The Connected Advisor
The Rise of Digital and Social Advice in Wealth Management
Abstract

In “The Connected Advisor – The Rise of Digital and Social Advice in Wealth Management,” we examine the four forces of change that are shaping wealth management – shifting demographics, changing client behaviors and expectations, rising technological innovations and emerging disruptive competition. Further, we examine the opportunities these forces present for competitive differentiation through digital and social technologies. The aim is to help wealth managers assess the implications of wealth management business models that are being transformed and position themselves to deliver a connected experience along client, advisor and employee lifecycles as clients discover, engage and transact with their firms. Firms that lead in providing value to their wealth clients will need to address changing technologies and social channels in order to remain industry leaders.
Section one: The coming change
Global wealth is expected to grow 8% annually to 330 trillion USD by 2017, with the strongest growth coming from Asia-Pacific, the emerging rich.¹ As demand for wealth management services continues to rise, segments leading the growth charge are the high and ultra-high net worth client segments, the target clients of traditional managers.

However, wealth managers need look no further than adjacent sectors such as retail banking and insurance to see that the revolution of digital commerce and direct-distribution is coming to wealth management. The revolution is driven by heightened client demand for transparency, choice and convenience against a backdrop of successive global financial crises and mismanagement that have translated into loss of trust and an empowered desire to embrace self-service and seek new sources and types of advice. Indeed, attitudes, behaviors, and preferences of the affluent are increasingly being shaped by experiences in other sectors where content, interactions and features are richer and deliver a more engaging and rewarding experience.

Insurance, a sector that serves some of the same affluent clients as wealth management, has seen new technologies make a permanent impact, as the number of traditional insurance agents has gradually declined due to changes in customer behavior and migration to competitors that continually deliver the most compelling content, interactions, features and experience.

Wealth managers have many reasons to be bullish about the future.

¹ Credit Suisse, Global Wealth Report 2012, Research Institute, October 2012, www.credit-suisse.com
The challenge is increasingly immediate for wealth managers to meet these transformed client expectations that are being shaped by the following forces:

<table>
<thead>
<tr>
<th>Rising Retiree Population</th>
<th>Impact of Inter-generational Wealth Transfer</th>
<th>Technology Adoption</th>
</tr>
</thead>
<tbody>
<tr>
<td>A rising retiree population seeks new investment strategies focused on income drawdown and preservation. Further, as the automation of investment advice increases, the importance of delivering effective non-investment advice (family governance, education, etc.) increases.</td>
<td>The waves of the $41T+ of wealth transfer between generations steadily shift the client base to Generation X and wealthy millennials² with significantly different personal finance preferences.</td>
<td>The rapid adoption of mobile devices by clients accelerates at every level of affluence, yet advisors are disappointing their clients’ technological expectations. Only 49% of HNWIs feel that the investment technologies used by their advisors suit their needs³.</td>
</tr>
</tbody>
</table>

Firms have been slow to bring new technologies to meet the challenge for regulatory, privacy and, more importantly, cultural reasons. Efforts may need to move beyond interpreting existing operating models of growing, retaining and executing their business digitally. Rather, wealth managers should re-imagine their businesses through digital technology by adopting a relentlessly experiential view of their enterprise. Indeed, social and digital technologies are already a part of leading practices in wealth management. These potentially disruptive technologies are bringing new competitors and channels to established wealth managers.

Critical to shaping the brand across generations, wealth managers are going to have to create a much more connected experience with their clients, advisors and staff as well as third party business partners that are helping to provide solutions. Determining how to create these connected experiences and eco-systems in order to bridge the growing gap between client expectations and services delivered is one of the most immediate and strategic questions facing wealth managers in the 21st century.

In “The Connected Advisor – The Rise of Digital and Social Advice in Wealth Management,” we examine the four forces of change that are shaping wealth management – shifting demographics, changing client behaviors and expectations, rising technological innovations and emerging disruptive competition. Further, we examine the opportunities these forces present for competitive differentiation through digital and social technologies. The aim is to help wealth managers assess the implications of wealth management business models that are being transformed and position themselves to deliver a connected experience along client, advisor and employee lifecycles as clients discover, engage and transact with their firms. Firms that lead in providing value to their wealth clients will need to address changing technologies and social channels in order to remain leaders.

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² John R. Wiktor, “Putting Family First: Intergenerational Wealth Transfer and Investment Planning”, Journal of Taxation of Investments, Volume 27, Number 03, Spring 2010

Section two: The forces shaping change

Figure 2 – The four forces shaping change

Source: PwC Analysis
Shifting demographics: The changing face of wealth

Several demographic forces are converging to alter the composition of the wealthy and those that serve them.

**Significant growth in retiree population**

As the first Baby Boomers, the 78 million Americans born between 1946 and 1964, hit retirement age they face longer life expectancies and more expensive healthcare costs. More than ever, this generation is faced with a need for individual wealth preservation and advice during the 15-20 years of the “retirement phase” where they shift from income accumulation for retirement to income and “standard of living” preservation during retirement. The missing part of the equation for this generation are wealth managers who will help them focus on income “guarantee” through retirement age, rather than the traditional return-based focus of the industry. Online retirement engines are proliferating in this area to help retirement plan sponsors, intermediaries and individuals with planning tools for 401k and other retirement products.

**Inter-generational wealth transfer**

Over the next 50 years, it is estimated that over $41 trillion will be transferred from one generation to another. PwC studies have shown asset attrition of more than 50% on inter-generational transfers in many markets. The next generation has different wealth and personal finance preferences, and also has specific expectations about client interaction, technology, and access which may drive demand for richer, more connected experiences. A recent study showed Mint, the online finance platform, to be the top luxury personal finance brand mentioned by wealthy millennials (ages 35 and under), ahead of traditional wealth managers. Of note, a Cogent Research study of affluent investors found that 44% of Gen X and 70% of Gen Y investors use social media specifically for personal finance and investment purposes. There is a clear case for communicating effectively with the next generation using the tools and technologies that they use as part of their daily lives.

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Growing cultural diversity

In the US, a significantly altered family paradigm continues to heavily influence demand patterns for financial services. Certain types of life events, typically characteristic of adulthood, are occurring at a slower pace and delaying the need for certain financial services. The percentage of those getting married between the ages of 30 and 44 has, for example, decreased from 84% to 60%.\(^9\) Effectively reaching emerging multicultural and under-served markets has become critical. In the past four decades, the percentage of white non-Hispanics has dropped from 83% of the population to 69%.\(^10\) The typical family composition has also undergone a revolutionary change with single parent households increasing from 19.5% of the population to 29.5%.\(^11\) This is contributing to the need for more effective marketing strategies to serve a more diverse market.

Aging advisor population

As the average age of advisors continues to increase, changes in the recruitment and development of future advisor talent become increasingly necessary. As the wealth market grows and serves the next generation of digital savvy clients, firms will likely become more creative in bringing in new advisors from varied backgrounds and more flexible in how they team advisors while providing them with the tools to effectively collaborate.

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\(^10\) Guaranteed Uncertainty, LIMRA 2011

\(^11\) Opportunities in Reaching the Middle Market with Life Insurance, Conning, Inc., 2012
Delivering a differentiated client experience is increasingly the currency of success in wealth management. In the face of multiple waves of global financial turmoil and loss of trust, achieving excellence in client experience and managing transformational change are the two overarching strategic priorities for wealth managers.\textsuperscript{12}

Poor customer experience and lack of simplicity, clarity and any guarantee of service, often found in other industries, are now directly impacting client behavior and decisions regarding their wealth managers. As evidenced in specific client behaviors, how firms will charge for advice, planning, governance, training and guidance will likely define the new marques of successful wealth managers. This translates into investor willingness to take more direct control and choosing to be involved digitally while directly reducing costs and fees.

*Demand for multi-channel access is immediate and exists across client segments*

It is not just the next generation of clients that demand digital and mobile. The myth of the Baby Boomers as non-adopters is being dispelled. Pew Research notes that while initial adoption rates may be lower, the internet usage of Baby Boomers is similar to that of millennials. The preferences of the affluent may differ by age, as older investors embrace tablets while millennials use smart phones as part of their daily lives. Thus the question is not whether or not the baby boomer generation adopts digital; but rather, how firms deliver a sophisticated multi-channel experience to them.

### Connected experiences in retail banking

*What started with mobile photo check capture has rapidly evolved to mobile photo bill pay as clients can now take a photo of their bill with a mobile device, auto-populate required information and send in their payment via bill pay. Clients can also schedule an appointment with a banking specialist online or via an app or even use a virtual mobile banking assistant, equipped with speech recognition and natural language understanding, text-to-speech and voice biometrics to conduct transactions and provide a more interactive banking experience, with improved speed and ease of use.*

*Source: Opus Research, March 2013*

\textsuperscript{12} Navigating to tomorrow: serving clients and creating value, *PwC Global Private Banking and Wealth Management Survey, June 2013*
The rise of self-directed investors is redefining the role of advice

With information proliferation, greater investor savvy and price sensitivity, technology integration as well as demographic shifts, we are witnessing a wholesale transformation in how “advice” is disseminated. Investors are seeing benefits from utilizing digital channels in other industries to help circumvent poor customer experiences and provide transparency in comparing products or executing transactions.

This change is also taking hold within wealth management as AUM growth is increasingly shifting from a Fully Delegated client-advisor relationship to an Assisted (personal or validating advice with the support of technology infrastructure) and a Self-Directed relationship.

Figure 4 – From broker to market: Implications of changing role of advice

Changing Role of Advice

Fully Delegated

- Delegated giving way to Assisted (personal advice with the support of technology infrastructure); which is evolving towards a co-existence model with Self-Directed advice

Moving away from Fully Delegated

- Growth of a tech-savvy customer base
- Recent market dynamics prompting investors to become more risk averse and engaged

Assisted

- Ready availability of advice through multiple channels, especially online
- Emergence of investor communities / peer group communities due to increased social networking and trust

Self-Directed

- Emergence of “assisted” investing that integrates technology tools
- Delivery of Technology enabled advice

Broadening the role of advice to be more holistic

Source: PwC Analysis
Four emerging technology trends – social, mobile, data analytics, and cloud – are driving innovations in the way wealth managers conduct business.

**Social media channel adoption growth**

The new norm of communicating personal updates, opinions, and points-of-views through online social media channels is expanding traditional client-firm interactions. 74% of affluent investors, with at least $100,000 in investable assets, regularly use some form of social media, whereas only 52% did in 2008. Furthermore, 70% of these wealthy investors who use social media either have changed or altered their relationship with an investment provider or reallocated actual investments because of something they read on social media.

**Rise in mobility drives customer expectations for instant access to information and services**

Advancements in smart phone and tablet devices combined with personalization, location-based services and touch-based user interfaces are driving where and how frequently clients interact. Smartphones and tablets are spreading faster than any technology in human history. In only 3 years, tablets have achieved the same level of initial market penetration that televisions and mobile phones took over ten years to achieve. A quarter of smartphone owners prefer to connect to the internet from their smartphone rather than from their computer and from 2012 through 2013 the ownership of tablets almost doubled to 34%. More than half of US adults who are active online have two or more different types of devices connected to the Internet. The rise in mobility is further fueling demand for wealth management firms to enhance their self-service capabilities.

**Big Data and the Cloud influence strategic decision making and operational excellence**

Wealth management firms are increasingly looking at unlocking information-based advantages through the use of big data. Integrated sites continue to combine the best of personalized, structured data with the best user generated content, while providing more choice. Use of analytics such as social intelligence, predictive analysis, and behavioral analysis will likely continue to drive personalized portfolio management strategies and become a critical corporate asset. IT delivery is also increasingly shifting to the cloud, a result of focus on operational and cost efficiencies.

**Disruptive competition: The emergence of connected advice**

Advisors have long been the focus of traditional wealth management models due to their central role in the client relationship. However, the need for an advisor solely as an expert to help a client manage through an opaque market is increasingly being called into question as information proliferates. New, potentially disruptive competitors are forcing wealth managers to reconsider the role of the advisor as new channels for obtaining investment advice and selecting and evaluating advisors emerge – all with the backdrop of a rapidly changing regulatory landscape.

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13, 14 “Cogent Research, a Market Strategies International company: Social Media’s Impact on Personal Finance & Investing, December 2012”
18 Global PC and Broadband Penetration – Forrester Research, Inc.
Investment advice goes “from broker to market” and automates

A new generation of disruptive entrants, initially targeting the mass market, is creating and proliferating new sources for clients to obtain investment advice. Some offer clients the ability to join online investment communities to share data and insights with each other, while others provide automated financial advice tools to deliver a new level of sophistication in financial recommendations. The offerings are differentiated by the target market and the degree of human involvement in driving investment decisions and analytics. Incumbents are asking themselves what they can learn from the success of new entrants and carefully consider integrating new services and paradigms of advice into their offerings.

New paradigms for the role of the advisor

The next generation of investment advice is using digital to transform the client-advisor relationship. We see four clear paradigms for the role of the advisor emerging:

1. a traditional, relationship-based advisor who elects not to adopt digital
2. a traditional advisor who becomes more technology-enabled and digitally-engaged with her client and in her day-to-day activities
3. a “social” advisor who is embedded in the social network of the self-directed investor, whose opinion and views are highly sought after and followed by the community and,
4. an automated advisor that replaces human advisors to manage an investor’s portfolio.

Regulatory impact

The regulatory environment continues to play a major role in shaping the landscape within which firms compete. Wealth managers and advisors currently face limited and sometimes conflicting guidance across regulatory bodies. As these conflicts and contradictions are resolved through the courts, and as regulatory bodies become more familiar with social media, the rules regarding the use of existing social media networks will likely become more explicit yet remain highly complex.

However, even as regulatory authorities begin to catch up to established social media networks, new networks and channels will emerge that should continue to provide a challenge within wealth management until new rules are implemented.

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**Figure 5 – Wealth management competitive landscape**

<table>
<thead>
<tr>
<th>Client Target Segment</th>
<th>Fully Delegated</th>
<th>Assisted</th>
<th>Self-Directed</th>
</tr>
</thead>
<tbody>
<tr>
<td>UHNW</td>
<td>Private Banks/Trusts</td>
<td>RIAs</td>
<td>Traditional Full Services Firms</td>
</tr>
<tr>
<td>HNW</td>
<td>RIAs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass Affluent</td>
<td>Independents/ Regionals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass Market</td>
<td>New/Disruptive Competitors</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Current Competitors**
- Traditional firms are beginning to move to a hybrid assisted delegated model to keep up with client expectations
- Online/Direct channels are beginning to complement their offerings by introducing delegated advice due to growth & profitability

**New/Disruptive Competitors**
- Enter the market by focusing on a niche, unfulfilled demand to gain foothold and are beginning to expand offerings to capture the high growth, high profitability segments

**Source:** PwC Analysis

19 Sizes are illustrative only
Section three: Meeting the challenge through digital transformation
The substantial market disruption caused by the four forces is causing wealth managers to reexamine and evolve their businesses in order to grow revenues and manage the bottom line. The essential ingredient in this evolution is digital transformation, which will create a much more connected experience with clients, advisors and staff as well as third party business partners providing solutions. Determining how to create these connected experiences and eco-systems in order to bridge the growing gap between client expectations and services delivered is one of the most immediate and strategic questions facing wealth managers in the 21st century.

Firms have been slow to bring new technologies to meet the challenge for a host of regulatory, privacy and, more importantly, cultural reasons. Digital and social technologies are disruptive technologies that bring new competitors and channels to established wealth managers.

To meet this fundamental challenge, firms should position themselves to exploit digital opportunities for connectedness within the client, advisor, and employee lifecycles as they discover (social marketing, social intelligence and analytics), engage (social collaboration, enterprise co-creation) and transact (digital mobility) with the firm.
Social marketing

Wealth managers have created policies and invested in technologies that integrate regulatory requirements like archiving and compliance, to enable advisor presence on common social media platforms. As the marketing capabilities of these tools continue to become more sophisticated, individual advisors and teams are increasingly establishing their own unique digital brand in the marketplace to attract clients directly and in a fully traceable manner. This online profile is making geographic location less relevant, enabling advisors to attract and serve clients across regions.

In turn, marketplaces are emerging which provide investors the transparency to be able to compare and search for the right advisor for their needs, considering testimonials and community ratings to make their decision. The reversal of the conventional model of advisors prospecting clients creates an open and evolving advisor profile, which will likely increasingly inform the value of individual advisors in the marketplace.

Wealth management firms are increasingly becoming aware of the relevance of this profile for advisor recruiting and talent management. This is accelerating changes in performance metrics and compensation as well as the very nature of individual wealth professionals and their relationship with their employer. So while firms are right to start by enabling an online presence for advisors, the digital transformation of the advisor profile presents the firm opportunities well beyond brand-building in a new client-facing channel.

Today’s challenge: Navigate regulations to encourage and drive advisor adoption of social media channels

Tomorrow’s challenge: Fully enable advisors to manage and differentiate their brand, profiles and ratings on social media channels
**Social intelligence and analytics**

Although social intelligence or listening is still in the early stages of growth in wealth management, it is already prevalent in other online businesses and enterprises. A host of new technologies are giving rise to social intelligence gathering as a key tool in capturing client insights and making any interaction more meaningful.

Currently many firms are focused on increasing advisor adoption of social channels and engagement. The next frontier is social listening – understanding what prospects and clients are saying about the wealth manager and the issues they face in the marketplace and throughout their lives. This real-time social data, when coupled with data from other systems within the organization (e.g., ERP, CRM, Web Portal) and external data available today, can create a holistic view of clients, their personal and family networks and all their wealth managers and advisors.

Clear value has been demonstrated by this level of engagement in the form of better customer intimacy, risk management and identification of opportunities to grow revenue. The real opportunity is the ability to identify an emerging client need from social chatter, life stage and on-line activity and then being able to offer timely products and services.

Ultimately, firms will likely seek to understand the ‘holistic’ financial needs of their clients today, and build behavioral simulations that help project behavior into the future under changing economic, financial, and health conditions. These tools will help empower wealth managers to be true trusted advisors by anticipating client demand and giving the time to prepare scenarios and solutions.

**Prospecting: A look forward**

**The opportunity**

Create a digital intelligence infrastructure (monitoring, dashboards, process flows, integrations into CRM tools, mash-ups with other data, etc.) that enables advisors to mine **social media for qualified leads**

Emerging technologies can now go beyond simple alerts to the presence of keywords, to deeper, multi-channel analyses of context and authors to better understand life stages and trigger events of clients and prospects within and outside of an advisor’s existing social graph.

With the right technologies, targeting schemes and workflows, this digital intelligence could drive:

- More leads
- More qualified leads
- Deeper engagement with existing leads

**Framework**

<table>
<thead>
<tr>
<th></th>
<th>Sources Monitored</th>
<th>Depth of Monitoring</th>
<th>Sources Engaged</th>
<th>Depth of Engagement</th>
<th>Breadth of Graph</th>
<th>Quality of Lead</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>How much of the web?</td>
<td>Top Networks → All Social → All Digital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>How much of each source?</td>
<td>Sampling → Windows → All Mentions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>How many networks will we engage?</td>
<td>Top Networks → All Social → All Digital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>How deeply will we participate?</td>
<td>Listen → Respond → Lead</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Who will we engage?</td>
<td>Clients → Contacts of Clients → All Qualified Prospects</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>How much will we pre-qualify the leads?</td>
<td>Weaker than Traditional Channels → Same as → Better Than</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Today’s challenge:**
Enabling social listening to capture client insights

**Tomorrow’s challenge:**
Implementing sophisticated tools and analytics that gather and analyze data in real-time from several sources for prospecting and client servicing
Social collaboration

Evolving digital and social technologies are forcing wealth managers to explore opportunities along two dimensions – (i) how clients communicate with each other and their advisors, and (ii) how firms manage their internal wealth management processes.

With regard to client collaboration, firms are focused on enabling and encouraging advisor adoption of client-facing social media platforms in order to make the advisor more technology-enabled and digitally-engaged with clients in day-to-day activities. However, social collaboration technologies have the potential to enhance client collaboration further. Whether in proprietary online communities, groups for next generation education, or interest groups the promise is to place the advisor with the client digitally. The goal is to enable a ‘social’ advisor who is embedded in the social network of the self-directed or validation-seeking investor, whose opinion and views are highly sought after and followed by the community.

Internally, social collaboration has the potential to fundamentally remake wealth managers’ business processes. By increasing connections at the advisor, client and community level, wealth managers should be able to create focused market niches quickly and cost effectively. These digital communities will have already developed perceptions of trust and professional service, through social media and digital interconnectedness, even before a formal sales process is launched. Firms that can foster active internal communities will likely reap benefits in terms of increased productivity, greater innovation, lower communication costs, and better alignment on strategic objectives. Wealth managers are focused on providing the tools (built in-house or vendor-supplied) to bring social networking behaviors such as liking, following, commenting, and sharing to corporate communications thus enabling early forms of collaboration in communities of interest. The initial focus has been on training and monitoring these collaborations to discourage inappropriate behavior.

The greatest benefits of social collaboration technologies accrue only when they become woven into daily activities across the organization. Therefore the challenge is to create the right incentives to drive adoption of these tools throughout the firm for everyday processes such as preparing to engage a prospect or researching a new investment. To succeed, firms should invest in developing and deploying the necessary skill-sets to manage and enhance these communities on an ongoing basis – PwC studies show that investment to be 5x the cost of the initial technology.

Today’s challenge: Implement and foster engagement in enterprise social platforms for employees and internal stakeholders that improve productivity and engagement.

Tomorrow’s challenge: Embed social collaboration into the firm’s highest value processes and functions, transforming communication, collaboration not just internally but also across clients and 3rd parties.
Enterprise co-creation

Wealth management has evolved from delivering simple brokerage to comprehensive financial planning and increasingly complex services as the needs of clients have evolved. At the highest wealth-tiers, the need to deliver a wide range of offerings, including non-investment related services (family governance, education, succession planning, collectibles management, etc.) requires significant investment. Indeed, in the age of automated investment advice, these non-investment services have only grown in their importance to the value proposition of wealth managers. Our research indicates that, in the future, 2/3rds of these services will likely be based on partnerships with third party providers as firms look to manage operational costs.

Given this need to collaborate outside of firm walls, the question is no longer how firms must structure workflows and their role in the value chain to gain competitive advantage. Rather, it is what communities can help the firm be successful and how does the firm engage with them to create mutual ongoing value. Enterprise co-creation methods – the systematic development of networks of individuals, stakeholders, and enterprises to create value together, through engagement platforms designed to enable mutually valuable interactions and experiences – enable a firm to define and catalyze this collaborative engagement process.

Wealth managers are beginning to harness this growing value in areas ranging from technology developer engagement (e.g., opening APIs for client analytics platform and fostering 3rd party developer community to create innovative portfolio analysis and visualization “apps”) to client community defined products (e.g., co-creating wealth products with wedding planning communities to target newly married individuals and subsequent wealth transfers) and community directed corporate social responsibility funds. The opportunities lie in breaking down walls to bring previously disparate groups together using technology. Much in the way crowd-sourcing has transformed how technology is developed, we see the co-creative development transforming the voice of the customer – whether client, advisor, employee or partner – in wealth management.

Today’s challenge: Identify pilot opportunities based around a specific topic (e.g., technology development), and then involve an ever-increasing group of stakeholders to further refine this idea and generate new ideas.

Tomorrow’s challenge: Systematically develop networks of employee, advisor, client and 3rd party stakeholders to create and deliver processes, services, and products through engagement platforms.
Shifting client demographics, growing proliferation of devices together with the increasing demand for efficiency, transparency and convenience are making mobile solutions for advisors and clients a top priority for wealth managers at all client segments. Mobile financial transactions are growing at a CAGR of 116%. And mobile support has rapidly changed from an optional to an essential investment as (i) advisors want access to client information ii) as advisors seek real time market data for client discussions and alerts when changes are made to client portfolios in order to provide timely advice to clients, and (iii) clients demand greater self-service capabilities.

Over time and for an increasing array of products, wealth clients in various generational cohorts have become increasingly accustomed to using their mobile or tablet device as a primary tool, thereby reducing the need and, we would submit, even the desire for direct interaction with their advisor. Research indicates that phones will play the role of transaction device, while tablets become business-sponsored financial management tools. Of the 760MM tablets expected to be in use globally by 2016, 1/3 of these will be purchased by businesses. As a result, investment in mobile channels will likely only increase as wealth managers look to cater to an increasingly varied spectrum of advisor and client expectations and a whole new category of interaction – no longer just creation and consumption (e.g., reporting and servicing) but also engagement with digital content as clients will interact virtually with advisors in life-like ways (e.g., portfolio co-browsing, video, etc.) Further out, enterprise mobility will likely go beyond mobilizing existing experiences to foster new innovation, reach new audiences, and create new client and advisor experiences and business opportunities. Successful mobile strategies are ones that are framed by the firm’s strategic goals, are driven by the customer – client, advisor, or workforce – needs, and integrate seamlessly across channels and devices.

Digital mobility

Over time and for an increasing array of products, wealth clients in various generational cohorts have become increasingly accustomed to using their mobile or tablet device as a primary tool, thereby reducing the need and, we would submit, even the desire for direct interaction with their advisor. Research indicates that phones will play the role of transaction device, while tablets become business-sponsored financial management tools. Of the 760MM tablets expected to be in use globally by 2016, 1/3 of these will be purchased by businesses. As a result, investment in mobile channels will likely only increase as wealth managers look to cater to an increasingly varied spectrum of advisor and client expectations and a whole new category of interaction – no longer just creation and consumption (e.g., reporting and servicing) but also engagement with digital content as clients will interact virtually with advisors in life-like ways (e.g., portfolio co-browsing, video, etc.) Further out, enterprise mobility will likely go beyond mobilizing existing experiences to foster new innovation, reach new audiences, and create new client and advisor experiences and business opportunities. Successful mobile strategies are ones that are framed by the firm’s strategic goals, are driven by the customer – client, advisor, or workforce – needs, and integrate seamlessly across channels and devices.

Today’s challenge: Deliver mobile apps that improve advisor productivity and enhance client service experiences

Tomorrow’s challenge: Go beyond mobilizing existing experiences to foster new innovations, reach new audiences, create new user experiences and business opportunities

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Who will be the market leaders in wealth advice in five years’ time?

The wealth management market has considerable growth potential and changes shaping its business. The big questions are:

Who is best placed to take advantage of these changes and how?
Our experience in other sectors has demonstrated that with disruptive technologies come new entrants, and incumbent players are generally less likely to be early adopters or exploiters of disruptive technologies. Indeed, the underlying forces driving the interplay between technological innovation and customer adoption are accelerating change, driving the intensity of the competition and changing how products and services are marketed and delivered. The legacy systems and client engagement models employed by many traditional wealth players may ultimately put them at a competitive disadvantage. It is therefore vital to think about how wealth businesses can keep pace and, where possible, lead the charge for change.

Success will likely be promoted by addressing changing customer needs and behaviors, communicating with key stakeholders, fostering a culture of knowledge sharing and rewarding behaviors that support overall business strategy and desired digital outcomes.

Wealth firms should ask these six questions and follow up with appropriate steps to differentiate themselves within the changing marketplace:

1. **Have you assessed your digital opportunities based on your overall business strategy?**
   - Define your target client segments
   - Assess the gap between your current business strategies and leading practices

2. **Have you aligned tools and technologies to take advantage of these opportunities?**
   - Identify key associated digital business opportunities for your clients, partners and employees
   - Identify and implement relevant social media channels across the client, advisor and employee lifecycles
   - Invest in leading digital tools and technologies that align with your business strategy
   - Apply analytics and big data to identify key advisor and client interactions for prospecting, servicing, and succession planning
   - Invest in community based platforms to drive value through key stakeholder interactions

3. **Do you have the right risk and compliance checks in place?**
   - Collaborate with vendors to develop customized compliant tools and technologies
   - Define the appropriate policies and procedures
   - Ensure that necessary training is implemented for the appropriate stakeholders

4. **Have you engaged your key stakeholders to drive adoption of these tools and technologies?**
   - Leverage leadership focus, strategic direction, policies, procedures and training to drive digital adoption
   - Communicate success stories and leadership endorsement
   - Put policies and procedures in place to encourage advisors to explore social media / social collaboration as an effective channel for revenue growth and efficiency
   - Enable tracking metrics such as digital leads or client service metrics through digital channels
   - Support processes to help advisors in their digital journey

5. **How do you transform your business model by establishing and embedding digital and social practices in your organization’s way of life?**
   - Focus on community based engagement to drive external as well as internal adoption and collaboration
   - Foster continued engagement to weave digital into the fabric of daily organizational processes and activities

6. **Do you foster communities where stakeholders collaborate towards common goals to co-create value for all involved?**
   - Explore customer engagement platforms and communities to create new products and services

While the future may be hard to predict, it’s definitely not impossible to prepare for the coming change. The speed at which your firm can make use of these questions to anticipate and adapt to change rather than simply reacting to events is a key differentiator in the coming competitive disruption.
Contacts

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