



Give your Wealth Management
Business a Triple Booster with
SunTec Wealth Management
Solution



The wealth management business worldwide is being buffeted by various forces. These include the emergence of new asset classes (and hence risk-reward ratios), rising competition from “all-digital” wealthtech players, and shifts in customer preferences (e.g., robo-advisory instead of human advisor-driven). Rising inflation, combined with the risks created by global geopolitical events have caused returns from various asset classes to be more volatile. All this is changing the needs, expectations, and behaviors of wealth management customers.

As a result, retail banks providing wealth management services find themselves increasingly squeezed. Already facing declining margins in other retail and corporate banking businesses, banks need to take actions to drive revenues and reduce costs in the wealth management space. In this “Not business as usual” environment, wealth management divisions must consciously focus on achieving three main objectives:

- Strengthen the ability to take a holistic but nuanced view of customers, so that a higher level of stickiness is achieved through superior personalization (e.g., relationship-based pricing).
- Enhance the capacity to satisfy a larger chunk of customer needs by offering a broader set of products and services that are aligned to the life-stage/lifestyle of individual customers (e.g., through creating business ecosystems that function efficiently and attract well-known brands).
- Reduce costs by improving operational efficiency in a world that is becoming more digital and ecosystem-driven by the day (e.g., by enabling speedy, convenient, secure self-service through digital channels).



SunTec Wealth Management Solution Can Help Wealth Managers Achieve Key Business Objectives

Banks offer their private banking/wealth management customers a bouquet of investment products. While some, such as term deposits, are offered by the banks themselves, others (e.g., mutual funds, alternative investments, commodities, real estate, crypto assets, etc.) are provided by third parties, with banks acting as distributors. In some cases, customers take advice from investment advisors at their banks, but choose to execute trades using third-party apps. All these customers get access to basic banking services as well, e.g., savings/checking accounts, credit/debit cards etc.

Traditionally, each of these products have been sold and managed as separate line of business, with their own pricing and governance rules, and growth targets. Many banks also face the additional challenge of relying on siloed legacy systems that mean product-centric and not customer-centric views. This necessitates additional time and effort to build and grow customer relationships; often, relationship managers are not able to present opportunities in time to customers.



The Nature of Wealth Management Services and Legacy Constraints Make Change Harder

Our wealth management solution delivers benefits at two levels by simplifying some of the strategic and operational complexities for banks:

- **First, it improves your bank's capabilities to offer personalized, relationship-driven offerings based on criteria such as definition of customers, the portfolio of the bank's products sold to/consumed by customers, AuM, profitability of the relationship, etc.**
- **Second, it provides your bank with a clear, quick, cost-effective, and low-risk path to transcend the constraints imposed by legacy systems by smooth integration with disparate existing systems. Simultaneously, your bank gains the critical ability to view customer accounts (individual/aggregated at the family level), products and transactions. This helps make superior pricing decisions on the fly.**

The four use cases below illustrate the value your bank can achieve by implementing SunTec Wealth Management Solution.

1. Facilitate Creation of Relationship-driven Wealth Management Propositions/Pricing

Wealth management services are increasingly being priced based on customer relationships (individual/family) and not so much based on individual products or time spent by advisors. In this context, banks need the ability to view and aggregate data at the level of individuals/families so that they can price their offerings suitably. For example, management fees, custodial fees for securities, brokerage fees, transaction fees, etc. can all be determined based on:

- The number of products purchased by/sold to customers (which may be defined as an individual/family) and/or AuM (aggregated across product types and individual/family)
- The profitability of customer relationships, for example, on a discretionary basis, offer higher interest rates to customers who have a broad and deep relationship with the bank
- Daily/monthly/quarterly cashflows and not just balances in the account

In the case of some customers, balances may need to be consolidated across accounts/family members. Capital gains statements relating to sale of assets during the financial year may need to be generated to support tax filing by wealth management customers. Family hierarchies will need to be defined based on tax status. For determining rewards/loyalty points for usage of credit cards, data will need to be aggregated and consolidated at the level of the family, so that maximum benefits become available. For some customers, wealth management strategies may include asset classes such as real-estate and precious metals whose purchase/sale require third parties.

Depending on the underlying product/service/customer relationship, banks use various pricing models:

- Standard pricing
- Tiered pricing
- Preferred pricing
- Matrixed pricing
- Real-time pricing

There may also be pricing rules based on volume/frequency of transactions. Some transactions, e.g., forex related will involve both exchange rates as well as service fees. The frequency of billing is another variable. Sometimes, banks may charge fees monthly but invoice customers only at the end of the quarter. Such fees may be charged in advance or in arrears; the invoice must reflect all qualifying activity/transactions during the period, so that the right amount gets billed. In some situations, individual customers may not satisfy all the criteria that gives them the benefit of preferred pricing in each period. In such cases, banks often charge “fall-below fees” in line with what is agreed upfront with customers.

SunTec Wealth Management Solution helps in easy automation, definition, amendment, and application of these myriad rules. This reduces manual effort (e.g., for exception management) and enhances agility and accuracy of customer service. It also makes it easier to ensure that the services they deliver to their wealth management customers are priced fairly and reflect the size, scope, and growth potential of the relationship. Intelligent pricing capabilities also protect the bank’s profitability. Thus, our solution helps build customer loyalty on the one hand and on the other, makes more resources available to expand service footprint with individual customers by offering a larger suite of products and investing in delivering higher service levels.



2. Get Wealth Management Customers to Deepen Engagement with Banks and Their Ecosystems

Customers who have got used to the convenience of digital marketplaces and mobile app-based payment platforms expect banks to facilitate access to products and services that are aligned to their individual life-stage goals and lifestyles. Wealth management customers, for example, may expect banks to help them plan for their children's education abroad, obtain suitable medical/life insurance cover, invest in property overseas, buy assets like paintings, antiques, NFTs etc. All such services need expertise and delivery capabilities that reside outside banks; these need to be paid for.

As part of their efforts to provide their customers with a seamless and differentiated experience, banks need a flexible pricing system that easily, securely, and accurately integrates the billing for these multiple external services into one customer invoice, and accurately applies "tier-appropriate prices" that reflect the customer's status/history for the latest billing period. This is exactly what a flexible, scalable solution like ours provides your bank with.

3. Enable Fair and Equitable Revenue Sharing within Your Bank and with Ecosystem Partners

Relationship Managers recommend suitable asset classes to customers; they also convince them to buy/try more of the bank's non-wealth products. However, ownership of these products lies with different lines of business/P&L accounts within the bank (and often, even with unrelated external business entities). Ensuring equitable, transparent, and fair revenue share of marketing fees, commissions, transaction fees, service fees etc. both within the bank and with third parties is thus key.

In an omnichannel world, the strategy to treat customers as the bank's customers (and not just customers of individual product teams or branches) means that a way must be found to accurately calculate total revenue generated for the bank (keeping in mind customer tiers) and then allocate credit transparently and fairly across the various teams. A centralized, rules-driven pricing and billing engine like SunTec Relationship-based Pricing can help achieve this efficiently.



4. Improve Operational Efficiency in Your Wealth Management Business

Intelligently automating the pricing and billing process itself reduces the need for manual effort for managing exceptions and verifying every single invoice. Additionally, you can eliminate the need for sending multiple invoices to customers at different times - a situation that arises because customers sign-up at different times and each product/partner has varying billing cycles. Shifts resulting from the movement of customers from one tier to another can also be managed smoothly.

With banks regularly building new partnerships to expand their wealth management offerings (e.g., distributing new PMS, VC debt or other structured products), a pricing engine makes governance less cumbersome, especially when banks have disparate legacy systems to support different product teams. By centralizing, streamlining, and automating pricing and billing processes, SunTec suite of solutions can help your bank reduce costs sustainably, while simultaneously improving controls and mitigating risks (e.g., through enabling conditional approvals). Not only does this reduce the risk of revenue leakage and customer dissatisfaction due to billing errors, but it also saves recurring costs. Our solution delivers robust and configurable information security management for audit and authentication. This reduces the risk of malpractice, while also making it easier to address customer queries and other issues speedily.



About SunTec

SunTec is the world's No. 1 pricing and billing company that creates value for enterprises through its Cloud-based products. More than 130 clients in 45+ countries rely on SunTec to provide hyper-personalized products, offers, pricing, loyalty programs, tax compliance, and billing for over 400 million end-customers. SunTec products are based on our cloud-native and cloud-agnostic, API first, micro-services-based proprietary platform, Xelerate and are delivered on-premise, on private cloud and as SaaS. SunTec has global operations including the USA, UK, Germany, UAE, Singapore, Canada, Australia, and India. For more information, please visit us at www.suntecgroup.com or email us at marketing@suntecgroup.com

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