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DIGITIZING BANKING SERVICES
Data-driven dynamic decisions for wealth and investment banking.

Ravi Palaparthy,
Digital Media Consultant

Prasad Pillalamarri,
Consulting Partner

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Abstract

Digitization of services has transformed a variety of business aspects in our day-to-day life. The aim is at reducing human interactions, human error, and 'doing it right the first time'. In this Digital era customers are manipulated in milliseconds. Also, this information age provides us with an exhaustive response to negotiate the customer manipulations through a plethora of data points. Businesses in all respects have appreciated the benefits of Digital Transformation. The banking industry is no exception as banks make substantial advancements in imbibing Digital Transformation. The innovative and cost-effective solutions that Digital services offer to deal with major business problems pertaining to lead generation, demand metering and customer acquisition in the wealth and investment banking domain is the crux this paper.

Wealth Management in the light of Digital Evolution

The Wealth Management Industry is probably the most fascinating and challenging pick for Digital Media Consulting practice. It is particularly so because the scope of the market in the available digital channels is considerably thin as compared to other sectors of business. Wealth and Investment Banking business caters to High Net Worth Individuals (HNWI) and Ultra High Net Worth Individuals (UHNWI) who has an investing capability in excess of over US$ 1Mn. The available customer base in this sector in general deals with Investment advisors in person and there is very little digital intervention in the business. They are also seldom seen conversing on digital channels. However, the Wealth Management market generates huge returns for those who offer such Investment Advisory services. While there have been proven marketing practices from yester years, the intelligent investment of current technologies into Digital Marketing can be utilized to achieve success and strike the inherent chords of identifying the right people to channel the marketing campaigns. Traditional investment advisors organized a 'meet and greet' campaign where one HNWI introduced another one to the Wealth advisor. With the emergence of the strong social activity, the usage Digital channels (LinkedIn, Twitter, Facebook and Blogs) to identify and target the right HNWI leads into the right segment (Investing, Planning, Portfolio, Risk etc.) of Wealth Management is an innovative approach. The business use case arising from the usage of social media to achieve the right leads is the need of the hour for almost all wealth management firms both big and small. Although there is huge data available from various sources about various business sectors, the Wealth Management sector poses a particular problem of having the HNWI speak up. It is very rare to see the HNWI speak on Facebook, Twitter, LinkedIn or Blogs about his/her interests of investment or the type of investor he/she is. It is also very rare to see them seek help for their investment in such platforms. Hence it requires the synergy of extreme business analytics

and intelligent thought process along with latest technology adherence to bridge this gap.

Behaviorally, HNWIs are different from the regular banking customers. HNWI customers expect Banks to offer them unique services, qualified and loyal investment advisors, don't entertain persuaded campaigns, and don't leave data points on the loose for the banks to stitch them together. In the US alone the segment constitutes 33 Million households with around $13 trillion[1] in wealth, dealt by around 10,500 registered Investment advisors[1] (Sunita n.d.) (Think Advisor n.d.). Out of many aspects of handling the business, the quality of service and loyalty an Investment Advisor offers to a HNWI is of prime importance. It will be astounding to understand that 80% of the business is still handled through books. These books of business are managed by the RIAs, and the future of the business with a HNWI customer directly falls into the hands of the RIA's affiliation with the organization. It is a daunting task to identify new business leads or to cross-sell or up-sell services to these affluent customers mainly because they are rarely seen on a marketable channel and are constantly supported by their loyal advisors. Banks have identified that these challenges need to be addressed and are seeking Digital solutions to resolve the situation. According to World Wealth report, globally almost two thirds (65%) of HNWIs are expected to run most or all of their wealth relationships digitally in the next five years[2] (World Wealth Report 2014). It is imperative that Banks and Wealth Planning Organizations employ Digital Transformation strategies sooner than later to address the trends of business.

Data-driven Dynamic Decisions

D4 – Data-driven Dynamic Decisions is an approach that aims to resolve the business challenges in the Wealth Management sector with the application of emerging technology trends in Big Data and Analytics. The business challenges that the sector is primarily engaged with are identifying the HNWI in the social population, the interests of a HNWI in the Wealth Management sphere, the conversion of a lead into business, the advisor's constant rapport with the lead and identifying the strength of investment capability of an identified lead. In business terms, they mean Lead Generation to formulate the Business Suspect, Conversion of Suspect to prospect, Analysis from the social interests of the prospect to serve his needs and the engagement of converted business (prospect to advocate – described in the HNWI customer build

later in the document) with the advisors.

The thin customer base of HNWI poses a unique challenge to Digital Analytics world. Out of the millions of social population, they tease the advisors from Wealth Management institutions to identify them. Data-driven Dynamic Decisions help these advisors to skew the social media market (LinkedIn, Twitter, Facebook, and Blogs) and identify targets in the Wealth Management cloud. D4 uses intelligent analytics through the aspects of behavioral, geographic, social interests, text analytics, click stream and social activity graph in targeting the suspects. Domain experts and industry leaders have defined each attribute of the fore mentioned aspects to target a suspect. Rigorous data mining of historical data and evidences are ascertained in formulating each aspect. For example, the data of over the past decade is analyzed to identify the qualification of a target's geographic location to be a possible entity of the wealth cloud. Similarly, all the other aspects are analyzed through psychological evidences on behavioral aspects and real-time employment of those characteristics. The engagement activity of a HNWI which has traditionally been an in-person 'meet and greet' session, can also be digitized adding flavor to the solution. The solution is certainly highly innovative and foresees huge business potential. In laymen terms D4 exploits the excessive social data termed as noise data and aims to provide meaningful insights to universal banks in their wealth management sector. The most important and unique feature of D4 is not only to provide the advisor a platform to target and convert a suspect to business, but also to discuss his/her real-time reports and analysis at any given point in time. The engagement while seeming social, is a keen channel to keep in touch with the customer and check on his circle of friends that can be the advisor's targets.

[1] "Think Advisor," [Online]. Available: http://www.thinkadvisor.com/2013/10/03/number-of-rias-jumps-slightly-despite-registration.
[2] "World Wealth Report," 2014. [Online]. Available: https://www.worldwealthreport.com/Transforming-Wealth-Management-in-a-Digital-Age.

The interest or decision for action from customers comes from the content relevancy issued to the customer during the brief moment of their online journey. In order to tap this interest, identifying the right leads and giving them right campaigns at the right time through right channels is of humongous importance. The intelligence behind delivering the right campaigns to right leads, springs from building a user context. This is the most important step because the HNWI customers behaviorally do not offer a second chance and do not entertain spam/improperly targeted campaigns/Persuasive intervention. A user context typically starts from identifying a Suspect and engaging him/her to become a Prospect. The customer journey should then progress until he/she becomes an Advocate. The target customer journey is depicted as follows
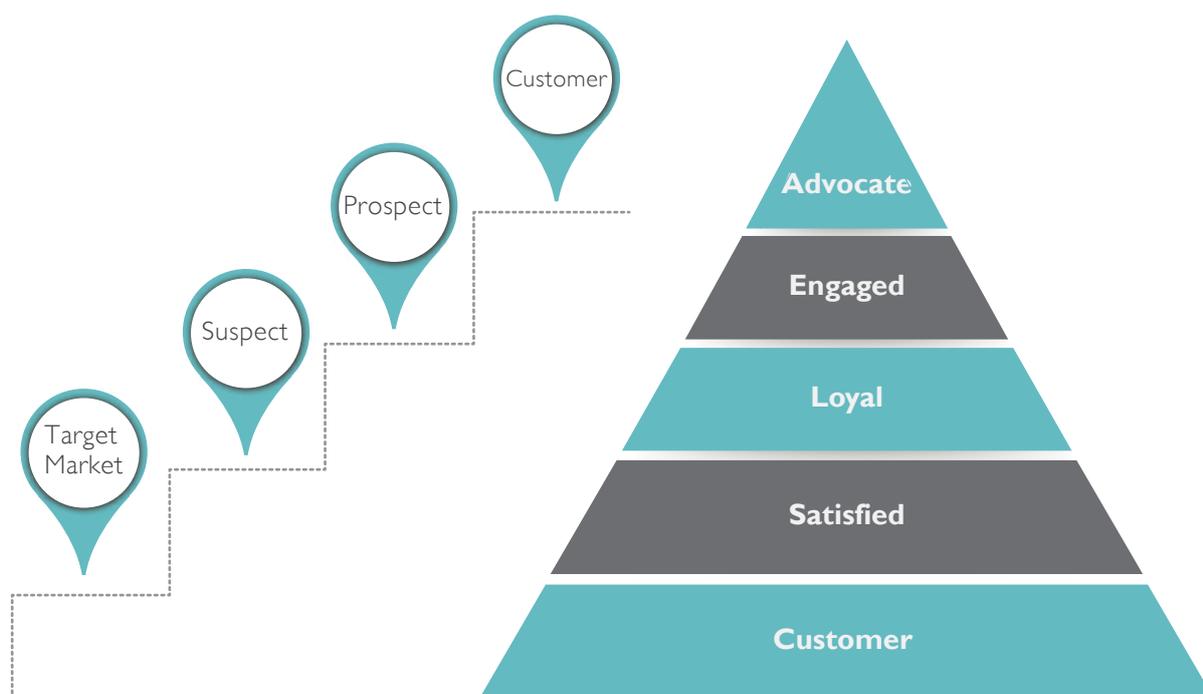
Figure 1: Typical Customer Funneling

The Wealth Management and Investment Advisory firms thrive on progression of a lead from prospect to a customer and then an advocate. This is precisely why the quality and loyalty of the registered investment advisors plays such an important role. Banks have succeeded in managing their businesses in this progression of a customer to an advocate. The primary goal of Digital Transformation for Banks is identifying new business opportunities and leads against the traditional means. In achieving this primary goal the registered advisors should be empowered by conjugating the attributes (Demographics, designations, qualifications etc.) of the current customers to those available leads on the social space. An intelligent informed campaign will be an outcome of identifying the right targets through look alike modeling and identifying the conversations specific to business by the those targets. Thus D4 not only identifies anonymous leads, but also informs the advisor to have right context to speak when he meets his prospect in an attempt to make him advocate.

Conclusion

It is imperative that Banks convert the transactions their customers make with them into experiences. In achieving this, end of creating a meaningful and seamless experience to the end customer banks are seeking the synergy of consolidating siloed data points along with technology. The innovative ways of stitching data with the emerging advanced technologies will trend the next decade. Aspects of interest for any bank like new customer acquisition, lead generation, demand generation, qualified referrals, informed campaigns etc. will make a huge business impact. This exciting journey of addressing Bank's necessities through Digital solutions is on the rise and will make ways for easy reach, more relevant and informed Recommendations to both the end customer and the enterprise.

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About the Author

Ravi Palaparthy is a Digital Media Consultant for Wipro Technologies, where he is responsible for strategy, execution and delivery of the Digital solutions across Retail, Banking and Manufacturing industries. His critical understanding of the latest trends in Digital spectrum and acumen about the industry details has empowered him in charting innovative solutions in the Big Data arena.

Prasad Pillalamarri is a Consulting Partner at Wipro Technologies. He converses Digital and Analytics fluently and serves as the practice director for Business Insights and Digital Marketing platform solutions in Wipro's customer engagement practice. In his current role, he is responsible for all analytical functions - Predictive Analytics, Optimization, Big Data, Data Quality, Business Intelligence and Multi-channel Digital Marketing platform solutions.

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WIPRO LIMITED, DODDAKANNELLI, SARJAPUR ROAD, BANGALORE - 560 035, INDIA. TEL : +91 (80) 2844 0011, FAX : +91 (80) 2844 0256, Email: info@wipro.com

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