

EVOLVING EFFICIENT SMART TECH SOLUTIONS TO BETTER SERVE CLIENTS

Reflections from Pershing's Technology Advisory Board



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Pershing hosted 2023's first Technology Advisory Board (TAB) meeting in Nashville, Tennessee, bringing together clients from 19 Broker-Dealer and Registered Investment Advisor firms. The board informs Pershing's technology strategy and roadmap, and members discuss industry trends, best practices and challenges. Key topics included:

1. Integration Strategy
2. Advisor and Client Onboarding
3. Operational Efficiency
4. Artificial Intelligence

INTEGRATION STRATEGY

With a strategic emphasis on innovative third-party technology providers, firms continue to seek ways to enhance efficiency and data quality by achieving more powerful integrations.

- **Integrating Third-Party Tools:** Alternative investments and onboarding tools were identified as top priorities for engaging new third-party providers. Working with order-entry and data-capture providers (e.g., +SUBSCRIBE®), onboarding solutions (e.g., Wealthbox Client Relationship Management) and insurance integration tools (e.g., FireLight) were highlighted as well.
- **Cloud Adoption:** The pace of cloud solution adoption varies. There are some concerns with losing control of data when moving to the cloud or the challenge of normalizing data. Some mentioned investing in cloud-based streams and wealth data modernization services (e.g., using providers such as Databricks).

- **Developer Experience:** There's a desire to share more about our integration capabilities - and offer prescriptive information for developers on building apps and functions. Pershing will introduce integration "recipes" that offer ways to bring APIs together to create end user experiences. This will facilitate developers' ability to leverage our offerings by accessing richer, more prescriptive test-related information.
- **Data Consumption:** Several firms maintain their own "source of truth" for data but might consider a different model based on data integrity, access cost and availability. Data arriving from multiple custodians and platforms adds operational complexity; members would prefer real-time data from a single source.

ADVISOR AND CLIENT ONBOARDING

Recognizing that a firm's onboarding process is a defining "first impression" for both clients and advisors, leaders are determined to reduce bottlenecks and errors, and to maximize adoption of digital processes.

ADVISOR ONBOARDING

- **Performing Due Diligence:** Firms reporting the greatest onboarding success deploy teams to manage due diligence, evaluate incoming assets and quickly transition books of business while remaining compliant.
- **Enabling Advisor Success:** It's critical to make new advisors feel successful during conversion. The fluidity of the transition reassures advisors that the firm will meet expectations they had envisioned for their move; namely, higher productivity, greater revenue opportunities, tools to enhance client service, and a positive culture.
- **Providing Transparency:** Expediting onboarding and providing productivity tools to advisors helps them track personal progress throughout their transition.

CLIENT ONBOARDING

- **Improving Processing and Client Service:** Ways to minimize Not in Good Order (NIGO) issues that sometimes require outreach to the investor for a second signature was raised as a key challenge. Pershing described how it will help to resolve such issues through the new service flow component of its re-engineering initiative.
- **Promoting Client Digital Adoption:** It can be a challenge to convince clients to adopt digital tools – particularly when they strongly prefer paper over digital. Some firms send a real-time eDelivery attestation to clients as they go through the account opening process, which makes it easier for them to accept a paperless process.

OPERATIONAL EFFICIENCY

Highly anticipated platform enhancements will make it easier to multitask and will enable viewing and resolving NIGO issues with greater accuracy and speed.

- **Multitasking:** Critical features on the professional platform that can boost efficiency; specifically, the ability to keep multiple tabs open simultaneously, which eases navigation across functions was shared as a priority. The introduction of a powerful multitasking feature in Pershing's next-generation web portal, NetX360+ was celebrated as a key win.
- **Transparency:** The upcoming launch of a full-featured NIGO dashboard is a win for clients that seek greater insight into NIGO issues and tools to mitigate them without manual intervention. The new dashboard, which provides graphical views and drill-down capability, displays request types such as Fed Funds, Checks and Journals, and ACH Withdrawals, as well as reasons for NIGO status.

ARTIFICIAL INTELLIGENCE

In a media landscape teeming with A.I. hyperbole, firms are taking a pragmatic approach to harnessing the new technology to solve specific business problems and unlock insights to improve client service and retention.

Note:

Pershing suggests that clients first design A.I. use cases it seeks to solve, and then capture data required to run those cases. Our Next Best Action feature scores and prioritizes clients for engagement in such projects. Pershing's NetX360+ supports advisors by displaying insights as part of global search results.

NEXT BEST ACTION

- **Client Engagement:** Platform providers are being asked to provide Next Best Action guidance regarding A.I. initiatives and investments. Some firms are analyzing data from client interactions to discern opportunities to increase engagement, with an eye toward powering engagement activities with A.I. tools.
- **Client Insights:** A.I. Next Best Action use cases from both advice and operational standpoints was top of mind. Advisors can review client insights derived from demographic or behavioral data, or portfolio information (such as out-of-drift positions), before contacting clients.
- **Behavior Analysis:** An A.I. use case that analyzes the correlation between certain investor behaviors over time and the actions they ultimately take was a top priority. For example, a client who visits holdings summaries frequently over several weeks may be considering whether to close an account or move assets.

SYSTEM SECURITY AND CLIENT ENGAGEMENT

- **Security:** A.I.'s application to cybersecurity was highlighted. They noted that the primary adoption use case may involve detecting anomalous behavior to uncover - adversaries in their networks.
- **Compliance:** Regulatory compliance and consultant supervision represent two other possible applications for A.I. On the regulatory front, a firm might upload policies and transactions for an A.I. engine to compare firm supervisory policies against compliance regulations. This approach may help identify complex issues beyond what input and output rules can define. By identifying factors not captured in existing policies, firms can draft stronger guidelines more efficiently.
- **Pre-Meeting Client Inputs:** TAB members are considering how they might best use A.I. tools such as ChatGPT. Smart research was suggested as a point of leverage, especially for client meeting preparation. One member used ChatGPT before meeting with a client in the energy industry, to help formulate questions relating to that sector.

CLOSING THOUGHTS

In every business initiative they undertake, our clients rely on Pershing as their stalwart partner and accelerator. We strive to bring best practices to bear in every instance, and value client contributions to our knowledge base – clients' ideas, experiments and learnings will help to enhance business performance and the investor experience in the years ahead.

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