

# Dept. of Financial Institutions: Wisconsin investor awareness alert: Robo-advisers

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DFI seeks to help Wisconsinites make informed decisions before any type of investing

MADISON – Investors are increasingly turning to robo-advisers to help them manage their investment portfolios. The term “robo-adviser” refers to electronic platforms that provide automated investment advisory services to customers utilizing computer algorithms developed by the platform’s sponsors. The ability to easily access robo-advisers via smartphone apps and online portals is contributing to their increasing popularity. The automated nature of the model often means robo-advisers may offer their services at a comparatively lower cost.

“If Wisconsin investors are considering a robo-adviser, they should be sure to examine all available information to make sure they understand the risks and benefits provided by this type of advice,” said Kathy Blumenfeld, DFI Secretary-designee of the Department of Financial Institutions. “They should make certain that it is appropriate for their short- and long-term needs.”

There are two general robo-advisory models. The ‘pure’ model is entirely automated with little-to-no ability for customers to receive personalized investment advice from a financial-services professional. A second model is a hybrid robo-adviser, which adds a level of human interaction – generally at a higher cost – allowing customers to work with a financial-services professional online or in person.

For information on who this model may serve and what things to consider before investing, the full advisory with further details are available below, on DFI's website and from the North American Securities Administration Association [here](#).

Robo-advisers are relatively new to the investing landscape but, like other advisers, they must be registered to offer investment advice. Before making any financial decisions following traditional or new models, ask questions and do your homework. To check the registration status of a securities firm or salesperson, call the Department of Financial Institutions' Division of Securities at (608) 266-2139, Monday through Friday between 8 a.m. and 4:30 p.m.