

WEALTHTECH MATTERS

SWITZERLAND

A write up of our one-day event which took place in Zürich, Switzerland, and brought together COOs, CTOs, and CIOs from top wealth management firms and private banks to discuss various technology solutions being deployed to address the strategic challenges facing their businesses.



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Introduction



The WealthTech Matters event series is an annual celebration of the wealth management industry and its technological developments. The series sees The Wealth Mosaic collaborate with Owen James to create events that address the year's industry trends involving the adviser, the client, and business operations as a whole.

This WealthTech Matters event, held in Zürich in November 2023, focused on businesses and their processes, with a series of roundtables held under Chatham House rules. The sessions set out the core issues wealth management firms currently face and how technology can have a transformative effect in strategically driving a business forward and positioning it for long-term success.

The initial discussion, '**Research driven - how to use Machine Learning and Generative AI to drive investment recommendations at scale,**' was led by Dr. Boris Rankov, Head of Product Strategy International (EMEA and APAC), at InvestCloud. It looked at various topics around artificial intelligence (AI) and its application in the wealth management industry. The roundtable found that the opportunities and challenges of leveraging AI, as well as the capabilities of large language models like GPT-3, are many.

The second session, '**Informed decisions – the platforms and services making the biggest impact on wealth managers,**' was led by Christian Jedlicka, CSO, Etops Group. It covered the role that AI in its various guises can play in supporting relationship managers and advisers in wealth management. The roundtable identified quick wins for digital innovation such as automated meeting summaries or sales intelligence, as both have the potential to deliver significant value without high risk or cost.

The third session, '**Value adding – adapting to the world of enhanced client experience,**' was led by Edward Turner, Private Banker, Dreyfus Sons & Co Ltd., Banquiers. It built upon digital innovation and AI as a support to the adviser. It then looked at changes in wealth management and factors impacting the client experience. During this session, the human dimension was widely recognised as critical in wealth management as human personalities and needs are changing. Trust is also a key 'why' in wealth management.

The importance of the opportunity afforded by AI, as well as the importance of retaining the human connection, were both identified in the scene setter. Indeed, AI to help advisers offer a much more personalised and contextualised service was a highlight. AI and the potential for BigTechs and FinTechs to threaten the current model of wealth management was also acknowledged. As such there is a clear need for wealth managers to harness AI to underpin, but not replace, the service provided by the human adviser and in doing so, ward off the potential threat of clients taking their business elsewhere.

“Sustainable solutions - responding to evolving client behaviours and values,” meanwhile, underlined the need to meet and exceed client expectations. This is particularly important in the context of the ‘Great Wealth Transfer’ and was the focus of the fourth roundtable.

This session was led by Edward Turner, Private Banker, Dreyfus Sons & Co Ltd., Banquiers and facilitated by Simon Minder, Family Office Adviser, M76 - Family Office Consulting. The discussion focused on challenges related to sustainability and ESG investing for wealth management. The conservative nature of private banks, lack of clear standards and definitions around sustainability, and reconciling different client preferences, remain a concern.

The fifth session **‘Partnership potential - innovation without reputational compromise,’** covered various aspects of partnerships between financial institutions and FinTech companies - the importance of trust and finding the right form to partner with to solve a pain point were both emphasised. There was agreement that partnerships are critical in financial services. The session was led by Cotyso Bodea, Chief Technology Officer, Everon, and Brice Zanetti, Chief Relationship Officer at Everon.

The scene-setter findings echoed this sentiment with 89% of wealth managers wanting to partner to up their front-end technology offering while 44% wanted help with risk analytics. Marketing support was cited by 33%. Again, this reiterates the awareness that the service proposition itself needs to exceed client expectations if the wealth managers are to retain clients.

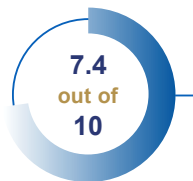
The Zürich event therefore had a strong focus on the need to meet and exceed client experience and the ways in which technology can underpin the adviser’s efforts - making for a happy client that is not only sticky, but adds to the share of wallet with the adviser. That is not to say that wealth managers are trying to ringfence their clients to ward off competition. Indeed, there is widespread acceptance of the value that a collaborative approach with third-party vendors can bring in terms of improving the service and its delivery, and we should expect to see such an ecosystem-based technology approach develop further.

Scene setter findings

WealthTech Matters - Zürich, November 2023

Our scene-setter questionnaire was filled in by attendees of the event. The questionnaire is designed to provide a finger on the pulse of what the community is thinking, including the areas that are the biggest concerns, priorities for strategic development, barriers to productivity, and intentions regarding investment.

Key data points



The bullish rating stands at 7.4 out of 10

SWOT analysis



Strengths

Being innovative, adaptable, and resilient. Having the ability to offer a compliant, regulated, and secure service offering. Having high and firm revenue streams, low capital investment, as well as expertise and experience.



Weaknesses

Intense competition from disruptive FinTech start-ups, tech giants and AI, geopolitical instability, and the risk of cyber-attacks.



Opportunities

Digital transformation, harnessing AI, and potentially forming partnerships with disruptors.



Threats

Intense competition from disruptive FinTech start-ups, tech giants and AI. Geopolitical instability with all its ramifications was also raised along with the risk of cyber-attacks.

Productivity issues



The productivity score was **5.9/10**



Barriers to productivity*

Front office communications
(3.4)



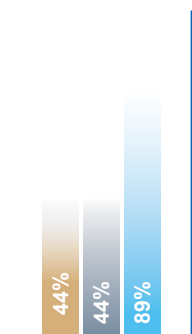
Company culture
(2.5)



Outdated technology
(3.0)



Disjointed processes
(2.9)



Collaboration and partnering opportunities

- Front-end technology offering
- Risk analytics
- Support with technology relating to the back office. Indeed if the 'engine room' is disjointed then that impacts the front end too



Enablers of productivity*

New technologies
(3.2)



Digitising the client journey
(3)



Straight Through Processing
(2.8)

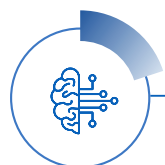


Potential for technology innovation to enable future business opportunities*

AI to help RMs offer a much more personalised and contextualised service
(3.4)



Cybersecurity
(2.5)



Open banking to aid cross-bank communication and machine learning algorithms
(2.0)

Scene setter summary

Strategic challenges



How bullish are you about the year ahead?

The bullish rating stands at 7.3 out of 10, the same for UK CEOs. This is more upbeat than UK wealth management CEOs, and slightly less so than the UK advisory distributor CEOs were in June.



What's keeping you up at night on a business level?

Respondents ranked a list of challenges in order of importance. The top challenge, by some distance, is the state of geopolitics and the resulting impact on markets and investor sentiment. This is not surprising given there are now two wars in full swing, both of which show no sign of resolution any time soon. Achieving greater productivity also scores highly, given wealth managers are all aware of the need to do more with less and the need to leverage tooling in order to achieve this. Changing client dynamics also featured high on the scale and the challenges in finding and retaining the right people was the fourth placed challenge. Other areas highlighted were around identifying the most innovative sectors in Switzerland, achieving scalability, the effects of AI, and the impact of the price of oil on inflation.

SWOT analysis

Concerns around legacy IT systems, the business being slow to innovate and implement, business complexity, and regulatory requirements were cited as weaknesses. The threats identified were intense competition from disruptive FinTech start-ups, tech giants and AI. Geopolitical instability with all its ramifications was also raised, along with the risk of cyber-attacks.

However, on the upside being innovative, adaptable and resilient were cited as strengths, along with the ability to offer a compliant, regulated, and secure service offering. Having high and firm revenue streams, low capital investment, as well as expertise and experience were seen as a plus in the quest to become a trusted and value-added partner to clients.

With all that in mind respondents saw clear opportunities in digital transformation, harnessing AI, and in potentially forming partnerships with disruptors to generate material improvements in competitive position. There is clear awareness of the need to do better in terms of client experience and service delivery, against a back-drop of the wealth management sector itself changing, as well as a tumultuous global situation that seems more unstable than ever.

Productivity and profitability

Barriers

Communication was cited as one of the biggest barriers to front-office productivity and company culture could be improved upon too.

In terms of the back-office, respondents feel that outdated technology and disjointed processes are an issue. An inefficient organisational structure with too many silos was also cited as hindering productivity.

Enablers

New technology emerged as the biggest productivity enabler, however there was also recognition that reorganising the existing technology stack and making better use of it to run in a more efficient manner would be a positive step too.

Technology



Where is the greatest potential for technology innovation to enable future business opportunities?

AI saw the highest weighted response (3.4) and is seen as an opportunity to help RMs offer a much more personalised and contextualised service.

Cybersecurity also scored highly (2.5) and appears to be a constant and evolving issue that wealth managers must keep on top of in order to reassure clients about data security and internal housekeeping.

Open banking to aid cross-bank communication and machine learning algorithms to alert RMs when smart investment decisions are needed was the third highest weighting (2.0). This all points to the need to have the right tooling in place to provide a value-added service to clients that is responsive to need and able to take the initiative when it comes to wrapping the service and its delivery into a personalised and contextual layer.

Partnering opportunities

89% of wealth managers wanted to partner to up their front-end technology offering and 44% wanted help with risk analytics. Marketing support was cited by 33%. This points to an awareness that the service proposition itself needs to exceed client expectation if the wealth managers are to retain clients. Tellingly, 44% wanted support with technology relating to the back-office. Indeed, if the engine-room is not running as smoothly as it might, this has an impact on the front-end too.



Roundtable summaries

03

Contents:

- Research driven - How to use Machine Learning and Generative AI to drive investment recommendations at scale
- Value adding - Adapting to the world of enhanced client experience
- Informed decisions - The platforms and services making the biggest impact on wealth managers
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- Partnership potential - Innovation without reputational compromise

Research driven

How to use Machine Learning and Generative AI to drive investment recommendations at scale

This session was led by Dr. Boris Rankov, Head of Product Strategy International (EMEA and APAC), at InvestCloud, and facilitated by Stephen Wall, Founder at The Wealth Mosaic. It looked at various topics around artificial intelligence (AI) and its application in the wealth management industry. The opportunities and challenges of leveraging AI, as well as the capabilities of large language models like GPT-3, are many.

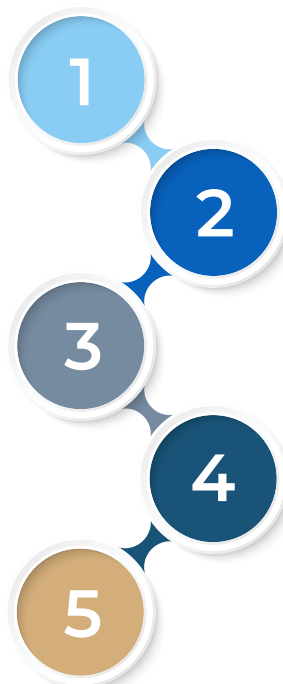
It was generally agreed that AI can help improve productivity and efficiency in areas like documentation, reporting, research analysis, portfolio optimisation, and client servicing through virtual assistants and chatbots. But effective implementation relies on having the right data architecture and vendor partnerships to drive system integration, as well as address legacy challenges around data quality, siloed processes and systems. Hence there is a need to assess gaps in data architecture, systems, and processes before deployment of any AI-based solution. Firms should also focus on their position in the value chain and leverage vendor partnerships strategically.

Key findings

The opportunities and challenges of leveraging AI, as well as the capabilities of large language models like GPT-3, are many.

A sensible approach is a phased one, with risk management built in.

AI should aim to augment human capabilities rather than replace jobs.



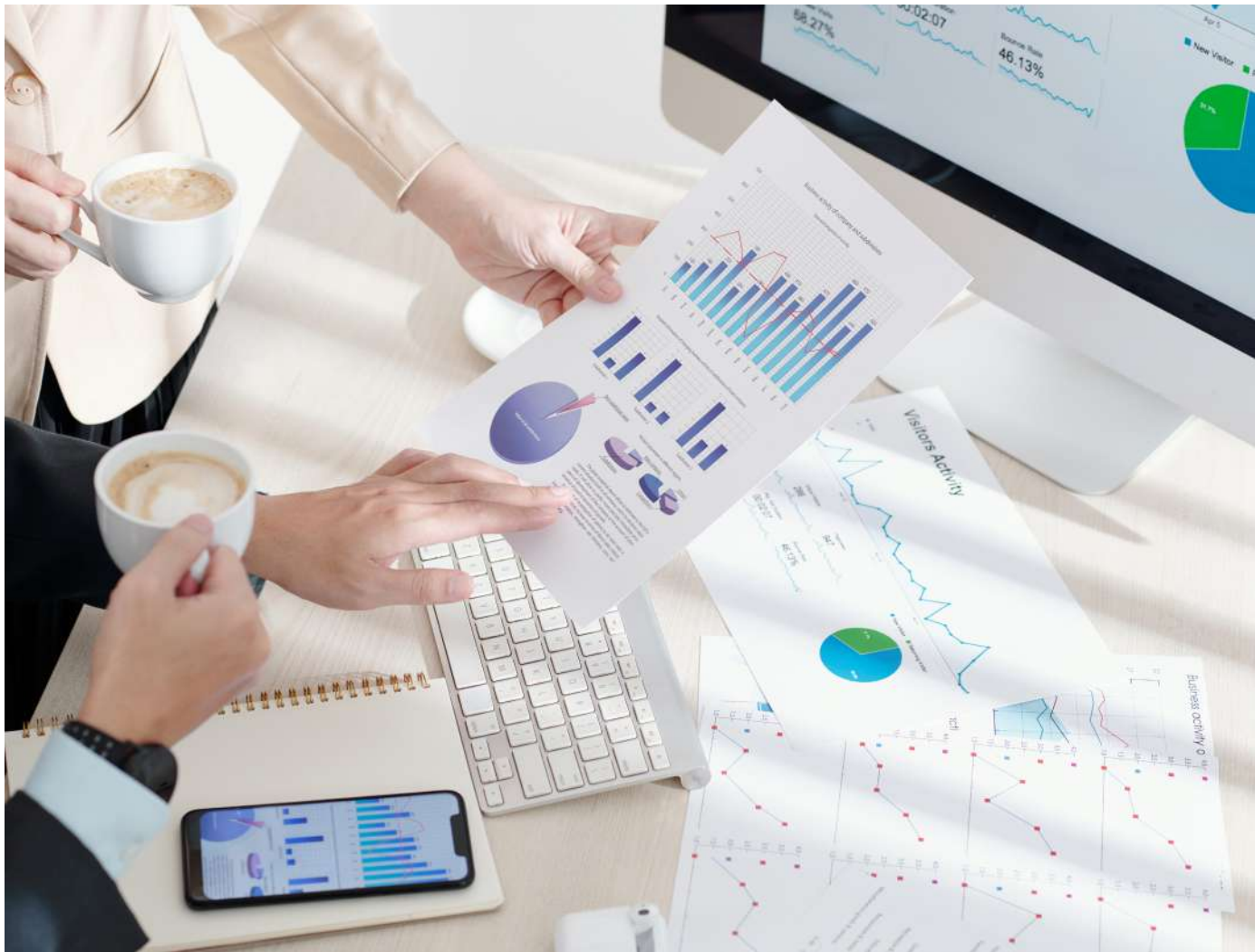
Data architecture and vendor partnerships are crucial.

Explainability, auditability, and data privacy need to be handled sensitively.

Approach

A phased, risk-managed approach makes the most sense. It means starting with lower-risk use cases that are easier to control, like automatic generation of meeting note summaries and action logs, rather than making immediate client-facing applications. By doing this, trust in the system can be built slowly and incrementally. In addition, issues around explainability, auditability, and data privacy need to be handled sensitively, especially when using third-party Cloud services. On-premise solutions may provide more reassurance to clients initially.

Finally, culture and change management are critical to ensure staff are on board and engaged. AI should aim to augment human capabilities rather than replace jobs and this needs to be clearly communicated from the start. Firms should also design training programmes to educate staff about AI.



Value adding

Adapting to the world of enhanced client experience

This session, led by Edward Turner, Private Banker at Dreyfus Banquiers, and facilitated by Simon Minder, Family Office Advisor at M76 - Family Office Consulting looked at changes in wealth management and factors impacting the client experience.

The human dimension is widely recognised as critical in wealth management, as human personalities and needs are changing. Trust is the reason ‘why’ clients engage with their advisers. Enhancing trust is critical to maximise client satisfaction.

The combination of effective technology and the human touch can serve to increase overall client satisfaction levels. This is crucial at a time when loyalty levels are falling, and clients are worrying more than ever about their investments in volatile markets.

Key findings



Quality of advice

Indeed, in volatile times, the quality and timeliness of advice needs to exceed client expectations. Being proactive with predictive analytics, profiling clients, and personalisation all help with this - fuelled by data analytics.

In addition, design friendly, consistent communications tailored to personal interactions are crucial, as is the provision of strategic, realistic advice considering a client's holistic wealth.

Wealth managers can do much to reassure their clients by running educational sessions, having the data to run 'what if scenarios and maintain a focus on understanding clients and build trust, credibility and honesty.

However, there can be internal cultural pushback with some relationship managers avoiding using CRM tools and sharing data, thus collaboration is key in improving the overall service proposition. Moreover, technology for communications, although very useful, needs to be carefully managed to avoid fragmented record keeping of client interactions.

Firms need to evolve systems, collaborate openly with other experts and help clients simplify complexity while building trust. Overall, the human relationship remains central, but data and technology can enhance the client relationship too. Defining and tracking metrics for client satisfaction and loyalty over the long-term is therefore a good idea.



Informed decisions

The platforms and services making the biggest impact on wealth managers

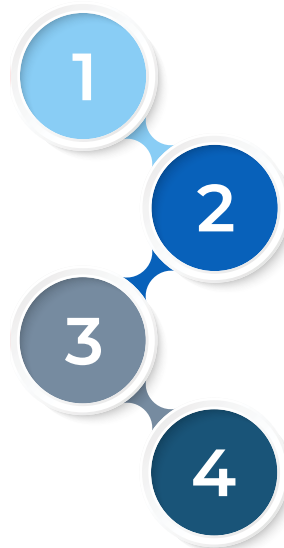
This session, led by Christian Jedlicka, CSO, etops Group, and facilitated by Gregor Mueller, Independent Consultant, covered the role that AI, in its various guises, can play in supporting relationship managers and advisers in wealth management.

Key points included the need to leverage technology like AI, Machine Learning, and Generative AI to support relationship managers, rather than fully replace them. Quick wins for digital innovation include automated meeting summaries or sales intelligence, as both have the potential to deliver significant value without high risk or cost.

Key findings

Technology like AI, Machine Learning, and Generative AI can be usefully employed to support relationship managers, but will never fully replace them.

A generational shift in service expectations means that more digital access is now a must have. But human expertise is still seen as essential for complex needs like private markets investing.



Good data management and analytics capabilities make for a better understanding of client needs, preferences, and behaviours.

Complex regulations make life harder when it comes to digitisation.

Client engagement

There was also emphasis on using data and analytics to better understand clients' needs, preferences, and behaviours, and tailor investment services and recommendations accordingly.

The generational shift was noted too, with younger clients wanting more digital access and less human interaction, while older clients still prefer personal relationships with a human touch. However, human expertise was still seen as essential for complex needs like private markets investing. And regulatory burdens, like KYC, were cited as a hindrance to digitisation efforts.

Overall, there was agreement on the need to digitally transform; innovations like AI, mobile apps, and new client onboarding processes all need attention. To progress, firms must bring together both the IT and business sides of the house to develop innovative solutions that balance cutting-edge technology with client needs.



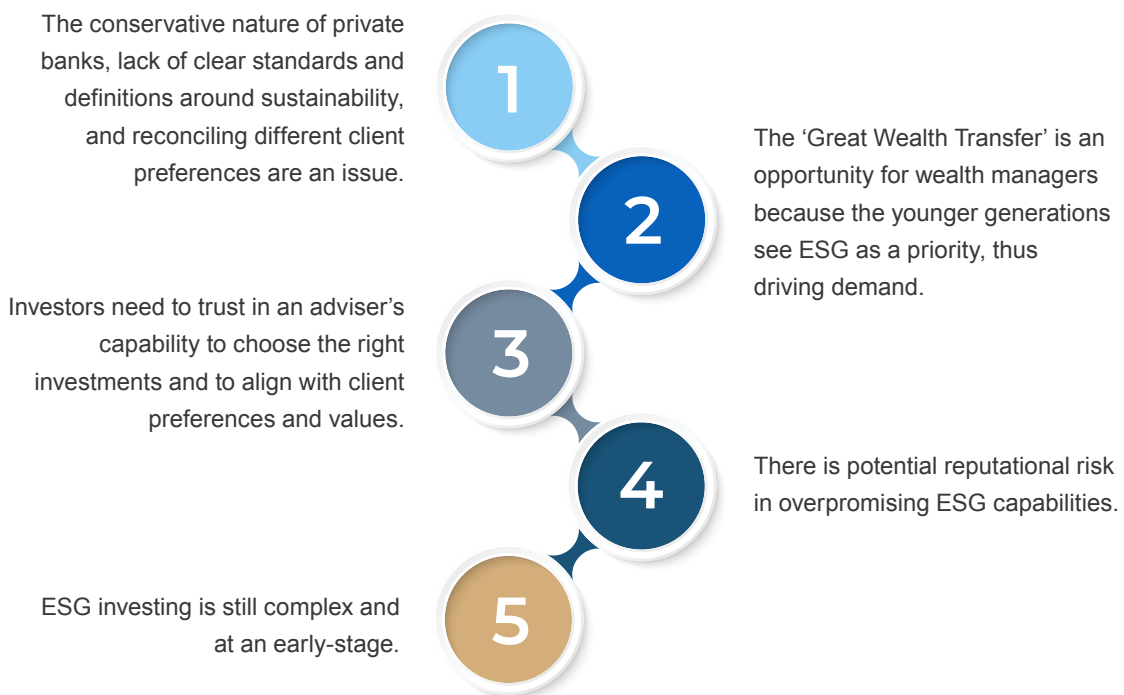
Sustainable solutions

Responding to evolving client behaviours and values

This session was led by Edward Turner, Private Banker, Dreyfus Sons & Co Ltd., Banquiers and facilitated by Simon Minder, Family Office Adviser, M76 - Family Office Consulting. The discussion focused on challenges related to sustainability and ESG investing for wealth management. The conservative nature of private banks, lack of clear standards and definitions around sustainability, and reconciling different client preferences remain a concern.

However, the 'Great Wealth Transfer' is an opportunity because the younger generations see ESG as a priority. This needs to be carefully managed so that everyone's needs are met.

Key findings



Trust

Trust was emphasised as critical, particularly as continued scepticism remains around many ESG products and ratings. Investors need to trust in the adviser's capability to choose the right investments and to align with client preferences and values. Independent standards, improved corporate sustainability reporting focused on investors, and better data visualisation were suggested as ways to build long-term client trust.

The discussion also touched on tailoring offerings to specific clients versus standardising. But the reputational risk of overpromising ESG capabilities, and the cultural shift required in wealth management to become more client-centric with technology like client dashboards are potential obstacles to being able to do so.

Indeed, while in-person relationships remain important, AI and digital tools can supplement conversations and provide ongoing personalised ESG insights. Overall, the session reflected the complex, early-stage nature of ESG investing and the long journey still required to fully align wealth manager and client sustainability objectives to deliver strong returns.



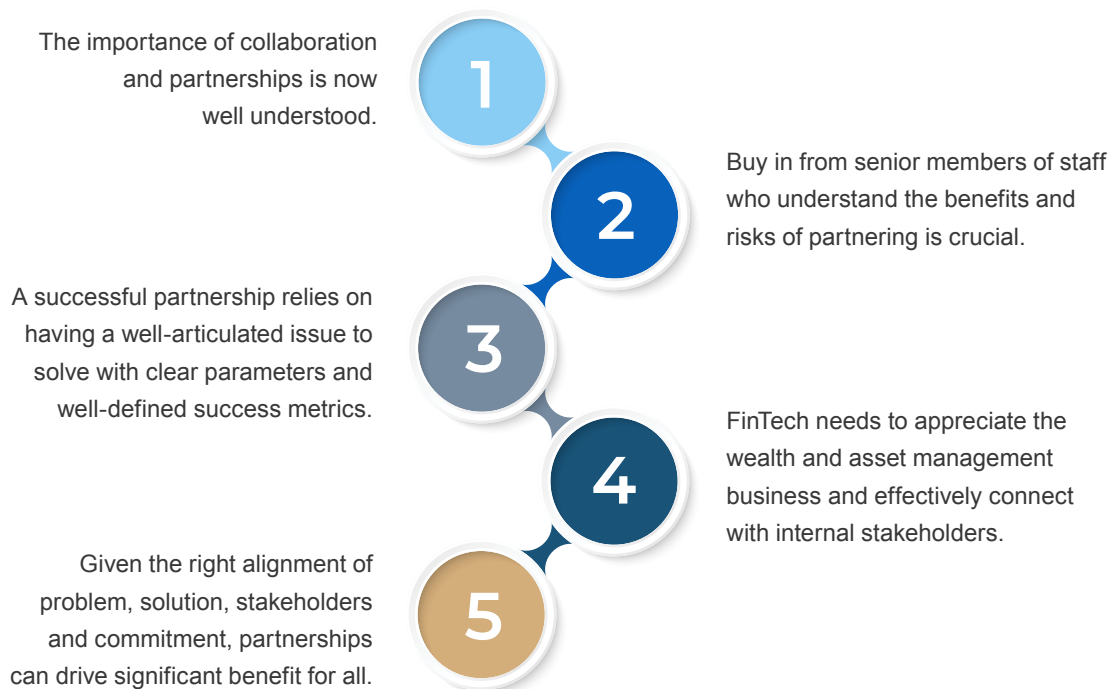
Partnership potential

Innovation without reputational compromise

This session was led by Cotyso Bodea, Chief Technology Officer, Everon, and Brice Zanetti, Chief Relationship Officer at Everon. Ivan Schouker, Managing Partner at FinArchitects facilitated. The discussion covered various aspects of partnerships between financial institutions and FinTech companies.

The importance of trust and finding the right form to partner with to solve a pain point were both emphasised. There was agreement that partnerships are critical in financial services due to the interconnected nature of the industry. However, challenges exist around getting buy in and approval from large institutions that may prefer to build solutions internally.

Key findings



Success factors

Success factors when partnering were also discussed. They include having a well-articulated issue to solve with clear parameters, and clear metrics in place to measure success. Indeed, a successful partnership with work within a given brief is able to deliver quick wins.

As well as the buy side setting out clear expectations, FinTech needs to appreciate the wealth and asset management business and effectively connect with internal stakeholders. Both sides also need to invest time and energy into a partnership for it to succeed; effective communication between the two and a spirit of collaboration and teamwork is a must.

The financial crisis was noted as both an accelerator of partnerships by creating urgent unmet needs with regard to technology, and overall, there was agreement that with the right alignment of problem, solution, stakeholders and commitment, partnerships can create mutual benefit.



About WealthTech Matters

Owen James Events and The Wealth Mosaic have collaborated to create a series of triannual events for key decision makers from the private wealth industry.

Technology is core to the future wealth management model, but in an increasingly specialist technology environment, wealth managers must engage with a deeper knowledge and understanding of what technology is available and can deliver across the three main areas of their business: their clients, their advisers and staff and their business processes.

WealthTech Matters focuses on these three themes to help delegates discover and discuss the technology solutions that will solve the key challenges facing their business.

Read more about the WealthTech Matters event series [here](#)

About

Owen James Events and The Wealth Mosaic



Owen James seeks to provide a platform for strategic engagement: an opportunity for key individuals to discuss and understand the business and investment issues which are affecting the whole of their industry. The end game is to enable firms to do better business - commercially, intelligently, and ethically.

Find out more at www.owenjamesevents.com



The Wealth Mosaic (TWM) is the definitive information and knowledge resource for the global wealth management industry. It is founded on a curated, online solution provider directory to close the knowledge gap between wealth management businesses worldwide, the growing technology marketplace, and related solution providers.

For wealth managers, the buy side of our marketplace, TWM is designed to enable discovery of key solutions, solution providers, and knowledge resources by specific business needs.

For solution providers (vendors), the sell side of our marketplace, TWM exists to support the positioning, exposure and business development needs of these firms in a more complex and demanding market. There is also a growing range of quality supporting content and thought leadership that firmly positions TWM as a market leader at the forefront of community trends and developments.

Find out more at www.thewealthmosaic.com

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