How fintechs have missed the boat on the wealthiest Americans

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Fintechs are ignoring the richest investors by focusing only on potential customers under the age of 55, a new column in VentureBeat argues, in a massive misstep that could cost the industry billions.

George Noceti, a financial adviser with the Global Wealth Management Division of Morgan Stanley in Silicon Valley, argues in a
column this week that fintechs have largely missed the boat on servicing older Americans who have the most income to spend.

"Perhaps fintech companies in the Valley are reluctant to reach out to this older demographic with their services since older generations tend to be more conservative," Noceti writes. "But credit score technology, identity theft monitoring services, and online password managers are the exact tools this group’s members need in order to monitor their finances."

Noceti cited a poll conducted by Morgan Stanley (NYSE: MS) that showed via its latest Investor Pulse Poll (IPP) that identity theft (72 percent) outranked terrorism (65 percent) as the biggest concern for respondents.

With the majority of the respondents between the ages of 50 and 75, it then followed that only 28 percent of those respondents regularly access their credit score, while less than 25 percent have personal identity theft monitoring services.

But fintechs have been slow to even reach out to that demographic, if they've tried at all, Noceti writes.
"Maybe fintech companies do want to reach the 55-plus crowd but just haven’t had the time to do a focus group of them. The Valley is, after all, about getting products to market quickly, ahead of competitors. Fintech companies are pretty new, so maybe the majority of their employees’ time has been spent just getting the business up and running; the products that come from that rush have only targeted a younger demographic so far," Noceti writes.

"Whatever the excuse, fintech companies, and all of Silicon Valley, should really take note: It’s bad business to ignore the 55-plus demographic, not only because they’re the richest Americans, but also because by 2017 they will be almost half of the U.S. adult population and will control a full 70% of the disposable income."

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