Zero-based Budgeting – From Insights to Action

Disrupting your wealth management value chain to unlock scalable value with AI, automation and new ways of working

Executive summary

Zero-based budgeting (ZBB) is regaining momentum across the wealth management sector as cost pressures, operational complexity, and regulatory demands reshape the industry. While many institutions achieve transparency through ZBB, far fewer succeed in turning those insights into action.

This paper – developed by PwC's Wealth Management Centre of Excellence (WM CoE) based in Zurich – focuses on the step that matters most: executing on ZBB outcomes. Drawing on client experience and market-leading practices, we present concrete use cases along the front-to-back wealth management value chain, showing how AI, automation, and new ways of working can unlock scalable growth and lasting efficiency. We also highlight the critical success factors and common pitfalls that determine whether ZBB becomes a source of transformation and long-term value.

Because in ZBB, insight is only as valuable as what you do with it.

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Key insights

1. From transparency to transformation

When treated as a one-off budgeting exercise, ZBB delivers limited value. When embedded into the way an organisation operates, it becomes a strategic enabler of change.

2. Simplification and automation are already scaling across core functions

We provide practical use cases across front, middle, and back-office functions, including:

- AI-enabled client onboarding
- Next-generation adviser support
- Intelligent compliance and fraud prevention
- Virtualised middle-office resourcing
- Centralised treasury operations
- Technology stack rationalisation
- GenAI for finance and reporting.

3. Transformation must be structured and principles-led

Each use case is grounded in guiding principles that link ZBB outcomes to operating model design, productivity gains and long-term enablement.

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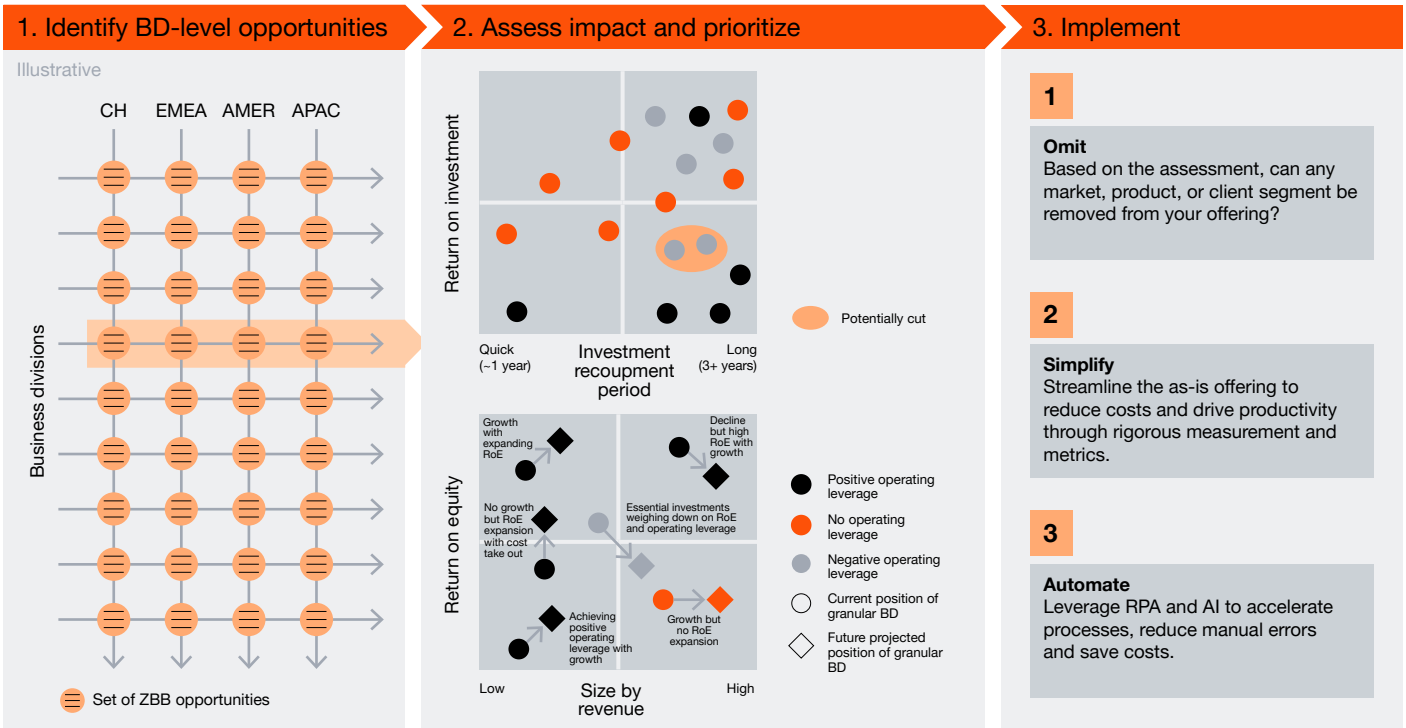
01 The real value of ZBB lies in what comes after

Zero-based budgeting (ZBB) is gaining momentum in wealth management as firms face rising costs, increasing regulatory demands and pressure to do more with less. While ZBB offers clear visibility into cost structures and inefficiencies, many wealth managers struggle to act on its insights, often treating it as a one-off exercise rather than a catalyst for change.

This paper focuses on what comes next: how to turn ZBB from insight into action. Done right, ZBB identifies clear, actionable opportunities that can be implemented immediately – by eliminating non-value-adding work, improving productivity through rigorous measurement and simplifying the organisation and its operating model.

In parallel, ZBB also highlights longer-term opportunities, including technology-driven process redesign, AI use cases, offshore/onshore mix optimisation and third-party spend rationalisation.

The framework below illustrates how ZBB findings typically fall into three categories: omit, simplify or automate. Although it does not prescribe how to prioritise initiatives, this paper focuses on simplification and automation use cases spanning across the front, middle, and back office functions of wealth managers.

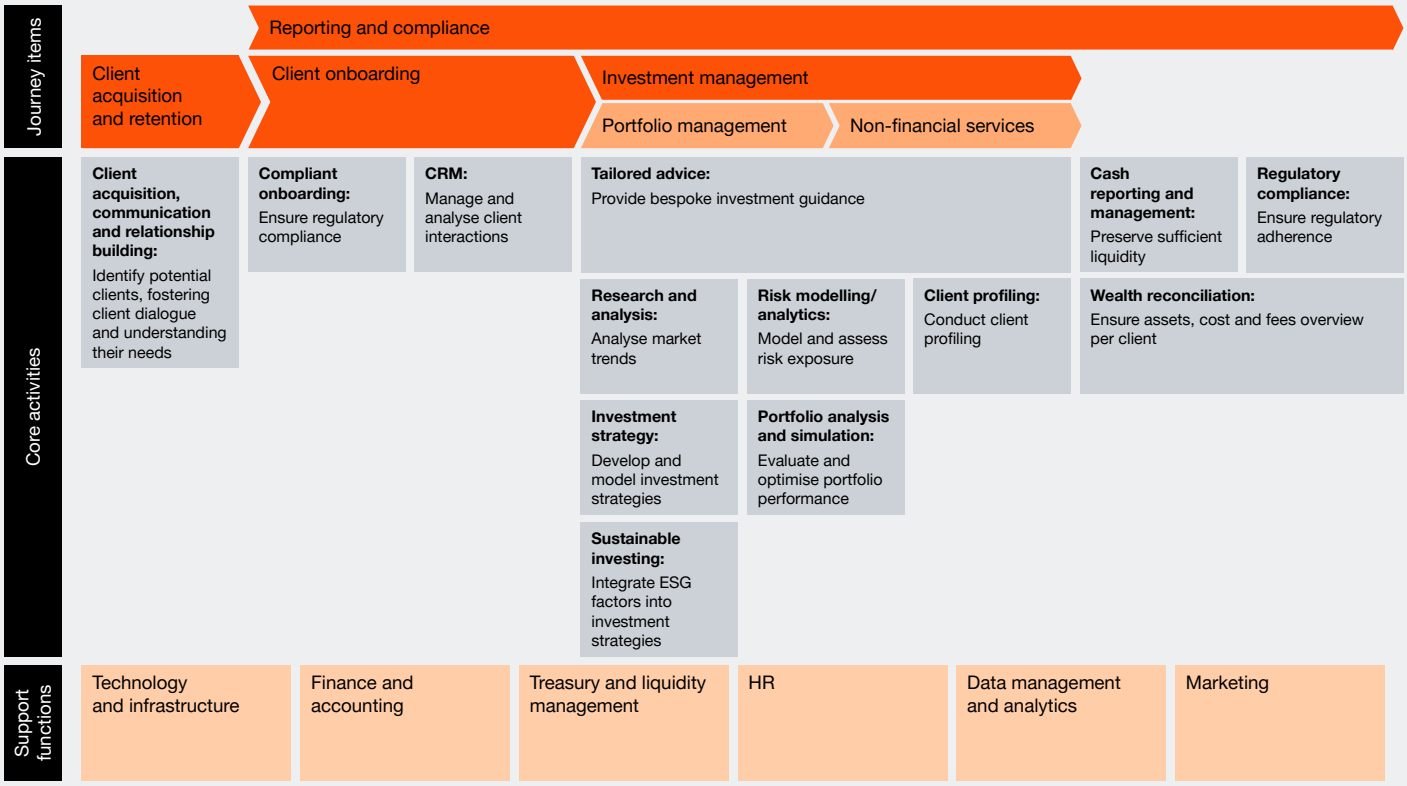


02 Relevance for wealth management

Wealth management spans a complex value chain –from client acquisition and onboarding to investment management, compliance and operations. This complexity is increased by regulatory constraints, legacy systems and growing pressure to deliver personalised service at scale.

ZBB brings transparency to cost drivers across each step and client segment. It helps answer key questions:

- What does it cost to serve different clients?
- Where is effort misaligned with value?
- What can be automated, standardised or outsourced?



In the following section, we outline guiding principles for a future-proof transformation journey in wealth management and take a deep dive into the various stages of the value chain to provide specific use cases that will shape the future of wealth management.

03 Future-oriented guiding principles

ZBB in wealth management is the most powerful when guided by principles that look beyond cost reduction to value creation. These principles shape how organisations translate budget insights into transformation.

Client-centric transformation

- Every efficiency measure should be evaluated through the lens of client experience and value delivery.
- Process redesign should simplify interactions for both clients and advisers, not just reduce costs.
- Technology investments triggered by ZBB should enhance client outcomes while driving operational efficiency.

Value chain integration

- Break down silos that separate front, middle and back-office functions.
- Treat the wealth management value chain as an interconnected system in which improvements in one area cascade throughout.
- Target cross-functional processes (like onboarding or compliance) where fragmentation creates the highest costs.

Technology as an accelerator

- Leverage AI, automation and digital tools to fundamentally reimagine processes, not just make existing ones cheaper.
- Build technology capabilities that scale with minimal marginal cost.
- Prioritise investments that create flexibility and adaptability, not just immediate savings.

Continuous improvement mindset

- Embed ZBB logic into operational rhythms rather than treating it as a one-off exercise.
- Create feedback loops that continuously identify new opportunities for optimisation.
- Build capabilities for regular reassessment as market conditions, client needs, and technologies evolve.

In the sections that follow, we highlight specific use cases that demonstrate how firms can turn ZBB insights into tangible actions. While many opportunities exist, we focus on those that have proven highly relevant in shaping the future of the wealth management model.

04

Enhancing onboarding, client engagement and revenue generation

The front office is where adviser-client relationships drive satisfaction and revenue. ZBB often reveals costly, low-impact activities and manual work that limits productivity. Acting on these insights allows wealth managers to turn the front office into a lean, client-focused growth engine.

Use case 1: Reimagined client onboarding

Client onboarding is a critical first touchpoint, but ZBB consistently reveals it as one of the most inefficient and costly front-office processes. Advisers spend the majority of onboarding time on administrative work, manually collecting data across multiple documents. For high-net-worth clients, the process is lengthy and fragmented, involving multiple hand-offs. ZBB also exposes duplicated verification efforts across compliance, operations and service teams. For every dollar spent acquiring a client, a significant portion is lost to low-value onboarding tasks that delay revenue and undermine the client experience.

Efficiency opportunity: AI-powered document intelligence

A clear opportunity lies in automating document intake using AI. Technologies like optical character recognition (OCR), computer vision, and natural language processing can identify and classify KYC documents, extract and validate key information, pre-fill onboarding systems and route exceptions to specialists based on complexity. Embedded into a standardised workflow, this creates a digital intake layer that automates the majority of document handling, allowing advisers to shift focus from admin to client engagement.

Implementation approach: flexible by design

Client onboarding automation can be implemented either by embedding OCR and AI capabilities directly into existing workflows or by leveraging a managed service to handle intake and validation externally. The in-house route enables tighter integration with internal systems and processes, while the managed service model accelerates deployment and simplifies delivery. Both options support scale, reduce complexity and strengthen compliance by ensuring consistent, high-quality data capture.

Potential impact: a smoother, smarter onboarding journey

Automation improves data quality, accelerates onboarding timelines and ensures more consistent compliance. It also enhances the client experience by reducing friction and toing and froing, while freeing adviser time for higher-value conversations and relationship-building. The benefits extend beyond onboarding, reducing downstream workload for compliance and operations teams.

ZBB takeaway: from cost analysis to strategic investment

ZBB exposes the inefficiencies incurred by fragmented onboarding journeys and builds a clear case for targeted investment. By identifying where cost and effort are misaligned with value, it helps wealth managers to prioritise automation that delivers measurable improvements throughout the value chain – from client acquisition to operational support.

Use case 2: Next-generation client servicing

Context: The productivity paradox

ZBB often reveals that relationship managers spend only a small portion of their time with clients, despite significant investment in CRM and digital tools. The rest is consumed by manual preparation, KYC tasks, internal coordination and handling routine inquiries, limiting growth and flexibility as client expectations and regulatory demands increase.

Efficiency opportunity: the AI-augmented adviser

Wealth managers can free up adviser capacity by deploying AI-powered assistants to automate low-value tasks and enhance client interactions. AI can generate personalised portfolio reviews, flag timely outreach opportunities, manage routine service requests and coordinate cross-functional teams. These capabilities enable advisers to serve more clients with greater personalisation and higher service quality.

Implementation approach: the hybrid delivery model

To succeed, wealth managers must align technology and operating model changes. On the tech side, this means integrating CRM, portfolio and market data into a unified adviser interface, using generative AI to create client materials, automating service workflows and supporting mobility. On the operating model side, it involves redefining roles, setting up clear escalation paths, updating success metrics, and training teams to adopt and trust AI. Typically leading implementations start high-volume, low-complexity tasks like portfolio reviews, before scaling to more advanced capabilities such as predictive engagement and full-service automation.

Potential impact: balancing efficiency and experience

This approach increases adviser capacity, shortens response times and expands client coverage without compromising on service quality. It drives revenue growth through more proactive, personalised engagement while reducing ‘cost to serve’. More importantly, it shifts the adviser role from reactive problem-solver to proactive partner on the client’s financial journey.

ZBB takeaway: enabling strategic resource allocation

ZBB provides the insight needed to pinpoint where adviser time is being wasted and to build the case for investing in automation. It shows how reducing low-value work can unlock both efficiency and growth, transforming how wealth managers deliver service and create value.

Use case 3: Gen AI for scaling the Wealth Advice Centre ('WAC')

Context: Cost vs advice quality trade-off at the WAC

The Wealth Advice Centre(WAC) is expected to play a critical role in scaling advice delivery through a centralised pool of salaried financial advisers. Unlike traditional advisers compensated through a share of client revenue, WAC advisers operate with lower cost structures but also face constraints. They lack deep relationships with clients, are typically reactive rather than proactive, and often have less financial expertise. As a result, the advice they provide is generalised and occasionally inconsistent with the high personalisation expected by high-net-worth clients. This creates a trade-off: while WAC is cost-effective, it struggles to meet the bar for tailored, high-quality advice.

Efficiency opportunity: delivering high-quality 'personalised' advice via WAC at 'lower cost'

Generative AI presents a compelling opportunity to close this gap. A Gen AI-powered platform can ingest structured and unstructured client data – goals, risk tolerance, holdings, life events – and synthesise real-time, personalised advice that mirrors the work of top-tier advisers. This can be delivered at scale and with high consistency.

Implementation approach: agents for the human advisers at WAC

The most effective approach is to empower WAC advisers through agentic AI solutions. These agents can draft personalised responses, proactively suggest portfolio strategies and surface alerts based on market conditions or client behaviour. Furthermore, agentic recommendations can be anchored to the firm's research and suitability guardrails to enhance the quality of advice while maintaining compliance. This model preserves WAC's cost advantage while bringing it closer to premium advisory standards.

Potential impact: enabling strategic growth in the high-net-worth client segment (esp. in the US)

Advisers become orchestrators of advice, using AI to extend their reach and increase value. This model builds adviser confidence and elevates client experience without materially increasing cost. A Gen AI-enabled WAC can profitably serve clients with USD 2–10 million in investable assets across all regions, with a particular focus on the US market. By avoiding the 40–50% revenue drag of traditional adviser compensation in the US, this model offers a compelling path to scale business in a high-margin, high-growth client segment.

ZBB takeaway: higher-quality personalised advice and a proactive approach at WAC

A ZBB approach will be critical in ensuring that the agentic solutions for WAC advisers are aligned with a firm's existing policies and procedures, and that linkages are established with relevant systems for client relationship/portfolio data or a firm's research/product information in the most cost-effective manner while delivering on client experience and growth objectives.

05 Rethinking compliance, risk management and operational support

Middle-office functions such as compliance, risk and operations account for a substantial proportion of total spend but are still seen as overheads rather than strategic assets. ZBB reveals inefficiencies driven by siloed teams and manual controls. The opportunity is not just to reduce cost, but to build intelligent, scalable capabilities that connect the front and back office while strengthening risk management.

Use case 1: AI-powered financial crime compliance

Context: The compliance cost spiral

ZBB often reveals compliance as one of the fastest-growing cost centres. Costs rise year over year, yet firms still face onboarding delays, inconsistent risk management and lost adviser productivity. Adding more people has become both costly and ineffective.

Efficiency opportunity: agentic compliance systems

AI agents can automate much of the KYC and AML process. Document intelligence systems extract and validate data. Risk models generate dynamic client scores. Orchestration tools manage case workflows and escalate exceptions. Transaction monitoring engines flag suspicious patterns with fewer false positives. Together, these systems create a consistent and scalable compliance layer with limited manual input.

Implementation approach: the human-AI partnership

Success requires integrating internal and external data sources, deploying explainable AI models, and coordinating activity through a unified platform. Compliance teams focus on judgement-based tasks, supported by governance and new performance metrics.

Potential impact: the compliance transformation dividend

AI reduces manual workload, improves detection and accelerates onboarding. It also enables wealth managers to scale with regulatory change and serve new markets with confidence. More than just cost savings, the model transforms compliance into a strategic business enabler.

ZBB takeaway: from cost control to strategic capability

ZBB highlights the full burden of legacy compliance models and provides the foundation for targeted investment. It shows how automation can deliver better outcomes at lower cost, repositioning compliance from a bottleneck to a growth enabler.

Use case 2: Dynamic middle-office resource orchestration

Context: The operational flexibility challenge

ZBB frequently uncovers resource imbalances across the middle office. Some teams are overwhelmed while others are underused. Generalist roles, silos and rigid team structures cause inefficiencies that often increase costs.

Efficiency opportunity: digital resource orchestration

AI-powered orchestration platforms reassign work based on skill, availability and priority rather than location or hierarchy. Tasks are categorised, routed to the best-fit resource, and tracked in real time. Forecasting models anticipate volume spikes and adjust staffing ahead of bottlenecks. This creates a virtual middle office that adapts to changing business needs.

Implementation approach: the virtualised operating model

Wealth managers can implement unified intake systems, automated workflows and performance dashboards. Teams shift from location-based to skill-based models, supported by specialist centres and flexible work arrangements. Roll-out often begins with transactional tasks before expanding to exception handling and investigations.

Potential impact: the agile middle office

Digital orchestration improves resource utilisation, speeds up service and enhances resilience. It also enables wealth managers to scale operations in line with business demand rather than adding fixed costs. Most importantly, it creates an operating model that flexes with client and market needs.

ZBB takeaway: beyond cost allocation to value creation

ZBB helps identify misaligned capacity and informs where and how to redesign the middle office. It moves the focus from cost control to capability building, creating scalable, responsive operations that support long-term growth.

06 Optimising IT, treasury and finance for scalable growth

Use case 1: AI-driven rationalisation of the application stack

Context: Fragmented stacks, fragmented value

Many WM firms operate with bloated and fragmented software stacks, shaped by years of decentralised buying and low decommissioning discipline. ZBB frequently reveals significant expenditure on underused or redundant applications, often lacking clear ownership. The result: rising costs, poor integration and limited flexibility.

Efficiency opportunity: reclaiming control of the stack

AI-powered usage and spend analytics help wealth managers to assess software portfolios by cost, usage and business value. Machine learning flags low-value tools for decommissioning, while generative AI can draft rationalisation plans to accelerate decisions and reduce friction. When combined with SaaS migration and stronger governance, this becomes a scalable, repeatable discipline.

Implementation approach: building a lean tech engine

Software lifecycle optimisation can be delivered through an AI-enabled portfolio assessment engine that combines usage data, licensing and business relevance scoring. Wealth managers can build this in-house – integrating analytics into IT financial management tools – or adopt it as a managed service with automated licence cleanup, rationalisation playbooks and decommissioning workflows. In both cases, generative AI can draft business cases and rationalisation reports, turning portfolio management into a scalable, continuous discipline.

Potential impact

Firms can reduce software expenditure significantly. Beyond cost: fewer systems mean faster deployment cycles, better UX, reduced cyber risk and freed-up IT capacity for growth topics such as AI enablement or digital client journeys.

ZBB takeaway

ZBB shines a light on software complexity and hidden IT costs. It creates the case – and the pressure – to simplify. This use case shows how ZBB enables a shift from passive IT budgeting to active portfolio steering that funds what truly matters.

Use case 2: Treasury as a service

Context: Fragmented treasury, hidden costs

In many wealth management firms, treasury activities such as operational and intraday liquidity/operational cash management, structural liquidity management and funding are handled separately by different teams, regions or legal entities. A ZBB exercise often reveals duplicated work, inconsistent approaches, and heavy reliance on manual spreadsheets. This set-up increases costs, reduces transparency and makes it harder to manage cash efficiently across the organisation.

Efficiency opportunity: centralise and simplify core treasury activities

A major opportunity is to bring these activities together in a treasury-as-a-service model. This can be set up as an internal shared service. The idea is to deliver core business-enabling services and processes such as daily cash positioning, liquidity planning, intercompany funding and treasury accounting through a single, standardised operation. By doing so, firms can reduce duplication, improve accuracy and apply consistent policies across the business.

How to make it real: from firefighting to forward planning

In the future state, a central treasury team or partner runs key activities using modern systems that give real time access to cash positions and forecasts. This model makes daily execution faster and more reliable, while freeing up local teams to focus on strategic decisions. Whether built in-house or delivered through a provider, this setup supports better planning, governance, and control over the firm's financial resources.

Potential impact: lower cost, better insight, stronger control

This model can reduce treasury costs by 20–30%, improve forecasting accuracy and shorten the time needed for reporting and decision-making. It also strengthens risk management by applying consistent standards to areas such as counterparty limits, liquidity buffers and funding policies.

ZBB takeaway: turning insight into action

ZBB brings transparency to hidden costs and inefficiencies in treasury. It highlights the opportunity to create a more efficient and effective function by redesigning how it operates. Treasury as a service shows how ZBB can do more than cut costs: it can be the starting point for smarter, more connected finance operations.

Use case 3: Finance – AI-enabled forecasting and cost driver transparency

Context

Finance functions in wealth management often struggle with outdated planning cycles, limited visibility of cost drivers and reactive reporting. ZBB frequently exposes a lack of linkage between actual costs and business activities – especially when allocating shared services or support functions. Without granular cost logic, firms are unable to steer spending effectively across regions, client segments or value chain steps.

Efficiency opportunity

Introducing driver-based cost models aligned with ZBB logic allows firms to allocate costs more accurately – e.g. RM support by segment, IT spend by function. Combined with GenAI-enabled forecasting tools, finance teams can auto-generate narrative explanations, simulate scenarios and identify deviations at an early stage. This shifts finance from backward-looking reporting to forward-looking performance steering.

How to make it real

The finance transformation journey can start by introducing driver-based cost logic into ZBB planning templates and aligning them with operational KPIs (e.g. RM support per segment, IT cost per AUM).

GenAI-enabled forecasting tools can then be layered on top to simulate scenarios, highlight variances and auto-generate commentary for monthly reviews. Implementation can follow two tracks: in-house upgrades of planning platforms (e.g. Anaplan, SAP Analytics Cloud) or outsourcing through a finance-as-a-service model whereby forecasting and reporting are delivered as a digital managed service with embedded AI capabilities. Both approaches help to turn finance into a proactive, tech-enabled business partner.

Potential impact

Driver-based transparency enables more informed cost decisions and reveals misalignments between spend and strategic priorities. GenAI can reduce reporting effort by 30–50% and improve forecast accuracy. Over time, this creates a culture of cost ownership and agility – particularly critical in a high-cost, low-growth environment.

ZBB takeaway

ZBB provides the transparency and urgency to rethink finance from allocator to enabler. This use case shows how ZBB insights, combined with digital tooling, can turn finance into a proactive driver of performance, not just a recorder of past decisions.

07

Pitfalls and success factors

ZBB is gaining traction across wealth management – but most firms fall short when it comes to execution. Initial transparency is rarely the problem. The real challenge? Turning insights into structural impact. Based on our experience, we see a clear pattern: a few critical missteps repeatedly undermine ZBB programmes, while high-impact transformations follow a distinct playbook.

Why many ZBB efforts stall

ZBB as a one-time exercise – not a mindset

Too often, ZBB is treated as a project, not a capability. Firms complete the analysis, identify inefficiencies – and then revert to legacy budget logic. Sustainable value requires ZBB to become a continuous muscle that shapes how spending decisions are made across budgeting, sourcing and design.

Fragmented, siloed execution

Many programmes run in functional isolation – IT, Ops, or Finance – while ignoring where the real value lies – in cross-functional processes such as onboarding, compliance or portfolio support. Without a front-to-back view, cost steering misses the big picture.

Weak C-level sponsorship

Without visible, active executive backing, ZBB becomes a tactical finance initiative. It must be tied to broader ambitions: scalable growth, AI enablement and client-centricity. Otherwise, transformation momentum dies before it starts.

What successful programmes do differently

Translate ZBB insights into transformation moves

Leading firms use ZBB findings to inform automation agendas, SaaS transitions, and managed services – linking cost visibility directly to execution.

Balance quick wins with structural shifts

It's not either or. Winning programmes sequence early impact (e.g. reporting automation) alongside longer-term plays (e.g. redesigning RM support models) to sustain buy-in and drive depth.

Run on data, not instinct

Best-in-class firms track ZBB delivery through dedicated dashboards – with line-of-business transparency by segment, function and value chain step. What's measured is implemented.

Bring in transformation firepower

ZBB is more than analytics – it's execution. High-impact programmes are driven by teams who have built cost and capability models front-to-back, not merely optimised spreadsheets.

Lead the change – from day one

ZBB touches the heart of how WM firms operate: adviser behaviour, service models, client interaction. Change won't stick unless it's actively led – with clear narratives, tailored communication and visible commitment from the top.

ZBB doesn't fail on numbers. It fails on follow-through. The difference between insight and impact? Execution – led with clarity, backed by leadership, and built into the way a firm runs.

08

Conclusion

Zero-based budgeting is more than a cost-cutting methodology – it's a gateway to reimagining how wealth management operates. When properly implemented, ZBB reveals opportunities that transform capabilities, client experiences and competitive positioning. The key to success lies not in the initial analysis, but in how firms turn insights into action.

The transformation journey requires:

- A clear vision that connects cost efficiency to growth enablement
- A structured approach that spans the full value chain
- In-depth experience of translating financial insights into operational change
- The right technology capabilities to enable automation and intelligence
- Sustained leadership commitment to embed ZBB principles permanently.

Firms that master this shift don't just reduce costs – they fundamentally reshape how they deliver value. In a wealth management landscape defined by margin pressure, regulatory complexity, and rising client expectations, ZBB becomes the catalyst for creating adaptive, efficient organisations ready for whatever comes next.

Working with partners who have guided similar transformations and can leverage the latest technologies helps bridge the gap between ZBB theory and execution. The future belongs to wealth managers who can turn budget discipline into strategic advantage – one insight, one process, one capability at a time.

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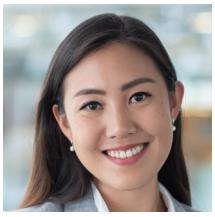

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