

Michael Welti: «Millennials Force Banks to Rethink»

Friday, 16 March 2018 16:02



Michael Welti

Millennial clients are poised to inherit baby-boomer wealth, which has wide-ranging consequences for the finance industry. This calls for private bankers with an entirely new set of qualities versus their older peers, Michael Welti writes in an essay for *finews.first*.

finews.first is a forum for renowned authors specialized on economic and financial topics. The texts are published in both **German** and **English**. The publishers of *finews.com* are responsible for the selection.

Millennials are the generation born between 1990 and 2000. They are between 20 and 30 years old today, and are often in a position to inherit the family assets earned by the baby boomers. Since millennials are also «digital natives», they are also highly relevant in terms of asset planning and the future structure of families.

For the baby boomers, it was important to accumulate physical possessions such as their own home, holiday home or car. Millennials on the other hand are far more interested in having new experiences, traveling to new places, working abroad and

testing their boundaries generally. They like to share their experiences online via social media.

We are not asking whether this is good or bad, but what it means for the finance industry. This particularly affects customers such as entrepreneurs or the super-rich. The current generation of customers has to consider how they will pass their assets on and how they wish to organize their inheritance planning both within the company and within the family.

«Baby boomers are better informed thanks to the influence of the millennials»

Banks will face customers who have a high level of information available via the Internet. They will often be better informed than the average bank adviser. They will have less and less time to prepare themselves for customer meetings and devote themselves to specific customer needs.

Typically, the number of customers per customer adviser for larger banks will continue to rise, since increasing technology within the bank enables time to be saved. The extra time should actually be invested in providing intensive support, clarifying needs and working out solutions. But this is becoming less and less the case: While larger banks are trying to increase efficiency and assign more customers to the adviser, the private banks, set up as boutiques, are trying to support customers more comprehensively.

As such, banks must be prepared for change: the changeover to the new generation has begun, the baby boomers are demanding more, and are better informed than they were ten years ago thanks to the influence of the millennials. Demands placed on banks will increase exponentially. Every financial institute must decide either to provide innovations in their service models, or in the technology they offer. Both concern the «user experience», as it is called.

«Investors have become tired of receiving monotone suggestions from banks»

The banks have to offer something to the millennials. Today, it is no longer about managing customers. The customer chooses the content and the nature of the relationships. For millennials it is neither an «experience» nor a service, merely having an account to park their inherited millions. There are extremely varied trends in terms of customer requirements.

On the one hand are groups of customers who want less complexity in their account structure and value actively and passively managed funds for asset allocation. On the other hand, investors have become tired of receiving monotone suggestions from banks in the form of standardized asset management, not taking any specific wishes or requirements into account.

Millennials will force banks to rethink how they do things: The usual bank accounts can be transferred quickly and without problems – online, at the press of a button. Banks must therefore offer something which satisfies the millennials in their interactions with the bank – something which represents real added value. They are far less interested in brands and products, and far more in solutions to their problems. Millennials get information online about such services and seek out recommendations from friends and experts.

«The banker needs to become a banker plus»

In order for millennials to concentrate on their real passions outside of the financial world, the banker needs to become a «banker plus». This means moving closer to customers and supplementing traditional banking with innovative products and services. On the one hand this means services such as availability, speed, experience and financial expertise.

On the other hand, concrete skills in social media are needed in order to offer interesting products and start a dialogue with customers. A comprehensive view of customer communication is necessary. Practice has shown that existing knowledge is required and support around the clock can be necessary. Customers are active around the globe, sometimes in other time zones, and often want to solve their problems quickly.

Michael Welti is *Head Zurich and Managing Director – Wealth Management at Reyl & Cie.*

Previous contributions: Rudi Boggi, Peter Kurer, Oliver Berger, Rolf Banz, Dieter Ruloff, Samuel Gerber, Werner Vogt, Walter Wittmann, Alfred Mettler, Peter Hody, Robert Holzach, Craig Murray, David Zollinger, Arthur Bolliger, Beat Kappeler, Chris Rowe, Stefan Gerlach, Marc Lussy, Nuno Fernandes, Richard Egger, Maurice Pedergrana, Marco Bargel, Steve Hanke, Andreas Britt, Urs Schoettli, Ursula Finsterwald, Stefan Kreuzkamp, Oliver Bussmann, Michael Benz, Peter Hody, Albert Steck, Andreas Britt, Martin Dahinden, Thomas Fedier, Alfred Mettler, Brigitte Strebel, Peter Hody, Mirjam Staub-Bisang, Nicolas Roth, Thorsten Polleit, Kim Iskyan, Stephen Dover, Denise Kenyon-Rouvinez, Christian Dreyer, Kinan Khadam-Al-Jame, Robert Hemmi, Claude Baumann, Anton Affentranger, Yves Mirabaud, Katharina Bart, Frédéric Papp, Hans-Martin Kraus, Gerard Guerdat,

Didier Saint-Georges, Mario Bassi, Stephen Thariyan, Dan Steinbock, Rino Borini, Bert Flossbach, Michael Hasenstab, Guido Schilling, Werner E. Rutsch, Dorte Bech Vizard, Adriano B. Lucatelli, Katharina Bart, Maya Bhandari, Jean Tirole, Hans Jakob Roth, Marco Martinelli, Beat Wittmann, Thomas Sutter, Tom King, Werner Peyer, Thomas Kupfer, Peter Kurer, Arturo Bris, Michel Longhini, Frederic Papp, Claudia Kraaz, James Syme, Peter Hody, Claude Baumann, Dennis Larsen, Bernd Kramer, Ralph Ebert, Marionna Wegenstein, Armin Jans, Nicolas Roth, Hans Ulrich Jost, Patrick Hunger, Fabrizio Quirighetti, Claire Shaw and Michael A. Welti.

© 2018 *finews.com* - Where Finance Meets