

# Improving the source of wealth process enhances the client experience



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**“customers going to private banks want an amazing customer experience. They want to feel like they are the really almost a royalty or treated at a very high standard. And if you’re not able to do that well, and you have to continually ask for information over, and over, and over again, that’s not going to be a good customer experience, it’s not going to show knowledge of the clients.”**

## **YOU HAVE RECENTLY DEVELOPED A SOURCE OF WEALTH TOOL?**

One thing that it really does is it helps relationship managers, bankers, gather information from the outset of a relationship. So, if you’re meeting a client for the first time, you can go in with this tool on an iPad, and say, “Look, here are all the questions that I’m going to need to ask. Here are the types of documents that we may need to collect from you to substantiate source of wealth.”

What we find from a source of wealth perspective, is that it’s about 25% of the overall onboarding process, and can be a major stumbling block to onboarding. Subsequently, once the account is actually open, in terms of reviewing the information, and conducting a periodic review, that also is a key stumbling block.

We also have seen quality issues in a number of banks, where an RM banker may complete it, assistant banker may complete it. And then ultimately, because of not having enough information to substantiate it, or just not collecting the right valuations, ultimately the information needs to be recollected, documentation needs to be redone, and then that is a really negative customer experience.

It’s a bad way to start off a relationship, and it’s a really bad way to continue a relationship. Because one of the things in Asia, at every place I worked at, particularly before EY, I worked at three different banks that had private banks, everybody believes the banker knows me better than anyone else, and so now you’re asking about my wealth, but you knew me for 20 years.

## **WHAT ARE THE POSITIVES OF DOING THIS WELL?**

So, positive of doing it well is, one, it’s a great customer experience, because they, at least from our private banking perspective, your old style private banking clients are used to essentially having a personalised experience, they do this with a number of banks. So if you do this better and make it less painful, you’re more likely to gather more wallet share.

And so what I mean by that is that you can understand their wealth, you can understand their investible assets, and you can gather it in a short time, so they can begin trading, investing, whatever it might be, in opening that account, or maintaining that relationship.

Also, if you're dealing with new wealth, they're used to opening up accounts on Ant Financial, or with Tencent, or whatever, in China, or Lufax. And ultimately, that experience is really quick. And so if the experience is really quick, or even a virtual bank potentially here in Hong Kong, and that might take five minutes, well for a private bank maybe they're willing to spend a day, or two days to get the documentation back, but they're certainly probably not willing to spend 20, 40, 60, (or) even more days to do this, and to go back and forth.

And so that speed to be able to do it means that you can actually capture these clients, and you can compete with some of the new competitors in the space that might not even be in the private banking area, but might be offering investment products through digital channels.

### WHAT ARE THE CONSEQUENCES OF NOT DOING THIS PROPERLY?

So, the consequences of not doing it properly, one, are that you're going to have to ask the client for this repeatedly, and so that becomes really annoying, and a poor customer experience. And quite frankly, customers going to private banks want an amazing customer experience. They want to feel like they are the really almost a royalty or treated at a very high standard.

And if you're not able to do that well, and you have to continually ask for information over, and over, and over again, that's not going to be a good customer experience, it's not going to show knowledge of the clients.

Also, if you do this poorly, from a regulatory perspective, it's going to have a big knock-on effect. One, it can lead to regulatory fines and sanctions. Two, regulators are really looking for a single account view tied together by source of wealth. So if you've got a family, or you have an extended family that have the same source of wealth, you need to be monitoring them from a transaction basis together, you need to be looking at risk issues together, and so if you're not collecting the right information, and then you're not able to tie it into your transaction monitoring systems, to your name screening systems, you're going to have potentially a lot of issues with regulators, not even necessarily in the specific country, it could be a global issue, as has affected a number of banks recently.

### WHAT'S THE REGULATORY AND COMPLIANCE CONSIDERATIONS?

The main regulatory consideration is this is a regulatory requirement, Hong Kong, Singapore, Switzerland, all across the world, and if you're not going to be adhering to these regulatory requirements, ultimately,

you're probably going to get fined. You may have to do a very expensive remediation; remediations generally cost triple - to 10-times what the regulatory fine might have been in terms of adding people, in terms of getting stuff done, and so that is not a pleasant experience. And the reputational damage to your brand can be very significant these days, if there is a regulatory issue.

### DOES THIS SOLUTION SAVE TIME AND EFFORT?

This solution saves a significant amount of time and effort over the current process. The current process is very manual in nature, by essentially asking questions, having it done in a policy and procedure, there isn't a really good idea of what good looks like. And bankers, relationship managers, are writing narratives, the assistant banker, relationship manager are writing narratives around source of wealth and collecting documentation; oftentimes, they're not the best writers. No bank hires a relationship manager, assistant banker for how well they write. And because of that, you lead to inconsistent results, and then have a lot of rework, that is a significant detriment.

Our tool, because it asks questions and then fills out a narrative automatically, as well as making you understand what information is required, gets the time done in 40%, if not less (of) the time it takes right now. ■



Josh speaking at our Digital Wealth Asia Forum in Hong Kong



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