

A 'cockroach in a sparkling dress'

Disrupting wealth management is no simple task, and getting a business off the ground is far from easy for a start-up. But Mathias Helleu and Charles D’Haussy of 8 Securities believe they have found a niche.

Across the world, fintechs are working relentlessly to change the face of wealth management by harnessing technology to make the investment process simpler, faster and cheaper.

But in the competitive field of finance, standing out is not easy.

Yet 8 Securities, a Hong Kong-based e-trader, feels justified in its optimism.

The firm will launch a new robo-adviser, called Chloe, that is aimed as much at the ranks of the unbanked in Asia as those with significant investable assets.

“Chloe may treat a USD100 account the same way as she would a USD1 million account, can a bank say that?” asks Helleu, who is the executive chairman of 8 Securities.

The pair say that they are looking to upend the market by going where “no other broker has gone before in Asia”.

For example, they have made their trading app for mobile phones commission-free. This means investors can trade in over 15,000 US and Hong Kong Stocks and index funds without incurring commission fees.

While the goal is to match investors with other products that they might be interested in at a later stage, such as margin trading accounts and other services, the company has a sound business model as a starting point.

“There is a little bit of a ‘gimmick’ [involved], but we are also committed to keeping the service free because the cost of transaction is extremely low for us now and so we can decide to pass on that benefit to our customers,” explains Helleu.

This is due to the success they have had in using technology to compete on costs.

“We have very efficient on-boarding of customers and market execution,” he



MATHIAS HELLEU
8 Securities

explains. “We can now use technology to further lower our costs, which means we are the cheapest brokerage in Hong Kong,” he adds.



CHARLES D'HAUSSY
8 Securities

CHANGE DRIVERS

What is disruptive about 8 Securities is its bold proposition that promises to offer retail customers the same access to world-class investing as the big guys.

However, such a sweeping attempt at democratising investment comes with its own set of challenges.

It's one thing to be a brokerage platform for a smaller section of the population; quite another to appeal to a larger audience.

But Helleu believes the firm can keep up with the changing demands of customers, given its smaller size.

This gives it agility, which large banks typically lack, to constantly re-invent its products based on the customer feedback it generates in its existing markets of Hong Kong and Japan.

Adds D'Haussy, vice-president, sales and business development: "We are a

software company. So in the same way as you buy Windows 8 and then there is Windows 10 and so on, 8 Securities keeps upgrading its platforms and also its services."

As the company carefully tailors its services for the local investor base, to differentiate itself from other similar products available in the market, it relies on simplicity of its business proposition and the ease of use of its technology.

"Across the world, people have the same question: what do I do with my money?" says D'Haussy.

"Anyone who can address this simple question, and along with it the key issues of portfolio liquidity, fee transparency, quality of products and monitoring of investments, and can make that available to anybody suitable for it, will really bring something [new] to the end customer," he adds.

WHEN FIN MEETS TECH

Although robo-advisers are gradually gaining traction across Asia, 8 Securities' journey with its new app so far has been rather startling.

According to Helleu, the wait-list for people looking to open their account has crossed the 10,000 mark in a matter of weeks.

In line with this, both Helleu and D'Haussy paint a vision of a future that is brimming with optimism for the company, even as they acknowledge that the buzz around hordes of fintech start-ups will die out eventually.

For instance, D'Haussy believes that 8 Securities has an inherent advantage over many other fintechs; it isn't just a technology company trying to gain a

footing in the field of finance, but instead an e-trader which has added a new dimension to its business via technology.

"We don't come from the technology side and then try to invent ourselves in this business," explains D'Haussy.

"We have been in this business first, and have reinvented ourselves with technology," he adds.

This is the major different the firm sees: while fintechs have the technology, they tend to lack the skill-set from the business perspective.

Another reason why most fintechs won't survive going forward comes down to the economics of the business.

"It is hard to see how new players who start out today are going to survive. The economics given the high-cost of acquiring customers simply doesn't work," explains Helleu.

From 8 Securities' perspective, it counts over 50,000 customers across Hong Kong and Japan, and over USD600 million invested via its platforms.

This shows that the market does offer room for new players who can use technology to address concerns that investors face today.

Ultimately, fintechs that have the highest chance of becoming successful and making an impact in this area of the industry will be those which are agile and have what Helleu calls a "cockroach-like resilience to survive disruption and competition".

"The cockroaches are the ones who can survive an atomic war and will be the winners of tomorrow," he explains. ■