

# The new normal - delivering an institutional investment process to the mass affluent market

Tanya Bartolini, Founder and Chief Revenue Officer at Jacobi, talks about the shift wealth management firms will need to take to respond to the growing demands of the mass affluent market.

In most industries, the customer is the fundamental driver of change. This has never been more evident in financial services as the rise of the mass affluent market and its rapidly changing customer behaviour and preferences have been the driving force of digital acceleration.

Portfolios for individuals and families are becoming much more than just a collection of stocks and bonds, and serving these clients has become increasingly complex. Additionally, allocations to private and alternative asset classes and the complexities of managing these within a multi-asset class portfolio are



becoming increasingly common. All of this, coupled with the growing client demand for information about their portfolios, means that wealth management organisations need to 'lift the lid' on investment decision-making and provide richer insights. Advisers need to be armed with the technology to deliver at scale, bespoke analysis, and reporting in real time.

In adjusting to the new normal, progressive wealth management and advice organisations have moved to adopt what has been traditionally a more institutional investment management approach, defined by two significant objectives: (1) bringing institutional-quality tools and data to the wealth adviser and, (2) leveraging "front-office to client" technology to demonstrate a differentiated and objectives driven process. Both of which we will dive into below.

## Delivering institutional-quality tools and data to the wealth adviser

Several wealth management organisations have been running institutional investment processes for years. Still, in most cases, only a handful of internal investment team members can navigate complex modelling programs and processes to generate analytics and reports for clients. As mass-affluent client portfolios grow in complexity and the number of these clients increases for an organisation, manual processes, as noted above, provide challenges as it relates to scalability.

Faced with client demand for greater transparency, investment organisations are focusing on getting richer and more consumable information into the hands of their clients. Historically, a client's access to investment information has been tightly controlled and restricted by their investment manager and adviser. There are a number of reasons for this. For example, an organisation may not be able to efficiently filter and distribute information such as portfolio data, analytics and models used by the investment team. Another common justification is that

a client will not have sufficient investment knowledge to interpret the information. While the industry has long operated with a significant information gap between the manager and client, today, that gap is closing.

Many forward-thinking wealth management and advice businesses have been rewriting the role of the internal investment team in serving the mass affluent category. As organisations seek scale and governance, they are employing technology to support their adviser's workflow processes and, more importantly, integrate their own internal data structures, capital market assumptions and modelling framework. These powerful tools are designed to support a simple and logical user interface that generates efficiencies for the financial adviser and supports the storytelling process but also leverages highly sophisticated investment models and data sets.

At its simplest, the enhanced delivery of investment information to clients includes richer, more timely access to portfolio data such as holdings and risk metrics. However, clients do not always need more detailed information, but rather more relevant information. That extends to better insights into the investment process, for example, research on individual positions, allocation decisions or aggregated data demonstrating how the research process impacts their portfolio.

## Using "front-office to client" technology to demonstrate a differentiated and objectives-driven process

Over recent years, wealth management and advice organisations have sought better integration of their front-, middle-, and back-office systems and data to help to improve efficiency and reduce operational risks. These projects have consumed swathes of resources and time, and in many organisations, are still in motion. But through this period, organisations have neglected the need to improve the connection between

the investment front-office and their most important stakeholder: the client.

Organisations need to stretch beyond the historical concept of 'client reporting', which is typically based on pre-canned templates, set time periods and reports distributed in rigid ways. Progressive organisations are already shifting from a reporting mindset to one that enables clients to have a rounded understanding of their portfolios on their terms. For example, reports provided on set frequencies are giving way to on-demand access and alert-based information. Investment and portfolio data is being supplemented with interactive tools and customisable dashboards. And clients are accessing information in multiple ways (e.g. via APIs). For many organisations, these are still only stretch goals, but they are quickly becoming the standard of doing business.

Servicing clients at scale has always been a challenge as the investment management and the client experience process has lived in two very separate silos. This separation worked for decades; however, the heightened customisation demands of the mass affluent client are making this more difficult. Like in other industries, consumers are demanding (and being delivered) more bespoke experiences and products. This is especially challenging for the wealth management industry as multiple forces are at play: investment teams want to ensure their best thinking is in every portfolio, financial advisers want sufficient flexibility in processes

to meet different client objectives, wealth management organisations want to make sure their financial advisers are happy and stay with the organisation, and clients want custom portfolios that are specific to their unique objectives.

Wealth management and advice organisations still have work to do in identifying the optimal balance of scale and customisation. Importantly, the very same tools and inputs used to customise a solution should be used to create output that contextualises how a client's unique objectives are represented.

The rise of the mass affluent investor and changes in behaviour and preferences have proven to be a challenge to the wealth management industry's digital and engagement strategies. Closing the information gap and creating a dynamic client experience will only be achievable if organisations solve the data problem and leverage technology that allows them to rapidly deploy workflows centred around client demands.

In an industry under pressure from the commodification of investment products and advice, providing a differentiated client experience is how the winners and losers will be defined over the next decade. The firms that have been able to rapidly allocate resources to technology and adjust client engagement strategy will be able to capitalise on this defining time in the industry.



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## San Francisco, USA

Jacobi's technology has its roots in institutional investment management and brings together investment expertise and a market-leading technology platform.

Jacobi supports the design and management of multi-asset portfolios at scale, streamlining investment workflows and enabling dynamic client engagement.

The Jacobi platform supports the many workflow priorities of the multi-asset investor. Bringing together the front-office to end-client workflows, Jacobi allows firms to efficiently manage portfolios against objectives.

Jacobi's next generation private Cloud infrastructure promotes open architecture and API connectivity. Firms can integrate proprietary investment models, code and data structures so to best represent their distinctive portfolio construction and analytics process.

Jacobi is built for engagement, allowing firms to showcase their investment processes using interactive, white-labelled dashboards, apps and

reports. Crisp visualisation features are combined with a powerful quantitative engine that allows for complex modelling to happen dynamically. Jacobi provides its technology to top-tier investors across the globe, including wealth managers and RIAs, asset owners, asset managers and investment consultants. Jacobi has offices in Brisbane, San Francisco and London.

## Solution overview

Jacobi's technology streamlines multi-asset investment processes and enables portfolio design, analysis and client engagement.

Jacobi's unique 'open architecture' technology allows users to tailor the platform by integrating their own code, models, data and analytics. The highly configurable nature of our platform enables more meaningful analysis of portfolios by delivering bespoke, forward-looking and historical analytics in a fully-integrated visual environment empowering dynamic client engagement.

## Fact file

Website	www.jacobistrategies.com
Email address	info@jacobistrategies.com
Year founded	2014
APAC HQ location	Brisbane Queensland Australia
No. of employees	51-100
No. of clients	21-50
Regional relevance	Africa, Asia, Caribbean, Central America, Eastern Europe, Middle East, North America, Oceania, South America, Western Europe
Type of wealth manager served	External Asset Managers, Bank Wealth Managers, Family Offices, Financial Advisers, Trust & Fiduciary



Portfolio Management	>
Portfolio Analysis and Monitoring	>
Risk Management	>
Client Reporting and Engagement	>

## Contact us for more information



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Discover more about Jacobi



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