

SHOWCASE #8 MASTER EXPERIENCE FOR GROWTH

Client experience in wealth management includes every interaction a client has with their financial adviser or wealth management firm

The importance of client experience and trust, exceed the ever-evolving needs and expectations of clients to deliver what they want.

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Client experience – the new differentiator driving performance in wealth management

By Daryl Roxburgh, President and Global Head at BITA Risk®

As technology (both FinTech and WealthTech) continues to influence the dynamic in the financial services industry at large, and across wealth management more specifically, the future of client experience in the wealth management sector is poised for further, significant transformation. With a notable shift in the nature of interactions between clients and advisers accelerated by the Covid pandemic, in what has today become an increasingly digital and interconnected world, clients are demanding more personalised, transparent, and convenient services from their financial advisers.

Historically, all eyes were firmly focused on overall business performance, as this was considered by many to be the key indicator of growth. It was also the main driver of the client's initial decision in deciding to work with a specific financial institution. With continued pressure for growth, and today's more open market where clients have freer and more comprehensive access to investment advice and general market intelligence, competition has never been greater especially in intergenerational wealth transfers, with the focus on client experience never more critical. As private bankers and wealth managers work to differentiate themselves in a crowded marketplace, delivering exceptional client service has become a key differentiator as clients look beyond performance when they select which institution to build a (hopefully) long-term relationship with.

In this article, we look at the importance of client experience and trust in wealth management, and discuss strategies that can help firms enhance their service delivery to meet the evolving needs and expectations of their clients, to deliver on what clients really want. We also outline various approaches that wealth managers might consider to consistently deliver a great client experience to the various demographic segments in the market, with information that their clients care about, and in a format that clients can easily and readily understand.

Client experience today

Today, client experience in wealth management includes every interaction a client has with their financial adviser or wealth management firm. It goes beyond providing just financial advice and investment solutions. It extends – or certainly needs to extend – far beyond client onboarding, as it involves building strong and lasting relationships, establishing long-term client trust, understanding clients' goals and aspirations, and consistently delivering personalised and holistic financial guidance in an easy to comprehend format, tailored to the client's needs.

For over 20 years, BITA Risk has delivered solutions to the Wealth Management market, aiding the risk discussion with the client, leading to education and consistent assessment of needs, together with portfolio analytics and governance solutions, to ensure the best chance of delivering client goals.

A positive client experience can lead to increased client satisfaction, loyalty, and ultimately, client retention. On the other hand, a poor client experience can result in client dissatisfaction, loss of trust, and ultimately, loss of business. In today's digital age, where information is readily available at the click of a button, clients have higher expectations for the level of service they receive from their wealth managers. So delivering great client experience is paramount.

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Why is client experience so important?

The criticality of the client experience is underlined by recent research. According to the 2023 [EY Global Wealth Research Report](#):

- High-quality digital experiences are now a minimum client expectation. Digital offerings are especially important to younger investors, with 32% of Millennials identifying them as an important driver of wealth manager choice — second only to a good performance track record (34%).
- Engagement preferences change significantly over the investment lifecycle. In-person interactions are preferred by 44%, while it's 37% for virtual when creating a financial plan. Virtual channels are, however, preferred when taking advice on external variables with virtual contact at 48% compared to 36% for in-person contact.

What do clients really want?

At the heart of consistently delivering a great (and relevant) client experience is the ability to deliver what the client actually wants. With multiple market segments in wealth management, the adage that 'one size does not fit all' has never been truer. Managers need to understand what information their clients want, how they wish this to be communicated or presented, and with what frequency. What matters to one – the ability to immediately access a real-time valuation of their investment portfolio, for example – may not matter to another client. In some cases, presenting a real-time valuation might even be detrimental to the overall client experience. Indeed, at a recent C-level gathering of executives, this very pertinent question was asked – with a notably inconsistent answer from participants!

This is not just about tools, technology and data - client experience also needs to take into account the method and channel of communication between the wealth manager and the client.

The challenge, or indeed opportunity, is for managers to have access to tools, technology and data that enables them to present the information their clients want in a format and with a frequency that their clients care about. But this is not just about tools, technology and data – this aspect of the client experience needs to also take into account the method and channel of communication between the manager and the client, again tailoring this to the needs of the individual. The manager must be able to simply, clearly and compellingly articulate to their client the impact of any decision on the overall long-term performance of the client's investments. This becomes even more important with intergenerational wealth transfer, and while interest in sustainable investing is by no means limited to the next generation, it is of key importance to them.

As research has also shown, being able to clearly set expectations with the client and establish the investment narrative at the start of a relationship, and consistently communicate this and reinforce it through the lifetime of the adviser-client relationship, is essential to delivering a strong client experience. Being able to deliver performance over time, and being able to explain / demonstrate to clients at any given moment where they are on their 'journey of investment return' is integral to maintaining client satisfaction, and is therefore a critical component of delivering a positive overall experience.

Having access to the tools to do so is key: telling the client the right thing, at the right time, in the right way...all contribute to a positive all-round client experience. This is something BITA Risk has done for many years – for example, our award-winning 'Client Profiling' offers the ability to educate the client in the market risks they might face, agree a risk profile and then test their portfolio against it. Setting their expectations, helps weather the storm when it comes, and sets a firm foundation of trust at the start of the relationship. This helps support the all-important investment narrative between manager and client, which of course contributes to a positive client experience.

The role of AI in delivering great client experience

Artificial intelligence (AI) and machine learning are revolutionising the way wealth managers interact with clients – be this via report writing, or in gathering and then analysing data...for example, AI-powered chatbots can provide real-time assistance, answer client inquiries, and offer personalised investment recommendations based on a client's financial goals and risk tolerance. Machine learning algorithms can analyse vast amounts of data to identify trends, patterns, and opportunities for optimising investment strategies.

But while the allure of shiny new tools is great, they do not replace the need for understanding and core data analytics. If you do not understand the data, how can you verify the AI outcome? Data analytics tools are not only enabling wealth managers to gain deeper insights into client behaviour, preferences, and financial goals, but just as importantly, into portfolio and investment outcomes. By leveraging predictive analytics built on the basis of quantitative models, firms can, identify potential risks (foreseeable harms), and proactively mitigate these. Data-driven decision-making can enhance the client experience by providing more consistent outcomes and building a narrative around investments that might cause deviation from expectations. Using BITA Risk's BITA Wealth® governance monitoring solution, managers, the CIO and compliance can identify these issues, address them and record reasons why the portfolio is outside guidelines. This data, in addition to identifying foreseeable harms, delivers both management information on trends across the business as well as supporting root cause analysis and systemic issues.

One must not, of course, forget the strong case for human interaction – having access to data is one thing, putting it into context and marrying it to the relevant needs and desires of the client – that's where the value and importance of the human interaction comes into play. As the adage goes, people relate to people who relate to them. This is where client matching (between adviser and client) has a role to play, underlying once more the importance of human interactions in the delivery of a great client experience, supported by insight and controls.



How to deliver great & lasting client experience

There are a number of areas where wealth managers and advisers can – and in many cases already are – focusing their efforts to continue to enhance the client experience. A few of these are summarised below:

Personalisation of investment recommendations

By taking the time to understand each client's unique financial situation, goals, and preferences, advisers can tailor their recommendations and communication to meet individual needs. This can include customised investment strategies, regular progress updates, and proactive communication.

Technology integration

It goes without saying that technology plays a significant role in shaping the client experience in wealth management. Firms that leverage technology tools such as client portals, mobile apps, and digital communication platforms can provide clients with real-time access to their financial information, streamlined communication, and enhanced transparency. By embracing technology, wealth managers can improve efficiency, streamline processes, and offer a more seamless client experience.

Ongoing client education and communication – sustaining an ongoing client narrative

Effective communication is key to building trust and fostering strong relationships with clients. Wealth managers should strive to educate clients about financial concepts, investment strategies, and market trends in a clear and understandable manner. Regular communication can help clients stay informed and engaged in their financial planning journey.

Take a client-centric approach

Adopting a client-centric approach means putting the client's needs and interests at the forefront of every decision and recommendation. Wealth managers should actively listen to clients, demonstrate empathy, and show a genuine interest in helping them achieve their financial goals. By building trust and rapport with clients, advisers can create long-lasting relationships based on mutual respect and understanding.

Adapt to ever-evolving client preferences

The future of client experience in wealth management will be shaped by changing client preferences, behaviours, and expectations. Firms must constantly adapt to meet the evolving needs of their clients. By staying attuned to client feedback and market trends, wealth managers can proactively adjust their service offerings to deliver a seamless and personalised client experience.

Client experience – the ultimate measure of performance in wealth management

Today, client experience plays a more crucial role than ever in the success of wealth management firms. By focusing on personalisation, technology integration, education, communication, and by taking a client-centric approach, firms can differentiate themselves in a competitive market and build lasting relationships with their clients. By prioritising client experience and continuously striving for improvement, wealth managers will in turn create sustainable competitive advantage and drive long-term success for their firm.

BITA Wealth supports this, from building a firm foundation through a common understanding of the clients' needs and attitude to risk through BITA Wealth Profiler™, to ensuring deliverance against them via BITA Wealth Monitor™ - combining critical elements to ensure client management and ultimate satisfaction through a well-managed and compliant client experience. BITA Wealth's ESG reporting was considered an industry game-changer, as it offers the ability to drill down into the detail of a client's portfolio holdings, helping support the all-important investment narrative between adviser and client, which of course contributes to a positive client experience.

BITA Risk

SOLUTION OVERVIEW

BITA Risk, with client AUM of over GB£180 billion, is part of the **corfinancial group** that provides software solutions to banking and financial services organisations worldwide. Its BITA Wealth® application is innovative, award-winning, software for high and ultra-high net worth wealth managers. BITA Wealth provides investment teams, advisers/managers, and governance divisions the tools they need to develop and grow their businesses in a controlled way. Suitable for wealth management firms, broker-dealers, private banks, trust companies and family offices. Designed to integrate on a modular or end-to-end basis to easily enhance existing IT Architecture, maximising the return on existing investment. The BITA Wealth solution is deployed as a cloud-based service, significantly reducing IT overheads required to support complex solutions.



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FEATURES & BENEFITS

BITA Wealth Profiler - multi-dimensional suitability profiling of a client's investment needs, matching to investment proposition and linking to portfolio building and monitoring.

BITA Wealth Portfolio Analytics - institutional strength risk capabilities, risk models and portfolio modelling - incorporating reporting, pre-trade compliance checks detailed risk analytics: factor exposures, stress testing and portfolio optimisation.

BITA Wealth ESG Manager - portfolio ESG and TCFD management combining investment and client preference perspectives - captures investor ESG preferences, ESG exposure modelling, reporting, trend analysis, and conflict monitoring and full TCFD reporting.

BITA Wealth Monitor - enterprise-level governance and monitoring of all portfolios with daily alerts across risk, portfolio, and investment factors. Delivering investment oversight & control to compliance teams and investment managers, supported with a structured exception management process.

USE CASES

BITA Risk's BITA Wealth solution enhances wealth management by providing advanced risk analytics and portfolio management solutions. It helps firms assess investment risks, optimise asset allocation, and supports regulatory compliance. With tools for detailed risk reporting, performance attribution, and scenario analysis, BITA Wealth enables wealth managers to make informed decisions, manage client expectations, and tailor strategies to individual risk profiles, thereby improving investment outcomes and client satisfaction.

In recent interviews with leading executives of BITA Risk clients, they explain how our technology is providing new perspectives which positively impacts the depth and duration of the client-adviser relationship and effectively supports client growth. They explore why managers need client - rather than customer-orientated - relationships and tools designed specifically for the complexities inherent in the high-net-worth space.

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