5 WAYS WEALTH MANAGERS CAN GET AHEAD IN 2020

WEALTH DYNAMIX

CONTENTS

WELCOME!

by Gary Linieres | CEO & Founder

According to Jim Marous, Editor of FinancialBrand.com, "The pace of change will never be this slow again." And he's right, fast pace of change is the new norm and wealth managers have no choice but to keep evolving. Even so, we must never lose sight of the fact that the client is at the heart of everything your firm does.

At Wealth Dynamix, our commitment to the wealth management industry is to drive forward technology to empower advisors and relationship managers to better serve their clients – quickly, efficiently and informatively, without friction, and whilst maintaining 100% regulatory compliance. In our experience, those who have embraced this approach are reaping the rewards, while others who have yet to make the move are increasingly feeling the pain.

2020 requires a step change in attitude and actions, as the wealth management sector becomes ever-more crowded with a combination of long-established providers and competitive new challengers.

I recently asked some of our leadership team pick one piece of advice they would offer to a wealth manager looking to achieve differentiation in 2020.

LOADING...

2 0 2 0

TURN INSIDE OUT TO DELIVER EXCEPTIONAL CLIENT SERVICING. THE 2020 MUST-WIN BATTLE.

by Dominic Snell | Director of Consulting

Why would service delivery not be the focus for any wealth manager in 2020? As soon as Capgemini's 2019 World Wealth Report[1] announced that 91% of HNWIs consider service quality to be an essential wealth management selection criterion, this became a must-win battle for every wealth manager across the globe.

It may sound obvious, but exceptional service is – and always has been – the pinnacle of wealth management success. Your ability to deliver high-quality personalisation and performance, not only at one stage of the process but throughout the entire client lifecycle, is paramount.

Many wealth management firms have embraced digital transformation in an attempt to improve client experience at lower cost to the firm, while others have been slower to respond. Whichever end of the spectrum you lie, the time has come to realign your technology spend with the areas of your business that will have the greatest impact on client service.

Some firms have excelled at digital and mobile onboarding, and are delivering exceptional service in that single part of the process. Unfortunately, their efforts to revolutionise client service across the board are still failing because they are funding improvements in just one aspect of the client lifecycle and failing to address others.

Why? Because wealth managers, like many other firms, are organised around vertical hierarchical structures. Each vertical pillar has a different business owner addressing their own piece of the puzzle in different ways, at different rates, in isolation – from initial engagement through to onboarding and ongoing client relationship management. Unsurprisingly the resulting patchwork of systems and processes has made it harder to adapt and enhance, let alone transform, the client experience.

Instead, wealth managers must adopt a horizontal, end-to-end approach to the lifecycle that is holistic and client-centric.

A client-centric view can be developed by conducting a collaborative set of client journey mapping workshops, which cover the breadth of the lifecycle. With a clear view of where technology supports these journeys, wealth managers can avoid adding to the siloes.

The need for change is long overdue. But today, according to a WealthBriefing survey[2], just 25% of firms have fully integrated systems that span the entire client lifecycle. And it is worrying to note that 37% of wealth managers are stalled in the earliest stages of leveraging technology, which can only lead to disenchanted clients and AUM attrition.

Consider this from your clients' perspective. If your initial engagement with them is sub-standard they may never choose to experience your exceptional onboarding process. If they get that far, and then find that onward client servicing is clunky and inefficient, they may regret their decision and take their business elsewhere.

No one-size-fits-all approach will suffice. The only answer is to turn your firm inside out, adopt a horizontally-aligned outlook across the entire client lifecycle and map your clients' goals and the journeys they must take to reach them onto your business processes and systems. Combine this with an agile technology infrastructure that can accommodate all requirements, and you will have a winning formula.

Of course, it would be unrealistic to digitally transform the entire client lifecycle in one go. So, prioritise areas of the business that have greatest impact on client service and costs, and reduce disparity of client experience across the client lifecycle. Find the sweet spots that reduce friction for both clients and relationship managers, increase internal collaboration, optimise personalised engagements and support omni-channel client communications.

In 2020, horizontal thinking and lifecycle-wide collaboration must become part of your firm's DNA.

Your business depends on it. Thankfully, we are beginning to see new, senior-level job roles emerging with a cross-functional focus and the remit to secure business owner buy-in throughout the entire client lifecycle. Progress of this kind is mission-critical to avoid a siloed approach that lacks visibility and fails to deliver results for the client.

Your clients and RMs neither know nor care about the technology that underpins client servicing – their sole focus is on achieving the client's goals in a manner that is as frictionless and cost-effective as possible. The first step for firms to take in 2020 is to fully understand those goals and client journey mapping is the technique to achieve that… the underpinning technology is the second step. So, get it right and you will prosper.

[1] Capgemini "World Wealth Report", 2019 https://worldwealthreport.com/wp-content/uploads/sites/7/2019/07/World-Wealth-Report-2019-1.pdf

[2] WealthBriefing "C-Suite Confidential: Ten Key Tech & Ops Trends", 2019 https://clearviewpublishing.com/wp-content/uploads/2019/11/EighthAnnualTechOpsReport2019.pdf

CLICK TO TWEET

"Your ability to deliver high-quality personalisation & performance, not only at one stage of the process but throughout the entire client lifecycle, is paramount." New @Wealth_Dynamix ebook 5 ways for wealth managers to get ahead with #WealthTech in 2020 http://bit.ly/2N8geXn

EQUIP RELATIONSHIP MANAGERS TO TAKE CENTRE STAGE, BACK WHERE THEY BELONG.

by Dominic Gamble | Head of Asia Pacific

> **"In 2020, winning wealth managers will empower relationship managers with smarter, data-driven insights into client behaviour and sentiment, and to arm them with technology tools that boost productivity."**

The shiny new toys that have taken the wealth management industry by storm in recent years have undoubtedly become top of mind and the focus of technology spend for many firms. But results have proved disappointing. In 2020, winning wealth managers will redress the balance and invest in tools that empower advisors to yield greatest return on investment (ROI). Increased support for the vital role that advisors play in boosting satisfaction and growing AUM will maximise retention of both staff and clients.

User-friendly client portals, mobile apps and robo-advisors are at the heart of many digital transformation projects. Despite being touted as the panacea for ensuring client satisfaction and stakeholder-pleasing AUM growth, the reality is that many have failed to deliver. Uptake has been slow, with adoption rates as low as 20-30% typically reported.

While significant effort and expenditure have been directed towards client-facing technologies – and compliance too – realtionship managers (RMs) seem to have been overlooked in the drive to achieve digital transformation, despite the critical role they continue to play in engaging and retaining clients. What both digital challengers and others who have invested heavily in new-age technologies have lost sight of is that RMs drive the quality of every client relationship. Capgemini[1] found that 67% of clients select wealth managers on the basis of 'enhanced digital capabilities', while 91% cite 'quality of the firm' as the deciding factor. Clearly, every touchpoint strengthens engagement, builds trust and secures loyalty.

Machine vs man: redressing the balance
Hefty investments in self-service wealth management technology have left many firms walking a tightrope. Access to rudimentary portfolio details and valuations are instantly accessible, however Capgemini found that wealthy clients are not comfortable interacting with technology alone, calling for a more balanced approach between human touch and technology.

The fact is, wealthy people want personalised advisory services – delivered by a person. RM touchpoints remain a critical part of the process, and there is a direct correlation between empowering RMs with more efficient client management tools and AUM growth. Provided with value-added insights into what clients want, and how they behave across the entire lifecycle of your engagement, every RM can onboard and retain more affluent clients.

In recognition of this, technology investments are now shifting towards tools that are "helping the wheel spin smoother, faster, straighter, longer and more efficiently", according to Stephen Wall[2], co-founder of The Wealth Mosaic. Increasingly, the focus is on AI and other technologies that facilitate relationships and communication, aggregation and reporting, behavioural analytics and customisation, and new product development.

Heightened pressure on the cost:income ratio as we enter 2020 is the catalyst for change. With costs rising, wealth managers are placing a lens on efficiency and AUM growth. RMs need more time for client engagement and management, onboarding needs to be slick and client experience needs to be impressive. And with clients placing high value on longevity of relationship with the same RM, attrition matters too. The priority must be to keep top-performing RMs motivated, productive and earning industry-beating income for both the client and themselves.

RMs tell me that they switch jobs due to onorous manual processes and having to navigate a multitude of disparate systems that fail to deliver a holistic view of the client. When more than 20% of an RM's time is spent on administrative activities, the opportunity exists to further free up time for more value added endeavours, according to Capgemini. It is no wonder that the best RMs are attracted to firms investing in agile, digitally-transformed RM operating environments. All the more surprising then that digital transformation of the engine room that underpins RM productivity and success, and reduces costs to maintain or increase profits, has fallen out of vogue.

In 2020, winning wealth managers will redress the balance. Their secret sauce is to empower RMs with smarter, data-driven insights into client behaviour and sentiment, and to arm them with technology tools that boost productivity. They will be equipped to deliver faster, more efficient and responsive client servicing. And they will be incentivised to pursue new client engagements and generate a greater share of wallet from existing clients, which is undoubtedly a lower-cost, more profitable path to follow.

[1] Capgemini World Wealth Report 2019
[2] Raconteur, 'Four Top Uses of Technology in Wealth Management', 22 July 2019

CLICK TO TWEET

"Provided with value-added insights into what clients want & how they behave across the entire lifecycle of your engagement, every RM can onboard & retain more clients" New @Wealth_Dynamix ebook 5 ways for wealth managers to get ahead in 2020 http://bit.ly/2N8geXn #WealthTech

THINK OUTSIDE THE ONBOARDING BOX TO DRIVE VALUE FOR CLIENTS

by Niklas Lindberg | Chief Revenue Officer

> **"In 2020, winning wealth managers will remove their onboarding blinkers and see client lifecycle management (CLM) for what it is – an end-to-end process that must be addressed in entirety to remain competitive and drive value for clients."**

While onboarding remains top of the wealth management priority list[1], failure to address pre- and post-onboarding processes is putting many firms at risk. In 2020, winning wealth managers will remove their onboarding blinkers and see client lifecycle management (CLM) for what it is – an end-to-end process that must be addressed in entirety to remain competitive and drive value for clients.

The world of wealth management is changing. Competition for AUM has never been greater. And the evolving demographic of the world's wealthiest individuals requires a broader outlook, and a more agile and tech-savvy approach – bottom line, it requires world class client centricity and service.

With the (U)HNW population becoming ever-younger, wealth managers need to up their game in terms of communications and client servicing. Clients now have ever increasing wealth management services available to them, they are heavily influenced by the experience of their peers, they have access to a vast array of information, and they are willing to switch provider if their servicing is sub-standard. There is no loyalty to poor client service.

Unlike many other industry verticals, wealth managers have been slow to respond to the servicing needs of millennial clients, which centre around efficient interactions and competitive performance. Wealth managers who fail to meet expectations, cost-effectively throughout the entire client lifecycle, are at risk. And even though world class solutions exist to bring all elements of the full client lifecycle together, wealth managers still often choose to focus primarily on onboarding, not yielding the expected outcomes.

In 2020, winning wealth managers will think outside the onboarding box to maximise operational efficiency and enrich client experience throughout the client lifecycle.

They will recognise that there are **three vital CLM phases**, just one of which is onboarding, and that there is an inextricable correlation between how clients are serviced before and after onboarding, and your ability to efficiently engage and retain them into the future.

1. Engagement:
The client lifecycle begins at your very first contact with a prospect. Winning wealth managers will capture and structure as much data as possible from the outset, use it to customise marketing campaigns and other client communications, and then seamlessly re-use and update it throughout the client lifecycle to ensure ongoing personalisation and exemplary service. Privacy-aware clients expect to see safeguarding measures that ensure transparency and regulatory compliance.

Winning wealth managers will define end to end digital processes and enable these by leveraging technology to integrate symbiotic cross-functional systems and processes across the client lifecycle. Too often, prospects and clients are repeatedly asked to provide the same data during different phases of the lifecycle. Disconcerted prospects may believe you have lost data previously provided, begin to question your competence and fail to become clients.

2. Onboarding:
Only after a well-executed and efficient marketing and sales engagement will the client enter the "onboarding" phase, which has been too inefficient for too long, and has remained manual and attracted the majority of wealth management technology spend to date. "The key is to automate as much as possible without becoming impersonal,"[2] according to Vanessa Oligino, director of business performance solutions at TD Ameritrade Institutional.

Winning wealth managers will need to improve their full client lifecycle process in 2020, where they connect their

marketing and sales engagement with their onboarding process, aiming to make it as easy and frictionless as possible. They will also recognise that the client experience doesn't end there and will focus on onward processes to maximise client retention.

3. Relationship management:
If a wealthy person's first experience as a client is a month-long delay before their account is active, your reputation will soon be tarnished among their peer network. Furthermore, research[3] indicating that 81% of cross-selling occurs within 90 days of onboarding – 60% within a month – demonstrates how vital it is for clients to enjoy great client service immediately, rather than entering a standard, impersonal and slow post-onboarding process. And finally, if a relationship manager fears answering calls from clients because they know they are unable to provide world-class service without foraging for data and making multiple call-backs, they will not approach engagements with a positive outlook.

Winning wealth managers will promote an organisational culture and deploy technological infrastructure that spans the entire lifecycle, not individual stages and provides a contextual presentation layer. Only then can you deliver consistent, world-class client service that is engaging, profitable and enduring.

---

[1] CEB TowerGroup Financial Services Technology Survey, 2017

[2] Investment News, "Client onboarding presents a critical first impression", March 2019

[3] Wealth Management Technology Outlook, 2016

CLICK TO TWEET

"In 2020, winning wealth managers will think outside the #onboarding box to maximise operational efficiency & enrich client experience throughout the client lifecycle" New ebook by @Wealth_Dynamix with 5 ways for wealth managers to win in 2020 http://bit.ly/2N8geXn #WealthTech

DRIVE VALUE FROM DATA
BY TRANSFORMING NOISE INTO
SIGNALS THAT YOU CAN ACT UPON

by Antony Bream | MD - UK and Americas

> "Wealth managers need to become more FinTech-like by embracing the technology already built for this specialised industry sector with a core focus on the whole client lifecycle or face putting AUM at risk."

Data is the lifeblood of all financial services firms and there has never been more data to sift through. Yet, wealth managers have been slow to leverage data to actively shape client engagement. In 2020, winning wealth managers will use a powerful combination of client and other forms of data such as portfolio performance to formulate more compelling campaigns and deliver more relevant, personalised services that drive AUM growth.

In the 1990s and 2000s, technology transformed financial services with high-speed, high-volume transaction automation, powerful data analytics and innovations including electronic payments. Core banking systems were updated, and books of records and accounting processes were digitised.

Customer relationship management (CRM) was borne in the mid-90s, creating the perfect storm for driving value from client data, with the promise of more accessible and structured data. But, while every financial institution now harbours vast amounts of data, their ability to transform it into truly actionable insights remains limited. The challenge is to transform big data noise into informative signals that enable client relationships to be managed in a more meaningful and profitable way. To do so, data must be accessible, organised, presented in context and in a form that a relationship manager can easily interpret and act upon.

In theory, large retail banks have an advantage as they hold a wealth of client data spanning many years, but find it difficult to aggregate and analyse as the combination of structured and unstructured data is held in multiple disparate systems. Also, the worth of this data is diminishing over time as clients begin switching lifestyle-related transactions that generates high-value spend data to challenger banks e.g. Monzo and Revolut. The value of big bank data, which is now centred around salaries and regular payments, offers less useful insights. The danger for

wealth managers is they could also be left behind under similar circumstances if they don't act now to properly capture, govern and analyse their data sources.

Although new entrants currently service only a small percentage of the world's wealthiest individuals, a seismic shift of generational wealth towards those who up their digital game and provide a personalised, data-driven service is forecast. The value of referrals has never been higher, and wealth managers should be laser-focused on client retention, because securing greater share of wallet from existing clients is less costly than new client acquisition.

So, how will winning wealth managers leverage data to service clients more effectively in 2020?

1. Capture the right data in the first instance. Wealth managers must record data that is relevant and will enrich the client's journey, without being intrusive – just once, not at different stages throughout the client lifecycle, although regular updates should be conducted to avoid data from becoming stale. The expression 'capture once, use many times' has to be at the forefront of this strategy, not 'capture many times and use only once!'

2. Connect systems and processes to eliminate inaccessible data silos. Relationship managers need to spend less time finding and quantifying data, and be empowered to focus on qualitative engagement strategies and client-facing activity. Winning wealth managers will embrace end-to-end technology platforms that span the entire client lifecycle, present data in a form that relationship managers can make sense of and deploy smart workflows that route data to the right place, at the right time and in context.

3. Increase visibility of client data throughout the entire client lifecycle. By capturing relevant data at the outset and making it available cross-functionally, winning

wealth managers will gain a holistic view of each client's preferences, sentiments and goals, and be empowered to offer superior client service.

These wealth managers will gain signals from client data that enable more profitable engagement, onboarding and CRM strategies such as making proactive product recommendations.

Marketing teams will improve campaign conversion rates by communicating with clients via their channels of choice, with messaging that resonates. Highly-granular, data-driven segmentation will enable recommendations of ROI-rich products based on either specific client preferences, or the actions of clients with a similar profile.

CRM will be streamlined and enriched. Through automation, front-office productivity will increase by 30% and relationship managers could spend one day per week less on administration, allowing more time for AUM growth, trust-building and risk mitigation.

Client meeting packs will be prepared in minutes or hours, not days or weeks, and data-driven sentiment analysis will enable relationship managers to proactively boost advocacy in advance.

With data immediately accessible, in easy-to-interpret dashboards, client requests and complaints will be handled quickly and efficiently resulting in a more trusting relationship and a step-up to the kind of services these clients are already experiencing in their day to day lives.

Wealth managers need to become more FinTech-like by embracing the technology already built for this specialised industry sector with a core focus on the whole client lifecycle or face putting AUM at risk.

[1] Elsevier Science Direct, Customer relationship management and big data enabled: Personalization & customization of services, July 2019, www.sciencedirect.com/science/article/pii/S2210832718300735

CLICK TO TWEET

"The challenge is to transform #bigdata noise into informative signals that enable client relationships to be managed in a more meaningful & profitable way" New ebook by @Wealth_Dynamix with 5 ways for wealth managers to get ahead with #WealthTech in 2020 http://bit.ly/2N8geXn

APPLY THE RIGHT TECHNOLOGY,
AT THE RIGHT TIME AND
IN THE RIGHT PLACE

by Natalie Levine | Chief Technology Officer

> **"In 2020, winning wealth managers will consolidate digital client and advisor portals with back-end system architectures and implement technology that facilitates personalisation and streamlined management of client bases."**

Many wealth managers have struggled to keep pace with technological change amidst the heavy burden of regulatory change and economic uncertainty. Increasing pressure towards valuation-based fees for discretionary mandates, for example, and portfolio performance closely aligned with client suitability oversight are now calling for more agile and integrated infrastructures that safeguard business growth. In 2020, winning wealth managers will connect mission-critical systems and processes to support client acquisition and ever-more sophisticated servicing requirements.

"You've spent all that time reeling the prospect in and if you're not able to deliver on the things you've talked through, it can be a big problem of building trust and loyalty" said Vanessa Oligino, director of business performance solutions at TD Ameritrade Institutional[1].

How can wealth managers grow their client base whilst accommodating the client requirements for suitability and a high level of service quality? And, how can technology infrastructure and business applications improve the friction often seen around client servicing?

New business development and relationship management teams spend a significant amount of time engaging potential new clients and completing the onboarding process. According to Celent[2], the goal is to shift the focus from administrative duties to client acquisition and personalised client service. Straight-through processing can offer vast time and cost savings through automation of repetitive processes, including KYC/AML, risk profiling, proposal generation, document gathering, digital signatures and form-filling.

In 2020, winning wealth managers will consolidate digital client and advisor portals with back-end system architectures and implement technology that facilitates personalisation and streamlined management of client bases. They will:

1. Upgrade legacy systems and optimise associated target operating models. For long-established wealth managers, the legacy technology that has underpinned operations for many years is costly and fragmented creating barriers to supporting diverse client requirements. Wealth managers cite tardy processes, lack of easy access to accurate client data and disparate systems which are hard to navigate leaving them feeling ill-equipped to deliver proactive and demonstrable client service. Challenger firms are unencumbered by the trappings of legacy tech and have every opportunity to get it right from the get-go.

In 2020, winning wealth managers will deploy secure and scalable cloud-based infrastructures for seamless access to information across the client lifecycle, speedy service and ease of use. They will rely on the integration of a multitude of systems spanning the client lifecycle to create one connected, end-to-end process offering a holistic client view.

2.Gain agility through digitisation. Remaining aligned with constantly changing client preferences and demands for diverse products is challenging. Communicating with clients securely, via the channel of their choice, is only the beginning. In addition to streamlining processes, making onboarding less onerous and time consuming is needed to allow wealth managers and advisors to engage more effectively and frequently throughout the client lifecycle, from client acquisition to ongoing management.

2020 will also see a step change in the adoption of predictive behavioural analytics. Artificial intelligence is firmly featured in the roadmaps of many wealth managers, now that these tools are proving value in anticipating future client behaviour, and building client-specific investment strategies. Many of the most forward-thinking wealth managers are deploying Next Best Action prompts and indicators based on machine learning.

3.Unlock the power of data. Business intelligence (BI) is coming to the fore as wealth managers recognise the value of consolidated data that provides unexpected insights and management information while also enabling the analysis of client-specific data promoting smarter decision-making. In 2020, data-driven Client Lifecycle Management (CLM) systems will fuel personalised and targeted sales and marketing. Both clients and wealth managers will be able to interact with this data via user-friendly, intuitive CLM portals, in more digestible formats that can be sliced and diced, to provide a 360-degree vista.

Extended BI tools will capture, transform and visualise data more efficiently and flexibly for both wealth managers and business stakeholders.

4.Get to grips with compliance. Wealth managers must keep regulatory compliance front of mind to protect both clients and the firm – it is here to stay and unlikely to become less complex or reduce in scale. Balancing investment strategy governance and reporting requirements, especially in the context of convoluted manual compliance processes, creates servicing issues that can impact client satisfaction and firm efficiency.

In 2020, winning wealth managers will connect systems and processes that support this governance and provide organisation-wide oversight throughout the client lifecycle. Compliance data (e.g. KYC, AML and suitability) will be collected just once and shared across systems and departments; creating a frictionless experience for clients and enabling wealth managers to focus on service delivery.

[1] Investment News, "Client onboarding presents a critical first impression", March 2019

[2] Celent, "Client onboarding presents a critical first impression", March 2019

CLICK TO TWEET

"In 2020, winning wealth managers will connect systems & processes that support governance & provide organisation-wide oversight throughout the client lifecycle" New @Wealth_Dynamix ebook with 5 ways wealth managers can get ahead with #WealthTech in 2020 http://bit.ly/2N8geXn
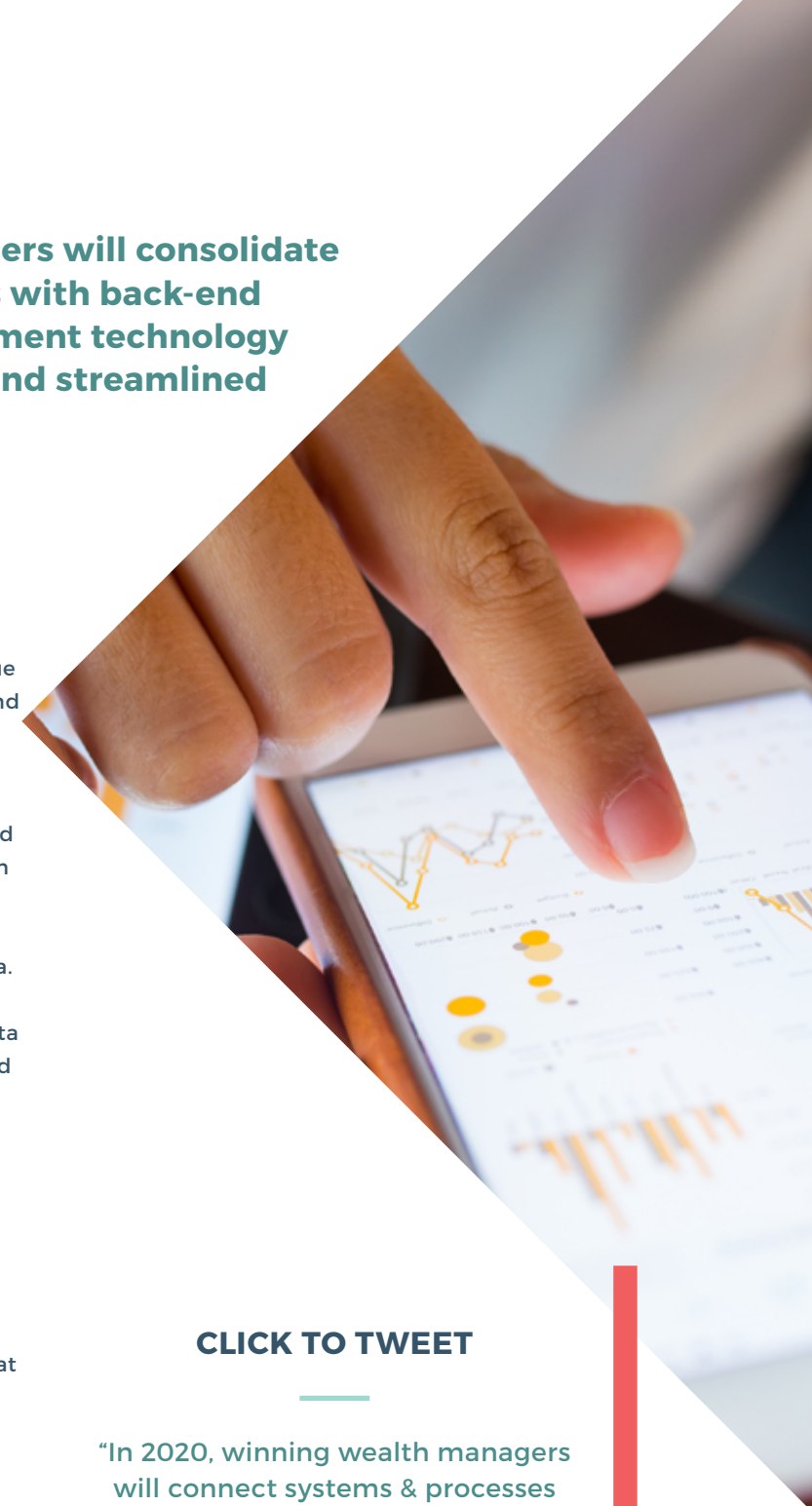
WEALTH DYNAMIX

Wealth Dynamix provides market leading **Client Lifecycle Management (CLM)** solutions to the world's top private banks, wealth and asset management firms.

Our multi-award-winning, fully integrated, end-to-end digital CLM solution, WDX1, addresses the complex requirements of client acquisition, client engagement, digital onboarding, regulatory compliance, relationship management, and ongoing client servicing.

ABOUT US

Founded 2012

Privately owned

Headquartered in London, UK

Offices in New York, Zurich, Geneva and Singapore

125+ staff with decades of experience in wealth management

SOME OF OUR LATEST AWARD WINS

2018 - 71st Fastest Growing Companies across Europe and 5th fastest in Fintech industry, Financial Times

2019 - Best CRM System, WealthBriefing European Awards

2019 - Best Technology Provider- Front Office', WealthAdvisor

2019 - Best CRM System and Best Change Management Process/Implementation of a Technology Solution, WealthBriefing Asia Awards

2019 - Outstanding Front Office Digital Solutions Provider, Private Banker International

2019 - Best CRM solution, Goodacre

OUR CLIENTS

Schroders

Rothschild & Co

RUFFER

Rathbones
Look forward

QUILTER CHEVIOT
INVESTMENT MANAGEMENT

CHARLES STANLEY

CONTACT US

Interested in learning more about Client Lifecycle Management?