

FINANCIAL SERVICES

Wealth management firms have to rethink operations in modern age

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Wealth management is taking steps into the future. Image credit: Future Vault

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As millennials continue to age, their influence and consumer needs have reached new industries including wealth management, increasing the demand for digital tools.

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Wealth management firms are evolving to cater to a wider range of demographics, providing the tools and communication that all customers are seeking. According to a new report from Accenture and IIROC, their evolution has not only affected firm-to-client communication, but also the types of service models offered and how the firms themselves are regulated.

"Our comprehensive study clearly demonstrates that the future of advice is changing, with investors wanting their advisors to have modern tools to provide them with the best possible outcomes," said Kendra Thompson, managing director at **Accenture**. "To stay competitive, firms must embrace digital disruption to stay on the cusp of advice and reinvent the ecosystem for future generations of investors."

Wealth management today

Millennials' reliance on digital channels has reached wealth management, pushing these firms to include forms of technological management and communication to allow for easier control.

According to a report, "Enabling the Evolution of Advice in Canada" by Accenture, the wealth management industry is moving towards a more holistic approach to advice instead of focusing on product-driven business. New investor behavior and demands are pushing this shift, which has resulted in firms including traditional financial planning services such as tax, credit, trust and estate advice.



Wealthy individuals acquire more wealth than rest of humanity

The report was created in partnership with the Investment Industry Regulatory Organization of Canada, which has pledged to take a number of steps in the country to evolve with these changing needs.

In addition to the growth of millennial investors, the report also found that women are increasing in numbers as investors.

By just 2026, the report predicts that women will control half of personal wealth in Canada. This is likely due to the shift in views of marriage and gender roles.

Today, investors often like to handle their own investments but use these firms for order execution. Automated services to management investments have also grown, while others use a combination of robo-management and a virtual advisor.

DIY platforms have also become more popular, with clients managing investments themselves but having access to virtual assistants if needed.



Wealthy investors are becoming more digital lenient. Image credit: Boucheron

One financial management firm among many others, BlueRock Wealth Management, now helps to provide security for high-net-worth individuals' less tangible items.

The wealth manager partnered with FutureVault to provide its customers with a secure database to store all their important financial files in one place. As important information has now evolved into digital formats, it has become more difficult to keep files organized and safe from hackers ([see story](#)).

Canada's regulations

The IIROC plans to grow engagement with other stakeholders to gauge better insight on various perspectives in the industry.

With the growth of e-signatures, IIROC is introducing new guidance to clarify the tool's use. In addition, it will be working to publish more guidance details on the use of technology for account supervision.

New goals will be introduced to better protect investors, as the IIROC looks to find modern methods in communication regulations to avoid confusion.

The IIROC plans on introducing a new three-year plan based on these new findings.

Another report from Bank of America's U.S. Trust showed the increasing longevity of human life is unsettling traditional notions of responsibility among high-net-worth families.

U.S. Trust surveyed 800 high-net-worth families and noted some stark changes and disagreements between young wealthy individuals and older ones. These conflicts mainly took the form of what kind of investments they are interested in, their attitudes toward charitable giving and the new problem of multiple generations competing for the same jobs ([see story](#)).

"The report provides important insights that will help IIROC become more responsive, adaptable and flexible in supporting industry innovation and investor needs," said Andrew J. Kriegler, CEO and president of IIROC. "We will work with the investment industry to more efficiently and innovatively offer Canadians greater access to a range of investment advice and services that help them meet their financial goals.

"IIROC is committed to being a leading-edge national regulator by reducing unnecessary barriers to innovation while preserving investor protection and the health of Canada's capital markets," he said. "The consultations yielded valuable insight, helping IIROC increase its understanding of changing demographics and emerging business models, which makes us a more-informed regulator.

"We are well-positioned to help advance change that will enable the industry to evolve in a way that best serves and protects Canadian investors."

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