

Wealth Management use case

Augmented investment advisors: unlock value with AI and digital technology

Executive summary

Smart Risk Decisions was chosen by a leading European private bank to equip actors of the advisory value chain, from the CIO office to the relationship managers, to help them build personalized investment proposals to their clients with a high-end high-touch approach.

Challenges in the Wealth Management industry

Many recent surveys outline how relationship managers and advisors are critical to client engagement, retention, and business value development.

Concurrently, these very same advisors dramatically lack time to take care of their clients due to the abundance of administrative and compliance tasks.

It is crucial to equip relationship managers in client-facing situations with solutions to leverage their knowledge of the clients, reinforce trust and engagement, enhance their productivity and create more business opportunities.

This is true not only for the UHNW clientele, but also for the growing and underserved mass affluent segment (fig. 1).

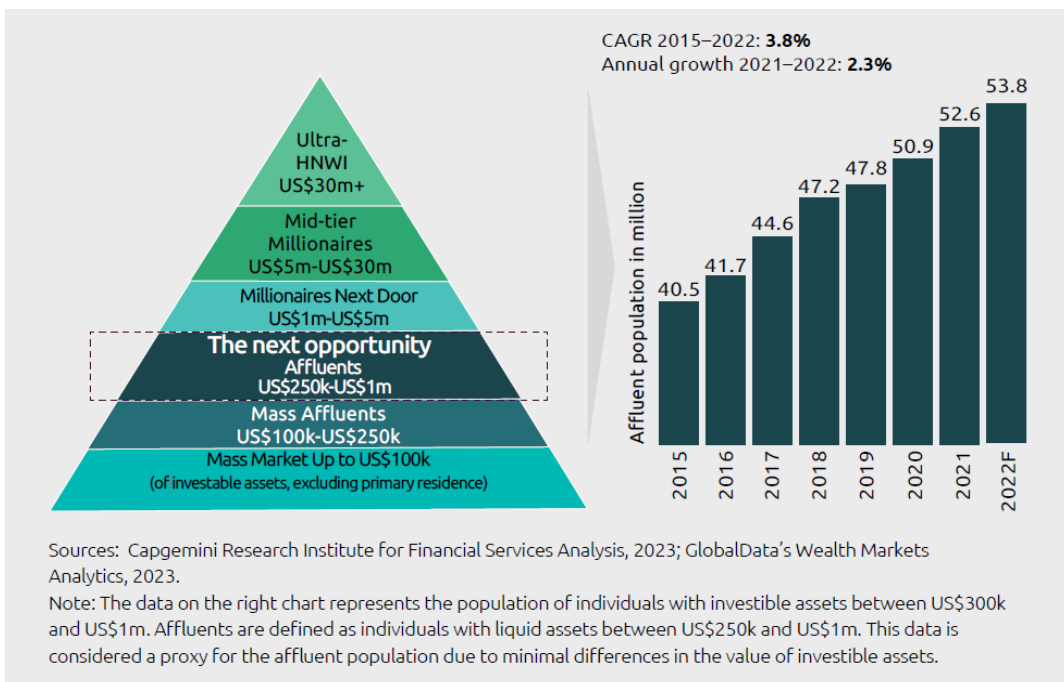


Fig. 1 Affluents outnumbered HNWIs by 2.5x in 2022 (Source: Capgemini World Report Series 2023 - Wealth Management - Unlock growth in wealth management)

The need for digitalization to support advisors

The Wealth Management industry needs to reinvent the advisory journey in an increasingly complex environment:

- Necessity to differentiate from the competition with high added-value services to attract and retain clients
- Growing expectations of the end investors regarding in-person advisory, transparency and personalization of the investment proposal (fig. 2)
- Lack of client-facing tools to support the advisory process (fig 3)
- Lack of client-facing time for the advisor due to an abundance of admin and compliance tasks: how to make the most of the time spent with the client? (fig. 4)
- A strengthening regulatory framework on risk and ESG that makes the suitability process even more complex
- Rising alternative asset classes with liquidity or data availability issues

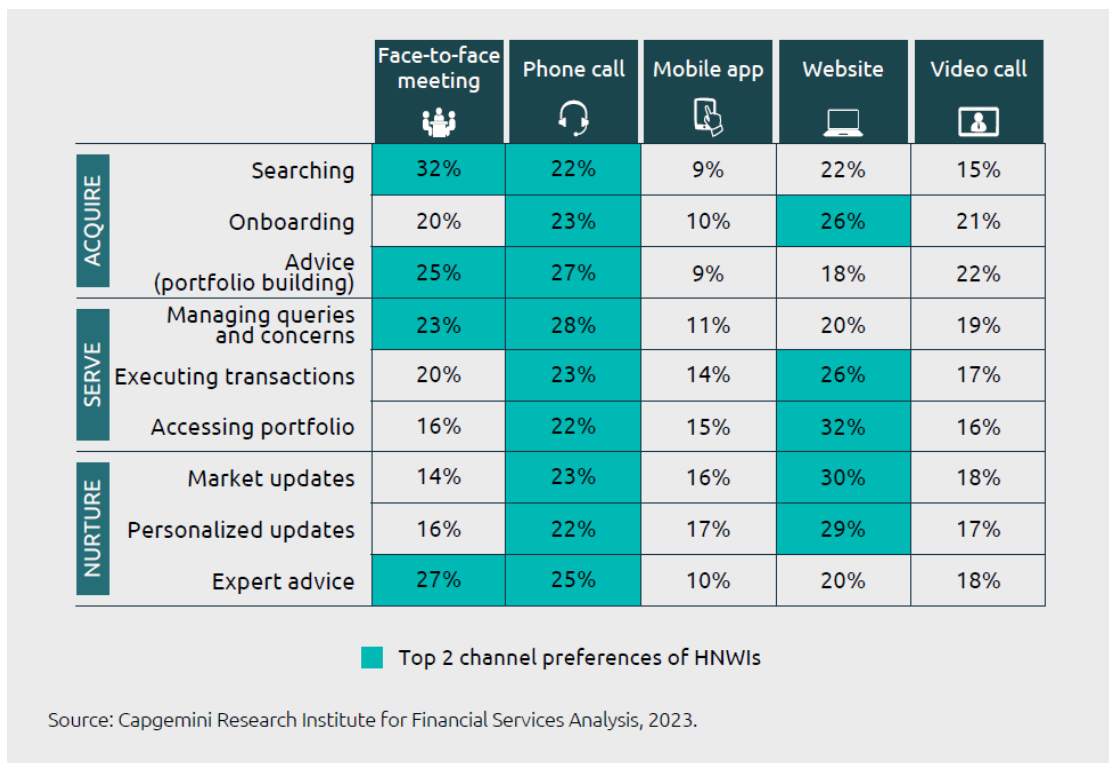


Fig. 2 “HNWIs continue to value in-person engagement” (Source: Capemini World Report Series 2023 - Wealth Management - Unlock growth in wealth management)

In a nutshell: how can new digital technology and AI models augment advisors, leverage the time spent with their clients and scale the human factor?

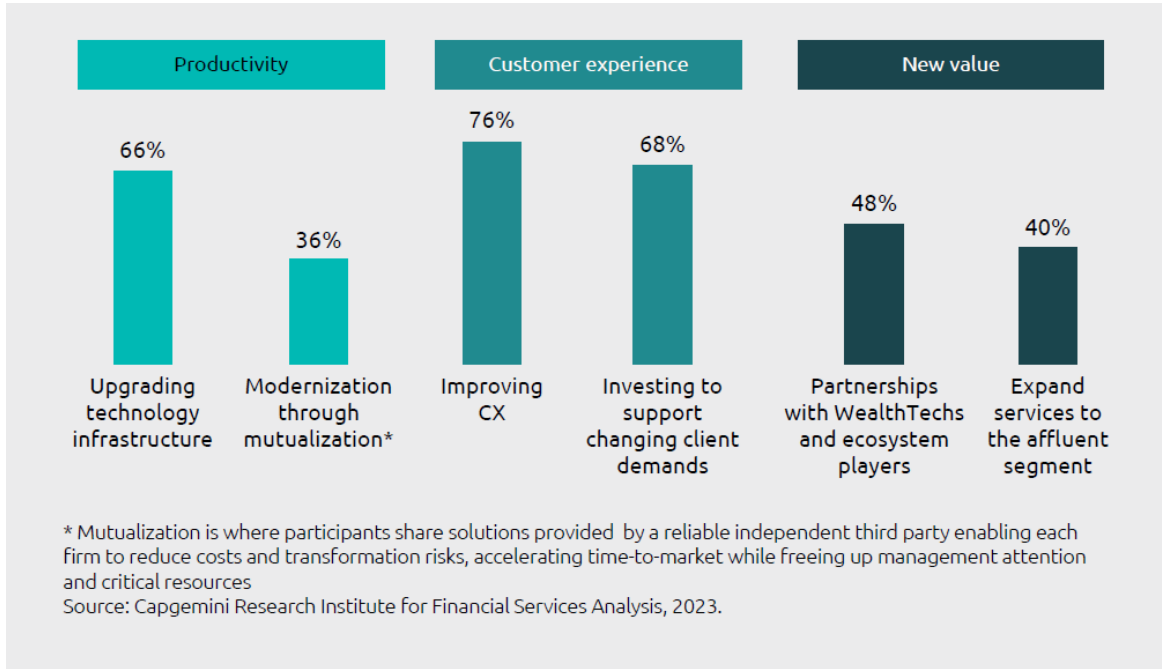


Fig. 3 “Client experience tops the priority list of wealth management executives” (Source: Capemini World Report Series 2023 - Wealth Management - Unlock growth in wealth management)

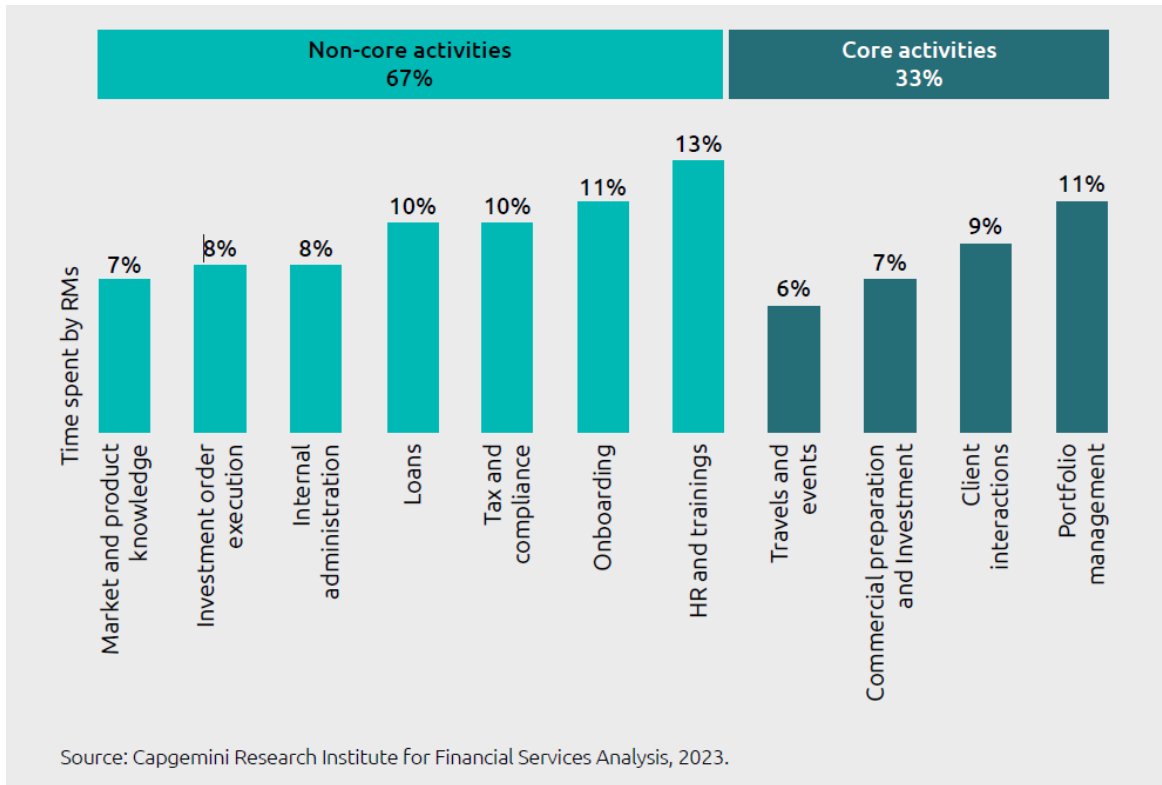


Fig. 4 “RMs struggle to prioritize time for core client engagement activities” (Source: Capgemini World Report Series 2023 - Wealth Management - Unlock growth in wealth management)



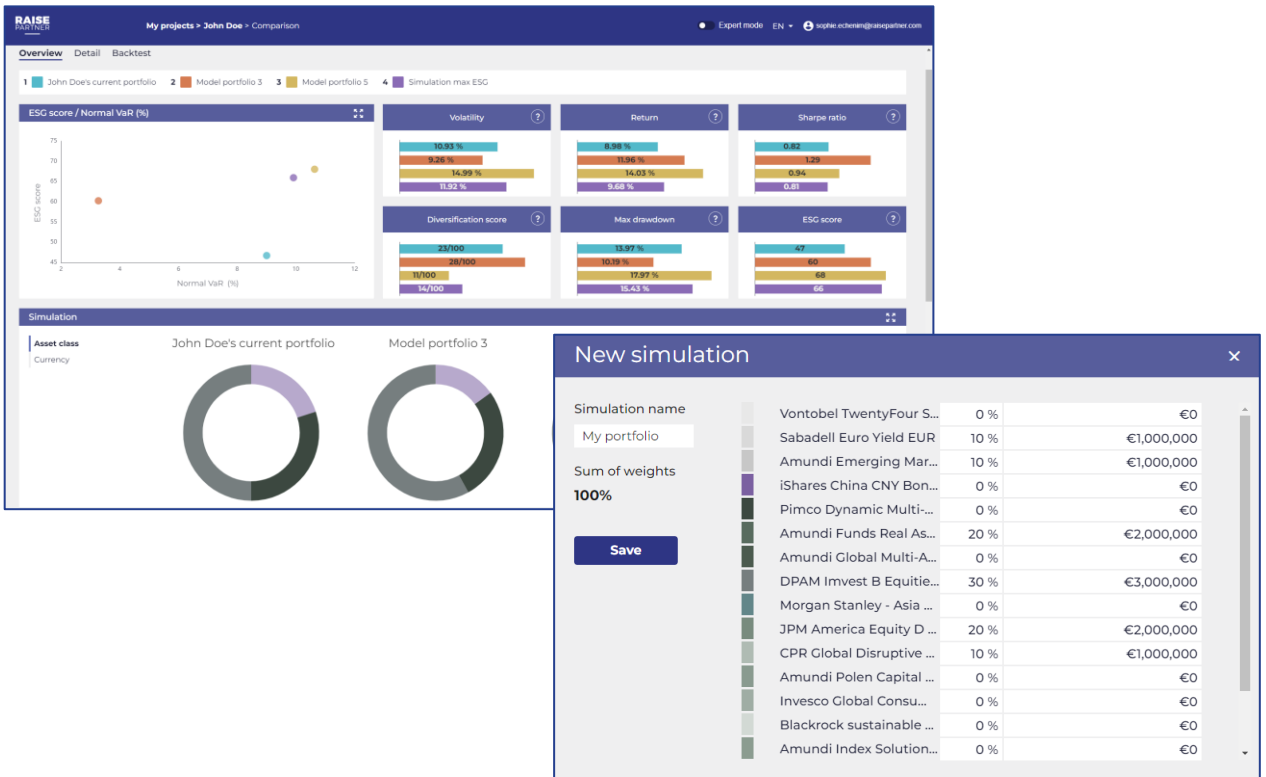
Solution: Smart Risk Decisions

We deployed our white-labeled web application Smart Risk Decisions to equip critical actors across the advisory value chain:

- The CIO office to design strategic asset allocations
- The investment advisors dedicated to UHNW clients for ultra-personalized portfolio construction
- Relationship managers and Private bankers to serve the HNW and mass-affluent segments.

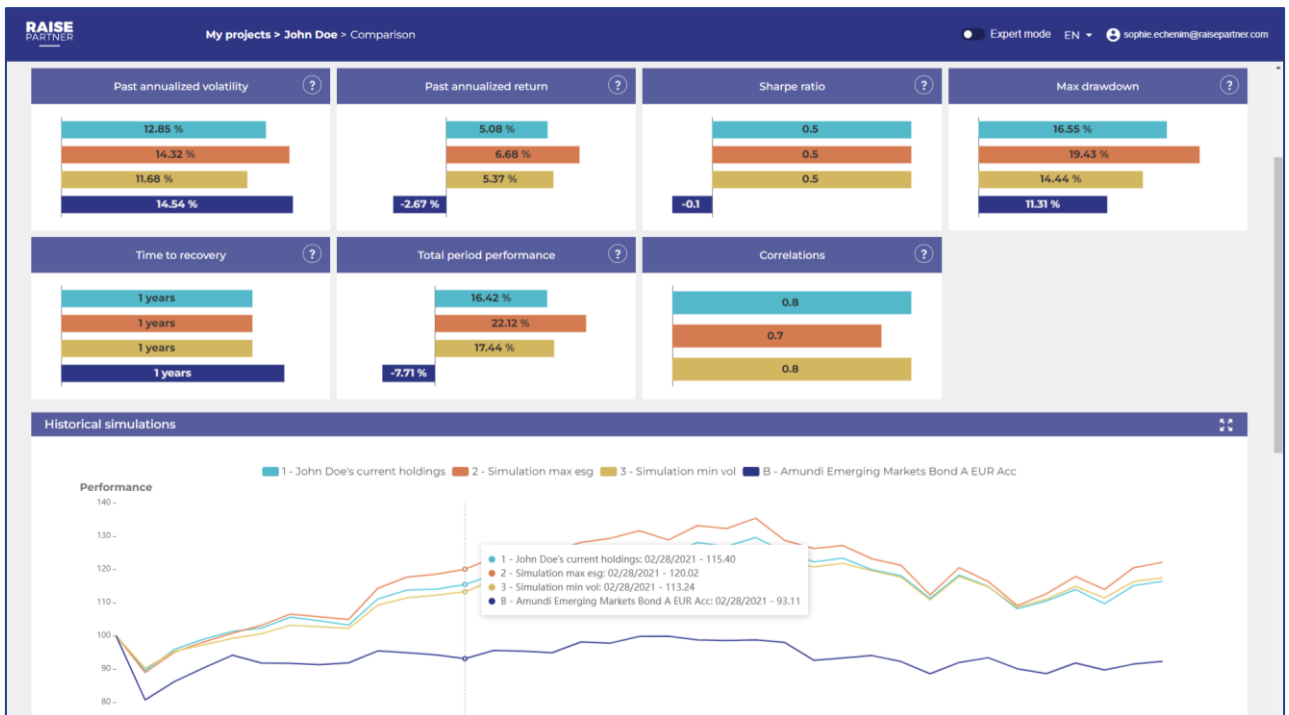
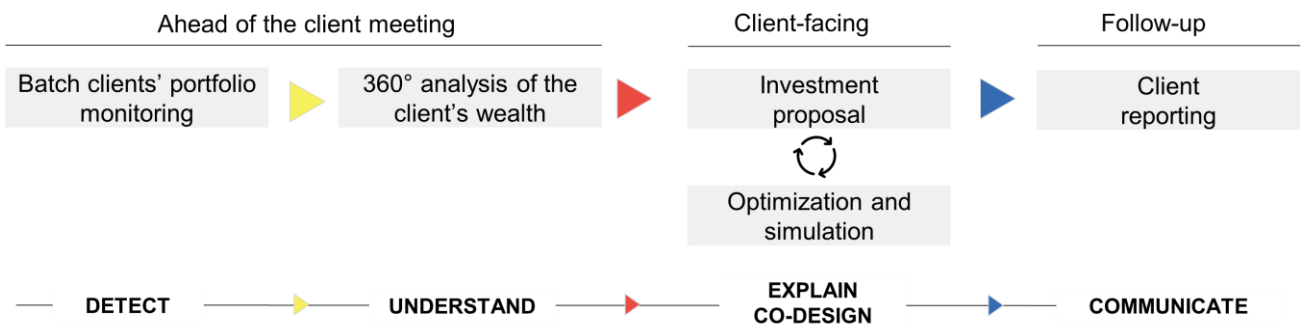
The application provides advisors with easy-to-use and interactive decision-aid features such as:

- Portfolio analytics to understand sources of risk and performance in the client's current holdings
- Back-testing features to simulate the impact of past market scenarios
- Trade simulation to test ideas and evaluate their impact
- Portfolio optimization under constraints and preferences to match the client's profile and goals
- Before-after analysis to illustrate the impact of investment decisions



Smart Risk Decisions is used at different stages to support the advisor-client relationship:

- **Ahead** of a client meeting to analyze the client's situation and prepare simulations
- **During** client meetings to support the discussion, illustrate the investment proposals with unbiased criteria and onboard the client in the investment decision
- **After** the client meeting to follow-up immediately with automatically generated personalized reports



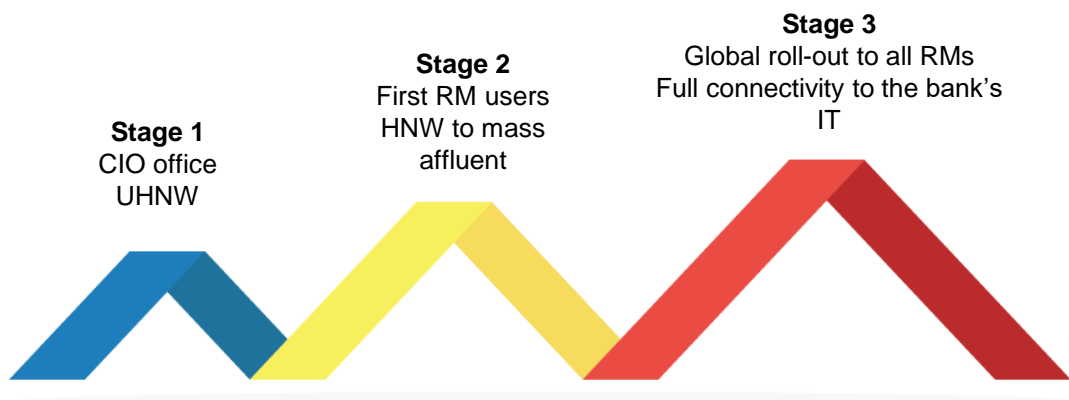
Deployment of Smart Risk Decisions and time-to-delivery

Smart Risk Decisions is a very light stateless web application hosted on the cloud and connected to the bank's ecosystem, namely:

- CRM to get client's portfolio and profile information (anonymized)
- Portfolio Management System to get positions and send back buy-sell instructions
- Internal research providing forward-looking trends on asset classes
- Internal authentication system for the users for a seamless user experience
- Market data feed when relevant

We deployed the solution in progressive stages to facilitate adoption and mitigate project risks (cf page 6):

- Stage 1: CIO office and UHNW advisors for hyper-personalized portfolio construction
- Stage 2: Selected Relationship Managers beta users with simplified settings to get feedback, adapt and ensure adoption
- Stage 3: A global roll-out to 300+ RMs with full connectivity to the bank's IT ecosystem



Phases 1 and 2 can be achieved within a couple of weeks (max 2 months) as they do not require complex connectivity or volume issues.

The white-labeling and configuration of the application is usually done in a matter of weeks, covering look-and-feel as well as language settings, labels, disclaimers, export templates.

Phase 3 highly depends on the bank's data and IT framework. In this example, a 6-month period was necessary to connect Smart Risk Decisions to internal and third-party systems for a fully integrated solution.

Project risk assessment

IT and adoption risks are the 2 main risks when deploying a new solution for advisors.

Project risks



With Smart Risk Decisions



IT risk

Technology risk related to sometimes complex IT infrastructure and data sources

- Smart Risk Decisions relies on state-of-the-art API and cloud technology to facilitate deployment
- The application is stateless hence very light to deploy
- It is a very modular and open application to leverage existing information and expertise within the bank and ensure consistency
- Iterative deployment is usually the preferred option to equip users from day 1 and add connectivity with other systems iteratively

Adoption risk

Risk of the application being perceived as « just another tool » in the abundance of solutions already used by the RMs

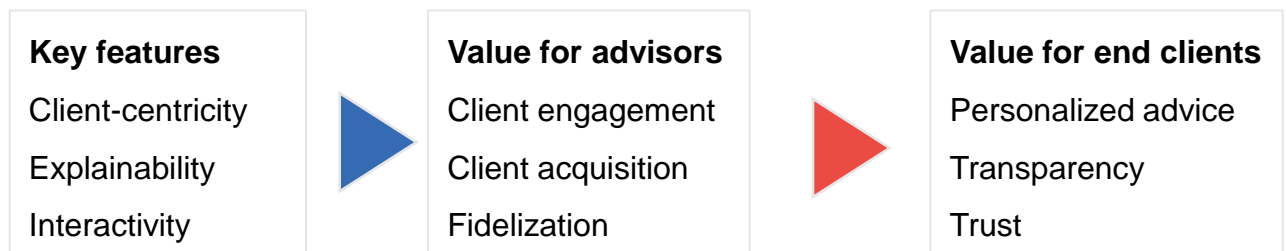
- Smart Risk Decision covers an important yet unaddressed scope of the advisory process that will make the RM's life easier and his work more meaningful, as it supports their interaction with the end clients, which is the very essence of their mission.
- The web application is connected to other systems (authentication, CRM, PMS) hence it avoids redundancy and ensures consistency across the tools.

Added value

Digital transformation is not only about a great client experience. It is mostly about providing added-value services through digital channels to portfolio managers, sales teams, advisors and relationship managers to better serve their clients.

Augmenting is not replacing: Smart Risk Decisions is first of all a digital support to the discussion between an advisor and the end client. It allows a paradigm shift from product push to client-centric advisory experience:

- Starting the advisory journey from the client's wealth and expectations
- Helping advisors figure out the 'next best action' for each client depending on their profile, preferences and existing holdings
- Designing personalized portfolios with a global wealth approach
- Supporting a "4-hand" investment decision process: onboard the end-client with an interactive discussion
- Avoiding the black-box effect with a focus on transparency and explainability
- Providing easy-to-use scenario simulations and analytics to understand the impact of investment decisions



Smart Risk Decisions helps advisors focus on their clients' needs, build confidence through transparent and tailored investment proposal, hence develop new business by attracting and fidelizing clients.

About Raise Partner

Raise Partner is a B2B WealthTech delivering digital solutions to support investment, advisory and distribution processes in the Wealth and Asset Management Industry.

Contact us: contact@raisepartner.com