

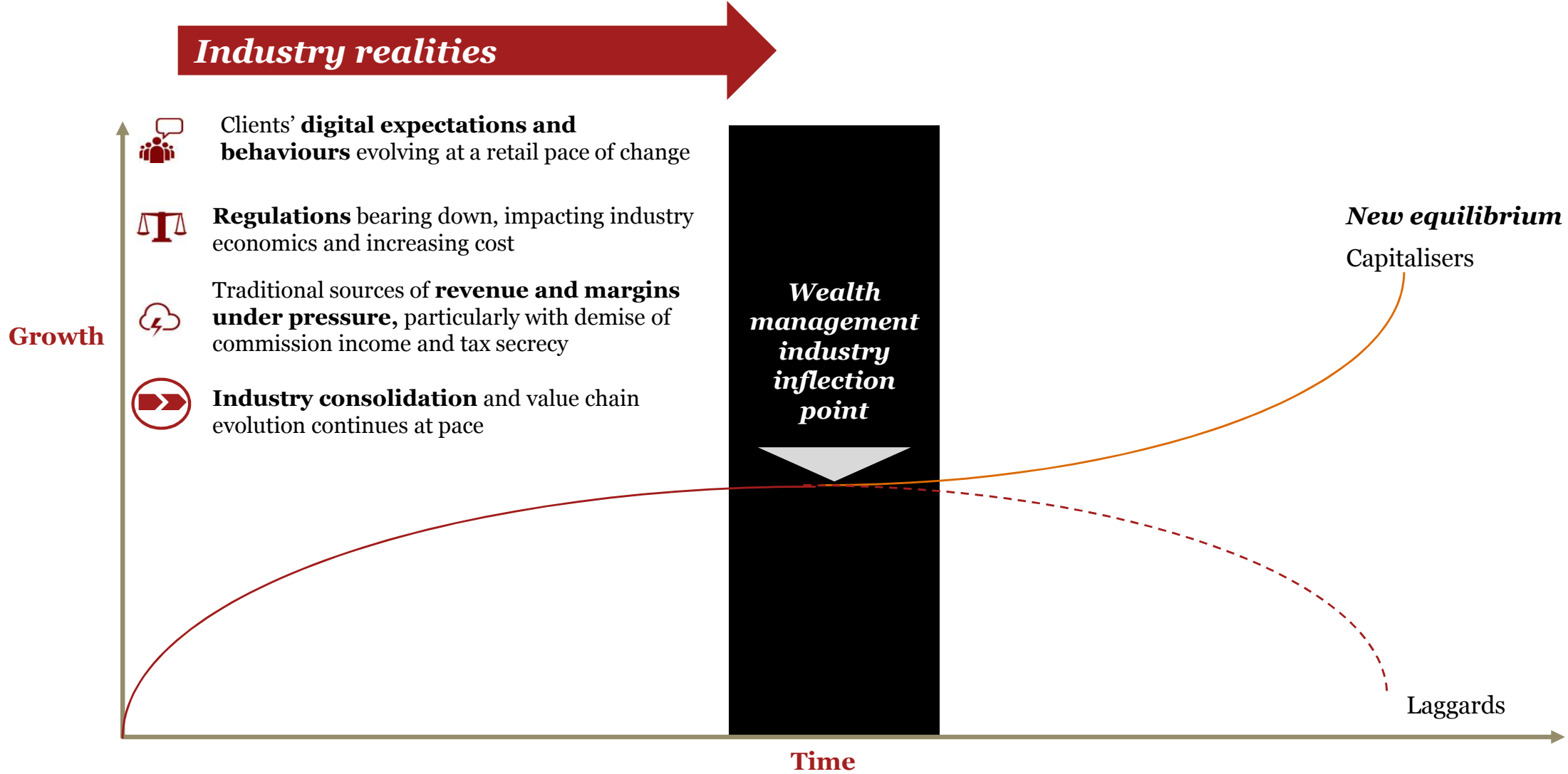
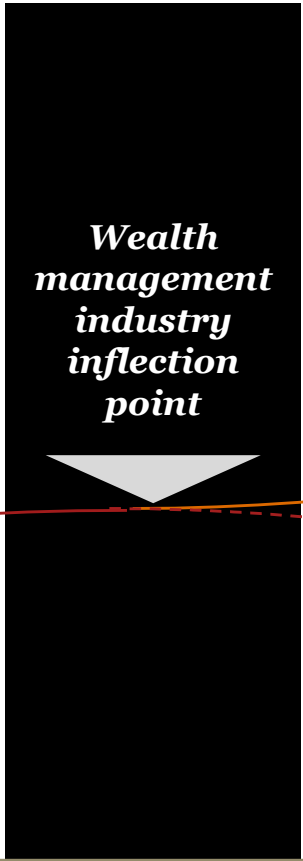
Re-inventing Advice for the Digital Age



The wealth management industry is at an inflection point; the ability to address changing customer behaviours, regulation and the impact of digital will drive success

Industry realities

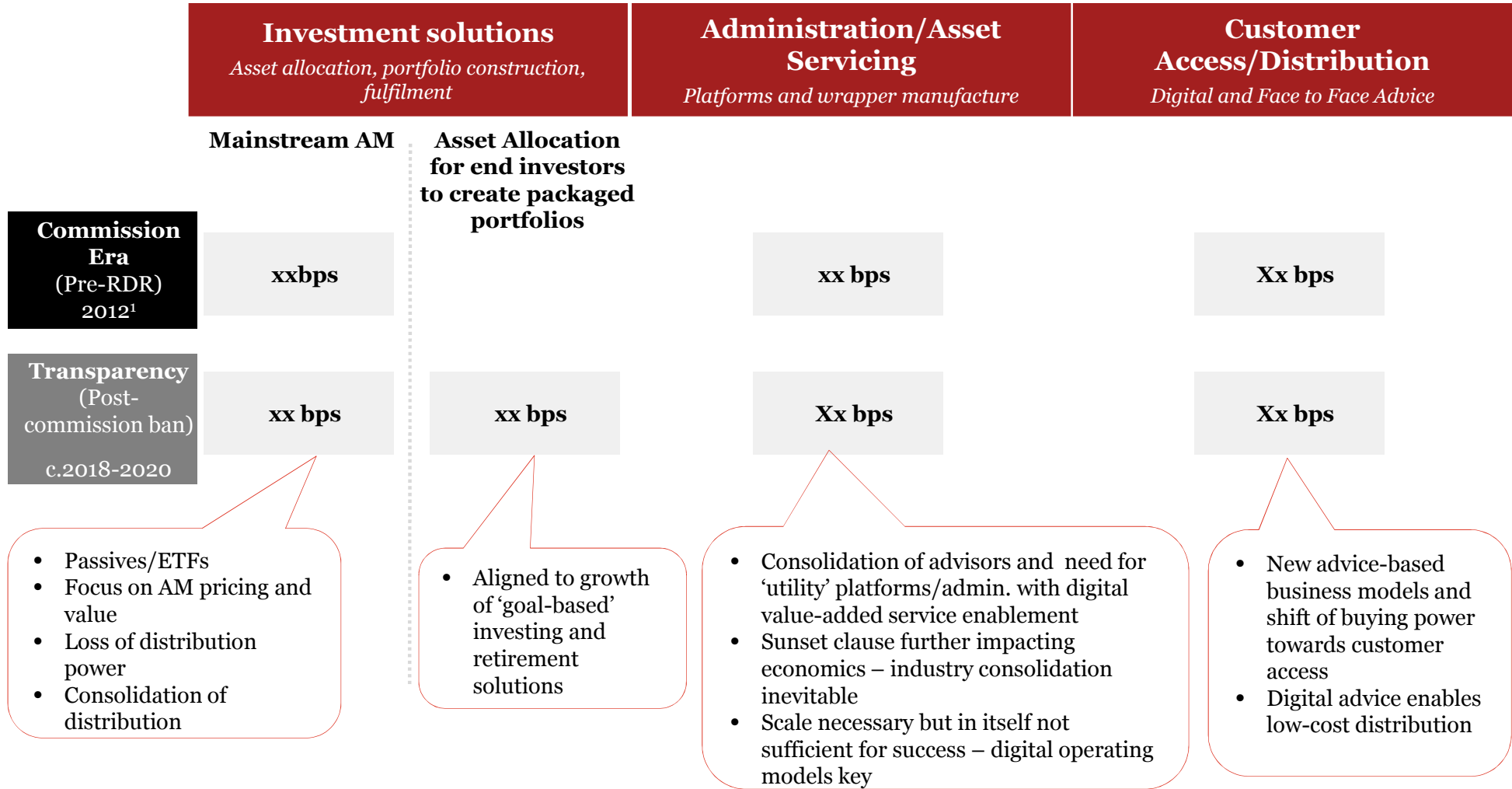
- 🗣️ Clients' **digital expectations and behaviours** evolving at a retail pace of change
- ⚖️ **Regulations** bearing down, impacting industry economics and increasing cost
- ⚡️ Traditional sources of **revenue and margins under pressure**, particularly with demise of commission income and tax secrecy
- ➡️ **Industry consolidation** and value chain evolution continues at pace



The UK, an early indicator of global trends, show that traditional economics of every aspect of the value chain are under significant threat

ILLUSTRATIVE

Illustrative revenue trends across the wealth value chain



Client expectations are changing fundamentally – creating significant pressure on advisors



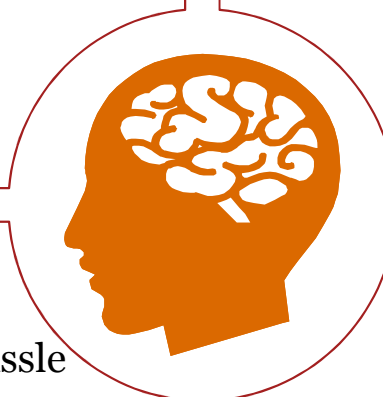
Better remote/ online accessibility

- 24/7, “always on”
- **My choice of device**
- **Seamless/cross-channel interfaces**
- Online interaction to substitute or complement face-to-face
- **My definition of usability**

- **Pre-selection of relevant information**; what do I need to know?
- **Services that matter to me** and no hassle
- **Accurate, easy-to-read** reporting
- **Fun, emotional connection** to brand, gamification



More tailored service, more fun



Better advice



- Information overload, market volatility
- Sound, **high-quality advice from experts** (in-house and external) and **peers**
 - **More frequent touch points**
 - **Access to specialists** when I need them
 - **Online communities**

- More **transparency** on products, risks and pricing
- **Third party opinions/crowd intelligence**
 - **Reputation and referrals**
 - **Comparison websites**
 - Ability to switch or combine providers with ease

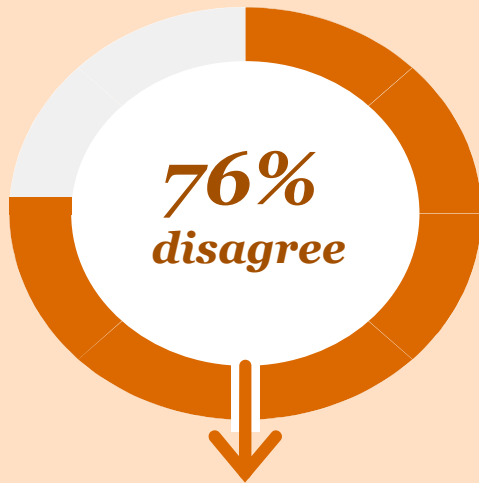
More transparency and wider opinions



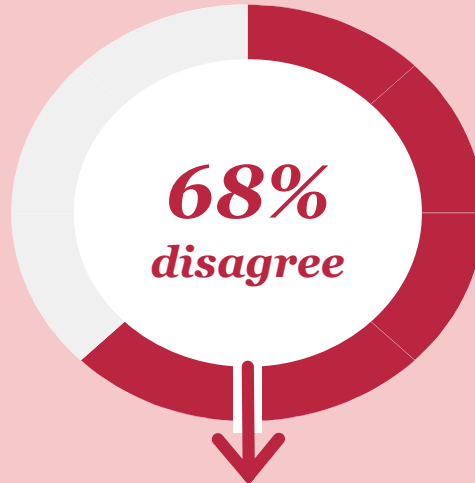
Improve Client Relations - Establish the connection with women



The **needs of women** are **insufficiently addressed**, despite the increasing number of female wealth.

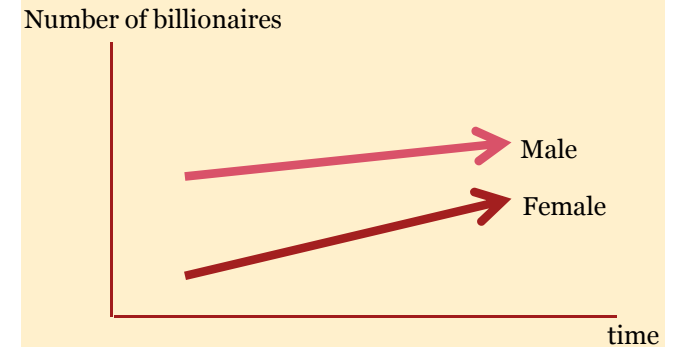


Needs of women are **adequately addressed** by the wealth industry



Advisors have **sufficient connection** with women within the wealth family and eco systems

According to UBS/PwC 2015 Billionaires Report, "Billionaires: Master architects of great wealth and lasting legacies",

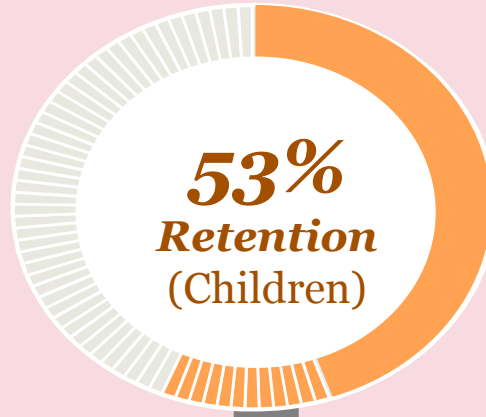


Growth of female billionaires **6.6%**
>
Growth rate of male billionaires **5.2%**

Improve Client Relations - Establish the connection with children



FA/RMs have **sufficient connection** with children within the wealth family and eco systems



Client's **wealth asset retained** upon their demise from their children

The **needs of the children** within the wealth family and eco systems are **inadequately served** leading to significant wealth outflow

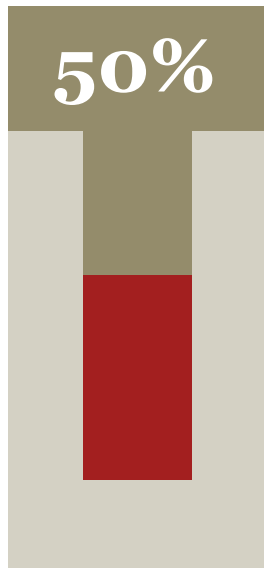


Improve Client Relations - Act immediately when wealth is transferred

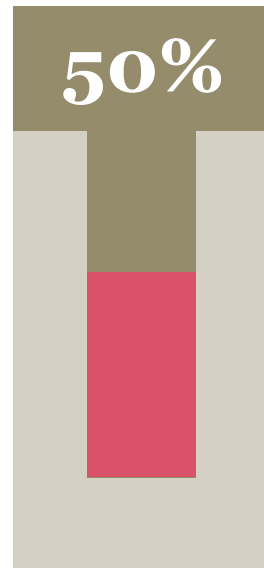


Outflow from the account within 6 to 12 months

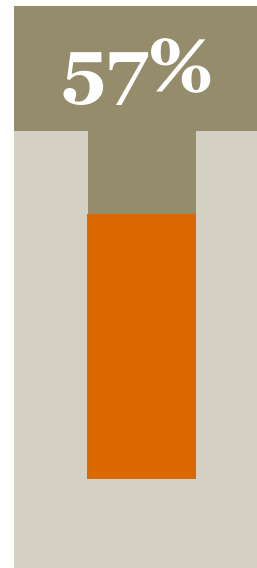
Surviving Spouse



Trusts / Foundations



Children



Wealth Managers need to **proactively address** the **associates** of their clients to retain the significant portion of the clients wealth assets.



Improve Client Relations - For UHNW cater to the specific needs and understand dynamics (link to Youtube video)

https://www.youtube.com/watch?v=VEZ_UAdpp4M&feature=youtu.be.

Digital Disruption - market in WM is broad and blurred but is focused on delivering against 3 primary customer needs

	 Help me understand my financial needs	 Help me choose the right product/service	 Help me manage my investments
Traditional solutions	Financial planners	Financial advisors	Portfolio and fund managers
New Models/ Services	Goal planning tools Personal financial mgt.	Simplified advice Guided sales	“Robo” – Discretionary management
Fintech			

Digital Disruption - Established players have spotted the threat and are moving rapidly to incorporate robo-advice into their propositions

DIY



Hargreaves Lansdown launched Portfolio+, online discretionary services and exploring robo-advice



Aegon launches Retiready direct to customer platform



Aviva to launch direct to customer proposition for General Investment account and ISA



Santander in direct to customer push after advice re-entry



Investec Click & Invest is a new simplified advice-based online investment management service for customers with £10,000 or more to invest, and is due to launch in late 2015.



Charles Schwab launches Intelligent Portfolios



Vanguard piloting Personal Advisor Service – digital & face to face

Partner



DBS applies IBM Watson to its wealth management business to improve the advice and customer experience



Following up on its partnership with robo-advisor Betterment Institutional, Fidelity Institutional Wealth Services announced a collaboration with LearnVest



Barclays agrees direct to customer deal with FNZ



Blackrock acquires FutureAdvisor



LV to launch an online advice service Cora aimed at people with small pots

Buy



Aberdeen acquires Parmenion, including its automated simplified advice tool, partners with Hymans Robertson to target pensions opportunity through 'Guided Outcomes'



Schroders acquires an 11.9% stake in Nutmeg Saving and Investment Ltd, a UK online investment manager

Digital Disruption - Banks look at new entrants for digital inspiration

New entrants are clearly influencing the agenda, many banks are planning Robo-Advisor like capabilities

Services planned to be provided online in 2 years

35%

Financial goal advice
planning

45%

Portfolio simulation tools

45%

Financial planning simulation
tools

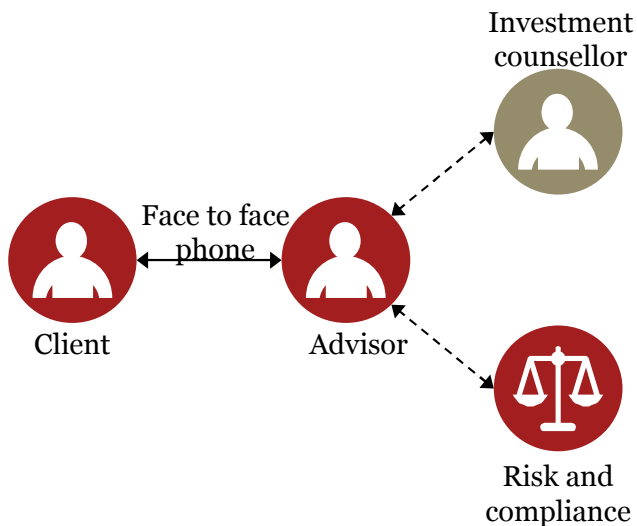
45%

Proactive alerts in relation to
market events

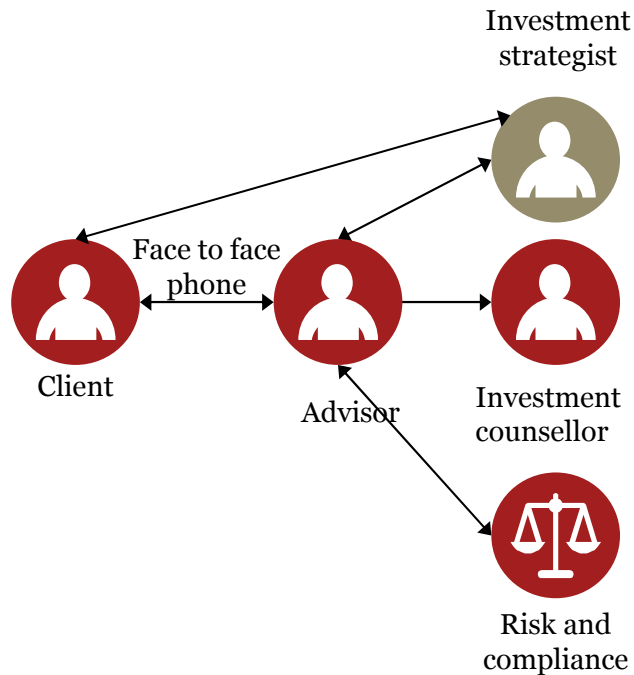


Delivering good client outcomes will require a fully connected and collaborative client interaction model

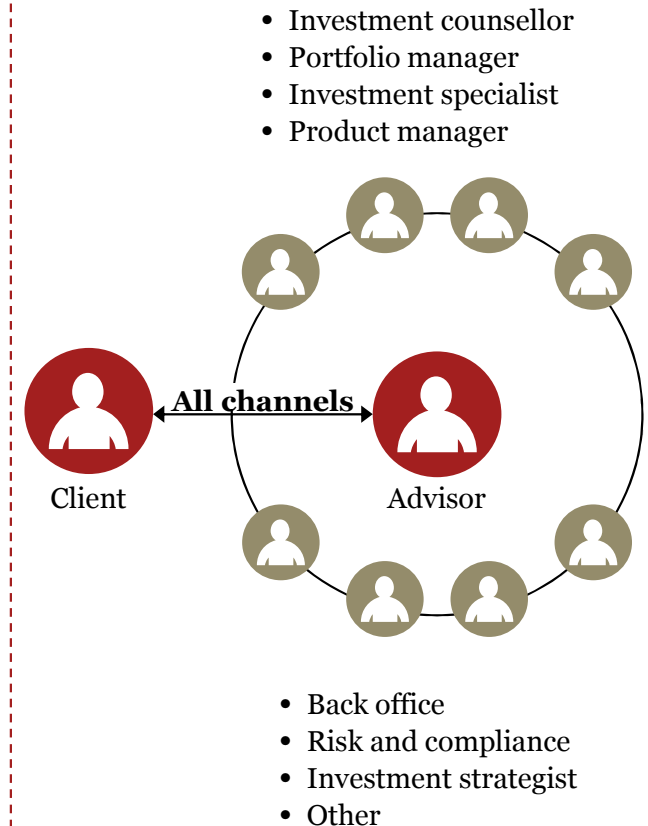
Now: Simple traditional client-advisor interaction



Next step: More connected client relationship with advisor and investment strategist (some digital)

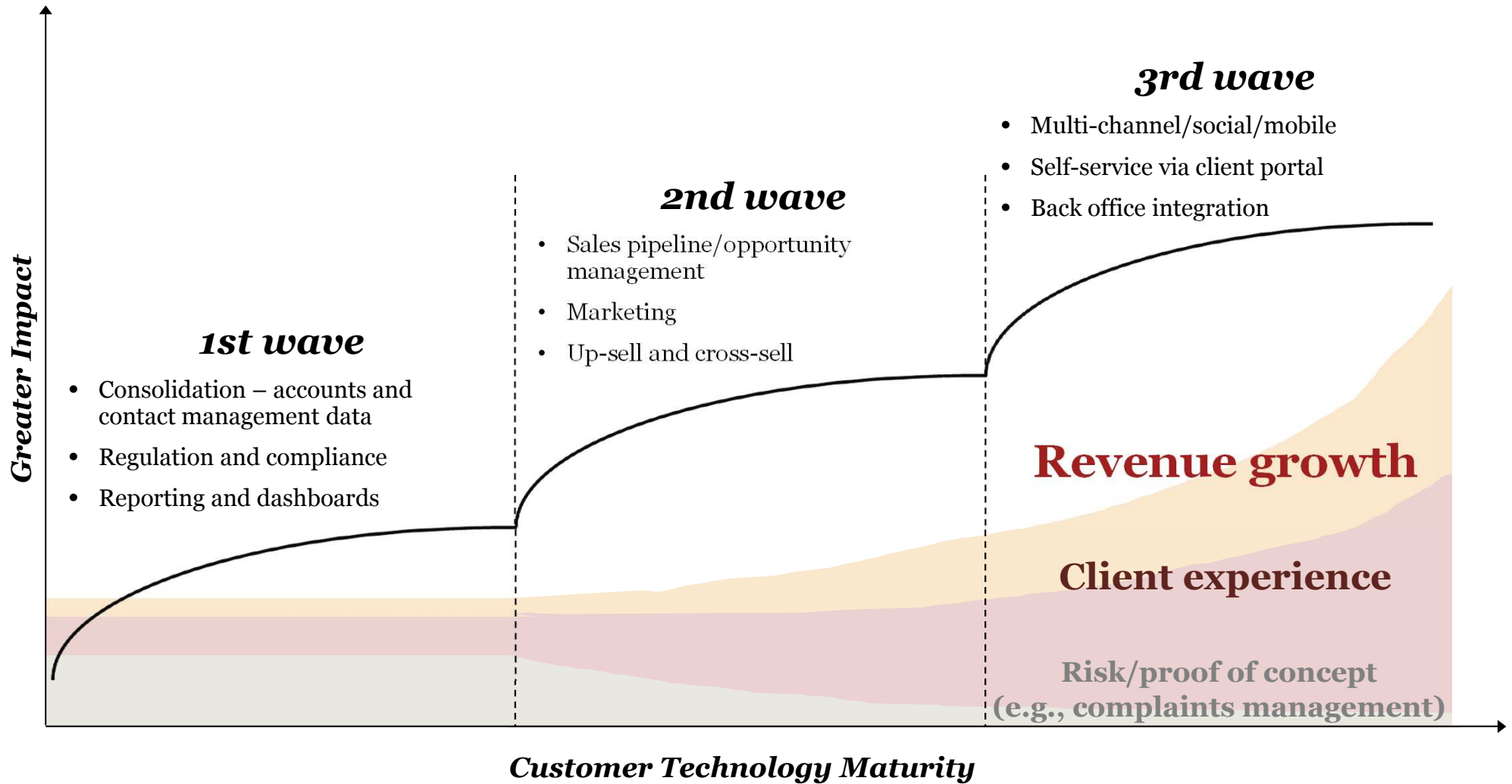


Future state: Fully connected and collaborative model (fully digital)



Increasing client insight, technology, people, process and knowledge enabled change

Given external drivers and legacy issues, this evolution will occur in waves - technology alone will not realise the opportunity



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