

Whitepaper

Client Portals for Wealth Managers

Executive Summary

Traditionally, wealth management technology for wealth managers was more focused on advisor technology. For investor technology, most wealth managers used custodian-provided client portals such as NetXInvestor and Wealthscape Investor or used white-labeled client portals such as eMoney. As the business model evolved from Product Centric to Relationship Centric and the client expectations changed, the wealth management firms started to focus on investor technology to create a competitive differentiator. And for a good reason, too, as per numerous studies, the wealth management client experience lags behind other industries and its financial services peers such as Cards, Banks, and even Insurance. Only 37% of the investors expressed satisfaction with the digital experience offered by their investment provider.¹

Clients focus a lot on the digital experience provided by the firms to decide on their future financial advisors. Similarly, millennials and Gen X clients are increasingly willing to walk away from their advisor firm if they find their digital experience subpar. As a result, the client portal is a critical investment that firms have been making in this space. Per a study by Advent, 93% of the studied wealth managers have either implemented a client portal or are in the process of implementing it.²

While offering client portals to the end investors, wealth management firms are looking to achieve the following objectives in order of maturity.

Objectives in order of maturity

1

Digital Access- Provide clients access to account information such as holding, transactions, performance, etc., anytime, anywhere, on the medium of their choice. With the help of account aggregators such as Yodlee and Plaid, wealth management firms are also looking to aggregate information about held-away assets such as other custodial accounts, saving accounts, etc. to make the client portal the hub for the investor's holistic financial picture.

2

Self-Service- Allow clients to perform basic tasks such as updating details, setting communication preferences, downloading tax statements, etc., on their own.

3

Advisor-client collaboration- Promote Advisor client collaboration via sharing of documents, allowing the client and advisor to work together on plans and documents.

4

Personalization- The final utopian goal is to personalize the client experience by showing them content/widgets as per their preferences and leveraging the usage analytics to tailor the advice so that it is contextual to them.

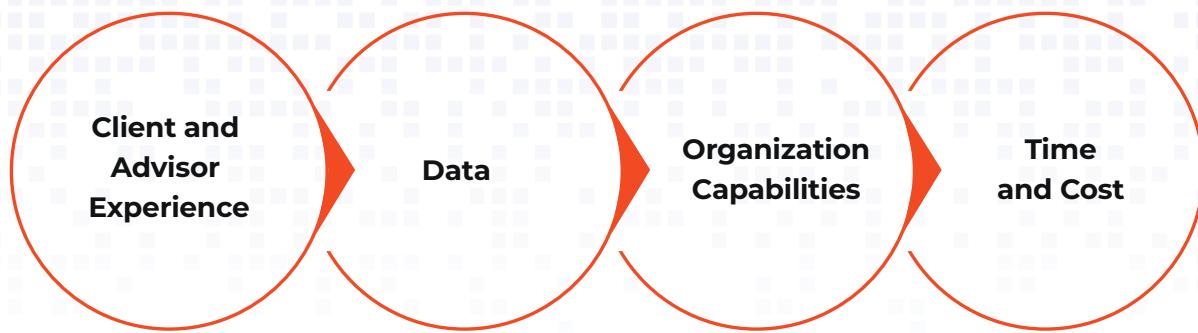
Client Portal Maturity Pyramid



While embarking on the client portal journey, wealth managers face the age-old buy vs. build decision. **Most RIAs have bought a white labeled client portal from vendors such as eMoney, Envestnet, Orion, etc while most mid to large broker-dealers have built their client portal in-house.** The build option allows the firms to customize the overall experience and roadmap and create a competitive advantage using their internal data.

While deciding on the right choice for client portal solutions, wealth managers can use the following framework for evaluation.

Framework for evaluating Client Portal choices



Client and Advisor Experience- Wealth Managers first need to define the experience they want to offer to clients and advisors and then see what client portal solution better fulfills that need. Within the experience, the firms need to evaluate

- **Completeness of features-** This option is more relevant while evaluating various buy vendors, as the features are built from scratch in the build option.
- **Consistency of data-** The advisors and client should see the same client data in both the advisor portal and client portal
- Ability to drive collaboration and personalization

Data- It is essential to understand that the client portal is not just a shiny user interface. The portal will only be able to provide information if you have the correct data available to display on the various widgets. The critical thing to evaluate are:

- **Availability of Data-** Whether the data for transactions, holdings, and accounts is internally available for consumption and can be fed to the chosen solution.
- **Data Integration efforts-** How complicated will the data integration be?
- **Time lag-** of data availability in the client portal. The more delayed the data, the more it loses its relevance.

Time and Cost- Under time and cost, you are evaluating what will be the effort and time to market of the various solutions. What features will be available out of the box, and what features will need to be built or customized? **Standard features can be rolled out much faster in a buy option, but any customization takes a lot more time, depending on the priority of that feature in the vendor's roadmap.**

Similarly, in cost, there are three components that you need to consider for determining the total cost of ownership. The one-time cost, ongoing licensing costs, cost of customizations, and enhancements in the future should be considered to arrive at the total cost of ownership.

The below diagram summarizes how Build vs. Buy option stack up against each of the above parameters.

Evaluation Matrix for Build vs. Buy Decision for client portals

Consideration	Factor	Build	Buy		
 Experience	Personalization	★★★★★ <small>Red</small>	Greater ability to Personalize	★★★★★ <small>Orange</small>	Limited personalization
	Collaboration	★★★★★ <small>Red</small>	Consistent Advisor & Client Experience	★★★★★ <small>Orange</small>	Vendor defined experience
 Data	Data Security	★★★★★ <small>Red</small>	No External Data Sharing	★★★★★ <small>Orange</small>	External Data Sharing
	Time Lag	★★★★★ <small>Red</small>	Near Real time Data Sync	★★★★★ <small>Orange</small>	Delayed Data Sync
 Speed and Cost	Initial Cost	★★★★★ <small>Red</small>	Higher initial cost	★★★★★ <small>Orange</small>	Medium to High Initial cost
	UI and Dashboards	★★★★★ <small>Red</small>	Ground up Development	★★★★★ <small>Orange</small>	Pre build widgets
	Integration Effort	★★★★★ <small>Red</small>	Medium Integration efforts	★★★★★ <small>Orange</small>	Medium to high integration efforts
	Ongoing Cost	★★★★★ <small>Red</small>	Lower ongoing cost	★★★★★ <small>Orange</small>	Higher Ongoing cost
	Future Roadmap	★★★★★ <small>Red</small>	Self defined product roadmap	★★★★★ <small>Orange</small>	Vendor defined product roadmap

★★★★★ Red Indicates rating scale

Organization capabilities- Finally, a key factor to layer in while determining the right option for the organization is the organization's own capabilities. **The build option would provide the organization with the most flexibility in determining the product roadmap, but at the same time, it will require more organizational resources and effort.** Small organizations might be unable to put in the effort needed to build the client portal from scratch.

In most cases, if you have the organizational capabilities to execute a strategic project like a client portal, the build option would be the better choice, as building the portal provides significant control over the advisor and investor experience. Also, in most cases, the total cost of ownership for a build option will be lower than the Buy option as you avoid paying ongoing licensing fees yearly to the client portal vendor.

If you finally decide to build your client portal, it is essential to start by mapping out the critical user journeys and gathering feedback using clickable prototypes. Investing some time in understanding client portal features offered by other wealth managers, product vendors, and B2C wealth managers is also essential. This will help inform your roadmap and identify the most critical features.

Below are a few more important best practices you should follow to build an excellent investor portal

01 Common Views
Build common views for Advisors and clients to ensure data consistency

06 Iterative Delivery
Delivery most impactful features such as (Account, Portfolio details) in MVP and deliver iteratively

05 Usage Analytics
Integrate Usage analytics to identify friction points and improve usage



02 Multiple Personas
Support multiple personas (Advisor, Client, Admins, Home office) and render data using reusable APIs

03 Open Architecture
Adopt Open Architecture to integrate with multiple vendors

04 Hybrid Experience
Build a hybrid experience using internal data and industry products for features such as Financial planning, Performance Reporting

- 1. Open Architecture-** Do not be beholden to one vendor, build the client portal so that you can integrate with multiple vendors per your advisor and client preferences.
- 2. Advisor and client portals should share the same database-** The data that advisors and clients see should come from the same source. It is critical for two reasons, one, it will ensure proper collaboration between advisors and clients when both see the same information. Secondly, it will eliminate the need for back-and-forth data movement between the two systems and avoid the issues of data lag and inconsistency.
- 3. Hybrid approach-** When building the client portal, firms should focus more on creating the overall experience rather than building all functionalities in house. For example, great industry products are already available for financial planning and performance reporting. Firms should integrate widgets for these functionalities within the overall experience. The functionalities that firms should build inhouse include Accounts data, holdings, transactions, etc.
- 4. Agile Delivery-** Start with the most critical features as your MVP and scale fast. The client portal is a strategic project that will run beyond a year. Therefore, it is crucial to continue to deliver incrementally. **While deciding on the features for initial rollout, weigh various features against two considerations:** **Client demand & Ease of implementation.** The features that Wealth managers should prioritize for initial rollout include Client Profiles, Advisor Details, Account view, holding details, Transactions, and a Document vault for showing Tax statements, Trade confirmations, and Custodial Statements. More complicated features, such as Performance reporting, spending, budgeting, and trading, will be rolled out in later phases.

5. **Usage Analytics-** Integrate usage analytics as part of your design and track the adoption of the client portal, usage of specific features, identification of friction points, etc. Usage analytics help in determining priorities for future deliveries in your roadmap.
6. **Build for multiple personas-** The client portal will be used not only by the end investors but also by advisors, home office teams, and Admins. Therefore, the client portal should be architected to support multiple personas and have a robust entitlement structure to grant access to the user as per their entitlement.

To summarize, client portals can become a hub where clients access all their financial information. They are a valuable tool to retain clients and grow your practice by increasing assets with existing clients and attracting new prospects. When advisors and wealth manager firms find it difficult to differentiate themselves from other competitors, the client portal can become that key differentiator and a source of competitive advantage.

Reference

1. The Race for Digital Differentiation”, Refinitiv, 2021
2. TECH & OPS TRENDS IN WEALTH MANAGEMENT, Advent 2021

About the Author

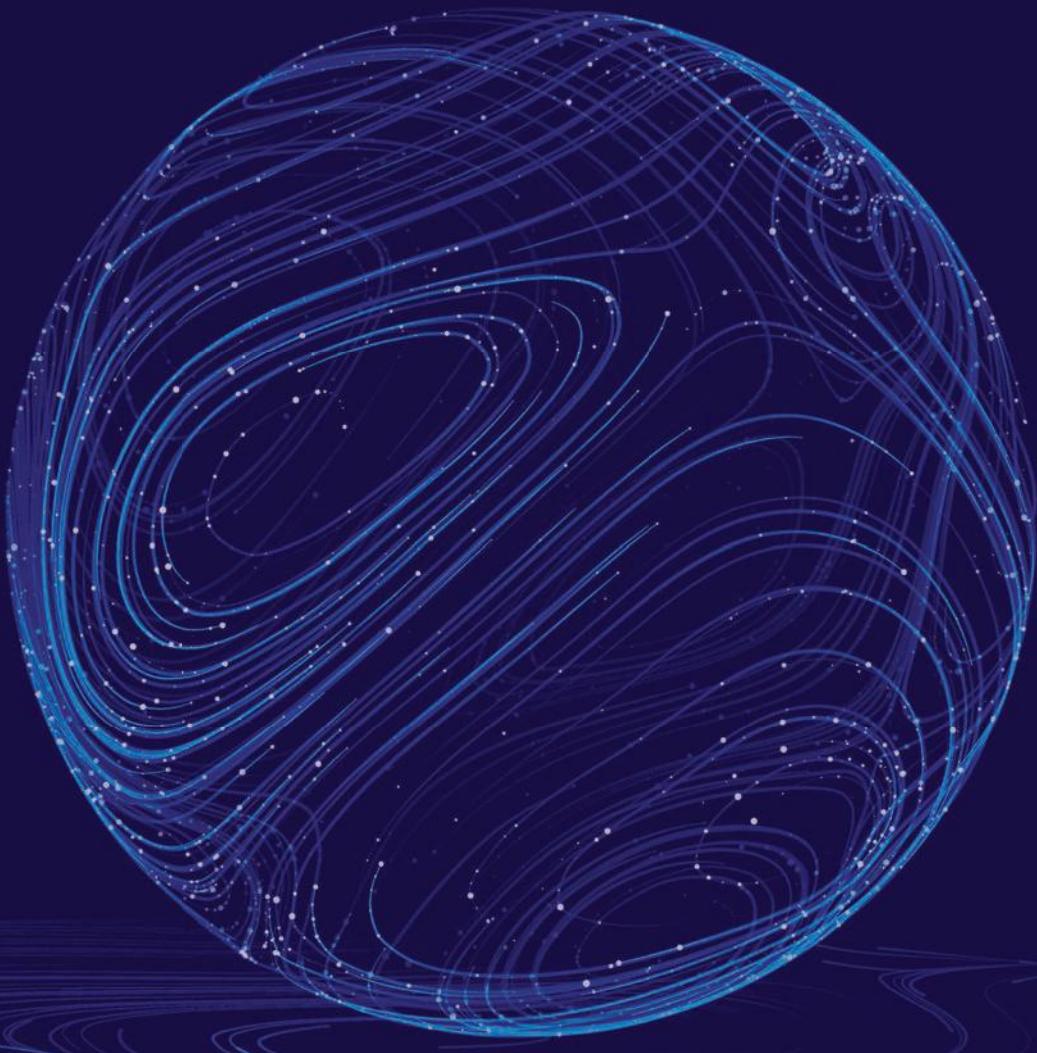


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9+

**Fortune 500
Customers**

10+

**Global
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4k+

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