

Outpacing Disruption: 3 Strategies for Mid-Market Wealth Managers

An Uncertain Future for the Mid-Market

Mid-market firms have built great brands, differentiated from the mega-managers, and have companies they should be proud of. Those firms developed their client base and AUM one relationship at a time. However, 2020 forced many mid-market firms to consider whether they were ready to compete with changing client expectations amidst massive market disruption.

Many were not.

Post pandemic, even older clients have gotten comfortable using digital tools to order groceries, get some pad thai, or spend time with grandchildren and friends.

Those who have been used to the in-person experience have gotten a taste for the simple and, frankly, time efficiency of great digital interactions. They still want more in-person attention than everyone else but they're now looking for digital options to supplement that experience. The transformations planned for the next generation of clients are suddenly looking very relevant right now.

The following strategies can help firms outpace the disruptive changes happening in the wealth management market.

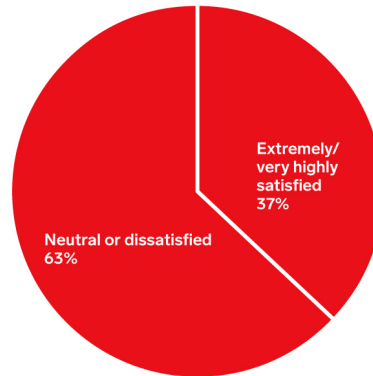
1. Focus on streamlining client experiences.

Two-thirds of respondents surveyed in April of 2021 were neutral or dissatisfied with their digital interfaces provided by their investment firms. 80% of Gen X and Millennial heirs say they'll look for new family wealth managers after receiving their inheritance because they want the smooth digital experience that they're used to.¹

¹ The US Wealth Management Ecosystem, Lea Noninger, Insider Intelligence, March 2021

**Satisfaction with Digital Investment Channels
According to Investors Worldwide, Sep 2020**

% of respondents



Note: n=1,024

Source: Refinitiv, "The Gold Standard of Wealth Management: The Race for Digital Differentiation," April 19, 2021

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Client's need digital solutions, such as mobile apps and self-service [portals](#), that provide relevant and meaningful information on-demand. It won't replace the client/advisor relationship, but--when done well--it amplifies the advisor's efforts with customer insight and enables scalable client access to information and value that a single advisor wouldn't be able to provide. Client experiences start with prospect experiences thus a wise strategy would be to seamlessly blend client acquisition, onboarding, and advisory self-services.

Clients want to follow their portfolios in real time and get recommendations through self-service portals designed for them. They want a clear, concise, yet comprehensive picture in one dashboard with performance monitoring, modeling, and alerts. Advisors can also share investment proposals or adjustments with documentation in order to save time and make it easier for their clients. Clients can be given as much or as little control over their own investments as they choose. **Ultimately, your goal is to provide more client value in less time.**

2. Unleash advisors to drive AUM growth.

McKinsey predicts that the next generation of wealth managers will have fewer client advisors yet they will be expected to do more.² Meanwhile, 82% of advisors in North America say that time-consuming paperwork keeps them from spending more time with clients.³

Firms with advisors who can respond more quickly than others will gain a competitive advantage. [Advisor portals](#) gather client insight into a single pane of glass for better understanding and more meaningful interactions. Modern advisor portals allow you to blend a personal, digital, and robo experience while keeping the advisor aware of and informed of every interaction.

Having everything about every client readily available is nice but being able to segment this information into different groups based on unique needs allows the advisor to personalize at scale. Digitizing critical or time-consuming manual processes in the front office, reduces errors, and allows advisors to spend more time creating value for their clients.

3. Digitize manual processes to widen margins.

Let's face it: Many mid-market wealth management firms have a lot of manual processes in the middle and back-office, which are more error prone and thus could result in regulatory fines. So there are a lot of opportunities to digitize those processes in order to reduce costly human error and speed up operations. Analogous to saving time for advisors to focus on clients and building AUM, saving time for operational employees means that they too can focus on higher value tasks.

In recent years, industry trends like greater regulatory demands, increased portfolio complexity, or growing internationalization have driven the middle office to take on additional responsibilities. Meanwhile, often viewed as a cost-center,

² The US Wealth Management Ecosystem, Lea Noninger, Insider Intelligence, March 2021

³ On the cusp of change: North American wealth management in 2030, McKinsey & Company, January 2020

the middle office is typically under-invested in technology and infrastructure.⁴ So for these firms, there are ripe opportunities to improve efficiency, which leads to the reduction of errors, lower costs, and a more responsive workforce ready to help drive AUM growth and adapt to the future.

Platforms: Supporting Strategies at Scale

All three of those strategies can be enabled with digital experience platform software which can help to unify silos and reduce tech stack complexity. It doesn't always make sense for the mid-market to go out and purchase the most expensive proprietary platform that the mega-managers are leveraging to build experiences. In fact, most of those don't necessarily even make sense for the financial services market where you need a high degree of security and customization to meet the unique and complex requirements that each firm has. Modern, agile, and lightweight platforms allow you to rapidly build experiences where they'll make the most difference for your firm. In the [build vs buy](#) decision, platforms let you choose to build but with lower costs, fewer resources, and a faster go-live because they provide key features out of the box, essentially giving you a solution that's 80% built.

And as consumer experiences continue to radically improve in other sectors, clients will bring those expectations with them to their wealth managers. A platform that allows you to anticipate and meet needs quickly will put you at the head of the competitive pack.

⁴ Rethinking the Middle Office, Karl Kutschke, March 2018

Move Fast, Outpace, and Outperform



**The wealth management industry has reached
a sink-or-swim moment in terms of digital.**

Lea Nonninger, Research Analyst at Business Insider and Insider Intelligence

The pressure is on with mega-managers and fintech leading the way for digital transformation. Add in the challenges of changing client expectations driven by the pandemic as well as massive demographic shifts and we've got a situation that demands urgency. The pressure is on but your clients went with you as a mid-market firm to begin with because that's what they preferred. It's time for your digital strategy to reflect your people and brand, emphasize your differentiators, and give clients the experience and service they're looking for. Firms that act quickly will outperform their competitors as well as find the resilience and adaptability they need to outpace disruption.

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