

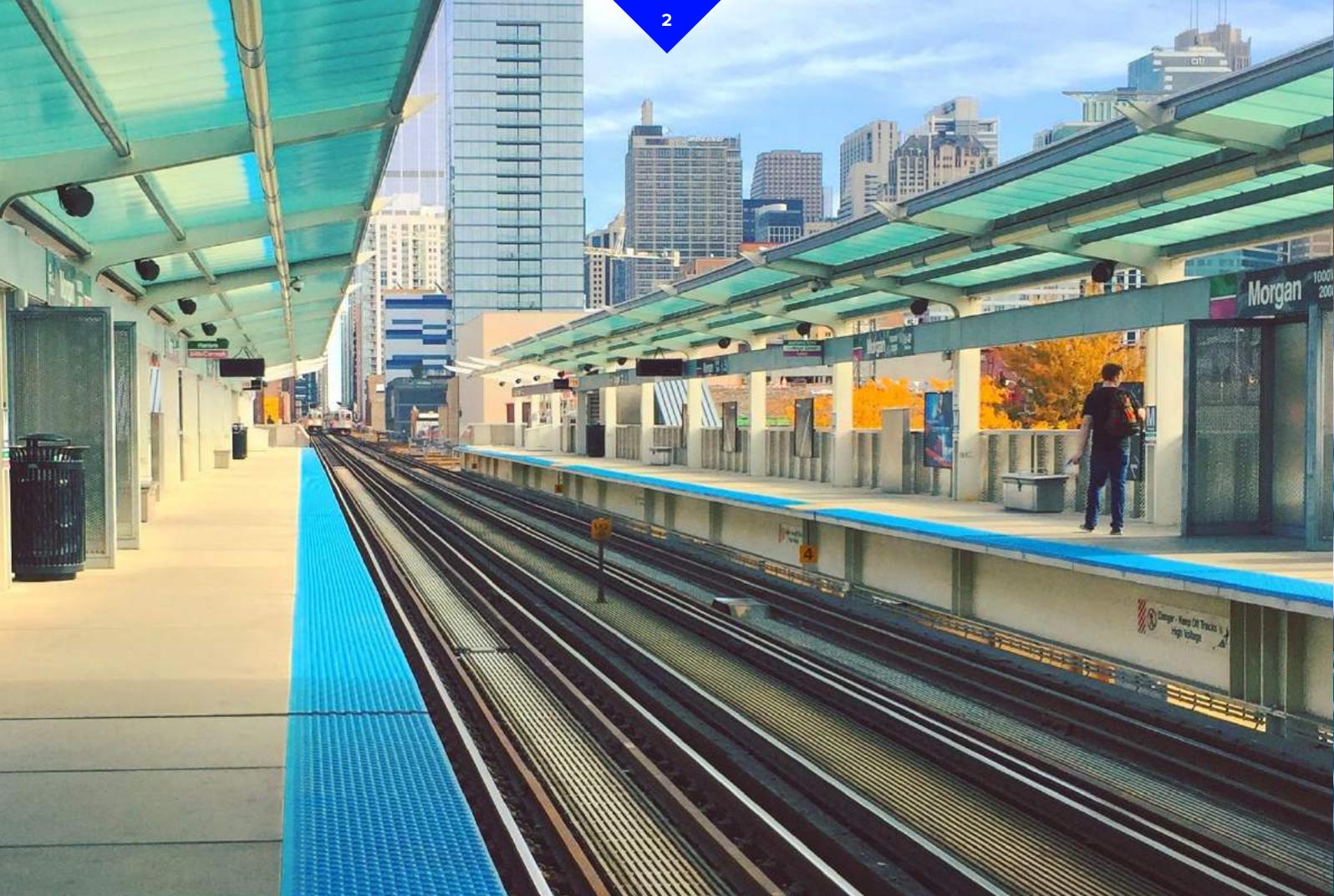
DATA-FIRST THINKING

REFINITIV[®]

DATA IS JUST
THE BEGINNING[®]



—
**PUTTING THE
HAMMER DOWN:**
ACCELERATE YOUR
DIGITAL TRANSFORMATION



FOREWORD

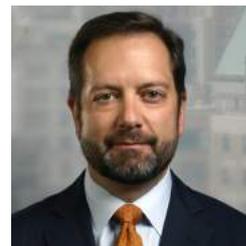
Wealth management firms are entering a new phase of digital transformation. Fintechs are bringing new capabilities and approaches, and non-traditional tech competitors such as Apple and Amazon have established a higher bar for client expectations. These trends are forcing financial services firms to reevaluate their digital offerings. This shift has all been compounded by the way COVID-19 has forever changed how financial firms engage with clients, and the urgency has never been greater to complete the digital transition.

So how do wealth management firms deliver a competitive digital

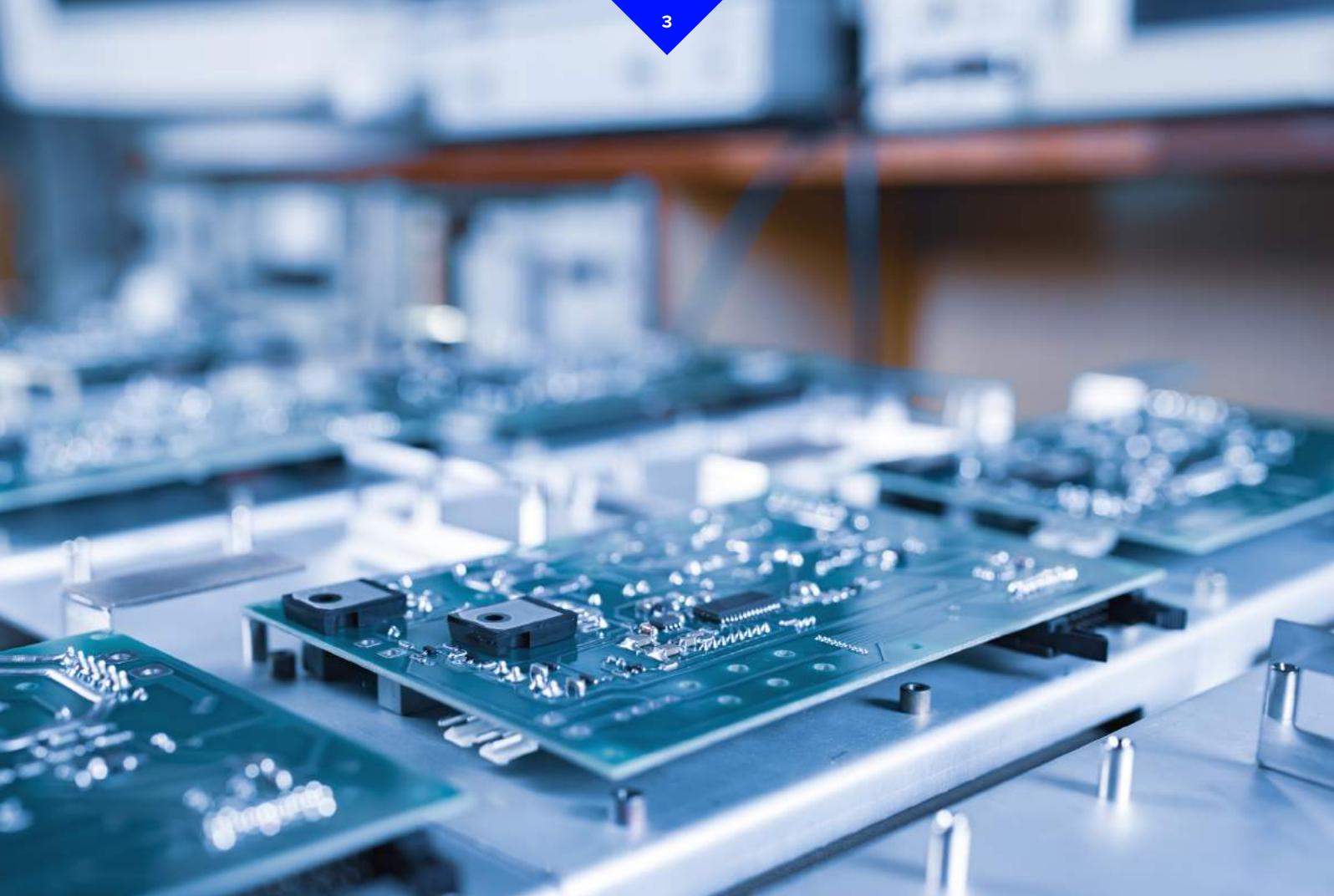
experience that not only meets clients' expectations but also differentiates from the competition? In the past, the firms faced a binary decision: buy vs build. Firms could buy a solution from a vendor that gets them to market quickly but limits control over the digital experience. Or firms could use internal resources, maintaining complete control, but projects were challenged by time and cost overruns.

In this paper, we explore a new 'Buy/Build Blend' strategy that allows firms to lower their total cost of ownership, bring digital strategies to market quickly, and continuously improve the digital client experience. This strategy allows firms to focus internal

resources on areas that align their digital offerings to their unique service model and business strategy, creating a competitive edge and moving the firm towards digital excellence.



Charles Smith
Head of Digital Solutions, Refinitiv



INTRODUCTION

If you were feeling your digital transition lagged your competitors before the global pandemic and economic crisis, you just got lapped. And even if you were feeling secure in your position in the race for digital transformation, COVID-19 has completely changed the field in ways that will reverberate in 2020 and in the years to come.

As the industry struggles to adapt rapidly, data are starting to emerge that show the increasing breadth and speed of change in how financial services firms are servicing their investors in a digital world, especially

for those investors serviced by advisors. According to a global survey of consumers conducted in April 2020, 24% say they will increase their long-term use of digital and 61% expect to use both digital and offline channels (as Figure 1 shows). But 57% indicate they are disappointed by brands online response and lack of personalization, impacting future spend. Globally, 67% of consumers also said their current online experience will impact future purchases and 37% said they were spending more time online since the COVID crisis.¹

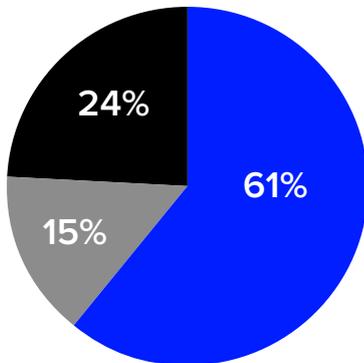
57%

of respondents indicate they are disappointed by brands online response and lack of personalization, impacting future spend

FIGURE 1: CONSUMERS SWITCHING TO DIGITAL THANKS TO CRISIS

Will you use digital channels more long-term or switch back to offline?

Global response



- I'll use both
- Yes
- No, I'll return to offline channels

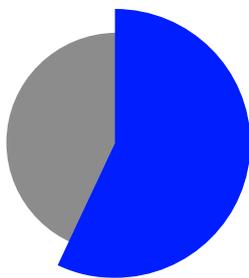
Source: Kameleoon

Other countries

	YES	BOTH	NO
U.S	29%	57%	14%
Italy	28%	63%	9%
UK	27%	58%	15%
France	22%	61%	17%
Germany	16%	65%	19%

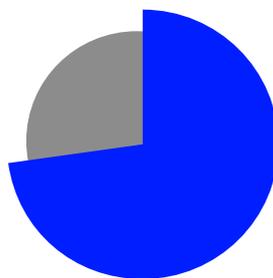
FIGURE 2: BRANDS NOT DELIVERING THE REQUIRED PERSONALIZED ONLINE EXPERIENCE

Are brands providing the personalized experience you currently need?



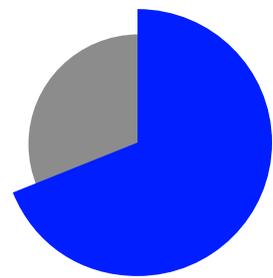
57%

disappointed with brands' response



73%

expect brands to personalize their journey



69%

said not all brands are customizing the online experience

Source: Kameleoon

Meeting customer expectations will require much more than simply buying an app. Our work with financial firms reveals that for investors and their advisors to be effective, digital solutions must be integrated into all of their systems with a seamless workflow.

A recent Refinitiv study² reveals financial firms have been unhappy with their digital offerings. While firms realize the importance of digital capabilities, nearly half (46%) of respondents stated that they – not their customers, the firms themselves – are only partly satisfied or not at all satisfied with their current digital

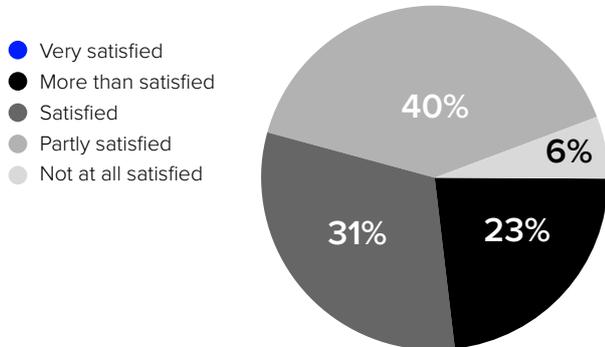
offerings. Importantly, no respondents said they were 'very satisfied' with their capabilities in this critical area. A scant 23% said they were more than satisfied. And these results were tallied **before** the global pandemic forever changed how advisors will interact with clients (see Figure 3).

1 [Kameleoon Study May 13, 2020](#)

2 [The Transformation of Wealth Management: Five Trends for 2020 and Beyond](#)

FIGURE 3: DIGITAL CAPABILITY SATISFACTION

What is your level of satisfaction with your current digital offering?



Source: Refinitiv

Significantly, 86% of respondents rank servicing clients (including managing daily tasks, account opening and onboarding) as a highly important digital capability, followed by 69% who view the provision of information (for example, statements and performance reports) as 'highly important' (see Figure 4).

FIGURE 4: IMPORTANCE OF DIGITAL CAPABILITIES

What is your level of satisfaction with your current digital offering?

● High importance ● Medium importance ● Low importance

SERVICE CLIENTS

(e.g., daily task, acct. opening/
onboarding tools, e-signature, etc.)



INFORMATION

(e.g., monitor investments, statements/
performance reports, client portal
for planning, etc.)



ENGAGE CLIENTS

(e.g., using video conferencing for
client meetings, etc.)



SELF-DIRECTED

(e.g., robo-advice efforts, etc.)

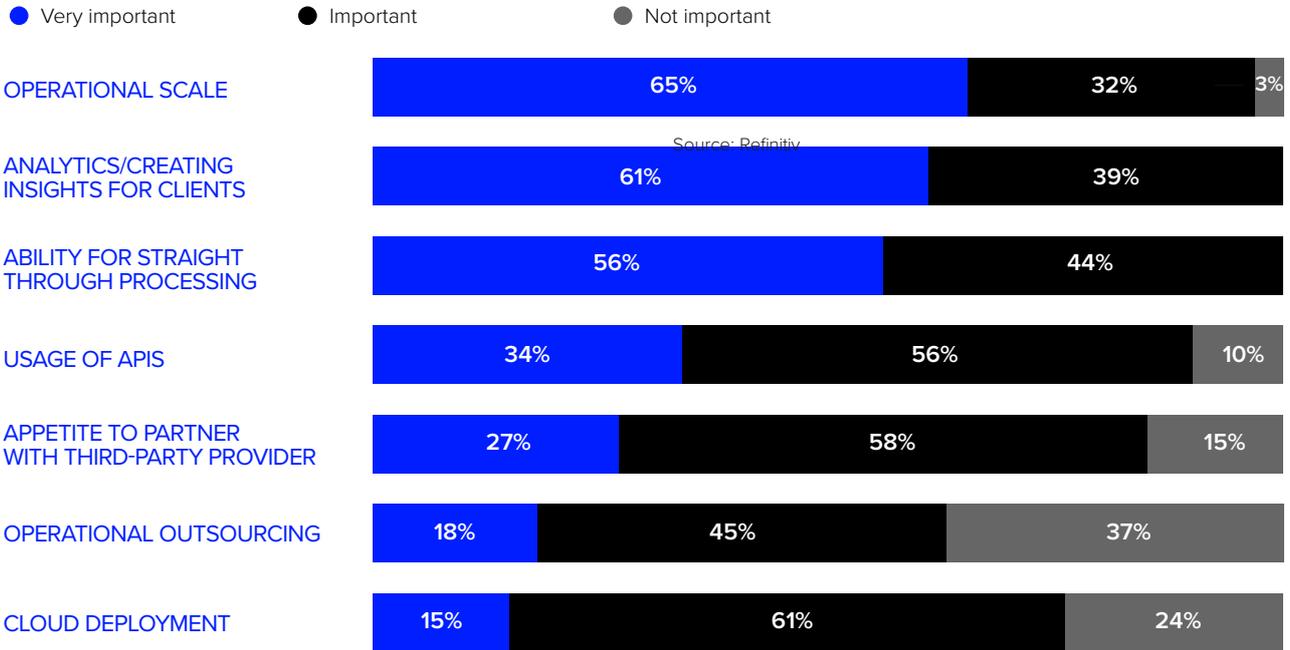


Source: Refinitiv

As Figure 5 illustrates, operational scale, analytics that create insights for clients and straight-through processing were the top areas of focus for wealth managers.

FIGURE 5: KEY AREAS OF FOCUS FOR WEALTH MANAGERS

Please rate the level of importance of the following topics for your firms over the next 12-18 months



Source: Refinitiv

Traditional wealth firms understand that as clients' behavior is changing, they risk losing business to more digitally savvy firms. Post-COVID-19, this trend will surely accelerate. After all, it may be a long time before clients are interested in meeting in person. The next 12-18 months will likely be a pivotal period for financial firms to successfully engage with clients digitally or risk losing them to digital leaders.

However, acquiring digital capabilities is not without challenges, with many wealth managers around the globe lacking a coherent digital strategy and the organizational consensus to implement digital capabilities. Some of the most common challenges for the adoption of digital capabilities cited include cost, speed of delivery, lack of data strategy, and integration with legacy systems.



THE PARADIGM SHIFT



Our studies show that financial firms are dissatisfied with their digital offerings,

understand the urgency for a digital transformation and have identified the most critical capabilities needed. Why then are financial firms slow to make the transformation?

Traditionally, firms have had two options to achieve their digital goals:

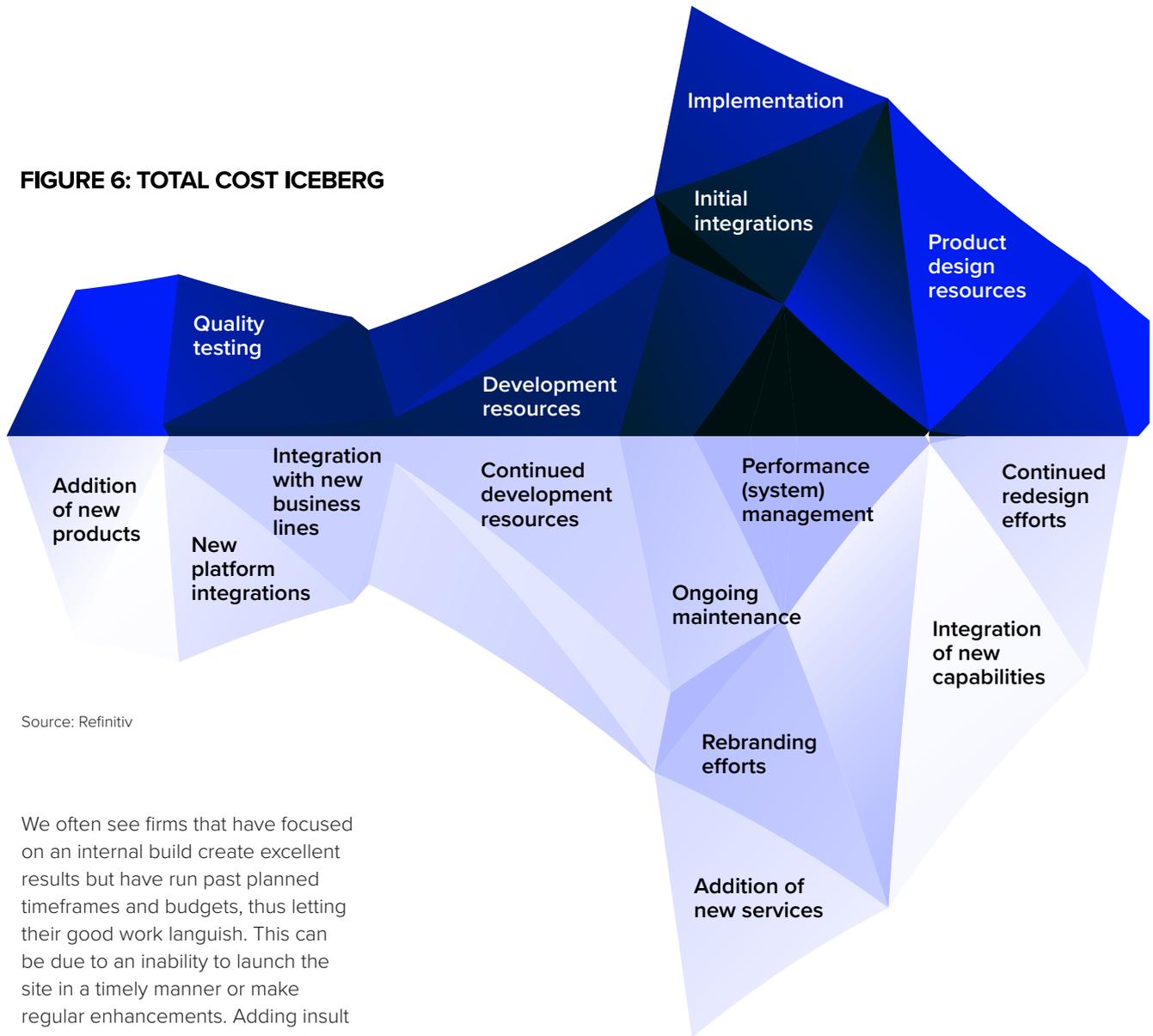
1. Buy from vendor (or multiple vendors): this takes the control of the UX and innovation away from the firm as it is dependent on the vendor's timing and priorities. It can

also lead to a disjointed experience, trying to piece together multiple products to solve for the firm's business goals.

2. Build in-house: this gives the firm control but there are usually time-to-market delays as technical staff have multiple priorities and don't always have the expertise on the back-end systems and integrations needed to create the unique, unified experience the firm is aiming for. In addition, considerable expenses for on-going maintenance and enhancements are often overlooked.

Based on our own work with clients, we consistently hear that implementing a digital strategy is taking longer than financial firms have planned and many believe they are losing business because of it. Financial firms tend to underestimate the time and resources needed to develop a custom platform in-house. Beyond the initial design, development, testing and implementation costs, firms need to consider the cost for ongoing maintenance and support and most importantly include the cost of continued enhancements to maintain the competitiveness of their platform.

FIGURE 6: TOTAL COST ICEBERG



Source: Refinitiv

We often see firms that have focused on an internal build create excellent results but have run past planned timeframes and budgets, thus letting their good work languish. This can be due to an inability to launch the site in a timely manner or make regular enhancements. Adding insult to injury, these firms lag behind their competitors because they have not invested the resources to scale the platform let alone drive further innovation. They also must hire and maintain employees with a digital skill set (design, user experience, concept testing, integration) that may not have a 'home' in a traditional wealth firm; digital experience may not be something a traditional wealth firm can retain over time.

Firms that have relied solely on a vendor experience platform have seen some success in getting to market, but must tackle issues such as data integration to internal systems and high ongoing fees from the vendor to maintain the platform. They also lose some control over the design and ongoing delivery; they become dependent on a vendor's ability to update its platform and push a release to the client that must then be tested and installed.

This creates hidden costs and delays that may not be visible at the start. And many of the platforms firms use were initially designed for advisors but have been 'retrofitted' for investor use.

Both options above have their drawbacks. However, today's digital infrastructure offers financial firms an option that blends the control of in-house build with the lower cost, flexibility and support of the buy approach. We'll call this approach a Buy/Build Blend (BBB).

The BBB model:

- Uses a digital and data technology infrastructure 'Building Blocks' approach to accelerate firms' transformations, leveraging pre-built components that can be configured to a client's look, feel and capability needs

- Enables a simple process for implementation and maintenance to allow firms to focus resources on points of differentiation
- Maintains a robust digital infrastructure that enables firms to continuously innovate to provide leading capabilities at minimal expense of resources and cost.

Firms that can adapt quickest to the needs of global investors and advisors will win, while those that lag in their digital development will likely experience declining engagement and business. The hybrid approach rapidly advances firms' development times while freeing up internal resources to focus on customizing the experience to best reflect a firm's brand.



ACCELERATING THE TRANSITION

Every successful financial firm is built on certain differentiating core competencies that are essential to the firm's brand. Some firms are built on their self-service tools, others on their product line-up, others on their approach to financial planning and education. When planning a technology build, financial firms would be well-served to dedicate the majority of their internal resources to the functionality that best supports their differentiation. A firm's internal team understands their 'secret sauce' and are best positioned to develop a solution that delights their clients.

Yet, all firms need a comprehensive and robust technology platform to

serve a wide range of advisors' and investors' needs, from account holdings and balance information to portfolio analytics and trading tools and beyond. These are the minimum requirements for an effective digital experience.

The challenge facing financial firms is how do they dedicate their best internal resources to their differentiators while also developing a comprehensive platform unique to their business model, fully integrated into their brand and user experience?

A few years ago, financial firms' choices were limited, but today the evolution of digital infrastructure essentially offers customizable building blocks that can be integrated into any

firm's technology build, dramatically reducing time and cost while increasing flexibility. These building blocks or 'widgets' are integrated into a firm's existing experiences, providing immediate lift and long-term continuous improvement. They also take care of important but time-consuming development tasks such as conformity to firm branding guidelines or ensuring compliance with Americans Disabilities Act Web Content Accessibility Guidelines or ADA WCAG. A firm can achieve digital parity and leadership by leveraging widgets in its existing online experience and hybrid mobile app, and using web services to build bespoke digital experiences specific to their firm strategies.

The menu of configurable 'widgets' is vast, enabling functionality to display market data, investment insights, and account-related data in small interoperable components. The infrastructure also supports web services that provide firms with the ability to develop and integrate custom web components that can be embedded into custom-designed digital experiences. The widgets and web services are pre-integrated with back-end data, firm-specific business logic and rule sets so the "heavy lifting" is done and the firm's digital product team can focus on creating and updating dynamically their unique digital experience.

Sample Widget Library

Filter Version: 2.10.1

Category

- Certificate of Deposit
- Account
- Agreements
- Asset allocation
- Balances
- CashFlow
- Cd
- Chart
- Container
- Core
- Dashboard
- Dock
- Docshare
- Gain loss
- Grid
- Groups
- Help
- HistoricalValue
- History
- Holdings

Found 95 Widgets

Account Balances

Display the balances of a single account in list form. [API Docs](#)

Sample Code

Example 1

```
<div id="sviInclude">
  <div data-svi-account-balance></div>
</div>
```

[Copy The Code](#)

Sample widget library

George Washington Value: \$11,435 **11.14%**

John Adams Value: \$244,389 **7.88%**

Thomas Jefferson Value: \$36,128 **15.77%**

James Madison Value: \$55,707 **15.54%**

Investments

Performance Total: 15.54%

Risk Total: 0.61

Asset Sector Total: \$58,322

Portfolio At A Glance

Account	Value	Net Market Value	Net Change	% Net Change
Retirement Accounts	\$4,201,156.78	\$20,850.25	(0.50%)	
401(k) - JAMES	\$41,000.00	\$100,000.00	\$100,000.00	243.90%
401(k) - JAMES	\$100,000.00	\$100,000.00	\$0.00	0.00%
401(k) - JAMES	\$100,000.00	\$100,000.00	\$0.00	0.00%
401(k) - JAMES	\$100,000.00	\$100,000.00	\$0.00	0.00%
401(k) - JAMES	\$100,000.00	\$100,000.00	\$0.00	0.00%
401(k) - JAMES	\$100,000.00	\$100,000.00	\$0.00	0.00%
401(k) - JAMES	\$100,000.00	\$100,000.00	\$0.00	0.00%
401(k) - JAMES	\$100,000.00	\$100,000.00	\$0.00	0.00%
401(k) - JAMES	\$100,000.00	\$100,000.00	\$0.00	0.00%

Account Risk

Current Market Value

QUOTE

Symbol	MMMN	3M COMPANY	166.50	+0.30	+0.18%
Bid	166.44	1	Ask	166.56	2
Open	166.02	High	167.28	Low	165.67
Volume	129954				

Sample widgets



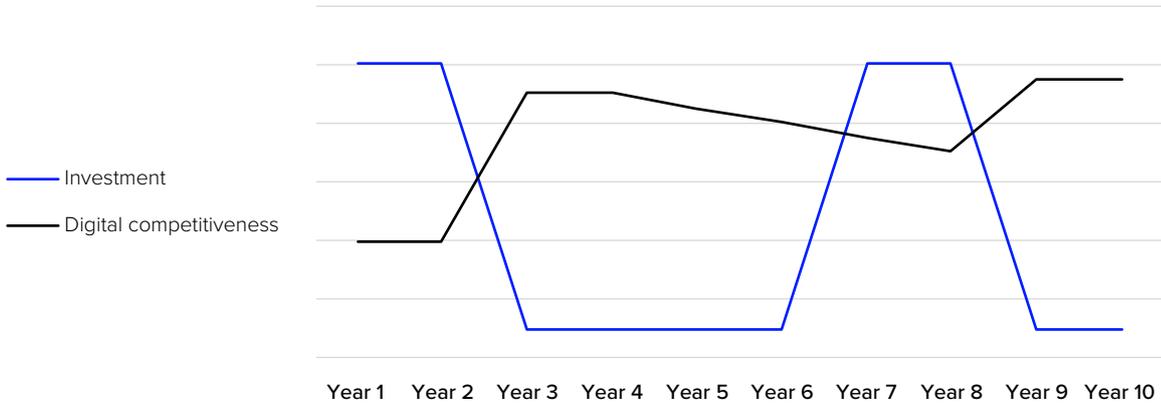
ACHIEVING DIGITAL EXCELLENCE

Digital excellence is a culture and process of continuous improvement. Given the pace of change and the resources needed to constantly innovate and upgrade functionality, it's challenging if not impossible for financial firms to achieve digital excellence on their own.

As depicted in Figure 7, building internally creates a recurring pattern of boom and bust. Each build requires

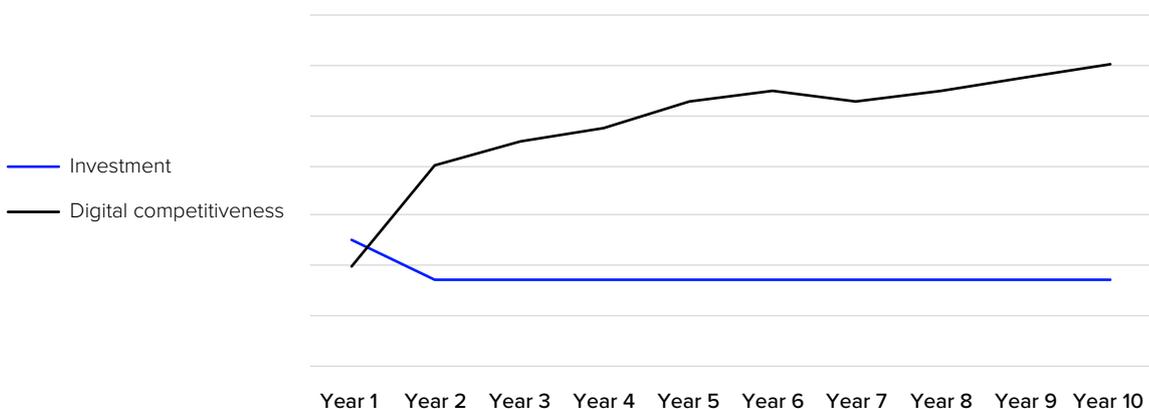
a significant investment of resources to achieve digital excellence – but it's fleeting. An internal build does not supply the firm with necessary infrastructure to maintain a process of continuous improvement.

Nearly as soon as the build is complete, the technology becomes stale. Soon the cycle must repeat again, but the financial firm must endure a period of lagging digitally.

FIGURE 7 : INTERNAL BUILD

Source: Refinitiv

Conversely, the BBB model dramatically changes how the project is staffed and executed. Rather than starting from scratch, the firm uses widgets to quickly address its need for different functionality such as account displays, self-directed tools, graphical visualizations and usability. By leveraging readily existing digital infrastructure for the majority of the platform, the firm is able to reduce cost and time while implementing a process for continuous improvement, as is depicted in Figure 8. Internal resources are freed up to focus on the last mile in the journey to digital excellence. Getting that right will differentiate a firm from their competition and align their digital offerings to their unique service model and business strategy.

FIGURE 8: BUY/BUILD BLEND STRATEGY

Source: Refinitiv



The Buy/Build Blend model dramatically changes how the project is staffed and executed. By leveraging readily existing digital infrastructure for the majority of the platform, the firm is able to reduce cost and time while implementing a process for continuous improvement.

CONCLUSION

Even before COVID-19 put more pressure on financial firms to transition to digital, consumers and advisors were already expressing their desire for a host of transformative digital capabilities and functionality. Post-COVID-19, the current data shows that consumers and advisors' expectations will continue to rise, intensifying a digital arms race among financial firms. To compete in this new environment, financial firms should leverage existing digital infrastructure in a Buy/Build Blend model to accelerate their transition to digital and enhance their ability to continuously improve while reducing cost.

Next-generation digital solutions for advisor and investor needs

Differentiate your business by delivering personalized, high-touch client experiences. Refinitiv's Digital wealth solutions empower your advisors and clients through flexible technology, unparalleled data, and enhanced digital-first capabilities.

Learn more.

Refinitiv is one of the world's largest providers of financial markets data and infrastructure, serving over 40,000 institutions in approximately 190 countries. It provides leading data and insights, trading platforms, and open data and technology platforms that connect a thriving global financial markets community – driving performance in trading, investment, wealth management, regulatory compliance, market data management, enterprise risk and fighting financial crime.

Visit refinitiv.com/wealth-management



RE1224437/8-20

REFINITIV[®]
DATA IS JUST
THE BEGINNING[®] 