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The wealth management marketplace is evolving with the expansion of an affluent client pool, shift of assets to new generations and increased competition created through mergers, acquisitions and the introduction of non-traditional players. COVID-19 has impacted market dynamics leading to fluctuation in asset valuation on a day-to-day basis. This will change how investment managers will manage their operations in the context of the business continuity plans of the companies, which may not be agile enough to accommodate the continuously changing and unknown factors of COVID-19.

Most firms are now recognizing the need to deliver customer-centric products and services to sustain in long-term. To

be truly customer-centric, new business goals of wealth managers would be to increase sales, reduce costs, retain clients and acquire new ones by increasing coordination in customer processes. To achieve these goals, wealth managers would need to carefully pick innovative but right technology solutions which can be quickly deployed to offer them competitive advantage in the market.

There is an increasing need for client experience transformation in wealth management to be Personal, Proactive, Fast, Anytime and Anywhere. Client experience is the most important differentiator in wealth management and expectations are rising.

As a consequence, wealth management customers are expecting a major step-up in offerings, especially in three areas:



Onboarding: Fully digital client onboarding (with digital verification) plus analytically supported KYC and activation of banking relationships in one day



Online interactions: Possibility of instant chats & video conferences with advisors, portfolio managers, and product experts & Interactive tools for content sharing and cross-channel updates



Private banking advisory: Analytically supported risk profiling, individual portfolio construction, and monitoring/rebalancing. Tailored investment recommendations with direct execution option and online simulation/planning tools

Ultra High Net Worth (UHNW) clients (\$10MM+) represent 30% of assets today and are expected to grow faster than any other segment. Sustainable investment is gaining momentum and certain categories of investors are increasingly looking at impact investing. Categories requiring specific focus are women and millennials, who will control a greater portion of wealth in the coming years.

Women represent the biggest economic opportunity of the 21st century: 70% of consumer wealth in the U.S. will be controlled by women over the next four decades - as \$41T in inherited wealth transfers hands, \$15T+ estimated global female income (wealth expected to grow from \$13T to \$18T by 2021), 40% of women say investing makes them nervous (vs. 29% for men).

Despite all these data points, only few wealth managers have been deliberate about serving women as a category of customers with specific requirements vs. resembling the general population, with only 2% of wealth managers explicitly identifying women as a target audience.

We recommend wealth managers embrace digital and analytics to drive omnichannel client engagement, target new clients, and enhance efficiency:

- Wealth managers can use their omnichannel capabilities to engage with clients (e.g., texting, social media, custom email generation, video collaboration) and create a significant uplift in Customer Experience (CX) in line with the CX they have with the premium brands they usually connect with.

- Predictive analytics, machine learning, and natural language on holistic 360 client data processing can be used to identify engagement opportunities (e.g., investment & liability related, life events, service alerts). As an example, offering a 529 College Saving Plan can be offered to clients at the right time by integrating such analytics signals engine with online channels or investment ideas can be generated by Robo advisor when the clients have vested employee stock options. Similarity matrix algorithms can be deployed to clients of similar buying propensity to offer investment products that increase the relevance of wealth management service offerings
- Goal-based financial planning tools and products are available to target new client segments and assets. Integrating these

tools with a bank's Integrated Advisory platform (Discovery, Planning, Client onboarding, Plan Execution, Portfolio maintenance & management) can empower financial advisors to convert prospects during the proposal replay stage.

- Banking product platforms such as the digital mortgage platform can be used to cross-sell other services and offerings to existing clients using features such as secure online sign-up, digital document upload, dynamic rate calculators).
- Wealth managers can also digitize and optimize branch processes such as centralized workflow engines to significantly streamline processing and increase branch productivity and to add new online / mobile capabilities to decrease manual processing in branches. Wires, check deposits, bill payments, profile updates have become essential elements of client self-enablement on mobile devices.
- Integrating asset management and wealth management businesses to incentivize the financial advisors to use

low fee or zero fee funds offered by a bank's asset management arm can also be a powerful symbiotic win-win relationship in the investment banks

To keep-up with the competition and offer better experiences to customers, wealth managers need to be armed with latest technology and analytics solutions are imperative to achieve this. Analytics is vital during decision-making across all phases of the value chain e.g. prospecting, lead generation and nurturing, customer retention etc.

Based on new advisor trends, industries are increasingly adopting Hybrid Service Models- a mix of human and robotics- providing the best combination to offer better & improved customer experience and value. In the current times of COVID-19, robo and remote FA models are proving to be extremely helpful by delivering advice direct-to-consumer, creating a risk of disintermediation, which is disrupting the wealth management ecosystem.

To enable the use of new digital capabilities and leverage of data & insights, a platform or business service centric rationalization

alongside process optimization and streamlining will increasingly be required. As Bossert and Desmet stated in their article on the Platform Play from McKinsey Insights: For tech to be a real driver of innovation and growth, IT needs to reorganize itself around flexible and independent platform.

Such a platform centric approach, which aligns customer journey platforms and business capability platforms to a particular customer segment, such as UHNW, will align business, technology, processes and other functions to focus on and rapidly respond to (changing) needs of the customer segment. This will also lead to reduction in complexity and cost of technology and business processes.

The business centric components of the platform will be supported by the core IT platforms such as cloud, data & automation, including but not limited to Robotic Process Automation (RPA) which can be used to automate several middle and back-office functions such as account opening, client onboarding, KYC, AML, asset transfers, and reconciliations.



How leading wealth managers and fintechs are embracing the latest technologies

We increasingly see wealth management firms using the latest technologies to focus on new customer segments or to offer new and differentiated services:

UBS and JPM have launched strategic efforts to meet the particular needs of women in wealth management. Morgan Stanley is launching a digital advice platform targeting children of its clients and the \$2.9T inter-generational wealth opportunity.

Bank of America Merrill Lynch has grown referrals from the commercial business through a team-based approach, they created integrated solutions for clients spanning Investments and Business Banking (i.e., Workplace Financial Solutions to manage retirement plans).

BB&T has designed a set of integrated products and services across Wealth and Banking, Wealth and Banking products are co-developed and delivered e.g., checking accounts linked to brokerage through overnight sweeps, preferred rates across individual products.

Fintechs are becoming increasingly visible in wealth management, offering them the opportunity to improve their CX as well as new service offerings, and are giving rise to an entirely new toolset: Wealthtech. Often driven by AI and ML, Wealthtech leverages complex algorithms to advise clients on the best choice of investment or savings plan, with minimal input from humans.

For e.g.

- Hearsay Systems is a software-as-a-service digital marketing platform for financial

services that uses predictive analytics to help financial advisors automate marketing tasks

- Twilio is a cloud communications platform which helps develop Omni-channel capabilities to engage with clients (e.g., texting, social media, custom email generation, video collaboration).
- Yodlee can help develop Goals-based automated investment platform to target new client segments and assets, Yodlee helps consumers with their

finances online by offering a free web application which provides features such as investment management, expense tracking and bill payment.

- Zelle is a digital payments network based out of USA and owned by Early Warning Services, a private financial services company owned by the banks Bank of America, JPMorgan Chase, Capital One, PNC Bank, US Bank, BB&T, Wells Fargo and Citibank.

About the Authors



Micha Helbig

Vice President & Regional Head,
Financial Services



Mayank Kothiya

Senior Client Solution Manager,
Financial Services

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For more information, contact askus@infosys.com

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