

3 Ways Wealth Managers Can Enhance Their Digital Client Service Strategy

Introduction

Today's wealth management industry is at a crossroads. Incumbents who have remained relevant while avoiding digital platforms face increasing pressure from startups looking for a share of the lucrative market. A massive generational transfer of wealth will take place in the next few decades, and the beneficiaries are tech-savvy consumers who have different expectations than their parents and grandparents. Wealth managers who want to remain competitive need to tap into the potential of digital platforms designed to meet client requirements while supporting global efforts to ensure a safe and secure environment.

Use this guide to understand the elements of an effective digital strategy and how your wealth management firm can implement them to ensure you offer an efficient and reliable experience for your clients.

Reimagining the Future of Wealth Management Services

For decades, in-person relationships were the foundation of successful wealth management firms but they cannot continue to rely solely on the in-person relationship model. Even clients who continue to value conversations with a wealth manager want online services with quick responsiveness and interactive dashboards.

Several shifts are taking place within the wealth management space to facilitate these changes. First, the COVID-19 pandemic brought digital tools into the mainstream for people of all ages as they used apps for everything from grocery shopping to spending time with loved ones. Second, we're anticipating a \$68 trillion wealth transfer to tech-savvy generations.

Additionally, competition from startups is putting pressure on wealth management firms. Startups currently hold a fraction (\$631 billion) of the assets under the U.S. wealth management market (\$29.1 trillion). That is likely to change as they move up market from mass affluent since they offer lower fees and the digital experiences that clients want from wealth managers.

Digital services can no longer be an afterthought. They have to be at the forefront of the client experience.

Elements of an Effective Digital Strategy for Wealth Managers

Since a digital strategy is one facet of an overarching wealth management customer experience strategy for today's wealth managers, it's critical to first determine the organization's overall vision and strategy. This strategy should then dictate what digital and traditional channels should be used.

To make any digital strategy a success, utilize individuals from IT and client-facing teams to form an official committee that will be in charge of executing the digital component of the strategy.

If your wealth management firm is ready to take its first steps towards digital transformation, here are the three most important elements to keep in mind for building an effective strategy.

1. Reassessing the client experience for tech-savvy clients

Every element of the customer journey needs to support the wealth management client and make their experience better. This will require in-depth knowledge of how a typical client interacts with the business throughout their journey.

It's an oversimplification to say that all Millennials want online services and robo-advisors, that all Gen Xers need someone to hold their hand. The reality is that some Gen Xers act like Baby Boomers, while others act like Millennials. What they all have in common is the experience of navigating a different financial landscape compared to earlier generations.

Traditional means of meeting client's needs will no longer be sufficient for serving the needs of connected clients as these slow, reactive processes cannot effectively anticipate and deliver against fast-changing client expectations.

Digital is Not a One Size Fits All Solution

While general digital service solutions can be found throughout many other business sectors, wealth managers should avoid taking a one-size-fits-all approach when developing their digital services strategy. Clients want user-friendly, intuitive ways to interact with advisors, but they also need advice and direction that is relevant to their specific situations and needs.

To gain a deeper understanding of the typical customer journeys, ask the following questions:

- What channels (traditional and digital) are currently provided to wealth management clients? Which of these are most popular?
- Where are the points of conflict when a client reaches out for help? Remember to consider the entire journey, from first-touch to purchase and afterward.
- Is it possible to streamline this journey?
- Are there commonly asked questions or processes that teams spend a lot of time answering?

By planning and executing a tailored digital client strategy, leaders will be better equipped to optimize business efficiencies, accommodate growing client bases, and move quickly to meet future needs that arise.

2. Implementing technology

With a more comprehensive understanding of typical client behavior, assess and implement the technologies needed to execute the overall strategy.

Investments in these different technologies should not be made in isolation or simply to keep up with the latest trends. Rather they need to make sense for clients within the context of the larger client service strategy and business requirements.

There are different emerging technology trends, but we will cover a few of the most important ones in this guide.

Self-Service

The first step to excellent digital client experiences is self-service.

Empowering clients to find the content and information they need themselves is how clients prefer to interact with businesses and bring immediate benefits such as cost-savings and productivity gains by reducing the number of calls into support centers.

Millennials—who stand to benefit from a massive generational transfer of wealth—prefer digital self-services. Businesses should be working towards digital-first client service, having a limited number of highly skilled service representatives who can tackle difficult situations. The majority of clients should be guided through self-service offerings.

Consider how to begin offering self-service channels; learn more about implementing a self-service strategy [by reading our guide](#).

Artificial Intelligence and Machine Learning

AI technologies will become more commonplace in enhancing existing applications and processes, and wealth managers who have already started using AI are reporting tangible results. According to PwC, these results include “improved decision-making, product and service innovation, better customer experiences, and reduced risks” (PwC, AI For Asset and Wealth Managers in 2021: Industry Priorities and Delivering Benefits). Better information—received faster makes a better investor. AI can help make that happen.

Like investments for any technology, wealth management firms need to first identify how they can utilize AI to improve the client journey or address specific pain points facing wealth management organizations. Some examples of how AI can help include reconciling and analyzing data, optimizing portfolios, predicting transactions, and automating trader risk profiles.

Industry analysts advise making the best use of client data to better understand the most pressing requirements and what tools would be most valuable. When considering the advantages of AI and machine learning, successful implementation of these tools requires an awareness of the need to maintain a human-like interaction that will foster client satisfaction despite the industry-wide move towards digitalization and client acceptance of this format and loyalty.



Better information—received faster makes a better investor. AI can help make that happen.

PwC, “AI for Asset and Wealth Managers in 2021: Industry Priorities and Delivering Benefits

The Role of Digital Experience Platforms

As the number of technologies used and digital channels added increases, client service technology stacks will start to contain disparate, overlapping systems leading to disjointed client experiences. To combat this risk, digital experience platforms (DXP) can facilitate the integration of existing services into one unified, user-friendly platform.

To compete and stay relevant, wealth management firms will need to automate processes that don't fully require the advisor's services, such as opening and closing accounts, onboarding new clients, portfolio monitoring, reporting, and billing. But simply migrating services online may leave you with disjointed experiences.

To create a seamless experience for their clients and a more efficient process for clients, financial services firms around the world are using digital experience platforms to build experiences around the client in the form of a modern portal that could be accessed from any device.

As a result, brands distinguish themselves with efficient digital experiences that complement the level of service provided by the relationship manager. By automating specific processes, firms are able to free up resources in the office and give advisors more time to concentrate on the individual needs of each client. Reducing costs while improve service leads to a competitive advantage.

Cybersecurity

While saving time and easily accessing their services is critical, your client's main concern will be their security. Therefore, any digital transformation strategy must address the requirements of security-conscious clients.

The imperativeness to accelerate transformations to a digital-first and more agile organization has never been greater, and it exists globally (McKinsey & Company, The 2020 McKinsey Global Payments Report).

Moving forward, ensuring you have access to the latest and most secure technology must take precedence. The boards of wealth management firms have been "integrating cybersecurity into their technology strategies, including the oversight of technology investments, digital-transformation programs, and the development of differentiated client experiences," according to McKinsey & Company.

More than ever, security is a crucial component of modern wealth management systems, and that means the entire client service journey must adhere to the strictest security requirements.

3. Measuring success

Measuring a strategy's effectiveness is equally critical to its implementation. Track metrics such as:

- Length of time it takes for clients to resolve their issues
- The volume of calls coming into client support
- The number of users that log onto each of the digital channels provided
- Cost-savings from adding digital channels

As part of any wealth management firm's efforts to enhance its digital client service, it's critical to ensure that these changes positively impact your KPIs, or key performance indicators. Make sure to incorporate a regular assessment of tactics and channels to implement improvements and build out an experience that will actually be beneficial for clients.

Putting Everything Together

Despite their unique needs and requirements, wealth managers should be aiming to provide their clients with an efficient, seamless experience that inspires trust and loyalty.

Over the next few years, as the wealth management industry prepares for the transfer of wealth to tech-savvy clients, those organizations that are ready to devise a digital transformation strategy will be prepared to take their first step towards meeting the new client service needs, ensuring their organization is on a path to future growth and profit.

Moving Forward

Now is the time to implement a digital-first client service strategy for your wealth management company. The investment and commitment put into maturing a digital client service strategy will be well worth the benefits of optimized business efficiencies, increased agility and scalability, and ultimately, enhanced client experiences.

Learn more about the role of digital experience platforms in the creation of personalized and connected experiences in wealth management on liferay.com/wealth-management



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