An uphill battle for digital private banking in Asia

The industry in Asia still seems to be in the early days of adopting a digital mind-set, with inflexible regulation and a view that adding value is rooted in personal advice slowing progress, said banking leaders at a discussion in September co-hosted by Thomson Reuters and Hubbis.

Private banks have no choice other than to take calculated bets on the technology they believe will shape the future for themselves and their clients.

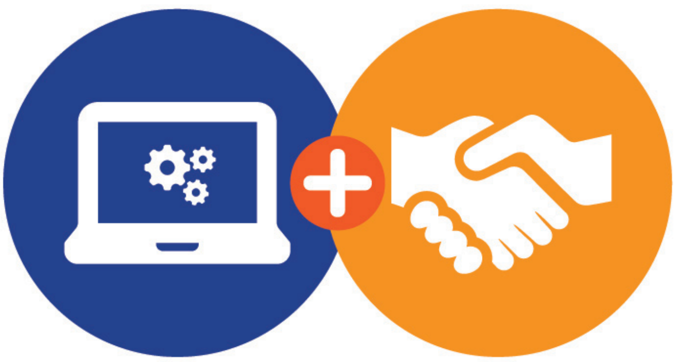
And the amount of investment – and the direction of it – is varying from one institution to the next.

For most firms, however, their priority needs to be ensuring their service is based on adding value, since this is difficult to replicate. Further, loyal clients and recurring revenue will offer firms more room and time to manoeuvre.

These were some of the views of industry leaders in Hong Kong, at a thought-leadership discussion co-hosted by Thomson Reuters and Hubbis.

SELECTIVE TECH PROGRESS

The area likely to advance the fastest, believe some market practitioners, is



Key take-aways

- *Despite the hype over digital tools and fintechs disrupting wealth management – most private banks are still focused on their core offering*
- *The banks need to prioritise revenues and also retaining clients*
- *Regtech is most likely to gain the greatest traction among private banks in Hong Kong / Singapore*
- *Business process automation is expected to drive the biggest challenge*
- *Marrying digital with the softer, human touch is the likely path for most private banks*

HUMAN ADVICE IS STILL NEEDED

fintech only used to support advisers to boost productivity

regulatory technology. This will play an important role in helping institutions and advisers deal with the many reports they have to produce, plus the manual nature of many of them.

Another area where big changes are expected for private banking in Asia, driven by technology, is in relation to business process automation.

Taking the (more extreme) example of the automobile industry, many of the top brands simply make the engine and create the design; everything else is outsourced. Whether the same happens within wealth management is a possibility, suggest some industry leaders.

While outsourcing might happen in a meaningful but different way, the trend of connectivity won't go away. Neither will pressure on revenues and margins.

Ultimately, while there is agreement among business leaders on the need for more efficiency, how this comes about is less important.

TOO SOON

Ultimately, marrying digital with the softer, human touch seems to be the most likely way forward for wealth management in Asia.

This is in line with moves to use fintechs as a staff augmentation exercise, to enhance current capacity via specific tools.

This is a result of the growth also in areas like inter-generational estate and succession planning, for example, where RMs need to be embedded in their clients' lives.

The value-add to clients is also not only derived from instant access to information – which clearly comes from a better and more relevant digital engagement. It also comes from referrals and guidance that require personal relationships, for instance about who can give the best advice on a specific matter, and who is trustworthy.