

## The evolution of the Wealth Management requirements in the digital era

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It is without a doubt that the Wealth Management domain has progressed in every sense over the past years to engulf new technologies in order to accelerate their sales objectives and comply with the regulation.

Back in 2012, when Profile Software introduced the first natively developed app

for the wealth management industry there were some reservations in the market as to the security of information to be shared. Those concerns have since been overcome, with the application's security standards, i.e., lock on shake, etc., even in demanding environments such as the Swiss market. The industry has embraced the flexibility available through the utilisation of mobile tools. These provide easy access to clients' portfolios while also providing the facility for clients to view their portfolios via any device.

The next big thing for the financial services industry is the use of cloud technology and how this can add value to the business processes. It is the sheer flexibility and value for money that makes this equally important for large and small size firms, depending on the components and expectations.

To better understand the market needs, Profile worked in partnership with ComPeer to research how Wealth Management firms view and apply new technologies in their everyday business operations and communications with clients.

In terms of hosting and outsourcing services, less than half of the firms interviewed (37%) are currently outsourcing back office functions, including custody, investments and the hosting of technology. The majority of the respondents are planning on using outsourcing in the future when considering acquisitions or organic growth. There is a preference for outsourcing focusing on core competencies and of course for cost savings.

Firms were also asked whether they see the future as cloud technology or web-based platforms and more than 75% argued that the future lies in both. Another question pertinent to communication with clients showed that 63% organise annual face to face meetings, but 87% of firms responded that their existing CRM system does not provide them with data on client revenue generation and profitability that could be beneficial when preparing for such meetings. 75% of respondents stated that they provide client access

online as there is a “definite appetite for greater levels of mobile interactions between the wealth manager and the client” with 87% stating that technological advancement will lead to a change in the way relationship managers communicate with clients.

When asked what are the functions they consider important in a software solution they stated that fact finding, risk profiling and assessment, asset allocation history and trends, research and performance are considered ‘must-haves’. However, only 22% have a positive attitude towards software vendors, with the main reasons being value for money and integration capabilities. Although all firms interviewed have a relationship with a software provider, 63% are currently looking to replace or are already implementing new platforms. 50% of firms’ requirements are driven by the regulation and more than 80% anticipate that the software market development must align with client expectations and changes will affect the vendors in terms of providing integrated services, modern technologies and a better pricing model.

The findings reported clearly demonstrate that although not all firms are up to full speed with the capabilities of the new technologies there is a tendency to utilise the available solutions to better advance their business, regardless of the firm size. In this respect, cloud technologies can also prove to be the ideal solution to the firm’s needs. Provided that wealth management functionality is rich and flexible enough to cater for variations in business models, small size firms can effortlessly monitor their clients’ portfolio performance at all stages with ready to share reports while larger firms can easily select the functions to monitor, outsource elements and offer front-end functionality to their RMs without the concerns of cost or integration.

Software providers delivering solutions in the financial services sector have to monitor and have systems readily adaptable for the latest regulations in order to help their clients safeguard their business. In view of the recent developments in Europe the regulatory landscape will need to be closely monitored and firms will require flexible systems to deploy any changes with ease.



A recent article, published on CNBC, by Andrew Osterland, entitled [The Changing Landscape of Wealth Management](#), stated that this year may ‘represent a true inflection point in the evolution of the industry’. The combination of regulatory change and evolving technologies, such as robo-advisors, is rapidly changing the ways investors access investment

products and receive financial advice.

Moreover, there is also a growing trend for Wealth management firms and Banks to collaborate in a variety of ways with Marketplace Lending firms so as to invest in and provide alternative services to their clients as well as their portfolio offering.

The above denotes that although the wealth management industry is going through a number of changes at different levels, it is important for firms to align their IT and business strategy with their Clients’ needs so as to better advise and provide services that will be more competitive and proactive to market developments.

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