



strategy&



## *Sink or swim*

**Why wealth management  
can't afford to miss the  
digital wave**



**pwc**



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# Key take-outs



**Wealth management is one of the least tech-literate sectors of FS.**



**High net worth individuals (HNWIs) enthusiastically adopt technology.**



**CEOs of wealth management firms recognise the need to adopt digital, but meet resistance from Relationship Managers (RMs).**



**Weak affiliation to traditional wealth managers is creating a sector vulnerable to FinTech incomers.**



**Ignoring this state of affairs is not an option.**

**PwC Strategy& believes wealth management firms can ONLY survive if:**

**1**

They accelerate efforts to adopt a comprehensive digital infrastructure that integrates every aspect of their activities and corporate culture, from the back office to how they service clients and market to new prospects.

**2**

They harness the potential of digital to realise great efficiencies, manage costs and advance their core client proposition by drawing on a much wider range of available data.

**3**

They are willing to partner strategically with FinTech innovators to deliver technological solutions at the speed the market expects.



**Opportunity for wealth managers that combine the very best of technological and human capital.**



**Firms that continue to resist digital innovation face becoming less competitive.**

## The digital threat to wealth management

### 1. Low digital response

**69%**



of high net worth individuals (HNWIs) are now using online/mobile banking but only a quarter of wealth managers currently offer digital channels beyond email



Source: PwC Strategy& Global Wealth Management Survey 2016

### 2. Low client advocacy

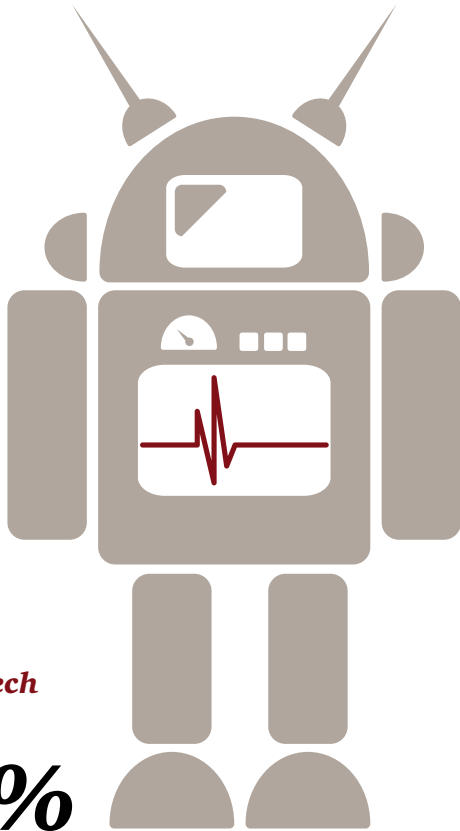
**Only 39%**

of clients are likely to recommend their current wealth manager – falling to 23% among US\$10m+ clients



### 3. High tech appetite

**47%**



of HNWIs under 45 who don't use robo-services would consider using them in the future

Source: PwC Strategy& Global Wealth Management Survey 2016



# Introduction

**The world is living through one of the most transformative times in human history. The rise of technology has altered how we live and the speed with which we engage with one another. But how does this impact wealth management – a proposition predicated on personal service, where clients pay for solutions and advice tailored to their individual investment goals, day-to-day financial needs and attitudes to risk?**

## ***Time to move beyond human capital***

Until now, wealth management's personalised response has relied on human effort. But digital and algorithmic innovation is creating the possibility of more and more of the wealth manager's role being delegated to technology and, in turn, is potentially opening up the sector to new FinTech players with very different ways of doing things.

Wealth management firms cannot assume that length of experience, brand prestige or even the quality of their client relationships will insulate them from this possibility. As we report, current levels of satisfaction and advocacy among wealth management clients are modest at best. Plus a younger cohort of high net worth individuals is emerging, whether through their own enterprise or wealth transfer. As millennials grow in economic power, firms will be courting a tech-immersed generation that has grown up in a world of economic instability and who are, as a result, highly adaptable, restless and fickle in their choice of brands and service providers.

## ***Keeping ahead of digital disruption***

Today, 83% of business leaders surveyed in a PwC global survey of the financial services sector believe they are at risk of losing business to standalone FinTech companies, and wealth management is seen to be one of the sectors most vulnerable to disruption, with more than a fifth of such business believed to be at risk.<sup>1</sup> To survive in a digital world that is evolving at breakneck speed, wealth management firms urgently need to take action to demonstrate their value to existing and future clients – and to keep pace with the new waves of digital opportunity that are emerging.

In this report, we draw on quantitative research with more than 1,000 high net worth individuals in Europe, North America and Asia, plus qualitative interviews with 100 relationship managers and a number of CEOs of wealth management firms and FinTech innovators. This unparalleled access allowed us to assess the appetite and expectations among the world's wealthy for digitally driven solutions and, by contrast, the unreadiness among wealth managers to meet this appetite. We also examine how technology could help advance the role of wealth management firms, deliver efficiencies and allow their proposition to remain compelling and distinctive in the face of competition from tech-driven newcomers.

Wealth managers currently rank among the slowest adopters of digital technology in the global financial services sector. Now is the time to start making up lost ground. We hope this report will provide a starting point to do so.

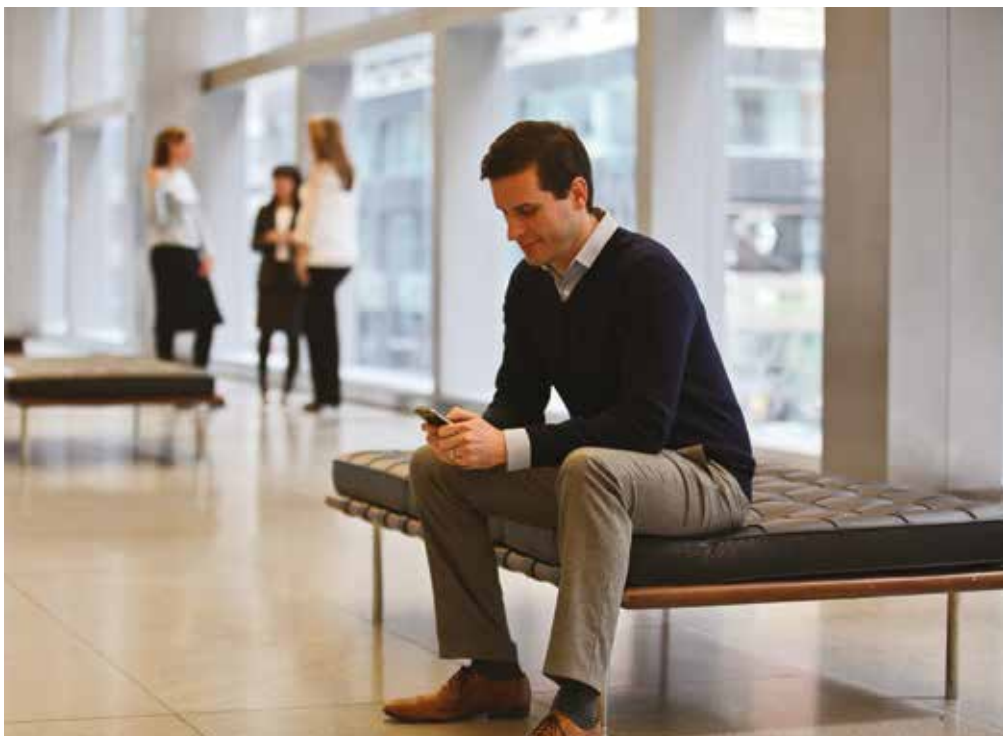
<sup>1</sup> PwC Global FinTech Survey  
2016

## ***About this report***

The findings of this report are based on research conducted in late 2015 and early 2016 for PwC Strategy& by Wealth-X, global specialists in wealth intelligence. Quantitative research was conducted with 1,010 high net worth individuals with US\$1 million+ in investable assets in Europe, North America and Asia, to assess their attitudes to their wealth, their use of technology and the role of professional wealth management in their lives.

This was supported with qualitative interviews with 100 client-facing relationship managers who work in wealth management firms, including the wealth management arms of major banks, primarily in Europe, North America and Asia but also Latin America and the Middle East. Finally, a selection of senior executives of established wealth management firms and CEOs of FinTech wealth management companies were interviewed about their strategic aims for technology in their business and quotes from these are included throughout. This data has been overlaid with insight from PwC's financial services, digital and wealth management specialists in Europe, the US and Asia. PwC would like to thank all contributors for their insights and involvement in the development of this report.

In this report we first explore expectations among high net worth individuals for wealth management and their use of digital technology in both a financial and non-financial context. We then assess attitudes to, and provision of, digital technology within the wealth management industry. Next we explore digital opportunities that the wealth management industry is powerfully positioned to exploit. Finally, we illustrate short to long-term strategies that the sector could adopt to embed digital into their operations, culture and value proposition.



# The wealthy and wealth management: an appetite for expertise

1

Ambitious but troubled by concerns and anxieties, high net worth individuals strongly believe in paying for expert advice to help them reach their financial and non-financial goals – an attitude that the wealth management industry is ideally positioned to leverage and scale up through skilful use of digital technology to improve efficiency and responsiveness.

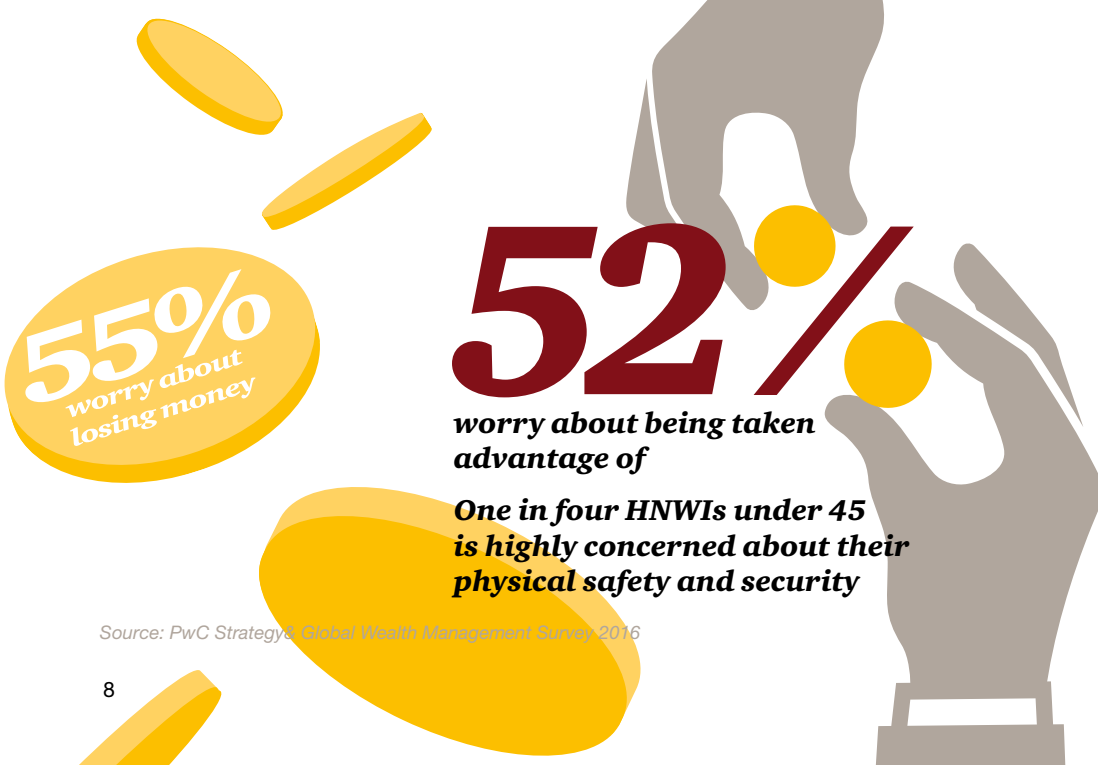
## **An ambitious but anxious cohort**

To understand how digital might better support the wealth management proposition, it is important first to identify the motivations, concerns and life goals of the target audience that wealth management serves. HNWI's primarily view their wealth positively, as an enabler that brings privileges and opportunity, rather than a burden of responsibility. By far the main reasons for pursuing wealth are to provide security and stability, and to enjoy life.

Older HNWI's (over age 45) are primarily motivated by the desire to live a normal life, improve themselves and to learn about the world. Young HNWI's are more self-focused, compelled by the opportunity to indulge in personal passions and achieve success in their chosen career.

But HNWI's have anxieties, which drive their need for trusted support and advice. Concerns about losing money, being taken advantage of and for their physical safety and security (a bigger concern for younger HNWI's) are common. Plus only just over a third are confident about achieving their life goals (see Figure 1).

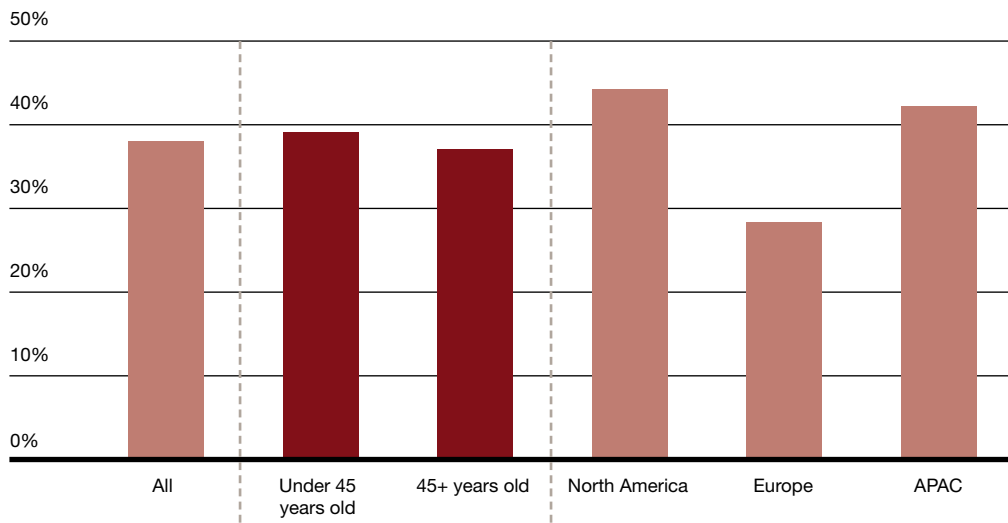
## **What do the wealthy worry about?**



Source: PwC Strategy& Global Wealth Management Survey 2016



**Figure 1**  
**Confidence to achieve goals**



Source: PwC Strategy & Global Wealth Management Survey 2016

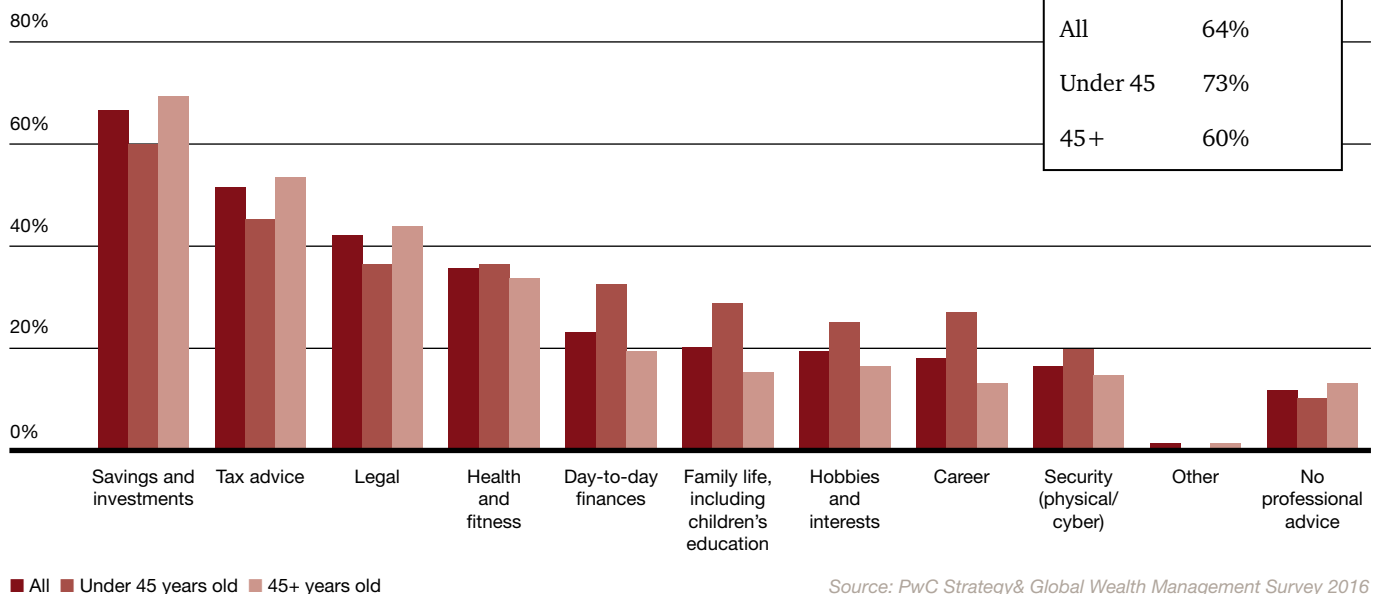
*Older HNWIs (over age 45) are primarily motivated by the desire to live a normal life, improve themselves and to learn about the world. Young HNWIs are more self-focused, compelled by the opportunity to indulge in personal passions and achieve success in their chosen career.*

**HNWIs advocate paying for expertise**

Given the complexity of their affairs and activities, HNWIs are advocates of paying for professional advice in many aspects of their lives. Savings and investments, tax and legal affairs are the prime areas for seeking professional guidance. When managing their investments, an ongoing advisory relationship is consistently the most popular option across all age groups and geographic regions, far more so than a fully discretionary service or an ad-hoc advisory relationship.

Two-thirds of HNWIs (64%) are also likely to seek expert help for non-financial matters such as health and fitness, their career, family life or security – a proportion that rises to 73% among the under-45s (see Figure 2).

**Figure 2**  
**Professional advice received**



% seeking non-financial advice	
All	64%
Under 45	73%
45+	60%

## ***Value of wealth management: a formula of relationship and results***

When it comes to financial advice, by far the main reason that HNWI's choose to use a wealth manager or financial advisor is to access investment expertise. The second reason is to secure better returns. Time-saving is less of a factor, cited by only 28% of HNWI's: this group doesn't use a wealth manager purely for convenience but believes strongly in the value of paying professionals to do a better job than they can on their own.

In all cases, the perceived value of a wealth management firm is driven by a combination of personal relationship and investment results. Where a strong personal relationship exists, investment results tend to be less of a focus. Conversely, where the client-wealth manager relationship is weak, value is reliant on strong investment performance.

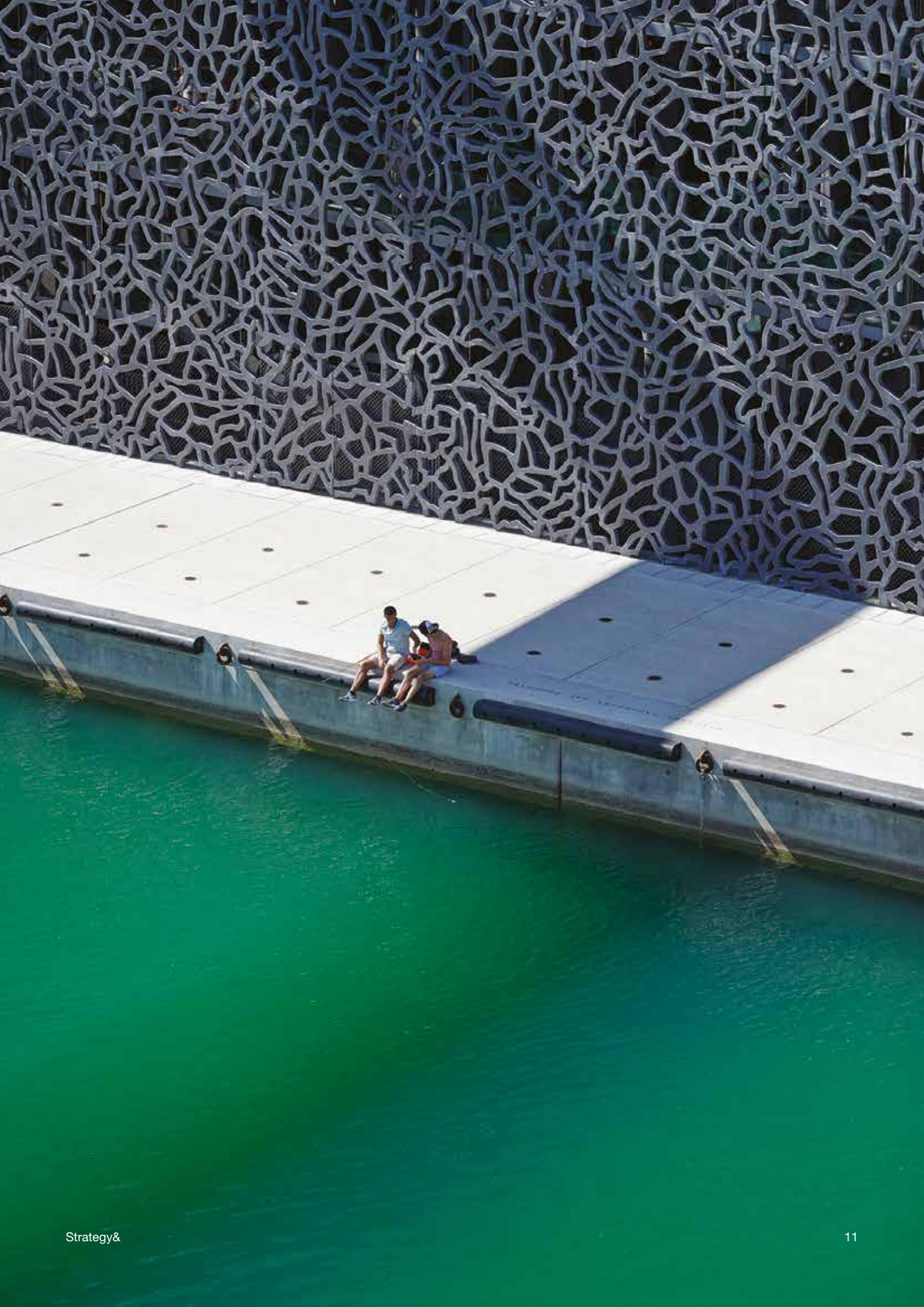
### ***VIEWPOINT: An appetite for guidance, a need for technology***

The wealth management industry's target client base is a demographic that can afford to pay for expert advice and is willing to do so in many aspects of their lives to help them come to the right decisions quickly, realise good results and ultimately achieve their life goals.

Wealth management with a strong human component is a crucial element of this. But in an increasingly complex world, where an investment office may, for example, have to evaluate more than 200 different investment products for a client, technology will be vital to keep the job both do-able and scalable for a growing audience.

Wealth management firms are uniquely placed to harness digital growth potential. As we will see on the following pages, their relationship managers enjoy high levels of trust among their client base, and are already recipients of a depth and breadth of data and insight spanning both financial and non-financial aspects of their clients' lives. Plus they are involved in an activity in which every customer is highly engaged: the preservation and optimisation of their own wealth.

But the wealth management industry worldwide remains stuck at a very early stage of this digital journey, stymied by complacency, a focus on a traditional way of doing things and a widely-held belief that clients are resistant to any form of digital audit trail. Advancement – and indeed survival – will require a new mindset. The sector needs to recognise that clients are rapidly adopting digital technology and – most of all – acknowledge that the large-scale advent of digital into their own world is happening now, whether they want it to or not.



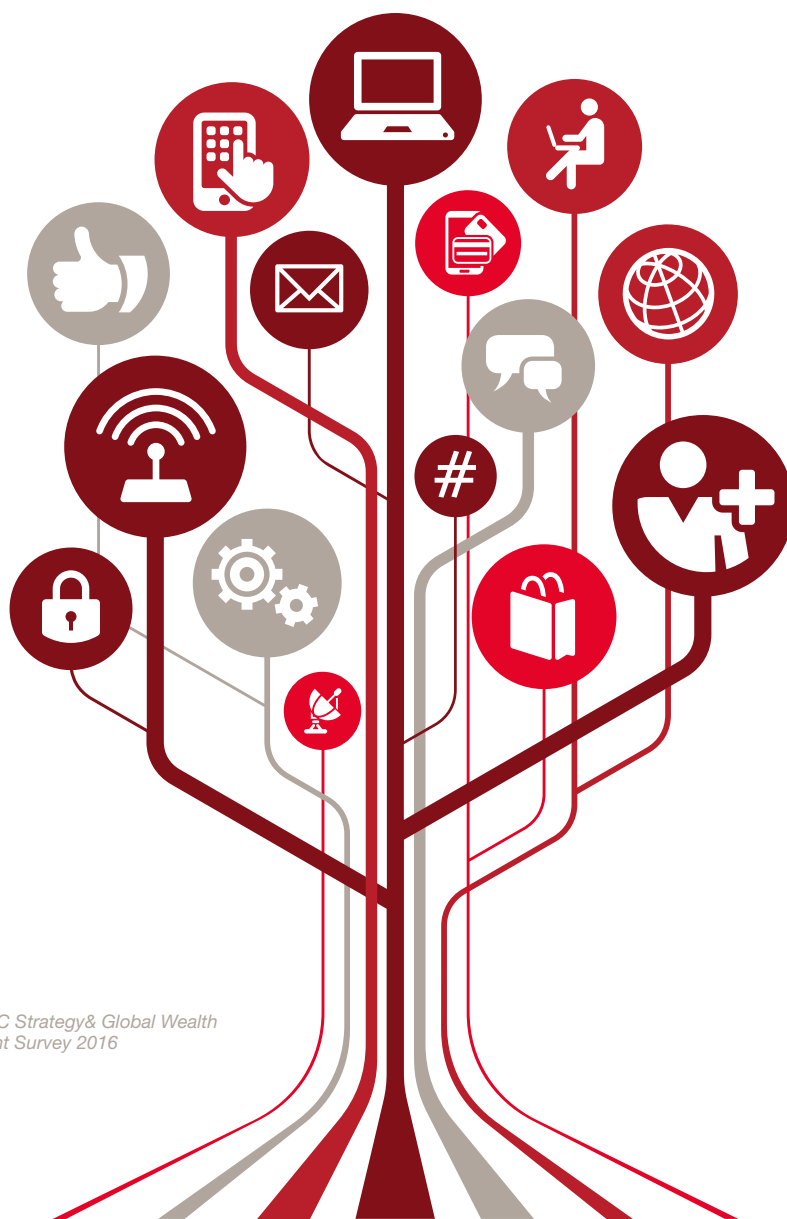
# The wealthy and technology: digital expectations growing

2

The world's wealthy are integrating digital technology into their day-to-day lives as rapidly as everyone else. Although they may have reservations about technology that draws on their personal data, ceding information is seen as a necessary price for enjoying the convenience that personalised digital services can bring.

## High uptake of technology among HNWIs

HNWIs already possess a high level of digital literacy. They use multiple digital devices, are likely to use them for five or more hours a day and make extensive use of smartphone apps. Such apps are primarily used for the convenience and speed they provide, with the younger wealthy also appreciating the high level of personalisation they can offer.



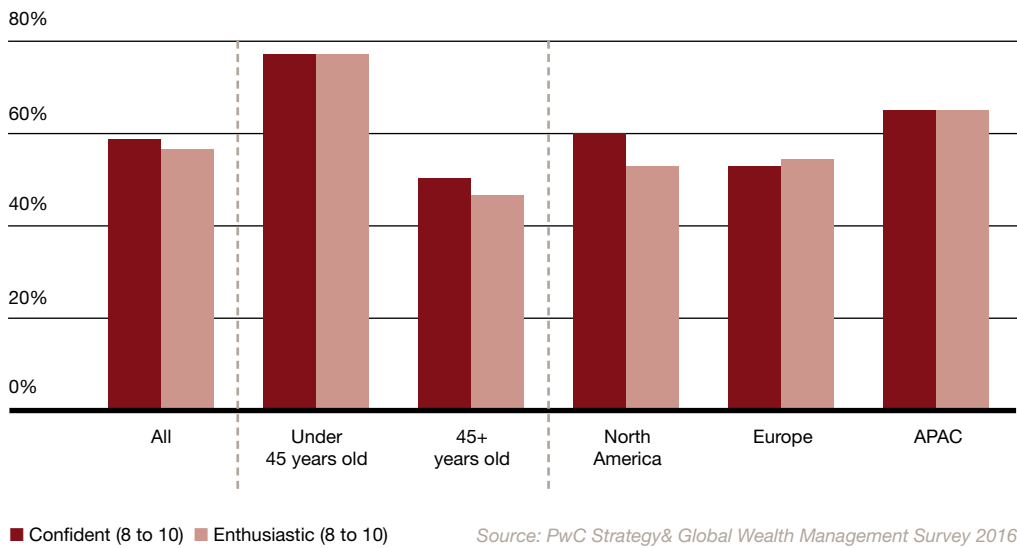
### HNWIs and digital

**85%**  
use 3+ digital devices

**98%**  
access internet/  
apps daily

Source: PwC Strategy & Global Wealth Management Survey 2016

Figure 3  
HNWI attitudes to technology

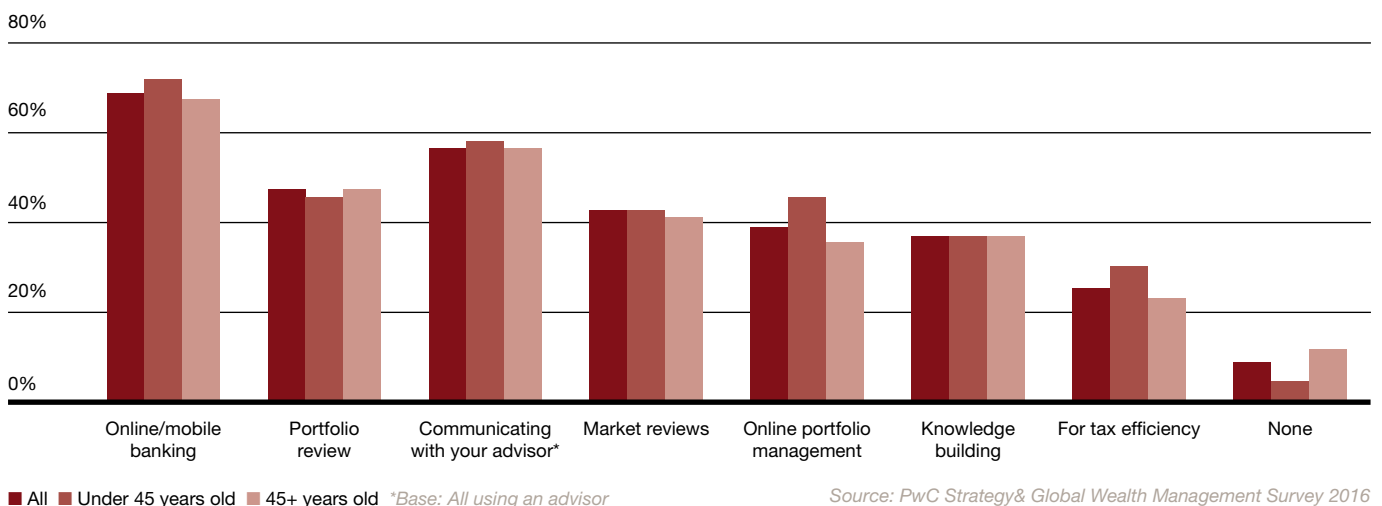


Receptiveness to using technology is evident across all age groups, but unsurprisingly it is the younger wealthy who are most open to digital possibility. Over three-quarters of HNWI's under 45 years old say they are confident and enthusiastic about technology. Regionally, HNWI's in Asia are marginally more at ease with technology than those in Europe and North America, but we found a high level of digital competence across all geographies (see Figure 3).

### Digital is key to financial management

Digital technology is already employed by HNWI's across a wide array of their financial and wealth management needs. Two-thirds (69%) use online and mobile banking and over 40% use online means to review their portfolio or investment markets. Over a third are using online services for portfolio management. Demand for finance-related technology is surprisingly similar across younger and older HNWI's – one exception being portfolio management where under-45s are markedly more interested in managing investments online (see Figure 4).

Figure 4  
HNWI's using digital for financial management



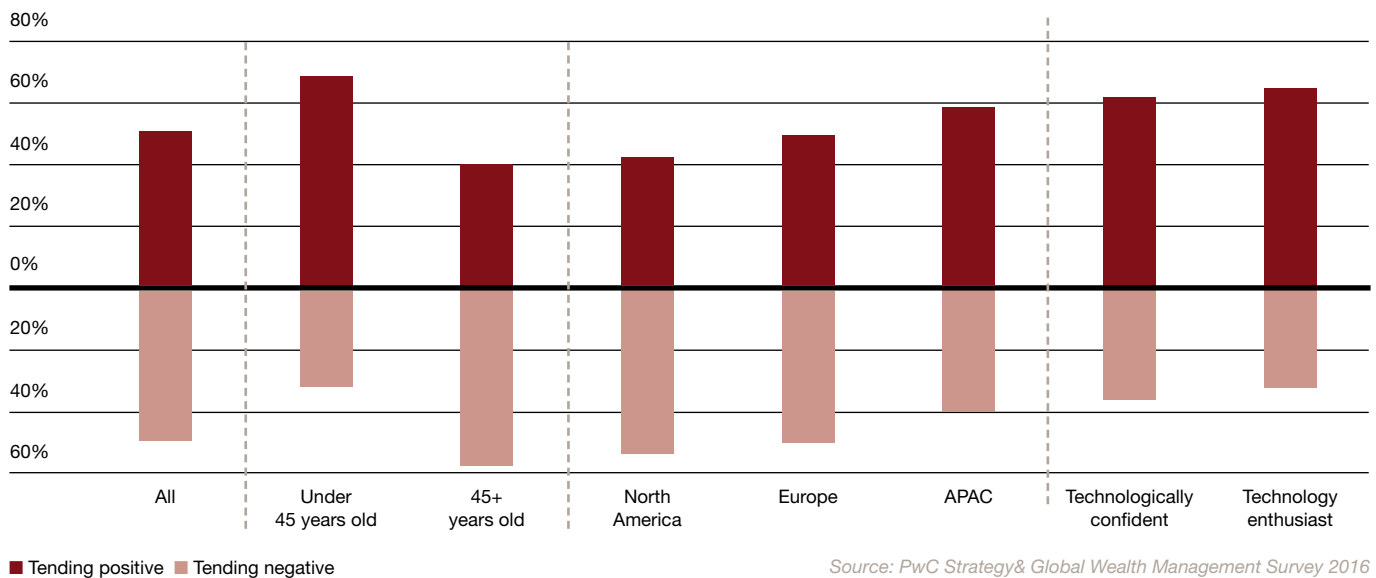
## Data privacy: now a fair trade-off for convenience

Across many sectors, the exchange of personal data is starting to drive digital innovation, allowing products and services to be customised to individual needs.

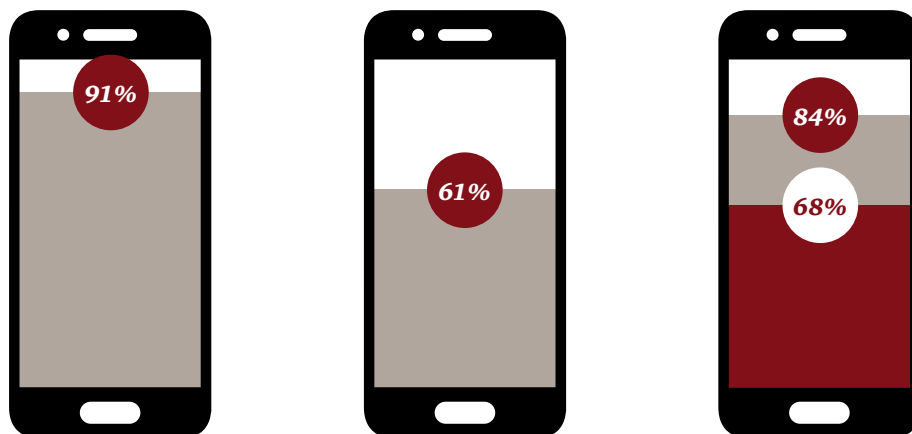
Security and privacy are HNWI's two biggest concerns about digital technology, and more than half of HNWI's are concerned about exploitation generally. But many HNWI's – again particularly those who are younger or in Asia – are willing to trade off data privacy to get the solutions they want.

Two-thirds of HNWI's under 45 years of age are positive about the use of personal data by apps or websites to tailor information, products or services to their needs. By comparison, a majority of older HNWI's (59%) are negative about their data being used in this way (see Figure 5). In some cases, individuals are unaware they are accessing apps that use personal data. Yet the widespread use of apps that are known to analyse personal data (e.g. Netflix, Nest, Mint, Fitbit) suggests this is seen as a necessary price to access these services.

Figure 5  
Feelings about apps/websites using personal data



## Apps & personal data



91% aware of apps using personal data

61% think they use apps using personal data

However... We know that 84% use at least one app known to collect and use personal data... and only 68% of those think they use these kinds of apps

Source: PwC Strategy & Global Wealth Management Survey 2016

**Two-thirds of HNWIs under 45 years of age are positive about the use of personal data by apps or websites to tailor information, products or services to their needs.**



Source: PwC Strategy& Global Wealth Management Survey 2016

***VIEWPOINT: For HNWIs, digital servicing is now normal and expected***

Across all markets and age groups, the world's wealthy are technically comfortable. They welcome and now expect online and digital functionality in many aspects of their lives. They are willing to exchange personal information to be able to enjoy highly personalised services. Online technology has already become an essential means to manage their financial lives from banking to investments.

Taking all these factors together, it is no longer tenable for the wealth management industry to suggest that their client base does not need or want digital functionality in the management of their assets. Digital and mobile services are now as normal and expected in HNWIs' lives as cars and phones. Firms that do not acknowledge this are now putting their business at risk.

# Wealth managers and technology: lagging the digital curve

3

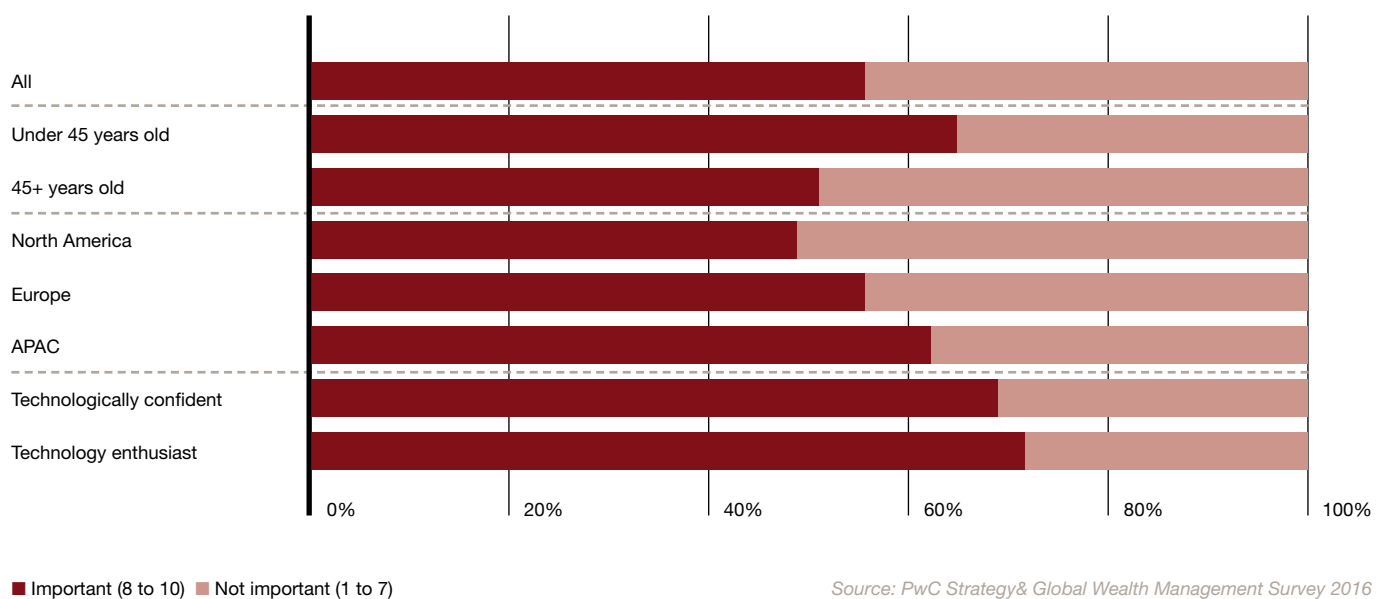
Resistance to digital adoption among wealth managers, combined with a client base that does not feel a particularly strong affiliation to its current providers, is creating a sector that is acutely vulnerable to digital innovation from potential FinTech incomers.

## Clients expect digital capability from their wealth manager

Reflecting the widespread integration of technology into their lives, over half of HNWI believe it is important for their financial advisor or wealth manager to have a strong digital offering – a proportion that rises to almost two-thirds among HNWIs under 45 and in Asia (see Figure 6). Where HNWIs are digitally confident, expectations that wealth managers should be technologically proficient are higher still and we can expect this cohort to continue to grow sharply.

Figure 6

How important is it that your wealth manager has a strong digital offering?



## Wealth managers severely overestimate their digital offering

But client expectation is sharply at odds with what is currently being provided. When HNWIs are asked to assess what they value most about their chosen advisor/wealth manager, technical capabilities and digital offering rank just eighth out of 11 options.

Across the wealth management industry, current levels of digital adoption are chronically low. This is indicative of a sector that has been focused on human capital, assuring individual clients high levels of discretion, and where there has been little or no internal impetus to change existing business models.



### **Digital revolution: Online money market funds in China**

When a digital concept finds a receptive audience, the speed of market growth can be astonishing. In just three years, online money market funds in China have grown to be worth an estimated US\$700bn, as savers are lured by interest rates that far outstrip those on traditional accounts. The market leader, Alibaba's Yu'E Bao, is worth RMB600bn (US\$94bn), with the majority of its 260 million users under the age of 30. Thanks to its high online functionality, it has also bucked recent outflow trends. It can be used for online purchases, taxis, credit card payments, mortgage payments, and even utilities such as water and electricity. It also offers instant redemption and no-fee money transfers between bank accounts.

In terms of the three waves of digital growth identified by PwC (see page 18), most wealth management firms are – at best – at the very early stages of the first e-commerce-focused wave:

- Very few have automated and digitised their back office and administrative functions
- Only a quarter make use of digital channels beyond phone and email
- Only one in ten employs social media with their clients
- Many are only now investing in web portals and basic mobile apps.

At the same time, many relationship managers dangerously overestimate their firm's digital capabilities. Some rate their business as digitally advanced when the only service offered to clients is a website. Low digital literacy throughout the sector means that most relationship managers cannot perceive their adoption of technology extending beyond tools to reduce their administrative burden.

When prompted, relationship managers can envisage how big data might play a role in client-facing applications – see page 20. But such recognition is at a very early stage. Repeatedly in our qualitative research, relationship managers insisted that clients do not want digital functionality, directly contradicting the importance that their clients place on it.

### **Digital revolution: TransferWise – money without borders**

Banks that assume traditional transmission services are safe from revolutionary thinking are getting a rude awakening. Peer-to-peer service TransferWise was devised in 2011 by London-based Estonians Kristo Käärman and Taavet Hinrikus as they sought to get around the high costs their banks were charging to transfer from GBP to EUR. Taavet Hinrikus was based in London but was paid in euros while Kristo Käärman worked in London but paid a mortgage in Estonia in euros. They each needed what the other had so they figured out a fair way to exchange money between themselves, using the mid-market exchange rate without the mark-up rate and fees charged by the bank. They saved thousands of pounds and realised there were millions of people across the world who could do the same. The concept of matching currency payment needs was born. Today, TransferWise, which claims to be up to ten times cheaper and five times faster than banks, supports more than 500 currency routes to 60 countries. Customers are sending more than £500m every month with the service, which, TransferWise claims, means they are saving more than £22m in bank charges.

*“Clients prefer an advisor in their ‘living room’. They look for a much more customised service – something you can’t buy with technology.”*

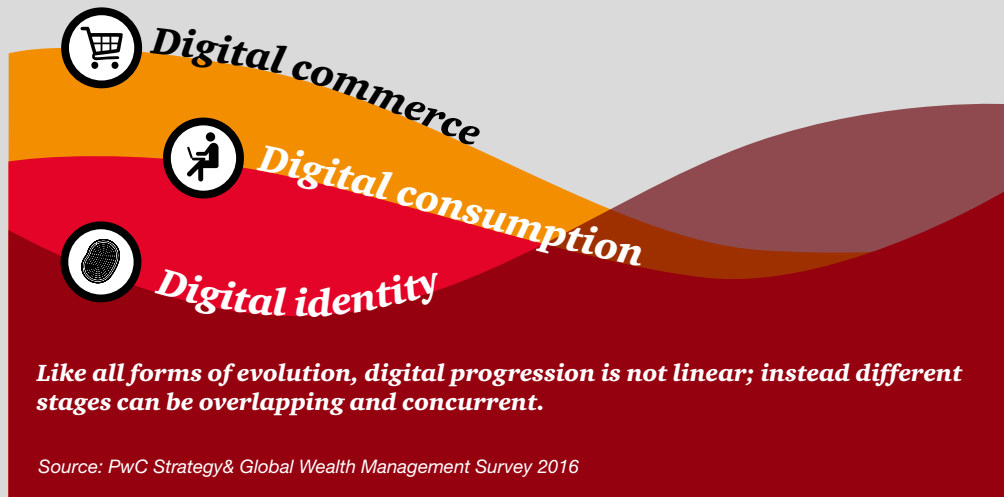
**Relationship manager,  
Europe**

*“Wealth management is a people business, which is difficult to replicate digitally.”*

**Relationship manager,  
North America**

## **The three waves of digital growth**

Like all forms of evolution, digital progression is not linear; instead different stages can be overlapping and concurrent. PwC has identified three game-changing digital waves that can be observed at different levels of progress across multiple industries and sectors<sup>2</sup> – including financial services – and, of course, further waves may still be to come.



### **First wave: Digital commerce**

Using online technology such as email, websites and social media to market to, distribute to and communicate with customers has allowed multiple industries, including financial services, to realise transformative improvements in efficiency and growth potential in less than two decades. But businesses that assume the opening up of e-commerce channels is the beginning and end of their digital journey face being overwhelmed by competitors readying themselves for digital waves two and three.

In wealth management this could mean:

- Making the financial advisor contactable via video link/chat/personal messaging
- Responsive websites/mobile apps
- Customer dashboards/self-reporting/interactive interfaces that allow the customer to analyse/visualise in detail the performance of their investments.

### **Second wave: Digital consumption**

By encouraging customers to share their consumption data, companies are able to understand and enable the outcomes different demographics want to achieve and, in so doing, create additional, highly individualised value. This in turn creates greater customer engagement (which generates more data) and increases customer loyalty. In sectors such as entertainment, fitness and travel, digital consumption is creating new customer relationships built on the value to customers that unprecedented levels of data transfer can deliver.

In wealth management this could mean:

- Real-time recommendations based on the customer's behaviours/spend
- Goal-based video games (i.e. applying 'gamification' to wealth management with a goal-based approach)
- Real-time updates of the customer's risk profile and real-time adjustment of the investment mix.

<sup>2</sup> Profitable growth in the digital age, PwC, 2014

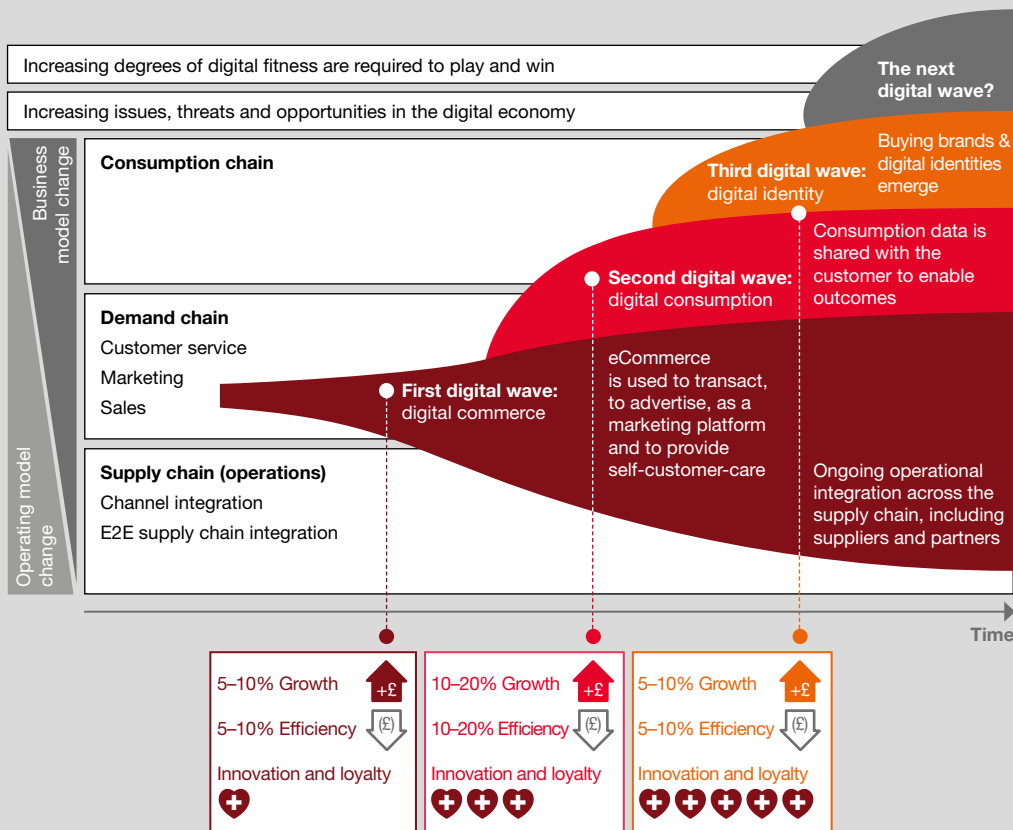
### Third wave: Digital identity

In this third wave, customers are helped by trusted players to access and control their own data. Digital infomediaries will help consumers manage their data and, in turn, find products and services that meet their needs. 'Buying brands' will emerge that cultivate relationships in adjacent sectors using their trusted position to provide complete service and product solutions around activities that customers care about.

In wealth management this could mean:

- Aggregation of asset classes to give a 360-degree view of the customer's real-time personal balance sheet
- Brokerage of investment products (including third-party products) based on a 360-degree customer view of behaviours and goals
- Being an agent on behalf of the customer to represent the customer as a buying brand and to source products and services over and above wealth management.

Figure 7  
The digital waves of profitable growth opportunity



Source: Profitable growth in the digital age, PwC, 2014  
<http://digital.pwc.com/wp-content/uploads/2014/06/profitable-growth-in-the-digital-age.pdf>  
 For more information about this report, please contact Carlo Gagliardi on 07715 211215 or [carlo.gagliardi@strategyand.uk.pwc.com](mailto:carlo.gagliardi@strategyand.uk.pwc.com)

## Relationship managers struggle to see digital vision

### **For many RMs digital investment is wave one**

*"We have just released an app. I don't think that any of our clients have expressed any interest in it yet. I haven't spoken to anyone who's used it."*

Relationship manager, Europe

1

### **Around one in five RMs can foresee wave two technology in wealth management**

*"The Netflix model has a very good idea of what you're going to want to watch next before you even realise it. In wealth management, the future is going to be something that can predict not only investment and market movements, but what a client's going to do, or want or need next."*

Relationship manager, APAC

2

### **Only a handful of RMs can envisage a wave three digital service model**

*"If you have a database that had current tax law, estate law, information about portfolio management, modern portfolio theory, etc., you could build a very robust system and automate what right now you have to pay three or four professionals to give their input on. It's not there yet but I'm sure at some point there will be that opportunity."*

Relationship manager, North America

3

Source: PwC Strategy & Global Wealth Management Survey 2016

## **Wealth management CEOs: Digital a business facilitator not transformer**

Leaders of established wealth management firms acknowledge the importance of digital as a means to improve efficiency and engage more broadly with clients – see page 21. But they also tend to see digital as an operational tool to facilitate their firm's existing activities rather than a means to transform their proposition. Again, this is largely driven by a fundamental perception that wealth management is – and needs to remain – a human-led business, and technology is only an adjunct to this.

Among CEOs, we do see glimmerings of a digital vision, for example, offering self-service solutions and delivering real-time information to clients. But the urgency to put this vision into action is still lacking or the obstacles of transferring from legacy systems are considered too daunting.

## **Wealth management leaders: some digital vision but little action**

For a number of wealth management firms, digital is still primarily seen as a facilitator for their relationship managers:

*“Technology is there to empower the relationship managers, to help them do their job faster and in a more efficient manner.”*

**CEO of global management business**

*“Technology can help the RMs to cope with the wealth of information, filter out the most unnecessary information.”*

**CEO of global private bank**

This primarily comes from a strong belief that wealth management is predominantly a person-to-person business. One managing director of a leading Asian bank thinks that the basic needs of clients have not significantly shifted and wealth management is still a people/relationship-based proposition. Another senior executive asserts:

*“At the end of the day we are still humans and humans need other humans. Technology is here to help us, to make us quicker and better at what we do.”*

But some CEOs can see broader uses for digital. One senior executive is enthusiastic about direct-to-customer digital applications that can complement human advice including:

- Self-serve solutions for customers who do not want to miss an opportunity even if they can't liaise with the relationship manager first, but which loop in the RM to enable them to follow up
- Artificial intelligence technology that scans all research and news data to generate bite-sized information that can be provided directly to customers.

Their organisation takes the view that digital technology should be considered across the entirety of the customer journey and is the future basis for how customers should be served. However, the firm steadfastly believes in an omni-channel approach where customers retain the choice to interact face-to-face as well as online.

Another senior executive in Asia believes that digital in wealth management has to be about engaging the client online (e.g. by providing news, research data and access to portfolio information) rather than developing self-service platforms. They are also sceptical about wave 3 digital opportunities, taking the view that many HNWI's will be resistant to consolidating their data in one place. Most of all, they believe digital in wealth management will require time and trial and error to get right.

One wealth management CEO of a global bank observes that a vast amount of work needs to be done to update banking systems to meet basic technology requirements, let alone introduce cutting-edge digital capabilities:

*“I would say all banks aren't as good with their digital reporting and access and security as they should be. Maybe the exception would be a couple of brand new banks with no legacy systems. Everybody else has trouble keeping up with just the standard technology [such as] getting stuff to clients, reporting to them effectively, making sure that cyber security is good...let alone all the hyped-up stuff around iPhones. But what do you do when you've already spent anywhere from 20 to 150 years building systems and operational processes...how do you then wish your way to a digital future?”*

But despite these challenges he believes that a first-mover advantage exists for the banks that embrace digital now:

*“I think the opportunity is absolutely to create the kind of client experience that clients have in other consumer contexts. The bank that gets there first will have a good chance to take market share from everybody else.”*

## **Digital revolution: Betterment**

Online investment adviser Betterment was launched in Manhattan's Silicon Alley in 2010 by 30-somethings Jon Stein and Eli Broverman to deliver fully automated investment management that could democratise traditional wealth management. Investing solely in low-cost index-tracking funds and exchange-traded funds, portfolio strategy is driven by the investor's stated goals and risk appetite. Fees are tiered at between 0.15% and 0.35% and there is no investment minimum. Added value includes on-screen cues to correct behavioural tendencies that could reduce returns, and advice on the tax implications of every transaction. By April 2016, Betterment had US\$4.3bn in assets under management, up from US\$1.1bn at the end of 2014, and is valued at US\$700m. Betterment still represents a tiny fraction of the US\$3trn US investment market – but for such a revolutionary concept, its growth cannot be ignored.

### **VIEWPOINT: Lack of internal digital impetus increasing firms' vulnerability**

Internal pressure for wealth management firms to make a fundamental shift to digital is still largely absent. At the top, CEOs recognise the importance of digital but primarily only at an operational level. Meanwhile, on the ground, relationship managers are actively resistant to the advent of digital, seeing it largely as a binary 'them or us' threat to their own roles.

This conflict is happening at a time when clients themselves are starting to place far greater value on a strong technology proposition. In addition, low levels of client advocacy (see page 23) mean that firms cannot rely on other strengths, such as the quality of their human relationships or brand, to compensate for shortfalls in their technological offering.

Taken together, these factors make the sector extremely vulnerable to potential FinTech newcomers who are willing and able to show their client base how digital might transform the management of their wealth.



## Client advocacy: why digital complacency is not an option

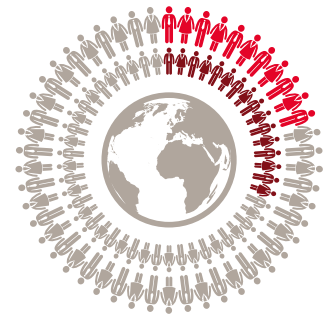
Across multiple sectors from leisure to retail, traditional incumbents are being challenged by newcomers disrupting the status quo and using digital to make the provision of services easier, cheaper and more relevant.

Stringent regulation and capital requirements impose high barriers to entry in the financial services sector. But wealth management firms cannot be complacent about their market position or the loyalty of their client base.

Globally, only a third of wealth management clients claim to be very satisfied with their chosen firm's service – and among clients with assets of more than US\$10 million this drops to just 22%. What is seriously concerning is that just 39% of clients are likely to recommend their wealth manager to others, falling to 23% among US\$10 million+ clients (see Figure 8).

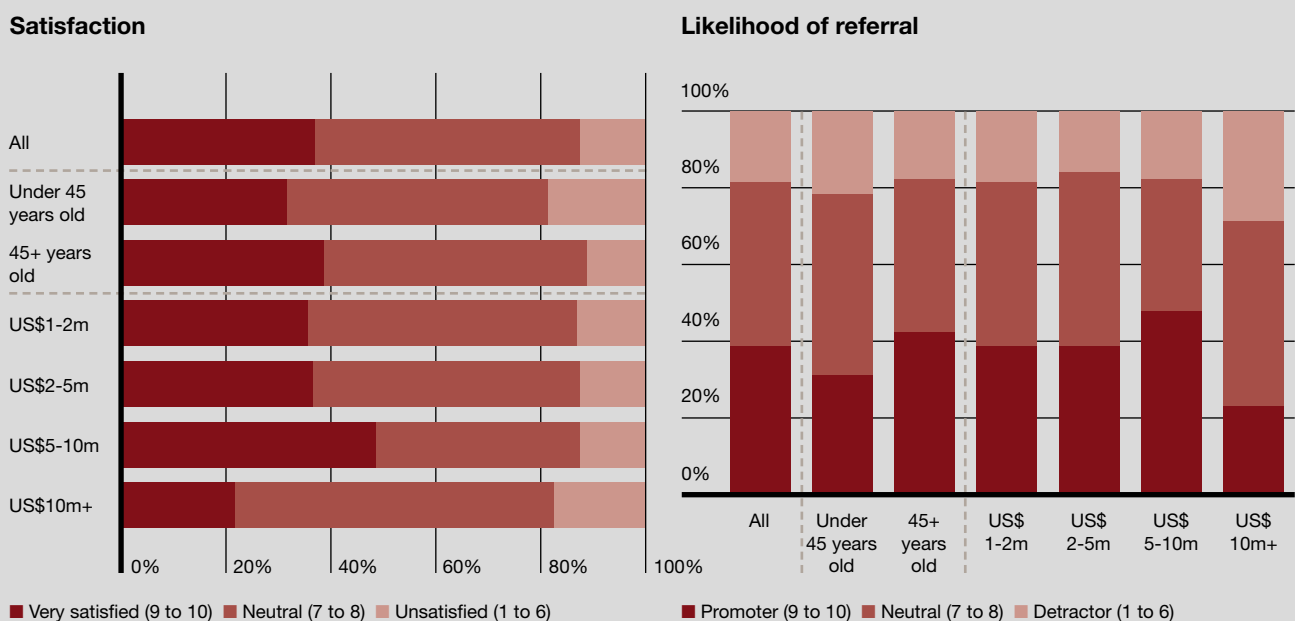
This is indicative of a customer segment that is particularly demanding and hard to please. But given the sector's reliance on one-to-one service and personal recommendation, such modest levels of client advocacy should ring alarm bells.

Among younger generations especially, we can expect to see consumers who are more fickle and peripatetic in all forms of brand and service provider selection. Given that 18% of HNWI's under 45 claim to be actively unsatisfied with their wealth manager, action urgently needs to be taken to ensure the next generation of clients can be attracted and – more importantly – retained (see Figure 8). This will only be achieved with a far greater focus on digital capability and efficiency.



**Globally, only a third of wealth management clients claim to be very satisfied with their chosen firm's service – and among clients with assets of more than US\$10 million this drops to just 22%.**

Figure 8  
How HNWI's feel about their wealth manager



Source: PwC Strategy & Global Wealth Management Survey 2016

# The digital opportunity for wealth management

4

Wealth management is dangerously behind the curve in its adoption of digital technology compared both to other financial services such as banking and other consumer sectors. But there are emerging opportunities that the industry is powerfully positioned to exploit to advance its position.

## Opportunity 1: Humans versus robots

### High touch remains wealth management's differentiator

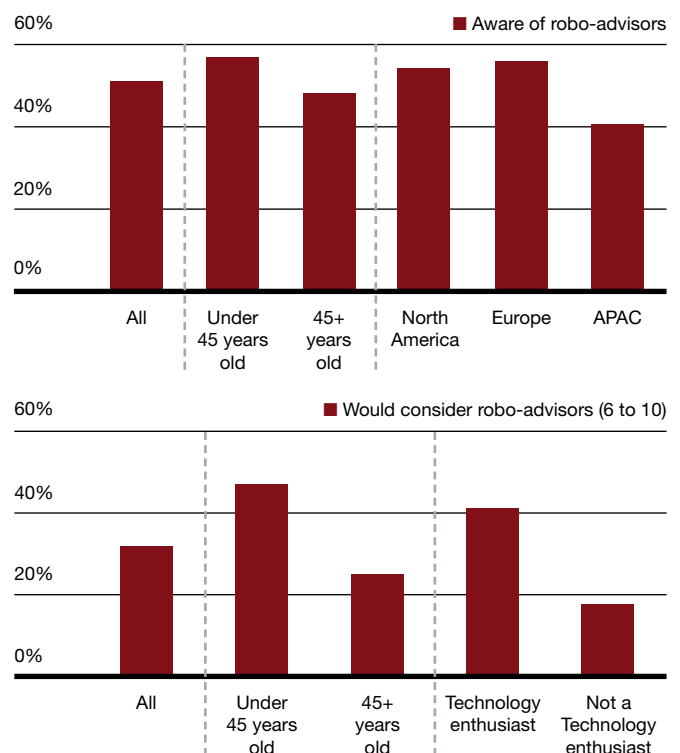
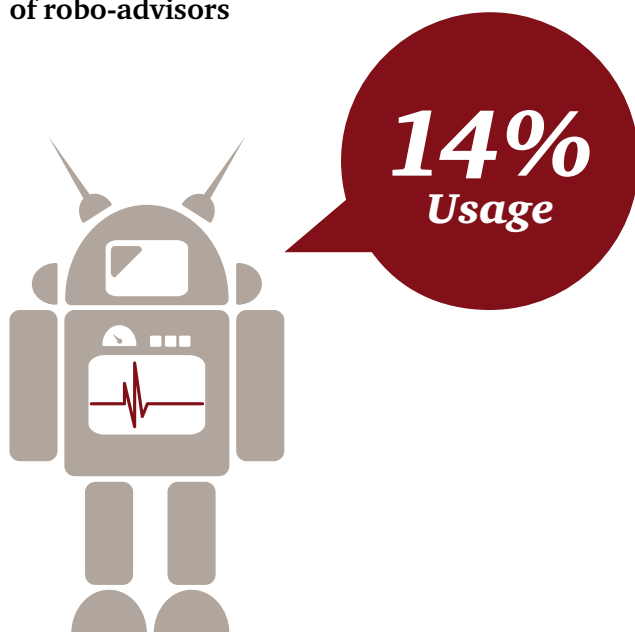
Among HNW clients, the rapport with their advisor is cited as the second-most valued aspect of a wealth management service after investment performance. Without question, any future wealth management model needs to retain this human aspect.

But clients are also increasingly aware of what automated technology can do in the investment advisory space. Over a third are using online portfolio management and half of HNWIs are aware of robo-advisors – automated platforms such as Betterment in the US and Nutmeg in the UK – that provide algorithm-based portfolio management advice without the intervention of financial planners (see Figure 9).

*“The intensity of the relationship and the quality of the relationship manager is very important. The closer you get to retail the more commoditised everything becomes... Ultra high net worth individuals want something different with their service – and that is the relationship manager.”*

Relationship manager, APAC

Figure 9  
Usage, awareness and consideration of robo-advisors



Source: PwC Strategy& Global Wealth Management Survey 2016



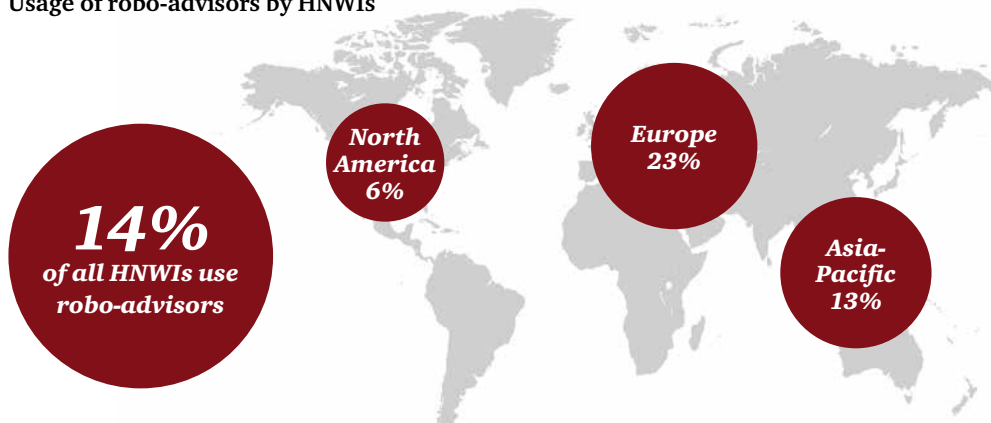
Two-thirds of relationship managers do not consider robo-advisors a threat to their business – and there are some trends that suggest their influence in the high-touch wealth management space is currently limited:

- **Of the 14% of HNWI who currently use robo-advisors, opinions are mixed.** Fewer than half of users rate the experience of using a robo-advisor highly, with the strongest support coming from those who already consider themselves tech enthusiasts.
- **HNWIs who have an ad-hoc advisory relationship are more likely to be interested in robo-advice** than clients who have opted for an ongoing advisory relationship or full discretionary investment management, suggesting that a high-touch service can partially insulate wealth management firms from clients moving to automated propositions.
- **One of the lowest levels of HNWI take-up of robo-advice is in North America**, one of the most advanced robo markets. The fact that only 6% of HNWIs in North America choose to use robo-services (see graphic below) either suggests a cohort that is too busy to explore these services or feels that a mass-market automated investment advice service is not appropriate for them or their level and complexity of assets (see Figure 10).

But a third of non-users who are aware of robo-advice services would consider using them in the future and this rises to almost half (47%) of HNWIs under 45 (see Figure 9). Plus it must be remembered that these services have proven hugely successful in the mass affluent market, particularly in North America. Should mass-affluent customers choose to use robo-advice services first, they are possibly far less likely to transition to a traditional wealth management service when their assets reach the qualifying threshold.

Figure 10

#### Usage of robo-advisors by HNWIs



Source: PwC Strategy & Global Wealth Management Survey 2016

### **VIEWPOINT: The robo opportunity in wealth management**

For all the reasons above, automated investment technology demands serious consideration in the high net worth wealth management space. Areas in which robo-advice could specifically support wealth managers include:

- Helping to deliver a low-to-high-touch toolkit that will free up relationship and portfolio managers to spend more time on the nuanced, human-driven judgement and activities their client-base believes in paying for
- Capturing more of the share of investable assets that a client may choose to allocate across different wealth solutions
- Allowing firms to begin their client prospecting journey lower down the wealth ladder within the mass-affluent space.

## Opportunity 2: The new data custodians

### Data flow driving consumer service

The real-time sharing of personal data to deliver highly customised responses has become fundamental to many consumer services, from automated home thermostat system Nest to digital music service Spotify to the fitness app Fitbit.

For many people, sharing this kind of consumptive information now feels commonplace. But exchanging information about financial activities as freely as data about your fitness, music or central heating preferences demands a far greater level of data security – something that highly-regulated wealth management firms are well positioned to provide.

Already, around half (47%) of HNWIs are highly confident in their wealth manager's/ financial advisor's ability to keep their data safe – a proportion that rises to 59% among wealth management clients in North America (see Figure 11). Compared to other service providers, this represents a relatively high level of trust. Given that more than half of HNWIs are concerned about exploitation and their personal security, this is a strength on which wealth managers should look to capitalise.

Moreover, while HNWIs claim to be concerned about security, our findings on the use of smartphone apps (see page 14) indicate a high level of complacency about data sharing. Should HNWIs experience any security shock, such as a large-scale attack or misuse of their personal information, this high level of data trust assigned to wealth management could become even more valuable.

### VIEWPOINT: Insight that goes beyond financial goals

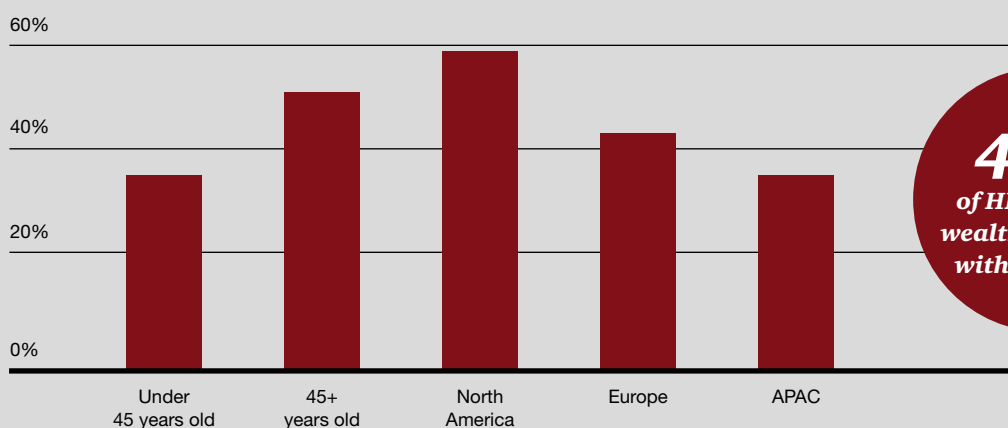
We envisage high potential for wealth managers to become data custodians – trusted recipients of a vast range of HNWI information that will allow them to offer highly responsive solutions to a broad range of client needs, both financial and non-financial.

Appetite among wealth management clients for this kind of data-driven service is already evident but is not necessarily being met by current wealth management propositions. Only a third of clients confidently feel that their wealth manager uses their data to provide tailored advice – a proportion that drops to a quarter of HNWIs under 45. Likewise, only 37% are confident in their RM's ability to take account of their wider life goals even though 46% have discussed with them what those goals are.

Wealth managers are already recipients of an enviable level of insight about the world's wealthy – the challenge now is how to capitalise on that to consolidate their position as a trusted advisor and deliver even more relevant solutions to client needs.

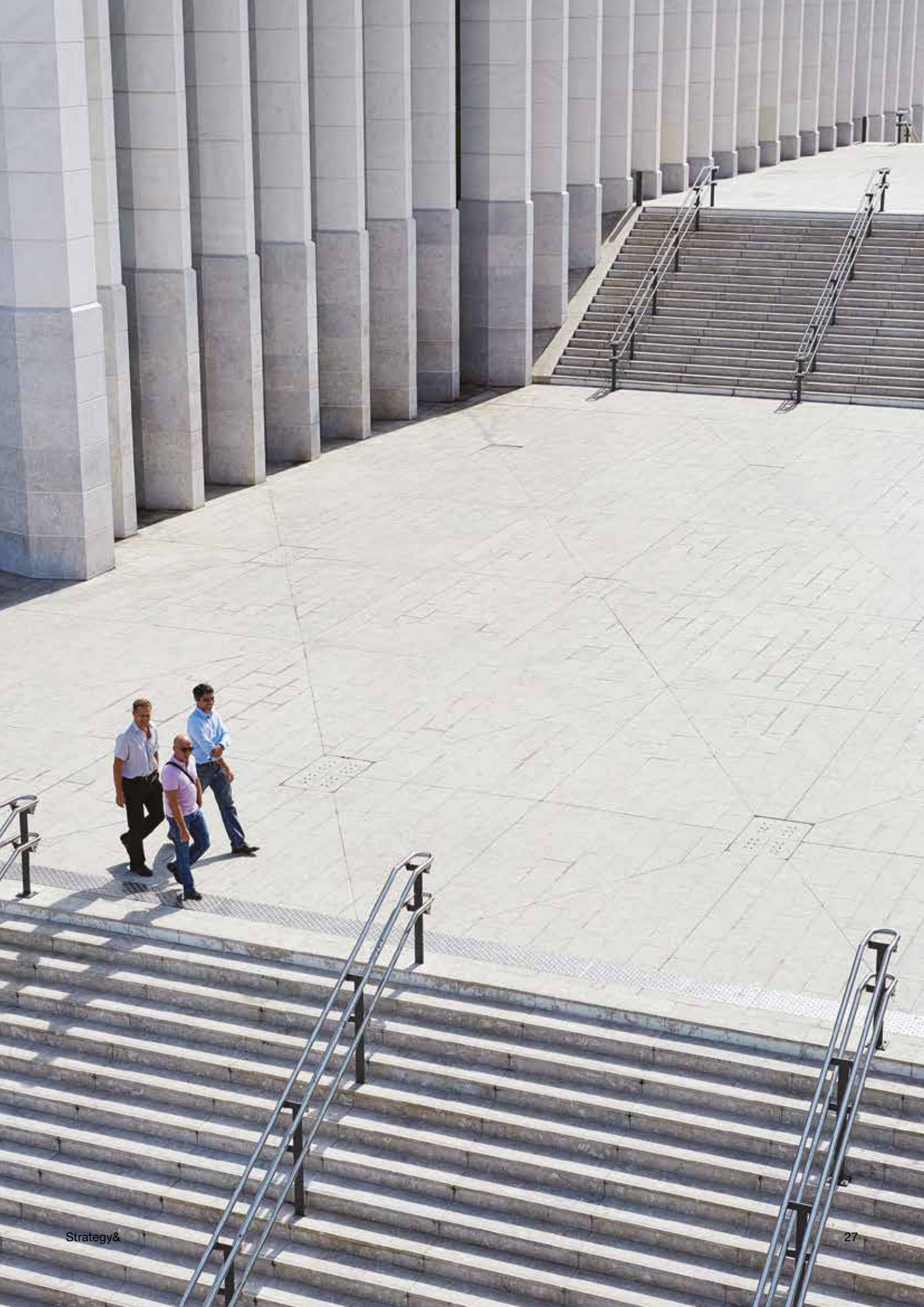
Figure 11

#### Confidence in wealth manager to keep personal data safe



Source: PwC Strategy& Global Wealth Management Survey 2016

**47%**  
of HNWIs trust  
wealth managers  
with their data



# Envisaging a digital future for wealth management

5

Realising the possibilities of digital will require wealth management firms not simply to have a digital strategy but a business strategy that genuinely embeds technology into their whole culture and value proposition. Rather than just an add-on, digital has the potential to completely transform every stage of the wealth management journey, from how existing clients are advised and serviced to how prospective clients are identified and marketed to.

## ***Innovator Insight: Early adopters, future winners***

*“The earlier you embrace digital, the better you’re going to set up your business for success in the future. Don’t underestimate how central technology and digital will be to the success of your business down the road. I think at the very upper levels, it will probably always be a relationship management-oriented kind of service, but the line where digital is a better service is set at a certain place today, and that line will only move north as time passes. What that pattern means is that more and more and more of your business is going to be digitally enabled as technology progresses, so the faster and the sooner you embrace it, the more likely you are to set your company on a better path.”*

**Mike Sha, CEO of SigFig**

Below we consider three ways in which wealth management firms could use digital to transform and advance their business in the near to longer term.

## ***i. The immediate term: laying the digital foundations***

### **Establishing an authentic digital culture including in the back office**

Many wealth management firms struggle to envisage how and where digital technology can directly add value in their client relationships and core service proposition.

But our research shows there is a high level of recognition as to how technology could be better used to streamline administration and achieve greater back office efficiency.

Only half of relationship managers spend the majority of their day servicing clients and most are unsatisfied with this division of time. Given that many global banks are labouring under out-of-date legacy IT systems, firms need to focus initially on the operational efficiency of wealth management and how digital can be introduced to improve these.

Only by moving essential activities such as reporting, administration, client data aggregation and compliance oversight onto time-saving digital platforms, can wealth managers secure the cultural and infrastructural shift necessary to facilitate other digital thinking that will directly impact

their potential for business growth. Plus in a cost-driven world, being operationally efficient is essential if firms are to have the time and resources to retain and scale up the human service that will continue to differentiate them in an increasingly automated financial services market.

### Meeting client expectations for an online interface

At the same time, firms need to address their digital transaction capabilities, specifically the online interface provided to clients. Over 40% of HNWI's in all age groups and markets are already using self-directed and execution-only investment services for at least some of their investable assets, while an equal proportion are using online tools that allow them to review portfolios and markets. This being the case, wealth managers need to introduce online servicing as standard, or risk losing share of client assets.



Wave one digital commerce tools that are on the cusp of being non-negotiable with many potential wealth management clients include:

- Automated account opening
- Mobile/smartphone account access
- Online aggregated investment portfolio reporting (daily or real-time).

In addition, clients will soon expect the following services as standard, in line with their experience of other financial service providers:

- Video-conferencing with relationship managers
- Needs-driven online educational content
- 360-degree asset viewing and updates (e.g. including property, art and other non-financial and real assets).

Implementation of these services needs to take place at the same time as digitising the back office, and would help drive further operational efficiency by reducing client queries/requests and the need for ad-hoc client reporting.

As wealth management firms are starting to realise, in an increasingly cost-competitive and complex investment environment, it will become less tenable for firms to continue to offer a highly personal service unless technological efficiency is in place.

Only by harnessing the processing power of digital to deliver a fully automated client interface and back office will relationship managers be in any position to grow their client base and continue to deliver the high-touch service on which they have built their reputation.

*“After giving the advice, the rest of the process can be digital, that would be great and it’ll make us more efficient in our client advising.”*

**Relationship manager,  
APAC**

*“All straightforward, non-advised, transactions need to be digitally slick and as good as they are in other businesses. Client access to their information and the ability to transact should be seamless and on a par with the best digital experience anywhere else. Where it slows down is in the advisory process where it really takes somebody with a bit of human insight to assess people’s complex needs and understand what their requirements are.”*

**CEO of wealth  
management business  
of global bank**

## ii. The medium term: Automation with a human value

### Creating the prestige and exclusivity that robo-services need to attract a high net worth audience

Automated or robo-advice is widely seen as the biggest threat to the wealth management sector. But, as we have seen, low-cost, algorithm-driven investment advice is not as appealing to the high net worth market as it might be to the mass/mass-affluent sector who may be more price-driven and more limited in their investment options.

Wealthier clients still expect – and are willing to pay for – the more nuanced guidance and judgement that an advisor with whom they have a personal relationship can provide. But this does not mean that automation does not have a role to play in investment management, nor that firms can be complacent about the rise of robo-services and the cost efficiencies they can deliver.

### Overcoming commoditisation in robo

Whereas robo-advice will, by its nature, always be somewhat commoditised, wealth managers have the scope to adopt this sophisticated technology, and the cost efficiencies it brings, but overlay it with qualitative, human judgement to:

- Allow a far more complex range of desired client outcomes to be addressed than a pure algorithmic-driven solution can accommodate
- Enable a wider palette of investment ideas and less conventional or illiquid opportunities to be considered within a client's investment strategy
- Be predictive of a client's changing goals and needs (robo-services can only respond to changing parameters as a client inputs them).

### Dynamic advice through daily client data capture

In the second digital wave of digital consumption, technology that allows clients to share day-to-day financial activity automatically with their wealth manager would also allow for more dynamic portfolio management. This would be particularly valuable for older clients in the decumulation stage of their wealth journey, where income requirements directly inform the portfolio strategy. Equally, younger clients could have their portfolio management strategy respond directly to – and even anticipate – expenditure and income patterns.



*“To go after the high net worth segment with US\$5 million to US\$20 million of assets under management in Asia, we had to put a backbone platform into place. We had eight different systems that we’ve now consolidated onto one platform that is able to do straight-through processing, connect to smartphones, the internet and allow clients to see how their portfolios are doing on a real-time basis.*”

*“Having the right technology is pure economics. The average relationship manager loading in the high net worth space is about 20 to 30 clients. Get the right platform in place to give real-time portfolio information or to allow clients to self select and the loading becomes much more economical for you to be able to do business.”*

**Senior executive of wealth management business of global bank**

### **Innovator Insight: Focus on the essentials**

*“The diversity of investors and their needs have changed so much, but the advisory world just hasn’t kept up.*

*“Companies with existing trusted relationships with clients, like banks and brokerages, will have an advantage. They have the opportunity to move into higher value (and scalable) advisory services and provide better insights and more empowering services via modern tools.*

*“We built GoldBean for women, millennials and minorities – basically, the people who the financial services industry has not taken care of to date. Putting education first and focusing on empowerment has really resonated with our audience, simply because no one’s ever talked to them like that.”*

**Jane Barratt, CEO of GoldBean**

### **Innovator Insight: Investing in tomorrow’s HNWIs today**

*“[Wealth management’s dismissal of robo-advice as a mass-market tool] is a classic case of not understanding the demographic. It’s like people who were very [dismissive] about TV. ‘No, no, people are still going to listen to the radio,’ but there [were] people moving to the suburbs in the 1950s and they wanted a TV in their house, and they wanted to be connected. It’s the same thing here. What [wealth managers] see as mass market is the high net worth client of tomorrow. The average high net worth person in America is in their 60s. Our average client is in their 30s, and 50% of our clients are millennials. A good percentage of those clients are going to be high net worth maybe 10 or 20 years from now... If we could get millions of young people who are starting to work... they’re not going to go to the traditional players if they’ve been clients of ours for 20 years.*

*“We have this discussion all the time... banks say, ‘We’ll use your API but in ten years the client’s going to come back to us.’ I say, ‘No, they’re not going to come back to you. That doesn’t make any sense. They’re going to grow with us, and we’re going to continue to add products as they grow and they get older. Why in the world are they going to come back to you? And then you’re going to charge them twice the price to give them an inferior product?’ It doesn’t make any sense logically.”*

**Mike Kane, CEO of Hedgeable**

### iii. Long-term: The digitally-enabled holistic advisor

#### Harnessing ‘trusted data custodian’ status to provide a truly scalable financial and life guidance proposition

HNWIs are receptive to seeking out professional advice in all aspects of their life and, as we have seen, highly value the human rapport their wealth manager provides. Around half of HNWIs (46%) already share details of their broader life goals with their relationship manager and 39% trust their RM enough to share personal information about themselves and their family (see Figure 12).

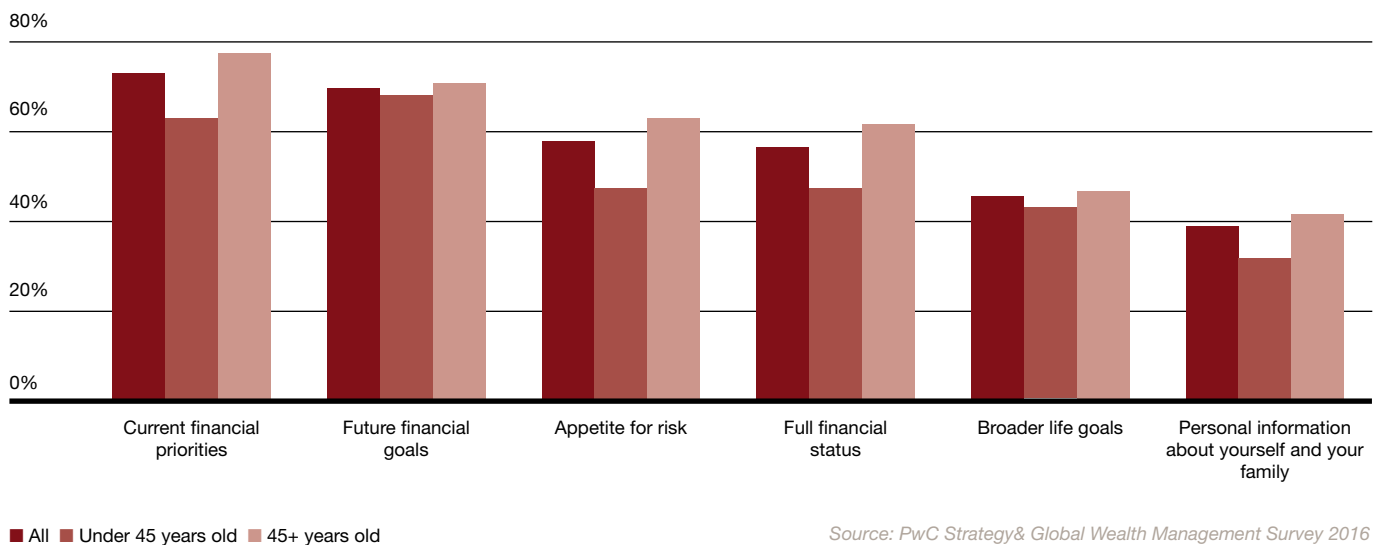
#### Deep client insight moves from the individual to the institutional

Many relationship managers are already trusted by clients to support them on a range of non-financial needs, including searching for and negotiating on real estate, helping with country relocation and recommending schools for their children. But this ‘trusted advisor’ approach is, in most cases, delivered only at an individual level. The intensive knowledge that relationship managers have about their clients is rarely documented or shared with the wider firm. This leaves firms highly vulnerable to losing clients whenever a relationship manager leaves.

This is partly the result of the client desire for confidentiality but also an understandable resistance among relationship managers to cede their client insight to the wider firm. But as we’ve seen, both young and older wealth management clients are increasingly accepting of personal data being used on digital platforms to deliver more tailored services. Moreover, consumers are comfortable with data insight being iterative: understanding that as more data is shared, so service providers can be more responsive and tailored in their solutions.

Figure 12

#### HNWIs share much more than just financial information with their wealth manager







Wealth management firms are already trusted custodians of clients' personal data. So there is vast potential to use technology and data analytics to centralise insight to allow firms to be far more ambitious and systematic in the scope of service, support and advice they offer. For example:

- **Managing the 'balance sheet of assets'** – Wealth managers are powerfully placed to curate an aggregated overview of a client's total assets and liabilities. Alongside the value of financial investments, this could include property, art, cars and other real assets, plus also cash and secured and non-secured debt. This could be done at the individual, spousal or family level, with real-time pricing to provide ongoing updates of the client's or clients' current worth.

Some technology already exists to do this (e.g. 360-degree account viewing as previously mentioned). But routine sharing of financial and non-financial asset information would allow for utilisation of capital to be highly coordinated and far more efficient.

Tools could also be developed to interrogate this data to assist with a range of decision-making. By taking into account forward-looking metrics on interest rates, inflation and stock market and tax trends, dynamic calculators could assess the future impact of a client's short-term choices (e.g. spending, buying property, investing or paying down debt) on his or her longer-term wealth. In a low-rate, low-return environment, this pre-evaluation of ALL capital deployment decisions could become increasingly valuable.

- **Life goal facilitation** – Currently, wealth managers are highly focused on helping clients to achieve financial security and stability – a key life goal for 89% of HNWIs. With ongoing access to a wide range of client data, wealth managers could guide on other prominent goals such as self-improvement, following personal passions and giving to others. Currently only 37% of wealth management clients strongly believe their wealth manager takes their life goals into consideration. Given that only around a third of HNWIs are confident about reaching their life goals, this wider-ranging guidance is likely to resonate with many.
- **The digital family office** – The type of holistic advice outlined above is very much in line with what many family offices do already for ultra high net worth clients. By capturing and interrogating client data digitally, wealth managers may eventually be able to consider offering this highly personalised life guidance to families with lower levels of assets.

*“I’ve done stuff like arrange hairdresser appointments for clients... From time to time, if they’ve got relationships on the side and they want to make sure that those additional family, or quasi-family, relationships are taken care of, we’ll sometimes get involved in those sorts of situations... All of that information we’re privy to.”*

**Relationship manager,  
North America**

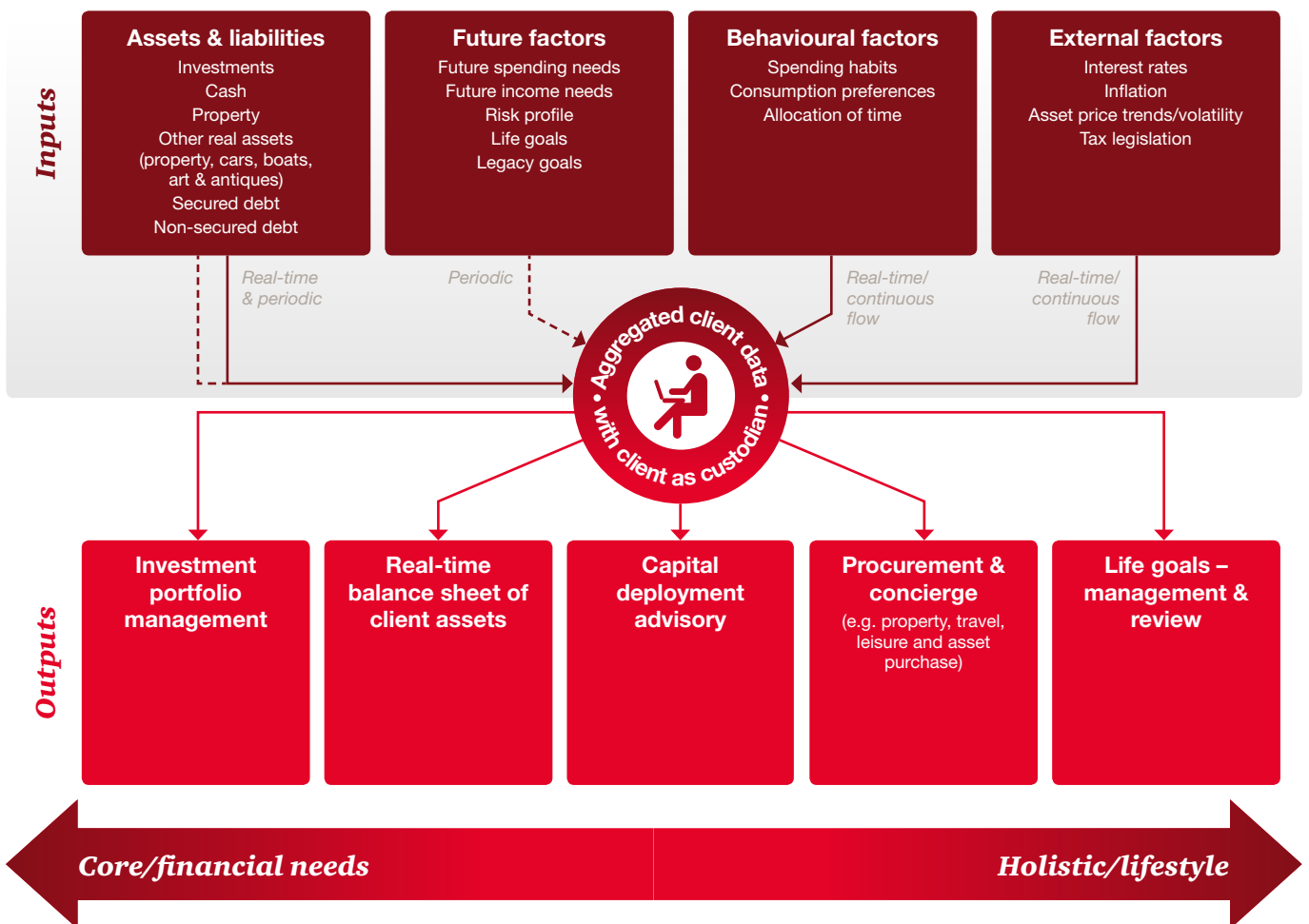
Of course, clients must be made to feel they are in control of their data at all times if they are to be willing to share it in the first place. Encryption and the highest levels of data security are essential. Equally, should there be any information a client no longer wishes to share, there needs to be the equivalent of an 'Erase' button that immediately takes it off the system.

Individual relationship managers may be understandably resistant to institutionalising client data in this way. But by harnessing a constant flow of client knowledge, wealth managers have a scalable means to anticipate client needs and act as a true partner across the broad and complex range of decision-making that wealthy clients face. In turn, this sense of partnership could translate into higher levels of client advocacy and retention.

*“If a banker can take care of 90% of the client’s needs, including...things like finding a school or a place to stay, I think that’s when trust is built.”*

**Relationship manager, APAC**

Figure 13  
The data-driven holistic advice proposition



Source: PwC Strategy & Global Wealth Management Survey 2016



*“The look and feel of our bank is different in various parts of the world because the clientele that we go after in each market are quite different. Likewise, our digital capabilities need to be in tune with what customers really want. So in Europe where clients are into discretionary portfolio management, it’s about getting regular reporting. Conversely in Asia and America, clients want to touch and feel their investments and take decisions on their portfolio themselves, do some of their own simple modelling, look at how individual transactions would impact potential return and assess correlations between assets. You need to tailor your proposition to each market because the client need can be quite different.”*

**Senior executive of wealth management business of global bank**

# Conclusion: Making digital personal by making the personal digital

The wealth management industry now needs to provide both its current and future clients with a substantially evolved service model or risk losing market share. Faced with low levels of client advocacy and a rising appetite among its target audience for digitally-enabled living, CEOs of traditional wealth management firms need to accelerate their efforts to integrate technology into their business. By overestimating their current technology offering, firms are now critically vulnerable to FinTech innovators who can present the world's wealthy with slick and highly personalised ways to manage and coordinate their assets, and leverage their real-time personal data continuously to make better financial decisions.

## Standing apart in a digital world

But serving the world's wealthy demands a fine balancing act. Wealth managers are right to believe that personal service and the rapport that clients have with their personal advisor are a key differentiator from other financial offerings. This point of differentiation is likely to become even more valuable as more and more transactional financial services automate, from banking to share-dealing to pure portfolio management.

It is also important to acknowledge that high net worth individuals are heavy consumers of personalised advice in all aspects of their life. The reassurance and value of having a trusted brand and a named wealth manager, or wealth management team, may continue to hold true even for digitally-savvy younger generations. Indeed, one of the biggest risks the financial services industry can take is adopting business models that assume future clients will want to do everything remotely and online.

But this personal, human relationship will need a robust digital underpinning to achieve four critical goals that are now critical to survival:

- **To expand the wealth management proposition:** Simply offering investment management that can be replicated by algorithm-driven technology is no longer an option for the wealth management industry. Firms will need to explore how they can better harness their position as trusted custodians to capture and centralise more client data, then blend this with their human capital, to help clients navigate the complexity of their financial and non-financial life more efficiently than ever before.
- **To embed a true digital culture:** Digital needs to be embedded from the ground up, from back office to boardroom. Firms that are not genuinely digital across all their operations cannot expect to be digitally progressive in how they serve clients.
- **To broaden the 'path to purchase':** If digital natives are going to be in the majority, then the acquisition strategy is also going to have to be increasingly present in the channels in which that audience spends most of their time. Alongside the traditional tactics of branch referral, personal recommendation and print advertising, far greater use will need to be made of, for example, online search optimisation, affiliation with relevant online websites, including provision of content, and distribution of free apps to raise brand awareness. As discussed, robo-advice services should also be considered to capture potential clients even before assets reach threshold requirements.

*"I think the part that is a little bit over-hyped is that there's this whole generation that wants to deal digitally. I think, when the people who now deal digitally, i.e. the millennials, are 50 years old they'll act like 50-year-olds. They will be more digitally aware 50-year-olds than today's 50-year-olds but they'll still be 50, right? I think we have to recognise that."*

**CEO of wealth management business**

*"The next generation have absolutely no patience dealing with people who only know paper and can't use a smartphone. They don't need to have the patience either, because there's always a way they can find someone to do it, or they can find a way of doing it online themselves."*

**Relationship manager, APAC**

- **To manage costs:** 73% of business leaders surveyed in the PwC Global FinTech Survey 2016 see cost reduction as the key opportunity provided by FinTech.<sup>3</sup> Administration, operational and back office activities will need to be lifted and shifted to digital platforms that allow wealth managers to compete with ultra-efficient, standalone FinTech firms that are not hindered by legacy technology and systems. In many cases, partnerships will need to be formed with third-party providers so these systems can be delivered swiftly without the massive investment required to build proprietary technology.

### **Strategic partnerships – the key to delivery**

The possibilities of digital in wealth management will only be realised if it is not treated as a bolt-on to business as usual. Instead it has to involve a fundamental shift in business strategy that seeks to embed digitally-driven efficiency and insight into every stage of activity from prospecting for new clients to servicing existing ones.

But this should not mean starting from scratch. As one CEO notes (see below) FinTech innovators who present the biggest threat to wealth managers also offer the greatest opportunity for strategic partnerships. For many firms, such link-ups will be the only way that technological solutions can be delivered at the speed the market now expects.

The result of such partnerships could be solutions that combine the very best of technological and human capital. Firms that successfully use technology to facilitate and scale up the personal, goal-oriented service for which wealth management is valued – rather than compromise or replace it – will be the industry’s winners.

Conversely, those wealth management firms that cling on to business as usual, focusing on manual operations, pure investment management and siloed client data, should get ready to see market share diminish at an increasing pace over the next five to ten years.

#### **Innovator Insight: Collaboration not competition**

*“You can’t go to a single boardroom across the world where the impacts of technology aren’t being at least discussed. Financial institutions are becoming more aware that partnering with some of those more innovative, fast-moving companies is actually going to get us to a better solution and faster compared to competitors who have chosen other paths. One thing that’s happening is you’re seeing more and more big companies partner with technology companies and start-ups and things like that, and I think that will help accelerate the pace of innovation.*”

*“Many firms will overestimate their ability to reinvent themselves and bring in those capabilities. Companies that are actually more open to partnering and working with providers, they may actually see a lot more innovation and disruption and modernisation of their offering by piggy-backing off the work of others, as opposed to trying to do it themselves or replicate.”*

**Mike Sha, CEO of SigFig**

*“I think a lot of advisors would be really impressed at the efficiency that they can bring to their firm by really utilising technology... For me, almost all of them should be partnering, and adopting other people’s technology [to] give advisors the tools to do what they do best, even better... Advising will only continue to get more personalised, more efficient, more optimised. I think that is how they should approach it.”*

**Joe Ziemer, Betterment**

*“The average client is becoming more tech-savvy, so as the next generation comes in it will be increasingly important for advisors to fulfil their digital expectations.”*

**Relationship manager,  
Europe**

*“I think that we need to dust off the strategic plan and move a lot of things forward. Even with the current generation of clients, the direction they’re going is pulling forward what we thought our technology needed much faster than expected.”*

**Relationship manager,  
North America**

<sup>3</sup> Source: PwC Global FinTech Survey 2016

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