



Transforming the Client-Advisor Experience: The Holistic Approach

experience
excellence
expertise
execution



WDX marks the spot.

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The Future of Wealth Management

The world of wealth is rapidly changing. The industry needs to adopt a wider-reaching approach to client engagement in order to stay ahead of shifting demographics, geopolitical and regulatory dynamics. Wealth Dynamix looks at the benefits of client lifecycle management technology managing client wealth.

The world has never been richer. Global assets under management grew by 12% in 2017, while portfolios managed by the top performing wealth managers increased nearly 4% in value¹. Wealth management should be primed for growth, but with firms' pre-tax profit margins falling by nearly a third in the last decade alone², it is clear that many are struggling to stay ahead in this fast-moving industry.

Clients are changing. Aging investors are preparing to transfer significant wealth to millennial inheritors, who in turn are technologically advanced and expect a transparent and personalized experience³ delivered by likeminded advisers who understand them. But the reality could not be more different: relationship managers are typically over 50 years old⁴ and one in two wealth management clients today claim to be dissatisfied with their provider's digital capabilities.

At a firm level, local and global regulations are costing wealth managers dear, and impacting how they advise and serve their clients. And as consumer-facing businesses across a multitude of sectors successfully strike the balance in engaging digitally and enhancing the brand experience, wealth managers must take stock and revise their approach if they want to stay in the game.

With this melting pot of shifting dynamics, firms have little choice but to transform the way in which they acquire, understand, manage and service clients across the board.

They need to embrace digital, empowering clients to self-serve so that they can compete with pioneers in other industries; using data wisely to better understand clients and prospects at the outset – well before the on-boarding process. With some 60% of firms citing the need to improve the client experience as a high or very high priority for their business⁵, they need to listen and do more to engage with and retain their clients. And this is where client lifecycle management (CLM) is the game changer.

A true CLM solution covers the full end-to-end journey and processes of a wealthy individual or institution being managed throughout their life by their Wealth Manager and encompasses all interactions they have with various departments across the firm. The tech enablement of this approach includes the core front-middle office functions of; acquisition, digital onboarding, account opening, continuous regulatory compliance, relationship management, client servicing and even off-boarding.

CLM technology empowers wealth managers with the data they need to provide optimum advice and solutions for a rapidly-changing prospect pool and client base. This innovative solution provides relationship managers with a framework to effectively and compliantly manage clients as their wealth and relationship evolves, from initial prospecting to digital onboarding, servicing and then transferring wealth within a single environment. With business intelligence at its core, this technology gives firms the insight they need to maximize opportunities and drive efficiencies across the board.

¹ The Global Wealth report 2018- BCG

² Profit margins squeezed at global wealth managers, Financial Times, June 2017

³ Millennials and wealth management, Trends and challenges of the new clientele- Deloitte

⁴ The next generation of financial advisors- EY

⁵ Digital disruption in wealth management- EY

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Regulatory conduct risk management measures



Anti-money
laundering
(AML)



Know your
customer
(KYC)



Suitability rules
(KYC, MiFID II)



Tax Compliance
(FATCA, CRS,
871M)



General
Data Protection
Regulation
(GDPR)

experience

The case for change

Regulatory requirements

We are yet to see the full implications of Brexit, the US Government's decision on the Department of Labor (DOL) fiduciary rules and the shifting geopolitical factors that have played out in recent years. But there is one certainty in all this change: regulators globally are looking at wealth management firms to demonstrate watertight conduct risk management in their daily interactions with clients as a means of engendering trust.

The UK regulator, the Financial Conduct Authority, for example, now requires firms to demonstrate

that they have taken reasonable steps to understand clients' needs and circumstances at the outset, rather than simply when they give advice. As wealth managers look to build a sufficient understanding and drive transparency throughout the client lifecycle, they need to collate more client data and documentation at an earlier stage in the process than ever before – which in itself increases the cost to serve in a fiercely competitive market.

Several wealth management systems rely on end-of-life technologies to power these client-centric procedures, many of which are unable to handle and process this additional insight efficiently. These legacy systems' continued failure to handle simple workflows with a single, central information source or to enable effective, reasonably-priced client communications is posing a serious challenge for the industry. And this is intensified by growing client demand to interact digitally and the commercial needs for wealth managers to realize the efficiencies digitization presents.

Investing in the future

The new generation of high-net-worth individuals will rapidly power up the wealth value chain in the next few years. Many are already actively investing, and Deloitte estimates that millennials' total net worth will double by 2020 to US\$19-24 trillion⁶, while some US\$3.9 trillion will transfer between generations globally in the next decade. If wealth managers are going to meet the demands set by this generation of wealth, they must work to understand them, using data wisely to provide a more personalized digital experience.

The Boston Consulting Group states in its latest publication⁷ that client satisfaction is a direct revenue driver, and is heavily reliant on personalized service and communications, convenience, reassurance and the continuous review of financial goals within the context of the client's life plan. And as consumers increasingly view their full-service providers through a single lens, they expect every stage of their brand experience, from account opening to servicing and payments, to live up to the standards set by pioneers such as Netflix, Uber and Amazon.

While firms are steadily providing more informative and effective client engagement, self-serve and digital capabilities, many are falling short without a clear handle on the client and performance data that drives a holistic, personalized digital experience. And with data in many organizations sitting in siloed applications, relationship managers are investing unnecessary time in administrative tasks and data collation – at the detriment of client relationships.

Proven impact: relationship managers

- 50% less time preparing for client meetings and reviews
- 25% less time spent on administrative or low-value tasks
- 50% less time preparing client communications

⁶ Goldman Sachs, Deloitte March 2018 The Financial Brand

⁷ The Global Wealth report 2018- BCG



Our perspective

Empowering exceptional client management

excellence

A well-designed and fully-integrated CLM solution has the ability to transform client relationships whilst empowering Wealth Managers to maximize the potential of technology and withstand future regulatory changes.

So, what makes a winning CLM solution? Based on our experiences working with a number of leading Wealth Managers, these are the characteristics to consider:

■ Open architecture and flexible integration; to deliver a unified and consistent experience

While the importance of data is undisputed, many wealth managers are scoping out the best way to structure and consolidate the insights at their disposal. Selecting a flexible CLM solution that can

integrate with your existing architecture and vendors will make for the seamless transfer of client, portfolio and third-party data. An open architecture approach is essential in building a single, 360-degree view of the client without the risk of data duplication – and will aide compatibility with the likes of LexisNexis and World-Check, whose input could be critical to the success.

■ The cloud: the new normal

The benefits of cloud technology have been long documented but come into their own in wealth management, where firms are grappling with increased regulatory pressure, client demands and shifting cross-generational wealth. While many larger firms, deterred by client data privacy regulations, have been slow to use the cloud, there have been many small-to-mid market players with limited legacy architecture and the ability to evolve and rapidly embrace this technology. And those who lack the vision, agility and ingenuity to adapt to change risk being left behind.

■ Embrace artificial Intelligence

Consumers across the board are comfortably using smart technology, from controlling temperatures within the home to the capabilities of the cars we drive. And as clients and their expectations change, wealth management must follow suit. We expect artificial intelligence (AI) to become a new standard in client management: from speech to text transcription, to using sentiment analysis to evaluate client satisfaction following relationship manager interaction. AI and machine learning have the opportunity to pay dividends from a centralized data perspective in identifying common patterns and providing 'the next best action' for individual clients, such as prompting forthcoming suitability reviews.

As your company embraces innovation, try to keep your approach as human as possible. Clients value relationships, so a CLM solution should empower relationship managers with the right tools to provide an optimum service, rather than replace them.

Proven impact: process efficiency

- 25% less time spent handling client queries
- 25% less time spent training new employees
- 75% reduction in time spent configuring MI reports
- Up to 25 times quicker to onboard private clients



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■ A single integrated solution

Many systems and technologies can support the individual stages within the client lifecycle, from acquiring and digitally onboarding to complying, managing and servicing clients; but a best-in-class CLM solution will seamlessly orchestrate these activities into a single system. Not only does this significantly reduce complexity and time, but it will empower your clients to be more self-sufficient as they engage digitally with their wealth and their advisers. An integrated solution should cover the following capabilities:

Proven impact: digital

- 30% improvement in marketing consumption
- 40% increase in staff satisfaction with client technology
- 50% take-up amongst clients by KYC refresh

1. Acquisition

CLM goes far beyond clients themselves: a dedicated system will nurture potential clients through sales pipelines, while identifying new prospects with fully-integrated marketing and communication tools from social discovery to lead scoring and web tracking.

2. Onboarding & regulation

Successful leads qualified, a CLM solution will manage these through previously captured information with a fully-tracked and audited on-boarding workflow. A best-in-class solution will determine the best way to serve next generation clients in the context of regulatory challenges and spearhead an integrated onboarding process, with pre-populated documents seamlessly routed back to the firm through a single platform approval following completion and document upload. Client access to the portal ensures continuous clarity on where they are in the onboarding process.

3. Relationship management

An effective CLM system enables Wealth Managers to manage all types of client relationships in one place, while being able to view the relationship in multiple ways; individuals, joint accounts, households etc. Integrating with other internal and external data providers, enables a true 360-degree perspective of the client and all the relationships they hold within the firm.

4. Client servicing

With information captured in one system, clients can be served by any staff member using the same set of unified data related to the client, increasing operational efficiency whilst reducing costs.



Getting it right: maximising success

Once you have selected the right framework for your business and your clients, what's the best way to bring this to life?

execution

Here are our five clear steps to maximizing the impact of a CLM solution.

- 1 Stakeholder input, management and governance**
Top-down support from the outset is critical to driving change for the long term. Secure the backing of senior personnel across the breadth of your business at the outset. Devise a clear governance structure and project timeline to maintain involvement and accountability throughout implementation, deployment and beyond.
- 2 Employee engagement**
Staff engagement is essential for the sustained success of any business implementation. The drivers and objectives of the solution should be clearly communicated to its potential users, in all departments. Securing their support at an early stage will pay dividends at the go-live stage.
- 3 An integrated approach**
Continued collaboration between vendors and internal change personnel will ensure clarity and ownership of responsibilities, and adoption across the business. Partnering throughout the process will allow you to develop and enhance the solution in line with business requirements and user feedback.
- 4 Agile development methodology**
An agile approach is the most effective means of deploying a solution. Not only does agile implementation allow for incremental and continuous value delivery throughout the entire process, but it enables business users to adapt, change and pivot via regular check ins during the project.
- 5 Outcome based approach**
Vendors and wealth managers should work from the top down to agree the optimum outcome for the system users, the wider business and end clients. Once agreed, vendors should methodically assess and then transform existing technologies and processes in line with the agreed objectives. Use these outcomes to create an ROI model or cost-benefit analysis in order to identify pinch points in the transition, evaluate success and optimize business processes.



exceptional

Conclusion

As wealth managers across the board try to make sense of shifting geopolitics and regulatory uncertainty, margins are tightening and new entrants becoming more opportunistic. But with wealth on the rise and new technologies driving more data than ever before, there is everything to play for in this fragmented industry. Wealth managers must embrace change and act on the insight they have at their fingertips and leverage CLM technology to transform the way in which they manage the clients in their sights. The firms who can provide a cutting edge but personal service throughout the breadth of the client lifecycle will be the enduring winners in the battle to serve both long-standing and emerging wealth.





WDX hits the spot.

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