

THE NEW TREND IN DIGITAL ASSET MANAGEMENT: ROBO-ADVISORS

DOI: 10.17261/Pressacademia.2020.1354

PAP- V.12-2020(18)-p.77-78

Ciydem Catak

Turkish-German University, Business Administration, Istanbul, Turkey.

catak@tau.edu.tr, ORCID: 0000-0001-7501-5969

To cite this document

Catak, C., (2020). The New trend in digital asset management: robo- advisors. PressAcademia Procedia (PAP), V.12, p.77-78.

Permanent link to this document: <http://doi.org/10.17261/Pressacademia.2020.1354>

Copyright: Published by PressAcademia and limited licensed re-use rights only.

ABSTRACT

Purpose- The robo-advisors used by investors looking for financial advice are web-based platforms that utilize algorithms to automatically create and manage portfolios. They recommend portfolios according to the personal preferences of the investors, which are determined by online surveys. Digital financial advice is a new trend in Turkey, and this study provides an overview of the changing landscape of digital asset management and financial advice. It aims to examine the market situation of robo-advisors in Turkey.

Methodology- A SWOT analysis is being conducted to determine the strengths, weaknesses, opportunities and threats of these new digital financial advisors.

Findings- The analysis shows that robo-advisors are among the most noticeable developments in digital asset and wealth management. Low fee structure, and low minimum investment requirement are some of the strengths and standardization, quick and easy introduction for young people due to their propensity for technology are some of the opportunities that robo-advisors have, and these positive aspects show why some of the industry experts believe that it is obvious robo-advisors cause difficulties for those who are traditional and refuse to change over time.

Conclusion- Robo-advisors, were recently introduced in Turkey and their number is still limited. The number of these consultants deployed worldwide is very high and is also growing in Turkey, and the true potential, strengths and weaknesses of these advisors in Turkey will be better understood if they are deployed on a large scale.

Keywords: Digitalization, asset management, robo-advisors, traditional advisors, automated investments

JEL Codes: G11, G20, O16

REFERENCES

Abraham, F., Schmukler, S. L. and Tessada, J. (2019). Using Big Data to Expand Financial Services: Benefits and Risks, Research & Policy Briefs from the World Bank Chile Center, No.26, Malaysia Hub, and Seoul Center.

Beketov, M., Lehmann, K. and Wittke, M. (2018). Robo Advisors: Quantitative Methods Inside the Robots. Journal of Asset Management, 19, 363-370. <https://doi.org/10.1057/s41260-018-0092-9>

BI Intelligence, (2017). The Robo-Advising Report: Market Forecasts, Key Growth Drivers, and How Automated Asset Management Will Change the Advisory Industry. <https://www.businessinsider.com.au/the-robo-advising-report-market-forecasts-key-growth-drivers-and-how-automated-asset-management-will-change-the-advisory-industry-2016-6>.

Boreiko, D. and Massarotti, F. (2020). How Risk Profiles of Investors Affect Robo-Advised Portfolios?. Frontiers Artificial Intelligence, <https://doi.org/10.3389/frai.2020.00060>

Brenner, L. and Meyll, T. (2020). Robo-advisors: A substitute for human financial advice?. Journal of Behavioral and Experimental Finance, 25. <https://doi.org/10.1016/j.ibef.2020.100275>

Burnmark (2017). Digital Wealth Report, https://www.burnmark.com/uploads/reports/Burnmark_Report_Apr17_Digital_Wealth.pdf

Çatak, Ç. (2020). Digital Transformation in Finance: Robo-Advisors vs. Human Financial Advisors. Bayrak Meydanoğlu, E., Klein, M., Öztürk, R., Bartholomäus, N., Digital Transformation in Business (theory/practice), Berlin, Peter Lang, 181-188.

Deloitte (2016). The Expansion of Robo-Advisory in Wealth Management, <https://www2.deloitte.com/content/dam/Deloitte/de/Documents/financial-services/Deloitte-Robo-safe.pdf>

Jung, D., Dorner, V., Glaser, F. & Morana, S. (2018). Robo-Advisory: Digitalization and Automation of Financial Advisory, https://www.researchgate.net/publication/322643071_RoboAdvisory_Digitalization_and_Automation_of_Financial_Advisory/link/5a67299fa6fdcc72a589cd2d/download.

Kahneman, D. and Riepe, M. W. (1998). Aspects of Investor Psychology Beliefs, Preferences, and Biases Investment Advisors Should Know About, *Journal of Portfolio Management*, 24(4), 67-91.

KPMG (2015). Robo Advising: Catching up and Getting Ahead, DealBook Conference. <https://assets.kpmg/content/dam/kpmg/pdf/2016/07/Robo-Advising-Catching-Up-And-Getting-Ahead.pdf>

Renaux, M. C., Rudnichi, M., Beniere, A. & Lorain, F. (2019). How Will Robo-Advisors Reshape Asset Management?, Initio Group, https://www.aixigo.com/fileadmin/user_upload/Ueber uns/News und Presse/Dokumente/INITIO White Paper Robo Advisors incl. Interview CFR.pdf