



Digital Effectiveness of Wealth Management Firms in North America – Harnessing the Power of AI and Data Analytics

Banking & Financial Services (BFS) - IT Services (ITS)

Market Report – July 2018: Complimentary Abstract / Table of Contents

Our research offerings for global services

▶ Market Vista™

Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

▶ Application Services

▶ Human Resources

▶ BPS | Banking & Financial Services

▶ ITS | Banking & Financial Services

▶ BPS | Healthcare & Life Sciences

▶ ITS | Healthcare & Life Sciences

▶ BPS | Insurance

▶ ITS | Insurance

▶ Catalyst™

▶ IT Services Forecaster™

▶ Cloud & Infrastructure

▶ Locations Insider™

▶ Customer Experience Management Services

▶ PricePoint™

▶ Digital Services

▶ Procurement

▶ Engineering Services

▶ Recruitment & Talent Acquisition

▶ Finance & Accounting

▶ Service Optimization Technologies

Membership information

- This report is included in the following research program(s)
 - **Banking & Financial Services (BFS) – IT Services (ITS)**
- **If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at info@everestgrp.com, unitedkingdom@everestgrp.com, or india@everestgrp.com**

More about membership

In addition to a suite of published research, a membership may include

- Price book
- Pinnacle Accelerators
- Data cuts
- Analyst access
- Virtual Roundtables
- Workshops

Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Table of contents (page 1 of 2)

Topic	Page no.
Background and methodology	5
Summary of key messages	7
Section I: The North American wealth management landscape	13
• Market share and next-generation investors	14
• Disruption themes	16
– Digital technology adoption	17
– Rise of robo-advisors	22
– Experience-first	25
Section II: Digital effectiveness assessment model Leading wealth management firms in North America	30
• Digital services framework/definition	31
• Digital Effectiveness Assessment model – overview and methodology	32
• Summary dashboards – capability maturity and business outcomes	36
• Digital focused talent and strategic priorities of wealth management firms	40
• Digital Effectiveness Assessment model for North American wealth management firms	42
Section III: Snapshot of digital functionality of North American wealth management firms	43
• Bernstein Private Wealth Management	44
• BNY Mellon Wealth Management	45
• Charles Schwab	46
• Citi Private Bank	47
• Fidelity Investments	48

Table of contents (page 2 of 2)

Topic	Page no.
Section III: Snapshot of digital functionality of North American wealth management firms (continued)	
• First Republic	49
• Goldman Sachs Wealth Management	50
• J.P. Morgan Private Bank	51
• LPL Financial	52
• Merrill Lynch	53
• Morgan Stanley Wealth Management	54
• Neuberger Berman	55
• Northern Trust	56
• PNC Wealth Management	57
• Raymond James Financial	58
• Robert W. Baird	59
• Stifel	60
• SunTrust Private Wealth Management	61
• U.S. Bancorp	62
• Vanguard	63
• Wells Fargo	64
Appendix	65
• Glossary of terms	66
• Research calendar	67
• References	68

Background and scope of the research

Rapidly advancing technology is creating entirely new ways of serving the wealth management needs of customers, and is significantly increasing expectations from firms to improve the quality, speed, and price at which value is delivered. Wealth management firms are collaborating with FinTechs, building in-house innovation capabilities, adopting digital technologies such as Artificial Intelligence (AI), analytics, and more to develop new products, services, robo-advisors, and business models. At the same time, rise in the next generation of investors (generation X and millennials) is redefining the standard and expectations from wealth management firms by demanding best-in-class customer experience

In this research, we analyze customer-facing digital investments for 21 North American wealth management firms. These firms have

been mapped on Everest Group's **Digital Effectiveness Assessment model**, which is a composite index of a range of distinct metrics related to each wealth management firm's capability maturity and the resultant business outcomes.

In this report, we look at:

- Disruption in the North American wealth management sector
- Assessment of top 21 North American wealth management firms on Everest Group's Digital Effectiveness Assessment model
- Identification of Digital Wealth Management Leaders and their features across all assessment dimensions
- Snapshot of capability maturity and business outcomes of all North American wealth management firms assessed on the Digital Effectiveness Assessment model



In this research, we look at the digital maturity of the wealth management firms vis-à-vis their business outcomes. We focus on:



Vision and strategy



Talent & innovation



Technology



Channels

Scope of this report



Industry

Wealth management services



Sources

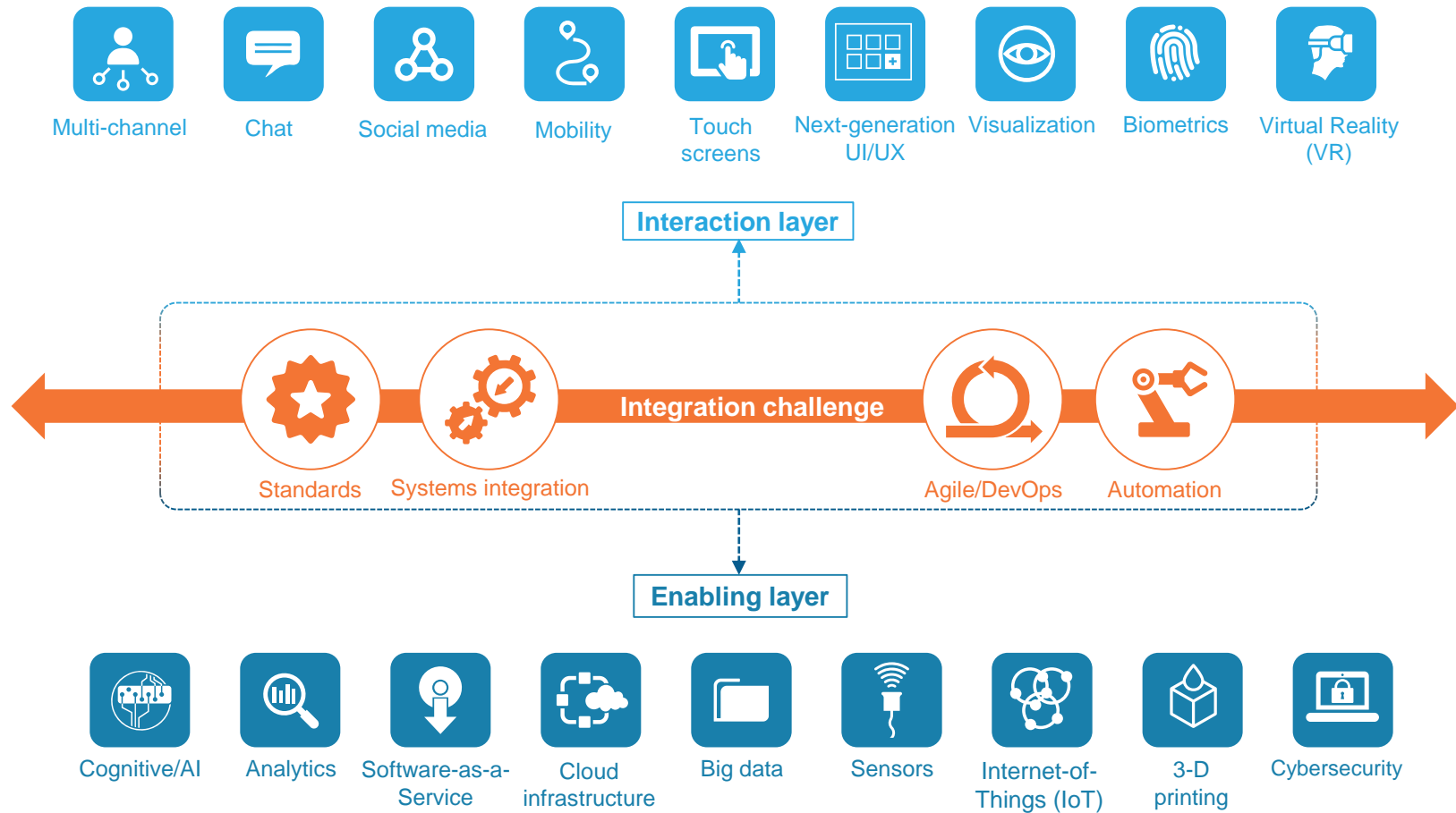
Only publicly-available information (i.e., information from a consumers' lens)



Geography

North America

Everest Group's digital effectiveness assessment focuses on the consumer-facing interaction layer of digital technologies



The assessment focuses on the consumer-focused initiatives in the "Interaction Layers" and only takes into account those aspects of digital functionality that a **consumer could evaluate**.

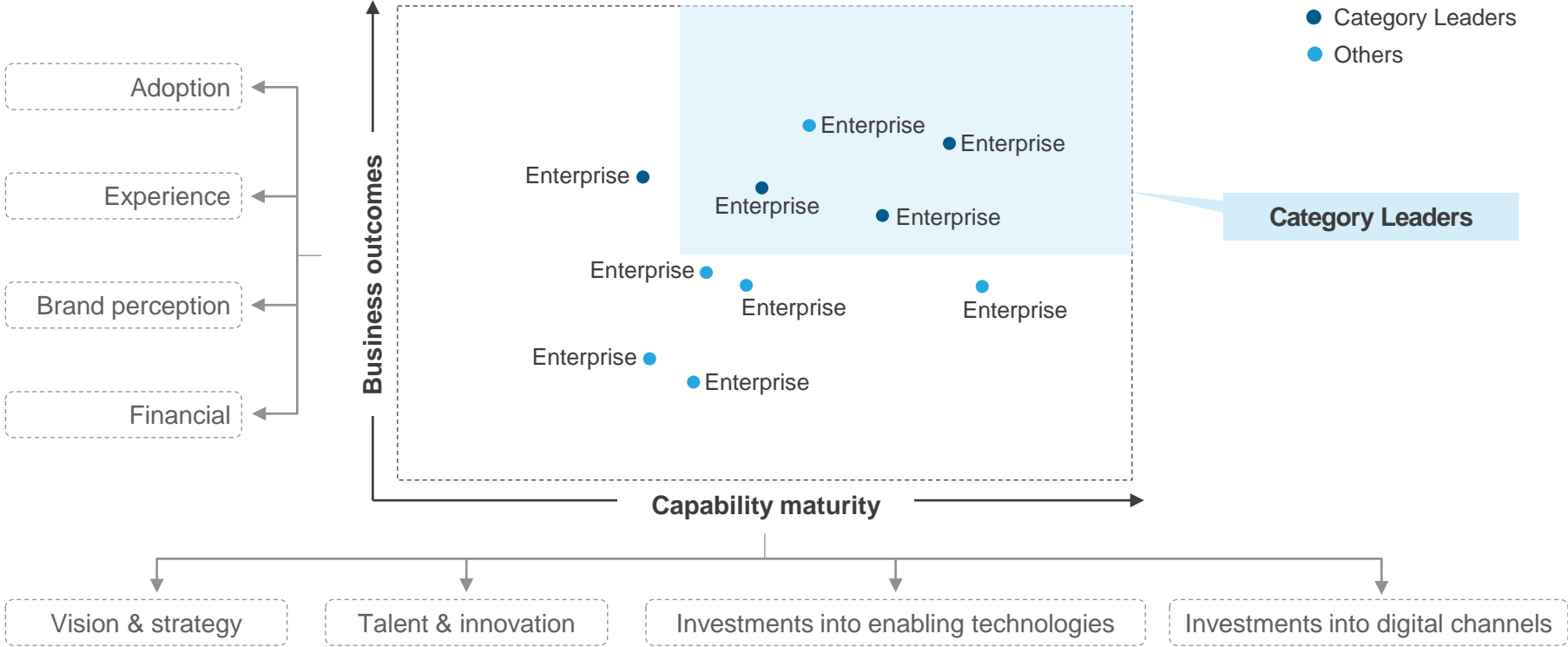
Everest Group selected 21 leading North American wealth management firms to assess their digital effectiveness



1 Wealth management firms have been chosen on the basis of the largest asset under management
Source: Everest Group (2018)

Everest Group Digital Effectiveness Assessment model for leading wealth management firms in North America

Digital Effectiveness Assessment model | Leading wealth management firms in North America



Definition of digital wealth management Leaders

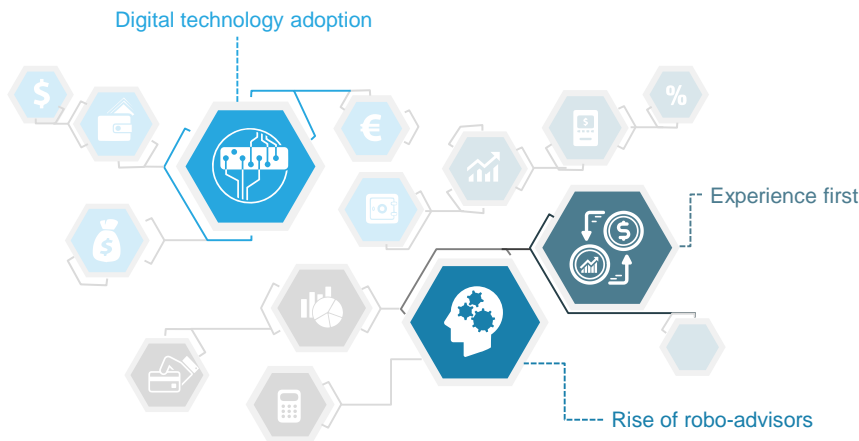
- Wealth management firms that stand apart from others for their business outcomes and capability maturity
- Not all wealth management firms will be working toward the same destination; however, the alignment is critical

Note: The assessment focuses on the consumer-focused initiatives of the leading 21 North American wealth management firms and only takes into account those aspects of digital functionality that a consumer could evaluate

Source: Everest Group (2018)

This study offers distinct chapters providing a deep dive into key aspects of Digital wealth management Leaders; below are four charts to illustrate the depth of the report

Disruption themes in the North American wealth management landscape



Implications of digital technology adoption by wealth management firms

Front-office		Back-office	
Experience-led	Enablement-led	Optimization-led	Disruption-led
<ul style="list-style-type: none"> Primary objective is to enhance customer experience Majorly front-office aligned Part of "digital for growth" agenda; some initiatives might not drive revenue but could be solely focused around better UI/UX design 	<ul style="list-style-type: none"> Primary objective is optimization of the existing IT landscape (applications or infrastructure) to enable digital operations Majorly back- or mid-office aligned; however, impact is potentially seen across all sides of operations Examples of business outcomes achieved include cybersecurity initiatives, digital platform, application modernization, Agile/DevOps, robo-advisory, SaaS, IaaS, etc. 	<ul style="list-style-type: none"> Primary objective is reduction of costs Majorly back- or mid-office aligned Part of "digital for efficiency" agenda Usually leverages point solutions for achieving specific business outcomes such as improved productivity and streamlined operations 	<ul style="list-style-type: none"> The primary objective is to build transformative and innovative business models Ideally involves a significant consulting-led technology implementation approach Examples of business outcomes achieved include adoption of new business models and leverage of next-generation technologies such as blockchain and cognitive computing

Key attributes of digital wealth management Leaders

Superior customer experience

- Higher penetration of digital channels, driven by targeted marketing through multiple touch points
- Exhaustive portfolio of products and variety of accounts to cater to all types of customer requirements
- Focus on advisory roles through mobile app to derive more value from client relationships
- Customer-centric marketing campaigns on social media and personalized products/services for driving contextual engagement
- In-depth market insights on various investment products to make an informed decision

Stronger customer engagement

- Superior User Interface (UI) / user experience for online and mobile channels
- Feature-packed mobile apps and online platform (On-the-Go trading, integration with external brokerage accounts, biometric authentication, portfolio analysis tools, book appointments with advisors, real-time market updates, etc.) for a seamless experience
- Multiple mobile platform support for higher appeal to millennial customers
- Meaningful content leading to higher likability on social media platforms
- User-friendly mobile app and website leading to more time being spent on these channels

Higher business growth

- Stronger increase in assets under management, driven by wider adoption of digital channels
- Exhaustive wealth manager network, with in-depth market awareness to guide and educate the current and potential customers regarding best-suited investment plan for them
- New business models to tap into the robo-advisory ecosystem
- Innovative product offerings and digital channel strategies that meet unique customer needs
- Consistent high brand ranking on Wall Street Journal, depicting steady customer trust



Implications for wealth management firms in North America

Focus on customer experience

- Train wealth managers on digital offerings and capabilities**
 - Enable wealth managers with integrated systems to allow access to customer information at their fingertips, in turn, enhancing customer experience through informed advisory decisions
- Adoption of the right mix of human and automation interaction with customers**
 - Use data analytics and understanding customer behavior to identify stated and unstated needs of the customer and build personalized experiences
 - Automated advisory and automated wealth management, coupled with optimal leverage of social media and mobile apps, will enable wealth managers to focus more on critical areas to deliver a superior customer experience
 - Firms need to develop a right mix of human- and automation-based advisory to create customer delight
- Build agile teams with a culture of obsessive customer focus**
 - Build and measure experiences in quick sprints to continuously iterate at the speed of customer demand
 - Keep the customer at the center of all design and development activities to ensure that all objectives/goals of business stakeholders are aligned to build superior customer experiences
- Adopt a compliant-by-design approach**
 - Block non-compliant actions/transactions across interfaces by leveraging intelligent controls while designing/building application interfaces

The report also provides a snapshot of capability maturity and business outcomes of all 21 North American wealth management firms assessed on the Digital Effectiveness Assessment Model

XXX | Digital snapshot

Measure of capability:  High  Low



Differentiators of the digital experience

- Amongst the top three wealth management firms in terms of breadth of mobile functionalities and features offered through its mobile channel. Some of these unique features include monitoring investment health, online onboarding via mobile channel, and support for smartwatch.
- Reported a strong financial performance with AUM growth of 19.3%, making it amongst the top three wealth management companies
- Balanced portfolio of in-house solutions, partnerships, and platform frameworks to drive enhanced customer experience

Areas to enhance the current digital experience

- Amongst Leaders, XXX is the only wealth management firm which witnessed a drop in its brand ranking
- Has a below-average engagement level on Twitter in terms of average number of retweets per company's tweet of 3.91 and the percentage of tweets retweeted of 33.6%
- Facebook engagement rate of 2%, places it amongst the bottom five wealth management firms

Key recent investments in talent, innovation, and technology



Type of investment	Details
Investments into accelerator programs	Established digital accelerator hubs in Austin and San Francisco to develop and deploy investments in digital technology that helps deliver easy-to-use and intuitive experiences for current and future clients
Investments into robo-advisory	Launched XYZ to provide clients with a financial and investment plan, unlimited access to a human advisor via phone or video conference, and an investment portfolio of exchange-traded funds managed by computer algorithms
Cloud-based alliance	Partnered with Certent to develop a Software-as-a-Service (SaaS) platform for sending and receiving data in real-time through Application Programming Interfaces (APIs)

Research calendar – Banking & Financial Services (BFS) - IT Services (ITS)

Published
 Planned
 Current release

Flagship Banking & Financial Services (BFS) - IT Services (ITS) reports

Release date

Capital Markets IT Annual Report Part 1 - Platformification Wave Disrupting Buy-Side	April 2018
Capital Markets IT Annual Report Part 2 - Data and Intelligence Transforming Customer Experiences for Sell-Side	April 2018
Capital Markets IT Annual Report Part 3 - Building Digital Market Infrastructures	April 2018
Digital Effectiveness of Wealth Management Firms in North America – Harnessing the Power of AI and Data Analytics	July 2018
Banking & Capital Markets – ITO Transaction Activity and Market Trends Annual Report	Q3 2018
Application Services in Banking PEAK™ Matrix Assessment 2018	Q3 2018
Open Banking IT Services PEAK™ Matrix Assessment 2018	Q3 2018
Application Services in Capital Markets PEAK™ Matrix Assessment 2018	Q3 2018
Banking ITO Annual Report – Exploring adoption of Artificial Intelligence (AI) uses cases	Q3 2018

Thematic Banking & Financial Services (BFS) - IT Services (ITS) reports

Enterprise Digital Adoption in Banking and Financial Services Pinnacle Model™ Assessment 2018: Artificial Intelligence Enabled Transformation	March 2018
Maximizing Value From Open Banking	March 2018
Blockchain: Is It the Silver Bullet?	March 2018
Securing Digital Experiences in Banking and Financial Services – State of Digital Identity Services Market	April 2018

Note: For a list of all Research calendar – Banking & Financial Services (BFS) - IT Services (ITS) reports published by us, please refer to our [website page](#)

Additional Banking & Financial Services (BFS) - IT Services (ITS) research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Digital Effectiveness in Retail Banking | Focus on Banks in the UK and Europe: Identifying Digital Banking Leaders in the Open Banking Era** ([EGR-2018-31-R-2641](#)); 2018. In this research, we analyze the customer-facing digital investments for 20 European retail banks. These banks have been mapped on Everest Group's Digital Effectiveness Assessment model, which is a composite index of a range of distinct metrics related to each bank's capability maturity and the resultant business outcome
2. **Digital Effectiveness in Retail Banking | Pinnacle Model™ Assessment 2018: Journey of North American Banks to Build SUPER Experiences** ([EGR-2017-11-R-2478](#)); 2017. In this research, we analyze the customer-facing digital investments for 30 large North American retail banks. These banks have been mapped on Everest Group's Pinnacle Model™, which is a composite index of a range of distinct metrics related to each bank's capability maturity and the resultant business outcomes
3. **Digital Force Multiplier – A Cloud Adoption Story in Banking and Financial Services: Public Cloud First** ([EGR-2017-11-R-2315](#)); 2017. In this research, Everest Group analyzes the top 15 BFS enterprises across four geographies (Australia, Europe, the United Kingdom, and the United States) to understand the role of cloud technology in enhancing the digital experience. These BFS enterprises have been analyzed using Everest Group's proprietary assessment framework, which is a composite index of a range of distinct metrics related to an enterprise's investments in cloud technology and digital experience

For more information on this and other research published by Everest Group, please contact us:

Jimit Arora , Partner:	jimit.arora@everestgrp.com
Ronak Doshi , Practice Director:	ronak.doshi@everestgrp.com
Aaditya Jain , Senior Analyst:	aaditya.jain@everestgrp.com
Gaurav Karnaney , Assistant Manager:	gaurav.karnaney@everestgrp.com
Harsh Kapoor , Senior Information Specialist:	harsh.kapoor@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91 806-781-9999

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-416-388-6765

Stay connected

Website



www.everestgrp.com

Social Media



@EverestGroup



@Everest Group

Blog

[Sherpas In Blue Shirts](http://www.sherpasinblueshirts.com)

www.sherpasinblueshirts.com