

The Human Element and What You can Learn from the Experience

E-Commerce skills don't translate into financial planning skills. Examining problems customers have with using e-tailers can help employers determine where to emphasize the human element in investing.

Amazon's merger with brick and mortar food distributor Whole Foods set off a discussion on what could the company move into next. Some financial analysts have pondered whether Amazon could take over their industry. But while Amazon excels at delivering an excellent e-Commerce experience, those skills don't translate into financial matters. Taking a look at the details of why those skills won't translate can help improve your employees' experience with your retirement planning. Examining problems customers have with using the ubiquitous e-tailer can also help in determining where to emphasize the human element in investing.

According to some studies, only 12% of investors comprise the digital advice opportunity segment. While some may prefer a more detached approach to investing through algorithms and robo-investing, the human element is in more demand for most investors. This could be because financial advice, unlike cat food or the very best pen, requires an ongoing understanding of individuals and their specific concerns.

While some of an individual's specific financial elements can be measured by analytics, such as levels of risk tolerance, understanding triggers and confidence levels requires more humanity. Risk tolerance can be assessed through standard questionnaires. Robo-investing can help with the basics of investors that are already signed on to a retirement account. That might include self-correcting account mixes, for example. But getting investors to sign up for retirement may be more successful when approached human to human.

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Generically, people's reasons for hesitating about saving for retirement may fall into broad categories. Addressing those categories broadly by messaging can be helpful, but might be less effective than other methods that allow for individual interaction with financial advisors. Plan sponsors may succeed in having higher enrollment numbers by increasing the human touch. How do to that? If you view Amazon as an example of the robot touch, looking at problems with ordering from Amazon can be useful.

For example, trust is a key element in investing. While some financially savvy employees may feel comfortable relying solely on interac-

tions with robo-investing, most will want to know they can contact a human and quickly. Access to humans also overcomes the "Amazon oopsies." Many shoppers on that e-Commerce site have tales of being sent either the wrong thing, or too much of the right thing. Usually those mistakes involve units, such as mistaking a package for a case. Ordering one fishing lure from Amazon might be just what you wanted, but receiving one case might be slightly more than the average fisherman can store. The fact that this is a common mistake on the e-Commerce site shows that the human touch is crucial. Having a human on the other end of a computer

program to take note of unusual activity can prevent an oopsie. Knowing that there is a human on the other end of a computer can build trust in using that system among investors and others.

Often Amazon ordering tales of woe include item descriptions gone awry. Many of those problems are caused by language barriers that trip up non-English speakers. The same may be true for retirement

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products. No matter how well we try to describe a financial system or product, our language may be culturally limited. However, on this specific area, Amazon may have an excellent solution: having peers answer questions from peers from others may help solve communications hiccups. For example, on Amazon, customers can ask whether a product can be used for specific applications – like orchid food being used on other flowering plants. This may be useful for employers looking to encourage more employees to enroll in retirement programs.

Even more so than just overcoming communications concerns, the human element is vital to encourage employees to start saving for retirement. No robot or algorithm can address fears about college savings or housing market declines specific to an employee. Each employee has a unique mix of reasons to hesitate in their savings.

Learning from the troubles with Amazon, having a human to address individual interaction and a mix of concerns, avoiding (or catching promptly) unusual activity or errors in choosing investments, and ensuring communications are culturally appropriate, all increase the human touch. ■