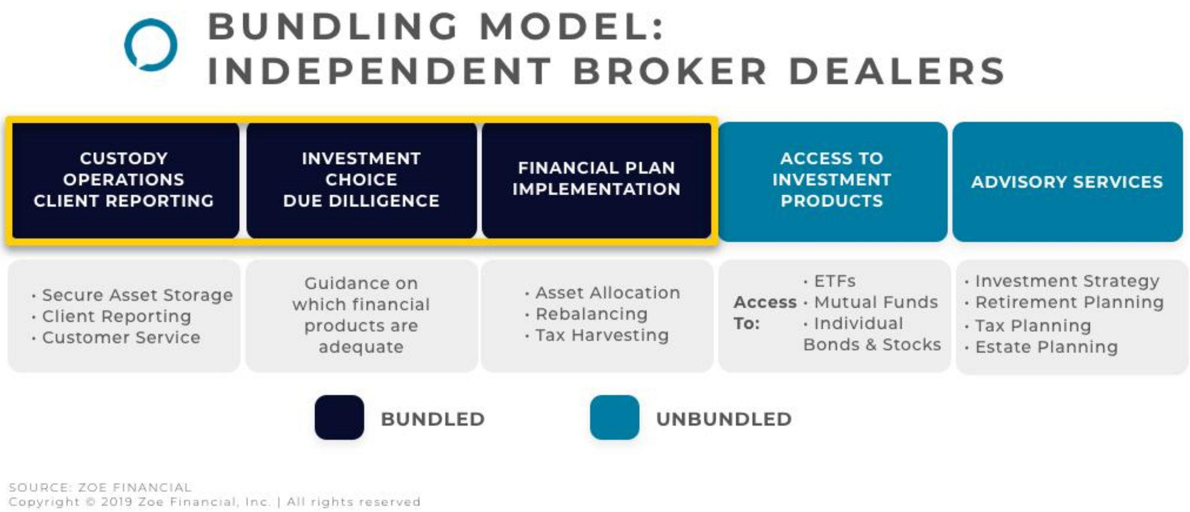


Chart 2.2: Independent broker-dealers offer semi-unbunbled services for clients including access to investment products and advisory services.

Additionally, the IBD business model provided the brokers higher commission payout percentages than the wirehouses. Where traditional wirehouses generally payout 40-60% of gross commissions to their advisors, IBD's payouts range from 80-95%. This was great for the advisors, yet, from the consumer standpoint there was no revolutionary change. Having said that, at this stage of unbundling, advisors maintained greater control over their business and reduced the pressure to market proprietary funds, credit cards, or mortgages they originally had to at the brokerage firms.[8/9]

Independent Registered Investment Advisors (RIAs)

The rise of custodian services for advisors was the next step of unbundling. Custodians offer trading and reporting services while maintaining electronic records of owned securities for clients of advisors. They provide the essential core function of an independent broker-dealer without the other services. The most appealing part is that advisors do not have to share 40-50% of their fees with wirehouses or 15-20% with an independent broker-dealer. The rise of open-architectured, low-cost investment products like Blackrock's iShares and Vanguard's index funds gave advisors more cost-efficient products for their clients. These two tailwinds created a new disruptor: the Independent Registered Investment Advisor (RIA). RIAs could now compete against brokers who focused on selling more expensive "active" mutual funds that attempted to beat benchmarks.

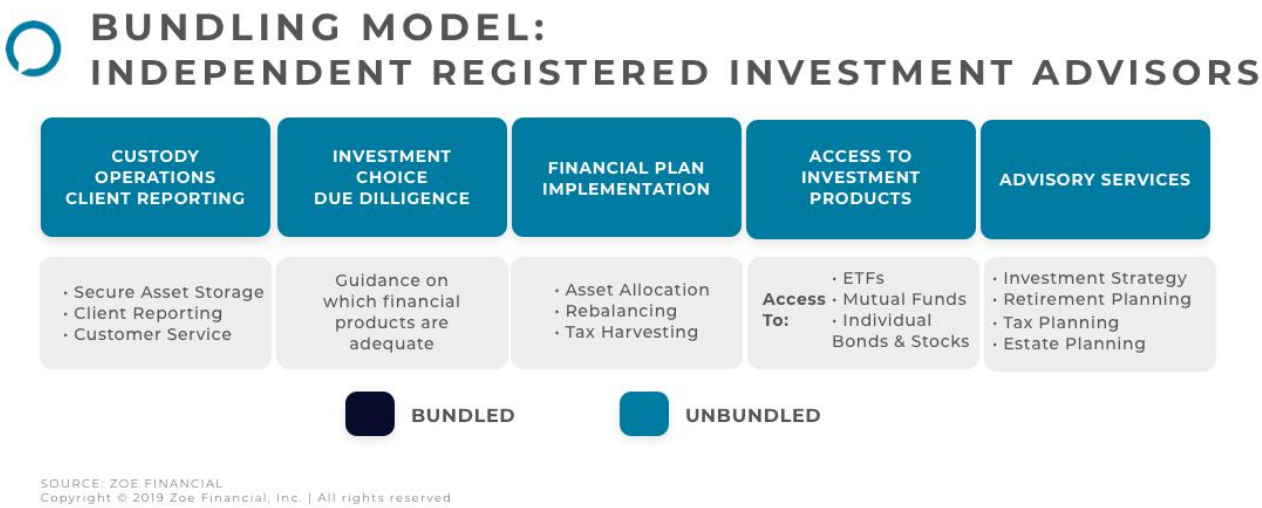


Chart 2.3: Independent registered investment advisors offer fully unbunbled services for clients, allowing them to pick and choose which services they would like.

An RIA is registered with the SEC or one or more U.S. States (Department of Commerce or Securities Agency) to do business as a financial advisor. The trend started slowly at the turn of the 21st century and then picked up momentum. In 2006, wirehouses had 56% of asset market share, with independent advisors accounting for a paltry 14%. By 2018, wirehouses market share dropped to 33% while independent advisors nearly doubled their market share to 27%.[3,5,10] Based on Zoe Financial research, the rate at which RIAs win business from brokerage houses is accelerating.

Dually Registered Advisors (Hybrids)

Some brokers have “dual-registration,” which means that the broker can continue to earn commissions and other transactional charges through a broker-dealer, while simultaneously register as an RIA with the SEC to offer objective advice as investment advisors. These “hybrids,” as they are often referred, are allowed to freely ‘switch hats’ between being a broker and a fiduciary advisor as long as they inform the client which capacity they are acting under.

“Fee Only” Independent Registered Investment Advisors

In recent years, some RIAs have taken the fiduciary duty to the next level by declaring themselves to be “fee-only.” A fee-only RIA rejects all other forms of compensation and generates its sole source of revenue from the client’s fee. Taking the fiduciary duty refers to the legal and ethical obligation to act in the best interest of the other party. By becoming “fee-only,” conflicts of interest are significantly reduced between the advisor and the client.

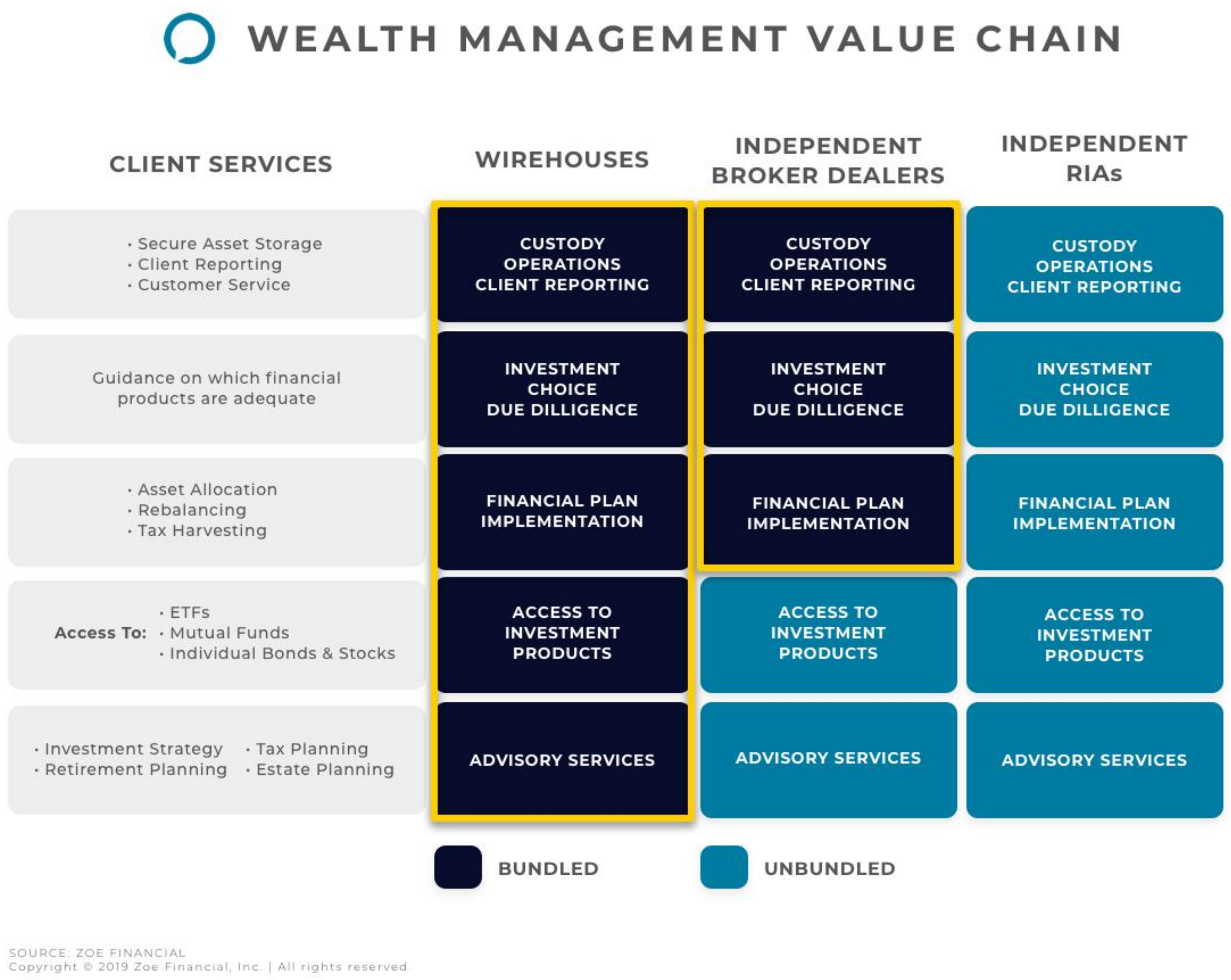


Chart 2.3: Full assessment of the differing bundling tiers between wirehouses, independent broker dealers, and independent registered investment advisors.

THE EXODUS

RIA, hybrid, and IBD models started slowly as early adopters found their services. However, within the past two decades, an exodus of both advisors and clients from wirehouses has caused market share to shift rapidly. Chart 3.1 below illustrates how wirehouses have lost almost half of their market share within the past 12 years.

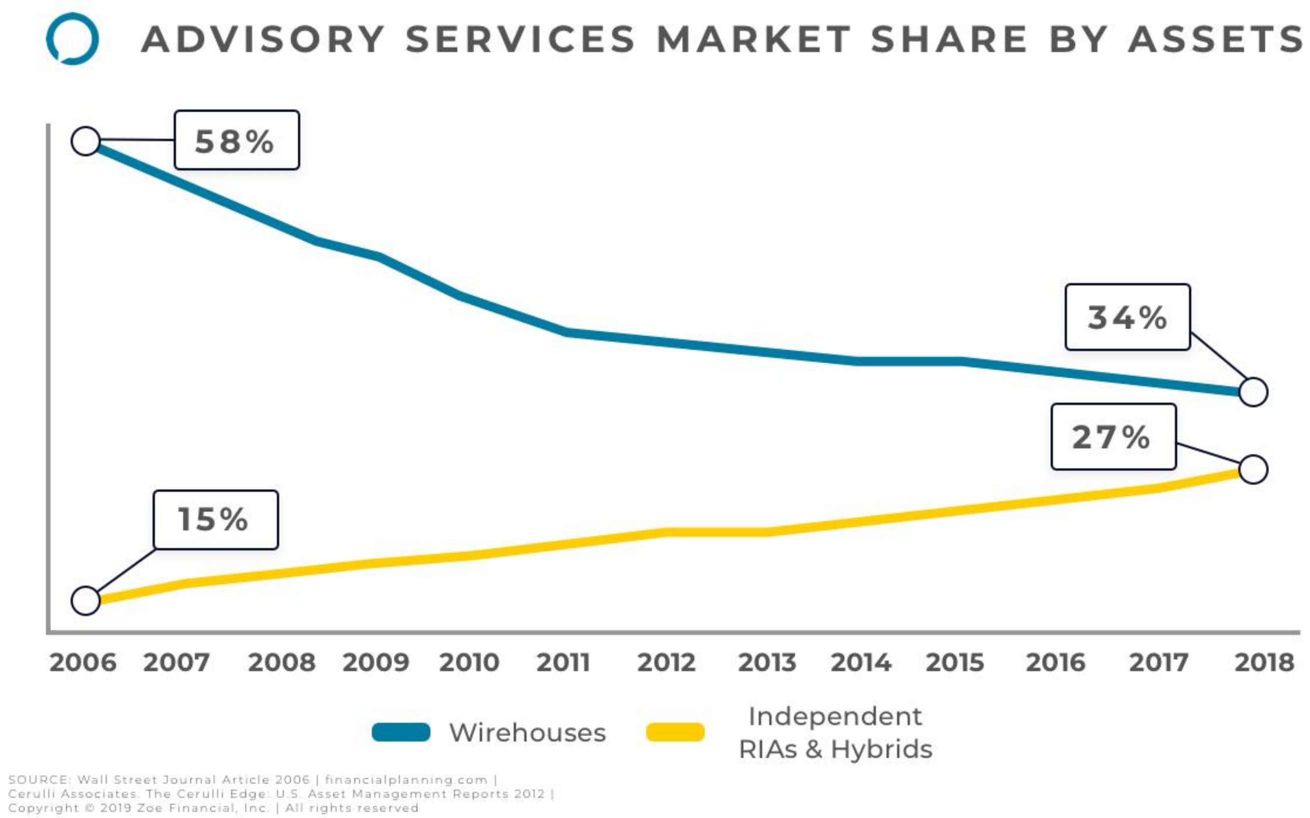


Chart 3.1: This timeline shows the convergance between wirehouse and RIA/Hybrid market share over the past 12 years. [3/5/10]

During the same period, migration of the client's assets has coincided with an exodus of 17,600 advisors away from wirehouses to independent practices. In fact, as Chart 4.1 illustrates, RIAs have gained even more market share on advisors headcount compared to the asset market share seen in the prior chart.

In addition, recent emphasis by wirehouses on profitability over new advisor acquisition and new client relationships reflect a high likelihood that RIA and hybrid asset market share will surpass wirehouses' in the coming years.[20]

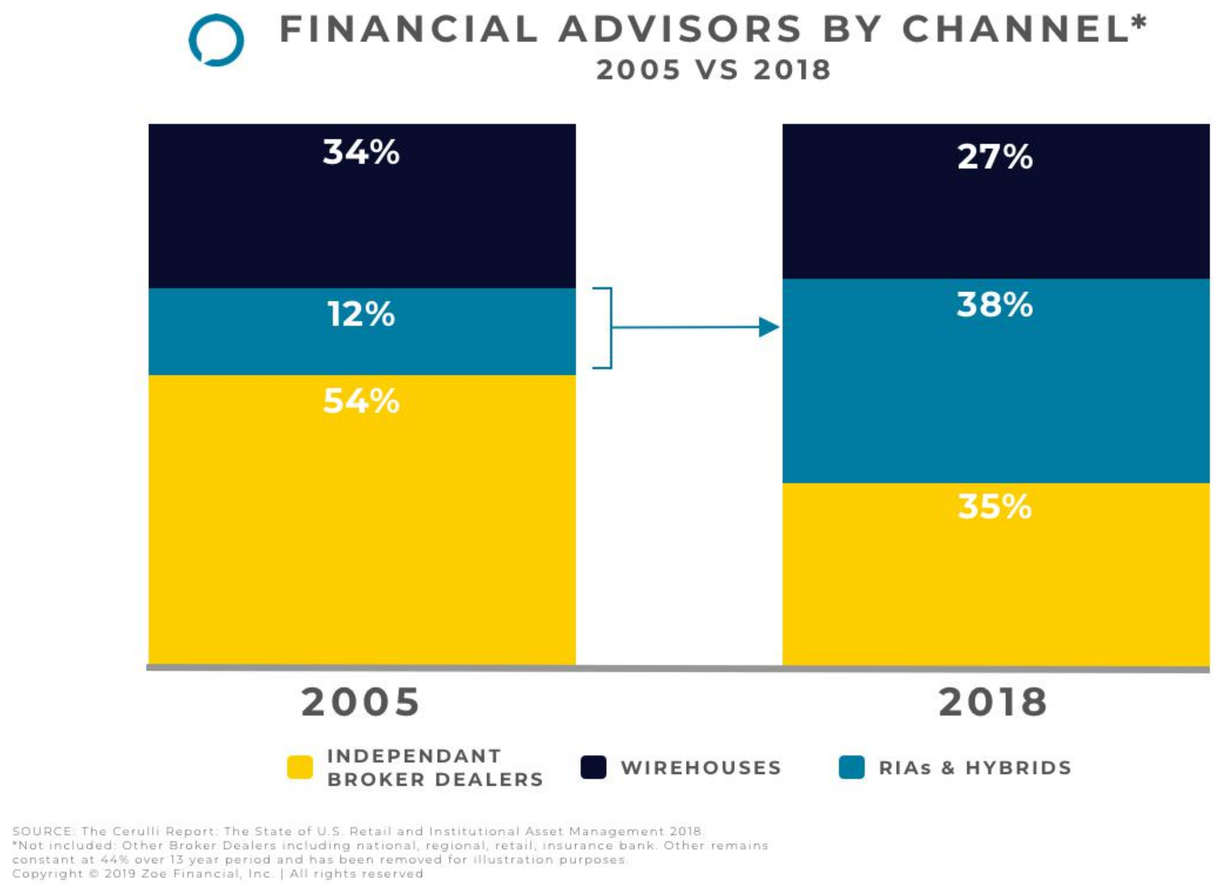
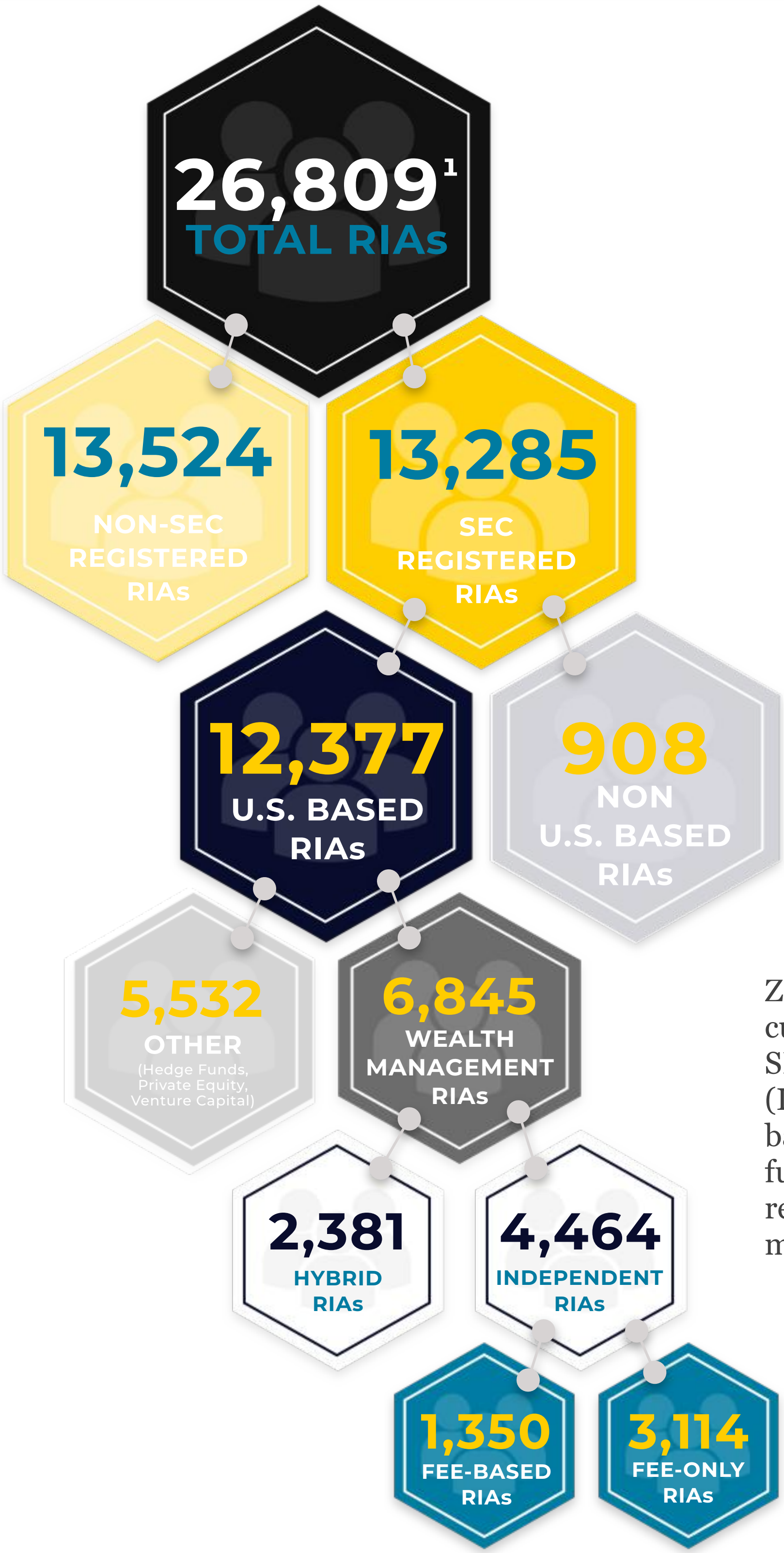


Chart 4.1: Advisor's headcount, current market share. [5]

Is Unbundling Better for Wealth Management Clients?

It is one thing to show that the trend towards "unbundling" is underway- it is another to prove that unbundling wealth management services provides more aligned interest, better pricing, and overall simpler, more focused products and services for the client. To prove this hypothesis Zoe conducted a full analysis of publicly available financial advisor's records.

METHODOLOGY



Does unbundling provide **more aligned interest** and **better pricing** for the client?

Zoe's analysis focused on the 13,285 RIAs currently registered with the SEC, as per the SEC's Investment Adviser Public Disclosure (IAPD) database. Of those, Zoe excluded non-US based RIAs, state-only registered RIA, mutual funds, hedge funds, Venture Capital funds, retirement consultants, and third party asset managers.

SOURCES:
1: Boyson, Nicole M., The Worst of Both Worlds? Dual-Registered Investment Advisers (May 3, 2019).
24 | 25. SEC Publicly available registration records | ZOE FINANCIAL

Aligned Interest

In order to answer the question of aligned interest with clients, Zoe analyzed 13,285 RIAs and bucketed practices into either: dually registered RIAs (hybrids), RIAs, or “fee-only” RIAs.

The hypothesis being that if the client is better aligned with advisors in an unbundled arrangement, then the advisors with the least attachment to financial products will have the least client complaints and regulatory violations.

To test this hypothesis, the Zoe team reviewed numerous academic white papers on the topic and conducted independent research. The original data came from the SEC RIA Report spreadsheet as well as the SEC ADV form. After eliminating non-U.S based RIAs, mutual and hedge funds, retirement consultants, automated (robo) advisers, and third party asset managers, the full sample-size of unique U.S. based RIA practices was 6,845.

Zoe found that 3% of dually registered RIAs had investment related violations versus less than 1% of RIAs that did not have a broker dealer association. As Chart 5.1 illustrates, fee-only RIAs (no relationship with broker-dealers and no collection of product commission) fared even better when it came to their SEC records. Simply, the most unbundled advisor practices had the least infractions and client complaints.

These findings relate closely to recent academic research conducted by Nicole Boyson on the role of RIAs and hybrid RIAs. Boyson’s (2019) work utilized a broader data set that included state registered RIAs. Her results revealed that dual-registered investment advisors have numerous conflicts of interest, including cross-selling of insurance products.[4] Additionally, brokers faced significantly more disciplinary action by regulators than RIAs.[16]

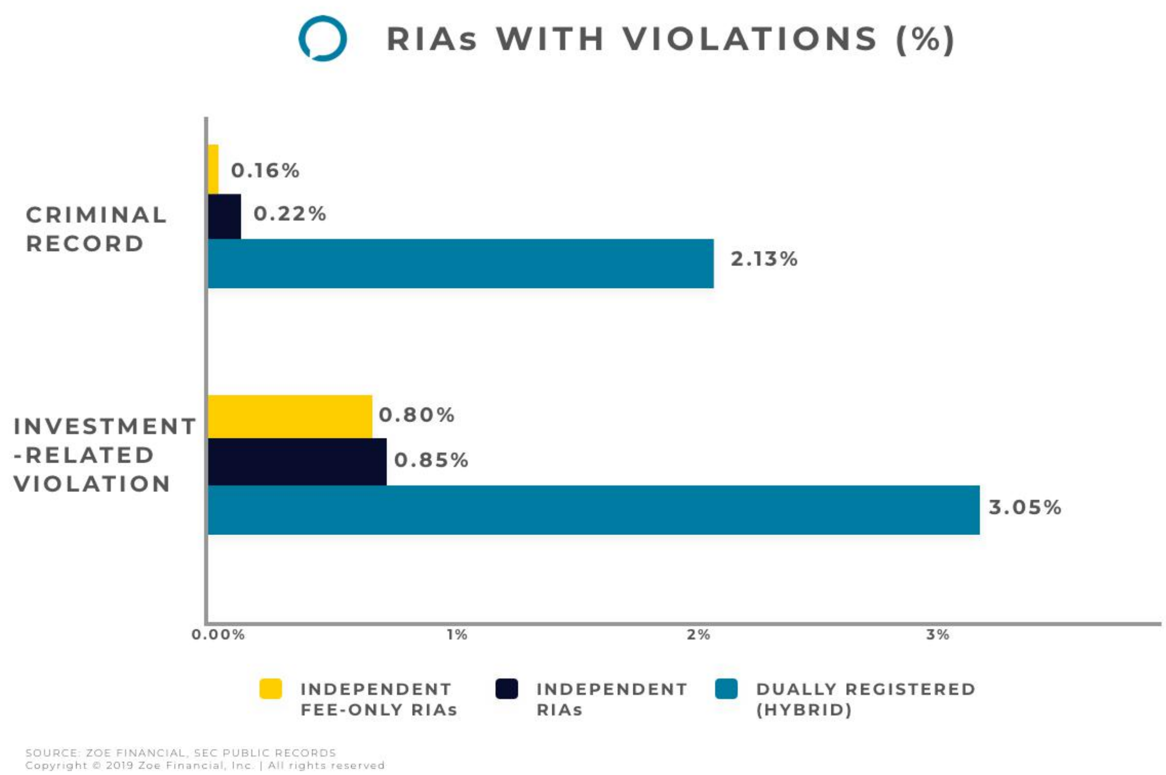


Chart 5.1: Percentage of RIA types with either a criminal record or investment-related violation. [14/15]

Better Pricing

To discover if there is better client pricing via unbundled or bundled services, Zoe referred to Boyson's (2019) research once more. The study found that registered RIAs appear to charge higher fees than independent RIAs with no increase in additional client services. The difference was not small; for high net worth clients, hybrids charge 1.4% of assets under management (AUM) compared to the 1% of AUM charged by independent RIAs. The gap was even greater for retail clients: hybrid fees were found to be 2.2% AUM on average, compared to 1.2% AUM by independent RIAs.[24,25]

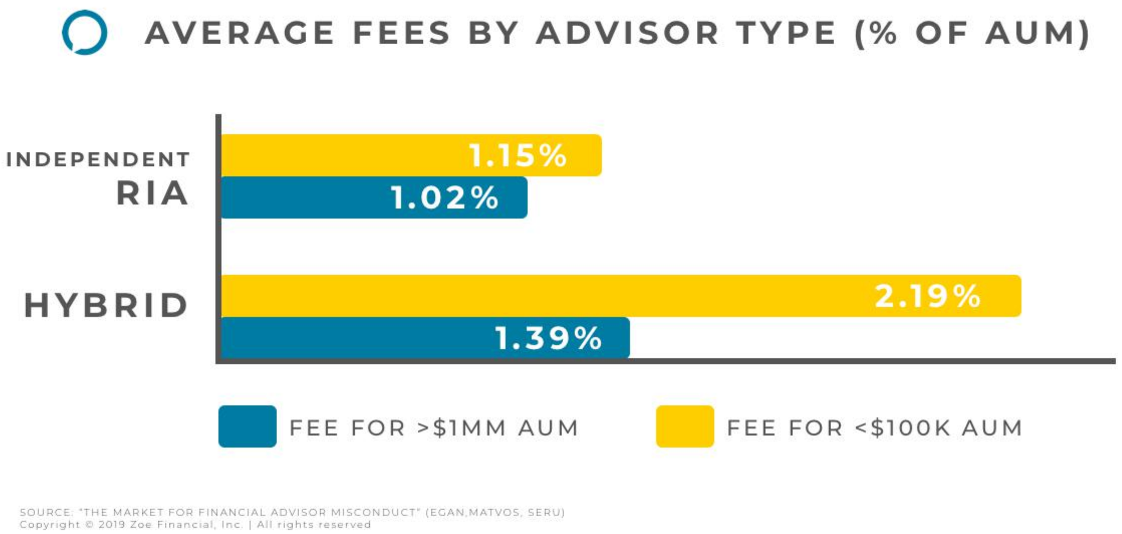


Chart 6.1: Average Fees charged by different types of financial advisors as a percentage of total assets under management.

Both academic research and Zoe's findings reflect that, in their current state, bundled services in wealth management seem to offer an inferior experience for clients. Hybrids have more conflicts of interest that presented themselves via more client complaints and disciplinary actions by regulators. In addition, advisors associated with broker dealers appear to charge significantly higher fees than independent RIAs, despite offering similar services. While Boyson's research focuses on hybrid advisors, wirehouses are also to be evaluated. A 2019 Cerulli Associates report shows that brokers at four major wirehouses have just 29% of their clients' managed-fund assets in passive index funds versus 45% for RIAs. This matters, as active funds are more expensive for the client, despite academic evidence that over 90% of them do not beat their respective benchmarks. What's the incentive to use active funds by brokers? Firms can get paid more in commissions and other compensation from the active mutual fund companies than the passive ones.[16,18]

CLOSING THOUGHTS: STILL EARLY INNINGS

For decades, wealth management incumbents have been fixated on pushing investment products rather than providing the consumer a consistent quality, transparent, and personalized service. Observed in software, television, and other industries, the consumer is searching for unbundled options that provide the services they need, with a level of transparency that they did not experience with the incumbents.

Bundling services are not inherently "bad" for the consumer. If anything, they often provide significant value via economies of scale. However, as Chris Dixon, General Partner at Andressen Horowitz, describes, "bundled pricing can hurt consumers if it is used by incumbents to exploit existing clients." Unfortunately, as Zoe's research indicates, that is exactly what has occurred in the wealth management industry.

> **"Bundled pricing can hurt consumers if it is used by incumbents to exploit existing clients."**
>
> -Chris Dixon, General Partner, *Andressen Horowitz*

By reviewing recent history, one can observe how the industry has evolved and adapted to technological disruptions. Wirehouses developed the assembly line model during the mid-20th century. Schwab-led the "discount brokerage" revolution in the 1970s. Then, we saw the emergence of smaller Independent Broker Dealers in the early 1990s. By the mid 1990s, after NAPFA ushered in the beginning of fee-only RIAs, questions about the true benefits of bundled wealth management services were budding in consumer's minds. This has led to an exodus away from traditional bundled models, as it became clearer that wirehouses and independent broker dealers had begun exploiting the clients that originally brought them success.

As Zoe's research concludes, the unbundling of wealth management services and products means fewer investment infractions and fewer client complaints. Fee-only RIA's had the lowest percentages of criminal records and investment-related violations as compared to independent RIAs, wealth management RIAs, and hybrids. Furthermore, fee-only RIAs were significantly more affordable for the consumer.

Where will the unbundling take us next? Zoe predicts the independent “Fee-only” model will become the market leader as it provides the advisory service the consumer wants and needs with fewer conflicts of interest. The “fee-only” RIA market is currently highly fragmented, which allows room for both innovation and experimentation driven by healthy competition- a necessary ingredient for the model to avoid displacement.

The “Fee-only” model will continue to garner market share and become the market leader as it provides the advisory service the consumers wants and needs with fewer conflicts of interest.

We now live in a consumer-driven world. Thus, wealth management clients will demand the ability to choose more flexible payment structures and a higher bar for competence rooted in specialized expertise rather than the ability to sell financial products. Above all, the greatest value for the investor will be the ability to trust their financial advisor.

On the technology front, unbundling empowers consumers to access digitized offerings including customization, portfolio construction, tax optimization, risk management, and more, all while maintaining digital communication with an expert advisor who can guide those choices. That said, there is much to be done. Advisors must continue to shift towards full digitalization to provide a high-touch service with a frictionless digital experience. As will be explored in future analysis, the industry's value chain will likely continue to evolve as it sheds its analog roots. Whether the industry is bundled or unbundled by 2030, it is clear that the wealth management experience must digitize to serve the needs of the consumer of the future.

WORKS REFERENCED

1. Abrego, Michelle. “RIAs vs Wirehouses: 10 Charts Showing the State of Play.” CityWireUSA, Citywire, 30 May 2019, citywireusa.com/registered-investment-advisor/news/rias-vs-wirehouses-10-charts-showing-the-state-of-play/a1233561?i=5.

2. Aite. “New Realities in Wealth Management: U.S. Client Asset Growth Stalls in Down Market” May 16, 2019

3. Beilfuss, Lisa. “Behind Discount Brokers' Boom: Advisers, Not Day Traders.” The Wall Street Journal, Dow Jones & Company, 14 Dec. 2017, www.wsj.com/articles/behind-discount-brokers-boom-advisers-not-day-traders-1513284443.

4. Boyson, Nicole M., The Worst of Both Worlds? Dual-Registered Investment Advisers (May 3, 2019). Northeastern U. D’Amore-McKim School of Business Research Paper No. 3360537. Available at SSRN: https://ssrn.com/abstract=3360537 or http://dx.doi.org/10.2139/ssrn.3360537

5. “The Cerulli Report: The State of U.S. Retail and Institutional Asset Management 2018.” Cerulli Associates, 2018, www.cerulli.com/publications/80161034-ea76-e711-810b-5065f38a5961/2018-the-state-of-us-retail-and-institutional-asset-management-annual.

6. Dixon, Chris. “How Bundling Benefits Sellers and Buyers.” CDixon Blog, 8 July 2012, cdixon.org/2012/07/08/how-bundling-benefits-sellers-and-buyers/.

7 Fox, Justin. “How to Succeed in Business by Bundling – and Unbundling.” Harvard Business Review, 2 Nov. 2014, hbr.org/2014/06/how-to-succeed-in-business-by-bundling-and-unbundling.

8. Hersch, Warren S. “Cerulli Projects Market Share Gains for RIAs and IBDs.” ThinkAdvisor, 18 Jan. 2012, www.thinkadvisor.com/2012/01/18/cerulli-projects-market-share-gains-for-rias-and-i/.

9. Kelly, Bruce. “Independent Broker-Dealers: Fastest-Growing Brokerage Group.” InvestmentNews, 28 Nov. 2018, www.investmentnews.com/article/20181128/FREE/181129950/independent-broker-dealers-fastest-growing-brokerage-group.

10. Kitces, Michael. “Kitces: After Reg BI, How Should RIAs Differentiate?” Financial Planning, Financial Planning, 16 Aug. 2019, www.financial-planning.com/news/rias-marketing-like-fiduciaries-after-reg-bi-broker-dealers.

11. Kitces, Michael. “Financial Life Management Better Than Wealth Management?” Nerd's Eye View | Kitces.com, 1 Feb. 2019, www.kitces.com/blog/financial-life-management-finlife-vs-wealth-management-and-financial-planning/.

12. Levaux, Janet. “Wirehouses to Lose 8% in Market Share, Average AUM Up 10%: Cerulli.” ThinkAdvisor, 28 Oct. 2011, www.thinkadvisor.com/2011/10/28/wirehouses-to-lose-8-in-market-share-average-aum-u/.

13. Philips, Jeremy G. “Don't Look Now, but the Great Unbundling Has Spun Into Reverse.” The New York Times, The New York Times, 14 Feb. 2017, www.nytimes.com/2017/02/14/business/dealbook/bundling-online-services.html.

14. Securities and Exchange Commission (SEC). Investment Adviser Public Disclosure website. (n.d.). Retrieved from https://www.adviserinfo.sec.gov/.

15. Securities and Exchange Commission (SEC). Information About Registered Investment Advisers and Exempt Reporting Advisers. (2006, July 1). Retrieved from https://www.sec.gov/help/foiadocsinvafoiahtm.html.

16. Smith, Randall. “Wall Street Brokers Missed the Index-Funds Memo.” The Wall Street Journal, Dow Jones & Company, 7 Oct. 2019, www.wsj.com/articles/wall-street-brokers-missed-the-index-funds-memo-11570414380.

17. Smith, Winthrop H. Catching Lightning in a Bottle: How Merrill Lynch Revolutionized the Financial World. Wiley, 2015. (6-8, 297, 319-322, 369).

18. Thompson, Ben. “Disney and the Future of TV.” Stratechery by Ben Thompson, 9 Aug. 2019, stratechery.com/2019/disney-and-the-future-of-tv/.

19. Tjan, Anthony K. “The Pros and Cons of Bundled Pricing.” Harvard Business Review, 23 July 2014, hbr.org/2010/02/the-pros-and-cons-of-bundled-p.

20. Tuck, Friar. “Friar Tuck Financial Services: A Classic Unbundle/Re-Bundle Strategy.” 25IQ, 31 Mar. 2018, 25iq.com/2018/03/31/friar-tuck-financial-services-a-classic-unbundle-re-bundle-strategy/

22. Waddell, Melanie. “The Mixed State of the Advisor Market.” ThinkAdvisor, 1 Oct. 2011, www.thinkadvisor.com/2011/10/01/the-mixed-state-of-the-advisor-market/.

23. Welsh, Timothy. “What's Behind the 'Great Unbundling' of Wealth Management?” ThinkAdvisor, 27 June 2019, www.thinkadvisor.com/2019/06/27/the-great-unbundling-continues/?amp=1.

24. Zoe Financial. Aggregated SEC data.

25. Zoe Financial. Data Assessment Methodology.

Author
Andres Garcia-Amaya, CFA
Founder & CEO
Zoe Financial, Inc.

Contributors:
Xiaofan Li - Data Scientist
Alexandra Rodriguez-Correales - Editor
Natalie Jaeger - Editor and Design
Dillon Ferguson, CFP®- Editor

ABOUT ZOE

What Is Zoe?

Zoe Financial was founded by Andres Garcia-Amaya and a world-class team, solely focused on helping individual investors with the important decision of hiring a financial advisor. Zoe carefully curates a network of the best independent, fee-only financial advisors and financial planners across the country.

Why Does Zoe Exist?

The wealth management industry is broken. It is fixated on selling investment products with bloated hidden fees rather than providing sound advice. The common financial advisor role – as a salesperson providing access to financial products and trade execution – remains the status quo, yet technological innovation has commoditized these tasks.

The investor finds great value in choosing an advisor with aligned interests, who provides personalized guidance according to their individual goals. If done well, it is like hiring an elite household CFO who looks at your financial life holistically, incorporating risk management, budgeting, taxation, estate planning, and investments.

Yet finding the right financial advisor – who listens more than talks, does not sell products, truly takes the time to help you unearth your vision of your future – is not only difficult, but time-consuming. The process can be overwhelming; vetting potential candidates for competency and aligned fiduciary incentives is not easy, especially in an industry where just about anyone can call themselves an "advisor."

How Do We Help?

We believe that the relationship between an enlightened financial planner and an equally enlightened client untaps tremendous value. Our service provides a frictionless digital experience where you answer a few questions, review the matched advisor profile, and start chatting with them right away. Zoe turns the process on its head by allowing YOU to decide who you want to hire, with the click of a button.

CONTACT US

zoefin.com

PR Inquiries: press@zoefin.com

Advisor Inquiries: advisors@zoefin.com