

Digital wealth tools help banks reel in new assets, talent

By Bryan Yurcan

With digital investment advice expected to attract over \$2 trillion in assets by 2020, banks have joined the fray of asset managers, independent financial advisers and fintechs vying for market share.

UBS, Wells Fargo, JPMorgan Chase and Merrill Lynch are among the big banking brands that have rolled out automated advice solutions. But the opportunity to gain new assets, modernize customer offerings and reorganize customer data into potential new revenue streams is spurring banks of all sizes to invest in new digital wealth management tools and platforms. As they do so, banks aim to protect their business by increasing their appeal to younger customers and advisers.

“These days it’s about allowing much more self-service and minimizing manual interactions where possible,” said Steve Hunt, national head of operations and administration for BMO Wealth Management. “At the same time, we complement that with the confidence we have in our [advisers’] relationships they have with clients, and balance meeting their digital needs with those times when more of the human touch is needed.”

In an effort to ramp up its capabilities, BMO last month invested in a digital wealth management platform provided by SEI, a vendor based in Oaks, Pa. The bank plans to go live with the new platform in 2019. (The sum of investment was not disclosed. BMO has previously licensed other SEI banking software packages).

All of BMO’s customers and advisers will be served on the new platform, which will provide a more “client-centric experience,” noted Hunt, with features such as dashboards that give clients greater insight into the near real-time status of different investments and transactions, the ability to make some investment approvals digitally and more robust digital notifications.

BMO’s journey is part of a larger one among the bank’s wealth management division as they seek to preserve the value of their traditional personalized service with the digital convenience typified by the Amazon experience. The bank’s wealth management division reported \$49 billion in assets under management.

“It’s a real balance,” said Hunt. “We want to be sure we are arming our professionals with the right tools to allow for greater ease of execution and deeper conversations with clients.”

Millennial money

Younger clients want a mix of digital and personal in wealth management services

67% want robo as a basic component

66% want a digital portal with advisor access

63% want digital service with real-time advice

Source: Accenture

This is especially true for younger clients, Hunt noted. Research firm Accenture, reporting on millennial investing behavior, found that 66% wanted a self-directed investment portal with adviser access. The findings, Accenture said, support the premise that young customers expect technology tools as “a basic requirement for any investment scenario, rather than a ‘nice-to-have.’”

“They tend to be more tech-savvy, but at the same time still desire that one-to-one [conversation] for major life events or more complicated financial needs,” Hunt said.

The same savvy extends to advisers: BMO deemed the platform as “an investment in employee experience as well,” Hunt added, as it “supplies them with the right tools to streamline and customize the client experience.”

For BMO, having products such as its new, upgraded wealth management platform “is a critical factor in not just the retention of our professionals, but also in attracting the next generation of wealth managers,” Hunt said.

With even Morgan Stanley now seeking hundreds of “digital adviser associates,” recruiters report having top technology is crucial to attract talent. A technology survey by Financial Planning found that the availability of automated investment advice and near real-time financial activity reporting are most likely to impact recruiting and hiring at wealth advisory firms.

That's because good technology tools can "give advisers quick and easy access to client information in a way that's intuitive and easy to use," said David Schug, a managing director at SEI. "They can access that anywhere from a tablet or a mobile device and see the same things the end clients are seeing."

Robust data and analytics tools can help advisers do their jobs better. For instance, the top performing independent financial planners adopt tech tools at nearly twice the rate of the typical adviser, according to an annual study by Jefferson National (now Nationwide).

With clients able to see all their assets and investments in one dashboard, for instance, U.S. Bank has seen how upgraded digital tools "let them understand their financial picture better," while advisers too "understand more about the clients' financial picture than ever before, and become even more involved," said Mark Jordahl, the president of U.S. Bank Wealth Management.

In 2017 U.S. Bank rolled out a new digital service for wealth clients in partnership with BlackRock's FutureAdvisor, designed to bring automated investing advice combined with the support of a dedicated team of financial consultants.

"Clients can get information and data and helpful simple advice much easier digitally," Jordahl said. "They might be interested in starting their own financial plan using technology, then coming in to meet with an adviser to ask how to move forward with it. Clients have varying degrees of the appetite they want to do things digitally."

Indeed, rather than disintermediating wealth advisers, technology will ultimately enhance the standing of the best managers, predicted Mark Schwanhausser, director of digital banking at Javelin Strategy & Research. "I think it will increase personalized service and be better than the often generic service we get today," he said.

Technology, specifically artificial intelligence and machine learning, can automate many mundane or run-of-mill communications that previously required a phone call or in-person visit, thus freeing up the adviser to engage clients on more deeper and more complex matters, he said.

For example, in what Schwanhausser terms "robo writing," clients can regularly receive digital messages or when major market events happen with information tailored to their investment portfolio, with an adviser a click away if they want to discuss it further.

"So they could get a message like, 'Today, markets are volatile due to news of a possible tariff war with China; but looking at your portfolio you have little exposure to commodities and fluctuations are within what you have already indicated you're comfortable with, but if you want to talk more click here,'" Schwanhausser said. "This allows the adviser to better serve those clients that might need a bit more hand-holding during certain times."

That, Jordahl said, is why wealth clients will always value the human relationship as well as digital services.

"The best providers among us embrace technology to improve the client experience," he said. "Ultimately, this is an advice business, and financial advice can be complicated."