

# Are robo-advisory and other digital solutions gaining ground?

*A panel comprising digital experts from technology solutions and fintech innovators is unlikely to say anything other than 'Yes' to the overarching question of whether robo-advisory and other new apps are indeed the path ahead. But the panellists did not need to convert the audience – banks and other wealth providers largely admit they have an urgent need for innovative technology if their industry at large is to keep pace with their clients' needs, both today and tomorrow.*

## **These were the questions we asked:**

- What's your value proposition and why will it be successful?
- What does the term 'Robo' mean to you?
- Have consumers, banks and consultants really embraced 'new stuff'?
- Who will rock the boat?
- What does the platform of tomorrow look like?
- Is it likely that the traditional investment process will change?
- What does a proper business case for digital look like?
- How are FinTech companies partnering with larger more established institutions?
- What makes these partnerships work - what both sides are looking to achieve?
- Who invests in FinTech companies?
- What has emerged from any of the Incubators, Labs and other initiatives?
- There has been lots of talk - but what's next?
- Whats really under the lid? Is there any genuine innovation?

**T**HE ASSEMBLED PANELLISTS REPRESENTED FIRMS that offer digital products and services aimed at enhancing their customers' digital footprint and thereby improving the end client experiences, which should then translate into improved efficiency and profitability.

While all these 'tech' solutions providers offered a different angle of refraction on the future world of wealth management, their visions appear to be similar,

## **PANEL SPEAKERS**

- **Mathias Helleu**, Executive Chairman, 8 Securities
- **Ned Phillips**, Founder and Chief Executive Officer, Bambu
- **Phil Neilson**, Chief Executive Officer, Just Service
- **Alex Ypsilanti**, Chief Executive Officer and Co-Founder, Quantifeed
- **Bhaskar Prabhakara**, Founder & Chief Executive Officer, WelInvest
- **Donald Soo**, Group CEO and Founder, Malabar AI



MATHIAS HELLEU  
8 Securities

namely that there is an urgent need for the wealth management industry to embrace change and step boldly into the digital era.

Panel members talked about helping the wealth industry build automated investment journeys for their end consumers. They spoke of live consolidated platforms on mobile apps for the clients to ‘manage’ their investments real time, while for the advisory community the audience heard of automation of processes including the portfolio review, both of which have very positive implications for the back office, risk management and compliance.

**Digital solutions in their infancy for the wealth sector**

Robo-advisory, the delegates heard, is barely in its infancy as far as adoption by the wealth industry, meaning, said one panellist, that the clear majority of HNW individuals in Asia still save the old way,

**DO PEOPLE UNDERSTAND THE SECURITY RISKS OF GOING DIGITAL?**

Yes



No



Source: Hubbis Digital Wealth Asia, November 2017 - Hong Kong



NED PHILLIPS  
Bambu

**THE BANKS ARE BEGINNING TO LOOK AT THINGS FAIRLY HOLISTICALLY, SO THE QUESTION NOW IS WHICH ONES CAN MOVE FAST ENOUGH, AND WHICH ONES WILL LAG BEHIND**



PHIL NEILSON  
Just Service

still pay high fees, pay to go to the branch, suffer the lack of transparency and lack of flexibility. “We are trying to transform that,” he said, “but it is far off and will take a lot of collective effort.”

Who will be the early adopters? “We believe that the institutions to lead this transformation are those with a large distribution capability,” said another tech expert. Another said that smaller, nimble players will also play their part: “I agree that the big players will lead the way, but in order for them to do so they will need to be stimulated first, in other words challenged by the smaller players.”

Crafting the right digital experience and solving customers’ problems is vital, rather than simply pushing product. “People today in fact trust technology brands way more than they trust banks and other financial services companies,” said one fintech executive, “so borrowing what technology companies have done and inserting it into a financial services context is extremely beneficial for us.”



ALEX YPSILANTI  
Quantifeed

### WHAT HAS EMERGED FROM FROM ANY OF THE INCUBATORS, LABS AND ENDLESS FINTECH FESTIVALS?

Lots of positive things



Nothing much



Source: Hubbis Digital Wealth Asia, November 2017 - Hong Kong

### Wealth managers must embrace new technology

The starting point on the journey to digital is enabled by institutions embracing digital finance, but understanding what robo-advisory and other new facets are is also essential, as it is frequently misinterpreted.

But what, in reality, is robo-advisory? “Most people think that you go and answer a couple of questions and then you have an algorithm running at the back

which is now creating a portfolio on the fly which then potentially invests your money immediately and it is 100% automated, no people involved,” said one panellist. “But digital wealth is an entire end to end proposition, which needs people, although certainly less than before.”

Quantitative algorithms can generate portfolios or the core product recommendations, but there is a considerable human element involved with the client to refine the inputs and refine the outcomes. The end result is digital wealth.



BHASKAR PRABHAKARA  
WeInvest

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DO YOU UNDERSTAND CLEARLY THE TERM ROBOADVISOR?

Yes



No



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Source: Hubbis Digital Wealth Asia, November 2017 - Hong Kong

Another panellist noted that “the digital experience that works today may not be working in 6 months or more, as needs evolve, hence we are still learning what the right robo experience is and it is certain so far that no single experience will work across all types of customers across all countries and markets.”

The same expert also theorised that it is not likely to be long before the ‘big techs’ [the Googles, Amazons and Apples of this world] that command vast numbers of customers start offering wealth management online.

Allied to the view that people in general have more faith in the big techs than in the banks and other traditional ‘trust’ institutions, that is indeed a daunting prospect for the wealth industry as it is today.

**Robos won’t eliminate people... yet**

Robo-advisory can achieve some considerable commoditising of financial services, but as soon as there is complexity such as tax issues, cross border issues, asset ownership issues, asset protection issues, and so forth, clients will still need to talk to people who are qualified.

“So, at least for the next decade the power still lies with the face to face businesses,” concluded one panel member. But the challenge for some fintechs is still to raise as much revenue as they are currently able to raise in venture funding. “It is all about spreading the word, and that is happening, albeit for robo-advisory from a tiny user base right now.”

“Banks are making changes, but slowly,” added

another expert. “They have all realised that the current customer experience is lacking in so many facets of the user experience and enjoyment. The banks are beginning to look at things fairly holistically, so the question now is which ones can move fast enough, and which ones will lag behind.”

One expert noted that whatever the great new idea, the seemingly perfect app, the effort needs to be made to get it in front of customers. “Many start-ups think ‘well, I built a great concept and product, so people are going to come’ but the reality it is linear - sell, pitch, and you will get business. But also learn that if you do a thousand pitches and no one buys it was the wrong idea in the first place.”

### **Fintechs need to be agile**

An additional perspective came from another fintech representative. “I think it is crucial to know how to adapt ideas by listening; when we started off we pivoted within the first six months and



DONALD SOO  
Malabar AI

## **DIGITAL WEALTH IS AN ENTIRE END TO END PROPOSITION, WHICH NEEDS PEOPLE, ALTHOUGH CERTAINLY LESS THAN BEFORE**

quickly added three other products based on what we heard. So yes, pitch and pitch again, but also listen to the feedback, the feedback you do not want to hear as well.”

“And while you are pitching, do not forget to keep building your platform and your technology and evolving it,” another technology professional said.

One panellist concluded the discussion by reminding the audience of the premise that the wealth industry urgently needs solutions to move into the modern world of digital expertise and interface. Judging from the panel’s enthusiasm, the passion and commitment of these technology solutions innovators will benefit the wealth firms and their clients. But first, the banks and other advisory firms must embrace that change. ■

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MORE THAN THEY TRUST  
BANKS AND OTHER FINANCIAL  
SERVICES COMPANIES**