

# TOP 5 DIGITAL TRANSFORMATION CHALLENGES IN WEALTH MANAGEMENT

(AND HOW TO OVERCOME THEM)

Although the wealth management industry is in agreement on the importance of digital innovation, few organizations manage to achieve any business value from their transformation initiatives.

This is because most wealth management firms pursue digital transformation as a feature selection exercise, implementing stop-gap solutions that address a pressing need to keep up with competitors or consumer trends. As a result, firms are left with digital capabilities that are basic, disconnected and insufficient to meet clients' needs.

Faced with a changing market, intense competition and new technologies that are reshaping the industry, wealth management firms know all too well that long-term survival and success depend on how they respond to the digital wave.

Here are the top five digital transformation challenges faced by wealth management organizations, and how to overcome them:



## 1. RIGID LEGACY SYSTEMS

Arguably the biggest digital transformation challenge for wealth management is the technology itself. Most service providers are riddled with rigid legacy systems that are implemented piecemeal to address particular problems rather than as part of a holistic transformation.

In many cases, firms build upon these core systems to support new consumer trends, such as mobile and social media, resulting in a struggle to update their mobile apps, or tie together their smartphone, tablet and online banking experiences.

### Overcoming the challenge

Firms must modernize their core systems to support compatibility with the latest technologies and third-party systems.<sup>i</sup> Overhauling your entire infrastructure may seem like a gargantuan task, and as with any transformation project, the best advice is to start small for immediate, measurable gains.

Focus on interoperability and cost effectiveness, such as opting for a cloud-based solution to address data management needs while also improving security.



## 2. DISPARATE DATA SOURCES

These rigid legacy systems compound the problem of disparate data sources, as information is housed in separate silos that obstruct data movement. This prevents the 360-degree view of the customer required to provide the contextualized, personalized services that the market now demands.

When client data resides across multiple systems, filing cabinets and email inboxes, it can be cumbersome — and near impossible — to track down relevant information. And the sensitive nature of this data means the disparate systems pose a serious risk of non-compliance, especially if processes involve approvals being conducted via email.

### Overcoming the challenge

Consolidating data on a single platform makes it easier to process, store and retrieve relevant information when necessary. Uniting all of your data in a single place also makes business intelligence accessible to the whole organization.

A single platform that integrates client acquisition, digital onboarding, regulatory compliance, relationship management and business intelligence would give wealth managers a 360-degree view of each client. This helps wealth managers realize greater efficiency by streamlining workflows while remaining secure and compliant.



## 3. BURDENSOME ADMINISTRATIVE TASKS

In addition to acquiring and serving clients, wealth and relationship managers typically take on burdensome administrative tasks such as account openings, transactions and payments. Client onboarding that relies on paper-based forms is an inconvenient and unpleasant chore, involving repetitive data entry and extensive paperwork.

### Overcoming the challenge

Automation and process management eliminate the need for manual intervention, significantly reducing the time spent on redundant tasks. Instead of relying on manual data entry, intelligent capture solutions can extract information from a document image, whether originally in an electronic format or a scanned paper document.

With a strategic workflow in place, these documents can be automatically routed to the relevant employee or approver, greatly reducing process errors and time taken for not in good order (NIGO) or in good order (IGO) review. Intelligent automation not only removes the administrative tasks that add little value, but also empowers managers to provide customers with faster, more accurate service.



## 4. RISK-AVERSE CULTURE

Most organizations understand the need for digital innovation, but it must start with leaders and CEOs. A traditionally relationship-focused company may be hesitant to embrace digital optimizations, instead trying to outlast abrupt upheavals like the pandemic in hopes of getting back to "normal." While some in-person interactions are likely to come back, it's also likely that clients who were forced into adopting digital channels will have a higher comfort level using those channels going forward.

It's possible the pandemic forced some technology upgrades at your business, but it's important for members of your wealth management team to keep pursuing digital optimization. When deployed with strategy, content services technology supports the core of your business — delivering a great experience and financial outcomes for clients.

### Overcoming the challenge

The vision for digital innovation can't just come from IT — it must come from the top. Oracle's Wealth and Asset Management 2022 report highlights the pertinent role of leaders to articulate a vision, create a roadmap, set expectations, and encourage collaboration and innovation, if the digital initiative is to have any chance of success.

Wealth management firms should also conduct ongoing tech literacy and digital business training for all levels of the organization.



## 5. PERCEIVED LACK OF CLIENT DEMAND

Slow client uptake has been one of the largest factors hindering innovation. In a report by Thomson Reuters and Forbes, 50 percent of wealth managers said their firm's ability to go digital and take advantage of new technologies is hampered by their less tech-savvy clients.

However, we know that following the upheaval of 2020, most people increased their comfort with using digital channels for tasks industry-wide.

### Overcoming the challenge

Clients' demographics are set to change significantly. The next few years will see the largest generational transfer of wealth in U.S. history as some 80 million Millennials come of age financially — bringing their digital appetites with them.

Wealth management firms must take steps now to cater to changing expectations. Firms that are digitally advanced already report improvements in revenue, productivity and market share. Additionally, despite the relatively small market share, clients of early adopters and robo-advisors report five to 10 times higher levels of satisfaction.



## CONTENT SERVICES FOR WEALTH MANAGEMENT

A robust [content services platform](#) addresses many of the digital transformation challenges faced by wealth management firms. But as mentioned, it's vital to undertake digital innovation as a holistic initiative rather than a stop-gap solution. To ensure success, first define your vision for the organization and chart your digital roadmap. Some key strategic considerations are:

- Experience — What are your managers' and clients' experiences at each stage of the customer lifecycle?
- Process — How does the client onboarding process move through the organization?
- Data — How is information collected, stored and managed?
- Technology — What are the tools and applications in place?

To learn more about how content services platforms can help address these challenges, download the ebook [Overcoming the challenges of digital transformation in wealth management](#) »

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i. Capgemini, *World FinTech report 2018*, 2018.  
ii. Oracle, *Wealth and Asset Management 2022: The Path to Digital Leadership*, 2017.