

Chat Platforms: Charting the Future of the Wealth Management Industry

Abstract

Given the phenomenal increase in the popularity of instant messaging platforms like Facebook Messenger, Kik, and WhatsApp, wealth management firms are considering integrating these into their channel strategy as part of the overall omnichannel service delivery model. By interacting on and delivering key services through such platforms, wealth management firms can potentially enrich the customer digital value chain.

This paper discusses how financial chatbot powered messaging platforms can drive the digital transformation of wealth management firms and presents an approach for providing virtual assistance capabilities to improve customer experience.

Chatbots and the Wealth Management Industry

The always-online millennial generation expects virtual assistance anytime, anywhere, and on any device, and when we are talking about wealth management, this need is even more pronounced. Financial firms are therefore increasingly incorporating digital capabilities into their channel strategy.

Although several digital channels are already available to wealth management clients, our interactions with industry leaders lead us to believe that firms are often unable to offer an end-to-end, seamless digital experience. For instance, the inability of existing digital channels (such as online portals or mobile apps) to actively engage in conversation to resolve issues or address queries often forces customers to contact a customer support agent, which hampers the overall digital experience. What is required is an on-demand digital channel to improve the efficacy of the customer service function, and instant messaging platforms powered by financial chatbots fit the bill.

Artificial intelligence (AI) powered financial chatbots built upon natural language processing (NLP), and machine learning (ML) technologies possess the human faculties of learning and retaining information. Equipped with conversational capabilities, financial chatbots function round the clock and typically respond to customers (through voice or text messages) simply, securely, and in real time. With the capability to retrieve customer information from backend systems, financial chatbots construct smart responses to address customer queries.

Financial firms across the globe are gradually adopting first-generation financial chatbots for basic activities such as balance inquiry and product information. But, chatbots have the potential to do much more, and firms must embrace advanced financial chatbots as a new channel for driving customer engagement and delivering comprehensive digital experience.

Navigating Complex Wealth Management Functions with Financial Chatbots

Wealth advisory is a complex function requiring the financial advisor to consider multiple aspects like risk profile, financial goals, investment time horizon, tax harvesting, investment strategy, trade execution, portfolio management, market research, and so on. Most financial firms currently serve clients

in a semi-manual fashion – using a mix of in-person meetings, online tools, and contact center agents, and so on. Advisors manually access disparate IT applications and schedule multiple discussions to arrive at the right investment strategy that aligns with clients' goals. We believe that the process can be streamlined by using financial chatbots for more complex wealth management functions like investment research, investment recommendations, financial planning and advisory, client onboarding, account opening, order placement, and trade status.

By using a chat platform, all these functions can be integrated into a single channel, adding value to the customer journey and saving costs for the organization. AI powered financial chatbots integrate with multiple backend systems and orchestrate customer-specific contextual information enabling financial advisors to offer personalized wealth management services. Moreover, voice-enabled chatbots allow clients that are relatively less tech-savvy to successfully navigate the digital arena without feeling overwhelmed by technology.

Deploying Financial Chatbots, Step by Step

However, the actual adoption of financial chatbots will differ based on the business priorities and operational considerations of individual firms. To strategize such an initiative, financial firms must adopt a phased approach:

Analysis: Examine the existing business landscape and perform a detailed analysis to identify the specific customer-firm interactions that can be augmented by virtual assistance keeping in mind the broader business strategy as well as the regulatory aspects. Some factors that will influence the selection include client segment, account type, geography, product type, customer preference, complexity, and expected length of conversation, and so on.

Feasibility study: Assess whether chatbots can be integrated into the underlying IT applications in a seamless manner and identify hindrances, if any, to real-time data transfer. For example, a chatbot providing investment advice to customers must be able to aggregate data from multiple sources in a meaningful way. As the first step, data aggregation would be a challenge for chatbots – will require them to collate from multiple sources and use the information meaningfully. To address this, the IT architecture will need some tweaking. We therefore recommend that the services that can be enabled

without making this 'big' architecture shift be targeted first. This will require firms to concurrently build a common data exchange layer to which all the applications can connect and efficiently retrieve data. Furthermore, firms must explore opportunities to automate manual back office operations such as document verification.

Key Performance Indicators (KPIs): Define KPIs for chatbot services like activity and engagement rate, confusion triggers, chat duration, number of conversation steps, and average number of conversations per user, and so on. Measuring these indicators will help improve the efficiency of chatbot driven digital conversations and enhance customer satisfaction. For example, if the chatbot is configured to address a particular query in 25 steps but is taking 40 steps instead, it can be optimized to handle the query in fewer number of steps. In addition, if monitoring reveals that customers are not always able to understand the chatbot response, innovative add-ons such as video clips can be incorporated to improve the user experience. Failure to receive the right response will drive customers to live agents, eventually hampering adoption. Continuous monitoring of historical data will enable the capture of a variety of human interactions. Over time, insights gathered from this data will help firms optimize the chatbot to facilitate more human-like conversations.

Charting the Way Forward

Chatbot driven messaging platforms offer a means for wealth management firms to exponentially improve the digital customer experience quotient. Capitalizing on this opportunity is crucial for firms, especially given the rise of fintech competitors quick to introduce technology-driven innovative solutions that resonate with customers.

Firms are, however, likely to be constrained by lack of in-house skills and technical resources required for building and deploying financial chatbots and messaging platforms. To overcome this challenge, firms must tie up with a strategic IT partner with strong domain and technology expertise. Partnering with the right service provider can quickly deliver value by helping firms to draw up a strategy spanning platform evaluation and selection, assessment to identify services for chatbot migration, accelerators, system integration and quality assurance, and an implementation roadmap for building and deploying advanced chat platforms.

About The Author

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