BNY MELLON | PERSHING

Four Pressures Driving Introducing Broker-Dealers to Pursue New Advisory Strategies

The number of hybrid registered investment advisors—those who operate independently but are affiliated with introducing broker-dealers (IBD)—continues to rise. Make it easy for advisors to stay at your firm with a solution that addresses fiduciary pressures, satisfies advisors and impacts your bottom line.

1 | INVESTOR PREFERENCES

Integrated Wealth Management

Fee Only + Commission

RIA + IBD

Delivering the integrated wealth management investors want requires fee-only and commission solutions delivered by a hybrid platform.

2 | ADVISOR RETENTION

What's behind the continued growth of Hybrid RIAs?

Independence, flexibility and support offer the best of all worlds for an increasing number of advisors.

Declining IBD Headcount as Advisors Seek Independent and Hybrid RIAs

2008 THROUGH 2018

IBD ADVISORS

83k → 29% DROP → 59k

VS.

HYBRID ADVISORS

16k → 72% INCREASE → 28k

INDEPENDENT ADVISORS

27k → 30% INCREASE → 35k

Source: Cerulli, U.S. Advisor Metrics 2019

3 | SHIFT IN REVENUE MIX

Advisory Fee Growth Outpaces Brokerage

FEE GROWTH SINCE 2007

331% ADVISORY

VS.

25% COMMISSION

Top 50 IBD Firms generated $13B in fees and $11B in commissions in 2018

Source: Financial-Planning.com, *Which IBDs are Leading the Shift to Fee-Based Revenue?* 2019

4 | ASSET MIX

Hybrid RIAs Hold Majority of Assets Under Their Independent RIA

57% OF COLLECTIVE ASSETS held under their Independent RIA

VS.

43% OF COLLECTIVE ASSETS held through their IBD affiliation

Source: Cerulli, U.S. RIA Marketplace 2019

IS YOUR FIRM EXPERIENCING THESE CHALLENGES?

PRICING
Unpredictability and embedded conflicts

ADVISOR RETENTION & RECRUITING
Difficulty in retaining or recruiting to support sustained growth

REGULATORY & COMPLIANCE
Greater regulatory and compliance oversight, disclosures and increased business complexity

EXPENSE MANAGEMENT
The cost of certain operational functions outweighs the benefits and limit firms efficiency

How does your value proposition compare to the independent RIA option?

How has your mix of advisory and commission assets shifted?

Is your compliance model for advisory business still rooted in a IBD-centric perspective?

Where can you free up resources to invest in growth?

To discuss challenges you'd like to solve, contact your Relationship Manager or Pershing's Head of Corporate and Hybrid RIA Business Strategy, Adam Roosevelt at 908-274-5919 or adam.roosevelt@pershing.com.

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