

INSIDER

www.insider.com

August 18, 2022

PREMIUM

FINANCE

Meet 6 people driving tech innovation at wealth giants like Merrill Lynch and Charles Schwab to help gain an edge in the \$40 trillion industry



ANNA KIM/INSIDER

BNY Mellon Pershing; JP Morgan; Charles Schwab, Inc.

James Faris

- **Wall Street wealth management firms have billion-dollar budgets for their technology.**
- **Large tech budgets help firms compete with fintech for talent and consumers.**
- **Insider spoke with six executives about the innovation at their firms like digital assistants.**

Wall Street's wealth management firms are pumping billions of dollars into their technology budgets. JP Morgan dedicated \$1 billion of its \$12 billion annual technology budget to its asset and wealth management division. UBS spent \$3.9 billion last year on its technology and is shelling out \$1.4 billion to acquire robo-advisor Wealthfront.

Even custodians that support breakaway financial advisors like RIAs have backed robust tech projects. Charles Schwab bet its \$26 billion acquisition of TD Ameritrade would bring the technological innovation it needs to stay on top. BNY Mellon Pershing spent \$1.4 billion last year on its tech.

The high budgets are for steep competition for clients in what McKinsey estimates is a \$40 trillion industry. Clients are demanding more digital capabilities, as are wealth managers themselves.

Banks that depend on the steady cash flow that their wealth management units provide are also competing against well-funded, venture capital-backed startup fintechs. Insider talked to six major players about how they are upgrading their tech to gain an edge against the competition.



Karen Donnelly has been with JP Morgan for 16 years and is a former financial advisor.

JP Morgan Private Bank is rolling out new ‘on-call’ digital assistants

Karen Donnelly leads JPMorgan’s digital tech team for its private bank business, a unit that caters to high-net-worth and ultra-high-net-worth clients, including family offices.

The bank’s US digital team made its customer relationship management software more accessible through a mobile app, a feature that unchains advisors from their desk, in 2019. And it’s working to add an on-demand call assistant that will monitor calls with clients and suggest documents and information in real-time

based on what’s mentioned.

Donnelly, who has been with the firm for 16 years and is a former private banker, said David Frame, the private bank’s CEO asked her to take on the role to accelerate the technology improvements the wealth management unit needed at the end of 2020.

“I have such a good starting point in terms of the things that are going to make a difference versus the things that are not,” she told Insider.

She’s hired other wealth managers, making up a quarter of the 40-person digital team she oversees, to keep a pulse on what advisors need and want in their technology stacks. The rest of the team are design and product managers from other financial services companies such as McKinsey, UBS, and Goldman Sachs.

Donnelly has built out a task force focused on innovation and fintech partnerships. The group researches what areas the firm can develop next and whether they can build it inhouse or offer the solution through a fintech company. Though JP Morgan Chase has made multiple investments in fintech companies, its private bank unit has yet to partner with its first fintech.

“We have great partnerships and capabilities on our technology platform side. So a lot ends up being solved internally. But, certainly, we’ll look at partnerships external if we think it can accelerate certain things we’re trying to solve for,” said Donnelly.

JP Morgan Chase oversees \$3.7 trillion client assets through its asset and wealth management businesses. Out of the \$12 billion-tech budget, the company pumps more than \$1 billion annually into upgrading the services and products that support those businesses, according to a presentation from its investor day.

(#S0107412) Excerpted and adapted with permission from the August 18, 2022 issue of Insider. © 2022 Insider Inc. For more information about reprints and licensing visit www.parsintl.com.

INVESTMENT PRODUCTS: • NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

"J.P. Morgan Private Bank" is a brand name for private banking business conducted by JPMorgan Chase & Co. and its subsidiaries worldwide. JPMorgan Chase Bank, N.A. and its affiliates (collectively "JPMCB") offer investment products, which may include bank managed accounts and custody, as part of its trust and fiduciary services. Other investment products and services, such as brokerage and advisory accounts, are offered through J.P. Morgan Securities LLC ("JPMS"), a member of FINRA and SIPC. JPMCB and JPMS are affiliated companies under the common control of JPMorgan Chase & Co