CAPCO

SINGAPORE SURVEY

Transforming Wealth Management

Balancing High Touch & High Tech

a wipro company

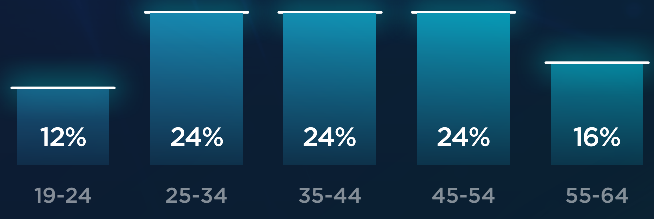
Singapore Wealth Survey
Demographics & Key Findings

Percentages in this report might not total 100% due to rounding.

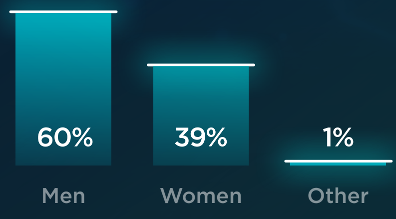
Sample size **500**

Investable asset threshold **US$100,000 +**

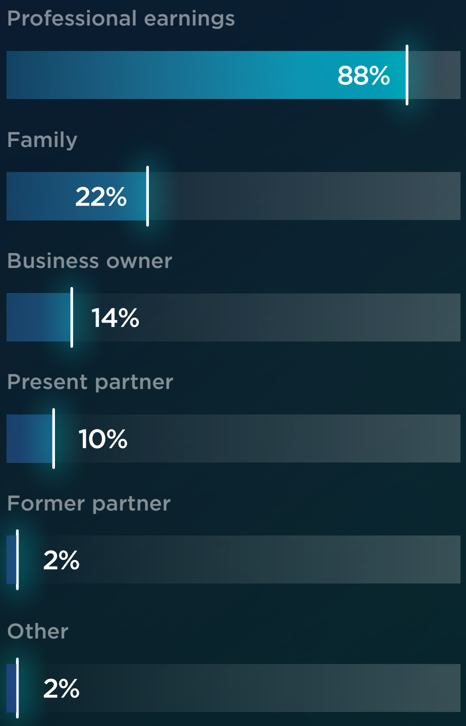
Age breakdown



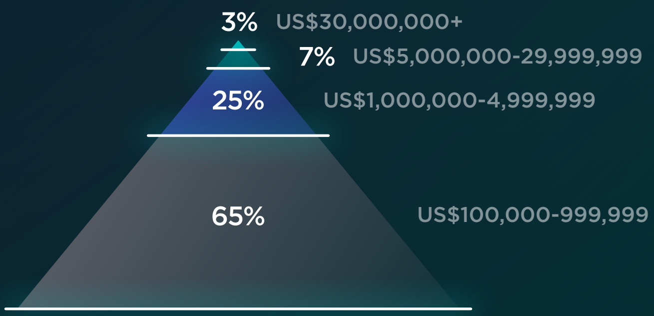
Gender breakdown



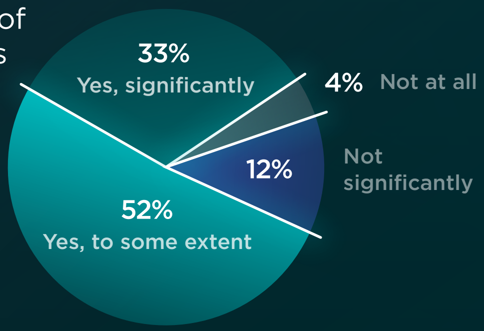
Primary sources of wealth



Value of investable assets (invested + willing to invest)



Increasing use of digital channels for wealth management (last 2 years)



Financial literacy

Using robo-advisors today: 27%

Comfortable with AI guiding wealth management decisions: 59%

Wealth management
Transforming for the future

Singapore, one of Asia-Pacific's leading wealth management and fintech hubs, is evolving fast in terms of both the services that clients are seeking and the technologies available to deliver new models of wealth management.

As well as rising numbers of ultra-high-net-worth (UHNW) individuals, Singapore has a steadily growing segment of high-net-worth (HNW) and mass affluent residents.[1]

Meanwhile large amounts of wealth are about to be transferred across the generations to millennials and Gen Z investors, who are evolving their own outlooks, preferences and needs.

While men continue to account for over 80% of HNW investors, women investors are gaining in wealth and will be an increasingly influential segment over the next decade.[2]

Some client attitudes remain constant, including a focus on investment performance, trust and security, clarity of advice, and transparency on fees. However, the younger generation of investors differs from older investors regarding their openness to technology-enabled wealth management.

For example, our survey tracks the increasing use by younger investors of online self-service, mobile apps, chat functions and social media to communicate around wealth management (alongside more traditional face-to-face advisory meetings).

It also reveals that younger investors are much more comfortable than older investors to allow AI to guide their wealth management decisions.

This is part of a broader growth in the importance of technology in wealth management. Wealth managers are rethinking core technology strategies and investing in new digital wealth platforms that can speed up end-to-end investment processes and broaden the assets – e.g. private market and digital assets – offered to clients.

Some are also considering deploying the latest generation of AI/GenAI technologies to help personalize digital channels and increase relationship manager productivity, e.g. by performing administrative tasks and generating investment ideas that can be recommended to clients.

However, wealth advisors must keep a close eye on what exactly each target segment wants. Our Singapore survey explores key topics such as the desired mix of 'high touch' and 'high tech' services, relative levels of comfort with AI-enabled wealth management, and how the behaviors and expectations of investors under the age of 35 differ from those of older investors.

Finding investment ideas and advice
A range of resources

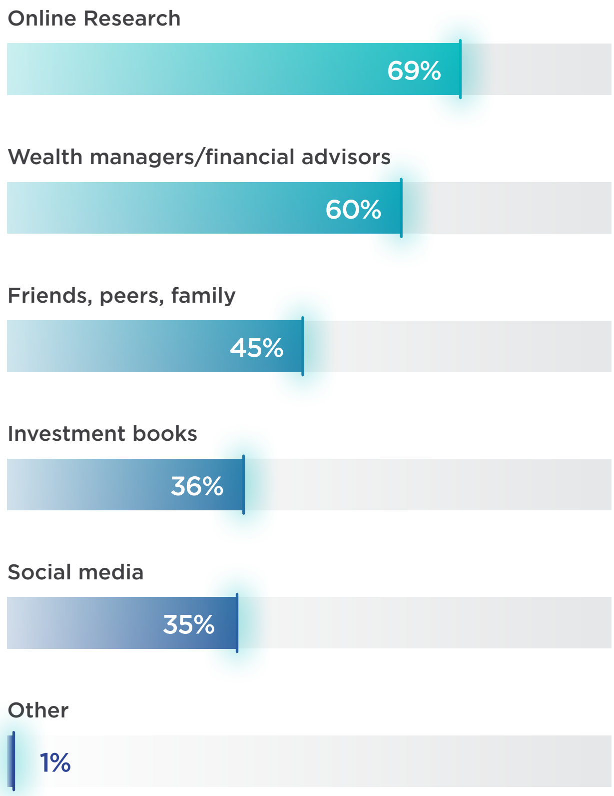
We asked our Singapore respondents where they turn to for investment ideas and advice. The most common answer is online research (69%), followed by wealth managers and financial advisors (60%), and friends and family (45%).

Social media (35%) and investment books (36%) are used by over a third of respondents.

These resources are clearly different in character. For example, social media is likely to be treated more as a source of initial ideas, whereas advisors offer both ideas and rounded advice.

Where do you look for investment advice and ideas?

(Multiple selections permitted)



Drivers of wealth creation

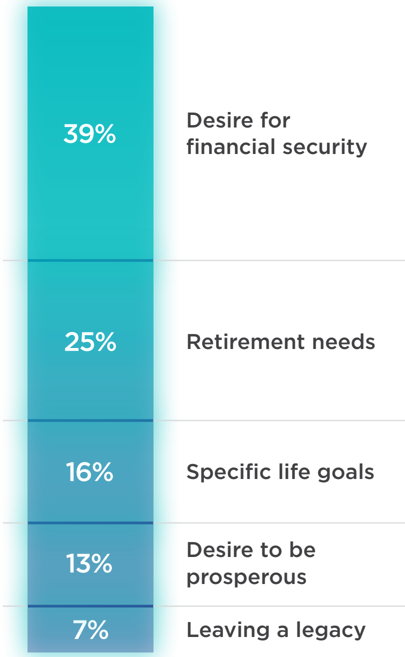
We asked our Singapore respondents to rank the factors that drive them to grow their wealth. The factor ranked first by most respondents (39%) is a desire for financial security, followed by retirement needs (25%).

Financial security is the top driver across our age segments. However, those under 35 years of age tend to focus more on life goals (ranked first by 20%) and less on retirement (14%). Achieving goals such as education, travel, and breaks from work is more important for the young.

Meanwhile, 37% of respondents aged 45 and over (45-64 years old) rank retirement needs first with only 10% focusing on life goals.

What factors drive your ambition to grow your wealth?

(Percentage ranking as top factor on 1-5 scale)



Age and gender make a difference here. For example, social media is used by 35% of those under 35 years old, but by a higher percentage (43%) of those aged 35-44 years old. The latter age group is part of the time-poor 'sandwich' generation, so named because they are often looking after young children as well as elderly parents.

In contrast, social media is employed by only 29% of respondents aged 45 and over (45-64 years old).

Meanwhile, friends and family continue to be important sources of ideas and advice for women, particularly those under the age of 35 (59%).

The vast majority of those respondents who told us they use dedicated wealth managers and financial advisors naturally turn to them for advice and ideas. However, these respondents also continue to conduct their own online research (74%) and to rely on friends and family (42%), and other sources.

The overall picture is of respondents using a range of sources for ideas and advice, with a significant reliance on online research, and a greater tendency to use social media among those under the age of 45, especially women.

IMPLICATIONS

Widen the acquisition funnel and build a more holistic view of what clients are thinking

The use by respondents of online research and social media to find investment ideas and advice is an opportunity to 'be where your clients are', to engage with them at scale, to broaden the acquisition funnel, and to understand and influence their perspectives on wealth management.

Wealth manager messaging must complement the digital context – e.g. be brief, easy to consume – and be supported by the right fundamentals. These include data/analytics strategies to create a 360-degree view of clients, and potential clients, across all channels of engagement.

Wealth managers should be aware that clients are increasingly using online resources to conduct their own 'due diligence' on any advice they receive – efforts that will increasingly make use of AI/GenAI-enabled tools.

How respondents manage their wealth

The rapid integration of digital wealth management

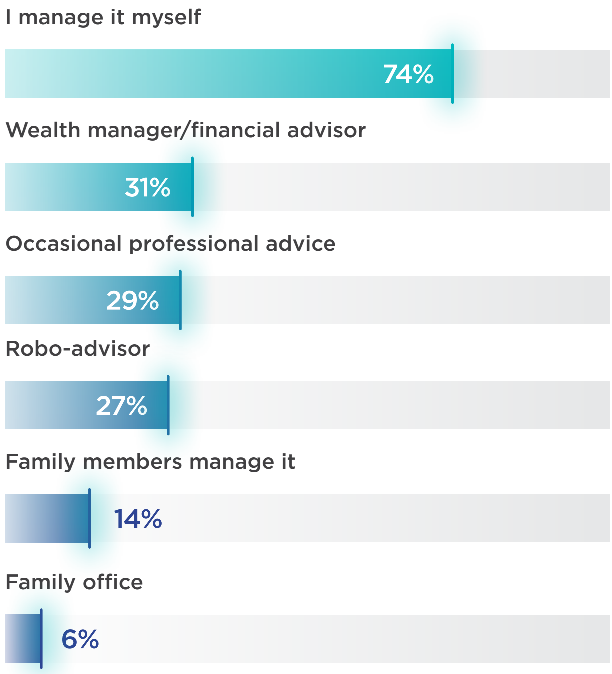
The results of our survey underline the range of approaches now available to investors in Singapore from traditional 'high touch' relationship managers to self-service digital wealth platforms such as robo-advisors.

Three-quarters (74%) of our respondents say they manage at least part of their wealth themselves, helped as we've seen by tips from the internet, friends and family, social media and elsewhere.

At the other extreme, around a third of our respondents (31%) have dedicated wealth managers and financial advisors, and about the same number (29%) use occasional professional advice. A smaller number (6%) rely on a family office.

Who/what do you use to manage your wealth?

(Multiple selections permitted)



Confidence & risk appetite

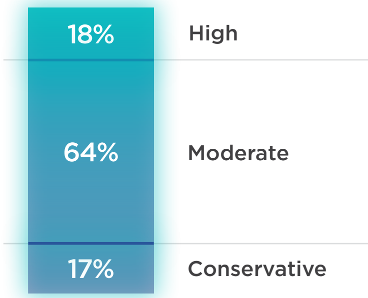
About half of respondents (54%) feel both financially literate and confident about investing.

However, a substantial number (42%) say they feel literate but lack confidence – a higher percentage than in Hong Kong (26%) and suggestive of an educational gap that could be filled.

The percentage feeling this lack of confidence rises in the case of women respondents (50% versus 36% of men). By contrast, the segment most likely to feel literate and confident is men under the age of 35 (69%).

Most of our respondents say they have a moderate (64%) rather than a high (18%) or conservative (17%) risk appetite. However, over twice as many women (26%) class their risk appetite as conservative compared to men (11%), a tendency that rises strongly with age.

How would you rank your risk appetite when it comes to investing?



The correlation with age means that we need to be wary about assuming that younger women are more conservative on investment risk than younger men. In fact, few women under the age of 35 describe their risk appetite as conservative (9%) and the difference in reported risk appetite between men and women in this age segment is slight.

In those aged 45 and over, however, a very distinct difference appears: 43% of women describe their risk appetite as conservative, versus only 18% of men.

Our survey captures the rapid rise in the use of robo-advisory services in Singapore in recent years, with more than a quarter of our respondents (27%) now reporting using them. Robo-advisors are at the heart of some striking demographic contrasts:

- Far more of those under 35 years of age report using robo-advisors (40%) than those aged 45 and over (16%).
- Men are twice as likely to report using a robo-advisor (33%) as women (17%).

Combining age and gender underlines this message. For example, half (50%) of male respondents under 35 years old in our survey are now using robo-advisors, making it the most popular way for them to manage wealth (aside from self-management).

Conversely, our findings suggest that there may be a significant opportunity to expand the use of robo-advisors to more women and older clients. Robo-advisory is a scalable offering that, due to its ease of use and accessibility, can be employed to reach underserved client segments.

Large Singapore banks have been offering robo-portfolios as part of their overall offering and many of our correspondents clearly regard robo-advisory services as complementing – rather than simply competing with – traditional relationship-led wealth management models.

The bigger picture is that our Singapore respondents are using multiple avenues to manage their wealth and are increasingly aware of the choices available to them.

IMPLICATIONS

Define where the wealth manager needs to be on the digitalization spectrum

Wealth managers should benchmark their offerings versus the emerging spectrum of digital wealth solutions, and identify a suitable place on that spectrum in terms of how much of the client journey is put on-line. Some may want to develop a robo-advisory solution to gain scalability and capture segments such as younger investors and the mass affluent. This leads to several choices such as whether to build the digital offering in house, partner with a fintech or – increasingly – employ a Wealth-as-a-Service white label solution.

Working out the right digital strategy for the future cannot be separated from fundamental considerations such as defining who the wealth manager is looking to serve, the part of the wealth management value chain they focus on, and how ready they are in terms of budget and in-house capabilities to improve their digital offer. Furthermore, relationship managers often worry that digital offerings will cannibalize their existing client base, so firms may also need a change management strategy to minimize channel conflict.

Channel preferences
Growing use of digital channels

The days when wealth management was conducted largely through periodic meetings and telephone calls are long gone.

Many respondents continue to meet face-to-face with advisors. However, this channel is increasingly augmented – sometimes supplanted – by video calls, social media messaging, online and mobile self-service, and more.

For our Singapore respondents, the most common channels for conducting wealth management are website self-service (49%), face-to-face meetings with their wealth manager or advisor (44%), and self-service via mobiles (39%).

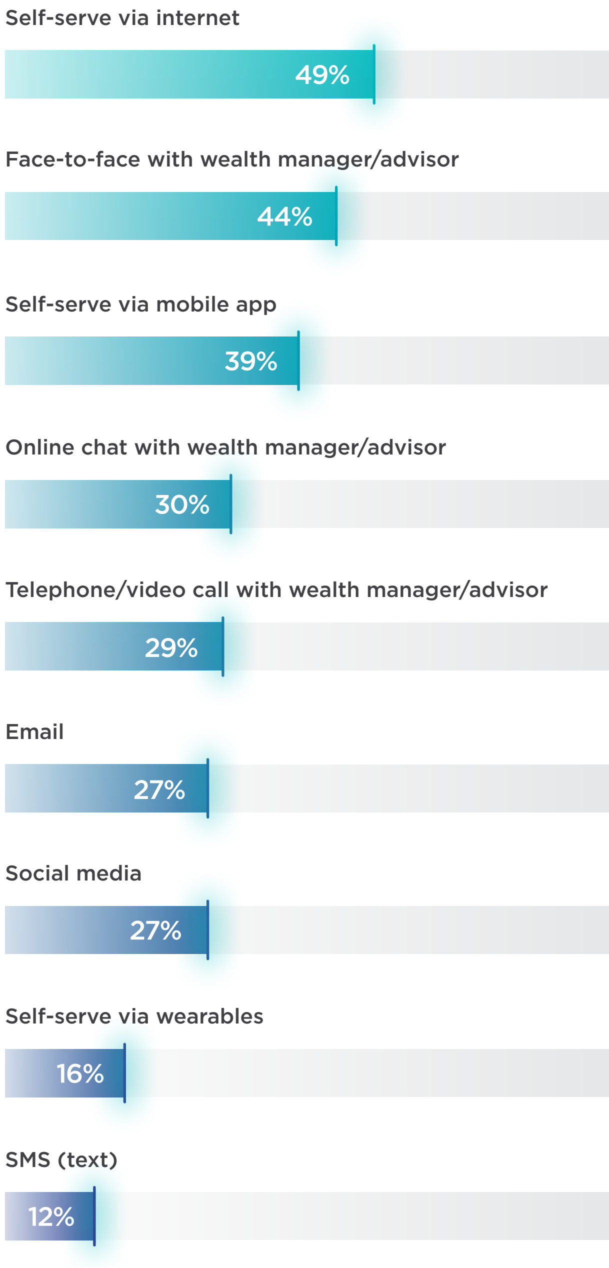
However, telephone and video calls to wealth managers and advisors (29%), and using chat functions to connect with wealth managers and advisors (30%), are also popular, alongside emails (27%) and social media (27%).

The tendency to manage wealth through face-to-face meetings with wealth managers or advisors increases in line with the age of the respondent, and gender also makes a difference. For example, 57% of women respondents aged 45 and over meet face-to-face with wealth managers and advisors – making this their most popular channel and beating internet self-service into second place (47%).

For comparison, only 31% of men and 44% of women under the age of 35 use the face-to-face channel. Face-to-face remains important, but wealth managers need to learn how best to orchestrate conversations with younger investors across various digital channels.

Which channels do you use to manage your wealth?

(Multiple selections permitted)



As a point of market comparison, self-service via the internet is about as common in Singapore as it is in Hong Kong, but the use of other technology-driven channels is lower. For example, self-service via mobile apps (52% of Hong Kong respondents versus 39% in Singapore) and online chat functions (46% versus 30%) are used less often.

There is an ongoing shift towards more frequent digital communication and towards accessing wealth management digitally. Most (85%) Singapore respondents told us they access wealth management using digital channels – e.g. online access, mobile apps – more now than two years ago, including 33% who say this is 'significantly' true.

Various forces are driving this trend, including the continuing fall-out from the Covid-19 pandemic, and an accelerating search for digital and often mobile-oriented convenience.

We can see evidence for this in our segmental analysis. More time-poor 35–44-year-olds of the 'sandwich' generation have registered a 'significant' increase in their use of digital channels (43%) than have other segments, particularly when compared to those aged 45 and over (26%).

IMPLICATIONS

Wealth managers need a 360-degree view of clients across proliferating communication and access channels

Face-to-face communication remains attractive to many wealthy investors, however, sophisticated digital communications are now also 'table stakes'. Wealth managers must set out an omnichannel strategy in which client communications made through one channel can be verified and carried over to another, with action points rapidly implemented through improved processing and execution.

This up-to-date, 360-degree view of the client must stretch across mobile apps, product offerings and relationship manager services. AI-enabled technologies may soon be helping, for example, by transcribing, summarizing and drafting action points from client communications across multiple channels.

With the right omnichannel strategy, wealth managers can build a nuanced, real-time understanding of clients and use this to 'nudge' them towards optimal behaviors.

Remote interactions
Digital self-service versus the 'personal touch'

Wealth managers are eager to take advantage of new digital technologies and channels. However, there is some uncertainty in the industry about how clients might prefer to interact remotely with their wealth management provider.

For example, do most clients want to call a human being, or conduct self-service? There may well be a distinction in the type of service that different clients demand for different activities. For example, they may be happy to update contact details through an app but prefer to connect to a relationship manager before placing a large or novel trade.

We used our survey to explore whether, during remote interactions, respondents would prefer self-service through a digital-first self-service channel, a human interactive channel (e.g. calling their wealth manager or a call-center advisor), or some more flexible hybrid 'phygital' option weighted towards either the human or digital self-service model.

Our respondents' answers were relatively evenly spread between the core options. However, the largest number say they would prefer a hybrid service (43%) – particularly a hybrid service that is weighted towards a digital self-service model (32%) rather than towards human interaction (11%).

Attitudes to wealth management provision

Eight in ten respondents (83%) say they are happy (58%) or very happy (24%) with their current wealth management providers. Even so, 46% say they are likely to change their wealth or asset management firm over the next 12 months.

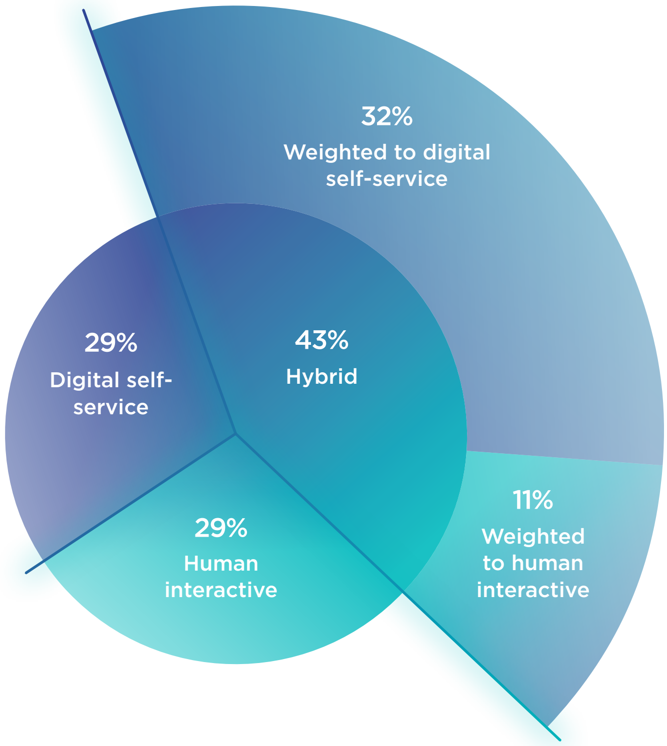
While this sentiment on switching may not translate directly into switching rates, it is strongest among the youngest age group: 57% of those under 35 say they are likely to switch versus 35% of those aged 45 and over.

When asked to select the top three factors influencing their wealth management experience, most respondents choose meeting expected returns (44%), security & privacy (35%) and the range of services and investment products (32%), ahead of other factors such as user-friendly processes (30%) and their advisor relationship (26%).

When asked, investment performance aside, to select the top three drivers of trust in an advisor, respondents selected clear explanations of investment decisions and clear advice most often (40% of respondents, rising to 49% of women).

However, other factors – especially the advisor's reputation (39%), transparency over performance (38%), clarity on fees (38%) and good customer service (36%) – were chosen almost as often.

What mode of remote interaction with an investment/ wealth management service would you prefer?



The message was similar across age-defined segments but with a difference of emphasis. For example, relatively more of those over the age of 45 favored a hybrid service with greater human interaction: 17% versus only 7% of those under the age of 35.

Overall, our results showed:

- A spread of demand across all three core options, though leaning towards a hybrid solution.
- An openness to remote digital self-service, with 61% opting for either pure digital self-service or a hybrid model leaning towards digital self-service.

IMPLICATIONS

Consider the key trade-offs to find the right balance of high touch and high tech

Clients want to choose how they are served and many will vary that choice for different wealth management tasks. Most want to combine the speed and convenience of a primarily digital experience with the option of easy access to human help when required. Wealth managers therefore need to plan how to provide a greater degree and ease of 'optionality' across channels, and this should take on a different character depending on the client segment's needs.

Achieving the right balance depends on trade-offs that include client and segment preferences, the type of interaction (high versus low value), regulatory compliance considerations (such as client/product suitability assessments), the wealth manager's technology/CX capabilities, as well as the need to provide a consistent, integrated experience across channels. Wealth managers must balance all these considerations to achieve a result in line with their goals and target operating model.

The shift towards digital
AI-guided wealth management

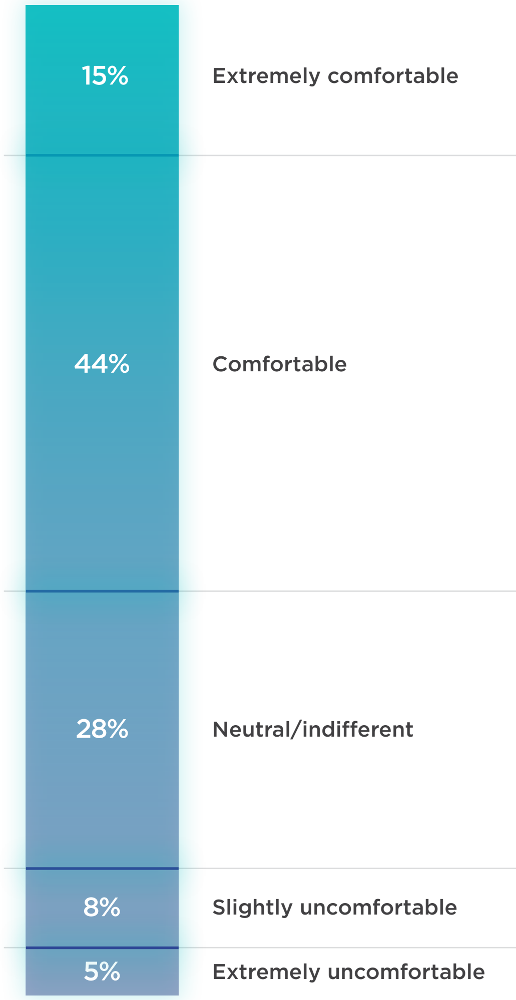
We asked those respondents who use an external wealth management service – dedicated wealth managers and advisors, occasional professional advice, robo-advisors and family offices – whether they see themselves as moving to an entirely digital or AI form of wealth management in the next five years.

A majority (69%) answered affirmatively, falling slightly (62%) in the case of female respondents.

Expectations about the move to digital/AI wealth management are much stronger among those under 35 years old, with 82% finding such a move likely, versus 58% of those aged 45 and over.

The willingness to shift to digital channels is parallelled by respondents' degree of comfort in applying AI to wealth management. Over half (59%) of our Singapore respondents say they are comfortable to have their wealth management decisions guided by AI, including 15% who are 'extremely comfortable' with this.

How comfortable are you with AI guiding your decisions on wealth management?



Barriers to accessing wealth management

In Singapore, a wide range of factors were seen as the biggest barriers to accessing personal wealth management advice, led by the cost of services (41%) and identifying the right wealth manager (38%).

This contrasts with the results of our Hong Kong survey, where finding the time and energy to get started was the most commonly cited barrier (33%).

Over one in five of our Singapore respondents also name a range of other barriers including a general lack of familiarity with wealth management services (26%), a lack of confidence (23%), uncertainty if wealth management services are intended for them (22%), as well as finding the time and energy to get started (22%).

Our results suggest that the wealth management industry still has work to do in terms of making itself accessible, convenient and familiar to a wider range of investors.

What do you think is your biggest barrier to accessing personal wealth management services?

(Multiple selections permitted)

(Other options: Lack of interest 13%; I don't take the lead in household financial decisions 10%; I do not recognize any barriers 9%)

Despite the worries about AI in the mainstream press, only 13% said they would feel uncomfortable with the idea, with the remainder neutral or indifferent.

That said, the degree of comfort is below that expressed by our respondents in Hong Kong, where nearly three quarters (74%) say they are comfortable for decisions to be guided by AI.

Again, age is a big factor in determining levels of comfort. Over three-quarters (76%) of those under 35 years old say they are comfortable with AI guiding their decisions, versus under half (42%) of those aged 45 and over.

At the other end of the scale, only 8% of respondents under the age of 35 felt any degree of discomfort about the idea of AI guiding their wealth management decisions – a number that rose to 19% for those over the age of 45.

IMPLICATIONS

Take account of the full range of AI-driven opportunities and considerations

Wealth managers are already investing in digital channels and some are devoting significant portions of their innovation budgets to AI/GenAI. One commonly proposed use case, for example, is to deploy GenAI to generate personalized portfolio strategies and investment ideas that the relationship manager can validate and communicate to the client – keeping a human safely in the loop.

However, wealth managers need to ask themselves whether they are prepared to take full advantage of fast-evolving AI technologies. For example, have they benchmarked their approach against the different ways that AI use cases are being successfully deployed in financial industries around the world? Are they embarking on the optimal range of pilot projects given their business and target segments? Have they considered their readiness across key dimensions, e.g. regarding their data management and governance capabilities? Amid the excitement around AI, wealth managers must tailor a surefooted strategy, taking account of both the opportunities and all the key considerations.

The next generation of investors

Our survey results allow us to offer a timely snapshot of the fast-evolving attitudes of younger investors between the ages of 19 and 35. As the next generation of wealth management clientele, and beneficiaries of the coming wave of intergenerational wealth transfer, their emerging behaviors will shape the future of the wealth management industry.

Some of the differences between the younger versus older generations are fundamental in nature. For example, when we asked about risk appetite, women respondents in this younger segment gave similar responses to their male counterparts. They rarely say they have a conservative risk appetite – unlike women respondents aged 45 and over.

What differentiates younger investors?

↑	**Switching sentiment**
↑	**Use of robo-advisors**
↓	**Face-to-face meetings**
↑	**Digital communications**
↑	**Comfort with AI guidance**

The younger generation are also more open to changing their wealth or asset management provider. Over half (57%) say they are likely to change provider over the next 12 months, compared to a third (35%) of those aged 45 and over.

The younger age group is clear that identifying the right wealth manager/advisor is their biggest barrier to accessing personal wealth management (37%). By contrast, the biggest barrier for respondents aged 45 and over is the cost of wealth management services (53%).

Other age-related differences may prove critical as wealth managers transform their operating model to cater to younger investors. These include the mode of wealth management preferred by younger respondents, their preferred communication channels, and attitudes to new technologies:

- Among our Singapore respondents, far more of those under 35 years of age are now using robo-advisors (40%) compared to those aged 45 and over (16%). Of those not yet using robo-advisors, more of the younger generation say they are 'very likely' to adopt this approach.
- Face-to-face meetings with wealth managers and advisors are still employed by a good third of younger respondents (37%), but this compares to half of those aged 45 and over (49%). Instead, younger respondents are using more digital communication channels including online chat functions (38% versus 25% for those over 45) and social media (32% versus 19% for those over 45).
- We can see the same pattern elsewhere. More of those under 35 years of age (91%) believe they have increased their use of digital channels in the last two years versus those aged 45 and over (75%). Furthermore, many more respondents under 35 years of age believe they will move to entirely digital/AI forms of wealth management over the next five years than is the case for older segments.

Robo-advisory – increasing acceptance among younger investors?

Three-quarters (73%) of our respondents are not yet using robo-advisory services. We asked these respondents whether they are likely to begin using the services in the future.

Nearly half (47%) indicated that they are likely to begin using robo-advisory services, including 17% who say this is ‘very likely’.

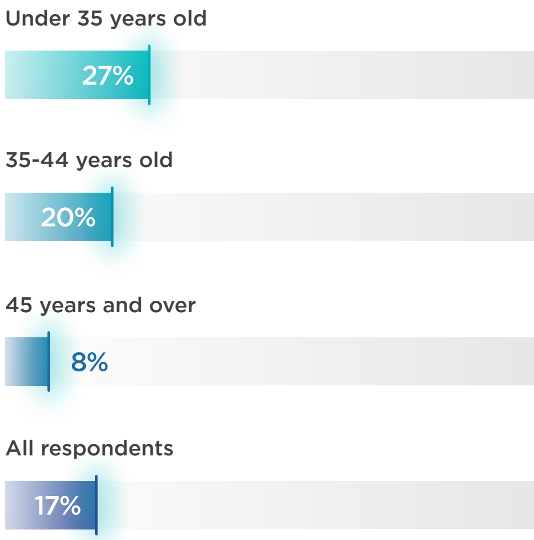
Younger respondents are significantly more enthusiastic than older respondents. For example, over a quarter (27%) of those under 35 say they are ‘very likely’ to adopt the services, falling to a low of under a tenth (8%) of those over 45 years old.

Gender is also a factor. Across respondents, more men (51%) than women (40%) feel they are likely to begin using robo-advisory services, underlining the opportunity to reposition robo-services more attractively for women investors.

Respondents say the key factors likely to increase engagement with robo-advisory services are low or no management & transaction fees (50%) and easy, well-designed self-service portals (47%).

While these factors stood out, a range of factors are deemed important including gaining a greater trust in the technology (38%) and complementing robo-advice with human advisors (37%).

Respondents saying they are ‘very likely’ to begin using robo-advisory services



(Base: Those not presently using the services)

Perhaps the most striking generational difference lies in the confidence felt towards deploying artificial intelligence within the wealth management industry. Over three-quarters (76%) of those under 35 years old say they are comfortable with AI guiding their wealth management decisions, versus under half (42%) of those aged 45 and over.

“

Our survey shows that change is coming to the Asia-Pacific wealth management industry as it explores a new balance between high tech and high touch business models and tries to attract and retain a new generation of clients. Younger respondents aged under 35 years are more likely to use a wider range of digital channels, and more likely to use digital wealth solutions today and in the future. They also have a greater faith in applying AI to guide wealth management decisions. They are more inclined to change their wealth management provider and they see their biggest barrier to wealth management as identifying the right provider. These attitudes suggest that younger clients, and potential clients, are keen to re-model today's approach to wealth management. Wealth managers need to consider if they are prepared for the innovation that may be required to remain relevant. Innovation will require the right environment to thrive, including developing an understanding of what client segments want, the right technology platforms, improved data strategies and robust change management skills.

Laurens Koppelaar
Singapore Wealth
Management Lead

1. Singapore, Malaysia, and Indonesia Rank as Part of the Top 10 Fastest-Growing UHNW Markets, Knight-Frank, May 2023. Link.
2. Singapore Wealth Management HNW Investors, GlobalData, April 2023. Link.

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Methodology

Interviews for our Asia-Pacific wealth management survey were conducted across Hong Kong, mainland China, and Singapore during December 2023. The survey polled a total of 2000 respondents aged between 19 and 64 years old. Respondents who told us they had investable assets of under US$100,000 were screened out. This was a quantitative study conducted using diverse sampling methodology (social & ad networks).

About Capco

Capco, a Wipro company, is a global technology and management consultancy focused in the financial services industry. Capco operates at the intersection of business and technology by combining innovative thinking with unrivalled industry knowledge to fast-track digital initiatives for banking and payments, capital markets, wealth and asset management, insurance, and the energy sector. Capco's cutting-edge ingenuity is brought to life through its award-winning Be Yourself At Work culture and diverse talent.

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