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# Metaverse in Wealth Management:

The Next Frontier for  
Financial Services



As a concept, "metaverse" refers to a convergence between the real and virtual world experiences. Since the advent of the first virtual platform, Second Life, in 2003, virtual worlds have been primarily associated with gaming and recreational avenues. However, in recent years, various businesses and industries have created a virtual universe platform, which we know as the metaverse. Broadly, the metaverse is a vast network where individuals, via their avatars, can interact socially and professionally, invest in currency, take classes, work, and even experience travel in 3D virtual reality.<sup>1</sup>

The wealth management industry is poised for a significant transformation under this new frontier.

Forexample, personal interactions between customers and financial advisors can occur within the metaverse virtually anywhere, anytime. Given that by 2025, millennials will account for nearly 40%<sup>2</sup> of the workforce in the US alone, and Gen Z will jump to almost 20%<sup>2</sup>, wealth managers can tap into this potential customer base by engaging effortlessly with such tech-savvy demographics using the metaverse. There is no question that metaverse adoption will continue to grow across industries, and wealth management firms are taking initiatives to develop stronger connections and foster deeper engagements with their clients.



# Metaverse-powered client engagement innovations

Wealth management firms actively foster stronger connections with their clients within the metaverse. Metaverse-driven experiences can potentially reshape client engagement, enrich the overall experience, personalize product offerings, increase the reach of financial services, and create new customer channels.

Here are a few instances:

## **Advisory services such as goals-based planning or home purchases can become more interactive.**

Customers can plan for their dream vacation or a house purchase in a virtual realm, where they can explore the destination or live in a virtual house. This provides a more immersive experience than static images or videos and allows customers to fine-tune their plans as per preferences. Customers gain a holistic view of their financial landscape through the visually captivating representation of goals and associated costs, income, expenses, savings, priorities, risk profiles, and investment projections. This enables them to see how their actions directly influence achieving specific goals.

**Enable access to interactive financial simulations through virtual reality.** By harnessing immersive virtual environments, users can engage in gamified experiences and simulations designed to impart financial literacy engagingly. Metaverse can offer virtual simulations for the client's retirement funds depending on how much money they plan to invest today. This can be done using Monte Carlo simulation allowing customers to experiment with different scenarios, including the potential impact of recessions or geopolitical events like the Russia-Ukraine conflict. Users can input diverse variables, such as economic indicators, interest rates, geopolitical events, and more, to create custom scenarios and observe the simulated outcomes in real time.

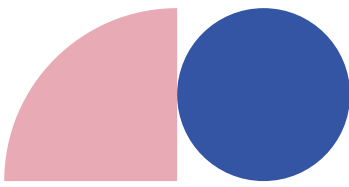
**Seamless and consistent support through virtual branch experience.** Wealth management firms can leverage the virtual branch, which operates 24/7 with an advisor pool in the metaverse to stay competitive. Customer inquiries can be addressed effectively due to continuous and context-aware interactions between advisors and clients.

**Create a new channel for customer engagement and relationship-building.** Wealth managers can host virtual events such as conferences, networking events, and webinars in this parallel world, allowing customers to interact with peers and wealth managers in a more relaxed and informal setting.

**Metaverse enables increased reach of financial services** to customers who may not have access to traditional financial service channels. Firms can offer financial services and products to these customers, thereby **expanding their customer base and revenue potential.**

Next-generation investors are progressively making investment decisions based on **sustainable investing strategies.** Through the metaverse, wealth managers can leverage the platform to recommend investment products that align with investor values and consider reducing their carbon footprint. Environment-friendly funds will be displayed with vibrant greenery, while non-sustainable options can be marked with red flags. These visual cues may enable quick identification of sustainable investments without getting into the technicalities of the ESG scores.

Finally, the **metaverse will learn through customer behavior, which paves the way to offer more personalized products.** In the virtual world, customer behavior provides insights into their needs, preferences, and interests. Firms can use analytics on these customer behavioral patterns to develop a customer genome and fine-tune their services to offer more personalized products



# Driving differentiated value for wealth management firms through the metaverse

Metaverse can help retain **tech-savvy young customers** and prepare firms to manage the wealth transfer from older generations smoothly. This allows firms to secure long-term customer loyalty in the evolving wealth management landscape and establish themselves as industry leaders.

**Gamification** offers a potent tool to create interactive experiences that help clients learn about investing and financial planning. Virtual reality games can help simulate investment scenarios or quizzes that test clients' knowledge of financial concepts. Fidelity Investments, for instance, launched the Fidelity Stack – an immersive experience

platform designed to provide next-generation customers with a hands-on learning experience in the fundamentals of investing.

**Virtual branch experience** helps wealth management firms curtail costs by minimizing the need for physical office space, branch staff, and operational and travel expenses. It can reduce real estate expenses, particularly in high-priced metropolitan areas.

The metaverse can provide wealth managers **access to new investment opportunities** in emerging virtual markets, such as virtual real estate or cryptocurrency.



## Addressing metaverse challenges

While the virtual world has the potential to make investing more accessible and engaging for clients, it could also create new barriers for individuals lacking access to the requisite technology or infrastructure. Here are a few key considerations to counter these challenges:

**Embrace new technologies wholeheartedly:** Wealth management firms should actively collaborate with technology providers to address concerns related to identity, privacy, and data security, which is expected to remain prevalent in the multiverse adoption narrative.

**Strengthen customer trust with the assurance of security:** Wealth management firms must prioritize robust cybersecurity measures and conduct timely audits to safeguard client assets. By doing so, they can instill confidence in investors, mitigating the risk of hacking

incidents that could potentially lead to unauthorized control or authority over their assets.

**Stay up to date with regulations:** While the regulatory framework around the use of this technology is still unclear, firms have to adhere to rules set forth by entities such as FINRA. Even in the metaverse, advisors must ensure appropriate KYC procedures are in place, and rigorous advisor licensing restrictions and geographic boundaries are followed.

**Find effective ways to communicate concepts:** Recognizing the limitations stemming from the absence of human touch and emotions is crucial. Organizations should employ interactive tools to address this challenge and create engaging experiences that bridge the gap between virtual interactions and the human element.

# Financial industry's metaverse opportunities unveiled

Wealth management firms can tap into the potential of metaverse platforms by forging partnerships with technology providers. Here, we spotlight a selection of global leaders placing significant bets on the metaverse and leveraging its interactive engagement capabilities

JP Morgan is one of the first banks to open a lounge in the blockchain-based world, Decentraland.

Other partnerships are also evolving, such as the recent agreement between AXA Investment Managers<sup>4</sup> and UBS Global Wealth Management to offer a metaverse strategy to its private wealth clients in Asia.

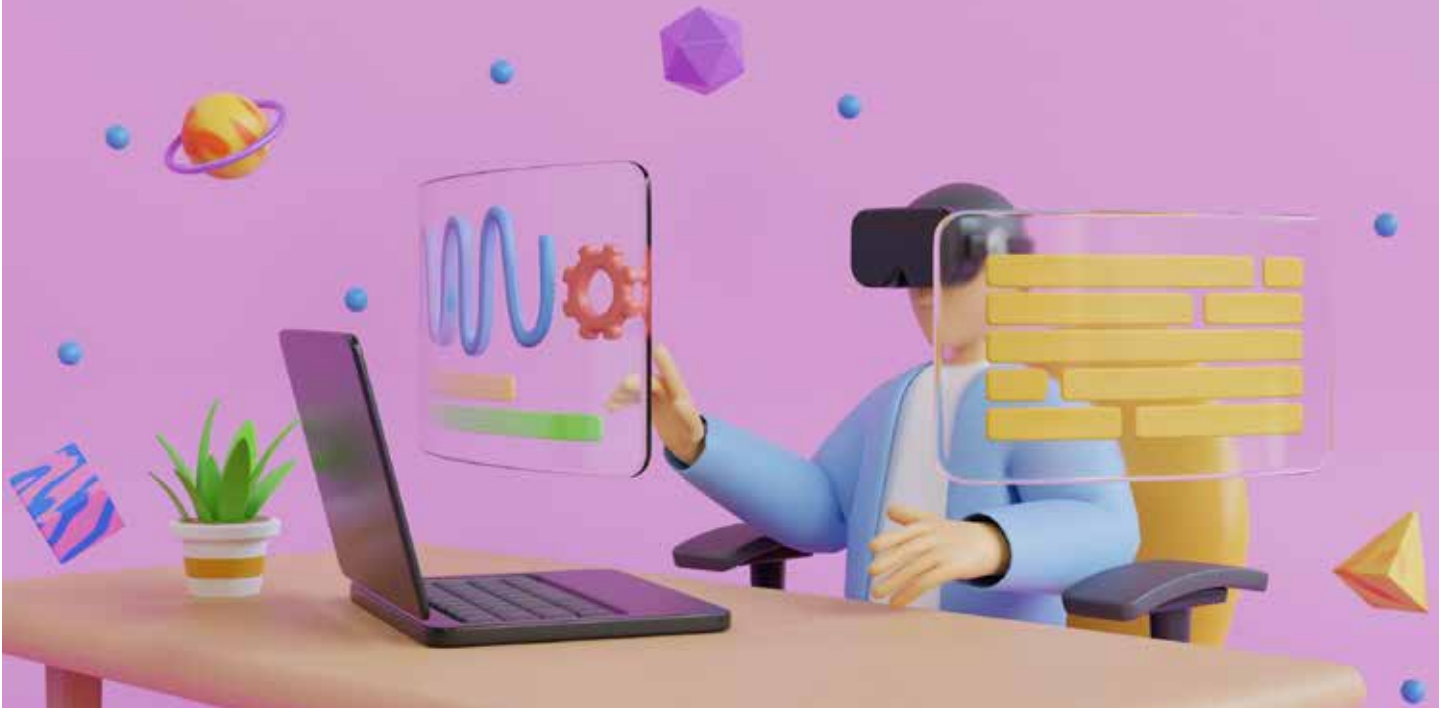
UBS launched WE.UBS<sup>5</sup>, a digital-led platform offering wealth management services to its customers in China. The digital platform provides financial planning based on big data and the firm's insights

A global digital assets leader, the Amber Group launched a digital assets platform called WhaleFin to unlock the potential of crypto finance for individual and organizations. The platform serves as a gateway for beginners and experienced crypto users.

Citi Hong Kong launched Digital Wealth Center in the Metaverse to offer its customers interactive and engaging experiences like live-streaming webinars online appointment bookings, and more.

Other notable large-scale industry investments related to the platform include Meta's acquisition of Oculus and the launch of Horizon – a by-invite virtual community to indicate the opportunity it holds. The launch of Microsoft Mesh, a new mixed-reality platform powered by Azure, and Nvidia Omniverse all indicate this alternate reality is here to stay.





## What lies ahead for wealth management in the metaverse?

Metaverse offers a new avenue for wealth management firms to retain existing customers through enriching relationships and attracting potential customers through immersive experiences.

According to a survey conducted by McKinsey<sup>6</sup>, almost 60% of consumers are excited about transitioning their daily activities to the metaverse. Nearly 95% of business leaders expect this technology to impact their industry in the next decade positively. This suggests that the metaverse is a rapidly growing market with the potential to generate trillions of dollars in value across sectors.

The success of leveraging this new technology relies on the effectiveness of wealth management firms' implementation strategies. Embracing the metaverse can empower these firms to secure their market share against technologically adept and innovative upstarts. It is advisable to start with pilot projects, keep realistic expectations, and then scale them up further across the enterprise. Firms also have to



The metaverse market size across the globe was nearly \$66 billion in 2022 and is expected to grow at a CAGR of 41.6% from 2023 to 2030. McKinsey believes that the metaverse has the potential to generate up to \$5 trillion in value by 2030. 

build the right technology partnership to foster the adoption. Through this, firms can position themselves as trailblazers in the ever-changing digital landscape, ensuring continuous growth and long-term success.

Zensar has demonstrated capability in the metaverse technology by implementing point-based solutions in the banking and wealth management domain of financial services.

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## Authors



### **Kamlesh Kosare**

Global Head - Consulting, BFS Capital Markets  
Kamlesh.kosare@zensar.com



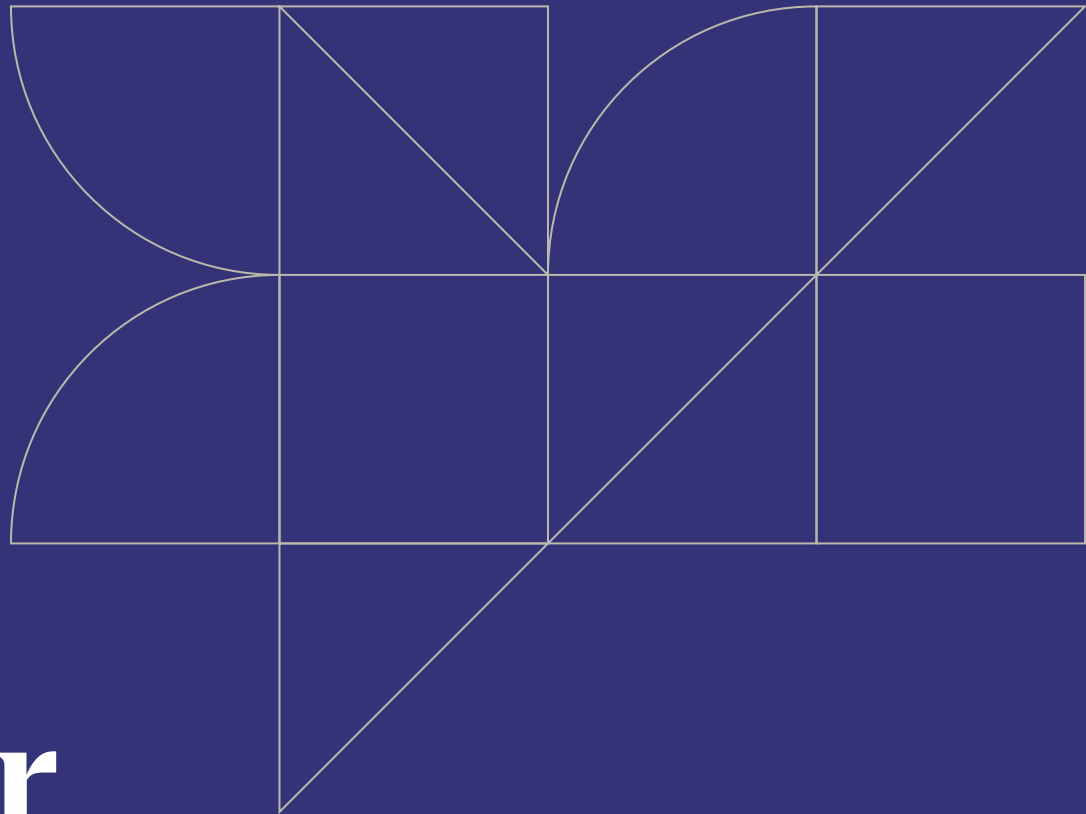
### **Srikant Golla**

Lead Business Consultant, BFS Capital Markets  
srikant.golla@zensar.com



### **Vishal Kumar Patel**

Senior Business Consultant  
vishalkumar.patel@zensar.com



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