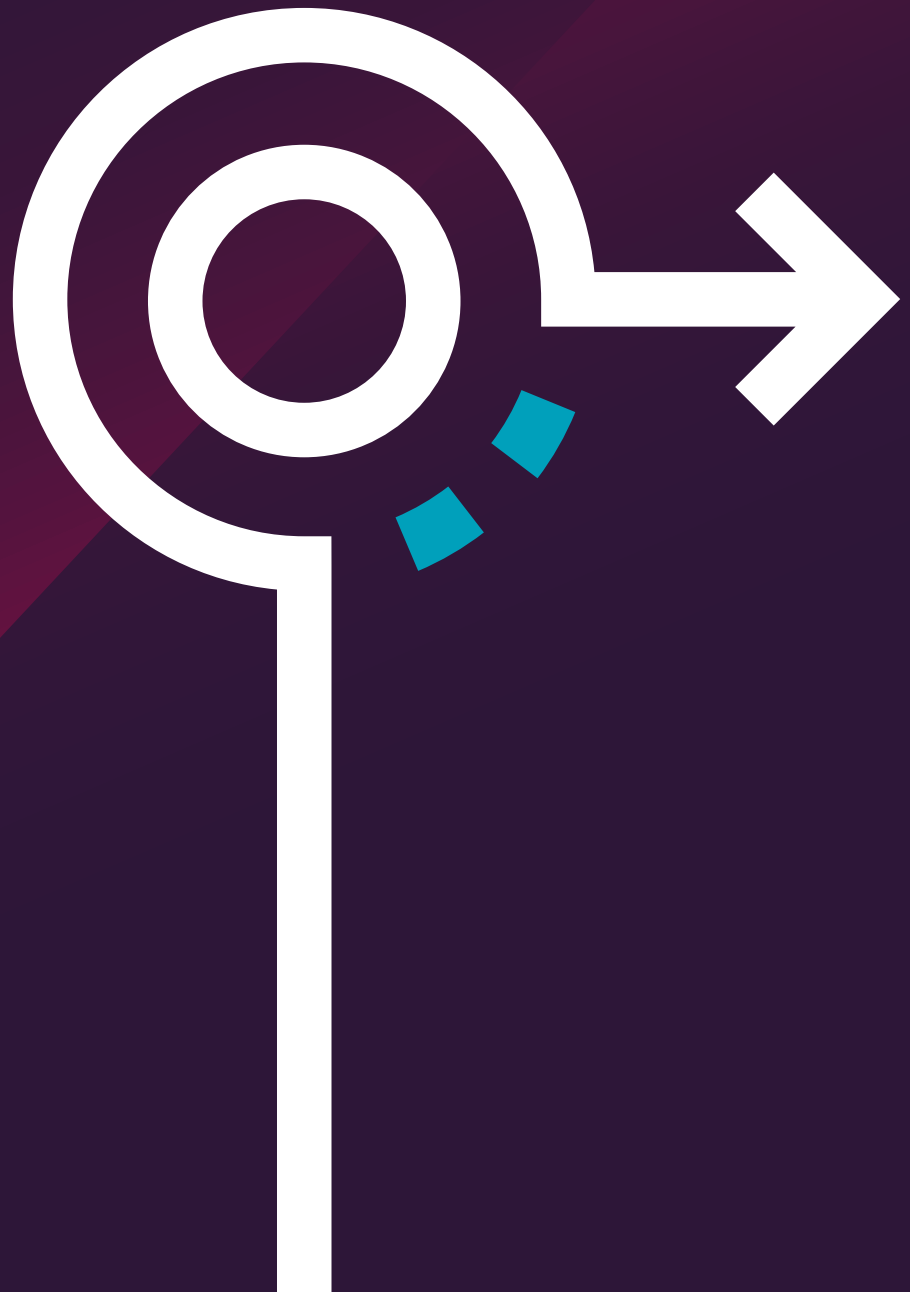


# Generation Why?

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A wealth management guide to understanding the millennial mindset and delivering a next-generation client experience



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# Introduction

## Understanding the digital native

Depending on your sources, millennials (also known as Generation Y) are defined as those born between 1980 and somewhere between 1998 and 2004, i.e. now aged 14 - 38. Globally, they make up a quarter of the world's population and are now the largest demographic in the UK and the USA. By 2025, millennials will comprise three quarters of the Global Workforce\*.

Millennials are the first generation to grow-up with the internet and social media. As a result, these 'digital-natives' have a relationship with technology that is unique when compared to previous generations. From a young age, early access to the internet and the ubiquity of smart phones and mobile apps has continually shaped their view of the world. In turn, these digital experiences are continuing to shape their view of how companies they regularly engage with utilise technology to enhance the client experience.

Millennials are less concerned with sharing personal data than previous generations. This shapes their expectations of the online experience, meaning that whether engaging with B2B or B2C companies, their client experience will be tailored to their specific requirements.

And as online experiences become ever more tailored and interactive, it only follows that this new generation of investor rightly assume wealth managers should follow in the footsteps of organisations (of all sectors) in delivering an impressive client experience.

You can try and continue to engage clients in the 'traditional' way of course, but eventually you are going to be overtaken by forward thinking, digitally savvy wealth management firms.

To ensure you aren't left behind by more innovative, tech savvy wealth management firms, investing in technology that helps you deliver a modern client experience means you will be future-proofing your firm and ready to meet the needs of a new generation of client.



# Why millennials matter

## Tapping into the great wealth transfer

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### The transfer of wealth is under way

From a wealth management perspective, millennials have incredible AUM potential, even if it is not entirely visible right now. Currently, millennials have less money to invest than Baby Boomers, just USD1 trillion in wealth and just USD250bn invested, according to the data provider, Pitchbook.

But, since millennials are poised to receive more than USD30 trillion of inheritable wealth (EY – Sustainable Investing – The Millennial Investor) over the next 15 years, it is essential that your firm is poised to capture as much of this market as possible. Demonstrating that you are a firm committed to delivering a modern, digital, holistic client experience will go a long way to positioning your firm as one that truly understands the needs and expectations of the millennial investor.

As those in their 60's and 70's (the Baby Boomer generation) start transferring their considerable wealth to a younger generation, Wealth Managers who are already showcasing their digital prowess and the offer of a superior client experience are reaping the rewards of millennial investing. Just as importantly, these firms are also more likely to retain the considerable wealth that already exists within their firm.

Retaining this wealth is vital to your firm maintaining its competitive edge.

In the 2017 report, 'The Rise of Affluent Millennials: How to Stay Relevant', published by the European Financial Management Association (EFMA), 57% of Millennial respondents stated that they would change their existing bank for a competitor if that competitor had invested in a superior technology platform. According to research by Deloitte, historically, intergenerational wealth transfers have resulted in 90% of heirs changing advisors. And in the EY Report 'The Experience Factor – The New Growth Engine in Wealth Management', a study by the firm showed that 73% of clients are already engaged in relationships with more than one wealth management firm.

The thought of considerable sums of wealth leaving your firm is a scary prospect for anyone. However, for the canny wealth manager, the increased willingness of millennials to move wealth from one firm to another should be viewed as nothing less than a fantastic opportunity.

As long as your client experience meets the needs of the next-generation of investor, you will be in prime position to steal clients from your competitors that have yet to embrace the digital revolution in wealth management.

**Investing in the right client experience platforms now will have considerable positive implications for future firm growth along with increased share of wallet and AUM.**

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# Evolution, not revolution

## Building a successful hybrid advice model

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There will always be a need for the human touch in wealth management. The experience and discretion of trusted advisor will always be invaluable. Xpedition Wealth Management believes that firms need to augment their existing capabilities with a modern client relationship management platform to put your firm in the best position to capture the burgeoning millennial market.

It is this synergy between traditional wealth management practices and innovative client relationship management technology that, in our view, will provide Wealth Management firms with the best of both worlds. Clients expect technology to help them make faster, more informed, independent, financial decisions. However, clients also want the security and experience that can only be provided by a human, but with the convenience of a more independent, self-service led advice option (Capgemini 2018). Though this 'hybrid' advice model is still in its infancy, this synergy between technology and human combines the best of both worlds and will likely see an increasing rate of adoption as firms better understand how to integrate a human/tech hybrid model.

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This hybrid model can be achieved through the development and implementation of a customised client relationship management platform. By demonstrating relevance and consideration for your client's specific needs, you position your firm as one that truly understands the needs of the modern investor. With the right platform in place, advisors can track a client's marketing and investment preferences over time, continually updating the best ways to communicate and engage with each investor.

In the past, a wealth management firm and the client were seen as two separate entities. For millennials and the next-gen investor, the key words to remember are 'personalisation' and 'collaboration'. If you can deliver tailored messages and services with ease and at speed, you will be well on your way to setting yourself apart from your competitors.



# Anytime, anywhere

## Making your firm more accessible

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Millennials are always on the go. Not bound to the social conventions of previous generations, they are less likely to want to meet their relationship managers in an oak-panelled boardroom sometime during the working week.

Millennials are often out and about. Whether they are working, travelling or socialising,

they are always online, accessing information through mobile, tablet or laptop.

EY's 2016 study showed that the clients they surveyed say websites and mobile capabilities will be their primary channel for receiving advice (59%) compared to branches (26%) in the next two to three years.

**Ensure your relationship managers have access to real-time client information so they are always ready to deliver a more personalised client experience, wherever they are.**

You will also want to ensure that your relationship managers have access to real-time client information wherever they are as well. If client data is available through a cloud based platform, then any last minute meetings can easily be dealt with as up-to-date information will be available to your team.

A wealth management firm for the modern age will be one that ensures both clients, and advisors, have access to real-time information on any platform, wherever they are.

Find out more about our Wealth Management solutions at:

[xpedition.co.uk/wealth-management-crm/](http://xpedition.co.uk/wealth-management-crm/)



# Onboard, not overboard

## A seamless onboarding client experience.

Given the 'here and now' nature of millennials, it is perhaps not completely unexpected that a slow, laborious onboarding process is likely to see your firm fall at the first hurdle. The onboarding process is a key time for your firm to demonstrate its ability to deliver a class leading client experience. It is a complex process and onboarding the "traditional" way, with spreadsheets and documents, will not be a good demonstration of your firm's commitment to delivering a superior client experience.

Forget piles of paper, documents and spreadsheets that require signatures and extensive back-and-forth between clients and advisors – this is an easy way to fall at the first hurdle.

Instead, focus on developing a digital on-boarding experience that sees your firm develop a seamless experience that impresses your new investors and gives them confidence they have chosen a firm that understands them.

Investing in a dedicated client relationship management platform enables your firm to deliver a modern KYC and onboarding experience. Demonstrating your commitment to delivering a streamlined onboarding activity that is client-centric, rather than just a standalone process, is one way to showcase your dedication to the millennial experience.

### A note on ESG investing and the socially responsible Millennials.

Though not directly related to the technology and CRM platform that you invest in, the issue of ESG (Environmental, Social, Governance) investing is still very relevant to millennials.

As far more socially conscious generation than their predecessors, millennials are less likely to put their ethics to one side in pursuit of superior rates of growth. Instead, they will look to investment opportunities that do not contradict their social, environmental and political beliefs. According to a 2018 Bloomberg article, 'investor interests in ESG funds... drove a 37% increase in assets to USD445 billion in 2017.' Research by Morgan Stanley shows that 84% of millennials are interested in sustainable investing.

#### What does this mean for your Wealth Management firm?

If you are not doing so already, you need to start making provisions to accommodate millennials and cater for their ESG investing habits.

In the same way that Xpedition recommends blending the latest technology with the experience of a senior relationship manager to provide the best of both worlds, smart Wealth Management firms should offer a range of ESG investment opportunities to ensure they are offering an excellent client experience for this next-generation of investor.

# Your next steps

## For a modern, holistic client experience

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Whilst a lot has already been written about the expectations of millennials and the next-generation client experience, pro-active Wealth Managers should not slip into a somewhat false belief that only millennials care about a modern, digital client experience. Whilst they are the catalyst for change in an industry traditionally slower on the uptake, their preferences and needs are unquestionably influencing older generations. Baby boomers and Generation X, the 'digital immigrants' of the tech world, may not be as vocal as their offspring when calling for a better client experience, but it would be remiss to ignore developing a better client experience for all generations.

We hope that this whitepaper has provided you with a greater understanding of the millennial mindset, the changing nature of investor behaviour, and the future of investor relations. It is clear that the 'traditional' wealth management model is no longer adequate for the needs of a new-generation of investor. In fact, a 'normal' wealth management approach may not even be the best way to engage older generations of investor anymore either as they increasingly adopt digital ways of interacting with the world. For a new generation of investor, only a modern, holistic, digital client experience, (augmented with the knowledge of an experienced advisor), will suffice.


Ultimately, during this disruptive time for the Wealth Management industry, the ability to deliver an outstanding client experience is now an essential component of being a digitally-savvy Wealth Management firm. Just remember to:

- Ensure your system meets the need of both client and advisor: providing access to real-time data and information across all platforms, no matter where they are.
- Personalise your communication and marketing messages and ensure they reach your clients at the right time.
- Share key data across your teams and break down the traditional walls and siloes that often inhibit new growth and increased share of wallet.
- Streamline your onboarding and KYC process – take a client-centric approach.
- Understand that millennials have different investment preferences from previous generations.
- Be open and transparent about your fees.

This is an industry that faces challenges around every corner. Your ability to deliver a superior client experience could very well be the single defining factor that sets you apart from your competitors, helping ensure you both retain the considerable wealth that already exists in your firm, and win the battle for a new generation of investor.

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At Xpedition we guide your path to growth, through the implementation of intelligent cloud-based business applications. We help our clients to understand how technology can empower their business in real terms, and we deliver.

Previously known as TouchstoneCRM, we offer so much more than CRM and business software. We deliver real business value through expert consultancy. We're known for our questioning nature and for challenging the status quo.

We succeed when you succeed, inspiring clients with insight led guidance. Our market leading expertise and industry knowledge will help your business to reach its goals.

We understand your industry. Our experts are passionate about sharing their knowledge, revitalising client experiences and improving operational efficiency. At Xpedition, we'll show you the way.

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