



Synechron
Digital / Business Consulting / Technology

Applying technology to
Wealth Management's
most persistent problems





Wealth managers have been struggling with key issues throughout the client lifecycle that have proven to be intractable, expensive, and persistent year after year. Digital technology is now allowing businesses to solve some of these tough problems with flexible solutions that bring customer impact, increase relationship managers' productivity and improve compliance while reducing cost.

These challenges can be addressed by applying technologies like Natural Language Processing (NLP), Natural Language Generation (NLG), Robotic Process Automation (RPA), Data Science, Machine Learning / Cognitive Learning, Biometrics, Virtual Reality, and others. However, embracing these changes often requires Wealth Management firms to rethink their business strategies, operating models, products and services, and technology approaches to compete with FinTech-enabled businesses, shifting customer expectations, and new regulatory regimes.

Here are a few key areas where Wealth Managers can and should be considering new Wealth Tech-enabled approaches.

Customer Experience Considerations

The Wealth Management industry as a whole is seeing a push for increasingly digital-enabled solutions, which is forcing global banks to reinvent themselves. FinTech challengers are looking for new, digital approaches that allow them to create more targeted, personalized, and memorable client experiences. Gamification, Augmented Reality (AR) and Virtual Reality (VR), Investor Portals, and other Digital platforms are providing new experiences for customers.

Account onboarding is perhaps one of the most popular areas firms focus on as a key customer acquisition channel and as a starting point for their digital strategies. Client onboarding is often the customer's first impression with the business and an important step in gathering important Know Your Customer (KYC) data for ongoing compliance and suitability requirements. Optical Character Recognition (OCR) and Natural Language Processing (NLP) can be used to allow wealth managers to create a frictionless digital onboarding experience that allows customers to easily upload documents through their mobile or tablet camera and extract both the needed data fields and 'intent' of documents. These types of solutions are already prevalent in e-commerce and retail markets and investors will continue to expect similar experiences from their wealth managers over time.

Relationship Management Requirements

Traditionally, banks with dedicated wealth management divisions, private banks and brokerages have dominated the global wealth management industry. The range of services they provide include fee-based advisory services for a broad range of products, self-service platforms for bond and equity trading and trust services. However, over the past few years with the changing client behaviors and issues around trust, loyalty and pricing, the wealth management space has witnessed the emergence of several types of non-traditional players like Registered Investment Advisors, Automated Robo-advisors, Open Investment communities and third-

party capabilities. Banks, therefore, have new Wealth Management competitors emerging continuously.

In fact, surveys demonstrate that only 22% of clients with \$10MM in investable assets are satisfied with their firm's current offering, and only 39% of people say they would currently recommend their advisor. Relationship managers therefore need every advantage they can get, whether it's better data on their customers for behavioral targeting or better tools to navigate compliance requirements (in order to keep down the time spent on it and allow more time for high-touch client interactions).

Additionally, relationship managers continue to have a need to re-imagine the advisor dashboard with a stronger user experience design that brings together a single view of all customer data in CRM, Financial Planning, Robo-advisory, Portfolio Management, and Client Reporting Systems into a single desktop view. In addition to data mapping and front-end design, this type of project also requires an open API strategy and integration with clearing and custodial systems which has made it a challenge for the industry.

Analytics for Asset Managers

Data is king. In every industry changes are driving a need for significantly more data and digital applications that can help businesses deliver. In Wealth Management, advisors need better data and analytics to deliver more informed investing strategies. While wealth managers will remain a staple of the advisory model, especially for high-net-worth individuals, over time, the role of advisors will shift away from product selection toward client engagement, emotional intelligence, and decision support. Advice will be the key differentiator, and the digital approaches and technology tools that understand that will be the winning solutions. This is where Data, Analytics, and Data Science can come together to help create powerful new solutions that combine sentiment analysis, customer behavioral targeting, historical data analysis, predictive analytics, and a number of other techniques to empower the business with better data to create high-touch experiences, gain visibility for new and relevant products and

funds to potentially offer a client, and venture into new areas such as thematic investing or employ better predictive content selection for Marketing.

Compliance Considerations

On the regulatory front, a decade long push for increased Suitability requirements has created a need for greater fee transparency, perpetuated shifts in investment products and increased the focus on compliance from Investment Management Agreements (IMAs) to Annual Supervisory Reviews, and new technologies like Blockchain have shown innovative solutions in areas like proxy voting.

In the area of fee transparency, and suitability in particular, firms already have invested considerably to think through new pricing methodologies, work toward a fair price benchmark and understand how to disclose costs and charges when there is no specified format; however, implementing an end-to-end solution here remains a challenge. Businesses are still working on how to show that any given recommendation was suitable for the investor at a single point in time in a way that shows their methodology, the client's specific goals/risk information available, and the range of investment vehicles available at that point in time.

Despite unwinding of U.S. Suitability requirements, regardless, advisors will need to show regulators that they have their investor's best interests in mind. While not directly a compliance concern, additionally, Asset Managers have an increasingly complex line-up of products for increasingly sophisticated investors. They are looking for ways to capitalize on trends like the rise in passive investments, surge in private label Exchange-traded Funds (ETFs), and the move toward alternative investment vehicles from Private Equity, Real Estate and Exotics to Crypto-currency and tokenization of assets. However, introducing new products and services requires now compliance processes to be put in place to be able to alter the business line-up. This, however, will continue to be a priority area for asset managers as alternative investments continue to become an increasingly larger percentage of the global investment management portfolio.

Where to start?

Given that Banks and Wealth Management firms need to consider their approach, some of the most pressing areas businesses should consider for Wealth Tech include:

- Identifying prospects for Relationship Managers to pursue,
- Making it easier for Relationship Managers (RMs) to safely navigate the myriad of regulatory requirements,
- Identifying client life events before they happen,
- Reducing effort to prepare tailored pitches to clients,
- Identifying prospects for Relationship Management's to pursue,
- Improving the hit rate of product pitches without infringing on regulations around suitability of investments,
- Enhancing the development of investment themes amongst clients,
- Navigating pricing guidelines for clients, and
- Providing clear and insightful client reporting.

 <p>WM value chain components</p>	 <p>Key industry challenges</p>	 <p>Client-facing solutions</p>	 <p>Relationship Management - facing solutions</p>
Origination	Lower cost of client acquisition		<p>Client Prospecting Accelerator</p>
Pre-sales	<ul style="list-style-type: none"> • Decrease compliance cost • Avoid costly legal/compliance failures resulting in lawsuits • Unlock hidden value by optimizing pricing 		<p>Efficient Suitability Accelerator</p> <p>Pricing Insights Accelerator</p>
Engagement of existing customers	Increase client engagement and cross-sell	<p>Smart Statements Accelerator</p>	
Cross value chain	<ul style="list-style-type: none"> • Create strong pull-factors to attract new clients • Differentiate vs. Competition • Empower Relationship Managers - reduce time spent on admin, give them access to the right data at the right time to make them more effective 	<p>Virtual Reality Wealth Journey Accelerator</p> <p>Asset Tokenization Accelerator</p>	<p>Relationship Management Dashboard Accelerator</p>



fnlabs@synechron.com | www.synechron.com