



The Dangers of Stagnation: How Large Firms' Reluctance to Embrace New Tech Limits Client Success

In today's rapidly evolving business landscape, technology is at the forefront of virtually every industry, with financial services being no exception. Fintech has revolutionized the way we access, manage, and invest our money.

As an advisor, one might assume that large firms would be eager to leverage the latest tools and technologies to better serve their clients and maintain a competitive edge. However, that is not always the case.

Many advisors working in these firms find themselves frustrated by strict limitations around the services they can provide and the technology they can use to help their clients and scale their practice. This reluctance to embrace new technology can be likened to using the same smartphone for seven years – slow, outdated, and hardly capable of keeping up with today's demands.

In this article, we will delve into the reasons behind large firms' slow uptake of new technology and the potential consequences for advisors and their clients.

Fear of Change and Disruption

Large financial institutions often operate on a traditional, conservative mindset that focuses on stability and proven methods. This can lead to resistance to change and an aversion to risk – a significant barrier to adopting new technologies.

While such an approach may have served these institutions well in the past, today's rapidly changing environment demands a more agile and forward-thinking approach.

Bureaucracy and Decision-Making

The decision-making process in large firms can be notoriously slow and complex. Introducing new technology often involves multiple layers of approvals and extensive discussions. This bureaucratic nature of large organizations hinders the adoption of innovative technologies that could benefit both advisors and clients.

Legacy Systems and Integration Challenges

Large firms often have a vast array of legacy systems that have been in place for years or even decades. Integrating new technology with these outdated systems can be a daunting and time-consuming task.

This can result in firms opting to stick with their current technology infrastructure, despite its limitations, rather than investing in necessary upgrades.

Cost Concerns

The cost of implementing new technology can be a significant barrier for large firms. The initial investment required for purchasing software, hardware, and infrastructure – along with the ongoing costs of maintenance, training, and support – can be substantial.

However, by focusing solely on the short-term financial impact, these firms may be overlooking the long-term benefits of adopting new technologies, such as increased efficiency, scalability, and client satisfaction.

The Impact on Advisors and Clients

Reluctance to embrace new technology can be incredibly frustrating for advisors who recognize the potential of these tools to streamline their operations and provide a better service to their clients. A smartphone that is seven years old, slow, and broken would hardly meet the needs of today's users. In the same vein, outdated technology within

financial firms can impede advisors' ability to keep pace with their clients' evolving needs and expectations.

As a result, advisors may find themselves unable to provide their clients with the best possible advice and solutions due to limitations in their available tools and resources. This could lead to missed opportunities for clients, as well as a loss of trust and credibility for the advisor.

Furthermore, as clients become more tech-savvy and demand access to advanced tools and digital services, advisors who are restricted by their firms' technology limitations may struggle to retain existing clients and attract new ones.

The Need for Change

The slow uptake of new technology by large financial firms not only hampers advisors' abilities to serve their clients effectively but also puts these firms at risk of losing ground to more agile competitors. It is crucial for the industry's future that large firms recognize the importance of embracing innovation and invest in the tools and technologies that will drive success for their advisors and clients.

Reach out to Carmine today and discover how partnering with Cornerstone can help you transform your practice and achieve the success you've always desired.