



# Marstone

## Voices from the FinTech Advisory Committee



### **Margaret Hartigan,** *Founder & Chief Executive Officer, Marstone*

*Inspired to help demystify finance and make financial literacy and inclusion possible and accessible for all, Margaret founded Marstone, an enterprise-ready tech platform for financial institutions.*

*Marstone offers a flexible wealth management solution that enables financial organizations to efficiently and affordably reach, acquire, and retain more clients through its core-agnostic offering that meets client needs as their financial position matures.*

*Prior to starting Marstone, Margaret was a top quintile financial advisor for 10 years in the Global Wealth Management Group at Merrill Lynch, split between New York and San Francisco. A graduate of Brown University, Margaret is an active leader in the alumni and major development efforts at both Brown University and Phillips Exeter Academy. She's a member of the Milken Institute FinTech Advisory Committee and a former trustee of Sonoma Academy in Santa Rosa, California.*

- 1. What do you see as leading to the rise in digital wealth management platforms? What is lacking in the traditional wealth management space that digitally centric platforms can address or provide?**

We're seeing a rise in digital wealth management platforms thanks to their ability to provide access, ignite initiative, and promote financial inclusion. Primarily, we see Millennials driving this—as they become the largest generation in the US, their tech-savvy nature and affinity to streamlined, efficient, and simple solutions is forcing this change in wealth management. And as they're set to inherit the largest transfer of wealth in history (\$38 trillion from Baby Boomers),

they're eager to find digital-centric solutions that allow them to gain control of their own financial security.

What's currently lacking in traditional wealth management is the ability to offer more personalized experiences. Traditional static plans leave something to be desired—every investor holds a myriad of personal values, and allowing them to take a more active role in their financial planning by creating rich experiences supersedes a one-dimensional path towards building digital wealth.

**2. You have taken the path towards partnerships rather than forging your own path and directly competing against incumbent financial services firms. Why? What led you in your decision to take a more collaborative path with incumbent institutions?**

At Marstone, we believe that true transformation comes from a collaborative mindset. The company was born out of collaboration as almost everyone from the original business team came from financial services in some capacity—advisors, portfolio managers, compliance, operations, marketing, CFAs, etc. Because of this, we wanted to create a platform that addressed all of the needs and pain points of stakeholders across the industry. In order to operate to address every motivation, we believed partnering versus trying to disrupt the financial incumbents would allow us to do so with the greatest impact and speed.

**3. As a technology services provider to incumbent financial institutions, do you oftentimes face the residual effects of policy and regulatory changes, such the Department of Labor's Fiduciary Duty Rule or the SEC's Regulation Best Interest rule? How do you confront and appropriately address these issues?**

We are affected by regulatory changes but look at them as opportunities rather than hinderances. As a smaller provider, Marstone is uniquely situated to react quickly and tailor digital services to match pace with new regulations.

**4. Beyond acting as a technology partner, Marstone also offers two additional ways to partner, according to its website: as a sub-advisor or registered investment advisor. Since inception, what partnership strategy is most preferred? Why?**

Both partnership methodologies work well for Marstone and depend on the appetite of the institution. It is honestly in our best interest to meet the institutions where they are and fit into the puzzle where we are most critical.

**5. We've seen several digital wealth management providers expand horizontally by offering new products and services and geographically by entering new markets. Is Marstone looking to move beyond just wealth management into other products and services in the US market or beyond?**

Marstone approaches opportunities from a place of alignment with our mission to demystify and humanize finance for all. As we look to continue improving our digital advice solution—and contemplate other solutions—boosting financial inclusion and literacy will drive our progress.

**6. "Artificial Intelligence" and "machine learning" have become buzzwords in FinTech and in other industries/sectors. Part of the Milken Institute's FinTech program focuses on understanding the impact of these technologies on the end-user. To what extent have you seen the use of AI leading to greater wealth management opportunities for the end-user? What sort of examples can you provide where end-users have benefited from the use of AI in the wealth management space?**

At Marstone, we believe that developing a relationship with a client requires more than a one-dimensional analysis, and technologies like AI can enable this. For example, our algorithms create a more holistic understanding of investors' timing and risk tolerance, improving their overall wealth management experience.

**7. Financial literacy is a huge problem here in the United States. The Milken Institute held a public session on this very issue at its 2017 Global Conference.<sup>1</sup> Is financial literacy in focus in the wealth management space? How is Marstone attempting to address this challenge?**

Financial literacy and financial inclusion cannot exist without one another. Attracting and retaining investors requires a grounded, humanized approach to wealth management, but the industry has difficulty letting go of complicated jargon and legacy standards. Not only does it fail to boost literacy, it also deters new investors. One of Marstone's main objectives is to demystify wealth management through the use of informative checkpoints, colloquial phrasing, easy access to FAQs, and more.

**8. When you look to the future of wealth management, what are some of the areas receiving less focus from media/industry that may generate substantial opportunities going forward?**

The effects of market volatility are at the top of mind for our team. Also, we are carefully investigating efficiencies on behalf of our large institutions and how we can streamline processes for them.

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<sup>1</sup> Getting from Financial Inclusion and Literacy to Financial Health. Milken Institute Global Conference 2017. Video available at: <http://milkeninstitute.org/videos/getting-financial-inclusion-and-literacy-financial-health>