

WHITE PAPER

Revolutionizing financial advisory services with mobility

Improve advisor productivity and enhance business prospects



Mobile banking as a new transaction channel

Studies indicate that by 2015, worldwide mobile payments are forecast to reach US\$945 billion, mobile money transfers to reach US\$114 billion and the number of transaction users to nearly 895 million. This statistical picture clearly indicates that new age customers are looking for a “smart” channel, like the mobile, for their all-round banking and financial needs.

Customer communication has shifted from traditional channels like the telephone to new-age channels like social media and mobile. The new channels of communication have not only reduced the gap between service providers and the customer but are also more personalized

and economical - perfectly suited for financial advisors, end customers and financial services providers.

At the moment, mobile banking is yet to gain comprehensive, widespread traction, primarily due to user apprehensions around transaction security and inability of mobile apps to support a wide ranging transaction types. However, with the recent advent of biometrics in mobile devices, security standards look set to improve significantly. And with technology improvements, the variety of transactions supported on a mobile is also growing.



The impact of emerging technologies on financial advisors

Financial advisors are experiencing a transformation in the way they interact with customers. From the traditional channels of yesteryears such as the telephone and “snail” mail, today’s customers are increasingly adopting new-age channels like the Internet, social media and mobile. The change in consumer behavior is mainly driven by the space that new social-driven platforms (like Facebook, Twitter and YouTube) have achieved in their customer’s personal lives. It has reduced distances between people, enabled real time communication. It is fast, less expensive and more personalized.

These channels are disruptive for service providers but have their advantages in the sense that they are constantly propelling innovative ways of interacting with consumers and understanding their behavior. These new-age channels are also making traditional channels redundant faster than was originally envisioned. They are bringing people together and making information sharing faster, cheaper and safer.

Consumers are asking for more convenience in every aspect of their relationship with financial services providers, be it sharing information, performing transactions,

resolving a service request or accessing their portfolio/holdings. “Do it anywhere” and “do it faster” are today’s mantras, and trends that are pushing financial services companies to their wit’s end in terms of meeting their customer’s requirements. The traditional channels (branches, phone, postal communications, in-person visits) used to address these areas are becoming more expensive, time consuming and less customer friendly.

Financial advisors want “anywhere, anytime” access to a unified view of their meetings, prospects and client details so they can stay on top of their business. They also want

access to real-time market dynamics to identify opportunities at any point during the day to optimize client benefits. Advisors also need improved ways to engage with clients, like using their smartphone, laptop and tablet to make presentations and modify them as per client needs.

Financial services institutions have to think of the digital wave as something that represents a huge opportunity for them. Without addressing consumer demands in this area, firms are likely to run the risk of losing clients, market share, and, consequently, the very essence of their existence in due course of time.



Figure 1: Most popular financial services uses of the mobile by customers

Mobile technology solutions for advisors

Wealth management firms, while looking at improving the mobility of their advisory workforce, must take a holistic approach rather than the ad-hoc approach of plugging technology solutions on a temporary basis. Unified wealth management solutions offered on mobile applications can help advisors carry out all their activities, as against the earlier way of using multiple applications for different tasks or doing it manually from a specific location, like the office.

Unified wealth management solutions will help advisors carry out the complete set of functionalities on the go. This includes client management, research, modeling, proposal generation, reporting and compliance. Advisors will be able to perform the above tasks with excellent speed, and efficiency while improving collaboration and interactivity with clients. The platform will help clients obtain a 360-degree view of their investments, provide feedbacks, see various statistical/predictive models in real time, get status updates on transactions, make payments, and receive alerts.

This wealth management solution application will sit on top of the institution's existing technology infrastructure, with connectivity to the appropriate internal or external systems in real time. This application will process the data and present the information to the advisor in a way that leverages the specific features of their device (smartphone/tablet/laptop) to provide superior accessibility and look and feel. Additionally, incorporating analytics will also help advisors improve their relationships—and business prospects with clients.

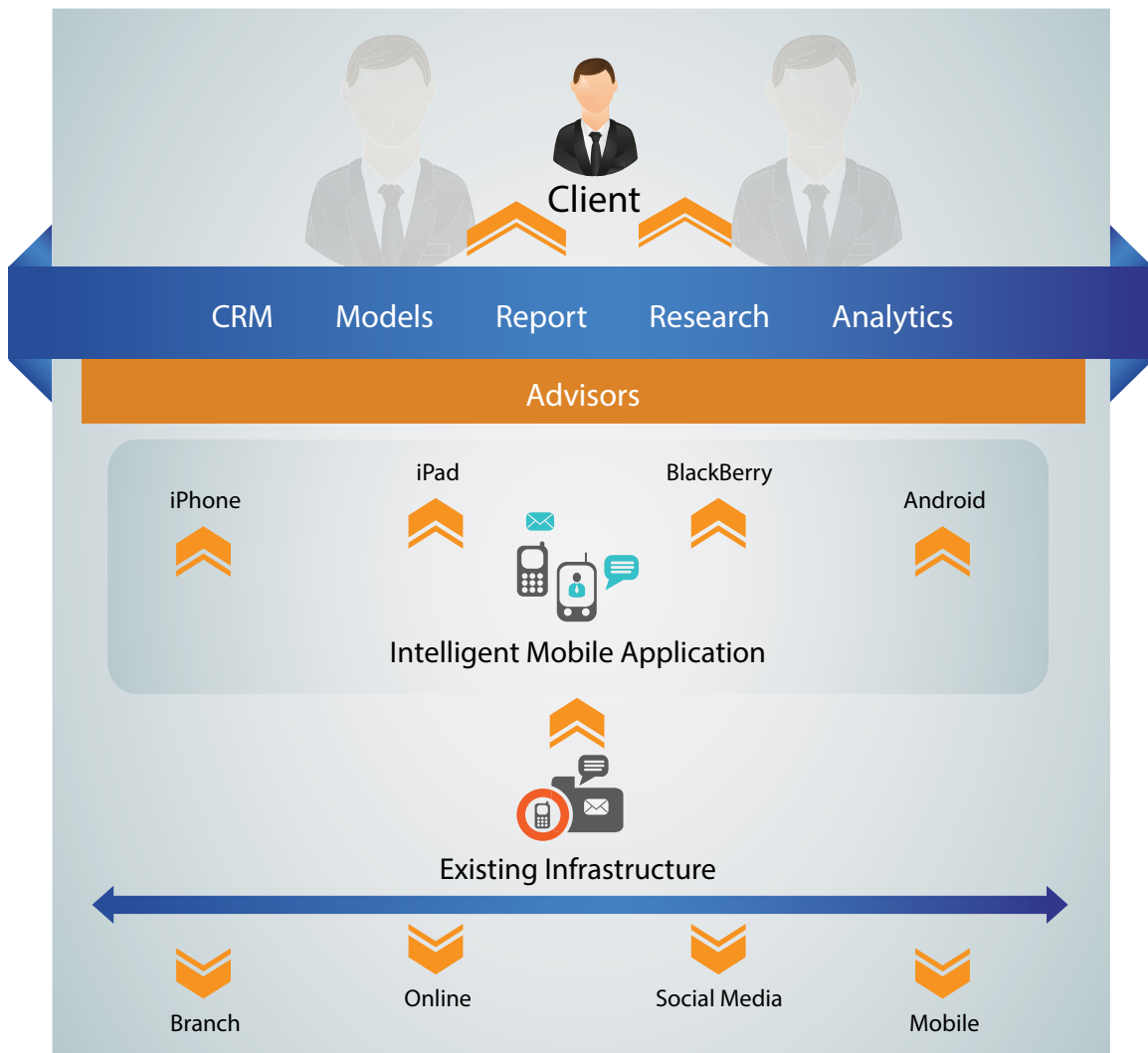


Figure 2: Functional view of mobile technology solution

Benefits of mobile technology

1 Collaborative communication

Traditionally, advisors prepared client meetings using heaps of paper, dated reports, and without real-time scenario planning. By using mobile technology, the advisor can easily access his tablet to prepare for the meeting with the client by accessing the necessary resources (product, videos, reports, simulations, etc.) whenever required, with just a simple touch. Mobile applications can also be used to generate customized reports and personalized proposals as well. An advisor can study the status of the investments and run simulations in association with the client. Proposals for financial planning can also be made in real-time, alongside the customer.

Mobile technology also helps advisors stay connected with investors 24x7, for example, by the use of SMS, tweets, etc. Personalized communication can significantly improve the relationship and generate opportunities for cross selling. Staying in touch with customers on a real-time basis also helps advisors take instant decisions that can optimize returns for the clients and minimize the risk of losses.

2 Customer onboarding

Another important area where mobile technology can help advisors is in customer on-boarding. The duration of the customer on-boarding process can be reduced by the use of video applications like Skype for obtaining the necessary customer information. For easing out on boarding process, video chat sessions over Skype can be used for customers. Important documents can be scanned and sent for processing over e-mail/MFDs (multi-functional devices) to save time and reduce costs (in comparison to the traditional approach of sending physical documents using a courier service).

3 Branding/marketing

This is another area where the mobile device is helping create a significant wave. Mobility can help an advisor in building his brand and generating positive attention. Several studies indicate that in the foreseeable future, customers will access the Internet more on their mobiles than on PCs or laptops. Professional videos that depict advisors (usually in a mode where they're being interviewed) explaining investment strategies, market-related movements, giving advice, etc. are becoming popular. Video blogs are also gaining popularity. With videos providing a more lively form of interaction, they are likely to become more popular than write-ups or articles. Personalized websites (compatible with mobiles) are another trend that is gathering pace. Advisors are making their sites more digitally enriched and providing meaningful details related to investments for clients. All these activities can greatly help in building the image of a brand.



Implementation challenges

1. Compatibility

The design of most mobile wealth management solutions is subjugated by the legacy of the vendor's main wealth management platforms, which run on desktop computers. Though many wealth management firms have made strides in making mobile applications suitable for advisors, the customization of speed, viewing experience and look-and-feel on a tablet is something that is yet to see significant improvement. Firms are building on technology that can make applications run (on any kind of mobile device) with the same kind of view and speed as PCs or laptops or even better.

2. Integration with legacy systems

Many wealth management firms have built legacy systems (for example, based on programming languages like COBOL, C and BASIC) over the years where data and logic are spread over multiple data stores. Integrating them with mobile or web applications that are built on faster logic/modern interfaces is an ongoing issue. The demand for bigger volumes and advanced quality of real-time information on numerous channels and mobile platforms is often beyond the capability of legacy systems.

To overcome compatibility issues and successfully integrate legacy systems, concepts like service oriented architecture (SOA) are becoming popular. This can be worked out by introducing a mobile application layer on top of existing enterprise systems. This streamlined front to back office will help in extracting and delivering required information from the core.

3. Data Security

Even with the widespread use of smartphones today, most users are hesitant to use mobile devices for online transactions because of security concerns. Password protection is no longer considered a safe, fool-proof security method. As a result, the latest technological approach to mobile security is biometrics. Biometric identification, which works by using the unique characteristics of your body to prove who you are, may be the key to a much more effective system. Facial and voice recognition technology can be used to add an additional security layer to mobile banking apps in addition to a secure Personal Identification Number or PIN.

Voice and facial recognition technology has been extremely accurate and impressive. Also, voice recognition can be used for transactional banking so that a customer on the move can hear options and provide inputs by speaking rather than actually looking at the screen.

Each individual carries a unique physiological or behavioral characteristic and biometric identification technologies can be used to authenticate the identity of that individual. When these biometric technologies are applied with a well-designed structure, we can safeguard that any individual who has the required credentials can reach out to the system.

Common biological characteristics used for enterprise authentication include fingerprints, palm or finger vein patterns, iris features, and voice or facial patterns. Voice recognition technology can be built by making a digital model of an individual's voice that can serve as a stored profile or template of that voice print. Various words and statements are broken down into different frequency patterns that, taken together, describe someone's unique way of speaking. The templates are stored in databases for the purposes of matching them with input data.

Each time the user accesses the application, they are asked to repeat a phrase or random set of texts. The user's input in the form of voice is compared to the stored template. Once a particular threshold is matched, the user's authorization is confirmed.

Similarly, for facial recognition, the face detection feature detects various aspects of the human face, including the structure of the eyes and nose, distance between

the eyes and nose, facial structure, size, and skin tone in digital images. With a computer algorithm, it takes only the face of the person as the focused input and compares it against the originally recorded face in the internal database of the system. If an identified face is found to be a match, the authorization is confirmed.

4. Local regulations

Under mobile regulations for payment services, multiple participants are involved, the principal participant is a bank, and payment service provider being the other, mobile service provider and client/user are other participants. The bank opens an account with the central bank (regulated by Central Government) and maintains adequate cash reserves with it. The payment service provider also holds an account with Central Bank to meet the cash reserves. The licensing terms and conditions are laid down with all the participants and the bank takes corrective measures to protect any violation. It holds the authority to suspend or cancel the license, impose penalties, and order reimbursement as applicable.

The ultimate responsibility for fraud prevention lies with the mobile banking service provider. In addition to the service provider, anti-fraud provisions may fall under the jurisdiction of local law administration agencies, the telecommunications regulator, or some combination of both.

In addition to banking regulations, telecommunication regulators are held accountable for overseeing emerging mobile banking services main responsibility includes interoperability, price regulation, SIM registration, etc.

Implementing a mobile strategy – five focus areas

Integrate the mobile with your overall digital strategy

Mobile should not be seen by firms as a separate channel. It should be a part of the overall digital strategy that the firm develops. The focus should be on building one data warehouse where all customer data is collected from across channels and disseminated to stakeholders using a technology that can customize the information based on the device of the end user – tablet, smartphone, or computer.

Choose the right technology partner

Wealth management firms often get face a dilemma between developing digital technology capabilities in-house or buying it externally. While providing quality advice remains the core business of advisors, it is good to leave the technology part to an expert. Making use of an expert in mobile technology development and deployment will help advisors to focus on their core business and reduce time-to-market as well. A good approach is to design an internal mobile strategy and select a vendor that can best match the requirements at each stage of deployment – development, system integration, testing, etc.

Initially, focus on the front end

Mobile applications should initially focus on front end capabilities that can promote collaboration between the advisor and the client. Applications must focus on their ability to support advisor when he/she is on the “field” with a client. Integration with back-end functions is still not a mature area and will require lot of technology to be worked upon, especially when the back-end technology is made up of largely of disconnected legacy applications. In the same way, clients must first be made comfortable with simple applications like checking balances, making payments, generating transaction histories etc. before being asked to use more complex functionalities.

Market your strategy, show value and create trust

It is important that wealth management firms market their mobile strategy with both, consumers and advisors. Traditionally, advisors have been very averse to digital transformation and continue to believe in the traditional approach of using paperwork. The transition has to be gradual and convincing. For example, the more the investor receives relevant messages on their mobile (for example when an investment is made, a portfolio allocation is changed, a service request

is logged), the more they are convinced that the application is delivering what they want. The same principle applies to advisors – when they are able to manage their contacts better, plan more on a smartphone/tablet, customize client reports/proposals, etc., they are far more likely to be convinced that the days of carrying papers, shifting through Excel sheets and “snail mailing” statements are behind them.

Train your advisor

Many advisors today are averse to technology. For example, many of them have CRM systems of varied capabilities but have never explored the wide range of functionalities they can use to scale up their business. Moreover, in many circumstances, consumers are becoming more mobile than advisors which can throw advisors off guard during customer interactions. In reality, it is the consumer who ends up as the driving force behind ensuring advisors become more tech savvy, up-to-date with market knowledge, cost-efficient, available 24x7, and improve communication. Part of the issue is that vendors, after the initial installation of applications, have not been regular in training their advisors. A well trained advisor will optimize benefits from an institution’s investments in mobile technology.





Conclusion

The combination of smartphones, computers and the Internet will continue to transform the face of banking. Brick-and-mortar branch networks for retail banking are shrinking as people increasingly conduct their banking using newer, more convenient channels like the Internet and the mobile. With rapidly changing technology, it is of utmost importance for advisory solutions firms to improve productivity, retain advisors and improve overall practice efficiency. This will largely increase through the use of mobile technology solutions in the near future.

There are questions as to whether mobile technologies are ready for such a wide-scale deployment. While each have their own strengths and weaknesses, together they provide quite an improvement over the current state. The application of biometrics, instead of using numeric passwords, can help in building a solution to resolve some of the problems associated with mobile security.

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