The Quest for Optimal Strategies & Smart Implementation of Digital Solutions in Asia's Wealth Industry

David Wilson is the APAC Wealth Management lead at Accenture and sat on our panel of experts for our October 7 Digital Dialogue focusing on the next phase of digitisation in the wealth management market. Accenture is at the cutting edge of wealth management transformation globally. On its website, the firm points out that no industry can escape digital's disruption, especially not wealth management, adding that today's clients expect a whole new kind of experience that's more informed, more personalised, more transparent; and they want it more quickly than ever before. Firms that rise to the digital challenge capitalise on industry insights, transform their businesses from front to back and strive for operational excellence, Accenture's experts observe, and state that globally, they leverage their deep industry experience and broad range of capabilities and synergies across our entire business to deliver end-to-end solutions for leading wealth management firms. Wilson himself is leading the firm's charge in APAC and is clearly deeply committed to delivering Accenture's expertise on the ongoing digitisation of the Asian wealth management industry. His insights during the panel discussion therefore offer an insider's perspective on the state of play. Accordingly, we have summarised his insights in this short report.

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Wilson first offered delegates his view on the wealth market in the region, noting that it continues to grow, and the region remains a key focus for firms seeking levers for growth. "And I see a lot of wealth on the side lines, not yet committing to the industry, so there is significant growth ahead," he added.

However, looking at the big picture of the digitisation, Wilson said he felt that progress was not as good as might be expected. The pandemic certainly accelerated digital adoption in a host of areas for internal and external communications and delivery, but he said he feels the industry is still scratching the surface.

"If you take clients at the lower end, their expectation from the industry is largely shaped by Netflix and others where everything is super personalised, relevant and contextual. And at the higher end, the expectation is probably more shaped by luxury retail, where, for example, you head to the Four Seasons for a return visit and they are completely on top of your preferences from the last visit, and you get a very contextual experience there. However, I don't think at the industry level, we have really cracked that yet. In short, we have made progress, but there is much more to achieve."

"To get this new money, you either need to hire new bankers, but they are few and far between, the industry is simply not creating them at the pace required and they move around too readily, or you need to acquire more clients digitally. And if you want to attract the good RMs from your competitors, or prevent them being poached, then you need to have the right digital tools in place."

RM enablement lags behind in Asia

He said RM enablement lags behind, with certain hygiene support in place with offerings such as Teams or Zoom, and so forth. "But this is just a fraction of what an RM actually needs to run their business, orchestrating across all of the systems that they need to use, and there's still a lack of satisfaction on the RM side with that."

And the other key area that also lags behind is on the client side. "The end goal is hyper-personalisation," he explained.

Massive growth to be captured

Why should this even matter, he asked. His answer was that there will be even more competition for assets over the next few years, with just the top handful of firms in Asia excluding China and Japan already having stated goals that imply adding another USD1 trillion to their books from 2021 to 2025. With an expected deceleration in market growth over the same period, this implies significant capture of net new money.

"To get this new money, you either need to hire new bankers, but they are few and far between, the industry is simply not creating them at the pace required and they move around too readily, or you need to acquire more clients digitally. And if you want to attract the good RMs from your competitors, or prevent them being poached, then you need to have the right digital tools in place. However, we've seen that in some of the surveys we've conducted that clients have low levels of satisfaction with digital in general. And this is something that would be highly correlated with asset withdrawal, yet alone failing to gather more assets."

Asia's inclination to self-directed activity

Wilson also commented on the characteristics of private investors in Asia, noting that there is still a strong inclination towards so-called transactors, people who use a private bank really just for execution. "But that's not so attractive for the industry, because it's a race to the bottom on price, it is an increasingly commoditised offering, because you have more and more firms who do it digitally, with really low minimums and really low execution and custody costs. So, then the question comes, how do you at the higher end of the clientele add more value from the advisory side, for example, better access to private market opportunities, and where digital combines with the important human touch."

He explained that at the lower and mid-size clients, it is more around scale of client acquisition, financial education and boosting advice and delivery through digital tools, leading to more

DAVID WILSON
Accenture

execution, more trading, more client centricity. The scale achieved helps pack more clients at the base of the pyramid, thereby providing a more solid platform for the bank.

Finding your 'secret sauce'?

Wilson also observed that each bank and firm has its own 'secret sauce', such as a private bank that has a powerful investment banking arm and is expert at complex deal structuring, or another that has such a deep global footprint that they can execute all types of deals in many key jurisdictions. "Everyone has a different nuance, but that RM delivered core advisory is not scalable so easily to the lower end of the clients, so there you need to complement the human with digital, for example for portfolio formation, so that the RMs can then spread themselves across a wider range of clients."

He observed that as to the next generation of digital tools, there is still actually a lot of room to boost the current range of digital tooling across the existing capability set.

Plenty more room for improvement with existing solutions

He said the panel had talked a lot about execution and advisory, but there are other massive pain points for both the client and the RM experience. "For example, the RM will spend a huge amount of time navigating their internal systems, trying to find information, trying to figure out what to propose to clients, trying to understand how to prepare for a meeting with clients, the day-to-day challenges and tasks of an RM. And at the moment, they're orchestrating that across all the different tools they have such as execution, advisory tools, CRM, internal learning portals, internal policy documents, and in the process, they are wasting a huge amount of productivity. However, in the search for context and empowerment, banks and other firms are starting to move towards more orchestration of these capabilities."

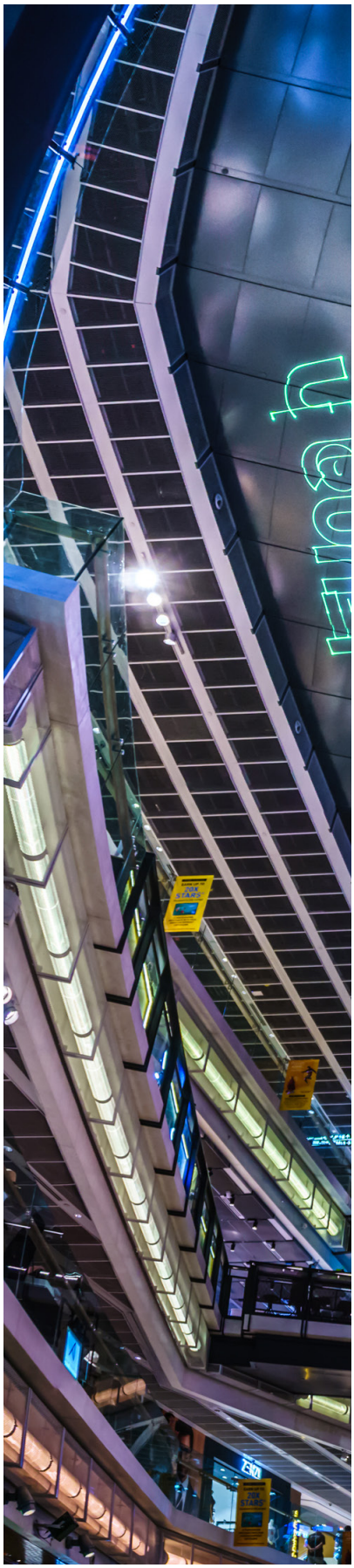
Building the RM's cockpit

He offered an example of the RM 'cockpit' that if properly assembled can boost RM empowerment and productivity. "The RM arrives for the day and has to plan ahead, and right now, they'll be looking at Outlook and wondering what they remember about clients they are due to speak to, what should the RM do about their portfolio positions and so forth, so they then log into the portfolio tool, which is a new login. Then they go back into the CRM tool, and it is all just really inefficient," he explained.

Internal connectivity and smoothing the creases

The second key advance centres on business management, he commented. "I keep coming back to the RM side of things, but this is still a heavily intermediated industry, especially once you go past the mass affluent side of things," he explained. "If you can, for example, leverage data and machine learning to show which of your clients are going to be attrition risks, because for example, there's a pending dispute in the contact centre that hasn't been resolved for weeks and weeks, and you're about to meet this client, the RM can actually work to solve that internally, otherwise this client has a certain percentage likelihood of leaving the bank."

"The client experience," he observed, "is so much more than the channel, but it is ultimately their touchpoint with the institution, and we have seen some considerable progress in enabling connectivity such as WeChat, starting to enable WhatsApp business, building chat tools, digitising the distribution of CIO insights and content as opposed to just sending massive emails and PDFs that people sometimes struggle to read because they are just bombarded."



Don't let your RMs fly blind

However, in many cases, the RMs are flying blind on much of this and are therefore often taken by surprise when speaking to clients, as they might not have been aware of internal issues that had led to client dissatisfaction. "This will impede the growth potential and aspirations of the firm. We sometimes talk almost too much about algorithmic wealth management, when actually there are a lot of other pain points that we can solve with digital tools in wealth management.

Addressing the issues of whether the client experience in wealth management is now better or worse than in other business sectors, Wilson observed that what had improved significantly is the choice of channel.

Refining the client experience

"The client experience," he observed, "is so much more than the channel, but it is ultimately their touchpoint with the institution, and we have seen some considerable progress in enabling connectivity such as WeChat, starting to enable WhatsApp business, building chat tools, digitising the distribution of CIO insights and content as opposed to just sending massive emails and PDFs that people sometimes struggle to read because they are just bombarded. However, while we have moved on, now it's almost somewhat proliferated and confusing."

He alluded to the medical industry, which had migrated from the absolute need to see a doctor in clinic, with more remote diagnoses and treatments coming through. "I think this industry is starting to also move that way, partly because of the pandemic. I cannot say whether it is better or worse than sectors such as healthcare, but I can say it is moving in the right direction. So, I think we built all the channels of the touchpoints and are starting to build the capabilities that clients can use across these touchpoints."

Don't make bets, make assessments

He observed that currently it is almost a question of making bets on which elements clients really want to adopt through which channel, for example, across onboarding, profiling, suitability, advisory, execution, reporting and rebalancing. "How do you actually understand all of that amongst your client base and set up your channel mix, to be able to deliver that efficiently?" he pondered. It is easier said than done, but that is really the ideal state of this journey, and actually while the industry is looking hard at it, no one's cracked it yet."

Horses for courses

As to driving great efficiency and also great user satisfaction, Wilson said it really depends on your business, whether you are working with numerous clients with smaller pots of AUM, or serving fewer, bigger clients with USD20 million plus of AUM. "The often-overlooked quicker win is empowering the RM," he said, "and that doesn't necessarily have to be the latest new-fangled capabilities out there, as most banks already have the key systems and tools, so it is more actually bringing them together in a single place for the RM to simply make their lives easier, save them time, so they can do all of the extra hunting and extra relationship

deepening they require. That, for me, is a logical place to start."

However, he commented that the problem is, at the same time, the banks must focus on the hygiene factors on the client side, such as offering them an effective digital banking app, visualising their portfolios, offering the same thing mirrored for the RMs to facilitate conversations, and so forth. "With that in place, the journey can evolve over time so that the clients can more easily trade, then enjoy straight through processing when they receive an investment idea on their phone, act at the click a button."

Plenty of potential for simplicity and better outcomes

He concluded that with the right digital solutions incorporated smartly and imaginatively into the wealth management institutions, the RMs are empowered, they and their clients enjoy better efficiency and a more pleasant experience, resulting in greater client loyalty and better RM retention. "In a nutshell," he stated, "the RMs can do more with their clients and the clients enjoy a better experience all round." ■