

Client Experience: WM UK Industry Findings



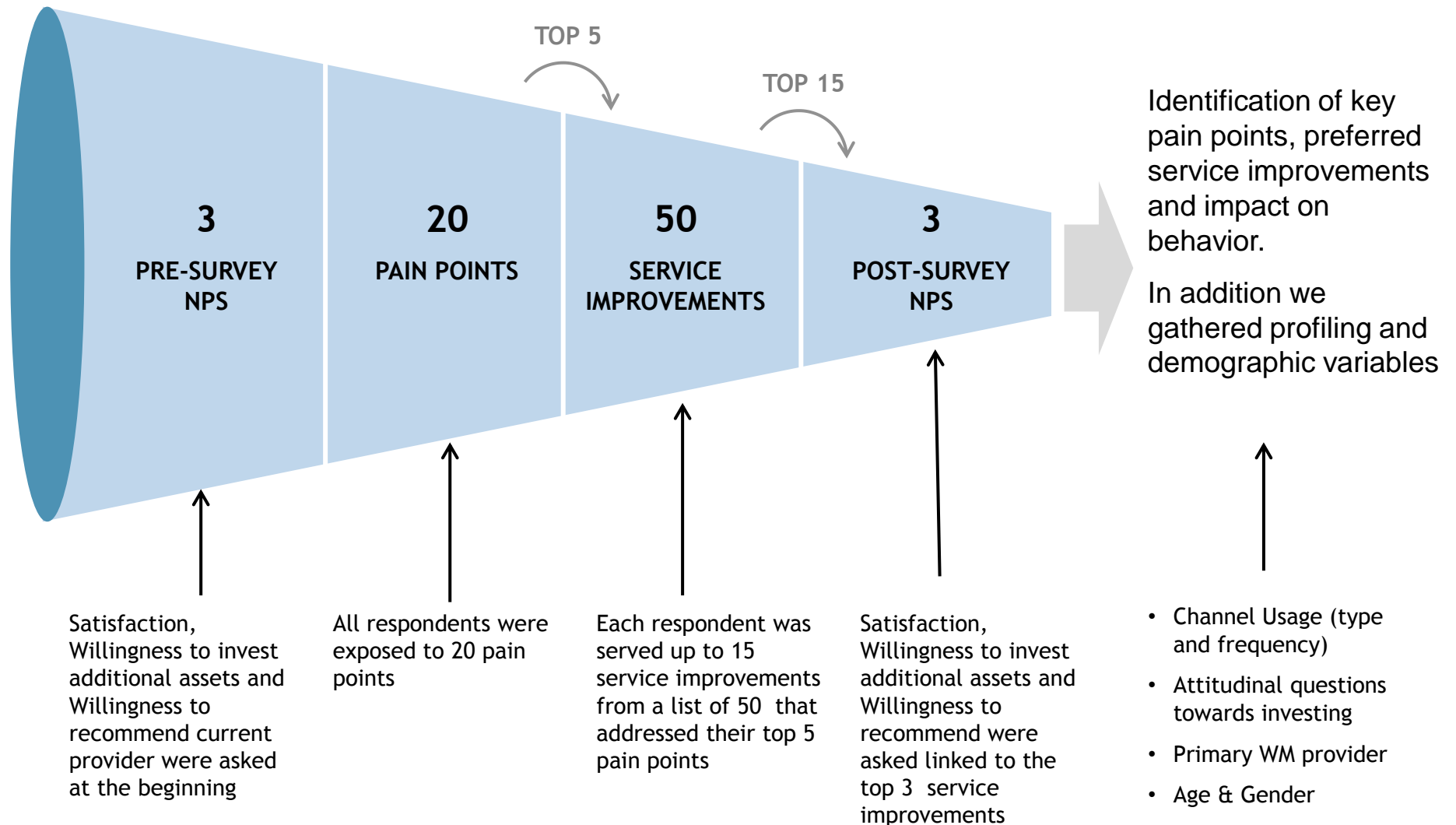
Sample overview

The research vendor, EUWIFO, conducts quantitative research with HNWI for UBS on a monthly basis in 44 markets (bank monitor reports) and identifies HNWI based on an analysis of over 300 primary business variables. Research from Nov. 2013.

- 289 UK HNW individuals were interviewed
- 23 Minutes were spent on average in phone interviews
- 28 Questions researched
- 2 UBS Clients

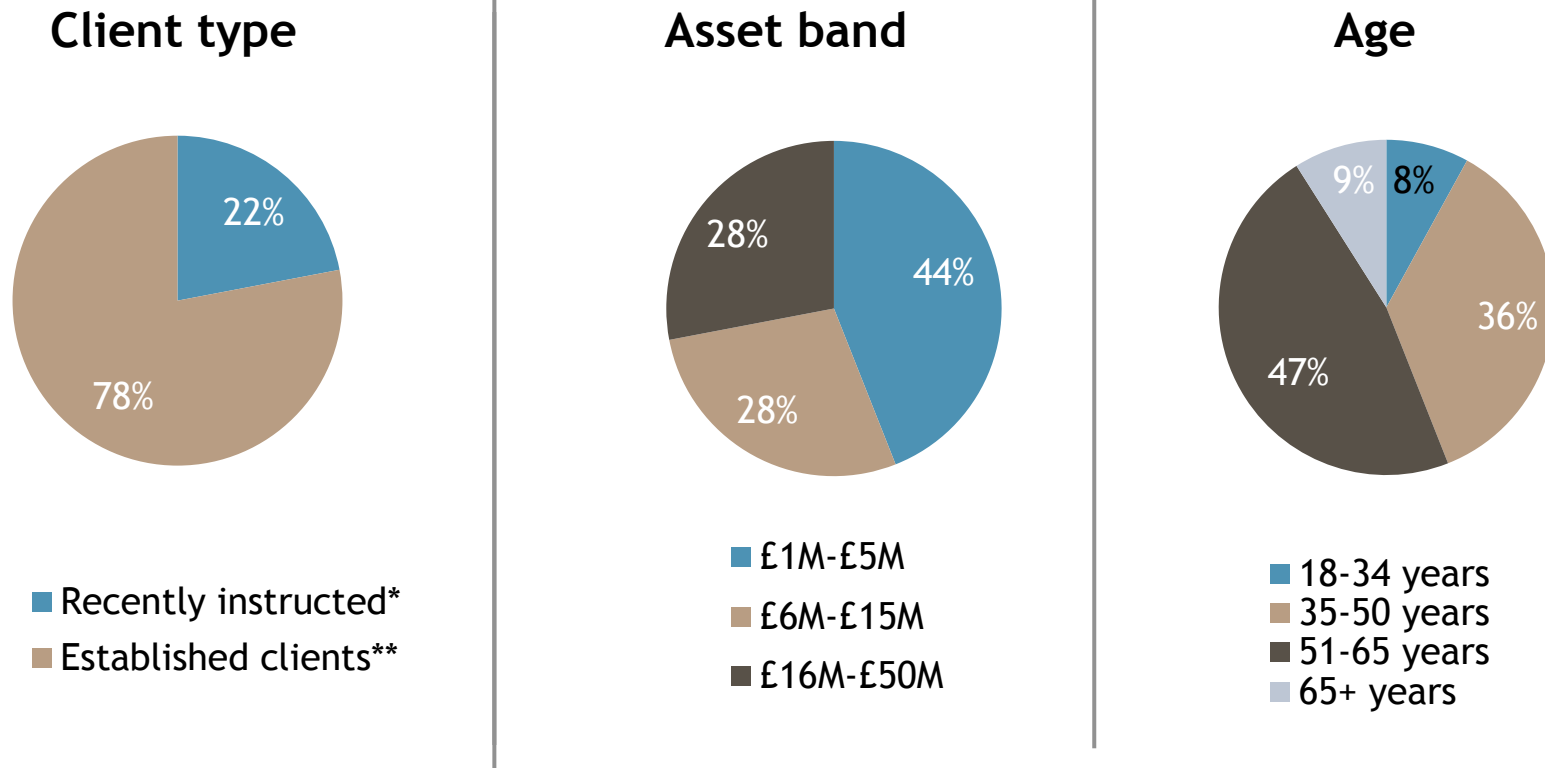
Research Methodology

A market representative sample of 289 HNW UK domestic WM clients



Overview of Sample demographics

Soft quotas were set for asset bands and clients who had moved assets to a new wealth management provider in the last 18 months



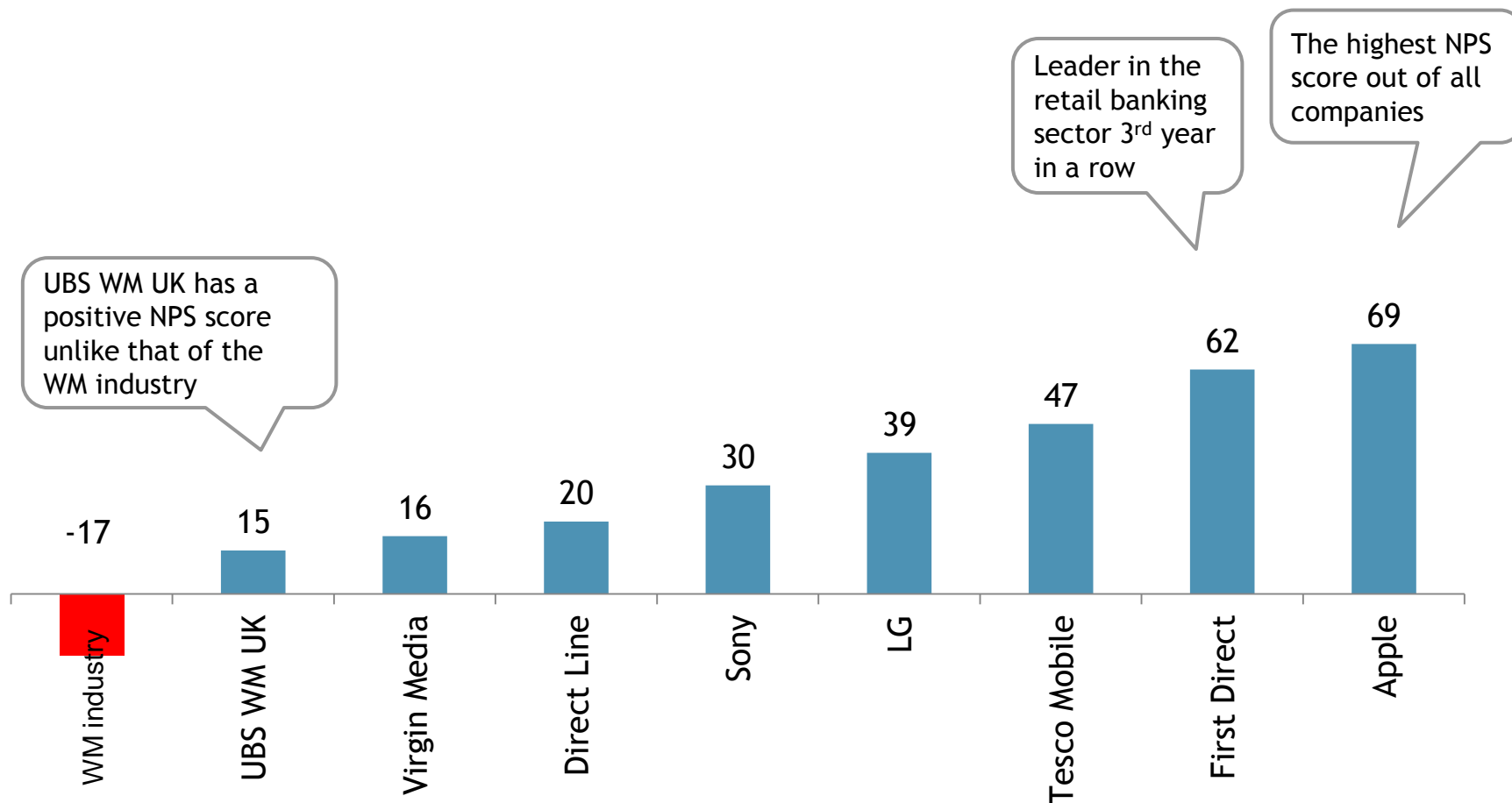
(*): Recently instructed: Has placed assets or moved assets to a new wealth management provider in the last 18 months

(**): Established client: Has not placed assets or moved assets to a new wealth management provider in the last 18 months

UBS WM UK is performing above the WM industry but there is a huge opportunity to increase willingness to refer

A broader set of non-financial, 'premiumized' brands are now aggressively competing for HNW client's attention and setting the bar for client experience. As a result, the WM industry is shifting from a low engagement to a client-centric category.

Net Promoter Score * - UK



Client Experience impact is measurable – and can potentially be big!

75% of respondents* claim to be satisfied with their primary WM provider, but...

72%



Satisfaction

68%



**Willingness
to invest more**

Would increase significantly if their preferred CX improvements were introduced

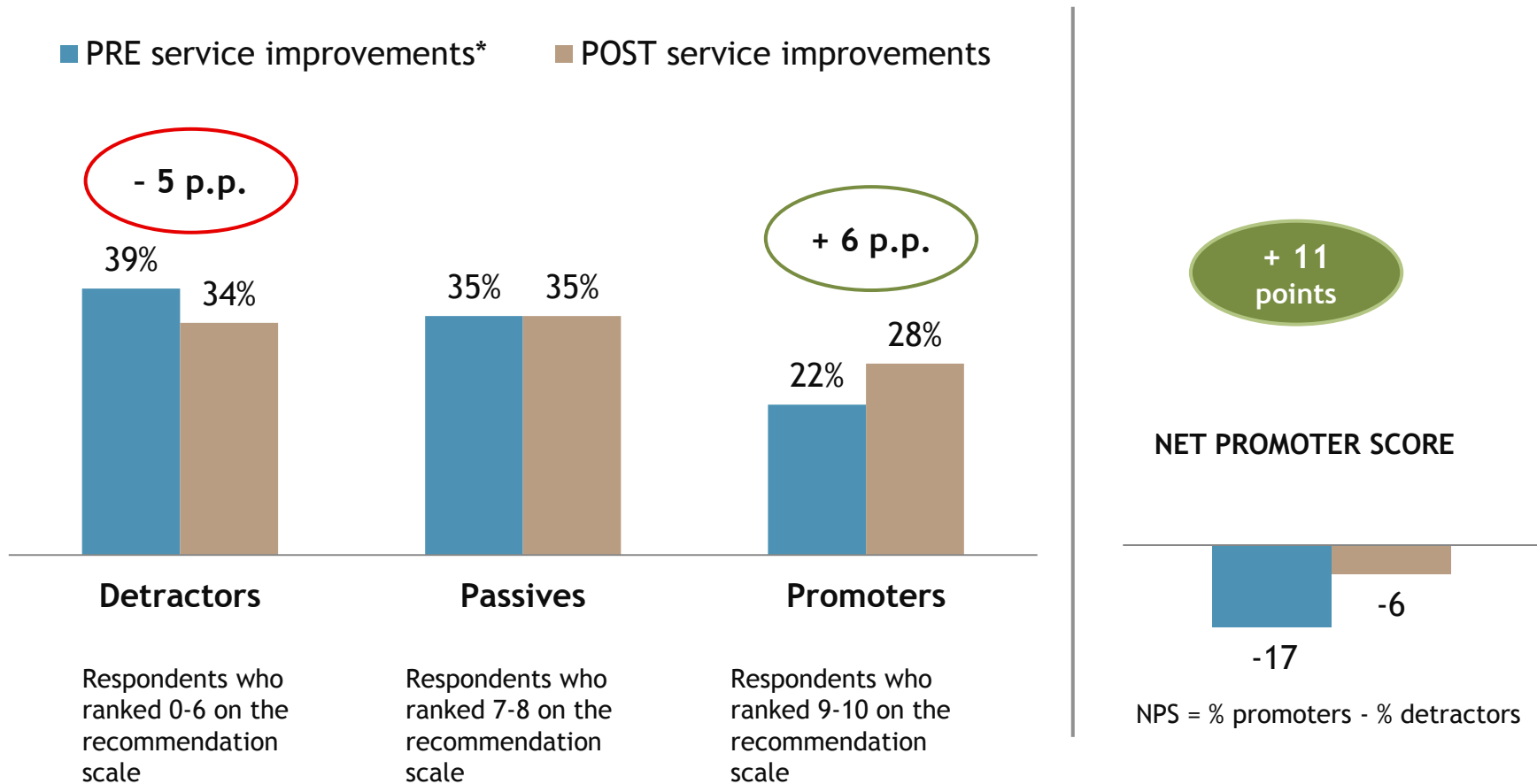
Source: UK HNWWM CX Survey (N = 289)

(*)QS4: Please, indicate to what extent you agree or disagree with each statement - I am currently satisfied with my primary WM provider

(**) Q3.4.a) I your WM provider reliably offers ALL THREE SERVICES you have just rated, to what extent do you agree with : My satisfaction with my primary wealth manager will significantly increase; My preference level for my primary wealth manager for additional investments will significantly increase

The data shows that improvements in Client Experience have a direct impact on Net Promoter Score (a measure of client's willingness to refer their provider)

Likelihood to recommend your WM provider (Scale 0-10)

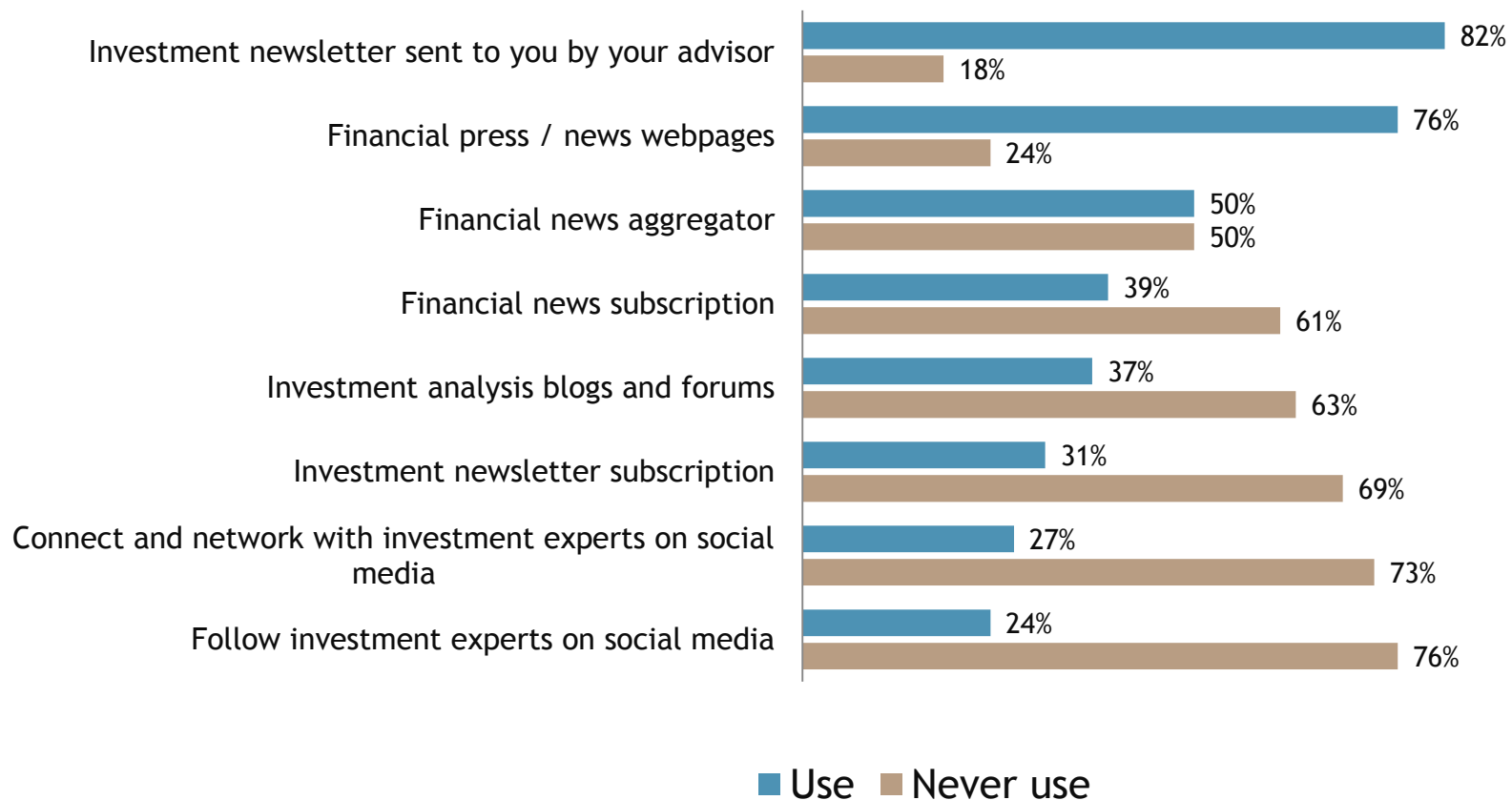


Source: UBS WM CX Survey (N = 289)

PRE Service improvements- Q52: How likely are you to recommend your primary wealth management provider to a friend, colleague or family member. POST Service improvements - Q.3.4: If all three services were provided, how likely would you be to recommend your primary wealth manager to a friend, colleague or family member, if it reliably offered the previously mentioned improved services)

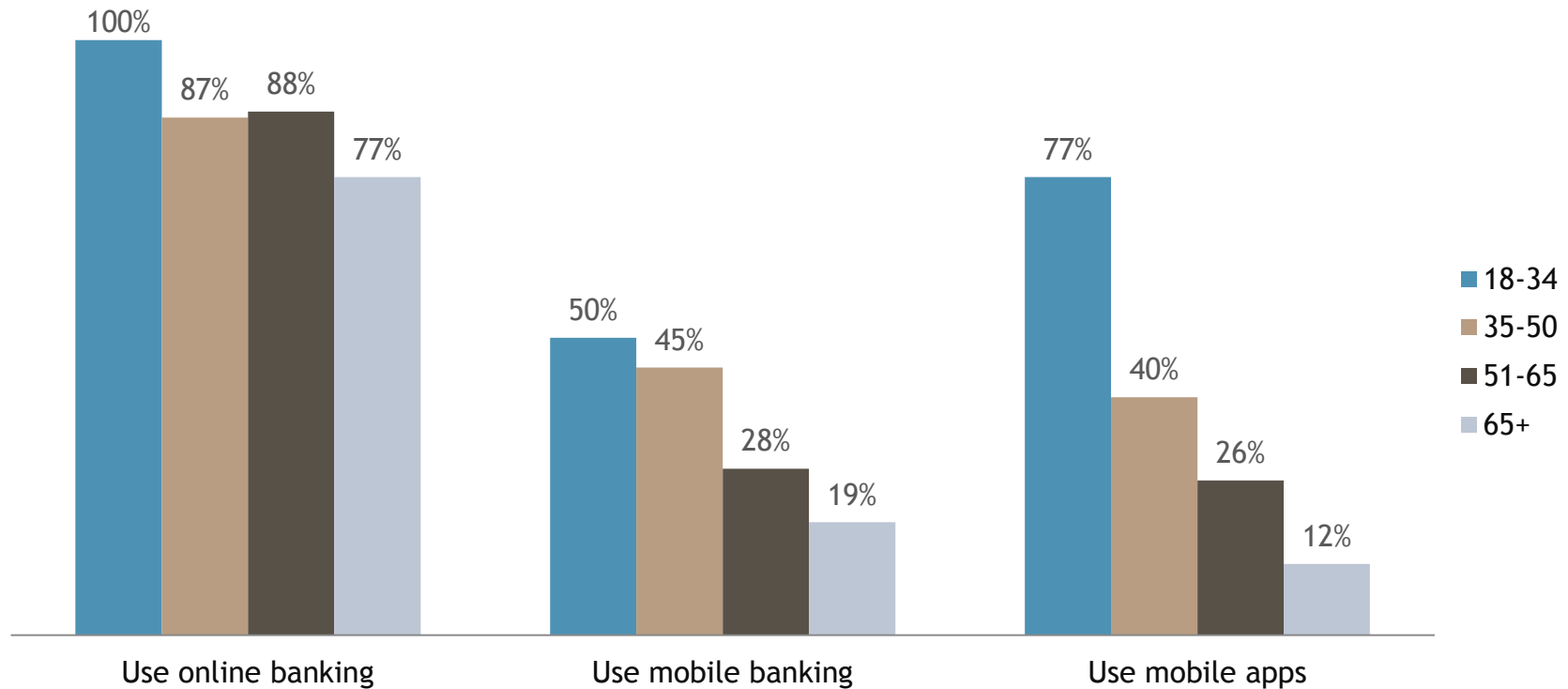
Channel usage - Overall

Surprisingly, WM clients rely strongly on investment newsletter sent to them by their advisor in addition to financial press



Channel behavior by age groups

However, the younger WM clients use online banking and increasingly use mobile banking



This is because the Wealth management industry is undergoing a significant transformation

- 1** Post-crisis HNW clients are more skeptical than ever and don't trust banks to have their best interest at heart
- 2** Since the crisis, clients feel they have to be more in control of their finances and take responsibility for their investment decisions
- 3** Clients now have access to an overwhelming number of investment sources - the issue is no longer content but filtering and relevance
- 4** A broader set of non-financial, 'premiumised' brands are now aggressively competing for HNW client's attention and setting the bar for client experience
- 5** The combination of new technology and low investment yields is undermining the value add of expensive wealth management services

Section 2

What are clients' biggest pain points?

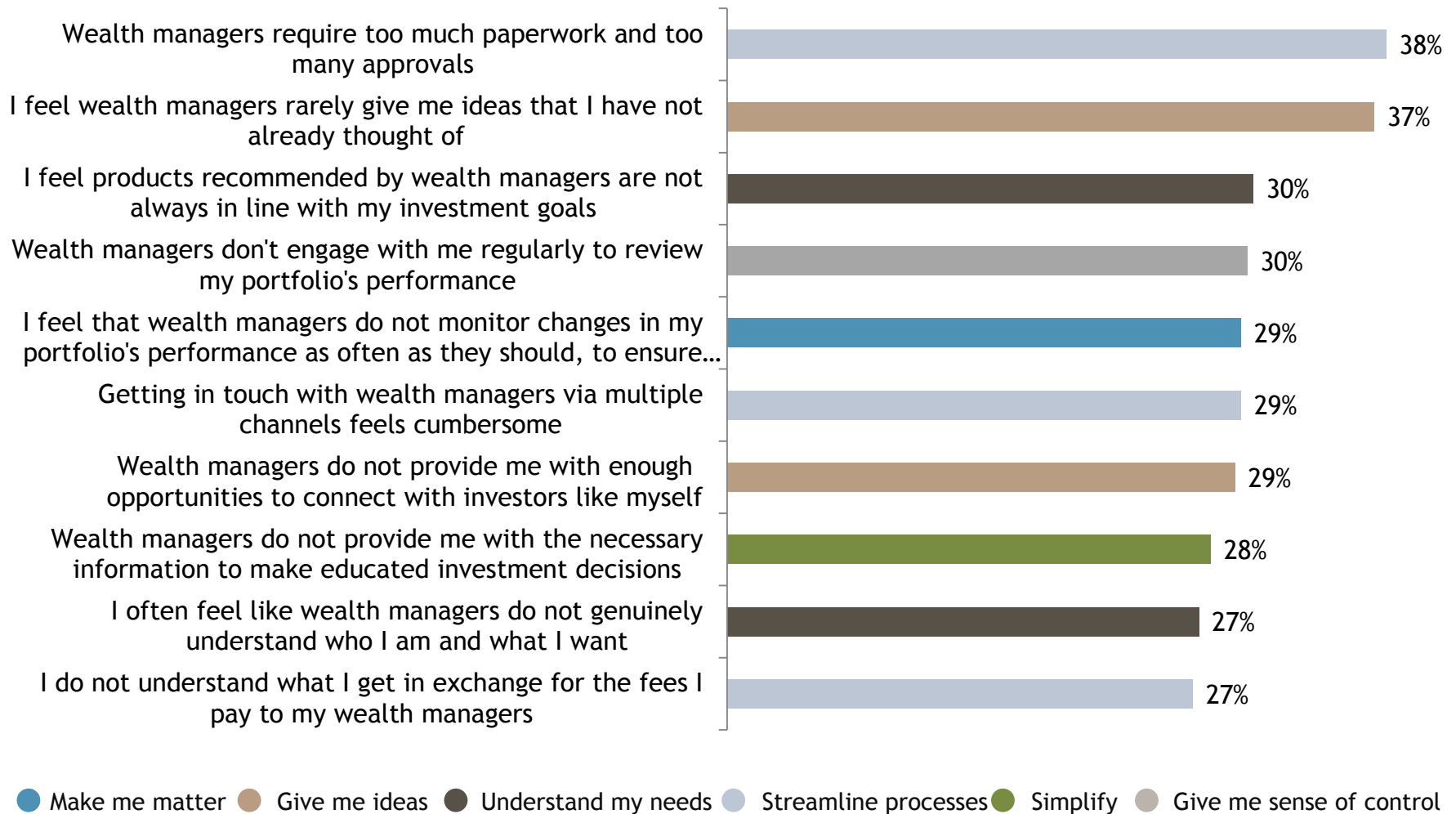
Top 10 Pain points

HNW clients' top pain points are 'red tape' and a lack of fresh ideas from banks. They also have issues with misalignment of products, insufficient portfolio monitoring & reviews, cumbersome communication channels and opportunities to meet other investors



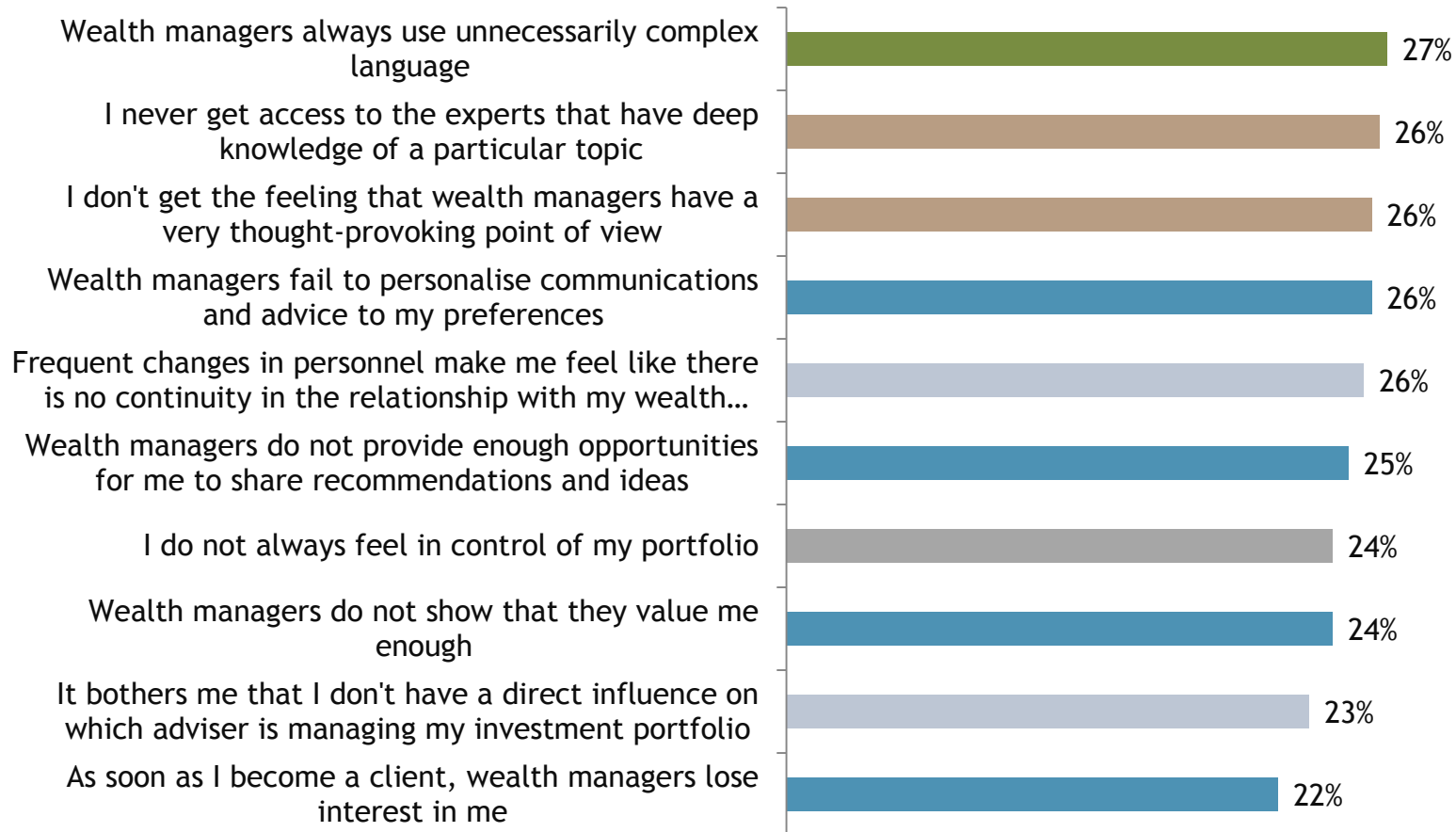
Top 10 Pain points – clustered by factor*

The diversity of issues is even more apparent when you group the pain points by factor, with 5 different factors represented within the top 5 pain points



Bottom 10 Pain points

Not showing clients that they are valued and not giving them a choice of advisor are still pain points, but of less consequence



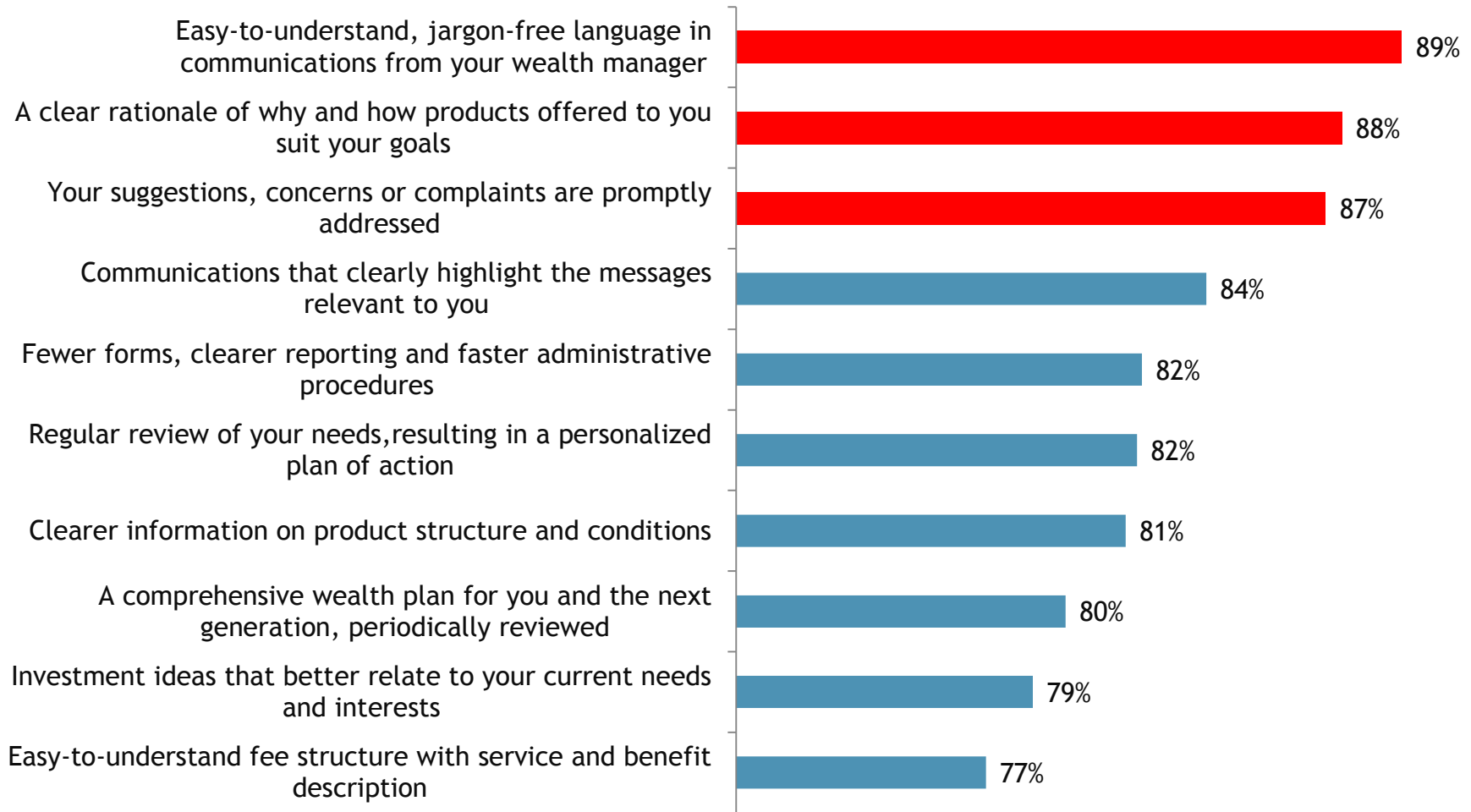
● Make me matter ● Give me ideas ● Understand my needs ● Streamline processes ● Simplify ● Give me sense of control



Source: UBS WM CX Survey, Q.2.1: Please, indicate the degree to which you agree or disagree with the following statements based upon your personal experience with your primary private wealth management provider, N(total) = 289, sum of the responses "Strongly agree" and "Agree"

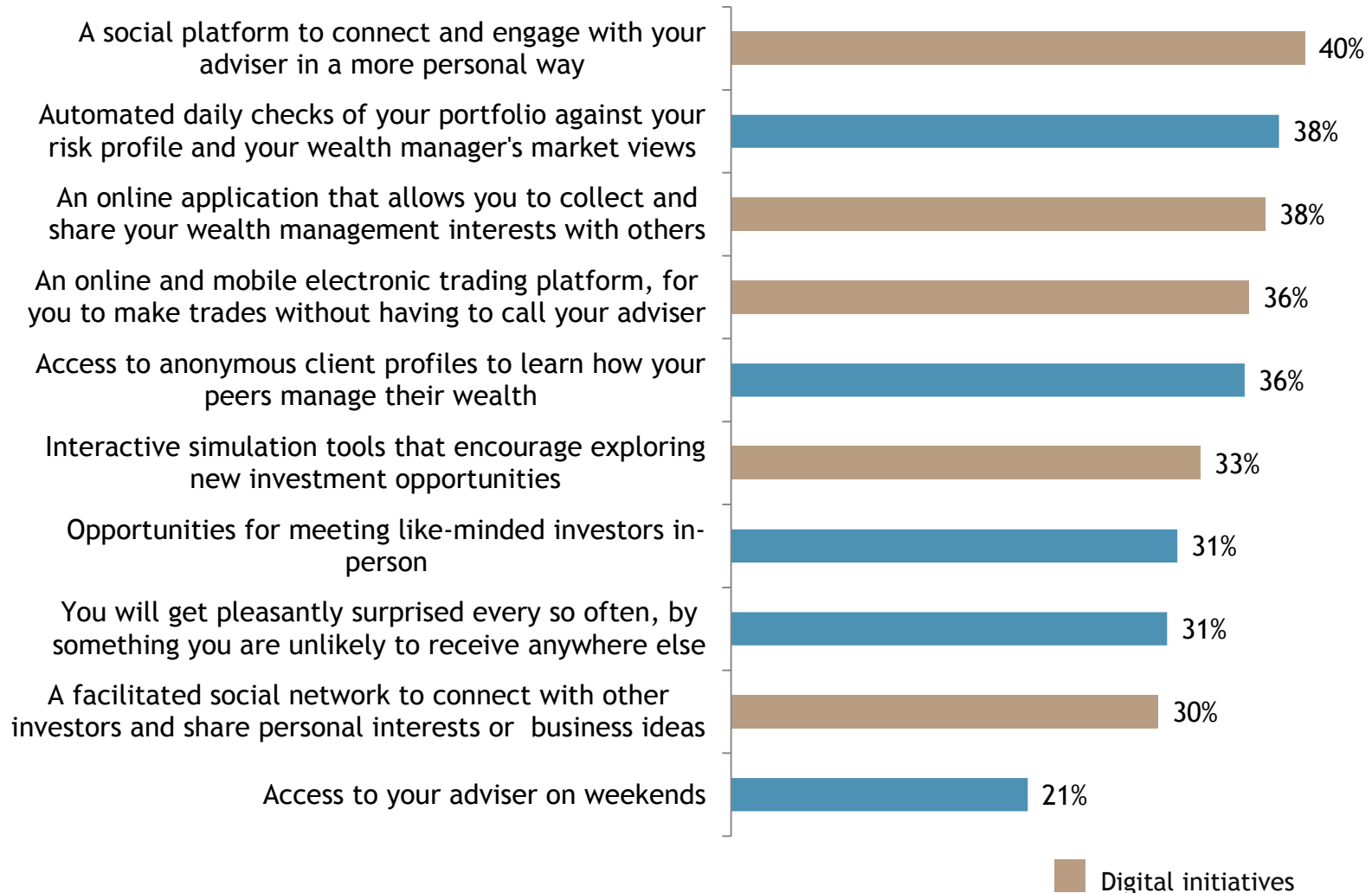
Top 10 (out of 50) Service Improvement ideas

Clients' preferred service improvement is less bureaucracy , clear reporting and rationale of how product suit their goals



Bottom 10 Service Improvement ideas - Overall

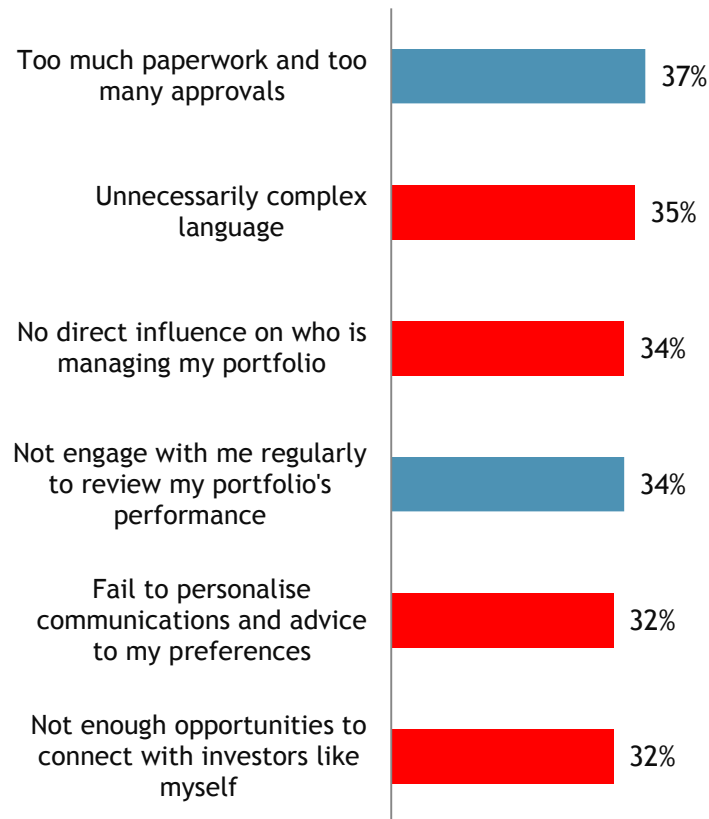
Improvement ideas that are digital- particularly related to social media- rank low



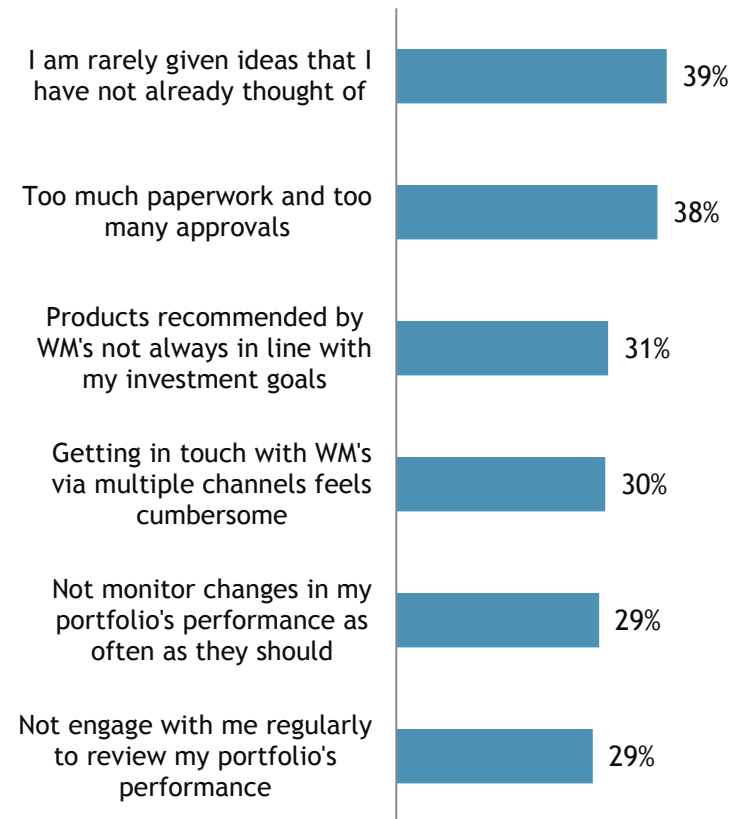
Top 6 Pain points – recently instructed vs. established clients

Pain points are a little different for recently instructed clients, with complex language, getting a choice of advisor and personalised communication rising to the top

Recently instructed



Established clients



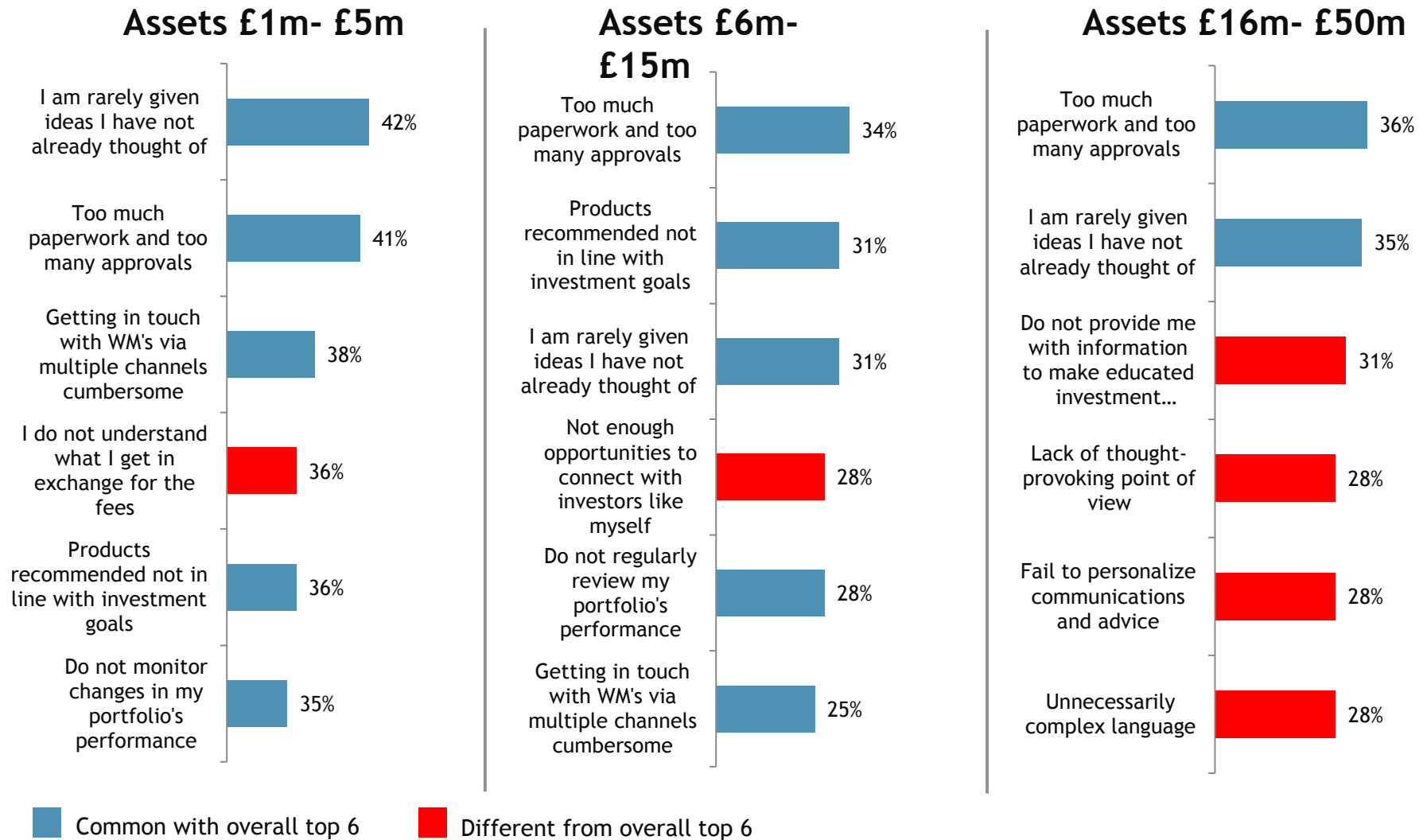
■ Common with overall top 6
 ■ Different from overall top 6



Source: UBS WM CX Survey, Q.2.1: Please, indicate the degree to which you agree or disagree with the following statements based upon your personal experience with your primary private wealth management provider; N(recently instructed)=65, N(established)=224, Top 2 Box

Top 6 Pain points by asset band

Different levels of wealth drive different types of pain points: value for money clients with less than £5m; lack of a POV and personalised recommendations for over £16m



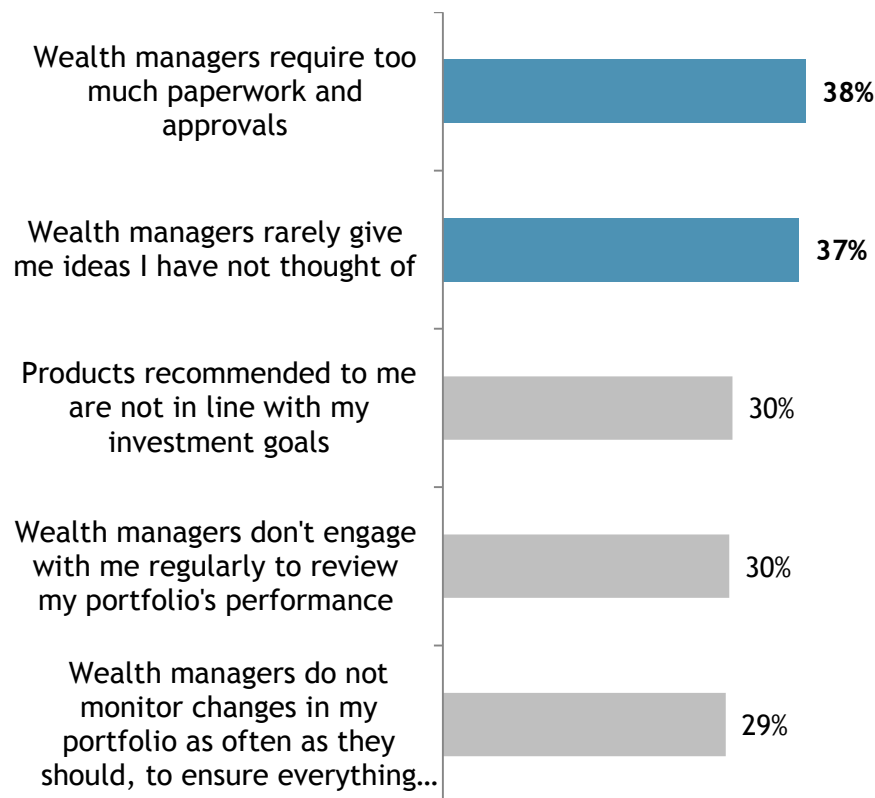
Source: UBS WM CX Survey, Q.2.1: Please, indicate the degree to which you agree or disagree with the following statements based upon your personal experience with your primary private wealth management provider; N(£1-5m)=128, N(£6-15m)=80, N(£16-50m)=81, Top 2 Box

HNW clients' top pain points are 'red tape' and a lack of fresh ideas from wealth managers

In addition to the above, clients also have issues with misalignment of products and insufficient portfolio monitoring & reviews. This mirrored the UBS UK client CBI report that highlighted issues around complex reporting, uncoordinated communications and burdensome processes.

HNWI CX Research - UK

Top 5 Pain points (Top 2 Box)



UBS CBI Survey - UK

Identified Client Issues

"Reporting is appalling, manual and should be accessible online in aggregated form"

UBS WM UK Client quote

"I receive endless paper of no real value from UBS WM. The excuse that this is necessary for compliance is not good enough. I don't get it in the same volume from others"

UBS WM UK Client quote

"I would like to have more frequent review meetings with my CA."

UBS WM UK Client quote



Client Survey and internal interviews show opportunities for improvement...

Opportunities

The CA is still the key player in the client relationship

82% of respondents report to be extremely or very satisfied with their CA overall

“My CA is a first class client advisor. That is the main reason why keep my business with UBS”

CBI Survey UK- 2013

The client service model could provide more access to UBS expertise

“We have very high quality individuals within our IPS that can truly help us in our selling efforts. I would like to see a lot more of that”

“If two CAs go to a meeting there is a better chance that one of them will connect with the client. It’s a time consuming approach but it pays off.”

“ I am a firm believer in the financial planning as a means to increase share of wallet with clients”

CA and Desk Head Interviews

CIO content is not being realized to its full potential

“Advice received from research is usually very much consensus, ideas are quite similar from one bank to the other and there is a fair amount of group think.”

Client quotes, CBI Survey UK- 2013

“Not all clients are receiving the CIO research and some receive research that is not relevant to them”

CA interview

...as well as important pain points to resolve

Issues/ Pain points

Getting the basics rights is the foundation for a satisfactory client experience

“The speed of response to admin and investment queries needs to be sped up. I have had to chase a few times this year”

Client quotes, CBI Survey UK- 2013

“Patience is not our client’s biggest asset. They say that we let the ball drop quite repeatedly on the basic things”

CA Interview

There is a need for more coordinated, digestible and simple communications

“I receive endless paper of no real value from UBS WM. The excuse that this is necessary for compliance is not good enough. I don't get it in the same volume from others”

“Reporting is appalling , manual and should be accessible online in aggregated form”

Client quotes, CBI Survey UK- 2013

There is a mismatch between UBS delivery and client’s expectations around transparency

“Clients understand transparency as ‘clarity’, ‘understanding what is happening’: where is my money going, what fees am I paying.”

“Overly technical information and complex regulations are perceived by clients as lack of control”

Conclusion

The top pain points and factors for HNW clients are the following:

1. Make me matter

- Do not monitor changes in my portfolio's performance as often as they should
- Fail to personalize communications and advice to my preferences

2. Give me ideas

- Rarely give me ideas that I have not already thought of
- Do not provide me with enough opportunities to connect with investors like myself
- Don't have a very thought-provoking point of view

3. Understand my needs

- Products recommended are not always in line with my investment goals

4. Streamline processes

- Require too much paperwork and too many approvals
- Getting in touch via multiple channels feels cumbersome

5. Simplify

- Do not provide me with the necessary information to make educated investment decisions
- Always use unnecessarily complex language

6. Give me sense of control

- Don't engage with me regularly to review my portfolio's performance
- It bothers me that I do not have a direct influence on which adviser is managing my investment portfolio

This is why two of the Client Experience Dimensions are focused on "getting the basics right"

Making clients feel valued (Genuine Interest) and making the WM experience as effortless as possible (Make it Easier) should be two foundation principles of the UBS WM Client Experience.

GETTING THE BASICS RIGHT



**Genuine
Interest**

Truly **understanding** clients' goals and motivations

We put our clients' interest always first. We have a deep understanding of what drives their decisions and how to delight them. In essence, the UBS-client relationship is built on authentic value-adding interactions with a warm human touch.



**Make it
Easier**

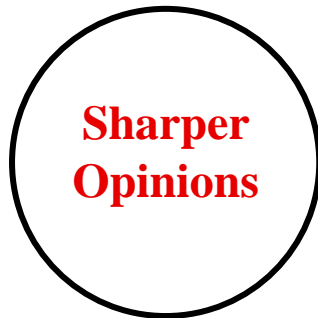
Making the WM experience as **effortless** as possible

We make wealth management as effortless as possible by having simple and streamlined processes in place and using clear language in all communications.

The other 2 dimensions of the CX speak to two areas where UBS can differentiate itself from competitors: **tailored advice and sense of control**

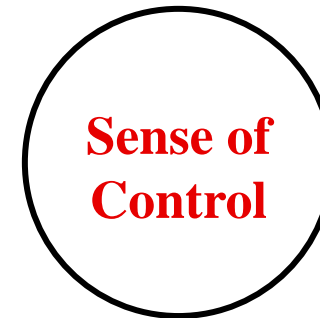
The CX, brand and GOT research have revealed an untapped opportunity for UBS: Since the crisis, clients feel they have to be more in control of their finances and take responsibility for their investment decisions.

DIFFERENTIATING DIMENSIONS



Providing the **relevant** information and advice at the right time.

We provide ideas to our clients that are enriching and relevant to them. We leverage the UBS knowledge-base - CIO engine, in-house experts and like-minded investors - to deliver the most interesting and competitive ideas on the market.



Empowering clients to be in top of their wealth.

We provide our clients with necessary tools and knowledge to make them feel on top of their investments. We enable them to adjust and tweak things and to share with us their views and feedback.

The Moments of Truth in end-to-end UBS WM Client Experience

We identified 8 Moments of Truth- high impact opportunity areas

