DIGITAL WEALTH MANAGEMENT

WINNING CLIENTS IN THE ERA OF HYBRID ADVICE

We concentrated on the digital transformation of the wealth management industry, with a focus on three key debates driving disruption: optimization, visualization, and personalization.

/D1GITAL

FOREWORD

As a provider of award-winning data, analytics, and technology solutions to the global financial services industry, FactSet is highly familiar with the digital transformation that the wealth management universe is undergoing. As a business, we are committed to helping leaders in the advisor community put the right solutions in place to seize the opportunities presented by this shift, which first means identifying the keys to success in today's changing environment.

It is for these reasons that FactSet has undertaken our third consecutive survey into the behaviors and preferences of wealthy investors. In March 2018, FactSet, in association with Scorpio Partnership, conducted a global online poll of 877 investors with an average net worth of $4.88 million. Respondents hailed from four financial hubs: the U.S., the U.K., Singapore, and Switzerland. We concentrated on the digital transformation of the wealth management industry, with a focus on three key debates driving disruption: optimization, visualization, and personalization.

With the shift to digital influencing change across different sectors, this year we expanded our research to include a series of expert interviews with influential disruptors who have leveraged digital technology to win business in their respective areas. The insights and observations shared by these cross-industry experts revealed key strategies that wealth firms could leverage to forge stronger client relationships, increase firm competitiveness, and improve advisor efficiency. Additionally, we hosted think tank roundtables with high-profile wealth management professionals in three major markets to gauge attitudes toward digitalization from the advisor side of the relationship, and further illuminate the opportunities that exist today.

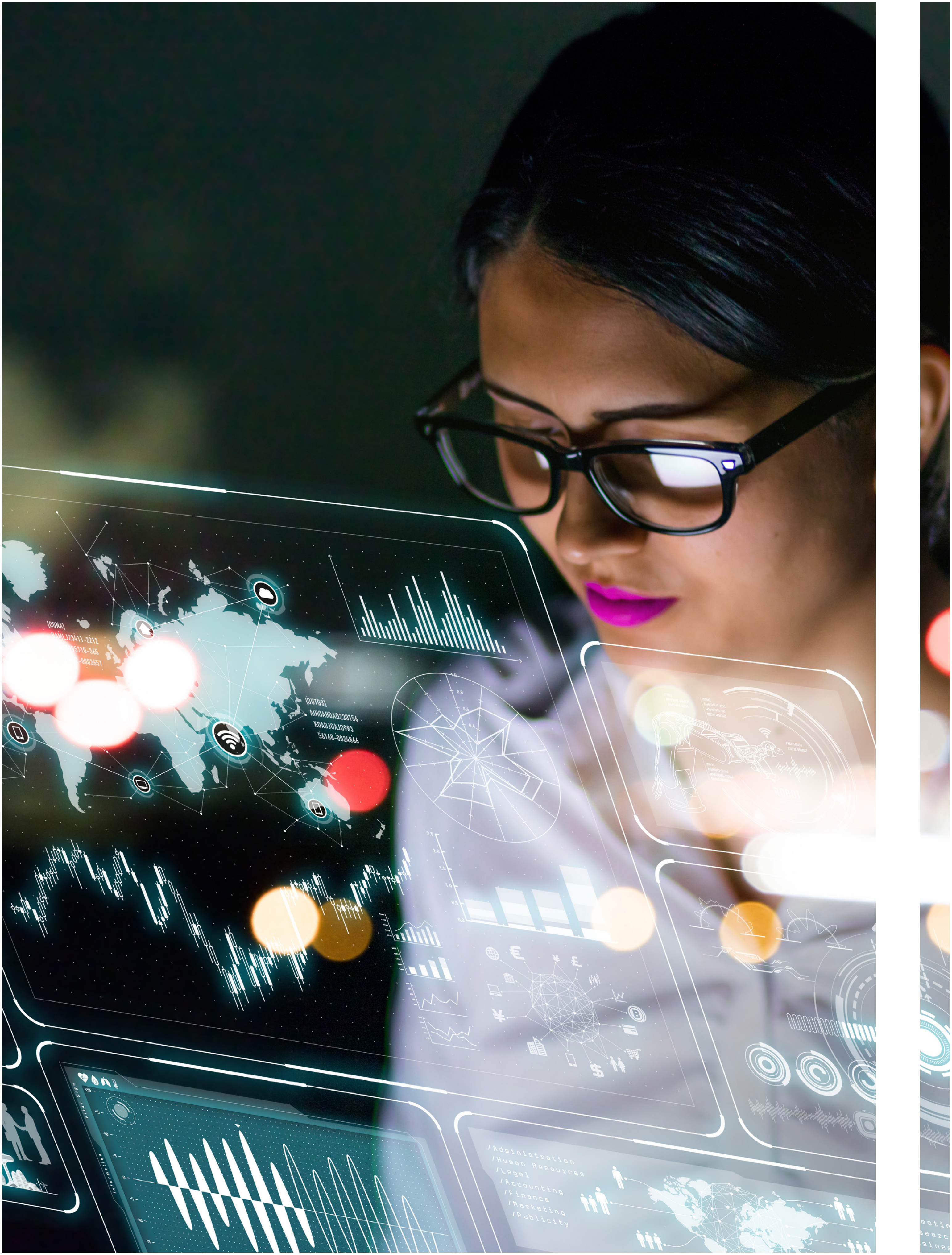
Our findings indicate that optimized technology, improved data visualization, and highly personalized content can empower firms to supply clients with the tools and insights needed for a better digital experience, while boosting both firm competitiveness and advisor efficiency. What's more, our research shows that the common assumptions about investor attitudes toward technology in the relationship do not hold true. More than 80% of all respondents indicated that they would value a client-advisor relationship that is augmented by technology. By moving toward a hybrid-advisory model, incorporating digital appetite into their client segments, and tailoring digital tools to these new profiles, there are clear opportunities for wealth firms to increase share of wallet and improve productivity.

Here, we outline over a dozen tactics that can, from the perspective of wealthy investors, industry professionals, and challenger brands, help financial advisors implement and maintain a digital strategy that delivers value and engages investors.

We would like to thank Scorpio Partnership for collaborating with us as we dove into the behaviors of the high net worth community, as well as the 877 wealthy investors that took part in our survey. Additionally, we thank experts from BDO, Moneybox, Adarga, Triptease, Pointillist, We Are Social, and Receipt Bank for their time in sharing their insights and experiences within and outside of the wealth management industry. Finally, yet importantly, we extend thanks to our willing wealth advisors and in-industry specialists for their candid feedback on these three important topics.

Philipp Zerhusen

VP, Director, Market Development, FactSet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/Legal
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/Finance
/Marketing
/Publicity

PART 1:

MAKING DIGITAL PAY

KEYS TO SUCCESS

5 ways advisors should approach technology to deliver enhanced value to end investors ❯

01.

SHOW YOU MEAN BUSINESS WITH DIGITAL
Contrary to popular belief, clients are comfortable completing diverse activities through investment platforms. Digital delivery is therefore an emerging priority as more clients look for these services from wealth managers: 82% expect their primary advisors to enhance online capabilities over time.

02.

CONFIGURE CLIENT EXPERIENCE TO EARLY ADOPTER EXPECTATIONS
Successful platforms must hit the mark with the Early Adopters who are first to trial new technology, yet wealth managers are failing to meet their discerning standards. Firms should prioritize providing customized information and portfolio data to address common frustrations.

03.

USE THE HYBRID MODEL TO STAY CLOSE TO MASS AFFLUENT INVESTORS
Mass affluent customers need investment services, but are costly to serve in person. Advisors can improve their delivery model by introducing platform features that facilitate the goals of these investors: one third of our research respondents would want access to interactive wealth planning tools.

04.

HARNESS TECHNOLOGIES THAT OPTIMIZE PORTFOLIO MANAGEMENT
Wealth managers can optimize portfolio management by focusing on transparency of investment insights. Forty-six percent of investors say that real-time analysis of performance is the most urgent improvement, with real-time reporting not far behind.

05.

OFFER ACCESS TO THIRD-PARTY PRODUCTS TO IMPRESS UHNWIs
Firms must delight their most valuable clients to improve share of wallet. Thirty-four percent of ultra-high net worth investors (UHNWIs) cite open architecture as a feature that would most boost the appeal of a platform offered by a wealth manager.

Our latest research debunks persistent myths about client attitudes toward digitalization in the wealth management industry.

In the world of wealth management, the shift to digital is often regarded as a problem to be managed rather than an opportunity to be seized.

INTRODUCTION

There are good reasons for this prevailing mindset. The core aspiration of wealth firms—to be trusted advisors to their clients—requires the human touch, meaning the precise role for digital is not always clear. Most of these institutions have undergone a long and painful period of cost consolidation,[1] limiting the appetite for risky and expensive investments in emerging technologies.

Yet today wealth managers face considerable supply- and demand-side pressures to reappraise digital as a strategic priority. Expectations of online delivery are different from only a few years ago, with clients instinctively reaching for their smartphones to check their accounts, digest content, and carry out transactions.

This expectation is not just set by Millennials, who are most known for being difficult to please. Over the last three years,[2] our research has consistently indicated that Gen-Xers are sweet-spot clients who mirror Millennial views. Fintech challengers intensify the competitive pressure and are well positioned to address the needs of these segments through a relentless focus on platform experience.

Our latest study points the way forward for firms seeking to improve share of wallet and profitability. Wealth managers can use new technologies to improve portfolio management and deliver better investment outcomes. Firms can deepen relationships with their most valuable clients by considering differentiators in the customer experience. They also have an opportunity to make their delivery model more efficient and to boost the productivity of their advisors.

Now is the right time to progress the conversation on digital. As the context in which they operate continues to evolve, wealth managers will need to find new ways to deliver financial value to clients.

[1] Source: Scorpio Partnership Private Banking Benchmark 2017.
[2] See FactSet and Scorpio Partnership, "The Culture Challenge: HNWIs' Vision for the Wealth Management Industry in the Information Age" (2016) and "The Resilience Agenda: The Wealth Manager's Guide to the New Era of Volatility" (2017).

Investors across the wealth scale—from the mass affluent customer with $100 to invest to the UHNW client worth $10 million—are already embracing online platforms.

NEARLY 9/10

EVOLVE OR DISSOLVE

At a fundamental level, commercializing digital in wealth means giving clients compelling reasons to manage more of their money through an online platform.

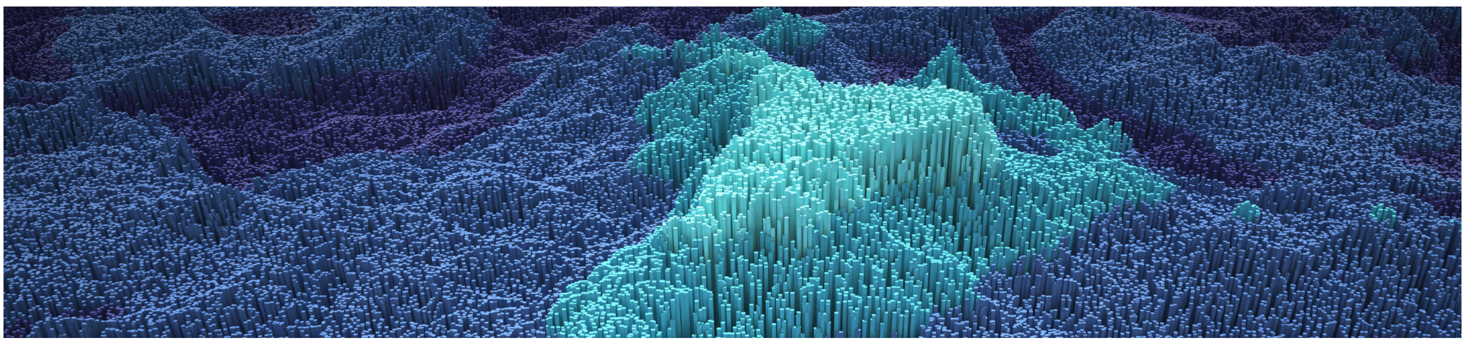
Fortunately, investors across the wealth scale—from the mass affluent customer with $100 to invest to the UHNW client worth $10 million—are already embracing online platforms. Nearly nine out of 10 respondents use them to complete some investment activities; about half independently search for or even purchase new investment products. Only a tenth of our sample is unwilling to try these services.

Critically, fintech firms are already taking advantage of this interest in new technology and are making a long-term play for young investors. Their approach is to onboard customers at an earlier age than is typical in the industry, knowing that the trusting relationships forged will pay dividends once these individuals require investments that are more sophisticated.

Cerrith Moore is Financial Controller of Moneybox, an app that allows customers to invest using their spare change. The app targets 18- to 35-year-olds, a demographic that tends to be ignored by investment managers until they have built up considerable assets, but who currently seek an alternative to cash that isn't prohibitively expensive.

Moore comments: “Moneybox has created a platform where people can save as little as one pound per week and invest in tracker funds. Ordinarily, the trading cost would be prohibitive, but we can minimize it by amalgamating the orders of every customer into one trade per fund per week. It’s almost like we’re democratizing the stock market to a certain extent, so that younger people can get involved and start building their wealth from a younger age.”

Although the Moneybox customer base is Millennial, this does not mean that platform adoption is contingent on age. Our research shows that while those over 55 are less likely to search for or make investments online, more than half readily do so. Their activity ranges from topping up model portfolios or stocks and shares ISA products to more advance trading.



respondents use online platforms to complete some investment activities.

Digital take-up is visible across the board—including among UHNW individuals, who are most likely to have access to execution capabilities (59%). Overall, the vast majority of respondents—82%—expect their primary advisors to enhance the online investment process over time.

The move to virtual wealth management was also discussed at a recent industry roundtable series held by FactSet, where one decision-maker commented: “We clearly have some clients who are very interested in interacting with us digitally, but they only tend to be the more sophisticated investors.” Another participant responded: “Yes, but in the future, with Millennials coming through and because of the revolution in technology, probably most people will want to have real-time access to their investments.”

Clients embrace the chance to invest online

49%
Use an online investment platform to purchase products

33%
Use financial advice offered online

11%
Do not use any online investment services

Rather than focusing on age, firms must prioritize the requirements of the so-called Early Adopters who will be the first to trial and assess new functionality. These individuals have an average net worth of

$5.82M

FEED THE (DIGITAL) HUNGER

While aligning platform design to the needs and priorities of a headline-grabbing age group—such as Millennials—is a good start, an even more lucrative group is within reach. Our research highlights a new set of profiles based on respondent readiness to adopt new technology in wealth. Rather than focusing on age, firms must prioritize the requirements of the so-called Early Adopters among their clients, who will be the first to trial and assess new functionality. These individuals self-categorize as "tech evangelists" and their patterns of usage will determine platform success or failure. Their views deserve precedence, given they have an average net worth of $5.82 million.

Early Adopters are willing to have more online interactions with their wealth managers, but they are unlikely to bother if their early experiences are subpar. For example, glitches and slow speed are problems for about a quarter of these individuals [Figure 1]. Equally frustrating is that security concerns are running up against their expectation of quick and pain-free login procedures.

Matt Hopkins is Fintech Leader at BDO LLP, the global advisory firm. He identifies three barriers that typically hinder traditional operators from delivering the desired client experience: "First, cost—it is expensive and risky to develop new applications. Naturally, there is anxiety if it is not going to be a differential. Second, regulation. Third, there is anxiety over customer expectation. We have a strange situation where consumers expect incredible simplicity and access to tools and applications, yet there's also fear over loss and misuse of data."

To cater to Early Adopters, advisors therefore need to fix platform pain points. One of the common challenges for these individuals is that the insights delivered to them are not sufficiently tailored to their interests. Similar concerns are expressed in relation to performance data. Simply put, they do not feel investment information is easy to understand or analyze, nor is it truly relevant to their interests.

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FIGURE 1: Balancing efficiency and security

Are there any pain points in your online interactions with your primary wealth manager?

	EARLY ADOPTERS	DIGITAL FOLLOWERS	DIGITAL LAGGARDS	DIGITAL PHOBICS
Performance data provided on the platform isn't easy to understand or analyze	24%	26%	18%	14%
Information is not customizable to my interests and goals, e.g., news, investment ideas	27%	23%	17%	7%
Their online platform doesn't feel sufficiently secure	25%	19%	17%	23%
There are occasional glitches that prevent access to my account	24%	22%	15%	9%
Their platform speed isn't fast enough	22%	17%	17%	13%
The range of investment products is too limited	24%	19%	20%	6%
The login/security procedures require too much effort on my part	24%	17%	14%	9%
Their online platform is not user-friendly	20%	17%	22%	11%
It isn't clear how to access help or guidance from a human advisor on their platform	18%	16%	17%	13%
My portfolio data isn't up to date	19%	15%	14%	10%

INVESTOR DIGITAL PROFILES

Our research highlights a new set of profiles based on respondents' readiness to adopt new technology in wealth.

EARLY ADOPTERS

OPENNESS TO DIGITAL

PROFILING INFORMATION
Average age: 37
Average net worth: $5.82M
Technology Usage:
• Laptop
• Tablet
• Smartphone
• Smartwatch
Attitude toward sharing personal info: ●●●●

KEY DIGITAL REQUIREMENTS
• Security
• Customization
• Optimization
• Experience

TOP EXPECTATIONS
• Guidance and execution functionality
• Interactive tools to assess their wealth and portfolio performance

TOP PAIN POINT
• Information feels insufficiently customized to their interests and goals

"I like to be one of the first to trial and use new technology in wealth management."

DIGITAL FOLLOWERS

OPENNESS TO DIGITAL

PROFILING INFORMATION
Average age: 44
Average net worth: $4.28M
Technology Usage:
• Laptop
• Tablet
• Smartphone
• Smartwatch
Attitude toward sharing personal info: ●●●○

KEY DIGITAL REQUIREMENTS
• Security
• Customization
• Optimization

TOP EXPECTATIONS
• Automatic rebalancing of their portfolio alongside real-time analysis
• A platform that helps them find suitable products

TOP PAIN POINT
• Performance data on their platform is not easy to understand or analyze

"I'm not the first to use technology in wealth management, but instead become a user once technology has become well established."

DIGITAL LAGGARDS

OPENNESS TO DIGITAL

PROFILING INFORMATION

Average age: 48
Average net worth: $3.77M
Technology Usage:
- Laptop
- Tablet
- Smartphone

Attitude toward sharing personal info: ●●○○

KEY DIGITAL REQUIREMENTS

- Security
- Customization

TOP EXPECTATIONS

- Product recommendations based on similar investor behavior
- Visualization of portfolio information from their advisor

TOP PAIN POINT

- Their online platform is not user-friendly

"I tend to be one of the last to start using new technology after it is well introduced in wealth management."

DIGITAL PHOBICS

OPENNESS TO DIGITAL

PROFILING INFORMATION

Average age: 50
Average net worth: $4.3M
Technology Usage:
- Laptop
- Tablet
- Smartphone

Attitude toward sharing personal info: ●○○○

KEY DIGITAL REQUIREMENT

- Security

TOP EXPECTATIONS

- Simple account dashboards
- Frequent, quality insight that is visually appealing

TOP PAIN POINT

- Their online platform does not feel sufficiently secure

"I try to avoid using technology to manage my wealth."

APPEARANCES REALLY DO MATTER

Fixing platform pain points is an important objective, but to generate returns on their digital investment, wealth managers must consider what features would drive up share of wallet.

Intuitively, respondents indicate that tech improvements that enhance investor outcomes should be prioritized. At a recent FactSet-hosted roundtable for wealth managers in New York, a participant from one firm commented: “We’ve just started an exercise around client reporting. One major gap we’re consistently finding is ‘so what?’ reporting. We provide a bunch of data, but we’re not focused enough on the ‘so what?’ There is a massive opportunity there.”

Hopkins agrees and notes that challenger firms are beginning to raise the bar in this precise area. In doing so, they are addressing genuine client pain points. “Solutions in the past have been slow, and nowadays people want data immediately. We’re seeing sophisticated dashboards that provide a global view of portfolio choices and easy access. That gap between expectation and delivery is finally narrowing, which is really positive.”

For investors as well as firms, the value-drivers of the online wealth proposition center on portfolio optimization [Figure 2]. Clients believe an interactive and instant-access approach to investment insights would improve how their portfolios are managed. Forty-six percent say that real-time analysis of performance is an urgent priority. In line with trends from previous FactSet research, the same proportion believes that real-time reporting of their investment positions should be an area of focus.

There is other low-hanging fruit for wealth managers when it comes to optimization. For instance, 42% of investors believe that they should receive proactive suggestions for investment opportunities that are tailored to their interests. A sizeable minority (40%) would also value automatic rebalancing of their portfolios in response to events, such as spikes in volatility. Wealth managers are expected to bring together their understanding of client tastes and tolerance with new technology to improve the online proposition.

Perhaps unsurprisingly, the pressure to introduce these capabilities is highest in the U.S. and Asia, where self-directed investing tends to be more commonplace and clients have come to expect innovation in wealth management. In Singapore, for example, clear majorities of respondents demand more dynamic investment analysis, reporting, and recommendations.

Regardless of jurisdiction, wealth managers can and should rethink portfolio optimization, an area where fintech firms are starting to pull ahead by reconsidering how performance data could be visualized. Advisors that focus and invest in this area not only have an opportunity to deliver added value to clients; they also have a chance to be the standard-bearers on an emerging priority for the industry as a whole.

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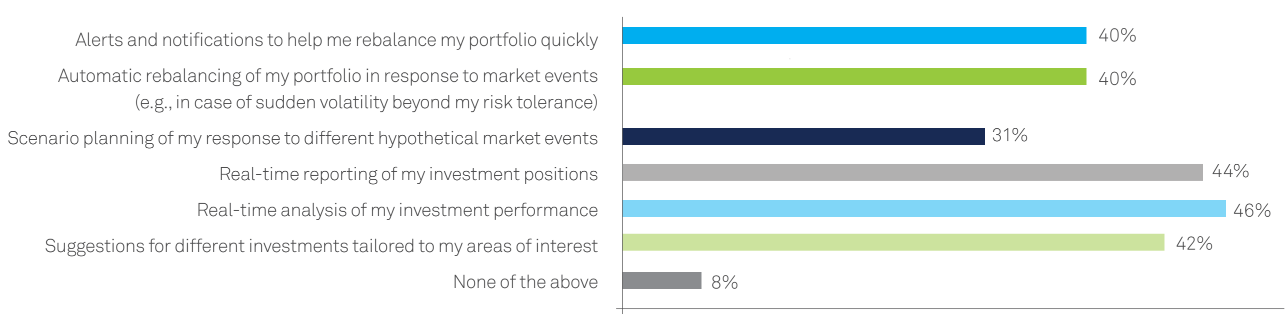
FIGURE 2: Real-time analysis and reporting are the priorities

Which of the following do you believe would be most helpful to optimize how your portfolio is managed?



Clients believe an interactive and instant-access approach to investment insights would improve how their portfolios are managed.

UNLOCK PROFITABILITY THROUGH HYBRID ADVICE

With profitability at the top of the business agenda, financial firms must carefully consider their delivery model. While advisors would like to focus intently on their UHNW clients, they must also seamlessly support customers further down the wealth scale, raising the risk that they will try (and fail) to service both segments efficiently.

Here, digital offers a viable path forward. The so-called "hybrid-advice model" can be used to transition costly-to-serve customers (usually mass affluent) online to complete most of their investment activities. Human advisors remain accessible for value-added interactions, but are freed up to focus on wealthier investors. At the same time, firms do not lose out on the large proportion of the market that needs investment services but is difficult to support profitably.

For this to work, customers should see advantages in managing their wealth online with their primary advisor—rather than a rival provider or challenger. Their demands are straightforward and start with a more transparent presentation of fees and charges, and clarity on ongoing portfolio performance. As many as 40% believe it is essential to be able to complete end-to-end investment activity online. They are wary of encountering a disconnected experience that forces them to switch between different channels to undertake a transaction.

A similar proportion expects, at a minimum, an easier comparison of products and services across the marketplace. To activate online self-service, firms must therefore be prepared to provide clients with cross-market comparisons on their investment choices.

However, to differentiate against other offerings available in the market, firms will need to focus on what is important to all clients: the ability to build their wealth.

For mass affluent investors, a critical advantage that could be offered by an online platform relative to an offline experience is access to interactive planning tools [Figure 3]. They anticipate the positive impact that a more dynamic relationship with their wealth could have on their longer-term trajectory. These clients are willing to mostly self-serve online if they continue to receive tangible evidence of their wealth managers' expertise.

A successful platform strategy should also seek to drive net new assets to the platform by delighting the most valuable clients.

Across the wealth scale, access to relevant and unique insights that support wealth goals is the top differentiator.

Such tools can take a variety of formats. Moneybox, for example, believes education is the key to building wealth in an era of historically low interest rates. One of the company's strategies is to present content around the science of saving to encourage young customers to adopt a long-term mindset.

This was also prominent in our previous eBook where it was discovered that more interactive investor education is necessary to improve resilience of client investment strategies and confidence in the advisory relationship.[3]

Moore comments: "Customers are served with education pieces via our 'Featured' content section. We've had good engagement with these resources, even when explaining complex topics like compound interest, because we show our customers quite clearly how it impacts their money. If you have a direct platform, you have a duty to educate people, so that they are making decisions in their own best interests."

A successful platform strategy should also seek to drive net new assets to the platform by delighting the most valuable clients. For investors across the wealth scale, access to relevant and unique insights that support wealth goals is the top differentiator. But UHNW clients have a different priority: for them, open architecture is important. Thirty-four percent say it is a benefit of managing more of their investments on a platform, second only to desiring more transparency on fees and charges.

By prioritizing these features, firms will be doing more than simply introducing digital for digital's sake. They will be enhancing value in their client relationships by enabling investors to approach their wealth priorities in new ways.

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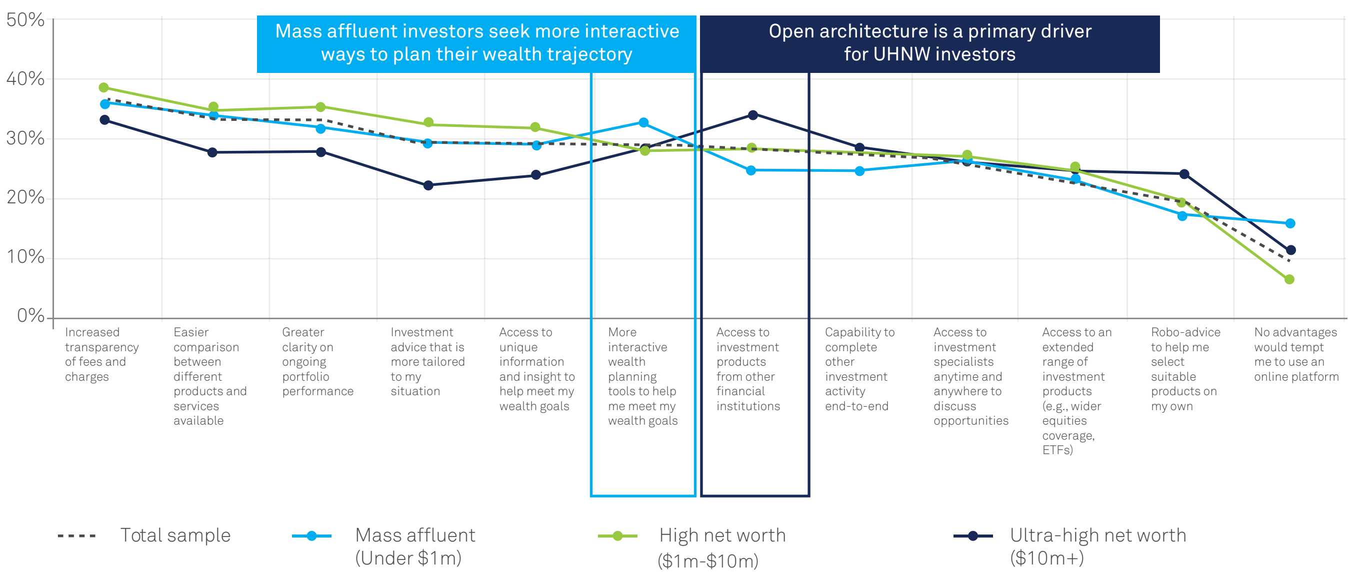
FIGURE 3: 'Value' means different things to investors

Imagine if your wealth manager were to offer you the option to conduct the vast majority of your wealth management online. What kind of ADVANTAGES would you need to see as a client in order to be tempted to use this platform?



[3] Please see FactSet and Scorpio Partnership's research initiative from 2017 (The Resilience Agenda) for more information on why more interactive investor education is a must for wealth management.

CONCLUSION

The wealth management industry has historically relied on a series of hypotheses about digital behaviors that is beginning to crumble. Clients from across the spectrum, interacting with advisors in different ways, are using the available capabilities to make meaningful decisions.

New demand- and supply-side pressures are showing that clients expect these choices to be offered by their primary institutions. The question for firms is therefore not whether they introduce more advanced functionality, but when and how.

877

Investors surveyed with an average net worth of

$4.88M

Harnessing the digital opportunity requires a shift in mindset among traditional operators, and perhaps even taking a lesson or two out of the fintech playbook. Firms should address the pain points holding clients back from interacting with them online. They should assess which functionality will nudge costly-to-serve customers to do more wealth management themselves, as well as which platform features would grow the volume of UHNW assets under management. A segmentation strategy based on openness to technology would improve advisor efficiency by avoiding over- or under-servicing clients.

Crucially, advisors should also go further and make full use of the transformational potential of new technology. The most successful firms will introduce tools on their platforms that enable more effective portfolio management through real-time analysis and reporting. These digital investments are intuitively prioritized by investors because they are tangible and deliver financial value. As Hopkins observes: “If your innovation won’t change outcomes or customer experience, then stop.”

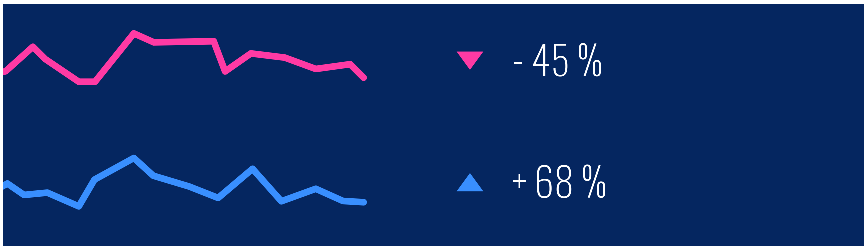
The most successful firms will introduce tools on their platforms that enable more effective portfolio management through real-time analysis and reporting.

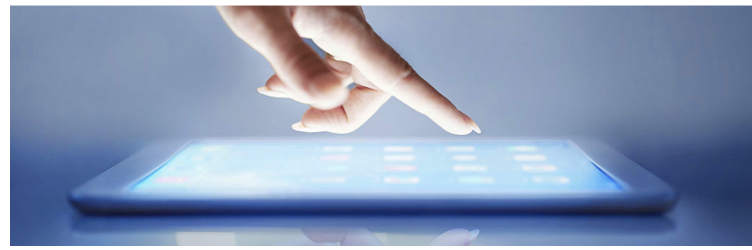
PART 2:

DISRUPTING ADVISORY THROUGH DESIGN

KEYS TO SUCCESS

5 ways advisors should approach technology to deliver enhanced value to end investors 〉





01.

LEARN FROM INDUSTRY DISRUPTORS BY USING GREAT DESIGN TO BUILD TRUST

Carefully crafted visual interactions and digital user experiences can help build recognizable brands and increase client confidence in new solutions. Differentiation in the wealth industry is difficult to discern, so firms should enhance their design to remain competitive and generate trust.

02.

EMBRACE NEW TECHNOLOGIES THAT ARE TRANSFORMING FINANCIAL DECISION MAKING

Seventy-three percent of clients feel that emerging technologies (such as smartwatches and wearable tech) could help them achieve their financial goals. Wealth management firms should ensure that investment insight is optimized for consumption on the go and through different devices.

03.

WEALTH MANAGERS MUST WORK HARDER IF THEY ARE TO BE HEARD BY CLIENTS

Investors are swamped with online information from multiple financial and non-financial brands. To be effective, firms should adapt their approach to clients' changing attention spans, which means delivering bite-size and real-time portfolio insights that have been tailored to their interests.

04.

INVESTOR EDUCATION IS CRUCIAL TO IMPROVING UNDERSTANDING OF INVESTMENT PERFORMANCE

Over half of self-directed and two thirds of advisory investors lack full confidence in their ability to leverage information from their wealth management platform. Firms must get better at explaining how to use these investor resources if they are to be valued inputs in their decision making.

05.

SIMPLE PRESENTATIONAL CHANGES WILL IMPROVE ENGAGEMENT WITH INVESTMENT INSIGHTS

A majority of clients (59%) find it difficult to discern the key points from graphs and charts used by their wealth managers. Top of their wish lists are straightforward changes, such as a succinct market summary, interactive portfolio tools, and a highlighted set of actions to be taken on their investments.

Visualization techniques have been shown to add value and build trust with wealthy investors, and can be the key to remaining competitive for advisors.

Advisors must consider how to support their trusted advisor status with an online interface and harness the principles of data visualization to turn their insight into intelligence.

INTRODUCTION

What do industry disruptors like Netflix, Uber, and Airbnb have in common? These firms are famous for collecting huge volumes of customer data, advanced analytics, and the fact that clients can shape their own customer journey.

But what about the importance of good design in bringing these components together? Carefully crafted visual experiences have helped these firms build recognizable brands and generate trust and confidence in radically new products and services.

“Luck and timing aside, I’ve learned that you can take the components of trust, and you can design for that,” commented Airbnb founder Joe Gebbia during his 2016 TED Talk. “Design can overcome our most deeply rooted stranger-danger bias. And that’s amazing to me.”

Our latest study with 877 end investors from four financial hubs indicates that, for wealth managers, using design and visualization to add value and generate trust is vital to remaining competitive. Not least because the industry is ripe for disruption; challenger banks and robo-advisors have altered the relationship management model by offering online-only wealth management at scale. While these solutions will not be attractive to all clients, their very existence is changing expectations about what clients want to see when it comes to a digital experience.

Over the last three years, our research[4] has shown that even traditional wealth firms that rely heavily on the personal relationship as a source of differentiation must consider how to support their trusted advisor status with an online interface. This means making real-time investment, market, and performance data available to clients and harnessing the principles of data visualization to turn that insight into intelligence.

[4] See FactSet and Scorpio Partnership, “The Culture Challenge: HNWIs’ Vision for the Wealth Management Industry in the Information Age” (2016) and “The Resilience Agenda: The Wealth Manager’s Guide to the New Era of Volatility” (2017).


57%
of Early Adopters are already actively engaging with smartwatches
The interactions investors have with the digital world are having a transformative effect on the way they perceive their financial management.
73%
of clients feel that emerging technologies can help them achieve their wealth goals
65%
of Digital Phobics regularly use a tablet

SWITCH ON TO ONLINE COMMUNICATION

As a participant in FactSet's recently hosted New York roundtable commented, wealth managers possess hugely important data that can add real value to a client's financial decision making. However, most firms fail to embrace the requisite technology to deliver information and make it part of their value proposition.

"If you consider how the fitness industry has turned galactically unimportant information, like the hours of sleep or the number of steps taken yesterday, into information which millions of people crave every morning—why would they not be interested in a short, succinct, and relevant digital report of their financial status?"

One of the most frequent pushbacks among wealth firms is the assumption that clients are averse to using technology. However, even Digital Phobics[5]—those who typically avoid using technology to support their wealth management—are already experimenting with digital tools in day-to-day life [Figure 4].

Two thirds of Digital Phobics regularly use a tablet, and 41% of them have a smartphone. With even these most digitally averse individuals harnessing technology, wealth firms will need to ensure that their technology platforms are compatible across different devices and user-friendly for when less digitally savvy customers start to explore what is available online.

This will become even more important as newer technologies gain further traction. Smartwatches, wearable devices, and digital assistants, which have become established among Early Adopters, are set to become even more popular. For instance, a third of survey respondents anticipate that their usage of smartwatches will increase in the next five years.

The interactions investors have with the digital world are having a transformative effect on the way they perceive their financial management. Seventy-three percent of clients feel that emerging technologies can help them achieve their wealth goals. The greatest potential is seen among those who have some autonomy over their financial decision making through an advisory or self-directed wealth management relationship.

Yet even among discretionary clients, a majority agrees that new digital tools could support their objectives. Ideally, digital delivery should offer space to build financial confidence among all investor types.

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FIGURE 4: For Early Adopters, wearable tech is in vogue

Which of the following technologies do you engage with on a regular basis?

	EARLY ADOPTERS	DIGITAL FOLLOWERS	DIGITAL LAGGARDS	DIGITAL PHOBICS
Desktop computer	92%	79%	78%	63%
Laptop	90%	78%	73%	60%
Tablet (e.g., iPad, Kindle)	85%	81%	72%	65%
Smartphone	85%	66%	58%	41%
Smartwatch	57%	32%	31%	10%
Wearable technology other than smartwatches	50%	33%	23%	14%
Digital assistant (e.g., Alexa, Siri, Cortana)	49%	28%	20%	14%
Virtual reality headset (e.g., HTC Vive)	44%	26%	14%	7%

[5]See our digital profiles on pages 12-13.

DISTILL INSIGHT TO ENGAGE

A side effect of device usage is the changing attention span of clients.

Ross Taylor is an account director at We Are Social, a strategy and creative agency that develops advertising campaigns on behalf of globally renowned brands. “Speed is the key thing now,” he asserts. “When we are devising campaigns on behalf of our clients, we have to bear in mind that consumers will now only look at an advert for a couple of seconds.”

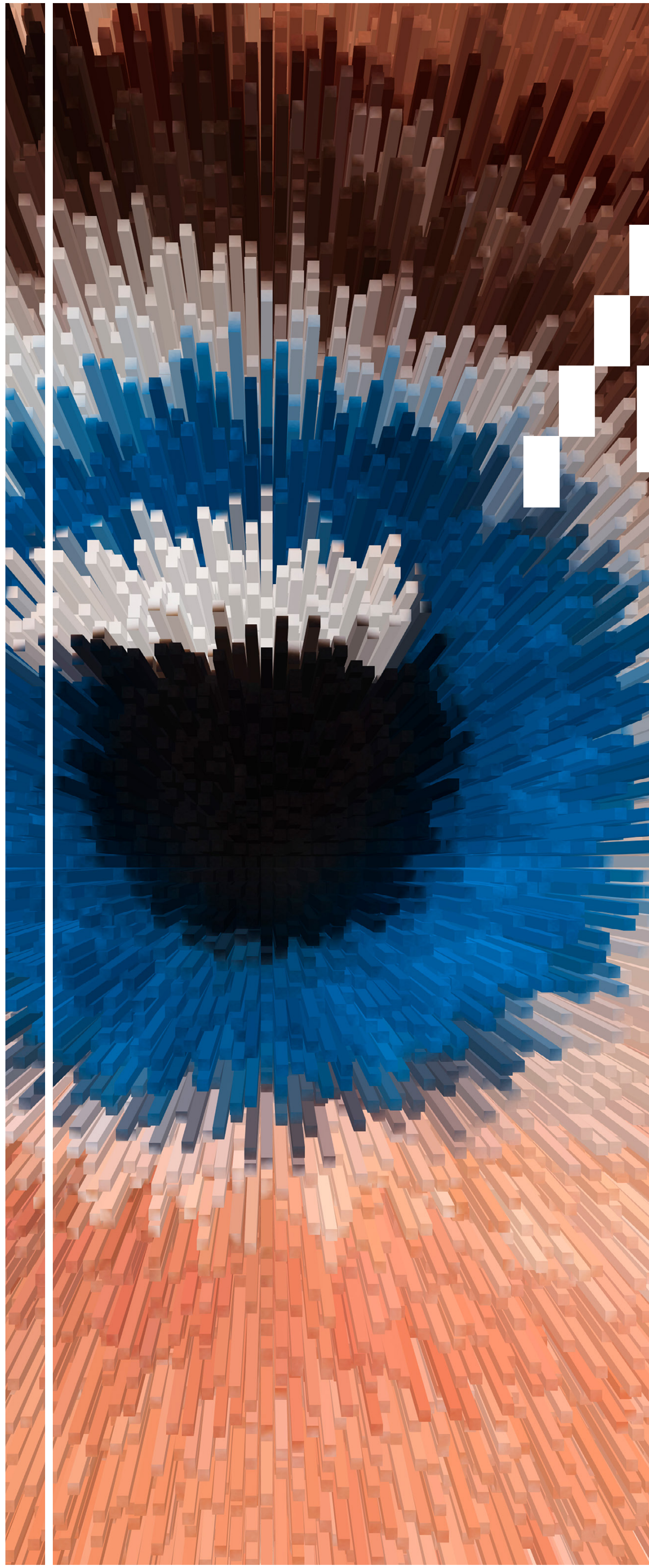
“More recently, artificial intelligence has enabled brands to micro-target their adverts to ensure they only reach relevant audiences,” he adds. As a result, consumers are now becoming used to seeing content that is highly relevant to them.

The key message for wealth managers is that expectations are being shaped by interactions with retail brands; undoubtedly, that impacts how they want to engage with their current advisors. With investors swamped by information from multiple financial and non-financial brands, wealth firms must work harder to engage their attention and deliver content that stands out.

We asked survey respondents how they would prioritize spending on technology if they were chief executive of a wealth management firm for the day. Most investors reference capabilities that would facilitate more efficient, tailored, and real-time delivery of information to them [Figure 5].

For example, one Singaporean investor suggested that artificial intelligence should be harnessed to forecast future investment growth. A wealth client in the U.S. believed quarterly comparisons of portfolio assets to those that were recommended but not chosen would be helpful, while a Swiss investor felt that insights adapted to portable technologies would be desirable.

Gordon Farquharson is Head of Business Insight and Analytics at accountancy software firm Receipt Bank, which was selected as one of the U.K.’s “Future Fifty” technology companies in 2017. He believes the key to driving engagement online is creating a flexible digital experience to unearth the exact needs of different client segments.



The key message for wealth managers is that investor expectations are being shaped by interactions with retail brands; undoubtedly, that impacts how they want to engage with their current advisors.

“The customer journey which your clients take right now is a byproduct of the way the platform has been built,” Farquharson states. “Until you allow your customers to take any journey that they want, you won’t work out what the optimal customer journey looks like. You need this information to create a customer journey that is efficient, appealing, and understood.”

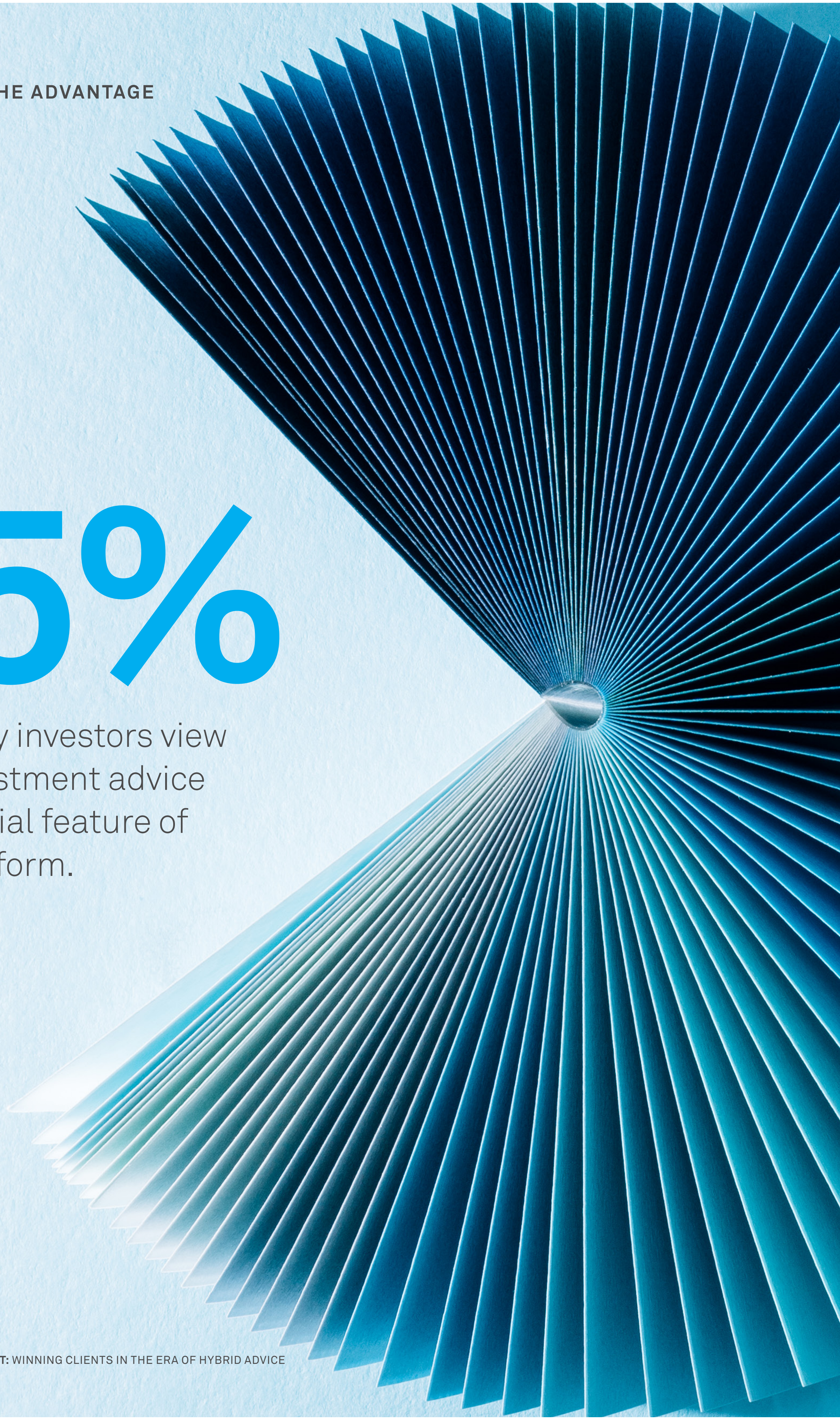
Among our survey respondents, 49% had an advisory wealth relationship, 30% were self-directed, and 21% were discretionary. To Farquharson’s point, the desired digital customer journey for these different investor types is strongly shaped by the nature of their wealth relationship.

Naturally, self-directed and advisory investors believe the core function of the investment platform is to empower autonomy over financial matters. These clients place significant importance on being able to undertake end-to-end investor activity online. For those in advisory relationships, clear comparison between different investment products is critical, while self-directed clients value a whole host of content, including open access to different products and knowledge from specialists.

By contrast, discretionary investors place emphasis on mirroring the bespoke elements of their personal relationship online. Specifically, 45% of these investors view tailored investment advice as an essential feature of a digital platform, and an equal proportion believe interactive planning tools are necessary to support progress to goals.

45%

Discretionary investors view tailored investment advice as an essential feature of a digital platform.



Q

FIGURE 5: Clients have a go at being CEO

Imagine you are the CEO of a wealth management firm. How would you prioritize investment in technology to deliver a more personalized service to clients?

UNITED STATES

"I would like to prioritize the operation of an application that daily summarizes my finances and their management."

"Quarterly comparisons of portfolio assets to those that were recommended but not chosen."

"Financial simulator and online tutorials."

SWITZERLAND

"Portable technology such as smartwatches and mobiles for information on asset allocation analysis."

"Various platforms and tools on the internet to show the priority investment options and methods."

"More interactive tools that will help achieve a more valued portfolio for a better return on investment."

UNITED KINGDOM

"A ticker system to highlight investment progress in real time."

"Real-time prices and changes."

"Transparency about conflicting interests of advisors, e.g., payments to promote certain products."

SINGAPORE

"A very customized platform where clients can provide feedback and make changes immediately."

"Adopting AI for generating models to forecast future investment growth."

"Status update on spot forex and cryptocurrencies."

DELIVER ON INFORMATION DELIVERABILITY

Despite the importance of insight to the online experience, our results indicate that when it comes to digital delivery, wealth managers are currently falling short. Only a minority of investors express high confidence that they can leverage the data provided by their wealth management firms online to make investment decisions.

Over half of self-directed investors and roughly two thirds of advisory investors lack full confidence in their ability to harness information from their wealth management platform, leaving them worryingly at risk of misalignment with their desired investment strategy [Figure 6].

Even for discretionary clients, the significance of delivering quality investment information online should not be underestimated. As firms seek to add value to clients beyond investment performance, investor education will become a crucial differentiator.

As a participant at FactSet's Zurich roundtable asserted: "Does my client, who potentially is not in the finance industry, actually understand what risk and return means and all of the detailed analysis that I offer them? I suspect the simplification of what our complex instruments and portfolio optimization models mean is part and parcel of what we need to do in order to provide a better service to clients."

For discretionary investors, quality insight can facilitate learning about their financial picture and help them to assess their progress to their goals. However, just one in five discretionary clients is extremely confident that they can leverage the information provided by their wealth manager online, highlighting how far the industry must go before these aspirations can become a reality.

As firms seek to add value to clients beyond investment performance, investor education will become a crucial differentiator.

Q **FIGURE 6: Clients lack confidence when leveraging investment insights**

How confident are you that you can leverage the information provided by your wealth manager on your online platform to make investment decisions?

48% OF SELF-DIRECTED INVESTORS ARE EXTREMELY CONFIDENT

34% OF ADVISORY CLIENTS ARE EXTREMELY CONFIDENT

22% OF DISCRETIONARY CLIENTS ARE EXTREMELY CONFIDENT

Two thirds of investors feel that their wealth managers should be doing more to visualize the information they provide.

REMEMBER THAT PRESENTATION MATTERS

A byproduct of today's data-driven world is the growing importance of visualization to help both businesses and consumers draw more meaningful conclusions from the information in front of them. This is a clear priority for wealth firms, given that two thirds of investors feel that their wealth managers should be doing more to visualize the information they provide.

Specifically, 59% of clients state that they find it difficult to discern the key points from graphs and charts, rising to 63% among advisory and self-directed investors [Figure 7]. Clearly, wealth managers need to do more to distill complex information for clients.

Firms outside of the wealth sector are already using data visualization in diverse ways to create more impact for both their businesses and their clients.

As Farquharson attests, data visualization has been an important way to both grow his firm's business (+100% in the last six years) and assess the quality of its product. "We undertake machine learning to improve our reading capability of receipts when automating data entry. We immediately classify those receipts and we use visualization to see how close our classification is. So we are constantly driving improvements to our system."

Similarly, Taylor states that data visualization enables We Are Social to effectively report performance metrics for major global social media campaigns back to clients. This could be in the form of word clouds that capture frequently used terms and phrases to describe a brand, or charts that highlight campaign effectiveness.

"I believe a lot of people are really visual. If you shower them with numbers, then it can be really hard to digest. But when you visualize the data, it makes it a lot clearer and it is a lot easier to action those insights," he says.

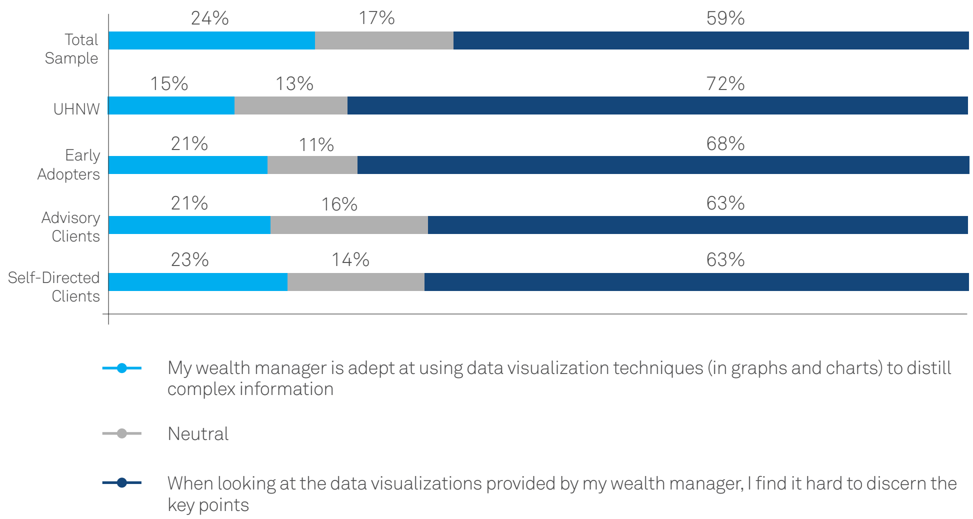
Investors believe that presentational changes could be transformative to their interaction with investment information and their ability to manage their own wealth.

Q

FIGURE 7: Wealth managers fail to provide clients with a clear picture

How would you rate your wealth manager at distilling complex information with the use of data visualization techniques?

THE TOP DISSATISFIED SEGMENTS



Data visualization can be a key way for firms to improve their insight delivery and drive trust and engagement with customers.

At the top of investors' wish lists is a simple one-pager that highlights key developments in the markets [Figure 8]. A participant at FactSet's recent roundtable in London highlights the startling lack of innovation when it comes to developing reports that are digestible and engaging for clients.

"I've seen some interesting approaches to client reporting that integrate video with graphics into traditional reporting. I think the future is there somewhere."

Alongside this is the requirement for more interactive tools to analyze and visualize portfolio performance.

Advisory clients make the largest range of requests for visualization improvements, ranging from infographics that show investment ideas to tabular information on portfolio performance. Geographically, Singaporean clients are shouting the loudest.

Data visualization can be a key way for firms to improve their insight delivery and drive trust and engagement with customers. A key aspiration should be ensuring that the digital touchpoint reflects the values of quality, knowledge, and trust that clients receive from their advisors.

At the top of investors' wish lists is a simple one-pager that highlights key developments in the markets

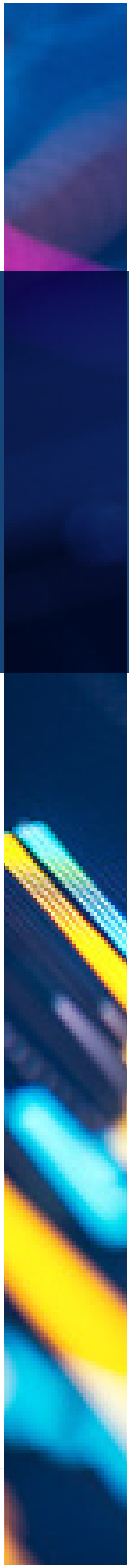


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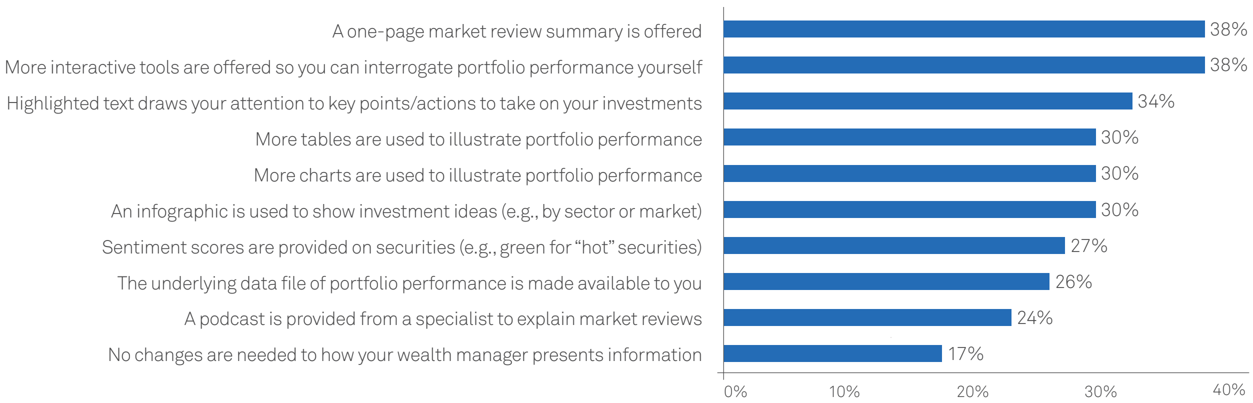
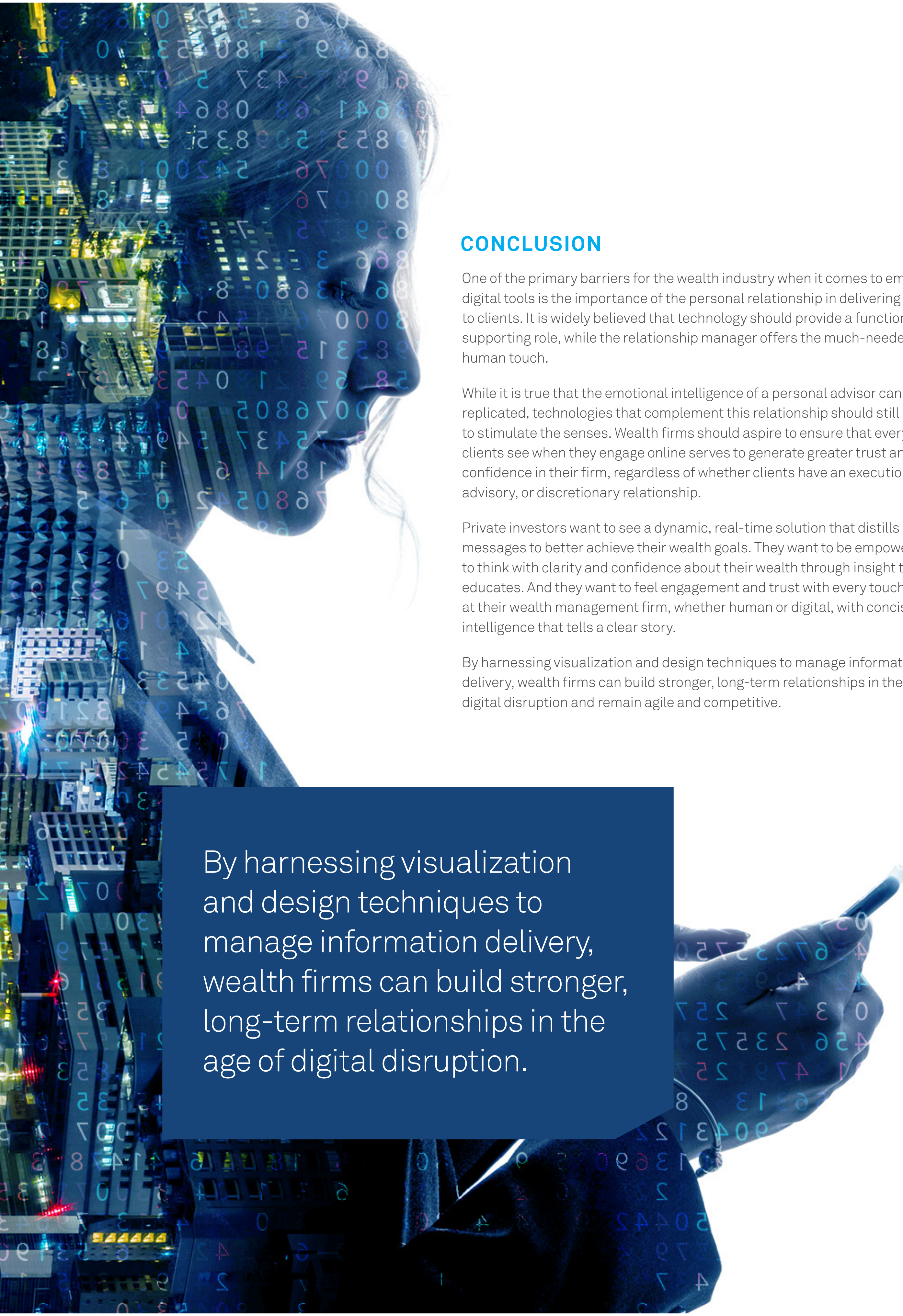
FIGURE 8: Presentation is (almost) everything

Would any of the following presentational changes improve your engagement with information about your investments?





CONCLUSION

One of the primary barriers for the wealth industry when it comes to embracing digital tools is the importance of the personal relationship in delivering value to clients. It is widely believed that technology should provide a functional, supporting role, while the relationship manager offers the much-needed human touch.

While it is true that the emotional intelligence of a personal advisor cannot be replicated, technologies that complement this relationship should still strive to stimulate the senses. Wealth firms should aspire to ensure that everything clients see when they engage online serves to generate greater trust and confidence in their firm, regardless of whether clients have an execution-only, advisory, or discretionary relationship.

Private investors want to see a dynamic, real-time solution that distills key messages to better achieve their wealth goals. They want to be empowered to think with clarity and confidence about their wealth through insight that educates. And they want to feel engagement and trust with every touchpoint at their wealth management firm, whether human or digital, with concise intelligence that tells a clear story.

By harnessing visualization and design techniques to manage information delivery, wealth firms can build stronger, long-term relationships in the age of digital disruption and remain agile and competitive.

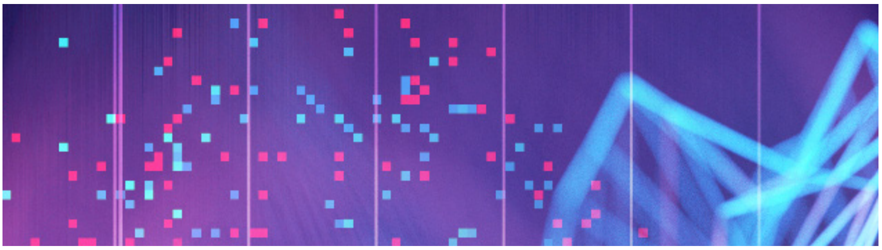
By harnessing visualization and design techniques to manage information delivery, wealth firms can build stronger, long-term relationships in the age of digital disruption.

PART 3:

EMPOWERING CLIENT SERVICE WITH PERSONALIZATION

KEYS TO SUCCESS

5 ways advisors should approach technology to deliver enhanced value to end investors 〉



01.

SEGMENT CLIENTS BY THEIR DIGITAL BEHAVIORS AS WELL AS DEMOGRAPHY

Investors are broadly open to sharing personal information—in fact, 50% admit they sometimes give personal information to brands they do not know well. To understand the drivers and barriers of their attitudes, wealth managers should segment investors by their digital appetites, in addition to traditional demographic qualifiers.

02.

COMMUNICATE THE BENEFITS OF ONLINE INFORMATION SHARING TO INVESTORS

Eighty percent of investors scrutinize terms and conditions of how their data will be used by brands. To improve information flow, wealth managers must be transparent about how sharing personal data will result in tangible benefits for them further down the line.

03.

REDESIGN INFORMATION DELIVERY TO LAND INSIGHTS WITH IMPACT

Only 17% of Digital Phobics give their advisors top marks for personalized information delivery, highlighting room for improvement on investment recommendations, risk mitigation guidance, and other portfolio insights. Financial institutions must review their content generation processes if they are to provide insight that is tailored and actionable to individual investors.

04.

USE SOCIAL INSIGHTS TO TAILOR THE INVESTOR OFFERING

Wealth managers can further enhance their propositions if they have access to more information on clients' interests, values, and risk appetites. With some pre-conditions, 58% of investors are comfortable sharing information from social profiles (such as LinkedIn or Facebook) with their advisor.

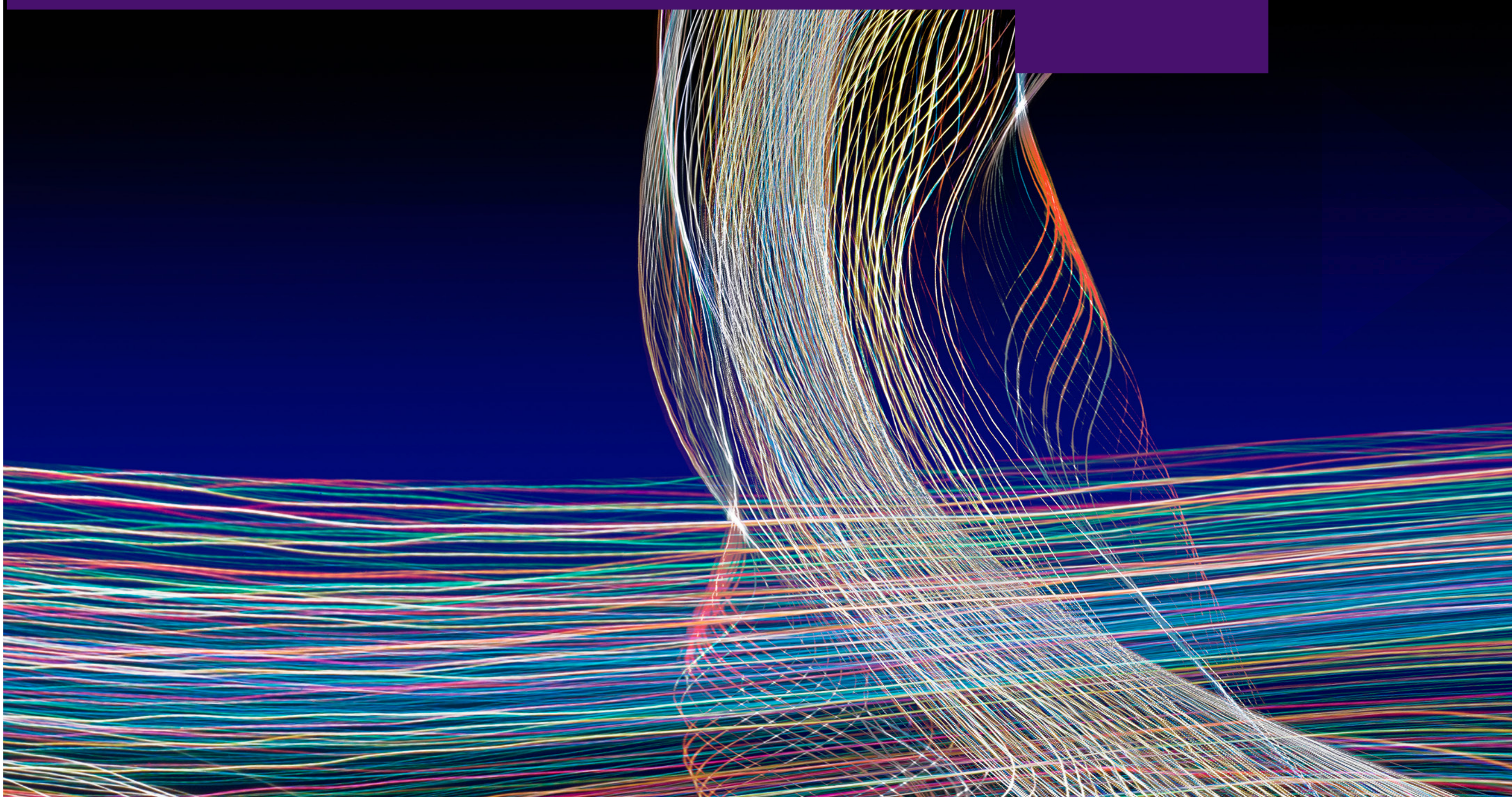
05.

CUSTOMIZE THE CLIENT JOURNEY TO INVESTORS' INDIVIDUAL PRIORITIES

Firms should invest in developing a more customized client journey that reflects investors' specific expectations when they go online. For example, 58% of Early Adopters say their top platform improvement would be functionality that permits them to complete more wealth management themselves, while Digital Phobics and Laggards have different priorities.

Harness the power of data to deliver the personalized client experience that wealthy investors have come to expect.

The trade-off between privacy and personalization lies with the extent to which clients trust their wealth manager's brand to use their data in a way that will bring an enhanced experience.



INTRODUCTION

A new generation of clients is growing up comfortable communicating their opinions and personal details online. We let Uber know in real time our exact location so we can catch a taxi quickly. We give Google access to our browsing history to receive optimized search results. We allow dating apps access to some of our most sensitive personal data in the hope of seeing more compatible matches. Each of these interactions involves a near-subconscious decision to trade off our personal privacy in exchange for services that are more relevant to our requirements and interests.

Our research into the attitudes of over 800 wealthy investors across the U.K., the U.S., Switzerland, and Singapore supports this view and finds that investors are broadly open to sharing more personal information than the wealth management industry typically believes.

Moreover, in addition to demographics, such behaviors tend to be driven by attitudes toward technology—and hold true even when it comes to sharing information with unfamiliar brands.

While data security remains important, the evolution in client behavior suggests that investors are gearing up to expand their relationship digitally. In exchange for sharing sensitive information about their personal lives, our research shows that investors anticipate enhancements to three specific areas: information delivery, the client experience, and the wealth management proposition. Delivering on these expectations would also yield advantages for the advisor. Accessing clients' data more frequently and from more varied sources will allow wealth managers to build a more holistic picture of their clients—better enabling advisors to deliver on wealth goals.

In this context, the trade-off between privacy and personalization lies with the extent to which clients trust their wealth manager's brand to use their data in a way that will bring an enhanced experience. Talking to experts from other industries sheds light on how new technologies could help wealth managers strike the right balance between the two to ultimately deliver an outstanding client experience to each investor.

PRIVACY VS. PERSONALIZATION

KNOW YOUR (VIRTUAL) CLIENT

In today's Information Age, personalization and privacy seem bound for collision. Personalization requires disclosure of sensitive data and for relevant insights to be generated from that data, while privacy is the desire, even the right, to keep this data hidden.

The interplay between the two means that firms often grapple with understanding what kind of information may be too personal to request, how to seek that information, and how to collect consent to track it.

Although sharing information online has become hardwired into our everyday behaviors and economic activities, the picture in the wealth management industry appears different. Many firms continue to believe that most of their key clients, typically in the Generation X segment, are less digitally savvy and therefore satisfied with the occasional in-person meeting and annual performance reports. They also argue that, given the sensitivity of the topics discussed, clients will only be comfortable handing over data to advisors in person whom they trust.

"Older generations are willing to share more personal information," observed one wealth manager at a recent roundtable hosted by FactSet in Switzerland. "They'll even do it using digital tools, but only if they are together with the advisor. The trust in the relationship is there; they understand where the information is going and how it will be used. If the same questions were asked in a written questionnaire or through a PC alone, there would be more reluctance."

Our recent research with end investors puts some of these long-held assumptions to the test. Irrespective of age, we find a willingness among clients to try new communication channels with advisors if these interchanges deliver a more personalized service. When asked about their preference for engaging with brands and sharing sensitive information online, many investors say they are willing to give it a go [Figure 9]. This outlook holds true even when it comes to unfamiliar companies, with as many as one in two investors saying they occasionally disclose personal data to businesses they do not know.

This openness to sharing information is linked to clients feeling assured that firms will keep their data safe and secure, with over half (52%) of all investors saying they are confident that it will be protected. Such confidence seems to come from clients' strong willingness to take responsibility for scrutinizing how their personal data will be stored and used by companies (80%).

Across the digital behaviors spectrum,[6] we see similar attitudes from investors around cybersecurity and data protection. Approximately a third (32%) of Digital Phobics, for example, say they always scrutinize terms and conditions before granting firms access to their sensitive information, which is roughly in line with Early Adopters (38%).

Yet, unlike the Early Adopters, Digital Phobics are far less confident when it comes to how they view brands' data storage and security capabilities, with only five percent saying they trust companies to keep their information safe. Advisors must therefore be prepared to clearly explain to clients how their data will be managed and protected—and in which circumstances it may become available to other organizations.

Katie Wilson—Head of Customer Success at Triptease, a direct booking platform—is disrupting the travel and hospitality space by following similar principles and building better guest relationships online. In her view, sharing information online is all about trust, strong branding, and clear benefits. "Whether it's through more targeted advertising, displaying accurate information, or offering better pricing—we build trust with clients, and our clients' clients, by showcasing the tangible benefits of sharing information."

[6] Please refer to the digital profiles on pages 12-13.

Irrespective of age, we find a willingness among clients to try new communication channels with advisors if these interchanges deliver a more personalized service.

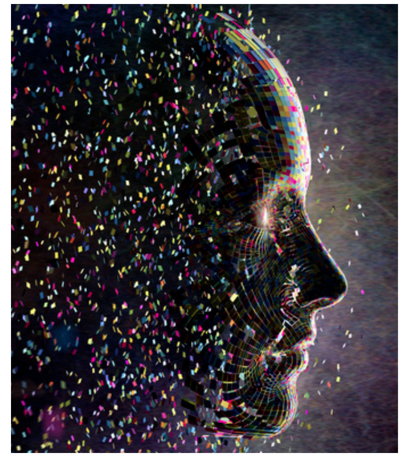


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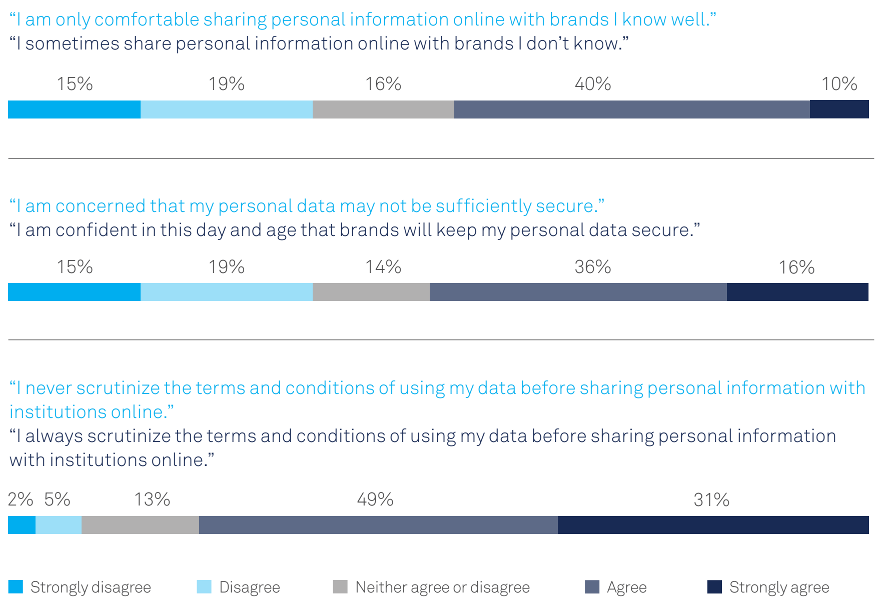
FIGURE 9: Investors are comfortable with sharing information online

For each of the following pairs of statements, please indicate with which you agree more.



Client interest in how personal data is used has been sparked by the introduction of the General Data Protection Regulation (GDPR) earlier this year, as well as well-publicized scandals over data misuse by social media companies. Yet wealth managers in the U.K. are observing that the wider privacy debate is simply pushing firms to be more transparent. According to one senior wealth manager at a recent FactSet-hosted roundtable in London: "There is so much in the news about data privacy and regulation; clients are a lot more prepared to share than we think. We do a little wealth planning with them so need the information to be able to do our job. In return, clients seek assurances around data storage and usage."

Ron Rubbico is CEO of Pointillist, a customer journey analytics platform that uses machine-learning algorithms to uncover and optimize critical path journeys that matter most to clients. According to Rubbico, "Clients have been trained to accept legal terms and conditions presented to them, but this is starting to change. The bar is being raised very rapidly around who clients allocate their trust to, so the more transparent a company can be about how data is stored, secured, and shared—the more credible they will be."

Information delivery is falling short, particularly when it comes to understanding what portfolio content means for investors specifically.

INFORMATION SHOULD PACK A PUNCH

A bespoke service lies at the heart of any wealth management proposition. Indeed, the industry prides itself on its ability to develop a holistic understanding of clients' needs, often translating complex goals and preferences into a highly personalized service.

From the client's perspective, however, the personalization principle is not being applied to investor insights. Information delivery is falling short, particularly when it comes to understanding what portfolio content means for investors specifically.

When asked about the extent to which information received from wealth managers seems personalized, on average, approximately only a third of clients give top marks.

Information can cover a broad range of topics, but across the board, investors are struggling to see the relevance of the insights that are sent to them [Figure 10].

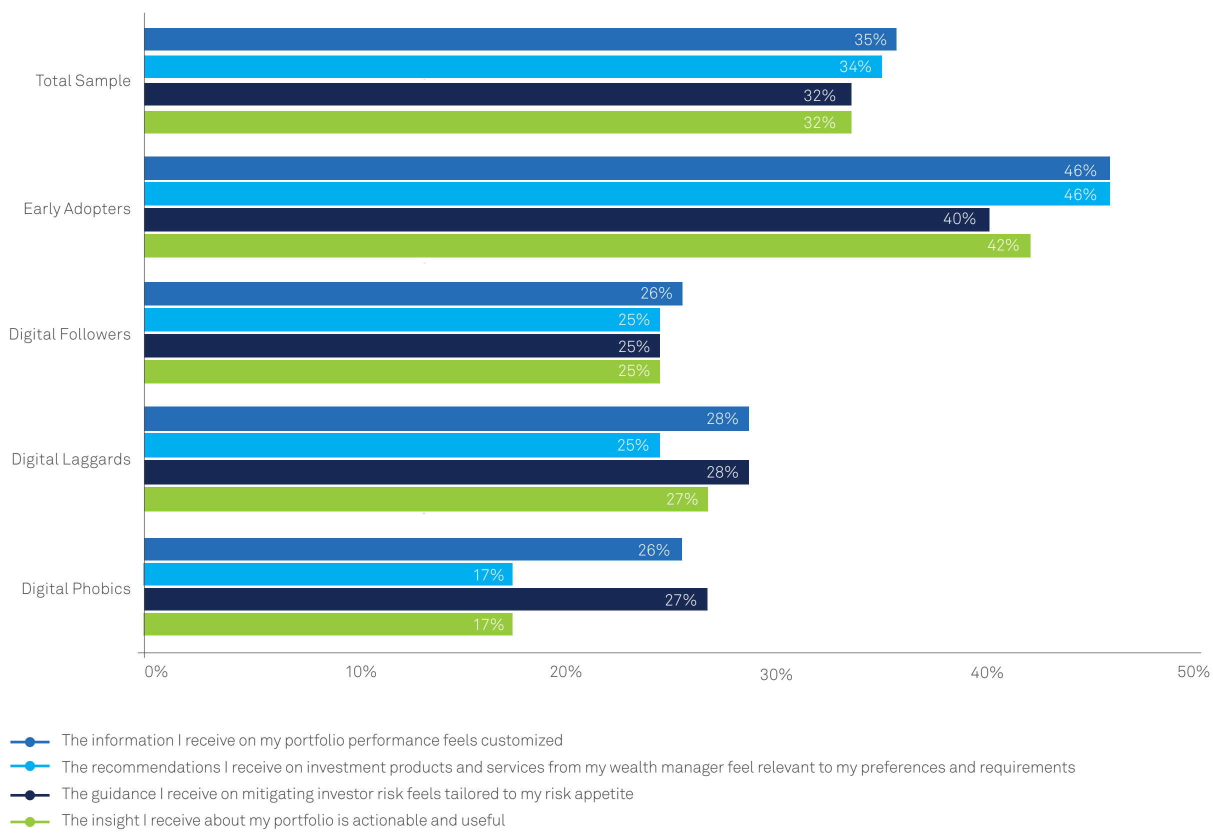
For instance, only 35% feel that information on portfolio performance is sufficiently tailored. A similar proportion say that recommendations on products and services take into consideration their preferences, and less than a third (32%) believe guidance on risk mitigation truly reflects their risk appetite. The weak scores across these key areas of portfolio insight highlight a significant gap in the client experience when it comes to information delivery—or rather a significant opportunity for advisors to improve client satisfaction.

When looking across the digital profiles, only Early Adopters showed higher results. However, this was still under 50%.

Q

FIGURE 10: Investors are under-serviced when it comes to relevant information

To what extent does the information you receive from your primary wealth manager seem personalized?



When asked to prioritize a series of technology investments, the top three preferences focused on:

1 CREATING DASHBOARDS THAT DISPLAY KEY INFORMATION ON WEALTH

2 THE ABILITY TO SEE RECOMMENDATIONS BASED ON WHAT OTHER INVESTORS WITH SIMILAR PREFERENCES HAVE CHOSEN

3 ADDRESSING COMMUNICATION PREFERENCES

CUSTOMIZE THE CLIENT EXPERIENCE

Personalization is not just about information—it extends to the client experience online, where many high net worth clients believe that new technology would encourage higher engagement with their wealth firm. When asked to prioritize a series of technology investments, the top three preferences focus on creating dashboards that display key information on wealth, the ability to see recommendations based on what other investors with similar preferences have chosen, and addressing communication preferences [Figure 11].

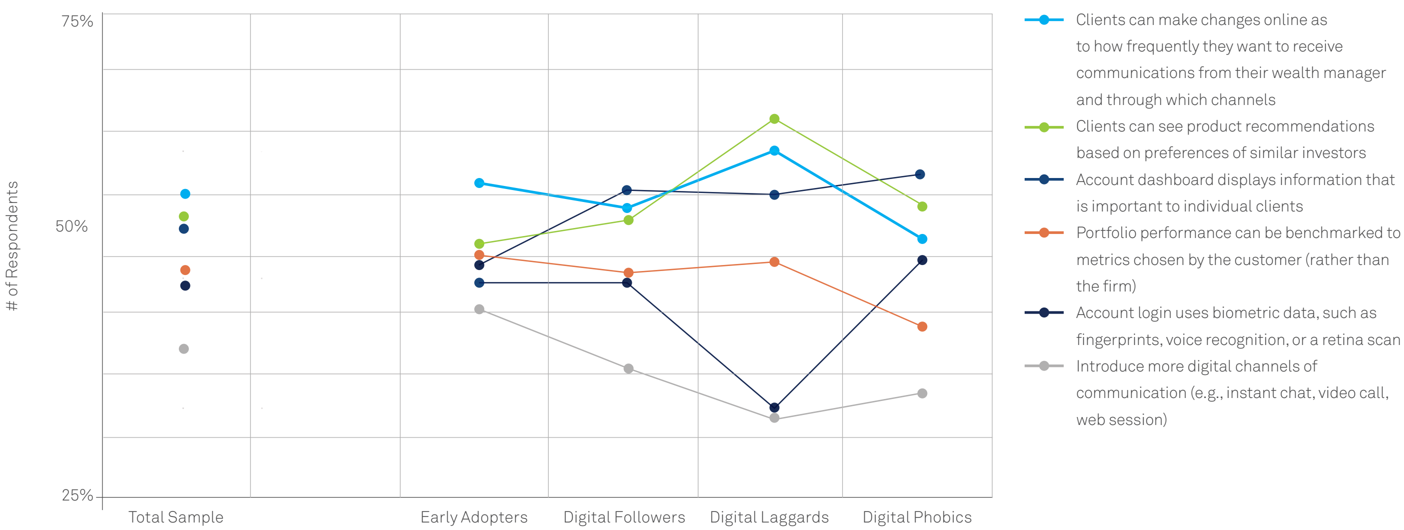
Behind these suggestions lie important nuances in what investors expect from a personalized client experience, driven by their digital preferences. The most forward-thinking firms would therefore go further in redesigning the client experience and focus on delighting investors at the touchpoints that are most important to them individually. An outstanding online experience will offer investors different pathways depending on their comfort with using technology.

To succeed with Digital Phobics, for example, wealth managers should think about making the first screen they see a dashboard that easily allows them to display only the information that they feel is important (60%). Technology that can be leveraged in this way would reassure these investors and encourage them to undertake more digital interactions with their advisor. Meanwhile, with Early Adopters, success lies with the range of digital channels of communication available to them, such as email, video, or chat (45%). For them, an outstanding client experience enables them to complete more activities independently and to enjoy a seamless multichannel journey that could look different each time.

Personalization is not just about information—it extends to the client experience online, where many high net worth clients believe that new technology would encourage higher engagement with their wealth firm.

Q **FIGURE 11: For Early Adopters, the best client experience allows them to do more themselves**

Imagine you are the CEO of a wealth management firm. How would you prioritize each of the following technology investments in order to deliver a more personalized service to clients?



In other industries, it is now normal practice to customize a client's online experience with a brand based on an understanding of their priorities and past behaviors; for instance, in the travel and hospitality sector, where data collection tools are used to efficiently convert a large volume of potential customers. "At Triptease, we developed a series of tools that sit on a hotel's website with the aim of increasing that hotel's conversion rates through personalization," says Wilson. "Scripts, for example, that sit on that website's page and analyze a user's behavior while they're browsing, adapting messaging based on things like their search data, location, cookies, and so on. This makes the experience more relevant for them, while helping hotels understand what kind of guest the browser is."

Wealth firms should integrate similar tools into their websites and investor portals to deliver a best-in-class client experience, which may look different for each investor. Through improved online tracking and analysis, wealth managers will be able to better understand their clients' online behaviors and tailor their journey from the point when they log in to their priorities as individuals.

41%

Not comfortable sharing information with my wealth advisor from any of my online account(s)

43%

Would be willing to share details from my other online account(s), if I were able to identify which information was shared

15%

Would be willing to give access to most / all of my information from my other online account(s), if I knew I could discontinue sharing at any point

Q

FIGURE 12: Clients are ready to socialize their data

Thinking about your other online profiles (e.g., Netflix, LinkedIn, Amazon, Facebook), which of the following are you open to sharing with your wealth advisor for the purpose of receiving a more customized service? (Definitely and Maybe)

1% chose the option Other.

Getting to know clients through their online social profiles allows advisors to go beyond the typical demographic, life goals, and attitudes to risk.

GET SOCIAL WITH SOCIAL

Personalization also offers more strategic benefits for wealth managers through clients' social profiles. The more clients engage online, the more information and data points wealth managers will have, and the more feedback advisors will be able to offer investors for enhancing the proposition.

Although most wealth managers are in their infancy when it comes to capturing data in a meaningful way, done well, new sources of insight on individual client preferences can help to strengthen a firm's offering and increase competitiveness.

The importance of personalization in proposition development was discussed at a recent FactSet-hosted industry roundtable in New York. "What clients think they want, what the advisor is comfortable with, and what the firm wants to promote as a behavior are three very different things. We're actively trying to look at what clients are asking for," commented one senior decision maker.

Fortunately, clients are more willing to invite wealth advisors to view their personal preferences than the industry realizes. In fact, almost 60% of all investors are willing to share either some or all of their digital profiles with a wealth manager [Figure 12]. Insight from investors' Facebook, Amazon, or LinkedIn profiles can reveal additional information, such as purchasing history or online group memberships. Getting to know clients through their online social profiles allows advisors to go beyond the typical demographic, life goals, and attitudes to risk questions, which could in turn help advisors better understand client interests and behaviors, and enable investment recommendations that are more aligned to their personal preferences.

In exchange for sharing personal information, investors hope to see a range of improvements to their wealth management relationships.

To capitalize on the additional information and meet client expectations, wealth managers should consider segmenting their client base by attitudes toward technology.

While none of this insight is revolutionary on its own—after all, single-sign-on options through social network accounts have been available for a while—it is a novel concept for wealth management. In exchange for sharing personal information, investors hope to see a range of improvements to their wealth management relationships, including advisors having a better understanding of their risk profile, advisors sharing information aligned with their goals, and advisors developing a more suitable financial plan [Figure 13].

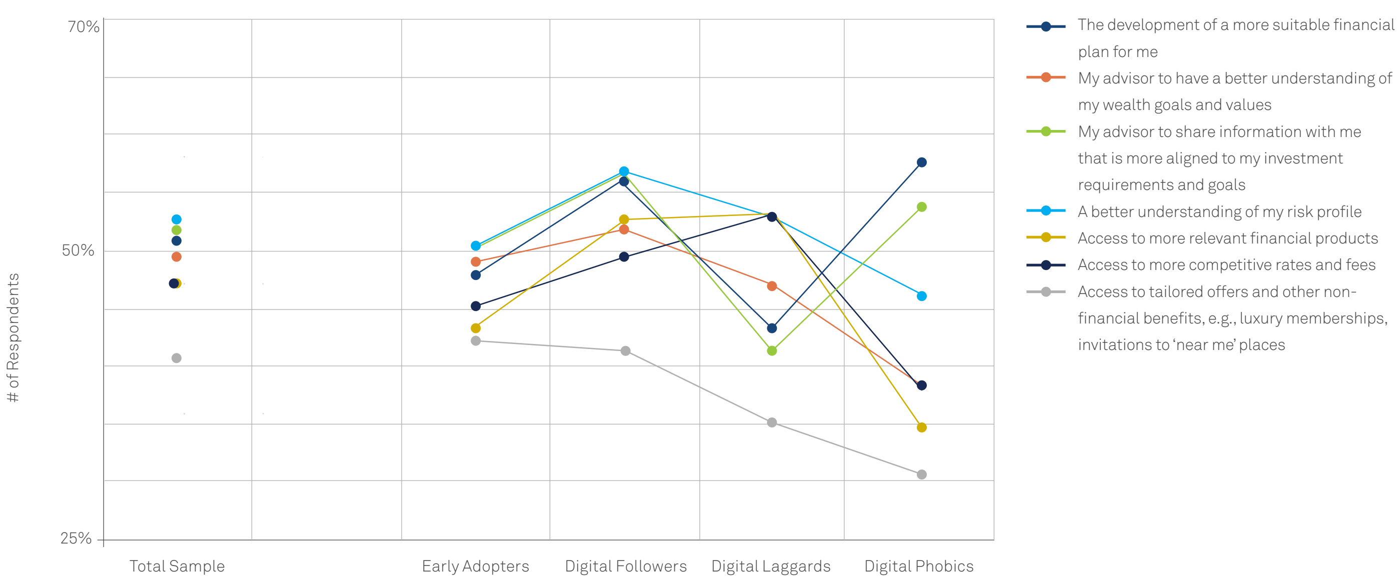
To capitalize on the additional information and meet client expectations, wealth managers should consider segmenting their client base by attitudes toward technology. This will have implications on the types of information clients are willing to share, which vary from purchasing history and geolocation to browsing history and social media profiles.

Early Adopters, for example, are open to arming their advisors with more information so they can do a better job. In exchange, they expect advisors to better understand and explain to them their risk profile (51%) and their goals and values (49%), and develop a more suitable financial plan (48%). Meanwhile, Digital Laggards are interested in seeing the benefits of sharing more personal information translated into the product offering. They highlight wanting access to more relevant financial products (53%) and more competitive rates and fees (53%).

Q

FIGURE 13: Trade-offs are expected in exchange for personal data

What benefits would you expect in exchange for sharing your data with a wealth advisor in this way? "It could enable ..."



As technology advances ... advisors can grow their understanding of their clients to deliver more targeted and suitable content.

CONCLUSION

The long-standing challenges to greater personalization are all too familiar to business leaders today. Stepping back, however, challenges also present new opportunities for building closer relationships with clients.

As advances in technology continue to permeate investors' lives, advisors should become more comfortable with using digital tools and asking clients to engage with them on new channels. Through segmentation beyond the usual demographics and risk profiles, and sophisticated data capture, advisors can grow their understanding of the client's context and online behaviors to deliver more targeted and suitable content.

A better understanding of client needs and preferences will also allow wealth managers to overhaul the client experience to enable the journey each investor wishes to make. Enhancing investor portals' functionality to reflect individual priorities is likely to delight investors when they go online. They can also spot the benefits of granting access to their social profiles in the form of an offering that is more tailored to their interests, values, and risk appetites.

Ultimately, access to additional information from broader sources will allow wealth managers to develop more holistic views of their clients, making the proposition, online experience, and information delivery more relevant to each of them as individuals. As Wilson observes: "It's important to recognize that everyone has different needs and preferences, so it's going to be all about knowing who your customer is and having the most accurate profile on them—without infringing on privacy. Technology will help us get better with this."

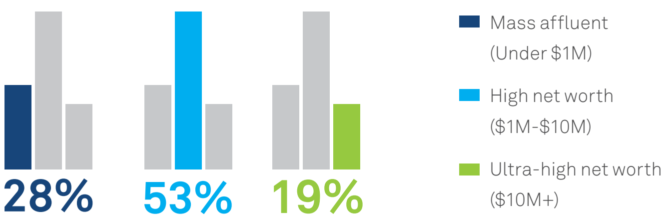
So as the debate on data privacy continues to evolve, advisors should remember: it is better to engage with concerns and show how they can be addressed than to miss out on the benefits new data sources can offer to both sides of the wealth management relationship.

METHODOLOGY

To support this white paper series, FactSet and Scorpio Partnership conducted an online survey with 877 investors in March 2018. The participants were independently sourced residents of the U.S., the U.K., Singapore, and Switzerland. Average net worth was $4.88 million.

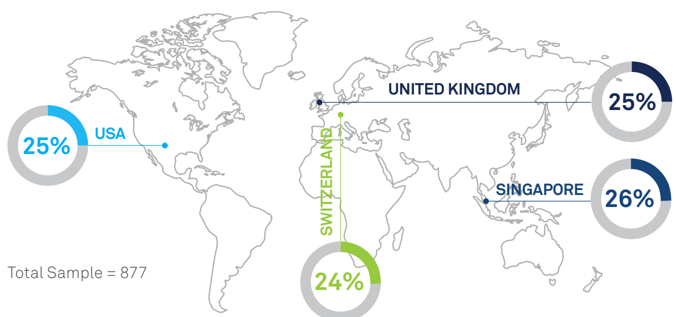
Interviews were conducted with 10 technology experts at some of the most innovative businesses in retail, hospitality, financial services, recreational, and business software to forecast how trends in digital transformation could be applied to wealth management. We gained the industry perspective from roundtables in three locations (Zurich, New York, and London), attended by key decision makers from wealth management firms.

NET WORTH



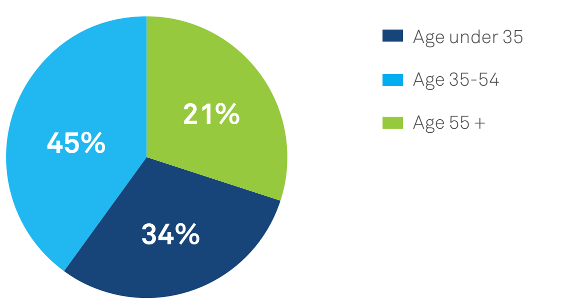
Total Sample = 877
Average net worth of total sample = $4.8M

SAMPLE SIZE

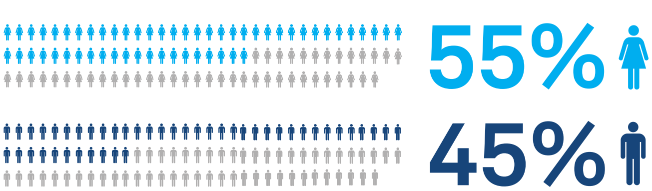


Total Sample = 877

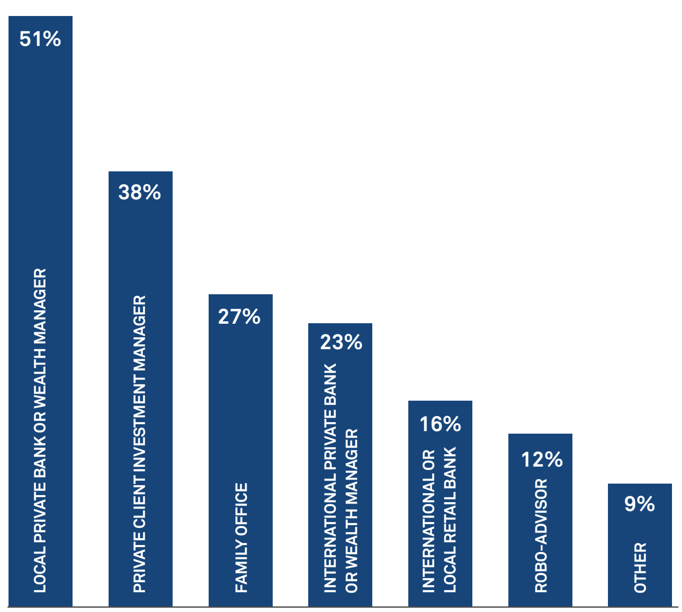
AGE



GENDER



TYPES OF WEALTH FIRMS USED



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FACTSET 〉 SEE THE ADVANTAGE

Scorpio Partnership – An Aon Company
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We specialize in understanding high net worth individuals and the financial institutions with which they interact. We have developed four transformational disciplines —SEEK, THINK, SHAPE, and CREATE—each designed to enable business leaders to strategically assess, plan, and drive growth. These include market research studies, client engagement programs, brand assessments, and business intelligence initiatives.

Scorpio Partnership has conducted more than 450 global assignments across wealth for institutions in the banking, fund management, family office, law, trust, regulation, technology, insurance, and charity sectors. During these assignments, we have interviewed over 100,000 private investors and advisors.

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