



EXECUTIVE INSIGHTS

Driving Commercial Growth in Wealth Management Through Consumer Duty and AI

Key takeaways

- 1. Consumer Duty raises the bar for wealth management:** Firms must justify pricing, ensure fair value and provide transparent communication, making data-driven decision-making essential.
- 2. L.E.K.'s three-pillar framework enables compliance and growth:** Our structured approach ensures regulatory adherence while unlocking commercial opportunities.
- 3. AI and analytics drive smarter engagement:** Real-time data insights help firms personalise services, optimise pricing and proactively manage client needs, turning compliance into competitive advantage.
- 4. A phased strategy ensures long-term success:** Firms that accelerate compliance, embed AI-driven decision-making and scale data-driven insights will future-proof their operations and sustain growth.

Consumer Duty is reshaping wealth management. With full AI deployment offering substantial value gains, firms can no longer rely on legacy pricing models, one-size-fits-all services or opaque customer engagement strategies. The new regulations raise the bar, requiring evidence that clients receive fair value, transparent pricing and appropriate financial products.

By leveraging data and AI, firms can create tailored, efficient and scalable service models that meet both regulatory demands and client expectations. This L.E.K. *Executive Insights* explores how wealth managers can integrate these changes into their business models to create value and sustain competitive advantage.

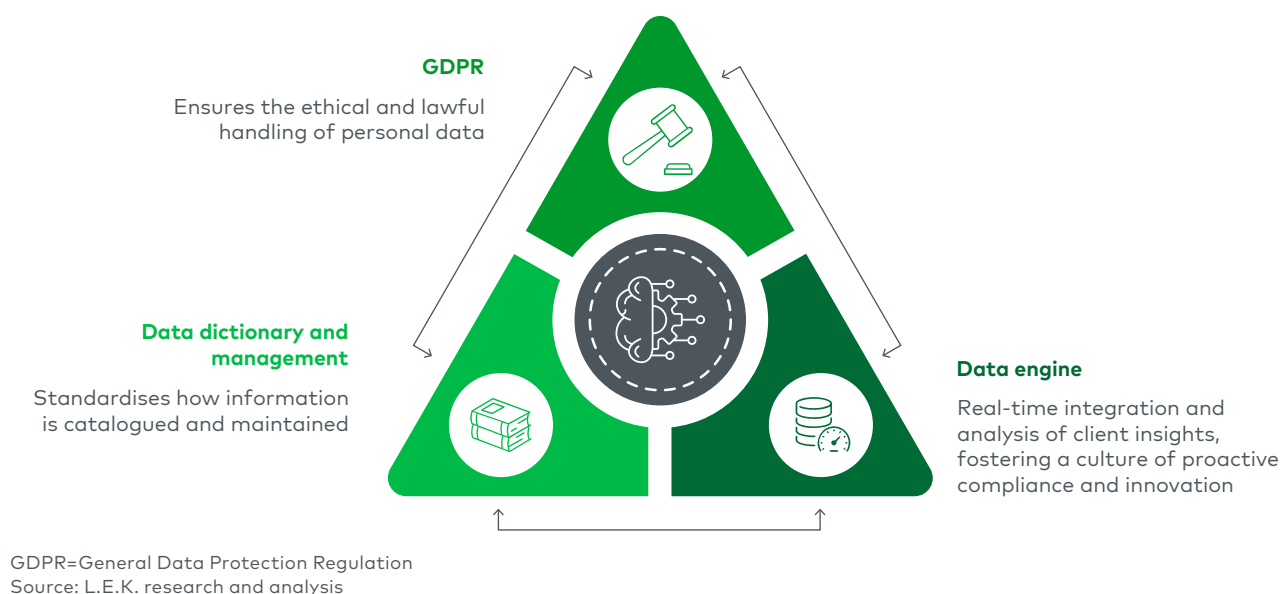
The rising bar for wealth managers

Regulators are taking a tougher stance. The days of opaque fee structures and one-size-fits-all service models are fading. Consumer Duty mandates that wealth managers justify their pricing, ensure products meet customer needs and communicate in a way that builds confidence rather than confusion. The implications are profound. Firms must re-evaluate their client segmentation strategies, refine their propositions and invest in data-driven decision-making to stay ahead.

At the heart of compliance is the ability to collect, analyse and act on high-quality client data. Firms that rely on outdated, fragmented data systems will struggle to meet regulatory expectations. L.E.K.'s three-pillar framework — comprising GDPR compliance, a robust data engine, and a structured data dictionary and management approach — provides a foundation for Consumer Duty readiness (see Figure 1).

Figure 1

L.E.K.'s three-pillar framework



Ensuring adherence to GDPR establishes a compliant baseline, while a well-integrated data engine enables firms to generate actionable insights in real time. Meanwhile, a structured data dictionary and management system ensures consistency and accessibility, reducing the risk of misinterpretation or regulatory lapses.

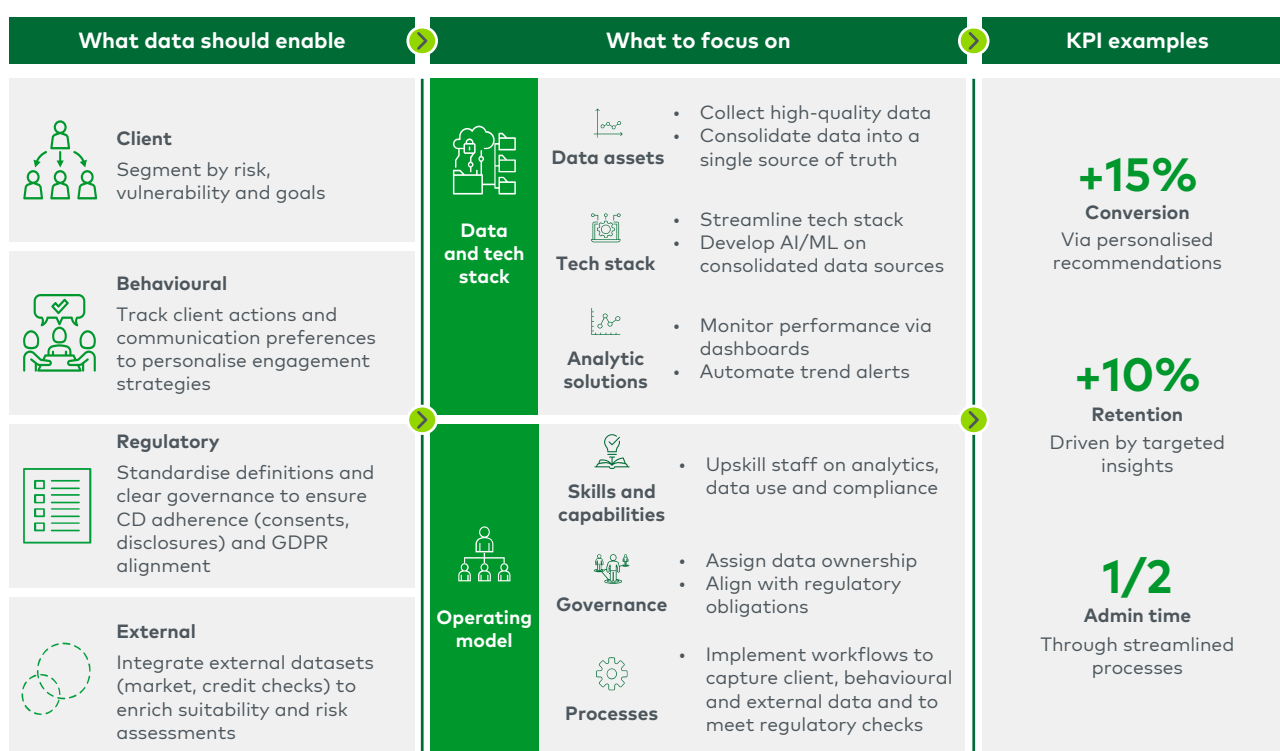
By embedding this framework, firms can not only meet compliance standards but also unlock commercial growth opportunities through deeper insights into customer behaviour, preferences and risk profiles.

Data-driven compliance and commercial growth

Regulatory adherence and commercial success are not mutually exclusive. Leading firms are already proving that a robust data strategy not only satisfies compliance but also unlocks tangible financial benefits (see Figure 2).

Figure 2

A strong data strategy underpins Consumer Duty readiness



Note: GDPR=General Data Protection Regulation; AI=artificial intelligence; ML=machine learning

Source: L.E.K. research and analysis

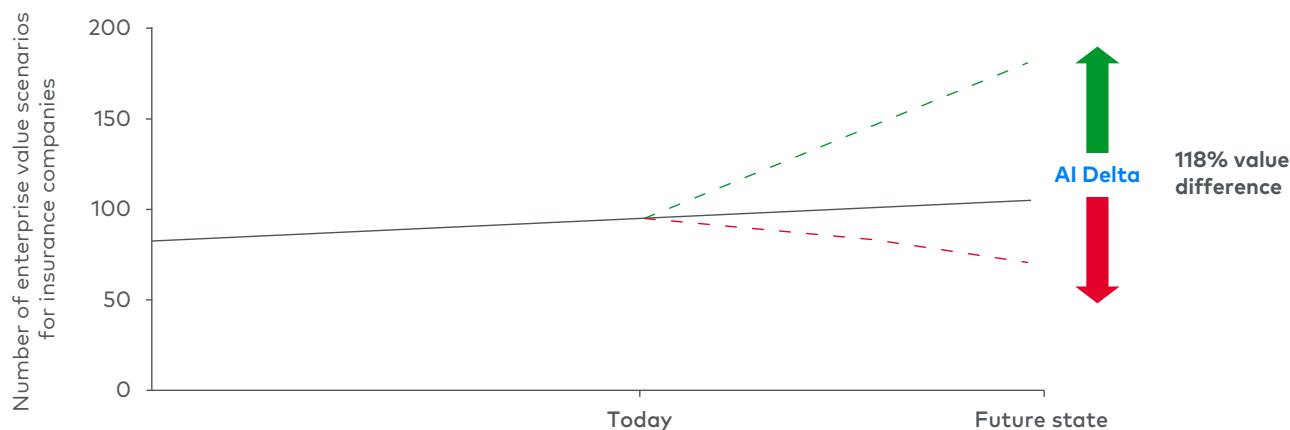
The ability to analyse real-time client data allows firms to adjust pricing dynamically, identify underserved segments and offer more relevant products. AI-driven analytics provide deeper insights into client behaviour, enabling firms to personalise engagement strategies and preempt potential compliance risks. In practical terms, this means:

- **Smarter pricing models** that optimise revenue without eroding client trust
- **Proactive client management**, ensuring clients receive appropriate support
- **Enhanced service delivery**, aligning product offerings with actual customer needs

For comparison, as part of L.E.K.'s ongoing AI Delta work, we provided an exploratory discussion of the potential size-of-the-prize for AI, which aims to help our clients catalyse analysis on the magnitude of the opportunity for their specific businesses (see Figure 3).

Figure 3

The AI Delta in wealth management



Source: L.E.K. research and analysis

Transforming compliance into competitive advantage

Firms that embed AI and predictive analytics into their operating models will not only meet regulatory expectations but redefine their commercial trajectory. Take, for example, the challenge of pricing. Traditional models rely on broad assumptions, but AI-driven segmentation allows firms to fine-tune their value proposition, ensuring each client receives a service level and product package that reflects their immediate needs and value contribution at the right price point.

Similarly, customer engagement can no longer be reactive. Sentiment analytics can help wealth managers detect when clients are confused or dissatisfied, allowing firms to intervene early. Data-driven decision-making, once a differentiator, is rapidly becoming the minimum standard (see Figure 4). Firms that are slow to evolve will struggle to retain clients who expect personalised, transparent and responsive service.

Figure 4

Using data and AI to boost performance and meet compliance

Consumer Duty objectives	Strategies	Impacted KPIs	Data and AI enablers	Benefit	Ease
Suitability and treatment <ul style="list-style-type: none"> Enhance offerings for fair outcomes 	Target propositions by segment	Revenue per client/cross-selling	Predictive analytics for segmentation	Green	Yellow
	Standardise advice and recommendations	Complaints per customer/NPS	Client profile analytics	Green	Green
	Integrate post-M&A	Customer churn post-M&A	Data harmonisation	Green	Red
Fair value <ul style="list-style-type: none"> Ensure transparent, fair pricing 	Apply structured, fair pricing	EBITDA/revenue predictability	Real-time pricing engine	Green	Yellow
	Track real-time service cost	Cost per product	ML-based cost analytics	Yellow	Yellow
	Embed margin oversight in pricing models	Margin per product	ML-based margin analytics	Yellow	Yellow
Consumer confidence and access <ul style="list-style-type: none"> Deliver seamless, inclusive experiences Drive timely, relevant communications 	Implement personalised engagement (next best action)	AUM/net flows	360-degree customer view	Yellow	Yellow
	Offer omnichannel support and advanced analytics	Customer experience/NPS	AI chatbots and sentiment analysis	Green	Green
	Ensure comms compliance in real time	Compliance rate	Single customer voice analytics	Yellow	Yellow

Note: AI=artificial intelligence; NPS=Net Promotor Score; EBITDA=earnings before interest, taxes, depreciation and amortisation; AUM=assets under management; ML=machine learning
Source: L.E.K. research and analysis

A three-phase strategy for sustainable growth

To translate Consumer Duty compliance into commercial success, wealth managers must adopt a structured roadmap in which they:

- 1. Accelerate:** Assess current data capabilities, address compliance gaps and launch pilot initiatives that demonstrate quick wins.
- 2. Deliver:** Deploy AI-driven segmentation, establish real-time monitoring for regulatory adherence and embed compliance tracking into day-to-day decision-making.
- 3. Scale:** Expand AI- and data-driven insights across the organisation, integrating compliance seamlessly into business strategy and long-term growth plans.

Firms that follow this trajectory will not only meet the regulatory bar but will also create more resilient, agile and client-centric businesses.

Embracing the future of wealth management

The message from regulators is clear: wealth management must evolve. But firms that see Consumer Duty as a mere compliance hurdle will miss the bigger picture to drive profitable growth and enhanced client relationships. Those that embrace a data-driven, AI-enabled approach will be better positioned to serve their clients, grow their businesses and maintain regulatory confidence.

At L.E.K., we work with firms to navigate these complexities, ensuring compliance while unlocking new commercial opportunities. If you're considering how to turn Consumer Duty into an advantage, please contact the team.

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Bronswe Cheung is a Partner in L.E.K. Consulting's London office and a member of the Financial Services practice, with a focus on European wealth management and specialist consumer and business lending. He has significant experience across the wealth management and lending value chains and has worked on strategy development and implementation, due diligence, M&A and synergy valuation engagements across Europe and Asia.



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