

PERSPECTIVES

# Technology Strategy: Where Are Clients Heading Next?



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## *Reflections from Pershing's Technology Advisory Board*

Pershing hosted the second Technology Advisory Board (TAB) meeting of 2022 in October, with 17 clients representing broker-dealer and registered investment advisor (RIA) firms. The board provides clients with a forum to inform Pershing's technology roadmap and to discuss industry trends, best practices and challenges. TAB members and Pershing leaders explored five key areas at the meeting:



Client  
Experience



Integrations



Business Analytics  
and Insights



Technology  
Adoption



Regulatory  
Technology



## Client Experience

Firms are hyper-focused on delivering great technology and service to clients. This requires answering complex questions about the information that clients see and which features to prioritize.

- Board members said they want to own more of the digital client experience, especially for communications such as statements, confirms and notifications. Greater control of such communications, they believe, would lessen clients' confusion and their need to contact the firm for guidance.

- Firms want to control what investors see in the client portal regarding the daily ups and downs of their assets to reduce anxiety caused by normal market volatility. They want clients to see a more balanced view of their portfolios and focus more on their long-term goals.
- Firms reported that clients expect more digital self-service capabilities. Sophisticated investors want cashiering, checking and account opening, while others want such functions as the ability to digitally schedule a meeting with their advisor.



## Integrations

Board members view APIs as a critical contributor to their efficiency and service quality and seek greater integration of diverse tools as well as more robust testing processes.

- **API Wish List:** When asked which Application Programming Interfaces (APIs) or Micro Frontends are the most impactful for their businesses, TAB members placed Account Opening and Asset Movement functions at the top of their lists. Several firms are looking to Pershing for an API that will enable multiple account opening and thus deliver greater efficiency. Some firms currently use their own APIs for this while others are working with third parties.
- **Pershing on Right Track:** Members expressed satisfaction with Pershing's API capabilities and believe that we are leading the way for processes such as API-first account opening. This feedback reinforces findings from the recent CAPCO Integration study, which concluded that Pershing's range of service models and API offerings surpasses that of competitors. (The study also highlighted Pershing's reliability).
- **Enhanced Testing Capabilities:** Clients agreed on the need to have a production-like testing environment to enable a more predictable and visible deployment experience as it relates to integrations.
- **Dynamic Data-Sharing:** TAB firms are seeking next-generation methods of sharing data. They want to move past file sharing to enable shared data in the cloud. They asked for the ability to make data available via the Snowflake marketplace, for which Pershing has already established a Proof of Concept.



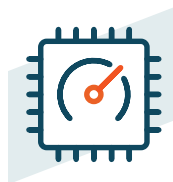
## Business Analytics and Insights

Deeper insights into client behavior and business dynamics are paramount for enhancing the client experience and driving efficiency and business growth.

- **Investor behavior:** Members want a deeper understanding of what investors are doing [on their platforms] and what a superior digital experience looks like. Client surveys, they say, are table stakes for collecting relevant information for this purpose. Additionally, they employ a range of methods such as Journey Mapping, Net Promoter Scores and Google

Analytics (the most widely used tool). Others cited include Hotjar, LogRocket and Adobe Analytics. Pershing seeks to make the right usage data visible to users of these tools.

- **Measuring satisfaction:** Clients noted that many variables contribute to satisfaction. Even firms with high performance scores in certain areas are looking for new ways to measure satisfaction so they can better understand client behavior.
- **Business insights:** TAB firms rely on data-driven insights to improve operational efficiency and determine technology investments. In this regard, they think that Pershing should do more to leverage the rich data already available within our professional platform. For example, members suggested bringing summarized gross revenue and clearing charges into the home dashboard. Additionally, some firms want to push data from other sources into Pershing's technology platform.



## Technology Adoption

Our clients often cite their team's technology adoption as a challenge and they shared a few best practices for helping advisors use new technology.

- **Identify power users:** Some clients suggested focusing efforts on assistants, administrative staff and professionals who are power users, designating them as go-to resources for guidance.
- **Create short videos:** Recording easy-to-consume user testimonial videos to exert peer-to-peer influence was mentioned as a best practice. Attendees suggested that Pershing consider creating bite-sized videos from subject matter experts as part of the change management process and integrating them into our professional and investor platforms.
- **Employ "scaffolding":** The practice of scaffolding, whereby instructional content is embedded and gradually removed from the user interface, is another potentially useful training approach. Ideally, functions should be so intuitive that no training is required. Some firms have stopped technology training altogether and instead direct advisors to sources of information.
- **Leverage change agents:** Identify champions who can promote tech adoption within the firm through encouragement, incentives and highlighting how tech can make things easier.



## Regulatory Technology

Members noted that no other business landscape is changing as rapidly as compliance and talked about the growing challenges they face.

- **Managing Compliance:** The increasing complexity of regulatory demands, along with the need to evaluate complex accounts and access volumes of data to prepare for audits, represents a significant challenge. Firms struggle with the disparate tools needed to pull together information requested by regulators.
- **Tougher Cases:** Clients mentioned the growing difficulty of regulatory cases, specifically for the DOL Prohibited Transaction Exemption (PTE) rule, Regulation Best Interest and investor accreditation for Alternative Investments and Private Placements. Firms must use multiple vendors such as FactSet, LexisNexis, and AI Insight, among others, to conduct broad due diligence.

- **Data Synthesis Needed:** Firms want help to synthesize data from different surveillance and risk reporting systems into useful information. For example, they need a big picture view to satisfy regulators that want the story around transactions, not just the number of transactions. Effective solutions are hard to come by: It's hard for any firm to manage multiple vendors and even harder for multi-custodial firms given the different data sources. Some firms use five or more tools.

**Note:** Pershing is very engaged and thinking more broadly about supporting client firms' compliance needs. The challenge is to create tools that remain compatible when future regulations change again. Pershing provides clients with a range of compliance templates and reports in Report Center in NetX360®.

## Closing Thoughts

Pershing's clients are continuing to invest capital and management intensity in enhancing their technology capabilities. Many are emphasizing factors that drive improved investor experience or deeper business insights. Many others are intent on sharpening their compliance processes. In some cases, there is a major push to enhance how well their teams are unlocking the value in existing tech and tools.

In every scenario, our clients have Pershing as their stalwart partner and accelerator. We strive to bring best practices to bear in every instance, and value client contributions to our knowledge base – their ideas, experiments and learnings will help improve business performance and investor experience in the years ahead.



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