

Citadel Pay's CEO Syaiful Riezal Ahmad Surveys Malaysia's Evolving Digital Wealth Space

Syaiful Riezal Ahmad is the Director & CEO of Citadel Pay and offered delegates an interesting presentation on April 12 at the Hubbis Malaysia Wealth Management Forum. He observed that there has been a shift taking place from traditional wealth management solutions to digital platforms, he highlighted the greater digital connectivity and ease amongst clients, and he pointed to Citadel Pay being a unique platform to provide and promote digital wealth management solutions.

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Syaiful Riezal Ahmad
Citadel Pay

Syaiful is the CEO of Citadel Pay and has played a key role in leading the company to its current heights. Prior to joining Citadel Pay, Syaiful had played major roles directly and indirectly in shaping up the Money Services Business (MSB) industry to meet Bank Negara Malaysia's strict standards.

Before that, he was a well-regarded banker for 20 years in the commercial sector. His huge experience spans from operations, and business development to corporate governance, and he is also well-versed in key aspects of both Islamic and conventional banking.

Syaiful is a graduate from the University of East London (UEL) with a Masters of Business Administration (MBA), and he also qualified at the International Islamic University Malaysia (IIUM) with a Masters of Law (LLM).

From traditional to digital

He told delegates how the wealth management industry has traditionally been dominated by a small group of large firms that offers personalised services to higher-net-worth clients. However, in recent years, the industry has been shifting

towards digital platforms which offer many benefits including accessibility, more democratisation of services, greater convenience and more personalisation.

Younger generations are more digitally savvy and expect to be able to manage their finances using their mobile devices or computers. According to a report by Capgemini, millennials will inherit more than

their wealth during the pandemic," he explained. "This has led to a permanent shift in behaviour, with clients becoming more comfortable with using digital channels to manage their finances."

Disruptors galore

Successful digital wealth management platforms such as Betterment, Wealthfront, and Robinhood, have disrupted the

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USD68 trillion from their baby-boomer parents, making them a key demographic for wealth management firms to target. These clients are looking for innovative and personalised solutions that meet their unique needs.

Technology knows no bounds

Another factor driving a shift towards digital platforms is technological advancements, he reported. He said FinTech companies have been disrupting the traditional wealth management industry with their low fees and user-friendly platforms. Digital platforms offer clients a more streamlined and efficient way to manage their investments, reducing the need for human intermediaries.

"The COVID-19 pandemic had also accelerated these trends towards digital adaptation because, with social distancing measures in place, many clients were forced to use digital channels to manage

traditional wealth management industry with their low fees and user-friendly platforms.

These platforms offer clients a more accessible and convenient way to manage their investments with features such as automatic portfolio management, tax-loss harvesting and personalised ways to handle client preferences, and risk tolerance.

"The shift towards digital platforms in the wealth management industry is expected to continue in coming years," Syaiful reported. According to a report by Research and Markets, the Global Wealth tech market is projected to grow at a compound annual growth rate of 17.6% from 2020 to 2025, reaching USD149 trillion US by 2025 and \$157 US trillion by 2028. "This growth is driven by factors such as changing customer behaviour, technological advancement and increasing competition," he said.

Competition and more competition

The rise of digital platforms is also expected to lead to more intense competition in the industry. According to a report by Accenture, 68% of wealth management firms believe that they will face significant competition in FinTech companies in the next five years.

He explained: "This competition is expected to drive innovation and lead to the development of new and more sophisticated digital wealth management platforms, so to stay competitive, wealth management firms will need to continue to invest in digital platforms and tools. This would enable them to offer clients a more innovative and personalised wealth management experience. Wealth management firms that fail to invest in digital platforms and tools risk losing businesses to competitors who offer better digital journeys and experiences."

Keeping things private and secure

In addition to investing in digital platforms, wealth management firms will also need to address concerns around privacy and cybersecurity threats. According to a report that he cited from PwC, 69% of wealth management CEOs are concerned about cybersecurity risk. Wealth management firms will therefore need to invest in robust cybersecurity measures to protect their client's sensitive financial information.

Another key trend in the wealth management industry is the use of artificial intelligence and machine learning to provide more sophisticated investment solutions to clients. "Now, according to a report by Deloitte, 78% of wealth management firms will use artificial



intelligence and machine learning in their investment decision-making processes in the next few years, with this technology enabling wealth management firms to offer more personalized and data-driven solutions to their clients.

A constant evolution and major trend ahead

Overall, Syaiful explained that the trend towards digital platforms in the wealth management industry is expected to continue in the coming years, with firms that invest in digital platforms and tools gaining notable competitive advantages over their competitors.

At the same time, clients are becoming more comfortable with using digital channels to manage their wealth. According to a report by J.D. Power, the percentage of investors who use a mobile app to access their investment accounts increase from 44% in 2019 to 51% in 2020, and the speed of growth keeps on rolling.

Additionally, the report found that clients who use digital channels are more sophisticated with their wealth management experience than those who do not. According to another survey by ????, 51% of investors said

they plan to use digital channels more frequently than ever before the pandemic.

Watch out there is change all about

"Wealth management firms that fail to cater to the digital needs of clients may risk losing business to competitors, who offer better digital experiences, whereas firms that invest in digital channels and tools are likely to attract and retain clients who are looking for a more convenient and sophisticated way to manage their wealth," he told delegates.

One of the ways in which wealth management firms are catering to the growing demand in digital channels is through the use of robo-advisors. Robo-advisors, Syaiful said, are digital platforms that use algorithms to provide investment advice and portfolio management. He cited a report by Statista, stating that the global robo-advisory market is projected to reach USD1.4 trillion by 2023.

Magnets for clients

"The reality is that wealth management firms that offer their own robo-advisory services are likely

to attract clients who are looking for a more convenient and cost-effective way to manage their investments," he explained.

Another trend in the wealth management industry is the growing importance of environmental, social and governance investing, better known as ESG.

According to a report by BlackRock, global sustainability fund flows are projected to reach USD1 trillion annually by 2030. "Wealth management firms that offer ESG

investing options are likely to attract clients who are looking for investments that align with their values," Syaiful observed. "Overall, the trend towards increased digital adoption in the wealth management industry is expected to continue in the coming years. Wealth management firms that invest in digital channels and tools, offer robo-advisory services and cater to the growing demand of ESG investing are likely to attract and retain clients who are looking for a convenient and sophisticated way to manage their wealth."

A unique platform and offering

Finally, he explained that Citadel Pay is a unique platform that provides digital wealth management solutions to clients. The platform leverages Citadel Securities' expertise in financial markets to provide clients with innovative and personalized investment solutions.

"Citadel Pay's unique features and investment solutions have attracted clients who are looking for a more innovative and personalised wealth management experience," he said. ■

