

Article

# Roboadvisor 2.0 –

Gartner Hype Cycle features aixigo as a representative vendor





```
ViewPager() {  
    onPageChangeListener(object : ViewPager.OnPageChangeListener) {  
        fun onPageScrolled(position: Int, positionOffset: Float, positionOffsetPixels: Int) {  
            // ...  
        }  
        fun onPageSelected(position: Int) {  
            selectedTab = position  
        }  
    }  
}  
  
layout.getTabAt(selectedTab)  
layout.tabMode = TabLayout.MODE_FIXED  
tabLayout.tabGravity = TabLayout.GRAVITY_FILL  
tabLayout.setupWithViewPager(viewPager)  
  
private fun displayViewPager(packageResult: Array<List<PackageItem>, Result<PackageItem>?) {  
    mViewPager.adapter = PackagePagerAdapter(this, fragmentManager, packageResult, bundleResult)  
    Utility.tabsFontChanges(context: this, mTabLayout)  
}  
  
private fun initToolbar() {  
    packageActivity
```





# | Intro

In its new *Hype Cycle for Digital Banking Transformation*, Gartner recommends aixigo as a representative provider for the Roboadvisor 2.0 technology. In the following sections, we have therefore summarised some essential information about Gartner's Hype Cycle; the Roboadvisor 2.0 technology, as well as the solutions aixigo offers in this area.

**Leveraging Roboadvisor 2.0 technology enables your business to deliver a completely new service experience to your customers and to tap into new customer groups and revenue streams.**

# Gartner Hype Cycle for Digital Banking Transformation

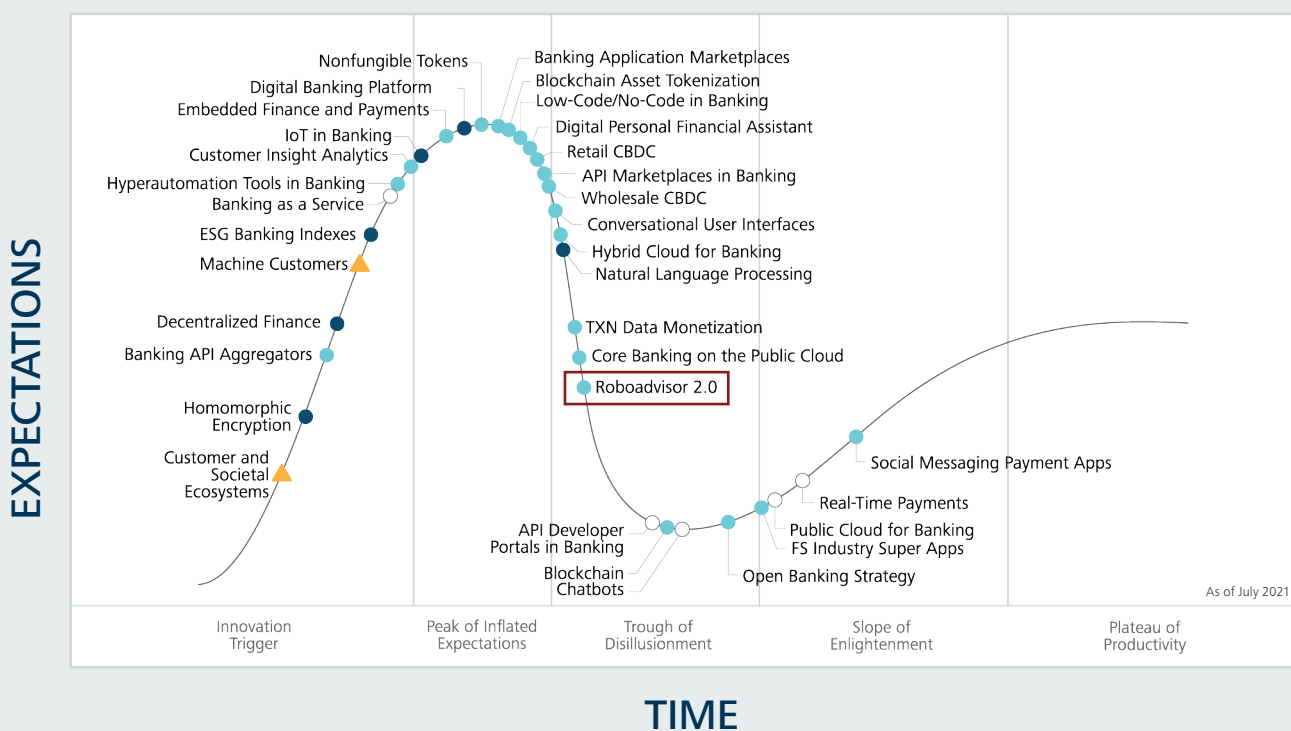
Throughout history, society has been shaped by technical innovations. Even in the financial industry, digital innovations play a decisive role.

“Technology innovations are driving bank and nonbank competitor activity, influencing customer demand for product and services, and shaping regulators’ actions globally.<sup>1</sup>”

That said, which of these technical innovations are just a hype that might pass, and which ones have a long-term impact? Introduced in 1995, the Gartner Hype Cycle describes the attention paid to new technologies over time. It evaluates the extent to which a technology will prevail and how it has matured so far. In this context, the 2021 *Hype Cycle for Digital Banking Transformation* focuses on technologies that will shape the banking industry through the next five years.

<sup>1</sup> Alistair Newton (2021): Hype Cycle for Digital Banking Transformation, 2021, Gartner, p. 1.

Following the concept of the Hype Cycle, technologies undergo five phases of attention. The Hype Cycle starts with an "innovation trigger" that generates a great deal of interest in the technology from the professional public. As the topic gains momentum, many businesses jump on the bandwagon, frequently as mere free riders. Attention then climbs the "peak of inflated expectations" where exaggerated enthusiasm spreads: The real hype. However, expectations are mostly unrealistic at this stage as much of the technology is still in its infancy and immature. Therefore, the technology plunges into the "trough of disillusionment", since the expectations placed in the technology are not fulfilled. As a consequence, public awareness and media coverage drop. Having reached the bottom, the "slope of enlightenment" begins. Although the general interest has clearly decreased, the technology keeps evolving. Gradually, its benefits and limitations become apparent, and the first practical implementations emerge before the matured technology enters the "plateau of productivity". Its potential is now widely acknowledged. Second- or third-generation advancements emerge that either reach the mass market or at least find use in a niche market.<sup>2</sup>



Plateau will be reached: ○ < 2 years ● 2-5 years ● 5-10 years ▲ > 10 years  
 ⊗ Obsolete before plateau

Source: Gartner, Hype Cycle for Digital Banking Transformation, 2021

<sup>2</sup> Gartner (2021): Gartner Hype Cycle, <https://www.gartner.com/en/research/methodologies/gartner-hype-cycle>.

## What is a Roboadvisor 2.0?

*Roboadvisors 2.0 merge the automation of traditional Roboadvisors with the hyper-personalisation known from traditional face-to-face advisory services. Roboadvicing 2.0 is therefore a highly automated digital portfolio management service which is simultaneously highly personalised. This makes the service both extremely scalable while still high service quality and individualisation are guaranteed. Compared to traditional Roboadvisors, Roboadvisors 2.0 use a more hybrid approach to digital advice. While traditional Roboadvisors hardly consider the customer's overall financial goals and offer little interaction between adviser and customer, Roboadvicing 2.0 enables flexible input from both sides. By increasingly using AI, NLP and conversational platform components, it allows taking larger amounts of customer data into account to create an individual portfolio structure according to the customer's wishes. The customer can, there while, flexibly adjust his investment goals according to his current life situation. The adviser can respond to this, for example, with a rebalancing or by offering further coaching – traditional advice and digital wealth management melt together.*

# The Roboadvisor 2.0 within the Hype Cycle<sup>3</sup>

Gartner defines Roboadvisors 2.0 as "collaborative, automated, digital financial tools that use algorithms to perform advanced investment management and financial planning functions". Compared to traditional Roboadvisors, Roboadvisors 2.0 use a more hybrid approach to digital advice. According to Gartner, the Roboadvisor 2.0 technology is already in its adolescence phase and slowly sliding into the "trough of disillusionment". The capabilities of the technology, as well as the process understanding are therefore quite mature – with second-generation products already emerging. Furthermore, the application of the technology is no longer limited to early adopters. Thus, the time to reach the productivity plateau – i.e., mainstream adoption – is estimated at two to five years. Overall, Gartner predicts great benefits from the implementation of Roboadvicing 2.0, as it will generate significantly higher revenues respectively cost savings for financial businesses as it enables processes to be executed in a completely new way.

<sup>3</sup> The subchapter refers to: Darrin Courtney (2021): Hype Cycle for Digital Banking Transformation, 2021, Gartner, pp. 82 – 85.

## These benefits arise from the use of a Roboadvisor 2.0.

On the customer side, the service meets the need for a collaborative digital channel and an always-accessible digital self-service, which provides perfect transparency regarding products and performance. Moreover, the service is highly personalised, allowing the creation of personalised portfolios and portfolio reports as well as individual portfolio monitoring and management – thereby delivering real insights. Due to the surplus value created for the customer, fees can now be better justified, as the focus shifts to the value of advice (instead of the costs of the advice).

On the provider side, the (partial) automation saves resources that can be used for other value-adding activities — such as prospecting and advice delivery. Personalised advice and portfolio management becomes a scalable offering that can serve a wide range of customer segments and needs. However, financial services providers need to take care that their Roboadvisor offering corresponds to the needs of their customers. In addition, the service can be integrated into various channels, enabling a multi-channel offering and allowing to make the most of sales opportunities.



### Traditional advice

Human advisers offer one-to-one, product-based advice.



### Roboadvisor 1.0

Algorithm-based platforms as DIY solutions which provide investment advice based on customer preferences



### Roboadvisor 2.0

A hybrid model, giving customers access to hyper-personalised investment opportunities based on the expertise of a portfolio manager.

## What are the drivers, according to Gartner?

Drivers of this technology are both Fintechs and traditional wealth management firms as well as Bigtechs that continue to launch digital automated advice solutions and thereby exert competitive and cost pressure on firms that have not introduced such a solution yet. In the face of this growing competitive and cost pressure, financial institutions increasingly need to differentiate themselves by offering superior services and to counteract the cost pressure by increasing automation. Within the next two years, the majority of wealth managers (77%) hence intend to increase their spending on technologies to support Roboadvisor 2.0, such as artificial intelligence and analytics, digital process automation and conversational platforms. At the same time, also customers are a main driver of this technology, as they are not only growing up as digital natives, but as well increasingly require hybrid digital experiences.

## Gartner recommends aixigo AG as a vendor.

Gartner sets out specific recommendations for wealth management CIOs and CTOs. Among these recommendations, Gartner specifies providers offering solutions in this area – including aixigo. Below follows a brief overview of Gartner's recommendations along with an insight into what aixigo offers.

One recommendation is to explore possible platform approaches by reviewing how other banks/investment firms have successfully deployed Roboadvisor 2.0 technology and to determine buy, build, or partner approaches to automated digital advice. Wealth management is multifaceted and encompasses a variety of services, ranging from portfolio management to financial planning. Likewise, Roboadvisors 2.0 can reproduce a similarly broad spectrum of wealth management services digitally. However, this requires a platform that is capable of mapping this diversity. It requires a platform that features a variety of flexibly deployable capabilities and that allows to flexibly design individual services in the sense of composable wealth management.

This is precisely what aixigo's Wealth Management Platform – designed with a commitment to scalability and flexibility – offers. Thanks to multiple microservices built into the aixigo Wealth Management Platform and based on flexible API technology, financial institutions can flexibly create their own services and, for example, build their own Roboadvisor 2.0. Financial institutions can compose the wealth experience best suited for them without being tied to a specific monolithic product or technology. This enables them to deliver superior user experiences and to stand out from the competition. In addition, aixigo offers professional services for all those who are interested in conceptualising customised solutions. Based on our long-standing experience, we can point out a variety of new ideas or illustrate ways to implementing concrete solutions.

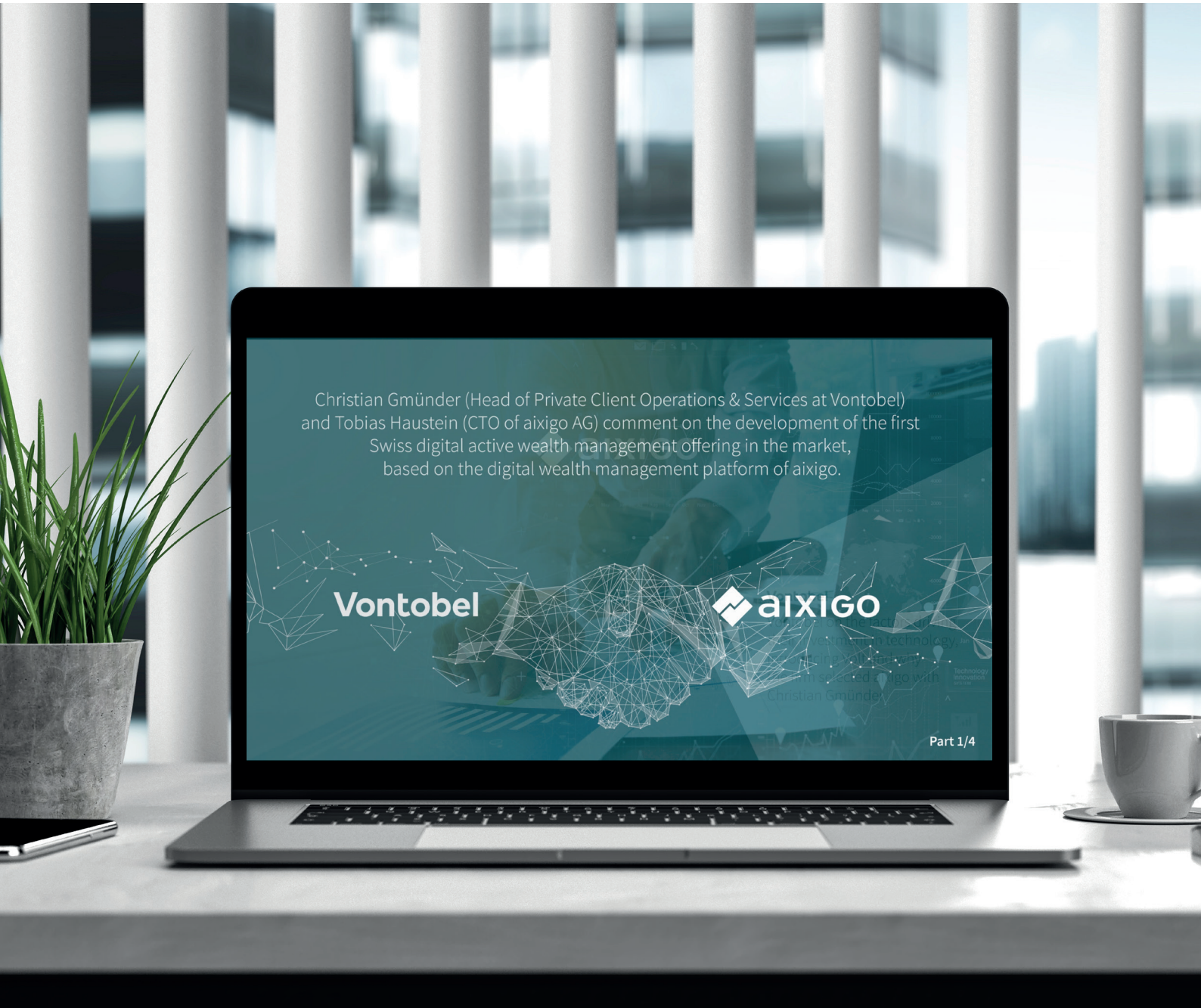
Gartner also recommends assessing the ease with which a Roboadvisor 2.0 offering can be integrated into existing infrastructures. Since aixigo's Wealth Management Platform is based on flexible API technology, aixigo's solutions can be integrated into any existing infrastructure.

Beyond this, decision makers in wealth management are advised to ensure that automated digital advice is future-proof by pursuing a hybrid approach from the outset. They are advised to build solutions that support multiple customer segments and advice needs. aixigo's mission is to drive the new wealth experience. Hence, we design solutions that meet tomorrow's needs and that are successful in the long term. This is why the architecture of aixigo's platform ensures that existing services can be successively expanded at any time.

Finally, Gartner also emphasises that the acceptance of the technology among advisers and relationship managers should be fostered by demonstrating that Roboadvisor 2.0 is not a threat but an enrichment that frees up valuable resources and thus enables them to better serve high-value customers.





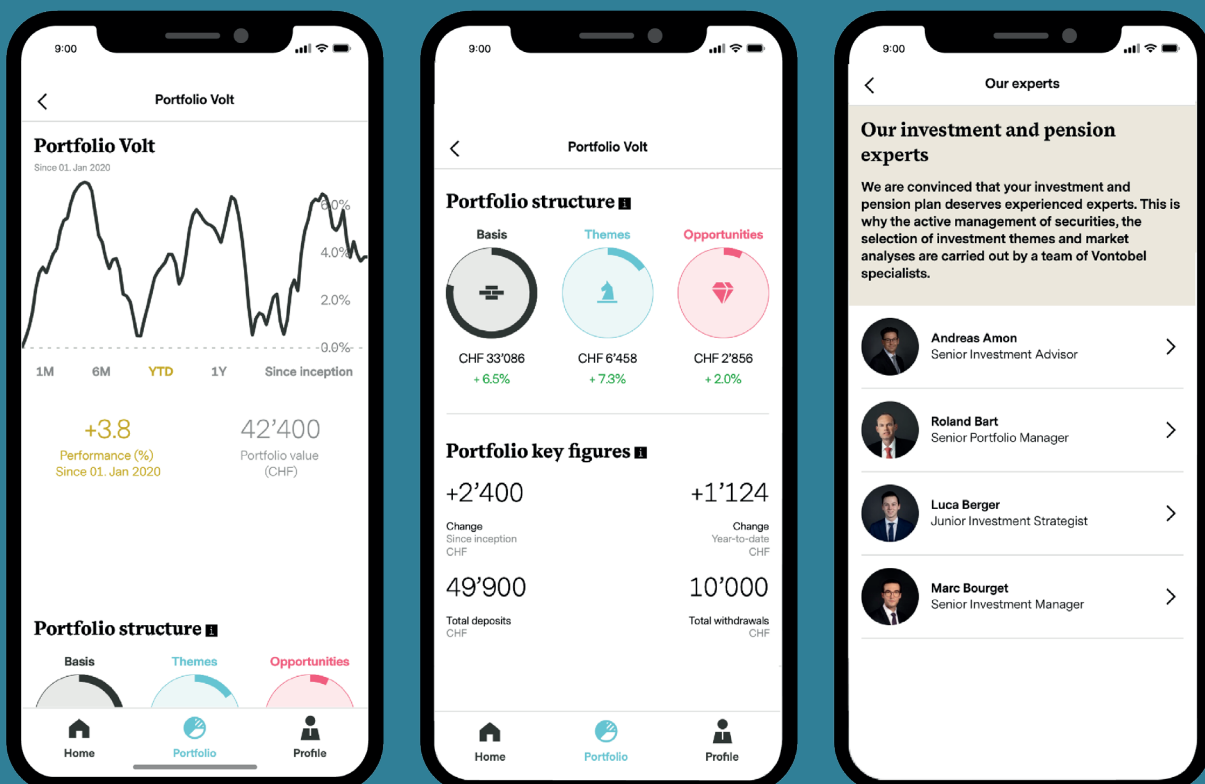


In the following, we will now introduce you to the solution Vontobel Volt®, which was co-created with Vontobel. If you would like to learn more about the added value of the concept "Volt®" for Vontobel, see also our interview with Christian Gmünder, Head of Private Client Operations & Services at Vontobel.

# A case for Roboadvising 2.0 – Vontobel Volt® by Vontobel and aixigo

aixigo und Vontobel recognised early on that stand-alone Roboadvisors have difficulties in operating profitably. Many customers miss the personal component, the human contact person, and hence trust. Even though automation and digital delivery of investment opportunities are a necessity, customers still want to see their personal preferences reflected in the portfolio, as is the case with personal advice, and wish to know that someone is taking care of their concerns.

That's why Volt®, a hybrid solution that combines the best of both worlds – automated and regulatory-compliant processes and personalised investment services with humanity – was launched in 2019. Through Volt®, an opportunity for exclusive wealth management to be digitally accessible and simultaneously customised has been created.



Volt® is a communication and service channel in one. The unique wealth management app provides digital access to personalised financial services, exclusive deals, and information on the current status of one's assets at any time. Unlike traditional Roboadvisors, Volt® offers a hyper-personalised service as it proactively addresses customers with individualised investment opportunities based on their preferences and corresponding information as well as reports. At the same time, customers remain largely autonomous and can make independent decisions through digital access in line with their personal preferences. Also, the communication is personalised and tailored to the customer, as the app enables the provision of an individualised news feed – the timeline – and curated information. Once the customer has decided on an investment, the asset manager regularly provides curated content to keep the customer comprehensively informed about current developments in the relevant market.

From the provider perspective, Volt® reduces expenses and scales Vontobel's wealth management know-how. As a result, the long-standing exclusive Swiss wealth management service becomes accessible even to a new, less wealthy target group. This means a diversification of income streams. With Volt®, Vontobel is providing a proactive answer to changing investor needs.

## Benefits of a hybrid wealth management service for your business



### Reduction of effort – evidence of expertise

Besides enabling an additional quality gain, the automation of complex processes saves advisers resources that can be used for other value-creating activities.



### Transparency

The customer is always informed about the current value and the assets in his portfolio. If the portfolio manager carries out a rebalancing, he receives a curated report digitally. The customer can fully comprehend and understand all recommendations and actions.



### Personalisation

By increasingly making use of automation and the analysis of customer data, the provision of a highly personalised service becomes possible.



### Efficiency and scalability

The entire wealth management process is largely digitalised, fully compliant with regulations, and secure. By saving effort, exclusive wealth management becomes scalable and accessible to a new target group.