BELVOIR
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Tech & Trends

Our "New Normal" and Its Effect on the Finance Industry

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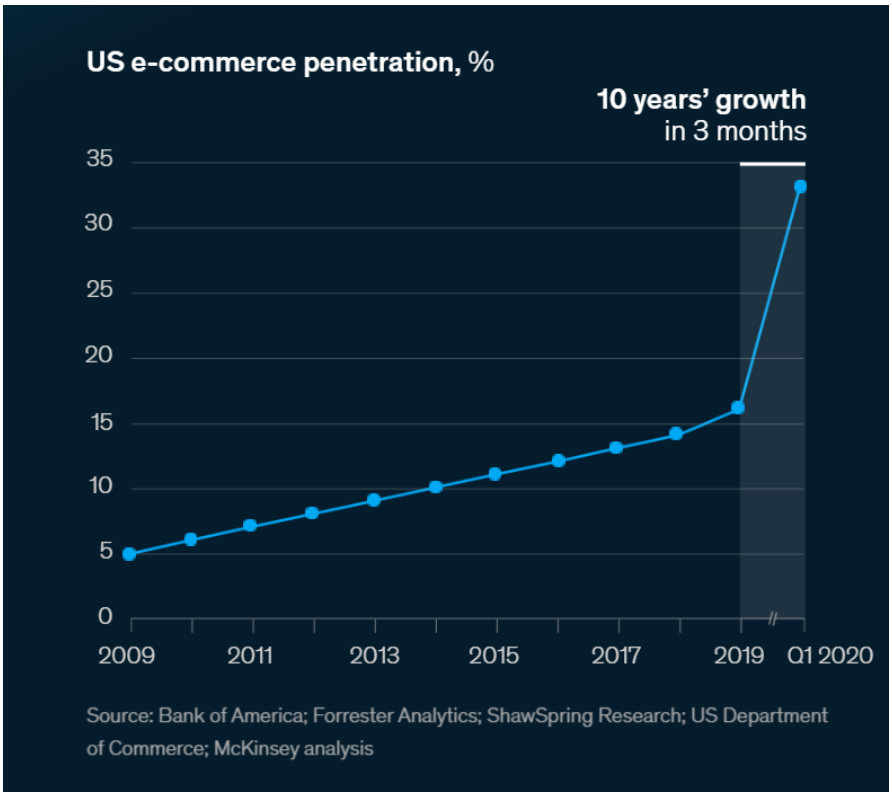
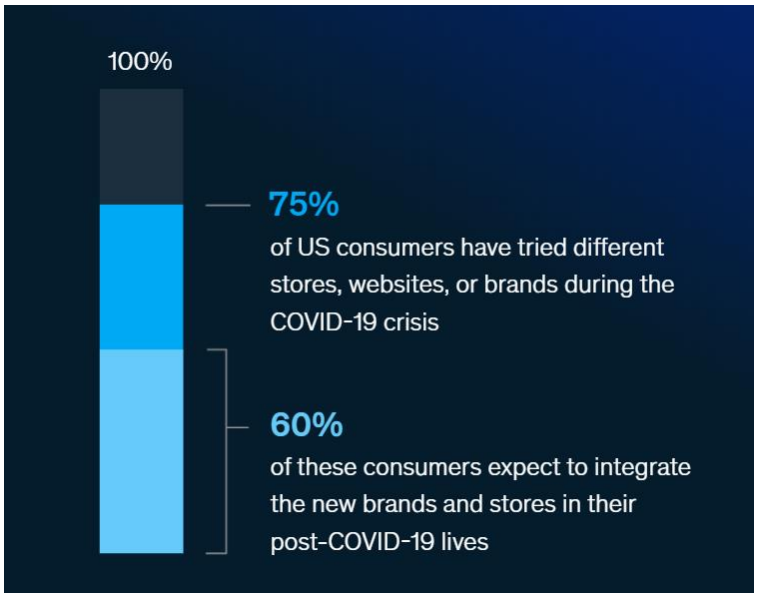
In just a few short months of the COVID-19 crisis, we have observed several changes happening to the economy. At Belvoir, we transformed board meetings into virtual discussions over Zoom and started incorporating technology and digital platforms in everyday tasks and operations. This new way of work will not disappear as our way of working, communicating, and growing as a business has changed permanently, and this is not only the reality for Belvoir, but for the investment and banking industry as a whole.

Prior to the pandemic, consumers had already been getting used to online and digital services. However, the COVID-19 crisis has massively accelerated those digital behavior patterns. Take e-commerce as a quick example: In the decade leading up to the crisis, only 15% of retail purchases were done online. Now this share has increased to almost 35% in just a few short months and consumers are unlikely to fall back into old patterns.



In order to keep up with these digital demands, companies must quickly embrace technological developments and change the way business is done. The financial sector, in particular, needs to deliver digital services to fulfill the expectations of a more tech-savvy audience.



This is a growth opportunity for the financial industry; attracting new clients is essential for expansion. However, this should also act as a warning: If clients are not truly satisfied with the service they receive, the barriers to switching financial advisors or investment platforms will continue to shrink. Clients will assume more power and continue to push for improved and streamlined services. However, if you are offering an agile best-in-class service, a client will not be tempted to trade you in for an easier, digital, and more efficient service.

In its Live-Webinar entitled "Five Priorities for Rapid Revenue Recovery during COVID-19", McKinsey & Company presents a detailed plan for all sectors on how to deal with current challenges. We have applied these proposals specifically to the banking and finance sector:

- **Multi-speed management.**

  After economies begin reopening, it is crucial for management to create a detailed plan that leverages the lessons learned during this crisis and shows how these experiences can be used to improve the business. This plan should look beyond the COVID-19 crisis and address how the business can become more agile in order to be ready for any future crisis or turn of events. This plan should be client centric and specifically address client expectations and what future clients will require in this new, more digital world.

- **Business reimagination.**

  For relationship managers, this could mean re-evaluating client and investor expectations. Have expectations changed since this pandemic? Will future clients expect more digital experiences? Beyond client relationships, investment officers should be reevaluating which sectors and themes show promising growth post-pandemic. Finally, leaders and CEOs should be reassessing their services and offerings and looking deeper into how to offer better solutions to the client in this "new normal".

- **Granular granularity.**

  This year has been a volatile year for the investment industry. Navigating one of the fastest drops and rebounds in the market has kept portfolio managers and investment officers quite busy while it has left investors a bit hesitant to enter this unreliable market. Getting companies back on a growth trajectory will require businesses to quickly identify where demand is coming from and what opportunities are emerging. This might require the analysis of market data (Which sectors are experiencing growth? What are the fastest growing financial sectors?) and client level data (Client segmentation: What age are new clients? What gender? What are their spending patterns?). In the investment industry, one level could be to reconsider and explore new areas of investment opportunities like biotech, the circular economy, or adding a level of risk management.

- **Virtual agility.**

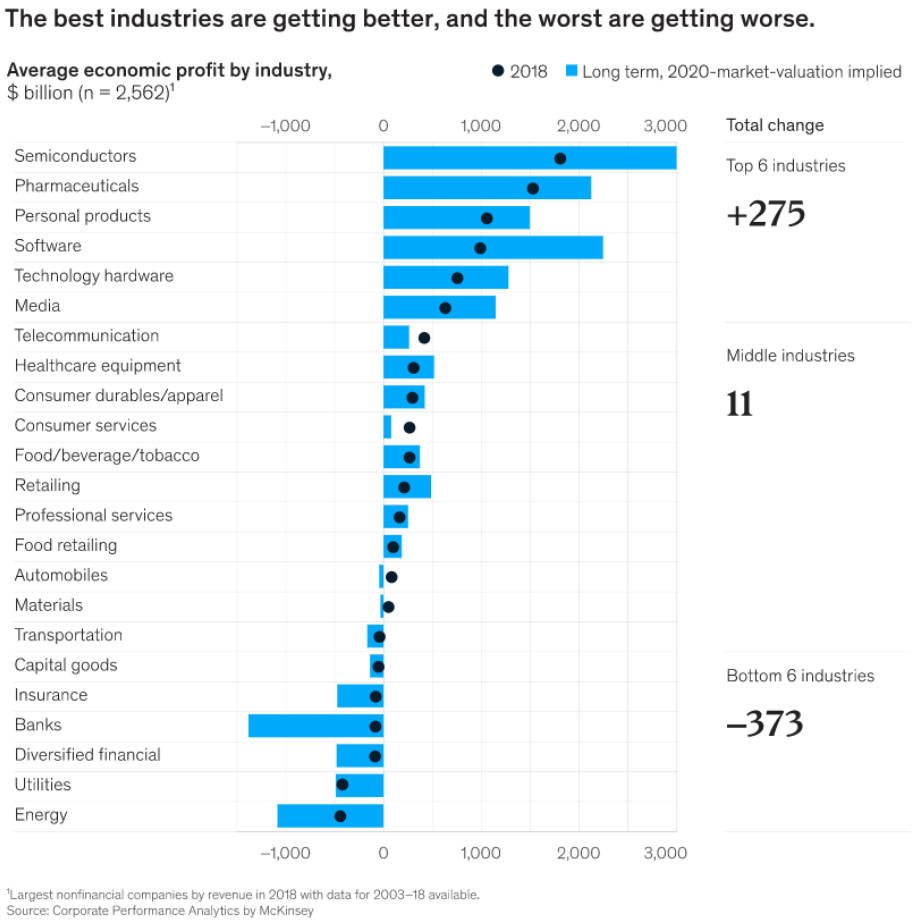
  Taking advantage of virtual channels by rewiring systems to prioritize speed and agility. This means giving your team the tools and technologies they require to be there for their clients, either in the office or virtually. It is time to implement new technologies and leverage them to streamline working. It is important to be agile as we move forward, because if this pandemic has proved anything, it is that things can change in the blink of an eye.

- **Self-banked growth.**

  Due to the new technologies and the need for a more cost-effective structure, it is time to reevaluate which activities are best performed in-house and which are best outsourced. It is important to realize that your team can only handle so much. Leaders should be mindful of when it is time to hire more employees, or when it is time to outsource some activities to trustworthy partners.

COVID-19 has created a new structure and way of working that is hyper-focused on the delivery of value to clients, and this is possible with a nimbler and more agile company. By addressing the points explained above, financial services companies can:

- Speed up and delegate decision-making
- Step up execution excellence
- Cultivate extraordinary partnerships
- Unleash nimble, empowered teams



The financial industry can take full advantage of the new technologies in the FinTech and DeFi space, and those that do will have a stronger position going forward. Those unable to move quickly and offer clients what they need may have trouble attracting new clients or, worse still, lose current clients. This “new normal” will benefit both small and large companies with innovative ideas and agile teams.

Alizé Marchand

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Alizé Marchand has a background in wealth management, sustainable investing, and digital marketing. She has a deep understanding of the financial services industry, the next generation of investors, and perception into the evolving insights and trends in finance. Alizé has the unique knowledge to help leverage digital platforms and works on creating innovative content for Belvoir Capital.

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