

WEALTHTECH: FUTURE TRENDS AND APPROACHES IN GLOBAL WEALTH MANAGEMENT

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Abstract

The paper aims to research the latest technologies for Wealth Management and use them to present the WealthTech approaches that give the best advice for investment management decisions and refer to the use of technology to provide financial services and solutions for Wealth Management. Wealth Management is a combination of financial planning and investment strategy analysis for capital growth. It includes retirement planning, inheritance tax, estate planning, and other activities according to investment preferences. Since WealthTech is a part of FinTech, it aims to manage investment funds and assets more efficiently, accessible, and personalized through data-driven insights and smart automation. Besides improving their efficiency, WealthTech aims to automate investment and wealth management services. WealthTech utilizes innovations like blockchain, artificial intelligence, and machine learning to improve investment decisions combining technologies for fund transformation and asset handling. These technologies include a wide range of solutions and include robo-advisors, social trading, robot-retirement, quant advisors, and micro-investing. WealthTech refers to the delivery of many kinds of financial services for Wealth Management based on digital solutions. Besides improving investors' decision-making, the technology enables people to manage their finances efficiently. This approach uses the best technology solutions more advanced than typical analysis used in financial institutions. Because of the advancements in software as a service (SaaS), big data, AI and machine learning, the programs provide personalized advice concerning wealth management and business strategies. This manuscript will present WealthTech solutions on the practical example and recommend the most attractive investment opportunities on the global market.

Key words: wealthtech, fintech, investment, management

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1. Introduction

Wealthtech refers to providing digital solutions that facilitate the wealth management process. It is fintech's subset, and its objective is to automate investment and wealth management services besides improving their efficiency.

The wide range of solutions under this umbrella term includes robo-advisors, social trading, robo retirement, quant advisors, and micro investing. A key difference between this concept and fintech is that the latter involves catering to a diverse client base. The target audience in the case of fintech organizations is not predominantly limited to individuals and wealth management firms.

2. Theoretical Background

Information-based investments are rapidly growing, especially in the financial and banking sectors (Yi et al., 2023).

For high-tech companies, competitiveness among firms may lead to diversified innovation for a single product, which in turn, may make patent portfolios more complex and difficult to understand by investors (An et al., 2023).

With the deepening integration of internet technology and the financial industry, FinTech has offered the public innovative financial services (Jiang et al., 2018) such as online payment, peer-to-peer lending, budgeting and financial planning, crowdfunding, and savings and investments (Xie et al., 2021).

Financial inclusion encompasses various efforts aimed at guaranteeing that individuals and businesses can obtain cost-effective and appropriate financial products and services. This encompasses the provision of savings accounts, credit facilities, insurance coverage, and payment services, along with other financial instruments that facilitate individuals in effectively managing their finances and enhancing their economic welfare. FinTech can positively impact overall traditional financial inclusion because it enables banks to easily reach populations with limited access to banking services or without bank accounts through the use of digital platforms (Kamara & Yu, 2024). The rapid growth in cryptocurrencies has led them to garner investors' interest as a popular diversification choice (Mansour Nomran et al., 2024; Ali et al., 2024).

FinTech is a sector that is extremely exposed to risk, in particular, technological and market risk. Most FinTech institutions operate in the globalized financial market, which, as confirmed by the recent economic crises, induces above-average challenges for risk managers in this industry (Khalil-Oliwa & Jonek-Kowalska, 2024).

FinTech, short for financial technology, denotes the application of technology to provide financial solutions. It encompasses a wide range of sectors and business models within the financial services industry, extending beyond traditional financing to encompass all services and products offered within this sector (Yang & Jung, 2024).

WealthTech is recognized as a specialized subset of FinTech. It focuses on utilizing digital technologies to enhance investment and client portfolio

management, providing customized products and services tailored to individual needs (Chishti & Puschmann, 2018; Dziawgo, 2021). Figure 1 shows WealthTech management mobile application customized for users investment portfolio.

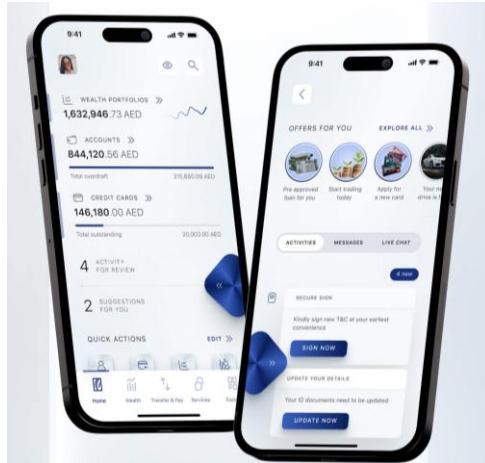


Figure 1: WealthTech Mobile Application

FinTech is being used to attract traditional banking clients, optimize commercial transactions, improve credit granting, and simplify banking operations. Financial services are thus being automated, resulting in a correspondingly necessary and accelerated process of transformation. Among the technologies used in this process are big data, blockchain, artificial intelligence, machine learning and cryptocurrencies (Duan, 2024).

The issue of financial exclusion continues to be an important barrier to equitable development in the global financial landscape, even with all the economic progress we are seeing around the world (Amnas et al., 2024).

Individuals can now do their financial transactions anytime, anywhere, thanks to FinTech platforms (Yang & Zhang, 2022). FinTech relates to the usage of technology to deliver better financial services (Almubarak & Aljughaiman, 2024; Thakor, 2020; Goldstein et al., 2019).

FinTech studies mainly concentrate on the implication of FinTech for bank performance (Al-Matari et al., 2022; Arena et al., 2023) or risk-taking (Kamara & Yu, 2024). FinTech is a term that has arisen in recent years; it refers to innovative technologies designed to enhance and automate the provision and utilization of financial services (Balaskas et al., 2024).

The term FinTech refers to the convergence of finance and technology, with an emphasis on the development of new and improved financial solutions (Li & Xu, 2021; Thakor, 2020).

Financial innovations (FinTech)—such as automated teller machines (ATMs), mobile payment systems, mobile wallets, internet banking, and blockchain technology—have been a recent development in the financial sector, leading to the digitalization of financial services. The recent adoption and development of FinTech

tools provides consumers with easy access to financial services, fast and easy confirmation of financial transactions, and reduced operational costs (Girma, 2023).

The rapid growth of FinTech adoption and usage has introduced innovative solutions that offer convenience, efficiency, and accessibility (Amnas et al., 2023).

FinTech, a type of technology that enhances access to financial services, has the potential to revolutionize how people manage their finances (Chawla et al., 2023).

Financial technology (FinTech) has permeated every facet of the financial sector during the past ten years, and affected the transformation of investment and financing modes as well as consumers' payment methods (Chen & Wang, 2023; Alkhawaiter, 2022).

FinTech refers to innovative financial services that use technology to create disruptive new trends in services or rewrite financial services to make them more valuable, reasonable, and secure (Jangir et al., 2022).

3. WealthTech

WealthTech combines wealth management and technology to transform how funds and assets are handled. It utilizes innovations like artificial intelligence, machine learning, and blockchain to improve personal finance and investing. WealthTech developers build applications that automate manual wealth management processes and provide customized financial recommendations powered by AI.

Wealthtech refers to the delivery of an extensive range of financial services for wealth management via digital means. This technology improves investors' decision-making and enables people to manage their finances efficiently in a manner that is different from how conventional financial institutions work. Because of the advancements in software as a service (SaaS), big data, AI, machine learning, etc., software programs can now provide personalized advice concerning wealth management.

Some noteworthy wealthtech solutions and services are as follows:

Robo-Advisors: These are digital tools often utilizing machine-learning-based techniques to carry out operations for the client or the user. Such software can automatically allocate funds to different financial instruments based on how a user configures it.

Quant Advisors: These are extensions of robo-advisors. Such systems actively utilize AI for managing investment strategies.

Robo Retirement: These are a version of robo-advisors and are quite popular. Robo retirement services involve creating retirement portfolios, managing assets, recommending computer system-generated plans, and providing strategies.

Micro Investing: These solutions enable investing via small credits or microcredits. They provide a more interactive experience compared to robo-advisors.



Figure 2: Use Cases of WealthTech

Figure 2 shows one example of the Use Cases of WealthTech.

Social Trading: It allows investors to share their own trading experience. It combines the concept of social media with that of trading platforms. In this case, traders are able to mimic the investment models of traders who share their opinions. Hence, novice traders can learn from traders who have more experience.

This subcategory of fintech covers more solutions and services, such as the following: Digital brokers, Algorithmic trading, B2B software services, Online marketplaces, Portfolio management tools and Risks.

4. Conclusions

By adopting these technologies, both managers and clients benefit from enhanced services and better outcomes. WealthTech marks an exciting shift towards more user-friendly, effective wealth management software development.

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