Deloitte.

Harnessing AI and low-code tools for cost saving and market differentiation

In the evolving wealth management industry, firms are increasingly looking to develop in-house solutions using artificial intelligence (AI) and low-code tools. This approach offers certain advantages, including cost savings, market differentiation, and ownership over localization roadmaps. By leveraging these transformative technologies, firms are automating tasks, streamlining workflows, better analyzing data, and delivering personalized insights, ultimately enhancing client experiences, and improving operational efficiency.

Traditionally, the industry trended toward platform consolidation, seeking unified digital infrastructures to meet diverse needs (Figure 1). However, firms are now realizing that a one-size-fits-all platform may not fulfill their differentiated capabilities, results in prohibitive lock-in, and requires enhancements and additional applications to support collaboration and analytics. To avoid this, firms are shifting away from relying solely on narrow sets of vendors. Instead, they are embracing solutions from multiple best-of-breed vendors and building point-solutions where necessary, a trend that is expected to continue over the next three years (Figure 2).

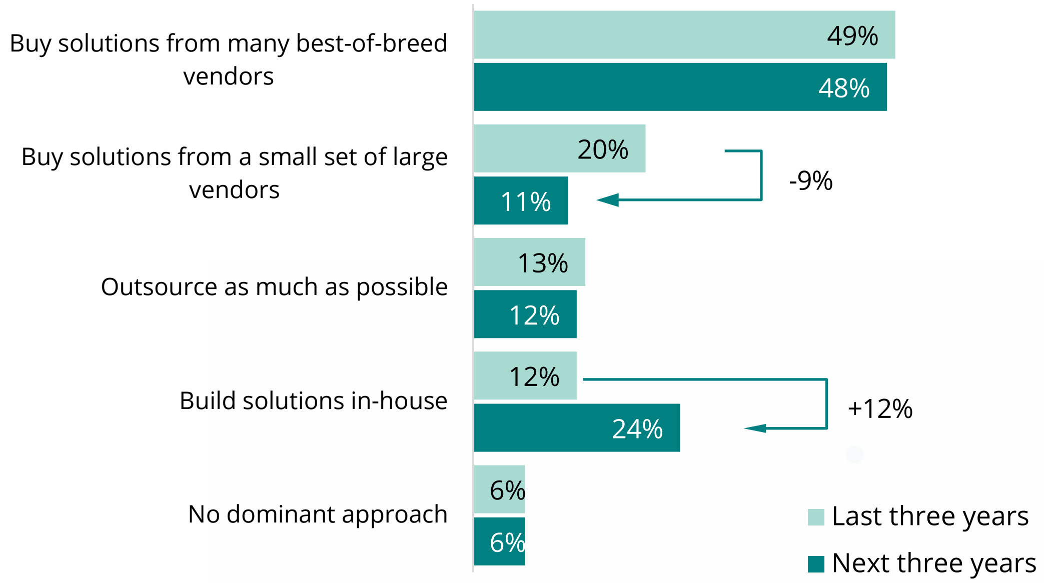
Figure 1: Based on early indications, how would you rate the likely ROI that your firm has achieved on these investment areas?

	ROI achieved from investment areas	APAC	Europe	North America
1	Digitized wealth management platforms and portals	60%	71%	88%
2	Cloud infrastructure	79%	71%	61%
3	Digital collaboration tools	69%	74%	57%
4	Data analytics	62%	60%	66%
5	Blockchain	63%	56%	53%
6	Internet of Things/sensors	56%	70%	31%
7	Artificial intelligence	69%	48%	48%
8	Open platforms/API architecture	45%	80%	43%
9	Compliance technology/RegTech	36%	40%	75%
10	Customer relationship systems (CRMs)	44%	40%	56%

Source: ThoughtLab, *Building a future-ready investment firm*, 2024.

Advances in technology, particularly AI-powered low-code development tools, are helping firms to build proprietary solutions in-house. Over the next three years, almost a quarter of firms plan to develop their own custom solutions, double the current number (Figure 2). This strategy is particularly prevalent among direct-to-consumer (firms that seek to differentiate themselves through highly customized platforms. The rise of low-code tools empowers investment providers to develop proprietary solutions at a fraction of the cost, disrupting traditional pricing models of narrowly focused Software as a Service companies.

Figure 2: Which of the following best describes your firm's dominant technology and operations philosophy over the last three years and which do you expect to best describe its dominant philosophy over the next three years?



Source: ThoughtLab, *Building a future-ready investment firm*, 2024.

The benefits of in-house solutions are exemplified by real-world examples. For instance, Deloitte Luxembourg has been involved in developing a solution that catalogs all documentation for a specific fund, presenting it to advisors in a digestible manner that can be more easily communicated to end clients[1]. This streamlines the execution of transactions, saving significant time and effort that would have been required otherwise. Such home-grown point solutions address specific challenges with speed and efficiency, and support activities spanning across key platform solutions.

By building in-house solutions, wealth management firms can look to reduce overall “seat fees,” driving a more affordable environment that supports lower costs to serve clients–a key priority (Figure 3). Furthermore, some firms are growing impatient with vendor reluctance to localize platforms according to specific regulatory, language, and currency requirements in different countries–specifically common in countries such as Canada and Australia. Developing in-house solutions provides firms with greater control over their technology stack, helping to ensure compliance and regulatory adherence while managing risks. However, it is important to strike a balance between the firm's capability to develop and implement in-house solutions, including their ability in seamlessly integrating these solutions within their current technology ecosystem using APIs, and the associated costs involved.

However, integrating diverse solutions will likely remain a challenge and should not be scoffed at. The competing demand between productivity and differentiation poses hurdles in effectively integrating various solutions into a cohesive ecosystem. Building an integrated data layer to share information across applications can be complex and costly, requiring careful consideration.

In conclusion, harnessing AI, and low-code tools to develop in-house solutions can empower wealth management firms to achieve cost savings, customization, and market differentiation. By leveraging these technologies, firms can deliver tailored experiences to their clients, automate processes, and gain a competitive edge. The evolving landscape of technology adoption in the industry could promise a more democratized and affordable software environment, enabling firms to unlock their potential and drive growth.

Figure 3: What are the main benefits your firm is seeing from its tech investments now and what main benefits does it expect to see over the next three years?

	Expected benefits from tech investments	Now	Three years	Change
1	Decreased costs	45%	44%	-1%
2	Increased revenue	40%	42%	2%
3	Enhanced customer analysis and micro-segmentation	33%	39%	6%
4	Greater shareholder value	41%	38%	-4%
5	Improved profitability	24%	37%	13%
6	Improved customer experience/customer retention	34%	35%	1%
7	New business models and channels	38%	35%	-3%
8	More effective risk management and compliance	30%	28%	-2%
9	Accelerated time to market	21%	27%	6%
10	Stronger reputation	29%	26%	-3%

Source: ThoughtLab, *Building a future-ready investment firm*, 2024.

Contacts

Jean-Francois Lagasse
Global Wealth Management leader
Deloitte Switzerland
jlagasse@deloitte.ch

Peyman Pardis
Senior Manager
Deloitte Canada
ppardis@deloitte.ca

Deloitte.