Research on the Path and Effect of Digital Transformation of Family Wealth Management Driven by Financial Technology

Jie Wen[1,a], Zhongzai Xin[2,b]

[1](Zhengzhou) Renewable Resources Co., Ltd, Zhengzhou, China

[2]IP SOI TENG, Shih Hsin University, Taipei, China

[a]38075896@qq.com, [b]hotwaterteng@gmail.com

Keywords: Digital Transformation; Family Wealth Management; Financial Technology; Big Data; Artificial Intelligence; Blockchain; Service Innovation; Risk Control; Customer Satisfaction

Abstract: This study focuses on the digital transformation of family wealth management driven by financial technology, and deeply analyzes its transformation path and effect. Through the study of practical cases such as CCB Trust and a private bank, it is found that digital transformation has achieved remarkable results in improving efficiency, optimizing risk control, and improving customer satisfaction. In addition, it also reveals the challenges in technology, business, and organizational culture in the transformation process, and puts forward countermeasures. The research shows that the digital transformation of family wealth management is the inevitable trend of the development of the times, which is of great significance to the sustainable growth and inheritance of family fortune, and will also present a broader development prospect in the future.

1. Introduction

As the product of the deep integration of finance and technology, financial technology is reshaping the financial industry at an unprecedented speed. As an important branch of wealth management, family wealth management also faces profound changes under the wave of financial technology. There are many drawbacks in the traditional family wealth management model, such as asymmetric information, lack of accuracy in investment decision-making, and low service efficiency, which have made it difficult to meet the family's increasingly diversified and personalized wealth management needs. The vigorous development of financial technology has brought new opportunities for family wealth management. The application of emerging technologies such as big data, artificial intelligence, and blockchain has made it possible to solve the pain points of the traditional model and promote the transformation of family wealth management to a digital and intelligent direction.

Studying the path and effect of digital management transformation in family fortune driven by financial technology is of great theoretical and practical significance. Theoretically, enriching academic research in the cross-field of financial technology and family wealth management is helpful, as it provides empirical support for developing related theories and broadening the research perspective. From a practical point of view, it can provide a useful reference for family wealth management institutions, help them grasp the opportunities brought by financial technology, optimize business processes, improve service quality and competitiveness, better meet demand, and realize the preservation, appreciation, and sustainable inheritance of family fortune.

2. An Overview of Family Wealth's Management and Financial Technology

2.1 The Connotation and Traditional Mode of Family Wealth Management

Family wealth management takes the family as the main body, and comprehensively plans, allocates and manages all kinds of assets owned by the family, including financial assets, physical assets and intangible assets. Its goal is not only to preserve and increase the value of wealth, but also to cover the steady development of family businesses, the inheritance and continuation of family culture and the well-being of family members. Family fortune's management has obvious long-term,

  DOI: 10.25236/gemmsd.2025.038

complexity and diversity. The long-term nature is reflected in its focus on the continuity of family generations, and the planning often spans decades or even hundreds of years; Complexity stems from the richness and diversity of family assets and the intricacies of family members. Diversity is manifested in the diversification of management objectives, involving economic, social, cultural and other dimensions [1]. The principles of family wealth management are shown in Figure 1.

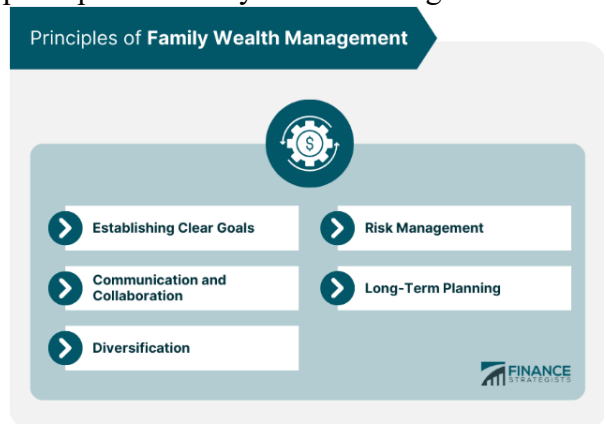

Fig 1. Principles of family wealth management

The traditional management mode of family fortune mainly relies on the elders within the family or the professional family council to make decisions. In this mode, the decision-making process is highly dependent on personal experience and subjective judgment, lacking scientific quantitative analysis and standardized process. The investment strategy is conservative, and the asset allocation is mainly based on low-risk fixed-income products, while the allocation of equity assets is relatively small, so it is difficult to make full use of the capital market to realize efficient asset appreciation. In terms of wealth inheritance, it mainly relies on traditional ways such as wills and gifts, which has some problems, such as high legal risk, heavy tax burden and easy to cause disputes within the family. In addition, the traditional model has obvious shortcomings in risk management and information transparency, and family members have limited understanding of the specific situation of wealth management, so it is difficult to effectively prevent risks.

2.2 Development of Financial Technology and Application of Major Technologies

The development of financial technology is a process of continuous integration of technological innovation and financial business. Since 1980s, financial technology has entered a modern development stage, which has gone through several important stages. In the stage of financial technology 1.0, financial institutions began to use large computers for data processing and storage to improve business efficiency [2]. In the stage of financial technology 2.0, the rise of Internet technology promoted the vigorous development of Internet finance, and emerging financial formats such as online payment, peer-to-peer lending and Internet securities emerged. Entering the stage of financial technology 3.0, next-generation information technologies such as big data, cloud computing, artificial intelligence and blockchain have become the core driving force to promote the development of financial technology, and financial services are more intelligent and digital. Big data technology can provide comprehensive and accurate information support for family wealth management by collecting, sorting, analyzing and mining massive financial data. Using big data to analyze family customers' assets, consumption habits, investment preferences and other information will help wealth management institutions to deeply understand customer needs and achieve precise marketing and personalized services. In addition, big data technology can be used for risk assessment and early warning, and potential risks can be found in time through real-time monitoring of market data and industry data.

Artificial intelligence technology has been widely used in the management field of family fortune. Intelligent investment uses machine learning algorithms and quantitative models to automatically generate personalized portfolio plans according to customers' risk preferences, financial conditions and investment objectives, and dynamically adjust them by tracking market changes in real time.

With the help of natural language processing technology, intelligent customer service can interact with customers in real time, answer common questions, provide 24-hour uninterrupted service and improve service efficiency and customer satisfaction [3].

Blockchain technology has the characteristics of decentralization, non-tampering, traceability and so on, and has important application value in family wealth management. In terms of wealth inheritance, smart contracts based on blockchain technology can realize the conditional and phased inheritance of wealth, ensure fairness, justice and transparency in the inheritance process, and effectively avoid family disputes. In the field of cross-border investment and asset custody, blockchain technology can improve transaction efficiency, reduce transaction costs, and enhance data security and credibility.

3. The Path Analysis of Digital Transformation

3.1 Technology Platform Construction and Innovative Application

The construction of technology platform is the foundation of digital management transformation in family fortune. Taking the new generation wealth management system of CCB Trust as an example, the architecture design of the system follows the principles of componentization, modularization, interoperability and scalability, and is highly flexible and extensible. The system consists of five core modules: work management, project management, product management, investment decision-making and system management, which realizes the digital management of the whole process of family trust business [4].

In the investment decision module, the system introduces automatic batch processing function, which significantly improves the efficiency of operation management. Under the traditional investment mode, the investment operation is complicated, the manual processing efficiency is low and error-prone. The new system supports a single project to invest in multiple assets in batches, and multiple projects can invest in a single asset with one click, which greatly shortens the investment operation time and reduces the operational risk. In the aspect of distribution of beneficiary rights, the family trust business scene is studied systematically, and the complicated beneficiary distribution rules and beneficiary rights transfer rules are embedded into the system logic, which realizes the intelligent processing of beneficiary distribution on the whole line and can meet the individual needs of different family customers.

CCB Trust's new generation wealth management system has made many breakthroughs in technological innovation. By building an enterprise-level process engine and relying on the middle platform architecture of the process, the enterprise-level shared technology components are realized and the approval process is optimized. Using big data and artificial intelligence technology, the system deeply analyzes the multi-dimensional data of family customers, and provides customers with accurate investment advice and personalized wealth management solutions. In the aspect of risk control, the brand-new intelligent checking technology is used to realize all-round investment strategy checking before, during and after the event, thus effectively avoiding investment risks. Moreover, the system attaches great importance to data security. Based on the characteristics of family trust business, it strictly follows the principle of 5A to design a security architecture, uses multi-algorithm biometric technology for identity authentication, uses encryption algorithm to protect data security, and establishes a perfect audit mechanism to ensure system security, data security, application security and operation security.

3.2 Service Mode Innovation and Customer Experience Improvement

Digital transformation has promoted the innovation of management service mode in family fortune. Taking private banks as an example, they actively build an online and offline integrated service model. Online platform provides customers with convenient services such as account inquiry, transaction operation and market information acquisition, which breaks the time and space constraints and allows customers to manage their wealth anytime and anywhere. Offline services focus on providing customers with face-to-face professional consultation and personalized services. Wealth consultants

tailor their wealth management plans according to their specific conditions to meet their special needs [5].

In order to achieve precise marketing and personalized service, private banks use big data and artificial intelligence technology to deeply mine and analyze customer data and build customer portraits. Based on customer portraits, banks have a deep understanding of customers' risk preferences, investment objectives and consumption habits, and provide customers with personalized investment suggestions and product recommendations. In the aspect of portfolio management, the artificial intelligence algorithm is used to track market changes in real time, and the portfolio is automatically adjusted according to customers' risk preferences, so as to realize portfolio optimization and risk control. Private banks continue to expand their service boundaries and provide diversified value-added services. In addition to traditional financial services, it also provides non-financial services such as legal consultation, tax planning, children's education planning, health management and art appreciation for family customers. These value-added services meet the diversified needs of family customers, enhance customer experience and enhance customer loyalty to banks.

3.3 Talent and Organizational Structure Adjustment

With the development of financial technology, the demand for talents in family wealth management has changed significantly. Traditional management talents in family fortune have been unable to meet the needs of digital transformation, and compound talents have become the key to the development of the industry. Compound talents should not only have solid financial expertise, be familiar with various financial products and businesses, but also master related technologies of financial technology, such as big data analysis, artificial intelligence application, blockchain technology and so on. In addition, innovative thinking, learning ability and communication and cooperation ability are also essential qualities for family wealth management talents in the digital age.

In order to adapt to the change of talent demand, the management institutions in family fortune actively adjust their organizational structure. Many institutions have set up special digital departments, such as financial technology research and development department and data management department, which are responsible for the research and development, application and data management of financial technology. At the same time, strengthen cross-departmental cooperation, break down traditional departmental barriers, and promote the deep integration of business departments and science and technology departments. By establishing an agile project team, which is composed of business personnel, scientific and technological personnel, risk management personnel, etc., according to specific business projects or customer needs, we can respond quickly and work together to improve project execution efficiency and innovation ability.

In the process of organizational structure adjustment, family wealth management institutions pay attention to optimizing decision-making process and improving decision-making efficiency. The rapid transmission and sharing of information are realized by digital technology, so that the decision-making layer can obtain comprehensive and accurate business information in time and make scientific and reasonable decisions. At the same time, it is necessary to give grass-roots employees more decision-making power, so that they can respond quickly in the face of customer needs and market changes, and improve the timeliness of services and customer satisfaction.

4. The Effectiveness Evaluation of Digital Transformation

4.1 Efficiency Improvement and Cost Reduction

After the launch of CCB Trust's new generation wealth management system, it has achieved remarkable results in improving business efficiency and reducing costs. In terms of business process optimization, the system systematically reshapes the business process of family trust, realizing real-time data sharing and automatic processing of standard business. Taking the establishment process of family trust project as an example, the traditional model is cumbersome and time-consuming, while the new system greatly shortens the business processing time through automatic approval and information sharing, and the average time for family trust clients from application to signing is

reduced by about 12 days.

In the investment decision-making, the automatic batch processing function of the new system greatly improves the efficiency of operation management. Under the traditional investment mode, investment operations need to be handled manually one by one, which is inefficient and error-prone. The new system can realize that a single project can invest in multiple assets in batches, and multiple projects can invest in a single asset with one click, which greatly shortens the investment operation time and reduces the risk of manual operation [6].

The efficiency improvement brought by digital transformation indirectly reduces operating costs. Shortening the business processing time reduces the labor cost, and the automatic processing function of the system replaces some manual work. At the same time, the intelligent risk control and intensive operation of the system reduce the potential losses caused by operational errors and risk events. Taking the family trust business of CCB Trust as an example, the standardization and automation of service flow are realized through the full-line operation and management of the new generation wealth management system, which reduces the comprehensive service cost and promotes the sustainable development of the business. Figure 2 explains the formation of digital transformation.

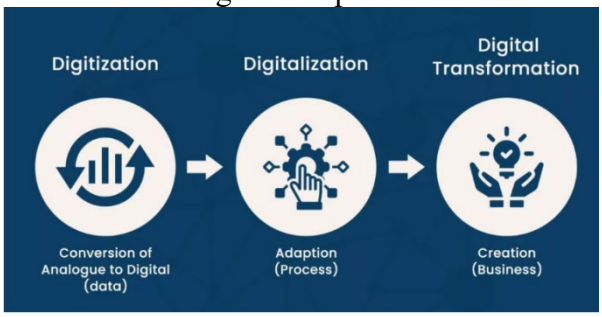

Fig 2. Digital transformation

4.2 Risk Control and Decision Optimization

CCB Trust's new generation wealth management system has made great progress in risk control and decision optimization by using big data and artificial intelligence technology. In risk identification and assessment, the system collects and analyzes multi-dimensional data such as family trust business data, market data and macroeconomic data in real time, and comprehensively captures potential risk factors. In market risk assessment, we use big data technology to track financial market fluctuations, and use machine learning algorithm to build a risk prediction model to predict market risks in advance. In terms of credit risk assessment, we integrate various credit information and use big data analysis technology to assess credit status and default risk.

In terms of risk monitoring and early warning, the system has established a real-time dynamic risk monitoring system and an intelligent early warning mechanism. Real-time monitoring of the family asset portfolio, once the risk index exceeds the preset threshold, the early warning mechanism will be triggered immediately, and the early warning will be graded according to the risk severity to remind relevant personnel to adjust the investment strategy in time, effectively reducing the risk loss.

Digital transformation optimizes investment decision. Through the analysis of multi-dimensional data of family customers, the system constructs customer portraits and tailors personalized investment strategies for customers. Using artificial intelligence algorithm to analyze market data and investment opportunities, predict the future trend of investment products, help investment managers to choose more potential investment products, and support the optimal allocation of investment portfolio to maximize returns and minimize risks [7].

4.3 Customer Satisfaction and Business Growth

Digital service has a positive impact on the satisfaction of management customers in family fortune. Taking private banks as an example, its digital transformation has improved the convenience and efficiency of services, and customers can conduct account inquiry, transaction operation and information acquisition anytime and anywhere through mobile banking and online banking. Personalized service is the key to improve customer satisfaction. Banks use big data analysis to build

accurate customer portraits and provide customers with personalized wealth management solutions and product recommendations. Digital service also enhances the interaction and communication efficiency between customers and banks. Through online customer service and intelligent customer service robots, customers can get timely service response.

With the improvement of customer satisfaction, the private banking business has achieved remarkable growth. In terms of customer acquisition, good reputation and high customer satisfaction have attracted more new customers, and the proportion of new customers recommended by old customers has reached a certain proportion. In terms of customer retention and business development, high customer satisfaction has improved customer loyalty, reduced customer turnover rate, and the scale of customer assets has been continuously expanded. Banks have successfully expanded high-end businesses such as cross-border investment, family trust and tax planning, and their business income has grown steadily.

5. Conclusion

This study comprehensively discusses the path and effect of digital management transformation in family fortune driven by financial technology. On the path of transformation, constructing a technology platform has improved operational efficiency and service quality through innovative architecture and functional application. The innovation of service mode is guided by customer demand, which improves the customer experience. In addition, the adjustment of talents and organizational structure provides a strong guarantee for digital transformation. From the effectiveness evaluation, digital transformation has achieved remarkable efficiency improvement, cost reduction, risk control, decision optimization, customer satisfaction improvement, and business growth.

However, it also faces many challenges in digital management transformation. On the technical level, the problems of data security and privacy protection are outstanding, and the rapid iteration of technology increases the cost and application difficulty. For the business, the homogenization of services is serious, and the pressure of risk management is increasing. Moreover, transforming employees' skills is difficult, and the organizational structure adjustment faces internal resistance. Family wealth management agencies should adopt corresponding strategies to meet these challenges. Investment in data security and privacy protection technology should be increased, and cooperation with technology companies should be strengthened. In terms of business, innovative services and products should be established, and a sound risk management system should be established. In terms of organizational culture, staff training should be strengthened, organizational structure optimized, and an innovative and open cultural atmosphere created.

Looking into the future, with the sustained development of financial technology, the digital transformation of management in family wealth will usher in a broader development prospect. The in-depth application of emerging technologies will realize highly intelligent investment decisions, safe and efficient wealth inheritance, more personalized and customized service modes, and industry integration and innovation, promoting cross-border cooperation and building a perfect wealth management ecosystem. The digital transformation of management in family wealth is an irreversible trend. The management institutions in family wealth should actively change and fully use the advantages of financial technology to realize sustainable growth and inheritance of family wealth, and create greater value for family customers.

References

[1] Yann M, Kath Z. Private Foundations in the United Arab Emirates: Empowering Family Wealth Management Strategies[J]. Trusts & Trustees, 2024.DOI:10.1093/tandt/ttae049.

[2] Siwei D. New Thinking of Wealth Management Under Civil Code Implementation - Based on Family Risk Identification and Legal Protection[J]. Science Publishing Group, 2021(5). DOI:10.11648/J.IJEFM.20210905.16.

[3] Ernst F, Bendig D, Puechel L. Religion in Family Firms: A Socioemotional Wealth Perspective

on Top-Level Executives with Perceived Religiosity[J]. Journal of Business Ethics, 2024, 194(3):707-730.DOI:10.1007/s10551-023-05606-7.

[4] Hasbullah N N, Riyard Kiflee A K, Anwar S, et al. Mapping the Trend of Digital Transformation in Omni-Channel Retailing: A Bibliometric Analysis[J].Marketing & Management of Innovations / Marketing ì Menedžment Ìnnovacìj, 2024, 15(1). DOI:10.21272/mmi.2024.1-03.

[5] Emam D H, Shair S. Application of the Digital Transformation and it`s Relation to the Performance of Agricultural Extension at Menufia Governorate, Egypt[J]. Alexandria Science Exchange Journal, 2023.DOI:10.21608/asejaiqjsae.2023.294619.

[6] Koukouvinou P, Simbi N, Holmstrm J. Managing unbounded digital transformation: exploring the roleof tensions in a digital transformation initiative in theforestry industry[J]. Information Technology & People, 2022.DOI:10.1108/itp-03-2020-0106.

[7] Bulychev L, Malysheva N, Lubov C. Digital transformation of the sustainable architectural environment based on intelligent information systems[J]. EDP Sciences, 2021. DOI:10.1051/e3sconf/202125801014.