PRIVATE BANKING IN YOUR POCKET

An Augmented Mobile App to uplift Wealth Management
Mobile apps can and should be an essential part of an integrated private banking strategy eclipsing other web-based interfaces.

Private banking is, by definition, about the connection between the advisor and the client and about the different types and levels of service and customized solutions that private banks and other firms can provide.

Connectivity – the ability of clients who have limited time and who travel extensively to experience the same high level of service with apps, functionalities, video and other features – is the great strength of mobile technology. With mobile applications, private banks can take the office to the client, rather than making the client come to the office. Mobile apps can and should be an essential part of an integrated private banking strategy, and, when eventually coupled with social media, are likely to move to the forefront of the client’s digital experience, eclipsing other web-based interfaces.

Digital solutions will not replace the private banker but will supplement him or her in building relationships and expanding service offerings. We believe that mobile apps, as part of such digital solutions, are no longer an option for private banks; instead, they will be the gateway to hybrid advice and a key element of digital wealth management suites, ultimately becoming the main tool for client interaction.

There is substantial evidence for this belief:
- Among High Net Worth (HNW) and Ultra-High Net Worth (UHNW) customers, technology adoption is already prevalent. 70% of these customers use digital financial services, 85% of them use at least three mobile devices, and more than 40% said they were inclined to use mobile technology to check their portfolios and receive investment-related information.
- Two-thirds of HNW clients said they hope that their relationship with their private banker will be primarily hybrid and via digital channels by 2019.
- More than half of HNW clients over the age of 40 declare they could leave their private bank “if an integrated and seamless channel is not provided. Clients are seeking hybrid advice and multiple solutions to communicate with their bank.”
- UHNW Individuals are no less concerned. 55% of them expect a “phygital” relationship involving digital as well as physical interaction with their private banker.
- Despite HNW and UHNW segments’ obvious appetite for mobile banking solutions, the whole industry suffers from:
  - A slow response to mobile technology innovation for this specific segment with its high demand for customization;
  - A lack of willingness to integrate advanced technologies as they become available; and
  - A general lack of interest in building a mobile strategy that is flexible, agile and sensitive to the changing needs of private banks’ wealthy clientele.
WEALTH MANAGEMENT PLAYERS: AS DYNAMIC AS THEY ARE COMPETITIVE

The wealth management market is a maturing space with a rapid evolution of roles. Accenture estimates that 35% of market shares is at risk by 2020, with competitors ranging from traditional banks to new entrants using digitally disruptive technology and entering the wealth management space.

Private banks focus on building strong client relationships, but there is a lack of technological integration which could be damaging in the future. Functionalties, if available, exist via many different apps, which create a less fluid user experience. Organisations must prepare for both client and workforce demographics to shift as Millennials are set to surpass Baby Boomers as the largest generation. 75% of the workforce will be comprised of Millennials by 2025, bringing along their digital expectations— for social collaboration, for broad, un-conflicted advice, for omni-channel access and more – and their needs for transparency and control to commercial interactions. Research shows that 44% of Millennials are “Highly Interested” in mobile services that provide access to their dedicated advisor to help them whenever they need it.

For ultra-high net worth individuals, this figure climbs to 63%, showing a correlation between youth and wealth in terms of increased mobile services and access.

Millennials are the most extensive users of digital and/or social media, but Gen-X and Baby Boomer customers also want to stay connected, even if they do not perceive the use of digital and social media as critical.

Using digital technologies and mobile applications allows private banks to provide their clients with access to the tailored services and communications they expect. Client demands and expectations are evolving, and private banks are responding with new digital and mobile approaches to meet both internal (regulatory and financial) and external (relationship building, remote access, new products and services) requirements.

What is the best way to develop a relevant solution?
Private banks should keep these considerations in mind when thinking about mobile apps and solutions:
- Private banks providing best-in-class digital tools will be well-positioned to attract and retain the best professionals.
- Relationship Managers expect firms to provide them with digital tools to differentiate themselves, to help meet current and future client expectations and to address increasing competition from FinTech companies and from other non-traditional players.

Globally, mobile application is a necessity, not a luxury. Private banks need mobile apps and solutions to avoid attrition of their current and future client base and to develop competitive solutions that are shaped for the future.

New customers have different expectations.
New private banking customers have different profiles and expectations, and FinTech firms are targeting these individuals with carefully designed offerings.

We have seen three different approaches to mobile apps taken by private banks:
1. No app or approach at all (usually this is a default position, not an intentional strategy)
2. One app dedicated to transactional or wealth management matters; or
3. Two mobile apps, one available to all bank clients and one dedicated to wealth management issues.

We believe the correct approach is to build an integrated mobile solution, with an app including both basic and wealth management options but additional services as well. Private banking mobile apps inspired by retail offerings often fall short, as they neglect the concepts of prestige and personalized advice traditionally associated with the private banking sector. However, it is better not to have a mobile app at all rather than go to market with an unsecured or sub-par app. Private banks that simply copy retail apps risk damaging both their competitive position and their image.

Digitalization is causing a radical reordering of traditional wealth industry boundaries due to the ubiquity of mobile interfaces, the growing power of AI and the ongoing changes in client expectations. As the landscape shifts, there will be risks for slow-footed private banks and new opportunities for those that are agile and innovative.
A well-designed, secure mobile app that is part of an integrated solution – it can be a vital element of a private bank’s digital strategy.

For private banks, mobile app development and implementation should be a means, not an end. What might be considered an innovation today will be table stakes tomorrow. Private banks should be thinking about future clients’ expectations and about ways to build and maintain trust as younger customers seek new models.

Accenture research has identified three main behavioral styles of private banking customers:

- The “Nomads” – 40%* of private banking consumers – a highly digitally active group, ready for a new model of delivery.
- The “Quality seekers” – 36% of private banking customers – looking for high quality, responsive services and placing a high value on data protection.
- The “Hunters” – 24% of private banking customers – searching for the best deal on price.

To address the evolving needs and expectations of these three emerging personas, private banks should develop their mobile offerings to make it easier for clients to manage their own wealth, to improve client interaction with the bank, and to ensure the security of accounts and related data. Mobile apps not, in themselves, provide a competitive advantage (although not having such an app may be a competitive disadvantage), but a well-designed, secure mobile app that is part of an integrated solution – including both core banking and wealth management-specific functionalities – can be a vital element of a private bank’s digital strategy.
HOW TO IDENTIFY THE FUNDAMENTALS NEEDS OF A PRIVATE BANK MOBILE APP?

5 best innovative practices:

- **Design and Usability**
  Features that make it easy for clients to access and use the app
  - Accessibility for people with disabilities
  - Gesture recognition

- **Tools for WM**
  Features that help to manage clients’ wealth
  - Financial News Live tracker
  - Relationship manager mapping
  - Knowledge exchange

- **Value added services**
  Features and content that bring about enhanced client interaction with the bank
  - Philanthropy
  - Concierge service
  - 2nd Generation platform
  - Networking and Private social media service

- **Platform integration**
  Features that integrate the bank’s offline and online service and products via mobile devices
  - Smartwatch
  - Integrated payments with SMS

- **Innovative technology**
  Features that are supported by digital innovations such as
  - Biometrics
  - Augmented reality
  - Hybrid robo-advisory
  - AI, Chatbots, APIs

Accenture have strong partnerships with the industry leaders and is a player in the mobile ecosystem, that help us to work in collaboration with private banks teams to integrate the best innovations into their systems.

In addition to these elements, private banks need to combine an innovative, client-centric offer with the experience, products and services appropriate to the expectations of the wealth management market. The app of the future should include transactional features but should also integrate a high level of dedicated service adapted to new customer behaviors. To deploy these services, banks can also integrate health data from digital watch or wristband.

Private banks provide (or should provide) very sophisticated investment strategies, tax protection, and estate planning. These more complex areas are typically beyond the scope of a mobile app, meaning that private banks need to deploy new functionalities and services like chatbots, Social Networks that can be integrated in the app itself.

Private banks also need the proper tools to be able to access and examine the large quantities of business data now available and to develop insights to address evolving customer expectations. For example, they should be able to deliver to their wealth management teams new and differentiated services based on analytics, tapping into data resources to offer a high level of customization and functionality. When integrated with customer relationship management (CRM) tools already in place, this information can be used to enhance private banks’ value propositions.

If the bank succeeds to offer premium value-added services and a differentiated application, it may charge for the service or charge a subscription fee.
So, what defines a first-class Mobile app?
What are the innovative features and mobile solutions that can satisfy private clients?
Private banking clients have exclusive needs, so the private banking mobile app should provide exclusive services. Value-added features should be customized for the private client. These clients are global; they travel a great deal and often have residences in different locations; and they often work with different banks in different countries.

Figure right shows some of the characteristics of a mobile app for wealth management clients. Private banking is about private clients who have exclusive and more than premium needs. The application must propose exclusive services for special clients. When developing a Mobile App, private bankers may focus on the client digital journey and value-added features that is customized for the private client.

- A specific app for wealth management clients
- Easy and simple navigation
- A sophisticated design not cluttered with too much content
- A clear entry screen providing direct access to all features through icons/retractable menu
- Being stable (no crashing/freezing) and fast (responds/loads <2sec)

The question is no longer if private banks should have a mobile app, but how to develop and offer such an app as part of a personalized digital journey. There is a clear trade-off. In return for sharing data, consumers demand more personalized advice about investment products and services. Banks have a vital advantage in this area. 86 percent of respondents in a recent survey said they trusted their financial institutions most with the task of securely managing their data.

Private banks should leverage big data and analytics to innovate and enter the era of Mobilitytics.
MOBILYTICS: THE FAST TRACK TO SINGULARITY IN MOBILE BANKING

Private banks should not think about tomorrow, but about the day after tomorrow. In this period of transformation of the private banking sector, there are three essential strategic axes upon which private banks should focus efforts for improvement and innovation.

What do we expect from the haute couture is to innovate, to take risks and, to surprise so we do think. Private banks must take advantage of PSD2 and open API to collaborate, innovate and leveraged on analytics through big data leading private banks in the Era of Mobilytics.

The rising importance of value-added features
• Partnerships to offer new value-added features
• Fintechs have set their sights on the wealth management industry and there is a clear opportunity to integrate their solutions thanks to the new possibilities offered by the technology
• Private Banks need to start thinking of a mobile strategy that offers value-added features in addition to core functionality
• Mobile apps must include social features. This is a tool allowing private banks to find their roles as matchmakers, to connect their customers with new investment opportunities.

The soaring importance of personalization
• It is a key part of a successful mobile strategy
• As technology advances, the possibilities to offer a personalized, tailored and curated mobile app experience have increased drastically
• These features, smoothen the customer journey and ultimately, offer clients a one-of-a-kind user experience
• Agility is key - especially for basic functions and security. An agile mobile solution development process means businesses can quickly respond to new and innovative techniques as they come to market.

Personalization: Providing each customer with a unique and tailor-made experience
Today, private banks can leverage the power of big data and analytics, robo-advisors and machine learning to offer their customers highly personalized service. For example, big data can be used to customize product recommendations and to provide relevant cross-selling recommendations. One of the areas where personalization is very useful is in the provision of custom-designed tools and investment plans that reflect individual client preferences and objectives. Finally, it is essential that private banks should understand the distinction between personalization and customization of application features.

Personalization is undertaken by the private banker (depending on the client segment) and customization is directed by the client. While personalization is important for the user experience, customization is the element on which private banks need to focus their energy, as customized service that smooths the customer journey and ultimately offers customers a unique and positive experience.

In the context of the European regulation PSD2, which requires private banks to provide open Application Programming Interfaces (APIs) for account information and payments at no cost, private banks will have to share their APIs. This will provide customers and third parties with greater access to customer data and payment infrastructures. As a result, third parties will be able to develop services to enable customers to compare private banking services including banking products, prices.

The digital advisor journey: Strengthening the customer-private banker relationship with a single digital interaction and co-innovation
We anticipate that Ultra-High Net Worth Individuals will continue to find more value in the personalized face-to-face services offered by high-end private banks. The mobile solution may then be a way for private banks to improve the institutional-personal relationship with their customers. Taking full advantage of the contact opportunities offered by mobile technology means transforming not only the client journey but also the private banker’s journey. The mobile app should facilitate contact with the clients and help to build and maintain a better personal relationship.

The private customer-banker relationship must be a two-way street. Innovative features such as videoconferencing and remote collaboration tools can facilitate this type of two-way communication, while even more futuristic technologies such as VR, simulations, and gamification can enhance the productivity of the relationship between the customer and the private banker. New solutions such as account aggregators can be adapted for mobile, opening opportunities for advice and cross-selling. Advisors who have a holistic view of their clients’ financial situation will have a solid understanding of the best investment approach to recommend. They can anticipate customer needs better and faster, and push product recommendations to customers at the right time.

The increasing importance of value-added features: exclusive services for exclusive clients
FinTechs present a clear risk of disruption to the industry. However, FinTech companies usually focus their development on a specific need. Banks and large financial institutions have a better view of the whole customer journey and may be able to offer a digital solution for each need, going beyond what the standard mobile app provides. Some customers, for example, may want direct connectivity to a call center that can view allocations, performance and trades and provide support in real time. To develop this global offer, banks can integrate FinTech in their structure or develop their own technology.
The private banking industry will continue to undergo rapid and permanent change, leaving private bankers with little choice but to finalize and offer digital-compatible solutions over the next few years. As we have stressed, these digital solutions supplement, rather than replace, the private banker. The need for human interaction is still essential in private banking.

We expect, however, that the mobile app will become the heart of a new physical/digital or “phygital” relationship in private banking. Wealth managers – working with clients equipped with a well-designed mobile app – will have more time and ability to focus on their advisory roles.

The boards and top management of private banks face critical decisions over the next few years. In our view, only banks with a strong and adaptable digital wealth business offer will succeed in attracting and maintaining a dedicated clientele over this period. This will be critical for the success or failure of the institution. Successful organizations will integrate an innovative spirit into the firm’s DNA.

Private banks with customer-centric, personalized approaches – including effective, secure and enjoyable mobile solutions – will be in the strongest competitive position. Although private banks got off to a late start, there is still time to incorporate analytics, artificial intelligence, robo-advice and other trending technologies into comprehensive mobile offerings, improving the private banking experience for both clients and bankers.
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