

Demystifying the Technology Transformation Gap in Wealth Management

What are the major digital solutions innovations wealth managers should not ignore? What role does Generative AI play in wealth management, or what role could it play? How do you manage challenges around integration in the transformation process, and manage the relevant talent? And how can Private Banks and wealth managers use this technology to differentiate themselves? Evrard Bordier is the CEO of Bordier & Cie (Singapore) and Managing Partner of Bordier & Cie. He offered delegates at the Hubbis Independent Wealth Management Forum his views on these questions.

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Evrard Bordier
Bordier & Cie

Armed with a concise and helpful slide show, Bordier explained that innovation is ceaseless and that as part of the fifth generation of a family-owned private bank, founded in Switzerland and also now based in Singapore, they are playing the long game, and the next generations of clients and also innovations are central to their proposition and culture.

"It is critical for me to make sure that we are there for the long term, and see the next curve, seeing where the world is heading," he told guests. "Accordingly, AI is of great interest, as is the blockchain and other key innovations. We need our business to stay ahead today and in the future."

He said while most people know what AI is, generative AI is fascinating as it is all about generating content that is very similar or undistinguishable, from human-derived creative content, and can transform our world.

He said ChatGPT and its newer iterations are thus far really only just the tip of the iceberg, and

competition is fierce, including of course from open-source AI, and plenty more. Generative AI now encompasses image generation, text Generation (this is where ChatGPT sits), Video Generation, Voice Generation, Graphics Generation, and also Music Generation.

Turning to the wealth management industry, he explained that there are some key digital solutions. Technology and automation can help manage investments and provide financial advice to clients. This typically involves the use of online platforms or mobile apps that allow users to

optimise investment portfolios. Digital wealth management platforms can provide lower fees and greater accessibility compared to traditional wealth management services.

Zooming in specifically on AI, Bordier said there are five new innovations in the AI space. And there are five of them.

One is the robo-advisor. This is not yet generative AI, but it involves using machine learning to optimise and personalise investment recommendations.

The second is NLG or Natural Language Generation. This

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access investment management tools and services. Digital wealth management platforms often use AI algorithms to analyse market data, predict market trends, and

automatically writes reports, summaries and so forth, and can therefore be used to generate personalised investment reports and market analysis.



Next up is GAN, or the Generative Adversarial Network. The helps create new content by learning from existing content, and can be used for back testing and risk analysis.

The fourth example is Predictive Analysis, involving data mining/ machine learning to analyse historical data and make predictions about future events. This can be employed to forecast market trends, identify investment opportunities and manage risks.

Finally, there is DRL, or Deep Reinforcement Learning. Training algorithms help make decisions based on rewards and penalties and can be used to optimise trading strategies and portfolio allocation.

He explained that in the world of wealth management, all these developments could potentially help. It can help analyse the client's situation and give personal

advice, could improve portfolio optimisation, asset allocation and rebalancing and help deliver better risk assessment around investment strategies.

For market research/insights, generative AI could analyse massive data, summarise, and provide insights. Chatbots could be like human substitutes. There could be better automation of administrative tasks such as report generation, or compliance checks. And it could provide predictions on market movements and make suggestions.

But all these advances will also bring immense challenges around integrating the technology for the transformation, and also managing people, and then achieving differentiation, Bordier explained.

"I believe for small players like us, the personal touch, the one on one, because we don't have advisor,

because we won't have this massive amount of clients, we can still be competing with that level, which AI will never replace a face to face meeting, coffee and trust built, but for larger organisation with millions of clients, obviously it will be very difficult to differentiate themselves."

He closed his talk by stating that all this is still at a very early stage for private banks and other wealth managers, but that everyone must be prepared for the dramatic changes ahead. "So what does it all mean for us all?" he pondered. "Well, AI will not take your job, but those who learn to use AI effectively might. We should all start to be interested in it, and to test it out. I am pushing everyone in the bank to learn about ChatGPT and use it as a day-to-day. The power of it is incredible." ■

