

## THE REVOLUTIONARY IMPACT OF NEW TECHNOLOGIES IN THE PRIVATE BANKING SECTOR



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The world of finance, and more specifically the field of private banking, is undergoing radical changes thanks to the emergence of new technologies. Several major innovations, including the cloud, Artificial Intelligence (AI) and blockchain are significantly impacting the way financial services are provided, and they are also changing the relations between clients and wealth managers.

While the banking sector has always been inclined to invest massively in new technologies, it is evident that in recent years the deployment of these new technologies has been gathering pace, and their impact has reached unprecedented levels. The Artificial Intelligence revolution and the advent of ChatGPT in the public sphere have only just begun. It took OpenAI's conversational robot just two months to crash through the 100 million user mark, bowling over all the industry experts.

### AI IS TRANSFORMING THE BUSINESS OF PRIVATE WEALTH MANAGERS

Artificial Intelligence will revamp how wealth managers interact with their clients and make financial decisions. Thanks to its ability to analyse and process data, AI offers a host of advantages:

AI will help wealth managers review vast quantities of data in real time. Using sophisticated algorithms, it can provide customised recommendations based on each client's profile, objectives and tolerance for risk. This enhanced customisation will enable us to better meet the specific needs of each individual.

Robot-advisers using AI have struggled to make inroads into private banking; however, the technological advances are undeniable. Online platforms allow investors to benefit from automated management of their portfolios. Thanks to AI, robot-advisers can monitor markets, adjust portfolios, and carry out transactions in real time, offering a more affordable and accessible alternative to traditional wealth management services.

Blockchain technology will also be expected to have a significant impact on private banking, particularly in terms of the increased security and transparency of financial transactions.

### MORE TRACEABILITY AND SAFETY

Blockchain uses advanced cryptographic protocols to secure transactions and record them immutably. Data is stored on a decentralised network, reducing the risk of fraud and falsification. Integrating this technology into the Core Banking System, which supports a bank's core processes, will significantly increase efficiency. The speed of execution and low cost of the complete execution/delivery chain via these technologies will naturally drive all banks towards this.

### "Artificial Intelligence will revamp how wealth managers interact with their clients."

Regulatory compliance is a major issue in the private banking sector. Blockchain could enable compliance information, such as KYC (Know Your Customer) verification procedures, to be stored in a secure and transparent way. The various stakeholders, with prior authorisation, could access this information, facilitating the sharing of data between financial institutions and improving the efficiency of verification processes. But the technology here comes up against a mindset and a culture that is not yet ready for this openness and transparency.

Blockchain enables the tokenisation of assets, making it easier to trade and

manage various asset classes, such as financial securities, real estate, and works of art. Thanks to tokenisation, ownership of assets can be divided into fractions, offering new investment and liquidity opportunities. What's more, transactions carried out on the blockchain are transparent, traceable and immutable, which reinforces the trust and security of exchanges.

Artificial Intelligence and blockchain are rapidly transforming the world of finance, including private banking. All the possible uses are far from being defined, so limitless do the creativity and excitement surrounding these technologies seem to be. Financial institutions that are able to adopt these technologies will undoubtedly benefit from improved competitiveness and an enhanced customer experience.

However, it is essential to strike the right balance between the use of these technologies and the preservation of a trusting human relationship, which remains key in the private banking sector. By combining artificial intelligence, blockchain and human expertise, private banking players can create a unique value proposition, offering tailor-made, secure and transparent services to their clients.



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