



POINT OF VIEW

Unlocking the **Future of Wealth**

Pioneering Self-Service for Wealth 3.0

Abstract

Numerous industries across the globe have transformed their operations by leveraging digital technologies. However, the wealth management sector is seen as a laggard by merely providing online platforms for self-directed customers for a substantial period. For a long time, the wave of digital change was thought to threaten financial advisors by displacing them. Due to this unrealistic point of view, advisors were forced to spend a significant amount of time performing all tasks themselves, including regulation, service and maintenance calls, and administrative tasks. It is typically observed that 60–70% of Wealth Managers in leading wealth firms allocate their time to non-advisory tasks including servicing, regulatory compliance, and other administrative duties.

The absence of a unified platform, a high level of manual data processing, a lack of an integrated research platform, and a lack of pre-advisory client risk analytics were the main barriers to cutting down on non-advisory time. These issues can be solved with cutting-edge solutions available now via BigTechs and FinTechs, which together create a favorable environment for the development of self-service capabilities propelled through technological breakthroughs, customer demand for digital services, and industry dynamics.

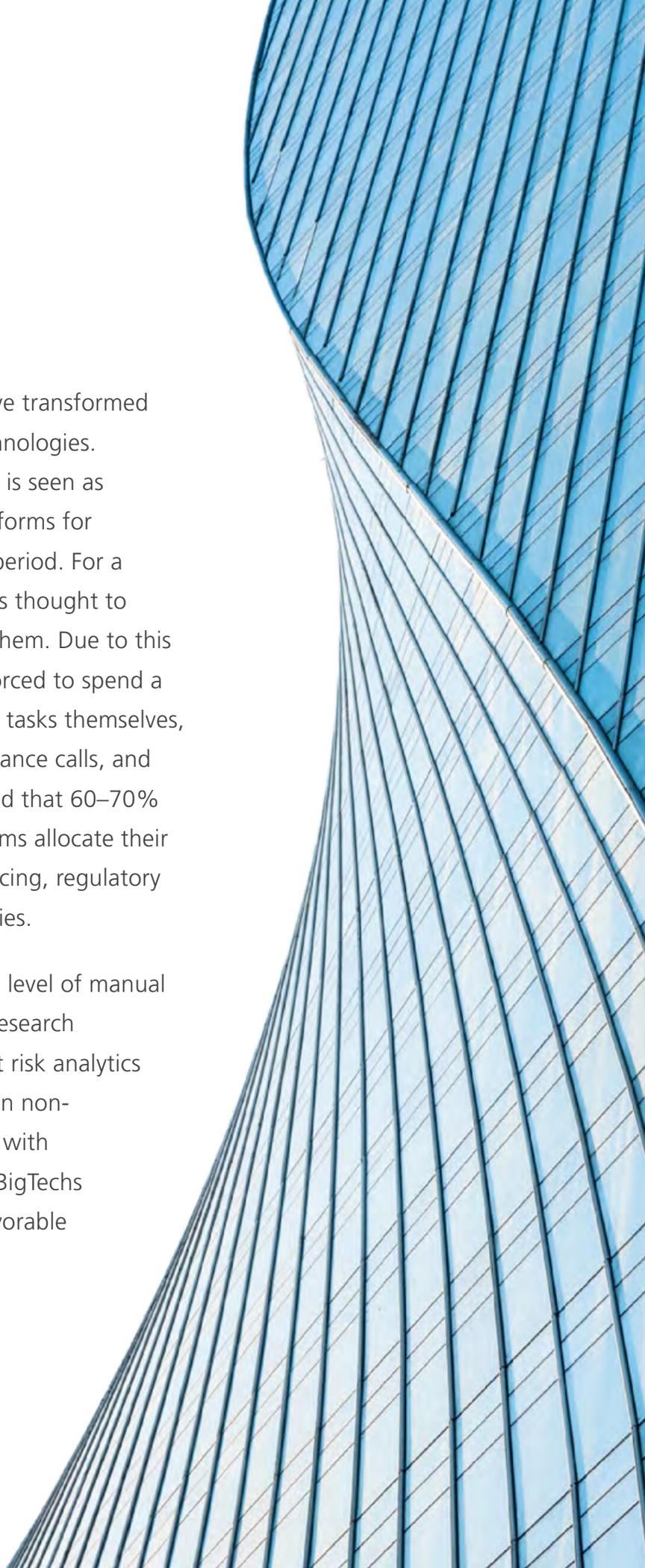


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01 Introduction



The growth of self-service in both B2C and B2B segments over the past few years has helped financial services companies across the value chain – payments, online banking, and wealth management to embrace the facets and advantages that self-service has to offer. In the B2C space, thanks to the growth of services like Netflix, and Robinhood, consumers may now use a self-service platform to instantly obtain the content or buy a stock they want, respectively. These kinds of services are also tailored to the preferences and needs of each consumer. In the wealth and asset management sector, this self-service revolution has started permeating as well. The ability to click on a portfolio and then drill down into certain holdings is something that clients demand, along with user-friendly, intuitive tools. Customers additionally wish to examine a holding before breaking it down to transactions or performance. They do not desire to get reports that contain only static information. They want to be able to preserve records, approve transactions while they are on the go, and allow the signing of documents. They want to be able to access knowledge libraries, select any report component from a list, and build their own report from scratch using the data that matters to them. One can say that the objective is to have a self-servicing interface that is completely adaptable to the needs of each stakeholder that must be versatile, easily publicized, and straightforward.

The investment sector must try to provide all stakeholders with access to what they need at the right time. This results in a significant decrease in the number of ad-hoc requests and an improvement in service quality. There is strong evidence in favor of self-service platforms for portfolio analysis. There is room for development and efficiency gains for firms, but the advantages of greater openness for customers cannot come fast enough. Expandable and automated platforms have lowered operational costs, clients' expectations have massively increased, and regulators are lining up to promote competition from new entrants. Self-service with digital capabilities will spread quickly.



02 Self-service in wealth management is the need of the hour

There are FIVE key factors that necessitate the adoption of self-service functionality in wealth management offerings. They are:

- 1 Lower Operational Costs (Operations-centric)
- 2 Change in Investor Demographics (Customer-centric)
- 3 Macro-factor such as the Great Wealth transfer (Macro-centric)
- 4 Market Volatility (Risk-centric)
- 5 Stronger Competition (Industry-centric)



Lower operational costs: Banks and wealth managers are increasingly required to provide efficient, flawless experiences via mobile apps and virtual branches because of the new generation of customers' preference for self-service banking channels. The operational costs are massively diminished by new wealth managers' remotely compliant and attractive solutions.



Change in demographics of Investors: A plethora of opportunities awaits every advisor and their clients in the ever-expanding wealth management market landscape. One of the biggest developments in this industry over the last few years is the shift in investor demographics. The first one is the Rise of Women in Wealth Management: In Western Europe,



during 2020, female investors controlled a third of total global personal investible wealth, up from 31% in 2016, and by 2030, women's share of investments is expected to reach 45 percent of AUM and a total of EUR 10 trillion. The second key development is the rise of first-time investors: Most of the 25 million brokerage accounts opened in 2021 are first-time investors. Wealth Managers are engaging with these investor groups by providing new digital experiences and self-decision capabilities



Great-wealth transfer: Sharp increase in young investors in the United States with a family income of > USD 250 K & < USD 2 million are the major focus customers for all wealth managers. More than USD 53 trillion will be transferred from households in the baby boomer generation, representing 63% of all transfers.



Market volatility: The environment of rising interest rates and high equity market volatility is difficult, but it may also open new merger and acquisition prospects for asset and wealth management companies. Within the asset and wealth management sector, wealth management is still the main driver of deal volume.



New competition in the form of WealthTech: There is strong evidence in favor of self-service platforms for portfolio analysis. And the WealthTechs in the markets are exactly serving the customers with what they need at the moment: on-the-go and customer-friendly service solutions, there is room for development and efficiency gains for firms, but the advantages of greater openness for customers include a significant decrease in the number of ad-hoc requests and an improvement in service quality.



03 Using self-service as a fuel to propel your digital transformation journey

As mentioned in the introduction section, thanks to the growth of services like Netflix, consumers can now use a self-service platform to instantly obtain the content they want. This self-service revolution has impacted all walks of life, including the wealth management. For example, customers expect a wealth management tool to provide them with the ability to click on a portfolio and then drill down into granular details about the holdings, along with the tool to being user-friendly and intuitive.



Note: chart shows correlation between a client's level of self-direction managing money and their preference for digital adoption. Serving different demographics with complex needs and channel preferences is a key challenge for private banks and wealth managers as clients have complex needs; certain segments are better suited to advisor, hybrid or digital self-led engagement depending on their combination of digital adoption or self direction; knowing how to serve these clients will be the key to success.

Image Source: EY.com

They want to access knowledge libraries, select any report component from a list, and build their own report from scratch using the data that matters to them. The objective is to have an interface that is:

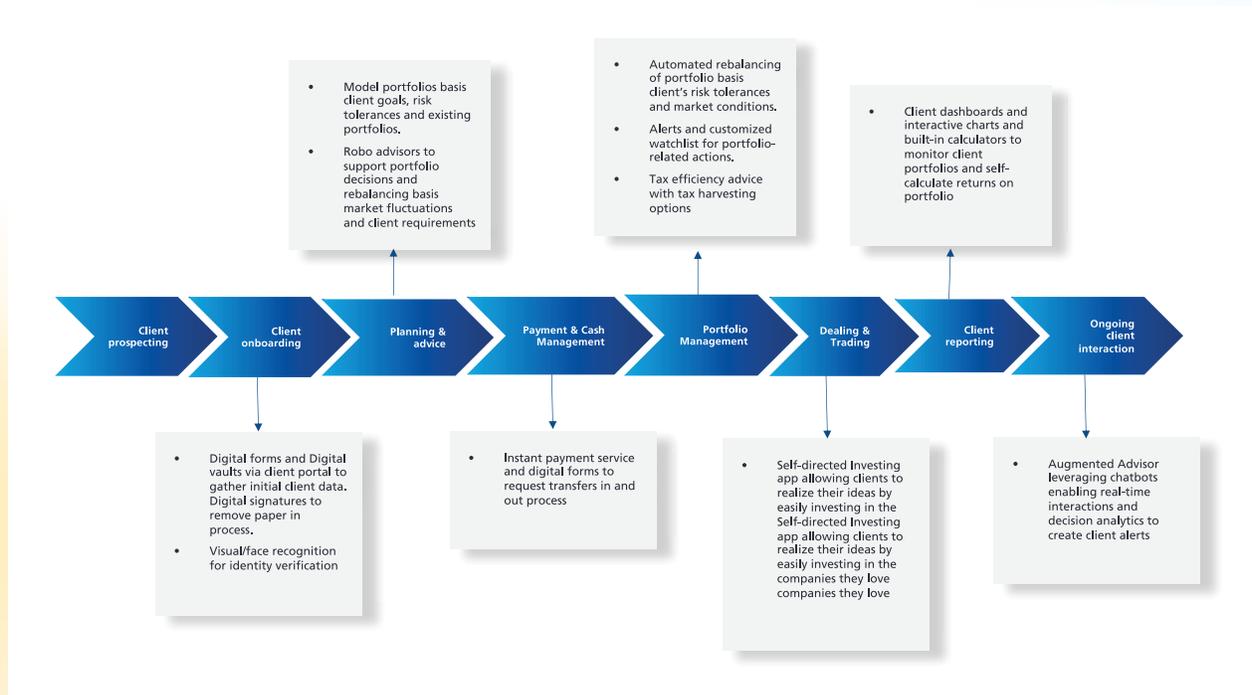
- Completely adaptable to the needs of each stakeholder
- Versatile
- Easily publicized, and
- Straightforward

The above graph shows that there is a correlation between the client's level of self-direction and digital preference. Firms need to ensure that their models can adapt as clients' needs evolve during their lives and that each segment can be served efficiently and cost-effectively. As per this research, millennials, GenX, mass affluents, HNIs, and clients seeking financial education are among the keenest digital adopters.



Opportunities for digital self-service across the client journey

A firm can be in different stages of its digital transformation journey to adopt various capabilities to service its client demands or improve user experience. Here is an illustrative representation of how and where in the user journey digital self-service can add more value to clients:



Source: EY.com but user-journey modified by LTIMindtree



Ways in which self-service can aid wealth advisors

There are four specific ways in which self-service features can aid wealth advisors in being more productive and efficient and servicing their customers to the highest levels possible.



Intelligent Assistants

Financial advisors spend most of their time logging into multiple systems to pull out customer reports, escalation history, previous meeting notes, etc., to prepare for upcoming meetings.

- These activities are automated using intelligent tools that work as “Meeting Secretaries” to capture MoM, schedules, summaries, etc.
- Scheduled reports are pre-generated based on meeting agendas.
- The system prioritizes customer meetings based on multiple parameterized criteria, including client size, escalation market events, customer transition events, attrition predictability, etc.



Intelligent Insights

Financial advisors are more effective when they are enabled with analytical information focused on their customers and segments.

- Identifying best-suited products, new offerings for target customers
- Customer attrition probability analytics
- Excerpts of focused content from large research materials
- Market signals and impacts on existing portfolios





Intelligent customization

Financial advisors can leverage many online tools and cloud-based software for client activities

- Building financial-plan scenarios or what-if scenarios in real-time
- AI-powered financial analysis and recommendation that processes content feed in real-time, does qualitative analytics, captures customer pulse, investment history, etc.
- Customer 360 beyond AUMs, family events, lifestyle analysis, and attributes to support growth
- Top 5 next best actions for each customer based on actionable insights



Intelligent experience

Financial advisors can guarantee intelligent customer experience from day one through-

- Digital onboarding while capturing information via video chats to make it faster and seamless
- Educate customers with learning loops on markets, art of investments, finance, etc.
- Effective communication channel established for zero latency across chats, video, messaging, one-to-one communication, etc.



Must-haves for a best-in-class self-service wealth management platform



Simple self-service – users can onboard and manage their account online for complete convenience



Interactive tools – built-in calculators engage users, and dashboards help clients personalize their experience



On-the-go access – users can access full portal functionality from wherever they are, on any device or browser



Ability to perform transactions without advisor interventions – including top-up, withdraw, trade, portfolio model management, and maintaining account details



Full breadth of self-servicing journeys from onboarding to transacting online with straight-through processing to the back office



Multi-platform data aggregation on a modern technology stack



Alerts and notifications - to keep users informed and tell them when they need to act

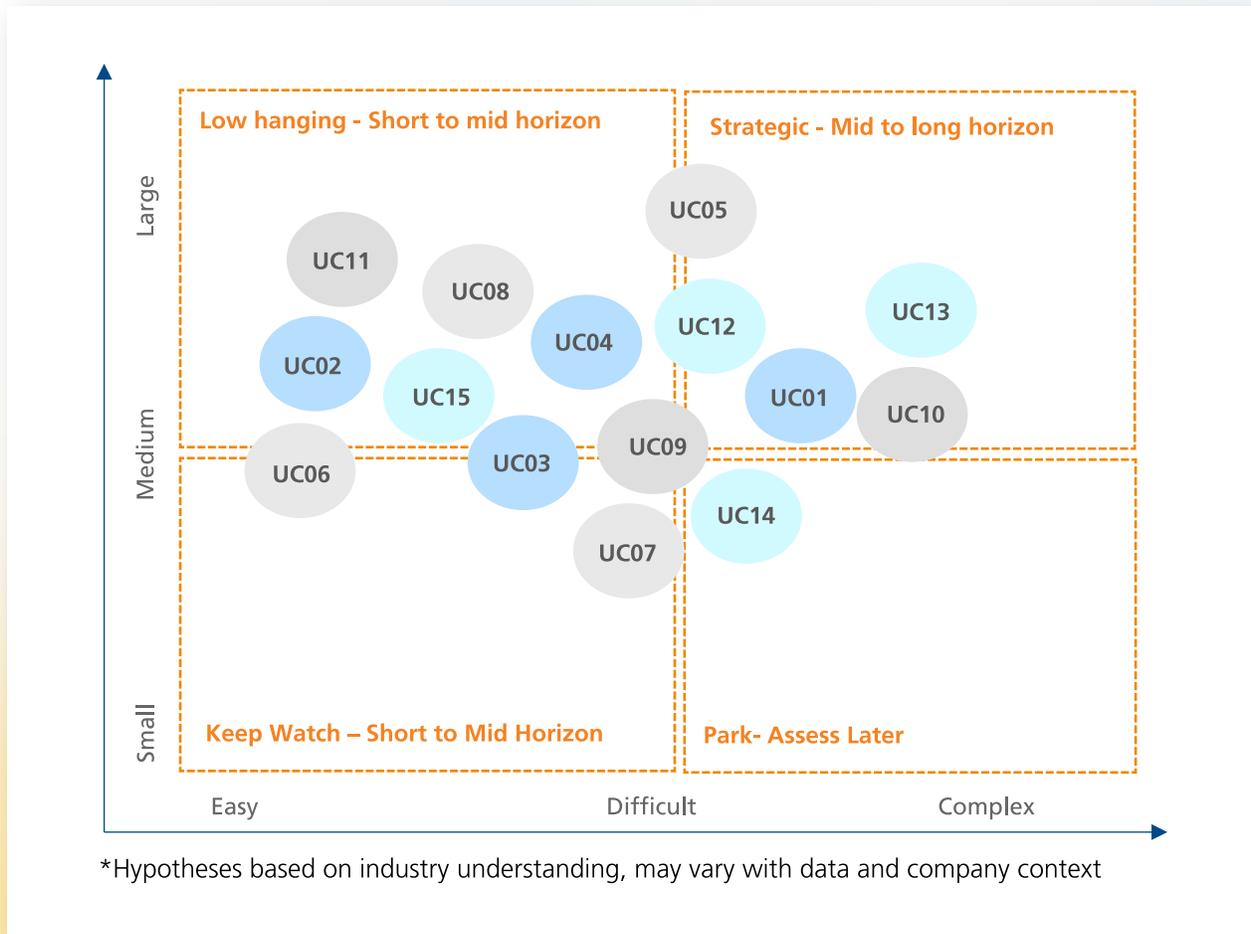


Approach areas, use cases, and LTIMindtree use case prioritization framework

Listed below are sample-use cases for using wealth-management-as-a-service.

Area		Digital Use case
Increase TAM via intelligent customer acquisition	UC01	Hyper-personalization using technology as a differentiator and an enabler
	UC02	AI-driven client profiling
	UC03	E2E Digital onboarding / KYC for investors
	UC04	Offer services with fewer middlemen and hidden fees with better TAT
Smart engagement by understanding user experience	UC05	AI-driven dynamic Content Management
	UC06	Contextual info on 'customers' smartphones, such as news, market/ technical analysis
	UC07	Learning repository for knowledge enhancement for individual investors
	UC08	Timely notifications for SIP, payment deadlines, rebalancing, and investing actions
Leveraging smart data and AI-led operations	UC09	Use of robo-advisory as a service to deliver better returns based on risk profile
Improving customer retention and managing risk	UC10	Interactive dashboards demonstrating investment status and real-time tracking
	UC11	Access to model portfolios, experienced investors to be emulated – social trading, investor communities
	UC12	Provide a comprehensive downloadable document of investments, P&L reporting, and tax statements
	UC13	Integration with payment gateways to enable multiple payment modes





LTIMindtree’s framework for implementing the use cases listed above follows a set of prioritization parameters that follows an **Analyze, Prioritize, Implement, and Evolve** approach.



Analyze and identify a set of experiences and business metrics to monitor and address

- > Discovering and shortlisting ideas for implementation
- > Build consensus and forecast benefits
- > Illustrative areas to focus on can include:
 - o Client Due Diligence (KYC)
 - o Portfolio construction
 - o Proposal generation & trade execution
 - o Risk profiling & allocation





Prioritize the areas and cases targeted at decreasing cost and increasing customer experience ratings

- > Offer a 360-degree customer view with transparency
- > Evaluate capex versus the outcome
- > Understand the technology stack available and its impact on ROI
- > Focus on integrating advisor and expert pools capabilities seamlessly as part of the investment experience
- > Prioritize building a strong data foundation – a single source of truth along with a strategy to scale up the solution



Implement by aligning internal resources and tools to implement the strategy in a step-by-step manner seamlessly

- > Deploy digital solutions to build a roadmap for continuous improvement
- > Leverage agile teams with scalable skills and focus on integration to core systems
- > Understand org internal dependencies and bandwidth to implement specific solutions
- > Follow a progressive budgeting approach for better performance



Evolve the strategy by identifying moments of friction and opportunities for improvement

- > User-focus considerations: Next-best action for clients, more service with lesser disruptions
- > Advisor considerations: Real-time insights for proactive decisions
- > Focus on transparency and clear communication



04 Key benefits of self-service implementation across the board



Enhanced user experience

Customers who have no time in this fast-paced world are on a lookout for alternatives to cut short the activity time. E.g., for a client account opening, digital onboarding solutions such as video chats, e-signatures, and document vaults come to the rescue offering a seamless user experience. Client education with learning loops on markets, the art of investments, products, finance, etc., is another offering enhancing user experience.



Operational Efficiency

Financial advisors are more effective when they are enabled with various analytical information focused on their customers and segments. In the ocean of information that is available in today's world, it can assist advisors in finding excerpts of focused content from large research materials. Financial planning tools run various simulations and readily offer advisors results to study the market signal and impacts on existing portfolios.



Improved Productivity

The foremost goal of the advisor remains choosing the best alternative investment option for his clients. Highly customizable tools for building financial planning scenarios or displaying what-if scenarios real-time, as well as AI-powered financial analysis and recommendation systems that process content feeds in real-time, do qualitative analytics, capture customer pulse, and investment history help advisors to present better and quick results to his clients.



05 Conclusion



Wealth managers will need to grow their clientele over the coming years while educating their current clients about the benefits of self-service. By putting customers, advisors, and employees at the center of their operations, wealth managers will gain a competitive edge by developing a digital client experience. For forward-thinking advisors, the vision is a hybrid model of technology that simplifies procedures and facilitates an accelerated, tailored customer experience combined with high-value, human-provided advice. Instead, the changing landscape is creating a situation in which self-service portals can be advisor allies, just like how advisors rely on their staff and other collateral professionals to conduct tasks that are advantageous to them but may not necessarily fall within their area of competence. The future success of advisors will depend on their ability to deliver the technology and advice that clients demand.

LTIMindtree has strong capabilities to deliver digital outcomes through our transformative offerings in Wealth & Asset Management. With over 100+ Wealth Managers servicing 4 of the top 10 financial wealth organizations in the world, reach out to us to know more about our curated, disruptive wealth management solutions.



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07 Authors profile



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LTIMindtree is a global technology consulting and digital solutions company that enables enterprises across industries to reimagine business models, accelerate innovation, and maximize growth by harnessing digital technologies. As a digital transformation partner to more than 700+ clients, LTIMindtree brings extensive domain and technology expertise to help drive superior competitive differentiation, customer experiences, and business outcomes in a converging world. Powered by nearly 90,000 talented and entrepreneurial professionals across more than 30 countries, LTIMindtree — a Larsen & Toubro Group company — combines the industry-acclaimed strengths of erstwhile Larsen and Toubro Infotech and Mindtree in solving the most complex business challenges and delivering transformation at scale. For more information, please visit www.ltimindtree.com.