

# “ From Mass Affluent to HNWIs, how to create experiences that cost-effectively support the next generation of wealth. ”

## REAL OPPORTUNITY

Aside from the obvious challenges of living through a pandemic, the last 18 months have offered a period of reflection for many businesses as they adapt to new needs and technologies and embark on transformations that ensure service models are fit for purpose far into the future, not just for a few more years.

For private banks and wealth managers in particular, the growing interest in investment markets brings real opportunity, as illustrated by the recent results announced by many in the industry, whether through targeting of the ‘mass affluent’ client segment to drive new revenue streams and offer services to what has traditionally been an underserved market, or through the intergenerational transition of wealth as a whole.

It’s clear that the pandemic has radically impacted client behaviours, accelerating the use of digital technologies and driving new engagement strategies. As client expectations continue to rise, businesses that adopt a more flexible service model can be more accurate in their vision and plans.

A service model that offers real-time insights to its clients at the right time in the right place in an easily consumable way is destined to become the ‘new normal’. Clients want to see businesses moving forward, so giving them greater transparency and visibility to accelerate decision-making is key.

Saying that, not every financial institution is the same, and there are a number of different strategies when it comes to supporting specific market segments and choosing what services to offer them. As financial services markets converge around the lifetime needs of the mass affluent clients to offer a more holistic and personalised service, there are roles to play for generalists and specialists alike in the banking and wealth markets, and this will drive greater collaboration across a wider ecosystem.

## CHOOSING A PATH

The private banking and wealth management industry is undergoing a fundamental shift, with an increasing need for long-term savings driving new asset flows and the rise of the middle class leading to a 10-12% annual increase in global AUM.

Millennials, the emerging wealthy and HNWI individuals are already demonstrating their preference for hybrid models over traditional advice models. Digital tools offering a transparent and real-time understanding of client investments have become table stakes. For many, the new ‘target model’ is defined by a flexible service model that supports clients throughout their financial journey, spanning from mass market to UHNW individuals. Flexible service models enable wealth advisers to engage clients and offer cost-effective services at all stages.

The accelerated adoption of digital technologies to support remote working and virtual meetings, combined with the increased uptake of wealthy clients, has put real pressure on middle and back-office operations and systems. These operational strains may not have been highlighted so quickly were it not for the pandemic, but now that they have been, institutions have had to revisit end-to-end service models and technology strategies to ensure that they are fit for purpose. Those choosing to build their future propositions on a flexible, open and easily configurable platform will benefit from streamlined front-to-back processes, with the ability to offer all-digital services to those client segments seeking a more “do it yourself” way of managing their money, whilst removing the administrative bottlenecks experienced today.

As a case in point, new entrants to the market are offering clients a simplified wealth proposition built on modern technology and processes, which is engaging

people in investment activity and creating opportunity for the industry as a whole. For many of the long-established institutions, the cost to serve these lower-value client segments is simply prohibitive as it stands, with operational processes built around disjointed legacy technology making it near on impossible to compete with the new entrants and their simplified, highly automated digital propositions. So for many, the focus will continue to be on existing wealth services and segments, only targeting new clients once their wealth has grown and they have a need for additional (more complex) wealth services.

The challenge for these institutions is in how they attract the next generation of wealthy clients, and how much transformation is required to ensure this can be achieved in a cost-effective manner. How the next generation of wealthy clients choose to transition from the simpler wealth propositions to more complex wealth services is not entirely clear yet, but many expectations will have already been set by this initial experience so traditional service providers will be challenged.

## ENABLING FUTURE GROWTH

With market competition getting tougher and increasing demand for new products and services, financial institutions need to be able to focus more on their clients and business growth strategy.

Whether private banks and wealth managers adopt an organic business transformation strategy or not, technology will remain at the core of this transformation. A core platform that embraces open finance and APIs to connect with fintechs, allowing seamless and agile integration, is the need of the hour.

At ERI, our goal is to support the growth of our clients’

businesses while enabling them to monitor and control their operating costs and expenses, using a reliable, open and proven platform in a world of ever-increasing digital innovation and regulatory pressure.

Our OLYMPIC Banking System is available for clients to access in multiple modes, including as a SaaS solution. The latter enables institutions to access it without having to install and run applications on their own IT infrastructures. Organisations opting for this cost-effective, reliable and secure delivery model will gain agility for their business. Those looking to optimise productivity and efficiency can leverage enterprise connectivity (via APIs) to streamline their business models, enabling them to offer better services at more competitive prices.

## EMBEDDING TECHNOLOGY

Clients are increasingly aware of the impact of digital technology in the investment space. It is imperative for private banks and wealth managers to have a business strategy that embeds technology innovation into their value proposition to stay relevant.

Wealth management and the private banking sector need to understand that they are not alone in their digital journey. Technology experts, ecosystem partners, and even their peers can be useful partners to drive innovation.

Paul Driver, ERI Sales Manager UK&I  
[www.olympicbankingsystem.com](http://www.olympicbankingsystem.com)

