

Wealth Management – A paradigm shift

By **Jensen Nixon**, CEO, Warm



WITH ever increasing complex expectations of wealth customers, wealth managers have no choice but to evolve and move towards a single integrated system to achieve competitive edge.

Technology has the power to make significant improvements to the wealth management industry. As a sector which has traditionally been apprehensive towards embracing technological changes, we are starting to see a significant change as professionals realise that there is a direct correlation between offering sophisticated, low cost and efficient systems and providing exemplary customer service.

Today the investor is much more tech-savvy, active and aware of what they want. This is causing the balance of power to shift from wealth managers to the investors. According to PwC's Strategy & Global Wealth Management Survey, while 69% of High Net Worth Individuals (HNWIs) are using online / mobile banking, only a quarter of wealth managers were then offering digital channels beyond emails.

The gap between clients' digital aspirations and wealth management providers' tech offerings needs to be filled. Although some areas of the sector have seen glimpses of acceptance towards cutting edge technologies, the industry still has significant strides to make in order to catch up with other financial sectors.

Technology streamlines wealth management

As per PwC's Strategy and Global Wealth Management Survey, it is believed that only 6% of wealth managers use a single system to construct, manage, monitor and report on their portfolios and product sets, while the majority are still using four or more solutions. This leads to inefficiencies across portfolio construction, management, monitoring and reporting, which in turn increases the need to streamline the wealth management process.

Manual processing is a major challenge that technology has transformed, creating huge operational efficiencies. When the burden of manual processing is reduced, managers can devote

their time looking for other ways to offer exceptional customer service and building their offering. At a time when it is possible for trading algorithms to make calculations, it makes sense to embrace technology that is client centric, seamlessly integrated and results driven, enabling the organisation to gain competitive advantage in a customer-led environment.

Appetite for tech

Customers today have high expectations of increased efficiency, transparency, online services and innovation. Younger HNWIs naturally have the highest appetite for embracing sophisticated tech services. Robo-services may be at the more extreme end of wealthtech, but in today's scenario, the desire for younger generations of HNWIs to adopt and embrace technology in all aspects of their lives is quite apparent. The ability to access mobile wealthtech is enabling them to manage all of their financial aspirations at the touch of a button.

There are organisations that are providing innovative and practical Wealthtech solutions within sixteen weeks. By combining stability, product variety and customer knowledge along with data enrichment and user experience, tech firms can build an amazingly rewarding experience for wealth management organisations and their customers. A solution that can be integrated into all technologies and processes across the organisation gives that organisation a competitive advantage. The result: bringing the client a seamlessly integrated solution from where they can manage all their investments as well as access the know-how of a wealth management provider.

The wealth management sector must understand the increasing complex needs of investors and respond accordingly. Progressive firms are moving towards an integrated approach that will lead to greater efficiencies, resulting in gaining market share. The ultimate winner will be the customer and their desires for low-cost, transparent, high-quality digital services.

Should you require any further information on how to transform your wealth management business, please contact jensen.nixon@warm.je