

The quest for truly digital wealth management

Abhra Roy, Head of Finacle Wealth Management Solution for Infosys Finacle, presented on his company's vision of digital wealth management to the assembled delegates at the Hubbis Digital Wealth Asia event on November 9.

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THE FIRST DEVELOPMENT Roy highlighted is the unbundling of financial services, with small fintech players and others entering this space.

The second development is the rise and rise of digital natives. "Banking and wealth management is at the highest risk of disruption by millennials," he explained.

"Nearly half believe innovation will come from outside the industry. Bank CEOs have to act immediately following the trends of digitalisation, automation and contextualisation to offer millennials frictionless experience across



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multiple digital touch points in a connected ecosystem.”

Re-imagining the future

A massive intergenerational wealth transfer will take place due to the demographic shift that will see more than half the world’s workforce comprising millennials by 2020. “And they are mostly hooked on the digital way of transacting and investing,” Roy explained. “Add to that mobile as the new medium and we understand this new concept of digital natives.”

Roy also highlighted some of the technology drivers, such as robo-advisory, blockchain, contextual data analytics, surging security threats, real-time interactions. “But what we see is that more than two thirds of the market players do not have a systematic digital strategy, in other words they are reacting in an ad hoc manner.”

Roy explained what he considers digital wealth management is not, or should not be. “It is not enough to just add new channels, new devices for access, not enough to enhance the old processes, to give legacy processes a facelift or automate existing processes. The industry needs to re-imagine how it could be in the next few years.”

The four key characteristics of digital transformation

Roy sums up his vision as focused on four standout characteristics - frictionless, ecosystem, deep insights and automation.

Frictionless Roy describes as the customer as the focal point. “This means the customer is connected, informed, rewarded, with wealth

conveniently integrated into their lives,” he explains. “Our recommended approach is they do this through continuous innovation and an omnichannel hub and state-of-the-art, with interesting and secure experiences.”

Roy reports the ecosystem is becoming highly fragmented because of the unbundling of the services. “This is positive, the future lies in opening up of the services,” he claims. “Your APIs for your processes should start defining your business. There is enormous potential in this space where the APIs that a wealth management firm’s back office has could and should be monetised for their benefit.”

Deep insights, Roy explained, are deep perceptions into, and use of, data. “Data is going to be the new natural resource.”

And automation will be via AI, self-learning, blockchain-led changes, robotic process automations and other advances.

Middle and back office - keys to success

Middle and back office digitisation represents the greatest cost lever to wealth managers going forward, Roy believes. Based on the four essential ingredients Roy lists, the back-office space is where the investment should be going, to drive up the potential savings and terms of the process automation and the services that needs to be offered.

“It is all about enabling your core back office services, placing it through an omni-channel hub and transient, which is on your channels, which interacts with the

different channels that you would interact through.”

The song remains the same

Roy notes that the end-game remains the same, namely the customer still wants to expand wealth, relationship managers promise better returns and to achieve this they all need the latest technology.

And to implement these initiatives Roy recommends considering several approaches, from a sandbox to a ‘big bang’ approach or a ‘band-aid’ approach where the firms are fixing and addressing only some of the issues. “Perhaps the bank can launch a new digital bank within the bank, or perhaps a gradual progress into instead of doing a big bang approach.”

Roy reports that Finacle is helping client firms build a more engaging journey in the form of a multi-asset class, front to back office, integrated platform serving all client segments. And through a digital ecosystem of APIs, Finacle Products and fintech solutions and apps.

Roy concluded his presentation with a vision of two years ahead. “We will see a change from what is like biometric identity to a digital one; mobile apps to mobile everything; the arrival of digital automation and blockchain processes; personalised business to contextualised business; traditional to an open cloud; and an integrated and collaborative ecosystem.” “Truly digital wealth management requires holistic transformation,” Roy states. The result should be that everyone in the bank can innovate as they will have the tools and technology and processes to enable them to do so. ■