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Advice in the 2020s about empathy, not information

Tahn Sharpe September 4, 2019

Robo-advice tools are becoming better at providing information to clients, so advisers will need to shift their focus towards values and understanding if they are to retain their relevance to clients in the decade ahead, according to the founder and CIO of London-based Trinetra Investments, Tassos Stassopoulos.

Speaking at the recent Portfolio Construction Forum Strategies Conference in Sydney, Stassopoulos said that robo-advice will spell the end of "information advisers", or those that position their value on data-based expertise.

"But empathetic advisers who try to help their clients live more fulfilled lives by understanding their values – as oppose to the advisers' values – will become more relevant than ever in the 2020s," Stassopoulos said.

The former AllianceBernstein and CreditSuisse executive said values have become increasingly marginalised by the rise of AI in recent years. Artificial intelligence has become glorified, Stassopoulos explained, and is falsely being pitched as a cure-all for

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world and forming a specific process for investment "by looking at customer values and how they're evolving".

"I have travelled from the slums in Lagos to middle-class homes in Medellin, Columbia, from villages in Mexico to the rural grasslands of China," he said, revealing that he shared food with locals and slept on floors to gain perspective and "learn their stories".

"It was much more powerful than any data because it gave me insights into why trends are happening," he continued, "I used a tool that no machine can replicate: empathy. It helps us understand people well enough to feel what they're feeling, to feel what's important to them and them find a solution to their needs."

Values are important to us, he continued, as they underpin our beliefs, our biases and behaviours.

"In my number-crunching days I thought that values [were] completely irrelevant, but I was wrong," he said.

Machines are very good at predicting short term patterns and behaviour but they can't empathise with people or engage with them about their values and their culture, Stassopoulos continued. If machines can't understand clients' long-term aspirations then they can't understand long term investment trends, he said.

"It's only when we try to understand our clients' values can we enrich their lives," Stassopoulos concluded.

AI, ALLIANCEBERNSTEIN, ASHMORE, CREDITSUISSE, INVESTMENT, PCF, PORFOLIO CONSTRUCTION FORUM, ROBOADVICE, TASSOS STASSOPOULOS, TRINETRA, VALUES

Tahn Sharpe is a Sydney-based financial services journalist with a background in financial planning. He writes on advice, superannuation, investment, banking and insurance issues, is a certified SMSF Adviser and holds an Advanced Diploma of Financial Planning.

Tahn's Profile

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