



## Aiming to create 'better insight from better data'



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If you look at the biggest challenges facing the financial services industry today, you might point to the massive increase in regulation and the continuing challenge of rebuilding client trust, both consequences of the global financial crisis. You might also look at some of the macro issues that are making markets nervous, like the unwinding of quantitative easing, structural issues in major economies like China — all leading to risk aversion and low client activity.

However, there is another more existential issue that will fundamentally transform our industry, as it has so many others. That is the impact of technology. Entertainment, telecommunications and travel are just a few sectors where there has been a massive shakeout. The incumbents who survive are the ones that radically change their offerings by embracing new technologies. New entrants can be nimble, tech-savvy start-ups or massive corporations leveraging their capabilities and reaching into new areas. In payment services, think Paypal and The Square on one side; Apple's iPhone 6 and Facebook credits on the other.

From our perspective as the world's leading global wealth manager, there are three megatrends that we think will fundamentally reshape our industry. First is the shift to mobile and multi-channels. We will need to deliver our services in the same way that our clients get all their other services — instantly, cross-channel and available on-the-go. Second is the potential of big data to understand the world better, so we can make better decisions about wealth preservation and creation. And third is the impact of social media, which is changing how people interact, not least with companies.

The new landscape is creating a radical change in client expectations. The new digital generation expects businesses to react instantly, informatively and interactively. They are looking for a better banking experience, with improved functionality delivered in a seamless and intuitive way. If banks

do not provide that, then others will. This digital shift is particularly true in Asia, where we see high net-worth individuals significantly more likely to want to manage their wealth digitally than in other regions.

When I started out in banking, wealth managers were the guardians of data and that gave them power. Clients could read about yesterday's stock market fluctuations and share prices in the papers. But they could get real-time prices only by calling us. The industry benefited from that information asymmetry.

With time, access has improved. But even as terminals became ubiquitous, many markets have remained opaque. The cost of access to comprehensive, real-time market data was very high for an individual, even a very wealthy one.

In today's world, the Internet has turned real-time financial data into a commodity, putting it within the reach not only of wealthy clients, but also of all investors. The explosion in the availability of data also opens up fresh avenues of opportunity for wealth advisers because information is not the same thing as knowledge.

### Meaningful data

Clients have access to more data than ever before but that also means, more than ever before, they need a trusted advisor who can guide them by providing the expertise and understanding that makes the data meaningful.

We have already improved the client experience by letting them see their portfolio from any number of perspectives. They can slice-and-dice it by geography, currency or asset-type. They can check performance against benchmarks or simulated portfolios. They can do that on their computer or their tablet or their phone.

While novel now, all of that will simply be a hygiene factor tomorrow. After all, Internet access on a phone was revolutionary not long ago. So, to create an enduring competitive advantage, we have to harness technology

alongside our deep expertise. This is a sustainable strategy because it cannot easily be replicated by new entrants.

For example, we have a smart digital product as part of our UBS Advice proposition that tracks a client's portfolio, tests it against critical risk factors and flags when it deviates from the client's investment strategy or when something goes off track. To deliver this requires a massive infrastructure and huge computing power. But it can be tracked and delivered to a client when he or she wakes up. That's a great service for clients, but it is only the first step. You could envisage how a new entrant with very deep pockets could build a product like that. Not easy, but possible.

The real power is when you can create better insight from better data. That happens when a client adviser can look at a portfolio and add value by bringing real expertise and context to it. That is what paves the way toward creating bespoke solutions for clients, which serve the core purposes of protecting and growing wealth. It is the combination of the enhanced data flow combined with the expert insight that really adds value. And that is hard to replicate.

Those who want to thrive in this environment will have to create a digital roadmap marking out the steps to deliver for their clients, create the right ecosystem of partnerships and relationships to enable it, and engender an innovative culture to create it. That will sometimes mean taking risks to find breakthrough services.

So, tomorrow will feel very differently from today for banking clients. Products will look very different. There will be new and better ways of looking at things. But, almost paradoxically, know-how, content and expertise will remain the distinguishing and differentiating features of wealth management.

If current players want to survive and not go the way of so many other corporate dinosaurs, they will have to provide that deep reservoir of expertise, but deliver it very differently.