

PRESS RELEASE

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The Wealth Management industry is under siege, yet optimism reigns

- Female investors do not feel their needs are being met
- The industry is struggling, with only 25% of firms having sustainable business models
- Under 17% of wealth managers offer their clients digital interaction
- To meet the needs of clients, wealth managers are shifting and rebalancing from a narrow product to providing more relevant and digitally enabled advice and solutions
- Most wealth managers support Brexit, especially the UK, believing it would bring benefits across Europe and Asia

The world's richest women are poorly served by wealth managers, according to new research by Orbium, a leading global technology provider for the wealth management industry. The survey revealed that 78% of executives feel the needs of wealthy high-net-worth and billionaire women are currently not being adequately addressed.

The Orbium Wealth Management C-Level Survey 2018 surveyed 50 leading private bank and wealth management C-Suite executives in the UK, Europe and Asia who together manage assets of over \$2.5 trillion, and range from top ten global banks to medium and smaller firms. The report gathered their current thoughts and where they see themselves in 2020.

Wealth managers with a universal retail, asset management arm, and investment bank were the worst performing enterprises. Family offices proved better serving the needs of female investors. Executives also highlighted they were also falling short in addressing first generation entrepreneurs.

Ian Woodhouse, Head of Strategy and Change at Orbium, said: *"While many wealth management firms acknowledge that next generation clients, including women investors comprise a growing portion of their market, few seem to have adequately changed their advisory model to meet women's needs."*

He added: *"In order to create compelling value propositions that resonate with women of all types, wealth managers need to better understand their investment goals. Currently, only 17% of participants offer their clients digital interaction with relationship managers, but by 2020, 76% plan to offer this to meet the needs of next generation clients, according to our survey, who are used to the digital world and will expect it from their wealth managers"*.

Wealth managers need to significantly improve their use of digitalisation and converting information into digital format, the survey shows. This would enable female investors next generation investors to interactively review, with their relationship managers, their assets and portfolio on their tablet or mobile device, receive timely education and ideas and, in some cases, change asset allocation. This gives women more insight and freedom to make the choices they desire and to build confidence in their own abilities.

The need to rebalance is vital to survive and thrive

Orbium's Survey showed that currently the industry is struggling to survive with an alarming figure of only 25% of private banks and wealth managers have a sustainable business model that has both good revenue margins and good cost control. That means the remaining 75% need to improve margins or costs or both.

Woodhouse said: *"The industry has been distracted by having to meet multiple regulations including tougher suitability and cross-border rules and has been slow to meet the needs of next generation clients, embrace new technologies and respond tougher competition from both merged established players and new entrants: and all this is currently eroding margins but they can reverse this through delivering higher value to underserved clients."*

He added: *"While many wealth management firms acknowledge that the next generation clients comprise a growing portion of their market, few seemed to have adequately changed their advisory models to meet their changing needs."*

The Survey revealed that executives plan to respond by significantly rebalancing their business models to be more focused in their approach to serving both next generation and traditional clients. Fortunately, they expect technology

can help to enable their relationship managers to better digitally interact with clients and plan to invest to upgrade both their client facing front and back office core systems and better manage data to deliver enhanced client insight and personalisation. They also expect to provide more relevant higher value-added solutions such as socially responsible investing and broader advice.

Creating a balanced business model for the future

Executives provided a view of what they anticipate their balanced sustainable business models will look like in the future. It will be client focused and differentiated in the front, with more agile and industrialised operations and technology and will leverage new capabilities and delivery options such as digital. Participants identified that they would need to overcome some significant barriers to successfully change and transform. A lack of talent was revealed as a significant hindrance, with participants revealing that only 6% believe their talent in key areas is very good but by 2020 this will change to 60%. Challenges with systems was also a key issue, with as little as 13% of firms citing their integration of systems was very good. However, this is set to rise to 40% by 2020. A further key barrier identified was their ability to adapt at sufficient speed, with the report revealing that only 13% of wealth management firms were very good at doing this but they expect their speed of change to improve dramatically by 2020, with 67% of firms expecting this to be very good or good.

Woodhouse observes *“To be successful in achieving this transformation, executives need to know where to focus scarce resources to address their biggest performance and opportunity gaps and the Survey also provides useful insight and offers a short business assessment framework to help executives to discover the areas where they most need to change and transform to succeed in the fast-changing environment as well as how they compare to their peers.”*

The need to outsource

To increase cost efficiency more wealth managers’ report they expect to outsource business processes in the future. To improve the agility and cost efficiency of their operations and IT, the Survey showed that C-Level executives will also work more with external technology and other partners to outsource more non-core activities. Currently, 69% of participants outsource IT and this will rise to 75% by 2020 but the biggest shift is expected in non-core business process outsourcing, which is expected to shift from 31% to 67% by 2020.

Wealth managers favor Brexit, especially the UK

Separately, the survey also shows that wealth managers expect to have to operate in a more volatile, uncertain, complex and ambiguous environment, including anti-global elite sentiment and Brexit. A majority favour Brexit, with 61% of executives agreeing that Brexit would bring benefits across Europe and Asia. UK wealth managers were the highest to agree with Brexit, followed by Asia. Executives in other parts of Europe and Switzerland, however, are not in favor.

For a copy of the Survey or to speak to Ian Woodhouse, please find contact details below.

About Orbium:

Orbium helps banks and wealth managers realise their strategy and execution priorities. Widely recognised for exceptional commitment, the firm helps clients to realize revenue growth and efficiency gains through innovation and industrialisation. By effectively blending management and technology consulting with software products and strong partnerships, Orbium enables clients to focus on what matters most: their own success.

The firm has over 500 employees located in the world’s key financial centres: New York, London, Zurich, Geneva, Singapore, Hong Kong, Frankfurt, Luxembourg, Düsseldorf, Paris, Sydney, Berlin, Warsaw and Manila.

For more information, please visit www.orbium.com

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