

Virtual Wealth Management

HOW TO INCREASE OPERATIONAL EFFICIENCY IN THE ‘NEW NORMAL’



The COVID-19 pandemic has delivered a crash course in agility for organizations of all stripes, as well as the critical need to increase operational efficiencies through digitalization.¹

The shelter-in-place, stay at home orders resulted in a 47% rise in e-commerce sales at the outset of the crisis, something that rippled through the economy as a whole and led to far more online reliance (and opportunity) than previously seen.²

Wealth management was no exception, and the threat of person-to-person transmission meant many manual processes—data entry, wet signatures, compiling reports—were no longer an option, or permitted.

Regulators appeared to understand the urgency. The Department of Labor, for example, recently finalized new electronic disclosure rules for certain areas of financial services,³ eliminating the need for additional paperwork.

A number of interconnected solutions, in particular, are increasing advisor performance and decreasing costs in a manner consistent with the virtual business environment in which we now find ourselves. They are:



DIGITAL ASSET MOVEMENT



E SIGNATURE



PREFILLED FORMS

Taken together, they are minimizing time and resources spent on menial tasks while freeing enterprise wealth management firms to focus on more revenue-generating activities. And they are doing it in accordance with safety and precautions increasingly expected (and demanded) from the investing public.

¹ “2020 Insight Intelligent Technology Pulse: The Impact of COVID-19 on Business Readiness” insight.com. June 4, 2020.

² “How Companies Increase Operational Efficiency with Wearable Technology.” sdceexec.com. May 29, 2020

³ “U.S. Department of Labor Announces Rule to Better Deliver retirement Plan Information Options.” dol.gov. May 21, 2020.

DIGITAL ASSET MOVEMENT

 Digital asset movement involves two parts—the electronic authorization and the actual transfer. Written checks are a centuries-old solution still in use today. Thanks to electronic alternatives, it has become more expensive, inefficient and less secure. It is one reason for the rise in popularity of electronic funds transfers (EFT), which include Automated Clearing House (ACH) payments and wire transfers.

While the latter has been available for some time, newer tokenized payment and investing methods that employ apps like Venmo, Zelle®, Apple Pay and Google Pay are leading the way for the next generation. Simply put, these apps allow users to seamlessly move assets in a manner that is cheaper, faster, safer and more convenient for the customer.

Importantly, the use of the most popular apps of this type rose by nearly 11% in the three-month period of March through May, the height of the pandemic.⁴ Younger investors, especially, are flocking to them, with 94% of millennials currently using some form of the technology.⁵ This is why many larger wealth management firms are incorporating their services.

EASE WITH ESIGNATURE



One of the primary solutions for operational efficiency is the expansion of eSignature, a major form of electronic authorization mentioned above.

Although slow to adopt since first allowed by law two decades ago, the reduction in paper, the increased speed in funding accounts, the number of forms that can now accept eSignature, loosening regulatory and compliance restrictions and added security are now making it a critical component of effective wealth management.

“The ‘new normal’ in the age of COVID-19 continues to accelerate the use of eSignatures,” international law firm Proskauer Rose writes. “With the expansion of eSignature use in the current climate, such practices will likely continue to be used once life gets back to normal and offices reopen.”

It adds that although eSignature has been around long before the current pandemic, notarization is typically required to be in person. However, since the beginning of the pandemic in the U.S., many states have signed executive orders allowing for remote e-notarization as well.⁶

A PREFILLED PROCESS



Automated, prefilled forms can retrieve investor information directly from the back office to digitally populate online applications and related material to save time, prevent repetitive tasks and aid in greater investor self-service. Instructions can also be electronically added to each field to assist clients in providing accurate information in areas where additional data or signatures are still needed.

While some advisors are reluctant to offer prefilled form (and eSignature) capabilities due to a perceived lack of control, both can aid in reducing not-in-good-order rates and corresponding investor frustration, resulting in a faster and more consistent customer experience. The added transparency also means advisors can monitor where investors are in the process, and specifically the required forms that have been completed and those that have not.

Ultimately, the COVID-19 crisis revealed the critical importance of adding digital capabilities to increase efficiencies and streamline procedures to better align with advisors and investors in the post-pandemic recovery.

⁴ “The transition to digital remittances has been accelerated.” apptopia.com. May 19, 2020

⁵ “Most Americans Go Mobile with Payment Apps—Here’s How They Roll.” nerdwallet.com. February 26, 2020.

⁶ “Electronic Signatures Becoming the Norm during COVID-19 Outbreak.” lexology.com. April 24, 2020

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One Pershing Plaza, Jersey City, NJ 07399

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