DIGITAL TRANSFORMATION AND ENHANCING THE CLIENT EXPERIENCE

IN INDIA'S DYNAMIC WEALTH MANAGEMENT MARKET

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Evooq

SUMMARY

In partnership with Swiss WealthTech Evooq, Hubbis in January hosted a private and off-the-record event in Mumbai with private banking and independent wealth leaders in India. The mission was to discuss the many challenges they face in evolving their wealth management offerings and analyse the role that technology could, and often perhaps should, play in advancing their propositions. Hubbis has selected and distilled some of their key observations in this review.

Evooq Attendees: Mathieu Cambou, Chief Product Officer; Travis Fum, Sales & Partnership Manager; and Ankit Vashishta, Software Engineer

Wealth Industry Attendees: 12 key decision-makers, including Private Bank CEOs, leaders of Digital Transformation, heads of Product & Research, COOs, CTOs, Technology Consultants, and others.

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[View Mathieu Cambou's LinkedIn Profile]

[View Travis Fum's LinkedIn Profile]

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THE SNAPSHOT - KEY TAKEAWAYS AT A GLANCE:

- There is a rising demand for digital solutions in wealth management across India's increasingly dynamic wealth management ecosystem, aiming to enhance RM productivity and boost client engagement.
- The hybrid and 'phygital' world of wealth management is with us - the blend of technology with human interaction remains crucial, maintaining the personal touch that is highly valued in wealth segments, especially amongst the HNIs and UHNIs.
- There are adoption challenges amongst the bankers and advisors as well as some of the clients: despite advances, the wealth sector faces hurdles in fully embracing digital processes, often reverting to traditional methods for certain tasks, sometimes by necessity but too often by preferences for old and proven practices.
- In general, the end clients expect better and more seamless digital experiences influenced by their interactions with consumer apps, and the delivery of a high-quality digital experience is a key element in any provider's competitive edge.
- Digital-first providers and robo-advisories are emerging, challenging traditional wealth management practices and appealing to tech-savvy clients. While the incumbent banks and other competitors might not go fully digital-first, they are raising their game in the face of this intensifying and diversifying wealth management landscape. Traditional institutions are, therefore, investing heavily to match fintechs' agility and innovation to meet client expectations.
- Onboarding processes and KYC compliance remain complex and challenging, with ongoing efforts to streamline and digitize. Solutions are partly digital, but also frustratingly manual still. Improvements are being made, but there is a recognition in the industry that these first steps imprint in clients' minds. Getting this all right, or doing it as well as possible, helps the seamless integration of the clients into the institution and greatly improves the transition to clients becoming active investors and loyal customers.
- As KYC evolves into an investment offering, banks and other firms are evolving their strategies, including discretionary mandates and fee-based advisory services, all with a growing focus on digital support, and all to help boost the visibility and predictability of revenues.
- Effective data aggregation and analysis are vital yet still challenging, and there is an industry-wide effort to refine and accurately utilize client data, make recommendations and information relevant to clients, make it all easy to digest, and deliver it in the ways they prefer. Improved datasets and technological advances have led to better data accuracy, enabling more informed decision-making.
- Increasing the number of AI and generative AI use cases results in banks increasingly exploring generative AI for various applications, including fraud detection and loan underwriting, utilizing machine learning and predictive analytics to improve efficiency and accuracy in these critical areas.
- Technology, especially AI, is increasingly expected to augment the capabilities of RMs rather than replace them, making them more effective in their roles. AI and ML are there to empower the RMs. As such, the dynamic Indian wealth industry is exploring AI and ML to help empower RMs, improve client service, and boost their delivery of advice, investment insights and even oversight around compliance.

KEY INSIGHTS & OBSERVATIONS IN MORE DETAIL

There is a growing appetite for digital solutions and connectivity amongst India's wealth management clients across all segments. At the same time, a real thrust to drive RM efficiency, productivity and effectiveness and to free them up to focus more intently on their clients and to help the operation achieve more scale. However, technology adoption, both internally and externally, still needs to improve.

There are now heightened expectations for digital service delivery, influenced by everyday app usage where users, including relationship managers, expect quick and efficient interactions. Moreover, digital and robo-advisories have risen in India, providing intensifying competition amongst the retail and mass affluent investor ranks and certain of the more tech-savvy HNI clients.

The standard for digital services, set by leading digital platforms, demands seamless experiences. Failure to meet these expectations can lead to dissatisfaction among users accustomed to frictionless interactions. While some aspects of digital banking, such as account execution, have advanced rapidly, others, like portfolio allocation and planning, are still evolving. Comparisons with the offerings of FinTechs and robo-platforms are inevitable, even if not entirely fair, due to different regulatory constraints and operational backgrounds.

Legacy institutions face challenges in adapting as quickly as fintechs, but there's a clear effort to improve and meet the high standards expected by clients and relationship managers.

Combining technology with human interaction in the wealth business in India is vital, especially as personal touch remains very important across many wealth segments in India. But while technology is essential for scaling and streamlining tasks, there is still a reliance on traditional methods such as physical signatures and in-person assistance.

The more that providers can facilitate a seamless digital experience from onboarding to portfolio management, the better. However, there is a concern regarding adoption as both clients and relationship managers often hesitate to fully embrace digital processes, preferring some aspects of the traditional approach, even though that restricts providers' ability to scale their offerings.

A speaker noted that the criteria for evaluating RMs had shifted significantly, particularly in the last five to ten years. The focus has increasingly moved towards digital enablement, recognizing that an RM's effectiveness is optimized within a certain span of control or number of managed relationships. The providers are increasingly not only examining client journeys but also closely analyzing RM journeys, identifying key areas for digital support and intervention to maintain high service levels across all client relationships.

Segmentation is vital to tackle India's customer base effectively and will determine the cost-effectiveness of the human compared with the digital approach, or the combination approach. Again, adaptability and adoption are all important

Another guest observed how segmentation is also important, with digital solutions making less or more impact on different clients. He said that for those with investable wealth of over USD1 million, the relationship manager plays a crucial role, with digital tools serving mainly as facilitation.

Among the affluent segment, which ranges widely in assets,

he indicated that younger clients (below 35) are more receptive to digital interface, whereas older clients still prefer personal interaction despite efforts to incentivize digital adoption. The challenge of digital adoption also varies by the age and approach of the bankers, with older RMs possibly resistant to digital enablement due to a fear of losing personal connection with clients.

Change management emerges as a crucial aspect, requiring careful planning to address potential resistance. RMs themselves are increasingly inquiring about digital tools and platforms, such as CRM systems, and processes around lead management, indicating a growing openness to digital solutions.

Most RMs are increasingly seeing the value of technology to boost their capabilities, and banks and other providers are increasingly centralising the RM control hub

Expanding on these ideas, another attendee noted how keen RMs and their clients are definitely coming to see the value of simplicity and efficiency, valuing a digital platform that integrates all necessary tasks into a unified, user-friendly experience. The ideal system minimizes the need for multiple steps or systems, enabling tasks such as onboarding and execution to be completed efficiently within a single workflow. RMs prefer having control over portfolio management and value digital tools more for sales, reporting, analytics, and operational support that enhance client interactions, such as instantly sending reports via an app.

The goal is to offer digital capabilities that genuinely simplify and improve the service experience rather than complicating it with disjointed systems.

These tools must also be versatile enough to cater to a diverse client base, from the mass affluent to ultra-high-net-worth individuals, requiring a balance between simplicity and depth of functionality. The ongoing challenge is to keep up with and proactively anticipate these expectations, ensuring digital enhancements are timely and effective in supporting the dynamic needs of RMs and their clients.

Technology is also helping to evolve, elevate and scale the investment proposition

The discussion mined down into the critical role of digital solutions in enhancing the investment proposition by complementing client activities and preferences. The conversation highlighted the importance of digital platforms

in providing this convenience, underscoring that digital integration is indispensable.

An expert outlined three approaches to client management in India: discretionary mandates, distribution/sales, and fee-based advisory services.

He said that RMs are increasingly recognizing the benefits of shifting their client portfolios towards discretionary and advisory services. This shift not only enhances their ability to acquire new clients by freeing up their time but also aims to provide a stable revenue base that doesn't reset annually. The trend is towards creating a portfolio that yields recurring revenue, moving away from purely sales-focused strategies.

From a digital perspective, he suggested that there are numerous opportunities for technological interventions to support RMs. These include enhancements in portfolio advice, reporting capabilities, support for the discretionary portfolio management (DPM) team, advisory and distribution teams, content management, and the use of data analytics for personalized client interactions.

The movement toward digital solutions is seen as parallel to the evolution of RMs, aiming to provide the necessary tools and support across the three client management strategies.

It is increasingly valuable to deliver clients information, data and insights that are timely, relevant and easy to digest

A guest then highlighted the importance of data and analytics in enhancing digital solutions beyond just DIY interfaces.

The focus is on providing RMs with comprehensive data to offer the best advice and product options to clients, acknowledging the challenges posed by the vast array of available financial products. The goal is to move beyond traditional communication methods, like email, that can lead to information overload and outdated recommendations.

By streamlining access to up-to-date product information and analytics, he said the technology aims to empower RMs with the tools needed for informed decision-making and efficient client service. This approach has garnered support across the board, recognizing it as a win-win for enhancing service delivery and client satisfaction.

Another guest addressed operational challenges in product onboarding and portfolio management, emphasizing the complexity of documentation processes for different products in India. The discussion pointed to the difficulty of collecting accurate data from Asset Management Companies (AMCs) or product creators, which is crucial for maintaining and tracking client portfolios. Mutual funds are more standardized as to information dissemination, unlike many other investment products.

The key concern is ensuring the availability and accuracy of investment-related data such as drawdowns, Net Asset Values (NAVs), and payouts to enable advisors to provide value through accurate portfolio management. The conversation stressed the need for effective communication and data exchange with AMCs and product teams to support informed investment decisions and client service.

A speaker emphasized the ongoing need for improvement and further enablement of RMs, suggesting that there is significant room for enhancement, particularly in creating a centralized dashboard for better management and oversight. Despite using Salesforce

and encountering challenges, they argued that the journey towards optimal RM enablement is still a work in progress, with constant work needed to fully realize the potential of digital tools and processes in wealth management.

Furthermore, he touched on the development of solutions that align client portfolios with model portfolios, emphasizing the importance of addressing specific client needs and motivations to foster change and deeper engagement. This strategy, which their bank aims to implement this year, is designed to enhance client satisfaction and loyalty by demonstrating the tangible benefits of following the bank's investment advice.

The wealth industry at large in India is adapting to the challenges from digital-first new entrants

A speaker from a major global bank operating in India's wealth market noted that while the bank does not have a wealth-only digital offering, the rise of fintechs has spurred a competitive edge, prompting the bank to benchmark their capabilities and connectivity against these new entrants. Despite the challenges posed by regulatory constraints, legacy technology, and a historically conservative approach, fintechs have inspired the bank to adopt a more nimble and innovative stance.

While fintechs pose a significant challenge in the mass affluent and retail customer segments, this particular bank focuses only on HNI clients, where relationship management and service standards are crucial. Nevertheless, if they want to expand their wealth management services to its entire customer base, as they do, they will need to up their digital game. However, to their advantage, they have many more products and services they can plug through their pipeline.

There are still major challenges around onboarding and KYC in India, but improvements are gradually being made

Client onboarding was highlighted as a significant challenge, involving various client arrangements and compliance requirements. The aim is to create a seamless onboarding experience that is both compliant and efficient, marking the first critical touchpoint for customers. But for many firms, this is not yet being achieved as fast or effectively as they would like.

The guests drilled down further into advances and ongoing challenges in client onboarding and KYC processes. A speaker acknowledges significant progress yet recognized the system is not yet ideal. The focus is on providing a comprehensive onboarding experience that addresses all of a client's needs from the outset, including banking, credit, and wealth management services. This holistic approach aims to strengthen client engagement from the early stages of the relationship.

Another speaker elaborated on the persistent challenges in the onboarding process, especially regarding regulatory need for numerous levels of form-filling, including from different businesses within any one group. Unlike the streamlined process of

opening a bank account that can simultaneously include a wealth account, clients onboarding with wealth managers may choose to defer opting into brokerage and other services, leading to fragmented onboarding experiences and potential lags in fully activating the client's full portfolio of services.

A guest then highlighted the complexity of KYC regulations in India, noting that continuous regulatory changes have complicated the process

significantly. With a 100-page master circular on KYC, the regulations have become so detailed that interpretations can vary widely, adding layers of complexity to compliance efforts.

Additionally, the attendees discussed how new data privacy regulations further complicate matters by strictly defining how collected data can be used, limiting the ability to leverage this information for various purposes. This combination of intricate KYC requirements and stringent data privacy rules poses significant challenges for financial institutions in effectively managing onboarding, client information and compliance.

On the other hand, a guest pointed to the regulatory progress towards enabling 100% digital account openings in wealth management, citing the digitalisation of the Power of Attorney (POA) document as a significant advance. However, she also pointed out the challenge of constant regulatory changes and updates to forms, which can disrupt the process and require frequent adjustments by firms. Despite these hurdles, the ability to conduct all aspects of wealth management -

broking, distribution, advisory, PMS - digitally represents a significant leap forward, with the main issue being the need for regulatory consistency and stability with regard to the forms and requirements.

However, there are plenty of practical challenges in digital onboarding, especially for organisations with multiple authorised signatories. The complexity of ensuring that all signatories are tech-savvy and available for e-signing often leads to clients preferring physical forms for efficiency. The dynamic and rapidly evolving nature of KYC requirements further complicates digital onboarding, necessitating frequent updates and potentially redoing the entire process.

Additionally, wealth management onboarding often coincides with transaction initiation, complicating digital efforts when certain investments or products lack digital onboarding capabilities. This blend of digital and physical processes, termed 'phygital', reflects a preference among clients for the simplicity and familiarity of traditional paperwork over navigating digital onboarding complexities.

Onboarding and KYC as vital first steps to curating the right approach to investment portfolios and boosting suitability

Another banker reported that their current onboarding process for a new bank customer can be completed in 15-20 minutes for a basic bank account. However, adding a wealth management account extends the process because it requires establishing a customer profile, understanding the customer's needs, and deciding on suitable products. The goal is to integrate this comprehensive assessment into the onboarding process, accepting that a longer duration (up to 30 minutes) is reasonable if it ensures a thorough understanding of the client's risk profile, investment experience, and preferences.

This approach aims to match the client with a model portfolio, facilitating comparisons between their current investments and ideal scenarios, thereby simplifying the relationship manager's task in advising and executing investment strategies.

A guest observed how, for HNI and UHNI clients, a comprehensive wealth view, including all investments, had become a standard expectation among clients. Despite the challenges in consolidating such data, the demand for a unified portfolio view is critical for offering an advanced family office proposition and/or true advisory roles.

They remarked that RMs require this information to effectively serve clients, making system-based solutions essential for scalability and efficiency. Essentially, this capability has become non-negotiable for RMs and for the clients, especially for clients at the higher end of the wealth spectrum.

However, they explained this remains very challenging in India as data feeds from all the banks are more of a work in progress, including from a regulatory viewpoint, meaning that a lot of manual work needs to be done to consolidate data the clients send through. She said the PDF or the statements or the transactions are taken from the client, scraped and uploaded.

Data might be the new 'oil' but it challenging to extract, refine and distribute

Another speaker discussed the challenges of data aggregation, particularly in the context of family office services, where collating comprehensive and accurate client data is essential. The process often involves extracting data from PDFs, which can be unreliable and inconsistent, with a quality success rate of only 70-80%. Additionally, manual reviews of aggregated data is necessary to ensure accuracy, which can lead to delays and the information becoming outdated by the time it is ready for client review.

The logistical challenge of scheduling client meetings for portfolio reviews further complicates timely service delivery. Despite the existence of platforms designed to assist with these tasks, the lack of direct data access remains a significant obstacle to efficiency and effectiveness in wealth management services in India.

Another specialist said they are working hard on intelligent processes and advances to identify the next best actions for an RM and for the customer, and then disseminate those recommendations through different channels. AI is central to elevating this proposition, but the results are far from perfect as yet.

He said their bank is developing a complex decision-making engine that incorporates numerous rules and algorithms to process a vast amount of data. This system represents the bank's effort to approach AI capabilities without fully committing to generative AI technologies, particularly for chatbots that offer advice or recommendations.

But he said the bank remains somewhat cautious or sceptical about fully automated advisory services, preferring to improve upon existing methodologies rather than pioneering entirely new AI-driven solutions in the advisory and recommendation space, acknowledging the potential risks and uncertainties associated with full adoption of such technologies, largely due to the lack of control and clear pathways to decisions, which could lead to incorrect advice being given, and to compliance issues.

Not only is the refining of data very tough, but banks and other wealth firms then need to make sure it is delivered seamlessly, accurately and in the ways that clients prefer

On communication with clients, the guests discussed the various channels. For engagement, which includes direct communication via the RMs, emails, notifications, and other more innovative video, chat or call technology delivered via a smart app, all aimed at making life easier and offering more personalisation. A banker explained their bank leverages customer analytics to recommend specific products and information, aiming to generate client interest through tailored suggestions.

Despite these efforts, he admitted that identifying the most effective engagement strategy remains challenging, relying heavily on trial and error and analytics to guide the process. The goal is to influence client decisions positively by aligning recommendations with their observed behaviour and preferences.

The era of chatbots, AI, generative AI, ML and their application to the world of wealth management

While the future might be hybrid, wealth management increasingly involves a more collaborative model where digital advisories empowered by AI and ML work together with the RMs/advisors, enhancing the client service experience through technology-assisted models.

He agreed that there is a strong inclination to 'phygital' client engagement but noted a shift towards more digital interaction. He said this transition is driven by the convenience of digital solutions and the growing number of clients adopting technology. He observed that digital platforms offer clients a sense of control over their investment decisions, allowing them to actively participate and manage their investments more directly and effectively.

A speaker explained that they are working on and using a chatbot that is highly interactive and informed by approximately 4500 investment books. This chatbot is designed to engage with clients by answering their questions about financial markets and related topics. If the chatbot encounters a query it cannot answer, it informs the client that their question will be passed on to an RM for direct follow-up.

He said the tool has proven effective for communication, especially in contrast to emails, which often go unread. The chatbot is also used to distribute monthly and annual financial outlooks, keeping the content engaging and informative. This approach not only maintains ongoing communication but also gives clients a sense of involvement and insight into their wealth management. The chatbot is self-learning, continuously improving its responses based on the queries it receives, demonstrating an innovative use of technology to enhance client service and engagement.

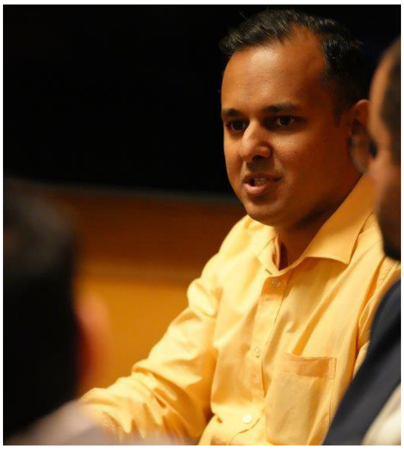
The Final Word - Digital adoption is rising, digital solutions are expanding and improving, regulation is helping accommodate more automation, data mining and analytics are increasingly prominent, and an AI-enabled future awaits...

Another perspective came from a speaker who summarised what he sees as the evolution of digital adoption in the wealth management industry. He summarised these trends as follows:

Technology, especially AI, is increasingly expected to augment the capabilities of RMs rather than replace them, making them more effective in their roles.

The adoption of tools like IBM Watson and BlackRock's Aladdin demonstrates how banks and wealth management firms are leveraging AI for better data analysis and decision-making. The availability of more powerful computing resources is facilitating the use of sophisticated models such as ChatGPT and Meta's Llama 2. Meanwhile, improved datasets and technological advances have led to better data accuracy, enabling more informed decision-making.

Finally, the development of generative AI use cases means that banks are exploring generative AI for various applications, including fraud detection and loan underwriting, utilizing machine learning and predictive analytics to improve efficiency and accuracy in these critical areas.



SUMMARY INSIGHTS & OBSERVATIONS FROM MATHIEU CAMBOU, EVOOQ'S CHIEF PRODUCT OFFICER, AND TRAVIS FUM, SALES & PARTNERSHIP MANAGER

Mathieu Cambou is the Chief Product Officer of Wealth Management Technology provider Evooq, a Swiss firm that prides itself on the design, build, and delivery of technology solutions that enable high-quality personalised investment services to be offered by banks and other wealth managers to a wide range of investors.

The firm believes that in a 'good' wealth management journey, the needs and expectations of clients should be addressed through a simple (yet also sophisticated) wealth journey through relationship managers and advisors who are robustly supported and empowered by the right management strategies and optimal digital solutions and processes.

Mathieu explained that for Evooq, the RM is front and centre of wealth management for HNW and UHNW clients, and that Evooq's solutions are designed to support advisory services comprehensively, enabling advisors to create personalized investment proposals, advice, and portfolio monitoring efficiently. This personalization takes into account client goals, wishes, and preferences, aiming to increase advisor ef-ficiency and client base for their customers, including private banks and independent asset managers.

Mathieu cited a very important and prominent client, a tier 1 Singapore bank, which utilizes Evooq's platform for their Private Banking and Mass Affluent business, thereby enhancing investment proposal generation and portfolio monitoring.

Evooq has been expanding in the APAC region, emphasizing the importance of placing the investment portfolio at the centre of communication. This approach increases client confidence and, at the same time, helps customers elevate from a product-push to an advice-driven and highly personalized strategy, in the process helping sales and fee generation.

Mathieu also highlighted the significance of content quality. By improving this content, making it more contextual and integrating the bank's CIO advice directly all relevant to the client's portfolio, Evooq has seen a marked increase in RM adoption and client engagement. The focus on portfolio advice and the enhancement of content quality are, therefore, pivotal in Evooq's strategy to provide value to both advisors and their clients.

Travis Fum added that he had moved from a wealth advisory role to Evooq, bringing his insights into the tools he valued that streamline processes and enhance RM/advisor productivity. He said he was attracted to Evooq due to the quality and comprehensiveness of Evooq's solutions, which support the RM journey by integrating various inputs relevant to client discussions into a single platform. This integration allows RMs to easily access the Chief Investment Officer's (CIO) views, client preferences, and other necessary information, simplifying portfolio pitches and advice to clients.

He highlighted the inefficiency of previous practices, where RMs had to navigate multiple sources of information, significantly extending preparation time for client meetings. In contrast, Evooq's platform reduces this preparation time, as evidenced by feedback and statistics from their actual clients, which underscore a marked improvement in the efficiency of generating proposals and communicating with clients in their day-to-day interactions.

Mathieu also pointed to improvements needed in the efficiency of content dissemination channels, highlighting the importance of tracking client engagement with the content sent out. He pointed to the value of transitioning from email to integrated customer portals allowing for better monitoring of how clients interact with the content, including their reading and action-taking behaviour.

He said a key strategy involves making content actionable within two clicks, leading to higher engagement and volume on products. This approach not only focuses on sending less (but more impactful) content but also on leveraging analytics to understand and enhance client engagement effectively.

Travis added that Evooq's firm view is that the RM and advisor will remain central to the broad wealth management offering, with technology enhancing and supporting their efforts, including around the delivery and content of content itself. But, he said that however smart the content, dissemination and delivery, clients would still like to receive a call or meet the RM to discuss the ideas and advice.

Mathieu agreed, adding that the Evooq solution is also a massive time-saver in terms of preparing and generating proposals. This frees the RMs up for more client connectivity and other value-generating activities. He reported that one of their clients had launched an advisory business supported by Evooq's product at the end of 2021 with several key engagement and delivery targets for their first two years, which they actually reached within approximately seven months because they managed to scale the business rapidly.

For further reading on Evooq, see also this Hubbis article from December 2023:

https://hubbis.com/article/re-imagining-the-wealth-management-journey-how-advisors-play-a-key-role