

Supporting the mass affluent segment with technology solutions



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What is meant by ‘mass affluent’?

Mass affluent are the sheer masses of the clients out there. So normally, they define by assets under management or financial assets a client has, and it can differ by region. So while it is higher, starting around USD100,000, for the Western European, but also for the US, it could be slightly lower in other regions. We would even tend to include lower wealth to it, in particular for Southeast Asia or Africa, wealth that should be serviced as well by investment professionals. The most affluent differentiate relative to what is called high net worth individuals, which are on top of the mass affluent segment, and then the peak segment with the ultra-high net worth individuals.

Why is supporting this mass affluent segment in wealth management more important now than ever before?

First of all, what we have seen with the Covid-crisis is that a large part of the population cannot sustain a three- to six-month time horizon with no income stream. And that depends on how much savings you have left and how much investments you have. That’s one of the reasons it is so important to support them with professional services.

Secondly, wealth accumulation in particular regions, such as Southeast Asia or Africa, with its young and dynamic population, growing population, is just a segment you have to cover, and the technology these days enables that. For the Western world, for Europe and the US in particular, is more the pension gap, the looming pension gap, the concerns of the cost of living once you retire, because we’re getting older and we have to afford it, and therefore you have to support the affluent segment in its way of wealth accumulation to afford for a decent lifestyle then after retirement. And again, we have the technology means these days to do that.

What regional differences in this market segment do you see?

Let’s start with the Asian market. There in particular it’s a very young population. It’s a fast growing, very young population. The median age is 30 years only. And therefore, this segment is expected, from today, 57 million to grow to 137 million clients by 2030. So it’s a clear growth case with its need of support and service models. Africa, in contrary to



that, that's purely mobile banking. It comes from payment services starting to grow into developed industry through mobile banking. And there as well, it's underpinned by the growth, by the young population.

And if you look into Europe and if you look into the US, I would say people are not underbanked. In contrary to Asia and Africa where still, depending on the region, 7 out of 10 are still underbanked. For Europe and the US, it's more a need for simple solutions, for client-centric solutions, but also, in terms of financial planning, so the accumulation, which then allows, once you retire, the professional decumulation of your acquired wealth.

What are the challenges that these clients face and are their needs the same?

If I look into the challenges, they're various ones. First, I would say is simple, that there is no offer for that

segment. The second one I would say is about financial literacy. Even if there is an offer, it has to be to such an extent that the clients, in particular at the lower end of the wealth spectrum, are guided through in an intuitive way that they understand what risks they take, what opportunities they invest, and are supported by alerts and financial content measures. The third is clearly, on the challenges side, we have a lot of offers out these days, in particular in the well banked area, they're too complicated. We need simpler solutions. We need solutions that are affordable, intuitive to guide through. And last but not least, we need solutions for the lower end income stream that are even self-served, but on request, you could get support, so are assisted if you requested. So are the needs the same? I would say the needs are comparable across the regions for simplicity, for transparency, on the cost side, for good performance, obviously, but also for a 24/7 access.

What are the solutions and offerings to support this client group?

The solutions we offer are a simple mobile wealth accumulation tool. It can be self-served, but also assisted, be it from a call center down to an advisor. And the second solution, I think which is as well important, we offer is a professional wealth decumulation tool. That's more for the European market, but also for Singapore or the Hong Kong market. A wealth decumulation tool where you have professional ways to decumulate your wealth according to needs, but still ensure a next generation wealth transfer.



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