



Revolutionizing wealth management: The role of technology in driving access and personalization of investment portfolios

Personalization at scale will be a key growth driver for the wealth management industry over the next decade. For far too long, the industry has been selling commoditized investment products regardless of meeting the true needs of the investor. As an example, the needs of a salaryman and a sports professional cannot be the same. Therefore, the risk profile, the subsequent investment strategies, and the underlying asset allocation decisions also must reflect that individual's reality.

Only investors that have amassed significant wealth have access to such services today i.e., firms that can curate the portfolios to their specific needs. It is unfortunate that they are not available to those who need it the most. A recent [ThoughtLab report](#) in collaboration with Deloitte, shows this is why we see that the need for private banking is the most sought after in the near-future. (figure 1). To democratize availability of such services, technology can play the critical role in levelling the playing field. The ability to customize and tailor the investment solutions to the individual's needs regardless of their current standing in terms of wealth (or investable assets) will be a game-changer for the industry.

Figure 1: Which of the following services do you use now and which do you plan to start using or continue using over the next three years? (Percentage difference between "Now" and "Next Three Years")

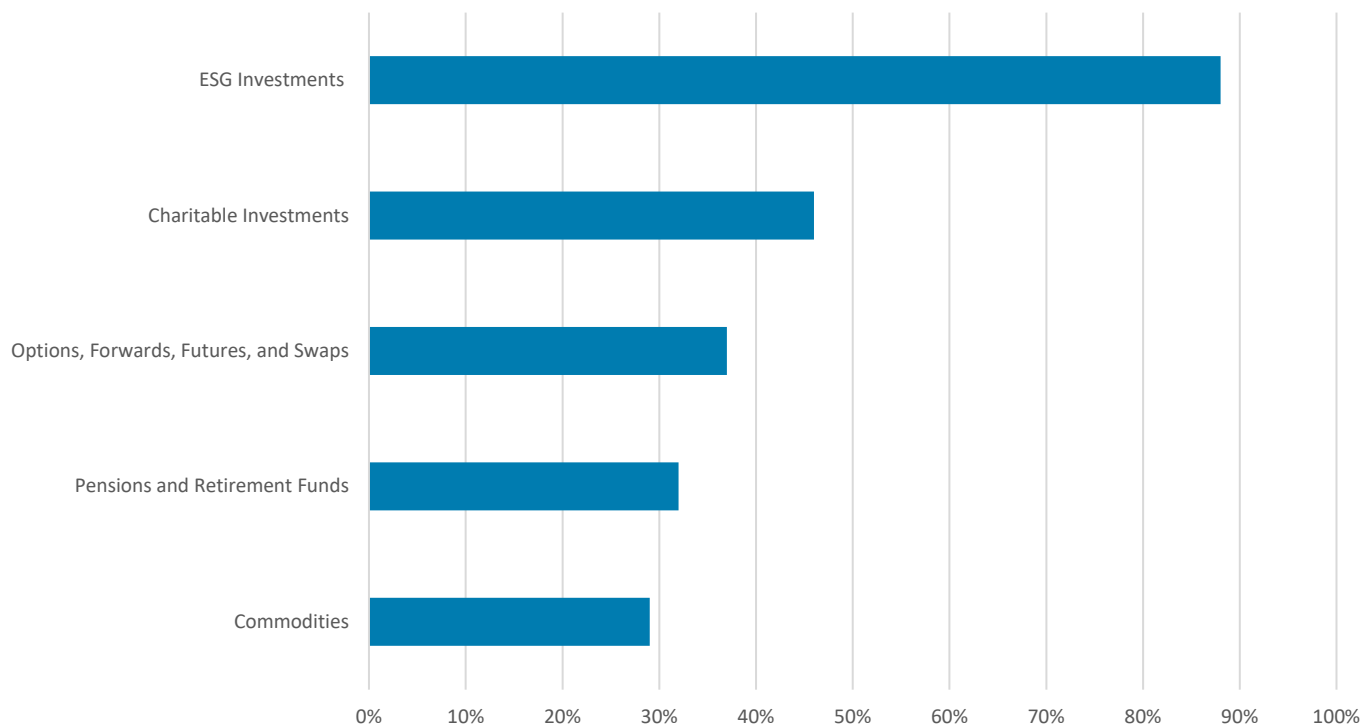


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To understand how this may transpire, we must realize that we are amid a revolutionary change i.e., how the foundational structure of an investment fund is defined. This is being driven by the underlying technology of decentralized infrastructure (and not crypto itself). Essentially, we are moving from a unitized to a tokenized fund structure. In other words, instead of breaking assets into units (which investors buy) and investing it in, say securities, it would allow the investor to directly buy the underlying asset (whether equities, fixed income, or alternatives). This will make the importance of asset allocation and investor outcomes pivotal to the role of asset managers in the future. \

In effect, this could allow mass-affluent investors to access the kind of bespoke, separately managed accounts that are currently available only to High Net Worth (HNW) and Ultra-HNW investors, enabling a fully sustainable micro-investment model. It is, therefore, no surprise that when it comes to investment products that wealth managers are looking to offer over the next three years, digital assets are one of the top three in the list (figure 2). Not only is this change going to impact the end-investor, but it will also help simplify the industry value chain. If the fund is brought onto a single decentralized platform, it will automate the administration and facilitate real-time flow of pricing, transacting, and settlement. This will drive greater agility, transparency, and as a net outcome, greater liquidity into the markets.

Figure 2: Which of the following products or assets do you invest in now and which will you start to invest in over the next three years? (Percentage change between “Now” and “Next Three Years”)

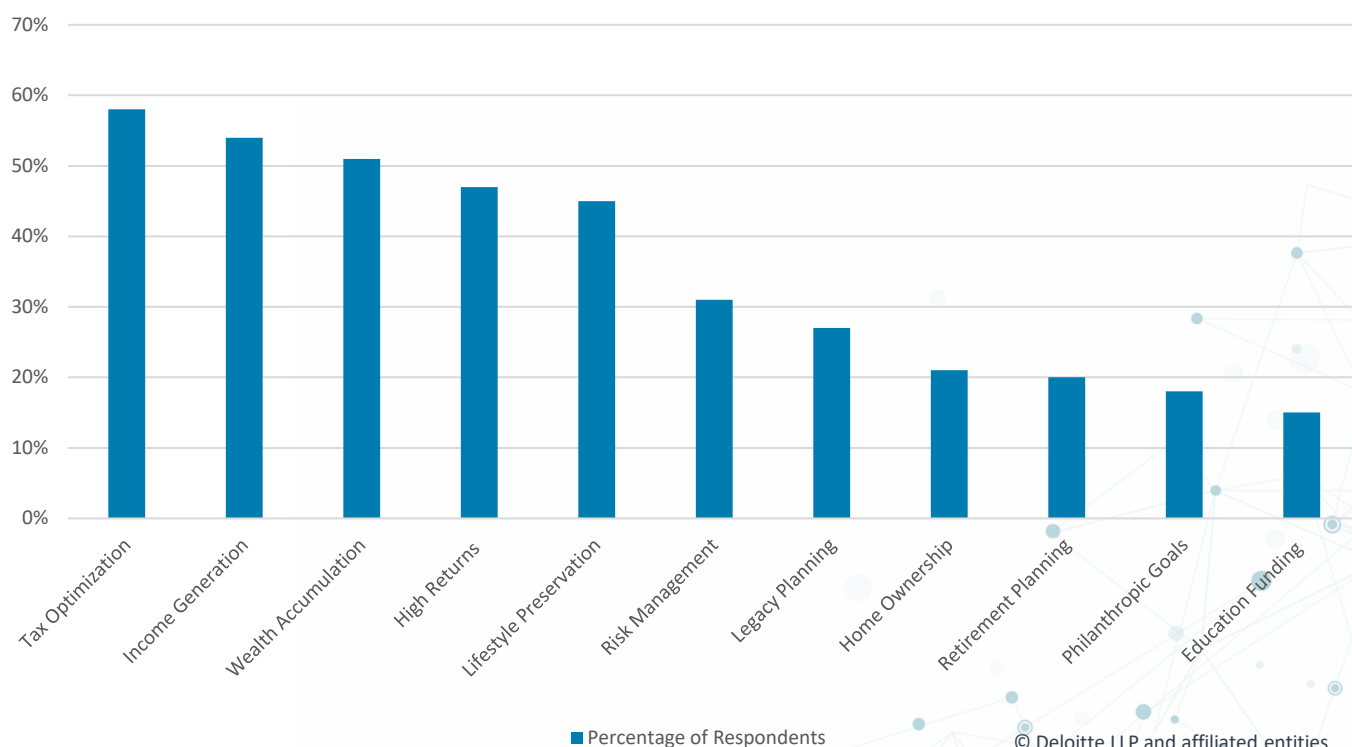


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We must keep in mind that this improved accessibility into investment opportunities is not only about making products available but also about empowering investors with the right guidance. Therefore, firms must also prioritize the ability to better connect with their clients, to spend time

understanding what their goals are today and how might they evolve in the future (figure 3). The ability to provide human-led advice combined with tools that can help drive ongoing engagement through digital-first channels will be the secret sauce for success in the future.

Figure 2: Which best describes your financial goals?



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