



Top Three Trends in Wealth Management for 2020

Shane Meredith, Asia Director - FinTech & Wealth Advisory at Contemi Solutions, shares his perspective on the top three trends in wealth management for the new year.

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WEALTH INTELLIGENCE CONTEMI

WEALTH MANAGEMENT IS TRANSFORMING
FASTER THAN MOST PROFESSIONALS REALISE
because the industry's customer base
is changing.

Three trends are driving a paradigm shift in wealth management that will become clear in 2020. The most visible trends are the rise of intergenerational wealth, and the growing number of high-net worth women.

For example, the HNWI (old money) will transfer USD68 trillion to younger heirs worldwide over the next 25 years. The wealthy will transfer much of that money to Millennials (new money); persons born between 1981 and 1996.

Millennials could Transform Wealth Management

New money Millennials will change wealth management because they are often more comfortable with digital technology than human wealth managers. One key difference between Millennials and older generations is that Millennials prefer handling financial transactions themselves with digital solutions.

A Millennial heir, for example, will want to manage all their investments through an app. In addition, a Millennial heir could rarely visit a wealth manager, and never make a phone call.

However, the same Millennial could demand instant social media responses to questions. Moreover, a Millennial heir could demand daily social media updates about her money.

Finally, Millennials will demand that all transactions be conducted quickly. For example, Millennials will demand fast and seamless onboarding when they change firms.

Many Millennials will drop wealth managers that do not offer fast service and digital capabilities. One missed response could prompt a Millennial to change wealth managers, for example.

Women and Wealth Management

Second, many managers are ignoring a greater paradigm shift in their customer bases than the rise of Millennials; the shift is the growing numbers of HNW women.

Notably, women could control USD72 trillion worth of global wealth next year. Thus, a large percentage of new wealth management clients will be female, yet many firms are unprepared for them.

For example, a survey shows 72.5% of British HNW women admit they think men and women have different investment attitudes. Hence, many wealthy women admit they do not trust male wealth managers with their money.

Consequently, firms need to hire more female wealth managers. Firms need more women because some clients will walk out if they see no females in the office.

Moreover, younger women will be more likely to leave if they see an older man telling them how to manage their money. Thus, wealth managers need to examine their hiring practices and hire more women.

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Artificial Intelligence Will Change Wealth Management

A third trend closely related to the demographic changes is the utilisation of artificial intelligence (AI) in wealth management.

Specifically, many firms will use AI to speed up know your customer (KYC) and onboarding processes. The hope is that AI can bring new clients into the firm fast by digitising the onboarding process.

The hope is that AI could offer the fast and simple onboarding millennials and other younger clients want. Theoretically, an AI could verify identities & source of wealth, comply with KYC and anti-money laundering (AML) regulations, and onboard clients at the touch of an app.

One result of automated wealth management is that clients could leave instantly. Thus, disgruntled clients could switch managers, instead of complaining.

Hence, wealth managers will need a far higher level of customer service. AI could offer that level of service by responding to queries instantly and offering fast problem resolution.

Thus, a key wealth management trend in 2020 will be the use of artificial intelligence to improve customer service. Examples of this trend will be the addition of AI to wealth management platforms.

Technology is becoming the Focus of Wealth Management

The greatest change in 2020 is that technology is becoming the focus of wealth management.

Technology, including apps, digital platforms, and artificial intelligence, is becoming the primary focus of wealth management. Instead of asking how effective or responsive a wealth manager is, clients will ask ‘how good is the firm’s technology?’

In 2020, wealth management clients will gravitate

to the firms with the most responsive technology. Younger clients will value good technology more than good customer service or impressive wealth managers.

Firms that cannot grasp this reality they will lose clients. Wealth managers who understand the centrality of technology will attract the clients and their money.

Therefore, 2020 could be the year in which technology will dominate wealth management. Understanding that technology, and its implications, will help wealth managers attract and retain clients in 2020. ■

