

A middle-aged man with a light beard and short hair, wearing a grey suit jacket over a light-colored button-down shirt, is seated at a dark desk. He is holding a pen in his right hand and looking directly at the camera with a slight smile. On the desk in front of him are several papers, including one with a checklist or form. The background is a blurred office environment with large windows.

Avaloq wealth industry survey: The view from the front and investment office

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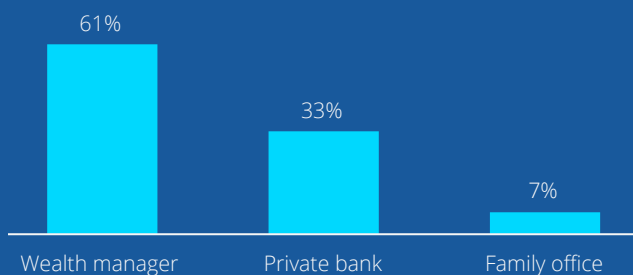
About this research

This report is based on original research undertaken by Avaloq and explores key challenges and opportunities wealth managers and private banks are faced with today. To this end, Avaloq conducted a survey among relationship managers, investment advisers and portfolio managers in six European and Asian markets to understand their views and experiences of serving clients.

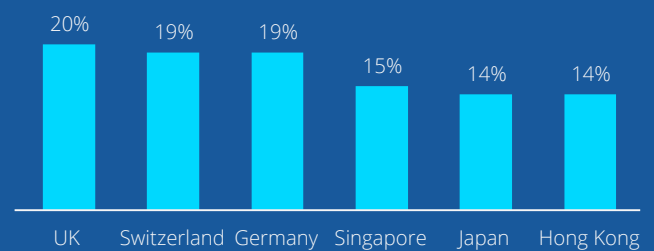
The report is split into five sections, with each section covering a broad topic along the wealth management journey. Each section covers key findings from the survey and includes insights and perspectives from experts at Avaloq and the wider Avaloq community, including BlackRock, Accenture, Synpulse and Datos Insights.¹

The wealth industry research is based on an online survey of 200 wealth management professionals in six markets. The survey was conducted in February and March 2023.

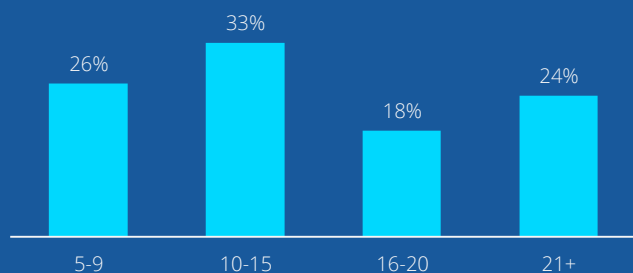
Type of organization



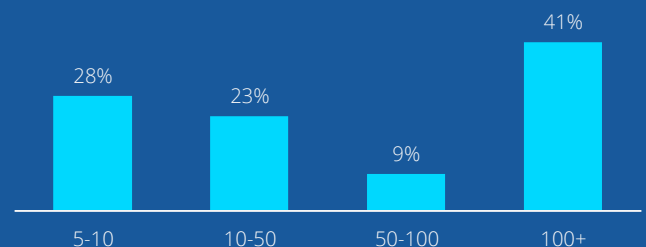
Location



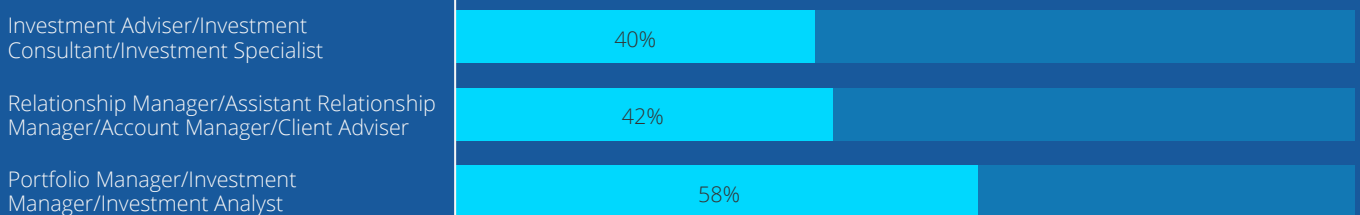
Industry experience (in years)



Assets under management (in \$ bn)



Responsibilities



Onboarding

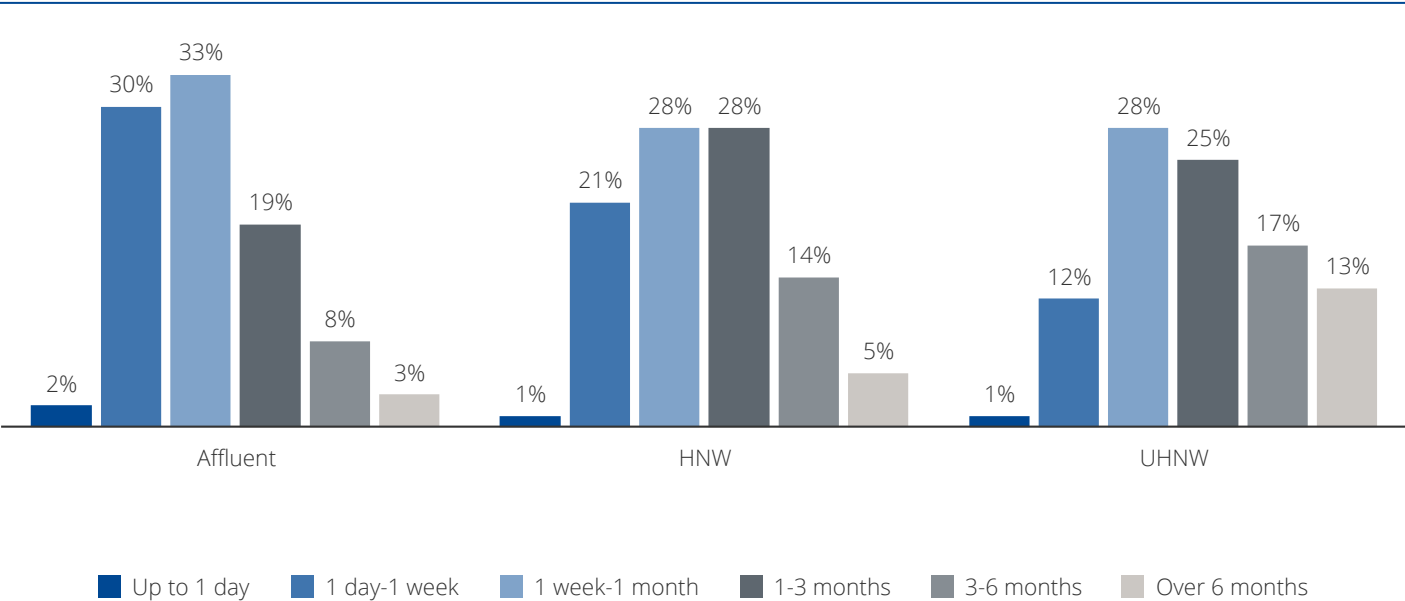
The onboarding process is where prospective clients gain their first direct impression of their new bank or wealth manager. A smooth onboarding experience sets a positive tone for the client's relationship with the firm, making them more likely to stay and invest.

The survey reveals substantial variations in onboarding times across net-worth tiers. Investors in the affluent category enjoy the shortest onboarding times, with 65% of respondents putting the average onboarding time at up to a month. High net worth (HNW) individuals are onboarded within a week according to 22% of respondents, while 19% of those surveyed state that onboarding takes a minimum of three months. In contrast, onboarding times for ultra-high net worth (UHNW) clients are significantly longer, up to a week according to 13% and three months or more according to 30%. The more complex a client's profile, the longer it takes to onboard them.

Internal approval processes are cited as the biggest pain point in the onboarding process by 79% of respondents, followed by the amount of manual work necessary (67%), unclear information or document requirements (54%) and system breaks or other technological issues (30%). Interestingly, respondents in the Asian markets feel more strongly about internal approvals (83% versus 76%) and manual tasks (74% versus 62%) than their European counterparts.²

13%
of respondents put the average onboarding time for UHNWs at up to a week

Illustration 1: How long would you say it takes to onboard the different types of clients listed?



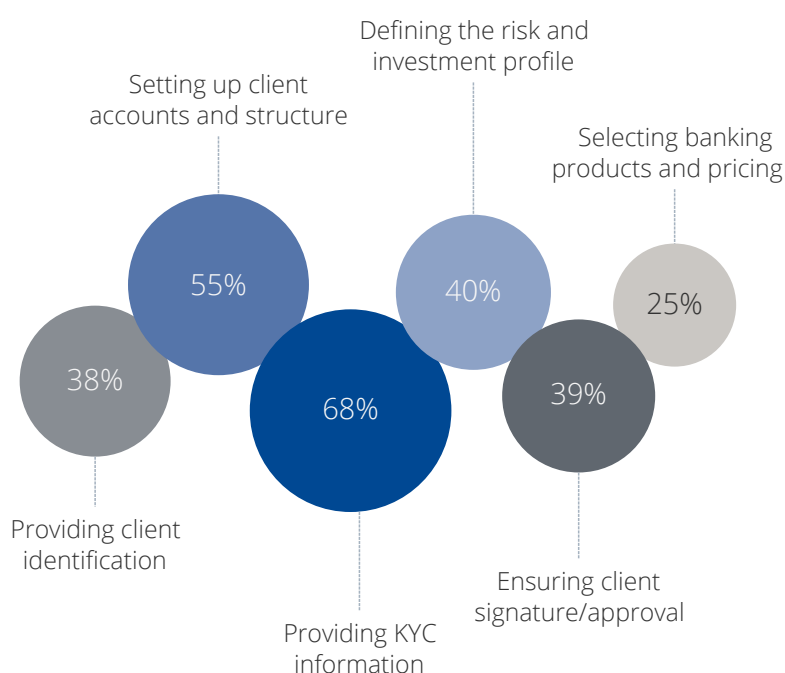
68% of respondents state that providing know your client (KYC) information is too time-consuming, with setting up client accounts and structure (55%) and defining clients' risk and investment profile (40%) following in second and third spot. These activities are judged to be more onerous by respondents in Asia compared to Europe, especially when it comes to defining the risk and investment profile where there is a 30-percentage point difference between the two regions. It comes as no surprise then that a large majority of those surveyed would regard simplifying or automating the client onboarding process as a major (77%) or minor (19%) improvement.

While strides have been made in the wealth management industry to enhance onboarding for clients and operational efficiency, the survey highlights the need for further improvement. Martin Greweldinger, Co-Chief Executive Officer at Avaloq, agrees when he says that "the industry can transform the onboarding process by harnessing the power of AI-driven data analysis, automating KYC and anti-money laundering (AML) checks, and empowering clients with self-service functions. Adopting digital signatures, ensuring consistent onboarding templates and facilitating seamless integration across tools will further enhance efficiency. Firms providing a smoother, secure onboarding experience will gain a competitive advantage, fostering stronger client relationships and reducing churn rates."

77%

of respondents would regard simplifying or automating the onboarding process as a major improvement

Illustration 2: Which of the following tasks would you say take up too much of your time?



“Firstly, it is important for banks and wealth managers to decide whether their digital onboarding approach will be global or local from the outset. For many firms, it is advisable to launch digital onboarding capabilities for local clients first, then expand to other jurisdictions over time. Some firms may be more ambitious, launching a digital onboarding offering in several booking centres simultaneously. It helps if they are on the same continent, such as Europe. Secondly, regulatory considerations and necessary paperwork and approvals will differ by region, so firms need to plan to manage the geographical rollout and set expectations accordingly.”

Wally Okby
Strategic Adviser, Wealth Management
Datos Insights

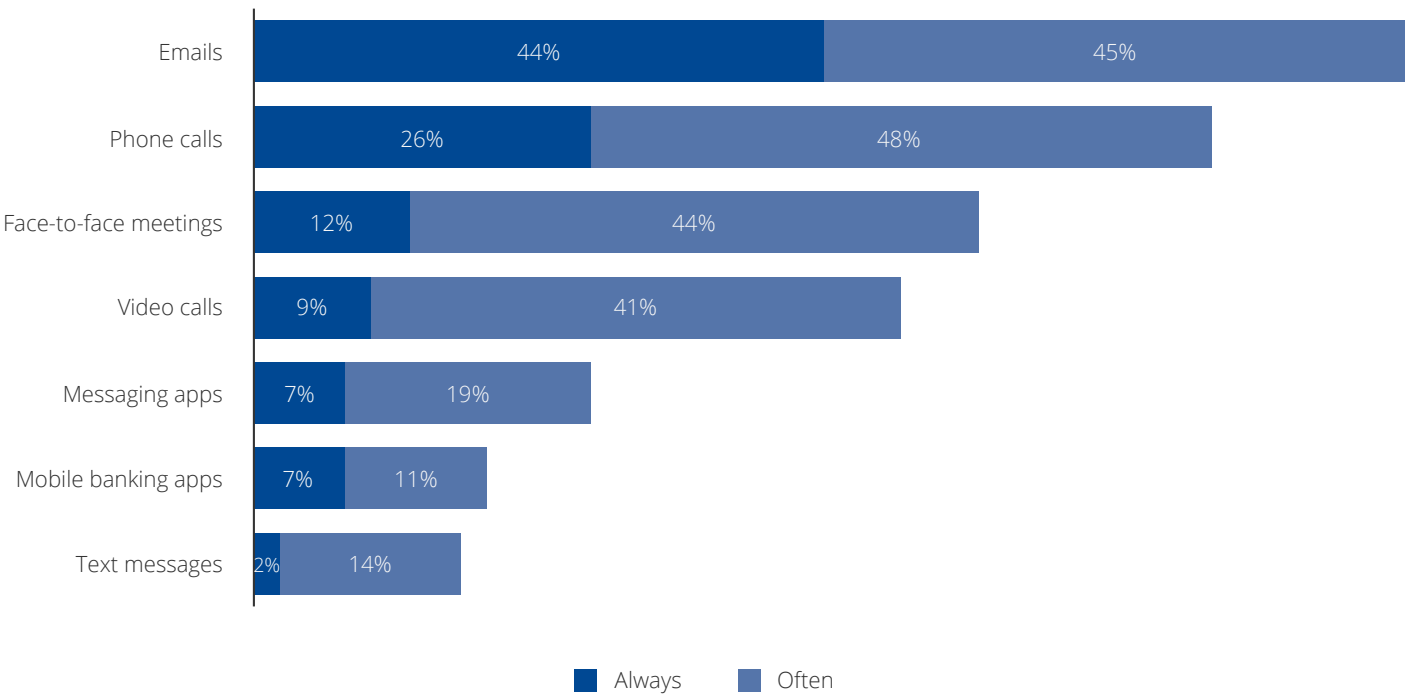
Client communication

Once a client is onboarded, the relationship needs to be continually nurtured and strengthened through timely and personalized service. According to the [Avaloq 2023 investor survey](#), investors rely heavily on industry professionals for advice and insights, especially in times of economic and geopolitical uncertainty. In addition to regular communication, they expect quick responses.³ Choosing the right method and frequency of communication is therefore key.

Emails are the main form of contact, with 88% of those surveyed often or always using this method to contact clients, followed by phone calls (74%), face-to-face meetings (56%) and video calls (50%). On the other hand, text messages (SMS), mobile banking apps and social messaging apps, such as WhatsApp, WeChat or Facebook Messenger, are never or rarely used by 70%, 64% and 60%, respectively, of respondents.

44%
of respondents never use mobile banking apps to communicate with clients

Illustration 3: How frequently do you use each of the following channels to communicate with your clients?



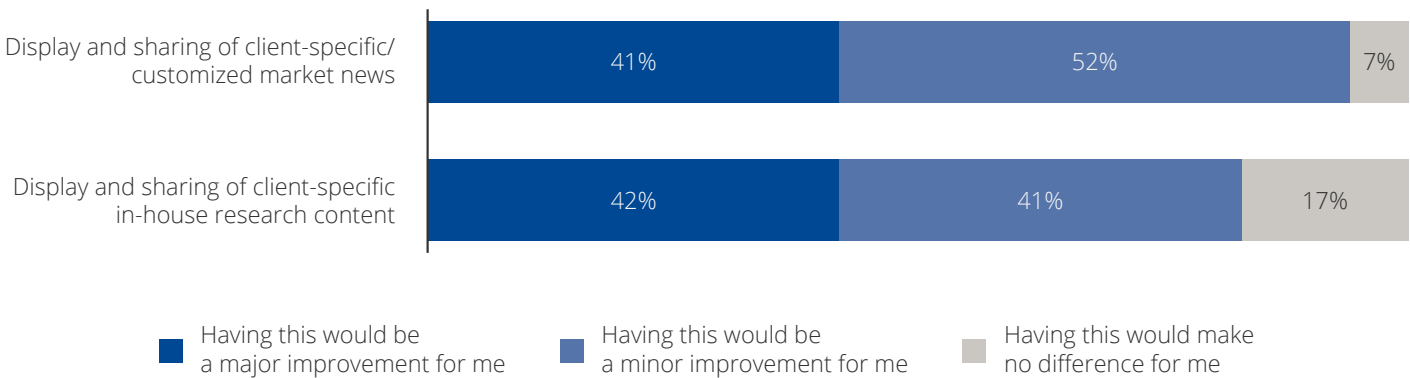
The survey reveals stark regional differences in how professionals in the wealth management industry communicate with clients. While European respondents never or rarely use text messages, messaging apps and mobile banking apps for client communication, those surveyed in Asia are more favourable towards these three channels. The biggest discrepancy concerns the use of messaging apps, which are never or rarely used by 78% of European respondents while 46% of respondents in Asia do so often or always.

84% of those surveyed are somewhat or very concerned about compliance issues in connection with using messaging apps. The proportion of respondents who are very concerned is significantly higher in Europe (57%) than it is in Asia (43%). On the other hand, almost two thirds of respondents (61%) would be somewhat or very interested in using messaging apps for client communication if they knew them to be fully compliant and secure. In addition, half of those surveyed recognize that their clients are somewhat or very interested in using messaging apps.

Regardless of channel, the survey also shows that a large majority of respondents would welcome improved functionality around the display and sharing of client-specific content. 52% of respondents would regard the ability to do this with customized market news as a minor improvement and a further 41% as a major improvement. Meanwhile, 41% of respondents would see it as a minor improvement and 42% as a major improvement to be able to display and share client-specific in-house research content.

84%
of respondents are
concerned about
compliance issues in
relation to using social
messaging apps

Illustration 4: How much would each of these functionalities support you in your current role?



Martin Greweldinger notes a discernible preference for social messaging apps in mobile-first communication, attributing it to the often inconvenient nature of many banking apps. To address this, he emphasizes the importance of a user-centric approach in designing or redesigning these platforms, advocating for the application of [design thinking](#) principles. He also suggests deploying technology to record calls and meetings across channels, providing easy access and additional functionalities like text transcriptions and automatic summary creation. This approach aims to alleviate manual tasks, allowing relationship managers to focus on value-adding client-facing activities, enhance client engagement, foster trust and reduce client churn.

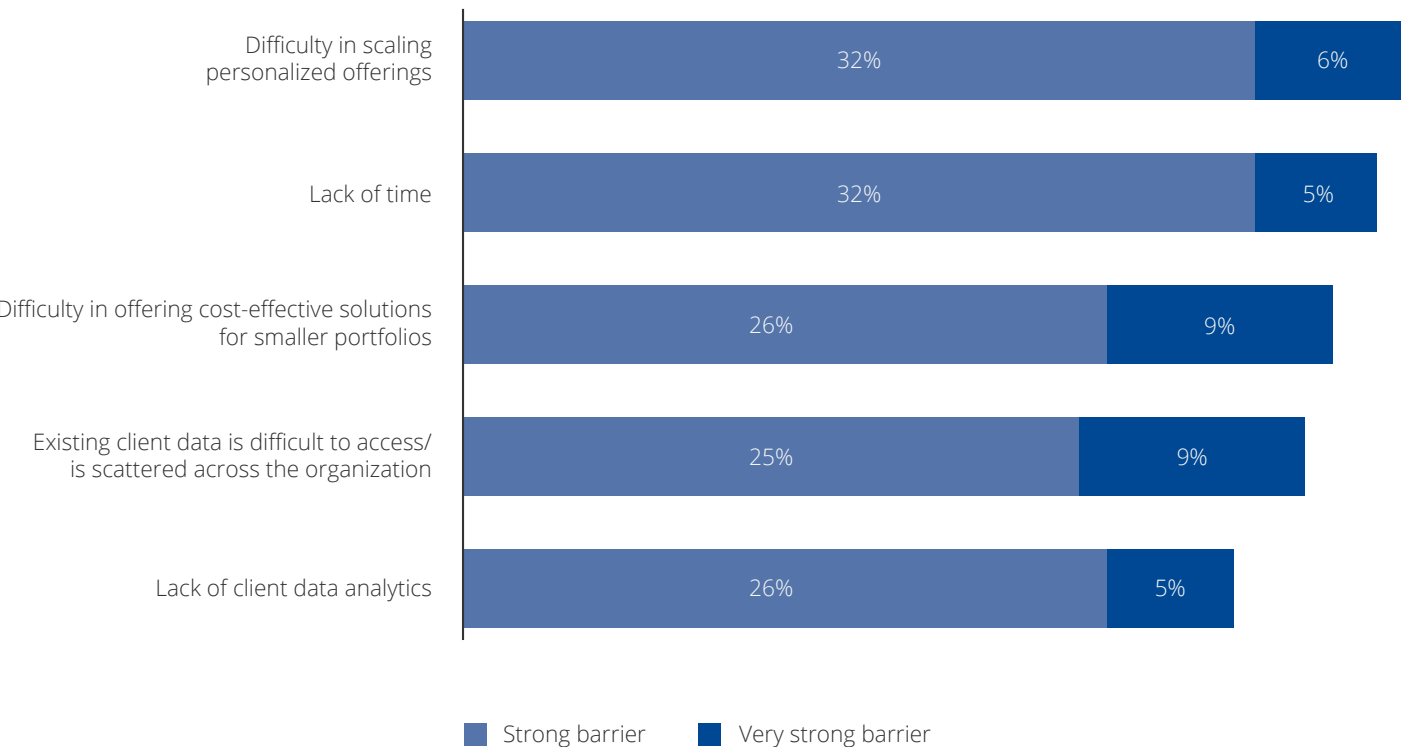


Investment advisory

Despite the rise of digital tools and channels, clients continue to value the human touch in complex and often emotional financial decisions. At the same time, evolving regulations and growing client needs put increasing demands on advisers and relationship managers, who are at the heart of delivering tailored advisory services.

38% of those surveyed view difficulties in scaling personalized offerings as a strong or very strong barrier to offering more personalized advisory services to their clients, closely followed by a lack of time (37%) and difficulties in offering cost-effective solutions for smaller portfolios (35%). Overall, around a third of the industry professionals who took part in the survey acknowledge that the demand for personalized guidance is met with strong hurdles.

Illustration 5: When it comes to being able to offer more personalized advisory services to your clients, how much of a barrier is each of these factors?



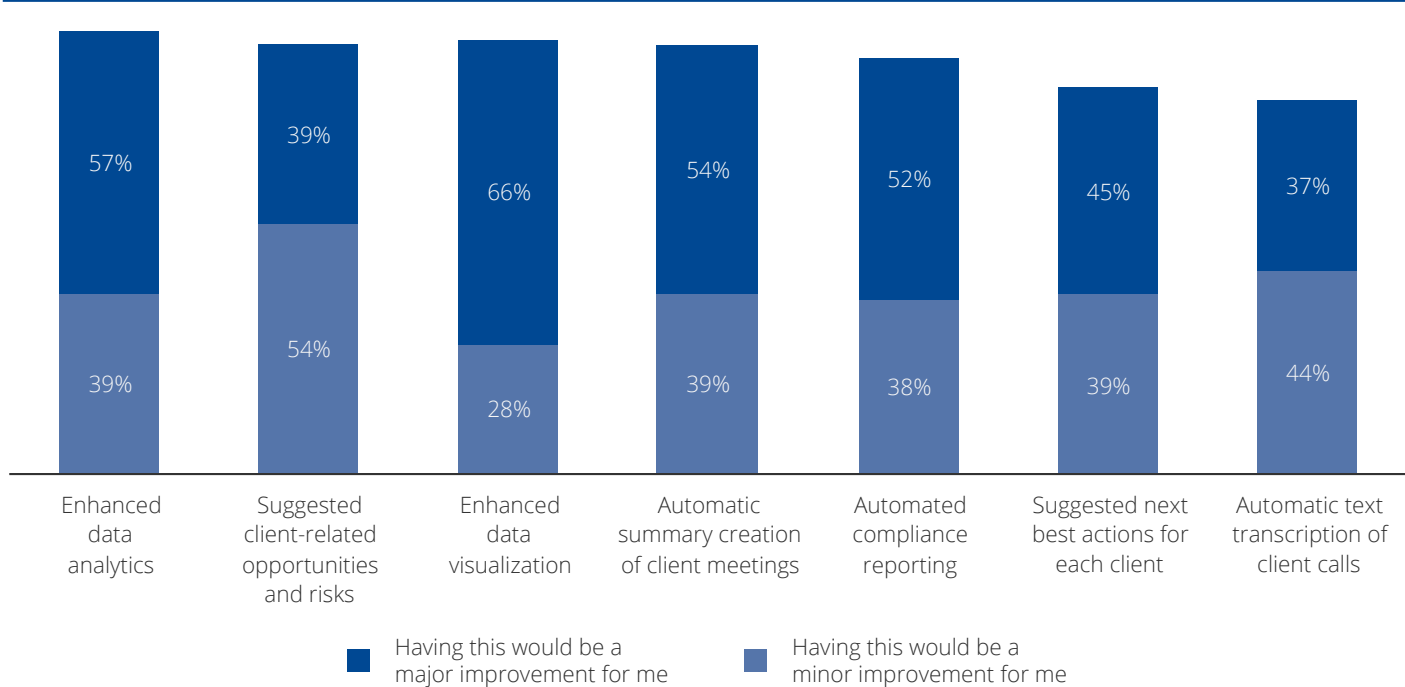
61% note that their current technology systems involve too many steps, while 60% of respondents agree or strongly agree that drafting an investment proposal is too time-consuming. Furthermore, the data shows the importance of client collaboration, with 69% of those surveyed acknowledging that investment proposals would enjoy higher acceptance rates if they could adjust them jointly with their clients.

Currently, 54% of respondents use their investment advisory systems or applications live during client meetings. For those who do not, two thirds (67%) would welcome this capability. Respondents identify two major obstacles: 69% struggle with user interfaces that are ill-suited for this purpose, while 60% grapple with systems they find confusing or too challenging to use with clients.

A large proportion of those surveyed feel that having added functionalities, such as enhanced data visualization (66%), enhanced data analytics (57%) and automatic summary-creation of client meetings (54%), would represent a major improvement for them. This is another strong indicator that relationship managers and advisers wish for more support and tools to improve their efficiency and service delivery.

54%
of respondents
use their investment
advisory systems or
applications live during
client meetings

Illustration 6: How much would each of these functionalities support you in your current role?



"A streamlined, user-friendly advisory platform designed for real-time client interactions can address these concerns. Deploying an end-to-end platform is all about scaling the personalized proposal generation process with effective and compliant investment proposals that are easy to execute. Features like instant proposal guides or suitability checks give wealth managers the much-needed time back in their day while also equipping them to still have solid interactions with their clients."

Britney Lewis
Head of Advisory Product for Aladdin Wealth Tech
BlackRock

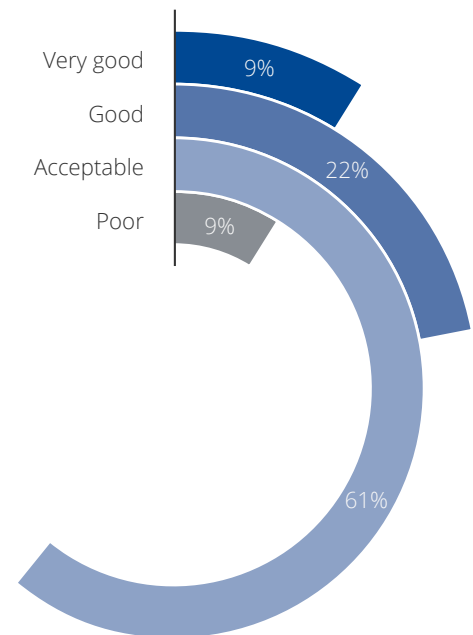
Discretionary management

Discretionary portfolio management (DPM) is gaining traction in the private banking industry, driven by its ability to deliver scalable and effective wealth management solutions. This development is crucial for private banks and wealth managers as it not only attracts and retains clients with professionally managed and diversified portfolios but also generates recurring income through management fees.

Clients can usually select from a range of model (or standardized) portfolios or ask for customized mandates. As the name suggests, the latter are tailored to reflect the individual needs and preferences of clients. The survey reveals that such mandates are a popular choice for investors: Half (50%) of the portfolio managers surveyed say that at least 50% of their clients opt for customized mandates.

All in all, respondents seem fairly content with their current portfolio management systems. Almost a third (30%) state that they offer good or very good levels of support for managing mandates at scale, while 9% consider them to be poor. The majority (61%) of those surveyed label the support as acceptable. So, while the overall picture is encouraging, there certainly appears to be room for improvement.

Illustration 7: To which degree does your current portfolio management system support you in managing mandates at scale?

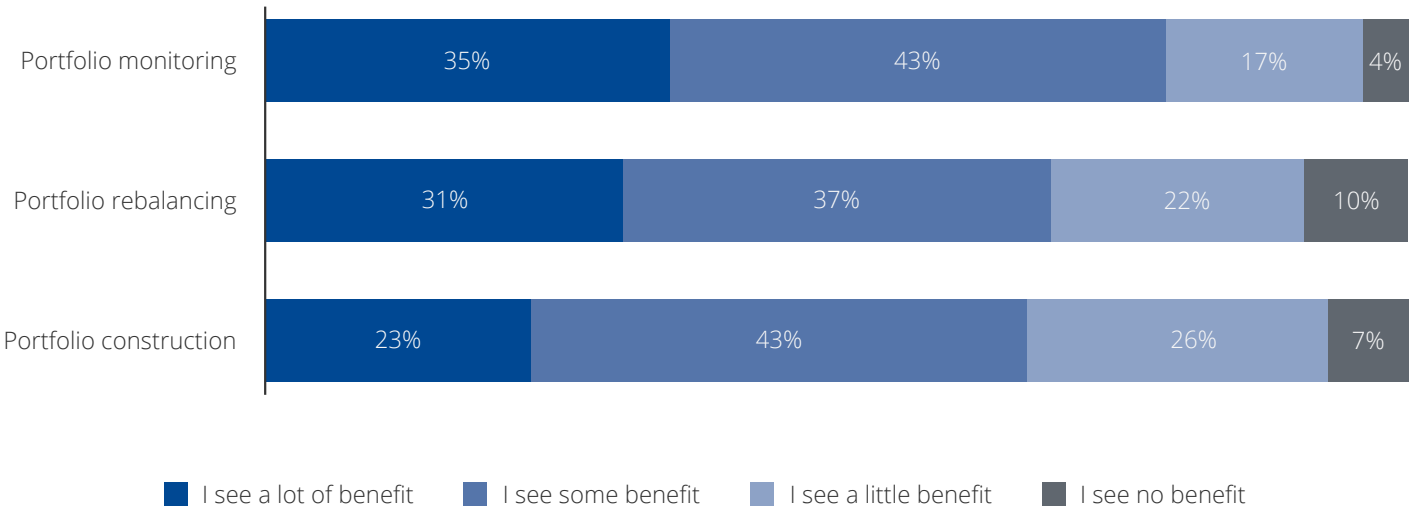


More than two thirds of those surveyed state that improvements to portfolio monitoring (78%), portfolio rebalancing (69%) and portfolio construction (67%) would be beneficial to their work. This suggests that firms have opportunities to streamline and enhance portfolio management processes and tools, thereby easing the burden for portfolio managers and boosting their productivity.

The survey also reveals that automation is regarded as a high priority by portfolio managers. An overwhelming majority of respondents would consider automated portfolio monitoring (90%) and automated regulatory checks (88%) as a minor or major improvement. The rapid evolution of [artificial intelligence](#) and machine learning technology is likely to help accelerate these efforts.

88%
of respondents would consider automated regulatory checks as an improvement

Illustration 8: Based on your current experience, how much would you benefit from an improvement in each of the below elements of portfolio management?



“In strategic and tactical asset allocation, DPM technology provides access to extensive portfolio analytics, enabling scenario analysis and risk assessment for well-informed asset allocation decisions. It also facilitates customized asset allocation models to match individual client objectives and risk profiles. Automation in the rebalancing process ensures alignment with chosen asset allocation strategies, seamlessly considering clients’ personalization needs, while compliance monitoring features guarantee adherence to regulatory guidelines and internal rules, mitigating compliance-related risks in the banking sector.”

Dan Cunningham
Head of Discretionary Product for Aladdin Wealth Tech
BlackRock

Technology

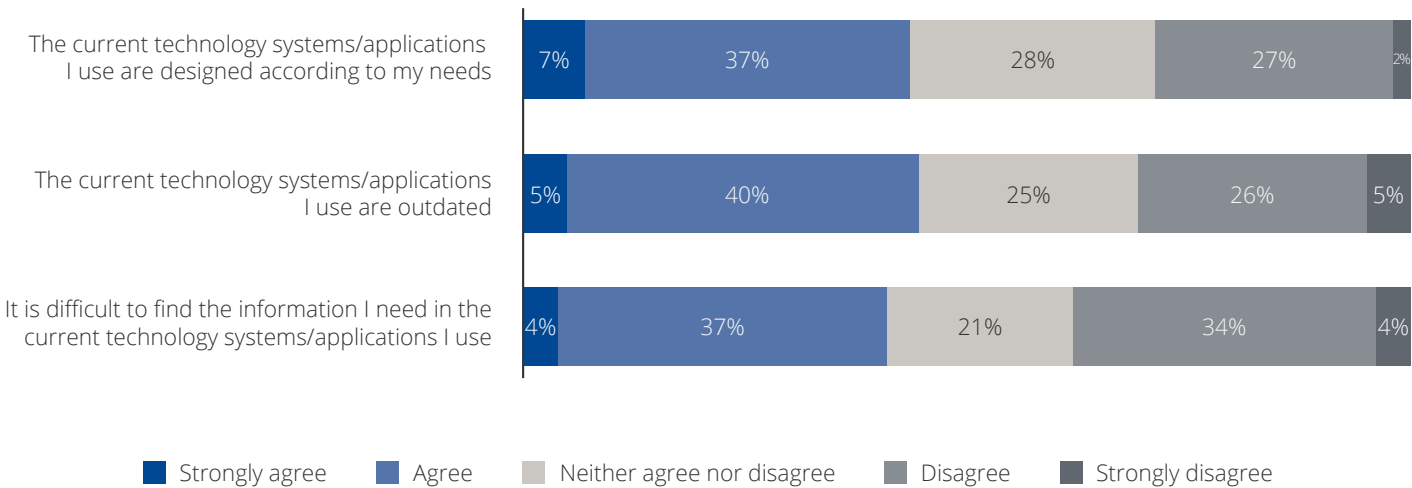
Offering highly personalized services efficiently relies on a scalable technological infrastructure. While banks and wealth managers have invested heavily in upgrading their technology in recent years, this transformation is far from complete. Many firms are still grappling with how to handle their back-end legacy systems, while at the same time making good progress with new, cloud-native applications.

The research highlights that those surveyed generally rely on multiple technology systems or applications to conduct their daily tasks. Half (50%) of all respondents work with four to six systems, while 13% use 10 to 15 and 5% 16 systems or more. It is therefore no surprise that 54% of respondents state that they need to use too many systems or applications to complete a task. This percentage drops to 37% for those who use one to three different systems and rises to 78% for 16 or more systems.

Advisers' views on their current applications reveal a certain ambiguity: 44% of respondents acknowledge that the systems they use are designed according to their needs. A similar percentage of respondents, however, say that systems are outdated (45%) or that it is difficult to find the information they need (41%). Around a quarter of respondents remain neutral, i.e. they neither agree nor disagree with the three statements, while around a third express disagreement.

50%
of respondents
work with four to six
technology systems
or applications

Illustration 9: Thinking about the current technology systems/applications you use, how much do you agree or disagree with these statements?



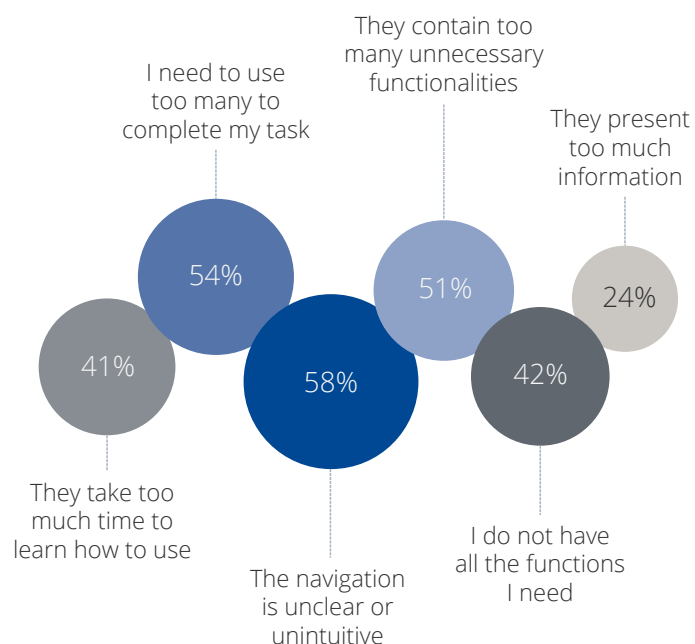
When it comes to the specific shortcomings of their current technology, most respondents regard the navigation as unclear or unintuitive (58%). Strikingly, current technology contains too many unnecessary functionalities according to 51% of those surveyed, while 42% state that the technology does not have all the functions they need. This is a strong indication that the tools in place at many private banks and wealth managers fail to strike the right balance, containing both redundancies and gaps in functionality and offering a below-par user experience.

The survey underlines that there is a clear opportunity for firms to further streamline and optimize their front-office and investment tools and systems. It also highlights a need for a consolidated and integrated technology platform that is underpinned by a unified data model and offers a good user experience. This ensures data integrity and consistency across entities, greatly reducing operational inefficiencies and enhancing the overall quality of services provided to clients.

41%

of respondents feel it takes too long to learn how to use their applications

Illustration 10: Which of the below do you feel apply to your current technology systems or applications?



"In 2024, banks and wealth managers are expected to prioritize digital transformation to leverage advanced technologies for improved client services and business model innovation. Upgrades in technology will, for example, enable personalization through access to data and the ability to tailor financial products and services to individual client needs – at scale. To achieve the vision of a hybrid advisory model, a strong push to harmonize and expand a seamless user experience for clients and advisers will be crucial for success in the dynamic and ever-changing financial landscape. In an industry where trust is paramount, technology innovation regarding cybersecurity will be an additional measure to safeguarding sensitive client data, accompanied by an ongoing commitment to regulatory compliance through technology-driven solutions."

Thomas Schaffner
Senior Partner
Synpulse

The way ahead

The Avaloq wealth industry survey highlights significant challenges for banks and wealth managers, pointing to a gap in the suitability of current front and investment office tools and the need for tailored, efficient solutions. Having achieved quick wins in recent years, firms now face an inflection point, demanding a more profound enterprise reinvention journey.

Future success requires adopting technology-driven and data-enabled business models that place the client at the heart of the value proposition in wealth management and private banking. Harnessing both technology and human ingenuity becomes a key competitive advantage, putting cost-effective personalized service delivery at the core.

Stefan Beglinger, Managing Director, Lead Wealth Platform Services Switzerland, at Accenture, highlights the need for firms to enhance client and employee experiences as well as profitability, while digitalizing the overall operating model. He adds, “Emphasizing capabilities over products, moving beyond cost-cutting to improving client experience and taking a hard look at data strategy are all crucial moves toward a future-ready organization.”

He explains how firms can gain a competitive edge by implementing a robust and open core platform based on an enterprise-wide, low-redundancy data model. “Core platforms need to provide modularization and encapsulation of functionalities to enable effective ecosystems. As platforms open up and move to the cloud, strong cybersecurity capabilities become more important than ever.”

Banks and wealth managers increasingly recognize the need for a technological orchestrator that takes responsibility for all integrations, layering services with technology and harmonizing tools and systems to work seamlessly. Avaloq is committed to fulfilling this crucial role, working with clients and partners alike to help bolster the industry’s long-term growth and success.

References

1. Refer to the [Contact and contributors](#) section on pages 20 and 21 for further information about all experts that are quoted in the report.
2. “Asia” and “Asian” refer to Hong Kong, Japan and Singapore in this report, while “Europe” and “European” refer to Germany, Switzerland and the UK. The [About this research](#) section on page 3 gives additional details about the survey.
3. 32% of investors would consider switching their adviser if they felt the adviser did not communicate often enough. 23% of investors expect a response within an hour, 35% within a few hours and 24% within a day. (Source: [Avaloq 2023 investor survey](#))

Contact and contributors

Do you have any questions about this report or the insights we have shared?
We welcome you to get in touch with info@avaloq.com.



Martin Greweldinger
Co-Chief Executive Officer
Avaloq

Martin Greweldinger was appointed as Avaloq's Co-Chief Executive Officer in April 2021, having joined the company in 2019 as Chief Product Officer. He has more than 20 years of experience in the financial industry with international companies such as Boston Consulting Group, Credit Suisse and Commerzbank. Martin holds an MBA from IE Business School and a bachelor's degree in computer science from the Frankfurt School of Finance and Management.



Wally Okby
Strategic Adviser, Wealth Management
Datos Insights

Wally Okby is a Strategic Adviser for the Wealth Management practice at Datos Insights. He is a thought leader and trusted adviser to leading global clients across North America and EMEA, including private banks and wealth managers, alternative investment stakeholders, portfolio management and reporting vendors, core private banking technology providers, ESG rating agencies and specialized data providers, and socially responsible investment and philanthropic platforms.



Britney Lewis
Head of Advisory Product for Aladdin Wealth Tech
BlackRock

Britney Lewis is responsible for vision, roadmap and execution of Aladdin Wealth Tech's (AWT) advisory products in addition to portfolio presentation, construction, organization and campaign features. Previously, Britney led product management for AWT's Advisor Center, transforming it into a suite of tools for US advisers. Earlier, she evolved blackrock.com digital experiences, delivering new web capabilities and portfolio analysis tools, including expanding to EMEA. Britney earned a BSc in Business Administration in finance and accounting from the University of Dayton.



Dan Cunningham

Head of Discretionary Product for Aladdin Wealth Tech
BlackRock

Dan Cunningham is responsible for vision, roadmap definition, product management and delivery of product capabilities for centrally managed discretionary programs across all AWT products globally. Previously, Dan was the Advisor Experience Product Lead for Aladdin Wealth, focused on delivering capabilities for client-facing professionals. Prior to BlackRock, Dan was Head of Product for US-based startup Riskalyze, where he oversaw design, marketing, product management, product marketing and engineering teams.



Thomas Schaffner

Senior Partner
Synpulse

Thomas Schaffner has dedicated the last 18 years of his professional experience to Synpulse, currently as the head of Synpulse Switzerland. In his role as Senior Partner, he is instrumental in enhancing the agility of financial institutions' information technology in large-scale transformation and implementation projects. His focus includes digital transformation, collaborative definition of digital strategy and ecosystems, and subsequent implementation in customer projects. Thomas holds an MSc in management, technology and economics from ETH Zurich.



Stefan Beglinger

Managing Director, Lead Wealth Platform Services Switzerland
Accenture

Stefan Beglinger has close to two decades of banking and IT experience as a solution, delivery and program manager with a strong track record in core banking transformations in the wealth management industry. He has successfully worked with clients in Switzerland, Luxembourg, the UK and Germany, leveraging his expertise in both business and technology. Stefan holds an MBA from the University of St. Gallen, Switzerland, and a BSc in computer science from the University of Applied Sciences of Eastern Switzerland.

About Avaloq, an NEC company

Avaloq has extensive, global expertise when it comes to the specific business and technology needs of wealth managers and private banks.

To stay at the forefront of innovation, Avaloq spends 25% of its annual revenue on research and development. Its research-led approach enables it to consistently deliver reliable, efficient and scalable products and services that make a difference. Constant innovation in areas such as artificial intelligence, digital assets and natural language processing helps keep clients at the forefront of technology and market trends.

Avaloq's solutions reduce time to market and allow financial service providers to increase efficiency, improve scalability and manage risk. Over 160 banks and wealth managers in 35 countries rely on Avaloq software to manage over CHF 4 trillion in assets under management.

A powerful offering

With nearly 40 years of experience, Avaloq is an industry-leading provider of wealth management technology and services for financial institutions around the world. Avaloq's open architecture enables the integration of products and services from fintechs and other third parties to meet the increasing demand for a modern wealth management experience from financial institutions and their clients.

Financial institutions around the world use the highly automated [Avaloq Core Platform \(ACP\)](#) to run their day-to-day banking operations. The modular core banking platform covers a comprehensive range of financial products, including digital assets, and its unified data model ensures data integrity and consistency throughout the organization. From trading and payments to treasury and risk, a single integrated platform helps banks and wealth managers to quickly scale their operations.

When combined with highly automated [business process as service \(BPaaS\)](#), the ACP can achieve straight-through processing rates of up to 99% and close to 100% service accuracy. The sophisticated robotics and automation technology underpinning Avaloq's BPaaS offering allows it to automate over 100 processes end-to-end for clients.

In June 2023, Avaloq and BlackRock's Aladdin Wealth business joined forces to deliver an innovative [wealth technology partnership](#). This strategic partnership covers the entire client journey, encompassing onboarding, portfolio construction, client reporting and risk management. Thanks to pre-integration from Aladdin Wealth and Avaloq, wealth managers and private banks will be able to reduce complexity, grow their business and meet client needs, globally.

Avaloq's intuitive [Web and Mobile Banking](#) products are designed to meet the digital expectations of clients from any segment. Features specifically designed for the wealth segment include everything from payments to trading, while banks and wealth managers can direct personalized communications and commercial offers directly to clients on their devices.

[Insight Explorer](#) enables clients to extract value from data and embed analytics throughout their business. Data Foundation provides near-real-time data integration and advanced analytics for wealth management and banking, while Data Flow covers the data propagation, feeding Data Foundation or other data integration solutions.

Discover the latest industry insights

Visit the [Avaloq Knowledge Hub](#) for in-depth perspectives on wealth management.

Avaloq in numbers

Leading the way in wealth management technology and services

Avaloq is a global leader in digital banking solutions. Its core banking platform and wealth management technology are delivered through software as a service (SaaS) and on-premises models. Avaloq offers banking operations outsourcing via business process as a service (BPaaS), which gives clients a high degree of automation to boost back-office efficiency. More than 160 banks and wealth managers worldwide trust Avaloq for its innovative products and reliable services. Avaloq is a subsidiary of NEC Corporation, a global leader in the integration of IT and network technologies.

160+

clients in
35 countries

CHF 4tr

client assets managed
with Avaloq software

19

offices in
12 countries