

FinTech disruption in wealth management

Fintech is reshaping wealth management through advanced tech, digital accessibility, regulatory shifts, and wider consumer reach.

Industry



Asset & wealth

Services



Sourcing



Architecture



Known for its traditional and conservative approach to business, the wealth management sector is now starting to feel the full force of Fintech's (Financial Technology) disruptive power.

Fintech start-ups and new, innovative technologies are transforming how wealth is managed – with wealth management opened to broader demographics, complemented by improved client experiences, and previously unimaginable efficiency gains.

In our experience, a critical mass of factors is now driving Fintech's rapid, and unstoppable, rise into wealth management:

1) Technology advancements

For example, innovations in artificial intelligence, machine learning, blockchain and data analytics, provide new tools to analyse large datasets for more personalised, strategic investment decisions.

2) Changing consumer expectations

As the profile of market changes, with ever increasing numbers of digital-natives, there is a growing demand for more transparent, on-demand

services that seamlessly integrate into mobile and online platforms.

3) Regulatory changes

Regulations such as PSD2 have opened the banking sector to third-party providers, creating a more competitive marketplace where innovation can flourish.

4) Democratisation of financial services

Fintech has lowered the barriers to entry for many consumers who were previously underserved by traditional financial institutions.

Where is Fintech driving changes in wealth management?

From client acquisition, through to investment strategies, and compliance, we see Fintech innovations affecting almost every aspect of wealth management industry. For example:

1) Robo-advisors

Platforms like Wealthfront and Betterment have raised the profile of algorithm-driven financial planning services – attracting millennials, as well as cost-conscious older

investors, with their low-cost approach to portfolio management.

2) Bespoke portfolio management

Advanced analytics and artificial intelligence now enable bespoke investment advice – being able to draw upon real-time data and individual risk profiles to shift the advisor's role from generalist to specialist.

3) Enhanced client interaction

Fintech solutions improve client engagement through mobile applications and platforms that provide real-time access to portfolio performance, financial education, and direct communication with advisors.

4) Operational efficiencies

Automation and smart tools help reduce overhead costs by streamlining operations – from back-office functions like compliance and risk management to client-facing activities such as onboarding and transaction processing.

What challenges do wealth managers need to overcome?

These impacts are creating unprecedented challenges for traditional wealth managers, which need tackling to ensure long established institutions can survive:

1) Rising competitive pressures

Fintech start-ups are often significantly more agile and innovative than their traditional marketplace competitors. Fintech's typically operate at a lower cost, and scale quickly – making it difficult for well-established firms to keep pace and innovate.

2) Technology integration

Fintech's lack the ageing legacy portfolios of many Wealth Manager's technology departments. Those who need to integrate new technologies with legacy systems often find a complex and costly challenge that needs to be addressed at pace.

3) Cultural shift

A fundamental, and institution changing, shift in collective culture and mindset is often needed for more traditional firms, who have built their past

successes on an old and fading paradigm.

4) Regulatory compliance

The regulatory landscape continues to evolve at pace. Keeping up with new regulations, whilst also implementing new, disruptive technology can be a daunting and complex task.



To be competitive, traditional wealth management firms must embrace Fintech – recognising it as a critical tool to enhance their services and expand their client base.

To do so successfully, partnerships may be required with start-ups, major investments in technology, or starting small through in-house development of new innovative solutions.

The ultimate benefit of this new wave of Financial Technology is the increased focus on the customer – providing greater access, more choice, and more competitive pricing.

We expect the of future wealth management to be characterised ever increasing use of technology, with human advisors leveraging powerful new tools to provide even more powerful and customised advice.

By acting now, Wealth Managers can leverage Fintech as an opportunity – rather than face it as a competitor – driving operational efficiency, and improving client satisfaction, whilst putting themselves in the driving seat for a strong future.

If you would like to speak to Paul Atherton regarding this insight, send your enquiry to contact@masonadvisory.com

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About Mason Advisory

Mason Advisory has offices in Manchester and London and employs over 100 staff, with plans to continue its expansion. We enable organisations to deliver value through digital & technology transformation, solving complex business challenges, and helping clients set strategy through the intelligent use of IT resources including architecture, cyber, data, digital, operating model and organisational design, service management, and sourcing. We operate in sectors such as financial services and insurance, legal and law, government, health and social care, emergency services, retail, FMCG, transport, and not-for-profit.

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