

2018

# Business case study

# The big picture

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Fidelity International (FIL) is a privately owned asset management company. Our mission is to provide investment solutions based on the needs of our clients to help them achieve financial freedom. We achieve this by increasing our assets under management (AUM) to help our clients grow their wealth. In addition, FIL offers guidance and professional advice to end client investors in financial planning.

Technology and data has played a vital role for the past decade in bridging the gap of how FIL reaches out to end investors and service them better in hopes to improve AUM acquisition. With vast amount of data and new tech available, artificial intelligence (AI) is the cornerstone step in helping Fidelity capture new clients all the way to servicing them and retaining their assets with us. Utilizing AI will enable Fidelity to capture more AUM faster and in a more efficient manner.

Exploring new technologies, specifically in AI, is like using social media where the backbone technology continuously improves whilst users are catered by more relevant services as they increase their usage. An example of AI application at FIL is tailoring language algorithms to write creative and relevant email subject lines to increase open rates and in hopes to bring in more AUM.

Another prime example is when people occasionally need to make complex and tough decisions in life such as investment decisions. To support the investment decision journey, FIL has begun modelling behavioral finance data for the investments team to aid stock selection.

## The end investors

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The two distinct groups that FIL would like to target are existing clients and new clients. The existing clients are those who are wealthy, account for approximately one third of FIL's AUM and are usually in the 45–65 age group. However, this age group is prone to attrition as they are towards the end of their working careers and close to retirement. We have also seen from this client segment a slow adaptation to new technologies. As a result, this makes it difficult for FIL to find new clients from this age group.

On the flipside, we have a younger crowd of up and coming millennials beginning to start their careers and have a long journey ahead towards building their wealth. This age group is highly engaged with technology and expects to be informed of relevant information when they begin to think about their investments. However, there is a lack of awareness and initiative in taking control of their personal finance and investments. Hence, making it a challenge for FIL to engage them and increase our AUM with them.

# The problem

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The nature of FIL as a traditional asset management firm implies that we do not have a convenient physical presence such as branches or direct third-party representatives for our clients to directly engage with us. Having that in mind, FIL has recently been trying to explore different technologies to overcome this challenge to engage and increase AUM with the end investors mentioned above.

You are the project manager of the Technology Solutions team. Your line manager has briefed you with the current dilemma and has told you to prepare a solid business proposal to the relevant stakeholders in FIL with answers to the following:

- How can we use and implement AI to attract new clients from the millennial age group whilst retaining assets of current clients?
- What kind of data points are needed to help build the AI solution above?
- How scalable/feasible is the solution in terms of being able to collect data and its availability?

**Hint:** It is recommended to be specific and elaborate on focused solutions rather than having many high level solutions. You may use data and information from the appendix and other sources to help validate and justify your solution.

## Judging criteria

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Please note that there is no one single correct answer. Your ideas will be judged based on the following:

- Quantitative and qualitative analyses supporting your ideas and ability to explain in laymen terms.
- Quality of presentation and clarity of idea
- Innovation, Originality and Creativity
- Feasibility - Is the solution doable and applicable?

## Submission format and due date

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You will be given 20 minutes to present your solution deck in PowerPoint format to the project stakeholders. Do ensure your presentation is concise and succinct in highlighting the methodology of your solution.

Please submit your proposal by:

- Date/Time: Oct 10 2018
- Email: [Hongkong-StudentInnovationChallenge@fil.com](mailto:Hongkong-StudentInnovationChallenge@fil.com)
- Include your team name in the subject line of your message.
- Any submissions received after 09:00 on the closing date will not be considered.
- All written submissions must be accompanied by a completed Submission Coversheet, signed by all team members. If the Coversheet is not included, the submission is not eligible.

All written submissions will be assessed carefully by a panel of judges with diverse expertise. The top 8 teams will be chosen to compete in the Final round. All team leaders will be informed of the outcome via email by 18:00 on the 12th of October.

# Disclaimer

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All materials including but not limited to the case details are properties of Fidelity International. You should not distribute or publish them on any online/offline platforms without prior agreement from Fidelity. Teams that are found to do so will be disqualified.

# Appendix

Your manager hands you the following information on the age 25 to 64 populations in Hong Kong to further refine your proposal.

## General Demographic Information

- Investors, i.e. those who currently own any investment products
- All must have steady sources of monthly income from job salary, investment returns and property rentals, etc.
- Ideal retirement age is 56 however the expected retirement age remains at 60
- 90% of millennials see the importance of achieving financial freedom but only 18% perceive they could achieve it
- Roughly HKD 10 mil in assets and HKD 600k in liquid assets is needed to achieve financial freedom
- 52% do not have knowledge on suitability of financial products

**Table 1: Life aspirations**

	Total	Gender		Age				Liquid Asset		
		Male	Female	25 – 34	35 – 44	45 – 54	54 – 64	< HKD 200k	HKD 200k – 1.075m	> HKD 1.075m
Base:	n = 510	n = 245	n = 265	n = 82	n = 134	n = 162	n = 132	n = 146	n = 213	n = 151
Retire early to enjoy life	48%	51%	46%	54%	47%	49%	45%	38%	49%	58%
Plan for family's future	52%	54%	50%	57%	52%	53%	47%	47%	46%	64%
Freedom to "start again" to do things I like	51%	49%	52%	65%	54%	40%	51%	49%	50%	53%
Freedom to choose work or not to work	44%	42%	46%	50%	46%	41%	41%	37%	43%	52%
Buy a house	38%	35%	41%	63%	48%	34%	17%	33%	39%	42%



**Table 2: Current financial situation**

	Total	Gender		Age				Liquid Asset		
		Male	Female	25 – 34	35 – 44	45 – 54	54 – 64	< HKD 200k	HKD 200k – 1.075m	> HKD 1.075m
Base:	n = 510	n = 245	n = 265	n = 82	n = 134	n = 165	n = 132	n = 146	n = 213	n = 151
Financial freedom	15%	13%	18%	6%	7%	21%	23%	9%	7%	34%
Financial security	57%	58%	56%	70%	60%	52%	52%	42%	68%	57%
Financial stability	21%	23%	20%	21%	23%	20%	20%	37%	22%	5%
Financial instability	6%	6%	6%	4%	9%	6%	5%	12%	3%	4%

## Financial situation definitions

- Financial Instability - When your monthly income cannot cover living expenses
- Financial Stability - You rely on monthly income to cover living expenses, but do not have money left for savings
- Financial Security - Your monthly income covers living expenses and have surplus to be saved
- Financial Freedom - You are free to do things you wish without worrying about money

## Financial instability drilldown

- 16% do not have good financial planning, but made a start
- 29% do their own investment research and are able earn additional income through these investments
- Only 3% actually seek professional help to advise them of their investment decisions (financial advisors, mutual fund professionals, etc.)



## **Financial stability drilldown**

- 50% invest in the financial markets, but only 24% is able to receive some kind of return from their investments in financial markets
- Only 6% have some other source of investment income

## **Financial security drilldown**

- 48% invest in financial markets themselves and get returns from their investments
- But only 28% set reasonable financial goals and actively start their financial planning
- 20% seek professional help to advise them of their investment decisions (financial advisors, mutual fund professionals, etc.)
- There is on average, a 17% difference of income that is needed to be set aside to achieve better financial situations

## **Financial freedom drilldown**

- 61% of those who are financially free work hard to get a regular income
- 48% have a clear vision of how to improve financial conditions
- 56% are able to save and invest regularly
- Unfortunately, only 32% can implement their financial planning goals
- In addition, 43% of the investment portfolios from those who are financially free receives a regular income from those investments

# Submission coversheet

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## Team details

Team name:

Team leader:

Signature

Team member 1:

Signature:

Team member 2:

Signature:

Team member 3:

Signature:

## Declarations

I declare that the submission is my own work. I have fully attributed / referenced all sources of information used during the completion of the submission, and I am aware that failure to do so would result in disqualification.

## Official use only

Mark:

Assessed by:

Comments: