Nick's Corner

Wealth and Asset Management 2021 - *Preparing for Transformative Change*

Executive Summary. Everywhere you look, the signs of change are there. The global demographics of wealth are shifting dramatically—from the growing dominance of women investors to the rising middle class in emerging markets. The wealth industry will see the transfer of trillions of dollars of wealth from baby boomers to a new generation of digital natives. These changes will occur at hyper-speed as smarter technology links billions of people and devices to financial markets. Over the next five years, the impact on the wealth profession will be profound. To help executives understand the far-reaching implications, Roubini ThoughtLab teamed up with a coalition of leading wealth organizations to conduct this study, titled *Wealth and Asset Management 2021: Preparing for Transformative Change*. This paper highlights five key megatrends that will reshape the global wealth profession over the next five years.

1. The big shift. By 2021, the convergence of technological, economic, and demographic trends will transform the wealth industry, unlocking greater global wealth across a more diverse universe of investors. The Roubini analysis foresees **massive wealth creation** over the next five years.

2. The rapidly evolving investor. As demographic and wealth patterns change around the world, providers will need to engage a more heterogeneous set of investors. Although the core values of investors will stay the same in the future, their behaviours and product needs will shift dramatically. Investors plan to increase their use of anytime, anywhere, any device access (52%), transfer investments to organizations with better services (37%), and work more with wealth providers offering specialized advice (37%). They will also acquire a growing appetite for personalized services (43%), alternative investments like hedge and real estate funds (37%), socially responsible investing options (29%), and smart beta products (25%). Understanding the differences and commonalities among these investor segments will be vital for success. For example, 52% percent of female respondents expect to use socially responsible investments in the next five years, compared with 41% of men.

3. Rethinking product and market approaches. In response to changing customer demands, investment providers are resetting their product priorities over the next five years. At the top of their priority list is

- developing fintech capabilities (59%),
- creating more customized products (58%),
- offering a rich range of investment alternatives (51%),
- providing specialized, holistic wealth advice (43%), and
- adding smart beta products (35%).

Investment providers are also **recasting their strategies for retaining and acquiring a more diverse set of customers.**

4. The future wealth advisor. To stay relevant, wealth advisors will elevate their role in the wealth ecosystem over the next five years. **Next-generation wealth advisors will need to be hyperresponsive, highly empathetic, and digitally savvy.** Equally important, they will need to be multidimensional professionals able to provide both specialized advice and life goal-planning – always keeping their clients' best interests in mind. When selecting wealth advisors in the years ahead, investors will continue to use long-standing criteria, such as quality (70%), fees (61%), reputation (60%), and range of services (61%). **But investors will also assess wealth advisors on new measurements: their digital capabilities**. These include anytime, anywhere, any device access (57%), integrated omnichannel experience (51%), and advanced use of digital technology and analytics (50%). According to providers, over the next five years, advisors will need to adapt their roles in several fundamental ways, including providing more responsive, 24/7 service (58%), offering superior investment advice (44%), becoming digitally savvy (42%), providing a broader range of life-planning advice (42%), and reducing fees (34%). The role of the advisor will take the form of a "general practitioner," who can call on a cadre of specialists when necessary.

5. The road ahead: Driving digital transformation. If investment providers had any doubts about the importance of going digital, they just need to listen to their clients. In our survey, 82% said that it was important for their investment provider to stay at the forefront of technology in the future. In response, investment providers are developing an array of digital capabilities, including anytime, anywhere, any device access (55%), omnichannel experiences (48%), technology-enabled planning tools (45%), improved performance analytics (41%), digitally enabled client on-boarding (41%), and low-cost online trading platforms (40%).

Furthermore, with SMAC (social, mobile, analytics, and cloud) technologies now becoming table stakes, wealth firms are targeting smart technologies that can provide them with greater differentiation in the future. These technologies include virtual reality (set to grow 130%), artificial intelligence (128%), web analytics and sentiment analysis (77%), telepresence and web collaboration tools (68%), and blockchain (43%). The study reveals that wealth companies will transform their strategies, products, and business models to become fully integrated, digitally driven businesses by 2021. Digital leaders – firms in advanced stages of digital transformation – report that last year they increased assets under management by 7.2%, profitability by 6.8%, and productivity by 9.4% thanks to the use of digital technology. The ultimate goal for these firms is to become "omni providers," able to serve customers seamlessly across all channels, with an integrated front-, mid- and back-office. By 2021, 57% of digital leaders plan to be fully integrated omni providers. Crucially, our research revealed five key pathways to success followed by digital leaders: Invest adequately in new technologies (41%); make the customer central (37%); nurture an innovation culture (33%); develop an effective transformation process (32%); and bring the right talent on board (31%).

The research was conducted by Roubini ThoughtLab in conjunction with ***Bank of Montreal, Broadridge, CFA Institute, Cisco, eToro, Schroders, SEI,*** *and* ***State Street.***

Client Services

Please be aware of the following, potential projects to prioritize for 2018:

- Tax Free Savings – Can be accommodated with our Transfer functionality
- Linx Automation Starter Guide (Web Services Automation) – Available from Client Services
- FinSwitch Service Offerings Document – Will help you identify opportunities for greater efficiencies from functionality that is not utilized

As this is our last newsletter for the year, I think it is only fitting to thank everyone for their support, input and ideas throughout 2017.

Thank you!

Best Wishes
Tasneem Gydien
Manager: Client Relations

Application Desk

The end of year is upon us. Code freezes and all IT related processes have scheduled R&R coming up. We will however have a final "bug release" at the end of November, which includes:

- Optimisation on retrieving your user list
- Fixes to fund linking
- Dashboard updates
- Bugs related to renewing the login password

Still some more to look forward to in 2018, but for now…Cheers till next year.

Best Wishes
Ismail Allie
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B-BBEE Certificate

You can download our certificate by clicking **here**.