

IMPROVING HUMAN INTERACTION, NOT REPLACING IT



Sylvaine Paolucci-Simms

Head of Bank Transformation Processes & Project Management

Who could have predicted the extent of the changes to our lives in the last ten years? Technological advances have powered progress in artificial intelligence, healthcare, the transition to a green economy and how we live our everyday lives.

While we might not be able to accurately predict what comes next, we can probably agree that the acceleration and pace of mass adoption, innovation, and differentiation are all essential to remain competitive. Companies that can harness the potential of rapid innovation will increase their efficiency, productivity, and competitive advantage to develop their industry within a fast-paced environment.

GREATER PROFITABILITY AND CLIENT ENGAGEMENT

The wealth management industry is not exempt from these concerns. Its client base is moving fast with new, more digitally savvy clients, who are increasingly interacting with both the tools provided by financial institutions, and freely available technological tools such as robo-advisors and risk profilers. This increased use of technology has resulted in different client expectations regarding their investments, as priorities change.

As a result, client engagement now needs to be balanced between the technological enablers that free up resources from repetitive, mandatory but non-added value tasks, increased client access to tools and market information, and the human relationships and know-how that differentiate wealth management providers.

Assuming a strong commitment to digital infrastructure and omnichannel platforms, given the current trajectory of client demand, it is the differentiation in client offerings, including expertise and human relationships, that are the key factors in client retention.

WHICH ACTIVITIES CAN RAPIDLY BENEFIT FROM DIGITALISATION?

Areas historically based on repetitive human processes can now rely on rule-based platforms to process aspects of the client life cycle, regulatory and compliance assessments, and automated investment proposals. The adoption of AI-powered chatbots and blockchain solutions promise to improve operational efficiency and reduce costs.

"Wealth management remains a people business."

These elements free up resources to allow advisers to focus on adding value to clients and the management of complex client situations.

As a result, wealth management institutions will benefit from the implementation of new technological facilities, allowing support functions to rely on platforms with rule-based engines while constantly introducing new requirements such as ESG criteria for example.

WHAT ARE THE CONSTRAINTS TO BE CONSIDERED?

Data and cybersecurity tools are essential drivers of the digital transformation.

Strict cybersecurity procedures to protect sensitive client information and mitigate cyberthreats, robust security and appropriate measures, are essential to enable safe use of the systems. As digitalisation accelerates, cybersecurity becomes a paramount concern for wealth management firms.

As a result, new skills and operating models will have to be developed, increasing the need to develop services that benefit clients, while juggling technical and legal challenges.

NAVIGATING THE DIGITAL TRANSFORMATION JOURNEY

The challenges related to digital transformation are not unique to any individual industry. We can observe across industries that digital transformation engages businesses in five dimensions. First, clients' needs are best addressed by simplifying the complexity of the business through leveraging technological enablers. Second, organisational transformation raises the question of improving impact and efficiency. Third, how data is created, processed, secured, and exchanged with reduced costs and the highest security is of the utmost importance. Fourth, end to end processes need to be designed to use digital technologies to bring quality and efficiency. Finally, mindset and cultural changes need to be embedded in HR strategy objectives to trust the technology.

Wealth management remains a people business. Digitalisation is an enabler and will not replace the human interaction that differentiates one institution from another, but it is, nonetheless, an essential and inevitable factor in the future development of business practices.



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