

# Into the Future: The Why and How of Transforming Wealth Management for the Digital Age

*The wealth management industry is evolving fast, faster indeed than ever before. Ubiquitous digitisation, growing customer expectations, regulatory proliferation, and new competition from fintechs and others are driving this revolution. Abhra Roy, Head of Finacle Wealth Management Solution for Infosys Finacle, and his colleague Ethan Wang, Product Manager Digital Practice offer some fascinating insights and some far-sighted solutions.*

## Executive summary

Abhra Roy, Head of Finacle Wealth Management Solution for Infosys Finacle, is passionate about digital transformation for the wealth management industry, which he says lags behind the banking and insurance sector in enhancing its internal (user) and external (customer) digital experiences. He and Ethan Wang (Product Manager, Digital Practice at Finacle) offer their insights into why digital transformation is necessary and what can be achieved, with particular reference to the Finacle suite of solutions.

They believe that truly digital wealth management requires holistic transformation. It is not sufficient to simply new channels, new devices for access, it is not enough to enhance the old processes, to give legacy systems and processes a facelift or automate existing processes.

The wealth management industry, they both argued, needs to re-imagine how it could be in the next few years. And the key is to achieve omnichannel, to incorporate new technology, data analytics and also integration with all other systems in the wealth management firm's fully-functioning ecosystem.

The result will be a true digital transformation that dramatically improves both user and customer experiences, leading to improved efficiency and greater client loyalty. And optimal digital transformation will allow each of the three critical elements in the digital journey - digital business engines, the engagement model and the digital experience - to be upgraded independently at any time in order to future-proof the business model.



**ABHRA ROY**  
Infosys Finacle

**R**OY EXPLAINS THAT THE PACE of change is dramatic. He referred to a survey of the wealth management industry E&Y had carried out in which industry participants were asked about disruption expected in the next several years.

### **Disruption proliferates**

“The results,” he reported, “indicated that 87% of the respondents felt most disruption would come from regulations and compliance, which is understandable, but also a resounding 70% said that new and emerging technology would provide major disruption, with new regulations also a major factor in the future.”

He also highlighted two elements that shine through in terms of where technology investment is required and where the investments are being made today. “These are the customer experience and the user experience. By user experience, I mean the business, the private banking users, operations, RMs, everyone using that application. Then, of course, there are things like new technology, and data integration into the ecosystems; these are the other important factors of your business.”

Roy also noted that a massive intergenerational wealth transfer will take place due to the demographic shift that will, by 2020, see more than half the world’s workforce comprising millennials, most of whom are digital natives already deeply comfortable with the digital way of transacting and investing.

### **A piecemeal approach will fail**

Roy then explained what he considers digital wealth management is not or should not be. “Truly digital wealth management requires holistic transformation,” he claimed. “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 key is to achieve omnichannel, to incorporate new technology, data analytics and also integration with all other systems in your ecosystem.”

To shed more light on his comments, Roy summed up his vision as a clear focus on four standout characteristics - frictionless, ecosystem, deep insights and automation. “At Infosys Finacle, these four points are essential to the equation.”

### **The four points of the digital compass**

Frictionless is what Roy describes as the customer’s focal point. “This means the customer is connected, informed, rewarded, with wealth conveniently integrated into their lives,” he explained. “Our recommended approach is wealth firms achieve this through continuous innovation and an omnichannel hub and state-of-the-art, with interesting and secure experiences.”

Roy explained that the ecosystem is essential as the wealth industry is becoming more fragmented because of the unbundling of services. “This is positive, the future lies in opening up of the services,” he claimed. “There is, for example, 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.”

### **Data as a natural resource**

Deep insights, he elucidated, are the profound perceptions into, and use of, data. “Data is going to be the new natural resource,” he stated. “And automation will be via AI, self-learning, blockchain-led changes, robotic process automation and other advances.”





“Looking at all our customers across banking, wealth and other business there are these four standout characteristics of the truly digital journey,” he added. “These are the four headlines under which the entire transformation is taking place.”

But what does this all mean, in practice? “It means truly digital transformation, which results in a complete focus on the customer, full automation, an outstanding ecosystem and deep understanding and insights of your clients,” Roy stated.

### **Three staging posts in the digital journey**

How then do firms future-proof their capabilities with a digital platform? “There are three critical elements in the digital journey, namely digital business engines, the engagement model and the digital experience,” Roy explained. “To future-proof the digital experience, any of these three elements can be upgraded or updated easily and independently without the need to change the entire digital business engine.”

“This is what we at Infosys Finacle feel will redefine the banking and the wealth management business,” he added. “But we do not aim to achieve all this on our own. One technology firm cannot do everything, so we like to work in an ecosystem where we have partners, we have fintech collaborations, where we tie it all up so that everything can be brought together in a single platform. There are specialists in specific areas, and you in the industry need to collaborate with them to achieve the optimal results.”

“From a bank perspective, when starting a digital banking investment initiative, you may be asking about three things,” Ethan commented. “First is the vision, the future of digital banking. The second is the mission of the roadmap, which involves the kind of products and service required. The third element is the KPI, the measurement, the value for the digital banking investment.”

He also explained that banks have different digital banking models. “The biggest banks might go for a progressive approach,

changing a digitalised module by module, system by system, and for some other banks they might opt for a bank-in-a-bank approach like he said DBS has done so well for its digital banking in India.

Ethan also noted that the vision of digital banking is evolving all the time. He highlighted digital banking identity, where onboarding some years ago was handled with reference to the passport, the ID, and even the fixed physical address. “Nowadays, however,” he remarked, some banks are trying to do a digital onboarding for clients using their mobile, their email, even their social ID, and in the future this could be their digital national ID. Your customers can also identify themselves and authorise transactions through biometric authentication.

Roy then explained that the Finacle solutions can also empower relationship managers with a unified view of customer’s goals and portfolios so that they can design personalised investment strategies. “I do think there is a growing need in this region to incorporate retirement, lifestyle

and different types of goals into the tracking of the portfolio,” he observed, “so our technology can show what you need to invest every month or save to reach the final goals. And in terms of how you manage a goal and see it linked to your portfolio, you can work on the different plans.”

He added that the built-in analytics offer actionable insights to help advisors deliver genuinely personalised and contextual recommendations. “The comprehensive functional coverage provided by the solution empowers you to manage the entire lifecycle of your customers and their investment journeys,” he told the audience. “To lower your cost of operations, the solution offers extensive automation and straight-through processing opportunities.”

He delved even deeper into the portfolio oversight protocols. “There are two types of portfolio,” he reported, “one is advisory, one could be discretionary. Discretionary is when the bank make their decisions on their own on the client portfolio, while the advisory is where you need to sign off from the customer. When we set up the portfolios we say what is your rebalancing frequency, when would you like to revisit or relook at the portfolio. Based on the preferred frequency, we would generate a set of ideas or suggestions where the orders can be purchased or sold.”

Roy then offered a vision of the digital experience in action, showing attendees a video that demonstrated how a portfolio statement sent to customers traditionally - with pages to read through - could be made considerably more engaging through a video delivered to clients.

For example, a quarterly investment portfolio summary might talk the clients through

the highlights, looking at returns achieved, withdrawals, contributions, dividends, and closing values. And recommendations and ideas can be added in, as well.

“The clients get the portfolio management reports as well,” Roy reported, “but the short video clips, delivered on email or a chat app, are convenient in helping the client stay up to date and also engaged. They are an option, in addition to the core solutions we provide.”

Roy reported that with these and other solutions, Finacle is helping client firms build a more pleasant and 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,” he reiterated. “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.”

The wealth management industry is indeed evolving fast, faster than ever before. Ubiquitous digitisation, growing customer expectations, regulatory initiatives, and new competition from fintechs are driving this change.

“To succeed you need to keep pace with changes and stay ahead,” Roy advised. “Develop agility to

innovate rapidly and continuously to become a truly digital business. The Finacle Wealth Management Solution is a front to back office solution designed to give you a strong foundation to power your digital transformation.”

Finally, he explained that the Finacle app centre offers access to a growing set of innovations that are being developed around the Finacle solutions by the firm’s partners and fintechs. “Partner with us is my message, and thereby lay a strong foundation for your digital future.” ■

