



A reality report of Wealth Managers' threat to **#Wexit**

The term “digital disruption” has truly lived up to its name in shifting the technological landscape of the yester-era. The disruptive technologies have transformed industries, bridged people across boundaries, created opportunities and eventually heightened customer expectations to unprecedented levels. Closing the customer-expectations gap has been one of the major challenges of the companies in the modern world. Businesses are finding it harder than ever to keep them updated with the “next big thing” and to align their customer strategy according to it. Didier Bonnet of Capgemini observes, **“There’s still a disconnect between brands listening through technology and knowing what to do with the information they’re hearing”**. The 20th annual World Wealth Report (WWR) has substantiated this argument even more.

Capgemini, one of the leading consulting and outsourcing services in the world, has released its annual World Wealth Report that analyses the wealth of the High Net Worth Individuals (HNWIs) and their impact on economic conditions across the globe. The report majorly emphasizes the need for the Wealth Management firms to be tech-savvy in order to accommodate the needs of their key stakeholders: customers (HNWIs) and the wealth managers. Some of the notable observations from the report are:



56%

Wealth management firms' net income at **RISK**



55%

WEALTH MANAGERS UNHAPPY with their firms' digital capabilities



4 out of 10

Wealth Managers ready to quit their digitally immature firms

8 out of 10



wealth managers willing to experiment with new digital tools

1 IN 4



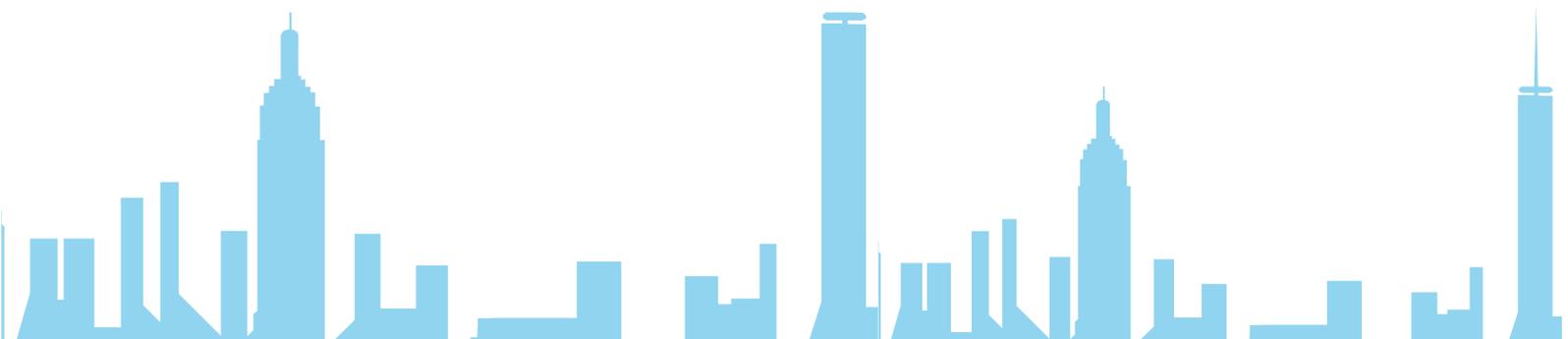
of them have invested their OWN money



8/10

HNWIs belonging to Gen X&Y believe digital maturity is key for associating with firms

These numbers showcase that growing an organization that is digitally-mature has become a necessary parameter for its transformation inside-out. It also signifies how urgent it is, even for the digitally-moderate firms, to fully embrace digitization in their thoughts, words and deeds. These realizations bring about more questions than answers to the organizations on their impending digital transformation. The success lies in understanding the needs of the stakeholders, analyzing the gaps and bridging them digitally.





FinTechs-

What are they doing right?

The emergence of core technological companies as solution providers has become a viable threat for the traditional businesses all over. In the case of Wealth Management, even the established firms have been falling short of FinTechs in being digitally-sound. The result is that, the latter has started attracting the HNWIs under 40 who are making their wealth management interactions of over 85% through digital channels (as per the Capgemini and RBC wealth management Global HNW Insights Survey). This reality is an eye-opener for the industries that are failing to meet customer's demands at their own game as wealth managers have joined their young HNWIs in their tirade to digitize everything.

As per the WWR, FinTechs gain the upper hand because they specialize in transforming functionalities in to software programs and offering them in a digital-platter to their clients and the wealth managers. On the one hand, they have automated advisory platforms (its demand has shot-up by 20% points within 2015-16), open investment communities and self-servicing capabilities with dynamic mobile apps that gives a 360- degree analysis for the clients in a few taps. On the other hand, they engage the wealth managers with customized mobile and social media tools that will ease up the process of gathering, processing and understanding their customer data better. It is imperative that the traditional wealth management firms should catch up with these solution providers, either by collaborating or by creating one for their own business, to put themselves ahead of the game in the longer run.

Disrupt the Status Quo

The study of the WWR, in fulfilling the needs of the modern customers, has provided immense learning for the core business in realizing the immediate need to completely embrace the digital wave. They need to understand that attaining digital maturity is a process where enabling the customers digitally begins from within. The true realization lies not just in investing in technologies but in adapting the digital way of life in every walk of their business.

Change is constant and rapid in this digital world and the winners are the ones that have the ability to study the direction of the winds and adjust the sails before it is too late. The organizations should capitalize on the digital disruptions as their stepping stones in achieving their digital maturity. As Kai Reimer from the Digital Disruption Research group says, "Disruptors don't set out to beat you at your own game: they change the rules".

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