

Five Steps Toward the Future of Wealth Management

Taking steps now will prepare providers not only for Millennials, but for the generations to come.

Meet the Millennials. Born between 1981 and 1999 and about 92 million strong, the largest-ever generation in North America makes up more than a quarter of the workforce in the US and Canada¹. They represent 11 percent of high-net-worth households in the United States²— and they're about to receive the largest inter-generational transfer of wealth in history.

Wealth management firms seeking to capture their share of this \$30 trillion transfer³ will need to get ahead of the “Millennial curve,” and quickly. These “digital natives” are very distinct from older generations. And they're about to have an outsized impact on the way firms do business.

A new breed of investor

Millennials know more about investing than previous generations. They have a better handle on financial goals, risks, and costs and are more open to alternative investment options and ways to access them. They're also skeptical and risk averse: 59% will not invest in something they don't understand.

Having grown up with the Internet and mobile tech, Millennials comprehend the benefits and limitations of technology in wealth management better than their parents do. Their expectations are also considerably higher. Above all, Millennials expect a consistent, digitally-driven, omni-channel experience when communicating with their investment advisor.

What can wealth firms do now?

To succeed with Millennials, wealth firms must rethink most of their business – including product portfolios, advisory approaches, business models, and marketing plans. Here are five main steps that wealth firms can take right now to get ready to reach out to Millennials:

1. Get the foundation right

Make the firm's systems capable of pulling together data and content from internal and external sources, and performing the analytics that will serve as a basis for both serving customers and marketing to prospects.

2. Go “bionic”

Put that data and analytics into tools to make them instantly available to the firm's wealth advisors. Train advisors to use these tools to provide seamless, highly personalized support to help customers achieve their holistic goals. Consider using advisory teams that include members closer to their age to give Millennials the kind of instantly available service they want. Younger team members can also reach out to Millennial heirs of current client families.

3. Put it in context

Use your data and analytics as the basis for all your marketing and customer relationship efforts. This will help ensure that every “touchpoint” includes content and messaging relevant to the customer or prospect's life and financial situation, and tailored to that individual's tastes and interests.

4. Put technology at the center

With analytics as a solid foundation, and the other “SMAC stack” basics of social, mobile and cloud in place—along with 24/7 customer portals designed to the highest standards— build the most cutting-edge

technology into every aspect of the business. Look beyond the commonplace to find what's new: artificial intelligence, virtual reality, and Blockchain are only a few of the ideas out there. If the firm is not a FinTech, consider partnering with one to ensure you keep up with developments and offer the services that Millennials want.

5. Make it omni

Millennials expect and depend upon the agility that technology provides. This requires an omni-channel approach that is strong enough to cater to the changes in attitudes and technology that are sure to come. Advisors should be planning for flexibility, and not creating processes that are "locked down." They should be looking to unlock their technology to allow for quick and easy improvements to features, functionality and the overall client experience.

A roadmap for future generations

Understanding Millennials will not only allow investment providers to build business with this fast-emerging segment, it will also position their organizations for success across all generations in the coming decade. Millennials are only the first generation of digital natives: the next one is right behind.

¹ US Census Bureau <https://www.census.gov/newsroom/press-releases/2015/cb15-113.html>, Canadian Census

² High Net Worth Millennials. (2015, September). U.S. Trust. Retrieved from http://www.ustrust.com/publish/content/application/pdf/GWMOL/USTp_ARL8QSQ7_2015-09.pdf

³ Accenture: "The 'Greater' Wealth Transfer – Capitalizing on the Intergenerational Shift in Wealth", 2012