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Wealth Management in 2019: How Organizations Can Thrive in Times of Change

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MPHASIS

The pace of change is accelerating. It took the telephone 75 years, the radio 38 years, the TV 13 years, the Internet 4 years, Facebook 3 Years, and Pokémon Go 19 Days—to reach 50 million users.[1]

It is true for all lines of businesses within the BFSI sector, but even more so for the wealth management industry. There is only one constant: change. Some of the latest drivers of this continual change include:

Automation without losing intimacy: Robo-advisor adoption was an interesting journey. The democratization of wealth services, where the mass-affluent were asking for products and services that were earlier strictly for high net worth individuals, further hastened the need. Faster than expected adoption must mean that customers love it. But therein lies the difficulty—correlation vs. causation. If we take a closer look at this trend, it becomes clear that incentives played a large part in its accelerated adoption. Now that the incentives are being slowly withdrawn, customers have already started complaining about the loss of recognition and personal touch. They are increasingly asking, "Why am I being sold what they think that I need? Why can't they be more like Spotify or Amazon?" Which brings me to the next point.

Hyper-personalization, but with context: For the last couple of years, hyper-personalization has been 'the in thing.' And rightly so. It is true this was a big step forward from generalization. However, there is again a gap here. What customers are demanding now is personalization with contextual segmentation. They are saying, "Don't put me in one peer group. Treat me as an individual, but like Netflix, customize what is best for me based on a peer group in that context."

Advisor—not only to drive productivity, but also a tool consonant with everyday life: For the last few years, we have been concentrating on advisor productivity. The math is elementary. Servicing 50% more clients at 20% lower commission still makes better returns. But that is only half of the story. We continually talk of wealth shifting to younger generations. But according to most sources, the average age of becoming a millionaire in the U.S is still in the late fifties.[2] What has changed is the fact that millennials have altered the behavior of other generations as well. Hence, a combination of millennialization of other generations, along with market demand for more advisors and advisors aging and retiring, has made it essential to provide advisors with tools that are equal - if not better - than the ones they are using daily.

Openness in sharing information—as long as they are getting something in return and security is ensured: Last but not least, to achieve any or all of the above, more information and knowledge about customers is required. Luckily, customers are more willing to share their information today. However, it comes with strings attached. Customers want to know how that data is being used and ensure that the same information will not be asked more than once. And of course, how this data/ information will be kept secure. Any reservations regarding security will cause an immediate shutdown in not only sharing, but also the relationship. ■

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1. Source: Forbes

2. Source Spectrum; New York Times; Business Insights

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