White Paper

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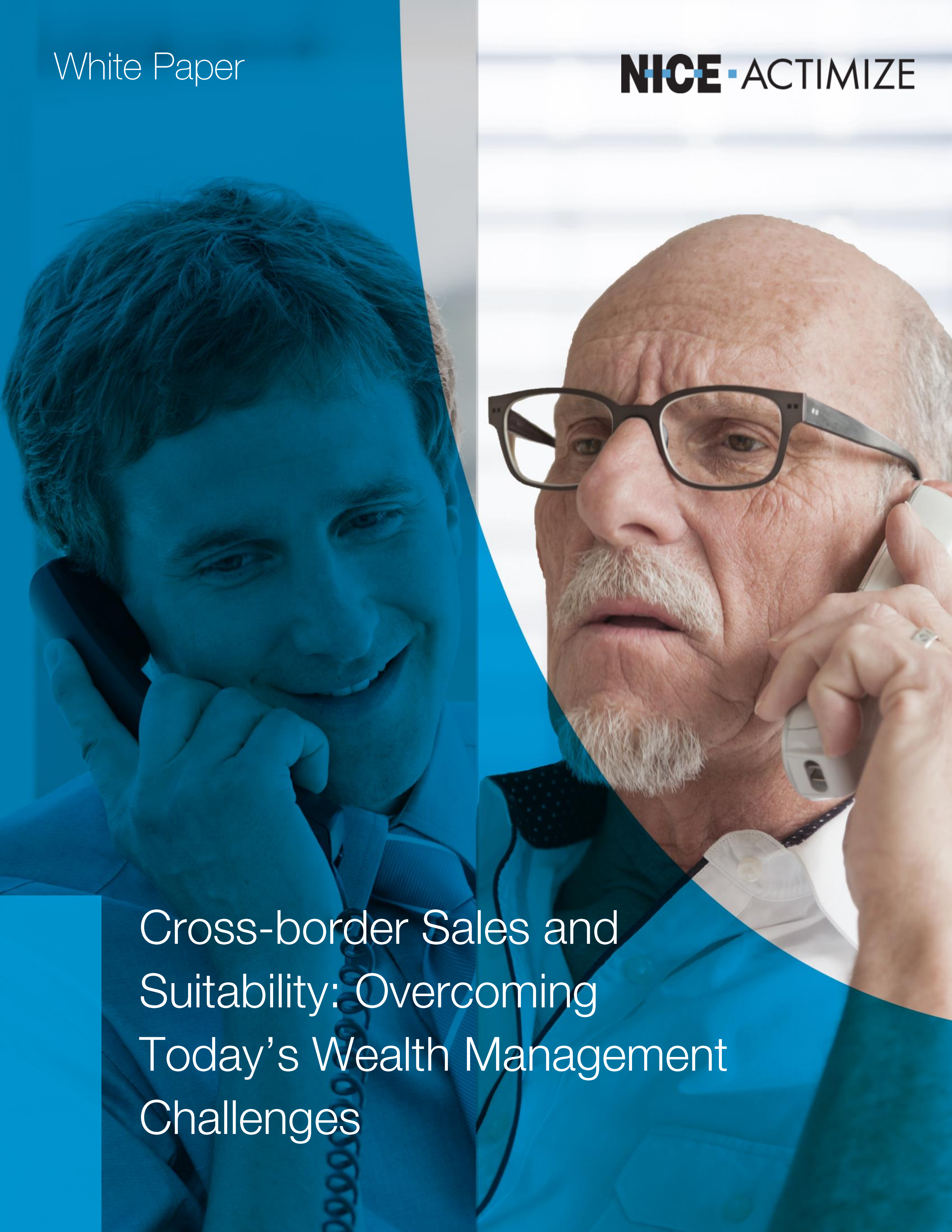

Cross-border Sales and Suitability: Overcoming Today’s Wealth Management Challenges

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1 Introduction

Amidst regional regulatory overhauls like MiFID II, massive political shifts like Brexit, and increasing sophistication and digitalization of clients, the wealth management industry is undergoing dramatic change and facing new challenges on all fronts.

Despite these challenges, continued accumulation of wealth by the Ultra High Net Worth (UHNW), High Net Worth (HNW) and Mass Affluent segments, will lead to new opportunities for wealth managers. In fact, over the next 30 years, it's estimated that $30 trillion of wealth will change hands from baby boomers to Generation Xers and millennials, opening new avenues for wealth managers to market their services to a growing stream of customers around the globe.

As wealth increases, new business opportunities will be ripe for the taking, but wealth management firms, which are subject to increasing regulations around sales suitability and cross-border solicitation, will also need to proceed with caution.

This whitepaper explores these two key challenge areas – investment suitability and cross-border supervision – and provides guidance to help firms understand how new compliance technology solutions can help them address these challenges head on.

2 As Wealth Grows Globally, So Do Cross-border Wealth Management Complexities

For global wealth managers, the next few decades look extremely promising. Beyond the expansion of Ultra-high net-worth individuals (UHNW), HNW and Mass Affluent segments, the transfer of generational wealth is creating a new, younger generation of clientele.

According to a report from PwC, *Asset and Wealth Management: Embracing Exponential Change*, Assets Under Management (AUM) collectively controlled by private banks, Independent Broker Dealers, wealth management firms and asset managers worldwide will grow to a staggering $145.4T by 2025 (up from $84.9T in 2016[1]). Key financial regions (Europe, Asia, and the United States) are all projected to experience dramatic growth in both AUM and in the corresponding scale of local banking operations.

The United States will lead the pack with the highest AUM ($71.2T[2] projected by 2025). The AUM growth rate will also be significant in Asia (projected at 11.8% from 2020 to 2025[3]), driven largely by HNW individuals. In fact, in 2017, Asia minted the highest number of new HNW Individuals (6.2M) with accumulated wealth ($21.6T)[4] higher than any other region.

In Europe, AUM is expected to grow to $35T by 2025 (from $21.9T in 2016[5]). A significant portion of this growth will come from offshore investors who tend to favor European market centers. While the UK and Switzerland are the top two global destinations for offshore investment, Dublin and Luxemburg rank in the top ten as well[6].

To ride the wave of these growth trends, 72% of wealth managers said they expect to enter into or expand business across borders, when asked in a recent survey. European wealth managers also said that most of their expansion would involve markets close to home (in eastern, central and western Europe[7]).

For wealth managers around the globe, growing wealth and shifting dynamics will undoubtedly create significant financial opportunities. But these trends will also bring on perplexing challenges, especially for wealth management firms looking to tap into cross-border client pools. Expanding offshore or cross-border business to take advantage of new markets will increase AUM by bringing new customers into the fold and drive more transactions, but it will also open the door to new regulatory challenges.

Over eager investment advisors looking to cultivate relationships with clients, and prospecting for new ones, can easily overstep local laws regarding solicitation and marketing. As local

[1] Asset and Wealth Management: Embracing Exponential Change, PWC, 2017 P. 6
[2] Asset and Wealth Management: Embracing Exponential Change, PWC, 2017 P. 6
[3] Asset and Wealth Management: Embracing Exponential Change, PWC, 2017 P. 3
[4] World Wealth Report, Capgemini, 2018, P9
[5] Asset and Wealth Management: Embracing Exponential Change, PWC, 2017 P. 6
[6] Wealth Management in the UK: Island of Opportunity, Aite, February 2018, P. 16
[7] Global Market, Global Clients but Local Specificities, Wealth Management and Private Banking, Deloitte, 2016, P13

governments crack down on tax transparency and improper solicitation, firms entering new markets will need to regularly review and update the processes and technology they use to approach new clients and monitor advisor behavior.

Cross-border selling and the corresponding risks are acute challenges for European wealth management firms, and will become even more so as firms expand their cross-border business. In the European Single Market, regulations like MiFID II, dictate how firms must approach operational controls and processes.

Despite the EU's Free Provision of Services principle, wealth managers must adhere to individual country rules regarding distance selling, solicitation and taxation[8]. In a recent report, Deloitte's *Global market, global clients but local specificities*, survey respondents from 75 institutions in 27 countries largely agreed that they consider this regulatory complexity, and the resulting potential for reputational damage associated with violations, as one of the biggest challenges to having a successful cross-border business[9].

These regulatory challenges are further complicated by the fact that local regulators (for example BaFin and the FCA) have unique views on what constitutes legality in the countries they have jurisdiction over, and this generally takes precedence over the opinions of wider regional regulators (such as ESMA).

Each country's specific regulations dictate everything around doing business with customers, from the sale and marketing of financial services, to consumer protection, distance selling, and even how financial advice should to be given.

The scope of the challenges facing wealth management firms is both enormous and complex. When looking to enter new markets, firms must consider the cost of setting up local operations in that country. Depending on the country, it can be a costly and time-consuming process, as licenses, personnel and operations all need to be established.[10]

For firms not wanting to invest in local infrastructure, MiFiD II gives investment advisors outside of the EU an avenue for avoiding local and EU regulations in the form of Reverse Solicitation.

Specifically, MiFID II states that when an EU client "initiates at its own exclusive initiative the provision of an investment service or activity by a third-country firm, the requirement to obtain a license in the member state does not apply." This stipulation, which can effectively strip clients of the investor protections provided by their home country, concerned ESMA so much that the agency asked the European Commission to review the article in MiFID. ESMA also recommended that upon request by regulators, non-EU firms must be able to demonstrate to supervisory authorities in the EU that the client initiated contact with the firm without inducement.

[8] For every client involvement, the firm must also adhere to local regulators and regulations based on a variety of factors. These include: the country where the firm is located, the country where the client is located, and in select cases, the nationality of the client.

[9] Global Market, Global Clients but Local Specificities, Wealth Management and Private Banking, Deloitte, 2016, P16

[10] https://www.pplaw.com/sites/default/files/publications/2016/10/ari-skae-all-chapters-gtdt-private-banking-wealth-management-2017.pdf

All of this simply means that wealth management firms considering doing business across EU borders must make provisions for adhering to the Reverse Solicitation principal. This will necessitate implementing strong supervisory compliance programs. Given that 55% of cross-border clients initially connect with a wealth manager via phone, email or social media (and 45% obtain investment advice this way), it's a given that firms need to monitor all forms of communications to protect themselves from unplanned tax liability and regulatory violations.

2.1 Cross-border Supervision: Where Today's Technology Falls Short

Assuring compliance with all aspects of cross-border regulations has never been more important for wealth management firms. High profile tax avoidance schemes have led governments to crack down on individuals and corporations engaging in improper cross-border activities, from solicitation to booking of assets. The consequences can be severe, including jail time for individuals, and license revocation, irreparable reputational damage and fines in the billions for corporations.

When regulators come knocking, the burden of proof falls on the firm to demonstrate compliance. The costs of not complying with Reverse Solicitation regulations can be very steep, including penalties and even rescission of trades. For this reason, it's best to take a proactive approach and monitor advisors for improper conduct before problems get out of hand.

Unfortunately, today, most firms use outdated legacy technology to monitor advisor chats and texts, and far fewer firms monitor advisor phone calls as well. As advisors become more sophisticated at avoiding detection, monitoring electronic and voice communications (eComms) in isolation can obscure the true intent of employee actions. It can be very difficult to identify and understand the intent of an action when you only see part of the picture. Something that's dismissed as benign could be indicative of a much larger scheme.

Legacy surveillance technology, which has been around for decades, relies on random sampling and lexicon-based searches to identify suspicious communications.

Random sampling increases a firm's regulatory and business risk because only two and five percent of e-communications are typically reviewed. As the volume and variety of communications that need oversight continue to increase, the supervision challenges will only get more complex, and "hit or miss" approaches will put wealth management firms at greater financial and reputational risk.

While lexicon-based search technology can be a good first line of defense, it has significant drawbacks. Lexicon-based searches are unreliable for identifying suspicious communications because of their imprecision. The technology requires compliance analysts to manually maintain a list of words to flag suspicious eComms, and because the process focuses on finding words rather than understanding the true context of communications, it is highly imprecise and ineffective. For one thing, it can't discern the meaning of words that have dual meanings (e.g. tender, lie, metric) and it doesn't recognize industry jargon commonly used by wealth management advisors.

The lexicon-based method of detecting suspicious communications not only increases risk, it also increases the cost of compliance because it produces high false positives. As a result, analysts waste a lot of time reviewing communications that would otherwise be weeded out by a more intelligent system. More importantly, primitive lexicon-based systems never 'learn' from their mistakes.

From the cross-border and disclosure perspective, it's especially important to be able to accurately assess and understand what was said, to whom, and in what order, particularly to comply with the Reverse Solicitation Principle. Random sampling and lexicon-based surveillance solutions are not effective in this regard because they do not provide for efficient and complete surveillance coverage across all conversations. Simply put, it's impossible to know whether a client first solicited an advisor, or the other way around, unless a firm is capturing and surveilling all communications across all communication channels, and able to find and assemble all those communications together in the proper order.

As firms continue to struggle to ensure investment advisors adhere to the diverse and complex rules around cross-border selling, they will need to look to new technology for an answer.

3 Investment Suitability: Caught in the Crosshairs

Trade reconstruction is a tool used by regulators to subdue bad behavior. It is prudent then to understand the role of trade reconstructions in the various forms of market abuse. As noted above, the elements that make up a trade reconstruction have been instrumental in

Wealth management firms and registered investment advisors are also increasingly finding themselves in the cross hairs of regulators and the media for questionable sales practices.

As the wealth management market continues to grow, firms are going to encounter a problem of scale and optimization. In other words, how can firms accurately monitor ever-growing communications and client portfolios for suitability, without incurring corresponding cost increases and resource drain?

It’s a critical question. Regulatory bodies around the world are stepping up their enforcement of investment suitability regulations to ensure wealth management firms and registered investment advisors are properly managing investor wealth.

Suitability regulations, including FINRA 2111, MiFID II, and IIROC 1300 all require that investment advice provided to clients is suitable given the clients’ individual financial situations, investment goals and knowledge of investment products. Both IIROC and FINRA also mandate daily reviews of client accounts for undue risks and asset concentrations that could harm investors.

Here is some of what current suitability regulations specifically require wealth management firms to do:

- Suitability regulations require that firms **document all mandatory product risk disclosures** to clients. Not doing so exposes firms to regulatory and civil charges. As part of the investor protection process, investment advisors must disclose the risk associated with each financial product. These risk disclosures provide investors with essential information to help them understand a financial product and decide if they should invest in it. Identifying advisors who habitually ignore this requirement can be difficult, but monitoring advisors’ calls, chats and emails can aid in this process and reduce regulatory risk by uncovering suspicious activity.
- Suitability regulations set out to protect investors (sometimes from themselves) by requiring advisors to **make recommendations that are suitable** for the investor. A suitable recommendation is one based on a client’s financial situation, investment goals and knowledge of investment products. These guardrails are universally embraced and vigorously enforced by regulators around the globe. Failure to meet suitability guidelines has resulted in substantial fines for both large and small wealth managers. In 2017, FINRA reported 98 suitability cases, and doled out $3.6 million in fines. That very same year, FINRA also ordered a restitution payout of $30.3 million to investors, an increase of 80% over the year prior.

- To remain compliant of suitability regulations, firms also need to **continually review executed transactions and the composition of individual portfolios** to ensure advisor recommendations don't cause portfolios to exceed their designated Account Risk Tolerance (ATR) (which is part of the account profile). Calculating and consistently applying the ATR is where suitability becomes complex. The ATR is based on the account's Know Your Customer (KYC) data. The weighting of each KYC data point, and the ability to combine different suitability factors into a single ATR, can separate a reliable ATR from an unreliable one. To protect against reputational damage and fines, firms must ensure that the methodology they use to calculate ATRs is consistently applied.

As noted above, as trades are executed and processed, transaction review processes act as another regulatory mandated suitability check. In the U.S., branch managers must review and sign off on all branch transactions. It's not uncommon for a branch to generate 10,000 to 20,000 transactions in an average day. To tackle this insurmountable task, some firms parcel out blocks of transactions to a cadre of reviewers – inviting inconsistency and inaccuracy, along with a greater likelihood of regulatory violations. As client bases and AUM continue to grow globally, this process will become more complicated and cumbersome for wealth management firms.

In the United States, FINRA 3110 offers relief from the 'transaction review' requirement for firms that implement adequate supervision. FINRA 3110 specifically states: "…a member is not required to conduct detailed reviews of each transaction if a member is using a reasonably designed risk-based review system that provides a member with sufficient information that permits the member to focus on the areas that pose the greatest numbers and risks of violations." In other words, if a firm has invested in a proven risk-based transaction review platform, it is not necessary for that firm to review each and every branch transaction each and every day.

3.1 A New Approach to Assessing Risk Concentration: Client Review Models

As firms start to adopt more modern approaches to managing suitability, they are increasingly turning to "client review" models, also known as "house holding," instead of just looking at Account Risk (based on individual accounts). This approach lets firms manage customer risk at a more holistic level – based on the client or household information in aggregate, which in turn helps advisors optimize portfolio performance, maximize commission discounts and manage the customer's overall risk (especially concentration risk) better.

The "client review" approach connects related accounts into a "household." The way that firms define a household can vary from firm to firm. Monitoring risk at the client level can be complex. Before risk tolerance can be calculated, a household structure first needs to be defined, and then data needs to be aggregated accordingly. It's far more involved than just connecting the accounts of family members.

While this is the preferred method of viewing client risk, it's not easy. Today, compliance operations struggle to see a complete picture of a client's holdings because existing technology cannot link accounts and aggregate data in this manner.

Instead, compliance teams must manually look up and evaluate if each trade is suitable for the individual and the complete portfolio. It is a difficult, onerous, manual process, which often leads to missing discounts, unsuitable investments and unintended elevated risks for both clients and firms.

3.2 Sales Practice & Suitability: Where Today's Technology Falls Short

For many firms, this suitability process has become increasingly complex and difficult to manage using legacy technology.

As pointed out above, suitability and supervision rules vary by region, but the core components are essentially the same globally. FINRA and ESMA, in the U.S. and EU respectfully, both define suitability as weighing the recommended transaction or investment strategy against a customer's investment profile to determine if there is too much risk. A client's profile typically includes the same factors: knowledge and experience of financial products, their financial situation, investment objectives, age, and several others (FINRA Rule 2111, MiFID I & II). These rules protect investors by creating another layer of checks on advisors. It's up to firms to make sure they have the needed processes and technology in place to ensure continued suitability.

Here's where legacy systems fall short.

3.3 Looking at Risk on a Client/Household Level

Most legacy suitability solutions are not able to address complex house holding structures. Because the solutions cannot automatically correlate accounts, holdings, and tolerable risk, investment advisors must manually compare and evaluate transaction suitability across each client's total holdings. As this involves pulling data and information from separate systems, it's especially burdensome to investment advisors as well as error prone, and can compromise an advisor's ability to provide suitable advice as required by regulations.

As firms shift to more accurate, holistic ways of viewing client risk, these manual processes will sap advisor productivity, and expose firms to regulatory fines and reputational damage when advisors make unwitting mistakes.

3.4 Transaction Review Requirements

Transaction review provides an added measure of investor protection. As stated above, FINRA's Rule 3110, for example states that, "Each member shall include in its supervisory procedures a process for the review of securities transactions." The intended purpose of this process is to identify trades which are done through manipulative or deceptive means, and/or correspond to prohibited sales practices, like insider trading.

Different countries have different standards for transaction reviews. In Canada all transactions must be reviewed. But U.S. regulators generally take a risk based approach to transaction reviews. This means that firms must provide a reasonably designed system – one which focuses branch managers on reviewing transactions that pose the greatest risk. As a matter of practice, branch managers sign off on all transactions, but those transactions deemed the riskiest demand a more thorough review.

From a transaction review standpoint, branch managers run into multiple hurdles with legacy systems. While all suitability solutions apply risk scores to transactions, legacy systems use more primitive scoring methodologies based on account level information, to evaluate transactions for risk, instead of looking at risk holistically (at a client level).

This means that transactions deemed most risky might not in fact be risky at all, or the exact opposite – transactions deemed less risky might in fact have a higher hidden degree of risk.

As a result, branch managers could be wasting time reviewing transactions that aren't truly risky, and missing transactions that should have been brought to their attention, simply because they're not getting a clear and true representation.

Furthermore, this means the branch, and by extension, the firm may in fact not be meeting their suitability obligations to clients.

Another complicating factor relates to how information is presented to managers in the branch. Today, many suitability solutions overwhelm branch managers with information that's not related to their core function (e.g. all alerts flagged for compliance review). While necessary information for compliance analysts, this overload of data is a distraction, slows down the transaction review process, and negatively impacts branch manager productivity.

3.5 Risk Disclosures

As noted above, to fully comply with suitability guidelines, financial institutions need to ensure advisors provide proper risk disclosures to clients before they place trades using various types of products.

This includes providing client-specific checks (such as details on redemption penalties or long tenor to clients who are vulnerable, either due to their age or education), and product knowledge checks (making sure clients understand the risks associated with structured products like market risk, and limited liquidity). Risk disclosures are essential to ensure clients are fully aware of and accept the associated risks of a financial product before they sign up for it.

Usually these disclosures occur in a verbal communication between the advisor and the client, but they can also occur via email as well.

Under supervision regulations, financial services organizations are responsible for monitoring communications between advisors and clients to ensure that Risk Disclosures are properly communicated.

By its very nature, legacy technology, which relies on random sampling, falls short of meeting the standard for disclosure reviews. When a firm is only reviewing two to five percent of communications (whether eComms, voice or both) it’s a given that some communications are going to fall through the cracks. This “hit or miss” approach significantly increases a firm’s regulatory risk, especially if advisors who habitually neglect to provide adequate disclosure notice aren’t caught until it’s too late.

4 Taking on the Challenges: How Technology Can Help

For those wealth management firms unwilling or unable to invest in new technology, the workarounds to these perplexing cross-border and suitability challenges will require adding personnel and navigating complicated processes, which will in turn make compliance more costly and difficult to manage.

On the other hand, for wealth management firms that are willing to embrace new technology to augment and automate compliance, the opportunities arising from cross-border trends and generational transfer of wealth will be ripe for the taking, and firms can do so without running afoul of regulatory risk.

4.1 Addressing Cross-Border challenges

As noted above, assuring compliance with all aspects of cross-border regulations has never been more important for wealth management firms.

With increasing regulatory pressures on firms to behave transparently, especially as it relates to solicitation of new customers across borders, legacy technology that uses random sampling and lexicon-based surveillance is proving less and less effective.

By their very nature, neither approach provides efficient and complete coverage for one-hundred percent of communications, across all communication channels, making it virtually impossible to know with one-hundred percent certainty if advisors are complying with the Reverse Solicitation principle.

To address these new cross-border solicitation requirements, forward-thinking firms are starting to adopt modern surveillance techniques which enable more comprehensive advisor behavior monitoring.

Unlike legacy technology which can review only a sample (2-5%) of communications using lexicons, modern e-communications technology reviews one-hundred percent of communications, across all communication channels advisors use – including email, instant messaging, voice and more.

For example, as an open, agnostic platform, NICE Actimize's Intelligent eComms Surveillance solution supports hundreds of data types. It can connect to, ingest and index data from storage vaults containing emails, instant messages, chat room communications, social media threads, text messages and voice calls.

Communications can be also be assembled in the proper order so it's possible to know who communicated what to whom and when. This gives firms complete confidence that advisors complied with regulations around reverse solicitation and didn't overstep local laws.

Also, whereas legacy solutions are limited in what they can do with the data, modern surveillance systems are able to harness the power of AI (Artificial Intelligence) to analyze multi-channel communications, to unearth truly suspicious communications, while reducing false positives and compliance risk.

For example, powered by artificial intelligence and automation, NICE Actimize's Intelligent eComms Surveillance solution uses Natural Language Understanding (NLU) text analytics and linguistics, smart classification and advanced speech and behavioral analytics – all fine-tuned for financial markets – to comprehend the true context of conversations and accurately flag risky communications across all communication channels.

NICE Actimize's intelligent analytics automatically detects people, places, products, companies, trades, assets classes and conversation topics within eComms (and automatically transcribed voice conversations) to understand the context of conversations and provide unique insight into what regulated employees actually said and did.

Risky communications are automatically classified by their business context, assigned a relevancy score, prioritized and funneled to an analyst for policy review. This approach reduces false positives and enables compliance analysts to focus time and effort reviewing and investigating those cases that present true risk to the organization. This systematic approach enables firms to identify suspicious communications with unprecedented accuracy, and has been proven to reduce false positives by more than 50%. Built-in supervised machine learning capabilities learn from compliance analyst feedback, so accuracy only gets better over time.

For wealth management firms, NLU models tuned to financial markets jargon have also been proven to do a better job identifying specific types of threats, such as collusion and insider trading, as well as telltale signs of other illicit activities like bragging. By analyzing the content and context of communications, these technologies enable firms to better meet the requirement around identifying intent of market manipulation, as MiFID II requires.

For firms looking to avoid complications of cross-border solicitation, new technology can help catch improper solicitation attempts, thus reducing unintended tax liabilities and other fines and penalties stemming from violations of local solicitation laws.

4.2 Addressing Suitability Challenges

As noted above, regulatory bodies around the world are also stepping up their enforcement of investment suitability regulations to ensure wealth management firms and registered investment advisors are properly managing investor wealth, including meeting all disclosure and transaction review requirements.

To complicate matters further, wealth management firms are now expected to monitor and evaluate client risk on a more holistic level (client / household level as opposed to account level).

NICE Actimize's Sales Practices & Suitability solution addresses these problems.

4.3 Client Review Models

Where legacy technology struggles to provide an accurate picture of client holdings, NICE Actimize's technology has stepped in to provide a more holistic view. Now, instead of manually pulling and aggregating data from endless, disconnected systems, compliance analysts can simply let the Sales and Suitability solution do the work for them.

First, firms define their specific house holding rules / structure. Using that structure the Sales Practices & Suitability solution can then compile and develop accurate investment profiles for households in seconds, instead of the (days) it would ordinarily take doing this manually, creating tremendous efficiencies and cost savings. Accurate, continuously updated household profiles also mean that clients benefit from receiving suitable investment advice.

Through automated daily supervision, the system can also immediately identify any irregularities and route alerts to compliance managers for investigation.

Using NICE Actimize's Sales Practices and Suitability solution, for example, firms can use a wide range of out of the box analytics for daily risk coverage. With Open Analytics they can even create their own custom rules for automating daily sales practice supervision based on their unique business requirements, without the added expense of professional services costs.

4.4 Transaction Review

Modern risk-based Sales & Suitability solutions also enable more efficient and effective transaction review by automating sophisticated risk scoring of transactions taking into account total client holdings across all asset types (based on a firm's pre-defined house holding structures). This causes the truly risk transactions to bubble to the top so they can be reviewed by branch managers.

This approach ensures that branch managers focus their time and energy reviewing truly risky transactions which create suitability concerns and put both clients and the firm at greater financial and regulatory risk.

In addition, newer technology enables role-based permissioning, which means that each individual using the system – whether a compliance analyst or a branch manager – sees only what they need to see to perform their work.

Roles-based permissioning cuts down on information clutter by separating out transactions from compliance alerts, so branch managers can focus squarely on the task at hand – transaction review.

4.5 Risk Disclosures

Modern surveillance technology is also far more effective than legacy solutions in proving risk disclosures were provided.

Whether risk disclosures are provided over the phone or through email, modern communications surveillance technology ensures nothing falls through the cracks because all communications are reviewed.

Firms can set up specific rules or policies within the platform to scan communications for phrases and words that are used in combination and in a certain context. This might include commonly used terminology around completing transactions and risk disclosures. Communications identified as suspicious (e.g. not providing proper risk disclosures) can be flagged and reviewed.

4.6 The Future is Holistic

Beyond surveilling communications to proactively address suitability and cross-border selling concerns, wealth management firms also need to keep an eye out for market abuse and intent to commit market abuse to comply with regulations such as MiFID II.

As firms modernize their compliance programs, being able to holistically combine and leverage data and alerts is the next frontier in this area.

Holistic surveillance correlates trade data with related voice and communications data, for deep insight and analysis. With a holistic approach, compliance analysts can quickly reconstruct all pre-trade, trade and post-trade activity related to a specific transaction.

For example, correlating chat conversations and emails with a related commission or a hybrid switching alert can help discern whether a communication was above board or a sign of something sinister.

The bottom line is that when firms are only able to look at communications and data in isolation, it’s difficult to assess and understand the true sources of risk in the organization. That’s why the future of surveillance is holistic.

5 Conclusion

For wealth managers around the globe, the next decade will present many unique opportunities and obstacles.

As the volume and complexity of transactions grow across borders and within new demographic groups, wealth management firms will face a crucial decision: continue to struggle with legacy compliance solutions or invest in new automated, AI-empowered compliance solutions to keep risks and costs in check.

Wealth management firms that choose the latter approach will be better positioned for cross-border expansion and growth. They'll also be in a better able to protect themselves from the fines, enforcement actions and large scale reputational damage that can result from cross-border violations and suitability infractions.

As wealth and resulting transactions continue their global growth march, firms must get on the right path to compliance. The tendency to throw bodies at critical problems, rather than investing in new technology, will no longer work.

The complexities of cross-border selling have driven up costs for wealth management firms at a time when Robo-advisors are pushing down the fees charged to the mass affluent. To leverage the growing wave of future wealth, while keep compliance costs down and profitability up, firms will need to look to new technology.

ABOUT NICE ACTIMIZE

NICE Actimize is the largest and broadest provider of financial crime, risk and compliance solutions for regional and global financial institutions, as well as government regulators. Consistently ranked as number one in the space, NICE Actimize experts apply innovative technology to protect institutions and safeguard consumers and investors assets by identifying financial crime, preventing fraud and providing regulatory compliance.

The company provides real-time, cross-channel fraud prevention, anti-money laundering detection, and trading surveillance solutions that address such concerns as payment fraud, cyber-crime, sanctions monitoring, market abuse, customer due diligence and insider trading.

More than 100 of the world's top global financial institutions and regulatory bodies rely on NICE Actimize to increase their insight into real-time customer and employee behavior, transactions, and activities. As a result, these organizations have reduced and prevented financial crime activities, minimized money laundering exposure, increased investigator efficiency and improved regulatory compliance and oversight.

Learn more at www.niceactimize.com/compliance

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