



The world's gone digital; why haven't you?

Barriers to, and opportunities for, digital transformation in the asset and wealth management sector.



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Contents

- 3 Foreword
- 4 Executive summary
- 6 Introduction – The drivers of digital transformation
- 8 Digitisation vs transformation
- 11 Challenges and blind spots
- 13 Ambitions and opportunities
- 16 Seven steps asset management firms can take to increase their digital maturity
- 17 About us



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Foreword by Paragon DCX

by **Andy Farmer**

Strategy & Consultancy Partner
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The global Covid-19 pandemic, war in Ukraine, cost of living crisis, and subsequent economic downturn have accelerated many trends that were long overdue. There has been a migration to digital channels as clients and customers increasingly go online for information, advice, and products that they couldn't find elsewhere, while organisations look to grow, save money, become more efficient, and improve customer experience.

So what of the role of digital in asset and wealth management? It is a sector with shrinking margins, competitive disruption, and squeezed returns for investors as most markets and investment strategies fell into bear territory. After 10 years of consulting and providing digital services to many asset and wealth management organisations, we thought it time to have some frank conversations, to see if the last three years of turmoil has finally kick-started a surge towards digital transformation – or whether this was still an over-used but seldom delivered term for the sector.

As you'll see, the findings are both familiar and surprising. Many themes remain the same as they were when we spoke to leaders; siloed org structures exacerbating lack of ownership for the digital agenda; poor data making it difficult to prove marketing attribution; the ever-present spectre of compliance slowing progress – or being used as an excuse to slow it.

However, whilst the view of asset and wealth management being a face-to-face enterprise still pervades, the world is slowly changing, driven by a new breed of client who would rather not engage until they have done their digital due diligence. And sponsored by a new breed of marketer, who is driving change from within.

The most exciting findings for me are that some of the B2C staples that you'd expect from retail brands are starting to find a home in intermediary and institutional-focused businesses: portals; preference centres; and the use of data and AI to understand prospect buying behaviours. These are tools and technologies we have long advocated for the sector. It seems more widespread adoption of these tools may become a reality over the next 12-24 months.

DCX has been working in the asset and wealth sector for over 15 years. We've helped organisations discover new insights, streamline operations, and drive new commercial opportunities through digital, to deliver a better customer experience and business growth.

We hope you enjoy reading the report and we look forward to discussing the findings further with you. Many thanks to the contributors for their time and excellent insights, and to London Research for a provocative and pithy read.

Executive summary

Asset and wealth management will be based on personal relationships for the foreseeable future. Financial performance is seen as the main differentiator in the sector, while digital experience is still viewed as a hygiene factor.

These are the key issues for asset and wealth management (AWM) businesses as they think about their digital future. They also explain why almost everyone interviewed for this report described the sector – and in many cases their own organisations – as being ‘behind the curve’ in terms of digital transformation.

Certainly, financial services marketers face significant challenges on their journey to digital maturity. These include:

Regulatory and compliance issues. These affect everything from their choice of media channels to the software tools they can use.

Generational shifts. Although the AWM sector was built on personal contact, the typical customer is increasingly digital-savvy, while fund managers in particular can be relatively young, meaning a new approach is required.

Client expectations of digital. B2B customers increasingly expect B2C-quality digital experiences from the businesses they deal with at work; meanwhile any business, in any sector, can raise that quality bar at any time.

Siloed organisations. Many AWM businesses still operate with separate marketing, digital and tech teams, each with a discrete budget. This can cause problems around ‘big ticket’ martech unless these budgets are pooled, but that requires significant board sponsorship and stakeholder engagement upfront. Obtaining both will inevitably slow the progress of initiatives.

Data sharing. Silos can also hinder the sharing of data across the business. Different teams may be using incompatible software; there may be no incentive for them to share their data; or they may try to hoard data to shore up their power base.

Measurement. Channel-specific silos within the marketing department mean individual teams working to their own KPIs. This hinders understanding of overall effectiveness and return on marketing investment (ROMI), and makes it impossible to relate the impact of marketing activity to the strategic targets of the business.

Dealing with senior management. It's hard to present marketing metrics in a language the board understands, while genuine ROI is difficult to prove, and often slow to emerge. And without ROI it's all but impossible to make the case for greater investment in digital technology, particularly in risk-averse sectors like financial services.

Too early for transformation?

When thinking about digital maturity, it's useful to consider the difference between digitisation (the automation of existing processes) and digital transformation (the cultural, structural and technological shift required to become a truly customer-centric and digital-first organisation).

The interviews for this report show that the vast majority of companies in the asset and wealth management sector are still busy digitising.



However, what this research also reveals is that this is no longer a board-level problem. Everyone interviewed agreed that their senior management understands the importance of digitising, and has put a strategy in place to develop their business's digital maturity. The problems now are that middle-management is less digitally savvy, and highly risk-averse (the so-called 'sticky middle'), while the board are preoccupied with maintaining financial performance for clients in a time of war, pandemic and economic crisis. As a result, strategies drift and initiatives stagnate. But while marketing doesn't yet have the leverage to drive change, things are slowly moving.

As one interviewee put it: *"Portfolio management is fundamental, but digital can definitely play a bigger part. Digital immaturity isn't stopping us from doing business yet, but I can see a time when it will, and that's when things will really change."*

Acknowledgements

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Marcus Bolitho, Head of Marketing, Jupiter Asset Management

Alessandra Canavesi, Head of Digital Marketing and Customer Experience, AXA Investment Managers Alts

Harri Evans, Head of Brand, Digital and Content, Schroders Wealth Management

Kerry Haxby-Dean, Executive Director/Head of Investment Trust Marketing, JP Morgan Asset Management

Julie Richardson, Digital Transformation - Product Management and Delivery Leader, Vanguard

Sanchari Roy, Marketing Manager (VP) for Benelux & Nordics, Allianz Global Investors

Maria Solechnik, Senior Digital Marketing Manager, First Trust Global Portfolios

Methodology

The interviews conducted for this research were carried out by London Research between October 2022 and January 2023.

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Michael is a London Research writer specialising in digital media and marketing. He was head of content for London Research sister company Digital Doughnut between 2012 and 2016, and during that time edited the European channel of Adobe's CMO.com website. Before that he was editor of New Media Age, the UK's leading news publication for interactive business from 2000 to 2007, and its editor-in-chief from 2007 to 2011. He has written widely about the sector, is a regular speaker in the media and on the conference circuit, and has lectured on the future of advertising and publishing at the London College of Communications.

Section 1

Introduction – The drivers of digital transformation

One of the most dramatic side-effects of the Covid pandemic was the way it accelerated digital transformation. According to a [McKinsey Global Survey](#) of executives, companies “*accelerated the digitisation of their customer and supply-chain interactions and of their internal operations by three to four years*”. Or as one of the people interviewed for this report put it, “*the world went digital*”.

In the B2B sector, perhaps the most significant impact of this has been to give buyers even greater control of the purchase process. A survey of B2B buyers and marketers carried out by [Considered Content](#) in the winter of 2021/22 found that two-thirds of buyers (66%) are doing more research online than they used to, with half (53%) saying they prefer buying without having to talk to a salesperson at all.

At the same time, buyers’ digital understanding has also accelerated. This is partly because of their increased level of online experience, driven by the pandemic, and partly because the new cohorts coming into the workplace are truly ‘digital natives’.

One effect of this has been to raise customers’ expectations of the digital experience they’ll receive, in both B2C and B2B. While many factors affect the quality of a digital experience – design, usability, functionality – one of the most significant is personalisation. Gartner’s 2022 [Customer Service and Support Survey](#) found 86% of B2B customers expect companies to be well-informed about their personal information during an interaction (a higher proportion than in B2C (71%)).

Individuals are transforming to digital faster than organisations

All this puts AWM businesses in an unenviable position. Not only are their customers rejecting traditional sales techniques (“Cold-calling is dead,” as one interviewee for this report remarked), they now have the tools and resources to circumvent them. However, according to Alpha FMC’s [Asset & Wealth Management Outlook 2022](#), more than three-quarters (77%) of asset management businesses acknowledge their digital capabilities fall short of client expectations.

All of this also has to be seen in the context of the current challenging economic conditions, which are forcing all businesses to rethink marketing budgets and infrastructure investments. The pressure is on all marketers to increase ROMI and improve efficiency, but the problem is particularly acute in asset and wealth management, where the focus of the business must be on delivering returns to clients. As one interviewee put it when discussing the pressures on IT: “*They’re getting calls from the entire business – product, compliance, regulation, etc. – not just us. The difference is what they want are requirements; ours are nice-to-haves.*”

The rest of this report will look at how all these factors are affecting the asset and wealth management sectors, and what those sectors have done and should do in response.

“86% of B2B customers expect companies to be well-informed about their personal information during an interaction.”

Section 2

Digitisation vs transformation

When talking about digital maturity, it's important to distinguish between digital transformation and digitisation. The former is a fundamental change of organisational culture and behaviour to allow the creation of new business models and opportunities driven by digital technology. The latter is a matter of upgrading technology infrastructure to make existing tasks and processes more efficient. In other words, digitisation means doing the old things more efficiently, while digital transformation means doing entirely new things.

"I don't think digitisation is going to determine our survival in the near future, but it can definitely help us stand out from the crowd. Asset managers could extend loyalty of clients through digital means, whether it's keeping them informed with interesting information more efficiently, or just making sure they remember your brand. That could certainly make them think twice before moving their money elsewhere, but in the end if your products aren't performing, they probably won't remember the emails you sent them."

Sanchari Roy
Marketing Manager (VP) for
Benelux & Nordics
Allianz Global Investors



This is particularly relevant in the asset and wealth management sectors, where business has historically been done face to face. The benefits of digitisation are clear; those of digital transformation less so. As one person interviewed for this report put it: "*The question becomes, how much digital transformation do you want?*"

The longest journey begins with the first step

Most of the people interviewed for this report identified their business as being in the early stages of its digital journey. They recognise that, while personal relationships are still key to the way they do business, building those

personal relationships now starts in the digital arena. But, broadly speaking, they're still digitising rather than transforming.

This is backed up by the [2022 Wealth Management Digital Readiness Survey](#).

The proportion of respondents describing themselves as a 'Digital Innovator' or a 'Fast Follower' has more than doubled (from 18% to 40%) since 2021. But that still leaves almost two-thirds of the sector struggling with the early stages of digital maturity.

Certainly, asset management and wealth management businesses have been working hard to develop their overall digital presence, as well as their digital marketing. Apps are becoming more common to augment the organisation's website, although they're likely to have only basic functionality. Several interviewees talked about the customer portals they have in development, which will provide dashboards to allow customers to view the performance of their investments.

"Overall, the distribution footprint is consolidating. There are fewer participants in the distribution game, and there's a plethora of manufacturers, probably too many. And the distribution partners and fund buyers and fund selectors want to partner with fewer firms and have more meaningful, larger-scale partnerships. And that means you've got to find ways in which you can support and service those communities, but you've also got to be able to find and attract them. So a lot of what we're doing from a digital point of view is geared around that."

Marcus Bolitho
Head of Marketing
Jupiter Asset Management



On the marketing side, businesses are investing in dedicated digital marketing platforms and linking them to their CRM systems with the aim of developing a better understanding of their customers.

Beyond this, however, our interviewees describe quite different experiences. For some, the digital journey is being led by marketing. For others, while digital transformation is happening within the business, it's separate from marketing and usually led by IT.

“We have a project that is run by a separate team that is looking at the broader optimisation of the business, and digital transformation plays into this. And this covers areas that are not customer-facing. There are certain projects of internal digital transformation that are taking place and some have already been delivered.”

Alessandra Canavesi
Head of Digital Marketing and
Customer Experience
AXA Investment Managers Alts



This points to a common idea for AWM businesses going forward. Our interviewees acknowledge that digital channels will continue to support face-to-face interactions for the foreseeable future, so they see the role of digital transformation being behind the scenes, making the business more efficient, more responsive, and easier to deal with.

“From an efficiency perspective, we can definitely use digital better. It's not necessarily only about what clients see; we could also use technology to make our internal processes cleaner and quicker, as long as employees are open to using new or different systems. This is often tricky as we all have our old ways of working and adapt to change in different ways.”

Sanchari Roy
Marketing Manager (VP) for
Benelux & Nordics
Allianz Global Investors



Does the board embrace digitisation, or just accept it?

The fact that responsibility for digitisation and digital transformation sits in different places in different businesses reflects different levels of commitment to digital at senior management level. Everyone interviewed for this report agreed their board recognised the growing importance of digital, but where businesses differ is in how this commitment manifests itself.

Some describe digital transformation as “business as usual”.

“Schroders is very big on innovation. There's not a lot of hierarchy, so it's very easy to access the right person; you can get stuff on the roadmap. If you come with the right idea, with the right kind of insight and the reasons why you want to do it, you often get a lot of backing.”

Harri Evans
Head of Brand, Digital and Content
Schroders Wealth Management



At the other end of the spectrum, people describe senior management with a broad recognition of the need for new ways of working, but whose focus is drawn away from digital by the demands of other parts of the business.

Another striking similarity across our interviews was how many felt they were likely to fall behind as their competitors accelerated on their digital journey. So, what's holding them back?

“In digital transformation, there's a cultural change that needs to happen in how you work and how you view technology. You see that in some pockets of this business but not in others. Right now that cultural change has been done very much at the lower levels, with a lot of education going into how to do digital transformation. But when you're doing it at that level, you can get a lot of pushback. If it was coming more top-down, that would support and help the change more.”

Julie Richardson
Digital Transformation - Product
Management and Delivery Leader
Vanguard



“In principle, the board are very much behind digital transformation. In reality, the budgets assigned to implementation are never sufficient.”



Section 3

Challenges and blind spots

The people interviewed for this report were notably consistent in listing the challenges they face in driving their business's digital activities forward. Some are internal: lack of resource; scarcity of data; legacy technology; siloed organisations; and difficulties around measurement and attribution. Others are external: regulatory and compliance issues, and relationships with third-party platforms.

“The process of on-boarding new martech can be very slow. If you're trying to implement new technologies, and digital strategies, I find the on-boarding of them tends to be riddled with compliance and operational issues. Because of regulations in the financial services space, there are things you cannot just do without the right approvals. As a result, we have been slower to expand into digital technologies, which I believe could propel the business forward, and this is typical of the sector.”

Maria Solechnik
Senior Digital Marketing Manager
First Trust Global Portfolios



Looking at the internal challenges first, many spring from the board-level issues discussed in the previous section. Interviewees mentioned the **high cost of marketing technology, and the lack of senior management understanding of how much time and effort is required to implement this technology** once it's been purchased. As one person said: *“In principle, the board are very much behind digital transformation. In reality, the budgets assigned to implementation are never sufficient.”*

A lack of data sits at the heart of these problems. Several interviewees mentioned the sector's historic failure to collect the sort of data that is commonplace in other industries, and then to join that data up across the organisation. This means a lack of customer insight at the start of the marketing process, and difficulties in proving ROI at the end. The end result is a vicious circle that suppresses marketing investment. It also pushes businesses in the sector towards digitisation and away from digital transformation, since the latter is a much slower process, and creates more of a challenge in showing ROI.

Regulatory barriers

It's a given that asset and wealth management firms operate in a tightly regulated environment. This limits their choice of marketing media, and can act as a brake on their adoption of digital channels.

“We need to make sure that anything we produce and put out there is fully compliant. And sometimes, because of the level of detail and information we need to convey, it does require a longer format. It's not necessarily a stumbling block, but it's a consideration when we're looking at the channels we choose to share our content across.”

Kerry Haxby-Dean
Executive Director/Head of
Investment Trust Marketing
JP Morgan Asset Management



“You can't just use all of these social platforms because you've got to be very, very careful as to where your messages go. YouTube, Facebook, Twitter; they're all global platforms, and you can end up sending messages to markets where you're not registered to communicate or distribute or provide anything other than very, very basic brand messaging.”

Marcus Bolitho
Head of Marketing
Jupiter Asset Management



In the UK at least, the regulatory environment is about to become even more complicated. On 31 July 2024, the Financial Conduct Authority's new Consumer Duty comes into effect for new and existing products or services that are open to sale or renewal. This Duty enshrines a new Consumer Principle which “requires firms to act to deliver good outcomes for retail customers”. Even though intermediated B2B parts of asset management firms may not be dealing with investors, they still have a responsibility to make any changes required to the products and services they offer to distributors.

This is significant for AWM marketers, since two of the outcome rules imposed by the FCA require that consumers receive communications they understand, and the support they need.

Because of the need for compliance, AWM businesses also tend to be highly risk-averse. Combine this with a lack of understanding of digital, and you have a culture where it's easier for management to say 'no' to investment in martech than to say 'yes'.

Extending your digital experience

Another challenge identified by our interviewees is the relationship between their organisations and any third-party sites on which their products appear. Most of the participants in this report work for B2B businesses (selling through financial intermediaries rather than directly to end investors). However, as one interviewee pointed out, if you appear on a third-party platform, you're effectively doing ecommerce, but not on your own terms. That means you have to think of this as part of your overall digital experience, but you face the challenges of differentiating yourself to prospective customers, and of understanding who those customers are and what they want.

“What do you want that relationship to look like? Are you happy for investors to use the third-party tools and they just happen to be buying our funds? Or do you want to have a deeper relationship with some of your higher net worth financial advisors and institutions? Do you have a long tail of customers that you don't really engage with, but who can get access to funds really quickly? Or do you have a proper in-depth relationship that is a mixture of a sales team as well as digital touchpoints?”

Julie Richardson
Digital Transformation - Product
Management and Delivery Leader
Vanguard



Section 4

Ambitions and opportunities

As discussed in Section 2, the journey to digital maturity can be split into digitisation and digital transformation. So too can the benefits. Digitisation makes current practices more efficient; digital transformation creates new opportunities entirely.

For our interviewees, the biggest opportunity in the short term is to improve the quality of the customer experience; “making us easier to deal with” as one interviewee put it. This, in turn, should increase the number of prospects who reach the crucial face-to-face part of the process. It should also mean a higher level of customer satisfaction post-sale, and therefore increase customer retention, which is also vital to asset and wealth management businesses.

“Our audience seems more open to engaging with us digitally. A lot of my industry’s initial outreach to prospects is through cold calling, and I believe digital technology can really support this. In my experience, prospects feel more comfortable engaging in their own time via digital methods, such as an email or a website, and this probably feels like a lot less of a commitment than a phone call. Everyone is so busy now that people just want a really quick way to engage. Allowing people to do so digitally, and in their own time, is easier than getting a phone call with them.”

Maria Solechnik
Senior Digital Marketing Manager
First Trust Global Portfolios



Nearly everyone interviewed talked about making the experience they offer more like those offered in the world of B2C, and in particular luxury brands.

“You can always improve on your digital experience and for me, I like to look out of sector and see what we can learn from luxury brands to implement in our owned channels. Our clients are used to the best, and we want to give it to them.”

Harri Evans
Head of Brand, Digital and Content
Schroders Wealth Management



Jumping into the data lake

The other key benefit of moving from manual analog processes to automated digital ones is the massive increase in the amount of data that becomes available. This is something all the interviewees would welcome. Not only would it help them to understand their prospects better, it would also simplify measurement of their marketing activities and make it easier to calculate ROMI. That in turn would allow them to make a more compelling case to the board for further investment in marketing technology.

This is where the line between digitisation and digital transformation starts to blur. Several interviewees mentioned the marketing opportunities offered by AI. They talked about its ability to power what is known as prescriptive marketing – automatically selecting the best next communication to send to a prospect to move them on to the next stage of their path to purchase – and the potential for differentiation that would create. But before an organisation can start using AI, it has to have the right data, and that data has to be stored and organised in the right way. In this case at least, digitisation is the crucial precursor to digital transformation.

Think like a publisher

Other interviewees felt increasing financial understanding was another opportunity that greater digital maturity could create. Both Evans at Schroders and Haxby-Dean at JP Morgan Asset Management discussed the need for asset management company websites to become information hubs for clients. Evans described it as thinking more like a publisher, while Haxby-Dean talked about being seen as a trusted source of information.

“We are in a more digitally mature era. No longer are the stereotypes relevant – people at retirement age are used to using technology in everyday life. We need to be mindful of this as we approach the next generation of retirees. Customers want data, information and content at all times and that’s what we need to provide. As the technology trends and preferences change, we must change too.”

Kerry Haxby-Dean
Executive Director/Head of
Investment Trust Marketing
JP Morgan Asset Management



“Another important thing we’re working on at the moment is a clients’ portal with interactive dashboards. This is something that customers in the retail financial space are used to; if you have an account with Hargreaves Lansdown, Moneyfarm, or Nutmeg for example, you can log into your portfolio and you can slice it and view it according to different types of charts. In my world, we are not quite there, but we need to do it. Our institutional investors are likely to also be retail investors, and they want to have the same seamless user-friendly experience when they view their products invested with us as they have with one of their private investments.”

Alessandra Canavesi
Head of Digital Marketing and
Customer Experience
AXA Investment Managers Alts



This is another aspect of how the B2C experience is changing B2B. The use of customer portals in B2C financial services is fairly widespread, as is the idea of having an investment app or website investment area for private investors. Portals and apps for intermediaries dealing with an asset manager or an institutional client are less common, although interviewees suggested that asset managers’ websites should offer tools to help their intermediary clients. As Vanguard’s Richardson said: *“As we move forward, do we start asking what tools we could be also offering to our financial advisors’ institutions to make their lives easier?”*

“Customers want data, information and content at all times and that’s what we need to provide. As the technology trends and preferences change, we must change too.”

Section 5

Seven steps asset management firms can take to increase their digital maturity

1

Prove benefits, gain momentum.

Find small projects where digitisation can deliver easily measurable 'quick wins'. Use these as proofs of concept to the board to win backing for incremental investment.

2

Integrate your marketing technology across the business.

For example, Schroders is moving to a single content management system for all its websites. This is intended to give customers and prospects a better experience, and to allow Schroders to act more like a publisher, distributing and reusing content across its network.

3

Break down internal barriers.

During the pandemic, many companies realised what they were missing by not having 'water-cooler' chats, and this acted as a catalyst to start to think about more formal ways of dismantling silos.

4

Think customer-first.

This means looking beyond your immediate clients. Think as well about consumer behaviour, how changes there are affecting your client's business, and what you can do to help.

5

Address the 'sticky middle'.

Take time to educate your colleagues across the business about the benefits of digital transformation and the importance of being customer-centric. This is particularly important when an enthusiastic but distracted board meets non-digital, risk-averse middle-management.

6

See what you can learn from fintech start-ups.

Are you doing enough to deliver quick solutions that can drive more customer engagement? Could you adopt an Agile or Lean Start-Up approach?

7

Find the right digital leaders.

Interviewees for this report suggested the following characteristics:

- a) Empowering - they recruit staff who know what they should do and leave them to it.
- b) Encouraging - they know good ideas can come from anywhere.
- c) Visionary - they know where the organisation needs to go.
- d) Brave - they're not afraid to fail in pursuit of the right outcome.
- e) Engaging - they can talk to anyone in the organisation and bring them on their journey.

About us



Research
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London Research, set up by former Econsultancy research director Linus Gregoriadis, is focused on producing research-based content for B2B audiences. We are based in London, but our approach and outlook are very much international. We work predominantly, but not exclusively, with marketing technology (martech) vendors and agencies seeking to tell a compelling story based on robust research and insightful data points.

As part of Communitize Ltd, we work closely with our sister companies Digital Doughnut (a global community of more than 1.5 million marketers) and Demand Exchange (a lead generation platform), both to syndicate our research and generate high-quality leads.

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DCX is the full-service digital transformation and marketing agency arm of Paragon.

We combine the power of data with compelling creative and digital technology to help brands connect better with their customers to deliver better outcomes.

With deep experience across asset and wealth management, working with brands such as Artemis, Fidelity International, and Goldman Sachs, we help organisations drive better customer engagement, capture insights for better decisions, and streamline business operations – anything that delivers business impact. We'll deliver you a bespoke service offering of digital and marketing expertise to help drive commercial growth and help you do business, better.

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