



**Heba Rasheed,**  
Senior Product Manager, ICSFS

# DIGITAL TRANSFORMATION OF WEALTH MANAGEMENT

## WHAT DOES IT REALLY INVOLVE?

Digital transformation is underway in wealth management, as it is elsewhere. Clients demand instant gratification. Digital transformation is changing the customers' expectations. It is also making it easier for banks to meet – and beat – those expectations.

### The two most recent crises for wealth management

The term “wealth management” emerged in the early 1990s to distinguish banks' services to affluent to high-net-worth (HNW) and ultra-high-net-worth (UHNW) investors from mass-market offerings. More recently, the term has spread throughout the financial services industry. Over the years, wealth management became a key business for many banks.

Wealth management has encountered two crises since the turn of the new century. The first of these was the Global Financial Crisis of 2008-09. Banks, private banks and wealth managers who had not understood the world's financial condition prior to the crisis were decimated. However, these were the exception rather than the rule. Most organisations preserved their clients' wealth and flourished afterwards.

The second crisis is the Coronavirus pandemic of 2020. A main issue has been actual client service: in spite of digital transformation, much has depended on face-to-face meetings and actual handshakes. However, there are many other challenges for wealth managers:

- New regulations and compliance requirements
- Extensive security requirements
- Rapid technology changes
- Innovation difficulties

- Evolving away from legacy systems
- Setting an appropriate platform for digital transformation
- Adopting data-driven decision making
- Infrastructure cost
- Cultural adoption
- Improving customer interaction
- Stepping away from operational silos to mitigate cyber-security risks
- Continually rising expectations from increasingly well-informed clients

For many wealth managers, the answer to these challenges is simple: further digital transformation.

At ICS Financial Systems, we have helped our banking and financial customers in making this happen through:

- Open Banking solutions and APIs
- SaaS through cloud-based platforms
- Enriched customer service and experience
- Insightful data and customer analytics
- Unification of all digital systems, to produce an omnichannel experience
- Increased customer engagement and loyalty
- Dynamic products for new business trends
- RegTech solutions
- Continuous technological advancement with lower TCO (Total Cost of Ownership)
- Future-proofed digital banking products

As surveyed by Thomson Reuters and Forbes<sup>1</sup>, 68% of wealth managers say learning about and keeping up with new technology is the top challenge they face. The wealth management business or the financial institution must re-engineer the way it does business. It must first face growing challenges with endless disruptive innovation.

Wealth managers have to adopt digital innovation into their business strategies. They have to embark on the digital revolution through the usage of efficient software solutions, to indulge their customers with a perfect customer experience across their entities and business areas with minimum hassle.

All this is complicated by the need to differentiate between the investment needs of each generation; Generation Z is more aware and conscious about their investments than previous generations, millennials are known as the most digitally savvy investors, while Generation X and baby boomers are more likely to invest than millennials.

ICS Financial Systems (ICSFS) can help. Through its ICS BANKS Wealth Management software solution. This enables the bank or the financial institution to serve its customers by providing essential features utilising facilities, and delivering the latest technologies. Further, ICS BANKS Wealth Management supports AML, FATCA, and CRS requirements – whilst its APIs connect to local and regional authorities for further regulatory and compliance processing.

ICS BANKS Wealth Management platform combines many of the latest technologies – including the cloud, data analytics, open banking and open API's, Artificial Intelligence, machine learning, and smart processes, chatbots, smart customer social and interactive engagements, Robotics, Smart Contracts, Cardless Payments, Digital Customer onboarding and wearable banking and internet of things (IoT).



<sup>1</sup> [Thomson Reuters Report on Digitalization of Wealth Management Reveals Challenges and Opportunities Faced by Wealth Management Industry](#)