The future is calling

How advisory will define wealth management in Asia

The Future of Asia Wealth Management Series

accenture

Contents

Summary

↗ Asia is the battleground for wealth management

Wealth management firms are ramping up their focus on capturing the wealth management opportunity in Asia. They expect assets under management (AUM) to nearly double from 2021 to 2025 and revenue to grow about 60 percent, according to our research.

↗ Realizing wealth managers' growth plans will be extremely challenging...

Achieving those ambitious growth targets will be difficult, given the need to retain and acquire clients who are increasingly looking to switch providers, and the need to increase massively the hiring of relationship managers (RMs) at a time of industry-wide talent shortages.

↗ ...particularly as markets over the next three years may be much less kind

Additionally, the market environment is likely to be less favorable than it has been in recent years, given a return of volatility that was evident even before Russia's invasion of Ukraine in February 2022, and linked particularly to the consequences of the COVID-19 pandemic as well as rising inflation and the Federal Reserve's decision to hike interest rates. This is putting even more emphasis on firms to differentiate their proposition beyond simply delivering market returns.

Summary continued over.

↗ Against the stereotype, most investors in Asia in fact want advice

Investors in Asia can no longer be categorized primarily as self-directed. Our research shows that today it is the advice-seeking persona who prevails in the region. Delivering a true advisory proposition that is goals-led, integrated across advisory and investment management, digital-first and evolves the fee model would be crucial for firms to realize their ambitious growth goals.

↗ Wealth management firms are struggling to provide next-generation advisory

There are advisory propositions in the market, but most firms are struggling to deliver true next-generation advisory. While some progress is being made in taking a portfolio-led approach more systematically, and in offering clients more innovative product suites and investment insights, firms are underplaying the importance of RM selection, personalization and insight automation.

↗ Successful transition to next-generation advice needs to overcome four main obstacles

There are four major factors holding firms back from delivering true next-generation advice: internal capabilities (such as effective segmentation as well as quality data and tools), sales processes and behaviors (such as moving from sales-based advisory to advisory-based sales), talent- and change-resistance, and sub-optimal transformation-management capabilities.

↗ Transformation management is key

Out of those four, transformation management stands out as a major impediment. Many firms know "what to do" yet struggle over "how to do it". For instance, nearly half of firms treat transformation as an extension of business-as-usual, and less than 20 percent have a dedicated transformation function running a holistic suite of programs. One immediate action that firms should take is to set up a transformation management office oriented around structuring, monitoring and steering programs, as well as building and implementing program-and organization-wide communications around transformation.

↗ Winning in advisory means winning overall

Delivering a satisfactory proposition to the advisory persona in Asia has a significant bearing on retaining clients and being considered their primary wealth management firm. Assets held with the primary wealth firm are respectively more than double and seven times larger than those held in the secondary and tertiary firms respectively. Satisfying the advisory-persona investor also leads to a six-percentage-point improvement in the level of AUM they book with the primary firm, which is crucial in a context where clients are looking to consolidate providers.

About the research

This report is based on original research conducted by Accenture, as well as the authors' expertise in relevant areas. The research included:

Accenture's Asia Affluent Investor Survey, Q1 2022
A survey of more than 3,200 clients across eight Asian markets: China (mainland), China (Hong Kong SAR), India, Indonesia, Japan, Malaysia, Singapore and Thailand. Some 40 percent of respondents were affluent (with investable assets of US$100k-1m)[1] while 60 percent fell within the high-net-worth (HNW) or ultra-HNW stratum (with household assets above US$1m). The survey was conducted in December 2021 and January 2022.

Accenture's Asia Relationship Manager Survey, Q1 2022
A survey of 550 relationship managers at private banks, wealth firms, retail banks and independent financial advisors across the same eight markets. The survey was conducted in December 2021 and January 2022.

Accenture's Asia CXO Industry Benchmark Survey, Q1 2022
Accenture conducted 21 interviews with senior executives (CXOs) of wealth firms operating across Asia. Most interviewees were the operating head of the wealth business for a region or market, or the head of a key business line such as strategy or operations. A list of participating firms can be found in the Acknowledgements section of the report.

Accenture worked with Phronesis Partners to conduct the Asia Affluent Investor Survey and the Asia Relationship Manager Survey.

Use of Flags

Flags are used to represent the countries included in this report.
Below is a simple reference key for each country and their corresponding flag.

Singapore
China (mainland)
China (Hong Kong SAR)
Indonesia
India
Thailand
Malaysia
Japan

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Foreword

Asia will play a key role in the global future of wealth management. The world's most populous continent and the source of much of its economic dynamism, Asia's affluent and high-net-worth population is growing so fast that financial institutions are struggling to keep pace.

How to respond remains a source of debate, with asset and wealth managers pondering the extent to which they need to transform their businesses in order to defend and grow their market share in Asia.

One response is to say that wholesale transformation is unnecessary, because Asia's investors are interested mainly in execution and have little interest in financial advice or strategy, and certainly no appetite to pay for such services, and that this mindset defines their relationships with their providers. Our research, however, shows that this assumption is no longer accurate.

Having surveyed over 3,200 investors across eight Asian markets (as well as 550 RMs and nearly two-dozen CXOs of wealth management firms), we find that today the biggest segment (40 percent) of clients in Asia are those who wish to validate opportunities with their RM, even if they take the final decision for themselves—a grouping we refer to as the "advisory" persona. Just one-third (33 percent) of respondents fit the stereotype of the "execution/self-directed" client who prefers to act autonomously.

What has driven this shift to advice-seeking? Markets have become volatile, and missteps can be painful. Younger, digital-native investors need to plan for longer life expectancies and an extended investment horizon, and they recognize that this requires careful strategy rather than a trading mindset. Moreover, these digital natives face information overload, which can lead to investment paralysis or poor decision-making, particularly in markets that often seem to behave illogically. They are actively seeking guidance to avoid making serious financial mistakes.

Catering to this need is therefore pivotal for the industry in Asia. Many of the region's affluent investors are multi-banked, but many also tell us they intend to consolidate their investments with a smaller number of providers or even at a single institution. Clearly, the gains could be significant for those banks that can best optimize their client offering and become the recipients of this consolidation. For this, though, they need to cater to the key advisory group of customers.

The wealth managers who succeed will be those that build next-generation advisory into their proposition. These transformations will empower human RMs with the best technology and channels, allowing them to reach many more clients and gear their service to the expectations of Asia's rapidly growing affluent class.

Enabling RMs to transmit relevant, personalized advice and insights to customers across a range of wealth segments and interests is a technological challenge that can be overcome. But firms are being held back by a resistance to change, the limited availability of the right talent, and improvised methods of transformation management.

Business transformations often fail. Those firms that take transformation seriously could benefit significantly—our survey indicates that Asia's advisory persona customers reward firms that meet their expectations with additional AUM. These are likely to be the same firms that attract and retain the best RMs, equip them with the tools they need and end up meeting—or exceeding—the wealth management industry's expectations for the region.

In preparing this report, Accenture sought advice and input from an advisory board of industry leaders from across Asia. While Accenture is solely responsible for all analysis and commentary, the advisory board's guidance was tremendously valuable, and I would like to take this opportunity to thank them for their insights and wisdom.

Matthew Long
Senior Managing Director and
Capital Markets Lead
Accenture

1

Asia presents an enormous wealth opportunity, but seizing it will be difficult

Asia is the key wealth management battleground

The expansion of wealth management in Asia is being driven by powerful factors. The Asia-Pacific region (APAC) is already the largest wealth region globally, with the wealthy comprising a growing percentage of the overall population.[3] It is also a highly dynamic economy in which innovation is increasingly widespread.

Within the APAC region, **China** has extended and expanded a pilot scheme allowing foreign asset managers to launch pension wealth management products via joint ventures with Chinese institutions.[4] HSBC, for example, has been investing heavily in its mainland China wealth operations as part of the bank's broader pivot towards Asia.[5]

China's economic growth rates are now being matched by Asia's other giant, **India**, another country where a huge middle class is emerging. HSBC announced in December 2021 its US$425 million acquisition of L&T Investment Management, with the bank seeing the deal as a way of serving the wealth needs of customers not only in India but also of non-resident Indian customers around the world, assisting HSBC's goal of becoming Asia's leading wealth manager by 2025.[6]

Southeast Asia is becoming a hub of digital wealth management. StashAway, a Singapore-based wealth platform, is growing rapidly across the sub-region. Launched in 2017, it already has more than US$1 billion under management,[7] expanding into Malaysia in 2018[8] and Thailand in 2021.[9] Hot on its heels are a welter of new Singapore- and Indonesia-based digital investment platforms and start-ups, while online players such as Grab have launched investment services to complement their existing businesses.[10]

The wealth management market in Asia, then, has become a valuable prize. In their efforts to engage affluent investors in Asia, banks are adopting three main strategies:

- Re-entry
- Consolidation
- Doubling-down

Barclays Private Bank is an example of **re-entry**. The UK-headquartered bank is rebuilding its private banking business in APAC from which the bank had retreated as part of a 2016 restructuring, including in China, India, Singapore and Australia.[11] As early as 2017 the bank was signaling its intention to re-enter, although a non-compete clause with Singapore's OCBC, to which it had sold its Asia business, delayed its return until January 2019.[12] From its base in Singapore, Barclays is likely to leverage the leading corporate and institutional bank it retained while exiting the private banking business.

For its part, Citi is an example of **consolidation**. It has decided to consolidate its operations to create a unified wealth organization. To that end, it is exiting its retail banking operations in 13 markets while combining two of its wealth management businesses into a new venture called Citi Global Wealth, which serves the entire spectrum of wealth segments, from affluent to ultra-HNW, via four wealth centers.[13] Two of these (Hong Kong SAR and Singapore) are in Asia, reflecting the region's importance to Citi's wealth practice. In the first half of 2021, Citi Global Wealth attracted almost US$15 billion in net new money in APAC.[14]

The third category—banks **doubling down** on their existing approach—includes regional banks like Singapore's DBS and UOB, which are building on their home region branding and presence to penetrate more deeply into their wealth markets. UOB bought Citi's Southeast Asian consumer business in January 2022,[15] while DBS acquired Citi's Taiwan retail unit in the same month.[16] Such inorganic growth, coupled with the organic growth of the regional banks' own customer bases, gives them a strong presence at the source of the wealth lifecycle continuum, and the potential for deeper long-term penetration.

"Asia has long been an attractive region for firms targeting wealth management, though international firms often struggled to profitably manage their business in a very competitive region—which led to market exits," says Paul Ng, Managing Director, Southeast Asia Financial Services Client Group Lead, Accenture. "We are now seeing regionally based banks double-down, building on their strong universal bank franchises, and international firms taking a far more focused approach."

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Paul Ng
Managing Director, Southeast Asia Financial Services
Client Group Lead, Accenture

Why capturing the opportunity will be hard

As these banks re-enter, consolidate or double-down on Asia, they face fierce competition for talent.

For example, in May 2021, Citigroup announced that over the previous 12 months it had hired almost 650 wealth professionals in APAC, including more than 130 private bankers and relationship managers.[17] This announcement followed the news that the bank had established Citi Global Wealth.

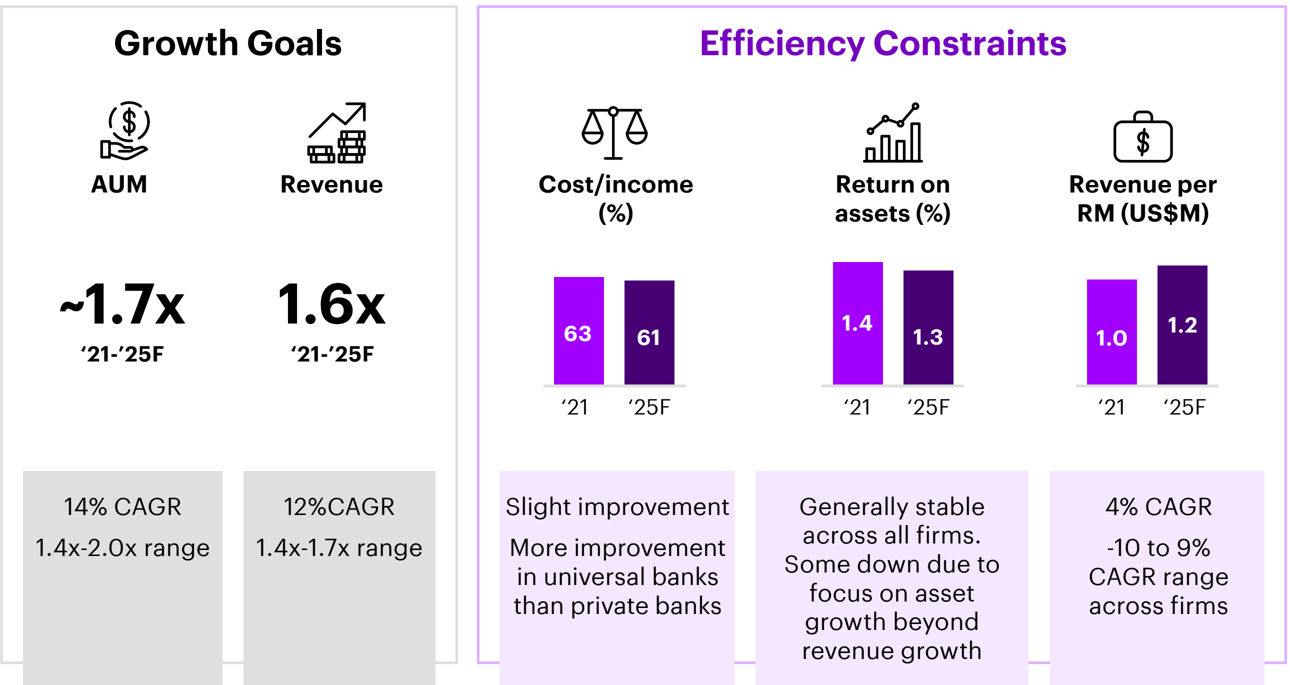
This activity is indicative of the excitement around Asia and its wealth and has led players in the industry to set some extremely ambitious growth targets.

Our industry benchmark research in Q1 2022 shows they want to nearly double AUM in the 2021-25 period, while they expect revenues to increase by almost 60 percent.

To give an idea of the challenge firms are setting themselves, this would require a CAGR of 14 percent and 12 percent respectively (see Figure 1). How will they get there?

> Asia's leading wealth management firms want assets under management to nearly double in the 2021-25 period, while they expect revenues to increase by almost 60 percent.

Figure 1: Industry ambition—Where growth goals meet efficiency constraints



Source: Accenture's Asia CXO Industry Benchmark Survey, Q1 2022

Capturing this growth would mean bringing net new money into the industry and doing so in large quantities. Much of Asia's wealth is held in property, businesses, retail deposit accounts and physical cash—not as AUM with wealth management firms (see Figure 2). Converting liquid potential AUM into actual AUM, while protecting existing AUM by deepening client engagement and devising strategies to attract illiquid wealth, are issues that the industry is very familiar with.

> There are simply nowhere near enough skilled RMs to meet the demand foreseen in the medium-term. Our analysis of just three banks' growth aspirations suggests they would need thousands more RMs to reach their targets.

Figure 2: Most wealth is held outside Asia's wealth management firms

	Existing AUM Held with wealth firms	**Potential AUM** Held in retail deposit accounts and physical cash	**Illiquid** Held in real estate and businesses
Investor wealth bands	**Average 46%**	**Average 32%**	**Average 22%**
US$100K–$500K	38%	43%	19%
US$500K–$1M	41%	38%	21%
US$1M–$5M	51%	27%	22%
US$5M–$10M	52%	24%	24%
US$10M+	47%	24%	29%
Strategic plays	**Protect and retain** **Deepen engagement**	**Attract and convert** **Core opportunity**	**Integrate into advisory** **Watch for liquidity events**

Source: Accenture's Asia Affluent Investor Survey, Q1 2022
Questions asked: Of your total investable assets what proportion of that is held at or managed by wealth management firm(s)?
Of the remaining investable wealth which is not currently held or managed by wealth management firms, how does this breakdown across the following entities and accounts?
(Figures may not sum due to rounding.)

While this may seem like a gold-rush opportunity for wealth managers, there are several reasons why the task they face in Asia is actually very difficult.

First, Accenture research indicates that wealth managers are currently focused on the top line rather than on the efficiency and performance both of the firm and of its RMs. While they expect AUM to nearly double between 2021 and 2025, they expect only a modest increase in revenue per RM over the same period, from US$1.0 million to nearly US$1.2 million. In other words, efficiency and performance gains would not get firms to their goals.

Second, there are simply nowhere near enough skilled RMs to meet the demand foreseen in the medium-term. Our analysis of just three banks' growth aspirations, deriving client and RM acquisition targets from publicly stated AUM growth goals, suggests they would need thousands more RMs to reach their targets. Extrapolated across the industry as a whole, the numbers required far outstrip the availability of high-quality RMs.

Consequently, poaching RMs from competitors is likely to intensify. As our Early Look sidebar on RM empowerment explains below (see page 52), wealth managers will at a minimum need to attract talent while minimizing attrition among their existing staff. Remuneration will also need to be monitored carefully to make sure it is competitive.

Indeed, our research shows that maximizing revenue per RM is probably the most realistic way that firms would grow in line with expanding their client base. This would require giving RMs a full range of communication channels and smart advisory support, and ensuring that the firm's mobile, online and email capability is responsive, well-optimized and data-rich—with digital channels particularly important for younger respondents to our affluent investor survey.

"We often see firms focus strongly on attracting and engaging clients, which they should. However, this is often to the detriment of an important element: the level of RM empowerment," says David Wilson, Principal Director, Growth Markets Wealth Management Lead, Accenture..

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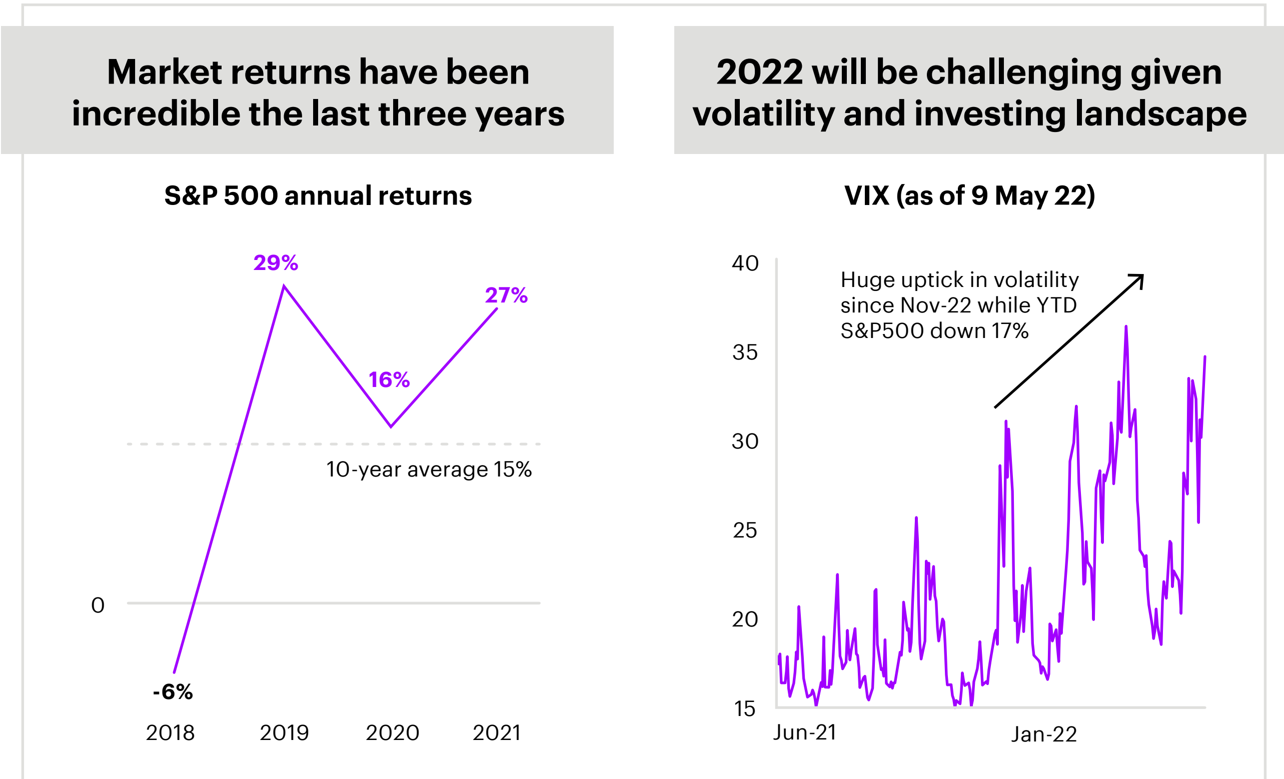
Principal Director, Growth Markets
Wealth Management Lead, Accenture

This kind of technological empowerment is even more necessary in niches such as environmental, social and governance (ESG) investing and digital assets—two areas to which investors want greater exposure, and which are also examined in detail in their own Early Look sidebars below (see page 33 and page 35).

As if these steps were not enough, the market context will make this task even more challenging. Market returns over the past three years have been exceptionally strong (see Figure 3); the overwhelming majority of respondents to our survey say their investment expectations have either been met or exceeded over the past 12 months. This proportion was highest in India and Indonesia, with 95 percent giving these responses.

Figure 3: A less-favorable market environment ahead



Sources: Accenture Analysis, 2022. S&P 500 returns and CBOE Market Volatility Index data from Refinitiv

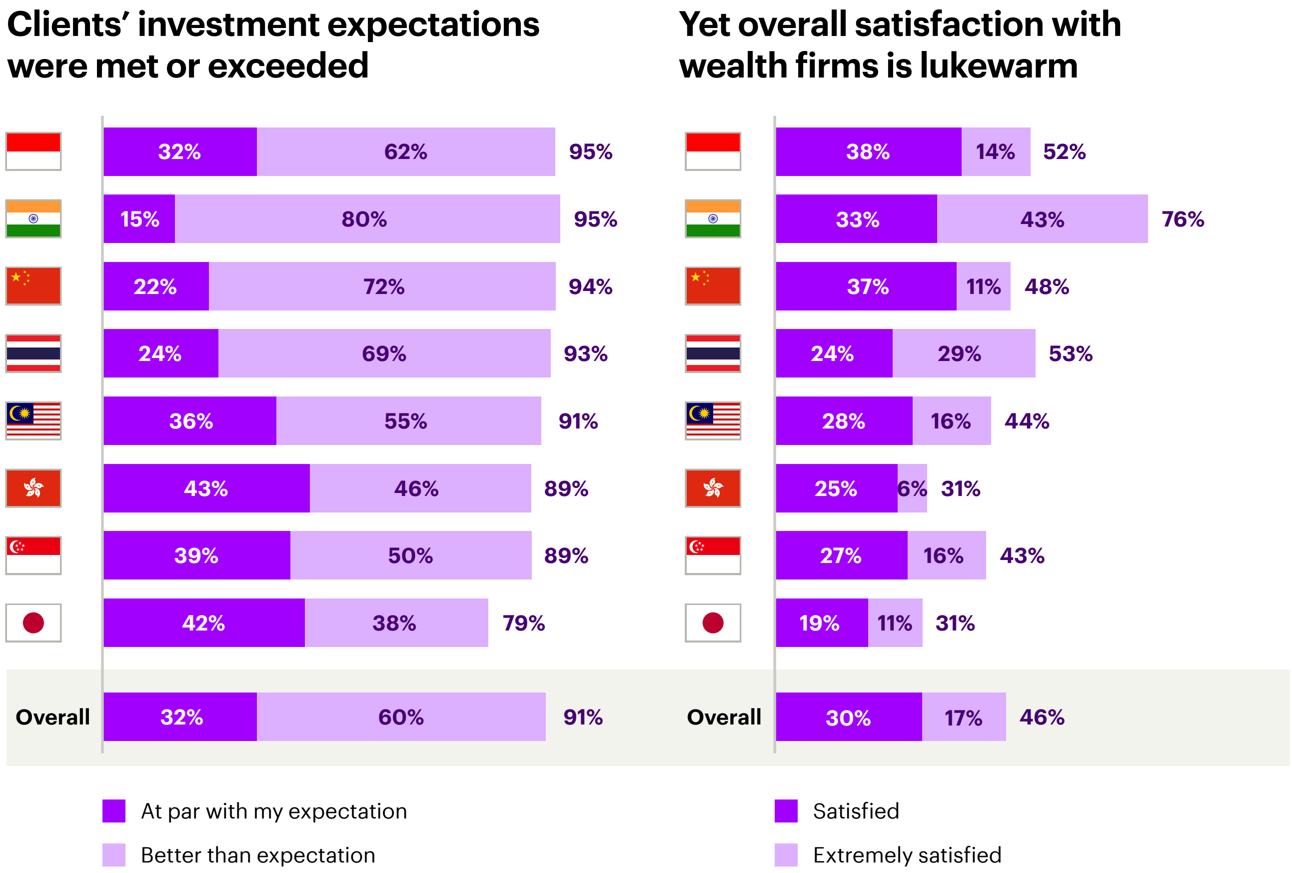
Growing dissatisfaction means money in motion

Yet despite this strong performance, satisfaction in Asia with wealth management firms is nowhere near as evident. Fewer than half of respondents say they are either satisfied or extremely satisfied with their wealth manager, with India the only market to buck this trend (see Figure 4).

The biggest mismatch is in Hong Kong SAR, where an overwhelming 89 percent of respondents said their returns had met or exceeded expectations, but only 31 percent expressed themselves satisfied with their wealth manager.

> Fewer than half of respondents say they are either satisfied or extremely satisfied with their wealth manager.

Figure 4: Happy with returns, far less so with their wealth managers



Source: Accenture's Asia Affluent Investor Survey, Q1 2022
Questions asked: How satisfied are you with your primary wealth management firm?
How did your investments perform at your primary wealth management firm over the past 12 months?
(Figures may not sum due to rounding.)

What makes this mismatch between expectation and satisfaction of particular concern to Asia's wealth managers is not only the prospect of their RMs being spread more thinly between customers due to rapid market growth—a possible source of further frustration among the client-base—but also that the world is entering a period of heightened market volatility. Returns on the S&P500, for instance, have declined since 2021, while the VIX index, which measures volatility, was tracking upwards even before Russia invaded Ukraine in late February 2022.

If meeting client expectations was difficult in a bull market, it will be even harder now. Money is likely to start moving between institutions as dissatisfied customers in Asia seek out wealth managers that they feel are more responsive and engaged. Relatively few clients left their wealth managers in 2021, ranging between seven percent and 14 percent across the markets we surveyed. But our research suggests a much higher rate of attrition in 2022 and beyond among affluent clients in Asia, as Figure 5 indicates.

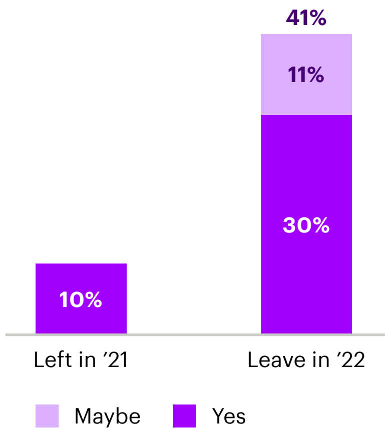
This finding is consistent across the Asian markets surveyed. However, the findings differ by age group and net wealth. Greater proportions of younger and wealthier clients than other groups say they are likely to leave their wealth manager, a finding supported by their behavior in 2021. Ten percent of clients in the 18-50 age range left their wealth manager over the course of the year, against just 4 percent among the over-50s. Wealthier clients are also more mobile. Among clients with more than US$10 million in assets, 19 percent left their providers in 2021 versus between 6-8 percent of those with assets below US$1 million.

As if this were not daunting enough, Asia's established asset and wealth managers need to reckon with the arrival of non-traditional competitors that have been born into the online world. Asia fintechs and virtual banks such as Grab Financial and StashAway have their own ambitions in the wealth space, which pose a challenge to the growth ambitions of traditional asset and wealth managers—especially among the younger, affluent generation that will probably be the primary target over the next few years. In this fast-changing space, it has become more important than ever for firms to understand the shifts underway among affluent investors.

> Greater proportions of younger and wealthier clients than other groups say they are likely to leave their wealth manager, a finding supported by their behavior in 2021.

Figure 5: Money on the move

Affluent clients in Asia did not leave firms in 2021, but expect to in 2022



Source: Accenture's Asia Affluent Investor Survey, Q1 2022
Questions asked: Please indicate if you left your primary wealth management firm or RM in the past 12 months.
Are you likely to reduce the number of wealth management firms that you currently work with, and consolidate your assets with a single or fewer firms over the next 12 months?

2

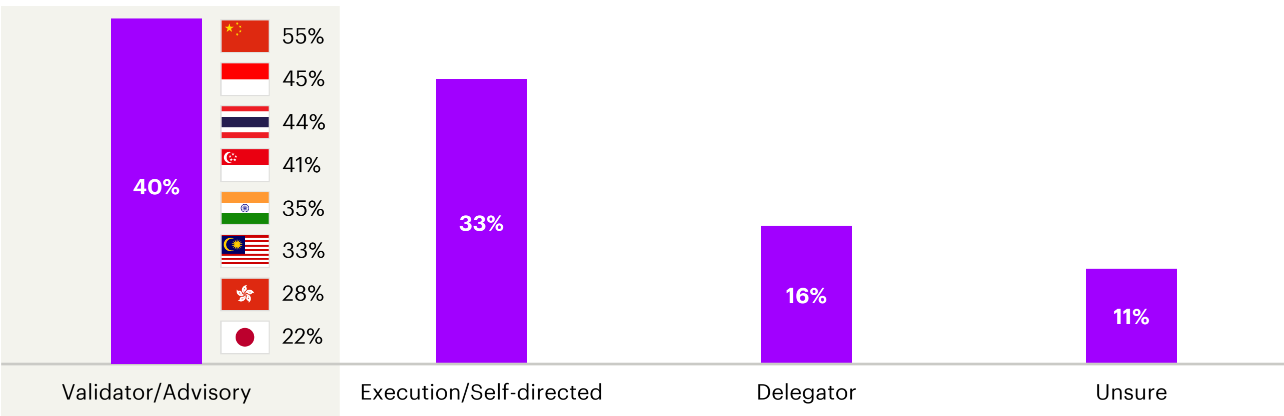
Advisory will define the evolution of wealth management in Asia

For years, the idea prevailed that Asia's investors were more autonomous than those elsewhere, requiring only trade execution in terms of support, and averse to paying for advice.[18,19,20]

Whether this stereotype was ever true is debatable, but our research shows it no longer applies. Self-directed clients are outnumbered by those who seek advice and validation for their decisions—although there are significant variations between national markets, as Figure 6 illustrates. Overall, only one-third fit the description of self-directed autonomy.

What has inspired this shift away from self-directed trading in Asia? Several factors are likely at play. One is rising life expectancy in a region which still has only patchy provision of state pensions and healthcare. Younger investors in particular realize they need to plan for lengthy retirements, and that this requires long-term, strategic thinking and advice rather than a short-term trading mindset.

Figure 6: The advisory persona takes pole position



Source: Accenture's Asia Affluent Investor Survey, Q1 2022
Question asked: "Which of these statements best describes your approach to managing your wealth? Validator/Advisory represents: "I want to understand investment opportunities and trade-offs to validate with my RM, but I make the decision on whether to invest." Execution/Self-directed represents: "I seek out opportunities in the market and pursue them autonomously." Delegator represents: "I let the bank manage my portfolio and just need to have transparency on my performance." Unsure represents: "I am not fully comfortable investing and managing wealth, and do not yet know the best approach for me to take."

Another factor is "VUCA": volatility, uncertainty, complexity and ambiguity. The idea of a stable macro-economic context has been shattered by years of shocks, mostly recently the COVID-19 pandemic and the return of conventional warfare to the continent of Europe.

Investors in Asia who may once have felt confident in their understanding of the market context have come to appreciate the research, experience and psychological support that investment professionals can offer.

Such advice is particularly valuable given the burden of sifting through an overload of online information, much of it of questionable quality. This is especially true when it comes to trying to forecast the future behavior of markets which fluctuate in ways that do not always seem logical.

> Whether the stereotype of Asia's autonomous investor was ever true is debatable, but our research shows that it no longer applies.

Clients, firms and relationship managers all agree that advice is important

Our surveys found consensus when it comes to the centrality of advice to the wealth management proposition. More than three-quarters of clients, RMs and firms said advice was a vital part of the target proposition. In the case of RMs, 85 percent said this was the case.

For customers, the advisory plank of the wealth offering empowers them with greater control over their investments, allowing them to understand their exposures and the rationale behind them. This in turn leads to a deeper, more personalized level of engagement between the advisor and customer, cementing the relationship.

This deeper level of engagement is likewise beneficial to RMs, as are the efficiency gains and streamlined access to information that an advisory relationship yields.

As for their employers, wealth management firms value advisory because the deeper level of engagement it creates improves client loyalty and stickiness, and thus improves earnings stability. Moreover, the advisory aspect of the proposition can allow firms to differentiate themselves, which is advantageous for pricing—notably in avoiding a race to the bottom on trade execution commissions.

> Wealth management firms value advisory because the deeper level of engagement it creates improves client loyalty and stickiness, and thus improves earnings stability.

How to build an advisory proposition

There are four building blocks when it comes to building an advisory proposition:

1. **Client investment goals**
2. **The proposition itself**
3. **Channel demands**
4. **Fees**

Source: Accenture Analysis, 2022

1. Client investment goals: The first, essential step is to understand what Asia's affluent clients are looking for. Their goals are not exotic—they want to grow their wealth, protect their wealth and retire well. Asked in our survey to list the specific goals to which their investment strategy is directed, the top three answers are growing wealth in general, ensuring a comfortable retirement and protecting their assets (Figure 7).

These answers are generally consistent across age groups, nationalities and wealth levels. Older and less-wealthy respondents place somewhat more emphasis on retirement-planning, while, in a slight departure from the pack, Indonesian and Thai clients place building a business in their top-three priorities.

> The goals of Asia's affluent clients are not exotic—they want to grow their wealth, protect their wealth and retire well.

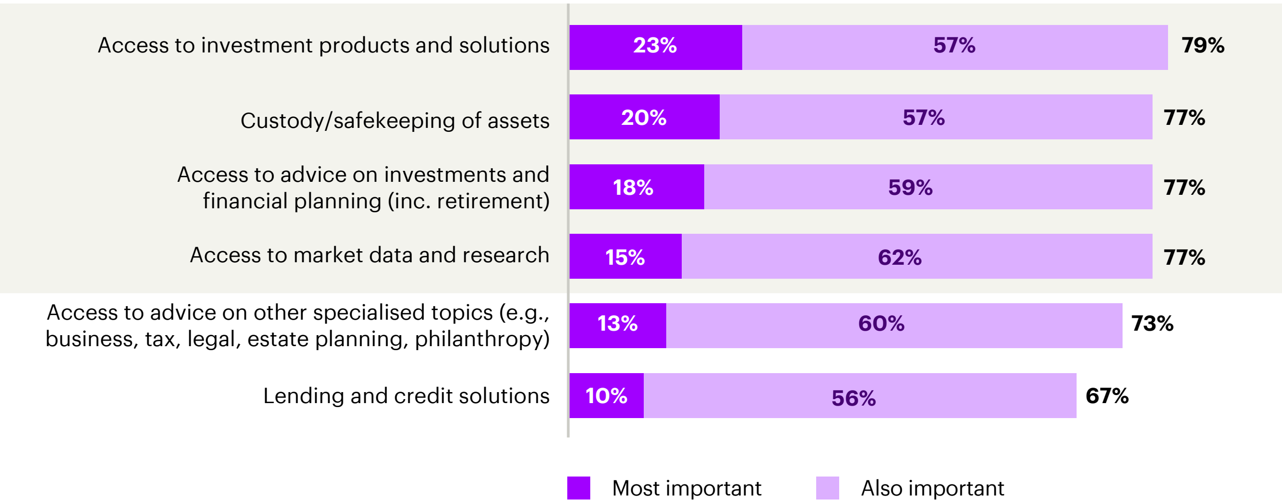
Figure 7: Investment goals of affluent investors in Asia

1. **Growing wealth in general**
2. **Ensuring a comfortable retirement**
3. **Wealth and asset protection**
4. Enabling lifestyle purchases
5. Paying for healthcare
6. Wealth transfer
7. Starting/expanding a business
8. Buying a house or apartment
9. Paying for education
10. Relocating to a new city or country

Source: Accenture's Asia Affluent Investor Survey, Q1 2022
Question asked: What specific goals do you have to which your investment strategy is linked?

2. The proposition: When it comes to what Asia's affluent investors want from an asset or wealth manager, the findings are again consistent across markets, age ranges and wealth levels. Access to financial planning and advice comes near the top of their priorities, outranked only by predictable requirements such as the safekeeping of their assets and the ability to access a range of investment products and solutions that also fall within an advisory wrapper (see Figure 8). The greatest demand for advisory services among the markets surveyed is found in China, Singapore and Thailand, where more than 80 percent of respondents consider them important.

Figure 8: What clients in Asia value from a wealth management proposition



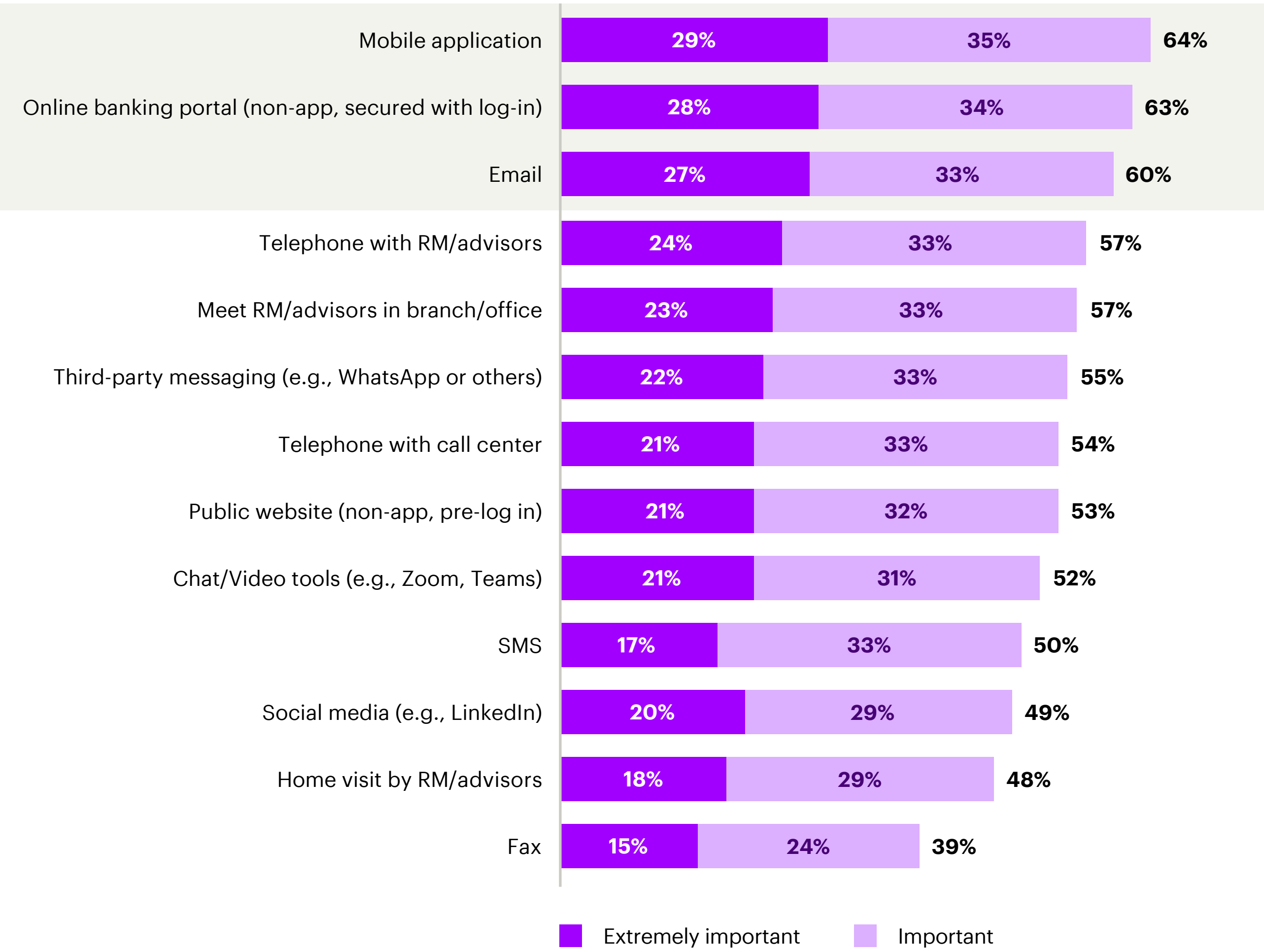
Source: Accenture's Asia Affluent Investor Survey, Q1 2022
Question asked: Which of the following elements of the overall wealth management proposition are important to you when you choose to begin a relationship with your wealth management provider?
(Figures may not sum due to rounding.)

3. Channels: As of 2022, the most important channel for clients is a mobile app: 64 percent say that this is either important or extremely important (see Figure 9). Again, this finding is broadly consistent across age, wealth ranges and geography, although younger respondents place even more emphasis on apps, along with third-party messaging.

Despite this increasingly digital-first requirement, however, touchpoints with human RMs remain important. This is particularly the case in Thailand, Japan and China, including Hong Kong SAR.

> Despite this increasingly digital-first requirement, touchpoints with human RMs remain important.

Figure 9: Clients in Asia prioritize digital communication



Source: Accenture's Asia Affluent Investor Survey, Q1 2022
Question asked: Which of the following physical and digital channels currently provided by wealth management firms are important for you?
(Figures may not sum due to rounding.)

4. Fees: Our research indicates that fee transparency and fee models are going to need to evolve to serve investors in Asia—not least because wealth clients believe fee structures are opaque. Asked whether they know the total amount of fees they are being charged on an annual basis, almost one-quarter say they do not. This is particularly the case among older respondents, with 39 percent in the 50+ age bracket answering negatively. By contrast, 93 percent of RMs believe their clients are aware of the annual fees being paid.

Clients in Asia are evidently prepared to pay for advice, as long as it is on their terms. Our survey suggests that clients would prefer a fee system that is linked to what they get—in other words, investment performance—and what they use, in terms of the number of transactions, as illustrated in Figure 10. This preference is most evident in Japan, China and Singapore, where performance fee models are preferred by more than 30 percent of investors. However, it is likely that for fee models to change sustainably, regulations would need to play a part.

> Fee transparency and fee models are going to need to evolve to serve investors in Asia—who are evidently prepared to pay for advice, as long as it is on their terms.

As we shall see, however, few if any wealth management firms in Asia have completed their journey when it comes to this fee-driven advisory relationship. They are encountering a variety of hurdles, not least those stemming from the disruptive nature of business transformation itself. Below, we analyze these obstacles and explore how the region's wealth managers can overcome them.

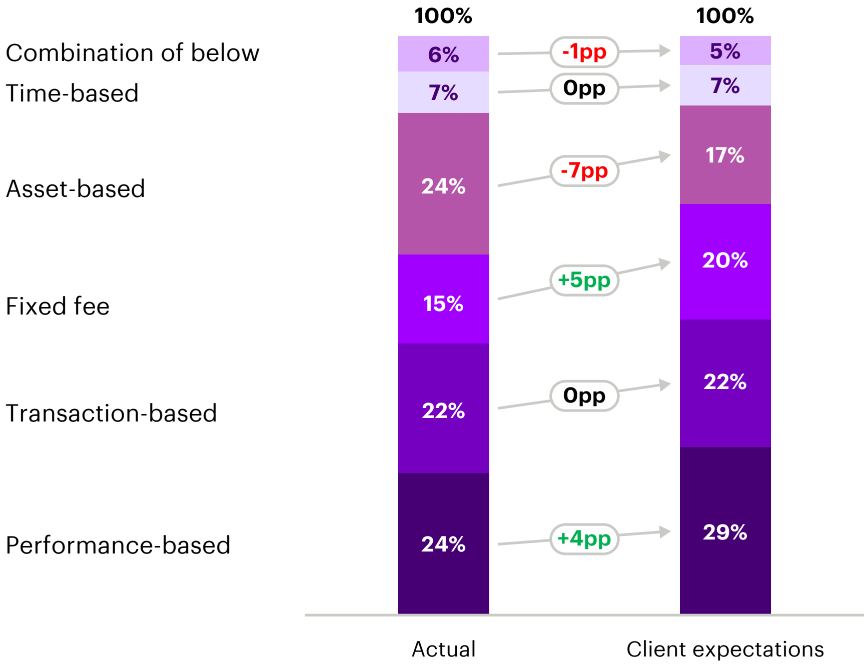
And, as they navigate this journey, it is worth understanding how matters have played out elsewhere—not least in North America, says Scott Reddel, Managing Director, North America Wealth Management Lead, Accenture.

"Asia can learn a lot from North America, which evolved from a high-growth and young society with an investing focus geared towards equity transactions, and which is now evolving towards goals-based advisory as investors seek more certainty on retirement outcomes," Reddel says. "Key areas to get right from the US experience will be the creation of a more personalized, digitally enabled experience."

> **"Asia can learn a lot from North America, which evolved from a high-growth and young society with an investing focus geared towards equity transactions, and which is now evolving towards goals-based advisory as investors seek more certainty on retirement outcomes. Key areas to get right from the US experience will be the creation of a more personalized, digitally enabled experience."**

Scott Reddel
Managing Director, North America
Wealth Management Lead, Accenture

Figure 10: What clients would prefer to pay for



Source: Accenture's Asia Relationship Manager Survey, Q1 2022 and Accenture Asia Affluent Investor Survey, Q1 '22
Questions asked: What is the primary way that your client base pays for wealth-related services?
In an ideal world, how would you like to pay your relationship manager for wealth-related services?
(Figures may not sum due to rounding.)

3

Why firms struggle to deliver next-generation advisory

Many wealth management firms in Asia are on an advisory journey, but industry-wide the penetration of advisory mandates remains relatively low, with very few firms offering such services (and these mostly being in the higher-wealth private banking arena). Where these are offered, they attract an average of only 5-10 percent of client assets.

One of the more successful examples is a leading European private bank that has long been on the advisory journey. When it comes to next-generation advisory, it plans to shift to hyper-personalization via a hybrid model that couples human RMs with increasingly advanced iterations of the bank's modular and customizable portfolio creation system. Ultimately it envisages a "Netflix"-style system that pushes and pulls information relevant to investors' day-to-day interests.

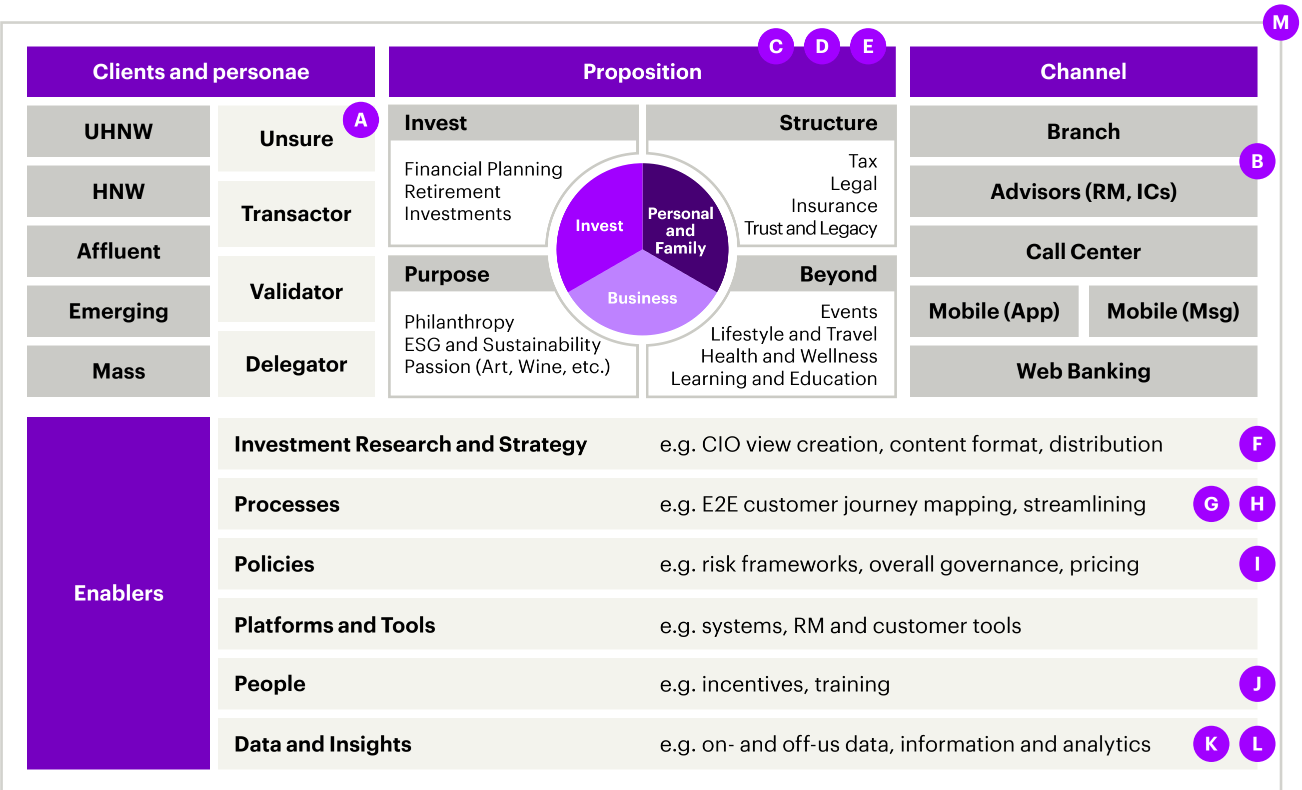
Other institutions, such as a boutique private bank, see prioritizing the human touch and offering deep investment solutions as their key differentiator—for instance, by offering different tiers of RM and investment advisor (IA) access, and building their propositions to introduce clients to private market solutions, which are less accessible to retail investors than other asset classes. Such offers help to cement this kind of highly personalized, human relationship.

Approaches like this are perhaps less of an option for universal banks in Asia, which serve a diverse range of clientele—including sizeable client bases in the segments below US$5m in investable assets—and need to embed digitalization more deeply to offer advisory at scale. They should consider other approaches. One large regional bank, for example, breaks the investment universe into clusters such as cash, equities and alternatives, and then maps these to clients' risk appetites and time horizons. This generates a model portfolio for the RM to take to the client. Another uses portfolio advisory tools that assess the risk/return efficiency frontier and make recommendations to clients to rebalance their portfolios in line with this optimized methodology, in consultation with those clients. Indeed, this bank sees the future model as being enabled by true, goal-based, omni-channel advisory.

Accenture's Next-Generation Advisory Framework demonstrates how firms can use such a model to provide them with a target for innovation that could help them meet their clients' advisory needs—from mass and emerging clients to UHNW, across the range of client personas, and with a full suite of propositions available across all channels (see Figure 11).

The framework maps the components of a wealth management proposition, such as client segmentation and communication channels, to 13 key areas to get right—labelled A through M in Figures 11-13. We highlight some of these key areas below, but for an in-depth look at the framework, please see Appendix 2.

Figure 11: Accenture's Next-Generation Advisory Framework



Key areas to get right

A Financial education at scale	F CIO insights and engagement	K Leverage open banking
B RM selection	G Wealth continuum lifecycle (client and RM)	L Insight automation (client and RM)
C New products and offerings	H Sales and marketing innovation	M Embedding personalization and hybrid advice
D Partners and ecosystem	I Preparing for regulatory change	
E Portfolio construction	J Re-skilling talent for digital advisory	

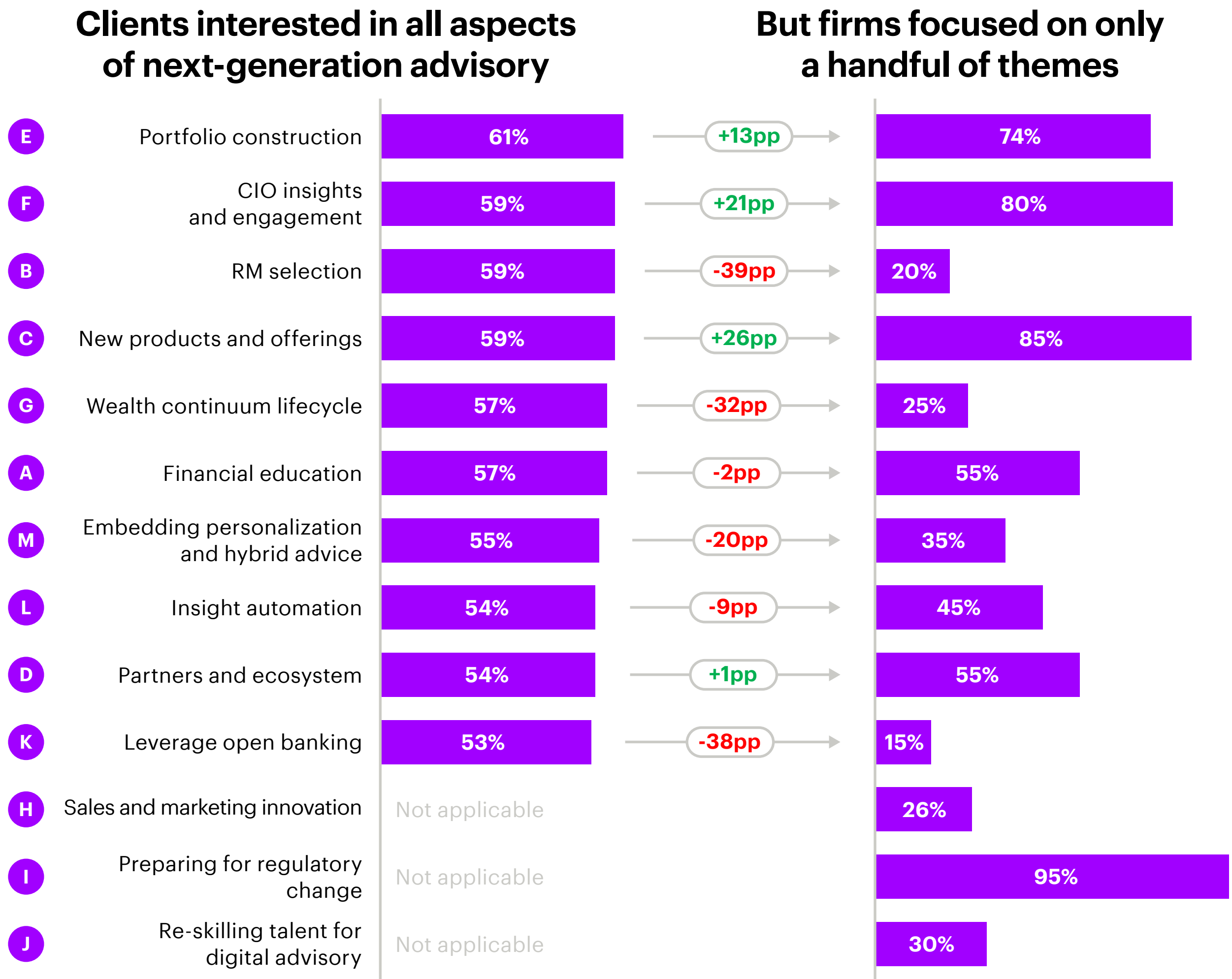
Source: Accenture Analysis, 2022

There are gaps between how clients and firms perceive next-generation advice

Our surveys indicate that clients see the value in next-generation advisory services. They also show, however, that firms themselves do not appreciate its potential in the same way their prospective and existing clients do.

As Figure 12 shows, firms are focusing on certain next-generation initiatives such as portfolio construction, investment insights and new products, whereas Asia's investors see a wider application of next-generation advisory.

Figure 12: Firms are focused on some areas of next-generation advice, clients on many more



Sources: Accenture's Asia Affluent Investor Survey, Q1 2022 and Accenture's Asia CXO Industry Benchmark Survey, Q1 2022
Question asked: How important are the following wealth advisory service components to you?
Left chart shows the percentage of investors responding "important" and "extremely important."
Right chart shows the percentage of firms stating their focus on the area.

One of the areas where there is a large gap between clients and firms is **RM selection.** Here, next-generation advisory offers scope for discovering best-fits between individual clients and RMs. Currently, the process is top-down, with no client input, an approach that can lead to mismatches.

A next-generation approach might be for a client to input their preferences and interests into the system, which would then match them to RMs based on their capabilities, capacity and overlapping personal interests, allowing the client to then contact the RM he or she deems the best fit. This has the potential to forge more productive relationships: when clients have more in common with an RM, they tend to do more business and are more likely to refer them.

Another gap relates to the **wealth continuum lifecycle,** where again clients see scope for innovation. Given the macroeconomic growth and demographics of Asia as a region, many young clients with limited resources at the beginning of their banked lives have high future wealth potential. Firms need to ensure that the client proposition and the RMs that serve these clients grow in line with the clients' burgeoning prosperity, in terms of the products and services being offered and the career paths of the RMs. Although many firms have such plans these would need to become reality for clients and RMs to perceive the value.

A third large gap is apparent when it comes to **leveraging open banking,** a platform that allows banks and third parties to share data in order to make financial planning simpler and easier. Although this is currently a reality only in Singapore through SGFindex, other regional countries are following its lead. Open banking offers advisory propositions that leverage off-client financial data, greatly increasing their potential depth and breadth.

Then there is **insight automation,** which uses data and analytics to suggest optimal next-best investment ideas to clients, either directly or via RM intermediation (as the Early Look sidebar on RM empowerment on page 52 below investigates).

Lastly, firms seem to be **embedding personalization** into the client journey. Client demands are increasingly shaped by their experiences in other industries such as technology and hospitality, where personalization is built into the client experience across proposition, channels (across information gathering sales, and service) and even pricing. However, firms appear to be struggling to allocate sufficient mindshare and focus to enabling this key next-generation theme.

> Firms are focusing on next-generation applications such as portfolio construction, investment insights and new products, whereas Asia's investors see a wider application of next-generation advisory.

Early Look

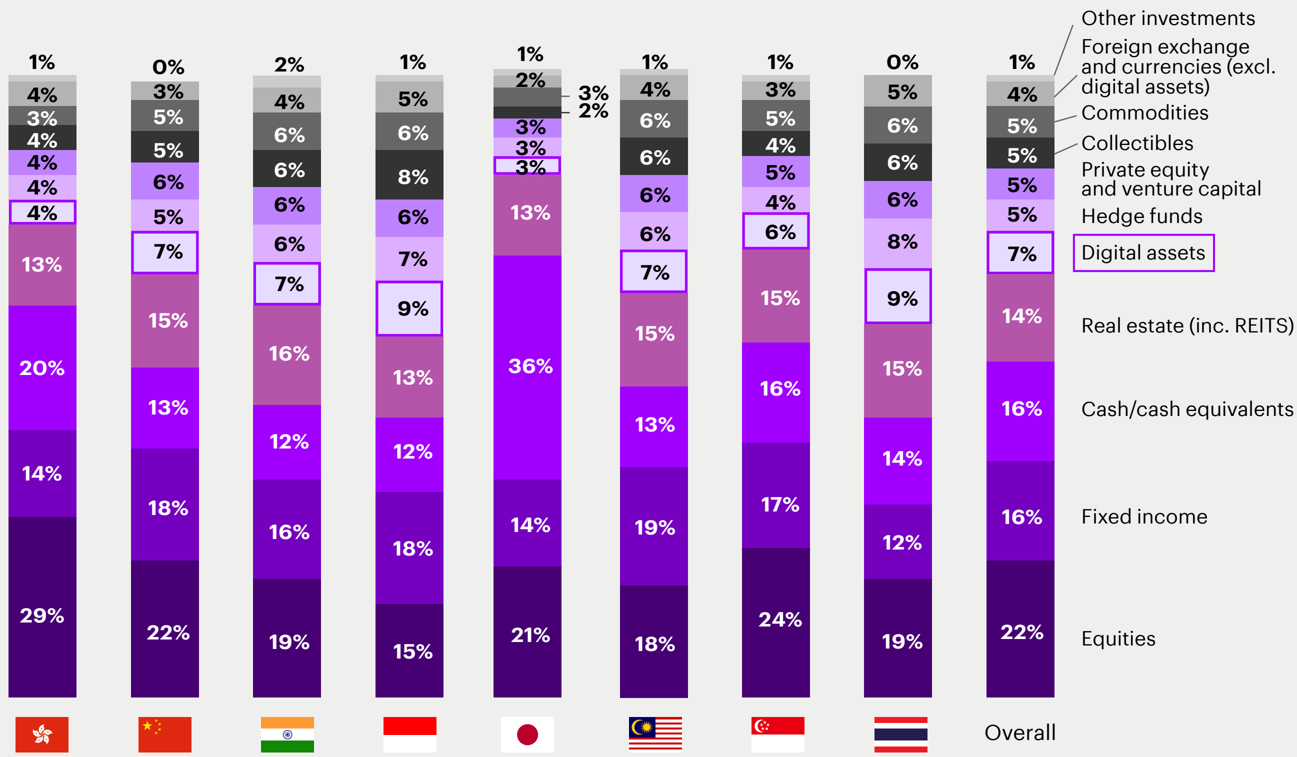
Digital assets: Unclaimed territory

This "Early Look" sidebar is derived from the research that Accenture undertook in early 2022 and is a summary of an in-depth separate report on digital assets investing in Asia.

Digital assets[21] are **a top-five asset class** for investors in Asia. On average, affluent investors in Asia allocate seven percent of their portfolio to digital assets—more than forex, commodities or collectibles (see Figure DA1). While younger investors are more exposed to digital assets the trend is consistent across markets, wealth bands and genders.

Digital assets are going to become far more popular. Currently, 52 percent of affluent investors in Asia hold digital assets of some sort. Accenture's research indicates this could reach 73 percent by the end of 2022.

Figure DA1: Current percentage allocation of investable financial wealth across asset classes



Source: Accenture's Asia Affluent Investor Survey, Q1 2022
Question asked: We are particularly interested in how you have invested your money. What percentage does each of these asset classes approximately represent in your current investable financial wealth (excl. primary residence)? (Figures may not sum due to rounding.)

For wealth management firms, digital assets are **a US$54bn revenue opportunity—that most are ignoring.** Transaction fees represent US$40bn of this potential revenue pool, with the rest shared equally between advisory fees and custody fees. Yet two-thirds of wealth management firms in Asia have no plans to offer any form of digital asset proposition (see Figure DA2). Most of those that do are targeting the relatively small US$7bn custody element only.

This lack of engagement by firms means many clients are seeking advice about digital assets on **unregulated forums,** including **peer-to-peer advice on social media.** Yet clients—and their RMs—want firms to provide more support in the digital asset space.

Wealth management firms are holding back for various reasons. Among firms' barriers to action are a lack of belief in (and understanding of) digital assets, a wait-and-see mindset, and—given that launching a digital assets proposition is operationally complex—choosing to prioritize other initiatives.

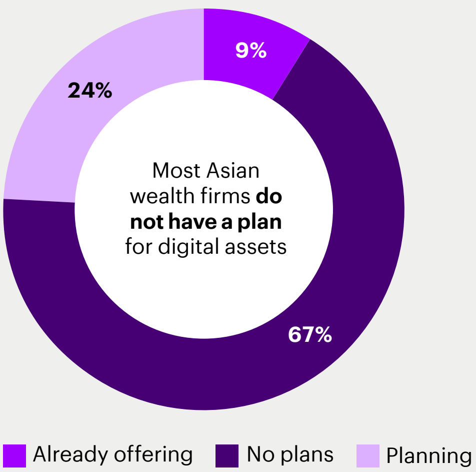
Clients want their firms to support their digital asset pursuits. While cryptocurrencies and custody support are important, clients want their firms to go even further and offer an advisory-led proposition that includes all these digital asset types. For their part, RMs say firms can help to overcome their client hesitancy by providing more insight and content.

Digital assets represent a rare, clear industry white space with significant business opportunity. There is no excuse for firms to lack a strategy and plan to enter this space. To succeed, firms need to first ask themselves questions in five key areas that could shape their digital assets proposition: clients; products and services; competition; value-chain ownership; and regulatory constraints.

Having answered the questions in those five areas, most firms use one of two archetypes: an end-to-end (E2E) ecosystem or modular adoption. There is no one "best" solution, and each has advantages and disadvantages.

While many firms are hesitant to enter the digital assets space, and for a range of reasons, their competitors have shown that success is possible. Barriers to client adoption, like price volatility and the safekeeping of assets, can be overcome—and indeed they need to be, because **clients and RMs want a digital assets proposition.** Firms that do not act risk being left behind.

Figure DA2: Most wealth management firms in Asia are not focused on digital assets



Initiative Focus (where yes/planned)	Proposition Focus
Custody	High
Advisory	Medium
Transaction	Low
Unknown (Planning)	High

Source: Accenture's Asia CXO Industry Benchmark Survey, Q1 2022
Questions asked: Does your firm currently, or does it plan to, have initiatives that focus on digital assets? If so, which services is it targeting?

Early Look

Good to grow: The rise of ESG investing in Asia

This "Early Look" sidebar is derived from the research that Accenture undertook in early 2022, and is a summary of an in-depth separate report on ESG investing in Asia.

The regulatory push towards mandatory disclosure of ESG risks by corporates is key to understanding why ESG investing is poised to take off in Asia. However, this regulatory push means wealth management firms need to enact wholesale changes to their product offerings and operating models.

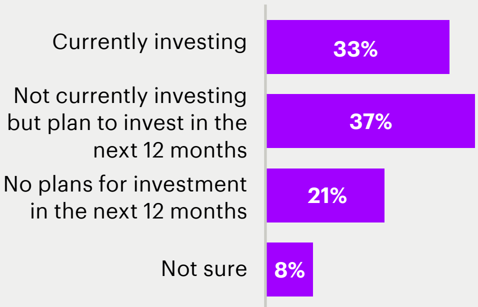
At the same time, **client-demand for ESG investing is rising.** Although wealthy investors in Asia lag their peers elsewhere, with just 32 percent currently investing along ESG lines, Accenture's research shows penetration will likely more than double in Asia in 2022 (see Figure ESG1). However, firms should know that clients want better ESG investment solutions—in particular, funds, ETFs and fixed income solutions that are delivered via an end-to-end advisory offering.

Figure ESG1: ESG investing among affluent investors in Asia will likely more than double in 2022

Demand is high amongst clients

~70%

of all clients have invested or have plans to invest in the ESG in the next 12 months

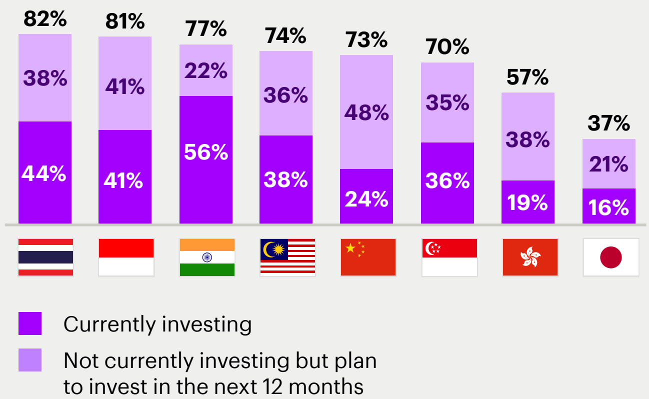


Demand is especially driven by Southeast Asia and India

70–82% of clients in Southeast Asia

77% of clients in India

have invested or have plans to invest in ESG in the next 12 months



Source: Accenture's Asia Affluent Investor Survey, Q1 2022
Question asked: Are you planning to invest in ESG in the next 12 months?
(Figures may not sum due to rounding.)

Relationship managers (RMs) are the linchpins. While RMs understand their clients' needs, they are also aware that they are falling short in providing for them. To close this gap, firms need to equip RMs with content, insights and solutions that they can offer to clients.

More positively, **ESG investing is an important focus for most wealth management firms in Asia,** which contrasts with their approach to investing in digital assets (see the digital assets Early Look sidebar on page 33 for more). However, the approaches of firms vary across ESG product support, partnerships and private market opportunities, and they often lack a fully integrated product advisory capability.

The firms most likely to succeed are those that focus on what clients and RMs need. Success requires that wealth management firms adapt in several areas, including by:

- Meeting investors' needs for valued ESG product solutions and to make investing simpler.
- Creating sufficient awareness and transparency.
- Overcoming investor fears that ESG investing means sacrificing returns.
- Providing RMs with the solutions they need for their clients.
- Differentiating their offerings in a crowded market, notably through the use of more real-time and relevant data and by stitching ESG into an overall advisory process.

Four keys to next-generation advisory provision

When launching next-generation advisory propositions, firms are confronted by four main challenges:

- Enhancing proposition and capabilities.
- Traditional sales processes and behaviors.
- Talent-, change- and RM-resistance.
- Sub-optimal transformation-management capabilities.

This section will examine only the first three challenges, as the fourth—sub-optimal transformation-management capabilities—requires an in-depth assessment and is therefore the subject of the next chapter.

Next-generation advisory requires calibrating a firm's **proposition and capabilities**. A balance between human relationship-management and smart, automated systems that can generate insight and analysis is important. This balance is likely to shift at different levels of wealth, and according to other segmentation criteria.

Supporting the advisory proposition requires that firms undertake extensive research and real-time monitoring to ensure clients are receiving advice that is relevant to them within an actionable timeframe. It also requires up-to-date technology; outmoded apps are no longer acceptable to private banking customers.

Where to start? A first step is to define each client segment to be targeted and agree a corresponding proposition that determines the channel mix between human RM and digital automation, as well as the commercial model and business targets. Once these steps have been taken, it is possible to identify the investments necessary to enable them in practice.

Then there is the question of differentiation. Firms should look at their next-generation proposition, identify which aspects of it should merely be "at par" with the market, and which aspects offer them scope for differentiation and market leadership. For example, a firm could decide it wants to be the first-mover when it comes to integrating digital assets into the advisory process (for more, see the Early Look sidebar on digital assets on page 33).

> Firms should look at their next-generation proposition and identify which aspects offer them scope for differentiation and market leadership.

Sales processes and behaviors are another consideration. Clients are only likely to agree to pay for advisory services once they see their value. Trust needs to be established first, with advice being offered as a complementary service.

Firms need to decide whether the commercial model should be linked to a mandate or whether it needs to be tied more to a fee for products or specializations. Either way, commercial models should ideally evolve to reduce the focus on execution. While execution-based fees generate immediate revenue for an RM, they provide little incentive to cultivate the relationship and may result in sub-optimal outcomes for clients.

Talent-, change- and RM-resistance: As outlined earlier, sourcing and retaining RMs is a key challenge if firms in Asia are to realize their medium-term growth ambitions. An effective RM needs not only strong technical skills; they also require social skills and emotional intelligence, a blend that is widely prized.

However, many firms perceive their RMs as resistant to change when it comes to new processes and technology (though Accenture's research indicates that most RMs are not; our survey shows that 95 percent of RMs have pressed their manager or leadership team for improved digital capability within the past 12 months—see Figure 16 in the next chapter). To overcome this, it may be helpful to find change champions among the ranks of RMs who can explain to their peers the benefits of next-generation advisory. RMs should be encouraged to co-design the product offering and firms should focus on reassuring them about the new ways of working.

This can be helped if firms explore innovative approaches to how they design, build and deploy the next generation of advisory services. For example, it may be faster to launch a new service brand or to offshore the RM support team than to preserve existing structures.

The progress so far in Asia

Some firms have already made significant steps towards next-generation advisory.

Julius Baer is building-out new communications channels—for instance, using WhatsApp to disseminate advice and contact with RMs, and scheduling three podcasts per month that attract a monthly audience of some 15,000 clients, providing an example of how communication can be optimized to make it user-friendly.

"Clients suffer from information overload," says Sacha Walker, Julius Baer's Head of Strategy and Business Operations for APAC. "We are seeing great traction with our approach to provide more digital, bitesize insights."

Most of the innovation is within the new products and offerings space. Credit Suisse, for example, has a concept for a model that combines an investment bank and wealth management firm, with an emphasis on helping clients to monetize their own privately held businesses.

"We bring the best of the integrated model together to help our entrepreneur clients throughout all phases of their corporate and private wealth cycle," says Alain Bernasconi, the bank's Chief Operating Officer of Private Banking for Asia Pacific and Head of Private Banking in Singapore Location.

Standard Chartered is likewise revisiting discretionary portfolio management (DPM), exploring a digital solution that would grant broader access to DPM to affluent clients.

"We want to empower clients, regardless of wealth level, to begin their investing journey in a seamless, digitally enabled journey," says Marc Van de Walle, the bank's Global Head of Wealth Management.

"Clients suffer from information overload. We are seeing great traction with our approach to provide more digital, bitesize insights."

Sacha Walker
Head of Strategy and Business Operations APAC, Julius Baer

"We bring the best of the integrated model together to help our entrepreneur clients throughout all phases of their corporate and private wealth cycle."

Alain Bernasconi
Chief Operating Officer of Private Banking for Asia Pacific and Head of Private Banking in Singapore Location, Credit Suisse

"We want to empower clients, regardless of wealth level, to begin their investing journey in a seamless, digitally enabled journey."

Marc Van de Walle
Global Head, Wealth Management, Standard Chartered

VP Bank, meanwhile, has launched the ORBIT Ecosystem and ORBIT Core platform to redefine the way private markets are accessed by connecting partners and clients to a carefully curated private market offering.

"We see an opportunity and strong demand to bring transparency to the private markets space in Asia," says Heline Lam, VP Bank's Chief of Staff Asia and Member of Asia Management Committee.

For its part, Barclays puts a premium on delivering new products and offerings to its affluent clients in Asia, with a particular focus on ESG and sustainability, says Evonne Tan, Head of Barclays Private Bank in Singapore. All of its portfolios in its discretionary portfolio management are ESG-integrated, for example, and it also offers thematic ESG-focused funds.

"As a firm, we believe in helping clients to invest while also shaping and influencing the future," says Tan.

BNP Paribas Wealth Management in Asia is another firm aggressively focused on ramping up its advisory capabilities, and ESG in particular, explains Arnaud Tellier, Chief Executive Officer for Asia Pacific.

"We have made significant investments over the years into our advisory processes and overall digital capabilities, notably through our BeAdvised tool that provides direct investment insights to clients on their mobile devices and through MyImpact, our online tool to guide clients in their sustainable investing journey," Tellier says.

"We see an opportunity and strong demand to bring transparency to the private markets space in Asia."

Heline Lam
Chief of Staff Asia and Member of Asia Management Committee, VP Bank

"As a firm, we believe in helping clients to invest while also shaping and influencing the future."

Evonne Tan
Head of Barclays Private Bank, Singapore

"We have made significant investments over the years into our advisory processes and overall digital capabilities, notably through our BeAdvised tool that provides direct investment insights to clients on their mobile devices and through MyImpact, our online tool to guide clients in their sustainable investing journey."

Arnaud Tellier
Chief Executive Officer, Asia Pacific, BNP Paribas Wealth Management

Gary Harvey, CEO of St. James's Place Singapore, feels the overall advisory process is most in need of re-visiting. "As an industry we should be moving away from sales-based advice, wherein advice is provided in order to sell an investment product, and instead towards advice-based sales, where an overall holistic assessment of a client's needs drives the search for suitable solutions," says Harvey.

HSBC is another firm actively pursuing next-generation advisory in Asia, in particular via its focus on ongoing, portfolio-based advisory with consistent monitoring, notes Wei Mei Tan, Managing Director and Global and Asia Head of Advisory.

"The industry has traditionally been accustomed to providing one-off advice; however, this is more of a transactional sales model which is not always conducive to building long-term trust with clients. At HSBC, we advocate providing a portfolio-based advisory approach by leveraging on our substantial investments in portfolio analytics and technology. The advisory client journey delivers optimal goal and risk alignment with ongoing monitoring to assist clients in making the right decisions," notes Tan.

"As an industry we should be moving away from sales-based advice, wherein advice is provided in order to sell an investment product, and instead towards advice-based sales, where an overall holistic assessment of a client's needs drives the search for suitable solutions."

Gary Harvey
CEO, St. James's Place Singapore

"The industry has traditionally been accustomed to providing one-off advice; however, this is more of a transactional sales model which is not always conducive to building long-term trust with clients. At HSBC, we advocate providing a portfolio-based advisory approach by leveraging on our substantial investments in portfolio analytics and technology. The advisory client journey delivers optimal goal and risk alignment with ongoing monitoring to assist clients in making the right decisions."

Wei Mei Tan, CFA, CA, CAIA
Managing Director
Global and Asia Head of Advisory
HSBC Global Private Banking and Wealth

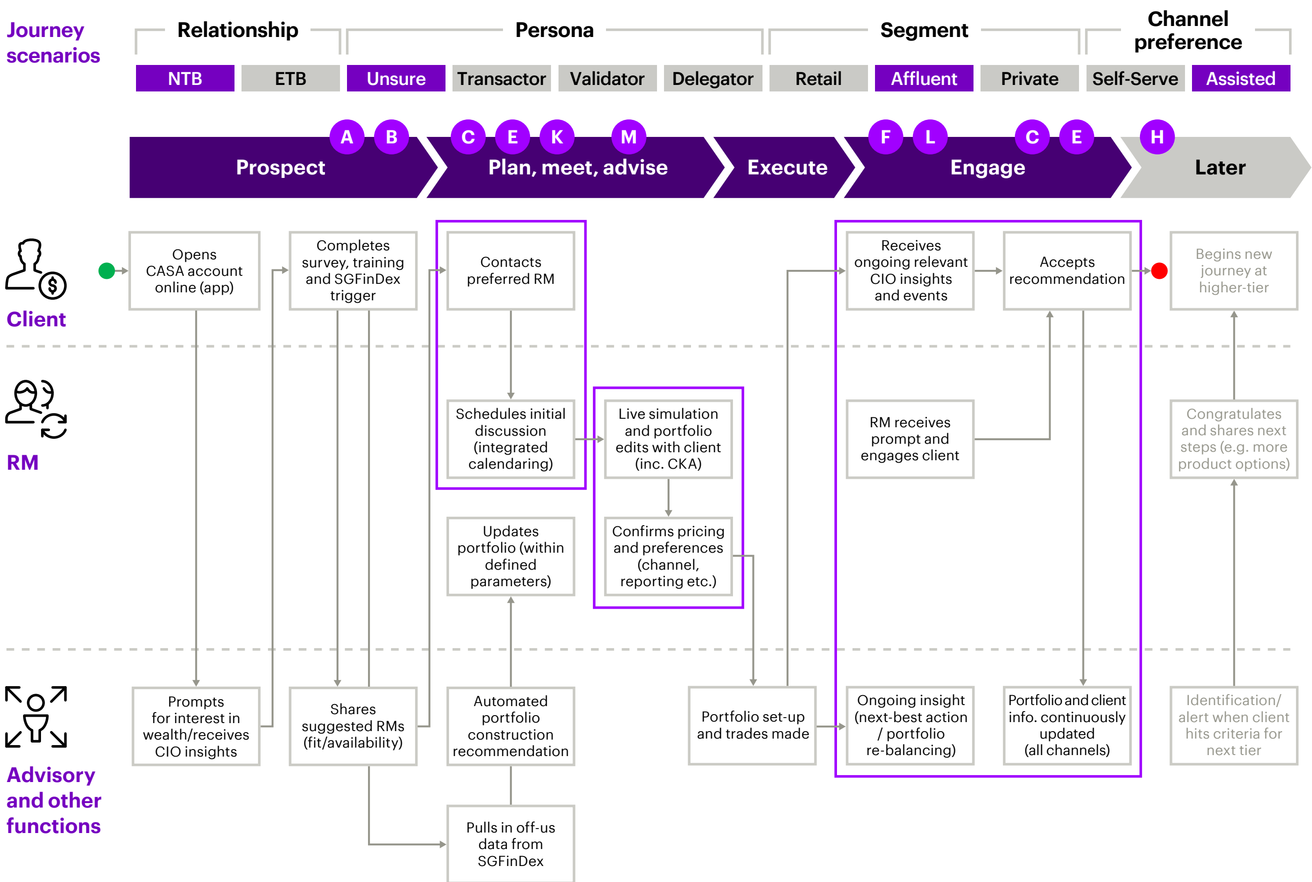
Reimagining the client journey

Whatever their emphasis and differentiating "white space", the kind of business transformation that embeds next-generation advisory would entail a reimagining of the client journey.

Figure 13 illustrates how this might look like for a particular client governed by a client's relationship, persona, segment and channel preference.

How does this reimagining begin? Firms typically create segmented advisory journeys. Clients, for instance, may be bracketed into "online self-serve" and "RM-assisted". Groups targeted by the first journey are often young professionals and customers who are unfamiliar with investing, with a customer experience defined by online portals that offer them a swift, simplified sub-journey that assists them with, for example, relatively simple products such as funds or funds of funds.

Figure 13: Bringing it all together—a reimagined client journey (illustrative)[22]



Source: Accenture Analysis, 2022.
CASA stands for "checking account and/or savings account". CKA stands for "Customer Knowledge Assessment". SGFinDex stands for "Singapore Financial Data Exchange" and is the world's first public digital infrastructure to use a national digital identity and centrally managed online consent system to enable individuals to access, through applications, their financial information held across different government agencies and financial institutions.

Members of the second "RM-assisted" group have sub-journeys that lead to more clearly defined goals, such as those concerning retirement or funding higher education for their children. This target segment tends to be older and drawn from the affluent and HNW groups. The customer experience is more personalized, human and supported by tools and simulations. In terms of products, a wide range of funds, equities, fixed income, insurance, foreign exchange and other assets could be offered, subject to regulations.

Omni-channel advisory has the potential to break down these two separate journeys into a single streamlined experience. Using data, it can take the "online self-serve" group of customers on a data-driven journey in which they are converted to become more like the second RM-assisted group as their wealth grows and they become more comfortable with investing. This would create a seamless experience via an evolving admixture of on- and offline channels.

> The kind of business transformation that embeds next-generation advisory would entail a re-imagining of the client journey.

4

Rigorous business transformations are needed

Moving a wealth management business into the realm of next-generation advisory is not a cosmetic endeavor. As the examples above show, the leading institutions in Asia are undergoing a significant transformation in the way they do business. Without rigor in the execution approach, the outcome is often that nothing much changes and the status quo prevails.

Figure 14: How firms are going about transformation

	Holistic Suite of Programs	Individual Programs	Business-as-Usual (BAU)
What is it?	Portfolio-driven approach sponsored and executed at the EXCO level through a centralized Transformation Management Office (TMO).	EXCO frames transformation priorities but leaves translation to focus areas and delivery of initiatives to individual business units.	Firms under this model are still at a very nascent stage of their transformation journey with no TMO or dedicated programs.
% of firms	37%	16%	47%

Source: Accenture's Asia CXO Industry Benchmark Survey, Q1 2022
Question asked: How are strategic transformation programs for wealth management set-up at your firm?

Accenture research indicates that a lack of rigor when it comes to business transformation may explain why next-generation advisory propositions are proving slow to materialize in the region. When asked about their level of development, the largest group of respondents, 47 percent, described their position as **business-as-usual.** In other words, they are at a nascent stage of their business transformation journey with no transformation management office (TMO) or dedicated change program (see Figure 14).

A further 16 percent only look at transformation as **individual programs,** where the executive committee has framed the transformation priorities, but has left its translation to individual business units.

While these approaches have advantages inasmuch at these firms are expending few resources on transforming themselves and are avoiding the cost of, for example, building dedicated change teams and talent to effect their transformation, the flipside is that they become stuck in the past, failing to innovate or adapt new methodologies and technologies needed to keep themselves competitive.

Take the individual programs approach. It can work for smaller enterprises that struggle with transformation rigor and where internal networks are tight-knit, or where a successful individual program can be used to make a business case for more thoroughgoing transformation later,

> When asked about the transformation model deployed for the development of next-generation advisory propositions, 47 percent of firms described their approach as business-as-usual. In other words, they have no dedicated transformation management office or dedicated change program in place.

limiting the risks of failure and making it easier to change course. However, the downsides are that the success of these micro-transformations can vary widely from one business unit to the next in the absence of any oversight from a centralized TMO, and that individual failures can seriously set back the overall transformation agenda. Moreover, the lack of centrally defined success metrics could lead to the wrong lessons being learned and the wrong investments made. This mode of business transformation also tends to be slow relative to the holistic suite of programs approach.

The second-largest group, 37 percent, are those at the more advanced end of the spectrum. These have a **holistic suite of programs** to drive business transformation, with a portfolio-driven approach sponsored and executed at the level of the executive committee via a centralized TMO. This structured approach has a significantly higher chance of successful business transformation than business-as-usual, given it imposes robust governance of the transformation, firm-wide standards in terms of business outcomes, and consistent delivery frameworks. Most importantly, it encourages new ways of working and the breaking-down of the silos into which wealth management is traditionally divided.

The downsides of this approach are that the establishment and governance of the TMO is a complex activity. Its success or failure is a direct outcome of the leadership and talent involved in it. Initial investment is relatively high, certainly when compared to the business-as-usual approach, and return on this investment is only likely to be visible after several years, which can make it difficult to secure buy-in initially, in the absence of either significant top-down leadership vision or historical transformation failures.

As Samir Gherbi, Managing Director, European Wealth Management Lead, Accenture, notes: "We have seen countless programs fail due to a lack of transformation rigor, with costs significantly overrunning, timelines and speed-to-market compromised, and general ROI and value delivery undermined."

"Putting a TMO construct at the heart of large digital transformation is critical, and from the momentum of conception—not at the point of running into trouble," Gherbi says.

"We have seen countless programs fail due to a lack of transformation rigor, with costs significantly overrunning, timelines and speed-to-market compromised, and general ROI and value delivery undermined. Putting a TMO construct at the heart of large digital transformation is critical, and from the momentum of conception—not at the point of running into trouble."

Samir Gherbi
Managing Director, European Wealth Management Lead, Accenture

Remember, most business transformations fail

Research suggests that as many as 78 percent of business transformations fail.[23] Understanding why is useful when trying to avoid failure, particularly when the stakes are as high as they are in Asia's wealth management sector. CXOs in Asia's wealth industry highlight five common failure modes (see Figure 15).

Change adoption: The most frequently cited challenge (64 percent of responses) refers to the nature of change itself. CXOs say that RMs are still resistant to change and product-push instead of being customer-centric, while some clients still favor personal over digital interaction. More broadly, pivoting to an agile business mindset and ways of working often proves difficult, as are social issues around client data confidentiality, which can hinder innovation.

Complexity of execution: Half those surveyed say the need for multiple business functions and entities to work together in order to effect transformation creates complex interdependencies, notably when it comes to IT due to a perennial lack of capacity.

Figure 15: Five key transformation challenges cited by wealth industry CXOs in Asia

Change adoption	64%
Execution complexity	50%
Governance	50%
Resources	21%
Time and budget	21%

Source: Accenture's Asia CXO Industry Benchmark Survey, Q1 2022
Question asked: As you pursue transformation of your wealth business, what barriers to success do you face?

Governance: Half of those surveyed also cite governance, and the risk of complex governance structures not only failing to eliminate silos but creating ambiguity over their demarcation, friction between their leaders and a lack of alignment on vision, performance and KPIs. In addition, global delivery models, including vendor reliance, can limit control and slow the speed of delivery.

> The most frequently cited challenge refers to the nature of change itself. CXOs say that RMs are still resistant to change and product-push instead of being customer-centric, while some clients still favor personal over digital interaction.

Resources: Transformation initiatives draw significant resources away from other activities, and they also require top talent, which is hard to find. Resources are cited by 21 percent of CXOs surveyed.

Time and budget: The same proportion, 21 percent, note that transformations take time and persistence to see through. Such multi-year transformation processes encounter heavy budget scrutiny given that returns are not immediate.

Robust transformation management can enable successful move to next-generation advisory

A robust transformation function is crucial to improving the speed and success of the move to next-generation advisory. The transformation function covers four dimensions:

- **Structuring:** Sets up and organizes programs for the transformation, with a clear roadmap, governance and risk/ dependency tracking.
- **Monitoring:** Makes progress visible and serves as an early warning system for risks and dependencies, enabling the mitigation of such issues as they arise.
- **Steering:** Ensures that senior stakeholders are kept abreast of progress and escalates to them any big roadblocks or options for structured decision-making. The transformation function brings honest, impartial and outside-in expertise to guide teams through the transformation.
- **Communication and change management:** Ensures that all parties are aligned and engaged with one another—for example IT, the business, vendors, and local sites and offices. It also drives change-management and adoption.

These four dimensions support outcomes that are:

- **On time**, both in terms of intermediary milestones as well as the overall timeline.
- **On budget**, thus meeting economic objectives.
- **On value**, meeting experience and financial targets.

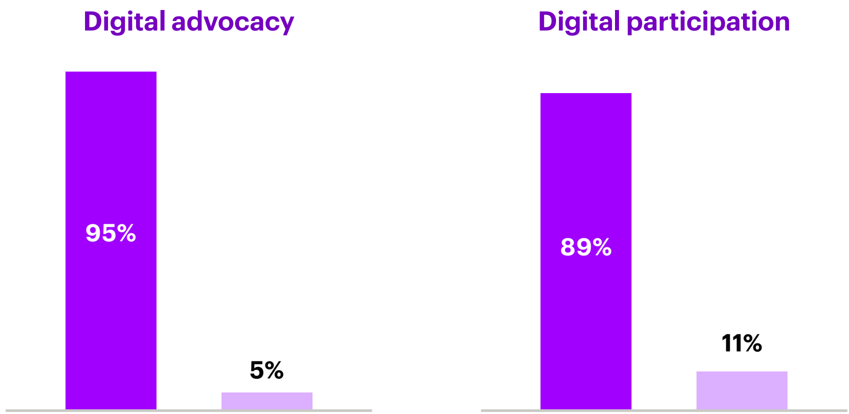
As we have already seen, advisory services are the key to unlocking the wealth management opportunity in Asia. Relationship managers are an important part of advisory provision, but there are significant doubts over firms' abilities to retain and recruit enough RMs to meet their growth targets. Moreover, as we have also seen, CXOs harbor concerns that RMs are a point of resistance when it comes to making the changes necessary for firms to get to the scale needed to match the growth of the client- and asset-base in the region.

Overcoming this resistance is therefore a prerequisite for robust transformation and can be achieved by involving RMs in the transformation at each step of the way. Despite their perceived resistance, our research shows that RMs are instead strong advocates of digital technologies. They have a great interest in using those technologies, they see digital as a decision-driver and, crucially, are likely to leave if their firm fails to deploy a strong digital capability. These findings are valid regardless of RM age, firm size or nationality (see Figure 16).

Figure 16: RMs see the value of digital transformation

Interest in digital transformation

RMs in Asia

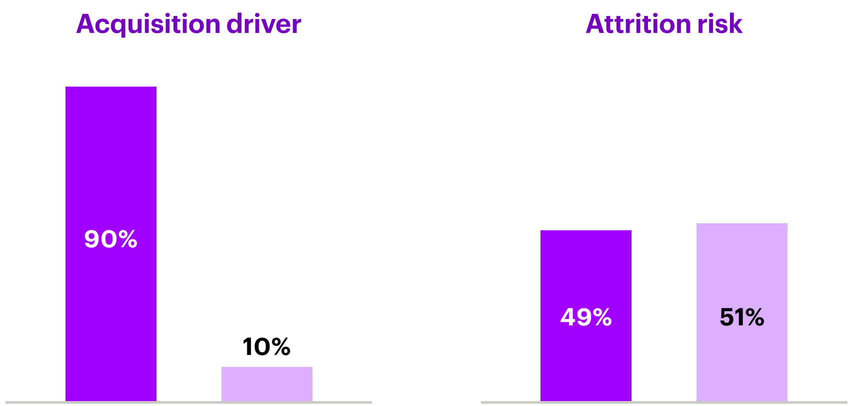


High digital advocacy levels regardless of RM age, firm size and country

High digital participation interest regardless of RM age, firm size and country

Digital as decision factor

RMs in Asia



High levels of digital as a decision driver regardless of RM age, firm size and country

Robust levels of attrition risk regardless of RM age, firm size and country

Source: Accenture's Asia Relationship Manager Survey, Q1 2022
Question asked: With respect to the digital capabilities of the firm, do you agree with the following statements? Advocacy represents: "Over the past 12 months, I have advocated to my manager/ leadership team about the need for improved digital capability to support me in my role." Participation represents: "I am eager to participate in my firm's digital transformation initiatives (e.g., as a part-time squad member during ideation, to test and pilot new tools)." Acquisition represents: "Strong digital capabilities would be/are a key decision factor for me when deciding on whether to join a new wealth management firm." Attrition represents: "I would potentially leave my wealth management firm for a lack of strong digital capability."

Early Look

Empowering relationship managers: The tools they need to succeed

This "Early Look" sidebar is derived from the research that Accenture undertook in early 2022, and is a summary of an in-depth separate report on RM empowerment in Asia.

Asia's leading wealth management firms have set **ambitious goals.** Accenture's Asia CXO Industry Benchmark Survey found the region's firms are on average seeking to nearly double AUM by 2025 from 2021 levels, and to boost revenues by almost 60 percent. To do this firms need to retain existing clients and attract new ones—and this means RMs, who are the linchpins for success, need to be able to provide what affluent clients want.

However, as shown by Accenture's Asia Relationship Manager Survey, **many firms are neglecting productivity-boosting solutions.**

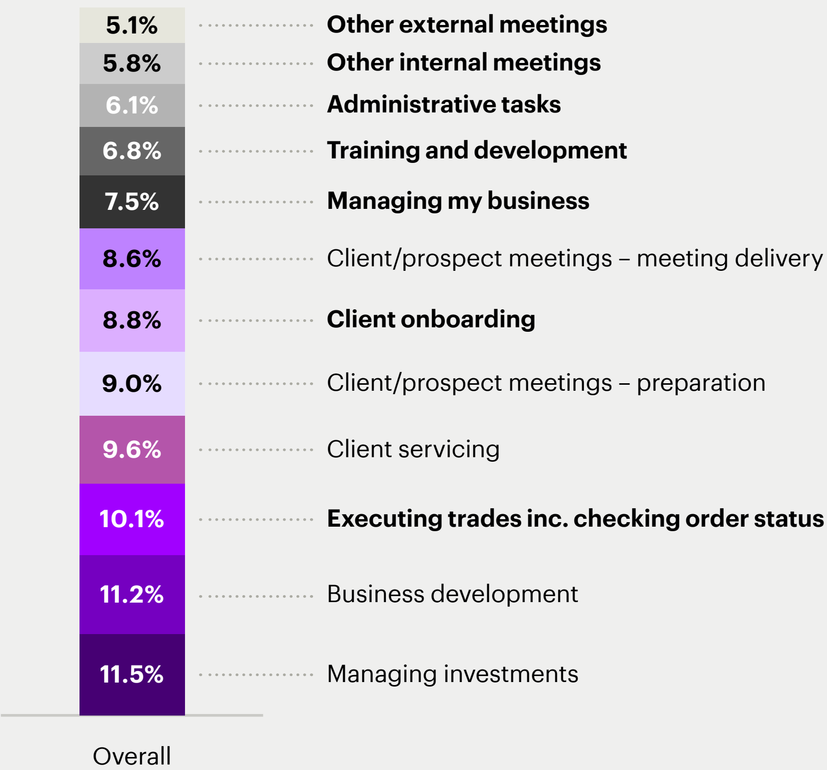
Fixing this is key, as firms need to increase the existing average revenue per RM of US$1.0m at a much higher rate than the currently targeted four percent CAGR.

Accenture's research reveals the reasons for sub-optimal RM productivity. RMs in APAC wealth management firms **spend half of their time on non-revenue generating activities** like administration, non-client meetings and trade execution (see Figure RM1). An important reason for the productivity shortfall is because a typical RM uses an average of five tools or applications for each key activity. This is inefficient and contributes to additional RM pain-points, like an inability to generate personalized insights and advisory proposals.

> An important reason for the productivity shortfall is because a typical RM uses an average of five tools or applications for each key activity.

Figure RM1: How relationship managers lose half the working week

RMs spend half of their time each week on activities that do not directly generate revenue



Activities in bold: no direct revenue generation

Activities not in bold: supports revenue generation

Source: Accenture's Asia Relationship Manager Survey, Q1 2022
Question asked: How does a typical week break down across key activities for you, on average?
Assume average of 40-hour work week.
(Figures may not sum due to rounding.)

Nearly 80 percent of RMs in Asia see cockpits—a one-stop platform that brings together all of the underlying capabilities—as the solution.

The main options are for firms to build a bespoke cockpit, adopt a customer relationship manager (CRM) vendor solution or leverage a specialist digital wealth platform.

The chosen solution should cover capabilities that encompass practice management, prospecting and onboarding, advisory, execution and order management, servicing and general capabilities—a selection process that could be helped by using Accenture's RM Cockpit Framework tool (see Figure RM2).

The benefits of such an approach could be significant, **including an estimated return on investment (ROI) of between three- and seven-fold over three years for successful programs**. ROI is driven by how well the firm manages the key value levers of revenue uplift, productivity uplift and qualitative benefits. Using a vendor solution also has the potential to cut the total cost of ownership.

To succeed, firms should focus on three key success factors prior to any cockpit launch:

1. **Change management**—in particular bringing RMs on the journey.
2. As cockpits are cross-bank initiatives, **firms need to decide early on the target operating model (TOM)** including overall governance and ownership, funding and structure, and ways of working.
3. **Define and track operational key performance indicators (KPIs)** to monitor value delivery, with KPIs typically structured around usage and business performance.

By following this route to boost the efficiency, productivity and value-add that RMs can offer clients, wealth management firms are far more likely to meet their ambitious 2025 goals.

Figure RM2: Accenture's Relationship Manager Cockpit Framework

1 Practice management

- Manage sales planning and performance tracking
- Manage and track campaigns
- Internally collaborate effectively across teams
- Manage learning and training needs

2 Prospecting and onboarding

- Capture and assign leads across multiple sources
- Qualify and manage prospects
- Manage and oversee the onboarding process

3 Advisory

- Conduct needs-analysis to obtain 360° view of client risk profile and goals
- Provide financial advice and create personalized product/service offers (Next-best Action)
- Create/manage portfolio
- Ongoing monitoring and reporting of client portfolios
- Manage product and services catalogue

4 Execution and order mgmt.

- Prepare, capture consent, capture and submit orders to execution systems
- Monitor and track status of orders

5 Servicing

- Manage client service requests and queries
- Deepen client relationship through personalized data-driven offers and product/service recommendations
- Seamlessly track and manage compliance-related and other alerts (e.g., KYC, margin call, etc.)

Shared capabilities and enablers

- Task and workflow management
- Alerts and notifications
- Infrastructure management (Connectivity, authentication, security management)
- Reporting and analytics
- Channels management

Source: Accenture Analysis, 2022

One bank that has led the way in Asia in terms of innovation is Singapore's DBS. It has rolled out many successful initiatives such as: conversational banking,[24] an AI-assisted mobile text facility; its Client Connect frontline advisory tool;[25] and DBS digibank online.[26]

Sim Lim, DBS's Group Executive, Consumer Banking and Wealth Management, cites four key enablers behind the bank's success in this area.

"First, is our vision and strategy," he says. "We had a clear vision for DBS at a group level, which was then broken down by business line and geography. And second was our focus on doing a few things well, and killing side projects and hobbies."

The third enabler was ensuring consistent top-down messaging on customer obsession and doubling down on cross-unit collaboration.

"And the fourth was to ensure broad participation in these efforts within the bank," he says. "Everyone has a role to play in transformation—from RMs through to operations. Linked to this was the evolution of KPIs to influence their behavior."

Asia's other wealth management firms may benefit from taking a leaf from the same book to capture the sizeable opportunity that next-generation advisory services promise. If they fail to do so, given the increasing mobility of capital in the region, they stand to fall even further behind—especially if they lose the coveted status of being their clients' primary bank.

As Divyesh Vithlani, Senior Managing Director, Southeast Asia Market Unit Head, Accenture, puts it: "Change management is critical when embarking on any digital transformation, and is especially so when the impact is so significant to the frontline".

"We often see firms considering change management only once the build has begun or is nearing completion, when leading practice would instead be to tap into enthusiastic staff, co-create throughout, and leverage their influence as 'change champions' amongst their peers," Vithlani says. "Most of all, successful change agents treat the exercise not as a task on a project plan, but as a fundamental pillar of value realization."

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Divyesh Vithlani
Senior Managing Director, Southeast Asia
Market Unit Head, Accenture

5

Winner takes all

Asia's affluent investors tend to be multi-banked, particularly at higher wealth levels. However, that does not mean they view each of their banking relationships equally. The institution that the client deems to be their primary bank tends to receive the lion's share of that client's AUM. On average, it receives twice as much AUM as the secondary bank and seven times as much as the tertiary one (see Figure 17).

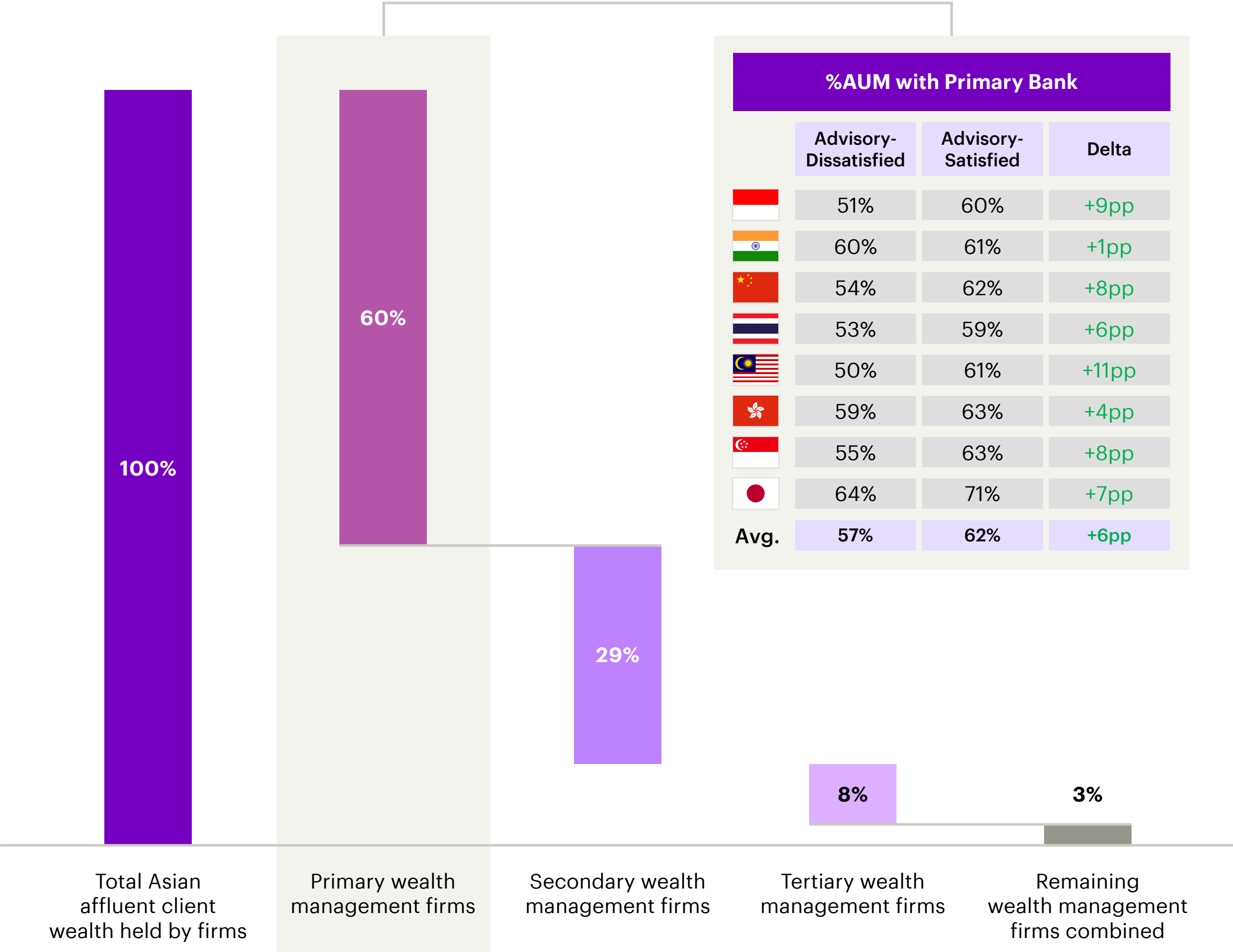
Our research shows that customers who are satisfied with their advisory relationship hold a higher percentage of their AUM with their primary bank; on average six percentage points more—with this correlation especially pronounced in Malaysia, Indonesia, Singapore and mainland China. The advantage of being the primary bank is self-reinforcing—these banks likely became a client's primary choice by virtue of having the best proposition in the first place, and then entrench themselves in that position by having the most complete knowledge of the client.

Being the primary bank will be even more critical to success in future: 41 percent of investors surveyed say they are considering consolidating their wealth over the course of 2022 (rising to 51 percent among ultra-HNW clients holding more than US$10 million in investable assets), and 77 percent say their primary bank will be a beneficiary of this consolidation.

This trend appears consistent across national, age and wealth segments, but is more pronounced within the private banking segment. Causes may include the inconvenience of dealing with multiple institutions, and possibly the lack of differentiation between institutions.

> Forty-one percent of investors say they intend to consolidate their wealth over the course of 2022, and 77 percent say their primary bank will be a beneficiary of this consolidation.

Figure 17: Advisory is key to being considered a client's primary bank



%AUM with Primary Bank			
	Advisory-Dissatisfied	Advisory-Satisfied	Delta
	51%	60%	+9pp
	60%	61%	+1pp
	54%	62%	+8pp
	53%	59%	+6pp
	50%	61%	+11pp
	59%	63%	+4pp
	55%	63%	+8pp
	64%	71%	+7pp
Avg.	**57%**	**62%**	**+6pp**

Source: Accenture's Asia Affluent Investor Survey, Q1 2022
Based on responses to three questions:
Of your total investable assets, what proportion of that is held at or managed by wealth management firms?
Of the amount of wealth held at or managed by wealth management firms, how is this allocated across the different wealth management firms you work with?
Call-out box refers to respondents indicating satisfied with: How would you score your satisfaction with the different advisory services you have received from your primary wealth management firm (financial planning and advisory services)?

Why advice will be crucial to clients in Asia

Our survey indicates that clients are much more likely to leave their wealth manager in 2022 than they were in 2021, and that those with the advisory persona are the most likely to move (Figure 18).

Serving the advisory persona well has implications that go beyond simply business preservation and growth, however. The long-term financial challenges facing Asia are complex and often distinctive to the region, such as the way that industrialists of the "Asian Tiger" generation are in the process of transferring their wealth to their children, a generation who in many cases have had a radically different upbringing to their parents and were born into the digital age.

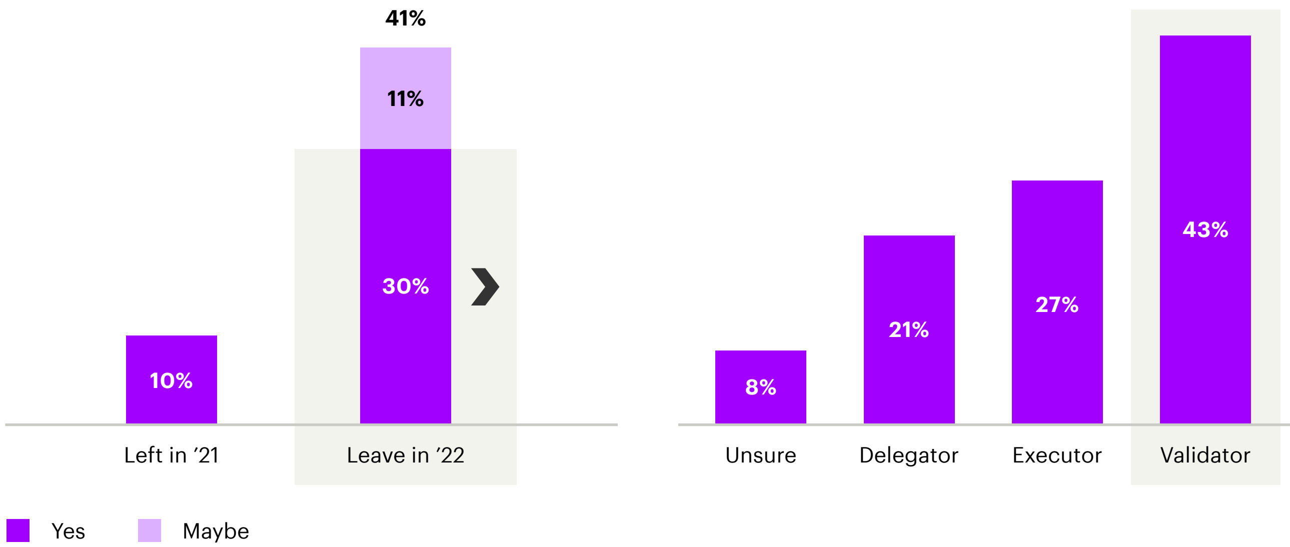
These differences in culture and outlook, along with the structuring of the wealth transfer, benefit from excellent advice, without which client outcomes are often sub-optimal.

Not all Asia's affluent investors are well-versed in financial terminology and concepts. When it comes to financial planning and retirement, this lack of preparedness can lead to adverse outcomes, with the pieces being picked up by government social provision. In the past, wealth managers tended to focus on selling products rather than educating in terms of outcomes, but this approach may not be viable or desirable when it comes to retaining and growing the client base in Asia. Making this consideration more pressing is that people in Asia live longer, yet government retirement safety nets in many countries have not caught up with increased longevity.

Figure 18: Advisory is the key to combating attrition

Asian affluent clients did not leave firms in 2021, but expect to in 2022

Advisory-persona clients are most likely to leave the firm in 2022



Source: Accenture's Asia Affluent Investor Survey, Q1 2022
Questions asked: Please indicate if you left your primary wealth management firm or RM in the past 12 months. Are you likely to reduce the number of wealth management firms that you currently work with, and consolidate your assets with a single or fewer firms over the next 12 months?
(Figures may not sum due to rounding.)

Asia is also notable for its very large and fast-growing segment of underserved investors. Access to sophisticated advice and products has until now been reserved for those with more than US$1 million to invest, with firms unable to serve profitably the much larger population of investors operating below this level. Smart advice that can meaningfully assist this middle-class client segment will only grow in importance to the wealth management industry.

However, that advice should be delivered in a way that cuts through the information overload of the 21st Century, rather than adding to it. Next-generation advisory is entering a world in which retail investors swap strategies and advice via peer-to-peer social media networks such as Reddit, and in which mass online media has democratized investment information without always validating it. Investors may make poor decisions on the basis of such information, but alternatively they may be so confused and unsure of the information that they succumb to paralysis and inertia.

This fear of markets is compounded by the resurgence of VUCA—including geopolitical volatility, as well as by expensive markets and the return of inflation as a consequence of the COVID-19 pandemic. At the same time, the flipside of volatility is opportunity. Without reliable advice, Asia's investors risk missing out on deploying their capital in the most effective ways.

> Next-generation advisory is entering a world in which retail investors swap strategies and advice via social media and in which mass online media has democratized investment information without always validating it.

Our survey suggests that Asia's affluent investors are already aware of at least some of these factors. That is why, contrary to past assumptions, many are seeking an advisory relationship with their wealth manager and are prepared to pay for that advice—provided the fee structure makes sense to them. This willingness suggests that the ambitious growth targets that wealth managers are setting themselves in Asia are not far-fetched, but will only be attained if they can rigorously transform their propositions and communication channels to deliver the next-generation agile, personalized, cost-effective and omni-channel advice that Asia's clients require in the face of their rapidly changing circumstances.

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We would like to thank the team who produced the report and supported the launch.

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Appendix 1

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We would like to thank the many individuals and organizations who came together to prepare this report.

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Marc Van de Walle joined Standard Chartered Bank in July 2020 and is responsible for driving the wealth management proposition to fuel the growth of its affluent business.

Marc has over 25 years of experience in retail banking, private banking and wealth management in Europe and Asia. Prior to joining Standard Chartered, Marc was Global Head of Products at Bank of Singapore and concurrently Head of Wealth Management for OCBC. Marc started his banking career in Europe where he worked in retail and private banking roles at ING Bank.

Marc holds an MBA from the University of California, Berkeley, and is a Chartered Financial Analyst. He has completed the Advanced Management Program at Harvard Business School.

Evonne Tan
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Evonne Tan joined Barclays in March 2021 and is Head of Barclays Private Bank, Singapore. She has almost three decades of experience in the financial services industry with exposure to areas including foreign exchange sales and trading, corporate solutions structuring, asset management and private wealth management.

For the past 17 years, Evonne has worked in private wealth management, covering primarily UHNW families and their family offices. She advises UHNW clients on investment aspects including asset allocation, family governance, structured financing solutions and portfolio management. Before joining Barclays, Evonne was Market Team Head for the UHNW Singapore business at UBS Singapore.

Evonne is a graduate of the National University of Singapore and holds a Master's in Advanced Finance degree from the University of Bern and a Master's in Wealth Management degree from the University of Rochester's Simon Business School.

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Having been with Julius Baer since 2006, Sacha Walker is currently based in Singapore where he is Head of Strategy and Business Operations APAC. He is responsible for the blueprint and implementation of the products, services and business technology strategy for Asia, and oversees the regional product marketing team as well as the trading and execution back-office team. Prior to this, he was Chief of Staff to the Julius Baer Group CEO and COO.

Before joining Julius Baer, Sacha worked at UBS and Credit Suisse, and was also an external management consultant.

Sacha holds Master's degrees in Law and in Business Administration and Economics from the University of St. Gallen, Switzerland, and is a Certified International Investment Analyst.

Alvin Lee

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Alvin Lee is responsible for Maybank Group's wealth business across the private banking, mass affluent and emerging affluent segments. The wealth business spans eight countries and tops US$70bn in combined AUM.

Alvin has 30 years of banking experience across wealth management, corporate, consumer banking and treasury, with specializations in product and risk management, as well as in business development.

Prior to joining Maybank, Alvin worked at Burgan Bank in Kuwait as a consultant to the CEO, managing the bank's treasury function and its proprietary investment portfolio in fixed income, fund and private equity. He also spent 14 years with Citibank and four years with Barclays in London. He began his career at JP Morgan.

Alvin holds a Bachelor of Accountancy degree from Nanyang Technological University.

Clark Wu

Member of the CICC Management Committee
President of CICC Wealth Management

Clark Wu joined CICC in 2004. He became the head of wealth management in 2017 and a Member of the CICC Management Committee in 2018.

In 2015, he led CICC's successful IPO in Hong Kong, raising US$900m – with the project named Best IPO of the Year in Hong Kong by IFR Asia.

Clark leads CICC Group's Wealth Management business, which provides wealth management services to clients from high net worth to the general public. With more than 6,000 employees and nearly RMB3trn of assets under custody, CICC Wealth Management is a pioneer in transforming the wealth management business for Chinese securities firms, and has been named Best Wealth Management Institution in China many times.

Prior to joining CICC, Clark worked at PricewaterhouseCoopers and Arthur Andersen. He has extensive experience in finance, accounting and taxation.

Arnaud Tellier

Chief Executive Officer, Asia Pacific

Arnaud Tellier is CEO, Asia Pacific at BNP Paribas Wealth Management where he leads a regional team of over 1,000 private banking professionals across key Asian markets.

Arnaud brings a multi-disciplinary approach to serving BNP Paribas' private banking clients, with a background in capital markets and corporate and investment banking. His efforts in transforming the bank's offering for clients in Asia saw him awarded "Private Banker of the Year" at The Digital Banker's 2019 Global Private Banking Innovation Awards.

Arnaud has held senior management positions at BNP Paribas for more than 20 years, including as CEO and Country Head for Greece, and Head of Corporate and Investment Banking for Turkey.

Heline Lam

Chief of Staff Asia
Member of Asia Management Committee

VP BANK

Heline Lam is Chief of Staff Asia of VP Bank and a member of the Asia Management Committee. As a strategic partner and trusted advisor to CEO Asia, she ensures that strategic and organizational initiatives, objectives and priorities are successfully carried out and implemented. Based in Hong Kong, she leads the Business Management, Human Resources and Marketing and Communications functions in Asia, and spearheads special projects.

Prior to joining VP Bank, Heline was Head of HR Asia at Pictet. She brings a wealth of experience in financial services and private banking gained in Hong Kong, Shanghai and Singapore. She has more than 20 years of proven track record in HR advisory, organizational strategy and relationship management in financial and professional services across Asia. Heline began her career as a Private Banker and held senior HR roles at UBP, Julius Baer and Standard Chartered Bank.

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As COO of Private Banking Asia Pacific, Alain works with business heads to develop and implement business, product and infrastructure plans across private banking APAC. As Head of Private Banking Singapore Location, Alain is responsible for the oversight of the private banking businesses and regulatory-related activities of the Singaporean-based private banking employees.

Alain started his career at Credit Suisse Switzerland in 2000, before moving to Singapore in 2002. He has also worked with Credit Suisse Private Banking in New York and in Milan, Italy – at the time the largest onshore operation of the bank's private banking division in Europe.

Alain holds an MBA from Columbia Business School and a Master of Arts degree in Economics and Social Sciences from the University of Fribourg, Switzerland. He is a Chartered Financial Analyst.

*As of April 1, Alain is the new global Wealth Management Head of Business Risk and Process Solutions.

Wei Mei Tan, CFA, CA, CAIA

Managing Director
Global and Asia Head of Advisory
Global Private Banking
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Wei Mei is the Global and Asia Head of Advisory at HSBC Global Private Banking and Wealth. She is responsible for leading a unified advisory proposition globally across the wealth continuum covering all client segments in digital, transactional and contractual advice.

Wei Mei has over 20 years of experience across private banking, investment banking, asset management and fintech. Most recently, she was the Chief Advisory Officer at Endowus, a digital wealth advisor that counts UBS as a strategic investor. Before that, Wei Mei was Managing Director and Global Co-Head for Advisory and Investment Solutions at Deutsche Bank. While at Deutsche, Credit Suisse and UBS, Wei Mei led various portfolio solutions business units that focused on building recurring revenues and helped transform the investment platforms to engage clients digitally. Earlier on in her career, Wei Mei worked at JPMorgan and Credit Suisse in credit structuring and alternative investments. She was also a fixed income portfolio manager at Temasek Holdings.

Wei Mei graduated from Harvard Business School and Nanyang Technological University. She is a Temasek scholar, Chartered Financial Analyst (CFA), Chartered Accountant (CA) and Chartered Alternative Investment Analyst (CAIA).

Gary Harvey

Chief Executive Officer,
Singapore

St James's Place

Gary Harvey is CEO of St. James's Place Singapore and a seasoned leader in the insurance, investment and personal advisory sectors of Asia's financial services industry with in-depth experience at CEO and board director level. Gary has worked in the industry for more than 30 years, has been in Asia since 1995, and is a Singaporean citizen having lived in the city-state for two decades.

Gary is well known for his passion in improving professional standards in the financial advisory industry. He is also a Fellow of the Institute of Banking and Finance, Vice President of FPAS, and a regular contributor to the media on personal financial advisory matters.

Gary holds an MBA from Warwick Business School in the UK and is a member of both the Singapore Institute of Directors and the Australian Institute of Company Directors.

Appendix 2

Accenture's Next-Generation Advisory Framework: Illustrated Examples

Illustration A:
Financial education at scale

What is it?

- Awareness of the need for financial planning and advice
- Overview of investment approaches and options; simplified
- Diagnostic/health check of financial situaition
- Recommendations on next-steps to get back on track

Why is it needed?

- **Complexity:** Customers struggle to manage increasingly complex investing world; do not feel prepared to meet goals
- **Growth:** When empowered with knowledge, customers will be more comfortable paying for advice and investments; gamification can make education a tool for acquisition

What to consider

- **Digital:** Digital delivery as default with select assisted interaction
- **Peer-to-peer:** Opening up platform and connecting clients together
- **Gamification:** Education and finance can be a dry topic; using gamification to make engaging and impactful
- **Partnerships:** Governments have a vested interest to support

Illustration B:
RM selection

What is it?

- Client inputs preferences (personal, financial interests) into a matching tool
- Clients browses available RMs (based on firm constraints)
- Client contacts preferred RM
- Relationship begins

Why is it needed?

- **Customer Experience:** Current matching is top-down, with client not having any input; poor experience when RM leaves
- **Growth:** When clients have more in common with an RM, will do more business and refer; ability to activate "long-tail" of clients
- **Productivity:** Improve RM: client ratios and automate selection

What to consider

- **Customers/Segments:** Affluent vs. private bank; all clients vs. sub-set
- **Relationship Type:** ETB vs. NTB
- **RMs:** Show all RMs vs. sub-set
- **Algorithm/Engine:** The mix of personal, financial, firm data
- **Operating Model:** Embedding gate-keepers; managing privacy

Illustration C:
New products and offerings

What is it?

- Greater access to different services and products
- Ability to cater to a broader range of customer preferences including risk profiles and investment objectives
- Packaging products and services in ways to uniquely serve clients

Why is it needed?

- **Diversity:** Extending product offerings previously unavailable or limited to specific segments such as thematic portfolios and securities-backed lending
- **Personalization:** Tailored solutions provide a unique value proposition to untapped segments of investors

What to consider

- **Regulator Requirements:** Introduction of unique products requires attention when considering regulatory guidelines
- **Customers/Segments:** Cross-segment offerings must not cloud segment differentiating factors (private bank vs. affluent)
- **Pricing:** How to charge?

Illustration D:
Partners and ecosystem

What is it?

- Deliver unique value propositions by expanding your technology ecosystems with partnerships (e.g. FinTechs, BigTech)
- Drive differentiation and innovation with new technologies

Why is it needed?

- **Demand:** Clients across segments increasingly demand a wide range of financial, investment, and lifestyle capabilities e.g. ESG, digital assets, retirement planning, tax and legal support
- **Efficiency:** Minimize costs and time-to-market by buying/partnering, especially when scaling expertise to large segments; improve RM efficiency
- **Capability:** Tap into leading capabilities not available in-house

What to consider

- **Product:** Decision on which products will give you a distinct value proposition for your target client segments
- **Hybrid vs. Buy:** Model to employ across partner vs. buy
- **Technology:** Understanding how new technologies will sit within your technology stack e.g. integrate standalone or via next-gen CRM

Illustration E:
Portfolio construction

What is it?

- CIO/house provides recommended portfolio models for clients (across core and satellite)
- RMs will propose the recommended portfolios to clients and will adapt these based on their objectives, ensuring that any changes/new products are compliant and approved

Why is it needed?

- **Client Engagement:** More interactions with clients are required (e.g., portfolio performance/risk, changes in portfolio) than simple proposals and a sense in clients of "the bank is taking care of me and my specific needs"
- **Increase Revenues:** More transactional fees can be generated as higher number of products can be proposed

What to consider

- **Scalability:** Ensure bank has the right balance between tailored solutions to clients and standardization to allow scalability
- **Compliance:** Having a robust tool for RMs to ensure that products offered to clients are compliant
- **Fee:** Deciding on the best fee model per segment and market

Illustration F:
CIO insights and engagement

What is it?

- Optimizing the design, process, and delivery of CIO insights
- Maximizing RM efficiency and client experience/idea take-up

Why is it needed?

- **VUCA:** World is volatile, uncertain, complex, and ambiguous; need agility in investment guidance and recommendation provision
- **Efficiency:** Clients (and RMs) highly constrained in ability to manage information volume and quality; needs to be concise, scalable, and accompanied by specific action/recommendation
- **Convenience:** Delivery anytime/anywhere and straight-through

What to consider

- **Content Suite:** Assess legacy publications and optimize across themes x frequency x reactive/proactive x length/style x channel
- **Access:** Digital delivery; how to ensure RM in the loop
- **Process/journey:** How to re-design to match revamped content
- **Training/change management:** How to equip team members

Illustration G:
Sales and marketing innovation

What is it?

- Expanding reach and effectiveness of campaigns
- Improving unit economics of client acquisition

Why is it needed?

- **Reach:** Many firms competing for a limited number of wealthy prospects, many of whom are extremely busy, have short attention spans, and are already highly banked
- **Penetration:** Converting prospect interest into a sales action is increasingly difficult
- **Value:** Even where clients are acquired, the cost-to-acquire is too high and many clients delay or do not fully fund their accounts

What to consider

- **Friction:** Simplify the sales journey (complexity, number of steps, UXUI) to reduce friction and prospect drop-off
- **Contextualize:** Stand out from the crowd by adding personalization to the sales messaging
- **Channels:** Innovate in the sales channels, such as through partnership, seeking to drive down cost of acquisition and improve high-quality conversion
- **Discipline:** Enforce stronger thresholds and requirements for account funding and activity, to reduce unprofitable clients with poor long-term value

Illustration H:
Wealth continuum lifecycle

What is it?

- Clear business segmentation around client types
- Segmentation (and proposition) evolves over course of client lifecycle (e.g. begins in affluent segment and 10 years later qualifies for private bank)
- Shared resources across the organization for experience consistency and operational efficiency

Why is it needed?

- **Experience:** Client and RM experience, including career paths
- **ASEAN Clients:** Large segment of market are young, emerging wealth clients (e.g. in Thailand, Indonesia) who will begin in retail banking initially but have high lifetime wealth potential
- **Efficiency:** Profitability enabled by shared enablers and technology

What to consider

- **Proposition:** What products and services to turn on/off?
- **Bands:** What is the optimum wealth level to begin with, and what is the threshold for top-tier?
- **Talent:** How will career paths, especially for RMs, evolve along with their clients as they move up the continuum?

Illustration I:
Preparing for regulatory change

What is it?

- Construction of guardrails to help banks maintain compliance
- Adapting corporate strategy to better deal with regulatory change

Why is it needed?

- **Adaptability:** Addressing a constantly changing and highly regulated environment
- **Active Risk Management:** Developing standards for defining, monitoring, and managing risks

What to consider

- **Training:** e.g. Australia certifications/ earlier retirement (advice gap)
- **Consolidation:** Mid-sized players cannot compete
- **Digitalization:** Direct to client strategies needed
- **Leapfrog:** Avoid fines, get branding, move strategy ahead
- **Incentives:** Evolution in front-line incentives

Illustration J:
Re-skilling talent for digital

What is it?

- Equipping talent in the organization to be able to speak, ideate, adopt, and harness digital capability
- Relates to the skills to use digital technologies, but also about having a broader mindset to understand digital's overall impact

Why is it needed?

- **Adoption:** New digital capabilities require new behaviors and skills from the workforce, e.g. RMs' ability to navigate advanced CRM
- **Ideation:** Improved strategies and ideas from broad-based workforce understanding of digital-driven impact on society, industry, and individuals
- **Attract/Retain:** Opportunity for learning and applying new technologies can support talent attraction and retention

What to consider

- **Curriculum:** Deciding relevant content themes; designing and sourcing content; defining learning journeys/levels
- **Delivery:** Investment needed to source content, deliver content, and run as an ongoing program
- **KPIs:** Decisions to make on extent to which integrate digital re-skilling into KPIs and performance management

Illustration K:
Leverage open banking

What is it?

- Open Banking is a platform allowing banks and government 3rd parties to share data in order to make financial planning simpler and easier
- Initial focus on balances (not transactions) and limited investment coverage (only unit trusts); SGX (equities) and insurance upcoming
- Only in SG currently; other markets in ASEAN will follow

Why is it needed?

- **Advisory Propositions:** Scalable access to off-client financial data greatly increases the breadth and depth of advisory offerings
- **Growth and business defense:** Wealth management will be the primary battleground due to business opportunity and relevance

What to consider

- **Consent:** How to attract clients to give consent (initial and ongoing)
- **Proposition:** How will the off-us data be used? (e.g. holistic portfolio view, financial health check, simulations and recommendations)
- **Process/change mgmt.:** How to evolve the client/RM journey, and equip RMs to discuss on a holistic portfolio basis
- **Regulation:** How to strike balance between using data for advisory (encouraged) vs. using to target individual clients (gray area)

Illustration L:
Insight automation

What is it?

- Using data and analytics to suggest optimal next-best investment ideas to clients, or other forms of recommendation
- Can be delivered direct-to-client or via RM intermediation

Why is it needed?

- **Curation:** Investment and product universes are large and complex, requiring curation to support RMs' in idea generation
- **Client Scale:** Client:RM ratios continuously under pressure outside of private banking, requiring scalable solutions to support idea-generation (either direct to client or RM-intermediated)
- **Quality:** AI and machine learning can generate ideas an RM or investment advisor may not see, based on client profile

What to consider

- **Data:** Aligning on the key inputs e.g. demographics, behaviors
- **Output:** Designing the algorithm and generated ideas; overlaying firm constraints
- **Platform/engine:** Making build vs. buy/partner decisions
- **Process/change management:** How to integrate into end-to-end journeys and equip RMs to leverage with clients

Illustration I:
Embedding personalization and hybrid advice

What is it?

- Client demands shaped by non-FS experiences (e.g. BigTechs)
- Client demands from wealth managers increasingly go beyond banking e.g. sustainability, purpose
- Firms re-shaping frameworks to embed personalization across product /proposition, channel (info., sales, service), pricing

Why is it needed?

- **Access:** Information is more widespread and democratically available; channels for client engagement have proliferated
- **Control:** Clients like to retain "optional control" even if delegate
- **Growth/ROI:** Significant untapped wealth in low/mid tiers of pyramid; much higher success rate of campaigns/recommendations
- **Efficiency:** Digital servicing more cost-effective; no need to force clients to have costly human servicing if do not want it

What to consider

- **Journey:** What stages of the journey to embed personalization?
- **Type:** What willing to personalize? What not?
- **Data:** What data is required (on-us and off-us) to be able to personalize effectively at scale? How will the data flow across an omni-channel journey?

References

1 Investable assets are defined as the total of all liquid and near-liquid assets, which excludes primary residences, collectibles, consumables and consumer durables.

2 See Appendix 1 for biographies.

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21 Digital assets refer to: cryptocurrencies (e.g., Bitcoin, Ethereum and Solana, that free-float against national currencies); stablecoins (price-stable, digital assets that are backed either by underlying assets, such as fiat, commodities or over-collateralized cryptocurrencies, or that are controlled by algorithms – for example, Tether and USD Coin); crypto investment funds (these include open-ended funds, ETFs and hedge funds, which provide portfolios of cryptocurrencies under passive tracking or active trading strategies); security tokens (these are tokenized forms of underlying assets that have value, such as bonds, stocks, private equity and funds, and that are regulated by securities or capital markets regulators across jurisdictions); and asset-backed tokens (these represent a fractional ownership of underlying physical assets like real estate, collectibles or artefacts, or non-physical assets in the form of non-fungible tokens [NFTs])

22 A = Financial education at scale, B = RM selection, C = New products and offerings,
D = Partners and ecosystem, E = Portfolio construction, F = CIO insights and engagement,
G = Wealth continuum lifecycle (client and RM), H = Sales and marketing innovation,
I = Preparing for regulatory change, J = Re-skilling talent for digital advisory,
K = Leverage open banking, L = Insight automation (client and RM),
M = Embedding personalization and hybrid advice.
Note: D, G, and I not included as these are more internally focused capabilities and journey-agnostic. The graphics containing more detail can be found in Appendix 2.

23 See: https://hbr.org/2021/09/the-secret-behind-successful-corporate-transformations

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