

Can digitalisation make wealth management faster, cheaper and better?

Experts gathered at the second panel discussion of the Philippines Wealth Management Forum to discuss emerging digital trends including distribution, plug-and-play versus bespoke design and the consequences of falling behind in the call-to-arms of the digital age.

These were the topics discussed:

- How are you making your business more efficient and streamlined?
- Is building digital distribution important? Will all the bank branches disappear?
- Build it yourself or PLUG & PLAY?
- What digital trends are we seeing elsewhere?
- Which technology solution provider do I choose?
- What are the consequences of not doing enough or anything?
- What is the client experience supposed to look like?

WITH THE MYRIAD TECHNOLOGICAL advances pouring forth each day, it is easy to become confused about the best options for your wealth management business. The purpose of this panel therefore was to bring together a group of experts in wealth management technology to highlight the importance of certain solutions and report the newest trends in the region.

Plug-and-play versus bespoke solutions

“Let’s just jump straight in,” began a panellist. “Should wealth managers use a plug-and-play technological solution or build a more bespoke platform for their business?”

Plug-and-play has been heavily promoted by fintech companies as a complete solution, but some pioneers are suggesting that this is not the ideal strategy.

“Using a generic platform means that branding and customer experience are placed after ease of installation and cost,” explained an expert. “We now realise businesses want the ‘best of breed’ using both plug-and-play and bespoke design, maximising customer experience with a seamless hybrid option.”

One area where plug-and-play is still preferred over bespoke design is when building backwards-facing support for relationship managers (RMs); particularly tools to speed up processes that used to be manual. “In

PANEL SPEAKERS

- **Xavier Burkhardt**, Executive Director, Leonteq Securities
- **Anthony J. Harper**, Chief Executive Officer and Co-Founder, Axial Partners
- **Thomas Tse**, Sales Director, APAC, Finantix
- **Adrian Williamson**, Director - Asia, ERI Banking Software
- **Dhawal Kamath**, Senior Vice President - Products, Investments, Miles Software Solutions



this instance, you should actually leverage external vendors, as bespoke solutions are often laborious and costly,” advised a panellist.

Artificial intelligence as a solution to the wealth/advice disparity

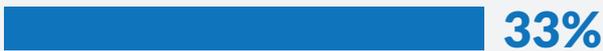
Around the world, there is a huge amount of wealth but too few professional wealth management advisers, creating an unproductive disparity. This is where robo-advisory solutions come in. Benefits of artificial intelligence (AI) are that it is automated, inexpensive, efficient, accessible and always available.

“Robo-advisors can very effectively use a set of algorithms to process the clients’ credit risk prefer-

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SHOULD WEALTH MANAGERS -

Build it themselves



Plug and play



Source: Hubbis Philippines Wealth Management Forum 2018

ences and then propose a set of investments, which is a very efficient way of managing funds in today’s world,” explained a guest.

However, moving up the spectrum to the high net worth (HNW) individuals, there is a train of thought that RM should really stand for Relationship Manager in more than just name. “RMs have to actually manage the relationship between the HNW clients and the bank, and any kind of relationship in terms of investment requires trust and a human touch,” advised a panellist.

It appears therefore that we are again looking at a hybrid between robo-advisory and RM. Until AI evolves to the point where it can factor in human-like emotional reasoning as well as logic, we appear not yet to be on the verge of replacing human RMs with robo-advisory models.

One important factor in the adoption of AI is that there is a need for client education and coaching before they will trust the technology. “We need to get clients onboard, training them how to use the robo-advisory solutions and getting them to believe that they can do it themselves,” advised a panellist. “Then they can benefit from that technological support and flexibility while also having that essential personal touch from their RMs.”

What has AI ever done for us?

Getting down to details, guests were asked to contribute examples of how AI can help in wealth management.

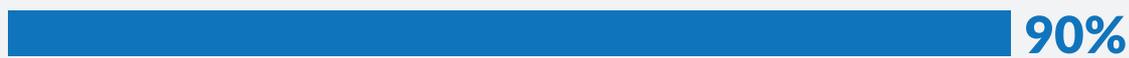


ANTHONY J. HARPER
Axial Partners

“THEN THEY CAN BENEFIT FROM THAT TECHNOLOGICAL SUPPORT AND FLEXIBILITY WHILE ALSO HAVING THAT ESSENTIAL PERSONAL TOUCH FROM THEIR RMs.”

WILL YOU BE REPLACED BY A ROBOT?

In 10 years



I don't care - I will be retired soon



Source: Hubbis Philippines Wealth Management Forum 2018

The biggest Philippines-specific pain-point is the Know Your Customer (KYC) initiative. “It is irritating to the customer and there is a lot of information and requests going back-and-forth,” complained a guest. “AI can actually help by informing clients; for example that if they want to open a bank account, they will need specific documents which can be uploaded and verified digitally.”

“A busy RM may have several clients wishing to discuss their portfolio, and it is frustrating to have to wait in a telephone queue,” an expert added. “AI can offer solutions in the interim, allowing clients to log in using voice recognition, to book an appointment or check on their portfolio status, which may alleviate irritation and help solve some of the smaller problems.”

AI can also analyse customer preference questionnaires, which then enables block trades to be made against thousands of client accounts at once which can then be overlaid with individual preferences. This means that if a client does not wish to buy in to a specific industry sector - for example arms or tobacco - their account can be segregated from the group.

China: Ahead of the AI game, but on what playing field?

With all the hype about AI, some might say that outside China, robo-advice has had little success so far. “Why is that?” queried one guest.

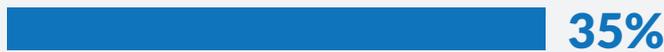


ADRIAN WILLIAMSON
ERI Banking Software

“A BUSY RM MAY HAVE SEVERAL CLIENTS WISHING TO DISCUSS THEIR PORTFOLIO, AND IT IS FRUSTRATING TO HAVE TO WAIT IN A TELEPHONE QUEUE.”

DO YOU EXPECT THE NUMBER OF BANK BRANCHES TO DROP SIGNIFICANTLY IN THE NEXT 5 YEARS?

Yes



No



Source: Hubbis Philippines Wealth Management Forum 2018

China has made quantum leaps in terms of technological advancement. “No other country today,” explained a panellist, “is anywhere near as there are too many parties fighting over their own piece of pie to implement anything strategically.”

“In the interest of a fair contest,” argued another panellist, “in China, you can really only buy Chinese securities. It is single-currency, single-market, and quite frankly, it is less sophisticated than the offshore market. Chinese customers can therefore use a robo-advisor to get a managed solution or structured product much more easily than offshore customers.”

The future is of course digital

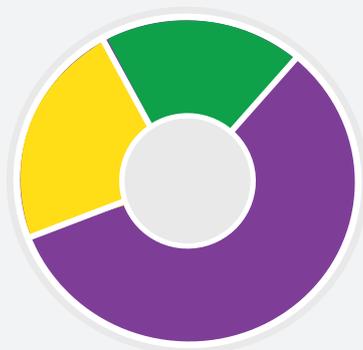
Panellists rounded up the discussion by predicting technological trends for the near-future. “Within the next couple of years,” offered a panellist, “AI will be providing a seamless, zero-impact experience for the customer, and RMs will be increasingly supported by AI in the fight against ever-increasing compliance, regulation and reporting requirements.”

“The Big Tech companies will become more powerful and important to the financial industry,” added a panel member. “In terms of providing basic savings and markets solutions they will have huge powers of distribution.”



DHAWAL KAMATH
Miles Software Solutions

HOW DO YOU THINK TECHNOLOGY CAN HELP THE MOST?



- *Save time and effort*
- *Make all processes faster*
- *Improve the engagement with the client*

Source: Hubbis Philippines Wealth Management Forum 2018

“In Asia, most people will no longer use a bank,” concluded a guest. “They will instead use their phone and apps to make savings and investment decisions and implementation.”

Hurling towards this new technological age, as we move from nascent to intelligent AI, we must be mindful of the sheer volume of data being produced, aggregated and disseminated, and aim to be one step ahead of the deluge by developing intuitive, user-friendly technological solutions. ■



XAVIER BURKHARDT
Leonteq Securities

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THOMAS TSE
Finantix