

Mobile Technology for Private Banking/Wealth Management Investment advice at your fingertips

Mobile technology cannot be ignored in today's wealth management sector. But what should a bank's mobile strategy be? Offering retail services on mobile devices to wealth management clients is a bit like offering a self-service counter in a Michelin restaurant. Simply making the bank's web pages available via mobile devices also misses the point. What about personalized investment advice at the right time, and as concise or as comprehensive as the client wishes?

Investment advice is the most important service that financial advisors provide to their clients. According to a senior wealth manager, there is a growing clientele that expects banks to provide this service more proactively.

Investment advice is valuable if it is both relevant to the client, and made available in time to be acted upon. However, many client advisors today—especially those working in large wealth management firms or private banking arms of global banks—are stretched to the limit with regard to fulfilling their advisory service obligations. They are overburdened by time-consuming compliance processes, increasingly complex regulatory checking procedures and lengthy reporting tasks. In addition, they face mounting pressure to achieve sales quotas.

As a consequence, client advisors have little time to contemplate innovative ways to interact with their clients and improve their services. They also lack the time required to share their insights into client requirements and preferences with the IT department of their institution. The impacts of this on the bank and its wealth management business are twofold; they fail to take full advantage of the opportunities offered by new technology, and they risk losing clients because they don't deliver the level of service the clients expect.

Let us examine the traditional investment advisory approach. The client advisor receives a recommendation list from the research department. Her or she screens the client portfolios for investment opportunities and optimization potential. For selected portfolios he checks the client risk profile and other suitability criteria, and finally identifies the clients to be contacted. Evidently, this approach is not scalable. Given his or her workload, the time-pressed client advisor is often unable to serve all clients in due time. Missed investment opportunities are the result.

This is where mobile technology brings a decisive advantage. Almost everyone uses a mobile communication device today, meaning that advice can be sent to clients where and when they want it. With this development, the bank's mobile strategy can focus on new ways of communicating with clients.

Example: Investment Opportunity Alert

Let us consider an example of a useful mobile application. The idea is to automate steps of the traditional advisory process by generating 'investment opportunity alerts'. These alerts are personalized messages that inform the client about an investment opportunity or need for action. The client advisor checks the alerts before they are sent to clients. For compliance reasons, clients must have expressed prior interest in the products in question. When the client receives the alert, he or she can choose one of three options: ignore the alert, receive additional information, or request to be contacted by the client advisor. If the client chooses the second option, the application presents the characteristics of the product, past performance and analysts' opinions. It also shows the potential impact of the product on the client's portfolio. Furthermore, it offers some explanatory detail as to why the product has been recommended to the client.

As simple as this application may seem, it is by no means trivial to implement. Given today's legacy systems, the challenge is to gather and integrate data across systems and from different sources, and to automate previously manual processing steps. In addition, security and privacy requirements soar as soon as clients' portfolio data are sent across networks and displayed on mobile devices.

Despite these challenges, the appeal of such mobile applications is obvious; who wouldn't want personalized, timely advice at his fingertips, and the option to take immediate action when opportunities arise?

Conclusion

Wealth management clients expect their bank to be proactive in providing investment advice. The traditional approach is not scalable in the long run, as client advisors become increasingly absorbed by compliance and regulatory tasks. A valuable mobile strategy for wealth management can and should address some of the shortcomings of today's investment advisory process.

Mobile technology offers the opportunity to create services for wealth management clients that are both personalized and convenient. The pervasiveness of mobile devices promotes the likely success of these services. Moreover, as clients expect more innovative ways of communication, the pressure to provide such services will increase. Applications such as an 'investment opportunity alert' demonstrate how technology can be used to benefit the client.