



Client Spotlight

Wealthify: helping digital wealth management clients to make informed investment decisions

Background

Wealthify is an innovative provider of digital wealth management services, that builds and manages multi-asset investment plans to suit customers' savings goals and attitude to risk. Wealthify monitors and manages its customers' investment plans on a discretionary basis but does not provide financial advice. Instead, Wealthify provides customers with immediate access to details of their plan, including projection of future investment outcomes to enable customers to understand the balance between risk and return in relation to their savings goals.

In February 2018, Wealthify entered into a strategic partnership with Aviva, which now holds a majority stake in the business. Wealthify manages customer investments independently of Aviva, but has been able to accelerate the development of their products and technology platform.

The Challenge

Wealthify needed to develop a user experience for their web-based investment platform that would enable clients to understand risk and return in their investment plans, and make informed investment decisions. They wanted to incorporate robust economic projections of customers' investment plans as a core component of their user journey. The user experience had to be simple and engaging, helping customers understand the

balance between the chance of achieving their financial goals and the level of investment risk they are willing to take.

Wealthify was keen to demonstrate best practice aligned with the UK Financial Conduct Authority's (FCA), updated Conduct of Business rules regarding projection of future investment performance (COBS 4.6.7). In particular, Wealthify wanted to use an independent and formally documented economic scenario model, to ensure that their projections were not based on simulated past performance, rather on reasonable assumptions supported by objective data.

Wealthify's project team had some specific objectives for their engagement with Moody's Analytics:

- » Illustrate the potential range of outcomes for the customer's investment plan in an intuitive and engaging user experience
- » Deploy Moody's Analytics stochastic projection engine within the existing Wealthify IT estate
- » Ensure that all illustrations would be based on robust, forward-looking economic assumptions
- » Meet Wealthify's targets for calculation speed and user response times
- » Deliver the new web user experience within an ambitious timeline of 4-6 weeks

The Solution: Moody's Analytics Wealth Scenario Generator

Wealthify laid out business requirements and provided an initial draft of their planned user experience. Moody's Analytics demonstrated how the Wealth Scenario Generator (WSG) - our stochastic engine for wealth management and retail financial planning – could be configured to meet these requirements.

Moody's Analytics provided the WSG software for installation in Wealthify's server environment, and provided support and documentation to enable Wealthify to configure the WSG to generate the data in line with the specified user experience. We worked with Wealthify to refine the user experience, to ensure that the WSG configuration was optimized from a response time and performance standpoint.

A review of the range of asset holdings across Wealthify's different investment portfolios, confirmed the economic assumptions which would be used to model, and configure the production architecture. Moody's Analytics automatically updates the capital market assumptions every quarter. Wealthify can then review the capital market assumptions update each quarter before uploading to their live system.

As Wealthify is experiencing rapid growth, it was important to calibrate our commercial model to Wealthify's existing user

base and growth projections. This was achieved by creating an attractive entry cost and fee structure that scales to reflect long-term growth.

By demonstrating client focus and adaptability, Moody's Analytics was able to support Wealthify's progress from requirements capture to production release in under two months.

How does the Wealthify user experience work?

The customer is invited to create / choose an investment goal, such as university fees or dream home deposit, together with their initial investment and optional monthly contributions. The customer selects one of five distinct investment styles which best matches their attitude to risk. The user experience is simple and engaging, taking the customer a few seconds to complete, consistent with Wealthify's ambition to make investment accessible to all.

Wealthify uses the WSG to project the customer's investment plan over the term of their savings goal, taking into account their contributions and investment style. The range of investment outcomes is calculated based on the economic scenarios in the WSG. This information is presented in a graphical format and allows customers to get a robust assessment of risk in relation to their savings goal.

“Our Moody's Analytics solution provides the robust economic assumptions required for our value projections, which are a key component of our user journey.”

“Our decision to work with Moody's Analytics was driven by their comprehensive modeling and technology offering.”

Michelle Pearce-Burke,
Co-founder, and Chief Investment Officer,
Wealthify