Podcast Transcript
Synergize: Unscripted Conversations to Help Guide Advisor Growth
Episode 5: Dr. Sindhu Joseph: Cutting Through the Noise to Leverage AI for Growth

INTRO:
Welcome to Synergize: Unscripted Conversations, where we explore the evolving role of the financial advisor in an emerging AI-driven world. Join us as we bring together thought leaders across a range of disciplines and industry experts sharing insights designed to help RIAs thrive in the industry of tomorrow. And now, here's your host, Bill Coppel.

BILL COPPEL:
Hi, this is Bill Coppel, and welcome to Synergize. The TradePMR team was in Las Vegas recently to host our 2024 SYNERGY Conference - Limitless. It was well attended. In addition to representation from the RIA community, industry thought leaders as well as subject-matter experts were present to provide insights aimed at helping RIAs capitalize on the growth opportunity that lies ahead.

While I wasn't able to attend, my colleague Ryan Neal, senior editor at TradePMR, caught up with a number of notable conference attendees to capture their thinking.

There was a lot of activity on the conference floor, so you may hear a bit of background noise. That said, you won't want to miss what this guest had to say.

Enjoy the conversation.

RYAN NEAL:
Welcome to the TradePMR Synergize podcast. I'm Ryan Neal, Senior Editor here at TradePMR. I'm filling in for Chief Client Growth Officer Bill Coppel, who couldn't be here with us this week. We are at the Four Seasons in Las Vegas for our SYNERGY24 conference.

Sindhu is the founder and CEO of CogniCor, a business automation platform designed to deliver operational efficiency and conversational experiences for wealth management firms.

I had a chance to meet Sindhu at SYNERGY24 and talk to her about the realities of AI and what it brings to the table for advisors, and what RIAs really need to know about this technology going forward. Here's some of our conversation.

RYAN NEAL:
Sindhu, you're an executive of a company that, in our space, is among the cutting edge of advisor fintech right now. So, broadly speaking, what do you think RIAs need to know about AI and the impact it's currently having on the broader wealth management industry?

SINDHU JOSEPH:
If you look at industries like retail, Amazon, travel, Uber, the client experience is very seamless. Within a couple of clicks you are able to get your item on your doorstep without any hassle.

And imagine the back-end efficiency. It is able to move a physical thing from place A to place B within a few hours. So that's kind of the experience that even from Uber and other industries that we get.

But when it comes to wealth, something so fundamental to our existence, everything breaks down - both the engagement as well as the behind-the-scenes efficiencies.

This is kind of a broader theme as well. If you look at the population here in the U.S., a lot of people work hard, and maybe two jobs. three jobs, and then not make money. But the reverse is not true, which is, how to put money to work for them.

And I believe that's the gap between the wealthy and the poor. So, if we need to have all of the people to kind of get them onto the wealth kind of experience, then the tools that enable them to do that should be seamless, efficient and intuitive, habit forming.

So, if you have, let's say, $500 in your bank account, you would probably think of buying a Taylor Swift ticket rather than buying an annuity product.

And that is really the difference between having that efficient, seamless experience. So that's where the industry is today, wealth industry is today. And I believe it's an historical opportunity for us to revolutionize that industry and that space and AI, I believe, is that golden opportunity for the industry as such to make that happen.

The tools are here. AI is here in a big way. And, just to give you a little bit of historical background.

RYAN NEAL:
Yes, please.

SINDHU JOSEPH:
AI has been around since almost 1950, so it's a very, very old technology. It used to be called expert systems, and later on, machine learning caught up. So, anything that a human would do with their own intelligence, if a machine can mimic that experience, that is what we call artificial intelligence. We are able to create a sense of intelligence.

For RIAs, it is your daily practice management, your activities, setting up meetings with your clients, looking for prospects, getting a beneficiary change for your clients, or even moving money or things like that.

So, all of these activities you can actually instruct an AI system to do it for you, and it will take you through that process.

RYAN NEAL:
Right. And I'm sure, because I know you've been an academic in this field for quite some time, we could probably talk a lot about it, and I've also been writing about it, as my former position as a journalist writing about AI, and I'm sure we could talk about the different levels that are out there and people who debate what is AI and what isn't.

But rather than go down that road and the academic road, which maybe we can do later, let's instead drill down a bit more into some of those specifics you just talked about with AI and wealth management. And I'd love it if you can give some ideas around where in RIA businesses are advisors using this today, if at all, and what impact is it having on how they're growing their business?

SINDHU JOSEPH:
So, RIAs are approaching AI with, of course, a little bit of caution. The primary reaction that I always get is, "Am I going to be replaced?" That is one of the questions that is in the back of their mind but, there is also something that has fundamentally changed in their approach.

Previously when we used to talk to RIAs, they would say, even the executives of RIAs like COO, CXO level, they would say, "Advisors are very difficult to adopt a new technology." So, it would take time for them to adopt.

But when ChatGPT and LLMs came, the trend has reversed. Advisors came to know about it, and they started pushing for this kind of: "We want these use cases." They were like, "Okay, we know that there are regulations out there, but we really want it."

RYAN NEAL:
Interesting.

SINDHU JOSEPH:
And some of the ways they are using, in broadly categorizing it, in operational efficiency, that is one of the key– I think that's one of the immediate benefits that RIAs are deriving. Things like, if you want to generate content, emails, brochures, anything that is generated content that needs to be communicated to clients, that is one key area where advisors are embracing this technology.

Second is, I think almost competing with a desktop, meeting management, client review meetings where they started with taking notes, but I think, what is exciting is an entire end-to-end experience, where the AI can sit on top of CRMs and then look into your client base and say, “OK, these are a few clients that you haven't met in a while. You're supposed to meet them every quarter or every year and do you want to meet with them?”

And if the advisor says “yes”, then the AI tool would go ahead and schedule this meeting connecting different tools and platforms, your Outlook, your Calendly, and then further prepare agendas based on previous meeting notes and previous agendas and then even send it across to clients itself and then sit in meetings, take meeting notes, convert them into tasks, push them back to CRM.

So that's a great use case where advisors don't need to spend a lot of time in those tasks, but they can focus on what the clients are talking about, what their big concerns are. So those are the operational and tasks that RIAs are focusing on.

But what I'm most excited about is the personalization potential of using an AI tool. So, we pride ourselves, in the industry, to be providing a personalized service and how can AI help promote that personalization and take it one step further. So, this is where an AI tool can sit again in the CRM and then analyze all of the interactions.

Let's say, in all of the meeting notes, all of the email communications, all of the phone conversations, as well as the background of the portfolio planning, all of that information about the client, and then say “Okay, this is what this client looks like, a 360 view of the client from a family background perspective, from their interests perspective, from what they have from a money perspective.”

So, when you're going into a client meeting, it's like, someone like a personal assistant, a really smart personal assistant has whispered in your ear that, “Okay, this client has these preferences, like they like to play golf or things like that.”

And you are walking into that meeting very, very confidently. And you can deliver a personalized, engagement, but also personalized advice because now you know that, okay, these are some of the priorities and preferences of this client. So, you probably need to adjust your recommendation for this client and for their life scenario. So those are some of the areas that RIAs are really embracing this.

RYAN NEAL:
Yeah. That makes sense. Do you think some of these new ways they're using it. I mean, I think I know what my answer would be to this, but from your perspective is this improving their ability to serve clients and grow their enterprise value?

SINDHU JOSEPH:
I strongly believe that is the case. This again touches upon what I said earlier about the wealth gap. If you look at the business aspect of it, there is a lot of money left on the table with no RIA supporting it, no financial advisors supporting it. Today it is not possible because advisors, it doesn't make financial sense for them to support it.

But with these AI tools, you can really grow and support this in larger communities and have more clients and have that democratization of wealth really happen.

RYAN NEAL:
Right, serve more clients, serve a greater type of clients, more types of clients as you said, broaden the scale of people that can make use of a financial advisor.

SINDHU JOSEPH:
In fact, this could be another generation that is just starting to build their wealth, and if you steer them the right way, they're going to stick with you throughout their lives. Like that is 20 or 30 years, maybe they would amass a lot of wealth, and you are being part of that.

RYAN NEAL:
And I imagine even amongst the currently wealthy and people that our advisors are already working with, as you mentioned, at the very beginning of our conversation around other apps that they're using in their life and the expectations they now have of: “My taxi service can do this for me. My bookstore can do this for me. My clothing store can do it for me. Why can't my financial advisor, that has all of my money? Why can't they do it for me?”

So this can probably also help RIAs, as you mentioned, expand their client base, but also reach those expectations for the current clients that they’re working with.

SINDHU JOSEPH:
Yeah, I think there is a definite shift in expectations from client side. They were somehow content with the previous experience that the industry was delivering, but no longer because they know that there are different options available, and they start to kind of become part of that. Like “I would like to know, I’d like to understand how my wealth is managed.”

And one step further, I think this will definitely come in the near future, is how are you taking your health data into managing your wealth? Today, it kind of lives as two distinct islands, right? And you are expected to imagine that if you fall sick or have some serious illness financial advisors are magically going to kind of adjust to that.

I think wealth and health is fundamental to our existence and it has to come together. So, these are all expectations from the client, and it is going to come to us pretty fast and we have to be ready.

RYAN NEAL:
That's something I hear a lot about is how quickly this is all coming. I'm wondering though, do you hear when you're out there talking to firms across the wealth management industry, do you come across any myths or false narratives or misinformation that seem to permeate throughout advisors? Maybe not in popular culture, but within our space?

Is there any that you keep hearing and have to confront that we can use our podcast today for our listeners to dispel those notions?

SINDHU JOSEPH:
There are a lot of misconceptions about AI in general and what it can do and what it cannot, and there is a different spectrum of people. On the one end there are extreme enthusiasts who think that anything, like science fiction, is going to happen, and they also feel scared that it is going to replace their jobs and things like that.

So, there is that end of the spectrum. And the other end of the spectrum is that you know, I do not want to use AI because it's a security threat for my clients. And I don't want to put the data into these tools and so I'm not going to.

The other thing that I have heard is very unique but came up pretty often is that the wealth business is personal, and our value proposition is that we have that unique engagement with our client. We understand our client at a personal level, and no matter how good the AI system is, it is never going to help us create that personalization. Which means that I do not want to like: “Our brand is providing that personal touch, and we won't pollute that with AI.”

I think these are all things that could be bolstered and AI could really help both in terms of personalization, but also in supporting the client in their activities, automating things that you don't need to really focus on, and so on.

RYAN NEAL:
Great. Well, as we wrap up our conversation here, do you think there are three quick takeaways for our listeners if you wanted to give us three rapid-fire topics that they can listen to this episode and take home with them that they need to know about AI and how it can help grow their business?

SINDHU JOSEPH:
One is AI is definitely here, whether we like it or not. So, I think embracing AI would be the right move for anybody. It is probably going to change how we, as a society, live but that's for us to figure out. But denying its existence is not going to help anybody. So, I think that's the first takeaway.

The second is that there are a lot of questions about whether AI is going to replace me. I think the tagline should be: AI is not going to replace you, but someone using AI in the right way might replace you. So, you should really be looking out for that person or persons. So, if you are not using AI, that is the real fear that you should have.

The last one is a little bit technical in terms of what kind of AI tools you should use. ChatGPT is out there, as well as many other tools that are open. It’s trained on a closed data set and will take your data. You should look at tools that are guaranteeing data privacy, security, explainability and use those, especially when your client data is involved.

So do not, look at all of the AI tools in the same frame of mind.

RYAN NEAL:
Yeah, not all AI is created equal I suppose. Excellent.

So, to recap, three things that advisors and firm leaders in the space need to think about today is that:

- AI is definitely here, like it or not, embrace it. Can’t deny it. No head in the sand. No ostrich.

- Two, is that AI might not replace you, but someone using AI in the right way might replace you. And I love that by the way, I think that's an awesome point. I'm going to remember that.
- And number three, when we're looking at the tools out there. Not all the tools are created equal. Things like GPT that are the open internet are one thing. But for advisors, look at some of those closed data set tools that are using things like explainability and privacy concerns and have those top of mind.

Once again, thank you to everyone who took time to join us here from the SYNERGY24 conference. If you enjoyed this special edition of Synergize, hit “subscribe” wherever you get your podcasts and be on the lookout for the next episode with actionable insights for how you can grow your business. And remember, the challenge is yours to capitalize on what the future offers.

OUTRO:
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