



**TEMENOS**  
THE BANKING SOFTWARE COMPANY



# AI & the Modern Wealth Manager

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How **digital wealth technology** is helping a young industry grow in Latin America



As digital wealth technology including artificial intelligence (AI) increasingly finds its way into the hitherto traditional world of wealth management, a new balancing act has emerged that will define the future of the industry: an advisory service that blends man and machine to give a better service and improved results for increasingly tech-savvy high-net-worth individuals (HNWI) and newly affluent clients.

To better understand how digital wealth technology is playing out on the ground and where the technology is leading, Temenos and Forbes Insights surveyed 310 wealth managers (WMs) and high-net-worth individual investors across the globe about their acceptance and use of digital wealth technology including AI in wealth management. Of the total number of respondents, **27%** came from Latin America.

The clear message from the region is that WMs are keenly aware of how digital wealth technology solutions including AI can help their relatively young industry grow in both size and sophistication, for example, by deploying robo-advisors to win over Latin America’s underserved mass-affluent clientele. In some instances, Latin America’s WMs are ahead of their peers as early adopters of innovative AI tools to help clients with goals-based financial planning.

Just two years ago, the 2016 Forbes Insights/Temenos survey showed palpable hesitation among WMs - only a quarter surveyed viewed the digitization of wealth management services as essential. Today, that proportion has jumped to **52%** on a global level, a major leap, and executives resolutely see digital technologies as essential to

the successful delivery of enhanced client experiences. Compared to the regions of APAC and Europe, Latin America comes across as more reserved in the use of digital platforms to enhance client experiences, reflecting, perhaps, the particular needs of its wealth management industry at this stage in its development, as well as the profile of its clients. (Figure 1).

*Note: total percentages may not add to 100% due to rounding.*



**Figure 1: Which statement best expresses your opinion on the digitization of wealth management services?**

	Middle East	North America	Asia Pacific	Europe	Latin America
It is essential - " I need a virtual platform to do my job and enhance my client's experience. "	27%	38%	70%	63%	46%
It is good overall, but it frustrates my traditional clients	55%	46%	22%	28%	35%
It frustrates me because I spend so much time wrestling with technology	18%	14%	7%	4%	17%

The results of the 2018 Forbes Insights/Temenos survey show that Wealth Managers are keenly aware of the importance of technology — particularly AI — across key areas of their organizations. In Latin America, a significant portion is already seeing improved results in everything from compliance and cyber security to portfolio returns and client communication as a result of implementing these technologies (Figures 2 and 3).

**Figure 2: LATAM - How significant is your use of technology in pursuing the following business goals?**

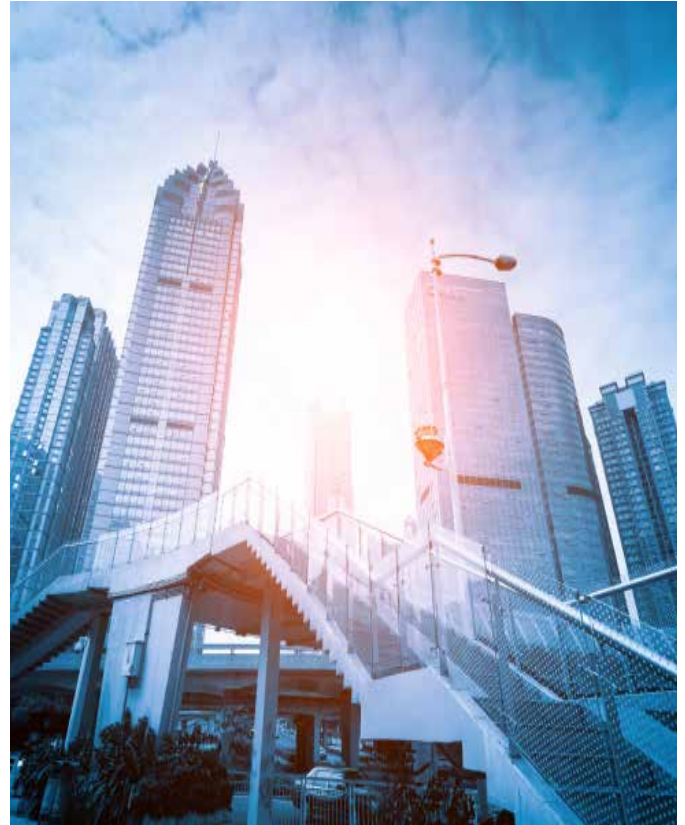
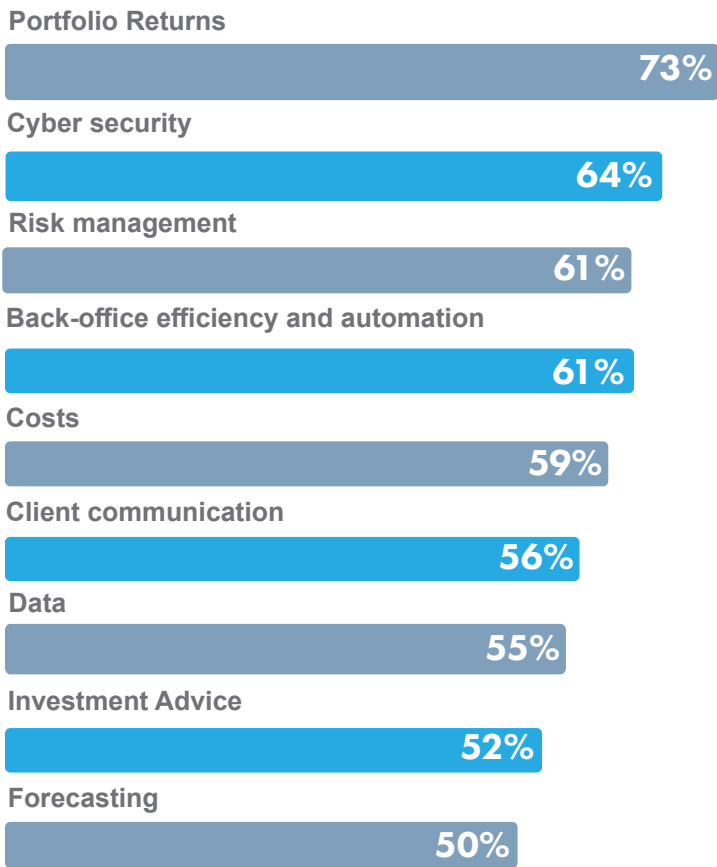


“The winners are going to be the ones with intellectual capital combined with accurate and consistent data that is predictive of the future.”

**JEFF MCMILLAN,**  
CHIEF ANALYTICS AND DATA OFFICER, MORGAN STANLEY



**Figure 3: LATAM - How important is AI in delivering better results in the following areas?**



More than a third of Wealth Managers globally are actively deploying AI and are 'all-in'; a quarter are testing AI solutions; and **35%** are 'extremely interested.' In Latin America, **65%** of Wealth Managers think that AI will be essential for them to succeed, and it will play a major role in helping them offer personalized guidance and services for clients and prospects. This was the highest and most positive response amongst all regions, with **81%** of them planning to deploy AI in the next year. When it comes to present deployment only **23%** of the surveyed WMs are currently deploying AI – the lowest percentage of any region, although a similar number are currently testing AI solutions.

New players sometimes have the opportunity to leapfrog more established rivals in the uptake of new technologies. This can be seen in client/WM relationships, which are more technology based in Latin America compared to other regions: 38 percent of surveyed WMs said that **76-100%** of their client relationships were technology-based. (figure 4)

**Figure 4: LATAM - How much of your client relationships are technology-based today (using mobile apps, online platforms...)**



# How Wealth Managers Around the World View Artificial Intelligence

Survey results among WMs in various regions of the world – Europe, Latin America, North America and Asia-Pacific – show different levels of acceptance and understanding of AI.

## Digitization

In Latin America, **45%** of WMs say digitization is essential, versus a global average of **52%**. This compares with **70%** in the Asia-Pacific region and **63%** in Europe.

## Understanding

In Asia Pacific, **80%** of WMs are testing or deploying the use of AI in their companies, followed by **67%** of those in Europe, **50%** in North America and **44%** in Latin America. North American companies are less likely to be engaged in AI initiatives (**50%**).

## Approach

European and North American WMs are the most likely to consider AI a “game changer” (**41%** and **30%**, respectively). In Asia-Pacific and Latin America, WMs are more likely to see AI as an enabler to help their firms deliver a better client experience ( **71%** and **65%** respectively) than as a game changer (**24%** and **26%** respectively).

## Robo Advisors

Two years ago, robo-advisors, which automate asset allocation and portfolio management, was a radically new technology in wealth management.

This year, our survey showed that Latin America’s WMs have the highest and most positive response towards robo advisors amongst all regions: **91%** view the technology in a positive light, particularly as a cost-effective technology for serving mass-affluent clients – a segment of the market that is underserved. In addition, **56%** of WMs view robos as essential for managing client portfolios.

For Latin America’s WMs, technology is seen as key to entering new market segments. Attracting and retaining mass-affluent clients is one of the most important goals for WMs, according to **71%** of respondents in the region – the second highest response after Asia Pacific, with **80%**. In terms of AI tools, customer-focused analytics (**41%**) are regarded as the most popular technologies to help WMs acquire and retain clients.



# How AI is affecting high-net-worth individuals

Wealthy clients are becoming more sophisticated in their use of technology, a secular trend that will only gather steam as millennials and younger generations age into the bedrock segment of the business. In Latin America, HNWI's are more cautious than in other regions, with **79%** reporting to be interested in AI but waiting to see results. Even so, more than half of respondents want their WMs to adopt some level of AI immediately and an even higher percentage – **68%**, and second only to HNWI's in Asia Pacific – expect AI to determine their choice of WM (figures 5, 6 and 7).

**Figure 5: What is your attitude about the use of AI in managing your wealth?**



Percentage of HNWI's surveyed who agree or strongly agree with the following:

**Figure 6: My wealth manager should adopt some level of AI immediately**



**Figure 7: The use of AI among wealth managers will be the key differentiator and it will determine whether I remain or leave my current wealth manager**





# CONCLUSION

Given the inevitability of an integrated AI experience driving better service and results, any WM that ignores or delays testing and deployment of the technology risks falling behind. That virtually every executive in the 2018 Forbes Insights/Temenos survey sees AI as an essential tool in their practice is more than a telling indication of where the industry lies right now — it's notice to take action.



AI is enabling Latin America's wealth management industry to grow in size and sophistication, allowing it to reach a mass-affluent clientele with cost-efficient services while delivering a more personalized client experience for HNWIs.



**ENRIQUE RAMOS O'REILLY,**  
TEMENOS REGIONAL DIRECTOR- LATAM & CARIBBEAN



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