FEATURE ARTICLE

BUILDING A WINNING WEALTH PLATFORM

AT A HUBBIS ROUNDTABLE CO-HOSTED WITH ASSENTIS TECHNOLOGIES IN SINGAPORE IN LATE NOVEMBER, A GROUP OF SENIOR MANAGEMENT FROM INTERNATIONAL AND LOCAL PRIVATE BANKS, RETAIL BANKS AND INDEPENDENT WEALTH FIRMS DEBATED WHAT IT TAKES TO DEVELOP SUSTAINABLE AND PROFITABLE BUSINESSES PLATFORMS IN THIS MARKET.

When talking about client platforms at wealth management institutions to offer online banking or banking apps, for example, industry professionals tend to agree that these platforms should enable clients to easily access information and services they need.

However, for Asia's high net worth (HNW) and ultra high net worth (UHNW) clients, platforms need to go much further than offering product access.

While banks operating in the retail space might be able to get away with platforms being a substitute for personal service, this is neither practical nor acceptable the higher up the wealth spectrum people move.

At the upper-end, a platform needs to essentially serve as an "enabler". That means it needs to provide value-added and tailored services to complement what a relationship manager (RM) or adviser is offering.

This was according to business heads and other market practitioners at a Hubbis roundtable co-hosted with Assentis Technologies in Singapore in late November.

Moreover, the term platform is not just an external premise.

Assentis, for example, has been working with Credit Suisse in Switzerland, across Europe and in Asia Pacific to develop both internal and external platforms for the private banking and wealth management business.

The collaboration included the introduction of Assentis' SolPresent at Credit Suisse. This is a presentation platform developed specifically to give client-facing personnel the technology they need to provide their clients with information more efficiently. Custom sales presentations can be created in just a few minutes.

For other institutions, meanwhile, internal platforms are proving increasingly popular as a time-saving mechanism in relation to client administration – especially the gathering of key initial client data, as part of onboarding, KYC and other critical parts of the process.

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DIFFERENT PLATFORM NEEDS

While the importance of technology and the development of such technology-based platforms to the future of the wealth management offering is undisputable, participants at the roundtable pointed to the inevitable need for different approaches.

This is based on the fact that different banks and other players sit at varying points on the spectrum and scale of platform utilisation.

Within universal banking models, for example, there is increasing pressure to offer more advanced and sophisticated solutions.

That requires more and more investment into developing the necessary infrastructure.

For the more boutique firms, independent organisations and family offices, meanwhile, they have found it hard to justify deploying the resources to develop more complex systems.

Moreover, this isn't something the clients of these even want.

Instead, they often prefer to work directly with their RMs face-to-face.

As such, a better solution for smaller providers, said business heads, might be to leverage a larger bank's platform, or group together with other smaller firms, if and when such technological servicing is demanded.

Regardless of the degree to which platforms and technology is used by any particular firm, the need for RMs is unlikely to disappear.

Ultimately, private banking and wealth management is a "people" business, with the focus needing to be on client relationships, agreed participants.

As a result, technology must be viewed as a way to complement the role of an RM and improve the connectivity.

REGIONAL DIFFERENCES

Investment in platform development in Asia has lagged levels in Europe.

However, the average client in the Asia Pacific time zone is more technologically savvy and demands more digital content than perhaps anywhere else in the world. And the region's entrepreneurs demand high levels of sophistication from their bank and RM.

The other major factor setting Asia apart is the wide disparity across regional markets. With much of the growth in HNW assets in the coming decade expected to be onshore (which means outside of Singapore and Hong Kong), wealth managers must also consider how they can develop platforms which can be adapted across the different markets they operate within.

PLATFORM STRATEGIES

For those smaller firms either unable or unwilling to hire IT specialists and develop in-house platforms, they need to ensure any outsourcing or co-sharing is aligned with the quality of service they seek to deliver to their clients.

For those organisations focused on building their own platforms, however, several potential disruptive forces need to be considered.

Regulatory implications are one important factor. And in addition to having to bear in mind the differences in local regulations, firms need to consider

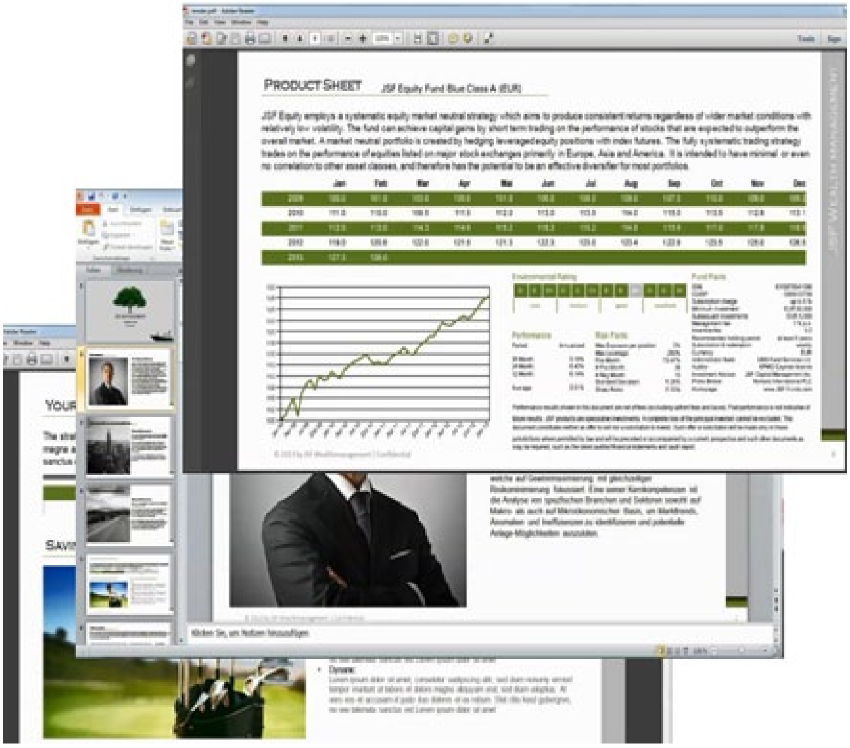
broader initiatives such as the current emphasis on building in more investor education to their product offerings.

Watching for the impact of external market competitors is also becoming a necessity.

In the Asian retail space, in particular, the growth of non-financial institutions within financial service offerings has brought major disruption in the past couple of years.

For example, online platforms such as Alibaba and its explosive growth in AUM in China in its first 12 months has raised serious competitive concerns among institutions there.

While this issue has yet to reach the HNW segment, it is something the industry needs to be aware of as players seek to enhance their technology offerings, said participants.



The costs involved also represent possible disruptions to platform strategies. And with increasing competition combined with shrinking margins, it will be difficult for some institutions to recoup the costs of developing platforms.

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A NEED FOR A MIND-SET EVOLUTION

Ultimately, business leaders in Asian wealth management know that technology-based platforms need to evolve as the industry matures. The ever-increasing pool of wealth over the next 20 years will require more and more investment in tools and expertise to service it. Clients will demand flexibility and openness, for instance, and technology will, without doubt, need to form an important part of that.

This makes it more important than ever before for institutions to think carefully about what their next big bet is in terms of existing and emerging technologies.

An expanded digital presence will inevitably become a key way for some firms to reach other market segments, said participants.

Either way, adaptability remains crucial for industry players.

This can be seen via the need for more infrastructure in line with developments such as the opening of China’s capital markets via the Shanghai-Hong Kong Stock Connect scheme, as just one example of many.

There are also several frontier markets looking to open over the next decade – such as Vietnam and Myanmar.

This will bring with it even more possibilities for platform development and channel optionality in Asia. ■