

Backbase



The Platform Advantage:  
**Accelerating AI & innovation  
in wealth management**

Imagine a wealth management experience where every client interaction is hyper-personalized, advisors are freed from tedious tasks, and investment decisions are powered by real-time market insights.

Artificial intelligence (AI) has the potential to make this a reality, revolutionizing the industry by empowering advisors with tools to personalize client engagements, generate insights, automate tasks, and optimize strategies.

However, traditional wealth management firms, burdened by outdated technology and fragmented systems, would struggle to harness AI's full potential.

\$2.6

\$4.4

#### **\$2.6 to \$4.4 trillion**

The estimated annual value added to the global economy due to the impact of AI on productivity, according to research from McKinsey.<sup>7</sup>

To overcome these challenges, private banks and wealth management firms should consider adopting a platform approach.

This is an approach to building a single unified platform that is modular, flexible, and scalable. Unlike how the digital banking experience of traditional banks currently focuses on channels, a platform approach focuses on giving customers what they want, when they want it, and on the touchpoint of their choice.

In other words, the architecture of the application is made up of independent components that can be easily added, removed, or updated. This modular nature makes it easier for banks to offer seamless data integration, enhanced customer experience, and a scalable architecture for innovation. Such a platform would provide a foundation for rapid technology implementation (such as AI), enabling wealth advisors to leverage the latest advancements without expensive development costs or operational disruptions.

Curious to learn more about how our Engagement Banking Platform, [read this blog post](#) from Backbase's CEO and Founder, Jouk Pleiter.

<sup>7</sup> Chui, Michael, et al. "The Economic Potential of Generative AI: The Next Productivity Frontier." McKinsey & Company, McKinsey & Company, 14 June 2023.

# Easing advisor time constraints

Wealth advisors often grapple with time constraints, juggling numerous responsibilities that demand their attention. AI can alleviate this burden by automating routine tasks, freeing up valuable time for advisors to focus on higher-value activities.

Here’s an estimated breakdown of advisor activities, their time allocation, and potential time savings from AI:

Activity	Time Spent (Estimated)	Potential AI Times Saving
Client Meetings	30%	10%
Portfolio Management	25%	15%
Administrative Tasks	20%	80%
Research & Analysis	15%	30%
Prospecting & Marketing	10%	50%

Estimates based on insights from [Kitces.com](https://www.kitces.com)

AI can transform the wealth management landscape by streamlining various aspects of an advisor’s role.

In **client meetings**, AI can auto-generate personalized agendas, investment summaries, and performance reports. AI can automate **portfolio management** tasks like rebalancing and tax-loss harvesting. It can significantly reduce the burden of **administrative tasks** on advisors by automating data entry, compliance reporting, and document processing. AI-driven algorithms can analyze vast amounts of market data, news, and research

reports, providing advisors with actionable insights and saving them valuable **research and analysis** time. Additionally, AI supports **prospecting and marketing** efforts through supporting lead generation, personalized campaigns, and relationship nurturing activities.

Overall, AI has the potential to save wealth advisors a significant amount of time, with estimates **ranging from 20% to 50%** depending on the level of AI adoption and the specific tasks automated

# Risk Management and Compliance

AI plays a vital role in risk management and compliance by monitoring portfolios for potential problems, such as excessive concentration or exposure to volatile assets. AI can also automate compliance tasks, such as monitoring transactions for suspicious activity and supporting advisors with generating regulatory reports, helping to alleviate time pressures that can lead to missed compliance checks.



# Core challenges of implementing AI

The potential of AI to transform wealth management right now is undeniable and it will only increase in the future as AI advances further. But AI implementation is often hindered by core technological challenges that stem from the industry's historical evolution. These challenges not only prevent firms from realizing the full benefits of AI, but also negatively impact the current client experiences and overall operational efficiency of private banks and wealth management firms

## **Fragmented data**

Wealth management firms (as well as many other financial institutions) struggle with fragmented data landscapes, where crucial information resides in separate systems that don't communicate effectively. This fragmentation makes it difficult to achieve a 360-degree view of the client, which is essential for accurate AI-driven insights and personalized recommendations. Without a unified data foundation, AI models are limited in their ability to generate meaningful insights, leading to missed opportunities and suboptimal financial outcomes for clients.

## **Lack of client focus**

The wealth management industry's legacy systems often prioritize back-end operations over front-end client experiences. This lack of client focus results in outdated user interfaces and clunky interactions, failing to meet the expectations of today's digitally savvy investors. This is a big problem. The newest generation of investors have grown up with social media and tech products, like Netflix, and have high expectations. In an era where seamless, intuitive experiences are the norm, wealth management firms risk losing clients if they cannot provide modern digital solutions that rival those offered by neobanks and fintech disruptors.

## **Legacy technology**

Outdated infrastructure further compounds the challenges of AI implementation. Legacy systems, often rigid and inflexible, were not designed to handle the computational demands and data processing capabilities required by advanced AI applications. Integrating AI into these legacy environments can be a complex and costly endeavor, often requiring substantial investments in time and resources. As a result, many firms find themselves stuck in a cycle of technical debt, hindering their ability to innovate and stay competitive.

## **Tackling technology first**

These challenges underscore the urgent need for a paradigm shift in wealth management technology. Financial institutions must transition from fragmented, legacy systems to a unified platform approach that is purpose-built for customer-centricity and ease of integration, which includes AI-powered functionality. A platform approach offers a holistic solution aggregating data from various sources, enabling real-time insights, and delivering personalized experiences across all channels. And this is before being integrated with AI services to increase efficiency. This customer-centric, unified platform approach not only **unlocks the full potential of AI** but also lays the foundation for a more agile, innovative, and client-focused future in wealth management

# An Engagement Banking Platform for AI enablement



An Engagement Banking Platform, such as the one offered by Backbase, is designed to address the complexities of integrating downstream and third-party systems, including your core banking system, KYC/AML processes, and integrating with third-party functionalities like AI. Unlike traditional banking systems, it offers a unified, customer-centric architecture that facilitates seamless data integration and scalability.

By adopting our Engagement Banking Platform, wealth management firms can streamline their operations as well as swiftly implement AI technologies. Our platform supports scalable architectures and features comprehensive APIs, allowing for the rapid incorporation of innovative tools without the need for extensive custom development. This reduces the time and cost

associated with technology upgrades and minimizes operational disruptions.

As a result, private banks and wealth management firms can quickly leverage the latest advancements in AI, enhancing their ability to provide personalized and efficient services, positioning them at the forefront of AI-driven innovation in the financial industry.

## Customer engagement

**AI-driven tools can enhance customer engagement by providing personalized insights and recommendations, but they must be deployed in a way that is intuitive and user-friendly.**

Backbase's Engagement Banking Platform is built with customer-centricity, engagement, and user experience in mind. The Wealth Management solution provides predefined, composable customer journeys to cover 80% of banks' needs right out of the box.

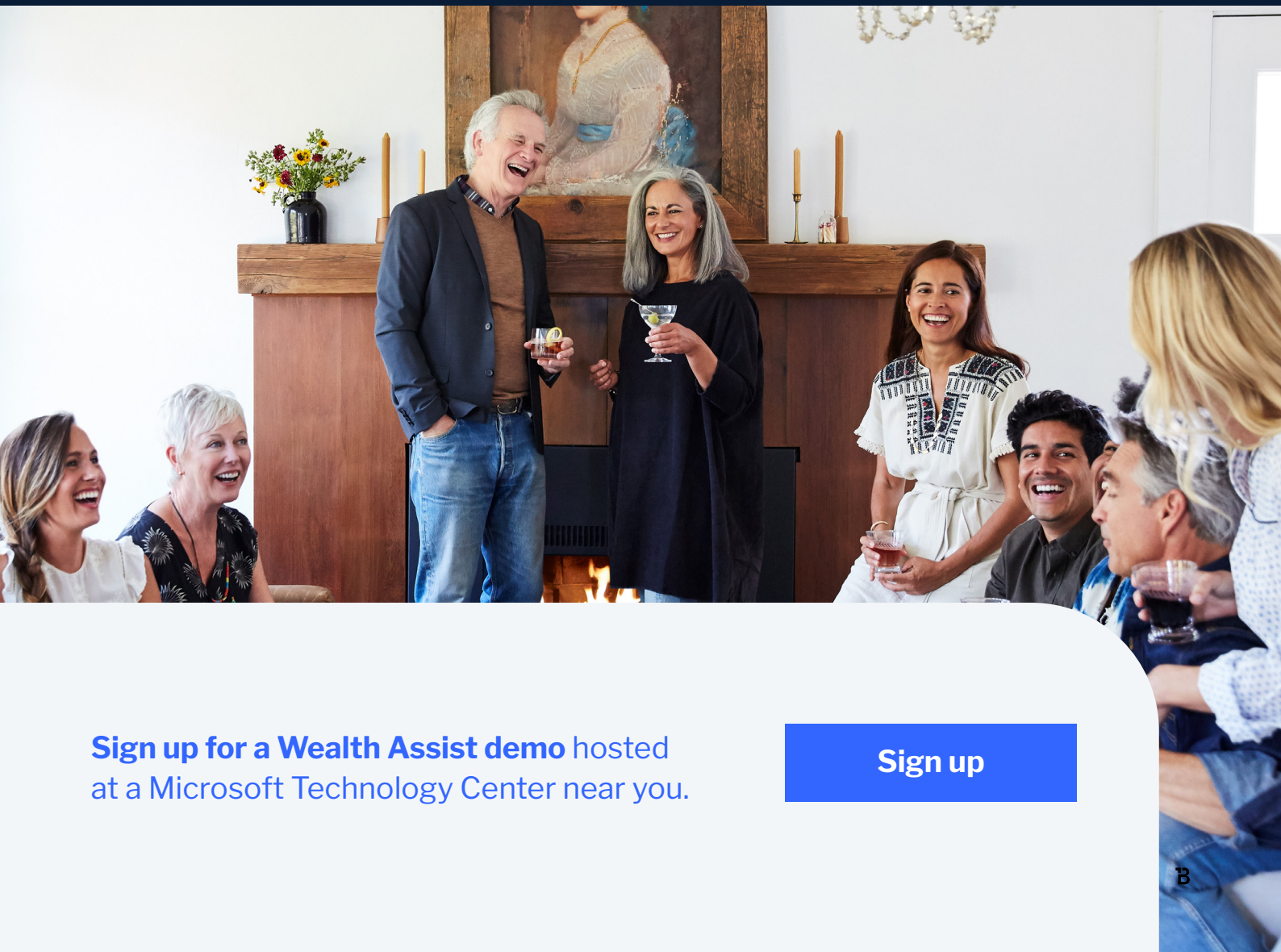
Microsoft's OpenAI solution (known for Chat-GPT) can already provide chatbots for customer service, create content for outreach and marketing, summarize information from many sources, as well as support in personalization.

# Wealth Assist

Wealth Assist, is an AI-powered wealth management tool created by Microsoft and Backbase (utilizing OpenAI) and is integrated into the Backbase's Wealth Management solution. Wealth Assist is a new offering designed to empower advisors to deliver personalized insights and recommendations.

Wealth Assist understands the context of customer needs and preferences, leveraging client and market information to curate tailored summaries and insights that align with advisor and client needs. This personalized approach ensures that clients receive relevant and meaningful recommendations, fostering stronger relationships and driving superior client satisfaction.

Wealth Assist goes beyond personalization by allowing wealth management banks to maintain consistent branding. The platform incorporates customizable tone-of-voice parameters, ensuring that AI-generated reports and communications reflect the bank's unique identity and communication style. This reinforces brand consistency across client interactions, enhancing trust and professionalism.



Sign up for a **Wealth Assist demo** hosted at a Microsoft Technology Center near you.

[Sign up](#)

## APIs and ease of integration

Our Engagement Banking Platform offers API integrations that allow wealth management firms to seamlessly integrate AI tools and other services into their system. This ease of integration is crucial for financial institutions looking to modernize their operations without undergoing a complete technology overhaul or extensive development processes.

## Data aggregation

Backbase's Engagement Banking Platform offers a robust solution to the problem of fragmented data. By bringing together data from various sources, the platform enables wealth management firms to gain a comprehensive view of their customers. This aggregated data can then be leveraged by AI to provide personalized recommendations and insights. For example, our AI-powered Wealth Assist solution is capable of summarizing information from a variety of sources to create personalized financial reports.

## Security

Security is paramount in the financial industry, and any AI deployment must adhere to strict security standards. Our Engagement Banking Platform provides robust security features, including data encryption, access controls, and compliance with regulatory requirements. This ensures that customer data is protected and that AI tools can be deployed in a secure manner.

## Scalability

Scalability is another important consideration for financial institutions. As the volume of data and the complexity of AI models grow, it is essential to have a platform that can scale accordingly. Backbase's Engagement Banking Platform is purpose-built to support the continued innovation of your digital offering, ensuring that firms can scale their AI initiatives as needed.

# Unlock the full potential of AI

The integration of AI in wealth management holds immense potential to transform the industry by enhancing customer engagement and improving operational efficiency.

But the challenges of fragmented data and legacy technology systems cannot be overlooked. By addressing key considerations such as customer engagement, scalability, and integration, a platform-approach enables wealth management firms to harness AI's full potential.

## Three potential modernization plays

Backbase's Engagement Banking Platform, with its modern architecture and seamless integration capabilities, offers a clear advantage over outdated legacy systems. But the question of overcoming your current technical challenges still remains. How do you move from your current siloed, legacy tech stack to a unified platform that is customer-centric, seamless, scalable and ready to implement AI?

**Backbase has three modernization plays that can help you achieve these goals.**



### Replatform

Harmonize and replace your current engagement layer with a unified Engagement Banking Platform. You would then be able to leverage it across the customer lifecycle - onboarding, origination, client servicing and investing. By having the platform as an overlay of your downstream systems, you now have the engine and the data to unleash the power of AI.



### Add new journeys

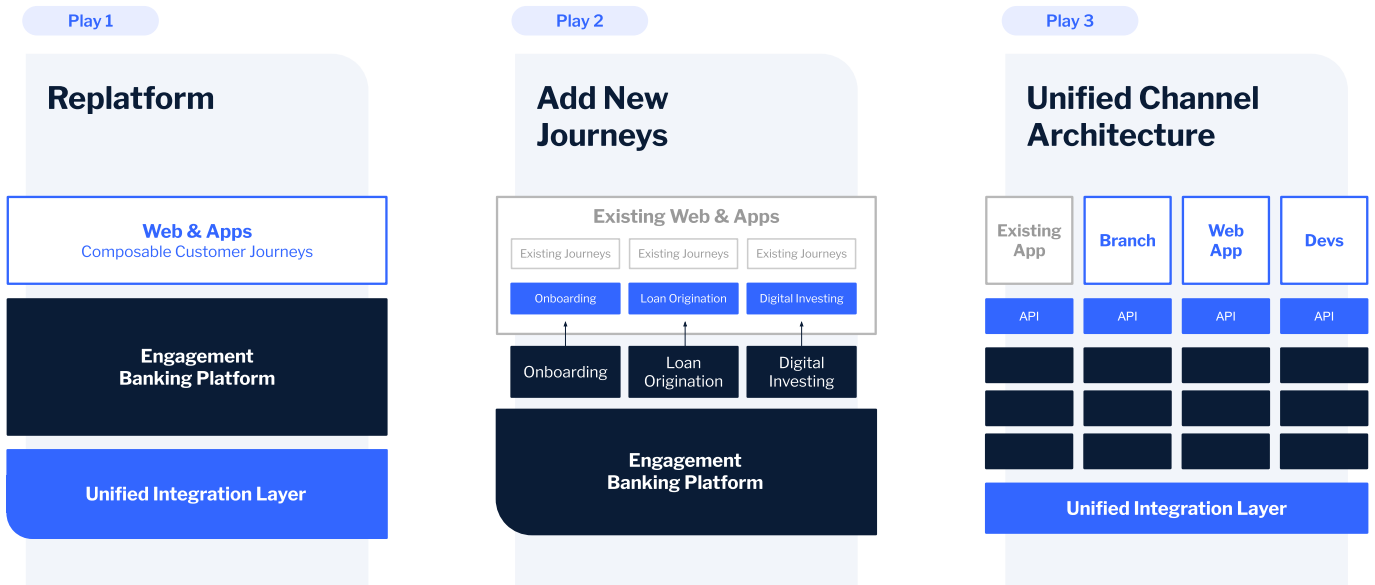
Selectively replace or add specific AI-powered journeys in your existing apps, without the need for a full-blown app replacement. This could help to fill a gap and improve only a selected portion of an application without needing to completely replace it. For example, you could replace your onboarding journey to improve customer signup rate.



### Unified channel architecture

Harmonize the underlying "engine room" behind your existing apps, both client and employee-facing, without the need to fully replace them. The Engagement Banking Platform acts as the unifying layer, both for digital capabilities and data, facilitating the implementation of AI capabilities across all channels.

# Modernization Plays



As the wealth management industry continues to evolve, firms that leverage the platform advantage will be well-positioned to lead in AI innovation and deliver superior value to their customers.

Discover how Backbase’s Engagement Banking Platform and Wealth Assist can empower your advisors, streamline operations, and elevate the client experience.

Are you ready to unlock the full potential of AI in your wealth management offering? Schedule a demo to see AI and our platform in action.

[Schedule a demo](#)

# About Backbase

Backbase is on a mission to re-architect banking around the customer.

We created the Backbase Engagement Banking Platform — a unified platform with the customer at the center, helping banks orchestrate seamless journeys across every stage of the customer lifecycle.

We make it simple for banks to orchestrate seamless customer journeys, all on a unified platform. From customer onboarding, to customer servicing, customer loyalty and loan origination, we help financial institutions surpass customers' expectations in every phase of the customer lifecycle. Built from the ground up with the customer at the heart, our Engagement Banking Platform easily plugs into existing core banking systems and comes pre-integrated with the latest fintechs so financial institutions can innovate at scale.

Industry analysts Forrester, Gartner, Celent, Omdia, and IDC continuously recognize Backbase's category leadership position. Over 150 financials around the world have embraced the Backbase Engagement Banking Platform - including Advanzia, Banco Caja Social, Banco de la Nación Perú, Bank of the Philippine Islands, Everbank, ENT Credit Union, Greater Bank, HDFC, Judo Bank, KeyBank, National Bank of Bahrain, Navy Federal Credit Union, Natwest, Raiffeisen, SchoolsFirst Federal Credit Union, Standard Bank, Société Générale, TPBank, Washington State Employee Credit Union and Wildfire Credit Union.

Backbase is a privately owned fintech company, founded in 2003 in Amsterdam (global HQ), with regional offices in Atlanta (Americas HQ), New York, Boise, Mexico City, Toronto, London, Cardiff, Dubai, Kraków, Singapore, and Sydney.

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