

P E R S P E C T I V E

## Smartphones: Leading Wealth Management to Mobility



YOUR INNOVATION PARTNER

Of the different types of mobile phones owned by 5.3 billion subscribers around the globe, smartphones grew the fastest in 2010. Since their launch a few years ago, smartphones have transformed the nature and scale of mobile usage, from merely talk and text to lifestyle enablement thanks to their features, usability and a variety of downloadable applications. As they grow in sophistication, mobile devices are becoming an increasingly popular mode of data transmission and Internet access.

This progress has also rubbed off on the financial services space. Analysts predict that by 2015, approximately 1 billion people will use their handsets to perform banking and other financial transactions. The success of the mobile phone as a means of financial inclusion among the unbanked masses of Africa and Asia is now legendary; however, less known is the role that smartphones are playing in the opposite end of the market to mobilize wealth and investment management.

### The journey of mobile wealth management

But first, some background.

As nomenclature suggests, in the past, wealth management and allied advisory services were offered only to High Net Worth Individuals (read as the 'really wealthy'). However, in recent years financial service providers realised that as their incomes rose, even mass market customers sought avenues other than routine savings and deposit accounts to channelize their funds. In response, wealth managers started offering trading, portfolio and investment management services to a wider customer base.

The expanding customer base for wealth management gave a two-way push to its mobile-enablement—now, a large number of people demanded anytime, anywhere access to their portfolios, and wealth managers needed a cost-effective way to reach them all. To start with, a limited set of functions, enabling customers to view their portfolio and watch the stock market, were made available on mobile devices. Moreover, because mobile devices were still quite basic at that time, people had to access these features via SMS, which was low on usability and convenience.

That was clearly not enough for customers—increasingly on the go and hence highly mobile dependent – who wanted to analyse and trade on their portfolio, create new wealth management accounts and seek financial advice from their relationship manager using their handsets. And those using multiple mobile devices expected these services to be device agnostic, that is, equally accessible on any gadget. Last but not least, customers demanded a human touch from their mobile wealth management service, so that they could interact 'face to face' with advisors within their bank or service provider organisation.

These trends impressed upon investment management firms the need to enhance their customer offering as well as fully mobile enable their customer facing staff. Traditionally, relationship managers used their mobile phones mainly to schedule appointments, speak to customers or view their holdings; their usage of wealth management tools was low. With consumers demanding anytime, anywhere, any device interactivity, banks and other providers were pressed to equip their staff so that they could service the wealth or trading related requirements of their end customers over the mobile.

### The mobile enablement of financial advisors

From a functionality perspective, mobile wealth management tools had to cater to two distinct sets of needs. Advisors sought support for financial planning, portfolio management, customer relationship management, portfolio analytics, performance and customer reporting and proposal generation, whereas customers expected help with trade order management, planning and analysis, profile creation, and research into stocks, markets and new products.

In order to mobile enable their advisors, banks developed proprietary mobile banking applications in-built with wealth management and trading tools; similarly, other wealth product organizations and trading houses developed their own solutions. Alternatively, some institutions acquired mobile wealth management tools created by third party banking technology vendors. It appears that these measures succeeded in making the investment management business more 'mobile conscious'— according to a 2009

report on the mobile internet by a leading analyst, the rate of mobile based trading is directly influenced by the availability of mobile internet on smartphones. It is expected that by 2014, trade related activity on mobile will grow 10 times compared to current levels.

Now customers have started demanding that their mobile wealth management service be fully linked to mobile banking, so that they can monitor and transact on both accounts simultaneously. Going forward, financial service providers will have to offer end to end banking and wealth management on mobile devices; a recent example of this is China's ICBC which launched personal wealth management services for its mobile banking users late last year.

### The role of smartphones in mobile wealth management

Advancement in mobile technology, particularly the arrival of smartphones, has made it possible to meet most customer expectations as follows:

- Because smartphones allow easy connectivity to the mobile web, over a user friendly interface, they have transformed the user experience. Rather than struggle with clunky text messaging, customers can navigate an intuitive and feature-rich interface to complete their financial transactions. What's more, the usage of wealth management tools is smartphone-agnostic – that is, the device itself takes care of screen size and information and graphics rendering issues.
- Access to the mobile Internet and a huge variety of downloadable financial tools enable customers to fulfill all their wealth management activities, whether it is account aggregation, research and analysis, financial planning, portfolio management or trading. Moreover, smartphones have enabled that much needed coupling of mobile banking sites and trading platforms.
- Smartphones score high on interactivity, allowing users to communicate with relationship managers via email, instant messaging, video chat or even social networking. A recent survey of 1,000 wealthy investors in the U.S. underscores the importance of interactivity - over 50% of

respondents below the age of 50 want to use a variety of technologies including mobile texting, tablet PCs, video messaging and webcam conferencing to connect with their financial advisors.

- But above all, smartphones have brought the usage of mobile devices by customers and their financial advisors, which were progressing along parallel tracks, in sync. When wealth management applications were first enabled on mobile phones, customers and relationship managers used them independent of each other. Hence, these tools delivered limited utility to advisors because they gave them no visibility into customers' activity; as a result, advisors were unable to maximize value for them. In order to support their customers' requirements, what advisors really needed was a unified view of customers on all banking channels, including the mobile phone, as well as access to enterprise applications. They needed to be able to access a customer's detailed profile on mobile, immediately after closing the conversation; they needed customers' transaction history – gathered over all banking channels – as well as the information they carried on their own computers to be accessible on mobile, on demand. They needed the content and context of every customer interaction to be seamlessly available on their handheld device.

Smartphones have enabled banks to bring a mobile banking offering to customers, which they can easily browse through to access information and services, regardless of the device they use. They have also opened the floodgates to a host of downloadable banking and wealth management applications. To bank advisors, smartphones have brought a unified view of customers, CRM, access to enterprise-level applications, and visibility not only into customers' wealth and trading accounts but also their complete banking and financial position.

### Looking forward

The use of social media, which is quite prevalent within Internet banking, is also making its way into mobile wealth management thanks to the smartphone, which has emerged as an alternative to a 'laptop plus Internet connection'. Thus, in

addition to consulting analyst reports and broker recommendations, customers are using their smartphones to easily connect to their social networks in order to discuss wealth management options with peers. In the survey mentioned earlier, 1 in 2 respondents under the age of 50 claimed to have used social networking to seek investment advice; 1 in 3 said they participated in investment blogs; and 2 out of 3 were interested in being part of an online community to discuss investment ideas.

Unfortunately, research shows that wealth management firms have very limited participation in social media. A 2010 study of the top 30 wealth managers revealed that two thirds made sporadic appearances or were totally absent from the social space. If they are to retain demanding customers in a difficult and competitive environment, wealth managers must fulfil their every need, including that of social connectivity.

The regulatory environment for mobile financial transactions, including those in the realm of trading and wealth management, is fairly well established. The only grey area is in the case of trades originating in a foreign location; more clarity is needed on this front.

But overall, mobile wealth management is on a strong uptrend. With the branch and Internet channels assuming a greater advisory role, we can expect more banking and wealth management transactions to be fulfilled over the mobile, especially the smartphone, which will enjoy even higher adoption in future. Also, the evolution of mobile computing technologies has

expanded the scope of mobility; hence, mobility is no longer limited to the mobile phone, but rather, extends to mobile-enabled devices like the iPad, tablet and notebook computer. With the unfolding of 3G and even 4G telecom services across the world, it will be possible to bring a rich audio-visual experience to wealth management on all these devices, going forward.

#### References:

1. Winning the Battle for the Wealthy Investor, Jeff Loucks, Robert Waitman, Jorgen Ericsson, Cisco Internet Business Solutions Group, 2011
2. New My Private Banking Report: Most Banks and Wealth Managers Ignore Facebook, Twitter & Co., November 4, 2010, <http://www.myprivatebanking.com/article/new-myprivatebanking-report/>
3. ICBC Introduces Wealth Management Services to Mobile Banking Users, November 2, 2010, [http://retailbanking.banking-business-review.com/news/icbc\\_introduces\\_wealth\\_management\\_services\\_to\\_mobile\\_banking\\_users\\_101102](http://retailbanking.banking-business-review.com/news/icbc_introduces_wealth_management_services_to_mobile_banking_users_101102)
4. The Mobile Internet Report 2009, Morgan Stanley

#### Author

Sai Kumar Jayanty

Lead Product Manager -

Finacle Product Strategy

Infosys Technologies Limited



YOUR INNOVATION PARTNER

PERSPECTIVE

Universal Banking Solution | System Integration | Consulting | Business Process Outsourcing

**Infosys Technologies Limited**

Plot No. 44, Electronics City, Hosur Road, Bangalore - 560100. India  
Tel.: + 91 80 28520261, Fax: + 91 80 28521747, e-mail: [finacleweb@infosys.com](mailto:finacleweb@infosys.com)  
[www.infosys.com/finacle](http://www.infosys.com/finacle)

Join us on Twitter, LinkedIn and Finacle Whiteboard at [www.infosys.com/finacle/networking.asp](http://www.infosys.com/finacle/networking.asp)

\*COPYRIGHT NOTICE: Copyright ©2011 Infosys Technologies Limited, Bangalore, India. ALL RIGHTS RESERVED.\*  
Finacle logo is a registered trademark of Infosys and Infosys acknowledges the proprietary rights of the trademarks and product names of other companies mentioned in this document. Infosys believes the information in this publication is accurate as of its publication date; such information is subject to change without notice.