

Andes Wealth and Orion: Marrying Risk Analytics with Behavioral Finance to Support a Better Advisor-Client Journey



Behavioral finance and risk analytics have become more popular than ever in wealth management. Do they really hold the key to better investment outcomes and more satisfying client experiences that advisors crave, especially after the COVID-19 market turmoil?

The tremendous benefit of behavioral finance and behavioral coaching isn't new. In 2019, Vanguard published a study reporting that the emotional value advisors create through behavioral coaching accounts for 45% of the total perceived value of the advisor-client relationship. But clients may balk at behavioral coaching—how can advisors make it easy, fun, and enlightening, instead of being perceived as judgmental and accusing?

Irrational investor behaviors are often triggered by market movements. The concept of risk-return tradeoff has existed since Harry Markowitz invented the Modern Portfolio Theory in 1952, which established the efficient frontier and the notion of “high risk, high return.”¹ However, during market turmoil, high risk is often accompanied by sharp declines.

What can advisors do when the conventional wisdom breaks down? That is when behavioral finance comes in, because it suggests that investors are not always rational economic beings and markets are not always efficient. But concepts alone are not enough. Advisors need integrated technology to simplify the complex to help clients make better sense of the market and their own emotions.

What does this integrated technology look like in practice?

Introducing Andes Wealth Technologies, Proud Partner of Orion Advisor Tech

The Andes Wealth Platform is the first of its kind to combine behavioral finance with risk visualization to empower financial advisors to deliver actionable insights in investment and investor behavior.

AccuProfile®, its Behavioral Finance module, makes it easy for advisors to help clients identify their investor type and behavioral biases that may lead to irrational behavior. For example, loss aversion is a common behavioral bias that makes the pain of losing feel twice as strong as the pleasure of gaining. Having this awareness helps clients put their emotions in perspective and help them grow as investors.

A credible conversation in investor behavior needs to be backed by real insights in investments. While other systems may have risk analytics quarterly or monthly, Andes Wealth provides deep analytics daily to deliver timely insights that clients can't get from CNBC and Yahoo! Finance. Furthermore, the visualizations make it easy for advisors to illustrate the lack of diversification and excessive risk when working with prospects, as well as having deeper conversations with existing clients during market turmoil.

Finally, its patent-pending Risk Tolerance Test allows clients to choose their comfort zone in the risk-return spectrum, and the result is mapped directly to one of the firm's models. This approach is intuitive, transparent, and defensible, forming a solid foundation for a trusting long-term relationship.

By combining behavioral finance with risk visualization, Andes Wealth Platform empowers advisors to deliver real insights and truly personalized services, to better meet the functional and emotional needs of their clients.

Andes Wealth and Orion Advisor: Blending Better Client Experience with Powerful Efficiencies

The integration between Andes Wealth and Orion is designed to help advisors create a better client experience while streamlining their workflows.

Orion has built custom data queries to enable advisors to synchronize all of their existing Orion household and account data with the Andes platform, making it easier and more efficient to:

- Move the client seamlessly from risk profiling to portfolio model selection and ongoing monitoring, all while applying behavioral finance concepts
- Improve transparency through the industry's most comprehensive, yet digestible, Investment Policy Statement (IPS)
- Help advisors effectively tell the long-term story during market turmoil using a combination of behavioral finance and visualizing deep analytics

Eric Clarke, CEO of Orion, said, "using technology to augment human compassion and insight is the new frontier of fiduciary service, and we've only just begun to explore the possibilities." Andes Wealth Technologies is proud to be a partner on this journey to transform the wealth management experience.

Start Improving Client Outcomes Today

Click [here](#) to learn more about Andes Wealth Technologies and our partnership with Orion.

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¹ Helen Yang, founder and CEO of Andes Wealth, received the prestigious Harry Markowitz Award in 2011.