

Rethinking Wealth

It's the dawn of a new era in the wealth management industry, with a fresh way of thinking, a different type of consumer and industry innovations that link the two. Karen McCandless looks at how this new reality is challenging advisors and how new and emerging technologies are helping them rethink the way they work

A new, empowered consumer is shaking up the wealth management industry status quo. In fact, probably the biggest challenge in the industry in the last ten years has been the change in consumer behaviour. Much like in the retail sector, where shoppers seek out the best deals, loyalty has plummeted: gone are the days where consumers pledge allegiance to just one provider. Customers are more tech-savvy, knowledgeable and sophisticated. They research products online and read social media reviews to ensure they get what is right for them. They are also more demanding; they want access to their information and their advisor anytime, anywhere and in a channel of their choice. And if their wealth manager doesn't deliver, they look elsewhere. Today, more than ever, customers are exercising their power of choice.

"Customer service is key for wealth managers," says Lynne Landau, product manager for private wealth management, Temenos. "Advisors need to find ways to increase productivity but also reduce costs for customers. We are finding that loyalty is no longer a given: customers are spreading their assets over multiple institutions and there is increased competition. Consumers want to be more

involved in decision making, and have greater transparency of products and their performance on a timely basis."

"Consumers are already far more savvy than financial institutions give them credit for," adds Andrew Steadman, director of product management, Fiserv. "Now, they do so much research on the internet before they even walk in, but they research with their peers, not with the people they buy the product from. In retail, consumers read online reviews before they press the buy button and we're seeing the same thing in finance. Customers don't want to be told what they want."

Steadman's point underlines what many wealth management firms are already seeing: that customers are determined to make up their own minds when it comes to choosing an advisor and that often involves shopping around before 'buying'. A report entitled *Banking Retailization*, which was commissioned by Accenture and UniCredit and conducted by Efma in early 2011, suggests that financial services firms can learn a lot from the retail industry and that, in order to succeed, they have to adapt to this change in customer behaviour. "Clients have different expectations of their advisors and wealth management firms," says Marc McCollum, senior manager, management consulting at Accenture. "The value of the relationship is



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being questioned and this lack of confidence was fuelled by the financial crisis. Clients have become more knowledgeable and have greater access to information, therefore their reliance on their advisors has decreased.”

In this new era of the empowered consumer that McCollum describes, the advisory services experience needs to be more collaborative. It’s about providing a two-way dialogue – advisor and customer working in tandem to figure out what best suits the client. “Legacy systems were previously about a one way broadcast, merely a passing on of information, which kept the customer at arms length,” says John Walker of peterevans. “Many firms are now breaking out and providing more personalised services. To achieve this, there needs to be a proper dialogue between advisor and customer and to achieve that dialogue, advisors need to have access to the relevant information in real time to respond to the needs of the customer there and then.”

While knowing and understanding the customer and their needs is key, most wealth

management companies now understand that in order to provide the best service they must find new ways of working with their customer to rebuild their trust and meet their ongoing needs, as well as ensuring that everything they do complies with the latest industry regulations. “There has been increased and more complex regulatory control of the industry while risk management failures in banks have provided a reason to lose confidence in wealth managers’ ability to control their business,” says Tony Solomou, managing director, Elysys. “The public is becoming increasingly savvy about markets and products while the diversity of finance products available for investment is making choices much harder. Advisors need to have specialised and extensive knowledge of specific products to be able to present the wider picture to their clients.”

“Wealth managers are expected to be more responsive to customers and market trends in real time, as well as have the ability to keep developing service offerings,” adds Osmo Jauri, CEO, Model IT. “At the same time regulators

impose new tasks and customers expect to see lower prices while market infrastructure changes offer new possibilities and threats.”

Complying with these regulations and providing the best service for customers can be difficult due to legacy technology in place at some firms. With siloed and disparate systems and data in all different places, it can be near impossible to get that comprehensive client view. “There still exists a myriad of systems and data silos that need to be consolidated for two reasons: one, to ensure compliance with current and future regulations and two, to substantially increase the ability to understand and predict customers wants and needs across channels and product offerings,” says Joe Pagano, worldwide managing director, Banking and Capital Markets at Microsoft.

“These legacy systems often don’t provide a real-time view of data,” adds Landau. “Meanwhile, a lot of wealth managers still rely on manual processes. They don’t have the systems in place to enable them to offer different services based on customers’ needs

Figlo offers insight into personal finance

Figlo’s Jenze Bosma explains the challenges the wealth management industry currently faces and how the company’s platform, coupled with Microsoft technology, can help



As a result of the financial crisis and the changes in the global financial market, clients were either not well informed or informed too late about the impact this would have on their financial situation. This had a negative impact, as trust plays an important part in advisors’ relationships with clients. In addition, institutions previously regarded wealth management as a distribution channel to sell their financial products instead of focusing on building a personal relationship with the client. They need to be focused on wealth protection rather than just wealth management.

To meet all these challenges effectively, service providers need an integrated wealth management platform; real-time updates and data feeds are essential to enable investors to make informed decisions at critical times. The Figlo Platform offers this insight into personal financial matters. Our platform supports powerful and comprehensible financial planning in the short-, mid- and

long-term, and is offered to financial advisors for the benefit of consumers. As a result, advisors can gain the necessary transparency and trust, which is aimed at cementing long-term relations with the customer. It is built on Microsoft’s application development tools, with Silverlight used to deliver engaging experiences through all major browsers and mobile devices. The platform is powered by Windows Azure, with information available 24/7 through this secure, online interface. These cutting-edge technologies from Microsoft enable reduction of operational costs, as well as promoting stability, scalability, reliability and performance. Being part of the Microsoft partner network creates speed and faster time to market for organisations that want to focus on client-centric solutions, without having to invest in that technology themselves.

Jenze Bosma is president of Figlo



Figlo is using Surface to help provide customers with an easy way to display information for customers

and to automate manual processes. Advisors need to spend more time with the customer rather than filling out manual forms.”

In addition, different accounts may be managed on a variety of platforms, so the advisor has a hard time getting all the information together. “Wealth managers often don’t have a single source of information so they have to make decisions and interact with their customer base using numerous discrete systems. They need to pull the data together so they can have a holistic view of the client,” says Mike Foley, managing director of peterevans. “Wealth managers are under pressure to realise a reasonable return on investment for clients, which in this day and age is much more difficult. They have to focus hard on providing the right advice and making the correct decisions on behalf of their clients which, without the appropriate technology, becomes doubly difficult.”

“Many wealth managers have built their customer service process piece by piece based on decade old production systems,” comments Jauri. “As a consequence of

this, customer service processes are split between various systems and departments. Data warehouses are built to get an overall view, but they form an additional system layer and are used for reporting rather than service and process management. Old style

IT architecture also affects product and service development as time to market can be surprisingly long and prove expensive.”

Relying on these siloed systems is a dangerous game in an industry where you can’t afford to fall behind. Luckily for wealth

Fiserv takes advisory experience to slates and mobiles

Fiserv is collaborating with Microsoft on device applications, including Windows Phone, Surface 2.0 and a Windows-based tablet application for financial advisors. One of the company’s offerings is a platform that allows investment advisors to design goals-based financial plans for each client household and illustrate the impact of recommended products on preserving retirement income. Working with Microsoft, Fiserv has developed this application so that information is displayed for clients in a

dashboard fashion on the slate device.

“The potential for devices enabled with Microsoft technology can add a ‘hands on’ interaction to make meetings with financial advisors and their clients even more personal for financial planning around lifestyle goals and retirement,” says Cheryl Nash, president, Fiserv Investment Services.



“Tomorrow’s client will demand timely and simple interactions; they will be more sophisticated and evaluate advice critically. Most importantly, tomorrow’s clients will have more choices”

Marc McCollum

Accenture

managers, the technology that can help is already out there. “Wealth management firms must consider how they are going to pull together information from different silos and transforming that data into an action,” says Marcelo Marquez, industry solution manager, worldwide banking, Microsoft. “This requires a new way of thinking and a new type of technology that consumers can interact with. We’ll start to see the advisor and customer sit on the same side of the desk and they will share the same monitor. In fact, we’re getting into that era where they will share the same platform taking the information both parties need onto separate devices, thus enabling the consumer to take their private data and make their own decisions.”

So what technology are we talking about here? The consensus seems to be that new customer relationship management (CRM) capabilities, mobile apps and tablet

computers will all help drive innovation in the wealth management sector. Cheryl Nash, president, Investment Services, Fiserv believes tablet computers are one way that the advisor and investor can have the collaborative experience that Marquez mentions. Fiserv is currently working at putting its advisory tools onto slate computers. “Where we see a great opportunity is to put our advisory planning tools on slates, with the advisor and the investor sitting next to each other and working collaboratively,” says Nash. “To have these tools on a slate, which is constantly updated and where you can easily share information, is a great way of updating the advisory experience.”

Slates are one important area of innovation but mobile is clearly another. Windows Phone 7 has proved popular in the financial services industry and, with the recent release of Windows Phone 7.5 (Mango), this looks

Wealth management for Asia Pacific’s HNWIs

Asia-Pacific wealth management firms must offer enterprise-wide value to satisfy client needs, reveals Capgemini and Merrill Lynch report

Wealth management firms need to offer capabilities from other business units to meet the demands of Asia-Pacific high net worth individuals (HNWIs), according to the 2011 *Asia-Pacific Wealth Report* from Merrill Lynch Global Wealth Management and Capgemini.

As the majority of Asia-Pacific HNWIs source their wealth from business ownership, wealth management firms that can generate enterprise value – the ability to leverage capabilities from across different business units – will be able to serve their clients better. More HNWIs in Asia-Pacific than in other regions believe it is important for wealth management firms to create enterprise value, such as leveraging the corporate and investment banking resources, as their businesses progress through different stages.

“The increasing sophistication and demands of Asia-Pacific HNWIs mean that those wealth management firms that can leverage across their businesses are best-placed to better serve their clients’ needs,” says Michael Benz, head of Asia-Pacific Wealth Management at Merrill Lynch Global Wealth Management.

“Implementing a comprehensive enterprise value approach in Asia-Pacific will require iteration to capture market-specific

opportunities, especially in fast-growing emerging markets,” says Jean Lassignardie, global head of sales and marketing at Global Financial Services, Capgemini. “Among the key components will be firm-wide accountability, appropriate incentives, and integrated IT. Most importantly, firms will need to hone their strategy for each market, and not impose arbitrary standards from highly developed markets.”

The ability of wealth management firms to provide enterprise value is especially pertinent for Asia-Pacific’s ultra-HNWIs because of the large scope of their wealth and investments, which span regions as well as asset classes.

To download the full report, go to:
www.capgemini.com/insights-and-resources/by-publication/asia-pacific-wealth-report-2011-english



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set to continue. "Clients and advisors are a lot more mobile these days," says Brian Boardman, senior business development director at Avana. "Advisors have to be able to meet with their clients anytime and anywhere and have access to the relevant information to be able to give the right advice. This is where mobile apps come in. With smartphones we have now reached the perfect utopia of having high-speed data, the right hardware and the right access from a process perspective to provide a business app in the field with real-time data and real-time integration. Mobile technology enables advisors to get out in the field to serve clients in a much more effective manner. But clients are also using mobile devices. They want to see and have access to their portfolio and be able to reach their advisor at any time in a channel that they choose."

Managing this client relationship and understanding a customer's goals and lifestyle changes are where having the right CRM system becomes so important and where social CRM comes into play. Customers are using social networks to get access to information but businesses can also use them to track what is going on in the market, as well as consumer trends and behaviour. The Dynamics CRM November 2011 service update introduced new social CRM capabilities including activity feeds, conversations, automated activity updates and a Dynamics CRM mobile feed application for Windows Phone 7, while according to Gartner the worldwide social CRM market is forecast to reach over US\$1 billion in revenue by year-end 2012. "Social and mobile is the next generation of CRM," says Boardman. "The business application of social media has matured significantly in recent times but many firms haven't actually figured out how to respond to these streams yet. You have to know what is hot and what is not, as consumers are talking about your company and the companies you are recommending."

So while customers are using social channels to get the necessary advice and information, advisors are flipping this on its head by using the same means to assert their influence on the industry. "Advisors



Microsoft partners like Fiserv are developing financial services apps for new Windows slates

are becoming more like thought leaders and people are taking advice from these blogs – this is about being proactive in the market, as well as customer acquisition," says Boardman. "I see the integration of social media with CRM and customer service being the next big evolution within the industry."

Boardman's choice of the word evolution is apt, as that seems to be exactly the state of the industry at the moment. With slates, mobile and social CRM driving innovation it's an exciting time but by no means the end of the story. "The wealth management client of the future will be much different to the client who firms built their business models to support 25 years ago," says Accenture's McCollum. "Tomorrow's client will demand timely and simple interactions; they will be more sophisticated and evaluate advice critically. Most importantly, tomorrow's clients will have more choices and be willing to leave a relationship if their needs are not met."

Temenos' Landau adds: "Over the last couple of the years the market and the type of products customers are choosing has changed so much. That makes it important to have a platform that is future proof, that offers a broad range of products, fast time to market of

new products and has an open architecture."

And Microsoft is already pushing boundaries when it comes to the future-proof wealth management technologies that Landau describes. "Now we're moving into a self-service era with graphics and generated scenarios that allow advisors to explain a complex problem very simply," explains Marquez. "We will also see a move away from graphical user interfaces to more natural user interfaces – as a result data will have to be more contextual. This will simplify the way information is presented."

Microsoft's Pagano explains more about the company's technology innovations: "We are seeing innovation on every front, from Windows Phone 7 mobile banking apps, to prototypes using Kinect for personal financial management, and even core banking in the public cloud. We are working closely with our customers on SQL Server 2012, which will provide for scale on demand from devices to data centre to cloud, cross data centre failover support, and next-generation organisation security and compliance. And then of course there is Windows 8, which will help the industry extract more value out of their existing IT investments while developing the next generation of world-class financial services applications."

Beam them up, Scotty



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