

# Avaloq's APAC & MEA Head Highlights How the Firm is Grasping the Immense Growth Potential Ahead

Avaloq, a global leader in digital banking solutions, core banking software and wealth management technology, is not short of big-name banking and wealth management clients in Europe and across the APAC region. Its list of clients includes names such as HSBC, Société Générale, Vontobel, Coutts, Raiffeisen, LGT and in Asia, brand names such as Nomura, DBS, Maybank, CIMB Bank, CTBC, Taipei Fubon Bank, Kasikornbank, UnionBank of the Philippines and Indonesia's Bank Mandiri, and plenty more. Boasting more than 160 clients across 35 countries, most of which are in Europe and Asia, Avaloq has become a standard-bearer for technological and software innovation in the wealth management industry, delivering both solutions and the operation of those solutions for its rapidly increasing catalogue of clients. Hubbis spoke recently to Pascal Wengi, the Hong Kong-based Managing Director for Asia Pacific, Middle East & Africa (APAC & MEA) and a member of the Group Executive Board at Avaloq. Our mission was to learn more about the firm's plans for the region and how Avaloq not only plans to enhance the digital banking capabilities of its clients but to constantly stay one step ahead in anticipation of their evolving needs and expectations.

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**Avaloq prides itself** on providing fully integrated banking software solutions that cover the front, middle and back office of private banks and wealth managers. Essentially, the firm is driving the digital transformation and automation of the industry. And Avaloq delivers these solutions through a standard software as a service (SaaS) model with the option

the digital finance space, and a leader in wealth management technology," he reports. "We also have retail and corporate banking clients but for APAC, our key focus is wealth management and private banking."

### APAC's dynamism

Pascal says the rising prominence of Asia within the

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for banking operations outsourcing as well as an on-premises setup, so customers to choose the right model that ideally fits their business.

### Committed to Asia

With over 15 years of experience in the financial technology industry, Pascal himself is today responsible for driving the company's impressive growth in the APAC and MEA regions from his Hong Kong base. He works closely with wealth management firms and private banks to renew their technology ecosystem to help them gain a competitive edge in what are dynamically evolving markets and to grow their client and revenue bases.

"Originally from Switzerland and having expanded across Europe, Avaloq is now a prominent name in Asia. Following the acquisition of the firm by Japan's NEC, a global technology company, we are at the cutting edge of

Avaloq business strategy is due to the dynamism of the markets and the rapidly evolving competitive landscape, as banks, FinTechs, brokerages and even retail or non-finance companies jostle for position amid Asia's surging private wealth creation.

"In Switzerland, for example, there is no major movement within the wealth management space, since it is such a developed economy. Whereas in APAC, there is a tremendous growth opportunity in terms of new markets, but also new client segments like the mass affluent, which is a big topic here," he explains. "With the DNA of an Asian company under NEC, we are becoming a business with a significant footprint which makes Avaloq's role here in APAC even more exciting."

Avaloq today has 2500+ employees across 17 countries representing 73 nationalities.

### Expanding with the markets

When Avaloq initially started business in the APAC region over 15 years ago, the focus was on private banking for the HNW and UHNW community, but today local and regional banks and wealth management firms in Asia want to increasingly service their growing customer segments within the mass-affluent space. This is driven by the rapid expansion of the middle class in Asia and their expectations for higher levels of services and advisory offerings that were not deliverable using the existing legacy technologies with a standard retail banking solution, for example.

Accordingly, the onshore wealth management model has been expanding apace in the region, as countries seek to offer more wealth management depth and services to the local markets, to either keep the growing private wealth onshore or attract more of it back from offshore.

Pascal explains that Avaloq first came to Asia to support some of the established European clients who were expanding their business, but for the past eight or more years has been making a strategic shift to focus on major local and regional financial sector players growing their wealth management and private banking footprints. Avaloq focused first on Singapore and Hong Kong, then ventured further into Southeast Asia and the Greater China region.

### Building a book of established clients

Clients today include hybrid European-Asian names such as HSBC as it expands its wealth offering across the region and needs more technology support to help achieve its ambitions. Other



**PASCAL WENGI**  
Avaloq

clients might be the pure-play private banks, such as LGT, which started in Liechtenstein, but now has a footprint spanning across Singapore, Hong Kong, Thailand, and Japan.

DBS was one of the first major Asian regional banking names back in 2008 to engage Avaloq, which was a major coup given DBS' well-documented leadership in digital banking. "Bringing DBS onboard within the wealth private banking space and using Avaloq for its core banking is a great story for us to further penetrate the local markets in the region," Pascal comments.

Pascal says the focus on technology investments by major banking players has helped the firm enjoy especially robust growth in the region. "We are gaining traction across the region, of course in Singapore and Hong Kong, but also with Taiwan's banks, and with the Chinese offshore banks in Hong Kong," he reports. "The Philippines and Indonesia are big markets for us, especially those banks in the Philippines that are making a major leap towards cloud-based banking services."

### Key Priorities

Growth is the core mission, with expansion into new APAC territories as well as within the regional markets where the firm has a strong foothold. Japan is a major priority as NEC now owns Avaloq, and there is a greater focus than ever on the Middle East and Africa.

The expansion further into the mass affluent wealth market is another priority. "We are still largely serving banks and wealth managers that focus on the UHNW and HNW segments, but many of those want to expand into the mass affluent space," he reports. "This is another major growth opportunity for us."

**"For the RMs and advisors, having the latest information at their fingertips to help drive client conversations is a great advantage."**

### Working with partners

Pascal also reminds us that Avaloq has somewhat evolved its distribution in the region, for example signing a licensed reseller agreement with Synpulse to provide end-to-end digital solutions for private banks and wealth managers in Asia – with an initial focus on Indonesia and Taiwan.

"If Avaloq alone conducts its sales in this huge region, there is a limitation as we can only hire so many good people in these markets, so partnerships with high-quality firms is a natural way forward," Pascal explains. "When we also work through partner networks and different channels, our reach will expand significantly. We are also working increasingly with our parent company NEC in a similar manner."

Pascal explains that the drivers for each market's digital wealth evolution are often different. For example, the Taiwanese

government has announced that it wants to create an attractive onshore investment market and opened the door to a New Wealth Management Scheme (WM2.0). Several banks have obtained a licence for onshore private wealth management that allows them to offer private banking services and products. In China, a number of Chinese banks have moved offshore into Hong Kong and further afield in Asia. For the Philippines, cloud-based banking has been the core impetus.

### Tailoring offerings to individual clients and markets

He also drills down further into what Avaloq delivers, citing the example of a local universal banking group in one of the emerging countries in Asia Pacific that wants to dedicate one core business line to private banking and wealth management. This requires all regulatory and

compliance protocols to be in place, from front to back and with the right bridges to the client-facing relationship managers (RMs) and bankers. "In developing markets," Pascal explains, "you need more entry-level solutions and products for both the RMs and the clients to build a solid, fundamental investment portfolio anchored by a stable core banking platform first. As knowledge and experience grows, they will be ready for more sophisticated wealth management tools similar to those available in Singapore and Hong Kong, where the markets are more mature. We help deliver digital solutions from onboarding to the delivery of advice and products to the clients, and then execution and also monitoring, reporting, and full compliance. We support a vast range of products and processes from front to back through our one system. It is a major competitive advantage to provide this type of one-stop complete solution."

### Covering the full wealth management segment

Pascal adds that Avaloq now covers the full spectrum of wealth management, from HNW and UHNW clients, who require a more personal approach, to the rapidly expanding mass-affluent market, for which a digital-led business model is more suitable. "For the RMs and advisors, having the latest information at their fingertips to help drive client conversations is a great advantage," he explains.

And in the mass-affluent segment, market see investors now have similar expectations as their HNW and UHNW counterparts when it comes to personalized investment solutions. In order for banks and wealth managers to efficiently and effectively deliver these solutions at scale, RMs need to have access to automation and digital support tools.

Pascal explains that Avaloq Engage can help solve the issue of personalized service at scale,

as it provides a secure, compliant channel for RMs to communicate with their clients on messaging apps such as WeChat and WhatsApp. "The RMs love it as do compliance departments," he reports, "as there is full access by the institution to these communications."

### Your partner for the future

With Pascal's gaze firmly fixed on future growth, he reiterates his and Avaloq's key principles. "We are here for the long term as a partner with our clients for the future of their businesses as they expand across different segments, different asset classes and different geographies," he states. "We provide the solutions that keep our clients on top of the many challenges they are facing, so that they are in a strong position to take advantage of the many opportunities that the dynamic APAC and MEA markets offer." ■

