

# Future-Proofing the Wealth Manager in the New Age of Digital and AI

*David MacDonald, Head of Learning Solutions at Hubbis gave a talk at the Philippines Wealth Management Forum to highlight to delegates how they can future-proof their roles and their careers in wealth management by emphasising their uniquely human skills and leveraging technologies to enhance their individual capabilities and proposition. He told the audience that they must strategise and follow a well-formulated plan.*

**“THE MOST IMPORTANT THING IN YOUR FUTURE** is you,” MacDonald began. “This talk is about matters that you might want to consider in your quest to remain relevant in the hearts and the minds of the clients that you already serve and that you aim to serve. So, I must ask if you are future-proofing yourselves? Because if you are not, we are reaching an inflection point that consulting firm Mercer highlighted in a study, concluding that artificial intelligence, machine-learning and robo-advice are gaining ever more traction. Like self-driving cars, like Amazon’s impact on the world of retail, like Netflix’s power over the world on online streaming, this is not going away. You need to strategise, plan and react.”

He warned delegates of the dangers of not honing their human skills to align with and complement AI and machine learning. “Those who recognise this need can provide their clients with excellent advice and outcomes,” he said. “Those who do not heed this advice might risk obsolescence.”

MacDonald explained that the advantages of human interaction in the wealth management industry will remain extremely important, but only if relationship managers and client-facing wealth management personnel can tune in to the same wavelength as their high-net-worth customers. If so, they stand a good chance of offering a dedicated and highly client-centric service. To achieve that



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the human connection should be emphasised and digital tools such as artificial intelligence and machine learning should add to their skills, not take them out of the picture.

If the clients see relationship managers simply as enablers, then the clients may soon migrate to easier or cheaper solutions. However, those client-facing professionals that can communicate incisively, sensitively and meaningfully with their clients and who can identify and articulate their tangible added-value, can prosper in Asia's high growth wealth management market.

### **Hybrid models proliferate**

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 significant. 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.

Additionally, Capgemini concluded that better personal connections between wealth managers and their HNWI clients may lead to better HNWI satisfaction scores. In 2018, only 55.5% of HNWIs said they connected 'very well' with their wealth managers, according to the report.

### **Do you feel me, 'bro?**

"This is a concern," MacDonald commented. "How many client-facing people regularly check with their clients whether they are satisfied with their experience, whether they are happy with you with regard to your level of communication, your regularity of communication, your transparency regarding fees, and

so forth. Not many people ask clients those types of questions."

MacDonald maintained that making assumptions about client satisfaction is clearly risky. On the other hand, seeking feedback proactively will help the relationship manager hone the advice and the delivery and the overall communication to improve the general level of satisfaction.

"With the advent of robo advice," he noted, "there is a greater need to re-validate the human connection in order to emphasise the relevance and added-value of the relationship manager in the overall wealth management equation. No algorithm in the world will ever be able to fully replace the human relationship, but relationship managers must work harder and more consistently to discover, rediscover and reiterate this added value."

### **Happiness, really?**

MacDonald also highlighted another finding from the Capgemini World Wealth Report,

namely that better personal connections with clients makes those clients happier. “It is partly about augmenting your reality,” he explained. “We need to be real about what it is we are doing, how we are doing it, why we do it and why clients should continue to want to do it with us.”

MacDonald added that the ability to be human will become increasingly important in the age of AI, but only if you can master the skills and the behaviours that differentiate you from a machine.

“Over the last 18 years or so,” he reported, “I have had the pleasure of interfacing with probably about 3000 to 4000 client-facing people like you in skills training workshops, trying to help them to develop the ability to communicate more effectively with their clients, to ask better, more searching, more deep-thinking questions, to be able to put forward their proposition in a non-selling way. My experience shows me that many people do not truly understand what skills are required that are uniquely human, or what they need to do to bring those skills to the table.”

### **Raise your sights**

The mission for relationship managers, MacDonald concluded, is to elevate themselves well beyond the role of simply reacting and transacting to client instructions. “If the clients see you as someone who is just an enabler, then you are already on the way to losing the client as

they can do that without you, sooner or later, and quicker, more reliably, as well as cheaper. You must come back time and again to the value you add to your clients.”

MacDonald then observed how AI cannot engage anyone in an intelligent, fluid conversation, or react to or achieve meaningful insights. “We consistently emphasise in our training programmes that relationship managers and anyone client facing should be seen by clients as a true partner, someone that is indispensable in helping them make key decisions that affect their wealth and therefore their lives.”

### **The MacDonald Mission**

MacDonald added that his mission is, therefore, to help Hubbis clients think about some of the essential strategies and skills that might help them to better and more regularly engage clients in deep, meaningful and insightful conversations and therefore to add value throughout the relationship.

“Accordingly,” he advised, “it is vital to think about communication and questioning, and on this latter point I mean questioning the client in a way that engages that client in deep thinking. Empathy is also essential, the ability to influence another human being to feel that we are being empathetic is very important.”

Selling, MacDonald continued, is not about coming up with solutions, not about solving problems, but

having people persuaded to change their mind about something.

“Questioning, communicating, demonstrating your empathy, your vision, your strategic thinking, all these elements help clients understand, you are therefore influencing people to think and change their minds.”

### **You can evolve...**

On closing his talk, MacDonald noted that Hubbis offers a range of training programmes including specific modules on building and expanding client relationships. The mission for relationship managers, MacDonald believes, must be to elevate themselves well beyond the role of simply reacting to and/or transacting client instructions.

“Change your reality,” said MacDonald on closing his talk. “AI will only get more powerful, more ubiquitous. So, be more perceptive of the human relationship needs of your clients, not the return needs, not their asset class needs, not their risk needs, not their financial planning needs, their relationship needs. They need you to be their human relationship manager and deliver on that. Accordingly, you must establish which of these needs or which of these human behaviours each and every one of your clients needs and they are all different. Don’t treat everyone the same or expect that they feel the same in terms of what you deliver to them. Be unique and make them feel unique.” ■

