

## How Friends Influence Investing, A Growing Trend; Use of Social Technology for Investing

*Insights on Asset Manager Relevance, Disruptive Product Tests on Digital Advice, Combining Banking and Investing and Health Savings Accounts*

(July 19, 2018, Rye, NY) – Actionable insights into how Americans talk finance with friends can shape strategy to engage with today’s investors, as outlined in a new report from [Hearts & Wallets](#), the source for retail investor data and insights.

Accumulators 2018 **Talking Finance with Friends: Disruptive Trends in Savings, Digital Advice and Asset Management** examines how reliance on friends influences investment decisions. Part of the Explore Qualitative™ series, the research looks at emerging issues and innovative product ideas through the eyes of the consumer.

In addition to use of social technology for investing, the series provides an overview of current topics on the minds of top industry executives. These six modules include how asset managers can gain new relevance and how to stimulate innovation with three concept tests – new twists on the pairing of banking and investing, digital investment advice with a planning option, and a health savings account under a different name to test awareness and receptivity. Each module in the series contains key findings and implications and consumer verbatims. The concept tests include go-to-market considerations.

This national research includes participants ages 28 to 52 with \$175,000 or more in investable assets and \$50,000 outside their workplace retirement accounts, segmented by reliance of friends for investment advice – *Usually Use Friends, Sometimes Use Friends or Never Use Friends*. The size of the research target is composed of 7.3 million households who control \$5.3 trillion in investable assets.

### **Talking Money**

The series examines the growing trend of using “friends as a source of investment information and advice,” as shown in the Hearts & Wallets Investor Quantitative™ Database. Three out of four consumers ages 28 to 39 (Early Career lifestage) say they talk finance with friends, up 17 percentage points in the past five years. One out of two consumers ages 40 to 52 (Mid Career lifestage) say they talk finance with friends, up 7 percentage points during the same time period.

“The taboo to discuss investing is lifting for consumers,” Laura Varas, CEO and founder of Hearts & Wallets said. “Because fewer people have pensions, consumers are taking action to manage their retirement and seek out a variety of resources, including friends. Learning how friends share information about finance can help firms to develop strategies for engagement and new products.”

## Friends Talk Finance/2

The research reveals that *Usually Use Friends* talk specifics on companies, stocks and rates of returns while *Sometimes Use Friends* are more general in their financial discussions. For *Never Use Friends*, finance is highly personal, often ingrained in their upbringing, and something not to be discussed. They compare it to politics – an explosive topic that could risk the loss of a friendship.

“There’s not a one-size-fits all in how consumers talk to friends about finance,” Katherine Nygren, Subject Matter Expert and report co-author, said. “Those insights can help to shape platforms to share investment information and ideas. For example, consumers who are less comfortable will benefit from an option of anonymity in online financial discussions.”

Attitudes toward ESG and crypto-currency investing are also explored in this segmentation.

## Social, Tech and Investing

The series also looks at how consumers use technology to find and exchange saving and investing information with special focus on mobile. This qualitative research expands on findings from the Hearts & Wallets Investor Quantitative™ Database that found that more than half of consumers who consult with friends “usually” use social media as a source of investing information and advice.

More social consumers say they crowdsource investment ideas with each other, actively sharing, discussing and exchanging tips. Mobile payment is widely used and accepted, although *Never Friends* are least likely to use such an option.

“Consumers are hungry for unbiased content they can trust for investing decisions,” Beth Krettecoc, Subject Matter Expert and report co-author, said. “Firms can become a go-to resource by partnering with respected third-party content providers on their platforms and evolving to support the growing social nature of investing.”

## Actionable Insights

Other parts in the Explore Qualitative™ series include exercise and concept tests, which gather consumer reactions for actionable insights to develop products and messaging. These topics include –

*Role for Asset Managers* – an unaided exercise that finds many consumers could not name a single asset manager and were unsure what firms do. The section offers insights on how to build end-user relevance for asset managers.

*Digital Investment Advice with Planning Option* – a concept test that examines opportunities for technology to personalize both investment selection and personal finance advice solutions.

## Friends Talk Finance/3

*Banking and Investing Together* – a concept test that explores new twists for a combined banking and investment product, such as investing and loans and saving at the point of spending.

*Investment Account for Future Health Care Expenses* – a concept test that tests the Health Saving Account product under a different name to assess awareness and receptivity and identified concerns about conflicts of interest.

Series packages are available for purchase as well as modules covering a full range of topics in the Hearts & Wallets Explore Qualitative™ Vault.

### Methodology

Hearts & Wallets *Talking Finance with Friends: Disruptive Trends in Savings, Digital Advice and Asset Management* report is an Explore Qualitative™ series of current topics on the mind of industry executives. The research is based on three national focus groups conducted this spring in New York, St. Louis and San Francisco with consumers ages 28 to 52 who have sole or shared decision-making responsibility for investment decisions.

### About Hearts & Wallets

Hearts & Wallets is a data and consulting firm focused on understanding the drivers behind retail investor decision making. Combining a consumer marketing framework with financial services operating experience, the company is a catalyst for consumer-driven innovation in retail investing and saving. Hearts & Wallets works with leading financial providers to improve the effectiveness of their marketing communications, solution design and service delivery. For more information visit [www.heartsandwallets.com](http://www.heartsandwallets.com).

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