

MORNINGSTAR® BYALLACCOUNTS® • GUIDE

Beyond a Budget: Increase Client Loyalty with Expert Financial Data Aggregation

Financial advisors play a crucial role in helping investors manage their financial portfolios and make informed investment decisions. But advisors who can't see their clients' full financial posture and behaviors aren't always able to provide the best, most comprehensive guidance and may actually offer advice not in their clients' best interest. That's why financial data aggregation is so critical.

In an environment where volatility is the new normal and clients continue to expect more for less, financial data aggregation has emerged as a valuable tool for financial advisors to provide a high level of personalized advice and service to their clients. By aggregating each client's various financial accounts into a centralized platform, advisors can gain critical insights about their clients, identify opportunities for optimization, and make personalized data-driven recommendations—all while streamlining their operations to free up more time to service their clients.

The Power of Advanced Financial Data Aggregation

Financial data aggregation is the process of gathering and consolidating financial information from multiple sources into a single, unified view. This allows financial advisors to see all their custodied accounts and all of a client's off-book financial relationships with up-to-the-minute balances, transactions, and allocations in one place—without logging into multiple systems and manually tracking down (and entering) the data.

Most advisors and investors are familiar with the basic level of data aggregation. This was (and still is) used for simple tasks like creating budgets, tracking spending, viewing account balances, and setting savings goals.

With the right aggregation partner, however, advisors can go well beyond budgeting and these other basic functions. An investment-driven data aggregation platform can give advisors access to in-depth, regularly updated, 360-degree analytics of each client's investment positions while streamlining their workflows with uniform experiences—helping them provide better advice, develop stronger client relationships, and set themselves apart from their competitors.

Personalized Advice

The trend towards personalization in investing has increased in recent years as advisors look for ways to provide a more tailored and fulfilling experience for their clients. This involves considering factors such as a client's risk tolerance, investment goals, time horizon, and personal values, and constructing a portfolio that's designed around those factors.

Data aggregation can play a key role in helping advisors streamline the process of creating personalized portfolios. It gives the advisor a comprehensive view of a client's current assets and liabilities, which can be used as a starting point for proposal generation.

However, for the data to be truly actionable, advisors need much more than account balances. The aggregated data should ideally be enriched with data elements that reveal the underlying holdings and structure of a portfolio. With these elements, advisors can identify potential areas of risk and provide insights into the overall structure of the portfolio, including the types of securities held, sector and industry weightings, and geographic exposure.

This information can give the client a good roadmap of their current financial situation and provide a clear path for how they can move forward to achieve their financial objectives. Over time, it can also help the advisor and the client make informed decisions about adjusting the portfolio as needed to meet the client's changing goals and risk tolerance.

Increased Operational Efficiency

One of the biggest benefits of financial data aggregation is increased efficiency. With all of their clients' financial information in one place, advisors can quickly and easily access the information they need to make informed decisions. This eliminates the time-consuming process of logging into multiple systems, downloading data, and manually compiling information. And by avoiding manual data-entry, advisors and their clients can feel more confident in the accuracy of the data.

Aggregation also allows financial advisors to save time by automating parts of their various workflows, such as onboarding, portfolio analysis, account reconciliation, performance reporting, compliance reporting, billing, and more. Advisors can use the aggregated data to generate personalized reports for their clients in a matter of minutes rather than hours or days—helping them focus more on client relationships and less on data entry.

Loyal Clients

More personalized service, more accurate information, and more responsive recommendations all add up to perhaps the most valuable benefit of all for financial advisors—increased client trust and satisfaction. Client loyalty is a crucial aspect of a career as a financial advisor, as it forms the foundation of a long-lasting and successful business.

Client loyalty and trust helps to establish a more predictable revenue stream for the financial advisor. This stability can help the advisor plan for the future and invest in the growth of their practice. Loyal clients are often more engaged and more likely to seek the advice of their financial advisor on a regular basis. This provides the advisor with more opportunities to demonstrate their expertise and add value. By consistently providing high-quality advice and personalized services, the advisor can deepen the relationship with their clients and increase their loyalty.

Satisfied and loyal clients are also more likely to refer others to their trusted financial advisor. Word-of-mouth referrals are a powerful tool for building a successful practice—giving advisors a steady stream of potential clients who are already predisposed to trust and value their services.

Overcoming Security Concerns

One of the biggest concerns clients may have about data aggregation is the security of their financial information. To address these concerns, advisors can educate their clients on the security measures that are in place, which may include encrypted data transmission, secure storage of financial data, and the use of two-factor authentication and other types of verification.

It's important to note that most data aggregation platforms use advanced security protocols to protect their clients' financial information. This includes the use of firewalls, encryption, and regular security audits to ensure that client data is protected at all times.

Explaining the Benefits of Data Aggregation to Clients

If clients are apprehensive about aggregating their accounts, financial advisors can share these benefits of aggregation:

- **Personalized Advice:**
Get advice that's tailored to your unique financial circumstances
- **Convenience:**
Access all financial data with one login
- **Improved Visibility:**
See a complete picture of your full financial situation
- **Risk Management:**
Give the advisor the data they need to assess and manage your overall risk level
- **Enhanced Security:**
Feel confident in the security of your financial information

Finding the Right Investment Data Aggregation Provider

How can advisors find a financial data aggregation provider that will deliver the greatest benefits for their clients and their practice? Look for one that specializes not only in technology but also in investment data and analysis—with a deep understanding of how the data will be used.

The ideal provider should do more than simply deliver data. It should also enrich that data, strengthening information and adding critical details on accounts, holdings, asset allocation, sector allocation, risk levels, and more to ensure that all data is reconciliation-ready.

Finally, find a provider that's dedicated to the best interests of advisors and their clients. Some aggregators, for instance, establish direct relationships with advisors' clients. Others use the data for their own commercial purposes—reaching out to investors to sell additional services.

Morningstar® ByAllAccounts® Checks All the Boxes

As a highly sophisticated, investment-first aggregator, Morningstar is 100% focused on serving advisors, investors, broker dealers and the platforms that serve them. ByAllAccounts, our data aggregation and enrichment platform, empowers advisors and their clients with high-quality financial data tailored to investment use cases.

For more than 20 years, ByAllAccounts has provided data connections integrated into advisors' wealth management platforms through data aggregation and today services the majority of the RIA market. This data provides a complete view of custodial accounts and clients' finances, with deep data sourcing from wealth- and investment-management institutions. It's normalized across institutions, enriched, and delivered to the receiving platforms or applications to provide consistent data for analysis — regardless of the investment or custodial source.

As a result, Morningstar ByAllAccounts data allows advisors to provide highly personalized insights and servicing. The aggregated data, appended with Morningstar Security IDs, can be seamlessly integrated into Morningstar solutions.

Advocates for Advisors and Their Clients

At Morningstar, our experience and thought leadership has earned us the respect of industry groups, regulators, and financial institutions. As a result, we're highly effective advocates for investor/advisor use cases with influential groups like the Consumer Financial Protection Bureau.

Get Started Now

Experience the power of Morningstar ByAllAccounts to help you leverage investment-first data aggregation and insights across your entire client lifecycle — prospecting, proposal generation, portfolio creation, financial and tax planning, reporting, billing, transfer of assets, and beyond.

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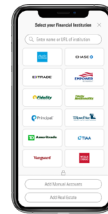
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