

Beyond the basics

Getting digital right in European Wealth Management



European household wealth continues to grow year on year. Meanwhile, European Wealth Managers want to go digital for transparency and cost efficiency, and are grappling with the questions on “Where do we go next?” and “How do we get there?”.

Based on some PwC surveys, it seems that wealth managers are not measuring up to their clients’ digital expectations.

- 60% of European High Net Worth (HNW) use apps that require personal data.
- Only 35% of European HNW believe their wealth managers will use information and data to provide tailored advice.
- Only 40% of European HNW would recommend their wealth manager.

Client needs haven’t changed, they still look for the basics of good quality consolidated reporting, efficient customer onboarding, insightful wealth planning and reduced paperwork/admin burden for both clients and Risk Managers.

Although a lot of “Robo” propositions have been launched, experience in the UK indicates that “Pure- robo”/ Robo 1.0 has had a limited appeal even in its projected target market.

Given the interaction options of “Face to Face”, “Pure Robo” or “Hybrid”, the preferred advice model for Mass Affluent UK customers investing for a life goal is a ‘Hybrid’ offering at 51% of those surveyed (at 50bps). “Face to Face” was 26% (at 150bps) and “Pure Robo” was 23% (at 25bps). It appears that a lot of clients are driven by their risk appetite, and are reluctant to defer to ‘Pure-robo’ for financial advice.

To date, most wealth managers have focused on delivering basic digital offerings such as digital apps and responsive websites, transactional functionality, and digital and social media awareness. Moving forward successful wealth managers will need to take a “two-pronged” approach to their digital roadmaps by 1) continuing to enhance the basics and 2) putting digital at the heart of commercial priorities.

Wealth managers are at an inflection point: do they continue to invest in conventional technologies or access new digital ‘natives’ who continually take advantage of low “change and run” costs?

The questions were framed using the “Three Waves” spectrum.

- Wave 1 is your traditional core platform, which may be dependent on a single vendor digital road map.
- Wave 2 is a heavy in house custom build, a software company with a customer base of one.
- Wave 3 being the ‘Digital natives’, an ever evolving digital ecosystem that attracts top talent.

The conclusion is that technology is only part of the picture, wealth managers need to put change at the heart of their business.

Wealth managers need to move from a business where ‘running’ the business and ‘changing’ the business are separate tasks. Successful wealth managers will need to appoint ‘Product Owners’ who can provide continuous delivery by running and changing the business concurrently.

In summary

- Getting digital right is an imperative for European Wealth Management.
- Future roadmaps have to both, enhance the foundations and place digital at the heart of commercial priorities.
- The good news is that the industry no longer has to pay a lot and wait too long to deliver digital capabilities.
- However, European wealth managers have to re-examine their IT approach to remain relevant and competitive in future digital delivery.
- Technology is not the silver bullet. Creating and embedding Digital Product Owners who will concurrently run and change the business, will be key to success.

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