

The Future of Wealth Management

presented by: Philipe Elkrief

Beyond Automation: The future of AI in client-focused wealth management

Executive summary:

The future of wealth management lies at the intersection of personalized client service and advancements in AI and automation. This business plan presents a three-pillared approach to revolutionize our client interactions, investment strategies, and governance processes.

Under the first pillar, we would aim to transform the client experience through a series of innovative tools. A responsive FAQ chatbot will provide immediate access to key information, ensuring clients' questions are never left unanswered. By leveraging AI to digest clients' personal data, we propose creating personalized summaries that give a deeper insight into their financial situation. An interactive tool will allow clients to perform 'What-if' scenario analyses on their portfolios, providing essential context to inform their decisions. Lastly, we would plan to automate the creation of financial plans and estate planning exercises, streamlining processes while ensuring client needs are comprehensively addressed.

The second pillar focuses on enhancing our investment and return strategies. An investment thesis tool will be developed to allow portfolio managers the ability to research and analyze potential investments autonomously, while automated screeners and maintenance flags will constantly monitor portfolios to optimize returns and mitigate risks. Any new investment idea can be shown to the client's through the scenario analysis tool discussed in the first pillar.

The third pillar is devoted to modernizing our middle office and governance processes, bolstering our regulatory compliance and efficiency. Automation of regulatory requirements such as KYC and AML will streamline compliance and minimize errors. Prospective clients will be able to benefit from our automated portfolio analysis tools, drawing in new business by demonstrating potential improvements and investments. Finally, the automation of meeting minutes will enhance internal efficiency and maintain accurate, formal records of all client interactions.

In conclusion, our adoption of AI and automation in wealth management will ultimately serve to empower our clients, improving their engagement and fostering a deeper understanding of their financial situations. By focusing on customer-centric solutions, we can make significant strides in improving our service delivery and operational efficiency.

Pillar 1: Enhancing Client Engagement: Innovations in Interactions

1.1 What-if Scenario Analysis:

We will develop an automated tool that allows clients to visualize the potential impact of different scenarios on their portfolios. Clients will be able to explore options such as varying contribution amounts, adjusting risk levels, and estimating potential returns. The tool will also be able to be used to see how certain transactions might impact their portfolio at a risk (correlation matrices, historical sharpe or sortino ratios etc.) or at return (expected returns based on price targets, basic AI projections, or historical averages etc.) level. This tool will provide clients with a better understanding of the potential outcomes and assist them in making informed decisions.

2.2 FAQ Chatbot:

To enhance client service and accessibility, we will create a chatbot that can answer frequently asked questions in real-time. This tool can be trained with your expertise in the industry, pretraining certain questions with responses. This tool will provide immediate responses to common queries, offering convenience and efficiency for clients seeking quick information. Overtime, this FAQ chatbot will become more knowledgeable and be able to answer more inquiries.

2.3 Speak-to-Client Data:

Utilizing artificial intelligence, we will build a tool that can engage with clients' personal data (PDFs, tax returns, old portfolio statements, etc.) to gather essential information about their financial positions and goals. This data will be used to generate personalized summaries for client reports and as introductory recaps before quarterly meeting to remind the client of the work and efforts we have provided over the last quarter.

2.4 Automated Financial Plans and Estate Planning Exercises:

We will automate the creation of financial plans and estate planning exercises to streamline the process for clients. By leveraging technology, we can efficiently generate comprehensive plans that address clients' goals, risk tolerance, and estate planning needs. A baseline financial plan can be generated at a click of a button while having the financial advisor tailor the plan to that client's specific needs, reducing the overall time taken to complete this task.

Pillar 2: Optimizing Wealth: Strategies for Investments and Returns

2.1 Investment Thesis Tool:

We will develop a tool that allows clients and portfolio managers the ability to research and analyze potential investments. Clients can search for tickers and receive automated investment theses, providing insights into how their ideas may perform in their portfolio. Portfolio managers will be able to quickly and efficiently screen new ideas, which will allow them to act quicker in a fast-moving market. This tool will enable clients to make more informed investment decisions.

2.2 Automated Screeners and Maintenance Flags:

To proactively manage clients' portfolios, we will create automated screeners and maintenance flags. These tools will continuously monitor the portfolio holdings and highlight potential opportunities or risks, ensuring timely actions are taken to optimize returns and mitigate risks.

Pillar 3: Efficiency and Compliance: Harnessing Automation in Governance and Middle Office

3.1 Automate Regulatory Needs:

To comply with regulatory requirements, we will automate processes such as KYC (Know Your Customer), AML (Anti-Money Laundering), and other necessary reporting. This automation will ensure efficient compliance while minimizing manual errors.

3.2 Automated Portfolio Analysis for Prospecting Clients:

To attract potential clients, we will offer automated portfolio analysis tools. Prospective clients can input their portfolio information, and our system will provide a detailed analysis, highlighting areas for improvement and potential investment opportunities.

3.3 Automate Meeting Minutes:

To enhance internal efficiency and maintain accurate records, we will automate the generation of meeting minutes. This tool will streamline the documentation process, ensuring comprehensive and timely records of client meetings and discussions.