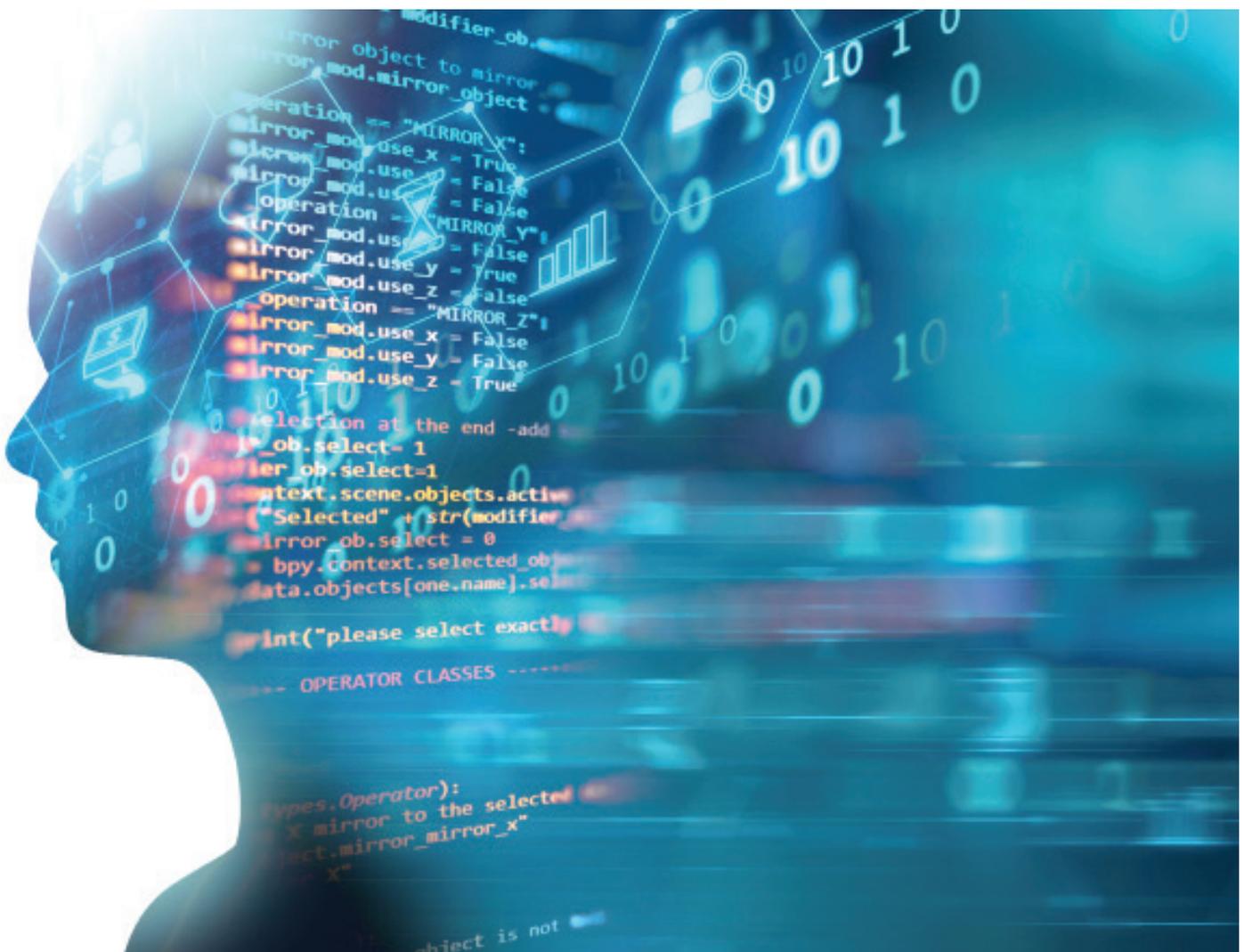
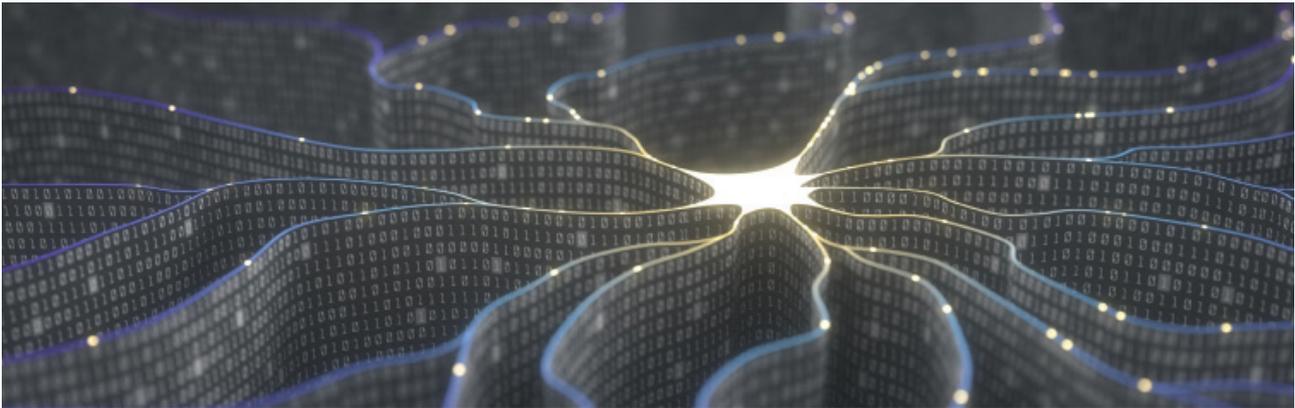


Being Human in a Digital Age of Wealth Management

David MacDonald, Head of Learning Solutions at Hubbis, gave a keynote presentation at the Hubbis wealth management event in Jakarta, focusing his advice on the value of real human interaction in wealth management as digitalisation becomes ever-more prevalent.

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EXECUTIVE SUMMARY

David MacDonald warned the audience at the recent Hubbis Indonesia Wealth Management Forum in Jakarta that digitalisation, especially hybrid advice, is threatening the jobs of human wealth management advisers. To maintain their value for clients and to validate their worth to their organisations, MacDonald, who heads the Hubbis learning and training business, urged advisers to play to their strengths, using their personal skills. They should, he advised, forge better bonds with their clients, whether through demonstrating their niche wealth management and interpersonal expertise or through building broader social and relationship connections.

With high-net-worth individuals (HNWIs) across the globe showing a continuing inclination towards hybrid advice - the combination of robo-advisory and human advisory - it is becoming ever more critical for those in the wealth industry to hone and project their personal skills and resources and to harness the increasing technological resources to provide better ideas, services and execution for their clients. If they do not, then the age of the machine might spell their obsolescence.

“WE ARE CURRENTLY AT an inflexion point, meaning a time of great change,” began MacDonald. “Some of us may remember the last great change in communication with customers, it was called a fax machine. It was revolutionary,” he joked.

The wealth management industry is currently in a state of flux with many technological advances happening each day. Artificial intelligence (AI) may be relatively primitive thus far, but the pace of change is such that augmented humanity will be with us before much longer.

“It is easy to worry that we will be replaced by AI within our lifetimes,” continued MacDonald, “however, we can take steps to mitigate this march towards digital domination.”



[DAVID MACDONALD](#)
Hubbis



Hybrid advice is greatly sought-after

For the wealth management industry specifically, recent research reported by Capgemini in their ‘World Wealth Report’ found that around half of HNWI’s feel it is very important to consider hybrid advice, as for them it means getting the best of both human and algorithmic skillsets.

In addition, it was reported that Indonesia came top in the world for the number of HNWI’s expressing interest in their wealth being managed by Big Tech companies such as Google and Amazon if they were to move into the field of finance, with over 90% indicating that they would seriously consider it.

This means that no wealth management company can take their clients or their futures for granted. So, how can the wealth advisory industry survive in this brave new world?

What do we have that AI does not?

“Being human will only be intrinsically valuable if we can isolate what it is that differentiates us from machines,” warned MacDonald. “Already there are algorithms that can calculate how wealth should best

be distributed in an investor’s portfolio. If there is no need for human contact, and it can be done faster, cheaper and more reliably, why use a human wealth management adviser?” he queried rhetorically.

“When it comes to building that essential trust with clients, human relationships rule,” MacDonald offered, before urging the audience to think about how they could improve their relationships with their clients. “Emphasise and leverage your human connections while augmenting your capabilities with digital tools such as AI and machine learning,” he suggested, “because if you do not, you will lose your clients to Big Tech.”

“Wealth management is all about selling, and selling means influencing others to think and act differently” MacDonald explained. “To succeed, you must be able to tangibly demonstrate to your clients that they cannot do without you.”

Find that happy place to improve relationships

MacDonald then introduced ideas surrounding the key human skills necessary to build trusted relationships with others. “There are certain dimensions of behaviour that are measurable,” he elucidated,

“and one of particular importance in wealth management is the opportunity – fear dimension. This measures our predisposition towards optimism or pessimism in how we tend to communicate ideas to our clients.” Indeed, 80% of near 2,000 people in SE Asia with whom he has objectively assessed this dimension of relationship building fall into the pessimistic category, “which,” joked MacDonald, “perhaps says something about the state of the global market.”

“If you load clients up with fear statements, trying to scare them into certain decisions, they will not relate to you positively. Instead, talk about their goals, their aspirations, make them feel positive about the future,” MacDonald advised, “and this will improve your relationships with your clients.”

MacDonald ended his talk by reiterating that those in the wealth management industry would do well to focus on improving relationships with their clients and joining forces with digitalisation rather than discounting it. “Talk to your clients, ask them what they want and need, and work hard to become their most trusted adviser in these changing times,” he concluded. ■