

# The future of wealth is here



# Transformation on the horizon

The Canadian wealth management industry is at a critical inflection point, with the current actions taken by banks and broker dealers impacting outcomes for years to come. Demographic changes, regulations, fierce competition, and the emergence of AI are driving forward the impact of transformation, necessitating immediate action by wealth managers to keep pace. Before we can address how firms can tackle transformation, let's begin by highlighting the changes in motion:

## CLIENT DEMOGRAPHICS ARE CHANGING RAPIDLY

Aging populations are setting the stage for seismic shifts across client service delivery and long-term business planning. According to Statistics Canada, the cohort of the population aged 65 and up has increased from 5.4% in 2000 to nearly 19% in 2022 and is expected to reach 25% in 2060. This shift will be accelerated by individuals nearing retirement (aged 55-65) who now make up more than 32% of Canadians compared to just 23% in 2002. The impact of this will be a pivot in client service as investors transition from an asset accumulation to a decumulation focus across wealth planning and investment activities.

## A MASSIVE WEALTH TRANSFER ON THE HORIZON

As the majority of current wealth clients age, we anticipate the great wealth transfer between generations beginning now, with more than \$1 trillion set to move by 2026 and much more to transfer in the years to come. This presents both risks and opportunities as industry research suggests heirs and younger generations are more likely to switch wealth management providers. Wealth managers will require state-of-the-art technology to improve client engagement and prospecting (especially with growing investor segments) and increase productivity to retain and grow assets.

## A NEW REGULATORY MODEL IS TAKING SHAPE

Regulators are taking an increasingly active role in shaping the market and operations of participants. The creation of a single consolidated regulatory authority, the Canadian Investment Regulatory Organization (CIRO), has wealth firms increasingly exploring consolidation of operations to drive efficiencies and service delivery across channels to win clients (for further details on the impact of CIRO, check out Broadridge's CIRO Whitepaper Series, [Preparing for the next generation of wealth with CIRO](#)). Next on the horizon is T+1, and potentially T-0, which will further necessitate modernization of core infrastructure to support straight-through processing.

## INCREASED COMPETITION DRIVING URGENCY

Many banks and broker-dealers are actively pursuing transformation. According to Celent research, seven in ten wealth management executives in Canada agree that the competitive threat from fintechs and other challengers is increasing. Digital brokerages and retail banks are focusing on winning new business and raising the bar for client service and acquisition. A select few are already embracing new technologies, such as AI, which will enable them to digitize and personalize service at an unprecedented scale. Firms who act now will gain tremendous competitive advantages in driving growth and finding efficiencies.

As we explore the impact of these trends on the industry, it becomes clear that technology has a critical role to play in helping firms transform while sustaining growth and profitability.

## TECHNOLOGY IS A DRIVING FORCE BEHIND TRANSFORMATION INITIATIVES

To achieve success in transformation initiatives, banks and broker-dealers must consider critical dependencies of the technology ecosystem while targeting specific outcomes. Executives' objectives for transformation must consider what capabilities are necessary to achieve the optimal ecosystem architecture

and how key stakeholders across the business will be affected. The transformation initiatives being undertaken by firms today will have significant influence across the future of investor and advisor experiences and operations.

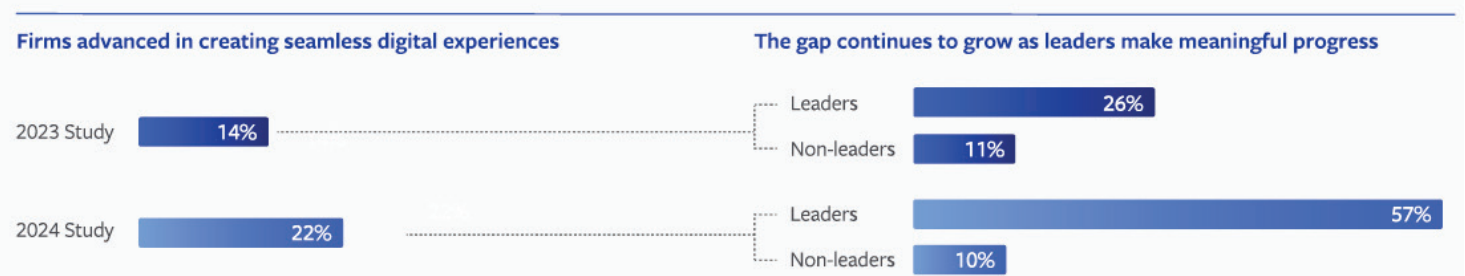
## DELIVERING PERSONALIZED, DIGITAL INVESTOR EXPERIENCES

Firms are creating smart-touch workflows, expanding client offerings through holistic delivery, and harnessing the power of client-centric, enriched data environments. Client preferences and strategies to service them vary by channel and investor segment, but beyond these categorizations is the next frontier of true personalization. A clear obstacle in the path to achieving this is the current state of data management. According to [Broadridge's latest Digital Transformation & Next-Gen Technology Study](#), 78% of all executives surveyed said they are making investments in data management capabilities, with 95% of more advanced leaders pursuing them.

With aggregated, normalized data layers in place, the potential benefits of AI increase exponentially. To a certain extent, this has already begun, as firms utilize data and analytics to better understand clients and deliver personalized services. As the

advancement of technology accelerates, there is greater opportunity to pursue digital transformation. The same Broadridge executive survey suggests that there has been a meaningful increase in executives who now consider themselves advanced in digital transformation compared to last year's study.

Wealth managers in Canada are expected to further accelerate their technology investments into customer-facing digital channels in 2024 and 2025 according to [Celent's Wealth Management IT Spending Forecasts](#). In fact, digital channels are projected to be the fastest growing spending area for wealth management firms through 2028, driven by the need for personalization in the front office. To transform and personalize the investor experience, firms must act now to capitalize on opportunities or risk falling behind.



Sourced from Broadridge 2024 Annual Digital Transformation & Next-Gen Technology

# NEXT GENERATION INVESTOR EXPERIENCES

## Targeted outcomes

### Personalized services and journeys

Alignment of technology and experiences across wealth and retail channels improves the ability to offer a consistent, holistic client experience and better capture clients' share of wallet. Artificial intelligence will serve as an accelerant to this, supporting alignment to preferences and sentiments and driving personalized advice and engagement.

### Scalable, actionable data and services

A multitude of data warehouses and stitched together service delivery layers can hinder the ability to aggregate data, which will prevent firms from overlaying AI to deliver meaningful communications and curated content in real-time and with greater scale. Real-time updates further enrich the client experience, keeping pace with expectations.

### Optimize products across channels

By implementing modernized technology, firms can more easily expand their product suite and create seamless digital adoption without inefficient investment.

### Consider a flexible approach to technology

- Agile development
- Configurable integrated processes
- Modern services to deliver consistent, client-oriented data
- Foundational data systems to support the implementation of impactful AI use cases

## Key capabilities

### Real-time, holistic client data

Investors want to engage with their portfolio in their channel of choice, with the latest and most accurate data/content, which must be provided in a relevant, timely fashion.

### Streamlined client-service

Every moment spent converting to a new service provider or opening an account increases the risks of process abandonment by investors. It is critical for systems to expediently process through the phases of client acquisition to make a strong first impression with clients and fend off competitive pressures.

### Efficient and effective compliance

Firms must accelerate velocity of compliance to extend resource availability while maintaining confidence that all solutions and processes will be executed compliantly.

### Real-time transaction processing

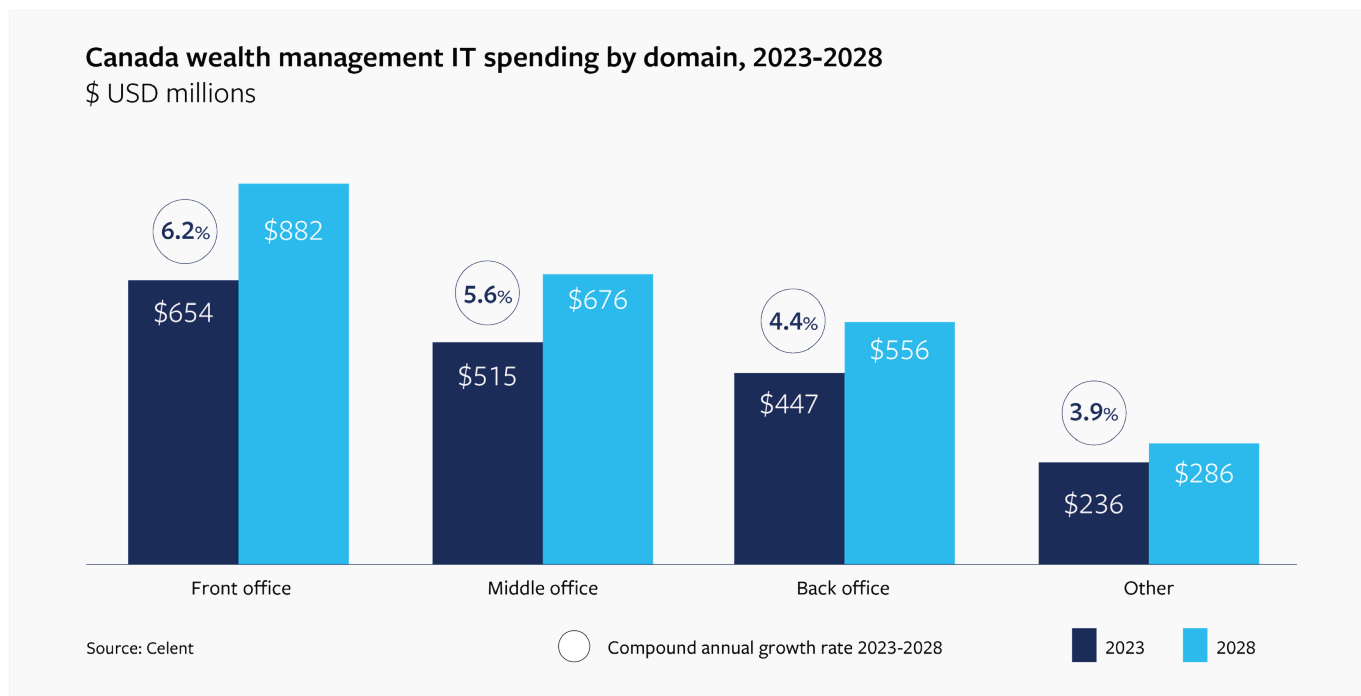
Beyond just inquiry and display, clients must be able to transact in real-time, including trading, PAC/SWP instructions, investment maturity decisions, and more.

### Streamline regulatory communication

The regulatory demands of the client experience continue to escalate and, in order to support straight-through-processing, firms must be able to deliver on regulatory communication obligations in a more efficient manner.

## DRIVING ADVISOR PRODUCTIVITY AND GROWTH

Firms are focused on empowering advisors to grow their business while reducing operational and administrative inefficiencies. A recent study by Celent suggests that firms are significantly increasing their investment in front and middle office technologies.



Celent research suggests that streamlining advisor workflows is a core priority for wealth managers in Canada.

“Front-end workflow automation is the key to unlocking advisor productivity and improving the advisor-client experience. This includes tightly integrating new account opening with CRM, connecting CRM with financial planning, and similar integrations across risk and proposal generation. Selecting the right platform partners is critical for success.”

– Chris Bendtsen, Senior Analyst at Celent

Industry-leading wealth firms are implementing front to back systems, supporting open architectures with component solutions and robust data aggregation systems to unlock the ability to create a single pane-of-glass experience and unleash the true potential of their technology.

According to [Broadridge’s 5th Edition Financial Advisors Marketing Trends Report](#), advisors feel **Artificial Intelligence** has the potential to revolutionize the industry by improving efficiency, reducing costs, and enhancing the quality of services.

Top ways advisors say they intend to use AI include: generating personalized content (62%), personalizing marketing campaigns (45%), automating admin tasks and communications (41%), and segmenting clients or prospects (22%).

Technology continues to advance, offering opportunities to optimize growth and enhance service across advisor channels, but efficiency gains are hampered by lack of integration. Firms must better integrate and realize the full benefits of their technology to optimize advisor productivity.

# 86%

of wealth management executives in Canada agree that **streamlining** and **automating advisor workflows** is a core priority

Source: Celent

# NEXT-GENERATION ADVISOR EXPERIENCES

## Targeted outcomes

### Maximize time servicing clients

Reduced administrative and swivel-chair burden through deep integrations and streamlined workflows. Provide advisors a single, integrated workflow-based experience, configurable to their licensing, channel and target clients.

### Insights and recommended next steps

With holistic client data and personalized insights advisors can engage in high-impact activities, enriching the client experience. Firms can enhance advisor productivity by pushing clear best-practice recommendations to drive relationship improvement and expand share of wallet.

### Benefit from AI-curated content

Content that is intelligently tagged and comingled with client data to allow personalization of client communications at scale, while adhering to compliance standards. This requires intelligent technology to streamline approvals and oversight.

### Consider a consistent, service-oriented approach that includes:

- Configurable, modular user experiences
- Robust, real-time services infrastructure
- Aggregated, normalized data layers orchestrated to be client centric
- Secure, resilient systems to support process and applications integration

## Key capabilities

### Best-of-breed applications

Advisors will want access to technology that unlocks differentiation and productivity, however the benefits of this are hindered today by lack of integration, pushing firms to settle for non-leading apps. Firms should adopt new integration technology with established market connectivity to unlock the full potential of a best-of-breed approach.

### Configurable, compliant components

Advisor experiences will be curated to their specific needs based on licensing, channel, responsibilities, and preferences. Firms must be able to tailor platforms to provide this while also launching new capabilities and remaining compliant.

### Real-time services, modern workflows

With self-directed options offering access to real-time data, content, and trading, advisors must keep pace. By utilizing a front-to-back-office platform to facilitate straight-through-processing and consolidate account structures, advisors can efficiently manage client business.

### Intelligent, personalized content

Expansion of sources and social media has led to an abundance of content, increasing the need to filter and deliver accurate, meaningful, and compliant communications. Next-gen experiences will provide reliable content and utilize AI to filter the signals from noise and drive personalization.

## DIGITIZING OPERATIONS FOR STP, CAPABILITY MUTUALIZATION, AND COMPLIANCE

Wealth firms are facing multiple challenges: compressed timelines for execution, evolving market conditions, demographic shifts, regulatory demands, increasing margin pressure and accelerated demand for digital solutions to name a few. This is driving firms to modernize core technology, align services infrastructure, mutualize common-use systems and streamline operations across business lines. Digital transformation of operations remains the top strategic priority for many wealth firms. Despite economic headwinds, banks and broker-dealers are ramping up investment to stay competitive as industry dynamics evolve.

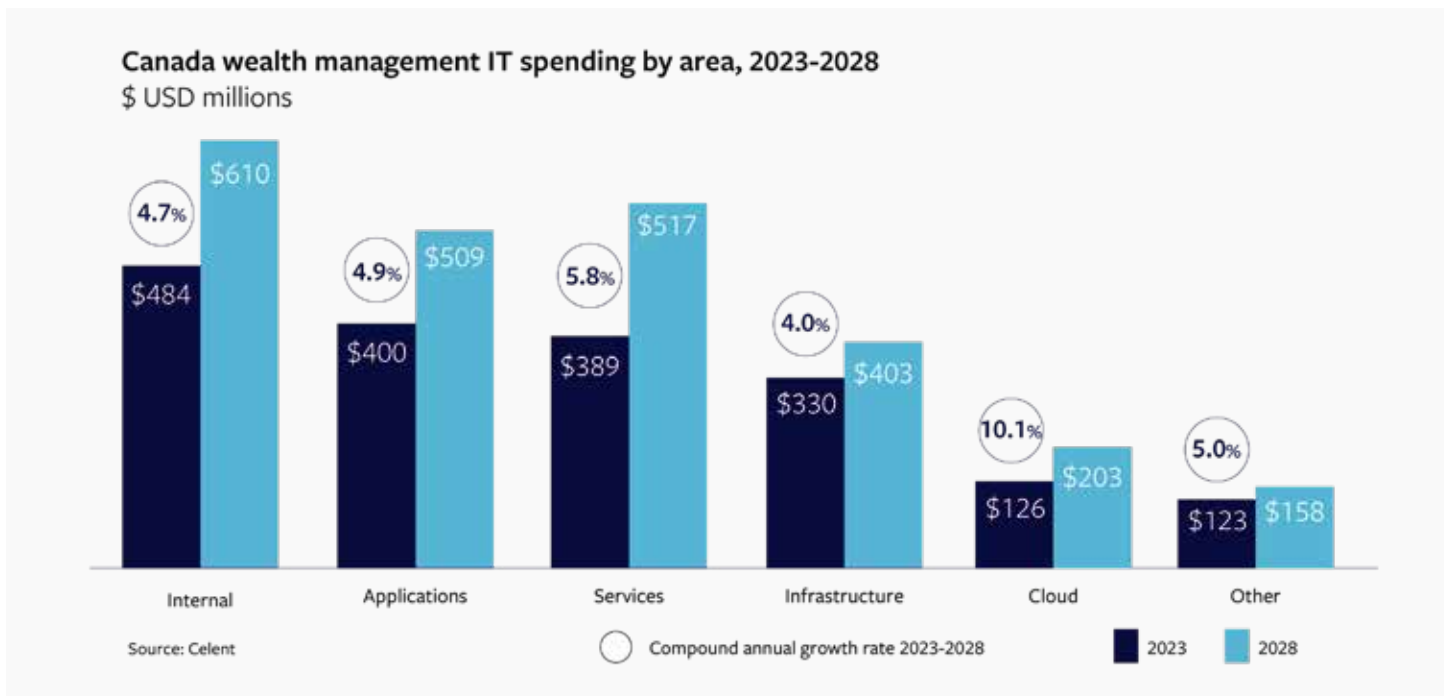
*“Our main focus is to lift-and-shift our legacy systems to entirely cloud-based infrastructure and break down the silos between departments for business optimization and cost reduction.”*

*Chief Operating Officer, Canadian Wealth Manager*

According to **Celent’s Wealth Management IT Spending Forecasts By Area**, services and cloud are gaining share of total IT spending, while internal IT remains the largest area for investment, but is losing share. We believe this can be attributed to the recognition by firms that they must modernize, but that the path to doing successfully so is best pursued through partnerships with industry vendors.

Emerging advancements in **Generative AI (GenAI)** and **Large Language Models (LLM)** are starting to augment, automate, de-risk, and transform how operational functions are performed. These capabilities are expected to accelerate significantly in the future, driving productivity, increasing scalability, and enhancing risk mitigation.

Using multiple, outdated systems is holding firms back from being able to deploy configurable business rules, support real-time services and integrate applications across front-back office. Firms require modern technology to support operations in order to transform their entire business.



# NEXT-GENERATION OPERATIONS

## Targeted outcomes

### Improved data and services delivery

Deliver real-time data, content, and functionality across business lines, reducing expenses and improving client experiences.

### Application integration and management

Integrate applications and increase the benefits from a constellation of proprietary and 3rd -party apps surrounding core systems while reducing costs and technical debt.

### Reduced manual intervention

Reduce reliance on legacy systems to decrease the risk of excessive manual processing intervention through improved data quality, artificial intelligence (to push reconciliation), exception and risk management, and use of technology to drive automation (e.g., robotic process automation).

### Regulatory compliance

Regulations continue to evolve. Firms should look to optimize operating models and platforms for continued compliance without excessive investment and technical debt.

### Consider a mutualized approach to technology to streamline compliance and unlock automation benefits:

- Integrated capabilities and processes across front-, middle-, and back-office
- Modern services to support integration across key platforms
- Flexible capabilities to respond to regulatory and client demands

## Key Capabilities

### Integrated front-to-back processes

To enable real-time straight-through-processing, firms need to integrate processes across front-to-back technologies. By harnessing the power of a vertically integrated technology layer with applications that can be leveraged across channels, firms will capture efficiencies at a far greater scale and unlock investment for differentiating services.

### Message-based, real-time services

An integrated services layer provides the ability to access consistent, enhanced data and insights while delivering dynamic, integrated functionality across key applications.

### Configurable business processing

To reach maximum efficiency across business lines, firms must configure processes for regulatory compliance and specific channel objectives. With an integrated front-to-back platform, firms can adapt and scale to offer new products and services across channels and eliminate processing errors.

### Deployment of Artificial Intelligence

AI will act as a productivity catalyst for wealth and capital markets operations, delivering client value-chain and trade lifecycle enhancements. With AI embedded in operational workflow, firms will be able to personalize user experiences to drive predictive, actionable insights, enable data-driven decision making, create seamless workflows, and deliver cross-team insights.



## THE RIGHT TECHNOLOGY IS KEY FOR TRANSFORMATION SUCCESS

Although it may take time for the full impact of next-gen technology to be observed in the market, firms must act now, as multi-level implementations are required to successfully achieve the targeted outcomes and key capabilities outlined in this paper. Critical to realizing these next generation experiences for advisors, investors, and operations professionals is the foundational

technology utilized to build a platform and grow data and applications. As firms continue to consider their optimal operating model to comply with CISO, there may be opportunities to further align service delivery, operations, and technology to drive better outcomes for investors and their business.

## MODERNIZING CORE BUSINESS INFRASTRUCTURE AND SERVICE DELIVERY

To deliver the desired outcomes across investors, advisors, and operations, a modernized infrastructure is key.

### In an ideal state, this includes:

- **Componentized capabilities** to support client-specific configurations and value-creation throughout a transformation journey while minimizing up-front investment.
- **A single source of normalized data** to allow for commingling of data sets and overlaying intelligence to drive insights.
- **A common suite of APIs** that support the continuum of use cases across investors, advisors and operations, including real-time updates and workflow where appropriate.
- **Mutualizing technology and operations** across business lines to drive efficiencies

Many firms have an abundance of disparate systems to support duplicative functions across business lines. In order to remain competitive in the next generation of wealth management, firms should consider implementing component solutions that can mutualize functionality across channels and platforms, as this can increase the impact of investments, improve operational efficiencies and accelerate innovation.

### Potential benefits of a componentized approach include:

- **Alignment of investor services and experiences**, allowing firms to deliver products and offerings consistently across channels, and tailor offerings / packaged products specifically for customer segments, thereby expanding value to clients and unlocking growth potential for wealth managers. This is especially important as the next generation of investors prepare to inherit a significant portion of assets, as firms will be well-positioned to increase value to these clients in their current channel and upgrade them to premium services in the future.
- **A unified strategy to client servicing workflows**, driving a more consistent approach to key areas such as client onboarding and account transfer.

## BROADRIDGE'S NEXT-GEN TECHNOLOGY IS FOUNDATIONAL FOR TRANSFORMATIONS

*“With our deep domain and market expertise, coupled with our open architected, API-driven components, we are working closely with organizations all across the financial services industry to transform their eco-systems to be client-centric, digitally and channel-enabled and streamlined so that they can better respond to changing client, market, regulatory and operating needs. Our clients want transformation on their terms, and with our wealth component solutions, our clients can accelerate ROI and business case value.”*

**Chad Alderson, General Manager, Broadridge Canada**

### Our approach focuses on five key objectives:

- 1) Abstracting data and business functions from legacy “black box” solutions into modular system components
- 2) Introducing modern, consistent API services to facilitate standardized connectivity between front-to-back-office components and core back-office systems
- 3) Creating a standardized data ontology on which to build future systems and interconnect applications into a web with consistent data, orchestration, and integration models
- 4) Enabling modern cloud-infrastructure, micro-architecture, and message-based systems in concert with traditional record-keeping infrastructure
- 5) Enhancing and automating key functions including account onboarding, client servicing and settlement through configurable and extensible rules-based solutions

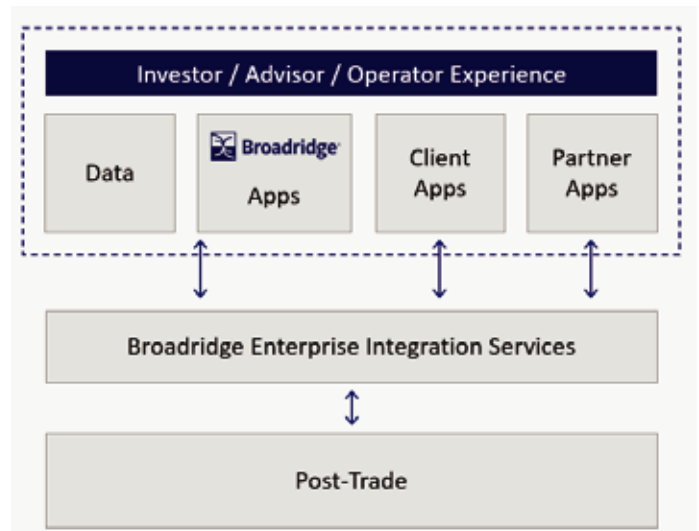
Pillars of our new technology stack include flexible integration frameworks and an extensible services layer with robust data aggregation to support front-to-back-office system transformation:

### Workstation framework

Provides an open architecture to incorporate UI/UX integrations via SSO, widgets, or curated dashboards or enable direct services integration, delivering a single pane of glass for investors, advisors, traders and other industry professionals.

### Enterprise integration services layer (EISL)

Modernizes and standardizes service connectivity across front-, middle-, and back-office functions while orchestrating data into an aggregated format to drive interconnectivity and support deployment of AI and analytics.



### Operations Console + OpsGPT

Delivers a single user experience for all back-office operations and applications. OpsGPT® is a GenAI and LLM powered application servicing as a co-pilot for operations users, analysts and management teams to be more productive, prevent risks and remediate issues.

These capabilities fundamentally reduce project risk by creating a consistent approach to phased implementation and integration of applications, allowing firms to take a “plug-and-play” approach in transforming their ecosystem.

### Best practices for transformation project delivery

Over the years there have been many transformation initiatives in our industry which had the right strategy but failed due to an inability to successfully plan and execute the project. The first step in ensuring successful adoption of new technology and achievement of target outcomes is to implement a phased approach, minimizing risks and maximizing value over the project period.



## Journey Mapping

**Objective:** Delivery of solutions to drive adoption and value for end-user based on strategic objectives.

### Best Practices:

- Develop consistent client/user representation to reduce operational risks and increase readiness
- Hybrid/agile design processes
- Utilize prototype and pilot launches



## Progressive Renovation

**Objective:** Ensure benefits across experiences, functions, and infrastructure throughout a project via a phased approach.

### Best Practices:

- Avoid high-risk, “big bang” conversions
- Keep the most-effective legacy solutions in place
- Utilize data layers and APIs to integrate proprietary and third-party solutions



## Governance

**Objective:** Use a multi-party governance approach to identify, communicate and remediate risks and issues.

### Best Practices:

- Develop consistent client/user representation to reduce operational risks and increase readiness
- Ensure structured, collaborative processes for change management across all stakeholders



## Requirements

**Objective:** Outline requirements key to project, ensuring they are documented, agreed-upon, and achievable.

### Best Practices:

- Utilize pre-implementation discovery workshops
- Outline detailed analysis of key project streams to define critical requirements
- Account for timeline and approach (e.g., agile)



## Resource Model

**Objective:** All parties must agree on responsibilities and resources required to implement the project.

### Best Practices:

- Designate and empower team members to drive specific project goals
- Maximize parallel activities
- Right-size resources and skills to maximize efficacy (project, product, vertical, client, and process SME)



## Testing Approach

**Objective:** Ensure testing is not an outcome of a project but an inherent component of development.

### Best Practices:

- Shift testing “to-the-left” in plan, testing early in parallel to production
- Run multiple tests to work through data, business rule, and user-acceptance issues
- Ensure SME across market, capabilities, and technology

## WHY BROADRIDGE IS THE RIGHT PARTNER

By partnering with Broadridge, wealth managers can capitalize on a suite of market leading business capabilities made available through modern, API driven technologies, to pursue transformation on their own terms and accelerate outcomes by beginning their journey today.

We have delivered our next-generation Wealth Platform with modernized technology and componentized solutions, offering a broad suite of capabilities to clients, including:

- Enhanced front-office capabilities to empower wealth firms and advisors with greater productivity, improved service, and accelerated growth potential.
- A modern, integrated service layer built on consolidated, client-focused data systems to support more personalized, holistic offerings for clients.
- More than 1,000 APIs dynamically delivering content and functionality from our core systems.
- Cloud ready architecture, with more than 150 cloud-ready applications in-market today.
- Enhanced solutions to automate workflows with real-time business processes.
- Configurable, modular functionality to enhance solution integration.
- A revamped approach to innovation, supporting velocity in delivery of new features.

We have a proven track record of success, scalability across Wealth and Capital Markets, and next-generation wealth management technology capabilities.

*“Broadridge has been serving the Canadian market for decades, and organizations across all pillars of the financial services industry rely on our solutions and expertise to grow their business, empower their advisors and deliver service excellence to their customers. Our Wealth Platform components provide powerful business enablement and innovation across the enterprise. We are excited to bring new levels of transformation to our clients and industry.”*

**Donna Bristow, Chief Product Officer, Wealth & ICS Canada**

We are a trusted provider, able to support the most critical business functions. Broadridge has deep Canadian industry expertise in investment products, regulatory, and operations, along with the experience needed to support to support transformation.

We have made significant investments to modernize and integrate our technology stack so firms can receive the benefits of next-generation technology and offer differentiating services to their advisors and clients.

We are in-market now with our components and actively supporting transformations through deep engagement and collaboration with our clients.

We continue to innovate, delivering new components to take advantage of opportunities, with capabilities available now, such as our Account Transfer Utility, Advisor Workstation Framework, and Operations Console with embedded AI.

***The future of wealth management is now, and it is presenting tremendous opportunities to grow and transform your business. We are ready to be your partner of choice and embark on this exciting journey together.***

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Co-written by: **James Connell, Vice President, Wealth Strategy N.A.** and **Darren McNaughton, Vice President, Strategy Canada**

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Broadridge Financial Solutions (NYSE: BR), a global Fintech leader with over \$6 billion in revenues, provides the critical infrastructure that powers investing, corporate governance, and communications to enable better financial lives. We deliver technology-driven solutions that drive business transformation for banks, broker-dealers, asset and wealth managers and public companies. Broadridge's infrastructure serves as a global communications hub enabling corporate governance by linking thousands of public companies and mutual funds to tens of millions of individual and institutional investors around the world. Our technology and operations platforms underpin the daily trading of more than \$10 trillion of equities, fixed income and other securities globally. A certified Great Place to Work®, Broadridge is part of the S&P 500® Index, employing over 14,000 associates in 21 countries. For more information about us, please visit [broadridge.com](https://broadridge.com).

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Ready for Next