


Come Fly with Me - Where to Place Client Assets for a Safe and Smooth Journey

Ivan Chang, Regional Manager of Institutional Business for Saxo, likes a smooth journey when he is flying, as much as when he is investing. He presented at the Hubbis Digital Wealth Forum in Singapore on October 4 on how the world of asset custody and safekeeping has much in common with the aviation industry – you need to pick the right airplane that can fly safe amidst turbulence in order to have a worry free journey ahead. He used that analogy to help capture some of key criteria when selecting where to place client assets because not all financial institutions (private banks, banks, or brokers) are equally safe.



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IVAN CHANG

Regional Manager of Institutional Business
Saxo

Ivan started by mentioning that there is new wealth being minted constantly across Asia. The main focus of wealth managers has been to guide these new clients through the inevitable ups and downs of the markets, in

wealth planning advisory, wealth managers need to keep an eye firmly on a safe journey for the client's assets. "There is no point in having the best seat if the airplane goes down," he said. "Today, I am focusing on two vital topics for the world of investments – safety and technology, both being critical components of success in the world of aviation."

He explained that investors and wealth managers should be thinking carefully about where they place their assets. "Not all institutions are equal, just like not all airplanes are equal in aviation terminology," he said. "People must choose wisely, and a critical part of that decision-making should first be centred on safety."

Ivan remarked how we have seen widespread commercial aviation growth over the past 70 years by

There is no reason why investors cannot demand a level of safety from financial institutions that is similar to the safety levels that air travel offers today.

Regulatory oversight, standards, technology

In the world of aviation, the key components to safety are regulation, standard of care, and technology.

Firstly, there is strict regulation and enforcement in place to ensure airplane safety throughout the full service lifetime of the airplane. That starts from the manufacturing all the way to the various parts of providing flight services. In addition, the individual airlines put a high degree of focus on the standard of care including airplane maintenance and the competency of their pilots. That is due to the huge repercussions on their brand and the future businesses

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helping them achieve financial security and enduring prosperity.

"In the worst of times in the global markets, wealth managers can help clients maintain perspective and stay on the investment road to recovery," he said. "This process naturally involves reshaping portfolios in the face of adverse conditions, to focus on lower risk assets and even into cash today."

Safety first

At the same time, aside from the portfolio management and

pointing to the exponential growth in the number of flights per year. Remarkably, we have also seen a significant reduction in the absolute number of airplane crashes over that same period. The airline industry has become so safe, that nowadays we take airplane safety almost for granted. "Contrast that to the financial industry, where though safety has improved over the past century, there are still significant risks with financial institution collapses. The latest being the financial institutions that collapsed during the great financial crisis in 2008 and earlier this year in 2023".

should there be any airplane mishaps. They are taking aircraft safety as priority number one.

Finally, technological advancements have contributed significantly to airplane safety. The latest airplanes employ new materials, body design, engine technology and state-of-the-art controls to improve efficiency and more importantly to ensure an increased baseline safety overall. In fact, improving airplane technology has probably contributed more to the reduction in airplane mishaps than all other factors.

Similarly in the financial industry

“And in the financial world, we know that there are jurisdictions with strict regulation and good enforcement, such as here in Singapore,” he stated.

There are also financial institutions that focus on its financial robustness, employing prudent risk management, and standard of care of its clients ahead of pure business metrics.

“You need to focus on well-managed, well-governed financial institutions, and the regulatory regime that oversees them.”

He further explained that similar to the aviation industry, increase in technology adoption in the financial industry increases risk monitoring, cybersecurity, automation and efficiency. “And technology in the world of finance helps with the scalability of products and services that generally results in a decrease in cost pressures and better profitability. This is important because it would already reduce the propensity for financial institutions to take undue risks, when they are already profitable through added scale and efficiency.”

Just as in the aviation industry, technological advancements contribute to an increased baseline safety overall. Financial institutions that continually invest in technology are investing in the overall longevity of the business and the safety of their client assets.

Fly safely, invest safely

The financial industry is moving in the right direction. Well-regulated jurisdictions have been constantly improving regulations and guidelines on client protection and



asset safety. A good number of financial institutions (private banks, banks and brokers) have been focusing on prioritising a robust business with a high standard of client care above just business growth. And within that group, there are some that invest more heavily in technology than others, which contributes significantly to their overall safety and efficiency.

Investors have a choice and the above would serve as prudent criteria when choosing a financial institution to place your assets. Ultimately, investors have the right to demand that financial institutions be as safe as air travel is, and it is in the financial industry's best interest to ensure that it is not a pipe dream. Founded in 1992 in Denmark, Saxo was one of the first financial institutions to provide private investors with the same online trading tools and market access as professional traders, large institutions, and fund managers. Saxo combines an agile FinTech

mindset with more than 30 years of experience and an outstanding track record in global capital markets to deliver a state-of-the-art experience to clients.

Saxo is a well-capitalised Danish (EU) bank with an investment grade rating from S&P, and is designated as a Systemically Important Financial Institution (SIFI). Trusted by over 1 million clients globally and with more than USD 100 billion in client assets, Saxo is an international award-winning broker-custodian for investors and traders. Saxo's clients enjoy reliable access to over 70,000 financial instruments on our industry-leading platforms.

The Saxo Bank Group holds four banking licenses and 11 capital markets licences across well-regulated jurisdictions. Its technology also powers more than 200 financial institutions as partners by boosting the investment experience that they can offer their clients. ■

Saxo – A Snapshot

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