

# Empowering the Relationship Manager

## Their Role in the Future of Wealth Management in Asia

In partnership with

 **hubbis**

 **WEALTH  
DYNAMIX**

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# Foreword

In recent years, private banks and wealth management firms have been gearing up for a fundamental shift towards the delivery of more innovative and personalised client engagement. The world of private wealth and wealth management is evolving fast. In Asia, both the economy and the private wealth generation have been advancing with speed and dynamism. In parallel, technological advances are so well progressed that it is possible to capture vast amounts of information about clients and their behaviour, in order to offer them the best products, solutions and ideas.

These themes are central to the discussions that we at Wealth Dynamix have with existing and prospective clients. Established in 2012 and headquartered in London, United Kingdom, Wealth Dynamix are growing our global footprint. We have been operating in Asia since 2018, working initially with the regional arms of global banks and other institutions, and increasingly with local and regional organisations.

When we talk about Client Lifecycle Management (CLM) with private banks and wealth management firms in Asia, it is evident that this is a topic that many are unfamiliar with. Only now are they beginning to look to technology as a means to forge new and much better outcomes and delivery than ever before, throughout the entire client lifecycle. However, increased recognition of the value of embracing CLM, which incorporates CRM (Client relationship Management), is driving change.

The focus of this research report is the relationship manager, who has been central to the private banking and wealth management model for many decades. Relationship managers will remain at the core of the sector well into the future, especially for the upper echelons of clients in the high-net-worth (HNW) category of USD5 million and above, and the Ultra-HNW sector of USD30 million and more – perhaps even for mass-affluent clients, for the foreseeable future.

This research report has been produced in collaboration with leading Asia media firm Hubbis, and will examine how the wealth management industry can help relationship managers to become more effective, more productive, more client-centric, and also more content and settled.

There has been much debate about the future of wealth management in the digital world. Many have argued enthusiastically that digital tools will replace the human element. It has been argued that relationship managers will be displaced by robo-advisors, armed with the latest algorithms, Artificial Intelligence (AI), machine learning and the most comprehensive and seamless app-enabled online, tablet and smartphone delivery avenues.

Wealth Dynamix is a FinTech that is passionate about digitalisation, but we believe the relationship manager is here to stay. In fact, we believe that the relationship manager will soon be re-vitalised by technology and advanced visions of business strategies for this industry. The historic relationship manager model will evolve, retaining and improving existing skills and characteristics while at the same time incorporating new skills, new technologies and other new elements. The result will be a significant boost to productivity, job satisfaction, revenue generation, outcomes and – of course – client satisfaction.

After eight years working with private banks and wealth managers around the globe to enrich CLM processes via our WDX1 platform (see Appendix I), we have seen the role of the relationship manager significantly expanded and strengthened by a well-conceived, well-designed and well-executed technology solution.

In many cases the answer lies in data, often referred to as the new 'oil' for the 21st century. Data should be gathered and organised with precision, transparency and efficiency, from the very start of the client relationship, right through to the creation and delivery of solutions tailored by the relationship manager. In short, data is both the lifeblood and an empowering tool that elevates the client relationship, by 'oiling' the wheels of the new private banking and wealth management models of the future.

From the very first touchpoint that a firm has with a prospective client, for example a private banker meeting a HNW client at an event, it is paramount to make the data capture process both robust and very simple for the advisor. Being able to scan a business card through their phone, for example, or leaving meeting notes via speech that are then transcribed to text. These are the kind of technology-enabled tools that make everyday life much easier for advisors, by automatically creating a prospect record in the CRM at the outset, and enabling quick and easy data capture thereafter.

Every bit of data on that client and every interaction the prospect has with the institution is automatically stored against the client record. Knowing whether a prospect replies to emails and messages, accepts or rejects event invitations, loves soccer, dislikes property, likes US technology equities, is digital-savvy – whatever it may be – is key to delivering relevant communications. In short, this data can be used to develop highly tailored and relevant marketing and sales campaigns, which enable relationship managers to convert more prospects into clients, at lower cost.

Most importantly, the client's planning and investment outcomes will be boosted, as will their satisfaction and loyalty. If at the same time the administrative pain of KYC, AML and other compliance processes can be reduced, it is a win-win for both clients and relationship managers. Clients enjoy a frictionless experience and AUM growth, while relationship managers have more time to focus on what they do best – engaging with clients, building strategies for success and growing revenues.

In sponsoring this research report, our aim was to help the wealth management industry in Asia to realise the immense future value of an empowered, re-focused and digitally enhanced relationship manager community. The results are compelling. By leveraging technology to create operational efficiencies and enrich client experience, you will benefit from longer client relationships and relationship manager tenures, more energised and motivated teams, and happier clients who are receiving better, more tailored advice.

I would like to close this Foreword with some words of thanks. To Hubbis, our partner in this endeavour, for working with us to invent this project and to execute it so thoroughly. And our thanks also go to every market expert canvassed. Each of you gave your valuable time to offer insights into the developing world of the relationship manager, and the evolution of private banking and wealth management business models in Asia. Finally, my gratitude also goes to you, our readers, who I sincerely hope will learn and prosper from the experience.

**DOMINIC GAMBLE**

Head of Asia Pacific  
Wealth Dynamix





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## WHY WEALTH DYNAMIX?

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At Wealth Dynamix we specialise in wealth management Client Relationship Management (CRM) and Client Lifecycle Management (CLM).

Since 2012, we have been partnering with large to mid-sized financial services organisations to help deliver exceptional client servicing quickly, efficiently and cost-effectively.

We have offices and clients in three continents, award-winning implementations, stand-out technology, unrivalled functionality and world-class support services.

Trust Wealth Dynamix to help you manage client servicing more effectively.

## ABOUT US

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Founded 2012

Privately owned

Headquartered in London, UK

Offices in New York, Zurich, Geneva and Singapore

125+ staff with decades of experience in wealth management

## SOME OF OUR LATEST AWARD WINS

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**2019** - Best CRM System, WealthbriefingAsia Award

**2019** - One to Watch – Client Lifecycle Management, Regulation Asia Awards for Excellence

**2019** - Best CLM Solution, Asian Private Banker Technology Award

**2019** - Best CRM Solution UK, Goodacre

**2020** - Most Influential Financial Technology Company of 2020, The Financial Technologist

**2020** - Ranked in the WealthTech100 2020

## INTERESTED IN LEARNING MORE ABOUT CLIENT LIFECYCLE MANAGEMENT?

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# The Research Report – An Introduction

Asia's wealth management market is lucky – economic growth has been robust for the past two decades since the Asian financial crisis ended and private wealth creation has been dynamic. Looking beyond the global COVID-19 crisis, the vast and immensely populous Asia region is likely to continue to outpace other regions of the world.

But the wealth management industry in Asia has in some respects lagged behind its counterparts, for example in the far more mature markets of Asia. Nevertheless, things are changing. The global and boutique international private banks are upgrading their management vision, becoming much more client centric. The local and regional Asian banks and private banks are investing significantly in digital and in people to boost their proposition. And the independent wealth management firms are fighting increasingly tough and smart to retain and boost their share of the buoyant high-net-worth (HNW) and ultra-HNW (UHNW) markets.

The premise on which this research report is founded is that it is the relationship manager who will continue to be central to the delivery of the enhanced capabilities and solutions of the combined Asian wealth management industry for the robust HNW and UHNW segments. We are pleased to report that this idea was emphatically confirmed from the evidence explicit and implicit throughout the replies from the 175 wealth management experts Hubbis canvassed in the survey that forms the basis of the research report, as well as throughout the many detailed observations and comments we requested from this eminent collection of specialists in the region.

There are many ways in which the relationship manager will be re-invented in the decade ahead, and many steps are already being undertaken to achieve precisely. We hope that in the pages that follow, the reader will see a clear picture painted of how in the decade ahead, the relationship manager in Asia will be enhanced and empowered to the betterment of themselves, their clients and the banks and firms they work for.

Hubbis would like to thank our exclusive partner in this project, Wealth Dynamix. And we thank you, the readers, for your interest and ongoing support. Read on...

## Key Findings

- » More than 90% of respondents expect a more competitive environment for private banking and wealth management in Asia in the 2020s, with almost one-third of those expecting a dramatically more intense competitive situation;
- » More than 80% expect Asia's private wealth accumulation to outstrip other regions of the world in the decade ahead;
- » 87% of respondents believe the Asian wealth management market will grow quite rapidly or very rapidly in the coming ten years;
- » But only 30% of those surveyed believe private banks and wealth management firms in Asia are on the right path to seize these great opportunities, while more than 55% believe there is considerable room for improvement and 11% see them as lagging far behind;
- » The competition will be broadly spread amongst global and boutique international private banks, Asian/regional private banks, financial trading platforms, EAMs/IAMs, FinTechs & start-ups, and Big Tech entrants;
- » The relationship management role is overwhelmingly the most important element for the HNW and UHNW market segments, with 62% of respondents stating the relationship manager is central to UHNW engagement, followed by the hybrid approach (human plus digital). In the HNW category, 100% of respondents said the relationship manager plus hybrid/digital will dominate. In both segments there is virtually no expectation of penetration by robo-advisories;
- » However, a resounding - and somewhat perturbing - result emerged as 84% of respondents said that relationship managers are currently reactive to the clients and situations, while a mere 10% are proactive;
- » A rather worrying 59% of replies indicated that the relationship manager only enjoys an average relationship with their clients, and 13% said this was below par or awful. But there is some cause for hope as the industry helps re-invent the relationship manager of the future, with 55% anticipating a good or outstanding relationship manager/client relationship in the decade ahead;
- » To achieve such progress, the experts surveyed determined that the relationship manager must achieve a far greater understanding of their clients and a more holistic view of their families, they must be supported by a more elegant and sophisticated delivery platform, and they should be armed with much better data and analytics, especially on client behaviour;
- » To help them achieve this, the experts reported that an advanced Client Lifecycle Management protocol would help immensely, as a resounding 85% of replies stated that a more process-driven/disciplined/structured CLM system and etiquette would boost talent acquisition and retention, 89% said this would boost new clients, and 87% said client retention would be improved, while an emphatic 86% said revenues would increase, while almost 65% said costs would be reduced as well;
- » There is much work to be done in this area, as only 37% of respondents in Asia have thus far invested in CLM technologies and processes, and there is considerable optimism as 45% report they are considering to do so;
- » The global brand international private banks represent 50% of the CLM adoption in the region, followed by the boutique international private banks and the Asian/regional banks at 17% each, while the independent firms appear to not be advanced at all in this area. And looking ahead over the 2020s, it is the Asian/regional banks that will more than double their activity, while the IAMs/EAMs and FinTechs/start-ups will also see a dramatic rise in CLM adoption.



## Chapter 1

# The Growth Opportunity in Asia

It has been a broadly accepted premise over many years that the Asian economies and private wealth in the region will grow faster than in the developed markets of the world. In the post-coronavirus world, that assumption remains to be re-confirmed, but in reality, it appears still to be considerably more likely than not. Setting the scene for this research report, Hubbis asked those we surveyed to offer their insights on these matters.

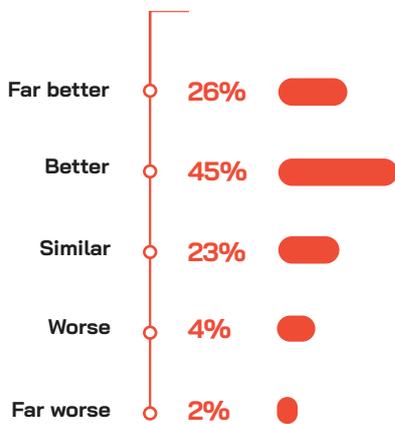
» The Experts' Insights:

71%

71% of our survey respondents believe that Asian economies are still set to outperform the rest of the world in the decade ahead;



How will the Asian economies perform compared with other regions of the world in the 2020s?

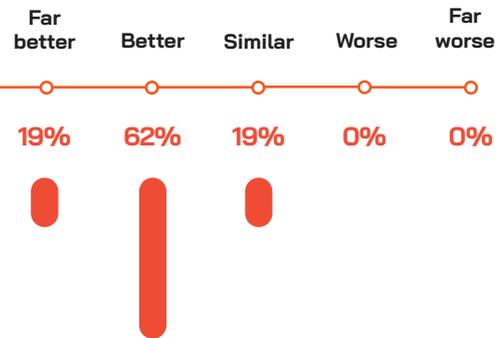


80%

More than 80% of respondents agree that Asian wealth accumulation will outperform other regions of the world in 2020;



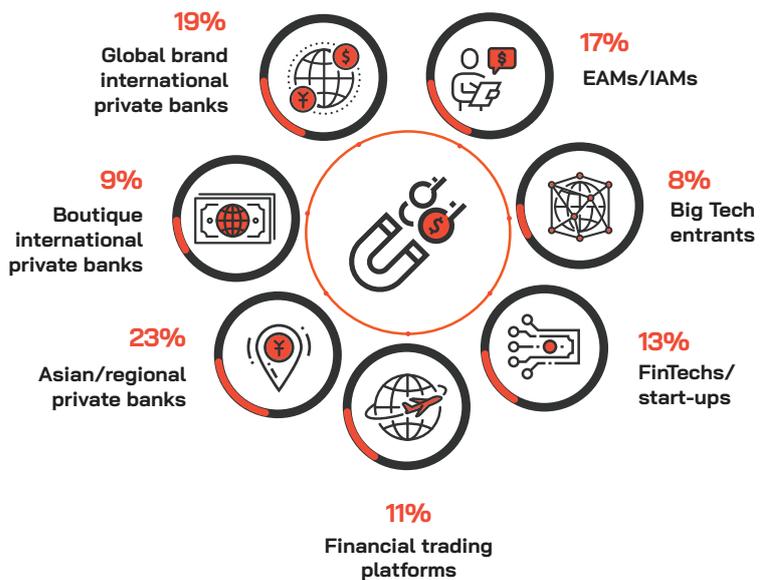
How will private individual's wealth accumulation in Asia perform compared with other regions of the world in the 2020s?



42%

Banks overall are leading the competition charge at 42%, but the competition will be broadly spread amongst global and boutique international private banks, Asian/regional private banks, financial trading platforms, external asset managers (EAMs)/ independent asset managers (IAMs), FinTechs & start-ups, and Big Tech entrants.

From where do you expect competition to be the most intense?

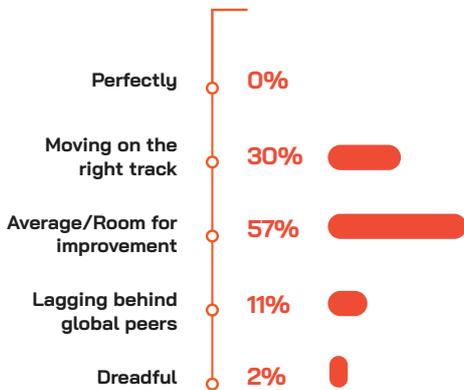


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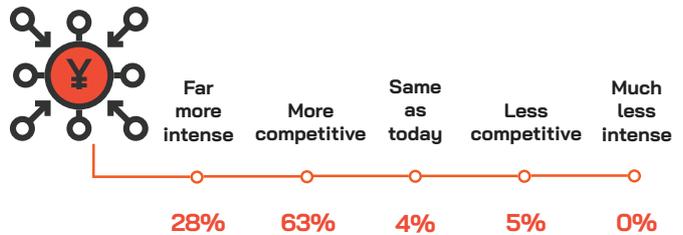
But only one-third of those we surveyed believe private banks and wealth management firms are on the right path to seize these great opportunities in Asia, while more than 55% believe there is considerable room for improvement;



How well-positioned are private banks and wealth management firms to seize the opportunities in Asia?



What is your outlook for the competitive environment for private banking & wealth management in Asia



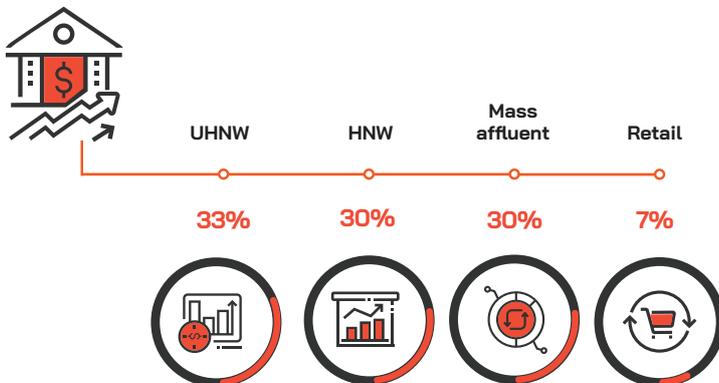
90%

More than 90% of replies indicated the expectation of a more competitive environment for private banking and wealth management in Asia in the 2020s, with almost one-third of those expecting a dramatically more intense competitive situation.

63%

The mass affluent, the high-net-worth (HNW) and especially the ultra-HNW segments in Asia will steam ahead;

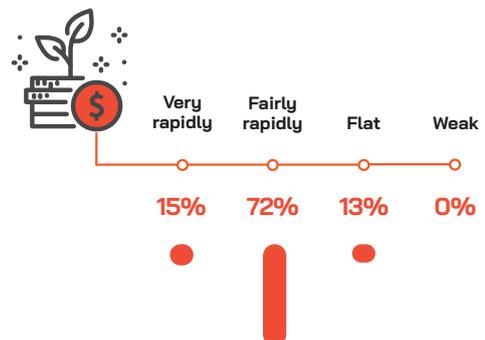
Which segments of private wealth in Asia will grow the most robustly in the decade ahead?



15%

The overwhelming majority of respondents believe the Asian wealth management business will grow robustly in the coming decade, with almost 15% expecting growth to be remarkably strong.

How do you expect the Asian wealth management business to grow in the coming decade?





“A resounding 85% of replies stated that a more process-driven/disciplined/structured CLM system and etiquette would boost talent acquisition and retention, 89% said this would boost new clients, and 87% said client retention would be improved.”



## Chapter 2

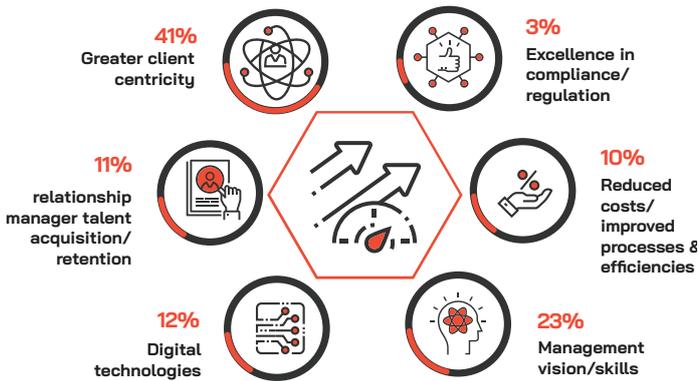
# The Competitive Environment for Wealth Management Providers in Asia

Given the immense growth potential for the Asian wealth management market, and also given the intensifying competition and the evident need for significant improvements in the offerings and approaches of the incumbent players, how then should the providers in Asia adapt and evolve? Gaining insights from market experts and other market watchers, Hubbis mined out some of the key initiatives and strategies they expect to be prioritised by those wanting to stay competitive, more realistically wanting to be industry leaders, in the decade ahead.

» The Experts' Insights:

**41%** Greater client centricity and a more comprehensive management vision appear to be the keys to improving any bank or firm's competitive positions;

What will improve a provider's competitive position the most?



In the UHNW segment with wealth of USD30 million and above, what is the most important mode of communication to drive the relationship with the client in the decade ahead?

**62%**

The relationship manager is

overwhelmingly the most important element of any competitive strength in the UHNW segment (USD30 million investible wealth and above), while in the HNW category with a wealth of USD5-30 million, the hybrid approach - the relationship manager aligned with digital/robo - is the most important;



62% Personal /the relationship manager



13% Digital delivery



4% Robo



21% Hybrid



In the mass affluent segment with an investible wealth of USD1 million to USD5 million, what is the most important mode of communication to drive the relationship with the client in the decade ahead?

**53%**

In the mass

affluent space, it is clear that digital and robo-advisory are substantially more central to the provider's competitive position, with the relationship manager dramatically less important; this is hardly surprising as it is largely considered economically unviable to offer the type of personalised service to this segment;



12% Personal /the relationship manager



27% Digital delivery



8% Robo



53% Hybrid (RM combined with digital and/or robo)

**55%**

Notably, robo-advisory on its own is not considered an important driver in the future relationships in either the UHNW or HNW segments;

In the HNW segment with a wealth of USD5 million and above, what is the most important mode of communication to drive the relationship with the client in the decade ahead.



Personal/ the relationship manager

Digital delivery

Robo

Hybrid

41%

14%

0%

45%



The three most important requirements for improving the bank's or the wealth firm's competitive position are greater client centricity, improved management vision and practices, and the smart adoption of digital technologies.



## Chapter 3

# The Challenges and Opportunities for the relationship manager in Asia

This research report focused its central attention on the HNW and UHNW segments of the wealth management market, while of course paying considerable attention to the growing mass affluent segment, which has also been growing apace across Asia. To better understand the optimal role and characteristics of the relationship manager in the decade ahead, we need to understand more precisely where they are today, and given that and the competitive pressures ahead, in what areas the experts in the industry believe they must evolve and improve.

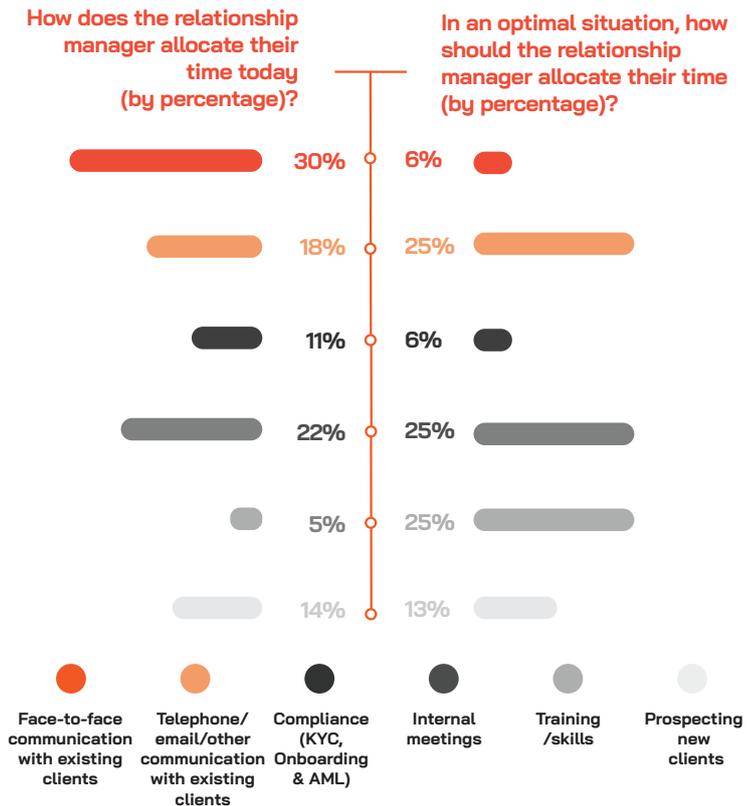
» The Experts' Insights:



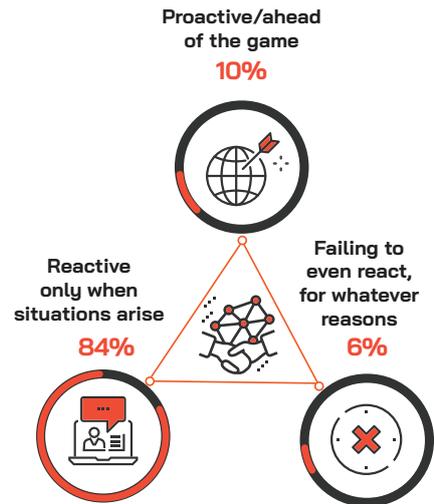
**The optimism expressed** over the future improvements in the relationship manager/client relationships is founded on a variety of initiatives underway in the wealth management industry, from greater use of technology to significant upskilling and advances in the psychology of the top management and the relationship managers themselves. How then will the relationship manager up their game?

**30%**

**Face-to-face** meetings with clients represent the single largest allocation of time for the relationship manager today, followed by internal meetings and communication with clients via calls, email or messaging, with very little time spent on upgrading their skills;



**Generalising, and looking across the industry in Asia, how would you rate the relationship manager's behaviour towards clients?**



**84%**

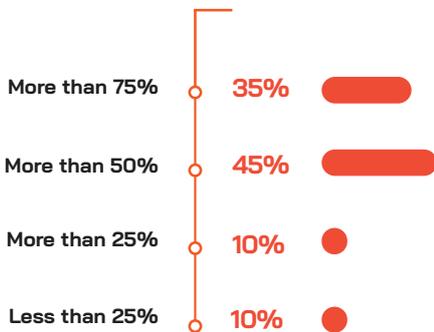
**An emphatic and** somewhat worrying result emerged as 84% of respondents said that relationship managers are currently reactive to situations, while a mere 10% are proactive;

# 80%

**An issue is** that too many relationship managers working in the industry today see the clients as belonging to themselves – worryingly, 80% of replied indicated that the relationship managers consider that they own the clients, not the banks or firms for which they work;



**What percentage of the relationship managers working in the industry today see the clients as belonging to themselves rather than the banks/firms they work for?**

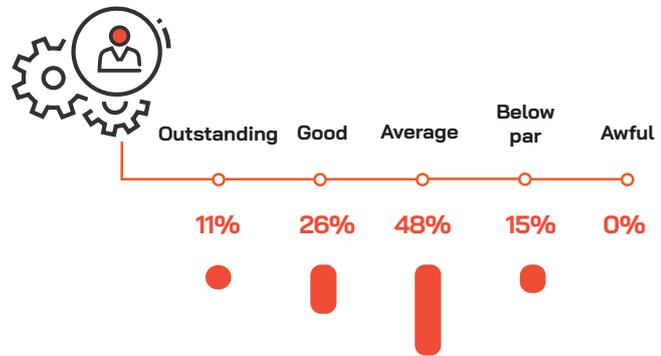


**The banks and** firms they work for should also invest in building a more elegant delivery platform that allows the relationship manager to spend more time with the clients and that offers them better data and behavioural information to help them more accurately tailor ideas and solutions;

# 63%

**It is reasonable** to extrapolate from those views that this lack of proactive energy and initiative is the root cause for 63% of respondents considering the historical relationships of the relationship managers over the past 5-10 years as being average or below par, although 26% said the rapport is good and 11% outstanding;

**Generalising, and looking across the industry in Asia, how would you rate the relationship manager's relationship with their clients 5-10 years ago?**



# 59%

**But the situation** today is not considered to be as good as it was 5-10 years ago, with 59% reporting average relationships, 28% good relationships, but ominously nobody seeing outstanding relationships out there in the market;

**Generalising, and looking across the industry in Asia, how would you rate the relationship manager's relationship with their clients today?**



43%

**There is considerable** optimism that this situation can be significantly improved, as looking ahead to the decade ahead, 43% of our experts expect good relationships, 12% outstanding relationships and only 15% anticipate below par rapport between relationship managers and their clients;

**Generalising, and looking across the industry in Asia, how do you think the relationship manager's relationship will be with their clients in the decade ahead?**

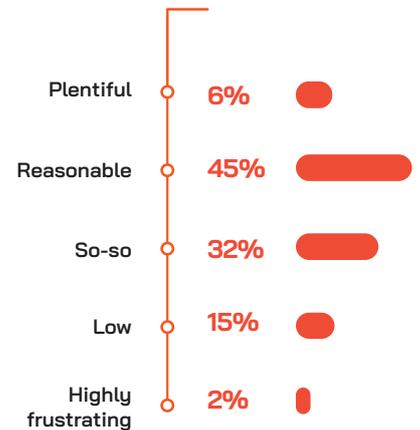


45%

**An issue that** must be addressed however is the talent pool - this is modest, but far from ideal in Singapore and Hong Kong, as 45% of those surveyed reported a reasonable pool of relationship manager talent and 6% said this is plentiful, while 32% reported this as 'so-so' and 15% poor;



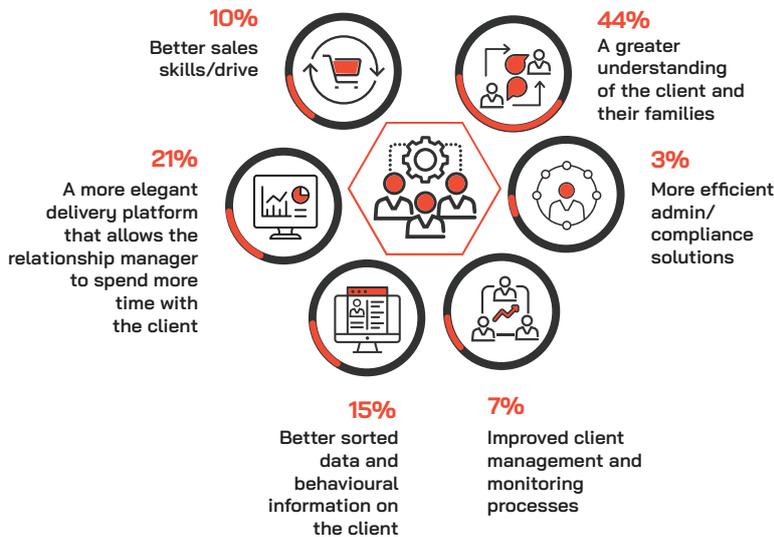
**What is the availability of good sales/relationship manager talent available for wealth management firms operating in Singapore and Hong Kong?**



44%

**To boost their** proposition, the relationship managers must first concentrate on building a greater understanding of their clients and their clients' families;

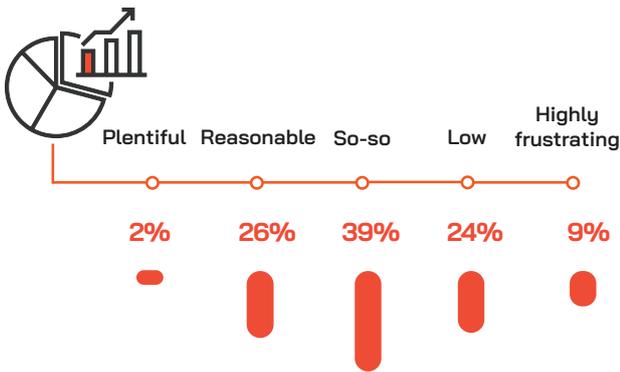
**Rank the key enablers that would improve the relationship manager's relationship with their client**



39%

**There is a** far bleaker talent picture painted in other (non-China) regional Asian wealth management markets across Asia, where 39% of respondents said the pool availability is 'so-so' and 24% low, with only 26% reporting that it is adequate. These findings tally with anecdotal evidence from respondents that in markets such as Thailand, Vietnam, Indonesia and others there is a major dearth of trained or qualified talent to cater to the wealthy end of the market, and even to the mass affluent space;

**What is the availability of good sales/relationship manager talent available for wealth management firms operating in (non-China) regional markets across Asia?**

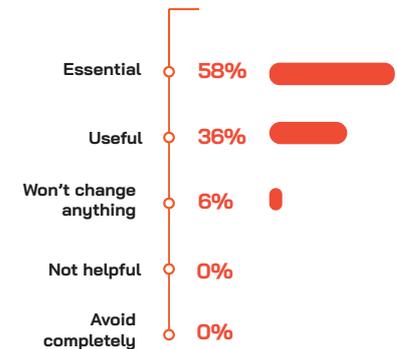


60%

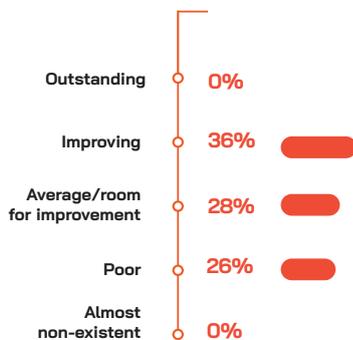
**Almost 60% of** respondents believe digital technology solutions are essential to help free up the relationship manager's time and energy for greater client-centricity, and 36% say this is indeed useful;



**How important do you think digital technology solutions are to help free up the relationship manager's time and energy for greater client-centricity?**



**How would you consider the wealth management industry's understanding of the digital solutions available today that could enhance and empower the relationship manager?**



26%

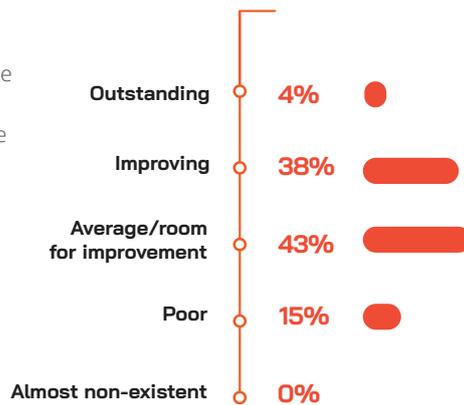
**26% of replies** indicated that the wealth management industry has a poor understanding of the digital solutions available today that could potentially enhance and empower the relationship manager, while 38% said the understanding is average currently and should be improved; Nevertheless, 36% believe this understanding is improving, indicating that steps are being taken in the right directions;

38%

**That view is** supported as only 15% of replies indicated that the industry in Asia is not willing to invest the requisite time and money in digital solutions available, while 38% said that the outlook is improving;



**How would you consider the wealth management industry's willingness (in Asia) to invest time and money in digital solutions available today that could enhance and empower the relationship manager?**

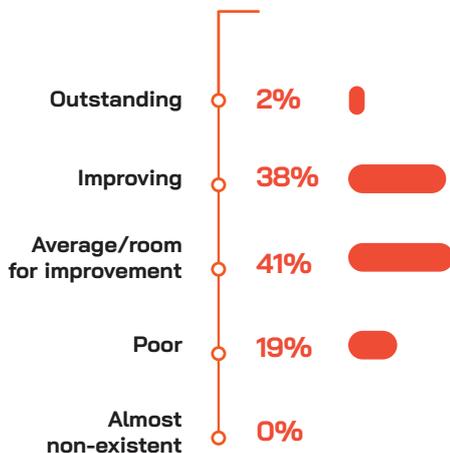


41%

**And as to** the wealth management firms' abilities to properly exploit the digital technologies that they have invested in, or are planning to invest in, again there is some cause for optimism as respondents have a clear sense that wealth management firms' abilities to properly exploit digital technologies is moving in a positive direction - 38% said this was improving, 2% said it is outstanding, 41% average and can be improved, while less than 20% suggested this is weak currently.



**How would you consider the wealth management firms' abilities to properly use/exploit the digital technologies that they have invested in, or are planning to invest in?**





## Chapter 4

# The Asian Wealth Market Grasps the Urgent Need to Adopt CLM Solutions

Assuming more normalised global conditions, we know that there should be immense growth potential ahead for the wealth management market in Asia, we know that the competitive environment will very probably be much tougher, and we also appreciate that the central role of the relationship manager will very likely be undiminished for the HNW and UHNW segments, and their role and importance will very probably become even more crucial.

» The Experts' Insights:

TODAY: UNDERSTANDING CLM/CRM

There are many ways to boost and empower the relationship management community, and the smart adoption of CLM/CRM technology very evidently enhances client management and centrality, a viewpoint that the survey clearly supports and reinforces. There is evidently a growing, more widely held view in the Asian wealth management markets that the technology tools that are actually helping are indeed CLM tools, especially for client management.

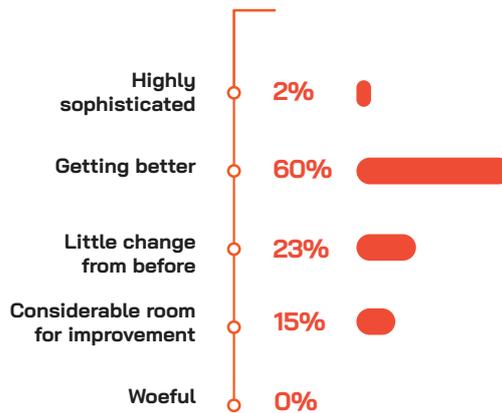
Accordingly, these CLM solutions and the adoption of new and forward-looking managerial practices are, many in the Asia region are coming to believe, a remarkably effective means of crystallising and boosting their potential. Hubbis asked our experts for their views on the state of this segment of the wealth management industry's evolution. As there were many views expressed, we have divided this into three sections – Today, Tomorrow and the Outcome.

60%

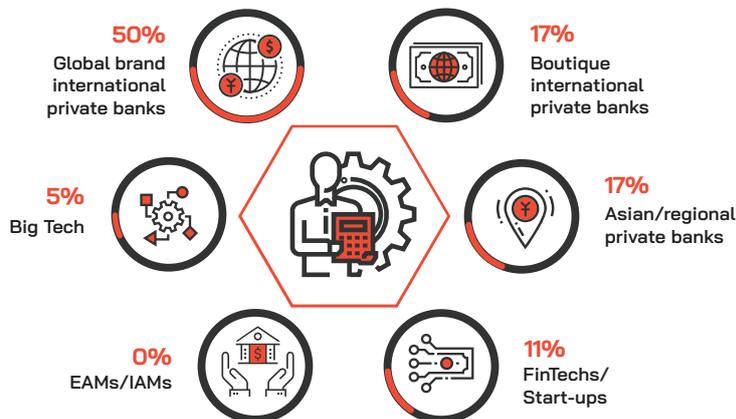


How process-driven or disciplined do you consider the client relationship management protocol to be in wealth management firms in Asia?

There appears little doubt that much work needs to be done in the area of CRM protocol in wealth management firms in Asia - although 60% of replies indicated this is improving, 23% said there has been little change, and 15% maintained there is great room for improvement.



Which types of institutions are the most advanced in Asia today in terms of process-driven/disciplined/structured client relationship management protocol?



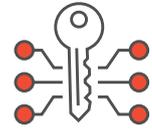
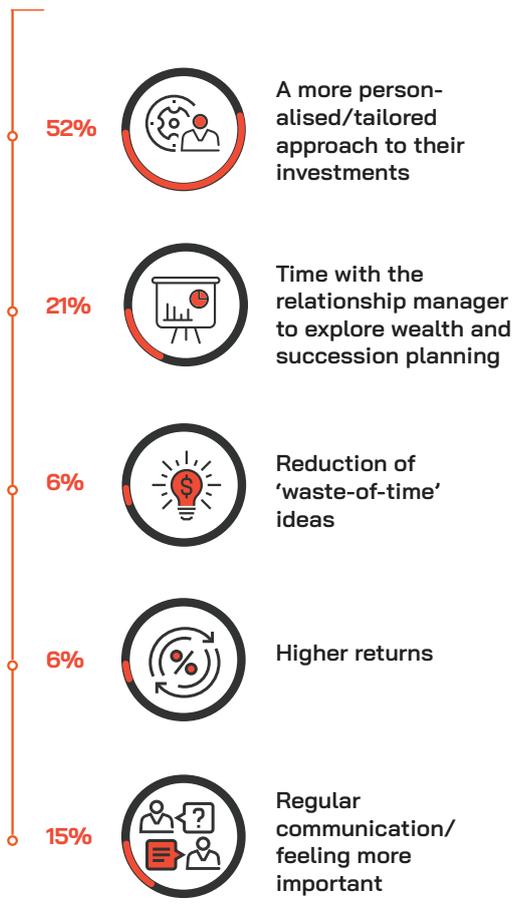
50%

It is clear that the global brand international private banks are leading the way ahead here, followed by the boutique international private banks and the Asian/regional private banks, while the independent firms appear to not be advanced at all in this area, presumably because of the financial and managerial investment required relative to their size.

# 52%

From the client's perspective, 52% of respondents felt that advanced CLM/CRM adoption would result in a more personalised and tailored approach to the client and their investments, while 21% said it would help boost estate and succession planning activity and a further 27% said it would make the clients feel more important, would produce higher returns and should reduce 'waste-of-time' ideas;

**From the client's perspective, what do you think they will most appreciate if the relationship managers are indeed freed up and empowered as the result of an enhanced client lifecycle management protocol and technology?**



Rank what you think are the key drivers for a more process-driven/disciplined/structured client relationship management protocol



# 36%

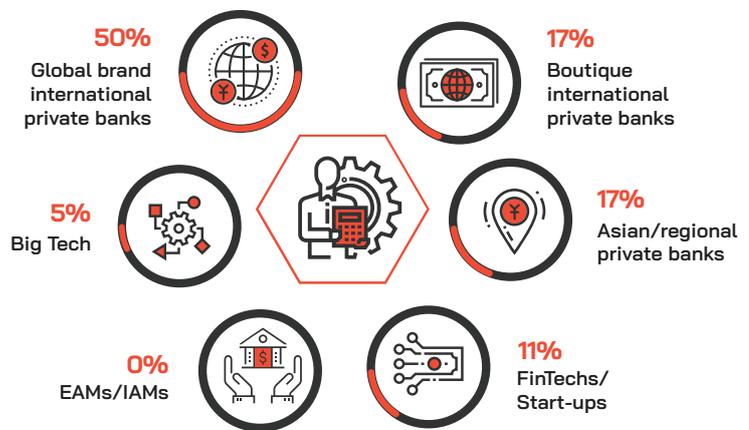
Some 36% of respondents ranked improving client/user satisfaction as the key driver for a more process-driven/disciplined/structured client relationship management protocol, followed respectively by staff acquisition/retention, cost savings and efficiencies, compliance and then sales improvement;

## TOMORROW: WHERE MIGHT WE BE HEADING?

# 50%

But looking ahead, things will likely change, our experts suggested, as it is the Asian/regional banks that will likely make the greatest effort in terms of process-driven/disciplined/structured client relationship management protocol, as well as the FinTechs/Start-ups and the independent asset management firms;

In the years ahead, which types of institutions in Asia will make the greatest effort in terms of process driven/disciplined/structured client relationship management protocol?

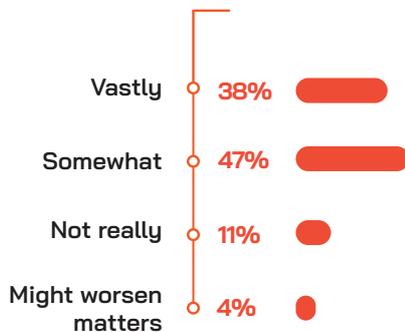


# 85%

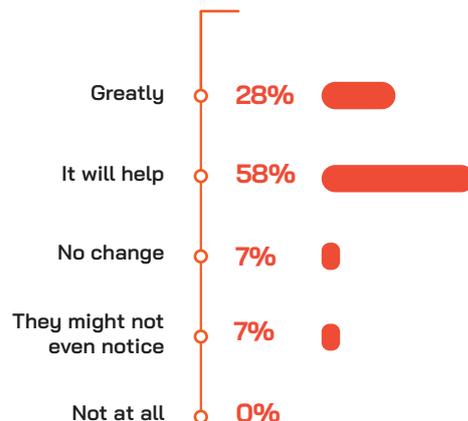
A resounding 85% of replies stated that a more process-driven/disciplined/structured CRM management system and etiquette would boost talent acquisition and retention;



To what extent do you think that a more process-driven/disciplined/structured client relationship management system and etiquette will change talent retention?



To what extent do you think an enhanced client lifecycle management protocol and technology will drive more revenues?



# 86%

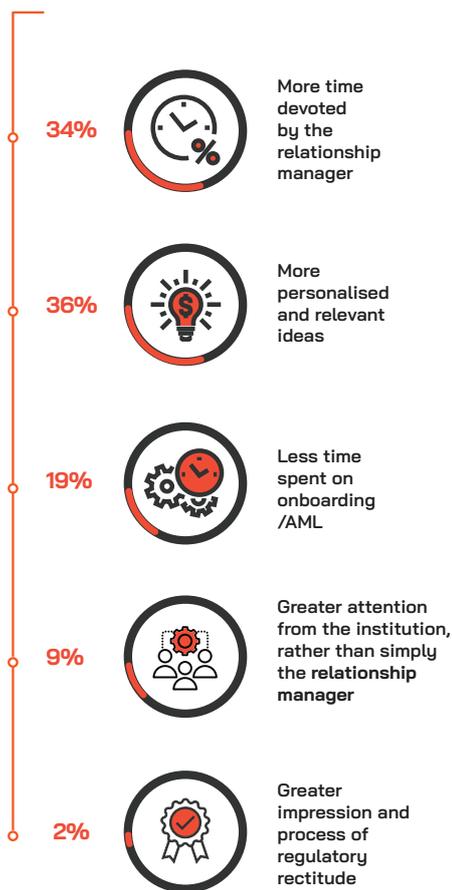
It is not surprising therefore that 86% reported they expect this to drive more revenue, with 28% expecting revenues to rise significantly as a result;

# 34%

**The client will** be more satisfied due to three core improvements – the relationship managers will devote more time, the relationship manager will propose more personalised and relevant ideas and the client will need to spend less time spent on onboarding, KYC and AML issues;



**Rank the ways in which a more process-driven/disciplined/structured client relationship management system and etiquette might improve the client/user satisfaction?**

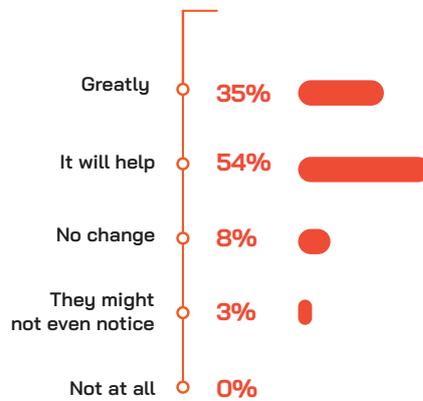


# 89%

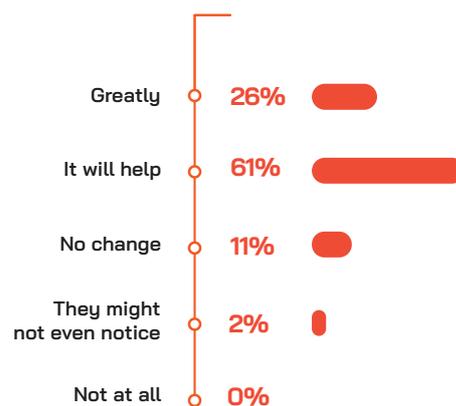
**And 89% said** this would improve client retention and loyalty, with 35% expecting a great improvement;



**To what extent do you think an enhanced client lifecycle management protocol and technology will improve client retention and loyalty?**



**To what extent do you think an enhanced client lifecycle management protocol and technology will help draw new clients to any firm?**



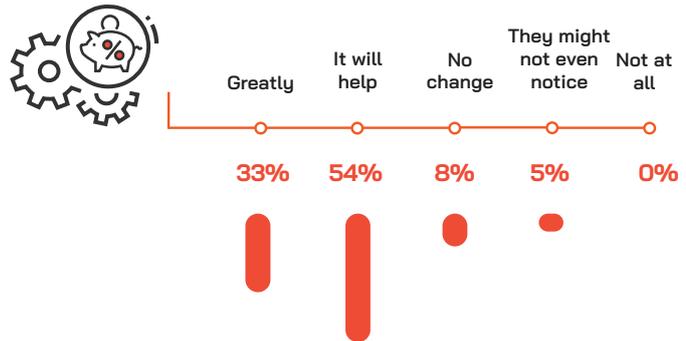
# 87%

**87% of those** surveyed believe the banks and firms who invest efficiently in this area will improve their ability to attract new clients, with more than 25% expecting this to have a great impact for the positive.;

54%

A similar very positive outcome is anticipated for the reduction in costs and an overall improvement in efficiency.

To what extent do you think an enhanced client lifecycle management protocol and technology will reduce costs and improve overall efficiencies?



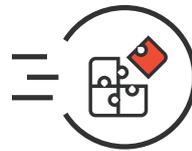
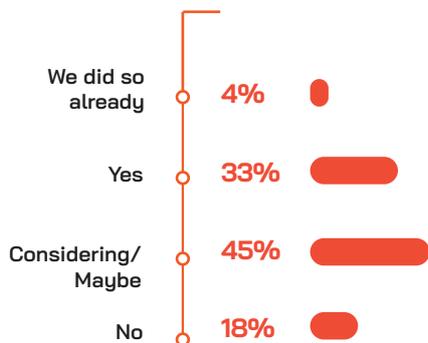
THE OUTCOME: THE EXPERTS OFFER THEIR ANECDOTAL EVIDENCE

45%

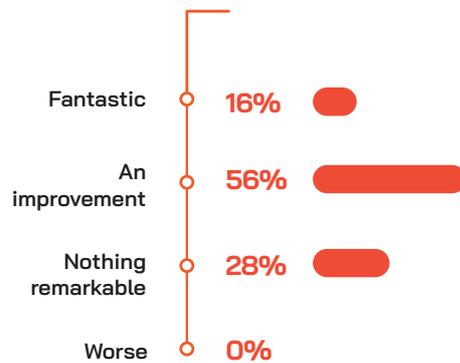
Given all these findings, it is interesting to note that 37% of respondents have either invested in CRM/CLM technologies and processes and that 45% are considering to do so, while only 18% said they either have not or do not plan to do so;



Is your firm investing in CLM technology, or do you plan to in the foreseeable future?



If your firm has already made investments in this area, how would you rate the improvements so far overall?



For those banks or firms that already made investments in this area, the results appear incontrovertibly positive, with 16% reporting a 'fantastic' improvement across all key areas and 56% see an improvement, with less than 30% not seeing any notable advance to date;

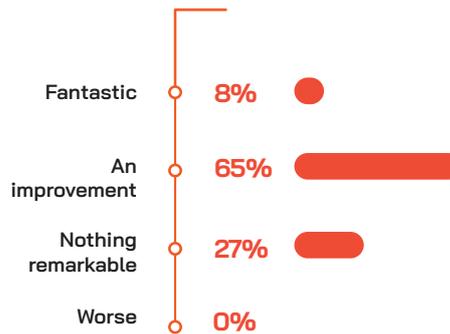
30%

65%

Of those that have invested, 65% report a rise in revenues as a direct result and 8% a dramatic rise in revenues, although it must be acknowledged that 27% see little or no change thus far;



If your firm has already made investments in this area, how would you rate the improvements so far on improved sales and revenues?

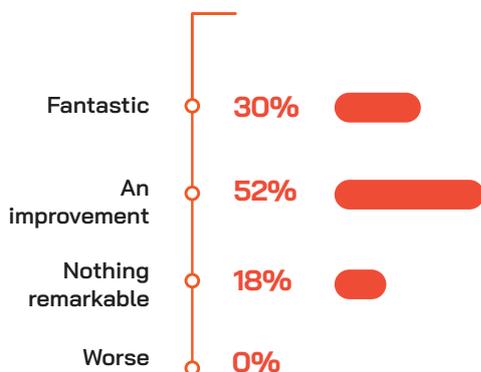


As to client satisfaction – and this is the key as the survey highlights how client-centricity drives revenues and talent retention – 30% see a remarkable improvement and 52% have seen an improvement;

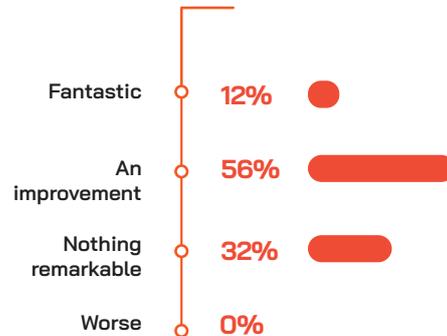
52%



If your firm has already made investments in this area, how would you rate the improvements so far on improved client satisfaction?



If your firm has already made investments in this area, how would you rate the improvements so far on improved talent satisfaction and retention?



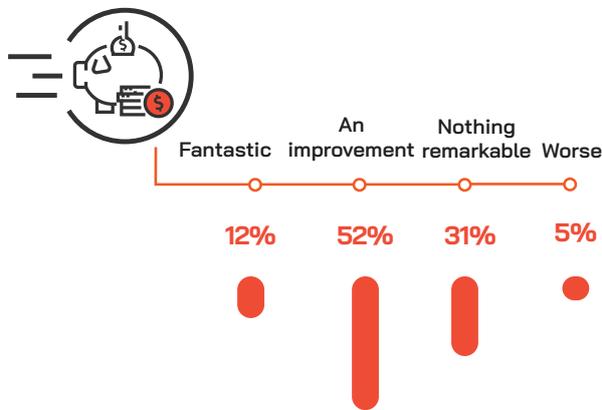
56%

Talent acquisition and retention is even more impressive, with 56% seeing an improvement and 12% a fantastic uplift;

31%

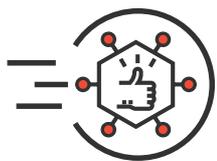
A slightly less emphatic 64% of replies confirmed either a reduction or great reduction in costs, although 31% did not see any noticeable improvement and 5% said costs had risen;

If your firm has already made investments in this area, how would you rate the improvements so far on reduced costs?

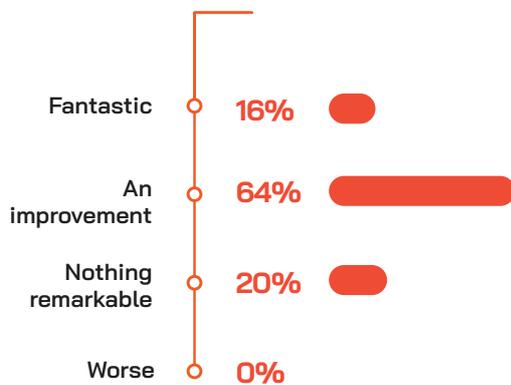


64%

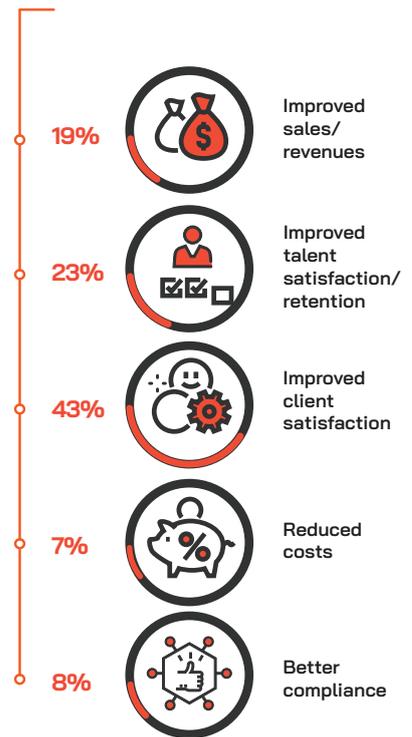
Compliance has improved very significantly, with 64% of banks or firms reporting an improvement and 16% a dramatic advance;



If your firm has already made investments in this area, how would you rate the improvements so far on better compliance?



Rank where would you as a firm would like to see the greatest advances from an enhanced CLM protocol in the future



43%

And these results tally neatly with what the banks and firms we polled would like to see as a result of an enhanced CLM protocol in the future, as 43% hope for improved client satisfaction, 23% hope to boost talent acquisition and retention, 19% want to drive revenues, and the other 15% expect improved compliance and lower costs.



## Chapter 5

# The Future of the Relationship Manager - Refining, Enhancing and Empowering

Hubbis has endeavoured to mine as deeply down into the rich seams of expertise available as possible in this survey to understand more about exactly how and why the relationship manager will play such an important role to the future of HNW and UHNW wealth management in Asia. We therefore solicited concise comments from our respondents, and we emerged with the following more detailed insights and conclusions.

» THE KEY TAKE AWAYS

» 1

The relationship manager will remain central to the wealth management proposition for Asia's UHNW and HNW clients

» 2

The human rapport, empathy and advice will remain of considerable value to such clients

» 3

The relationship managers must elevate their goals to become more completely client-centric, but for them to achieve this, it is imperative for the wealth management industry to embrace a new remuneration paradigm that is radically different from outdated and not fit-for-purpose 'sales-centric' compensation models

» 4

The advisory role of the relationship manager should become more holistic, offering a more all-encompassing approach to investments and wealth planning

» 5

Digital technology and solutions, especially those designed to enhance CRM, will significantly boost the efficiency, capabilities and ultimately success of the relationship managers



IS THE RELATIONSHIP MANAGER STILL IMPORTANT IN ASIAN WEALTH MANAGEMENT? WHY? AND FOR WHOM?

There has been considerable debate as to whether the relationship manager will survive the onslaught of the digital revolution and the rollout of ever more sophisticated robo-advisors. Without becoming immersed in this particular debate, it is fair to say that the consensus amongst incumbent players in private banking and wealth management, and even some of the new 'digital' entrants, is for the relationship manager to continue his or her central role for the traditional private banking clients and even to some extent for selected, more active, mass affluent customers.

The position of Wealth Dynamix's Dominic Gamble, Head of Asia Pacific, is unequivocal on this subject. "Yes," he reports. "Most HNW and UHNW clients in Asia do not yet want to actually take advice or transact online for their personal wealth; they want to read insights, check valuations and so forth online, but face to face and human contact is still critical for taking advice and executing on that advice. This does not apply to the retail level where users have less wealth and can be significantly younger and more digitally savvy."

Tangible value

Another view observed that the role of the relationship manager, if conducted properly, remains very important, adding tangible value to any client's thinking, decision-making, and ultimately to

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“Winning wealth managers will embrace end-to-end technology platforms that span the entire client lifecycle, present data in a form that relationship managers can make sense of and deploy smart workflows that route data to the right place, at the right time and in context”

their lives. “For the time being,” they commented, “only another human being is capable of showing empathy, sharing real-life experiences, and engaging clients and a deep and engaging discussion.” A fellow respondent reinforced this view by noting that high tech can never replace high touch. “The emotional connection is still key to a relationship,” they stated.

Another noted that this is especially true for the older clients, who greatly value a third-party confidante on financial and family wealth matters.

### Upgrading the offering

However, of course, there are caveats. But the relationship manager’s role will in the future be for complex problems, not for trade execution and low value-added activities. “We will see a separation of relationship management, sales and investment advice,” a respondent observed. “The one person who fits all approach will be no more relevant in the future. Currently, many relationship managers are high paid secretaries.”

Yes, the relationship manager remains a valuable player in wealth management, according to another reply, but only if the relationship manager is working as a genuine advisor for the client, and not simply focusing foremost on achieving revenues for either the relationship manager or their firm. As there are so many investment products available, there should, they observed, always be a need for a financial advisor or relationship manager to help investors manage their risk exposures by matching products to needs and preferences.

Another reply noted that there is so much information out there that the relationship manager’s value remains considerable and might even be gaining in importance. “There is too much noise,” this respondent commented, “and the relationship manager needs to filter that noise for the client.”

On the notion of cutting through the white noise, Gamble corroborates this position, extolling the virtues of finding the signals amidst the day-to-day. “Winning wealth managers will embrace end-to-end technology platforms that span the entire client lifecycle,” says Gamble. “Present data in a form that relationship managers can make sense of and deploy smart workflows that route data to the right place, at the right time and in context.”

Elaborating on this same theme, another expert noted that in Asia, most wealth currently belongs to business owners who spend their time generating more wealth, and who have less time to manage the wealth that has already been earned. Hence the need for the relationship manager to monitor and advise.

### Broadening the horizons

But the role of the relationship manager should cover far more than simply investments. “The role of the relationship manager is still very important and remains central to the holistic relationship with UHNW and HNW clients,” came one reply. “When it comes to complex matters such as wealth and succession planning, complex financing needs and diversity of products, there is still a need for hand-holding and the trust that comes from a personalised relationship.”

Although it is also clear that technology will be able to take over many of the more mundane tasks, as well as making the relationship manager much more efficient in data accumulation, filtering and analytics.

However, the impact of COVID-19 must not be underestimated. Will there be a greater shift to online as a result of people’s elevated concerns about travel and face to face meetings, perhaps? “Relationship managers will need to find ways to make themselves more relevant through online channels and not by physically knocking on doors,” said one respondent.

### Augmenting the relationship manager

The final comment on this particular matter came in the form of the assertion: “Wealth management is a people business, and it will remain so even in the future regardless of technological innovations.” Nevertheless, it is vital for the relationship managers to upgrade their skills, their knowledge, and to ensure that they are fit for the wealth management markets of the future. Accordingly, the relationship manager’s capabilities will be augmented by AI-based solutions that provide the clients with market and product insights and advice, as well as taking away manual administrative work, thereby further freeing up the relationship manager to focus on the trusted advisor role.

Additionally, the relationship manager must, to some extent, learn to relinquish the type of absolute control over the clients that they have rather become used to in the past two decades. The role of the relationship manager, said one respondent, is increasingly becoming a coordination role where the relationship manager introduces many of the services of the bank and then coordinates the activities of the relevant specialists who can advise and produce solutions for those clients.





### Keeping perspective

Turmoil is another reason for the continuing role of the relationship manager, as even in good markets, wealthy investors need interaction and various degrees of handholding. "In highly volatile times, such as those we have seen recently, investors require a stable and logical mind to help them as fear grips the markets." Moreover, one reply noted tersely that not all clients nowadays invest only in passive funds.

An expert also highlighted the role of the relationship manager is representing and endorsing the brand they work for, and the trust emanates both from the personal relationship between the relationship manager and the client, and their ambassadorial role for the brand they work for.

While recognising that the relationship manager can be relevant to all levels of clients who appreciate good advice, personal interaction and a robust exchange of ideas, rather than simply being sent product ideas, it is only in the upper levels of HNW clients where the AUM is sufficiently sizable to make the investment in personal service economically viable.

Nevertheless, many of those we surveyed also acknowledged that today's mass affluent clients might be tomorrow's HNWs, so the providers should aim to roll out the best digital and robo-advisory solutions to the mass affluent market, and hopefully groom them for a later transition to the relationship manager-driven private banking relationship, if their wealth expands sufficiently. However, for the time being, these lower market segments – those perhaps with up to USD1 million to invest – will largely be served by technology coupled with 'call centre' as well as a priority banking welcome centre, but staffed more with friendly client administrative type levels rather than fully-fledged relationship managers.

### One size does not fit all

There was accordingly a general consensus amongst most of those surveyed that online and AI-driven robo-advisory will suffice at the mass affluent market segment and below, and that it is not generally economically viable for individual relationship managers to look after these customers on a personal basis.

Wealth Dynamix's Dominic Gamble, Head of Asia Pacific, himself comments: "Retail clients happen to be more digitally savvy, largely due to their age or their affinity with digital platforms. Even if the clients may want it, it is not economical to service retail through relationship managers."

### Suitability and simplicity

The final comment of note on this general aspect of the discussion argued that the relationship manager for the wealthy clients is even more important than before. Financial products and solutions, respondents said, are becoming ever more complex and numerous, making it increasingly challenging for clients to mine out the right product or solution that suits their needs and, more importantly, are also suitable for their level of financial knowledge, capacity and risk appetite.

"But the challenge is for the relationship manager to be accepted by the client and for the client to believe in and trust the relationship manager," an expert wrote. "The relationship manager needs to prove to the customer that their interests are truly aligned with the interests of the client. But this trust has been eroded too many times in the past so the challenge is for the relationship manager to win and keep that trust."



“The role of the relationship manager is still very important and remains central to the holistic relationship with UHNW and HNW clients. When it comes to complex matters such as wealth and succession planning, complex financing needs and diversity of products, there is still a need for hand-holding and the trust that comes from a personalised relationship.”



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## **WILL DIGITAL AND AUTOMATED ADVICE RENDER THE RELATIONSHIP MANAGER LESS USEFUL, OR LESS IMPORTANT?**

The views expressed here tally directly with the overall thrust of their views on the future of the relationship manager in wealth management, which was emphatically positive. To summarise the views, the majority concurred that digital would support the relationship managers, not replace them.

For the time being, there is a clear agreement that digital technologies and current algorithms cannot achieve AI capable of intuitive interaction with a human being. "Only the relationship manager can assess the client's level of understanding and explain accordingly," came one reply. "They will never replace the relationship manager," said another expert, "but they can help and assist in better information and decision making." And another said: "I strongly believe digital channels will enable relationship managers to cater to investors smoothly and in a more efficient way. However, when it comes to analysing risk, I strongly believe a human intervention in the form of data gathering, analysing, and so forth is needed; these cannot be replaced by robo."

### **Trust and connection are irreplaceable**

A very emphatic reply stated: "Not in my life, and not in yours. The relationship manager is, in my view, becoming more important. The client may, of course, get information digitally (information, research, valuations and so forth), but I cannot imagine for a second that a client [with many millions to invest] would not want physical meetings with the investment advisor/manager. No digital offering can replace this part of a trusted relationship."

But of course, it is also a given that digital and automated advice can, in fact, enhance the relationship manager, freeing up their time and energies to discuss and focus on the important and more strategic matters with clients.

Nevertheless, one respondent comments that if the relationship manager is just there for taking transaction execution instructions and offers, little or no value-added advice, then the relationship manager can be replaced by a digital service platform/relationship manager. Another said that the minimal cost of AI-driven interface could erode the value of the relationship manager in time, potentially.

In the lower segments of the HNW market an expert noted that driven by economic necessities, the relationship manager might become unaffordable, especially as margins on investment products and services narrow further, which could, in turn, lead to digital devices and automated advice, coupled with call centre type support, and later to replacing the relationship manager. Indeed, another expert said that over time "my guess is 70% of relationship managers will be replaced."

Another tended to agree, commenting that "I personally do not think the relationship manager's role will disappear at the UHNW level because this type of client needs a personalised contact with their advisor, and a robot will clearly not be the right counterpart here."

“I have serious doubts if trust and emotions can be replicated by any digital [interface or] device.”

87%

of replies expect rapid growth in the Asian Wealth Management market in the decade ahead

30%

of respondents only believe private banks and wealth management firms are currently on track to seize these opportunities

### The human experience

And more broadly in the HNW market, another expert opined that while digital can and does simplify the role of relationship managers, trust with a client is defined with a human to human interaction. “I have serious doubts if trust and emotions can be replicated by any digital [interface or] device,” they wrote. Another added that in times of crisis, HNWIs often need to speak with their trusted advisors to identify solutions as to how to raise cash for liquidity purposes and to meet such difficulties.

An interesting perspective came relating to compliance. “Robo-advisory will really take off only with a commensurate compliance infrastructure,” said one respondent. “I do not believe that regulators will permit this on a large scale until they have ways and means to cope. But robo-advisory, however, may become an important tool for relationship managers to monitor their clients’ performance.”

Yet there was emphatic agreement that digital will help relationship managers refocus their efforts and more truly align their interests with the objectives of their clients. “Digital,” said one expert, “is picking up pace in the financial markets, but it cannot replace the relationship manager. They can, however, be used as a complementary tool for the relationship manager to understand the client better and thereby provide specialised services. Through digital channels, clients can put forward their specific requirements and then the relationship manager can directly look to address those needs, thereby possibly reduce time and effort for the client as well as the relationship manager.”

### Digitally enhanced

Gamble succinctly summarises this with the view that whilst digital will not fully replace the relationship manager for the HNWIs and UHNWIs, “digital devices are very important at that level to deliver content, reporting and branded messaging, as well as allowing simple service requests such as change of address. However, at retail levels, digital will dominate for all stages of the client lifecycle: prospecting, onboarding, advice and management, and service requests.”

The final word went to one expert who quipped: “My analogy is that an aircraft can operate itself from start to finish but would you want to fly in it with no-one up front in the cockpit?”

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## WHAT WILL TRULY HELP THE RELATIONSHIP MANAGEMENT COMMUNITY BECOME MORE EFFECTIVE?

Hubbis then asked those surveyed to mine down into more detail as to what would make the relationship manager more effective in the future.

“More effective use of and leverage of the technology that already exists to take some of the heavy lifting out of the client interaction and on-going client management requirements” summarises one reply. And the same expert advised the relationship managers to be more strategic in how they go about building and growing their business, to be creative in finding ways of adding greater value to the client relationships, and to become totally client-centric.

Technology-enabled service and advisory platforms, preferably also via mobile devices, are essential, according to one reply. Using better data accumulation and analysis technologies and AI to help with product evaluation and selection, as well as the relevance to clients would also be helpful, as would digital onboarding for client acquisition and retention, and online video calls for regular quasi face to face communication.

The ability to deliver reports ‘on the fly’ that will assist in customers making a speedy decision is considered valuable, with a greater effort required to analyse vast amounts of available client data, profile those clients and then devise solutions to meet their needs based on persona/risk profile. “Avoid the pushing of generic products,” they warned.

Also along the lines of personal characteristics, relationships and skills, respondents advised relationship managers to see themselves more as advisors and not as a sales manager, to enhance their product and solutions knowledge, increase their filtering of high-quality research and other information, thereby becoming more like investment advisors.

They should also improve their people skills. “Listen more, reduce your ego, be more empathetic, go that step further for the client,” advised one authority.

“Upskilling and continuous professional development will be key,” according to another expert. “This means obtaining higher level credentials for disciplines such as personal financial planning, advanced investment management and advanced insurance. Additionally, greater competency in client psychology will be immensely helpful.”

Another advised regular mentoring by senior bankers, something he indicated is very lacking in wealth management. And one respondent proposed better support from experts in the office, adding that an relationship manager should be the culmination and manifestation of the bank’s or the firm’s combined expertise and value proposition.

There must also be a shift from bank or provider-focused products to client-focused products and solutions. “Involve the relationship managers early in the product development process, create and adopt a bottom-up approach,” one specialist proposed. “Relationship managers should ideally know what their clients need, and the product providers should then focus on working on fulfilling these needs, not the other way around.”

And on the same theme, an expert commented that relationship managers must build what he termed an effective relationship with clients. “By the word effective, I mean building a relationship of trust based on integrity, spending more time, lots of honest to goodness time [with the client].” And he added: “[We also need to] relieve relationship managers of mundane paperwork and remunerate them by a ‘client stickability’ matrix.”

### Technology and greater engagement

Gamble himself offered his views. "Relationship manager engagement is the key," he stated. "Relationship managers hold the keys to business growth and disengagement leads to tangible business issues. They need better technology in a variety of areas, including sales, meaning the delivery of the right products and content through the right channel at the right time. Then they require the mechanisms to track, measure and optimise. Relationship management job functions, including tasks management, calendar management, internal and external communication, orchestrated by one system, are very valuable. Portfolio analytics will also empower the relationship manager to understand, calibrate and simulate portfolio changes. Compliance automation empowers the compliance team to become more automated and therefore frees up relationship manager time for more client relationship management. And the consolidation of technology – many relationship managers complain bitterly not only of too much admin but of having too many systems – will also help relationship managers work comprehensively on the move, and more effectively throughout, which is paramount, especially at times of crisis."

The final comment comes in the form of an astute observation that what relationship managers must embrace is the need for broader knowledge of HNW private client needs outside of financial products. These areas will include wealth succession, corporate and family governance, family constitutions, and empathy for the implications of personal and very private issues such as incapacity, divorce, asset protection and related family law issues. "An understanding of the [serious] risks associated with the unstructured succession to operating businesses will be absolutely essential [in Asia]," they added, "as the principal source of wealth remains the family business."





## **CAN TECHNOLOGY HAVE A MAJOR IMPACT ON MOTIVATING AND ENGAGING RELATIONSHIP MANAGERS AND DRIVING MORE PROFITABLE AND ENDURING CLIENT RELATIONSHIPS?**

The application of technology solutions to information gathering, research, alerts, trends analysis and so forth will evidently make the relationship manager appear more professional and at the same time free up some of their time for the real client communication. However, one reply noted that many relationship managers remain wary of technology and unable to employ it effectively, so much work needs to be done to improve the acceptance and usage of the digital tools available. The combination of technology with the 'softer' human skills is a compelling proposition.

Experts advised the greater use, on a compliant basis, of messaging and call apps such as WhatsApp, Line and WeChat, which are used extensively across Asia. Solutions to incorporate those communications methodologies for the relationship managers in a transparent, auditable manner will greatly boost the ease of connecting with clients as they move around Asia or across the globe. Moreover, there is no doubt that technology can enhance administrative processes, onboarding, aggregate and sift through data insights, improve the delivery of research and ideas and solutions to clients, but with the caveat that the relationship managers must be true to their personal client relationships and individual competencies.

### **Upgrading the management vision**

All this does, however, require the banks and other providers to adopt a more far-sighted, almost visionary leadership that understands it is not the technology itself that is the solution, but a data-driven, agile and digital mindset and organisational DNA that will provide the platform for the relationship managers to boost their propositions. And amidst this organisational transformation, technology can also make it easier to gain access to high quality, generally mandatory, training.

Gamble commented: "Technology helps make relationship managers more loyal, it helps retain talent and helps attract new talent. It offers a clear competitive advantage. If relationship managers are engaged [with their firms and their clients], they will serve their clients better, resulting in higher AUM and therefore higher revenue, better client retention. And happier clients will result in more referrals."

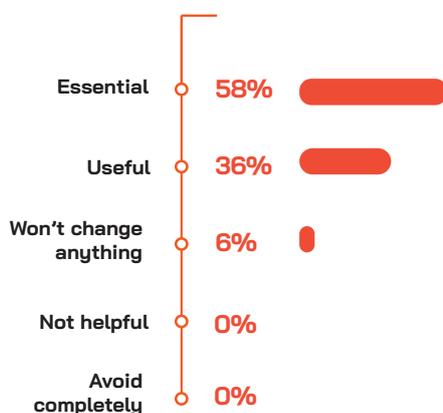
Another expert observed: "Yes, technology can have a huge impact. Since the relationship manager is the point of contact, they receive many queries from clients on issues ranging from account opening, statements required, and other requests which can be effectively handled and taken away by technology. An relationship manager should be able to devote time on learning, improve their knowledge and thus engage more with his clients to drive profitability, instead of getting bogged down by petty issues like reporting requirements and back-office related queries."

One respondent succinctly summarised these points by commenting that private banking is clearly a business based on relationships. "Technology," they said, "can help the relationship manager and banks be more efficient and more productive, and the challenge will be to define the rules of engagement between clients, robots and relationship managers. If everything is handled properly and with the approval of all the stakeholders, then the relationship managers will also be more motivated because they will have more time to do what they have been hired for, i.e. bring new clients to their employer and keep the existing ones satisfied."

“The only way to build a successful relationship is to know the client and the family well, you can only build trust over time, but that is the foundation of any long term and successful relationship.”



**How important do you think digital technology solutions are to help free up the relationship manager's time and energy for greater client-centricity?**



## HOW BEST CAN BANKS AND WEALTH MANAGEMENT FIRMS SUPPORT THEIR RELATIONSHIP MANAGERS?

There are clearly numerous ways in which technology can help support the relationship manager. Straight-through processing and fully automated on-boarding and KYC are very valuable, and a host of other sales, business and compliance processes can also be automated. As one reply stated: “Routine non-revenue generating activities can be managed on autopilot mode.”

Another warned that this area must be properly addressed with technology. “The business environment we operate in is now ‘run’ by compliance and regulations,” they warned. Also, on the compliance front, another expert noted that technology to help manage compliance and regulatory issues is a must. “The recent overload is a result of previous abuses,” they remarked, “and relationship managers need to be cognisant on why these rules are in place. The ideal situation is a relationship manager culture that is respectful of the rules rather than [having] a red tape inundated platform.”

### Many rivers to cross

“Compliance is clearly too time-consuming today,” stated another reply, and advised that management practices, as well as technology enhancements, should be combined to good effect. “Account opening procedures are also long and demanding. There should be a committee, pro-business minded, that should sit every week and expedite all the compliance/account opening/administrative issues. And the procedures should be revisited in order to make them more efficient and more business-friendly.”

Respondents highlighted the value of a proper CRM practice whereby the relationship manager can store and retrieve all information easily, then using sophisticated systems whereby the relationship manager can easily track and analyse the client portfolio. Optimise the investment selection and distribution processes, enabling the relationship manager to spend more time on client management and client acquisition.

Some good advice came from one of those surveyed who said banks and firms must take the time to ensure that processes and procedures are well thought out and tested with clients. “It is not just about mobile or multi-channel capabilities – that is table stakes these days – but it is about having the right software and systems

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providing ‘smart’ functions across the various facets of a client profile. Part of this is having software that can illustrate the impact of financial decisions, a simple example perhaps being if the client wants to take a one-year sabbatical without pay, and the impact of that decision on their retirement and other goals.”

A detailed perspective came from one expert who said that there is no way compliance and regulatory issues will be reduced significantly in the foreseeable future, in fact, quite the opposite. “Being compliant and following regulations should never be diminished or neglected,” they remarked, “as, after all, the relationship manager is dealing with a customer’s savings, not his own. Regulation and compliance are therefore positive as they are a tool to help the relationship manager to create a successful relationship with the client. However, administrative and internal processes can be reduced, although this will require a huge shift of mindset by banks and product/service providers. Far too often, the product is modern and up to date, however the underlying processes, procedures and forms are stuck in the past and so the relationship manager must bridge the gap for the provider and get involved in a lot of admin.”

### Shifting the theory

And with that, they advised a paradigm shift in thinking. To round off this view, another expert commented that to achieve such change, defined institutional policies must be in place and far greater cooperation enabled among teams in the banks and other wealth firms.

Gamble summarised his views on this as follows. “From my point of view, this requires giving relationship managers and internal teams a digital platform for collaboration and sales efforts. Everyone in the team needs to rally around the core purpose of a wealth management institution, namely serving and growing the client base with the aid of wealth management solutions. Working in siloes, with little digitisation, pulls teams apart rather than bringing them together, so a unified approach to internal technology (and with as few logins as possible) will have a big and positive impact on the relationship managers motivation and daily efforts.”

## WHAT STRATEGIES CAN A RELATIONSHIP MANAGER ADOPT TO HAVE LONG-TERM SUCCESSFUL RELATIONSHIPS WITH CLIENTS?

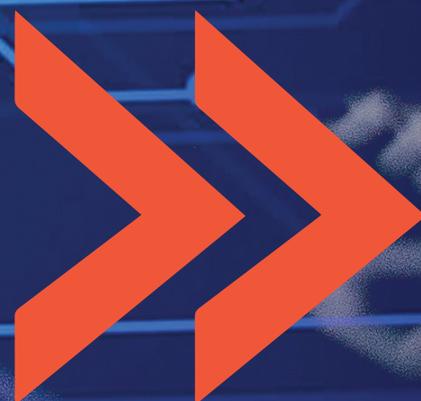
There are many ways in which relationship managers can enhance their own skills and abilities and potential. The survey offered some valuable insights into initiatives the relationship manager community can take to do so.

An expert advised the relationship managers to improve their understanding of their clients’ businesses and better understand the challenges and opportunities that they face, day-to-day. The expert proposed they should become more familiar with their clients’ circles of influence and better appreciate the wider family dynamics of their clients.

Another declared that information is paramount. “Knowing the needs of the client and taking a proactive approach to meeting their goals” is vital. A reply highlighted the value in an ongoing programme of helping educate and coaching clients while providing value and making clear the risks and pitfalls of certain decisions. “The relationship manager always has to act as a trustee of the investor,” they commented.

“The only way to build a successful relationship is to know the client and the family well,” another specialist observed. “You can only build trust over time, but that is the foundation of any long term and successful relationship.” And this view was neatly summarised in one reply which stated that the relationship manager must build a broader holistic relationship, inclusive of investments, hobbies, interests, engagement with the next generations, help with estate and succession planning and so forth.

“How can you understand if you do not listen? I would bet that relationship managers talk 80% of the time in a meeting. And when the client speaks for the other 20%, they do not even listen.”



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One expert advised the relationship managers to create their own strong personal branding, playing to their areas of strength and expertise. “A relationship manager with a strategy to distinguish themselves from others in the market can be successful in long term relationships with clients,” opined another specialist. “Getting paid by the clients instead of the institutions is one of the strategies whereby the relationship manager ensures the charges of the investments products are competitive for the clients, and the clients appreciate this approach.” Transparency throughout all dealings with the clients, and the ability to create tailored sales ideas are both essential qualities.

They should also choose the tougher ‘right’ path over the easier wrong path. “This,” started one reply, “means truly looking out for the client’s best interests. To do this, the relationship manager needs to take the time to know and understand the clients, their goals, their resources and help them make good decisions. A true financial planning-based approach is ideal.

A respondent summarised some key traits of a successful relationship manager as being honest and ethical, keeping in constant touch with the client at all times, being available, being sympathetic and empathetic, keeping things simple, being a good listener and staying patient.

“What is key for an relationship manager is to gain the trust and the confidence of all their clients,” came one reply, adding that from his viewpoint, a true private banker who deeply understands the clients, even their ‘second lives’ and who is often invited to family gatherings and personal events.

Compliance in all matters is also essential, and nowadays, the relationship manager must have a deep insight into the immense impact of modern regulations, which have been proliferating and becoming more and more complex in recent years. “Be prepared to walk away from any client that wishes to adopt an ‘old school’ approach to compliance,” an expert advised. “Understand that clients can still enjoy privacy protections without involving tax evasion, so communicate this clearly to clients, seek relationships with competent professional advisors that are able to explain global initiatives that may impact HNW clients not only now, but also in the future.”

## **DO RELATIONSHIP MANAGERS SPEND ENOUGH TIME TRYING TO UNDERSTAND WHAT CLIENTS WANT, OR UNDERSTANDING WHAT THEY DO NOT WANT?**

There was a strong consensus that the relationship manager community must invest more time in getting to know their clients and their needs. As one reply put it, they are all too often handling administrative tasks that could be automated and assembling information and data that is all too often outdated by the time they deliver it.

A forthright view came from one specialist. “How can you understand if you do not listen? I would bet that relationship managers talk 80% of the time in a meeting. When the client speaks for the other 20%, most of the relationship managers do not even listen. They are already thinking which product to sell next.” Another similar comment was that most relationship managers are too short term in their thinking, and often looking to sell what benefit them most. And another worried that the relationship is often preoccupied with meetings budgets and deadlines.

“This is [one of] the biggest issues I think,” said one expert. “Many clients will not necessarily be able to explain exactly what they need; they may be more willing to say what they do not want.” Accordingly, this respondent said that relationship managers need to take the time to understand their clients, but often they are short of time; perhaps this is because they have another, bigger client to deal with later, have an internal deadline to submit regulatory and compliance information, or are concerned about asking deeper questions, fearing the client might be annoyed by intrusive questions.

There were plenty of replies that also acknowledged that there are indeed many good quality relationship managers in the market who go the extra yards for their clients. One expert neatly summarised the key relationship between the relationship manager and their banks. “This is solely dependent on the financial incentives of the financial institution,” they remarked. “Is it short term revenue goals or lifetime wallet goals? If financial incentives are correctly aligned, then relationship managers will act accordingly, and the clients will immediately notice the difference.”

An interesting view came from a respondent in India who worries that product pushing has been too prevalent for too long. “To be effective in this business,” they said, “one has to reward relationship managers not only on sales and numbers, but also on client satisfaction and engagement. Sadly, bonus structures in India in most of the firms are driven by revenue, and this needs to change. Only then will the relationship manager spend enough time [focusing on their real needs] with the client.”

## DOES THE WEALTH MANAGEMENT INDUSTRY NEED TO SUBSTANTIALLY RECONSIDER SOME KEY BASICS?

Throughout the numerous implicit and explicit comments Hubbis received from respondents is the need to embrace a new paradigm of wealth management. This was succinctly and amusingly captured in one reply: “Yes, we need to refocus on some of the key basics of wealth management, but please don’t tell anyone, because the more players who do not, the better for us. Wealth management is not about an accumulator, or some reverse convertible note. It is about understanding the client’s risk profile and risk appetite and then building the correct strategic asset allocation for the client. And then maintain the discipline to stick with it.”

Another expert commented that the wealth management model would need to adapt to the ‘new normal’. “The changing landscapes in economy, politics and social issues will drive the basics of wealth management. The global exposure, cross border risks, and ‘black swan’ events should be taken into consideration.”

One respondent expressed fears that over-regulation. “Institutions and regulators should understand that banking is usually based on personal relationships with clients,” they observed, “and bringing more and more regulations into the picture will erode the relationship the relationship managers have established with their clients; they will have less and less time available for them. And hiring more compliance officers and more administrative staff will change little, as the relationship manager still has to be involved in all the aspects of the client relationships.”

On a more constructive note, a greater focus on individual and family financial, estate and succession planning is broadly advised, as is the greater use of and familiarity with digital technologies. But as one expert commented, private banking and wealth management is, in essence, a simple business that does not need to be reinvented every so many years. Instead, it requires a better alignment of the interests and holistic understanding of the clients. “[The industry needs to focus] less on revenue-generating and more on holistic wealth management,” one expert stated.



Both expertise and additional training are essential, according to another view. “Many banks have target growth in relationship manager team numbers, but do not really look into younger relationship managers’ product knowledge and selling skills,” they said. “Basic training for everyone is essential.”

Gamble offered his insights, stating that in light of the immense and continuing administrative and compliance burdens, a priority must be to free up the relationship manager to perform the basics of wealth management to the best of their abilities.

The final comment on this topic went to an expert who maintained that the client, or user, experience is going to be the biggest game-changer in the coming years. The past eras have been more about content, knowledge and products, they observed, but the next decade will be more about client experience. “Clients take the other important aspects like content and knowledge as a given today,” they said, and advised the hiring of specialists away from the financial fields to boost the connectivity and understanding with the clients.

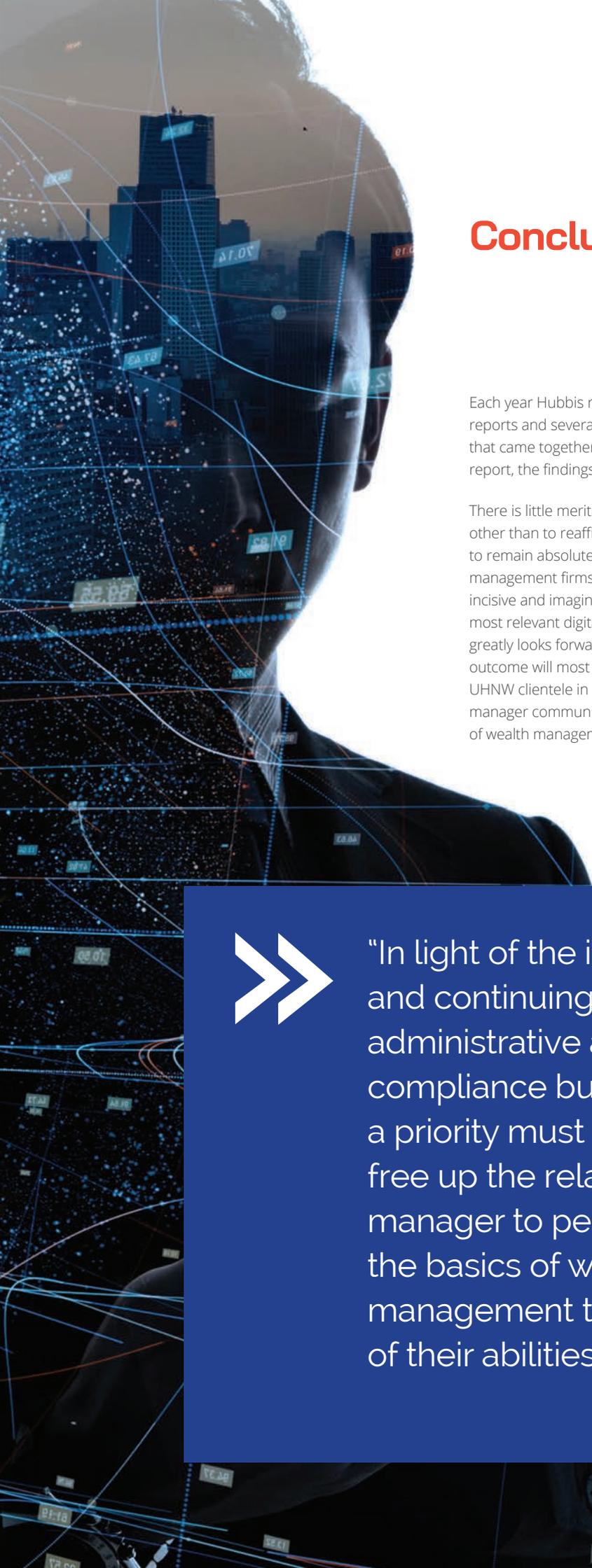
## **HOW SHOULD RELATIONSHIP MANAGERS COMMUNICATE WITH THEIR CLIENTS? THE GOOD, THE BAD AND THE UGLY.**

The modes of communication with clients and the regularity of such are also important considerations. Knowing how long the gaps are between relationship managers connecting with each client is increasingly useful to the banks or the other wealth management firms. The relationship managers of today cannot wait until events take place before they reach out to clients, nor can they be calling or emailing or messaging simply to promote products and ideas without there being a solid and updated rationale for such ideas, based on the latest appreciation of the clients and their needs.

Gamble reported that relationship managers should focus on communicating via any channel the client is most engaged in. “However,” he advised, “they should do it compliantly, and this is clearly a big issue as there are a lot of communication channels between relationship managers and client that are not being monitored.” Ultimately, of course, there are considerable risks for the relationship managers and for their banks if there is written or messaged communication that is not auditable from a regulatory perspective and that results in actions taken by the clients, or by the relationship managers on behalf of the clients.

## **WHAT CAN THE RELATIONSHIP MANAGER DO TO CREATE MORE TRUST WITH THEIR CLIENTS?**

To create and reinforce trust, relationship managers must ensure they are transparent, credible, knowledgeable and reliable, while continuously thinking not of their own remuneration and targets, but of the client and their needs and aspirations. A long-term perspective, and a forward-looking outlook are vital to help the client take the right decisions based on sound reasoning and judgement. Well-conceived and presented products and solutions that are tailored directly to the clients and delivered in a manner that is encouraging, not pushy, will help build and retain the trust needed for a relationship manager to become a truly trusted advisor.



## Conclusion

Each year Hubbis releases a remarkable number of thought leadership reports and several white papers. There are few in our recent memory that came together as comprehensively and convincingly as this research report, the findings of which are both fascinating and encouraging.

There is little merit here in summarising the findings of this project, other than to reaffirm two things. First, the relationship manager is set to remain absolutely central to the proposition of the banks and wealth management firms in this region and must be supported by a more incisive and imaginative senior management vision, and by the best and most relevant digital and other solutions available. Secondly, Hubbis greatly looks forward to seeing many of these advances in action, as the outcome will most surely be a more satisfied and better-served HNW and UHNW clientele in the region, a more contented and engaged relationship manager community, and a more efficient, targeted and robust collection of wealth management providers.



“In light of the immense and continuing administrative and compliance burdens, a priority must be to free up the relationship manager to perform the basics of wealth management to the best of their abilities.”



## Appendix

# Wealth Dynamix and its State-of-the-Art WDX1 CLM Platform Solution

Wealth Dynamix promotes itself as a 'multi-award-winning wealth management technology company, and it has indeed made huge strides in the roughly eight years since it was founded in 2012. Headquartered in London with regional offices in Zurich, Geneva, Luthania, New York and Singapore, the company reports that its solution is fast becoming the global standard for client lifecycle management (CLM) at the world's leading private banks and wealth management firms.

In recent times, Asia has been a key priority for growth, with Dominic Gamble joining the company in 2018 to build the business in what has been, and surely will be ahead, a truly dynamic region for wealth management. Gamble and his team are promoting and delivering WDX1, the firm's CLM platform, which offers end-to-end digital client lifecycle management solutions via a single integrated 360-degree view of client information across multiple business lines, centralising client relationships, products, communications and activities, with a focus on streamlined and compliance-driven workflows.

The solution leverages Microsoft's industry-leading Dynamics 365 platform, helping clients achieve strategic digital transformation programmes, assisting them in better managing and servicing their clients while ensuring efficient and comprehensive regulatory adherence.

The solution also features an AML risk scoring engine to highlight client risk, a rules engine that continuously monitors the applicability and suitability of advice, and the use of artificial intelligence to generate insights and suggestions to guide advisors in client engagement.

"Our innovative and robust technology addresses key industry challenges that arise from the complex requirements of client acquisition and onboarding, regulatory compliance, relationship management, client servicing, business intelligence and digital engagement for both client and advisor," Gamble, Head of Asia Pacific, reports.

### **WDX1's Five Pillars**

Gamble explains that the WDX1 CLM platform delivers value across five business pillars - client acquisition, digital onboarding, CRM, business intelligence and digital engagement.

The first, client acquisition, is all about helping to find new clients through social discovery, lead scoring, web tracking and creating customised marketing strategies to prospective and existing clients, partners, and intermediaries. The second, digital onboarding, is helping onboard clients by streamlining complex private client and entity onboarding workflows including KYC, AML, risk profiling and suitability and enable clients and intermediaries to self-serve while meeting regulatory obligations.

CRM involves managing complex relationships, the mission being to reduce risk and improve efficiency with the WDX1 client management module that has been built to provide a single, modern, dashboard-based view for all historical and planned client communications and activities, all recorded client data including KYC and suitability information and client documentation.

Business intelligence enables the team, from senior manager, branch manager, team manager and so on, down to individual RM, to get x-ray views on activity. That activity is not simply sales and AUM driven, but process and workflow based too, so that managers can see where people and process is going wrong as well as where it is going right. That's invaluable insight for strategy as well as for performance and KPI tracking.

Last but not least, clients must stay compliant. The mission here, Gamble explains, is to address industry challenges around conduct risk and remain competitive and compliant by digital engagement, tracking and monitoring activities, demonstrating suitability, and providing evidence to the regulator.



“Very simply, WDX1 offers two incredibly important business values, number one is saving wealth management businesses cost, and number two is driving their revenues.”

“WDX1 is the only genuine end-to-end CLM platform out there combining prospect management, client onboarding and client management in a single solution that can leverage existing legacy systems whilst providing an innovative, independent offering that is delivered on the world-leading Microsoft Dynamics 365 Platform,” Gamble asserts.

As to the ease with which WDX1 can be slotted into a customer’s protocol, WDX1 comprises of three modules that work very effectively on their own, and will fit together as business requirements grow.

WDX1 Engage helps firms convert more prospects, faster and more efficiently and engage existing clients, thus driving asset and revenue growth. WDX Onboard streamlines time-consuming processes with a ‘capture once, use many’ design which can minimise onboarding times and administrative costs. WDX Manage reduces administrative tasks and enables advisors to manage relationships from a single location and provides a 360° view of all clients, contacts, accounts and households, which drives deeper insights and more tailored sales.

“The three modules fit inside of an integrated single login system, which really drives user adoption and productivity,” Gamble elucidates.

Accordingly, WDX1’s capabilities span the entire client lifecycle, including client acquisition; client engagement; digital onboarding; regulatory compliance; relationship management; client servicing; and business intelligence.

### **Winning clients, expanding the proposition**

Gamble reports that the WDX1 platform has been adopted by over 30 institutional clients globally and has recently been named as Microsoft’s Business Applications ISV Connect Partner. “Several major UK and European wealth management firms are already leveraging its modular architecture and close integration with Microsoft to help manage an increasingly demanding regulatory climate, more sophisticated clients and complex digital and legacy integration challenges,” Gamble explains.

“We are further developing the WDX1 platform in 2020 with an enhanced focus on digital engagement,” he reports, “thereby allowing clients to self-service remotely and delivering explainable artificial intelligence (AI) for staff to help them better engage their clients and prospects at the right time and with the right content.”

In keeping with the evident drive and energy of the firm at large, Wealth Dynamix is continuing to build new partnerships with industry leading management consultancies to scale-up global deployment of the WDX1 solution to the world's biggest private banks, wealth and asset management firms.

### **Empowering the Relationship Manager**

“We are committed to the view that relationship managers drive the quality of every client relationship, supported by but not replaced by enhanced digital capabilities,” Gamble comments. “Clearly, every touchpoint strengthens engagement, builds trust and secures loyalty, but wealthy clients – and this is especially true in Asia - are not comfortable interacting with technology alone, preferring a more balanced approach between human touch and technology. The fact is that wealthy people want personalised advisory services delivered by a person.”

With costs rising, Gamble observes, wealth management firms are focusing increasingly on efficiency and AUM growth. “Simply put,” he elucidates, “relationship managers need more time for client engagement and management, onboarding needs to be slick, and client experience needs to be impressive.”

He adds that with clients placing a high value on the longevity of the relationship with the same relationship manager, talent attrition is also highly relevant. The priority must, therefore, be to keep top-performing relationship managers away from manual tasks, motivated, productive and earning industry-beating income for both the client and the firms they work for.

Gamble is fully confident that WDX1 can substantially redress this problem. “We help empower relationship managers with smarter, data-driven insights into client behaviour and sentiment, and arm them with technology tools that boost productivity,” he explains. “They will be equipped to deliver faster, more efficient and responsive client servicing. And they will be incentivised to pursue new client engagements and generate a greater share of wallet from existing clients, which is undoubtedly a lower-cost, more profitable path to follow.”

### **Spreading the message across Asia**

Wealth Dynamix customers include institutional investors, charities, intermediaries, families/family offices or individuals. “We stress throughout all our engagements in this industry that there is a fundamental shift in wealth management,” Gamble explains. “Individual wealth has been on the rise, especially in this dynamic Asia region, and clients increasingly expect a more innovative and personal engagement from their advisors. We have been building our client base here in the region for the past two years since we decided to establish our regional hub in Singapore.”

“We began working with the Asian operations of the international banks and other firms,” Gamble reports. “We have now also become successful in working with Asia's local and regional banks. We believe we are at the forefront of what is a major sea change in the wealth management business in Asia, and we are looking forward to some exciting years ahead.”

WEBINAR

## CLIENT LIFECYCLE MANAGEMENT: TRANSFORMING YOUR TECHNOLOGY & TEAMS



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### WHAT WE OFFER

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Wealth Dynamix provides market leading Client Lifecycle Management (CLM) solutions to the world's top private banks, wealth and asset management firms.

Our multi-award-winning, fully integrated, end-to-end digital CLM solution, WDX1, addresses the complex requirements of client acquisition, client engagement, digital onboarding, regulatory compliance, relationship management, and ongoing client servicing.

### ABOUT US

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Founded 2012 / Privately owned / Offices in New York, Zurich, Geneva and Singapore /  
Headquartered in London, UK / 125+ staff with decades of experience in wealth management

### OUR CLIENTS

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Schroders

Rothschild & Co

RUFFER

Rathbones  
Look forward

QUILTER CHEVIOT  
INVESTMENT MANAGEMENT

CHARLES  
STANLEY

## INTERESTED IN LEARNING MORE ABOUT CLIENT LIFECYCLE MANAGEMENT?

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