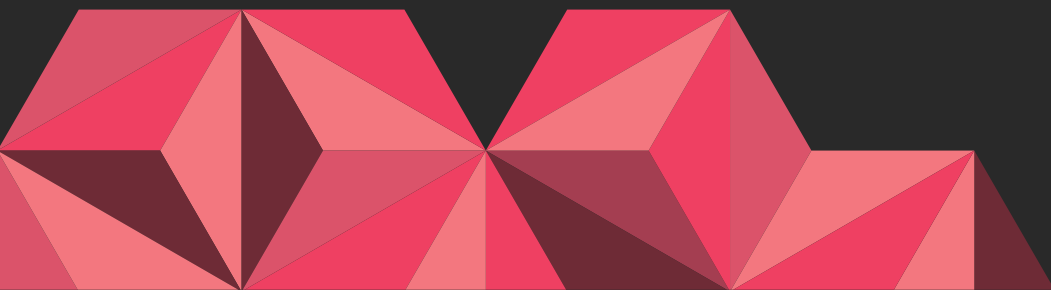


The wealth management puzzle:

# Maximising value from under-engaged client accounts



**PwC's Wealth Management Insights 2023**

Deep Dive V

[www.pwc.ch/wealthmanagement](http://www.pwc.ch/wealthmanagement)



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# 1 Wealth management: an ever-changing landscape

**In the ever-changing landscape of wealth management, the role of client engagement is paramount, shaping the growth trajectory and market reputation of firms. Each interaction with a client opens a window of unique opportunities – to advise, to grow assets, to secure futures and to reinforce the relationships that fuel a firm’s prosperity.**

Amid the pressing demands of fostering and managing active, prosperous relationships, there is a critical segment that often gets overlooked: under-engaged client accounts. Despite their seeming dormancy, these accounts harbour significant potential value that firms can tap into to expand their assets under management.

By recognising why these accounts have fallen into the back-ground and by implementing custom strategies to rekindle their activity, firms can greatly enhance their assets under management. At the same time, they can demonstrate their commitment to the best interests of all clients, regardless of their current engagement level.

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**The growing prominence of under-engaged accounts calls for wealth management firms to reassess their current strategies and fine-tune their operations.”**

**Andrea Colosio**  
Wealth Management Advisory, PwC Switzerland





## 2 Industry trends and challenges

The wealth management industry is currently navigating a period of substantial transformation, during which under-engaged client accounts have emerged as a silent challenge with untapped potential. This issue is influenced by an intersection of factors, including shifts in client expectations, digital disruption, changes in the regulatory environment and intensified competitive pressure.

At the heart of this transformation are shifting client expectations. Today's clients – ranging from tech-savvy baby boomers to millennials inheriting wealth – demand personalised, flexible and digitally enabled services. A one-size-fits-all approach often leads to client disengagement, thus contributing to the rise in under-engaged accounts. These clients quietly retreat from wealth management relationships that fail to meet their unique needs and preferences.

The ongoing wave of digital disruption is significantly altering the ways in which wealth management services are delivered and experienced. Firms that fail to innovate or adapt to this new digital paradigm risk losing the engagement of clients who are more comfortable with or attracted by technologically advanced platforms. This digital divide can contribute to the growing number of under-engaged client accounts.

Finally, in light of intensifying competitive pressure, the industry is faced with new challenges. Traditional wealth managers are now competing with fintech startups, robo-advisors and tech giants for a share of the wealth management market. Firms that fail to articulate their unique value proposition or differentiate their service offerings risk an increase in under-engaged accounts.

Considering these interconnected challenges, wealth management firms must rethink their engagement strategies, particularly for under-engaged accounts. By proactively responding to these trends, they can reactivate these accounts, thereby unlocking a significant resource that currently lies dormant within their client portfolios.



**Traditional wealth managers are now competing with fintech startups, robo-advisors and tech giants for a share of the wealth management market.**

### 3 Implications for wealth managers



The seismic shifts in the wealth management landscape demand a strategic rethink from wealth managers. There are two key areas they need to focus on: creating personalised products to match individual client situations and understanding the nuances between different client segments.



#### New products tailored to each client situation

To re-engage under-engaged client accounts, wealth managers need to move beyond traditional product offerings. Personalisation is the key.

Clients today expect solutions that consider their unique financial situations, goals and risk profiles. This calls for innovative financial products that are tailored to suit these individual needs.

Alongside this, there's also a need to look beyond the financial aspects and consider the clients' lifestyle and interests. Wealth managers can offer holistic – non-financial – services like estate planning, philanthropy consulting and lifestyle management, which can be an effective way to re-engage clients who see wealth as a means to achieve life goals and leave a lasting legacy.



#### Understanding and catering to different client segments: UHNW vs. affluent

Another crucial factor in re-engaging under-engaged client accounts is the recognition of the differences between ultra-high net worth (UHNW) individuals and the affluent segment.

On one hand, UHNW clients typically require sophisticated and comprehensive services, like access to private equity or real estate investments, concierge services and tailored financial planning.

Affluent clients, on the other hand, may prefer more streamlined services and might be more price-sensitive. Wealth managers can make use of digital solutions like robo-advisory services, digital financial planning tools and automated investment platforms to cater to this segment effectively (also refer to the [AWM Revolution publication by PwC Global](#)).

Understanding these distinctions and tailoring services accordingly can help reactivate under-engaged accounts in both segments.

## 4 Adding value through innovative services

In the rapidly evolving wealth management landscape, adding value through innovative services is paramount. Harnessing the power of digital innovation, adopting a client-centric approach, and ensuring transparency and value are key to resonating with clients' evolving expectations.



### Embracing digital innovation

Like all other industries, financial services are also going digital. It's no longer about the potential of missing out, but simply being no longer fit for purpose. As a result, wealth managers must integrate technology as an essential component of their service delivery and may need to consider transforming their core.

Initiatives like this will allow firms to make use of advanced analytics, artificial intelligence (AI) and machine learning (ML) to gain a more comprehensive understanding of their clients' behaviours, preferences, and future needs. This ultimately will lead to better, more personalised advice and a positive impact on the top line.

For UHNWIs, we've recently seen that digital innovation manifests as more sophisticated risk modelling, more efficient reporting, and alternative investment opportunities. For affluent clients, streamlined digital interfaces, robo-advisory services and automated portfolio management are otherwise of significant value.

The key lies in understanding how digital solutions align with the needs and comfort levels of different client segments.



### Adopting a client-centric approach

Client centricity remains a key priority, and from strategy to implementation, any transformation shall put at its core client needs.

Through multiple surveys and interaction with our clients' clients, we came to clearly understand that today's wealth management clients demand services that cater to their unique situations, goals and risk appetites.

Wealth managers need to adapt their approach accordingly. Among other transformative programmes and projects, the wealth management advisory team of PwC Switzerland is supporting wealth managers in enhancing their portfolio offerings and including non-financial service offerings, building hybrid services, and aligning their efforts to enhance the ultimate customer experience (CX). Our experiences have shown that these developments generate an immediate response from their clients with renewed interest and increased trust in their wealth provider.



### Ensuring transparency and value

Transparency has become an integral part of the client relationship. Clients want to understand what they're investing in, why and what they're paying for. Wealth managers need to ensure they're communicating effectively with their clients, demystifying complex financial concepts, and justifying their fees.

For UHNWIs, this could mean explaining the value behind the sophisticated investment strategies and specialised services they're receiving. For affluent clients, who are typically more price sensitive, transparency around fees and the value they receive in return becomes particularly crucial. Simultaneously, demonstrating the added value of innovative digital solutions can justify the costs associated with them.

By offering innovative, personalised services that resonate with their clients' expectations, wealth managers can transform under-engaged accounts into active, engaged relationships, enhancing both client satisfaction and the firm's assets under management. Therefore, boosting the top line and providing interesting opportunities to better manage the bottom line.



## 5 | Change brings more engagement

Finally, the shift in client expectations underscores the need for wealth managers to place greater emphasis on personalisation and flexibility in their service offerings. Clients demand services that cater to their unique financial situations, goals and risk appetites. Thus, wealth managers must adopt a more client-centric approach, developing personalised strategies that align with individual client's needs and preferences. This not only attracts new clients but also re-engages those who've become under-engaged due to a perceived lack of personalisation.

Ultimately, the continuous transformation in the wealth management industry, coupled with the rise of under-engaged client accounts, has far-reaching implications for wealth managers. Navigating these changes successfully requires a deep understanding of the underlying trends, a proactive response strategy and an unwavering focus on client satisfaction. In particular, the growing prominence of under-engaged accounts calls for wealth management firms to reassess their

current strategies and fine-tune their operations. By proactively addressing the challenges and opportunities these accounts present, wealth managers can reactivate them, fuelling growth and fostering deeper, more rewarding client relationships.

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