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## Wealth managers slow to adapt 'hyper-personalisation', despite widespread interest

NEWS TEAM, 04/06/2021

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A new survey reveals the extent to which wealth managers are dragging their heels in developing their 'hyper-personalisation' strategies, despite widespread interest in the topic.

Objectway, a wealth and investment management fintech, found that while a third of its respondents had developed a hyper-personalisation strategy, a quarter were not yet looking at the issue. The remainder were either talking about it (21 percent) or working on it (21 percent).

The firm defined 'hyper-personalisation' as the ability for wealth and investment managers to provide a real-time customised offering, in terms of content and the user experience. This required capturing data across the whole client journey, to personalise the client and service offering.

"The advent of the digital era has led customers to evolve...making organisations fully aware that the best direction to take in order to keep customers' attention alive is the implementation of highly customised communication tactics and experiences," Objectway's researchers said.

"...firms should make better use of all the data they receive from different channels, to reach a level of personalisation where clients provide additional personal data in return for value propositions and benefits."

In the survey, respondents were asked which definition of hyper-personalisation they believed fit best in a wealth management context, with 29 percent saying it should provide clients with bespoke investment solutions. An equal number (29 percent) said it meant providing personalised offers, content, and education along the customer journey; while 25 percent said it related to a “personalised digital wealth experience”.

When the topic turned to what firms wanted their own hyper-personalisation strategies to achieve, again, much focus was placed on the provision of appropriate investment management services – 31 percent said they would like to use technology to offer personalised investment management proposals.

Twenty-two percent wanted to improve the customer experience and 19 percent were focused on operational efficiency. Interestingly, only 8 percent saw hyper-personalisation as primarily a way of entering new market segments.

This topic was also raised at a May roundtable for UK wealth managers, hosted jointly by Objectway and PAM Insight. While the attendees were all interested in, and thinking about the topic, few had taken meaningful action in terms of harnessing client data to personalise their portals and onboarding processes.

One attendee, from a boutique firm serving ultra-high net worth clients, said they were sceptical as to whether such technology would have widespread application amongst the very wealthy, who preferred solely “human-based” interaction and advice.

Another said that while younger generations had much higher expectations on the user-experience front, they still needed the emotional support which came from a close relationship with a human adviser, particularly as they went through the process of inheriting a large sum.

Another recurring theme at the roundtable was data quality – firms were either in the process of tidying up their data, or felt they needed to do so before embarking on any meaningful hyper-personalisation projects. In some cases, legacy systems were an issue.

The challenge of data was also reflected in Objectway’s survey. When asked whether they were enhancing the client experience through data-driven advice and reporting, only 25 percent answered in the affirmative. More than half (54 percent) were talking about or thinking about this issue.

“To achieve this goal, artificial intelligence, machine learning, and analytics are not enough: it’s advisable to create an effective data management program and data-driven culture,” Objectway’s researchers said.

Such data analytics can change how wealth managers interact with their clients – either through investment selection, products, content, or other marketing.

The largest group of Objectway’s respondents (37 percent) were focused on personalised portfolio construction, while 18 percent wanted to implement bespoke risk profiles and personalised financial planning (18 percent). Only 16 percent saw personalised communication and reporting as the top priority.

Objectway pointed out that the topic was likely to rise in prominence in coming years, given heightened interest but an overall lack of action.

Capgemini’s 2020 World Wealth Report indicated that less than half of high-net worth clients were satisfied with their wealth management provider’s personalised offering.

“If the ultimate goal is to build personalised relationships that last and strengthen, together with encouraging customer loyalty towards [a] brand, we can assume the more personalised a service, a product, and experience is, the stronger client relationships become,” Objectway concluded.

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