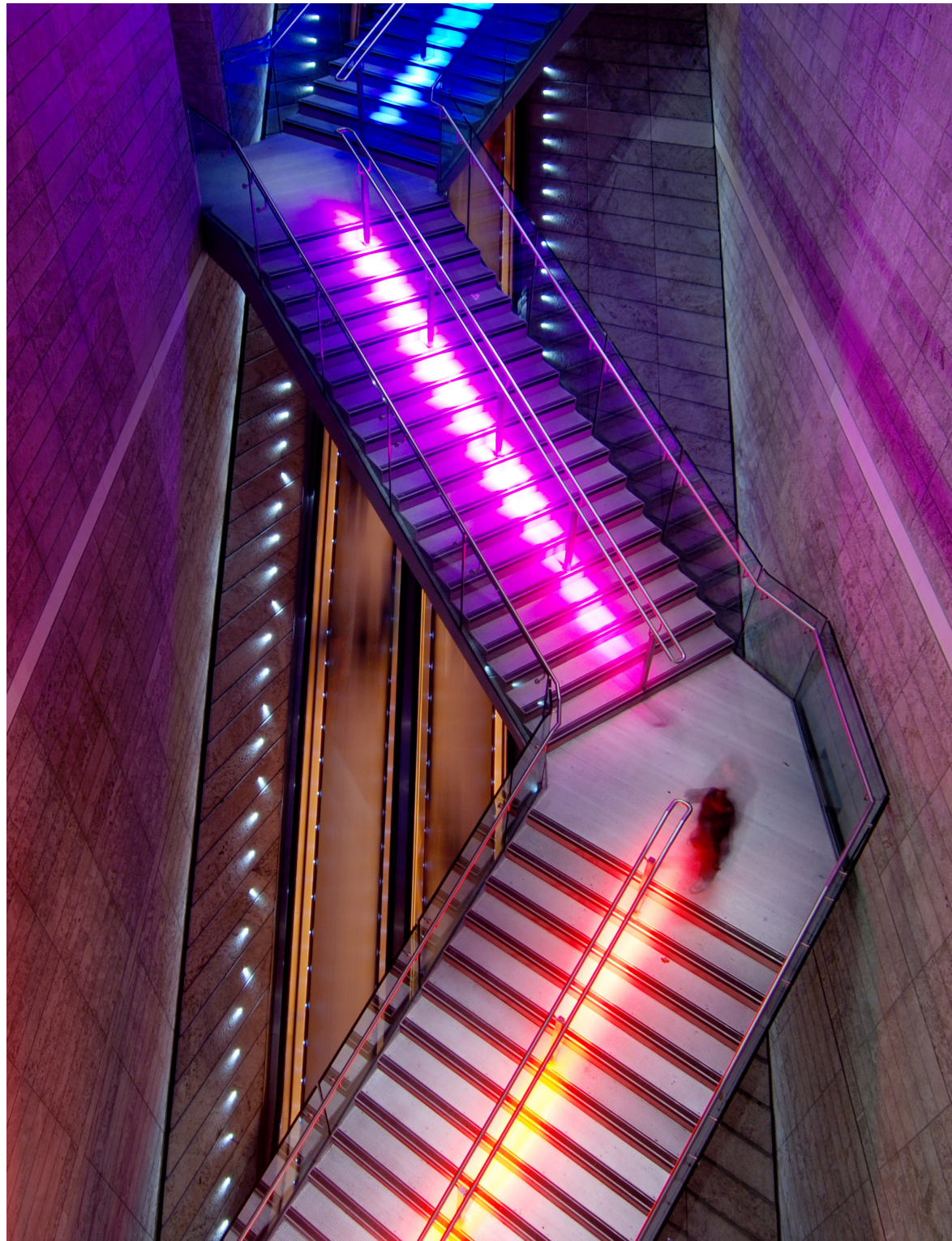# From experimental to exponential

AI: Built to Scale in Wealth Management

Adopting new technologies is never easy. In our experience, organizations often focus on a "nirvana" destination, but without defining a clear view of the journey, they can get stuck at the starting line.

Artificial intelligence (AI) is perhaps the most discussed "new technology" and a full 84% of C-suite executives believe they must leverage AI to achieve their growth objectives, according to Accenture research. Yet 76% acknowledge they struggle to scale AI across the business, further exacerbated by today's uncertainties on what client interactions will look like as well as shrinking discretionary investment budgets.[1]

For the wealth management industry, as much of Wall Street pivots their respective businesses towards the higher returns of advice, the competitive pressure to keep and win clients has never been greater. For far too long advisors have relied on the same playbook, with client engagement largely a one-way street. Wealth customers are demanding highly digitized experiences and, at the same time, driving ongoing fee pressure. Additionally, it's becoming increasingly difficult for wealth managers to stand out in a crowded space, as the required investment to compete is impacting profitability.

Given this, one might ask why a wealth manager should leverage yet another technology? And what makes AI investment different? First, while they won't be immediate, notable cost savings could be achieved by those who lean into using AI, according to Accenture's recent AI in Wealth Management survey. Although a majority of respondents believe AI-driven savings will be less than 20% in year one, they expect that benefit could double in two to three years.

84%
of C-suite executives believe they must leverage AI to achieve their growth objectives.

Second, we know those who have scaled AI are reaping the benefits—with 2x the success rates and 3x the returns. Yet more than 80% of companies are stuck on the "Proof of Concept Factory" path, with efforts siloed within a department or team.[2] This rings true for wealth managers as well, as 88% of our survey participants are at the turning point of moving beyond experimentation and are looking to scale and deploy AI solutions. Lack of budget rarely tops the list of challenges, but rather the inability to set a supportive organizational structure, the absence of foundational data capabilities and the lack of employee adoption stunting scale. Overcoming all of these impediments requires time.

Finally, COVID-19 has created a unique environment—immediately pivoting our industry toward becoming digitally native, with clients and employees alike demanding more from their firms. Advisors are realizing how powerful the technology they already have is, and, as they settle into new ways of working, they're more willing to try new solutions. Our research found 79% believe their organizations are "digitally ready," are excited to adopt new AI tools and have an appreciation of delivering efficiencies and enhancements—especially ones that could help with working in a virtual-first world.

The time is now—six in ten (60%) survey respondents are already focused on deploying the technology across targeted business groups. Wealth managers can and should fully embrace AI to harness its value across the ecosystem, taking advantage of today's change agility to become more technology-savvy, AI-powered organizations. Whether your firm is just shaping its AI vision or you have already jumped in, we believe the narrative should shift from theory and baby steps to application and scale, moving from the experimental stage of today to the exponential impact of the future.

79%
of respondents believe their organizations are "digitally ready."

The Impact of COVID-19 on Wealth Management

The COVID-19 pandemic has served as a digital accelerator for the wealth management industry, among others. On one hand, it has led to specific acute challenges—most firms report that prospecting for new clients has become uniquely challenging, and some advisors are overwhelmed with managing client interactions in the "always on" virtual working environment. It is also massively accelerating transformational, pre-existing industry trends—especially overall digitization of the operating model and the need across capital markets to bend the cost curve. But the move to cloud and modernization of IT by the broader financial services industry has created the perfect springboard for leveraging AI to simultaneously transform client engagement as well as firm revenue and productivity.

The strategic imperative

It is no secret that the traditional wealth management industry is facing disruption.

As demographics shift, so does focus. Wealth clients increasingly demand a larger breadth of offerings, personalized advice and a compelling experience with a range of technology services. Broader structural changes are also taking place. The recent Accenture-Orbium Wealth Management C-Level Survey indicates there is approximately $78 trillion of assets in motion for wealth managers to capture, underpinned by the global expansion of the affluent middle class, women with wealth and the wealth created by entrepreneurs and business ownership.[3] With so much promise, the marketplace is converging, intensifying competition as more firms deploy strategies to capture the emerging wealth and mass affluent segments.

Seizing this opportunity requires a significant shift in strategy and approach as wealth managers recognize how the digital agenda of the past has quickly become the digital imperative of the future. However, despite this recognition, our survey found most managers globally don't plan to make the necessary changes to their business and operating models, including enabling remote interaction service models and deploying AI to reduce both costs and time for customer acquisition. By waiting, these firms risk missing the wave of COVID-related digitization, falling short of both the demands from clients as well as the needs of their employees.

As we look deeper into the potential of AI for wealth management, we see five major points where value could be captured: client engagement, product and pricing, the client experience, efficiency and cost.

$78 trillion
of assets are in motion for wealth managers to capture.

So where are wealth managers focused today? If we first look across the entire financial services industry, customer service is among the top three areas where emerging technology is applied (53%), followed closely by finance (49%), business operations (47%) and sales & marketing (44%).[4] As we isolate for wealth management, we see an even greater focus on customer versus operations. In the next year, 77% and 51% of our survey respondents believe AI will have a major impact on client experience, and product / investment recommendations, respectively.

Simply put, there is tremendous opportunity for wealth managers to capture more value from AI. With proven use cases as a starting point, the journey can be accelerated—rapidly moving from theory to execution and in turn capturing the benefits seen from scale. As we further describe our latest findings from working across the industry, we see an evolution from today's world of targeted application to a future of scale and innovation, making it clear why AI should be part of your execution strategy today.

AI's Value-Add in Wealth Framework

Client engagement	Product & pricing	The client experience	Efficiency	Cost
Always-on and tailored	Recommendations	Hyper-personalization	Maximized time and value	Bending the cost curve

Theory

As technology continues to democratize and tailor advice delivery, it keeps pace with the preferences of a tech-savvy next generation of investors: always-on and personalized.	Just as recommendation engines have transformed society's retail experience, they can also help optimize advisory models by putting the right product in the right client's hands.	Clients enjoy improved and more tailored service because AI takes personalization to the next level and creates a closer connection between client and advisor.	By relieving advisors of routine tasks, AI helps them maximize client time, serve a larger book of business, and focus on relationship building.	AI can be leveraged to reinvent operational processes end-to-end with a much higher degree of automation, reducing the amount of effort required to complete them.

Application

New and AI-powered digital tools and ways of interacting with clients open the client base to a younger generation of tech-savvy high net worth individuals.	Product recommendations tailored to the client (at the right time and right price) will benefit both clients and their advisors, with increased satisfaction and benefits for both.	AI allows for the delivery of customized portfolios and client touchpoints at exactly the right time, in ways that human advisors would not be capable of achieving on their own.	Wealth managers benefit from AI by gaining a deeper understanding of their clients, which allows them to more proactively intervene to help make sure their clients have what they need, when they need it.	When applied to the middle and back offices, AI can save costs and relieve pain points, ultimately bending the firm's cost curve.

Examples

Automated lead generation Topical content engagement	Cross-selling Product & pricing recommendation engine	Notifications based on social media and web browsing	A focus on the highest and best use actions for clients and financial advisors	Increased focus on efficiencies across the value chain

Source: Accenture research

77%
of our survey respondents believe AI will have a major impact on client experience.

Today: Proving the value and building a foundation

It is clear AI is garnering significant interest across industries and wealth management is no different— broadly undertaking pilot projects to test its potential.

The workforce perspective further reflects these changes, with our research showing 89% of respondents agree (47% strongly agree) they understand how AI can impact their business.

Further, efforts are starting to become permanent fixtures. According to Gartner, by the end of 2024, three-quarters of enterprises will have shifted from piloting to operationalizing AI.[5] Among wealth managers, early AI adopters focused efforts on practices such as "know your client" (KYC) and risk management. More recently, attention has shifted to marketing and service in the form of "next best action" (NBA) and "next best offer" (NBO) decision making. Our survey results indicated up to 80% of respondents reported they're either deploying or scaling both client- and advisor-facing AI-powered technology, so some players may find themselves playing catch-up to the rest of the industry.

With the level of exploration and adoption readiness increasing, AI across wealth management is poised to capture potential to the benefit of both the top and bottom line. We've helped a number of players of all types, sizes and strategies launch their AI journey with a common set of use cases that generate significant, measurable value. Our experience shows it's not atypical for a single use case to generate a 20%+ uplift, growing both existing clients as well as revenue from new clients. When multiple use cases are pursued a combinatorial effect occurs, and the longer-term uplift could easily be doubled or more.

With our survey showing that 49% and 55% of respondents are focusing their AI investment over the next one to two years on the front and middle offices respectively, we've shared some of the most impactful use cases on the following pages.

Up to 80%
of respondents reported they're either deploying or scaling both client- and advisor-facing AI-powered technology.

Front Office

AI-Powered Marketing

AI and "new" data present tremendous potential for unlocking insights that generate actionable leads and opportunities for better acquisition, cross-sell/up-sell and attrition management. For example, AI can help develop client micro-segmentation, moving beyond traditional client demographics and net worth to include dynamic and attitudinal behaviors—such as how actively they transact and their propensity to concentrate share of wallet. Going even further, signals generated by individuals through their digital interactions could more quickly lead to the "zero moment of truth" within their consideration and purchase journey.

The following examples demonstrate the value of AI-powered marketing:

Prospecting/client acquisition: A U.S. retail digital bank wanted to increase funnel conversion and reduce cost per acquisition by leveraging signals mined from external data sources to create a more personalized digital experience. The firm turned to Accenture for support, and we helped them analyze more than two terabytes of external data for 10 million high quality prospects for the pilot campaign. Through leveraging AI on a data set of this size, the bank was able to drive micro-segmentation that delivered a stickier client experience and higher conversion rate via its website.

⊘ **Value-add:** As a result of the tailored engagement, the bank realized a 30% uplift in click-through rates, a 50% increase in approval rates and a 40% reduction in cost per acquisition.

Event marketing analysis: A wealth management firm's analysis revealed that the customer selection process for marketing events was not appropriately aligned to deliver maximum benefit in net new money (NNM). Despite certain customer segments that showed a propensity to improve NNM, overall performance was below that of comparable peers. Accenture worked with the client to develop and profile segments to identify clients with uniform NNM behaviors and developed an attribution approach related to event attendance that was underpinned by AI.

⊘ **Value-add:** The firm received a multi-million-dollar impact in NNM benefits and improved marketing ROI through the analysis of marketing events and changing the mix of client profiles.

Next Best Action

NBA frameworks can benefit from an ensemble of AI capabilities, optimizing the ability to identify and prioritize actions for advisors based on clients' needs and behaviors. These capabilities are applied for marketing purposes as well as client management, delivering smarter, prioritized, customer-centric interactions that are tailored for each user and customized for marketplace dynamics.

The following examples demonstrate the value of AI-powered NBA:

Pricing recommendation engine: Large scale price discounting by advisors was prominent in both managed advisory and transactional portfolios, leading to significant revenue leakage. Pricing changes were, in turn, impacting client behaviors. A wealth manager wanted to examine the impact of price changes on revenue fluctuations. The answer was a comprehensive AI-powered pricing solution and simulation engine to provide financial advisors with customized pricing recommendations.

⊘ **Value-add:** This comprehensive pricing solution leveraging AI and client behavior delivered a multi-million-dollar annual benefit as well as greater control from the home office.

Salesforce integration into the NBA engine:
A wealth management firm integrated Salesforce™ into its NBA engine to feed analytics recommendations to the distributed marketing solution. This solution is designed to provide insights that enable proactive actions relating to client life events, investment activity and service alerts, such as Required Minimum Distribution or bond maturity. The firm turned to Accenture to help maximize its investment to generate improved ROI by combining machine learning with CRM.

⊘ **Value-add:** The solution allowed advisors to both proactively and reactively engage clients and also drove change enablement via rollout for thousands of field users.

Cross-sell engine: At one wealth management firm, the share of clients' total liabilities was low, indicating significant potential to grow the portfolio. Accenture developed a liabilities product recommendation engine powered by AI and propensity models that combined the client balance sheet with micro-segmentation to increase penetration of lending products.

⊘ **Value-add:** Prioritized client targeting established an opportunity for 30% lending growth and for adding billions of dollars to the current liabilities held at the firm.

Advisor cross-sell engine: A structured products and insurance business wanted to increase the penetration of its respective products in customers' portfolios. The solution was a propensity model to identify advisors with a higher affinity to structured products and insurance.

⊘ **Value-add:** Millions of dollars in revenue benefit was delivered by identifying a large group of advisors with the propensity to sell the targeted products.

Client attrition engine: A wealth management firm was experiencing high attrition of its affluent and high net worth clients. It wanted to take preemptive measures to reduce the number but lacked a clear approach for identifying these clients. The solution was an AI-powered predictive model to identify clients with a high risk of leaving the firm.

⊘ **Value-add:** The model helped capture a ~40% client attrition risk by focusing on only ~20% of the base and gave the business months of lead time to take preemptive measures.

Advisor retention: A wealth management firm was experiencing high financial advisor attrition and wanted to take preemptive measures to reduce it. Accenture used data from internal and external sources to create a "single advisor view" that gave a detailed analysis and profile of key attributes for advisor attrition. We then used these trends and insights to develop a predictive model to identify advisors with the propensity to leave.

⊘ **Value-add:** Similar to the previous example, this solution helped capture a large percentage of attrition risk by giving the business months of lead time and the ability to target the riskiest advisors with preemptive measures.

Middle/Back Office Components and Use Cases

As firms look to the middle and back office, most apply AI to perennial causes of poor client experience, such as onboarding, or to issues that intuitively should be solvable through machine logic, such as reconciliation. We also see firms continuing to focus on the foundations of data cleanup and CRM capability enablement—an ongoing and evolving journey for the entire industry.

Below are two middle and back office areas where AI could provide immediate value:

Intelligent automation of operational processes: AI capabilities such as information extraction combined with intelligent workflow, visualization and content management are a powerful combination. Integrating these into a single solution moves far beyond point automation, transforming end-to-end processes such as client onboarding. This approach not only drives efficiencies for both the middle and back office, it enhances productivity and data completeness for the front office. Accenture has worked with a number of financial services firms on next generation platforms.

⊘ **Value-add:** Elimination of manual processes and centralized rules-based approvals and controls based on machine learning capabilities.

Portals and "one-stop apps" for the front office: Firms have long been moving toward a "single pane of glass" concept, connecting multiple applications and data sources to facilitate an advisor's day-to-day activities. Applying AI further amplifies value, such as cognitive agents to suggest courses of action and provide intelligent search, along with continuous learning to better understand the personas and related terminologies. Accenture has helped develop a number of such platforms in financial services that are more efficient in responding to client requests and providing clients with more appropriate content the first time around.

⊘ **Value-add:** The benefits of faster onboarding, accelerated productivity and greater employee satisfaction.

Tomorrow: Accelerating along the journey

It's a journey, not a destination— with a true business need at its very core.

Focus on the business strategy, not technology

Build/buy according to business strategy

View through an iterative, on-going and living process

As companies learn from their initial use cases, AI quickly becomes a C-suite priority, progressing them from proof of concept to scale. AI transformation journeys are not "one size fits all." Part of the equation is defining how to use AI for what you want the technology to do—a clear *business* strategy. We've also seen a correlation between a firm's size and when and how the journey evolves:

- **Smaller firms** tend to rely more on the ecosystem evolution, choosing out-of-the-box solutions while in parallel aggregating supporting data to build out customer and advisor analytical records.

- **Mid-size firms** are typically fast followers of successful market leaders, building depth in their solutions, yet prioritizing capabilities that are core to their strategy.

- **Market leaders** go both broad and deep, actively deploying AI in the front, middle and back offices. These firms continue to focus on research and testing of the latest capabilities, while creating a culture of AI that democratizes data and analytics and drives usage across the enterprise.

Regardless of size, we see common challenges as wealth management firms progress along their AI journey, hampering their ability to scale. Our research has also revealed three critical success factors that separate firms who overcome these roadblocks, and could help wealth managers realize AI's full benefit.

Roadblocks to Scaling

Foundational data capabilities: Data privacy is paramount in wealth management, and there are substantial regulatory requirements to consider, especially in light of CCPA and GDPR. A leading question for firms is how to assign the proper controls and tools to protect client data from internal and external threats, especially in a remote work environment that's vulnerable to cyber-attacks.

Governance and risk management: AI decisions in wealth management have a real bearing on people's lives, and placing decision-making capability in the hands of a machine raises big questions around ethics, trust, legality and responsibility. This has never been truer than today, in a climate where fairness and justice are front and center of most of our personal lives. Further, businesses are exposed to additional risk, including reputational, employment/HR compliance, data privacy and health and safety issues.

Employee adoption: New ways of working are required to achieve the potential of AI. In wealth management, advisors will need to adjust. Our survey indicated the most long-term value for AI is perceived in the front office, where 71% see it transforming the client advisor relationship in the next year, and 100% within three years. In an industry where a traditional playbook is still the norm, companies cannot underestimate the criticality of engaging advisors in the value of AI.

Critical Success Factors

Drive "intentional" AI: Leaders view AI as a critical source of value, with an approach driven by the business strategy, not the technology. To build momentum, we recommend undertaking projects in a few areas to undeniably demonstrate the value, concentrated on stakeholders who are likely to be converted to evangelists. Successfully scaling requires not only a clearly defined strategy, but also an operating model with defined processes and owners for measuring value, appropriate levels of funding and established executive support. With clear accountability for scaling, leaders more often leverage reusable assets, and could complete successful AI programs 3-5X faster.[6]

Tune out data noise: It has been predicted that every person will generate 1.7 megabytes of data in just one second in 2020—which should help convey why most organizations are struggling with the sheer volume of information and how to consume it.[7] Leaders recognize the importance of business-critical data, with the greater ability to integrate internal and external sources—including not just traditional demographic information but "new data" such as online presence and behavior, life stages/events and geo-location. Moreover, using the right AI tools—such as cloud-based data lakes and data science workbenches with model management— could enable not just data maintenance and consumption but also enhanced "trusted AI" governance and model explainability.

Treat AI as a team sport: AI is not a one-time event, but rather an ongoing and iterative process as the data landscape and underlying technologies evolve. Given this dynamic, leaders have recognized that having executive sponsorship is not enough—effectively scaling calls for embedding multi-disciplinary teams throughout the organization. This not only sends a powerful signal about the strategic intent, it also highlights the "learning" in machine learning, enabling more rapid culture and behavior changes. The better the blend of skills, the more sustainable the result— re-enforcing a constant commitment to demonstrate value to the business.

The future: A digital platform mindset

In 2019, it was predicted that AI augmentation would create $2.9 trillion of business value and 6.2 billion hours of worker productivity globally.[8] For wealth managers, we firmly believe AI will continue to provide long-term value across the front, middle and back office, and anticipate five years from now there could be new ways of innovating not yet imagined. There is still a long way to go on that journey, but the rewards could be substantial.

The Art of the Probable

The Art of the Possible

The Next Horizon

84%

of respondents agree
AI will transform the
industry in five years.

The Art of the Probable

Where will value likely be realized
in the short term (one-two years)?

Over the next one to two years, the wealth management industry should focus on extracting value from use cases currently being explored while concurrently pursuing natural adjacencies. Many of the respondents to our survey shared their intent to focus AI investment on the client, yet indicated they see significant long-term value in the middle office. What's driving the discrepancy? Maybe it's that 85% of respondents believe AI in wealth management is more hype than reality, but 84% agree AI will transform the industry in five years. As a result, near-term priorities target "incremental" benefits, while many firms wait to see how innovation will unfold across a broader front.

In our perspective, NBA is the area where the most value is left on the table. We recommend the following use cases get specific focus, given their high business value:

- Real-time alerts of life events that signal when to reach out to clients:

  ⊘ **AI value-add:** A child's college acceptance announced via social media can trigger the advisor to offer congratulations and planning.

- Portfolio and investment activity related to active portfolio triggers or everyday recommendations:

  ⊘ **AI value-add:** Analytics that automate recommendations tailored to the client's preferences and goals based on market activity.

- Hyper-personalization that leads to tailored product recommendations:

  ⊘ **AI value-add:** Analytics that enable an Expedia-like dashboard of tailored products curated for the individual client.

- Pricing and client attrition prediction and recommended actions:

  ⊘ **AI value-add:** A data-driven model that aggregates and analyzes information from client satisfaction surveys, tenure, advisor performance and service history to rank clients accordingly.

Natural adjacencies to explore include specific advice simulation modules and tools. Most financial advisors report their focus is on helping clients with retirement. Building out more self-service and scenario modeling tools is a natural focus point for advisors in the lower and middle wealth brackets. This could include peer comparisons of goals and net worth as well as product recommendation engines based on cross-population similarities.

Moving into the middle and back office, firms are much less further along, hampered by legacy complexity around required data cleanup and outsourced functions. However, one clear next step is to focus on deriving value in areas where other financial services firms have seen traction, including onboarding, KYC, compliance, reconciliation and other repetitive or manual processes where people input or extract information (such as data entry). We highlight the middle office (including investment management) and back office functions specifically as nearly two-thirds (65%) of respondents believe this is where AI could create the most long-term value within wealth management.

The Art of the Possible

Where will value likely be realized in the medium term (three-five years)?

Moving beyond to the next three to five years, the industry's focus will likely shift to intelligent product creation based on client needs. This effort is underpinned by pursuing more holistic, end-to-end use cases.

While the near-term focus for the front office is on tactical uplift to address specific problems, in the medium term the emphasis is on optimizing technology to enable client interaction on a scale which we cannot yet foresee. This transformation would allow advisors to expand the scope of the advisory services they offer (such as trust and estate, Medicare planning and/or more in-depth goal-based planning), growing the size of their overall business.

Client Service. The doomsday prediction that robo-advice would cause the demise of the industry never came to fruition, as wealth clients value having a trusted coach for holistic, goal-based financial planning. However, these clients do want greater control of the interaction—both when and how it takes place. In three to five years, every client could have a seamless experience across both their traditional advisor as well as a virtual advisory assistant ("intelligent advisor"), helping with day-to-day decisions and providing personalized interactions at the right time.

⊘ **Value-add:** This helps form a virtual cycle for the advisor. As interactions between clients and virtual advisors/assistants provide crucial data that leads to insights, human advisors can act upon them when developing an overall product strategy and creating customized products based on clients' needs. This would allow advisors to better understand their clients in a way that meeting up for a few hours a year never could. We also see an opportunity for AI to create a lot of value with respect to NBAs that translate into sales coaching, product recommendations and optimized pricing.

Adding Value with a Virtual Advisor

- USAA has teamed up with language and voice recognition software company, Nuance, to help millennials achieve their financial savings goals.[9]

- UBS in Switzerland is leveraging avatars to help clients with simple tasks as well as answer more complex market-related questions.[10]

- Bank of America's Erica digital assistant now serves more than 10 million users and has processed well over 100 million client requests, delivering a personalized experience and greater convenience for customers.[11]

- Accenture's Financial Advisor Buddy (FinAd Buddy) could help augment financial advisor capabilities through intelligent data analytics using AI and machine learning, providing each advisor with a unique, personalized set of product recommendations suitable to each client portfolio.

Efficiency. By automating many of the routine tasks advisors perform, AI helps advisors increase their focus on portfolio and relationship management. We look through the lens of automating the paraplanner, where our survey highlighted almost half (49%) are planning to leverage AI. For example, AI speech to text can transcribe and summarize key points from client meetings, turning CRM data gathering into predictive insights. Or, it could automate the population of new client information based on conversations, minimizing the need to manually complete intake forms. Further, AI text generation advancements are expected to expand capabilities, such as automated reporting and portfolio planning as well as automated meeting pre-planning preparation based on rich profiling and current investment and market data. This capability could extend to sales basics such as scheduling meetings, reporting, tracking, building lead lists and creating task reminders.

⊘ **Value-add:** Longer term, from our in-house analysis, we anticipate that up to 30% of an advisor's daily activities could be automated—creating opportunity for them to advise a greater number of clients.

These same AI advancements dramatically increase the potential for transforming middle and back office operations, particularly in terms of automating risk, regulatory and compliance. AI enables insight into client risk tolerance, helping ensure portfolios stay within client parameters, providing real-time risk views to clients, and determining which models are out of calibration and require updates.

Cost Take Out. Similar to the way doctors might use AI to cross-validate treatment regimes, AI can assist with client portfolio auditing and advisor supervision. And AI can perform the first review of transactions to look for fraud, facilitate risk reporting and automate compliance processes.

⊘ **Value-add:** In addition to better speed and quality, AI presents an opportunity for cost reduction. We typically see that application of AI to an appropriate process reduces the cost baseline of that process by up to 50%.

Next Generation Process Stand-Up. As certain businesses grow, there is significant potential in AI to fundamentally reinvent how they are run. One key example of this is managed account space, which is rife with manual processes, particularly around reconciliations. As more product shells are created in the future, the workload is expected to increase. AI can streamline a lot of the operational processes, which aren't otherwise scalable today.

⊘ **Value-add:** There is significant potential to drive automation and efficiency across the full project management lifecycle; e.g. portfolio construction, model management and reporting. Combined with performance reporting, there are ways to reduce redundancies across the investment sleeve by leveraging AI.

Re-Inventing the Middle and Back Office

Banking and insurance, which typically have larger middle and back office functions compared to wealth management, demonstrate how use cases in risk, regulatory and compliance can become increasingly sophisticated and impactful.

- Citibank is leveraging AI to streamline trade compliance. Citi's ambitions include automated document examination with letters of credit and other trade areas.[12]

- The FSB recently issued a report that found that artificial intelligence applications are the most common deployment of Supervisory Technology strategies.[13]

- Behavox offers an AI-based platform solution to rapidly identify potentially non-compliant activity, which has recently been implemented at Danske Bank A/S, Denmark's largest full-service bank.[14]

- Ping An leveraged both AI and big data to file and process insurance claims and assess corporate risk.[15]

The Next Horizon

What does the future hold beyond five years?

Looking beyond five years, we know there could be new forms of innovation in the wealth management sector not yet imagined, in response to disruptive forces as well as how AI itself will continue to evolve. According to the Harvard Business Review,[16] industry experts suggest that in the near future:

- Data requirements for training models may decrease, accelerating the deployment of and expanding the breadth of potential use cases.

- Prediction engines are expected to leverage greater volumes of data and become increasingly sophisticated. In the longer term, AI could proactively suggest portfolio changes directly to clients and implement them with their approval, with the advisor's only role being to click on the human oversight approval box.

- Unsupervised learning could progress, which would be the precursor of a new wave of technological breakthroughs.

- AI is expected to get even better at deciphering and suggesting NBA based on people's emotional state. Once it's smart enough, it could move toward taking over even more human-to-human interaction points.

- New techniques are expected that will increase the breadth of applications, allowing machines to learn and reason much more like humans do (for example, with much less data). This could dramatically increase the number of possible AI use cases.

While the future remains uncertain, the potential for AI is not. Regardless of where you are on your current journey, you should reflect on three core points to stay on the right path.

01

Take honest stock of where you are versus the industry, both in terms of overall vision and value achieved.

- Have you completed the basics? Do you have a clear business case to enable investment in AI capability and ensure you're focusing on use cases that deliver business value (client or internal) versus just chasing the first opportunity that comes up?

- Are you getting the right sponsorship, and have your sponsors truly embraced the strategic vision?

- Have you demonstrated results within at least one specific business unit to the extent that its leadership is on board with the AI journey?

- Are you moving fast enough? If not, what's slowing you down? This is critical, as many in the industry expect AI to be a "first winner takes all" play.

02

Think about your firm's strategy and what you're looking to accomplish.

- What does your firm see as its highest imperatives—such as revenue generation, cost cutting and digital transformation?

- Where or on what tools do clients and advisors routinely express the most dissatisfaction?

- What new capabilities is your firm trying to build in the next few years where partial yet insufficient progress has been made?

03

Determine two "no regret" moves to take in the next month based on an intersection of the two previous points.

While this is highly unique to each firm, some illustrative examples could include:

• Rationalize and deploy a fail-fast mentality.

• For any use cases in backlog or POC, push to develop in a pilot environment or full-scale production to demonstrate measurable business results.

• For areas in production, enhance multi-disciplinary teams, partnering across business and operations leadership to transform surrounding processes and encourage adoption that amplifies results.

The time to act is now

Before running a marathon, you have to be able to complete a mile. Implementing AI requires preparation, training and time to make sure the business, operations and technology are ready to undertake this journey—both from the advisor and client perspectives.

Accenture has helped firms capture benefits from a technology whose potential is still not fully realized. Those who postpone adopting AI may never catch up and could struggle with the long lead time to move from pilot to successful adoption. Once changes are in place, winners could very rapidly scale and capture solution value, making it harder, if not impossible, for other firms to catch up.

In summary, while there are many points of view on the "what" of AI, scaling requires an understanding of the "how." Our research and experience demonstrate it's not just about speed, money, more data or a single leader—it's about moving deliberately, aligning investments to the right places, driving the right insights and bringing the right capabilities. For wealth managers, if one thing is clear, it's that the time to act is now.

More about the survey

Accenture conducted field research across the United States and Canada in the fall of 2020 to further understand the state of AI within the wealth management industry from a deployment, scale and ROI perspective, in addition to behaviors and views related to the technology itself. We interviewed 100 strategy, digital and technology executives from firms across a range of assets under management, including banks and wealth brokerages, independent firms, private banks, fintechs and insurance wealth companies. Rather than focus exclusively on technology, we also wanted to learn more about the firms' journeys—including organizational readiness and short-, medium- and long-term beliefs in both theory and application. All statistics quoted in this paper are from this research study, unless otherwise noted.

About Accenture

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