Cognizant 20-20 Insights

Banking and Financial Services

Eye on APAC Private Banking: Client Reporting Challenges & Solutions

Wealth advisory firms across the Asia-Pacific region face an ever-increasing array of operational, technological and competitive challenges. To stand out from the pack, they must differentiate by strengthening their strategic client reporting capabilities and adopting a judicious mix of tactical and strategic solutions built on workflow automation, robust data governance, process standardization and efficient people management. These solutions deliver timely, accurate client reporting with minimal manual intervention.

Executive Summary

Private banks and other wealth management firms across the Asia-Pacific (APAC) region are increasingly feeling margin and revenue growth pressure. Given that the APAC market is exceedingly complex, multiple operational issues, including the lack of automation, disjointed legacy systems, manual validation, inaccurate data and rigid reporting platforms, are complicating their ability to meet revenue and other business goals.

December 2019

A private bank in APAC faces managing a multiplicity of complex client management challenges, from changing demographics across diverse nationalities, languages, occupations and industries within multiple geographies.

Therefore, they must continuously optimize internal processes to accelerate growth through differentiated client servicing and more efficient work structures. This is increasingly more important today as clients have multiple options across traditional and omnichannel banking.

Moreover, the new generation of private banking APAC clients are increasingly digital-savvy, have a better understanding of product offerings, and tend to rely on multiple banks for their investment needs. As a result, along with regulatory compliance and revenue growth, client servicing has emerged as a key area of focus. Client reporting is the most critical aspect of client communications and among the key touchpoints for private bankers with their clients.

This white paper offers insights into the wide range of expectations for client reporting in APAC from various internal stakeholders (across the front, middle and back office) of a private bank. We also address the end clients' concerns about the varying degree of depth and quality of reports received from multiple private banks, and the possible solutions that bank can use. These can be perceived as a service differentiator(s) by the client, in the otherwise commoditized reporting service space. Unfortunately, when it comes to reporting, banks tend to limit their spend. Given these budgetary constraints, we suggest banks optimize and upgrade their client reporting experience by adopting a target operating model (TOM) built around people, process, technology and data. We have also provided a roadmap that details how banks can resolve these issues and stay within time and budgetary limitations.

Private banking: An on-the-ground perspective

A private bank in APAC faces managing a multiplicity of complex client management challenges, from changing demographics across diverse nationalities, languages, occupations and industries within multiple geographies. As a result, client-reporting requirements vary considerably by annual tax reporting cycles, compliance mandates and regulatory requirements that are country-specific and heterogeneous across the region. This has, over time, created a variety of reporting requirements and timelines, making client-reporting highly complex.

To succeed, private bank client-reporting platforms require:

- Scalability to address frequently changing requirements.
- High-quality and consistently generated reports.
- Sufficient automation for producing the reports with minimal manual intervention.

The region's growth potential and landscape complexity has led most major private banks to have multiple offices (a mix of onshore and offshore booking/managing centers). As a result, clients often have relationships across these centers, which requires separate reporting functions at each location. To manage reporting complexity throughout all these regions/offices and to provide a consolidated view to clients requires deep coordination across these functions.

Client reporting: An operational perspective

The client reporting workflow within a private bank is complex due to multiple systematic and manual touchpoints, across departments within the front, middle and back office (see Figure 1).

Client reporting process flow

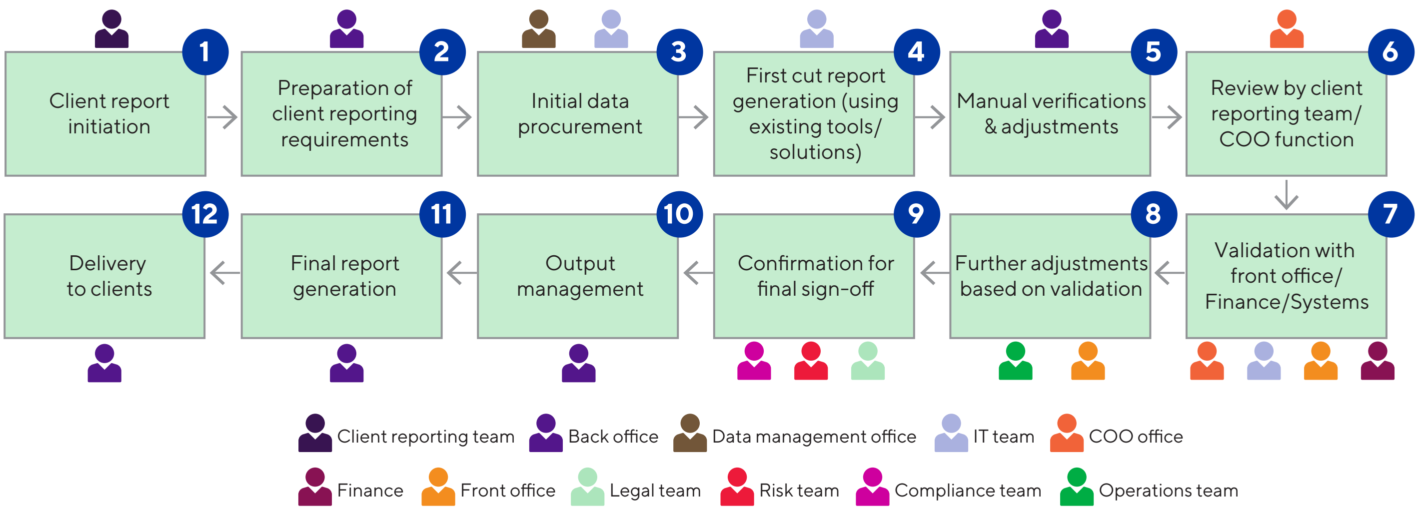


Figure 1

Of the multiple operational issues that private banks face, client reporting provides its fair share of complexity. Some of the common issues experienced across multiple offices include:

- **Front office:** This plays a key role in the client report generation process, continuously balancing client expectations with internal operational challenges. They are sandwiched between the bank's capabilities/processes and the client's expectations, often emerging when the institution attempts to address client grievances and is unable to adequately respond. The relationship management (RM) team's productive time is not optimized to meet core responsibilities involving client engagement and growth. Instead, they are caught up in multiple manual processes/activities related to client reporting, which should be avoided. For example, they are:
  - **Manual validation:** Often pulled into manually validating key data points and comparing the contents within client reports vis-à-vis what is actually present in front-office systems (the RM dashboard, etc.).
  - **Reconciliation review:** Frequently involved in reviewing reconciliations performed by operations.
  - **Statement comparison:** Too often engaged in comparing financial statements originating from finance, to cross-verify the data against the actual trades placed.
  - **Supporting change implementation:** Deeply involved in the process of building/ developing any changes to reports – when providing detailed requirements, clarifying client expectations, validating business rules and layout, and performing user acceptance testing (UAT). RM team effort is often high, with frequent updates to client reports.

- **Middle office:** This area plays a key role in ensuring adherence to internal mandates as part of the client reporting workflow. Key teams include:
  - **Risk management:** This team forms the pivotal part of the middle-office block. Though they may not be completely involved in the client reporting process, their role is critical to resolving issues and mitigating the operational risk associated with the overall client reporting process. Their involvement increases as issues in this area rise. An efficient and effective process/operating model is essential for optimizing the risk team's involvement as part of client report delivery.
  - **Compliance:** This team ensures that the bank's internal control processes are followed when creating client reports. This includes ensuring that regulatory requirements are fully complied with, from a completeness, quality and timeliness perspective. Typical issues experienced by the compliance team with respect to client reporting are:
    - **Managing regulatory implications due to:**
      - Incorrect information/data in the client report, which could have regulatory implications.
      - Misrepresentation of report contents that are applicable to different jurisdictions/countries.
      - The pre-defined structure of some platforms and data fields; some country-specific fields are redundant for that region. For example, there might be information, which is mandatory in the client report of a Hong Kong-based client, presented in a report for a Thailand-based client that is irrelevant or not in accordance with that country's prevailing laws (i.e., information on certain products for cross-border client transactions, etc.). Banks can face a penalty or fine imposed by the local regulator for their inability to comply with the client report's local guidelines.
    - **Missing regulatory timelines due to:**
      - Longer manual processes/internal verifications while creating the report.
      - Lack of stakeholder alignment and timely sign-off from internal departments. As a result, the compliance team may end up owning overall report quality verification and delivery.
  - **Legal:** This team ensures that the legal documentation and other material regarding the client report are accurate and compliant with regulatory standards A bank's legal team typically faces the following concerns:
    - Risk of litigation from the client due to incorrect reporting.
    - Risk of penalties imposed by external regulators owing to non-adherence to stipulated guidelines.
  - **COO/change management office:** This office quite often manages changes that are critical for the front office, in risk management and compliance. Issues often faced include:
    - Prolonged timelines to develop client reporting among multiple ongoing change priorities.
    - Involvement in manual verifications/ validation processes within the client reporting workflow.
    - Lack of funding/resources to address all client reporting issues.
  - **Back office:** This team plays an important role in the end-to-end client reporting. The two major components within this team are operations and technology. The common issues faced by these teams include:

Most banks have a constellation of legacy solutions, which are interconnected. Hence, any adjustment within one system can trigger an impact in one or more downstream applications, which creates challenges reconciling how the changes in one system impact others downstream.

- **Operations:**
  - **Frequent manual interventions:** Team members must deal with too many manual interventions within the client reporting workflow. The team has to perform multiple adjustments and updates to the data because of this manual intervention, which essentially means that there could be a lack of traceability of manual data modifications.
  - **Complexity of legacy processes:** Most banks have a constellation of legacy solutions, which are interconnected. Hence, any adjustment within one system can trigger an impact in one or more downstream applications, which creates challenges reconciling how the changes in one system impact others downstream.
  - **Resource constraints:** As team strength is quite often pre-planned, the operations team members are often stretched in situations to resolve issues in client reporting – which becomes a vicious cycle, as the time taken to resolve issues arising due to manual interventions is high. This can cause longer turnaround times in the event of a client enquiry.

> **Technology/IT:** This team plays a key role in any change that is to be implemented in the report, namely: change in report template as a result of any regulatory change, change in a reporting label, and introducing an entirely new report or additional fields in an existing report. The IT team typically encounters the following challenges:

- **Managing legacy systems:** Client data as well as trade, pricing and fees data across products and geographies are stored in multiple legacy systems, hosted on different platforms. Similar fragmentation exists for security master, pricing master, performance data, asset classes and instrument types. This is very expensive and requires manual work to bring together data, which leads to solution complexity and greater effort for turnaround time to create reports.
- **Broken IT processes:** Since many IT processes do not interact with each other, it frequently leads to manual interventions to resolve known gaps.
- **Limited funding/resourcing:** The team does not have dedicated funding and resources to strategically address all open client reporting issues.

Other teams:

> **Data management office (DMO):** This group plays an important role in ensuring that the data quality, relevance and access permissions are maintained consistently. The data steward and data domain owners assure that the data attributes, data mapping, and data extraction from multiple source systems are accurately defined and performed. Issues faced by the DMO include:

- **Greater effort for issue resolution**: In case the data represented in the reports are incorrect, the DMO must spend a considerable time reviewing and rectifying data, validating the business logic, reviewing data quality rules, etc., which could delay the overall client reporting process. This would also involve working with the solution capability owners/ data warehouse product owners, etc., in aligning with the resolution approach.
- **Limited bandwidth:** Since the DMO team has to support both change the business (CTB) and run the business (RTB) initiatives, quite often the effort and bandwidth available for resolving the latter's issues are limited. The teams may be primarily occupied with CTB support programs, leading to longer cycles for strategic/long-term resolution of RTB issues such as client reporting.

> **End client:** The clients are the ultimate consumer of the report, and their viewpoints on the report content are hyper-critical. Key client reporting issues that clients typically face include:

- **Misinterpretation of data:** This may be caused by incorrect or misrepresented data in the statement, leading to incorrect business/investment decisions on behalf of the client, resulting in potential losses.
- **Incorrect or delayed tax filing:** Wrong and inapplicable data in client reports for multiple jurisdictions often leads to incorrect or delayed tax filing through respective accounting/tax teams. Hence, delays with quality client reports could impact timely tax filing.
- **Time spent in addressing errors:** The client could spend a considerable amount of time sorting out these issues, which causes the bank to lose client opportunities and face regulatory compliance challenges.

Categorization of issues

Apart from these issues, private banks face additional challenges that are just as relevant but more tactically oriented. These issues, distilled from our multiple engagements with clients in this space, are summarized in Figure 3. We have listed both sets of issues, segregating and ranking them – by high, medium or low – based on their criticality and degree of impact.

- **High impact**: These issues are critical in nature and have a far-reaching external impact in terms of overall risk and regulatory compliance. They are typically related to the bank's revenue and have front office impact from a client reputation and goodwill perspective.
- **Medium impact**: These issues have a significant internal impact on the operational efficiency of the bank and usually emanate from IT, operations and the DMO. They typically reduce efficiency, result in higher operational costs and involve manual interventions, which result in increased turnaround time.
- **Low impact:** These issues do not have a significant effect on the reporting workflow, and have workaround solutions. These can be addressed once the high and medium impact issues have been dealt with and the bank still

has budget available to support the low impact challenges.

Figure 2 also segments these issues based on the office where they are typically encountered.

Challenges by office

				Departments			
No	Issues	Priority (H,M,L)	Issue category	End client	Front office	Middle office	Back office
1	Manual validation, reconciliation and statement comparison	H	Data, Technology	•	•	•	•
2	Broken IT processes & managing legacy source systems storing client data	H	Data, Technology		•	•	•
3	Risk of litigation from client and penalties imposed by regulators	H	Data, People, Process	•	•	•	
4	Lack of optimal resourcing & funding	H	People, Process	•	•	•	•

Figure 2

Real-world obstacles

				Departments			
No	Issues	Priority (H,M,L)	Issue category	End client	Front office	Middle office	Back office
1	Lack of automation for accelerating the client reporting process	H	People, Technology	•	•	•	•
2	Inaccurate consolidated client portfolio performance across relationships	H	Process	•	•		•
3	Reporting problems with multiple data layers	M	Data, Process			•	•
4	Lack of clarity in handling back-dated transactions	L	Data, People, Process		•	•	
5	Inflexible reporting platform	M	Technology		•	•	•
6	Lengthy & expensive process of manual portfolio commentary creation	M	People, Technology			•	•

Figure 3

Figure 3 highlights specific issues that we have encountered at various client engagements. They include:

- **Lack of automation for accelerating the client reporting process.** There are many manual interventions related to data extraction, manual approval, data validation and data quality checks.

There is a distinct lack of automation that can quicken the overall end-to-end client reporting workflow. In banks, the systems are mainly designed with a "happy flow" view. Ad hoc requests create issues when there are multiple systems from which information needs to be sourced to get the output.

- **Inaccurate consolidated client portfolio performance across relationships.** Private banks face a key problem in representing the overall relationship portfolios when a client consolidates across various relationships (e.g., as a joint holder, a personal investment company settlor of a trust, authorized signatory of a corporate entity, etc.). They also face issues in consolidating the performance of the investment holdings within main and associated portfolios belonging to other legal entities (e.g., corporations, personal investment company, fund, operating company, foundation or trust, where the individual client acts as a director, settlor, trustee, etc.)

- **Reporting problems with multiple data layers.** There are cases where multiple data layers are maintained within the system for reporting and analysis. This is an issue, as every time a query comes to the operations team, it needs to first ensure that the data is properly connected to each layer (for which a manual reconciliation is necessary) before that data is communicated back to the client. In a private bank, assets are classified into groups and this classification is exceptionally granular within the systems. For instance, a bond can be segregated into the country or geography (e.g., U.S., Euro, emerging markets), investment grade (e.g., AAA, AA), coupon payment mode (fixed and floating rate) and ISIN code. However, for client reporting, only one layer might be required. When a specific product feature-related query comes to the operations team from the RM, the operations team digs deep into the layers (e.g., the third or the fourth layer) for resolution. However, when the same is reported back to the client, it has to be done in the bank-compliant format. Any breach would result in a serious compliance issue, with potential discrepancies between the client statement and what the RMs see in their systems.

- **Lack of clarity in handling back-dated transactions.** One of the major and common issues that private banks face in the area of client reporting is the handling and reporting of back-dated transactions. If the private bank's system is not back valuation-enabled, then the back-office system will not consider a back-dated transaction. For example, assume that the client statements are generated at the beginning of every month. So the statement of April 2019 will be generated on May 1, which will have all the transactions booked through April 30. On May 5, the operations team decides to book a transaction for a client with the trade date of April 25. Because the team was unable to do so on April 25, it was not executed on that date. The monthly

There is a distinct lack of automation that can quicken the overall end-to-end client reporting workflow. In banks, the systems are mainly designed with a "happy flow" view. Ad hoc requests create issues when there are multiple systems from which information needs to be sourced to get the output.

RMs should receive portfolio commentary for all their strategies and separately managed accounts (SMAs) in near real time, so that the bank is equipped with the commentary at the beginning of the reporting cycle.

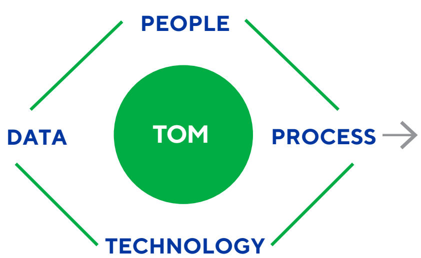
statement sent to the client at the beginning of May will not contain this transaction detail. Now, the client's RM has a meeting with the client on May 10, and he takes a hard copy of the statement for the month of April, on that day. The concern is that the transaction would be present in the RM's statement but absent from the one that the client received. This is an issue with most private banks. In most cases, banks could either send an addendum to the main statement to clients impacted with back-dated transactions, or the client can be informed in a subsequent report of details on back-dated transactions.

- **Reporting platform inflexibility.** Most reporting platforms are traditional and are specifically designed and developed for a particular user group. According to research from CEB Tower Group, 60% of investment advisors use client communications solutions, which have been installed prior to 2007.[1] These outdated platforms depend heavily on the technology team for customizations required in client reports, and manual ad hoc work. Consequently, even a little tweak to an existing report results in additional development cycles, which has considerable turnaround-time implications.
- **Lengthy & expensive manual portfolio commentary generation.** Writing portfolio commentary is an expensive, lengthy and resource-intensive process. Writers spend days creating commentary only to restart the process again a few weeks later, often under tight deadlines mandated by sales and client needs. RMs want to issue reports sooner, but commentary writers have multiple priorities and often create a bottleneck in the process, creating delays. RMs should receive portfolio commentary for all their strategies and separately managed accounts (SMAs) in near real time, so that the bank is equipped with the commentary at the beginning of the reporting cycle.

A proposed solution

To achieve a long-term meaningful solution for client reporting, it is imperative that there is a holistic approach covering the entire operating model for report delivery, rather than disconnected point solutions. This section explores all the solution options for creating a robust new target operating model (TOM) for client report delivery (broken down by people, process and technology). The TOM must ensure that there is a tight assemblage of solutions across people, process, technology and data (see Figure 4).

Critical success factors for client reporting target operating model (TOM)



People	• Leadership buy-in/support of program sponsor & senior stakeholders • Effective coordination & close alignment among all teams • Apt skillsets and competence identified/nurtured across all stakeholders/participants • Holistic and integrated business objective for strengthening the client reporting ecosystem • Efficient resource planning to avoid unforeseen contingencies
Process	• Streamlined processes with minimal/reduced failure points • Effective documentation of all processes, and socialization across all stakeholders • Clear laid-down guidelines for different operational processes (e.g., corporate action) • Clean handshake of touchpoints between multiple teams – eliminating translation loss
Technology	• Open communication lines between ITO and business stakeholders for proper expectation management to ensure that the project has a secure funding base • Consolidation of legacy applications to move toward standard, integrated solution • Greater push for automation to eliminate manual touchpoints/ interferences • Early and effective participation of IT organization, in the overall business strategy for client reporting improvement • Funding to create holistic solutions to make an impact (rather than piecemeal funding releases)
Data	• Robust planning for data accuracy, data mart, data ownership to ensure proper quality control for client report • Strong data management framework resulting in effective data models, meta data management, data dictionary, roles & responsibilities, definitions, etc. • Centralized golden source of information for all key data domains impacting reporting & any/allied downstream requirements

Figure 4

- **People:** Key portions of the solution include collaboration, ownership and focus. There are multiple teams involved in the end-to-end client reporting process, with a different scope attached to each of them. The following are the essential ingredients for a people-oriented solution:
  - > **Collaboration:** There needs to be a strong collaboration among resources across all departments involved in the client reporting journey. This is extremely critical, as achieving a fully automated, integrated and robust reporting solution is a time-consuming process.
  - > **Ownership:** People must take complete ownership of their respective roles and responsibilities and they need to understand that any negligence on their part would jeopardize the entire workflow.
  - > **Proactivity:** Individuals should be proactive in identifying any bottlenecks/challenges that should aim to address the same with promptness.
  - > **"Client-first" attitude:** Each individual should have a complete client-centric attitude and understand that however inconsequential the role is, it would directly affect the end client experience.
- **Process:** Key portions of the solution include frameworks and coordination.
  - > The bank needs a unified robust approach for understanding the roles of all who are engaged in the client reporting process. There are multiple teams engaged in the process involving activities for handling of back-dated transactions within client reporting – and manual adjustments across multiple data layers within the performance of a particular product category – which have a far-reaching impact on the overall reporting workflow. Hence, it is critical that the bank maintains a standard consolidated process framework that is communicated across the board.
- **Technology:** Key portions of the solution include automation, integration and operational flexibility.
  - > **Automation to accelerate report workflow:** The IT team can accelerate the report generation process by building

Over the long term, manual commentary writing will be combined with NLG to create comprehensive commentary while reducing time to market.

a new reporting framework that does not contain any pre-defined framework. They can place all report components in the reporting layer, which can be chosen during the report preparation. For example, snippets containing performance data, client data and valuation data can be picked as needed and incorporated in the report. If a new snippet is added, then the IT team can configure the same in the reporting framework, for future use.

> **Automated portfolio commentary:** We believe that natural language generation (NLG) could be used by banks to tackle the challenge of manual portfolio writing. The NLG platform shall analyze structured data and generate portfolio commentary, which can be customized to suit the bank's policies, guidelines and investment philosophy (see Figure 5). Automated commentary is considerably cheaper and provides increased scalability. As regulation increases, this kind of compliance-enhancing technology can adhere to all the rules and regulations associated with producing content. Over the long term, manual commentary writing will be combined with NLG to create comprehensive commentary while reducing time to market.

Automation's benefits in client reporting

Area	Traditional manual	Post automation
Manpower	Most client reporting processes (report build, data aggregation, approvals and distribution) are manual, labor-intensive and expensive. Client services staff spend more time preparing reports than engaging with clients.	A substantial portion of the manual reporting processes can be automated. Savings increase as reporting cycles become more frequent. Manpower and time savings can be redirected to more productive client-facing work, translating into additional revenue.
Report customization	Customizations typically require IT resource. Turnaround-times of several months are normally required even for small cosmetic changes in the report.	Business users will have complete control of the report design process, and use fewer rule-based standard templates resulting in lesser customizations. The cost of customization without IT involvement can be appreciably reduced.
Length of reporting cycle	The reporting cycle is traditionally lengthy and is error prone, frequently causing delays and rerun of reports.	Automation of data aggregation and report production would make the entire client reporting cycle much shorter.
Accuracy of client reports during client meetings	It has been observed that RMs at times are not adequately prepared for client meetings as there may be anomalies in the numbers presented in the report furnished to the client and the one extracted by the RM for the meeting.	RMs will always receive reports before their clients, which negates the chance of any data-related discrepancies. Clients will always prefer RMs equipped with mobile devices (e.g., tablets) as they can modify presentations, data, figures, and access to documents if required.

Figure 5

- **Unified product-based platform:** The bank needs to have a unified product-based solution, so that it can eliminate the multiple tactical IT solutions and resort to the consolidated platform, which can provide the end-to-end service as much as possible.
- **Data:** Key portions of the solution include governance, storage and framework.
  - **Management of unstructured data:** The way that the bank handles the unstructured data retaining to client reporting (e.g., portfolio commentary) is extremely critical. In this event, unstructured data is related to structured data, and the team (e.g., data steward) should manage it. The bank is required to identify data owners from areas that are accountable for its creation and usage.
  - **Efficient data storage:** Banks must decide on the best way to store data (especially unstructured). Data can be stored in NoSQL databases, content management systems and data lakes, which can route data to downstream systems responsible for automating client report production.
  - **Creation of a single data mart:** The critical issue of extraction and validation of data stored in multiple standalone source systems can be resolved by introducing a single data mart, which would procure and store all the data required in preparing client reports. The DMO needs to remove the data silos to enable a single view of clients across their entire holdings. It must also develop efficient IT processes and data governance and adopt metrics for regular monitoring.
  - **A robust data management framework:** The bank can resolve the challenge of data integration across disparate source systems by creating a resilient data management framework, which can identify and tie back the multiple data domains involved in client reporting.

An implementation roadmap

We believe that a transition to a target state would essentially require a judicious mix of both tactical and strategic solutions. Banks would be better off starting small and subsequently gather momentum by embracing incremental changes over a period of time.

Figure 6 illuminates key challenges and their potential impact on the target state, along with the time/money required to resolve them. A bank can adopt a hybrid approach in which it does not need to wait for a multi-million-dollar budget to kick-start the program.

For example, items in the lower quadrant as low-hanging fruits can be addressed with relatively low investment and effort.

Items on multiple data layers can be partially addressed within a short time, once the bank arrives at a simplified product categorization, which is aligned with all team members within the bank. Contrarily, there are items in the first and second quadrants, which are high impact and call for medium to high duration of investment requiring a bigger share of the budget purse.

For example, the challenges of a lack of automation or integration between multiple source systems storing the data require a major technology intervention and would demand more time and budget. These items need to be planned as strategic solutions. This essentially means that the bank can avoid a big bang approach in order to commence the program, and instead address some of the more critical issues prudently through an optimal mix of selective automation, data management and manual processing. Through this approach, the larger problem statements around client reporting can be solved individually – aggregating into a consolidated solution.

Client reporting challenges and solution impact

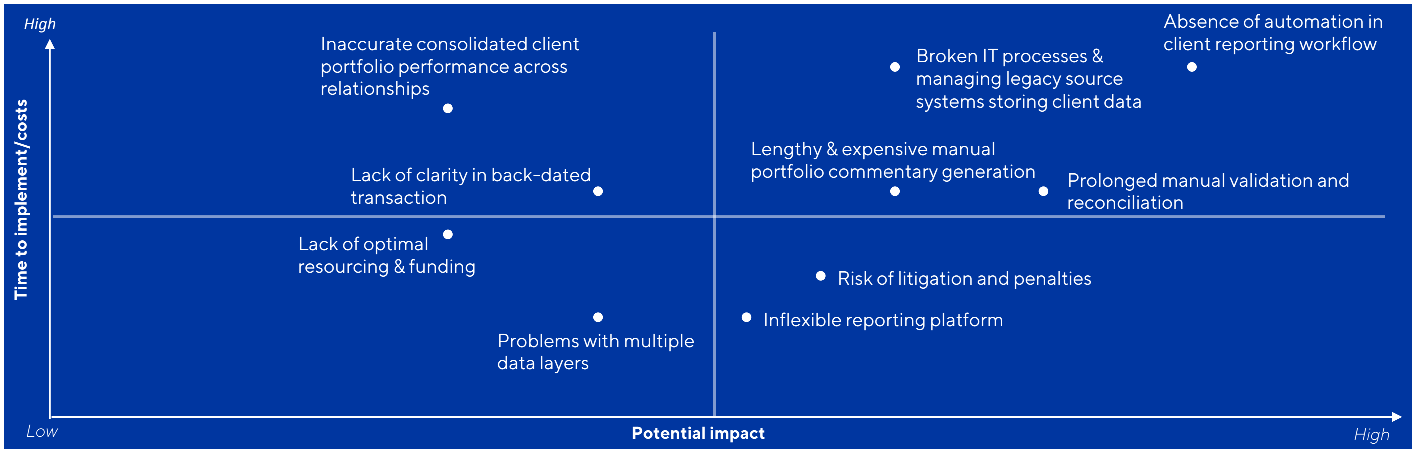


Figure 6

Looking ahead: Client reporting in APAC

A tightening regulatory climate and increased tax transparency with the introduction of the Automatic Exchange of Information (AEOI)/Common Reporting Standard (CRS) in parallel with high levels of offshore flows from mainland China and Southeast Asia present Hong Kong and Singapore with an opportunity to attract new foreign clients. The demand for client tax reporting services has increased manifold as both onshore and offshore clients seek to mitigate regulatory risks.

In recent research conducted by *Asian Private Banker* and *BearingPoint,* 65% of the sample population (which included COOs, RMs and other senior stakeholders of private banks) have noticed a rising interest from their clients in client tax reporting services compared with the past two years.[2] A staggering 97% of the respondents predicted that the interest would increase over the next three years. Hence, it may be a key expectation from clients (often diversified into several markets subject to differing tax laws) that private banks will offer reporting services with increased sophistication to address clients' tax reporting needs. This may open up a new channel for attracting clients, and help them mitigate regulatory risks proactively.

As the APAC wealth market continues to strengthen, aided by the high proportion of self-made, first-time high-net-worth individuals (HNWIs) – unlike the situation in the EU or U.S., where the majority of assets still originate from inherited wealth – private banks must meet the higher service expectations of a new entrepreneurial customer segment. This new breed of customers want a multichannel experience. They may also venture into possible alternatives for private banking services given the options from fintech insurgents.

In response, some private banks have already enhanced their digital capabilities to address clients' increasing preference to log into their personalized portals and review their portfolios from multiple perspectives. The digital platforms highlight not only details of clients' portfolio holdings, but also the ability to interact with the RM on new ideas on the go. Periodic emailed reports are often complemented with real-time smart alerts to notify clients of significant changes in their portfolio holdings. The effectiveness of client communication lies in the timely presentation of relevant data to the client, since the data's value is minimized if it is not delivered at the right time.

Today’s clients are looking for a connected experience and private banks should adopt a strategy that allows easy integration, warrants automation and inculcates innovation for creating the desired target solution.

It would be a complete exaggeration to state that the traditional paper-based and periodic client statements are fated to go away. They also remain relevant from the financial regulators’ perspective (e.g., Monitory Authority of Singapore, Hong Kong Monetary Authority, etc.). However, paper may become dispensable in the near future and morph into a low-value offering providing little or no opportunity to private banks to differentiate themselves in the market. With increasing client expectations, banks must think outside the box when it comes to client outreach. Some of this would be outside the scope of client reporting *per se*, but would form a part of the broader spectrum of client communication, which the bank needs to closely tie back to the client wish lists discussed above.

Today’s clients are looking for a connected experience and private banks should adopt a strategy that allows easy integration, warrants automation and inculcates innovation for creating the desired target solution. The digital solution highlighted in this white paper could be a credible integrated approach for private banks seeking to move in this direction.

Endnotes

[1] Mike Kendall, "Six emerging trends in client communications for investment managers." SS&C Blog, September 7, 2018, https://www.ssctech.com/blog/six-emerging-trends-in-client-communications-for-investment-managers.

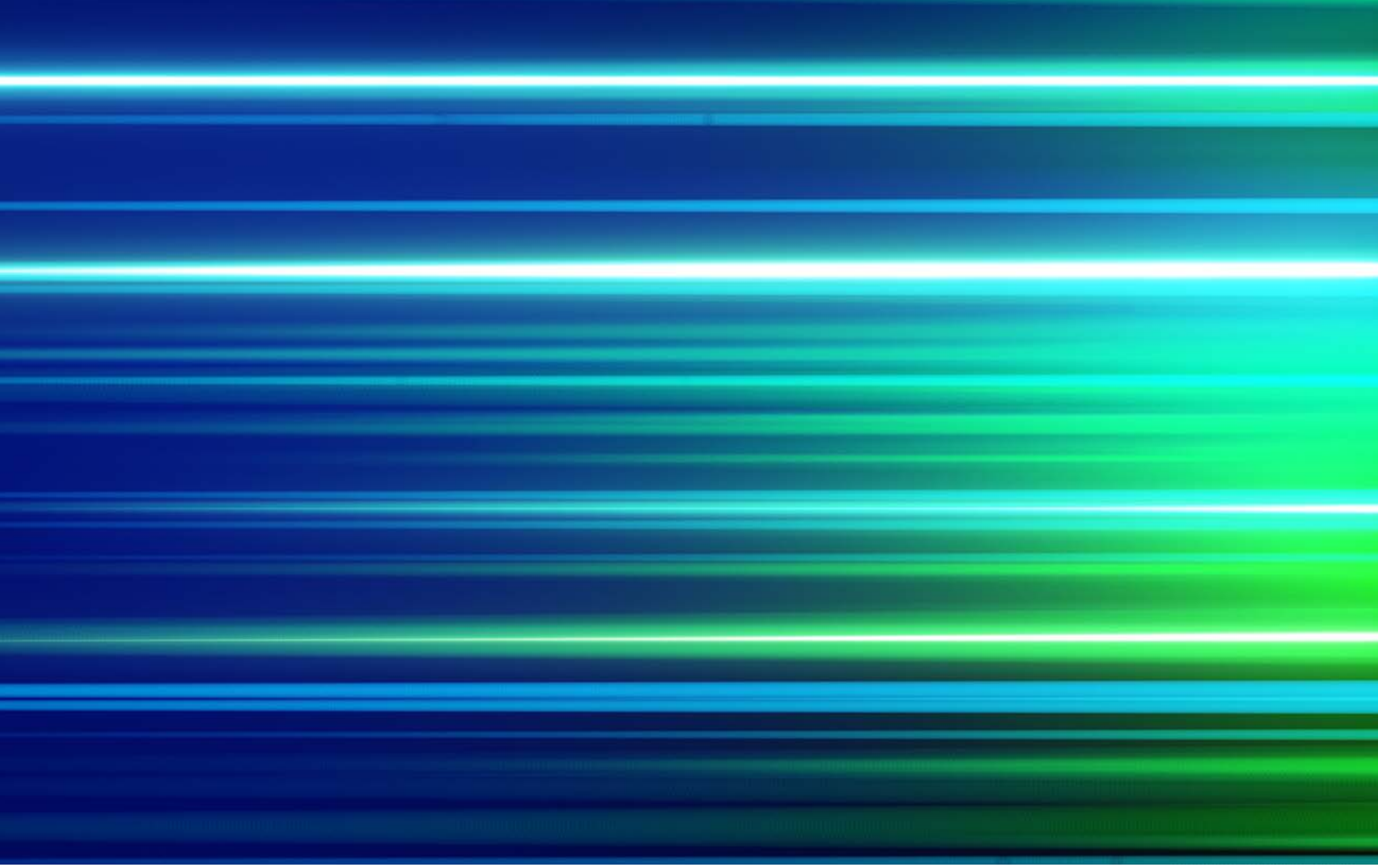
[2] "Client Tax Reporting 2019," *Asian Private Banker*, December 20, 2018, https://cdn.asianprivatebanker.com/wp-content/uploads/2019/02/Asian-Private-Banker-2019-Client-Tax-Reporting.pdf.

About the author

Biswadeep Sengupta

Senior Manager, Cognizant Banking & Financial Services, Consulting Practice

Biswadeep is a Senior Manager within Cognizant's Banking & Financial Services Consulting Practice. He is a proven talent for aligning business strategy and objectives with established business consultation and process management paradigms to achieve maximum operational impact with minimum resource expenditures. He has 16 years of banking and financial services industry experience with international clients across North America, the European Union and APAC regions. A growth-focused individual, his expertise spans across account management, digitization and automation solutions, risk assessment, financial and process analysis, customer experience management, cross-functional team leadership, client relationship management, and project management. He holds an MBA in finance and strategy from the International Management Institute (IMI), New Delhi, India, and can be reached at Biswadeep.Sengupta@cognizant.com | LinkedIn: www.linkedin.com/in/biswadeepsengupta/.



About Cognizant Banking and Financial Services

Cognizant's Banking and Financial Services business unit, which includes consumer lending, commercial finance, leasing insurance, cards, payments, banking, investment banking, wealth management and transaction processing, is the company's largest industry segment, serving leading financial institutions in North America, Europe, and Asia-Pacific. These include six out of the top 10 North American financial institutions and nine out of the top 10 European banks. The practice leverages its deep domain and consulting expertise to provide solutions across the entire financial services spectrum, and enables our clients to manage business transformation challenges, drive revenue and cost optimization, create new capabilities, mitigate risks, comply with regulations, capitalize on new business opportunities, and drive efficiency, effectiveness, innovation and virtualization. For more, please visit www.cognizant.com/banking-financial-services.

About Cognizant

Cognizant (Nasdaq-100: CTSH) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 193 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at www.cognizant.com or follow us @Cognizant.

Cognizant

World Headquarters
500 Frank W. Burr Blvd.
Teaneck, NJ 07666 USA
Phone: +1 201 801 0233
Fax: +1 201 801 0243
Toll Free: +1 888 937 3277

European Headquarters
1 Kingdom Street
Paddington Central
London W2 6BD England
Phone: +44 (0) 20 7297 7600
Fax: +44 (0) 20 7121 0102

India Operations Headquarters
#5/535 Old Mahabalipuram Road
Okkiyam Pettai, Thoraipakkam
Chennai, 600 096 India
Phone: +91 (0) 44 4209 6000
Fax: +91 (0) 44 4209 6060

APAC Headquarters
1 Changi Business Park Crescent,
Plaza 8@CBP # 07-04/05/06,
Tower A, Singapore 486025
Phone: + 65 6812 4051
Fax: + 65 6324 4051

Codex 5212