

REINVENTING HNWI CLIENT INTERACTION POST-COVID



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Cover Story

Most of us would have heard the story of Philippides' run after the Battle of Marathon. In case you don't recollect, the story goes like this. The Greek army had won the Battle of Marathon against the Persians. A messenger, Philippides, was sent to announce the victory to the Greek assembly. Philippides, a very fit soldier, ran the whole distance of 26.2 miles without a break. He reached the assembly and managed to announce 'We are winners'. He collapsed to death immediately after uttering those final words of victory!

It is hard to imagine that one would need to run so long for something that can be delivered by a simple text message within milliseconds today. Thankfully, today we don't have to run a marathon to deliver a message. However, even in this digital world, communication at all levels of an organization remains a challenge. The most challenging being the customer communication. Harvard Business Review published an article titled 'Don't Assume You Know Your Customers', covering this crucial aspect for any business.

In this whitepaper we have included our learnings from the last 4 years interacting with top wealth management firms and banks across the globe. We probably learnt a lot in the last 2 years of this pandemic. All aspects of customer engagement are undergoing a sea change. We are definitely living in 'interesting times' today!

We hope you enjoy reading this whitepaper. We are always keen to talk to folks from the wealth management industry. Do get in touch with us.

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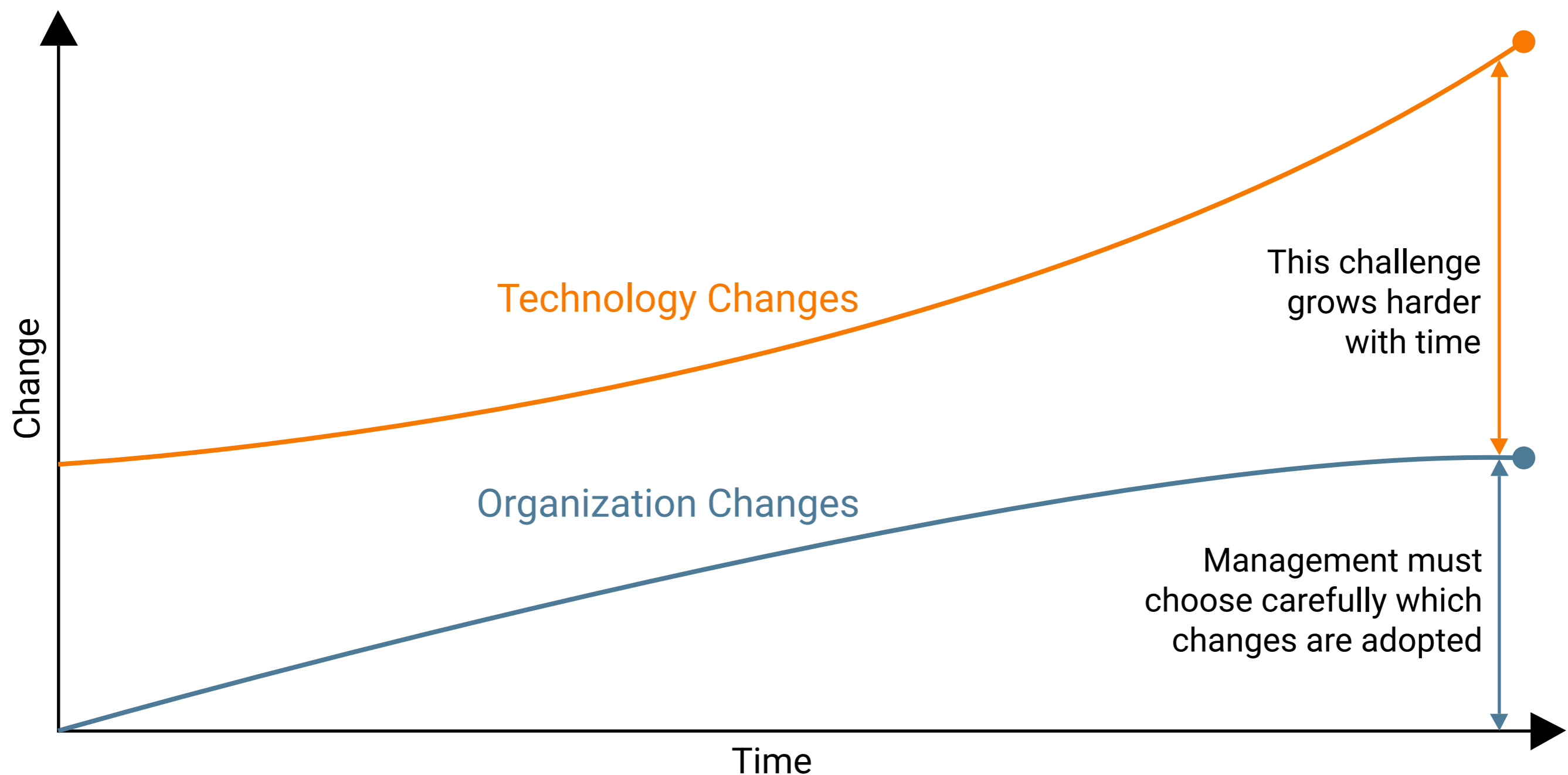
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Digital Era - Before & After Pandemic

Martec's law states that while technology changes exponentially, organizations change much slowly. This is especially true in highly regulated industries like banking. Organizations in the finance domain change at a much slower pace and hence it becomes crucial for the management to carefully choose what technologies they adopt.



Reference: [Martec's Law](#)

While banks and wealth management firms have adopted technologies required for core banking and mobile apps, customer experience was largely human led. Technology played a minimal role in client engagement. The pandemic has suddenly accelerated the need to rethink 'client engagement' strategies. They have realized that going digital in this area is no longer a choice.

According to [Forrester's](#) US 2021 Customer Experience Index rankings, "21% of brands achieved a significantly higher score; engaging empathetically with customers is critical to success". Companies that engaged proactively with their customers during the pandemic were the ones that excelled.

Reshaping Advisor-Client Association

Gone are the days where Relationship Managers (RMs) and Financial Advisors (FAs) met their clients in-person. Meeting face to face has always been thought of as crucial in building banking and wealth management relationships. It is much easier to explain complex financial documents supported by a RMs explanation of its benefits. In person meetings offered benefits like limited misinterpretation, effectively being able to use non-verbal cues, and reduced distractions. These are essential when seeking to address sensitive issues, like wealth & finance. Digital client engagement was largely limited to emails.

Missing Human Touch?

Social distancing has mandated a newer working routine. The nature of the pandemic has been such that in-person meetings have become difficult. RMs are trying their best to move to digital modes of communication like calls, emails and messaging via WhatsApp/ WeChat. All these channels have kept the communication going. However, banks are worried about losing the personal touch while going digital. Humanizing digital client engagement is important for building lasting relationships.

Video Call Fatigue

To compensate for the lack of in-person meetings, RMs/ bankers resorted to video conferencing via Zoom or Teams meetings. While a great idea for occasional important meetings, a video call is not a solution for regular communication. Moreover, HNI and ultra HNI clients are extremely busy people. Expecting them to come on a video call is a huge ask. Clients are already doing a lot of work related video calls. A lot of clients are experiencing video conferencing related fatigue due to remote work. The motivation to get on a video call to discuss portfolio rebalancing or a new fund might not always be there.

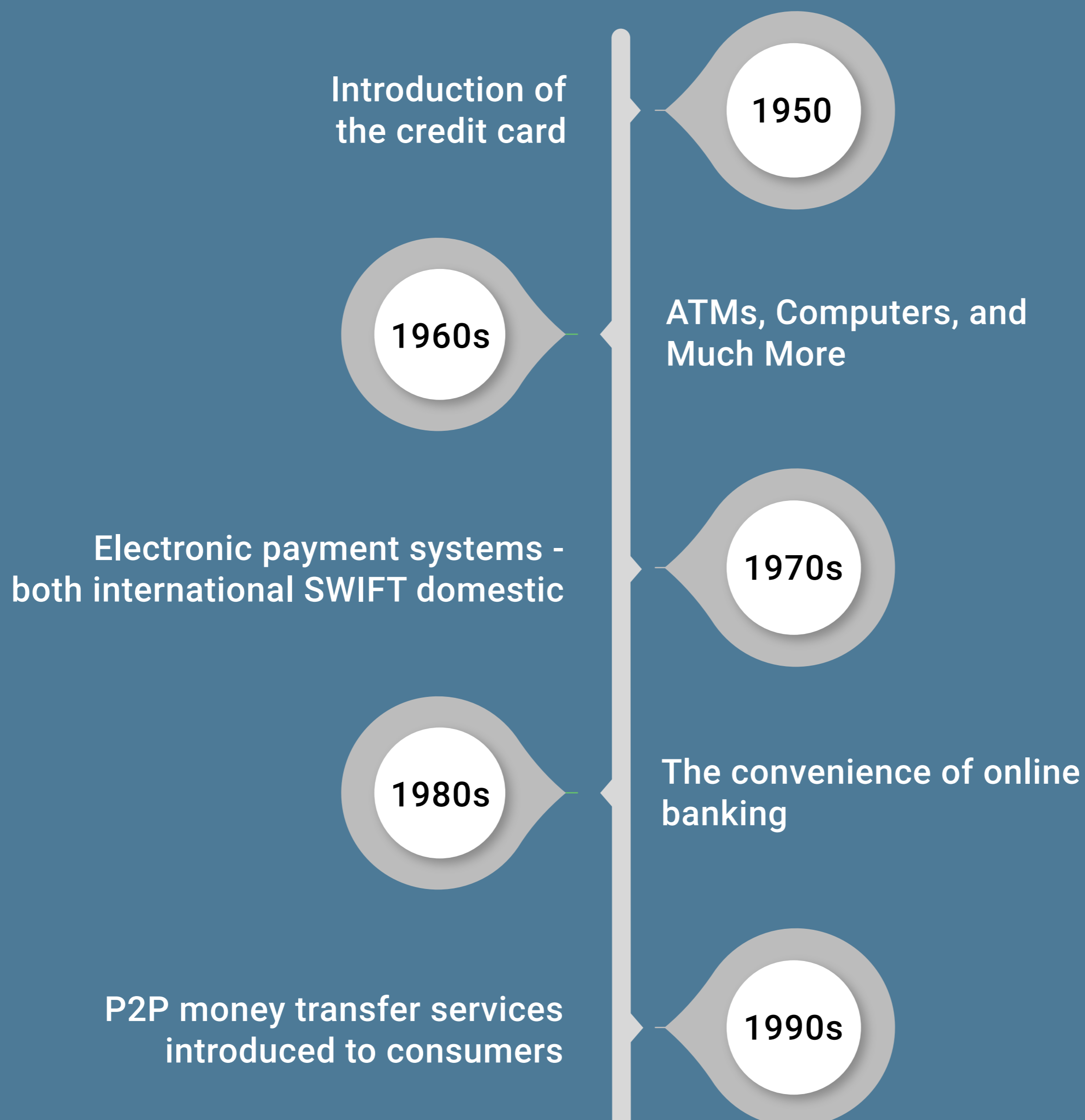
Myths About Digital Transformation

Myth 1: Digital Transformation Is The Same As Digitalization

Digitalization refers to automating processes to make them faster, efficient and cheaper. This is done using digital tools and technologies. Digitalization in banking is seen in processes such as electronic signature, quicker transactions and in general paperless banking.

Digital transformation is the process of leveraging technology to create new value for clients. It means redefining business processes in the digital era. Systems, processes, workflow and culture change when an organization implements digital transformation.

The advent of computers in the 1950s and the spread of the internet in the 1990s had a big role to play in this transformation. While internet banking was first launched in 1995, it is only in the last decade that we have seen the rise of digital banks. We are now seeing the accelerated benefits of digital transformation in banking led mainly by the rapid proliferation in smartphones.



Mobile banking revolution:
digital check clearing(2004),
iPhone (2007), bitcoin (2008)

2000s

2011

Mobile Payments - Wallets, Unified
Payments Interface

EMV chips in cards for security

2015

Now

hyper-personalized and relevant
communication, AI based
recommendations, chatbots

Reference: mx.com

Myth 2: Digital Transformation is All About Technology

The tech department plays a huge role in driving digital transformation initiatives. However, for any transformation to be successful, the top management must actively participate. Any transformation impacts processes, culture and the bank as a whole and will ultimately lead to positive changes in terms of client satisfaction, better revenues etc. A lack of support from the leadership team might spoil the game. For a successful digital transformation journey, a blend of leadership, proactiveness from the top management & actual implementation by the tech team is important.

Myth 3: Digital Transformation Means Creating A Website & Client App

It's easy to think that 'going digital' is synonymous with updating the way communication with customers takes place; perhaps with a new website or app. Digital transformation goes beyond that. There are a huge number of potential approaches one can explore to actually implement digital transformation. Digital transformation needs to be 360 degrees covering all aspects of banking and wealth management. Instead of rushing blindly, clarity of thoughts is important for determining the path that needs to be taken to improve. Client engagement is just one part of it. It needs to also include tools for improving RM productivity so that it frees up time for the most important thing - giving clients advice.

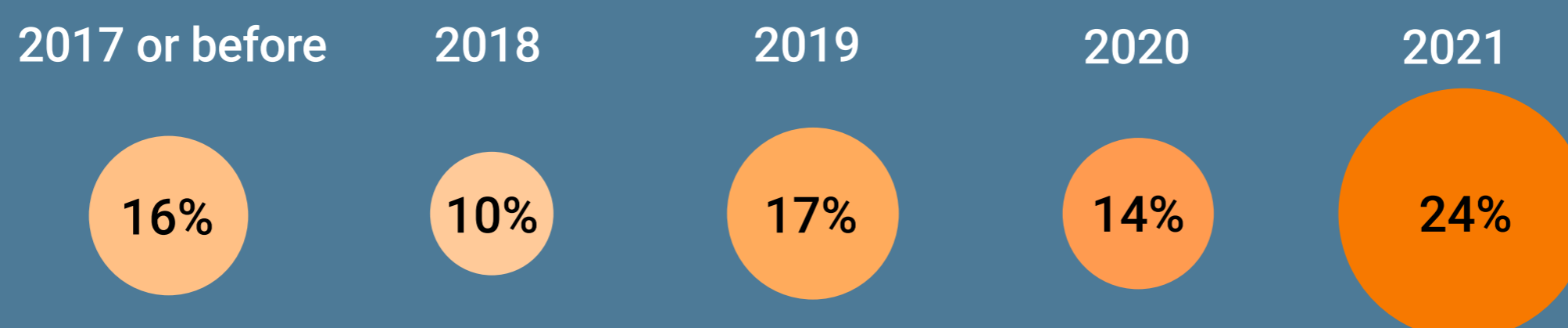
Myth 4: Banks Need To Compete With FinTechs

The David vs Goliath story is familiar to everyone. FinTechs are the modern-day David combining finance and technology to deliver what the modern day clients expect - better services, speed, efficiency and better client experience. Post the COVID-19 pandemic, the use of digital channels has increased by more than 50% and it will remain this way even after the pandemic is over. The FinTech industry has experienced massive growth as it is fulfilling the gaps left by traditional banks. While FinTechs are experts at driving innovations and are focussed on a niche, banks have deep industry expertise and offer a breadth of services. FinTech - bank partnership is a win-win situation for both parties as well as the clients they are serving. When David (FinTechs) and Goliath (traditional banks) collaborate, the impact is bigger.

Myth 5: Digital Transformation Can Wait

The longer one waits, the further one falls behind competitors. Loyal customers are intangible assets and their needs should be consistently met. Below is a survey report by CornerStone Advisors showing the readiness of financial institutions regarding digital transformation.

When did your institution launch its digital transformation journey?



Reference: [CornerStone Advisors](#)

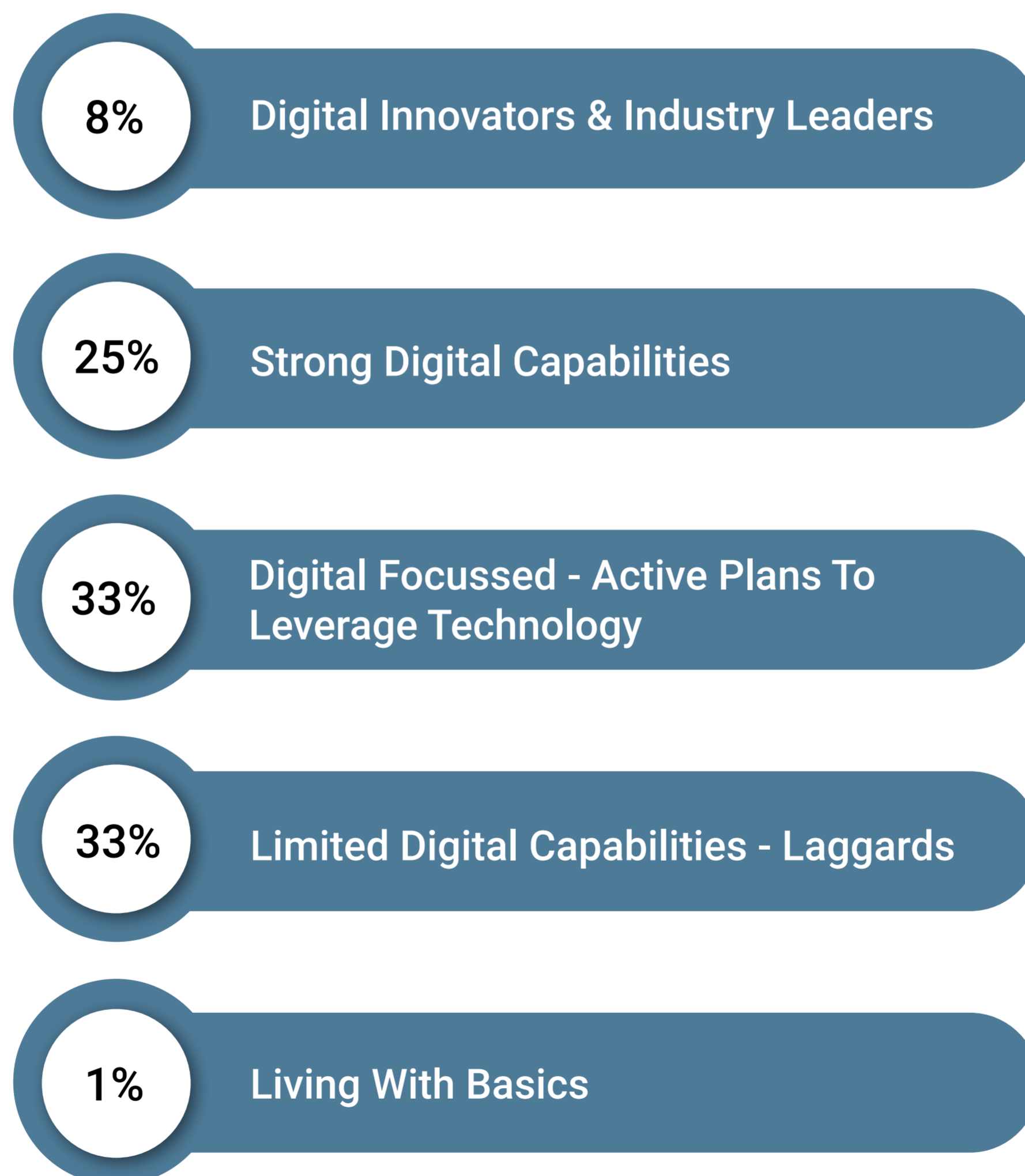
The Odds Of Losing HNWI Clients

Digital Readiness Of Wealth Management

According to the [PwC Strategy](#) & Global Wealth Management Survey, “69% of HNWIs are using mobile banking, but only 25% of wealth managers offer digital channels beyond email.” 83% of business leaders surveyed believe they are at risk of losing business to standalone fintech companies. Client expectations are exceeding the digital capabilities of wealth management companies.

Digital disruption in wealth management is unavoidable with newer technologies like AI coming up. Big banks are on the verge of losing market share to new players if they ignore digital client engagement.

Digital Readiness Of WM Firms In 2020



Reference: [Alpha FMC Survey](#)

Keeping Up With Shifting Demographics

A younger group of HNWIs is emerging - the millennials and Gen Z. Gradually as these cohorts grow in economic power, wealth management firms will need to try to influence a tech savvy generation. To cater to the needs of this tech savvy group, firms have to speed up their strategies regarding technology offerings.

Add to this the fact that a third of the world's wealth is now in the hands of women. The pace of wealth increase is rapid for this cohort. Women are adding an estimated \$5 trillion to the global wealth pool annually. Wealth managers are largely unaware of the wealth management needs of women and tend to make outdated assumptions. Women's wealth management needs do differ from that of men but go beyond superficial gender-based assumptions. For example, women do not make decisions based on their gut but rather on plain old facts when it comes to investments.

Driving Value Through Variety & Better Pricing

“The most profitable and highest potential clients are the least loyal and most likely to switch”, as per an [E&Y report](#). The growth in FinTechs and independent advisors can be attributed to the fact that clients' needs are most often not being met by a single provider. Hence they have relationships with multiple providers - robo-advisory from one place, alternative investments from another and so on.

*On an average, clients are using **5 different types** of wealth management providers.*

*Banks and wealth managers need to provide a **whole range of solutions**.*

*Only then can they **drive asset consolidation**.*

Another common reason for client switching is - product pricing. More than half of the wealth management clients feel that they are being charged a lot. Some clients are unaware of why they are being charged a certain fee. While some are unhappy with the way it is being charged - with fees being based on the assets under management or AUM. The answer to this is to simply not reduce the fees, but to proactively communicate the value being delivered and being more transparent.

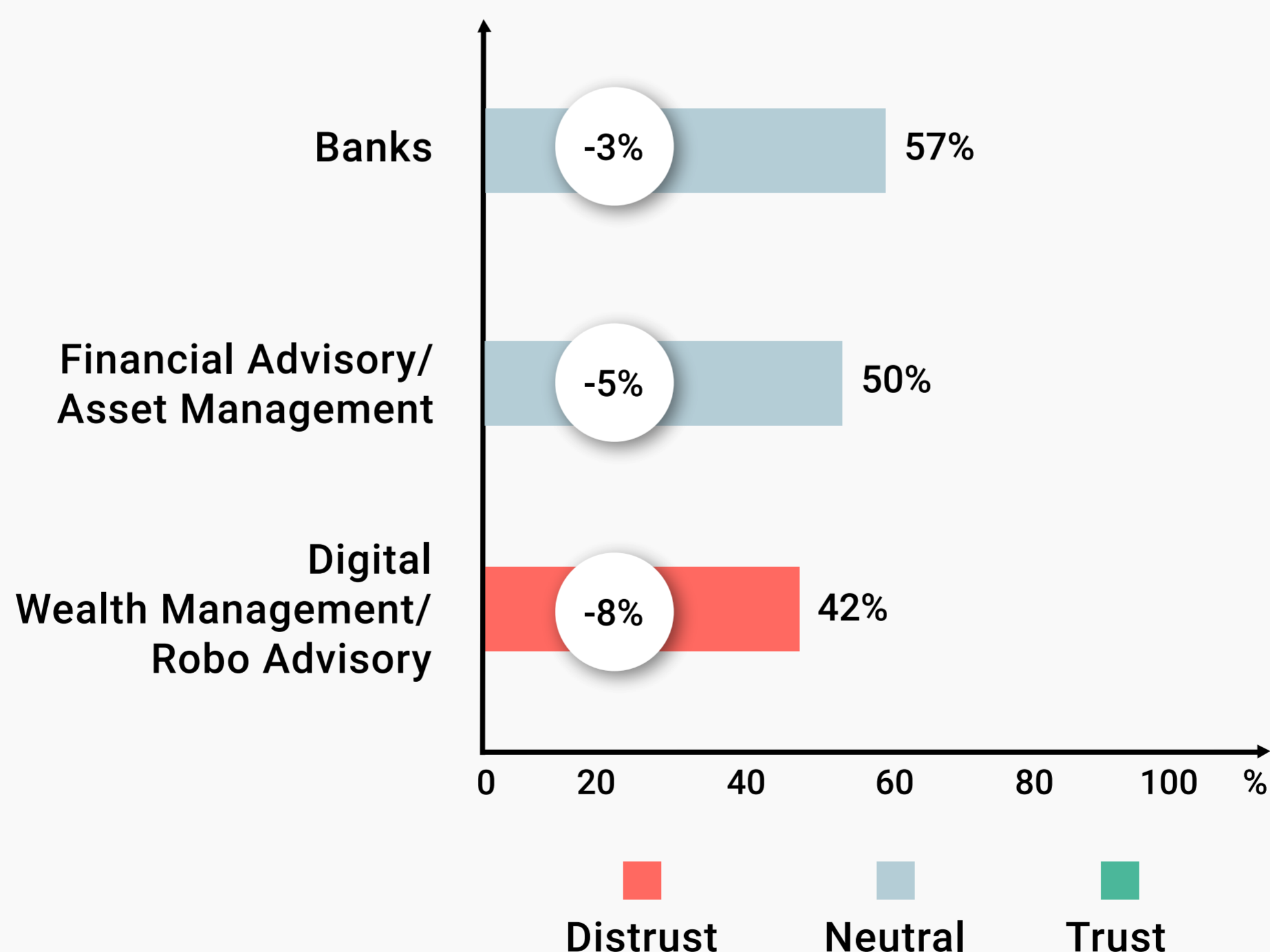
HNWI Client Engagement In The New Normal

The “Trust” Factor While Going Digital

The Edelman Trust Barometer report shows a steep trust loss in the Financial Services Sector by -4% in comparison to other businesses, for 2020-2021. It is more significant in the subsectors of financial advisory/ asset management (-5%), digital wealth management (-8%). Loss of trust is not just about loss of clients and revenue. It is about the loss of a hard built reputation that can have a negative word of mouth effect.

The top reasons for this loss of trust was mentioned as security concerns, ever-changing regulatory norms, failure to exceed customer expectations and being a laggard in technology upgradation. This stresses the importance of the “ease and convenience” factor in the financial world that technology can bring. As for security concerns of clients being addressed, financial institutions need to take two steps. One is to build security into all their digital solutions - right from processes related to security like ISO 27001 or SOC2 compliance and actually implementing required security features in their platforms. The other is to communicate effectively the measures taken to allay client concerns around security.

Percent Trust In The Financial Services Subsector

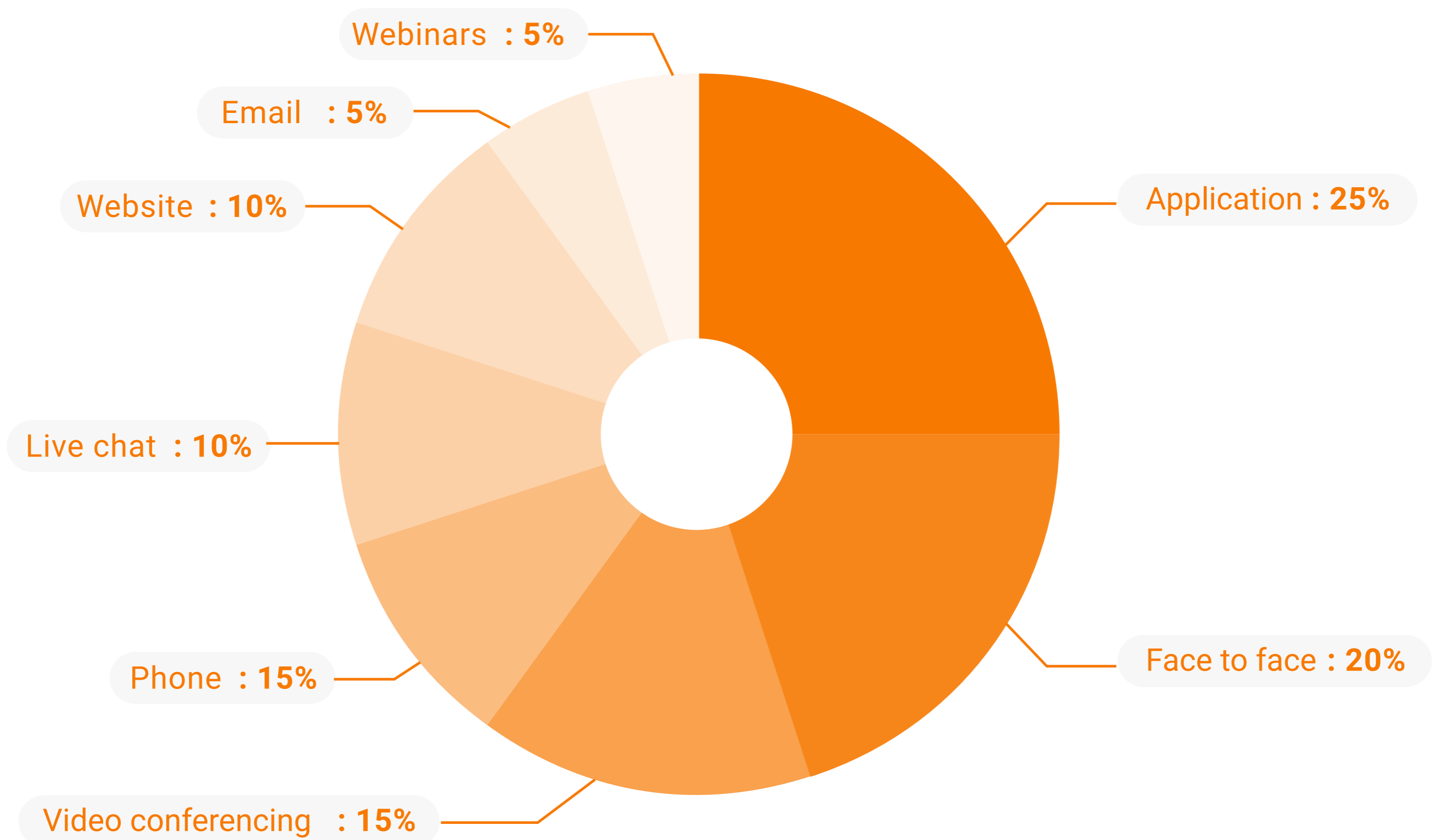


Reference: [Edelman Trust Barometer 2021](#)

Omnichannel Experiences In Wealth Management

Omnichannel is a multichannel strategy that allows clients to access services across multiple devices with the same consistency. It is client-centric and relies on big data. Clients can seamlessly navigate through different touchpoints with the same experience. It shifts from a service-oriented architecture of fulfilling needs of clients to exceeding client expectations by anticipating their wants and needs. An omnichannel approach provides the clients with a way to interact through channels of their choice.

*“Traditional banks need to reverse their thinking - **start with a 100% digital journey for their clients**, and then add the human touch at crucial moments.”*



Reference: [Star Insights](#)

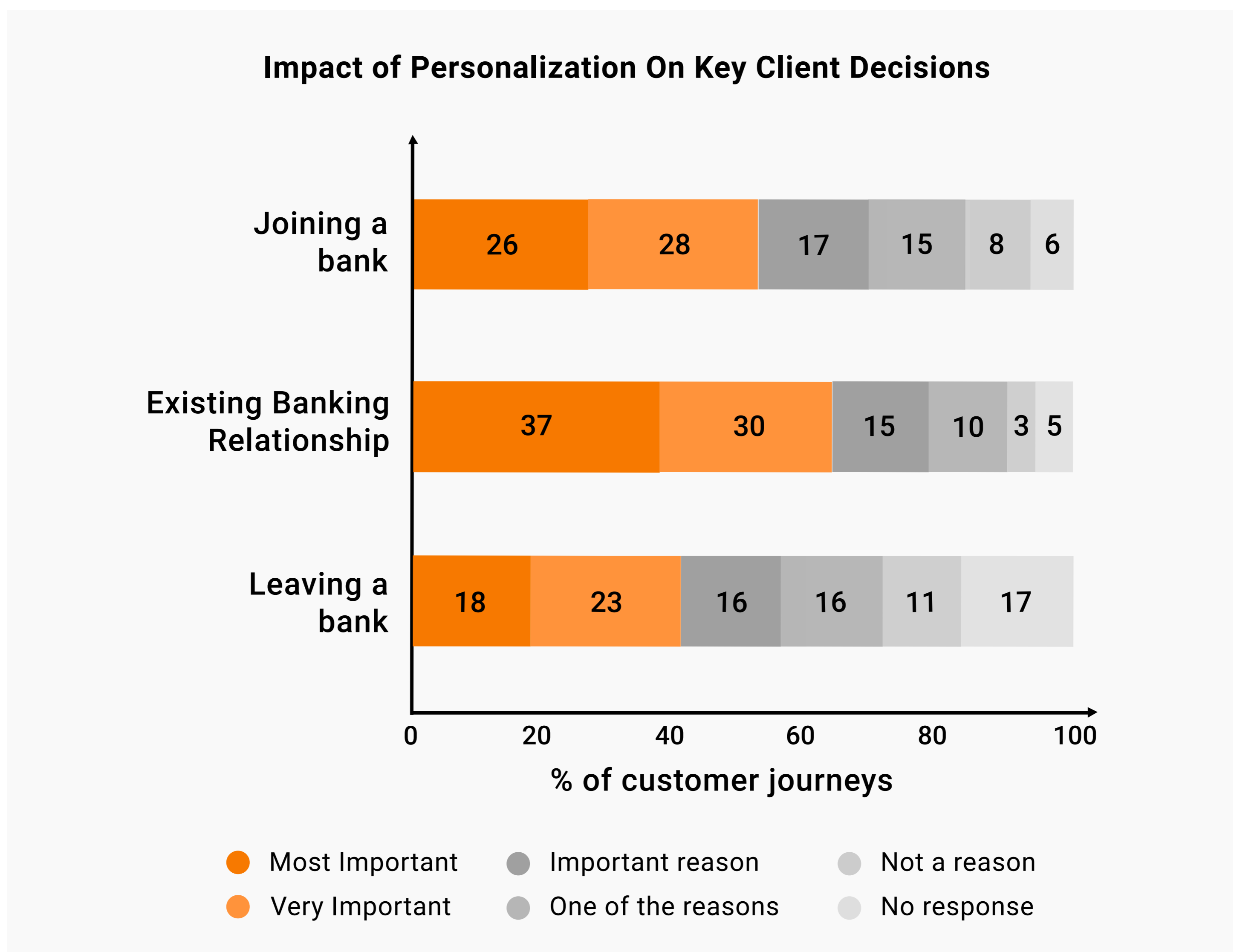
Special Clients Require Better CX

According to [Capgemini's World Wealth Report 2021](#), the global high-net-worth individual population grew 6.3% while their wealth grew 7.6% in 2020, nearly reaching USD 80 trillion. With colossal portfolios, diversified investment interests, HNWI's show a predilection to work with accomplished banks and financial advisors, with expertise and reliable advice being enviable qualities. HNWI clients prefer advanced, yet easy to use, engaging digital platforms. Establishing this trust and confidence is a long-term outcome that requires effective client engagement.

Desire For Personalized Interactions

Many studies have shown that HNWI clients have always been at the forefront when it comes to using newer products, services and technology. The pervasiveness of smartphones has reshaped client expectations and changed how they want to access information. Having exposure to a vast amount of information, they expect more genuine and authentic data.

The world of client experience is distinctly evolving with new technologies and innovations. So are the preferences of the HNWI community, the millennials and Gen Z in particular. Many studies have shown that younger clients are open to considering banking with 'tech companies' or with a 'personal shopper', owing to their mastery in customized interaction and for better experience.



Reference: [BCG Report On Personalization In Banking](#)

What's In It For Financial Institutions

Engaging clients has immense benefits for banks and wealth management firms. Technology not only helps in better client engagement, but it also empowers RMs and FAs. It makes RMs more productive and frees up time for crucial aspects of wealth management.

Traditionally RMs focussed on the top 20% of their clients resulting in missing out on the long tail. By going digital, personalization can be achieved at scale resulting in catering to the entire client base. Banks can proactively engage with 100% of their HNWI clients, and can go a step further and cater to the retail segment as well.

Technology can help RMs keep a pulse on their clients, and collect feedback from them at regular intervals, and in real time. This can lead to proactively engaging with them at the right time with the right advice, or taking corrective actions when a client is unhappy to address the issue.

Winning Client Engagement Strategies For Banks

“Branch In A Box” Experience For Clients

Not only has the pandemic seen an increase in online and mobile banking, it has also accelerated the need for new innovations. Even though physical branches have been an essential part of business in the past, social distancing norms are pushing banks to rethink their branch banking strategy. Interactive Teller Machines (ITMs), also called video remote tellers, is one such innovation. It gives clients a “branch in a box” experience. These ATM-like interfaces enhanced with a video screen directly connect clients to call center representatives. This kind of video banking has led to improved customer satisfaction scores for banks, apart from improving operational efficiency.

Digital RMs For An Omnichannel Experience

From virtual assistants like Siri and Alexa, maps and navigation, to text editors and autocorrect, Artificial Intelligence (AI) has made our everyday life easy. Retail banking has already seen AI powered chatbots that help in streamlining banking operations. Chatbots have the advantage of providing human-like conversation in real time, and in multiple languages. The power of AI has the ability to add \$1 trillion of incremental value every year for banks.

Financial institutions can now leverage AI powered chatbots for wealth management clients as well. These digital RMs can help in providing omni-channel client experience that is crucial for greater ‘client lifetime value’. Digital RMs have the advantage of not being restricted to “working hours” and are available 24/7. Also, whether it's about saving busy HNWI client time during an office commute by placing a trade order, or say getting a quick update on an investment, these digital RMs can efficiently get these jobs done.

Co-Browsing For Real Time Engagement

Co-browsing is a technology solution that enables clients and wealth managers to browse and navigate the same web page together. The major advantage of co-browsing is that it enables real time engagement without having to meet in-person. With co-browsing, clients can securely share and view documents with their RMs. At the same time, clients can hide parts of their screen containing sensitive information like say their card details or login credentials. RMs can guide their clients wherever they need help, like say doing some transactions or say finding a report. They can also fill out required forms on behalf of their clients. Co-browsing improves client engagement and has the potential to improve ‘first contact resolution’.

Gamification To Engage Clients Emotionally

Gamification is the process of emotionally engaging clients and helping them achieve their goals. With all the numbers, tables and charts, finance is complex. It uses techniques like 'complete a task', getting badges or rewards, unlocking stuff, and appropriate challenges with elements of surprise to increase participation.

In the last decade we have seen customer centric businesses emerge as winners (Amazon, Microsoft, Google). Generations born in the digital world - millennials and Gen Z have no memory of a world without the internet. Add to this the mass popularity of gaming, gamification can be effectively used to drive value across the entire value chain. Financial institutions can use it for product development where gamification can be used for market research or crowdsourcing ideas, or use it for sales and distribution where gamification can be applied to client education or for getting referrals.

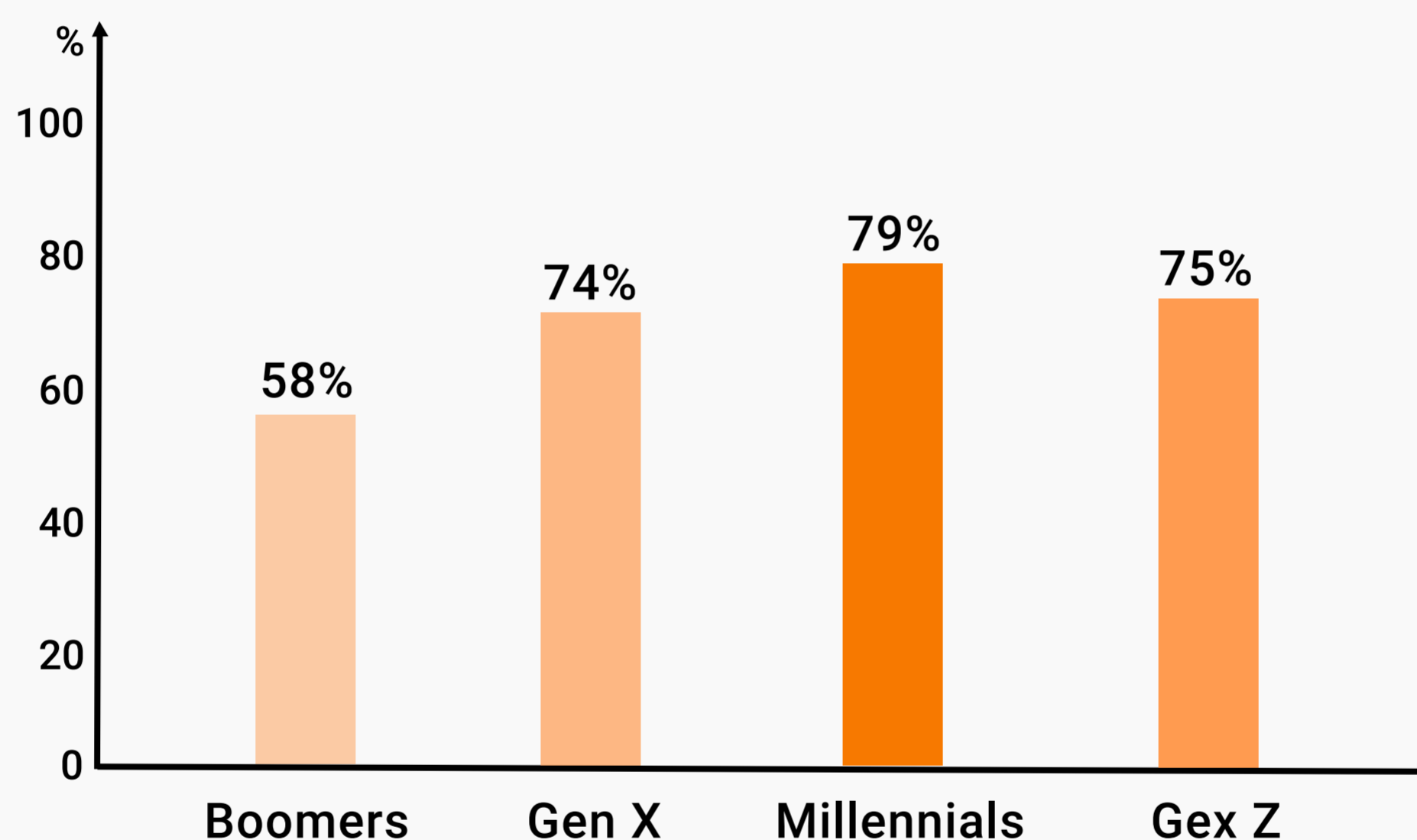
A successful company that uses gamification at its core is Moven - the first branchless, paperless, and even plastic-less bank. The company makes use of a behavioral gamified engagement system called CRED. The bank markets CRED as a friend who helps clients with day-to-day financial decision making. With the wealth of information that Moven gathers, it is but natural that the company uses CRED data instead of traditional credit scores.

Hyper Personalization with Visual Engagement

Personalization is a tool that can be used to enhance the client-RM bond. HNWI clients have varied portfolio interests. Personalization is just not about knowing a client's age, gender, marital status and current assets. It goes beyond that to offer clients bespoke wealth advice. For example, someone might be interested in sustainable investing, while someone else might be into socially conscious investing. In this case, a personalized product recommendation can be provided only if there is a system that constantly learns about the client and uses it to tailor its offerings based on that information.

Hyper-personalization leverages real-time data, analytics, artificial intelligence and automation to deliver relevant and personalized content, services and products to the clients. According to Capco Research, 79% of Millennials, 75% of Gen Z, 74% of Gen X, and 58% of boomers give significant importance to personalization while banking.

Importance Of Personalization By Generation



Reference: [Capco.com](https://www.capco.com)

[Cisco](#) forecasts 82% of the online traffic to be video content, by 2022. Not just relevant advice, but how it's being delivered also matters. Personalization combined with videos takes client engagement to the next level. Financial institutions can leverage the growing trend in videos to provide personalized video offerings. Be it a short portfolio update, a financial product explainer, nothing better than a video to engage. Videos are also a great way to collect client responses and feedback. This is done with the help of Call to Action buttons in these videos. A personalized video can hardly go unnoticed, even by busy HNWI clients.

Why Do Personalized Interactions Work?

Improve Client Satisfaction & Drive Loyalty

Personalization in finance is not a passing trend. It is about re-imagining digital interactions to enhance the relationship between clients and their RMs. The future is all about omnichannel, seamless interactions, with personalization at its core. It means meaningful interactions for the client at each step - be it a personalized email, a personalized video, or a plain old call with RM.

According to [BCG](#), "Personalization in banking is about delivering a valuable service or product to a client based on personal experiences and historical client data". Personalization is just not about creating "wow" moments for clients. If done right, it can help build trust and in turn, drive results and revenue.

A 360 Degrees View Of Clients

Personalization across various communication channels enables banks and wealth management firms to create complete digital profiles of their clients. A single view of clients and an understanding of their behaviors is needed for financial institutions to scale. A data and analytics driven approach to personalization can help wealth managers be proactively ready for their clients needs, even before a need arises. It is not only about targeted selling of products, but also being able to provide the right services, information and advice at the right time.

To create this kind of a 360 degrees view, financial institutions need to move away from their siloed data systems and ensure data is accessible across channels. Seamless data flow is required to create meaningful personalized experiences, and in turn to create connected experiences. The ability to truly know clients, anticipate their needs, get their feedback, and engage with them at crucial junctures in their life promotes loyalty for a lifetime.

Personalized Interactions Offer Deep Value

Now-a-days a lot of information is passed on to clients in the form of marketing messages, weekly reports via emails etc. Clients are reluctant to open these because most of the time it is irrelevant to them. Personalized experiences can help reduce this information overload.

For example, Netflix uses personalization to make movie and series recommendations. Netflix makes use of AI and machine learning and user data that feeds into its algorithm. Users welcome this information as it is exactly what they are looking for. The same is true when it comes to banking communication. Just bucketing clients into the basic category of "Mass Affluent", "HNWI", or "Ultra HNWI" is not enough. Yes, this categorization is required, but it needs to be overlaid with information like clients financial awareness, the stage of life the client is at, the client's personal beliefs etc. to offer deeper value.

Key Takeaways

01

The COVID-19 pandemic has fundamentally changed how wealth managers and RMs communicate and service their HNWI clients. The future of wealth management is hybrid - in-person combined with digital.

02

Many industries like the Telecom and Media industries, considered in the past to have a large moat, have seen their value erode. This is largely due to value creation shifting towards customer engagement and retention. Financial institutions need to act soon to stay relevant.

03

Adapting to shifting demographics is crucial. Wealth managers need to harness the power of technology to cater to their fastest growing segment - women and millennials.

04

Seamless omnichannel engagement in wealth management means enhanced interactions across physical and digital channels. It leads to enhanced client interactions and increased client satisfaction.

05

Data driven personalization enables wealth managers to provide tailored experiences to their clients. Some examples of personalization include - personalized interactive videos, personalized chat/ video bots, personalized communication via interactive teller machines.

06

Regular personalized engagement ensures deep value is created for both the financial institutions as well as the clients they are serving.

About EnrichVideo

EnrichVideo is transforming the way financial institutions like banks and wealth management firms are engaging with their HNWI clients. EnrichVideo offers scalable and on-demand solutions for creating engaging client experiences like personalized and interactive videos, visual stories, short articles, and client communities.

Combining deep domain knowledge and technology expertise, the platform brings a complete solution designed for financial institutions to take care of client engagement. The platform learns and improves from client behaviors and brings deep client insights.

Find out more about **EnrichVideo** by **requesting a demo!**

Go to enrichvideo.com

