

# WHY WEALTH MANAGEMENT IS RIPE FOR DIGITAL TRANSFORMATION

## DIGITAL CHALLENGES:

WEALTH MANAGEMENT IS ONE OF THE LEAST TECH-LITERATE SECTORS OF FINANCIAL SERVICES<sup>i</sup>.

Only **25%** of wealth managers currently offer digital channels beyond email

Only **1 in 10** employs social media to interact with clients

Firms **overestimate** their digital offerings, rating themselves as “digitally advanced” when the only service available is a website

SOME OF THE INDUSTRY'S CHALLENGES IN TECHNOLOGICAL INNOVATION ARE:



### LACK OF CLIENT DEMAND<sup>ii</sup>

50% of wealth managers say their firms don't embrace technology because their clients don't want it



### RIGID LEGACY SYSTEMS

Stop-gap solutions that lack scalability and interoperability



### RISK-AVERSE CULTURE

Most leaders and CEOs understand the urgency to innovate, but the industry has been unwilling to embrace change

## THE DIGITAL WAVE IS HERE

Wealth management can no longer afford to ignore it. Here are some reasons why:

### 1 Client demographics are changing

#### TODAY'S WEALTH MANAGEMENT CLIENTS<sup>iii</sup>:



- Above 50 years old, with the average age being 62
- Earn \$810,000 at a growth rate of 7.7 percent a year

#### IN THE COMING YEARS:

Over **\$30 trillion** will change hands in the largest generational wealth transfer ever seen

80 million Millennials will come of age financially to be the **largest, wealthiest generation in U.S. history**

By 2025, this career-minded, tech-savvy generation will account for **75% of all income**

#### WEALTH OWNERSHIP BY WOMEN IS ALSO EXPECTED TO GROW DRAMATICALLY<sup>iv</sup>

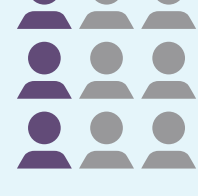


By 2020, women are expected to control **\$72 trillion** or **32%** of wealth

This is up from \$51 trillion in 2015

### 2 Client expectations are changing

#### IN A SURVEY OF CUSTOMER SATISFACTION<sup>v</sup>



Only **1/3** of wealth management clients are “very satisfied” with their current firm's service



Only **39%** of clients would recommend their wealth manager to others

#### HIGH NET WORTH INDIVIDUALS (HNWIS) ACROSS ALL AGE GROUPS ARE COMFORTABLE WITH DIGITAL TECHNOLOGY IN THEIR DAILY LIVES<sup>vi</sup>:

**85%** use three or more digital devices

**98%** access the internet or apps or both daily

**69%** use online and mobile banking

#### WHAT MAKES A HNWI?

Although thresholds vary by institution, generally a high net worth individual (HNWI) is an investor with financial assets worth greater than \$1 million

#### THE SAME FORCES THAT DROVE CONSUMER BANKING ARE NOW DRIVING EXPECTATIONS IN WEALTH MANAGEMENT<sup>vii</sup>:



Digital and 24/7 delivery



Compliant and user-friendly service



Customized and relevant content



Transparent fees and performance data

### 3 Agile new competitors are here



#### ROBO-ADVISORS

- Use algorithms to offer financial advice
- Doubling their assets under management (AUM) every few months, expected to reach \$2 trillion by 2020<sup>viii</sup>
- Although market penetration is low at 6 percent, 47 percent of HNWIs under 45 would consider using them in the future



#### TECH GIANTS

- The wealth management industry could see Google, Apple, Facebook, Amazon, Alibaba and Tencent offering financial services, although barriers to entry remain
- Nearly 60 percent of HNWIs say they would engage a big tech firm for wealth management<sup>ix</sup>
- Among HNWIs under 40 years old, 88 percent say they would switch to a big tech firm

## IT'S TIME TO EMBRACE CHANGE

#### DIGITALLY ADVANCED FIRMS REPORT<sup>x</sup>:

**8.6%** INCREASE IN REVENUE

**11.3%** RISE IN PRODUCTIVITY

**6.3%** IMPROVEMENT IN MARKET SHARE

Those that move **too slowly** stand to **lose \$79 million per billion dollars of revenue a year**



To address these challenges, **wealth management firms are turning to content services to evolve with the industry.**

#### A ROBUST CONTENT SERVICES SOLUTION ALLOWS YOU TO:



Automate paper-based tasks

>> Reduce errors, increase efficiency and remove wealth managers' administrative burden



Empower wealth managers

>> A 360-view of each client allows them to provide superior service



Eliminate security and compliance issues

>> Version control, records and retention management



Speed account opening

>> Optimize back-end processes for a seamless client experience

Learn more in the ebook [Overcoming the challenges of digital transformation in wealth management](#) >>

#### SOURCES

- (i), (v), (vi) PwC. Sink or swim: Why wealth management can't afford to miss the digital wave.
- (ii) Business Insider. Emerging tech is posing a dilemma for some wealth managers.
- (iii) PriceMetrix. The fountain of growth: Demographics and wealth management.
- (iv) RBC Wealth Management. The new face of wealth and legacy: How women are redefining wealth, giving and legacy planning.
- (vii) Refinitiv. The golden key to digital wealth management.
- (viii) Bloomberg. Robo advisers to run \$2 trillion by 2020 if this model is right.
- (ix) Capgemini. World wealth report 2018.
- (x) Oracle. Wealth and asset management 2022: The path to digital leadership.