

Being Human: Wise and Successful Advisers in the Era of AI and Big Tech

David MacDonald, Head of Learning for Hubbis, believes that wealth management advisers can futureproof themselves by understanding the uniquely human skills that will remain relevant. He suggested that they also need some forward planning of how to hone these skills in a way that they will be complemented by, and complementary to, artificial intelligence. Without a structured, forward-focused plan, he advised, the future is more random. But if advisers can look ahead to a career in which they are engaged with their clients, in which they have genuine empathy, and where they can sell not by being insistent but by encouraging clients to make their own decisions, in all likelihood, they will enjoy a fulfilling career in this industry.

A STRAW POLL OF ATTENDEES AT MACDONALD'S WORKSHOP quickly showed that very few of them have any form of plan for the future. "That's folly," claimed MacDonald, "especially as those in the room today are considerably younger than me, so you have a long career ahead of you in which technology and AI will play an ever-increasing role. Global consultancy Mercer believes we are at an inflection point, some people call it the fourth industrial revolution. The pace of change is so rapid that we are in danger of being overtaken by it."

He then engaged in an interactive discussion with the audience to determine why they think their clients are using AI solutions more and more today. In short, the answer is because it is very reliable, accurate and perhaps cheaper.

Why bother with humans?

"So," he wondered, "why would clients waste their time with a human being who might let them down, might not offer good information and who then charges them money for it?"

MacDonald's theory is that if advisers want the outcome of their client conversations, their interactions, their engagements to evolve, they need to take into account the fact that the clients



DAVID MACDONALD
Hubbis

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can now do a lot of things without their involvement, cheaper, quicker, and more reliably.

MacDonald then cited the results of a survey conducted by Capgemini in its World Wealth Report 2018. He noted that according to the report, high net worth individuals (HNWIs) across the globe continue to demand hybrid advice, with more than 50% globally saying that it was highly important. The conclusion, according to Capgemini, is that hybrid advice forms a critical top-line growth enabler for firms, with 68.7% of HNWIs globally indicating hybrid advice was a significant factor regarding decisions related to asset consolidation with their primary wealth management firm.

"And we know out here in Asia particularly," he noted, "people

very rarely rely on one advisor, one wealth manager, or one banker. They spread it around, that is part of their risk management."

Watch out, here comes Big Tech

Moreover, MacDonald presented another finding from the Capgemini report, that HNWI clients in Asia are more receptive to the concept of Big Tech companies such as Google or Amazon moving into the world of banking and finance than HNWIs in any other part of the world.

"Wealth managers beware," MacDonald warned, "as almost three-quarters of Asia's HNWIs said they would consider Big Tech entrants, whereas the rest-of-the-world figure is only just over 50%. And countries such as Indonesia and India

register results well over 90%. In short, do not take any client relationship for granted, find out what it is that the client values and what no Big Tech data factory can do for them."

"Here in Singapore," he added, "the figure is 70%, that's a lot of people saying that, absolutely, if these brands or others like them started offering wealth management solutions it would be of more than a passing interest to see what they might be able to offer. So, it is no longer just the banker next door who is your competitor, it is Big Tech, fintech, all sorts of tech-enabled competitors."

Adapt to survive and win

MacDonald then highlighted a quote from the naturalist Charles Darwin, who said that it is not the strongest of the species

that survives, nor the most intelligent, but those who are most adaptable to change.

"You need a strategy to work hand in hand with AI, fintech, automation, call it what you want," he implored the audience, "thereby freeing you up to do more of the human things, because the tech can take care of some of the boring admin elements, the less human things, that should be a key part of your strategy."

"When it comes to building that essential trust with clients, human relationships rule," MacDonald proffered, before urging the audience to think about how they could improve their relationships with their clients. "Emphasise and exploit your human connections while augmenting your capabilities with digital tools such as AI and machine learning," he instructed, "... because if you do not, you risk losing your clients."

Trust, trust and trust

If the relationship manager hopes to be able to encourage his client to reassess priorities and then change his course of action, trust must first exist, and the client and relationship manager need to move forward in some form of 'partnership' relationship where there is a commonly acknowledged path and a tailored outcome. But trust in the financial services industry, MacDonald observed, is not always easy to achieve or maintain.

"If we are going to remain relevant," he advised, "we must do something to fix the statistics that show half of our clients already don't trust us, because in five years' time when they latch on to any new Facebook wealth management platform, or offerings from other familiar online brands, things will be truly challenging."

"Wealth management is all about selling, and selling means influencing others to think and do things that they have not yet considered," MacDonald continued. "To succeed, you must be able to convince your client that they cannot do without you. Trust, reliability, relationships, these are the human competitive advantages."

"Being human," he elucidated, "will only be intrinsically valuable if we can isolate what it is that differentiates us from machines. 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, then why use a human wealth

"For me," he said, "questioning is the most important aspect of our communication in our professional lives, potentially some of our personal lives too, but in our professional lives our ability to question to a deep level, to a thought-provoking level, to a persuasive level, I think is the key skill that I tend not to find exists in many that I interface with."

Emotion

He quoted a well-known statement that observed that all buying decisions are based on emotion and that people use facts and logic after the decision to justify the decision. "We must get to where the emotions and decisions lie within our clients, somehow. When you are making big decisions

"How many people talk to your clients regularly about their dreams for the future?"

management adviser at all?" To offset that danger, it comes down to building and expanding that essential trust with clients and building your human skills.

But what are some of those skills? What are some of the things that only humans right now and for the foreseeable future are capable of doing and that AI, machines, robo-advisors, and algorithms, are not?"

Empathy

Empathy, MacDonald proposed, is one essential for the adviser's success. "You must see the world from their perspective, not from your perspective. Empathy is a key skill."

Communication and questioning, specifically questioning are other vital attributes and skills, he observed.

around large sums of money or the future of your family, it is very hard for a robot or algorithm to draw that kind of thinking out through a couple of questions."

Imagination and vision are also essential characteristics. "How many people talk to your clients regularly about their dreams for the future?" he wondered. "This type of stimulating talk enacts critical thinking and leads to visioning and imagination being called for in the discussion."

The early discussion is essential, he advised. "Think about how you achieve a positive feeling early in the meeting. And appearing wise rather than simply smart is also essential. Another of my favourite quotes states you can tell who is smart by their answers, but you can see how wise they are

by their questions. So, questions are one of the best weapons in your armoury.” But importantly, he advised the audience to engage the clients with questions, not interrogate them. “Engage them emotionally,” he implored.

Engagement and ownership

MacDonald then expanded on this by explaining what engagement is. “What you see as your next step? How quickly would you like to take action? How much do you want to commit to this new idea? How important is it that you achieve it? Any of those things are ‘engage’ type questions, giving you thoughts on what the next steps should look like, getting the client to take ownership of the next step. If you are constantly saying to your client, I think you should do this, I suggest you should do that, I recommend you should do this, they are not owning the solution, and ownership is such a very powerful persuasion tool” he said.

Accordingly, if the client feels ownership over the idea, the dream, the fear, the future goals, the aspirations, if they own it, there is a much higher likelihood that they will take some action. The adviser helps them to articulate it through the power of his, or her, questions. “You don’t tell him what it should be or what you think it needs to be, but if they

take ownership, they are more likely to act on it and stick with it.”

MacDonald closed his Workshop by identifying several skills that will help improve critical thinking. Conducting research, and identifying biases is vital. “Are we all aware of our buyers’ biases,” he wondered, “what they are, how they were formed, why the clients are sticking with them and how to overcome them? Learn to infer from what you are hearing. This helps you to remain relevant, to focus on your human skills.”

Question, but don’t badger

He closed with the reiteration that selling is all about influencing people to change. “It is a uniquely human skill to engage people at an emotional level, and that is not done best by shoving your product range under someone’s nose and saying - so which one do you want? Questioning, getting the client to think emotionally about their future situation, what they are trying to avoid, or what they are trying to create, these are all essentials. Think about what you need to do to migrate more of your clients to the status of partner. A human partner, not a robotic partner.”

MacDonald also introduced the concept of human skill training. “There are certain dimensions of behaviour that are scientifically measurable,” he elucidated, “and

one of particular importance in wealth management is the opportunity/fear dimension of how we engage others. This measures our predisposition towards optimism or pessimism. The 2,000 or so assessments that I have done with individuals across the region in the past 20 years show some 80% of people fall into the pessimistic category.”

He therefore advised not to load clients up with fear statements, trying to scare them into certain decisions, as 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 best to truly 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,” he beseeched, “and work hard to become their most trusted adviser in these changing times. By being genuinely perceptive of the relationship needs of the people that you deal with, and by being clear on what human value you can contribute to whom, you will be successful. Good luck!” ■

