

Big banks are fighting robo-advisors head on

Increasingly, Wall Street is launching stand-alone financial advice services as smaller competitors target a key business.
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If you can't beat them, join them. That's the attitude of a growing number of big banks, which have been locked in a battle against an unlikely competitor: web-based financial advisors. Slowly but surely, those foes appear to be winning by default as they force banks to adapt to the brave new world of giving financial advice online.

Wall Street has been stuck in what one executive recently said was "the Dark Ages" of wealth management services that haven't kept pace with technological change. With a generational wealth transfer of \$30 trillion under way, how consumers respond to the overall shift to digital money management is set to play a big role in the future — and the bottom line — of some of Wall Street's most prominent financial services firms.

Although Big Banks have been slow to confront the challenge posed by up-and-coming online fund managers or robo-advisors that may be changing. As a result, Big Banks are out to take on their other digital competitors and are responding by bolstering their existing web-based capabilities. "We see an opportunity for an automated portfolio management offering that could complement the advice and guidance offered by our financial solutions advisors," said Aron Levine, head of Merrill Edge at Bank of America.

As wealth management gravitates toward automated options, underperforming wealth managers and financial advisors could also come under the gun if more bank customers discover a preference for digital services. Most economists feel that more choices and competition only bodes well for consumers.