

Podcast Transcript

Synergize: Unscripted Conversations to Help Guide Advisor Growth Robinhood and TradePMR Launch Industry-First Asset Match for RIAs

INTRO:

Welcome to Synergize, unscripted conversations where we explore the evolving role of the financial advisor in an emerging AI-driven world. Join us as we bring together thought leaders across a range of disciplines and industry experts, sharing insights designed to help RIAs thrive in the industry of tomorrow.

Bill Coppel

Hi, I'm Bill Coppel, Director of Client Growth at TradePMR, a Robinhood company.

Ryan Neal

And I'm Ryan Neal, Senior Editor at Trade PMR Robinhood, and welcome back to another episode of the Synergize Podcast. Today, we've got a special edition of the podcast with some really exciting guests to talk about a new program that you may have heard about out there in the industry press, and that is our Asset Match Program.

Bill Coppel

That's right, Ryan. We're leveraging an idea from Robinhood, in fact, by introducing a retail-style incentive program that rewards RIA clients directly. We believe this is a first-of-its-kind cash match program that benefits RIA clients when they're advised when their advisor directs new eligible assets for that client to TradePMR for custody. This is just another example of TradePMR's commitment to empowering independent RIA growth.

Ryan Neal

And I can't think of anybody better to explain this new initiative than TradePMR founder and general manager Rob Baldwin and Robinhood chief brokerage officer Steve Quirk. Gentlemen, welcome back to the podcast. You guys are returning guests, so good to see you again.

Robb Baldwin

Great to be here.

Steve Quirk

Thanks for having us back.

Bill Coppel

Well, great, guys. This is pretty exciting for all of us to hear this. So, Rob, let me start with you. This is a two-part question. Very simple. Why is TradePMR launching Asset Match and how is this program going to be different and how is it going to work?

Robb Baldwin

Well, simply put, you know, Asset Match is literally funding a client account, 50 basis points for any eligible deposit that comes into TradePMR, whether it be cash, securities, and even more additional assets as well. And so that an advisor you know can have their clients have the end incentive to move assets in. So you take \$100,000 deposit that a client contributes to their customer account, they're going to get a \$500 cash match for depositing those assets. So we're real excited about that, and advisors now, have really the opportunity to reach prospects and revisit past conversations, encourage existing clients to consolidate assets. And, you know, the match actually equips advisors with a tool that provides a tangible approach value that could appreciate and accelerate decision making, shorten sales cycles, and effectively strengthen retention of their client base.

Ryan Neal

So Q, can you maybe walk us through from the Robinhood perspective? You know, this is you guys coming into the industry, making a splash for the first time. What's so exciting from Robinhood to help support and launch this program?

Steve Quirk

I think what you know what's exciting and like what's made this such a good marriage you know with Robinhood and TradePMR is we're both pretty aligned on delivering value for both the advisors and the customers of the advisors. and one of the best ways to do that is to put more returns in their pocket. So in other words, if we can compress margins and deliver more value to the customers and the advisors, they're going to have a better return, not only on an annual basis, but in the long run, that starts to compound and it becomes really positive. And we've seen a tremendous amount of success in doing this on the self-directed side. And I would say, and I think Bill brought it up earlier, I don't think we've seen this really been done on the RIA side of the business. And so I think there's an opportunity here to deliver some of the same value here that we've seen on the complete self-directed side.

Ryan Neal

So why now you guys, what's going on in the RIA custody landscape? Maybe Rob, this is a good one for you to talk about. What can you tell us about the market that makes now such a good time to launch an initiative like this for advisors?

Robb Baldwin

Yeah, well, think about it. It's been five years since the largest custodial merger took place and Advisors have gone through a lot of turmoil. They've gone through a lot of change. They've gone through you know the ups and downs of dealing with custodians. And there's a lot of them right now that we feel like are reevaluating their relationship with their custodian and taking a second look at where the landscape is and who's really growth oriented, who's really not, who are they competing against and who they're not. So we really felt like this was a great time to bring out this match, to recognize really where the future is going, because we believe this is a unique moment in space right now, as far especially in the custodial model, because technology is becoming more and more important and growth is becoming more and more important as we see referral programs start to be on the demise. So firms have to learn how to grow organically

or they need to be plugged into the future of referral programs. And we believe that's us, you know, coming soon. So right now is a great time to really start to get advisors' attention and to do something disruptive and to offer something that has never been done so that that advisors take notice and that they recognize that, hey, there is a different player in the in the space now and they are doing something different that favors their clients, and the advisors themselves.

Steve Quirk

Yeah and I think, Rob, if I could just add on to that, I think, and again, I don't live, breathe, and eat the space like you all do, but my perception of what's happened in the last 5 to 10 years has not been fees going down. It's been fees going up. or there being less opportunities in referral programs and everything. So I think it's very refreshing to have somebody come in and say, look, how can we do more for you to help you with your customers and to help your end customers as well, so that we all can benefit from some of the efficiencies that are happening in the marketplace through technology. Some of the advances that are happening in the way that you can do investing to deliver the returns that we discussed about earlier. And I think that's going to be very welcome.

Bill Coppel

So Steve, I want to continue to pull on that thread a bit because, you know, share with us a little bit about how this particular strategy fits into Robinhood's mission to democratize finance for all.

Steve Quirk

I think, as I said earlier, Bill, it fits in really nicely because the more we can compress the margins and deliver you know that that value back, the more that the dynamic of your return changes and that starts to become so something pretty powerful when, I mean, it's one thing if I'm a person who's closer in age to me, you know, to get that back on an annual basis and be able to add that to my returns. But, you know, if I'm a part of the younger generation that's going to be receiving, you know, the one hundred and twenty four trillion dollars in wealth transfer, you know, helping them in achieving returns on an annual basis, it adds up. You know, by the time they get to the point where they're retiring or sending a child to college or some of the other big life events. I think it's such a great way to align yourself with the advisors and with their customers that it makes it really powerful.

Ryan Neal

Well that's something I want to ask about Q is, you know, Robinhood has offered programs like this, not exactly the same, but different types of sort of asset match incentives to retail customers for and various Robinhood products. So what can you tell us about what you have learned from that about customer reception, client behavior, and maybe how can we apply that on the RIA side to some of the things that Rob's hearing from advisors?

Steve Quirk

I think the reception has been very good, but you know, it's kind of funny to say, but there was almost a little bit of skepticism when we first started doing it. You know, like, hey, this sounds a

little too good to be true. But I think what we realized is, you know, take Robinhood on the self-directed side of the business. You know, if I'm a person who's been in the business for a while, I had a perception of Robinhood. I competed with Robinhood. I had a perception of Robinhood that it was, you know, young kids and, you know, small amounts of money. And, you know, they were doing a lot of trading back and forth. And, you know, that's like a legacy perception. And if you look at where we are today, we're comprehensive offering retirement, all the things that, you know, a full service broker would have for a self-directed investor. But sometimes you need to get people to take another look at you. And when they do, they say, oh my gosh, I didn't realize you guys had all these things. And the incentive is what gives them a reason to come and take a look. And when they do, you know, because I've been on a lot of these calls where we're attracting very large customers, they're, you know, they're very surprised by the breadth of the offering. And so it becomes something that's quite powerful. And actually what happened then was something that you know we've seen quite a bit with Robinhood, there becomes this network effect and this virality to it. You know all of a sudden, you know there are pockets of people that you know probably converse with each other as they're doing their investing and they're like, oh, did you see this? Here's a match here. And then all of a sudden you get these big segments of people that are coming over and it's quite powerful actually.

Robb Baldwin

Yeah, actually, Ryan, when we look at the audience today, you start to see there's a small percentage of people who are questioning still the Robinhood brand and so forth. But wow, I think the big sell for our advisors is talking to their clients about the Robinhood brand because we're having a lot of advisors who are reaching out to us now, very excited about getting on a platform that they see has a future to it and is not really just a status quo custodian. And, you know, it's really been a positive surprise that we've had so much positivity from a lot of firms. And, you know, I think that's really something we have to look at and be really excited about and optimistic about. You know, we do know there's going to be some firms that are cautious around this program, the asset match, in the entire 50 basis point scenario. And they are, I think, totally shocked with it because no one's ever done it before. And they're going, what am I missing? What's the catch, you know, when I look at this? But the truth of the matter is, it's just a client benefit. They get directly deposited, you know, monies for doing business with us. And, you know, that's pretty huge that, you know, you put in money and 45 days later, there's within 45 days, there's a match deposit, you know, credit to your account. You know, and that gets reported as interest or miscellaneous income, depending on what type of account it is. But that's huge for a client to be able to have that. And again, something never that's never been done. And I think it's Robinhood's way of saying, you know, welcome to the RIA space. We're here to do business. We're here to be proactive and we're here to be proactive to the end customers of the RIAs.

Ryan Neal

Eligible assets, right? I should say for our compliance friends listening, the match is for eligible assets. Make sure we get that in there.

Bill Coppel

That's right. That's right. So Rob, I want to drill a little bit deeper on that. In And you know from my perspective, having been an advisor, you know challenging—the challenges of interacting with your clients in and particularly around things like this is really new. As a fiduciary, you know my job is to do the right thing for my clients. This is kind of a new thing. As we said earlier in the conversation, probably no one else has ever even come close to doing this in the RIA space. So coach me a little bit, let's role play. I'm a client, you're my advisor. How might you approach this as an advisor speaking to a client about introducing the idea of this match back opportunity?

Robb Baldwin

Well, advisor, I would start out by just saying, look, we want to move assets to the custodian that is innovative and is going to support the next generation of assets. And we believe that's Robinhood. And we're willing to back up that belief, and they're willing to back up that belief with you know a 50 basis point match. And they're going to credit your account just for doing business with them. And that's a huge factor because, as you know, you pay a small fee to us as the advisory firm, and this is going to help offset that fee. So it's a you know it's a two-edged sword for you, and both in the positive light, you're going to be able to you know effectively cut your fee in some way, shape, or form. And you're also going to be able to be credited with those assets right away, instantaneously upon you know the deposit you know hitting your account. And that's going to be a real positive for you. And it's going to allow us to transition without effectively a monetary pain.

Bill Coppel

That makes a lot of sense. In a way, you know what I hear you say is that the future you know is changing for all of us, whether you're a client or you're an advisor. Robinhood has done some pretty amazing things to innovate investing for everyone. And you know this gives an advisor an opportunity to introduce a client to the opportunities that will come in a relationship with Robinhood, as I understand it. Good story. Good story to tell.

Steve Quirk

Yeah, I think the one other element that's quite interesting is, you know, we're sitting with 26 million customers that are largely in the first or second inning of their investing career. And so as they get married, have children, buy a home, life starts to happen. An increasingly larger number of them are saying, look, I started off self-directed with a small pool of assets, and now I'm at a point in life where I need some help. Either with all of those assets or a portion of those assets. But they're accustomed to doing it in a manner that we are very good at from a Robinhood standpoint, from a technology standpoint and from the incentives and that and just all the things we try to deliver from a value standpoint. So having that experience extend itself from the self-directed side to the side where an advisor is helping them is something they're going to welcome and they're going to, you know, they'll be looking for a similar experience on the advisor side. And so this is really one of the first steps in trying to help deliver that.

Bill Coppel

What's interesting, Steve, is that I think you mentioned this earlier, that obviously there was a program similar to this that Robinhood has used that's been very effective at you know having younger investors dip their toe in the water of investing through Robinhood, right? And when I think about the great generational wealth transfer that's looming, a lot of these clients at Robinhood today are going to become the beneficiaries of some of those assets that move from generations. So I guess one way I can look at it is, it worked very well for that generation. It seems to me that older generations would also benefit from this asset match program in a unique way and kind of brings all these generations together around this one common theme.

Steve Quirk

Well, I mean, they're going to benefit in a bigger way because they have a bigger account. So the larger your account, the more you benefit.

Bill Coppel

Absolutely.

Steve Quirk

And you know, and I think, look, I don't want to paint the world into a place where there's this generation of investors and this generation of investors because I can put myself in this category. You know, I'm a self-directed investor who also has advised assets. And, you know, I didn't start investing and say, this is the way I'm going to invest for the rest of my 35 years. I evolved as a market evolved. And I think a lot of people want to do that. If they want to stay competitive and get the returns they want, you know, you have to keep abreast of what's happening in the market. And I think that's what we as a team are collectively trying to help them do.

Ryan Neal

Well, I have a question actually for Bill. Something I'm curious about is, you know, you mentioned earlier your time as an advisor. I don't know how long ago that was, but out of curiosity, you know, what would that have been like for you back when you were reaching out to your clients if you had something like an asset match to come and talk to them about? How would it have impacted your business?

Bill Coppel

Well, Ryan, it would have actually been a terrific tool if we had had it back then. And it really goes back to a lot of what Rob had mentioned and Steve had mentioned. It's to get clients to think beyond the immediate. And by offering this kind of an opportunity, I would have been able to get clients to bring more assets to us and help them better prepare for the future. So I think it would have been a win-win had we thought of that you know back when I was in the business of providing advice.

Ryan Neal

Right, well, I'm gonna bring it back to our guests now. Rob, this one's probably for you. Can you share a little bit about what the early feedback has been like from advisors? What's the tone been like in the conversations you're out there having with firms?

Robb Baldwin

Well, you know, people have asked me, you know, how are we going to judge whether this is successful or not? And the truth of the matter is it's going to be from the success stories from advisors. And we're starting to see those already. Advisors are calling in and saying, hey, I got a \$2 million dollar account that I wouldn't have gotten without this program. We've had people say, they've had clients call in and say, hey, hold my monthly deposits until October 1st. I want the match. You know, there's been all kinds of little stories that have come in that are great. And we're going to measure all those stories in the end. We want to just see the success that this has brought to light and see that it's helped advisors land new business. And that's really what this is about, is all those next new accounts that they're able to obtain, that they wouldn't have been able to to have had earlier, as well as being able to go back to those clients and say, hey, look, it's time to target those outside assets you have in other places. And this is a great time to move them and consolidate them into one place. We've talked about it for years. This is a mechanism that's going to help you be able to do that if you're an advisor and reach out to those clients and offer a match just for those customers to to make that move and to get that consolidation done. Because a lot of people drag their feet, they wait and wait. And sometimes an incentive like this helps drive those initiatives. And so we're really excited that a lot of advisors are going to be able to tell us those stories in the coming months.

Bill Coppel

Yeah and I want to add to that, and Rob, because you brought up a really important point that I remember. And Ryan, this goes back to your question to me about how it would have benefited me as an advisor when I was in practice. And the reality of it was—is that when I was in practice, it was very common for clients to spread their assets across several firms. And if you look at the history of how that developed, it was in those days, we were selling people things. And oftentimes it was IPOs, initial public offerings, or bonds. And as a salesperson, you'd be given a list of products to sell and you'd start calling. And if a client got a good call from one firm, they'd buy and another firm called with another idea. And before you knew it, you had three or four accounts set up. That was never the client's intention initially. And today, as an advisor, I'd say that doesn't necessarily benefit anybody. And you know when you start to think about comprehensive planning, et cetera, et cetera, being able to have access to your assets in a way the In one space where you can monitor and you have your advisor monitor it, and as Steve pointed out, many clients have some portion of their wealth as self-directed and another portion as advised. So I think that this really does begin to align the best interests on behalf of the client as it relates to having a comprehensive view of everything that's going on.

Ryan Neal

Well, speaking of feedback, I'm curious also, Rob, out in your conversations with advisors, has there been any confusion or anything that you're hearing that maybe you want to use this time

on the podcast to clear up any negative perceptions or things that advisors maybe are are struggling with as they think about getting their hands on this program?

Robb Baldwin

Yeah, absolutely. You know, I think some advisors out there like to make things difficult and find little nuances that they can look at and try to say, so is this really a negative or a positive benefit to your end customer. It's a positive asset in their account. And that's really the way this needs to be looked at. If you look at any nuance, you know, equation that somebody could dream up, that somehow it could be a negative. It'd have to be a ridiculous scenario. And, you know, that those things just don't really happen. So, you know, this is a big, positive, innovative, you know, experience for a customer to be able to, to add more money to their account, to consolidate assets, to do more business with the advisors of tradePMR. And it is, it needs to be used that way and thought about that way. And, and, unfortunately there's, there's always going to be somebody who wants to bring out a negative of some sort, but the truth of the matter is you can't bring out a negative when it's a positive to your customers. You know, that's just, that's just, that's the end equation to me. So, uh, That's the truth, and we're seeing that across the board. We have numerous advisors that are really, really excited about this and using it for their benefit and for their customer's benefit, and we're real excited that they're being able to do that and show us **that it's working**.

Steve Quirk

Ryan, I would say if you would ask, you know, what is the negative feedback or any narrative that isn't positive about this program? We've heard that even on the self-directed side, but it's only coming from our competitors. It's actually—no, they're very open about it. Like the analysts will tell us, hey, your competitors are saying, how is this feasible? How are they doing this? And, you know, my response has always been, you know, I mean, we worry about our customers and in this case, our advisors. But I would turn the question back to them. You know, if you have a company that has 40,000 people as opposed to, you know, 2,500 and we're very operationally efficient, we can deliver more value back to you. The cost structure isn't such that we can't make this a win for both the advisor the customer and for us and so I think that's really the only negative I mean for the customers they see it for what it is, it's only positive for them. That's the only real negative narrative that I've heard and, you know, that they feed it into media and then the media kind of writes about, oh, where's the catch? Well, I don't see one.

Robb Baldwin

Yeah, Ryan, I think that's true. Even with our merger with Robinhood, you know, there wasn't but maybe what? 100 articles written about that scenario, and all of them were positive, and the only people who said anything negative were our competitors. So, you know, I think that's true across the board. So, you know, do we have terms and conditions with this match program? We absolutely do. And, you know, they're on our website and can be, you know, read and they're out there for all to see, but the end benefit for the customer is there. And we're real excited to be able to offer it and for people to take advantage of it.

Ryan Neal

And thank you to Rob Baldwin and Steve Quirk, or Q as he's known here in the office, for joining us back on the Synergize podcast. For more of our show, please be sure to follow us on Spotify, Apple, YouTube, wherever you get your podcasts. Be sure to click like, subscribe, all that good stuff. It helps the algorithm. And we'll catch you on the next one.

Steve Quirk

Thanks for having us. Appreciate it.

Robb Baldwin

Thanks, Ryan. Thanks, Bill.

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