Online brokers and robo-advice: a marriage made in heaven?

PERSPECTIVE 3

InvestSuite

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1. INTRODUCTION

Bart Vanhaeren
CEO & Co-founder InvestSuite

The revenue model of many online retail brokers has evolved significantly since its origin in the mid-1970s and the arrival of the internet in the mid-1990s. At that time, transaction commission was the main driver, but that has gradually become less important, particularly with the arrival of zero-commission trading as pioneered by fintech, Robinhood. Brokers have expanded into offering regular banking products, such as loans and current accounts, alongside asset management services.

We believe that robo-advice is a natural adjacent strategy, fitting well with existing online broker tech infrastructure and – in particular – with its digital investment business DNA, permitting new sources of revenue, deepening the customer's 'share of wallet', and preventing possible churn.

Charles Schwab, Fidelity and Vanguard were among the first in offering robo-advisory services, after pioneering fintech Betterment, founded in 2008, launched the first B2C robo-advisor. European brokers followed suit. In 2020, approximately 30% of European brokers have implemented robo-advisory services versus fewer than 10% of European banks, and there has been an emergence of an 'in-between' model, which blends certain aspects of a self-directed model and an advisory model.

Before we move on to discussing the reasons for adding robo-advisory services, let us first define what a robo-advisor is. A few definitions are floating around, but let us stick to the one provided by Investopedia:

Robo-advisors are digital platforms that provide automated, algorithm-driven financial planning services with little to no human supervision. A typical robo-advisor collects information from clients about their financial situation and future goals through an online survey and then uses the data to offer advice and automatically invest client assets. The best robo-advisors offer easy account setup, robust goal planning, account services, portfolio management, security features, attentive customer service, comprehensive education, and low fees.

Robo-advisors have three defining features. First, they are wholly or mainly digital investment tools, as opposed to human advice, which is typically managed face-to-face. Second, they can provide personalisation at scale by collecting information from an investor and tailoring the portfolio and asset allocation to the investor's goals, risk tolerance and various other factors. Third, they seek to offer a complete set of investment features resulting in being a one-stop-shop for easy and automated investing: robust, goal-based investment advice, account services, portfolio management and rebalancing, security and custody, as well as trade execution and management. Most robo-advisors will offer this service at a relatively low cost, using ETFs as investment vehicles, to round out the typical customer proposition.

Our argument is that adding a robo-advisory solution to brokers' current services results in the following benefits:

1. **Generating new revenues from existing and new customers,**
2. **which are recurring (revenues) in nature, linked to the AUM (Assets Under Management);**
3. **Increasing loyalty of existing customers and increased lifetime spend with the broker;**
4. **Attracting a new segment of customers.**

Whilst we believe that robo-advisory should be seriously considered by all financial institutions aiming to **'activate their balance sheet'**, brokers are as well in a great position. Adding automated advisory services is a **marriage made in heaven for these brokers** because:

1. **Robo-advisors/robo-advisory services are close to the innovation and investment DNA of brokers.**
2. **They can leverage a large part of their tech infrastructure and existing market and data (news) connections.**
3. **Retail investors, and traditional (savings-only) clients increasingly seem to be open to invest both in an advisory/discretionary context, as well as invest in a 'self-directed' mode, so**
4. **Brokers can cross-sell to existing customers, and attract new customers simultaneously.**
5. **Brokers have skills in acquisition marketing, creating the ability to take advance of the market opportunity.**

While recognising that

1. **It adds additional regulatory/Mifid II requirements (and hence resource implications).**
2. **They will need to invest in additional tech, in particular, a Portfolio Management System.**
3. **It will need specific resources to manage this new business line and adjust/conduct specific marketing campaigns.**

2. A KEY CHALLENGE: THE INCOME MODEL OF ONLINE RETAIL BROKERS HAS CHANGED DRAMATICALLY SINCE MAY 1975

Imagine being a stock investor in the 1970s. You had to visit a stockbroker's branch in person in order to execute your trades. The cost per transaction was incredibly high, running into hundreds of dollars versus today's near-zero cost. Additionally, well into the 2000s, if you were a retail bank customer rather than a broker customer, you had to do the same or make phone calls; some poor souls still do this to this day or simply do not have the opportunity to invest directly on the stock market via their main bank.

The abolishment of the fixed commission rate scheme in 1975 in the USA resulted, de facto, in the lasting establishment of the discount brokerage market. Prior to May 1975, individual transactions were reserved for a happy few and could cost as much as $500 per trade. After the change, pioneering discount broker Charles Schwab became the big fish in the pond, and established brokerage firms, such as Merrill Lynch, were initially caught off-guard.

At first, discount brokers like Charles Schwab, Ameritrade and E*Trade focussed on offering their clients cheap access to the stock markets. The income model was, by and large, transaction-related, i.e. clients paid commission to execute a trade. Over time, other (very important) income sources, such as interest (on cash positions), securities borrowing lending and – in the US – pay-for-order flow became part of the online broker's P&L income statement.

After 2000, many of the original online stockbrokers became fully-fledged banks. Although often labelled as online or discount brokers, they started to offer payment and lending services, as well as asset management services.

Nowadays, online discount brokers with full-service models have the following income sources:

1. **Commission income (transaction-related).**
2. **Interest income.**
3. **Payment for order flow.**
4. **Mutual fund and ETF management.**
5. **Securities lending and borrowing.**
6. **Custody fees.**
7. **Premium services.**

DayTradeReview, an online information provider set up in 2017, highlights the difference between various stockbrokers:

Full-service stock brokerages don't just act as middlemen for trades, but also provide services such as tax consulting, portfolio management and estate planning. These brokerages may also offer real-time price quotes, market news services and research on short- and long-term market conditions for actively trading clients. Typically, full-service stock brokerages encourage individual advisors to form long-term relationships with clients and charge an annual fee for services that may or may not include trading commissions.

Discount brokerages reduce the number of services available to clients and often eliminate the personal nature of the advisor–investor relationship found at full-service brokerages. However, by cutting these services, they are typically able to offer trades at lower commissions and may reduce or eliminate annual fees. Today, many full-service brokerages also offer discount branches to cater to a wider variety of investors.

It is worthwhile pointing out that it is very difficult to compare income streams:

1. **The payment for order flow typically applies to the US and not to Europe.**
2. **The difference between the EU and the US also applies to securities lending-related income.**
3. **Many brokers moved to a full banking model, with wholly different additional income streams such as payments and lending.**
4. **Some players do not have a banking licence or partner, making the net interest margin much smaller or even non-existent.**
5. **Some bank-owned players used to charge a custody fee, whereas many independent brokers do not.**

Nevertheless, **the following conclusions** can be drawn:

1. **Nowadays, commission-based income is much less important, although a significant difference between Europe and the US is acknowledged.**
2. **Despite the hype, commission-based income in many jurisdictions will decrease further – although not necessarily to zero – because of the perceived added value that many European-based brokers can provide.**
3. **Asset management- and fund management-related income will increase further.**
4. **Consolidation will also increase further, as well as M&A (traditional banks buying brokers).**
5. **Brokers will move gradually to fully-fledged banking models.**

We argue here that adding robo-advisory services is an 'adjacent strategic move' and makes sense to be considered by those brokers not already offering them, in order to safeguard their income and find new growth opportunities.

3. THE FINAL THREAT? MOVING TOWARDS ZERO-COST TRANSACTIONS

With traditional online retail brokerages charging fees of anything up to $10 a trade, Robinhood has been a hit since its launch in 2015, making it one of fintech's most valuable start-ups. The firm has added three million funded accounts since the beginning of 2020, and it has seen record revenue growth, with investors keen to take advantage of market volatility during the Covid-19 pandemic. **In May 2020, Robinhood raised $280m at an $8.3bn valuation.**

Let us look at the various pricing schemes available for retail investors. Broadly speaking, before the arrival of zero-commission trading, there were **three pricing clusters:**

a. **Traditional banks typically offered limited to no investment/trading experience for self-directed clients, if they did/do they charged anywhere between €15 and €35 per trade.**
b. **Full-service brokers, such as E*Trade (the USA), Bolero (Belgium) and Comdirect (Germany), charged between €5 and €10 per trade – often dependent on the invested amount, market, etc. Interestingly, this bandwidth continued for a very long time and still continues in many jurisdictions. Self-investors do value more services/elements than just the cost of a trade.**
c. **Discount online brokers acted as price breakers before the arrival of Robinhood. For instance, De Giro launched in early 2014 in Belgium with a commission of less than €5, which was well below the second cluster (between €5 and €10) applied by the leading brokers, such as KeyTrade, Bolero and Binckbank.**

InvestSuite's co-founder, Bart Vanhaeren, ran Bolero – KBC's online broker – at the time De Giro entered the Belgian market. At that time, they entered the Belgian market with a very low commission of around €2 per trade (below a certain volume). Bolero was charging €7.50 per trade and Bolero's parent company, KBC, charged more than €20 per trade.

‘I remember well that in April 2014, I got a phone call from a financial journalist asking what Bolero was going to do about it (i.e. the entrance of a price breaker). My answer – perhaps not what the journalist expected – was a short ‘nothing’. We were convinced that our price range was correct, justified by the ever-increasing number of new clients, their stickiness, and increasing number of transactions. Extensive customer research showed that Bolero’s clients appreciated Bolero being part of a trusted player like KBC Group, its unparalleled content and service, and its best in class trading platform. Bolero monitored on a daily basis how many clients left for De Giro. During my years at Bolero, that number was close to zero. It shows that there is an acceptable price level for a large number of investors appreciating a strong content and service offer. Whether that will stay like that in the future remains to be seen, but many clients in Europe doubt whether there is no hidden cost involved in ‘free trading’.’

Bart Vanhaeren, co-founder InvestSuite

4. THE BOMBSHELL

In early October 2019, Charles Schwab dropped a bombshell on the world of online trading. It announced that it would no longer charge clients to trade US shares or ETFs. The introduction of zero-commission trading introduced by Robinhood seemed to have changed online investment and its associated costs for good. The announcement by Charles Schwab was matched by other US giants like TD Ameritrade and E*Trade. Their shares fell immediately; by 28% and 19% respectively. Schwab lost more than 10%. Although this one will – perhaps permanently – hurt, the fact that trading commission only made up 7.5% of Schwab's revenues as reported by FT/Lex (3 October 2019) shows how innovation and new business streams have made it more resilient. How many companies or industries could have survived this? TD Ameritrade and E*Trade will face a more difficult time since commission made up 30% and 17% of their respective revenues in 2018. Nevertheless, FT/Lex calculated that dropping commission will shave 400 million (4%) off Charles Schwab's annual revenue. Almost 60% of its revenue came from net interest in 2018. This may be one change too many, however, forcing consolidation and operating even more like commercial banks.

Charles Schwab announced in November 2019 that it will acquire TD Ameritrade in a $26 billion all-stock deal, and Morgan Stanley followed suit in February 2020 by acquiring E*Trade for $13 billion.

5. THE FRONTRUNNERS: ONLINE RETAIL BROKERS WERE THE FIRST TO FOLLOW AND INTRODUCE ROBO-ADVISORY SERVICES

In InvestSuite's Perspective 1, I highlighted how online/discount brokers have a history of being early adoptors of technology, having embraced a path of continuous innovation. The latter also included business model innovations and adding new services. For instance, along the way, Schwab added advisory and asset management services, having initially strictly ruled these out of its own values.

When pioneer fintech Betterment launched its robo-advisory service, online brokers were among the first to not only study this new kid on the block but decide to offer it themselves. In the beginning, some sought alliances while others bought start-ups or developed their own service.

The race to offer a robo-advisory solution was accurately captured by an article by Reuters/Refinitiv on 16 December 2016 entitled **'Fidelity gives BlackRock an early leg up in robo advice brawl':**

BlackRock and Fidelity are only in the early stages of what is shaping up as a battle royale to become the go-to provider of cheap automated financial advice over the internet. The stakes are huge. Morgan Stanley analysts describe how robo-advising is an emerging force to provide affordable advice in a $22 trillion wealth pool that features $5,000 accounts and ones with as much as $5 million.

There was even a battle for the promising start-up FutureAdvisor:

Boston-based Fidelity invested in FutureAdvisor during a $15.5-million funding round in May 2014. It made the investment through a private venture-capital arm run on behalf of the Johnsons, the billionaire family that controls the mutual fund giant, and other company insiders.

A Reuters Special Report showed how the Johnson family's venture capital arm, F-Prime Capital, competed directly with its Fidelity mutual funds for investments in promising start-ups.

In the case of FutureAdvisor, the Johnsons' investment helped the San Francisco-based financial start-up build out its technology and catch the eye of BlackRock.

Fifteen months after Fidelity chairman, Abigail Johnson, and her family made their initial investment, BlackRock agreed to buy FutureAdvisor and plug it into the world's largest asset management platform.

Charles Schwab had already developed Intelligent Investor in-house and launched its robo-advisory service **in June 2015.** Fidelity followed suit in 2016, albeit with an in-between solution rather than the real deal. It stated the following in a press release: 'Targeting digitally savvy beginner investors, Fidelity has launched its robo-advisory service, Fidelity Go. The portfolios it creates are heavy on Fidelity's own index mutual funds, plus exchange-traded funds from BlackRock's iShares.'

Wells Fargo was another early-mover bank. In 2016, it announced its partnership with US wealthtech player, SigFig, to offer a digital wealth management service.

AdvisorEngine, the digital wealth platform company, was acquired by Franklin Templeton, the $700 billion asset manager in 2020. NestEgg Wealth was bought by and integrated into AdvisorEngine in 2014.

In Europe, more than 250 B2C robo-advisors were set up, and some financial institutions did not want to miss out. For instance, ING Germany (Diba) collaborated with Scalable Capital. UK based Aviva acquired a majority shareholding in B2C robo-advisor Wealthify in February 2018 for 17 million GBP. Currently, several large (and smaller) retail banks in Europe have launched a robo-advisor like e.g. for instance the largest bank in Luxembourg Spuerkeess, Commerzbank (Germany), Nordea and Danske (Denmark), and KBC and BNP Paribas in Belgium.

In Benelux, Binckbank bought Prittle – a Dutch robo-advisory start-up with less than €50 million AUM – for between €10 and €15 million. Keytrade – one of the largest brokers in Benelux – collaborated with Gambit Financial Solutions to launch KeyPrivate. KBC's online broker – Bolero – decided to build its own robo-advisor called Matti, which was launched during Q1 2020. Trading212, a broker based in the UK, launched AutoInvest.

6. WHY A MARRIAGE MADE IN HEAVEN?

The Refinitiv article above perhaps unwittingly highlighted a key ingredient of why brokers may have an edge compared to B2C robo-advisors and even banks:

Fidelity could overtake BlackRock next year because it has a built-in advantage that many rivals, including BlackRock, do not have: **an online brokerage with 17.4 million retail accounts.** Some 96 percent of those accounts don't currently have any sort of management and Fidelity is ideally placed to woo them over to Fidelity Go.

Even if they take only a small share of assets that go on the Fidelity Go platform, it's going to be billions of dollars pretty quickly (Alois Pirker, research director at Aite Group).

So, here we have the main reason why brokers are ideally placed to offer robo-advisory services: **they have existing clients** to whom they can cross-sell. Even smaller brokers have tens of thousands of clients and bigger ones, like Fidelity and Comdirect, have millions. B2C robo-advisors have no clients when they begin, and that makes a considerable difference. Banks have many clients too, making private banks and retail banks much better placed to start offering robo-advisory services compared to the would-be disruptors.

If you work in retail or private banking, you will know that cross-selling is the holy grail but is not so easily put in practice. For instance, most players failed to implement a bank-insurer model successfully. Consumer finance is another example where traditional retail banks have not always succeeded in cross-selling to their traditional, deposit-holding customers. Some products are easier than others to cross-sell. The closer in nature, the easier it is. This is where another aspect of online brokerage comes into play: **their DNA is digital and tech** – digital investment. Sure, they also have branches, sales staff and call centres but, at the core, are their online platforms, which are used to offering digital products. Very importantly, they are masters of the game when it comes to acquisition marketing and digital campaigning. **This is an often-overlooked fact.**

From a client perspective, successfully adding robo-advisory services would have three interesting implications:

a. **Ability to cross-sell to existing customers.**
b. **Ability to increase the lifespan of existing clients.**
c. **Ability to attract a new segment of clients (see below).**

The second potential benefit is an interesting one. Adding robo-advisory services – which is definitely a lower risk option from a customer perspective – may result in an

i. **earlier start in life with investing; and**
ii. **a longer investing period, given the nature of 'advice/discretionary' with a focus on the longer term.**

One Benelux based broker now has an active customer lifespan of seven years and a full life span of twelve years . This may increase between up to 50 and 100% and longer for a certain part of their customer population. Mind that the average age of most established online brokers (excluding day traders) is 50+.

Finally, adding robo-advisory services will also result in attracting a different customer segment: i.e. starting investors and savings clients seeking a higher return, albeit in a less risky way than self-directed investing. In particular:

i. **Starting investors and/or less savy investors, who will benefit from a discretionary online service whereby their investment will be in a diversified portfolio in line with their risk profile.**
ii. **Less capital-rich investors, wishing to start investing with amounts as low as 100/500 USD/EUR (which is not very interesting when investing on the stockmarket unless via fractional share trading).**
iii. **Underserved mass affluent customers who have been witnessing a diminished 'personal service' from their private/personal banker (given the drastical reduction in branch offices/advisors on the one hand and the recognition by wealth managers/private banks that clients with assets below one million EUR are difficult to serve in a profitable way), and/or customers who never had access to a 'personalised advisory service'.**

iv. **Savers: people who have traditionally been 'only' saving, but – because of the continuing low interest rates – seek a safe alternative, whereby their returns are higher.**
v. **Fund Investors-seeking-a-cheaper-alternative: traditionally, investors in many countries have been offered mutual funds through their wealth manager or retail bank branch. In some countries like Poland, the associated cost was/is very high. Going forward many 'traditional fund investors' may seek a cheaper and more convenient online solution.**
vi. **Self Directed 'Leavers': (a) Brokers experience that older clients may grow tired of self directed investing and 'return' to advise/ discretionary. (b) In some cases, one of the partners (who was a self directed investor) dies, and the surviving partner does not want to actively manage a self directed portfolio. The possibility to 'transfer' to an robo-advisory solution may offer a way out, and the broker can maintain the AUM. (c) Finally, some investors are not pleased with their own results, and want to change to an advisory solution.**
vii. **(VII) Buddies: Many self directors act as 'buddy' for their children and some of them want to introduce/teach investing to them. An automated advisory service allowing to creat (safer) portfolios for their children may be a great way to introduce them to world of investments without taking too many risks.**

The technology is largely the same in terms of tech stack; there is no need for a separate app as it can be integrated into an existing platform, as Charles Schwab in the US and Keytrade in Belgium did. Some players choose a different positioning; for example, Bolero in Belgium launched a separate robo-advisory solution – Matti. Connections with stock exchanges, market data providers like Morningstar or Refinitiv, and connections with order routing systems are in place.

Since most brokers have already moved into advisory and asset management services, they typically have existing portfolio management systems in place.

Brokers are experts in digital marketing and digital onboarding, involving very limited to no paperwork. Banks and private banks are traditionally focussed on client acquisitions via their branch and advisor networks, general brand advertising and word-of-mouth. Particularly in the case of private banking, younger clients are often introduced via their parents. Brokers, on the other hand, are often largely online businesses. They were forced to become masters in different types of client acquisitions. Whereas the client acquisition channels used by brokers differ by country, nearly all use digital marketing techniques supported by inbound or outbound call centres. While only some will have an extensive branch network, all will have mastered online onboarding. In that respect, they are quite similar to neobanks. This skill implies they have both the organisational and technical setup to do the same for their robo-advisory services.

Brokers may either develop robo-advisory services themselves or seek collaboration with B2B robo-advisors, which may offer the 'full monty' or modules like digital onboarding, risk profiles and/or the portfolio construction frameworks.

Conclusion: As has been very successfully demonstrated by Charles Schwab, online brokers are perfectly placed to offer robo-advisory services for the following reasons:

1. **They have existing clients to whom they can cross-sell.**
2. **Being online and digital is part of their DNA.**
3. **They are already squarely in the investment space, and automated advisory services are a very logical extension.**
4. **Their transaction commissions are being squeezed, and they need additional revenue streams to retain clients, increase shares of wallets and attract a new generation of clients.**

7. ALMOST 20% OF EUROPEAN BROKERS HAVE IMPLEMENTED ROBO-ADVISORY SERVICES

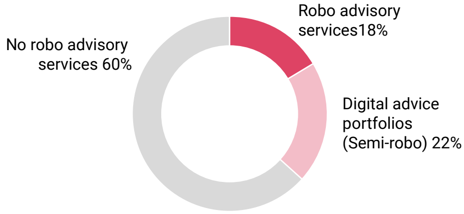
Based upon a survey of approximately 50 European brokers conducted by InvestSuite, it appears that approximately 20% offer full-fledged robo-advisory services, and another 22% offer a hybrid/simplified version. Compared to the banking sector where – as of April 2020 – fewer than 10% of the European players have implemented robo-advisory solutions, this is arguably a high number. As we will argue later, despite the attractive opportunities offered by robo-advisory services, it seems there is still a large, untapped potential.

Perhaps not surprisingly, most robo-advisory adoption has been in the UK, Germany and the Nordics, where online brokers have long had a tradition of continuous technological innovation. In addition, some of the most well-known B2C robo-advisors, such as Nutmeg and Scalable, are present in these countries.

Interestingly, all three major online brokers in Belgium have embraced robo-advisory services. Keytrade was the first when it launched KeyPrivate back in early 2016. Binckbank followed in March 2017 when it bought Prittle, a B2C robo-advisor, for 12.5 million EUR. Bolero – the online broker part of the KBC Group – launched its robo-advisor, Matti, in Q1 2020, just before the coronavirus crisis erupted. The Nordic players were also early adopters.

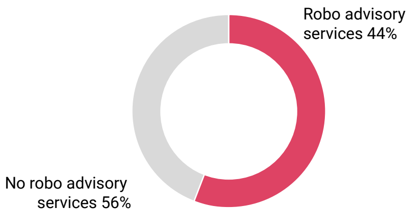
SHARE OF BROKERS ACROSS EUROPE HAVING ROBO ADVISORY SERVICES

Europe (based on 60 brokers)

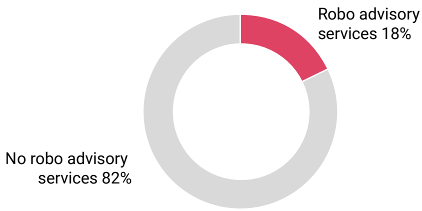


SHARE OF BROKERS IN DIFFERENT PARTS OF EUROPE HAVING ROBO ADVISORY SERVICES

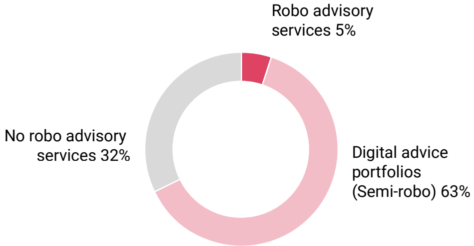
Western Europe (based on 9 brokers)



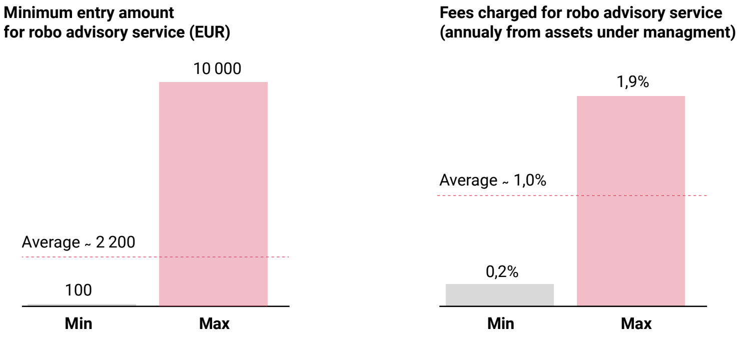
South Europe (based on 17 brokers)



UK (based on 19 brokers)

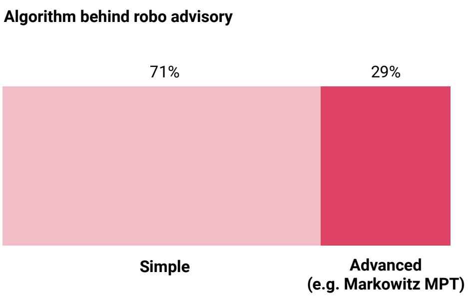


SELECTED PARAMETERS OF ROBO ADVISORY SERVICES USED BY BROKERS



Not all robo-advisors use sophisticated portfolio construction frameworks. Sometimes, simple model portfolios are used. Others, like Swissquote and Commerzbank, use advanced portfolio construction frameworks.

LEVEL OF ADVANCEMENT FOR ALGORITHMS IN ROBO ADVISORY USED BY BROKERS



8. ‘NO TODOS SON ROBO ADVISORS’

We also identified an emerging trend of offering something in between robo-advisory services and a guided, self-directed service. The latter may give the impression of giving advice but, strictly speaking, it is not, given that no risk profiling questions – from which an actual risk profile can be determined – are asked.

The title above in Spanish means: ‘they are not all robo-advisors’. It is an unusual critique of one bank by another. In this case, Sabadell of Spain argues in its blog (BSMarkets.com, 29 September 2018) that OpenBank, the robo-advisor of its largest competitor, Banco Santander, does not match critical elements of what makes a robo-advisor in reference to the definitions given earlier in this Perspective. There is, indeed, this in-between model whereby – broadly speaking – four risk categories are proposed, with corresponding model portfolios being offered per category. It did not meet the criteria, in the sense that there was neither real risk profiling conducted in terms of assessing financial capacity, knowledge and experience, goals and risk tolerance to determine the correct risk category, nor was there an algorithm being used to construct the optimal portfolio given the risk profile of the customer.

9. WHAT IS DIFFERENT AND NEEDS ATTENTION

There are, of course, some differences that must be taken into account.

First, the MIFID II onboarding or risk profiling is completely different and much more extensive. Advisory services require not only an assessment of knowledge and experience but also an analysis of financial capacity and risk tolerance, which is much more complex.

Second, the technical setup and infrastructure now also requires a portfolio management system. The latter is typical in private banking, but pure, online brokers seldom have advanced portfolio management systems, so this needs to either be built or purchased.

Rebalancing and monitoring is another new element because a provider of robo-advisory services must ensure that the portfolio remains within risk profile boundaries. Some players also consider offering interim 'goal follow-ups' and offer automated new proposals if goals risk not being reached, although the latter service requires sophisticated algorithms, and some players have considered this too complex.

Finally, dedicated resources will be needed (portfolio managers, asset managers, operational and compliance staff), and the marketing approach will need to reflect this new solution (with a different message and budget).

10. CONCLUSION

For a long time, (online) retail brokers have aimed to diversify their revenue model. A major component for most brokers is transaction-related income, which is volatile, and subject to the whims of Mr Market. Recently, zero-commission trades made their entry, causing another blow to the income model. Adding robo-advisory services is a sound strategy for most brokers because it adds a new revenue stream, likely will increase the lifespan of existing customers and will allow the attraction of a new segment of customers. Importantly, robo-advisory services match well with the online investment DNA of most brokers, although it adds additional regulatory challenges.

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