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## **Wealth Firms must improve digital maturity to avoid profit loss from HNW client and wealth manager attrition finds World Wealth Report 2016**

*Wealth Managers join clients in demand for digital tools  
but implementation and satisfaction fall short*

Paris, June 23, 2016 – Long-term success for wealth management firms will in part depend on their willingness to explore collaborations and partnerships with FinTech<sup>1</sup> companies, as well as improve their digital maturity<sup>2</sup> finds the 20<sup>th</sup> annual World Wealth Report (WWR) released today by [Capgemini](#). Wealth management firms are missing the mark when it comes to implementing digital capabilities, and as a result, are putting profits, client, and employee retention at significant risk. Up to 56 percent of firms' net income could be at risk due to client attrition due to lacking digital capabilities. The report also finds that more than half of wealth managers (55 percent) are not fully satisfied with their firm's digital capabilities and consequently, over a third (39 percent) would even consider looking for employment elsewhere.

*"As wealth firms and wealth managers face a number of converging market dynamics, including increased competition from FinTechs, firms need to be making progress on all aspects of their digital capabilities to ensure they remain relevant to clients who may be wooed by their technology-driven competitors,"* said Anirban Bose, Head of Global Banking and Capital Markets, Capgemini's Financial Services Business Unit. *"The latest World Wealth Report findings reinforce the need for firms to adapt to meet evolving client and manager expectations alike, as nothing less than a high level of digital maturity will be adequate in the face of digitally-native competitor providers."*

### **Limited digital maturity despite increased HNWI demand and threat from FinTechs**

With High Net Worth Individual (HNWI)<sup>3</sup> demand for digital services continuing to increase in areas where FinTechs are strong, such as automated advisory platforms, open investment communities and third party

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<sup>1</sup> FinTech represents a new option for clients to make investments and refers to technology companies which are developing and offering financial advice and digitally-based accounts.

<sup>2</sup> Digital maturity is determined in the WWR through the use of Capgemini's Digiwealth Maturity Model.

<sup>3</sup> High Net Worth Individuals have more than US\$1 million in investible assets excluding primary residence, collectibles, consumables, and consumer durables.

capability plug-ins, wealth management firms cannot afford to fall short in any aspect of their digital strategy. In the past year alone, the report found HNWI demand for automated advisory services has shot up nearly 20 percentage points, from 49 percent in 2015 to 67 percent in 2016. Additionally, 47 percent of HNWIs say they now use peer-to-peer platforms at least weekly to find out about investment ideas.

The correlation between digital maturity and asset acquisition and retention is only expected to increase in the coming years. Seventy-three percent of HNWIs reported that digital maturity is very or somewhat significant in their decision to increase assets with their wealth management firm over the next 24 months, a percentage that increases to 86 percent for HNWIs under 40.

### **Demand for digital tools runs high but satisfaction among wealth managers runs short**

Wealth managers have joined HNWIs in expressing demand for digital tools with richer functionality. This was found to be true across all regions and age groups at 81 percent. Yet while wealth managers showcase high demand for digital, firms for the most part have not fulfilled these requests. Less than half of wealth managers are satisfied with their firm's digital capabilities, despite citing digital tools as valuable in supporting a number of functions, including increased collaboration with clients (86 percent), the ability to better leverage client data to identify growth opportunities (82 percent), and even time savings through reduced paperwork time (82 percent).

Social media and mobile tools were found to be especially lacking, with wealth managers of all ages saying that view prospecting through social media is an important digital capability they require (60 percent), but it was the area with which they are least likely to be satisfied.

### **Wealth management firms must become digital leaders to achieve success**

As their role evolves, long-term success for wealth management firms will depend on putting wealth managers at the center of digital disruption, and their willingness to explore collaborations and partnerships with FinTech companies. Engaging wealth managers will be important as more than three-quarters (79 percent) of wealth managers say they would like to pilot new digital tools, and more than half (53 percent) have already lobbied their firm to improve digital capabilities. A surprising amount (42 percent) has even invested their own money to purchase off-the-shelf software in an attempt to plug gaps in their firms' offerings. Several of the world's largest firms are currently exploring accelerator programs designed to attract startups interested in collaborating. Other firms are investing in or acquiring FinTechs in an attempt to jumpstart their digital capabilities, especially in the areas of automated advice and investment management services.

The report highlights how the most successful firms will be those that take bold steps to overcome resistance to change and embrace a world that increasingly values digital interactions.

**The World Wealth Report from Capgemini** is the industry-leading benchmark for tracking high net worth individuals (HNWIs), their wealth, and the global and economic conditions that drive change in the Wealth Management industry. This year's 20th annual edition includes findings from the most in-depth primary research works available on global HNWI perspectives and behavior. Based on responses from over 5,200 High Net Worth Individuals across 23 major wealth markets in North America, Latin America, Europe, Asia-Pacific, the Middle East, and Africa, the Global HNWI Insights Survey explores HNWI confidence levels, asset allocation decisions, perspectives on driving social impact, as well as their wealth management advice and service preferences. The 2016 Capgemini Wealth Manager Survey queried more than 800 wealth managers across 15 major wealth markets in North America, Latin America, Europe and Asia-Pacific, to assess the evolving role of wealth managers.

For more information, explore the interactive report website at [www.worldwealthreport.com](http://www.worldwealthreport.com).

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The World Wealth Report 2016 and other Capgemini thought leadership is available for your iPad through Capgemini's Financial Services Insights app. Download it through iTunes [here](#).