

The Changing Face of the Front Office

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The most important front office development in the past five years?

One of the most striking results from The Front Office of the Future survey (by Compeer and IRESS) is that over half of the responding wealth management firms viewed technology as the most important development to their front office over the last five years. Ahead of compliance, new regulations, governance and new services, technology has been the biggest change, and seems set to retain that crown. A total of 92% of firms interviewed will be introducing new channels of communication and functionality in the future, including apps, portals and self-services features.

In this Financial Services Forum roundtable event, sponsored by Compeer and Sales Kinetics, participants discussed the role of technology in the front office, the difference between technology that improves client service versus technology that just does things differently, and how technology can be used internally to improve efficiency and free up time for adding value to client relationships and winning new business.

High-tech HENRYs

When you see someone open a tube barrier by tapping their watch on the Oyster card reader, you probably label them quietly as 'high tech'. Or maybe you are that person, and you've just switched on your washing machine, told your fridge to order your shopping and turned on the lights in your flat, all from the comfort of your office desk.

Wealth management clients of the future will have grown up with technology as a normal and integrated feature of their lives. Today's younger clients, the 'HENRYs' (High Earning, Not Rich Yet), are also likely to rely on iPhones, apps and voice recognition technologies every day for work and communicating.

But does this mean that clients will want to trade using an Apple Watch app? Or change custodian by speaking into their iPhone?

Most participants agreed that while many clients might want to use new technologies to communicate and view information about their portfolios, it was less likely that they would want to trade or move their assets around through these methods. Although mobile technology is proving itself in terms of everyday use, security is still a paramount concern; many clients may never be comfortable moving large amounts of money around remotely and at the click of a button, rather than via a reassuring human confirmation and a signature.

High tech and high touch

Technology is attractive. It's designed to be intuitive, entertaining and simple. But when it comes to investment in technology for front office client relationships, the key question is whether it will actually add value to the existing relationship, or whether it's in fact just a different way of doing things – is it really better than just picking up the phone? The need for explanations, face-to-face meetings and phone calls will not disappear. While it might be helpful and interesting for clients to be able to view detailed portfolio statistics through a portal, showing a new range of numbers will not answer all their questions, or provide the background for understanding. The explanation behind portfolio information is crucial, and by providing this

information and answering a client's questions, a relationship of trust is built over time. Especially for younger clients, explanations and education are vital to lifetime wealth management and decision making.

Bearing the burden

Three quarters of respondents to The Front Office of the Future survey said their front office staff spend more than 20% of their time on compliance-related issues; for 17% interviewees, it was over half their time. In an environment of increasing regulatory requirements, it is hard to see the amount of administration decreasing. Technology that can automate administrative processes, and collect and sort data, clearly has attractions: it would reduce the amount of time spent on administrative tasks, and enable front office professionals to spend more time on winning new business and maintaining existing client relationships.

Technology that helps with research and quick access to portfolio statistics could also turn two-hour tasks into five-minute jobs – being able to use a voice-activated system to acquire data rather than sifting through manual spreadsheets was just one idea of improving efficiency. More than nine in 10 respondents to the survey indicated that automation will increase in the front office over the next five years. Around the table, this led to the question of how to ensure that, with the extra time freed up by technology, enough new business is generated – after all, computers don't win new clients. The most important factor here is finding and training good staff, and understanding the skills that will help to build books of loyal clients, and succeed in increasingly complex front office roles.

Positioned to take the shot

It's impossible to predict the future, but the rate of change in technological innovation is increasing at an astounding pace. What is most important for front offices is to ensure that they have the IT architecture in place which will enable them, like a cricketer, to move swiftly and play the right shot at the right time, in order to use new technology to meet client requirements for services and communication, to satisfy new regulations, and to improve efficiency behind the scenes. Often, the opportunity cost of not preparing for such change is overlooked; systems might be 'old but reliable' today, but the pace of innovation in consumer technology, the changing expectations of clients and the type and level of regulatory requirements are likely to render the old favourites obsolete. Improving front office technology isn't just about automating random processes – it's about planning strategically to integrate new technologies that will improve both internal processes and client relationships both today and for the future.

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