

Bill Coppel:

I'm Bill Coppel, Chief Growth Officer for Trade PMR, a Robinhood company.

Ryan Neal:

And I'm Ryan Neal, Senior Editor at TradePMR/Robinhood. And you're listening to the Synergize podcast live. We're at the JW Marriott here in Tampa. It's real hot outside, but cool in here. We're at the Synergy25 conference where we had a chance to sit down with Robinhood co-founder and CEO, Vlad Tenev.

So, for those of you that couldn't make it to the conference this week, we're excited to share some of the conversation that he shared on stage with Robb about transforming the financial landscape.

Bill Coppel:

That's right, Ryan.

From serving active traders to becoming a financial hub for the next generation, we'll explore Robinhood's three-arc strategy, and how innovations in tokenization and AI are likely to shape the future of wealth management.

So Vlad, welcome.

Vlad Tenev:

Thank you for having me, gentlemen. Excited to be part of the part of the group here.

Ryan Neal:

Yeah.

Bill Coppel:

It's an honor to have you with us. So, I'm going to flip it over to my partner to kick off our conversation.

Vlad Tenev:

I saw what you did with the title there. You're Chief Growth Officer. You're already using it. I love it.

Bill Coppel:

So, for our viewers, this is my ultimate boss, and he just allowed me to change my title. So why not take advantage of it?

Ryan Neal:

Absolutely. Don't look a gift horse, as they say. Well, guess where we could start is, you know, I've been following Robinhood for a long time as a tech reporter, way back from like the Finnovate days back in San Francisco.

And I'm curious, where is the drive to move beyond DIY investors - DIY retail investing - to the advisory world and start building into the wealth management space? Where does that come from?

Vlad Tenev:

I think that, you know, as a creator and company builder, what drives me, ultimately, is figuring out new stuff.

Ryan Neal:

Sure.

Vlad Tenev:

It's, you know, I started my career as an academic. I was an aspiring mathematician, so I went to get my math PhD at UCLA. And the reason that I wanted to do that was, I got into math through physics. The reason I got in into physics was, I cared a lot about

answering the big questions. Why are we here? What happened before the Big Bang? And I think company building is another expression of creative energy. I think it's important for society. Any successful company has to solve a big problem. But I think the act of expansion and company building itself is motivated by a desire to figure things out, engage with new customers, figure out how customers can derive more value and use for my products.

And I think that naturally lends itself to being a little bit more dynamic. Moving, learning new things, launching new products, expanding to new businesses. I think I would just be much too bored if it was just optimizing what we already have and making it, you know, incrementally better.

Ryan Neal:

Sure.

Bill Coppel:

I couldn't agree more. I mean, you know, I've been in the business for a while and it was ripe for disruption. And so, when you think about the motivation that you had to start Robinhood, which was, obviously, you parlayed your intellectual capabilities, particularly around math and engineering, to get into, I think it was, algorithmic trading.

Vlad Tenev:

That's right, yeah, high frequency algorithmic trading.

Bill Coppel:

Right. What did you discover after you were in there, and you realized the dichotomy between what you were able to do and what the general investing public was able to do?

Vlad Tenev:

I think that when I grew up and I imagined what trading was like, I thought of Trading Places. You know that –

Bill Coppel:

Sure.

Vlad Tenev:

- Eddie Murphy, Dan Aykroyd movie.

Ryan Neal:

Great movie.

Vlad Tenev:

Yeah, amazing movie, where they were trading orange juice and pork belly futures –

Bill Coppel:

That's right.

Vlad Tenev:

- in Chicago on the floor.

Vlad Tenev:

So back then, you know, trading involved exchange of paper tickets.

Bill Coppel:

And a lot of shouting.

Vlad Tenev:

A lot of shouting. And the people that would do well were like these big, jock-like former football player types. Because if you're literally towering above the other people in the pit, your ticket's going to be exchanged more readily. And I was there. So algorithmic trading really took off during and after the 2008 global financial crisis, and it was a huge disruptive force. Mainly in the institutional market. I mean, entire teams and trading desks at the big banks were disrupted, and I'd say eventually subsumed by technology. And if you go to the floor of the New York Stock Exchange now, you'll see the CNBC broadcast, right? Jim Cramer is there doing Mad Money.

There's relatively few people that are trading. All the action happens in data centers across the Hudson River there. And so, how I was able to parlay, as you said, my mathematics knowledge to trading, and the big surprise that I found is: I thought that this was this manual thing, but by the mid-2000s, all the exchanges had APIs.

And the big surprise was, I could just read this API. And it's right here. The instructions for how to interface with the trading engine. And then it turned into almost a math problem.

And the bet that we made was, if we built the fastest system - like if we actually minimize the latency between when you could process an update to a stock quote or, you know, volume or some other market data signal, and when you could respond with a trade. If you could actually minimize that time and that latency, that was that was essentially, you could build a big business because that was the name of the game.

And so, we could kind of distill success to that one metric, which we called the tick to trade latency. And so, we were able to actually turn our mathematics knowledge into a useful product.

And then that ended up being useful for Robinhood as well, because that directly translated. So, building low-latency trading software and the type of automation that would be necessary to replace a large trading desk with software, actually is the same fundamental innovation that is required to optimize and improve a giant, you know, brick- and-mortar brokerage, and turn it into a nice smooth mobile app that lets you process trades at no commission.

So that directly led to the zero-commission revolution. Which not only lowered trading costs for our clients and advisory clients, but changed that - industry wide - for hundreds of millions of investors at this point.

Bill Coppel:

And hence the birth of the mission, to democratize investing for all. Right. So, you were essentially –

Vlad Tenev:

It's even broader now. It started out like that, but now it's democratized finance for all.

Bill Coppel:

Finance.

Vlad Tenev:

Yeah, actually.

Bill Coppel:

I don't want to lose points for that now.

Vlad Tenev:

No, no, it's okay. It actually, it used to be democratize America's financial system. But yeah, we made it broader across two axes.

Obviously, it's much more than investing and we want to be the place where customers can buy, sell, or hold, any financial asset or conduct any financial transaction. And we want to do that for customers everywhere, not just in the US.

It should be retail everywhere and advisors in business and institutions as well.

Bill Coppel:

And I understand we just started in the UK yesterday with –

Vlad Tenev:

We launched Robinhood Legend in the UK yesterday.

Bill Coppel:

- Legend was this.

Vlad Tenev:

Yeah, which is our active trader offering, right.

Ryan Neal:

So, now how does TradePMR fit into this goal now, this new goal, democratize finance for everyone? You know, obviously, you guys probably could have gone a lot of routes with your expansion into the wealth game and serving RIAs. So, why TradePMR, and how do we fit into the broader picture?

Vlad Tenev:

TradePMR fits into the plan in two different ways. And that's really why we got so excited about the partnership with TradePMR.

One is particularly as customers get a little bit older and, you know, they get into older millennial like you and I. And, you know, if you're getting a little bit of wealth, your finances are getting slightly more complicated.

You're starting to think about things like: trust and estate, your will, life insurance. Your taxes become a little bit more complicated. You start getting a bunch of kids, and you have to figure out, you know, what's going to happen with your money. A human advisor becomes necessary. It's not only a luxury, but it becomes a necessity. And you know, we saw the limitations of what we currently had, and we recognized that we need to actually have a solution. To allow customers to get their money managed by an advisor who can give them a more comprehensive, holistic service. More like family office, but democratized and the idea that anyone can have the same type of family office experience that a high-net worth individual could have to me is almost like the purest encapsulation of what democratizing finance for all could mean. Because wealthy people have a lot of services, they pay a lot of money for them, they have people that can handle all of their finances for them. And if we can use technology to

provide that to the mass market, serve more of our customer's wallets as they get older, and more wealthy, that was exciting.

And then also, advisors as a customer base is interesting to us. Because advisors are entrepreneurs. Many of our best retail customers are entrepreneurs as well.

And helping more people start and scale their businesses, I think is just, yeah, it's just been a passion of mine for a while. I do that on individual basis. But helping advisors grow their businesses, get more incremental AUM onto their platforms, increase revenue per hour worked.

Yeah, those are all exciting problems that that I think I can help advisors solve.

Bill Coppel:

Let's take a step back, Vlad, and talk about the three-arc strategy of Robinhood.

And I think that'll fit nicely into this conversation because it's going to touch on those things that are really reshaping - what I believe to be - wealth management globally.

Vlad Tenev:

Yeah, so our strategy can be described as three arcs.

I call them arcs because they actually overlap with one another and kind of compound and synergize with one another - no pun intended.

Ryan Neal:

Hey, look at that. That's why they call it that.

Vlad Tenev:

Yeah, so we have a short-term arc, which reaches its climax basically over the next year. We're kind of in its climax right now, in a sense.

Sort of a medium-term five-year arc, and then our long-term 10-year arc. And we're making progress towards all three, simultaneously. So, I think when a lot of companies describe their strategy, it's like "this is what we're going to do now, five years from now, we're going to do something else. Ten years from now, it's going to expand to do this".

But the reality is, you have to plant the seeds for what you want to be in 10 years, today. Right. You can't put that off.

And so, arc number one is being number one in active traders. So basically, being the best platform - the platform of choice - for anyone who actively trades.

Arc number two: number one in wallet share for the next generation. So, in short, if you're a millennial or Gen Z and beyond, we want Robinhood to be the place where you can custody all of your financial assets and conduct all of your financial transactions.

Arc number three, which I think builds off of the first two, is how do we take the technology we built and the products we built during the first two arcs, and expand it from U.S. primary to fully global, and from retail only to business and institutional.

If you notice, TradePMR fits into arc number two and number three because it helps us get more wallet share by providing advisory services to our retail investors.

But it also expands the infrastructure and the offerings from being retail-only offering, to also serving advisors. Which is an expansion because, like I said, these are businesses, entrepreneurs.

They have a lot of the same goals, I mean, I saw, in the earlier presentation that a technology entrepreneur would have.

Bill Coppel:

Sure.

Vlad Tenev:

They want to make more revenue. They want to keep their employees happy and, you know, loyal staff that is long-lasting is important.

And they want to be efficient and keep costs low and utilize all the existing technologies in an effort to achieve that.

Ryan Neal:

So I know that you're probably just getting into it, learning advisor's business and the technology they use every day and all that stuff, but can you give where you're looking to improve the infrastructure or technology that advisors are using? Any ideas, whether

it's AI, helping them with workflows or onboarding, anywhere specifically that you're excited about to get in there and improve things for advisors?

Vlad Tenev:

Yeah, I think actually, I look at the things that Robinhood already offers to retail and the two big ones are lower fees and a nice mobile interface.

And I think if you look at the advisory market today: if I have an advisory relationship with an RIA that uses one of the legacy custodians, the experience of actually looking over your portfolio and managing your financial life, particularly on mobile, is very, very poor. So, I think step one is actually making a delightful experience on mobile. Where the end customer can plug into the advisor and see what's going on, have that transparency around fees and actually what's happening.

And the advisor should be able to make that happen for customers. And also take advantage of mobile real estate to establish a really nice connection, both messaging and also marketing.

So we showed a demo yesterday of what this could look like in its first instance.

Ryan Neal:

The audience was very excited, by the way, there was a buzz in the crowd.

Vlad Tenev:

Yeah, and we wanted to make it as real as possible. So Abhishek, who's the product lead for our brokerage business and is like overseeing the product side, we had a debate over how much of the guts should we show? Like, do they really need to see all the disclosures? But yeah, we wanted to show as realistically as possible, at this stage, what it would look like to incorporate advisors into the retail experience.

And of course, I think if people can see it, hopefully it'll get the advisors and retail more excited, and it'll increase the speed at which we make it happen.

But yeah, I think a really nice mobile experience for advisory is sorely lacking and together we can help deliver that.

Bill Coppel:

Well, what I think is important, and I've heard you talk about this before, Vlad, and I know our listeners will appreciate this: Obviously, Robinhood, I would say, is a technology company at its core.

What you've been able to do to change the trajectory of, certainly high frequency trading for individual investors, but as you move deeper into the financial space, as you put it, begs the question of the value of the intermediary. Is the advisor going to continue to be relevant in this business as technology continues to further influence how we manage wealth, not only here in the United States, but around the world?

Vlad Tenev:

As far as I can see, the answer is yes. And I think all of us, me certainly, grapple with these existential questions of, well, these AI models are getting smarter and smarter.

Bill Coppel:

Right.

Vlad Tenev:

OpenAI's O3 model is at a 130 IQ, which is in excess of the average individual. So, you know, over time, is it going to be the case that, like, our jobs are affected by this technology?

And me too, you know, it's like, will AI be eventually more of an effective CEO than a human? So will I be replaced by some super intelligent AI that's just better at interfacing and setting goals?

Ryan Neal:

That's one step from Skynet, man. I don't know.

Vlad Tenev:

Yeah, so I think there's these existential questions of like, well, what happens if, you know, AI gets so good that eventually all work is being automated?

And I think that's a tough one. But what I tell you is, people have been trusting human advisors for managing their money for like thousands of years, right? And I think, to some extent, that explains the sort of like limited penetration of pure digital advice-only offerings into the space. I mean, digital advice offerings, like your Wealthfronts came out over a decade ago, I mean, close to 20 years ago at this point. And traditional human advisors have been, have not only been larger, but have actually seen a tremendous growth rate as well.

So there's something resilient about engaging with humans. So I think it's unlikely for that to be replaced by machine in the same way that I think any relationship. There's talk about will people still have girlfriends in 10 years or will the AI fill that gap? And I'm skeptical.

Ryan Neal:

Maybe for some folks.

Vlad Tenev:

Maybe for some folks. I mean, it could help democratize it for folks that are having trouble. But I think there will always be a need for human advisors that that can help manage money. And I also think like it's likely to get more competitive. I mean, other advisors are going to use AI technologies to grow their businesses.

It's an inevitability that that'll happen. And so, probably competition for serving clients will intensify a little bit. Advisors that are able to use AI more effectively are at the front of the curve.

We'll be able to increase incremental AUM, increase revenue per hour worked relative to their competitors. And at the end of the day, the end customer will benefit.

Just like they did with Robinhood removing commissions.

Bill Coppel:

Right.

Vlad Tenev:

I mean, the brokers probably did not like that to begin with, because commission revenue was a decent chunk of the revenue of the business that affected their margins.

But, you know, the client benefited, and those who were able to adapt, not just Robinhood, but, you know, the technology forward discount brokers are bigger than ever as a result of this technology shift.

Bill Coppel:

Well, that's good to hear. And I think that's one of the myths that we wanted to you know kind of dismiss here is that this isn't in place of.

But what you're talking about here is the ability for us to deliver to an end client, either directly or through their advisor or a combination, a full picture of their financial profile and help them manage the stress and anxiety and friction that exists in the system today by removing it, leveraging technology.

Which leads me to this, we talked at the top of the conversation about two things: tokenization and crypto. Robinhood's taken a leap forward in in that space.

Share with our listeners your view and vision for how this will play out in clients' lives, portfolios, and how we even transact down going forward.

Vlad Tenev:

Yeah, these are frontier technologies. They're two technologies that are fundamentally reshaping financial services. And it's cryptocurrency and artificial intelligence.

And basically, our job as product builders is to abstract the details from the customer. You shouldn't have to know you know what AI models we're using under the hood, or whether, you know, your money or stocks are tokenized or held in street name, or any of these details that people, I think, don't really care about. But you should get better service at lower cost.

And so, tokenization. You ask the question of how that's going to affect an end client. And one of the most direct things – and we can look at two sides – the trading side and the advisory side.

I think on the advisory customer side, it'll make it so that the private assets, the alternatives, the illiquid assets, actually pretty much turn liquid.

So, we see a world where once you put private stocks, real estate, other alternatives, perhaps private credit, on blockchains, they become tradable just like stocks.

So, what that means is you'll get an accurate mark to market price, real-time portfolio view of every asset you own, not just your stocks and bonds that trade every day, but every asset.

And also, you will you will get access to 24/7 liquidity and fractionalization.

Things that are very, very hard for traditional financial services. I mean, we've done a lot of work to make 24/5 equities trading available through traditional means.

Bill Coppel

That's 24 hours a day, five days a week.

Vlad Tenev:

Yeah, but still not open on Saturdays, not open on holidays, when a lot of things happen. And you look at blockchain technology, there's a reason why crypto assets trade around the clock and are fractional by default. It's because they're at the technological frontier.

But customers won't care that it's crypto powering it. They'll just like the fact that they'll get mark to market immediate real time pricing. They'll be able to get in and out of positions seven days a week.

And it'll just be a modern technology experience, just like using any technology native product is. You don't expect your Uber to stop working at, you know, 6 p.m. on a Saturday.

Bill Coppel:

That's right.

Ryan Neal:

Yeah.

Vlad Tenev

So why should your financial advisor or your broker?

Ryan Neal:

That's great.

Bill Coppel:

So, it's going to effectively really reset what it is to be a custodian at a point in time where blockchain becomes more prevalent within our industry.

Vlad Tenev:

Yeah, I think it'll fundamentally transform the custody industry for sure.

Ryan Neal:

Well, Vlad, I think we'd love to have you, we've probably got lots more questions we can then ask you, but we're going to move to wrap it up. I've got one kind of curveball, and if you want to cut this, my team can. But I've got to ask, what was it like to be played by Sebastian Stan?

Do you get asked that a lot?

Vlad Tenev:

It's been a while, but he's a very good-looking guy. So I realized that after that movie came out, and granted, it didn't do –

Ryan Neal:

I didn't see it.

Vlad Tenev

- it didn't do very well. I was disappointed that it was like pulled from theaters pretty quickly after a short run.

But Sebastian Stan has all these fans. And I think it's like yeah, I mean they-

Ryan Neal:

Are they the Stan stans?

Vlad Tenev:

Yeah, he's got...Stan's got stans. And there's like communities of people following him on social media and reposting videos.

And so, the movie definitely catered to those fans by – I don't know if you guys have seen it.

Ryan Neal:

I have not, no.

Vlad Tenev:

But a lot of it takes place in the bathroom.

So the scenes with Sebastian Stan playing me are him getting out of the shower or like shaving, shirtless. So I'm like, man, where he's like he's like worked out and he's like making some kind of smoothie. It's always him and yeah shirtless, essentially.

Ryan Neal:

That's kind of weird.

Vlad Tenev:

So I'm like, man, really was not very reflective of how I dealt with all these situations. I'm not like, you know, in the bathroom calling the compliance and the regulatory folks.

But, you know, it was good. I think he got my mannerisms right. But by and large, the total account was fictional.

Bill Coppel:

Sure. Absolutely. Entertaining anyway.

Vlad Tenev:

Yeah.

Bill Coppel:

At some level.

Ryan Neal:

Well, Vlad, thank you very much for taking some time to drop by and share with us.

Vlad Tenev:

Thank you, gentlemen. Yeah, keep cranking, keep synergizing.

Bill Coppel:

We hope to get you back.

Vlad Tenev:

I would love to be back.

Bill Coppel:

Good deal.

Ryan Neal:

And for everyone listening, we hope you enjoyed today's conversation. If you like what you heard, just take a minute to like, subscribe, share, comment, all those good things. It helps the algorithm. And follow us on social media to catch the next episode.

Bill Coppel:

And watch for that next episode where we'll bring you even more actionable ideas and insights to help you grow your business.

And remember, the challenge is yours to capitalize on what the future offers.