

Robo-advisory Services - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Robo-advisory Services Market size is estimated at USD 11.52 billion in 2024, and is expected to reach USD 45.75 billion by 2029, growing at a CAGR of 31.78% during the forecast period (2024-2029).

The rapid digitization of the BFSI industry has accelerated the growth of digital investments in which Robo-advisors play a major role. The Robo-advisory services are beneficial majorly for passive investors who do not prefer personal monitoring of their portfolio development.

Key Highlights

- Rapid automation of processes and businesses across end-user industries is acting as a major catalyst for the adoption of Robo-advisory services. These services eliminate human labor, as the online platforms offer the same services at a fraction of the cost. Also, the services are available 24/7 as long as the user has an Internet connection.
- Several emerging economies are stimulating the regional players to enhance their testing and research of Robo-advisory services. These initiatives are further expected to act as a catalyst for market growth. For instance, Saudi Arabia's Capital Market Authority (CMA) approved Wahed Capital and Haseed Investing Company to test its Robo-advisory services. This was done as part of the country's strategy to encourage the use of financial technology in the Arab economy.
- Amidst the coronavirus outbreak, lockdown, and market uncertainty, a surge in B2B Robo-advisors, Digital investing, financial advice, and portfolio management is witnessed globally. A rapid shift from traditional investment services to robo-advisory investment services is another factor in market growth. In addition, investment platforms are now offering robo-advisors as new digital financial advisors over traditional investment services, enabling the scope of expansion for robo-advisors.
- The widespread use of robo-advisory throughout industrial verticals such as retail banking, asset management, and others for conducting algorithmic calculations to analyze data and transmit comprehensive information driving the market forward.

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Moreover, robo advisors offer specific benefits such as tax-loss harvesting, low-cost portfolio, better decision-making, safe and secure investments, and help eliminate credit risks. Such factors are anticipated to drive industry growth over the forecast period. -However, the limited flexibility offered by robo advisors is anticipated to restrain the market's growth during the forecast period. In addition, the lack of face-to-face meetings leading to consultation barriers between investors and advisors is also expected to hinder market growth. However, the demand for low-cost investment advisory is anticipated to open up opportunities for market growth. Furthermore, the growing usage of advanced analytics and big data can potentially broaden the scope of robo-advisors significantly.

Robo Advisory Services Market Trends

Investment Advisory Expected to Gain Maximum Traction

- Robo-advisory services majorly include investment advisory services related to the personal finance of individuals. Robo-advisors are rapidly filling the gaps created by human investment advisors, such as capability, capacity, and cost, majorly due to the increase in the adoption of digitization across the investment industry, coupled with the adoption of AI in robotics.
- The demand for robo-advisors is anticipated to increase due to the financial sector's increased adoption of technology-enabled analytics for investment consultations. Another driver of industry growth is the quick transition from traditional investment services to robo-advising investment services. Furthermore, robo-advisors are now available on investment platforms instead of traditional investment services, allowing for the spread of robo-advisors.
- The market is being driven ahead by the extensive usage of robo-advisory across several industrial verticals, including retail banking, asset management, and others, for algorithmic calculations to evaluate data and provide thorough information. Over the forecast period, these variables are anticipated to fuel industry expansion. One of the key factors propelling the market's growth is the emergence of new technologies like artificial intelligence (AI) and machine learning (ML).
- FinTechs across the world rely upon both technology and personal advisory. They are rapidly creating robo-advisory services by adopting technologies such as AI and ML, offering accurate and transparent advisory services to retail investors, further preventing them from making inaccurate investment decisions.
- One of the main robo-adviser developments is the expanding use of AI and ML in investment platforms. For instance, the launch of Kenanga Digital Investing was announced by the Malaysian financial services company Kenanga IB in February 2022. (KDI). The market's newest automated Artificial Intelligence (AI) robo-advisor, which seeks to make financial decisions easier, powers this digital investing platform.

North America Expected to Dominate the Market

- Investment management robo-advice is regarded as a breakthrough in the formerly exclusive wealth management services since it makes the services accessible to a wider audience at a cheaper cost in comparison to conventional human assistance. Robo-advisors estimate the client's risk tolerance by gathering information about the client's current financial status. The client's risk choices and intended target return are taken into account when the robo-advisor decides how to distribute the client's assets.
- The North American region is expected to dominate the market owing to the presence of several market players in the region, such as Betterment LLC, Charles Schwab & Co. Inc., Wealthfront Inc., and Vanguard Group, amongst others. Also, the region has led other regions in terms of technological advancement and the robotics industry. Various companies in the market have been making product innovations and developments to leverage the first-mover advantage and gain maximum market traction.
- Several financial institutions are still in the development phase to innovate and develop highly advanced platforms offering robo-advisory services to their customers. For instance, the Vanguard Group plans to launch a Robo-advisory service, which the

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company claims is expected to eliminate human advisory.

- For instance, in May 2022, Ally Financial launched a new wealth management offering, hiring a team of human advisors in an effort to complement its existing robo-advisor service. With this addition, the company would be providing its customers with one-on-one wealth advice through the service.
- Moreover, increasing investment in blockchain technology in North America. Several blockchain development projects have been initiated in the United States in recent years, accelerating the market's growth. In addition, this region is home to a significant number of small and medium-sized technology-based firms.
- In addition, great progress has been made in the integration of public vital services with BaaS solutions, which is anticipated to create new growth prospects for the robo advisory over the next few years. BaaS is a cloud-based architecture that assists enterprises in developing and operating blockchain applications.

Robo Advisory Services Industry Overview

The competitive landscape of the Robo-advisory Services Market is consolidated owing to the presence of major players like Betterment LLC, Wealthfront Inc., and The Vanguard Group, amongst others holding the majority of the market share. These market players are making product innovations to capture maximum market share globally. Also, several economies' governments are stimulating smaller vendors to enter the market with innovative products or by forming strategic collaborations.

In November 2022, JPMorgan Chase was filling in a gap in its suite of wealth management services with the launch of a hybrid robo-advisor program that would offer investors a digital investment platform and ongoing access to a human, financial advisor. J.P. Morgan Personal Advisors is open to all investors, but the company envisions it primarily serving banking or credit card customers who are interested in wealth management services but wouldn't be inclined to engage with J.P. Morgan's in-branch advisors.

In March 2022, flatexDEGIRO AG, Europe's largest and fastest-growing online broker for retail investors, signed a Memorandum of Understanding (MoU) to extend its long-standing B2B partnership with digital wealth manager Whitebox, one of the leading independent robo-advisors for retail investors. Together, flatexDEGIRO and Whitebox would offer a fully digital investment solution to flatexDEGIRO's customers, aimed to start at flatex, Germany.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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