The future of wealth management

Building a loyal client base

Attracting new clients in the face of downward fee pressure is a big challenge for wealth management firms. How and where do you invest on the cost of acquisition when revenues have to be managed judiciously?

Some measures to acquire clients require substantial investment in data analytics. Others may require a simple change to how prospects are approached. Below, we outline six actions that could be key to attracting new clients and retaining existing ones.

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1. Start talking to potential clients in their early 30's

Approximately one in four high net worth individuals begin a formal relationship with a wealth manager when they are in their early 40s. But critical life events that build the need for wealth management advice often take place in the previous decade. By starting to target prospects in their early 30s, firms are more likely to be front of mind when a cumulation of life events make the need for professional wealth management pressing.

Age when life events prompted the need for wealth management advice

Receiving company stock	Bonus or pay rise	Inheritance	Desire to plan for future	Retirement
30 years	**33.4 years**	**41.8 years**	**42.8 years**	**60.3 years**
(4% of respondents)	(4% of respondents)	(5% of respondents)	(26% of respondents)	(9% of respondents)

Source: Aon/Appway

2. Offer clients' offspring a different primary contact

Some industry data have shown high rates of attrition when it comes to retaining the children of existing clients. However when we asked HNWIs under 45 if they intended to work with the same primary wealth manager as their parents – 85% say they would. But a third would seek to have a different adviser from their parents. If offspring can forge their own distinct relationship with a firm from an early age, they could be more likely to stay.

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Do you expect to work with the same primary wealth manager as your parents in 10 years' time? (Respondents aged under 45)

I would work with the same primary wealth manager	I would work with the same firm in some capacity but have a different wealth manager	I would work with a different primary wealth manager
54%	31%	14%

Source: Aon/Appway

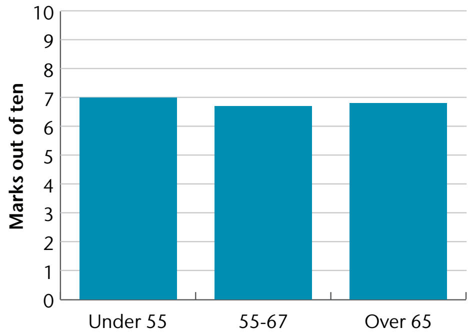
3. Keep investing in both digital and human assets

With revenue pressures growing, the drive to move as many client support services and investment processes as possible to digital and online is high. Clients are certainly open to using digital more. For example, 64% are willing to use mobile apps to engage with their wealth, and self-service capabilities are seen as vital by 40% of clients.

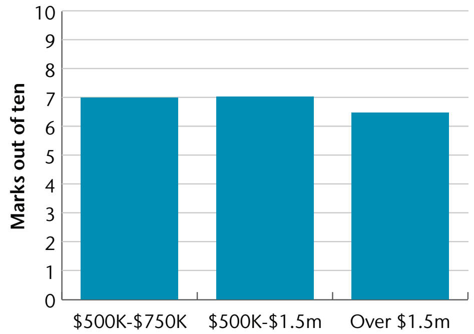
But a primary human contact who can provide recommendations and strategy support remains key to a client's perception of a firm (notably among clients aged under 55). As to investment decision-making, there are some tasks that clients unequivocally prefer to be performed by a human adviser, including some such as client profiling that some firms are seeking to evolve to robo services.

To what extent do you value the input of the primary contact at your wealth management firm (marks out of 10)?

Clients by age



Clients by wealth



Tasks that clients most want to be completed by a human

1. Queries about my portfolio	2. Investment advice	3. Profiling of my needs
86%	84%	65%

Source: Aon/Appway

4. Focus on delivering convenience...

Repeatedly, our research shows that wealth management propositions that can ultimately save time and effort are the ones that both potential and existing clients are mostly likely to value. For example, experienced clients see the range of products and services offered by a firm to be marginally more critical than its pricing model (and many clients see an Amazon-like one-stop market place as particularly beneficial). Equally, the ability to offer a single point of contact is seen to be more important overall than a firm's digital offering.

Most critical attributes in a wealth manager

46% say	39% say	35% say	22% say
Range of products and services	Pricing model	A single point of contact	Digital offering

Source: Aon/Appway

5. ...and genuine client-centricity

Many wealth managers are looking to centralise their investment processes and decision-making to deliver economies of scale and consistent outcomes. But to show real value, demonstrating as much personalisation as possible is essential.

From fees to investment content to investment recommendations, investors are seeking out evidence that services are being tailored to their specific needs, interests and goals. By investing in smart client data analytics, firms can hopefully deliver on this.

46%	72%	76%	79%
want content that's personalised to their interests and goals	see a tailored approach to fees as important or very important	want advice that proactively anticipates their needs	want product suggestions more tailored to their interests

Source: Aon/Appway

6. Have the scope to flex to different markets

Throughout our research, we've cited overall findings globally. But clear geographic preferences emerge that multinational firms needs to be mindful to cater for. Clients in India, for example, are the most focused on a comprehensive digital offering from their wealth manager and keenest to interact online whereas US investors put great store on having a single human point of contact. In terms of products, what's important and not important can vary hugely – see below – and offerings need to be calibrated to reflect this.

	UK	Germany	USA	India
Most important	Tax-efficient products	Ease of access to capital	Tax-efficient products	Impact investments
Least important	Impact Investment	Impact investments	Venture capital	Ease of access to capital

Conclusion: Focus on performance and fees above all

Good news for firms is that two-thirds of clients have never been tempted to change their wealth manager and only 16% have ever done so. Of those that have or have been tempted to switch, high fees and lacklustre performance have been the dominant drivers.

Competitive, transparent fees and strong performance should remain the key concerns for every firm. But alongside these factors, wealth managers that can demonstrate they are genuinely and proactively responding to an individual's specific wants and needs, including their personal preferences for human versus digital interaction, are now best positioned to attract and retain clients across multiple generations.

For More Information

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