



Unleashing the power of wealth management through artificial intelligence: A path to an enhanced client experience in Germany

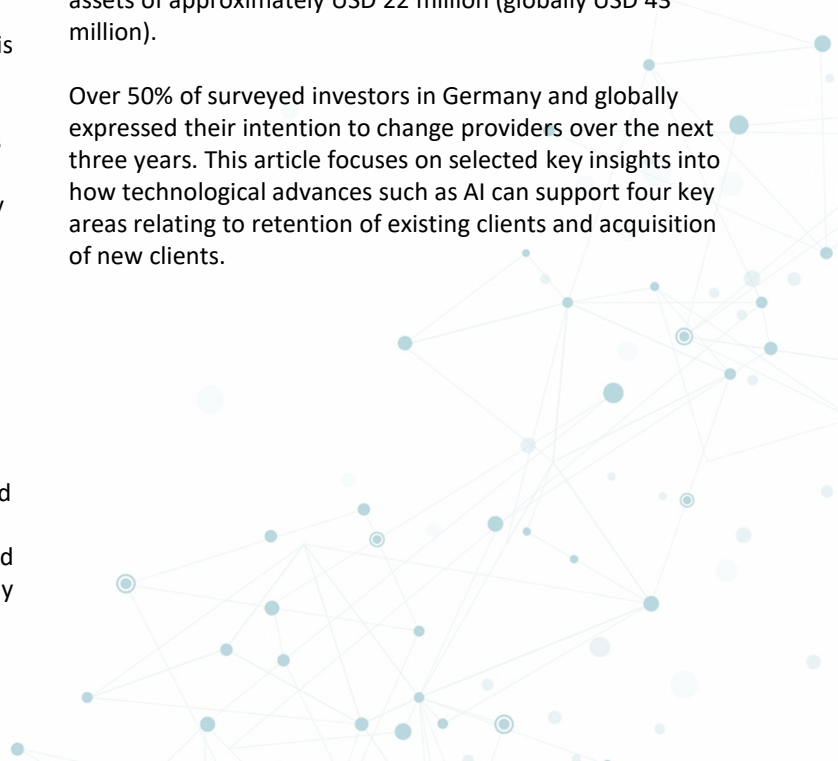
Introduction

While use of Artificial Intelligence (AI) in the financial sector is not new, the introduction of generative AI (GenAI) and shifting consumer expectations present a new challenge and opportunity for the wealth management sector. As investors increasingly demand personalized, cost-effective solutions, the integration of AI is emerging as a transformative strategy for wealth management institutions. By harnessing the capabilities of AI, institutions can not only strive to meet the evolving needs of their clients but also improve operational efficiency and overall competitiveness.

Deloitte collaborated with ThoughtLab on a recent report examining the future trends in the wealth management industry by conducting a global survey of a cross-section of 2,000 investors. By wealth level, the largest shares comprised mass affluent (25%) and high net worth (25%), followed by very high net worth (18%). By age, the largest share consisted of Gen X (31%), followed by baby boomers (30%). In Germany

alone, 120 investors were surveyed with average investable assets of approximately USD 22 million (globally USD 43 million).

Over 50% of surveyed investors in Germany and globally expressed their intention to change providers over the next three years. This article focuses on selected key insights into how technological advances such as AI can support four key areas relating to retention of existing clients and acquisition of new clients.



Four key AI-supported areas for client retention and acquisition

Enhanced customer experience: 25% of the investors in Germany (23% globally) expressed simplified onboarding processes and a frictionless customer experience as critical for attracting and retaining clients. AI-driven solutions such as natural language processing algorithms and automated data extraction should be used to streamline KYC (Know Your Customer) processes and periodic reviews. By providing intuitive interfaces and personalized dashboards, institutions can empower client advisors and clients to make informed decisions and interact seamlessly with their wealth management platforms.

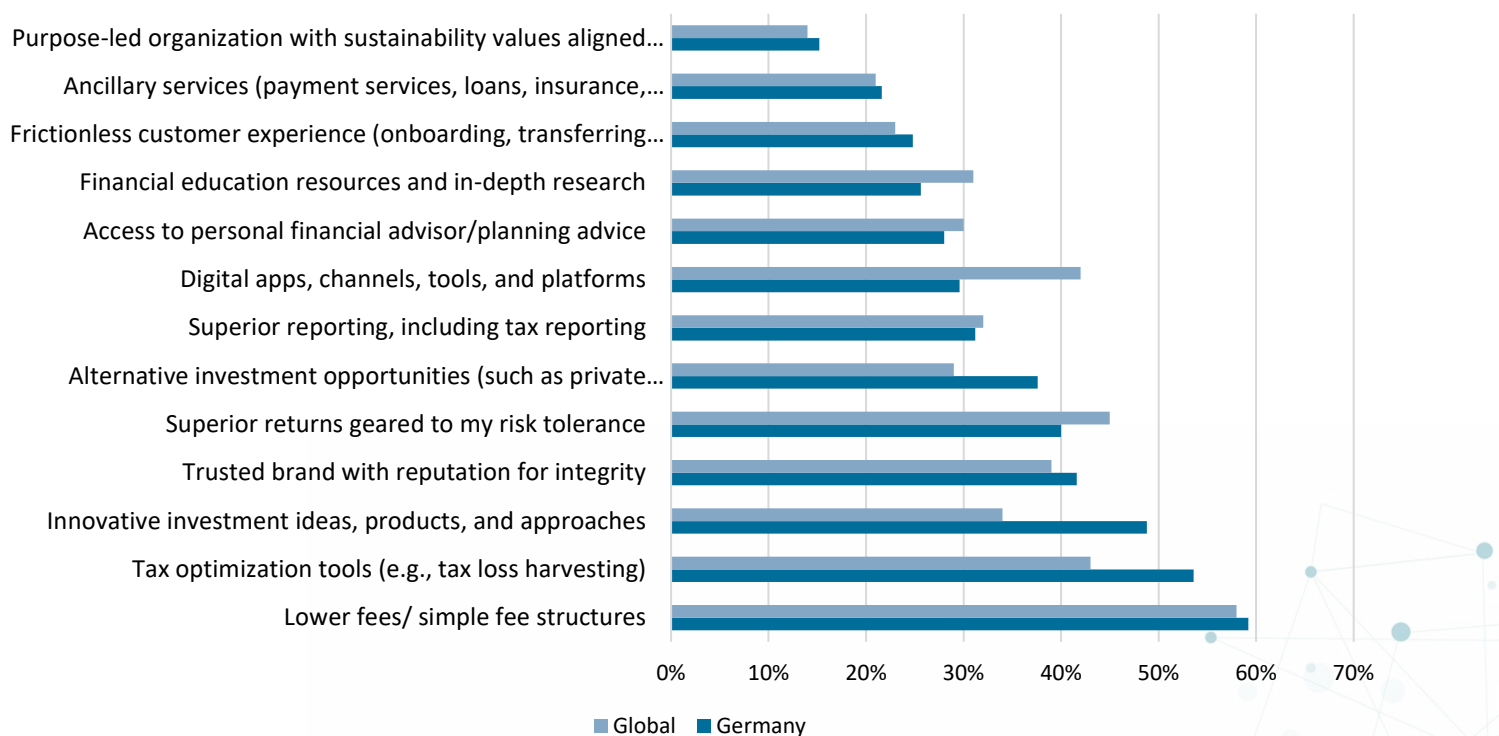
Trust and personalization: The importance of trust in brand reputation among German investors is high (42%; globally 39%) and personalization is one key factor in obtaining such trust. AI can play a pivotal role in building and maintaining client trust by supporting recommendations tailored to individual client needs and preferences. By harnessing generative AI technologies, institutions can craft customized

communication that resonates with clients, thereby fostering stronger relationships and enhancing brand reputation.

Innovation and performance: 49% of investors in Germany (34% globally) are seeking innovative investment ideas and products that meet their risk and return expectations. AI-driven analytics and predictive modeling can assist the product and solution selection process as well as the optimization of overall portfolios including scenarios and analytics.

Cost optimization: One of the primary motivations for German investors to switch investment providers is lower fees (59%; globally 58%). This puts institutions in a challenging position of maintaining high quality services through their client advisors and platforms while keeping costs under control. By leveraging AI-driven algorithms for investment services and operational tasks, institutions can streamline workflows and lower overhead costs while delivering high-quality value-added services to clients.

Figure: Key considerations in selecting investment providers in Germany vs. globally



Conclusion

The integration of AI presents a transformative opportunity for the wealth management sector in Germany and globally by supporting wealth management institutions in addressing four key areas for client retention and acquisition—enhanced customer experience, trust and personalization, innovation and performance, and cost optimization.

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