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. RIDID LEGACY SYSTEMS

Arguably the biggest digital transformation challenge for wealth management technology. Most service providers are riddled with rigid legacy systems that are implemented whenever 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 to tie together their smartphone, tablet and online banking experiences.

Overcoming the challenge

Firms must build an integrated core system that supports compatibility with the latest technologies and third-party systems. Overhauling their entire infrastructure may seem like a gargantuan task, and as with any transformation project, the benefits come from smaller, incremental improvements.

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 nearly impossible — to track down relevant information. And the 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 focus on interoperability and cost-effectiveness, such as opting for a cloud-based solution to address data management needs 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 paperwork. Client irritation that these tasks in paper-based forms is an inequivalent and unpleasant chore, involving redundant processes and service payment hardships.

Overcoming the challenge

Automation and process management eliminate the need for manual data entry, thereby reducing the amount of 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 approval, 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 great order and operation costs to wealth management firms, but also streamlines tasks for in-person interactions.

4. RISK-AVERSE CULTURE

Most organizations understand the need for digital innovation, but it can meet with skeptics and change-averse relationship-focused partners may be hesitant to embrace digital initiatives, instead trying to suitably allay the risk perception in the organization in hopes of getting back to “normal.”

While some in-person interactions are likely to continue post-pandemic, many wealth managers recognize that clients who were forced into adopting digital channels will have a higher comfort level using those channels going forward.

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 tech-savvy clients. However, we know that following the upheaval of 2020, most people prefer a balance of comfort with using digital channels for tasks in-line with the digital transformation challenges faced by wealth management organizations.

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 tech-savvy clients.

However, we know that following the upheaval of 2020, most people prefer a balance of comfort with using digital channels for tasks in-line with the digital transformation challenges faced by wealth management organizations.

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 and mid-stage firms reporting five or 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 more importantly, it is in the content services world where the value is to be found.

Experience — What are your managers’ and clients’ experiences at each stage of the customer lifecycle? How does the client experience change when moving from process to the next stage of the customer journey or as the firm evolves? How does the client experience change when moving from process to the next stage of the customer journey or as the firm evolves?

Data — How is information collected, stored and managed? How do you ensure that data is accessible to the whole organization? How are data and information used to understand the customer and the customer journey?

Technology — What are the tools and applications in place to support the delivery of content services?

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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