

# Is the Wealth Management Industry ready for evolution through tech, AI and more?

BCS | 29 June 2023

# Introduction



**Mary Agbesanwa**

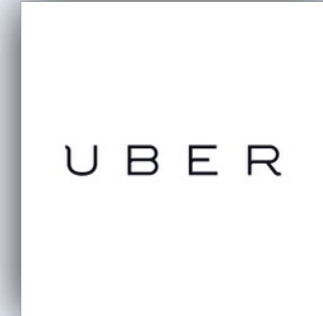
Fintech Growth Lead at Seccl



**Background**

**Current state of the industry**

# Technology: a new age of disruption



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**2012**

Founded

Founded

Raises £30  
million Series B

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**2021**

Valued at  
\$450 billion

Valued at  
\$73 billion

Valued at  
\$90 billion



"It's a little bit like, is the Albanian Army going to take over the world?...

I don't think so."

Jeffrey L. Bewkes  
CEO Time Warner

Talking about Netflix  
in December 2010



Fast forward to  
the present day...

**\$85 billion**

**Time  
Warner**

**\$194 billion**

**NETFLIX**

# Has technology impacted finance in the same way?

## Old Incumbents

J.P.Morgan

Goldman  
Sachs

 BARCLAYS

 **Fidelity**  
INTERNATIONAL

## Disruptors

 **Wise**

 **monzo**

 **Freetrade**

**Revolut**

# How did the disruption start?

Specialising in a niche area solving a narrow problem:

- Revolut – FX
- Freetrade – Stock Trading
- Monzo – Digital Current Accounts
- Wise – Remittances



# The race for the financial super app

Freetrade launches self-invested personal pension (SIPP)

**Revolut introduces salary-advance feature in the UK**

**Fintech start-up TransferWise is set to launch an investments feature**



# **Current macro-economic environment and the impact on wealth management**

Pandemic, inflation, cost of living crisis ...



```
graph TD; A[Pandemic, inflation, cost of living crisis ...] --> B[Shift in consumer appetite to risk averse]; B --> C[Challenge to wealth management pricing model]; C --> D[Passive investing]; D --> E[Investing in value > growth stocks];
```

Shift in consumer appetite to risk averse

Challenge to wealth  
management pricing model

Passive investing

Investing in value > growth stocks



Technology

**The role of API and AI**

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# Technological advances

API

Opening  
banking

Generative AI

Machine  
learning

AI

ChatGPT

Data

Cloud

IndexGPT

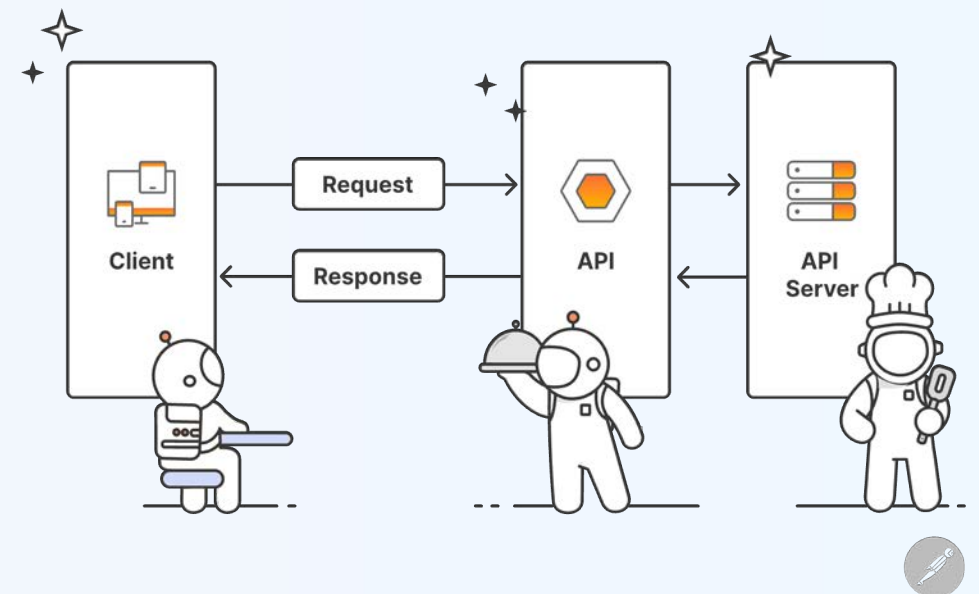
Deep learning

Dematerialisa-  
tion of shares

Predictive AI

# What is an Application Programme Interface (API)?

- Code that allows one set of software to easily talk to another
- Embed products and services within customer journeys
- Simplifies the integration instead of building in-house



Source: Postman

## Use case



# Artificial Intelligence - AI

## Automation

- Analyse unstructured data
- Analyse goals, income & life situations
- Analyse individual interests

## Insights

- Identify underlying root-cause
- Reduce cost of producing insights and contents
- Portfolio risk management

## Predictions

- Forecast save based on spend
- Optimise client portfolios
- Asset volatility and price forecast

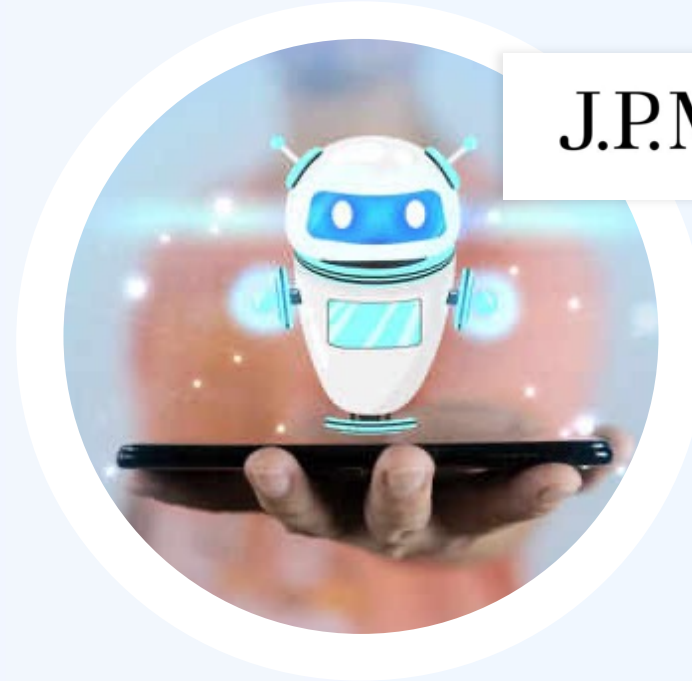


# AI use cases: Investec and IndexGPT

 Investec



J.P.Morgan



# AI use cases: Robo-advisers



**Nutmeg.**



## Enables:



Automated trading



Personalised investment advice



Fraud detection



Customer service



Enhanced portfolio management

# The impact - API and AI's effects



Democratise access to wealth



Frees up time for advisers (AI)



Helps customers make better investment decisions



More wealthtechs to launch quicker & cheaper

Advisers typically spend

**22.6 hrs**

Per client relationship on  
admin



**But ...**

**What are the challenges?**

# AI Challenge - Consumer duty and the role of human advisers

*“ 42% of investors agree that AI will never fully take place of human advisers ”*

Survey from Morgan Stanley Wealth Management, 2023

- Intelligence and empathy of humans
- AI can struggle to understand periods of inactivity/surprising events
- Honesty, relatability, human voice
- Consumer duty – push for more human propositions and less mass automation





# API Challenge - Difficult integration with legacy systems

- Not off-the-shelf solutions
- Not yet adopted at scale
- Average age of wealth management client > 60
- Distrust towards new technology driven by security threats using third-party APIs





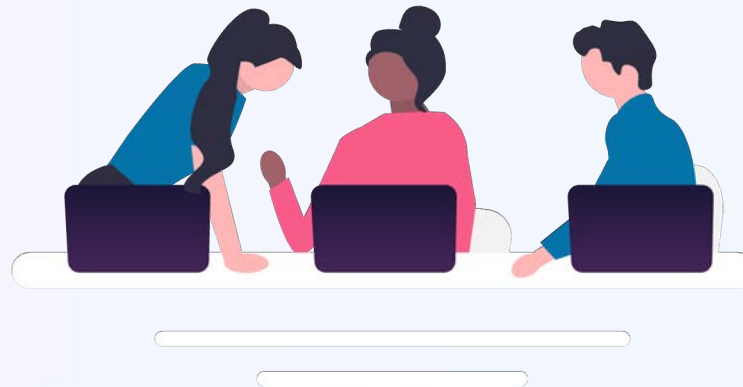
A background image showing a hand holding a smartphone over a payment terminal. In the background, there are several glass bottles and a pump dispenser. A large white number '4' is overlaid on the right side of the image.

**So what's next?**

**Opportunity and the future  
outlook**

# AI: hybrid model

- AI could be used for sentiment analysis, risk profiling & portfolio management
- Human advisers for complex scenarios, liaising with stakeholders
- AI facilitates hyper-personalised offerings, allowing firms to illustrate and tailor clients' financial journeys



Source: Planadviser, 2022

# API: embedded investments

- Integrating financial products/services within an existing brand or user experience



According to PWC ...

"the market for embedded finance applications is projected to grow fivefold, from

**US\$54.3 bn** to

**US\$248.4 bn**

by 2032.

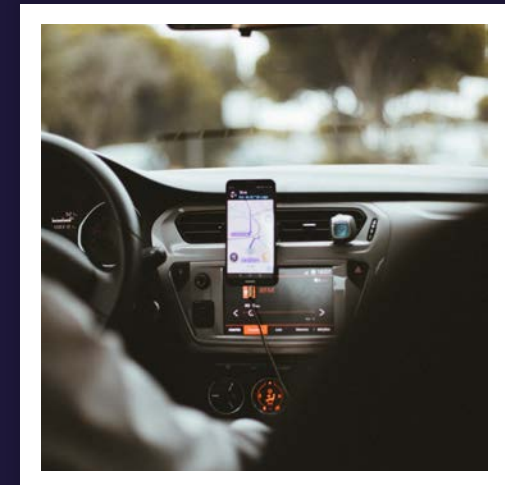
# Opportunities of embedded investments

Just imagine:

- buying shares in Starbucks when buying your morning coffee from Starbucks
- tipping into your Uber driver's pension
- rounding up payments and automatically invest your spare change so you could build wealth

...

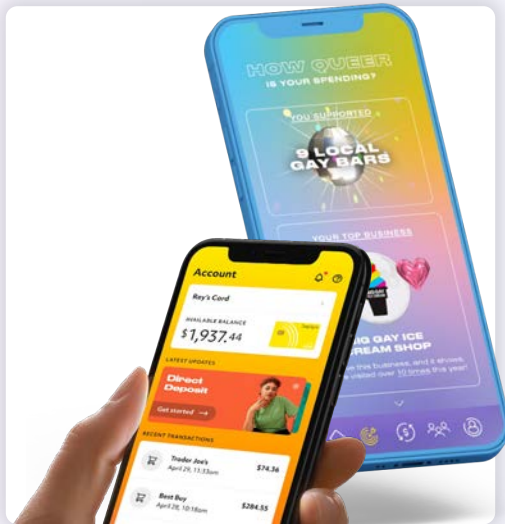
The possibilities are endless!



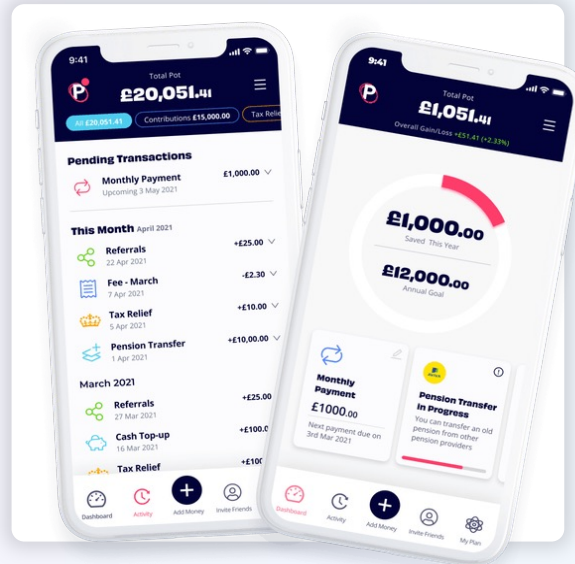
# We'll see hyper-customised propositions ...

Infrastructure will be outsourced, allowing investment platforms to build segment-specific features. We're seeing it in banking already, and starting to see its emergence in wealth.

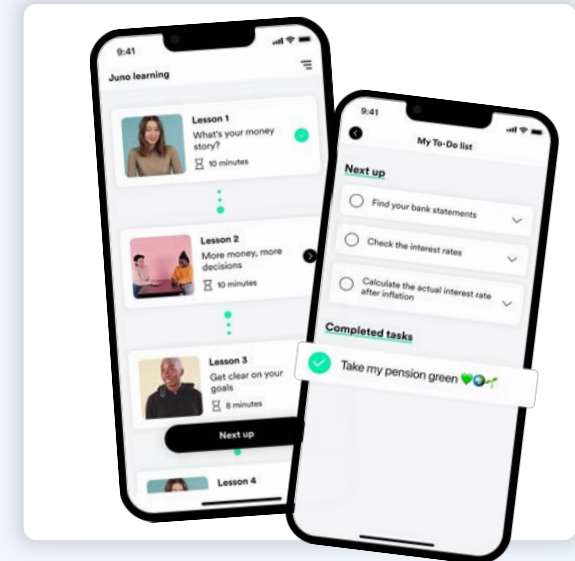
Daylight



Penfold

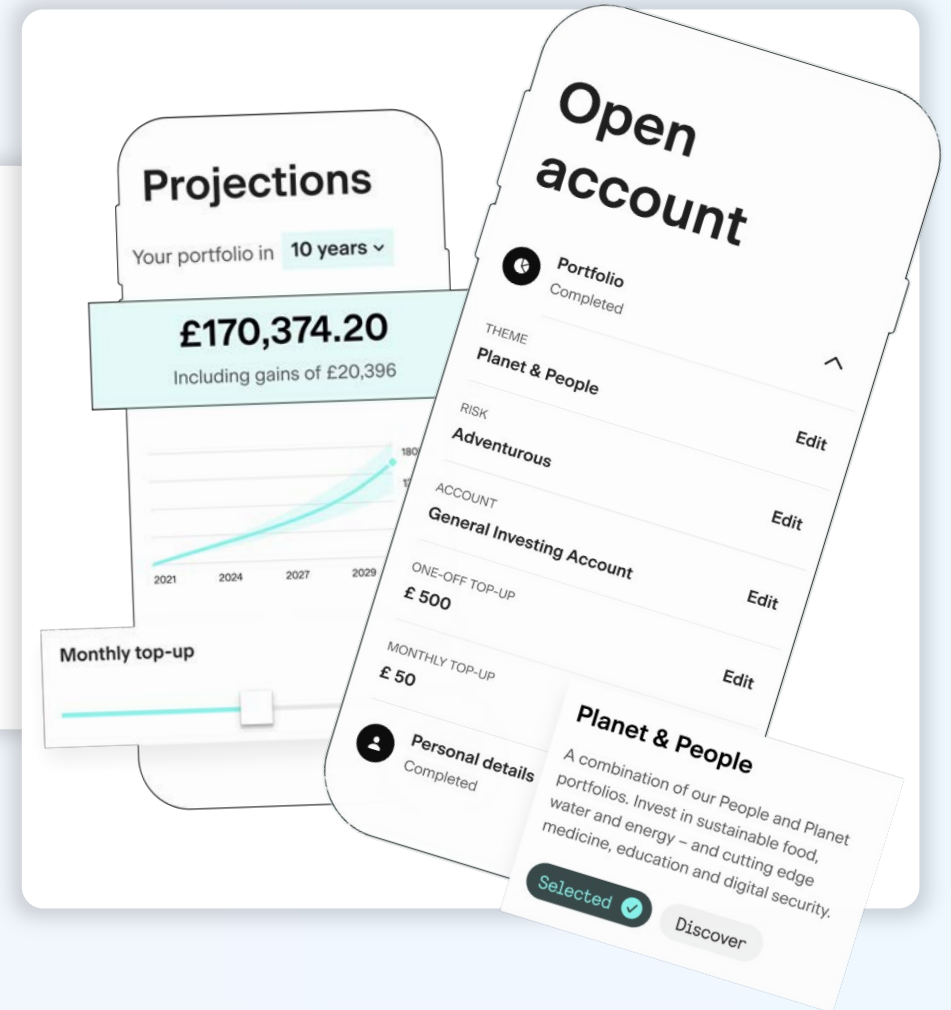


Your Juno





...and hyper-customized investments, too





# It'll be embedded, seamless and easy-to-use

Now



Next



STARLING BANK

Revolut

Future



Uber

"In the not-too-distant future, I believe nearly every company will derive a significant portion of its revenue from financial services"

Angela Strange | Andreessen Horowitz



**\$250bn**

AUM of Yu'e Bao at its peak



# We'll see more financial coaching, guidance and on-demand advice

- ✓ Coaching and guidance will be the next step in the evolution of 'robo advice' (which has been more robo than advice...)
- ✓ 'Coaching as a service' fast becoming an emerging trend
- ✓ Clients will be able to pick and choose between XO, guidance and regulated advice from within the same service, on demand



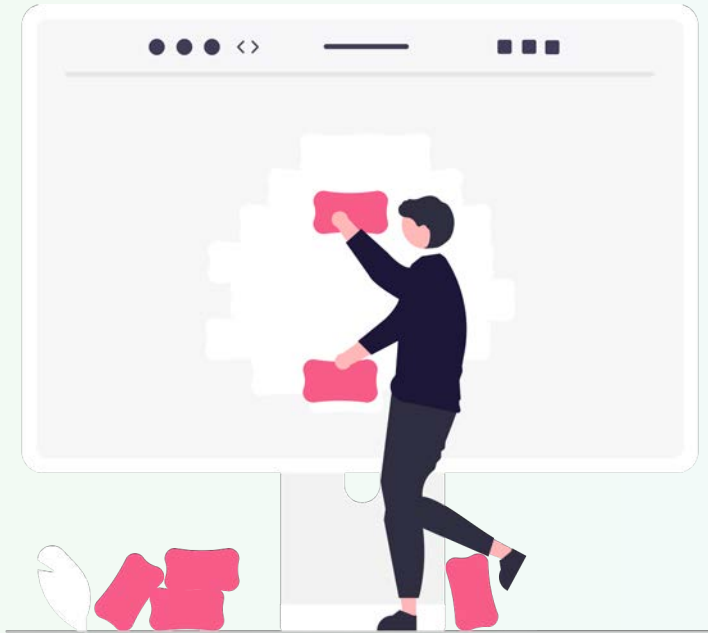


## Introducing Seccl

### What we do

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# Our purpose



**We build technology that  
helps more people to invest –  
and invest well.**

# About us: we're a rapidly-growing custodian

We safeguard the cash and assets of thousands of investors around the UK, on behalf of a growing number of firms.

Our UK custody service can look after most typical client assets, including funds and exchange traded instruments (ETIs), and is affordably priced at 10bps, tiering down for larger portfolio sizes.

- |        |                           |
|--------|---------------------------|
| ✓ GIA  | ✓ ETFs & Equities         |
| ✓ ISA  | ✓ Extensive fund coverage |
| ✓ SIPP | ✓ Offshore bonds          |
| ✓ JISA | ✓ SSAS                    |

**£906M**

UK retail assets  
administered

**307%**

Year-on-year growth  
(monthly net flows  
2022)

**£2.5Bn**

Assets being onboarded

**£12.5Bn**

Octopus's (parent  
company) AUM

**129k**

investors relying on our  
software and services

**1M+**

API requests everyday

# Who we help and how?



## Financial advisers and consolidators

Take control of their client experience, with a low-cost, fully digital platform.



## Adviser tech providers

Create a seamless advice journey with their own embedded platform.



## Neobanks and established fintechs

Deepen customer engagement with their own in-app investment proposition.



## Start-up wealthtechs

Launch their own new investment or advice start-up in record quick time.



INVESTMENT  
MANAGEMENT



IRONBRIGHT



Penfold

Multiplay



Wombat



Check out our latest guide ...

## **Embedded investments: fintech's next frontier**

We believe 'embedded investments' is fintech's next great frontier. Check it out on our website!



# Any questions?



Book a demo



Mary.agbesanwa@seccl.tech

Get in touch



Guides & resources