



How stable foundations drive agile futures.

Navigating change in wealth and asset management.



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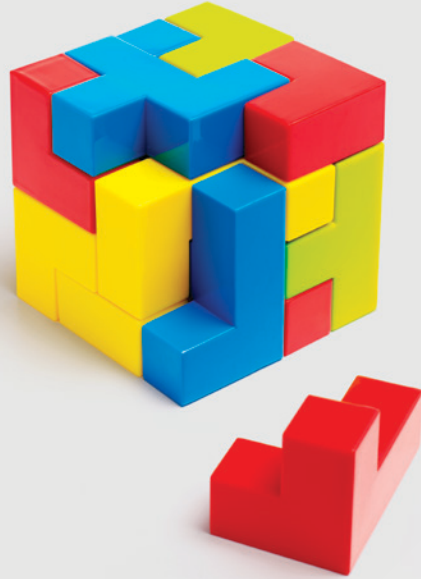


Charting a course through financial turbulence.

With today's unpredictable macroeconomic shifts and relentless regulatory changes, wealth advisors, asset managers, and financial institutions are no strangers to uncertainty.

The pressure to be both flexible and agile has never been greater. Financial institutions are guiding clients through new ground marked by mergers, acquisitions, and technological advancements. Charting a path forward requires a balance of stability and innovation. While the ability to adapt and innovate is crucial, sustainable growth depends on a stable foundation of operational consistency and an unwavering commitment to client success.

Having the right technology and asset management provider is crucial. A stable and strategic partner is collaborative, seeking not only to understand these challenges, but also to help you stay ahead of them. The right partner equips you with the proper technology platforms and operation solutions to navigate industry shifts, seize new opportunities, and enhance client service delivery in ways that wouldn't be possible alone.



Overcoming challenges, seizing opportunities.

Technological disruption

Perhaps the most profound transformation reshaping wealth management is the convergence of technological innovations. At the forefront of this revolution is artificial intelligence (AI), which leads algorithms and applications that augment advisors to serve clients more effectively. With the growing demand for more cohesive, seamless, and personalized services, financial organizations can fully maximize AI-integrated capabilities that analyze market trends to optimize portfolios, enhance operational processes, and predict client behavior. Integrating AI into workflows frees up time from manual tasks, enabling organizations to focus on delivering personalized client services that drive business growth.

But the shift toward tech-driven integrations isn't just in favor of operational efficiency; this transition is democratizing financial advice through AI-driven robo-advisors and chatbots. Applications enabled with generative AI (GenAI) are projected to dominate the retail investor advice space by 2028.¹ For financial firms, this could bridge the talent gap left by experienced advisors who are retiring, making it easier to onboard younger, novice advisors.

Concurrently, the emergence of blockchain and tokenization is ushering in a new era of transparency, security, and accessibility in asset management. These technologies are enabling the creation of novel financial products, such as tokenized funds and fractional ownership of traditionally exclusive assets—opening new potential revenue streams and investment opportunities for wealth managers.

¹ D. Simmonds, R. Waz, D. Dannemiller, “Retail investors may soon rely on generative AI tools for financial investment advice,” Deloitte Center for Financial Services, May 29, 2024.

Intergenerational wealth transfer

With the largest intergenerational wealth transfer in history taking place, increasing numbers of clients are seeking professional guidance to help navigate their pivotal wealth transitions.² Forward-thinking financial leaders can leverage this shift by investing in modern, connected technology, which will likely be a key differentiator. Compared with other sectors, the financial industry lags behind in adapting to provide personalized experiences that balance both the digital and in-person connectivity that clients desire. Eliminating old legacy systems and integrating advanced technology can give financial institutions greater ability to expand services and meet the demands of younger generations while still satisfying the needs of the older generations.

Younger investors generally expect much more agility and require personalized experiences, whether they are interacting digitally or directly with their wealth managers. We believe millennials are more likely to stay with advisory firms that offer services in monthly cash flow management, technology, and cybersecurity. Nonetheless, baby boomers may retain their wealth longer than we anticipate due to medical advances and increased life expectancy. The older generation may depend on trusted wealth management providers to help with managing retirement income, long-term care, and other needs as outliving their money becomes a key concern.

But it's not just about age. Shifting social demographics are placing women at the forefront of wealth management in U.S. households. By 2030, American women are expected to control the majority of the \$30 trillion in financial assets that baby boomers will possess.³ Learning to attract and retain women clients by understanding their differentiated needs, preferences, and behaviors in investment portfolios and wealth management will be crucial for advisors to adapt and serve those diverse needs.

The question is not whether financial institutions need to redefine their business models to span across generations and diverse populations—but how?

Investing in a unified platform that automates workflows into a single database could be the answer for financial firms looking to stay ahead. A centralized platform eliminates inefficiencies by enabling advisors, wealth managers, and back-office operators to work with the same data at the same time. It also enhances your clients' overall experience because it makes essential information available to them—anytime, anywhere. This helps advisors and portfolio managers spend less time reconciling data and more time pulling out insights to make personalized recommendations that help clients meet their goals.

Financial institutions will need to incorporate a hybrid approach to thrive in the future of wealth management—leveraging interpersonal connections and trusted relationships built with older clients while embracing innovative wealth-tech tools and strategies that resonate with younger ones. A forward-thinking approach, grounded in stability, helps ensure that firms remain positioned as a reliable partner capable of evolving alongside these societal shifts.

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² J. Euart, J. Godsall, V. Golyk, J. Zucker, "US wealth management: Amid market turbulence, an industry converges", McKinsey & Company, January 17, 2024.

³ P. Baghai, O. Howard, L. Prakash, J. Zucker, "Women as the next wave of growth in US wealth management," July 29, 2020.

Macroeconomic volatility

Economic uncertainty, geopolitical tensions, and shifting monetary policies have rocked the asset management landscape and, by extension, the way financial firms forge client relationships. In this environment, wealth and investment management firms must create resilient portfolios to withstand market fluctuations, especially as investors grapple with emotional decision-making.

The oversaturation of tech funds dominating the stock market has caused wealth managers to place greater emphasis on diversification opportunities. A renewed interest in active fund management strategies creates an opportunity for skilled investment managers to generate more alpha. But the real challenge isn't just in managing portfolios—it's in keeping clients grounded and focused on their long-term goals amid volatility.

Regulatory pressures

For banks and financial institutions, the implementation of capital reforms like Basel III⁴ is just the tip of the regulatory iceberg. This change is pushing institutions to reassess asset allocation and liquidity strategies to balance regulatory demands with capital efficiency.

Meanwhile, broker-dealers and advisors are facing the heat of enforcement from the Securities and Exchange Commission (SEC). With the SEC stepping up on compliance with recent Reg BI policies⁵ and new cybersecurity regulations,⁶ remaining compliant is no longer sufficient. Financial institutions and wealth managers must seek to stay ahead of evolving policies. But these changes are not merely compliance hurdles; they represent a fundamental shift in how financial institutions must operate and compete.

Forward-thinking wealth management firms are viewing this regulatory intensity as an opportunity for differentiation. By investing in robust risk management applications, advanced technology and operations infrastructures, integrated data management systems like cloud technology, and comprehensive compliance frameworks, firms can meet regulatory requirements while also enhancing operational efficiency, client service, and scalability.

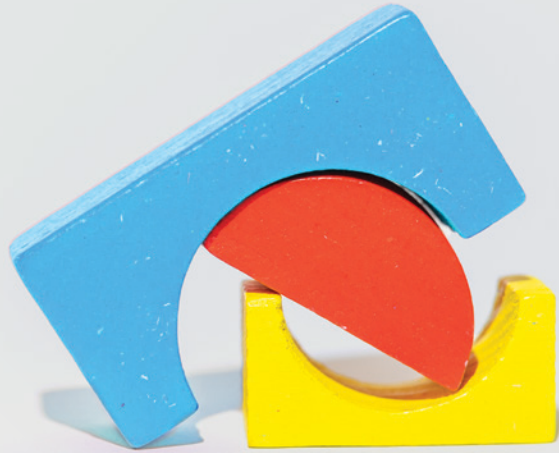
The regulatory environment is driving change in the competitive landscape, potentially leading to a loss of market share for larger, more constrained institutions. True leaders in wealth management will be those who turn regulatory compliance into a competitive advantage rather than a burden.

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⁴ M. Wade, M. Gauchat, V. Srinivas, "2025 banking and capital markets outlook," Deloitte Center for Financial Services, October 13, 2024.

⁵ R. Satran, "US regulators step up Reg BI enforcement sharply as individuals & firms increasingly face large fines," Thomson Reuters, December 14, 2023.

⁶ F. Kahn, "Breaking Down Cybersecurity-Related Regulatory Developments for Registered Investment Advisers," *New York Law Journal*, March 1, 2024.



Strategies for stability in times of change.

In an environment where change is ever-present, stability isn't just a goal, it's a strategic imperative.

For wealth managers and financial firms to differentiate themselves and thrive amid turbulence, they'll need to navigate change with agility and resilience.

1

Adapting to technological advancements

Emerging technology is pushing wealth managers to evolve their business models or risk becoming obsolete. The rise of blockchain, tokenization, and GenAI could disintermediate certain aspects of wealth management, potentially threatening some traditional revenue streams like transaction fees. However, asset managers who embrace the revolution of blockchain-enabled funds and tokenized products may capitalize on the creation of digital investment portfolios. Tokenization will allow smaller investors to access previously inaccessible investments like private equity and real estate—enabling wealth managers to tap into broader investor bases.

Meanwhile, the aging advisor demographic presents a challenge to banks, wealth managers, and advisory firms. As older advisors retire, they leave a talent gap that younger professionals may be unable to fill. This poses a threat to client retention since departing advisors often take their clients with them. To rise above this competitive landscape, firms must recognize the importance of digitizing their tech stack, creating scalable data management strategies, and ensuring seamless technology integration—or risk losing clients and talented advisors to firms that offer more advanced systems. From automating back-office processes to cloud-based platforms that scale together with advisors' needs, the right technology can free up time for what matters most: your clients.

2

Operational outsourcing

Keeping up operationally is a big challenge for financial institutions, but we believe operations can also hold far-reaching solutions and offer tangible benefits. There's a growing recognition in wealth management that outsourcing non-core functions isn't a sign of weakness—it's a strategic move to put the focus on revenue-generating initiatives.

As firms encounter pressures related to profitability, regulatory compliance, and evolving client expectations, outsourcing can streamline operations and reduce costs. By offloading non-core functions such as compliance, data management, and administrative tasks to third-party providers, firms can reduce operational costs and mitigate risks associated with workforce fluctuations. Outsourcing operations enables firms to respond more effectively to changing demands, improve scalability, optimize resource allocation, and position themselves for sustainable growth in a rapidly changing environment.

3

Dynamic investment strategies

Strategic asset allocation is the cornerstone of effective asset management. Start by aligning diversified portfolios with long-term financial goals in mind, considering high-level risk tolerances, even with market volatility. This will help clients and advisors avoid making emotionally driven portfolio changes. Provide access to a variety of asset classes and risk exposures, reducing reliance on any one source of return.

While creating a dynamic asset allocation strategy is key to mitigating risk and maximizing returns, it is only one part of a comprehensive investment process. A well-rounded and reliable investment strategy should include active portfolio construction and management, allowing for timely adjustments to maintain optimal balance as market conditions shift. Building a robust risk management framework follows, since featuring multi-asset oversight and clear separation between risk monitoring and portfolio management can help safeguard assets and gain investor trust at scale.

Having a stable and secure investment process that allows investment managers and advisors to pivot based on a wide range of economic and market scenarios will go a long way in encouraging and sustaining long-term investor confidence.

4

Focus on cybersecurity

Financial firms are uniquely exposed to cyber risk, accounting for 20% of total cybersecurity attacks⁷ in the last two decades. Banks represent institutions that are primarily exposed given the large volume of sensitive data and transactions that occur daily. However, recent research indicates a new trend in cybercriminal activity that could pose a greater risk to firms. Hackers are now targeting vendors that service financial firms as a means of entering their systems through the back door. Vendor email compromise (VEC) has increased by 137% in the past year, with cybercriminals exploiting vendor email accounts to breach communications and execute sophisticated phishing attempts. Voice cloning-as-a service (VCaaS) has also emerged as a new threat, with actors using AI-based voice-cloning tools in vishing for financial fraud and unauthorized access to systems protected with biometric authentication.⁸

Proactively defending against evolving cyberthreats is essential for protecting sensitive data and ensuring business continuity. With the right strategies in place, organizations can enhance their cybersecurity posture and secure their operations and clients. Key measures to reduce risks before they arise include:

- Implement Zero-Trust Architecture to continuously verify users and devices, reducing internal and external threats.
- Leverage AI and machine learning (ML) for real-time threat detection, enabling early identification and rapid response to anomalies.
- Adopt multifactor and biometric authentication to secure high-value access points, enhancing both security and user trust.
- Enhance vendor risk management with continuous monitoring and rigorous security assessments, reducing the risk of supply chain breaches.
- Build a cyber resilience plan that integrates incident response with business continuity to minimize disruption and streamline recovery.

A robust and proactive cybersecurity strategy is key to sustaining long-term growth, enabling businesses to stay ahead of emerging threats while ensuring stable, resilient operations.

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⁷ F. Natalucci, M. Qureshi, F. Suntheim, "Rising Cyber Threats Pose Serious Concerns for Financial Stability," International Money Fund's *IMF Blog*, April 9, 2024.

⁸ "Global Cyber Threat Intelligence (CTI): Annual Cyber Threat Trends," Deloitte, March 28, 2024.

SEI®—Your strategic partner in stability and innovation.

Change is never easy. But today, doing nothing is a bigger risk.

At SEI, we recognize that a foundation of stability enables financial leaders to navigate industry complexities while fostering an environment ripe for innovation. As a long-term strategic partner, we build lasting relationships that strengthen our client communities, helping them achieve much more than a simple technology conversion.

Trust is fundamental in any partnership, and it thrives on consistency. Our clients—ranging from independent advisors to global financial institutions—rely on us to deliver dependable solutions that enhance their technology, operations, and asset management capabilities. In times of change, having a strategic partner who ensures stability helps businesses adapt with minimal disruption, allowing them to focus on their core objectives.

Sustained innovation is built on decades of deep expertise. By integrating cutting-edge technology with proven strategies, we empower our clients to stay ahead of market demands, navigate volatility, drive operational efficiency, and embrace the future of wealth and asset management with confidence.

We manage change with our clients, not to our clients. By keeping the lines of communication open and asking the right questions, we help clients experience not just how our wealth and asset management solutions are different, but how we're different —because your long-term success is our mission.

Partner with us today.

To learn more about how we can help you power growth, make confident decisions, and protect futures, contact us today.

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SEI delivers technology and investment solutions that connect the financial services industry. With capabilities across investment processing, operations, and asset management, SEI works with corporations, financial institutions and professionals, and ultra-high-net-worth families to help drive growth, make confident decisions, and protect futures. As of Sept. 30, 2024, SEI manages, advises, or administers approximately \$1.6 trillion in assets.

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