

Why Wealth Managers Need Effective Onboarding

Shane Meredith, Asia Director, FinTech & Wealth Advisory at Wealth Intelligence Contemi Solutions, told the audience at the Hubbis Indonesia Wealth Management Forum how effective digital client onboarding can be the key for wealth managers to reaching and servicing high net-worth individuals and the region's younger generations of clients who are inheriting and creating the next vast wave of private wealth.

INTRODUCING HIMSELF, MEREDITH EXPLAINED THAT THE CONTEMI GROUP HAS TWO MAIN PARTS TO ITS, the first being Insurance technology (InsureTech), and the second wealth management, specifically a multi-asset class, multi-currency wealth management platform that has a track record of over 25 years. He told delegates that Contemi has over 50 clients across 10 countries, is headquartered in Norway, has some 200 staff, of whom around 100 are developers, with Vietnam as one of the main development hubs.

Contemi, he reported, pointing to a slide presentation, has many big-name clients as well as smaller and regional firms in the wealth management world. The firm includes names such as Citi, UBS and Credit Suisse in its client list, as well as OCBC Bank, Nomura, Mirae Asset, JBWere and Macquarie in Asia Pacific. "This showcases the scalability of the product set," he said.

He told delegates his mission on the day was to talk about Onboarding, because, he said, the process as it is today is both slow and frustrating. "Onboarding can take up to 4-12 weeks," he reported, "this is known as a lost opportunity cost, as there is no revenue for that period. Some wealth managers are losing revenue opportunities because they don't really understand the importance of onboarding."

He also observed that onboarding done the wrong way will drive clients away. "Unfortunately," he advised, "many wealth managers make the mistake of turning the onboarding process over to administrative staff or worse a legacy platform. Most legacy platforms lose clients because onboarding processes are slow, cumbersome, complex, confusing, and frustrating. For



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example, some platforms will ask for the same data or paperwork repeatedly. It just creates a bad customer experience, like being asked for your address eight times throughout the paperwork process.”

Under these circumstances, wealth managers lose the client before he or she is fully onboarded, Meredith reported. “Just one mistake in onboarding can and will drive a client away,” he warned.

Onboarding in Asia

A good onboarding process is even more important for Asian wealth managers, Meredith maintains. “To explain,” he said, “many emerging market clients are from new money; and often unfamiliar wealth management, and investment options. And even sophisticated clients will need extra help. Yet, it is often hard for wealth managers to know if a client needs help.”

To make matters worse, younger clients have lived all their lives in a

digital economy that often provides near instantaneous customer service. “Today’s clients are used to placing orders instantly on platforms like Amazon or Alibaba, Meredith highlighted. “Therefore, an onboarding process that takes several weeks or month will definitely frustrate that client.

Something to remember, he noted, is that Chinese clients have been full participants in the digital economy for over a decade. Therefore, Chinese wealth management clients will require an onboarding process closer to WeChat Pay rather than a series of interviews or questionnaires.

“For example,” he said, “what they want is an app that asks all the relevant questions once. The app only needs to ask questions so it can verify the client’s identity through biometrics. Obviously, the easiest and most seamless method of verification will be fingerprint or facial recognition using the customer’s phone.

Onboarding for Intergenerational Wealth Management

Intergenerational wealth transfer is moving ‘old’ money to ‘new’ money, for example, parents to children or parents to grandchildren and so forth. “In fact,” he noted, “GlobalData estimates 20% of old money, meaning something like USD10 trillion, will be handed over in coming years.”

He reported that GlobalData also estimates that one in four new HNWIs or holders of ‘new’ money will change wealth managers when they inherit the portfolio. “Thus,” he advised, “new money is a great prospect for new business. I mean, who wants to stay with the same relationship manager as your parents? I suggest not a lot because they have different needs and goals to what their parents had. And as those younger clients inheriting this money live in the digital economy, they are most likely to be driven away by an outdated onboarding process.”

Some Attributes of a Good Onboarding Process

Meredith then listed some attributes of an effective wealth management onboarding process. The process is simple and seamless. For example, the client only needs to enter information once. You must be able to centralise all client documentation. The client must have the ability to upload supporting evidence from their personal phone.

The process must be fast, in that a client receives a response to all inquiries within a few seconds or minutes. He also noted the response does not have to be an answer. “In fact,” he explained, “an acknowledgement that somebody is working on the problem will usually suffice.”

The wealth manager should receive an update on every step of the process. “Ideally,” he noted, “the platform will inform the wealth manager of all problems. Thus, the manager will know of trouble the moment it starts.” The process must comply with all laws and regulations, for example, Know Your Customer (KYC), Anti-Money Laundering (AML), tax reporting, privacy regulations, and others. This would be an automated service.

“And,” Meredith added, “all managers and executives need to complete the onboarding process, to verify if it really works in practice.”

The technology piece

“You need to utilise the latest technology such as biometric identification,” Meredith reported. “the days of a wet signature in paper format to prove your identity are nearly gone. Also, incorporate technologies like artificial intelligence (AI), and robotic process automation (RPA) to process applications as quickly as possible,

for example to check regulatory databases within seconds. Offer fast access via an app that gives the client full access to the wealth management platform - remember, today’s client normally gets all the information he or she wants through via their phone 24 hours a day, seven days a week. To stay competitive, wealth managers must offer a similar capability.”

Ideally, Meredith explained, the provider should have one team that will oversee onboarding for the entire organisation instead of different teams per asset class. The more automation the better because it will increase speed and efficiency and more importantly will reduce the number of errors significantly.

He highlighted a graph sourced to Group Futurista, noting that it shows that wealth managers have automated 40% of their onboarding process, but it also shows that the market has a long way to go in servicing and attracting new clients.

“All wealth managers need to monitor onboarding carefully and understand each aspect of the process,” Meredith said, on drawing his talk to a close. “Effective onboarding can lead to good client experience that could attract more money. If you do not serve clients needs fully from the beginning, the clients will simply leave and take their money.”

To summarize, Meredith said effective onboarding is the key to reaching and servicing high net-worth individuals and heirs to multigenerational wealth. “Therefore,” he told delegates, “you owe to yourselves to explore the many new options for digital onboarding for wealth management and private banking.” ■

