

# 5 trends reshaping wealth management

By [Andrew Möller](#)

7 Jan 2020

From disruptive technology to ageing populations, from a rise in a new wealth to an increasingly turbulent environment, wealth managers are facing an exciting outlook with a plethora of new opportunities.



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## 1. Technology and artificial intelligence

Both are significantly changing the way wealth managers do business. However, there is no “one size fits all” solution, and different companies will implement to varying degrees. AI has been referred to as a game-changer in the industry and we believe that it holds significant benefits, if utilised intelligently.

There are essentially streams which have evolved as a result of AI: pure robo-advice companies which are tech platforms offering a simpler form of access to wealth management and the more traditional human advice firms which use technology to enhance and supplement their services, such as using robotic process automation (RPA), which allows for the automation of repetitive wealth management tasks, using less manpower while achieving greater precision.

## 2. Human touch

Despite the rise of technology, clients are still looking for the human touch that fintech and robo-advice are simply unable to replace. Advisors are effectively becoming financial life-coaches, walking beside clients through each of their life-changing moments and decisions.

Simultaneously, advisors need to keep an eye on the horizon at all times, helping clients to mitigate any unforeseen risks, manage any debt burden before it becomes unmanageable, and assist them in strategising for the successful intergenerational transfer of their wealth.

## 3. High net worth individual

South Africa has seen some remarkable shifts in the size and overall proportion of the high net worth individual (HNWI) market. We saw an 8% rise of dollar millionaires in 2017 and a further 4% in 2018, with more growth expected. This rise has introduced new needs for financial planning, as people are in different phases of their wealth creation, with an increasing focus on tax planning and fiduciary requirements being required.

At the other end of the spectrum, there has also been some interest in advice on externalising funds, as people seek to keep their options open. A part of this trend has involved the search for second passports or the move of children offshore. In this regard, there is demand for innovative offshore solutions which can build in estate planning efficiencies and allow for portability in the event of emigration.

#### **4. Increasing global instability**

This trend raises the need for financial advice and a partnership with a financial advisor. Who, for instance, would have predicted Brexit? And once that unlikely decision had been taken, who could have predicted that the United Kingdom would be no closer to a deal now than it was three years ago, having lost two prime ministers along the way? We are seeing far more requests for financial planning and assistance as clients realise the need for cool heads and expertise in navigating global market risks and safeguarding their financial wellness.

#### **5. Sustainable investing and leaving a legacy**

Clients are looking increasingly at more socially responsible investing, ensuring that the triple bottom line is being taken into consideration. But they are also looking to adopt a structured approach to their philanthropy. In so doing, they achieve lasting change and create a legacy for generations to come. The power of such an approach also means that philanthropic giving is more efficient and effective than before, reach more people and achieving greater benefits.

We expect to see further convergence between philanthropy, wealth management and asset management, with more assets being devoted to impact investing than ever before.

Ultimately, technology is allowing for greater efficiency and productivity within the wealth management industry, thus enabling a heightened focus to be placed on servicing clients and addressing their individual needs.

At the same time changing client needs and an altered landscape are driving demand for more extensive advice and a more personal touch. Happily, this is being facilitated by technological advances.

#### **ABOUT THE AUTHOR**

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