

Building a Future-Ready Investment Firm

A dimly lit office scene with people in a meeting. A woman in a dark blazer stands in the center, holding a folder and pointing towards a man in a light blazer who is standing to her right. Two other people are seated at a round table in the foreground, looking towards the standing individuals. The room features large windows with a grid pattern and modern pendant lights. The overall atmosphere is professional and collaborative.

How Australian firms are reinventing their businesses for the next era of investing.

01

Background

- Report context
- Australian regulatory context
- Key trends transforming wealth management in Australia

02

How is Australia different?

- Switching wealth providers
- Shifting strategic priorities and business models

03

Key themes from a local perspective

- Local trends impacting wealth management

04

Deep dive #1

- Client Experience

05

Deep dive #2

- Productivity

01

Background



Becoming future-ready: Research background

Deloitte, along with other industry participants, co-sponsored a ThoughtLab survey to understand the changing expectations of investors globally, and how wealth firms are subsequently adapting their strategies, products, and business models.

Building a Future-Ready Investment Firm

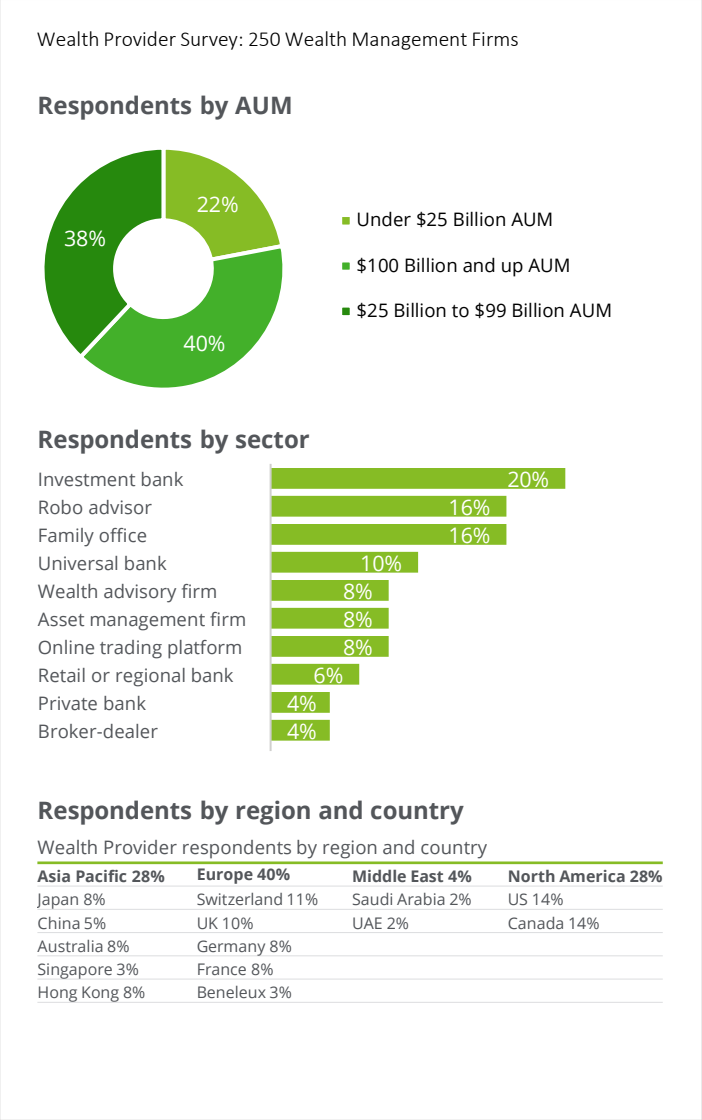
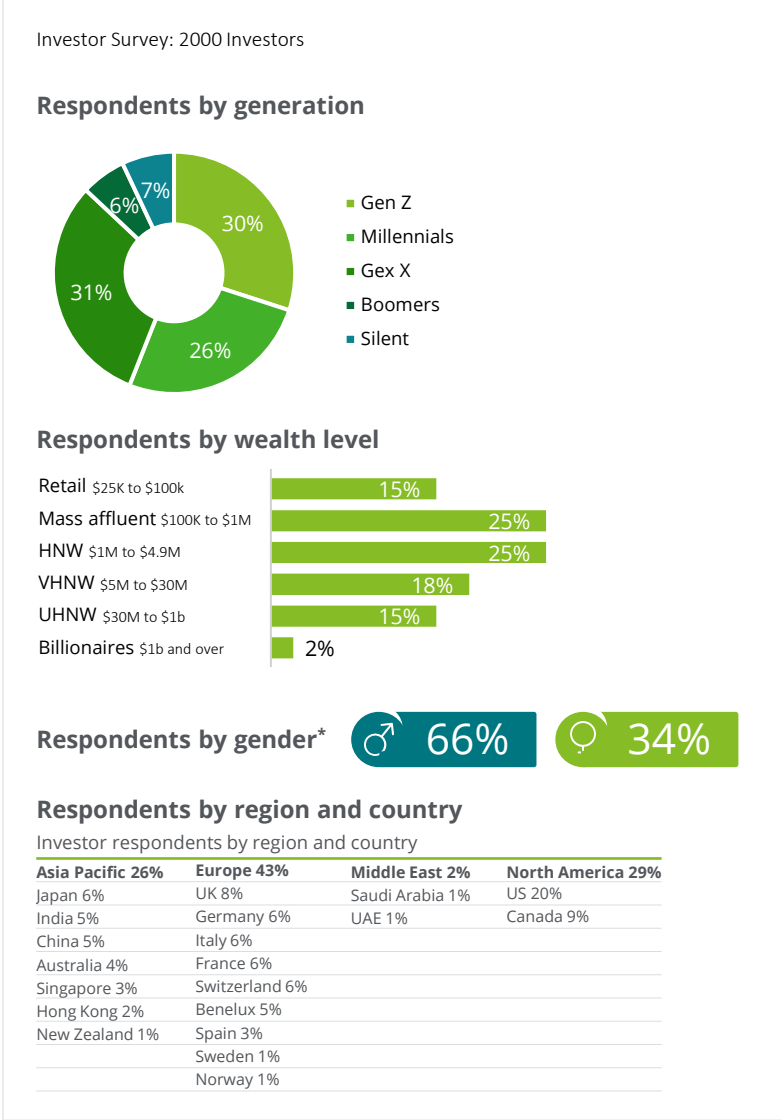
The global wealth management industry faces converging megatrends that are redefining investor needs and reshaping the industry at a time of growing economic and geopolitical uncertainty. These trends include:

- Rapid technology innovation
- Mounting regulation
- Heightened competition and
- Broad demographic shifts

To understand the expectations and investment practices of investors around the world, ThoughtLab and Deloitte joined forces with a group of industry experts to conduct a survey of a cross-section of 2,000 investors and 250 wealth management firms. In addition to the surveys, valuable insights were drawn from our advisory board of experts and from personal interviews with practitioners.

This report analyses the key global findings to provide information relevant to the Australian market, including where we differ and the key trends transforming our local wealth management industry. Additionally, we have leveraged the [global study](#) and our industry expertise to develop two deep-dives that are of particular interest: Client Experience and Productivity.

To cope with seismic industry changes ahead, Australian wealth management providers will need to innovate to become future-ready. This report provides insights and identifies the opportunities to do just that.



Australian industry and regulatory context

Australia's regulatory environment and emerging public policy both play significant roles in shaping the future of advice, creating different guardrails and expectations for Australia when compared to the rest of the world.

Context

- Australia has the world's 5th largest retirement savings pool, and a significant percentage of its population are within 10 years of retirement. There is a new and emerging public policy focus on ensuring that Australia's financial advice sector is 'fit for purpose' to respond to retiree needs, and superannuation fund trustees support in retirement as well as they have done in accumulation.
- Changes in policy are focussed on creating both the obligation and the opportunity for superannuation funds, wealth managers and advisers to scale financial literacy, advice services and reduce red tape (RIC 2022 and further changes to be introduced by Quality of Advice Reforms (QAR)).
- While client outcomes can be improved through better access to information and advice, providing this historically has been costly and risky.

Key Observations



Public Policy is shaping the future of advice in Australia

- The purpose of the QAR was to make recommendations 'to ensure Australians have access to high quality, accessible and affordable financial advice'.
- Changes may compel super funds to be more active in the advice space - shifting the business case from member retention.
- While local banks have largely exited mass-market advice, there are global lessons to be learned for Australian market participants.
- An increasingly customer-focused regulatory environment is shaping the future.

Digitisation of supervision and monitoring tools

- Higher compliance standards and relative innovation immaturity has seen a lag in the prioritisation of transformative automation of oversight controls.
- Despite an increased investment in automation for trend analysis and compliance, firms expect to continue to use a mix of old and new protection tools, maintaining human decision-making assessments for quality control and high-risk processes.

Financial advice of the future

Future changes will aim to broaden advice channels, reduce cost and simplify compliance obligations for the provision of advice.

- Despite strong support for advisory services continuing to be relationship led, cost of delivery and service capacity may ultimately dictate channel delivery.
- For the first time the regulatory complexity, which has historically restricted innovation and the entrance of new players in Australia, is likely to abate, supporting significant investment in digital advice tools and a new adviser type of 'qualified advisers'.

Key Trends Transforming Wealth Management in Australia

Contemporary Australian wealth offers will be shaped by shifting consumer needs, technology change and more focused competition

1. Enhancing client experience

New cohorts of investors are challenging firms to re-invent how they interact in a way that is more frictionless and secure.

5/10 investors seek personalised digital engagement channels and easy collaboration with an adviser. **50%** of firms expect data analysis and micro-segmentation will provide benefits to client experience.

2. Investing in data & AI

60% of Australian execs believe AI will significantly change the way their firm works. **70%** are seeing early performance gains from AI and automation. Concurrently firms are decreasing their investment in Data (60% down to 45%).

3. Investing with purpose

50% of Australian firms plan to significantly grow their ESG investment product offerings. With only **5%** of Gen Y & Z placing 'Philanthropic goals' as a priority, firms may be overestimating the interest of younger investors in sustainability.



4. Selecting a new wealth provider

34% of investors (**79%** of Gen Y & Z) will consider switching. Lower and simplified fees (**54%**), digital engagement tools (**51%**) and a trusted brand (48%) are the most important criteria for Australian investors when selecting a new wealth provider.

5. Shifting business models

60% of firms plan to shift their strategy by expanding into other client segments, with **49%** looking to move up the investor wealth curve. Only **25%** are interested in moving down the curve into the mass-market.

6. Driving business performance

55% of firms expect reduced costs to be the main benefit from early technology investments. As the digital and process transformation strategies kick in, many firms are expecting further operational and profitability benefits.

40% of Australian firms are considering outsourcing to specialised firms, twice the level of our global peers.



02

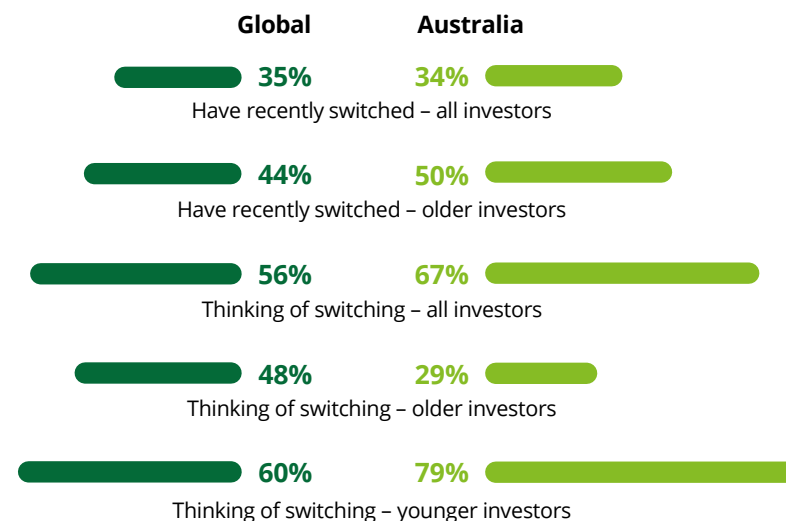
How is Australia different?

Where Australia differs

A high proportion of younger Australians are considering switching providers. To retain clients—and attract new ones—firms will need to modernise to meet rising investor expectations for better digital experiences and holistic support.

Switching providers

67% of Australian investors are considering switching Wealth Providers in the next 3 years. For Australia, this is predominantly younger investors (Gen X, Y & Z).



- The Australian Wealth Management industry is emerging from a period of consolidation that has been concurrently impacted by declining adviser numbers. Many older investors with an existing advice relationship have been transitioned between different firms and/or new advisers.
- The expected future movement from younger investors presents an opportunity for forward-thinking firms looking to seize the 'Next-Gen' opportunity.

Where Australia differs

Australian investors rank core components of the proposition consistently high. Brand, simple fee structures and personalised digital services are critical components of their ideal future proposition.

Personalisation will be critical for providers to ensure that their products, services, and client experiences truly meet the needs of investors.

Selecting a new wealth provider

Despite lower fees and simple fee structures standing out globally in importance, the selection criteria used by investors to choose providers varies by country.

Criteria used to select providers	Global average	Where criteria is most important
Lower fees/simple fee structures	58%	India (66%), Japan (64%), Switzerland (64%), USA (60%), Australia (54%)
Digital apps, channels, tools, and platforms	42%	Nordics (60%) UAE (58%), Australia (51%), UK (33%)
Trusted brand with reputation for integrity	39%	Benelux (50%), Australia (48%) Switzerland (46%), USA (28%)
Financial education resources and in-depth research	31%	UAE (42%), Australia (39%), UK (27%), Singapore (20%)
Purpose-led firm with sustainability values	14%	UAE (34%), Australia (21%), Italy (19%), Canada (11%)

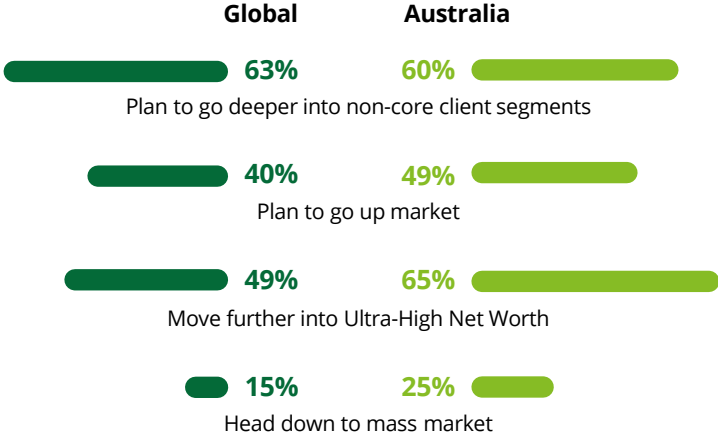
- Brand is important to Australians. Australian investors ranked a *'Trusted brand with reputation for integrity'* 2nd highest globally. There is a sense of safety in numbers when entrusting their money to established brands—but not without considering access to simple fee structures and personalised digital engagement.

Where Australia differs

Australia’s commitment to wealth management, and the expectations of our investors, are broadly consistent with our global peers. Local industry dynamics and a stronger focus on the wealthier cohorts showcase where we differ.

Shifting business models

Led by our Private Banks and Brokers, Australian wealth providers foresee strategic opportunities at the higher end of the investor wealth curve.



- Australian Private Banks are leading the charge into the Ultra-High Net Worth, or the 'small insto' segment as a means for growth and differentiation. Considerations include enhancing the proposition (products and services) and access to highly skilled advisers.
- Following the exit by our large Banks and a significant cost-to-serve challenge for those remaining, the Australian mass market has been left largely unadvised, but not entirely forgotten about as an opportunity. Superannuation Funds are well-poised to engage younger investors as their primary financial services provider.

Where Australia differs

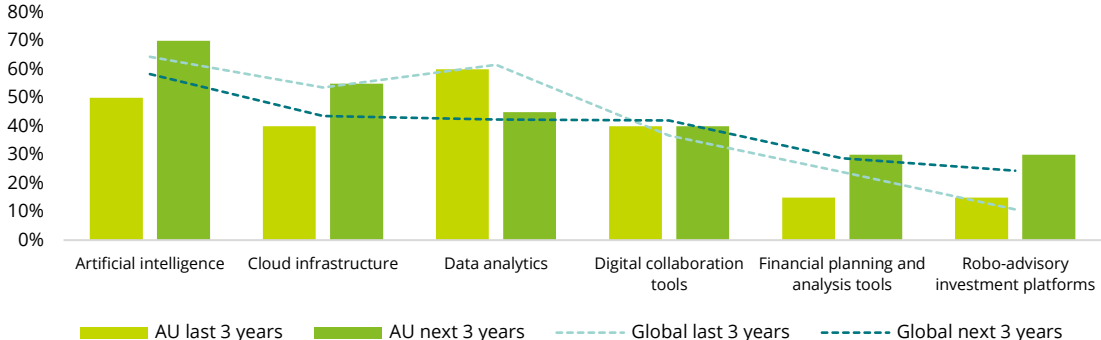
Implementation gaps exist between Australia and our global peers, demonstrating our position on the tech-maturity curve

Driven by the pursuit to enhance digital customer and adviser experiences, Australia is planning to prioritise spending into AI.

Prioritisation of future technology investments

Globally, wealth providers are decreasing their prioritisation of investment in Data and Data Analytics. Having trailed our global peers, Australia is playing catch-up by doubling-down on AI as a high priority investment for the next 3 years.

Percentage of wealth firm's prioritisation of technology spending



- Australian wealth providers are lagging the global implementation of AI use cases such as portfolio management, investment research and financial planning.
- To close this gap, Australian firms plan to prioritise investments into AI ahead of global peers, who are shifting focus to front-end client experience tools and delivery methods.
- However, as investment expenditure into data and data analytics is expected to decrease, firms may be underestimating the importance of foundational activity to support the development and effectiveness of AI.

An overhead view of a business meeting around a large wooden table. Several people in business attire are seated around the table, engaged in discussion. The table is cluttered with various items: two computer monitors, a laptop, keyboards, mice, coffee cups, stacks of papers, and folders. One person is pointing at a document, another is looking at a smartphone, and others are looking at the laptop or papers. The scene is brightly lit, suggesting an office environment.

03

Key themes from a local perspective

Investors are re-defining digital expectations

New cohorts of investors still seek access to advisers when needed, but traditional adviser-client interactions are not always preferred. Seamless engagement channels and communication preferences are driving the need for new personalised delivery methods.

Channels for interaction must shift

5/10 investors state that digital engagement channels enabling real-time access to data and easy collaboration with an adviser are the most important criteria when selecting a Wealth Provider. Investors want on-demand access to financial information, tools and investment and performance data to build knowledge and inform decision-making.

Firms need to align their strategic priorities to the new investor

Client experience trends Australia next 3 years	Investor Wants	Firm Wants
Access to advisers when I need them	62%	50%
Consolidated view of accounts across providers	54%	50%
Real-time access to investment and perf data	52%	45%
Simple, online account opening, KYC and transfers	50%	50%
Chatbots/virtual assistants to answer queries	50%	65%
Easy collaboration & communication with advisers	46%	60%
Personalized financial planning tools	39%	60%
AI-enabled investment and planning advice	39%	70%
Self-service digital platforms	32%	40%

Firms need to reinvent how they interact with investors, finding ways to make both mobile apps and video meetings more frictionless, informative, and secure.

The most important disruptor in the industry today is the client. Investors and families have higher financial awareness, literacy, and access to information than at any other point in our history. Their attitudes, expectations, and behaviors are compelling wealth managers to innovate across products, services, and experiences.

Jean-Francois Lagasse

*Global Wealth Management Leader,
Deloitte Switzerland*



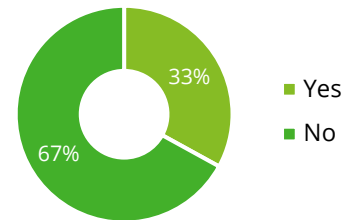
Investors are re-defining digital expectations

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Switching providers is a real threat – and an opportunity for forward looking firms

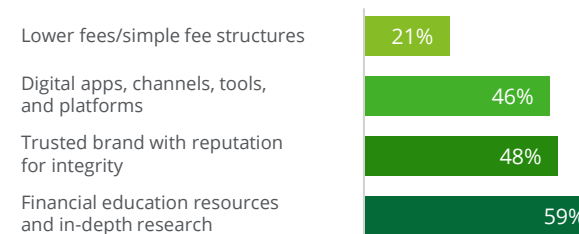
In search of lower fees, enhanced digital experiences and the comfort of a trusted brand, more Australian investors are considering switching providers over the next 3 years.

Considering switching

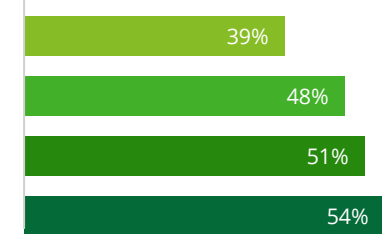


- **79%** are younger investors (Gen X, Y & Z)
- **69%** of Australian investors who have recently switched advisers are Baby Boomers, reflecting the period of industry consolidation.

Reasons for switching



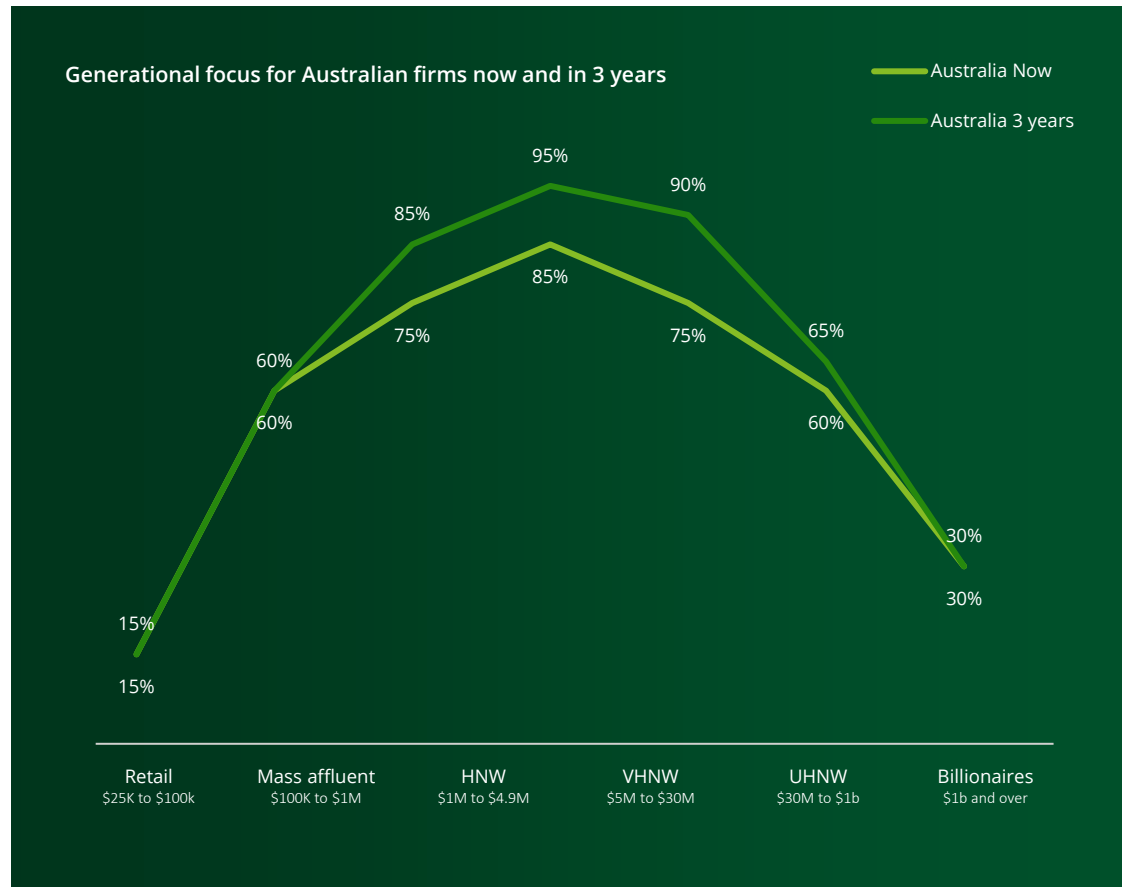
Importance when selecting



Brand is critical to Australians when entrusting their money to financial institutions—but not to the detriment of meeting their investment needs with personalised digital engagement.

Shifting business models: Unlocking value along the wealth curve

When implementing business strategy changes, 60% of Australian Wealth providers expect to expand into other client segments, with most looking to move up the wealth curve.

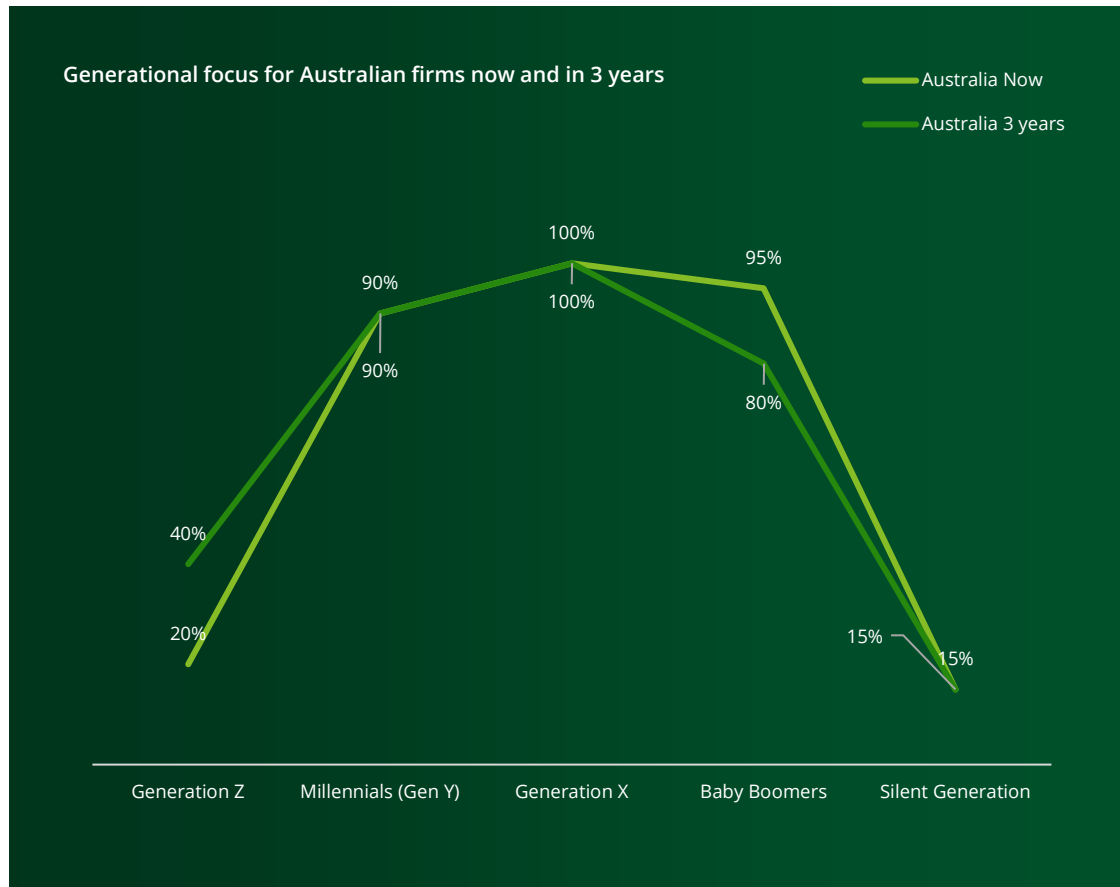


Wealth Providers globally are all looking to move up the wealth curve

- **49%** of Australian firms plan to go up-market, most notably Private Banks and boutique advisory firms.
- Compared to global peers, more Australian firms are planning to move further up the Ultra-High end of the wealth curve (49% Global vs 65% Australia).
- If viable from a profitability and regulatory perspective, **25%** of Australian firms would consider shifting their 3-year strategy by moving down the curve into the mass-market segment. The early mover advantage is an opportunity for Super Funds to build market share now.
- Enabling access to affordable advice, the Retirement Income Covenant and QAR outcomes will drive strategy and business model planning for the lower segments, particularly from Retail Banks, Brokers and Super Funds who are showing some interest down the curve.

Shifting business models: Accommodating generational change

As they become more prominent, the next-generation of investors – the true digital natives – are adding pressure on wealth firms to sharpen their focus.



Forward-looking Australian firms are adjusting their strategies to attract younger investors who are most open to switching relationships:

- In the next five to ten years, we will see the largest transfer of assets from the current generation.
- With an estimated \$5Tr expected to be passed down in Australia within the next ten years, wealth providers are implementing strategies to attract and retain younger investors early.
- Australia is expected to welcome 5,200 HNW investors as new migrants each year - the highest number globally.
- Longevity and an aging population are also having an impact on business models and product development.
- Super Funds are well-poised to engage younger investors early. There is an opportunity to support them with financial education and tools to build trust and engage as their primary financial services provider.

Driving future business performance through digital and process innovation

To strengthen financial performance and provide operational dividends, Australian Wealth providers expect digital and process innovation to empower them with knowledge to understand more about their business and their customers.

Percentage of firms expecting business performance benefits from digital and process innovation

	Global Now	AU Now	Global 3 years	AU 3 years
Financial				
Decreased costs	45%	45%	44%	55%
Improved profitability	24%	25%	37%	25%
Increased revenue	40%	20%	42%	40%
Operational				
Enhanced customer analysis and micro-segmentation	33%	55%	39%	50%
Faster creation of new/enhanced products	20%	25%	24%	30%
Improved employee engagement/productivity	27%	20%	24%	30%
Strategic				
Greater market share/expanded client base	23%	40%	23%	45%
New business models and channels	38%	45%	35%	30%
Stronger reputation	29%	30%	26%	15%

As digital and process transformation strategies kick in, many firms are already seeing large returns on these investments and are expecting further operational and profitability benefits:

- **55%** expect reduced costs to be a key benefit from early technology spending
- **50%** anticipate deeper customer analysis and micro-segmentation to benefit both customer experience and financial performance metrics

In addition to stronger financial performance they are experiencing operational dividends, from improved customer experience and analysis to enhanced risk management and employee productivity.

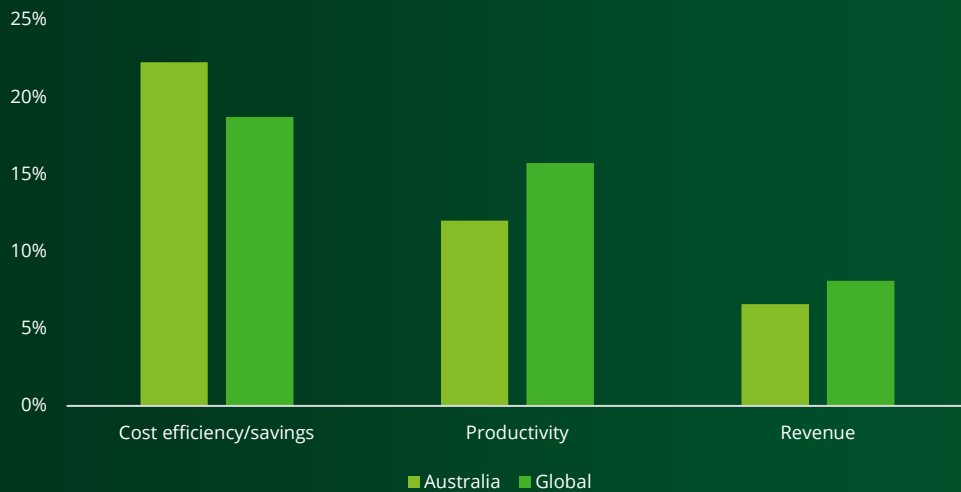
The race is on to see who can modernise in the most compelling and efficient way. The winners will be firms that enhance the customer experience while reducing the cost of service and scaling advice for investors.

Kendra Thompson
National Wealth and Investment Management Leader
Deloitte Canada

Driving future business performance through digital and process innovation

To strengthen financial performance and provide operational dividends, Australian Wealth providers expect digital and process innovation to empower them with knowledge to understand more about their business and their customers.

Prior digital investments are paying off as wealth providers are benefiting from material cost savings and gains in revenue and adviser productivity



- Globally, productivity gains continue to see double digit growth and are key to ensuring both customer and adviser experiences continue to be enhanced.
- Australian firms saw meaningful upticks in cost savings but lag global peers in how it translated into revenue and productivity increases.
- **35%** of Australian firms have seen above average cost savings but only 20% have seen above average productivity improvement compared to global peers at 37%.
- With head count being the most significant expense for Wealth Providers, more Australian firms are interested in outsourcing key functions.
- **40%** of Australian firms are considering outsourcing to specialised firms, twice the level of our global peers. The top three activities firms are planning to outsource or make use of partner services are call centres, legal and compliance, and cybersecurity.

Investing in data and analytics capabilities – Current AI use cases in Australia

Wealth Management firms have made considerable headway in using human-centred AI to support different aspects of both customer service and internal operations.

Top AI Enabled Internal Operations

	1. Risk & cybersecurity	2. Fraud detection	3. Client admin & analysis	4. Product development	5. Compliance & regulatory
Australian firms implementing now	35%	35%	30%	15%	5%
Global firms implementing now	37%	32%	31%	10%	19%
Difference	-2%	+3%	-1%	+5	-14%

Top AI Enabled Services for Investors

	1. Investment advisory	2. Investment research	3. Financial planning	4. Performance Analysis & Reporting	5. Portfolio Mgt/Adviser support
Australian firms implementing now	55%	40%	30%	30%	25%
Global firms implementing now	44%	46%	38%	35%	38%
Difference	+11%	-6%	-8%	-5%	-13%

Driven by the pursuit to enhance digital customer and adviser experiences, Australia has placed a focus on AI implementations for investment advisory. AI's ability to extract insights from large volumes of diverse data is also yielding benefits across both internal operations and client facing services. However, implementation gaps exist between Australia and our global peers in Portfolio Management and Compliance & Regulation:

- AI in portfolio management leverages data and advanced analytics to facilitate investment decisions through predictive analytics, risk assessments, and market sentiment analysis. Many Australian use-cases are cautiously breaking down individual portfolio component parts, partnering with human judgement to make final decisions.
- On the back of ongoing regulatory scrutiny and uncertainty, Australian firms appear to lack confidence to explore the potential of AI in compliance controls beyond trend analysis.
- Due to concerns over data most AI use cases are providing internal support and are not yet solely client facing.

Human-centred AI is empowering a knowledge-based industry and keeping humans in the loop for higher risk processes and decisions. Digital leaders are focusing on the fundamental elements needed to enable future scalability.

What are firms really solving for?

Productivity & Cost Out

- Search functions
- Summarising key information
- Content creation
- Intelligent process automation
- Operations
- Portfolio & investment mgt

Growth

- Hyper-personalisation
- Predicting churn
- Targeted client acquisition
- Cross-channel opportunities
- Product development
- Intelligent digital agents

Managing Risk

- Fraud detection
- Cyber-threat detection
- Compliance monitoring
- Trend analysis



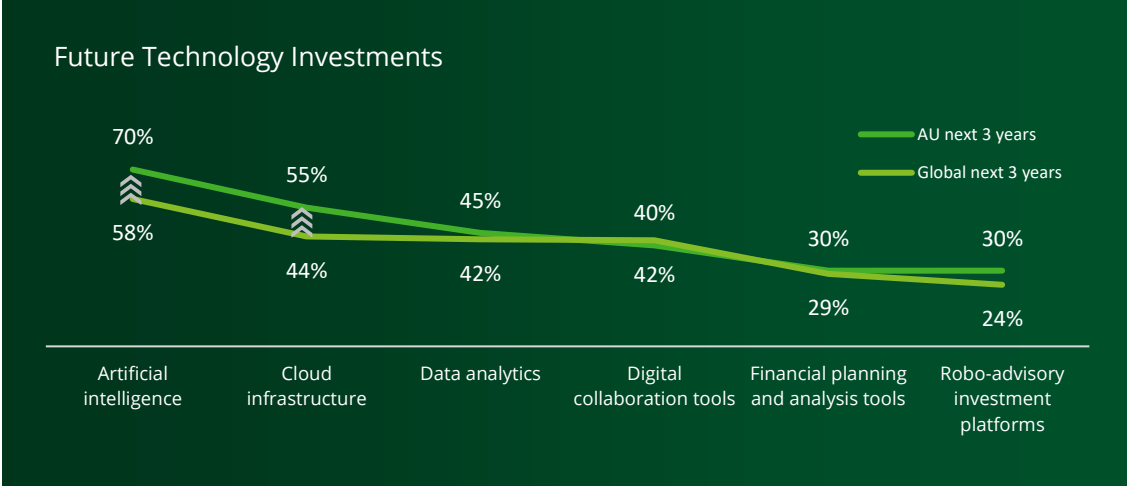
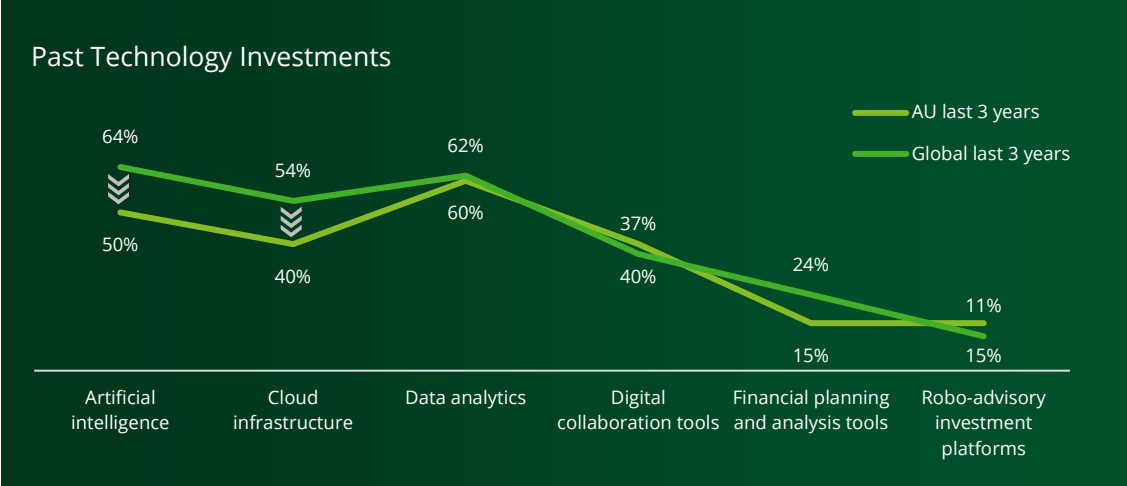
Success factor: The journey of leveraging technologies, particularly AI across the wealth business will be enabled by data, which is a crucial component of AI and the building block to enhancing customer experience and operational dividends.

Investing in data and analytics capabilities

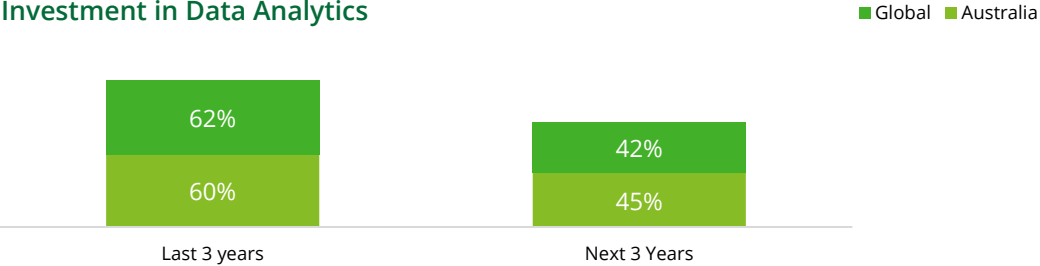
Globally firms are planning to reduce the proportion of investment into Data and Data Analytics. .With Australia doubling down on future investments into AI, firms need to ensure they continue to make clear strategic choices with data relevant to the specific high-value use cases.

Australian firms currently lag global peers on investments into AI, cloud infrastructure and financial planning tools.

Australian firms plan to make significant investments into AI and cloud infrastructure. These investments are required to position Australia at the same level of tech maturity as global peers.



Investment in Data Analytics



- Globally, future investment in data and data analytics has decreased significantly, which may jeopardise the success for AI development and implementation. The two facets are inherently interconnected and without integrated, quality data, the benefits of a digital transformation will likely not meet its full potential.
- With technology investments into AI increasing, firms should maintain their data-spend as a high priority. Data analytics includes the routine of cleansing, checking and validating, along with data governance and security controls – all of which collectively enable effective AI.
- The data integration strategy is an important first-step of wealth management technology and platform modernisation. Many global digital leaders have taken time to adhere to design standards that will promote data accessibility, re-use and consistency. This has enabled a shift in focus to client engagement delivery and tools.
- Australian firms also need to implement a data and analytics platform that provides the insights necessary for data-driven decisions.

The new ESG Narrative

Despite short-term challenges for the ESG sector, sustainable and impact investing is expected to increase in importance for both wealth providers and investors, who are equally keen to see a clear and tangible contribution to social and environmental issues.

Understanding the ESG opportunity

Firms may be overestimating the interest of younger investors in sustainability.

Where generations differ in their goals

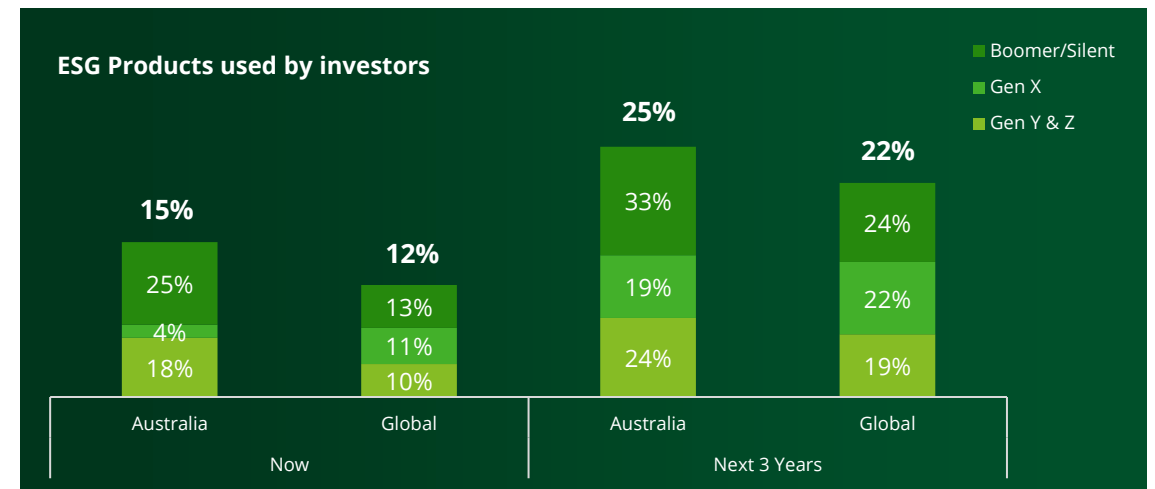
	Gen Y & Z	Boomers/Silent
Income generation	70%	40%
Tax optimisation	62%	51%
Lifestyle preservation	53%	38%
Wealth accumulation	46%	57%
Education funding	38%	2%
Home ownership	24%	15%
Legacy planning	10%	40%
Philanthropic goals	5%	30%

Younger investors are **less likely** to consider ESG when investing. They care more about income generation and lifestyle preservation, while older investors can afford to look more to legacy planning and philanthropic goals.

ESG product offerings are growing

The fastest-growing product offering in Australia will be ESG investments, albeit from a low base of available products and users.

50% of Australian wealth providers plan to significantly grow the availability of ESG investment product offerings in the next 3 years.



What is needed to build more confidence in ESG?

Despite the emergence of ESG data and governance standards, doubts continue about whether clients are willing to accept lower returns to achieve sustainable investing goals.

47% of investors expect to make sustainable investments without sacrificing returns.

51% are concerned about conflicts between sustainability goals & suitability standards.

- Personalisation will be key. Advisers need to understand investors' sustainability goals and align them to ESG investment offers.
- Data constraints present a significant challenge, requiring firms to establish and integrate ESG data frameworks.
- To deliver measurable outcomes, some firms have mobilised capital to institutional product development, which is slowing prioritisation of retail offerings restricted by ESG data challenges and lower ESG expertise.

Regulatory & Compliance | Cybersecurity: Solving through technology

The Australian regulatory environment continues to impact business strategy decisions, encouraging firms to find more effective ways to manage oversight and compliance.

The Financial Services Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (2017-2019) followed by the Quality of Advice Review (QAR) have played significant roles in reshaping the future of advice, proposing the creation of different guardrails and expectations for Australia compared to the rest of the world.

Top 5 Priorities for Australian firms in response to changing regulations:

- 1 Improve cybersecurity/data privacy controls and systems
- 2 Automate KYC/AML checks and processes
- 3 Apply AI/machine learning to monitor trends and ensure compliance
- 4 Outsource operational processes to specialized firms
- 5 Improve compliance breach detection and response time

50% of Australian wealth providers view the changing regulatory environment as the 2nd most significant trend impacting their business over the next 3 years.

60% of Australian firms have placed investment in cybersecurity technologies as #1 most significant technological investment to support middle and back-office operations.

Wealth firms have large opportunities to use AI solutions to enhance their ability to monitor trends and automate compliance controls.

AI Use Cases – Regulatory / Compliance & Cybersecurity

Australia	Risk mgt/ Cybersecurity	Fraud Detection	Compliance/ Regulatory
Use cases in progress	35%	35%	5%
Major role in 3 years	45%	45%	5%

- With ongoing regulatory changes and higher compliance standards, global firms are prioritising automation of oversight controls, whereas Australian firms are looking more to outsource to specialised firms.
- After a period of costly remediation programs, AI solutions for monitoring compliance are not yet being prioritised.
- **50%** of Australian firms plan to invest in AI and machine learning for trend analysis and compliance over the next 3 years.
- Unlike our global peers, this is not yet extending to automation of oversight controls (44% global v 20% Australia).
- Risk and supervisory controls continue to use a mix of old and new tools to protect firms, ensuring a human-in-the-loop for quality control and high-risk processes.

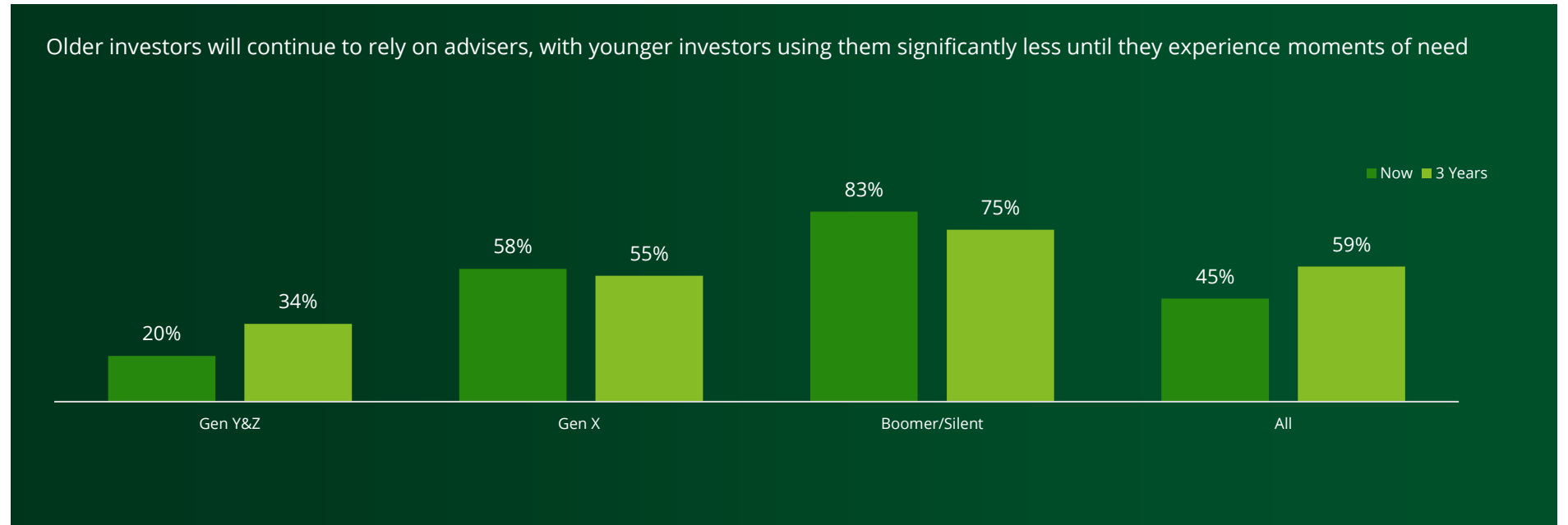
The Financial Adviser of the Future

Technological advances will transform client experiences and Adviser roles. Will developing tech-enabled Advisers be enough to secure their place in the future?

Many investors now prefer digital interactions from a wealth provider before accessing an Adviser

59% of Gen Y and Z investors do not expect to use an Adviser by 2030.

Investors want to use mobile apps for administrative activities and document sharing and video meetings for adviser consultations. These preferences are strongest for the youngest investors but remain largely consistent across age groups and wealth levels.



Supported by better technology, new and re-skilled Advisers are required

How will firms manage the technology transformation and upskilling and replacement of their aging Adviser population?

New delivery channels, the opportunity to retrain middle and back-office staff into frontline roles and QAR will encourage firms to think differently about what their future Adviser needs to be.

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Aligned closely to their investor cohort, access to Financial Advisers when needed will remain important

62% of investors view access to an Adviser when required will be the most important service.

41% of investors who aren't currently using an Adviser plan to start in the next 3 years.

70% of providers will move to a hybrid, tech-driven approach with more limited personal advice.

With 49% of providers seeking to move up the wealth curve, what type of Advisers and technologies are required to service the future HNW investor?

Firms will need to adapt to the needs and behaviours of younger generations. To connect with, and understand a more diverse investor base, it needs a more diverse, and younger, adviser base.



Advisers will need to offer more value

With investors wanting technology to take over many of the tasks formerly handled by their Advisers, they will need to focus on what they do best— provide trusted, specialised, and holistic advice. Client engagement will move to the palm of the hand and virtual interactions—but personalisation will be key to demonstrating value.

Reducing adviser numbers sees many HNW firms scrambling amongst the small pool of highly skilled advisers to attract quality staff. Firms will need to support advisers to demonstrate their value with personalised propositions and client engagement tools that enable differentiation.

Firms need to continue to be relevant by having an adviser population and a value proposition that is relevant for the client of the future.



Brand is important to advisers and new entrants

Australian investors ranked a *'Trusted brand with reputation for integrity'* 2nd highest globally. Brand is also important for attracting and retaining advisers. Wealth providers are being judged by existing and potential employees based on their reputation for investing in digital innovation, leadership visibility and opportunity for professional development.

What is needed to build future-ready Australian wealth management firms?

Digital transformation of the wealth management industry is well underway, but we believe it will take at least another five years of sustained levels of technology investment across the following five key areas to bring it to near completion.



Digital client experience

Sentient, intelligent, and highly engaging experiences that favour digital interactions



Digital adviser experience

Better experience and greater adviser productivity with modern workstations



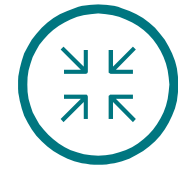
Advanced advice engines

Digitally enhanced advice for clients to achieve their financial and well-being goals at lower costs



Streamlined operations

Simplified, flexible operational infrastructure and workflow tools to support client/adviser experiences and drive down unit costs



Enhanced data capabilities

Modern data solutions support business needs and address regulatory requirements



04

Deep dive: Client Experience

The next generation of investors are more diverse by age, location, gender, wealth level, and lifestyle – and are a growing segment of your target audience...

Birth date



- **31%** of the population and **31%** of the workforce by 2030
- ~\$5 Trillion expected wealth transfer by 2030
- Typically prioritise lifestyle and experience over wealth
- Delaying traditional life markers and likely to be the first generation to have **50%** chance of living to 100
- Known as the 'financially savvy' generation keen on taking back control. **27%** of Gen Y investors regularly look for sources to improve their financial knowledge
- Greater blending of ethnic background introduces cultural nuances affecting risk attitudes and investment strategies
- Visual communication is an expectation driving higher engagement – why read it when you can watch it?

- **21%** of population and **32%** of the workforce by 2030
- Are almost exclusively the children of **Gen X**
- The emerging generations are more formally educated with **50%** of Gen Zs to be university educated
- Spend an average of **74%** online (outside work/study)
- **73%** would make a purchase based on social media
- Expected to have 18 jobs across 6 careers in their lifetime.
- **1/3** young Australians state they have a 'side hustle' and have embraced the gig economy
- Believe in protecting the planet through their purchases
- With buying a home unlikely in the near term, they are turning to alternative investment solutions

... and their experiences and expectations are different from investors of today

Seek **humanisation** of firms with visibility creating trustworthiness

Believe in supporting things that matter most, seeking sustainability **alignment to values**

Expect **personalised experiences** & different levels of engagement at key moments

Demand firms to be more **targeted** in offerings aimed at satisfying their unique needs, values and priorities



Are accustomed to **digital benchmarks** set by leading consumer experiences

Desire seamless, easily accessible **online experiences** to complete day-to-day tasks quickly and easily

Aspire to have greater control over investment decisions thanks to **financial knowledge** and access to data and information

Long-standing demographic shifts and the **intergenerational wealth** transfer will redistribute wealth among subsegments

The future of Wealth Management goes beyond financial performance, relying also on a compelling client experience

To deliver best-in-class experiences, firms need to reimagine their propositions and how they interact with clients.

The opportunity is to escape from current constraints to think differently and look for competitive positioning



1. The hyper-personalised client

Enable a knowledge-powered client experience by embedding AI throughout the client journey to accelerate results and generate new levels of data driven insights and actions.



2. Whole of life wealth proposition

Define a unique customer proposition that supports clients to look beyond financials as a measure of success to include wellbeing, social purpose and financial literacy.



3. Adviser of the future

Client experience is a balance between enabling digital tools and access to advisers and human support. This allows a unique opportunity for advisers to pair human relationships and skills with the efficiencies offered by quality tech to best serve clients.

The process starts with defining your unique client proposition and developing a clear point of difference

Understand your customer

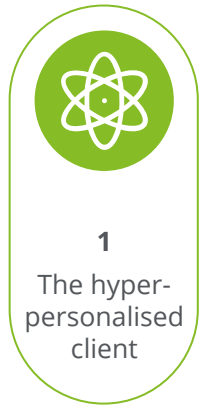
- What are customers unmet needs and desires?
- What is our clear and focused value proposition?
- When will customers prefer to maintain their relationship with traditional players and when will they be excited by new offerings?
- What will drive customers to switch if at all – will it be price, service or both?
- To what extent do our clients want human advice augmented by technology?

Understand yourself

- What brand permission do we have and how much can we realistically change that?
- What capabilities do we already have and what will we need to build to generate differentiation?
- What will we need to build to differentiate from traditional and new players, will they be competitors or partners?
- What are the key pillars for CX of the future and who is responsible for each component?

Data enables firms to see clients in technicolour

Personalised and targeted experiences and offerings will be an expectation, rather than a point of differentiation.



Wealth providers require a deeper understanding of their clients...

... and their evolving needs and behaviours.

What?

- Investors of the future represent the rise of granular micro segments. Traditional investor segmentation based on age and wealth no longer adequately reflects today's heterogeneous marketplace.
- Demographics are combined with behavioural data e.g. reaction triggers based on life experiences, spending patterns, financial IQ, interaction preferences and device attributes.
- Using quantitative and qualitative data, behavioural personas can be generated automatically by algorithms that recognise patterns in online interactions.
- Investor micro-segments target people very specifically - influencing and informing the type of products and services they should receive information about.
- Opportunity to use data to optimise client experience and engagement by delivering personalised financial products and services through nudges.
- It adds up to a far more insightful view of the investor, and a far more effective way to engage them.

Why?

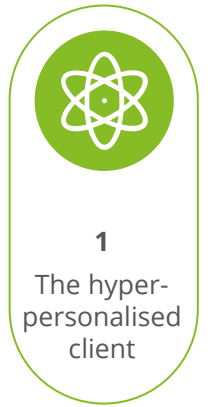
- Using data to form sophisticated segments that combine their various attributes builds a deeper understanding of investor behaviours beyond financial metrics.
- Ensures investors are not inundated with products and offers that are irrelevant or unsuitable.
- Clients receive highly targeted communications via their preferred channel at a time when they are likely to be receptive to it.
- Identify and address pain-points and connect advisers to real-time investor demand signals for proactive customer support.
- Enables greater precision, granularity, efficiency, and effectiveness of operations and customer experiences.
- The feeling that a brand understands your needs and preferences fosters customer loyalty.

Micro-segmentation enables advanced customer analysis that considers behavioural traits and demographic cohorts, including social and historical reaction triggers.

I want investment providers to use technology to better understand my preferences and create customised investment strategies, making it easier for me to manage and streamline my investment portfolio with the help of AI-driven platforms.

Defining client segments by wealth or life stage doesn't tell their full story

Behavioural and historical nuances affect client attitudes toward risk and investment strategies. Micro-segmentation allows firms to create highly targeted communications that speak directly to the needs and interests of each individual.



Dave the tradie

Born in 1983 Newcastle

- Married
- Trade qualified, self-employed
- Income \$250,000 pa
- Lives in Melbourne
- Home owner – mortgage

Recently received an inheritance for \$2M



Jacqui the business owner

- Born in 1983 Hong Kong
- Unmarried
- Degree qualified, self-employed
- Income \$250,000 pa
- Lives in Melbourne
- Home owner - no mortgage

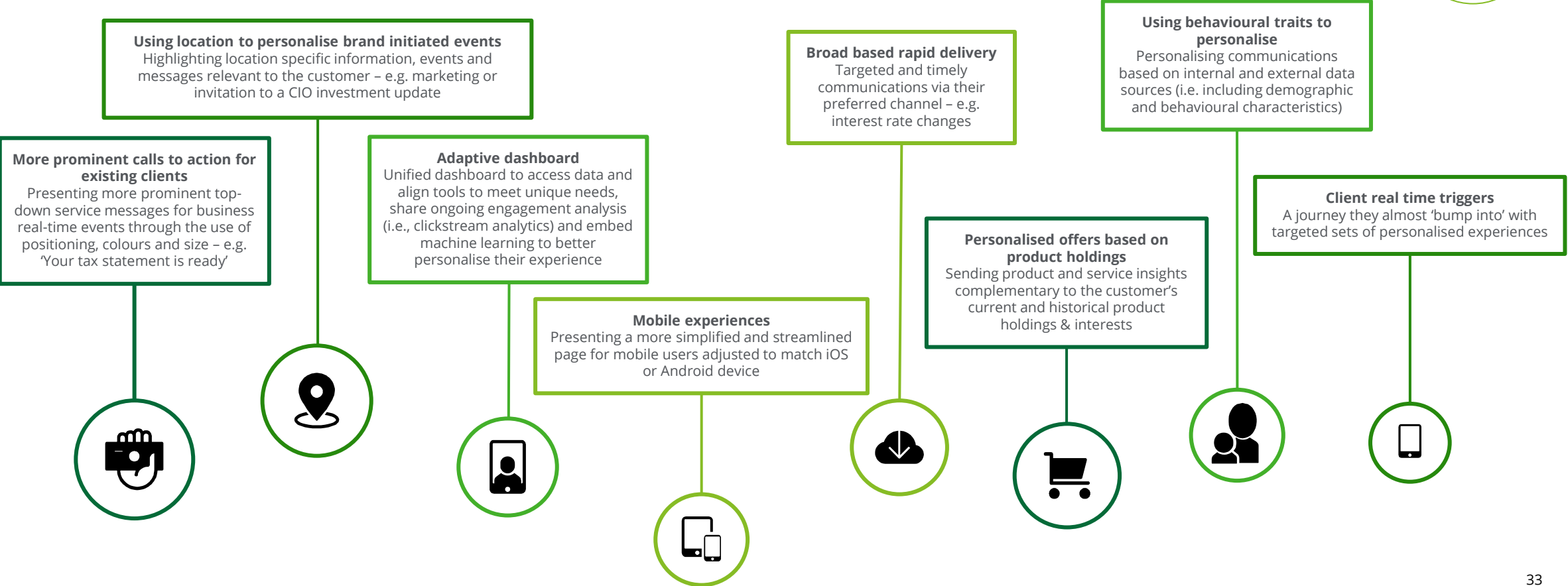
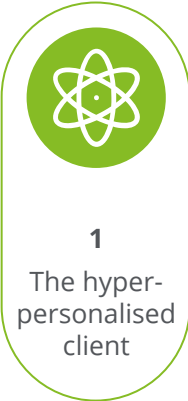
Recently sold HR business for \$2M

Understanding your investors at a granular level to deliver personalised experiences at scale

- Behavioural traits
- Demographic cohorts
- Reaction triggers
- Cultural and ethnic background
- Education
- Values
- Social contribution
- Purchase history
- Personality traits
- Attitudes
- Investment behaviours
- Financial knowledge
- Personal and financial goals
- ESG goals
- Historical factors
- Investor attitudes
- Risk tolerance
- Previous experience
- Engagement expectations

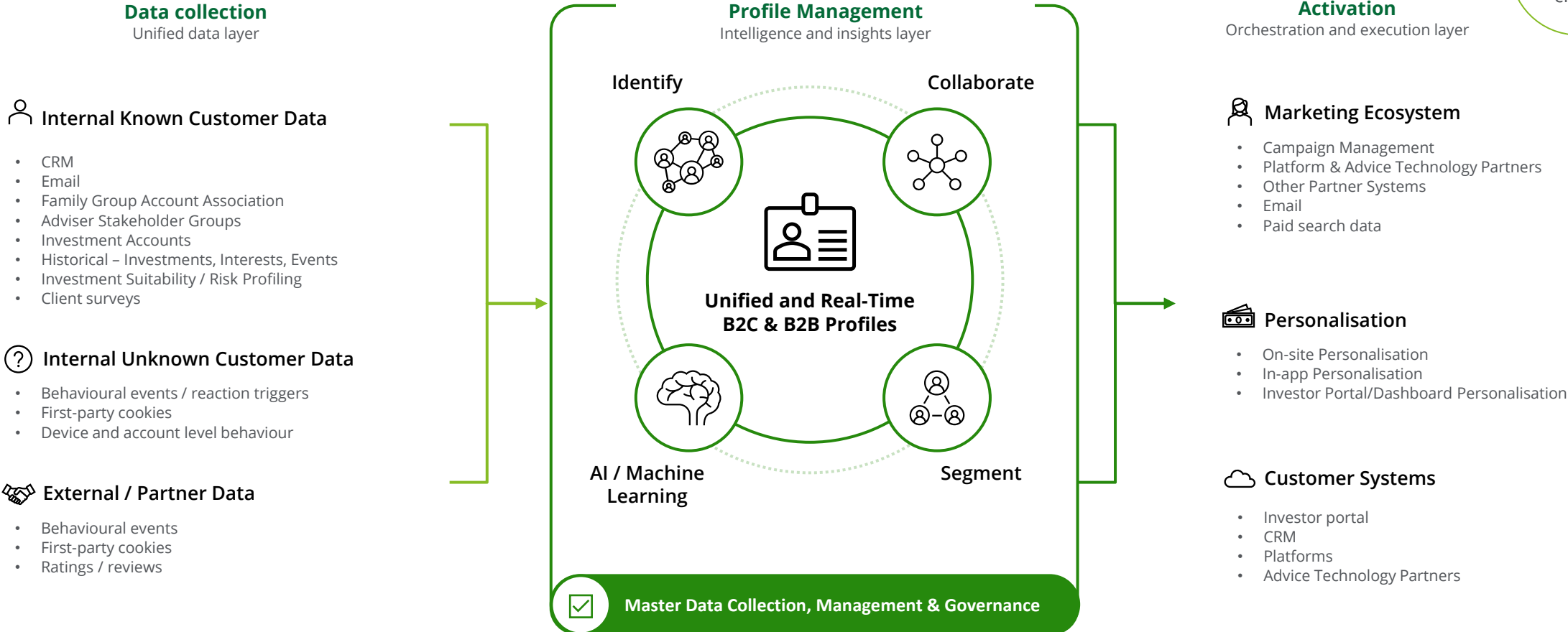
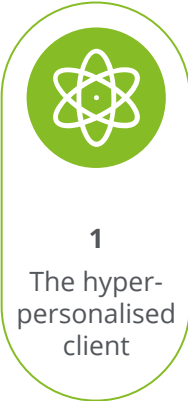
Personalised, targeted experiences and offerings will be an expectation, rather than a point of differentiation

What used to previously delight is now table stakes. Nearly 70% of investors expect personalised communications and offers from their financial institutions to be on par with their favourite digital-born companies, whilst 76% of customers report frustration when personalised experiences aren't provided.



Unlocking the value of personalisation requires the co-ordination and orchestration of data, decisioning, and delivery

While brands have unprecedented opportunities to connect with customers, they struggle to manage the data explosion, channel fragmentation, and shifting preferences that define today's marketing landscape.



Clients are shifting to a holistic view of their 'net worth' and Wealth Managers need to keep up

Recognising the link between financial, personal and social well-being and the impact on your investors' approach to decision-making.

Reframing 'net worth' by looking beyond financials as a measure of success

Our future investors are moving on. For them, their net worth isn't just about money.

It's an account of their whole life.
It's a measure of the things that really count.

And they're looking for partners who can help them move towards their personal ideal lifestyle.

Firms of the future understand it is impossible to have a healthy marketplace without having a healthy society. They will need to provide experiences and offerings that fulfil the needs of individuals and help them to grow their 'net worth'.

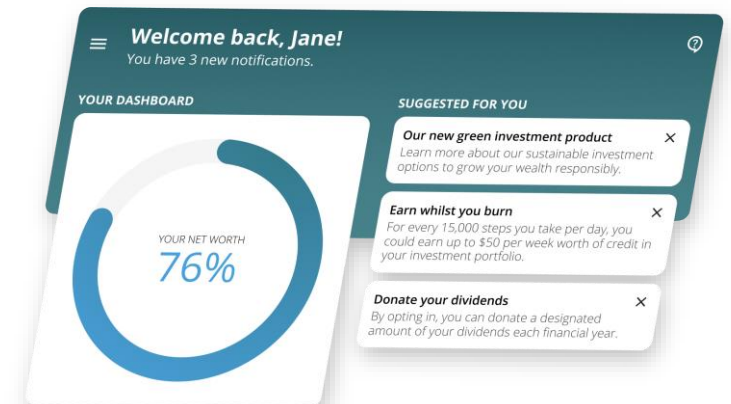
This paradigm shift represents profound opportunities—the ability to escape from current constraints, think differently and solve problems in new ways that have the potential to reward positive financial, well-being and social outcomes for investors, firms, and the planet.



Imagine a future where...

... investors have access to a curatable suite of experiences, services and products based around whatever matters to each individual, all at the tip of their fingertips.

- An AI assistant with a personalised dashboard, enabling investors to create their own bespoke mix for whatever life stage they are at.
- Tracking real net worth - financial tracking, how healthy and happy you are, and how much you are contributing to the things that matter to you.






With innovations in technology and the growth of alternative media, will the future include advisers?

Client experience is a balance between enabling digital tools and access to advisers and human support, enabling a unique opportunity for human advisers and AI to team up to best serve clients.







3
Adviser
of the
future

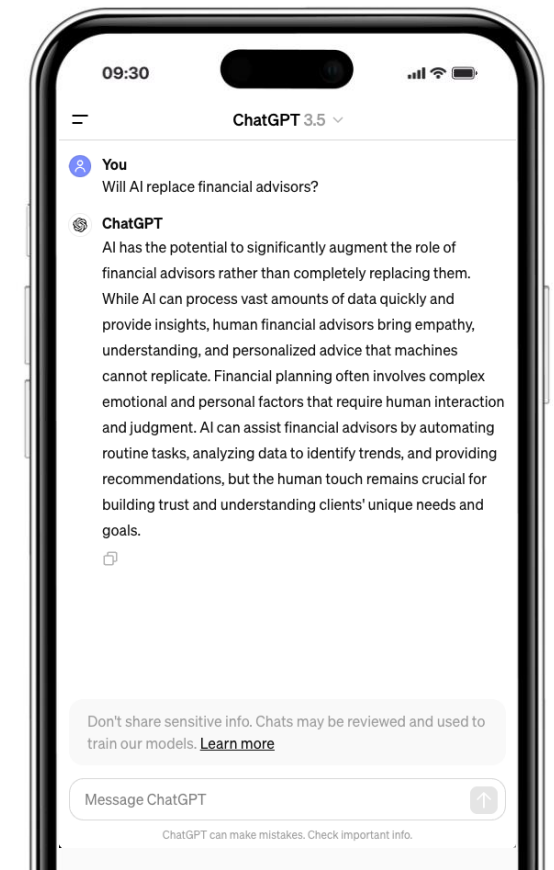
The case for humans is built on emotions, professionalism and relationships...

-  AI tools lack the “human touch” that only advisers can provide e.g. attentive listening, observation, and emotional connections.
-  Advisers can further personalise and enhance their impact by becoming specialists.
-  AI overlooks the fact that every individual is unique, and that everyone’s needs and motivators are different.

But the case for technology is mounting...

-  AI eliminates human faults – especially when investor emotions such as despair, euphoria and greed are involved.
-  AI is always on. AI is always thinking, always available to chat.
-  Cost efficiencies are available for both consumers and firms with AI transforming advice into a cheap and accessible ‘first step’.
-  Via more conversational phrases with back-and-forth dialogue, some AI tools can now inject emotion. It may not be close to the human level yet, but it’s on its way!

...So, rather than a replacement, think of it as a collaboration that can benefit both advisers and clients...



Technology will be a key enabler in delivering innovative and compelling client experiences

Embracing and investing in new technology, guided by user-centric design choices, will position Wealth Management firms to deliver on customer expectations.

New and emerging wealth management eco-systems are beginning to incorporate...

01 Data



The operation of one single, shared data layer so that client, account, and product data is current, accurate and trusted - limiting the need to capture data several times across the value chain.

02 Artificial Intelligence



A modern user interface, intuitive and automated workflows with embedded analytics and AI. Data-driven insights and decisions to personalise experiences and propositions, become more sentient and better anticipate client needs and emotions.

03 Self-Service Channels



Key client functionality (e.g. onboarding, digital tools and adviser communications) intended to allow advisers and their clients to share knowledge and tools to co-create together.

... Underpinned by key design choices

Shared platform and tools between advisers and clients

Different access rules; facilitates co-creation and integrated DIY and adviser-assisted journeys

Modular, web-like designs

Apple-like experience with intuitive navigation, customizable layouts, quick links, and toolkits

Analytics and AI embedded throughout

Including personalisation, virtual voice assistants and next best actions, etc.

Consistent across touchpoints

Clients can smoothly transition between mobile/tablet and a desktop experience— with similar experience and consistent data

Unique source of truth

Centralised data repository and single client profile feeding all applications

Supervision and compliance built into the design

Monitoring and compliance alerts embedded in daily tasks

First mover examples of digital solutions meeting the brand high ground

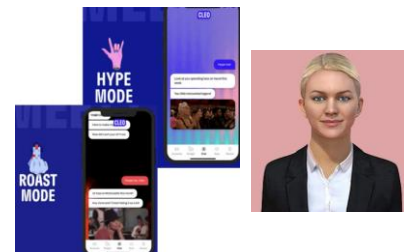
By connecting the need for frictionless engagement approaches that align with their personal values, global banks and wealth providers are exploring creative technology solutions to engage and support young investors.



Emotional Connectivity

Integrating financial wellbeing with humorous, real and personal connections, all via a dynamic chat.

- **Aida:** (Sweden) AI-powered chatbot able to tell if a customer is frustrated or pleased – and bring in a human at the right time. Includes powerful *Intent Recognition* capabilities to detect the underlying intent of a customer's query (reached 85% accuracy).
- **Cleo:** (USA) Chat based financial wellness coach that speaks to you like a friend. Allows users to switch narrative based on how they feel – 'Hype' calls out good spending behaviour – and "Roast" calls out the bad!



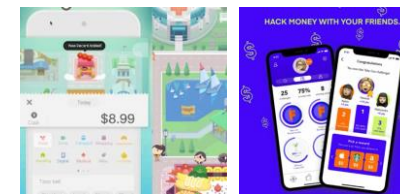
Financial Knowledge

Seeking to 'socialise money' by making it something you do with your friends.

Using gamification and fun to drive engagement and education.

Being deliberately open about a personal and typically closed topic.

- **Fortune City:** (Sweden) Using gamification to teach financial knowledge. Tracks finance and expenses as the Mayor managing your own city.
- **Frich:** (USA) Sharing money secrets to lift Gen Zs financial wellness. Set spending and investment goals with friends.

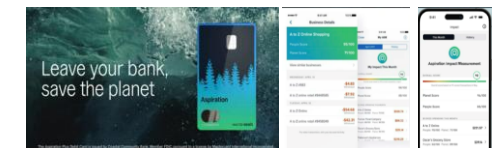


Sustainability & Inclusion

Support the rise of the personal brand by shopping in alignment with personal values.

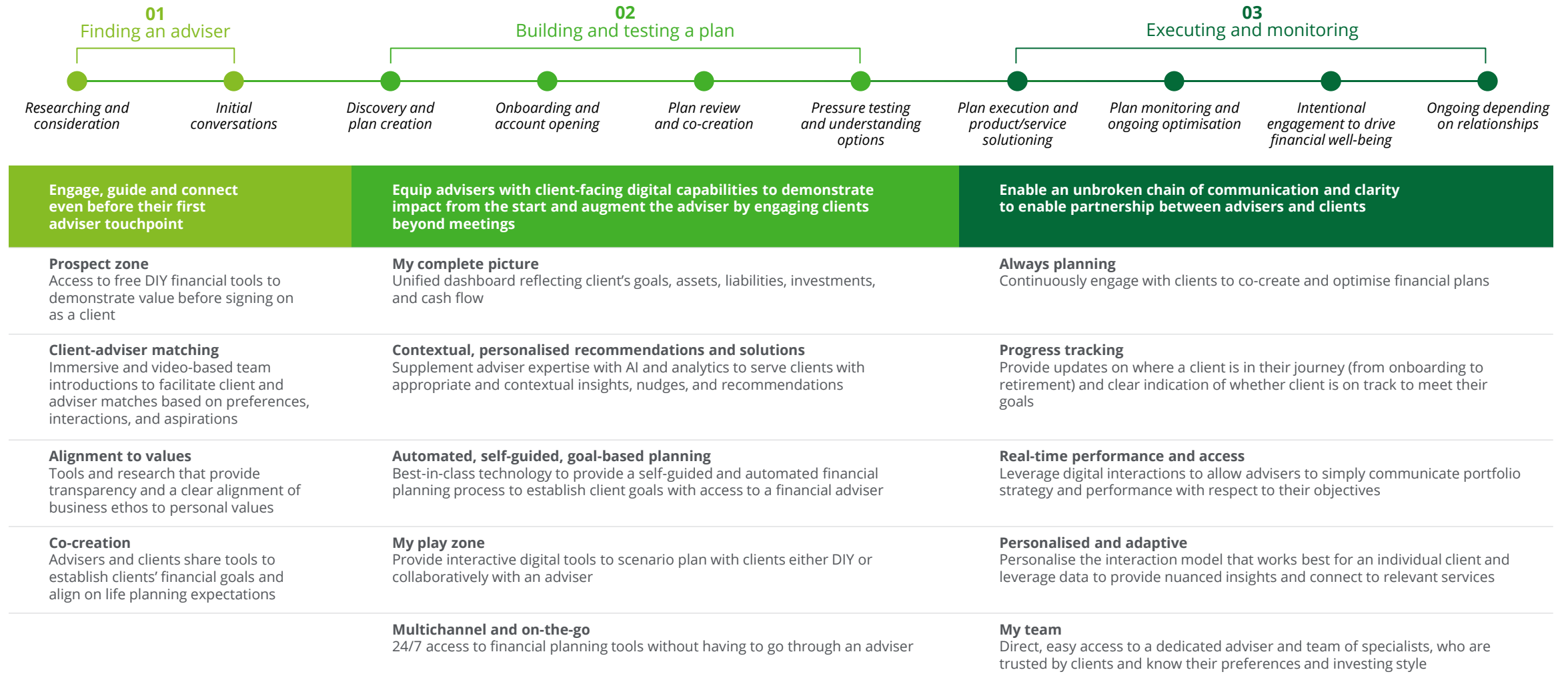
Create trustworthiness, with individual and intimate interactions.

- **AIM:** (USA) calculator generates a personal sustainability score based on how your daily spending habits impacts or benefits people, your community and the planet.



Designing new digital concepts for end-to-end investor experience

Wealth managers are building new concepts and capabilities to deliver on investor expectations.





05

Deep dive: Productivity

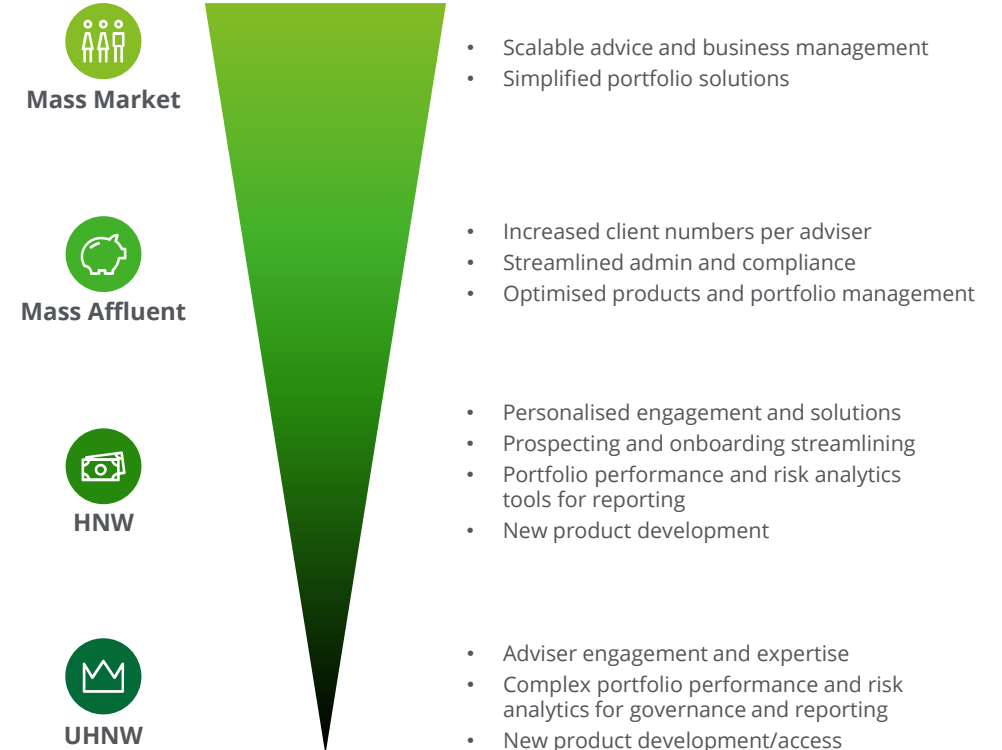
Defining the productivity challenge for your business

Wealth management firms face common productivity challenges across the client lifecycle however, the solutions to address these challenges will differ depending on the business model and strategic priorities.

Productivity challenges remain relatively consistent across firms...



...but use cases to solve for these vary by type of advisory firm

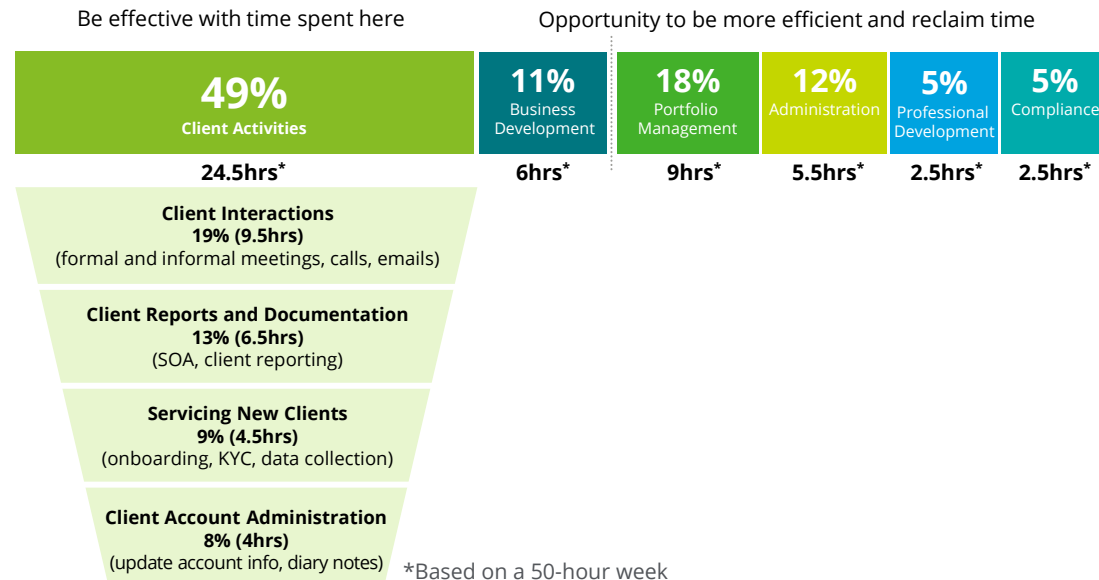


HNW advisers need productivity challenges addressed to spend more time with clients

Low adviser productivity has been a result of manual operations from disconnected systems and data, as well as capability silos. Rather than prioritising improvements as part of transformative change, the focus to date has been on front-end user experiences and incremental process changes.



Average Adviser Weekly Time Allocation



What are the fundamental elements that need to be solved to enable scale?
If you could give each of your advisers 250 hours per year, what would they do with it?

Key Pain Points

Being more effective with client activities provides an opportunity to differentiate the client experience and improve adviser productivity:

- Advisers dedicate an average of 1 day per week directly interacting with their clients.
- On average, an additional 1.5 days are dedicated to client support work, e.g. account administration, onboarding and documentation.
- Despite recent investment in process and digital improvements, onboarding and servicing of new clients remains a bottleneck.

Advisers are spending an average of 60-70% on non-advisory activities:

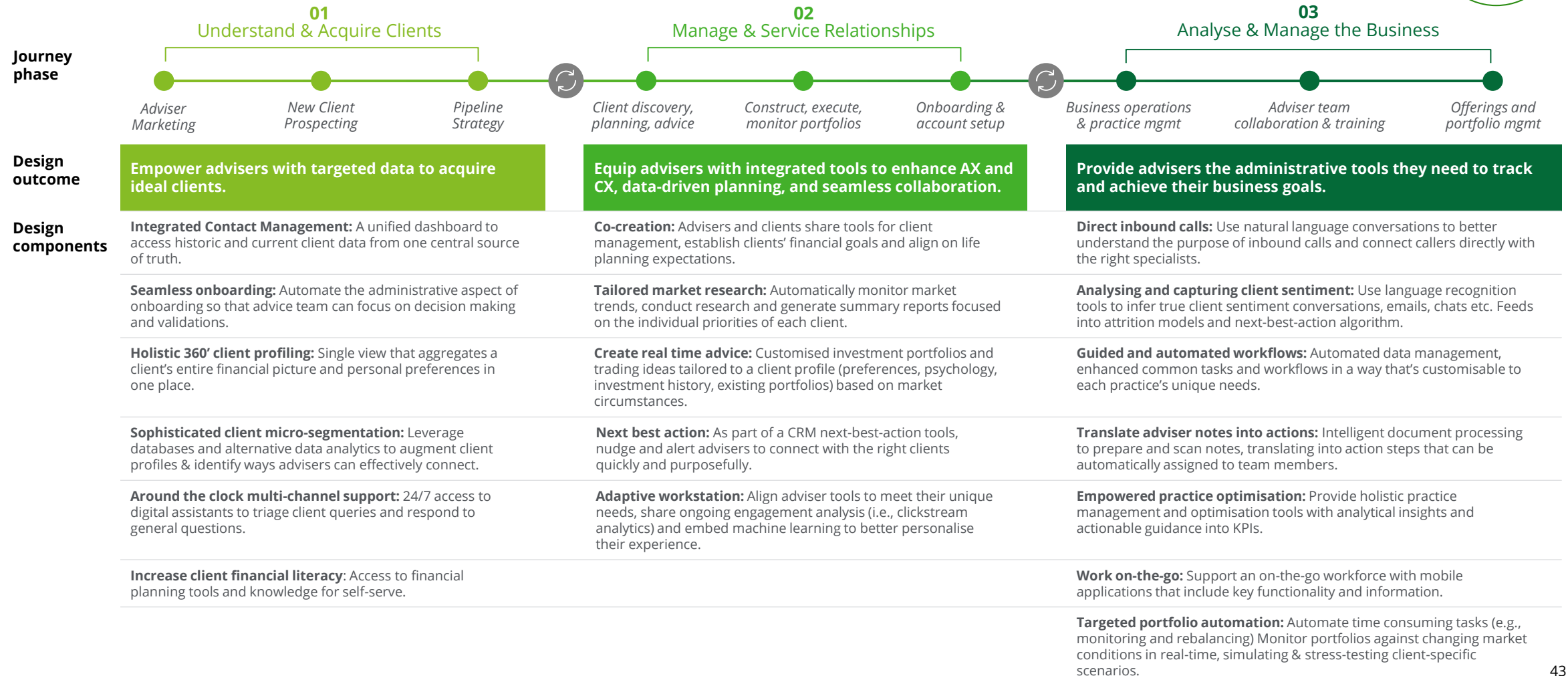
- Portfolio Management incorporates investment research, trade execution and ongoing portfolio monitoring/rebalancing.
- Many of these tasks require manual intervention e.g. Excel
- Close to half the time dedicated to Portfolio Management activities relates to investment research.
- Analysis is at an adviser-level only and does not incorporate support staff or middle / back-office involvement.



Forward-looking firms are solving for end-to-end functionalities to both improve client and adviser experience by enhancing the automation of operational tasks such as portfolio management

Designing a new concept for adviser experience to enhance productivity

Firms are now focused on improving adviser and client experiences together to enhance both digital engagement and productivity. Attention to core business operations as part of the design will address pain points and enhance end-to-end transformation.



Learning from digital transformation leaders in Australia

Digital transformation, including AI, can solve for adviser productivity challenges starting with portfolio management related operations.

Digital Transformation AI Use Cases In Australia Key Prioritisation Areas For Digital Leaders*



■ Mid-Back Office
 ■ Front Office
 🔍 Focus Area

*Represents % of Australian firms that have invested in specific use-cases

Most industry observers have high expectations for AI, believing it to be not only incremental but transformative for the industry...

With advisers spending an average of 60-70% of time on non-advisory activities, firms understand that the desired client and adviser experiences cannot be achieved without addressing some middle and back-office pain points:

1. Portfolio management

consumes an average of 15-20% adviser time.

Digital leaders are tackling the end-to-end portfolio management workstreams, pivoting digital transformation from the front, to mid and back-end operations.

This includes investment advisory and research, trade execution, portfolio support and analysis/reporting.

2. Onboarding and client account administration

continues to consume an average of 15-20% of adviser time despite significant front office improvements.

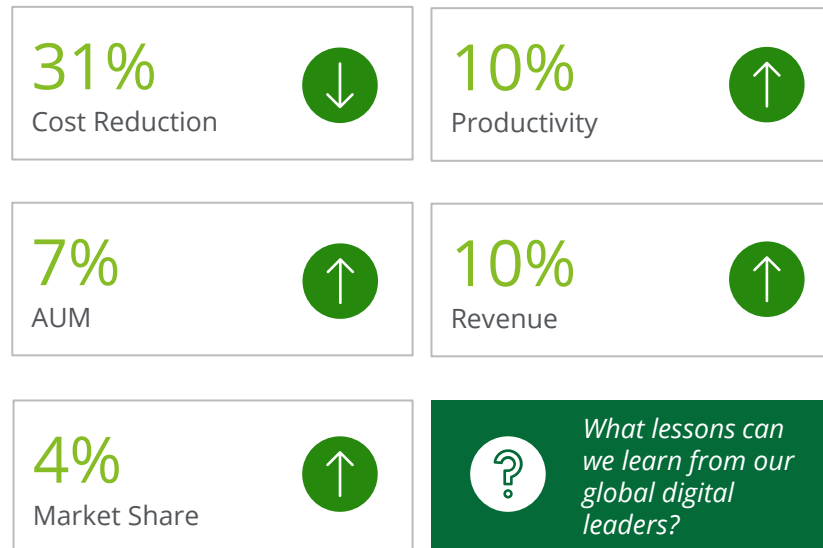
By driving more efficiency through their front-office processes and core operations, both use cases are demonstrating early productivity benefits and enhanced client and adviser experiences.

Early improvements to the front office have pointed to the need to modernise core operations at the same time. For example, after client onboarding and account opening processes had been digitised, the need to integrate with connected activities within operations such as maintenance, third party product applications became more obvious.

Digital transformation is still core to building a future-ready wealth management firm

Many Australian firms are seeing early operational and financial performance benefits, including productivity enhancements from process and digital transformation and investments in technology. The digital transformation use cases highlighted on the previous page have seen material improvements to key business metrics.

Key Metrics



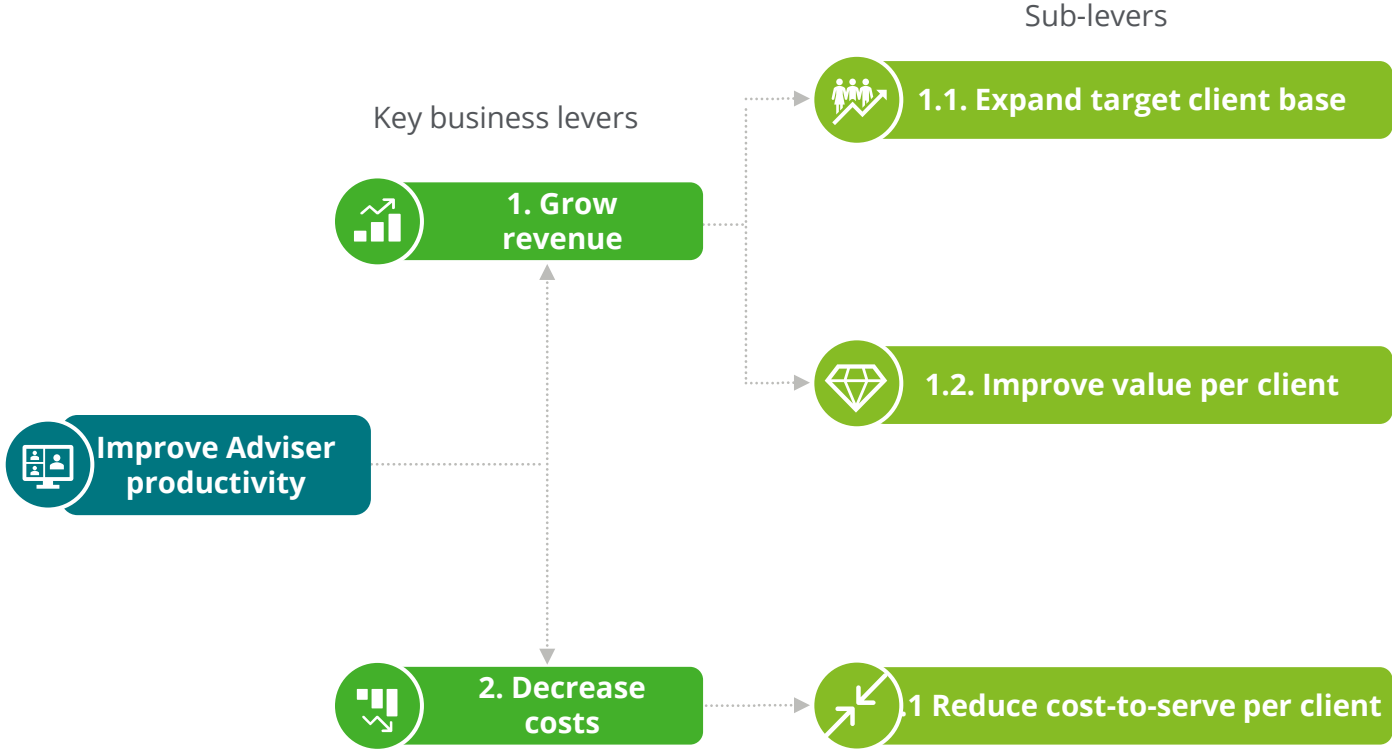
Key Insights

- Globally, many firms are seeing early benefits from **digital and process transformation that is driving performance metrics** across the business.
- Due to our differing strategic priorities of *cost-out* and *outsource*, Australian firms have seen meaningful upticks in cost reduction, but **lag global peers in how it translates into revenue and profitability increases**.
- Productivity gains continue to see double digit growth. The focus on **productivity as a key performance metric** is on its contribution to ensuring both customer and adviser experiences continue to be enhanced.
- Several leading Australian wealth firms are **already investing into portfolio management related digital transformation capabilities**, particularly in investment research, portfolio management and performance analysis/reporting.
- **Global digital leaders** are being rewarded **with 17% increases in productivity from their digital and process transformation programs**. Within the next 3 years, they are expecting to achieve 28% increase in productivity.
- **Leaders are furthest ahead with AI and automation** relative to their peers, which most executives believe will be transformative for the industry. Specifically, 50% anticipate deeper customer analysis will benefit both customer experience and financial performance metrics.

Our approach to unlocking productivity benefits – making strategic choices

The business model, strategic goals and the productivity challenge being faced will determine the choices that need to be made to achieve the required outcome.

Strategic drivers to inform improved adviser productivity



Key Outcomes

- a. Enhanced client acquisition
 - b. Greater market share
 - c. Increase client base FUM
 - d. Scalability
-
- a. Deeper share of wallet
 - b. Optimised product offering and improve margin (incl. adoption of new ESG products)
 - c. New service proposition, business models & channels
 - d. Improve client retention
-
- a. Reduce effort-to-acquire and onboard
 - b. Decrease time on admin and compliance
 - c. Increase time on relationship management

Our approach to unlocking productivity benefits - guiding principles for execution

Based on market insights, we have observed that organisations who have the highest rate of success in designing, building, and launching technological innovations (including AI) – and more importantly, realising value from them – have common traits.

Principle #1: Include core business alongside customer experience

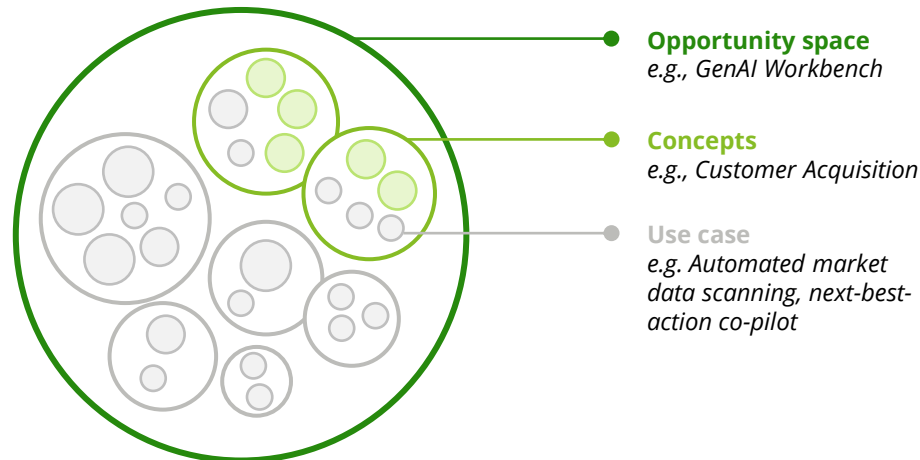
Holistic consideration including core business operations as part of the approach will address pain points **and** enhance end-to-end transformation.

Principle #2: A focused portfolio

Leading organisations have a digital/AI backlog that is targeted and focused (not a scatter gun backlog), aligned to the highest value opportunity spaces **and** tied to their commercial objectives i.e. revenue growth/cost savings.

Principle #3: A sequenced delivery approach

Building on their focused portfolio, **leading organisations make tough choices about the sequencing of the use case delivery**, with delivery prioritisation based on alignment between use cases from multiple factors:



Customer/employee need: Close alignment between two complementary client or employee needs that would increase the combined value and utility of the two initiatives/use cases, e.g. simplified lead management **and** process improvements to enable streamlined onboarding of higher tiered clients.



Business or technical requirements: Close alignment between the business or technical requirements required to deliver two use cases, e.g. use cases which have a reasonably overlapping set of dataset requirements.



Enabling technology and data: Close alignment between the broader (beyond requirements) enabling technology and data that the use cases would rely on, e.g. maximising the value of a new CRM platform.



Delivery efficiencies: Broader delivery efficiencies related to delivery process and team capacity and experience, e.g. optimising the release, change management and operating model impacts as use cases are delivered.

Note:
We have used Gen AI as a specific illustrative technology within this pack, the frameworks within the pack can be applied to a broader range of technologies

What are we seeing?

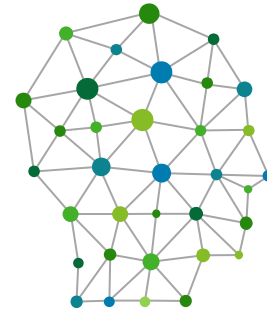
A number of solutions have been designed to enhance both productivity and customer experience. These are being implemented by your industry peers.

Global Asset Management Firms

Utilising AI to improve productivity of portfolio management, analysis and reporting

What are they doing?

- **Portfolio Management Assistant** can solve for many of the current data challenges private market investor experiences such as manual configurations of multiple visualisations, access underlying data between dashboards and performing complex data analyses across multiple excel files.
- GenAI capabilities are leveraged to consume and analyse mass amounts of financial data and automatically produce reports to summarise its finding for portfolio managers.
- Portfolio Management Assistant features include:
 - Summarise reports from portfolio holdings and trends
 - Performing fast analytics against key metrics
 - Instantaneously build dashboard and visualisations for exposures, performance and risk of portfolios
- **A Portfolio Management Copilot** has been seen adopted and tested by a global investment management vendor with some of their top asset management clients for the management of an alternative portfolio on the platform.



Multi-National Banks

Leveraging AI to remove manual processing and the need for physical documents in client onboarding

What are they doing?

- **eKYC (electronic Know Your Customer)** is the automated process through which companies perform customer identity verification
- AI and machine learning are incorporated to automatically verify customer identities through cross checking information from a variety of internal and external sources
- AI applications in eKYC include:
 - Comparing customer photos against provided government ID's (passports / driver's license / etc.)
 - Detecting forged or manipulated documents by analysing fonts, logos etc
 - Matching biometric data (fingerprints/voice/facial features/etc.)
- **eKYC** is currently adopted by global major banks in Singapore for private wealth clients and retail clients.

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