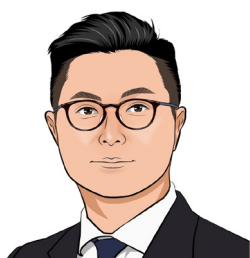


COO Leaders in Asia on Future-Proofing their Platforms and Operations

Hubbis assembled an erudite and influential panel of COOs from Asia's wealth management industry on February 17th to discuss how the private banks or EAMs are managing and adapting to the vicissitudes of the world we all inhabit today and to the needs and expectations of Asia's private clients in the future. The discussion was set against the backdrop of the ongoing pandemic, and a surprisingly good two years for wealth management revenues, but was largely future-focused. The experts told delegates how they are positioning their banks or their firms, their platforms, their technologies and their teams – from back to front - to seize the opportunities ahead and overcome the inevitable challenges, both seen and unforeseen. Most importantly, the discussion was driven by the themes of increasing client-centricity, the quest for talent, increasing agility, the drive to scalability, an institution-wide approach to compliance, and their ongoing technological evolution. As they refine and future-focus all these areas, the private banks and the independent wealth firms are positioning themselves for a bright future catering to current clients and the next generations who are building or inheriting Asia's vast private wealth.

SPEAKERS



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Setting the Scene for the Discussion

There is no doubt that 2021 produced another good year for the profits of the private banks and other wealth management leaders, as mainstream markets continued to perform, as investors diversified further into private and alternative assets, as more clients were inclined to test out DPM, and as robust wealth estate and legacy planning became more of a pressing need.

The discussion on February 17 focused significantly on the ongoing digital transformation of operations in the region, especially with regard to enhancing relevance, suitability, personalisation, boosting the RM's capabilities and productivity, and, more broadly, the client experience. Indeed, digitisation has advanced further and faster than many might have anticipated, but there is still much further to go on those particular journeys as the banks, and other firms position themselves for the future and younger generations of clients.

Compliance is naturally another key area, with the major hurdle today mostly centred around onboarding, KYC and AML. Digital technologies, better processes, better-trained staff, and an institution-wide culture and training are all helping advance this cause.

But getting the selection and then the implementation of the latest digital solutions right, as well as honing the best processes and practices is far from easy. As technology revolutionises the offerings and efficiencies of private wealth managers and the broad wealth management community across the region, these COOs are spending a lot of time focusing on the right strategies and processes for ensuring that curation and then implementation of the decisions are soundly based, well-judged and then executed with precision, in a timely manner and to great effect. Moreover, scalability is central to their efforts, as automation and efficiencies are sought from front to back to help cover the escalating costs of bankers, key IT team members and the whole expanding universe of compliance.

Naturally, the platform must advance to ensure that the delivery of products, execution, analytics and reporting are as 'smart' as possible. At the same time, these leading banks and institutions want to refine the RM capabilities to free them up to offer more added value to their wealthy clients.

Talent is therefore also a key priority for any competitors to be taken seriously in the wealth management markets, and not only do the leaders need to keep hiring the best in the market, but they also need to enhance training in order to develop skills and talent internally. And this is not just expertise in the products and solutions, but to also further encourage RMs and other team members to become even more client-centric, relevant, responsive and communicative.

This is especially important as clients seek a more holistic wealth management proposition and as key players seek to elevate their business models well beyond the transactional, even if at the same time they are boosting their platforms and their digital user-friendliness. Additionally, finding the right IT and compliance skills is absolutely essential, and like in the RM market, there is a shortage of those individuals.

Our panel of experts covered as many of these key issues as possible on February 17th, all set against the backdrop of seizing the growth potential that is ahead in 2022 and beyond, as the world gradually shakes off the strictures of the global pandemic, and also addresses the many financial, economic and geopolitical issues that have arisen or are lurking around the corner



Technologies, people, agility and training – all are essential for key segments of the business operations and that drive growth and client satisfaction

A banker opened with a comment that looking from front to back at the bank their key priorities are currently technology, people, agility and ongoing education/training.

“We need the technology to support our growth plans, and we need automation to make us more efficient, especially with the costs of compliance, checks and controls today,” they told delegates. “And needless to say, we need the right people in the right structure. We want to create a more agile organisation, and as part of that, we need to keep upskilling and training team members in a continuous learning journey.”

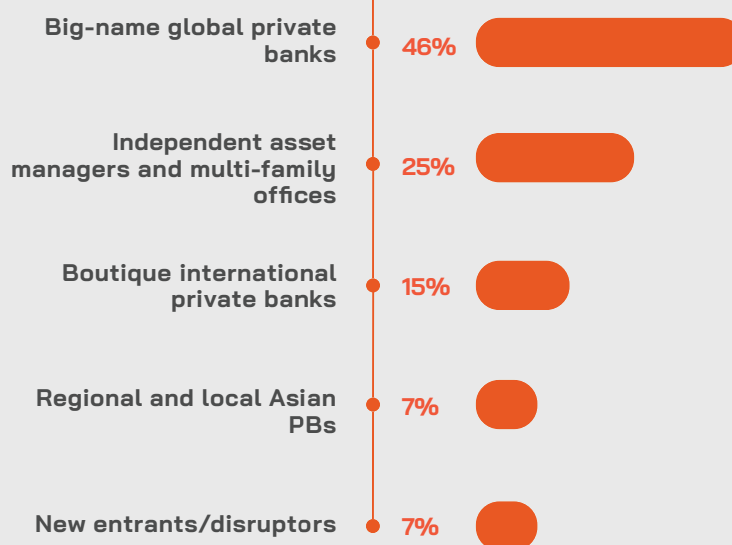
The expectations of clients around the platform are intensifying, and banks must keep evolving their offerings

Another banker opened his comments by observing that as we all emerge into whatever new normal comes about, the bank is seeing increasing demands from clients and from employees on what they expect from a platform. “The paradigm has slightly shifted, and we are still trying to understand that, and the capability, as a fellow panellist mentioned, to self-serve, to obtain more data that’s more personalised and relevant.”

He told delegates that, as he surveys Asia, there are some macro themes that COOs have to also understand and for which they must provide solutions.

The Hubbis Post-Event Survey

WHAT TYPE OF WEALTH MANAGEMENT INSTITUTION IN ASIA WILL BE AMONGST THE WINNERS IN THE YEARS AHEAD?



These include the growing onshore AUM across Asia, as the onshore-offshore wealth proposition evolves more in favour of onshore and midshore than ever before.

He said the banks need to think about, margin pressures in terms of also providing more transparency to clients in terms of fees, as well as the wealth transfer taking place to the next generation of clients. And as wealth shifts to the younger generations, there is even more pressure to deliver digital solutions. He also highlighted the rise of the family offices, especially in Singapore, and the growth of the independent asset management industry.

“As we approach these big themes, we also need to focus on the micro issues, making our processes more scalable, more efficient, simplifying everything possible, and embedding CX into everything we do,” he reported.

Talent is absolutely critical to the next stages of the wealth journey in Asia, and there is a shortage across the board

A COO opened his comments by explaining more about the difficult challenges and possible solutions around hunting for talent in Asia.

"It is increasingly challenging for us to attract tech talent," he said, "and we see this market friction remaining. Adding to these problems, there are more restrictions now around mobility since the pandemic, work permits. Moreover, the banks are no longer as attractive as we used to be as the economy is far more diverse in the region these days, and there are more competitors to attract these key people."

Having said that, he said the banks must leverage their key strengths. "We have the brands and the trust of our clients," he observed. "We have one of the biggest depths of IT expertise anywhere because I reckon some 10% or even more of headcount is tech-related in many larger banks. We also have huge IT budgets, and we are forging ahead with new projects and solutions, revamping the platform and making many improvements. Additionally, our bank and other major banks have a significant and high-quality pool of data to draw on, and we are driving that to add to our competitive edge. All these areas are good reasons for tech talent to join us."

Another major issue he identified is the intensifying competition for talent, whether RMs or technology experts and also on the operational side too as Asia's economies diversify and expand. The big brand banks are no longer the top dogs, essentially. "We must strategise on how we hire, retain and motivate talent, as the better they are the more mobile they are, essentially."

Where talent and technology can complement each other in the quest for talent and expertise

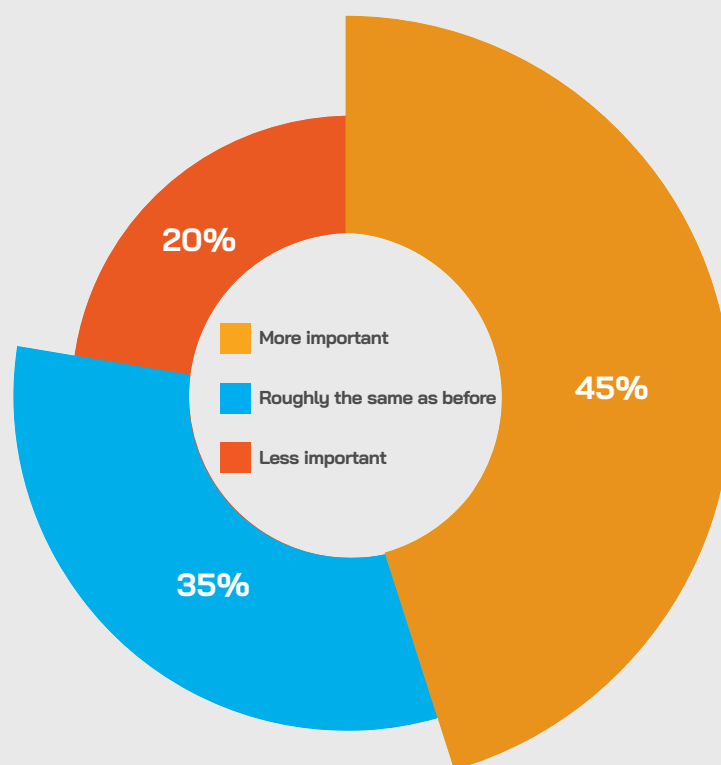
Commenting on technologies, an expert said if you can combine the

right balance and capabilities of people and technology, the benefits will flow. "People often have in mind cost saving goals and revenue increases and risk reduction, and there is nothing more frustrating than the technology stopping people from doing their job. And if that is the case at a bank or other organisation, people will then quickly decide they're going to go work somewhere else. In the wealth management, private banking space, there's a plethora of technologies out there now, so there is really no excuse for getting this wrong anymore."

Another banker mined further down the shaft of talent acquisition

and loyalty. "Technology is really vital to elevating the RM's capabilities, efficiency and satisfaction, and to boost the end-client experience too," he said. "It is important we elevate the experience internally and externally; it is not one or the other, they connect. So, we need automation, but we also focus on HNW and UHNW clients, so we need personal touch and personalisation, and of course, bespoke solutions. In our model, the RM will, therefore, always remain central to the operating model but increasingly empowered with technology and data, which translates to a better customer experience. And that's how I think

IN THE CURRENT AND FUTURE ENVIRONMENT, WHICH OF THE FOLLOWING MOST REPRESENTS THE ROLE OF RELATIONSHIP MANAGER:



we'll be able to retain and attract the best bankers to our platform."

A fellow panellist expanded on this comment on the client experience, adding: "Every client is different, and the client experience is unique to each one. So, we need to understand our clients' needs today and prepare for the future. And we need to recognise that we can use technology extensively for some clients, while for others, they prefer the older way of doing things, the regular personal connection to their bankers and advisors. In short, we need to know our clients and deliver what they want, not impose what we want."

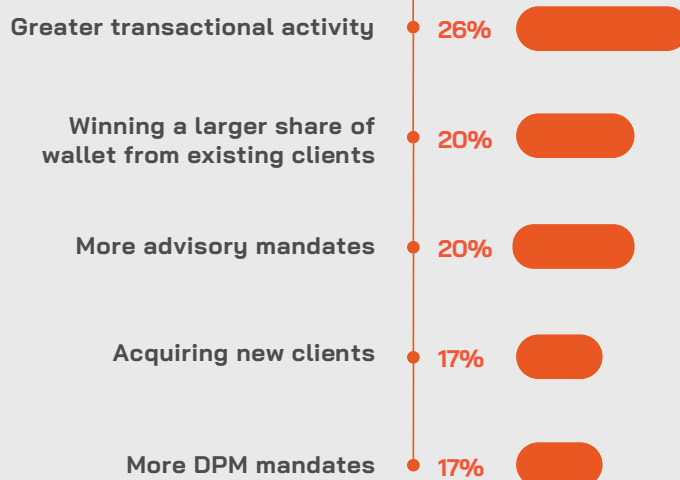
The human connectivity, expertise and personal 'touch' of the client-facing bankers should be empowered and certainly not obscured by smart technologies

A COO expanded on the theme of automation aligned with a personal touch, remarking that if any client wakes up at night and wants to trade, their bank has a seamless online, self-serve trading capability for equities, with that capability available in Singapore and across various markets.

"We are still scaling that, having fully launched this last year," he reported. "We did not opt for 24-hour help desks, but for a top-flight capability and experience for clients to trade themselves as and when they so wish. And we have seen growth exceeding our expectations, including of course from HNW and UHNW clients."

He said the same is available for the bank's EAM/IAM clients.

SINCE THE PANDEMIC HIT AND UP TO THIS DAY, WHERE HAVE YOU SEEN THE MOST GROWTH?



Expert Opinion

ALAN BLANCHARD, Head of Business Development, Apiax



"Embedding compliance into existing systems enables financial institutions to provide the right services and products faster, and have a huge impact on their bottom line."

"We have given them the optimal tools that will help them scale, manage their clients better, and then make them more 'sticky' to our platform as well," he reported. "And for family offices too, which is a very important segment for us. The key is to deliver what is needed, anticipate client needs, adapt with agility and scale wherever possible."

Building personalisation, leveraging data and unstructured data and enhancing the UX combine to produce more of the 'Wow' factor critical to the wealth management industry across the globe

A guest expanded on the theme of personalisation and suitability,

linking this directly to the use of data. He remarked that although people in wealth management talk a lot about Big Data, AI, ML and so forth, his view is that as a bank in wealth management, they do not have the quantity of general data that can be considered as Big Data.

“But what we do have is quality data, and we know a lot of key information on the clients from KYC, AML, transactions, portfolios, and the engagement they have with us across the different channels,” he commented. “And we are able to hone this through the RMs and help them to steer the relationship with the clients in a more meaningful way. Finally, I would say that we are now increasingly expert at our governance and data security framework because if you want to leverage data in a sustainable way, you have to make it scalable, but also entirely secure.”

He said another key point of progress and differentiation centres on his bank’s ability to leverage the ever-increasing amount of unstructured data. “This is exploding, especially since the pandemic hit,” he reported. “The banks are used to have structured data coming from the accounting system, but now we have speech analytics and data from a variety of channels that the clients are using to communicate with the bank, like WhatsApp, WeChat, and others. The ability for us now to capture that data adds significant robustness to our offerings, as we know more about what clients want, as well as what they are doing.”

Monitoring internal performance and the clients’ perceptions of the

Expert Opinion

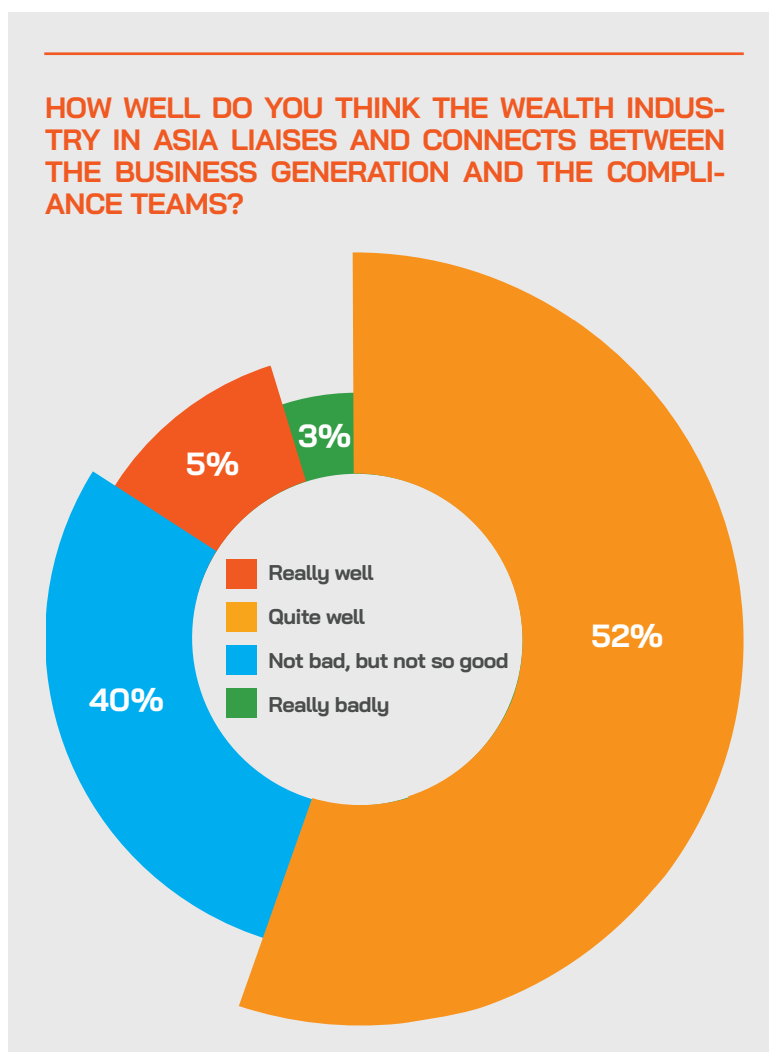
ALAN BLANCHARD, Head of Business Development, Apiax

“Digital solutions need to make things faster, simpler, more efficient and cheaper. It needs to bring added value and enable advisers and clients to accomplish tasks they could not before. Technology can assure advisers that what they are saying is allowed and correct.”

bank are also vital to success, he reported. “This is essential, and to advance this, we are also using more unstructured data as well in order to track the NPS.”

For example, he reported that for the past few years, the bank had progressed significantly

with speech analytics, where they convert the hundreds or thousands of calls every year between bankers and clients, then run analytics. “We can do advanced sentiment analysis and see which conversations go well, where we need to be more mindful, where there might



be early warning signals that the clients are not happy,” he explained. “Being able increasingly to spot these things in advance is remarkable valuable.”

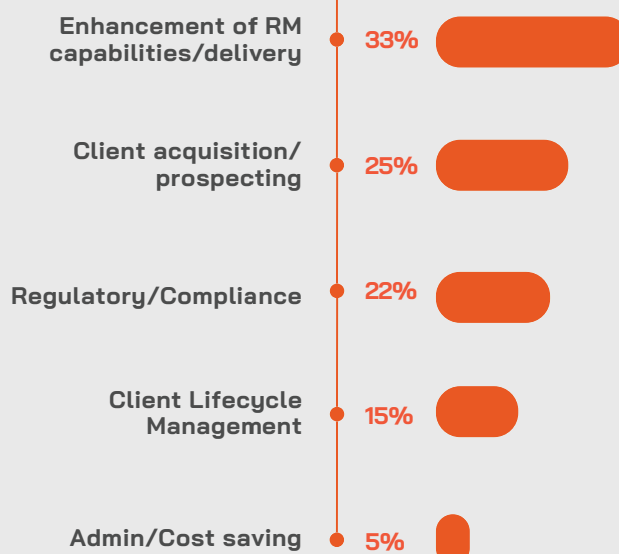
More on the ‘Wow’ factor - leveraging technology, skills, platform and protocols to deliver personalisation and laser-guided relevance

Addressing the more dynamic elements of the client experience, a banker pointed to his bank’s keen drive to achieve more ‘Wow’ factor by utilising more personalised data, analysis, content, ideas, products and personal as well as enhanced digital engagement.

“We want to deliver this to clients on a constant basis,” he reported. “For example, I am a client with commodity assets related to Eastern Europe, and I wake up, and right there I have insights on the Russia/Ukraine situation as soon as I open the app, and other ideas and news relevant for me and my portfolio. And this sort of approach opens the door to rapid engagement through RM and investment advisor conversations, if the client wants, or if our bankers think it appropriate to reach out. And then, the clients can shift gear to seamless execution, compliance and reporting through our platform. In short, this is a personalised, highly relevant, seamless and satisfying experience.”

Another guest added his own views on the ‘Wow’ factor. “For us,” he said, “we see that clients have done very well in their investment in recent years, but as there is more uncertainty and more assets are so fully priced, we now need to offer clients the ‘Wow’ factor by leveraging our strategic rebalancing.

WHICH AREAS OF DIGITAL/TECHNOLOGY SHOULD THE PRIVATE BANKS INVEST IN MORE HEAVILY?



Expert Opinion

ALAN BLANCHARD, Head of Business Development, Apiax



“How many years from now will people look back with incomprehension at the way compliance was done right up until the 2020s?”

And for us we are working with a private bank on private markets, matching the private markets opportunities together with the client needs.”

He offered more commentary on this and linked it to the broader client experience, noting that the firm makes a major effort to track the success of the advisory capability and

mandates, and DPM mandates for the upper echelons of wealth. And to track the outcome from the digital-led advisory platform which is more for the mass affluent segment.

“We measure the attribution analysis, meaning we measure the client’s portfolio performance against our benchmarks across markets, looking at a variety of

aspects including market timing, stock selection, asset class selection, as well as realised returns,” he explained. And in doing this they can help the clients understand their performance better and improve the portfolios.

As the wealth industry strives to deliver more of the ‘Wow’ factor than ever before, trust remains at the core of the private banking proposition

A banker added that the ‘Wow’ factor should not obscure the key element of private banking that has endured and that he believes will endure – trust. “It all boils down ultimately to trust,” he said, “and not only on investments, but for wealth structuring, and a wide range of holistic advice. If clients feel that they can trust us to offer advice and make decisions in their best interests, then we are winning friends and business; we have a solid foundation and long relationship.”

He added that the RM is pivotal to this proposition and connection, as technology can only achieve so much, and ultimately it is the relationship with the client and their families that counts and that endures.

Being ‘Agile’ means different things to different banks, but all of them seem to be evolving their flexibility, deftness, and dexterity

“We serve global family offices as well as external asset management firms, and the agility of our organisation, together with the client/

user experience and also the empowerment of RMs are currently paramount to our business expansion,” a guest told delegates.

Expanding first on agility, he said this had three aspects, which the firm calls the 3A approach. “We have the agile strategies from an organisational standpoint, so for example we have a semi-annual business strategy to meet two missions – the growth of the business, products and platform, and second to create and deliver value to our clients,” he reported.

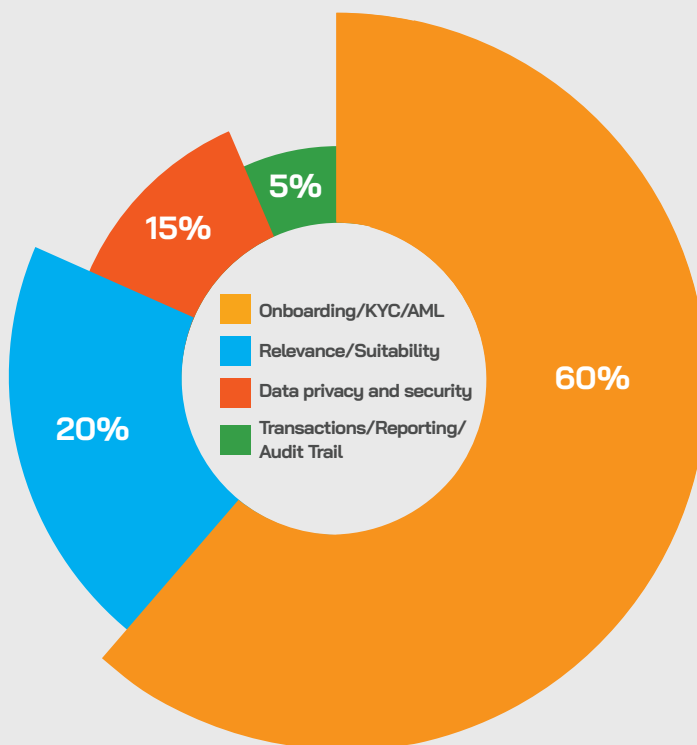
He explained the second aspect of 3A is the agility to blend the back, middle and front offices in order to orchestrate different product offerings. He explained that within the EAM and [multi] family office,

their RMs function differently from private banking RMs, as they focus a lot on corporate transactions, cross-border funding, M&A, pre-IPOs activity and so forth.

“And from my COO perspective,” he reported, “we need to actually hand-hold all these clients as well as be able to orchestrate and be able to design a process, product offerings in the institutional space.” And the third aspect of being agile is to ensure the family office platform is agile, hence the firm selects third-party distributors and providers in order to help reduce the amount of capital committed.

Another expert offered their own perspectives on agility, explaining for them and their bank this means first of all adaptability,

WHERE IN THE COMPLIANCE ECOSYSTEM DO YOU FACE THE MOST SERIOUS CHALLENGES TODAY?



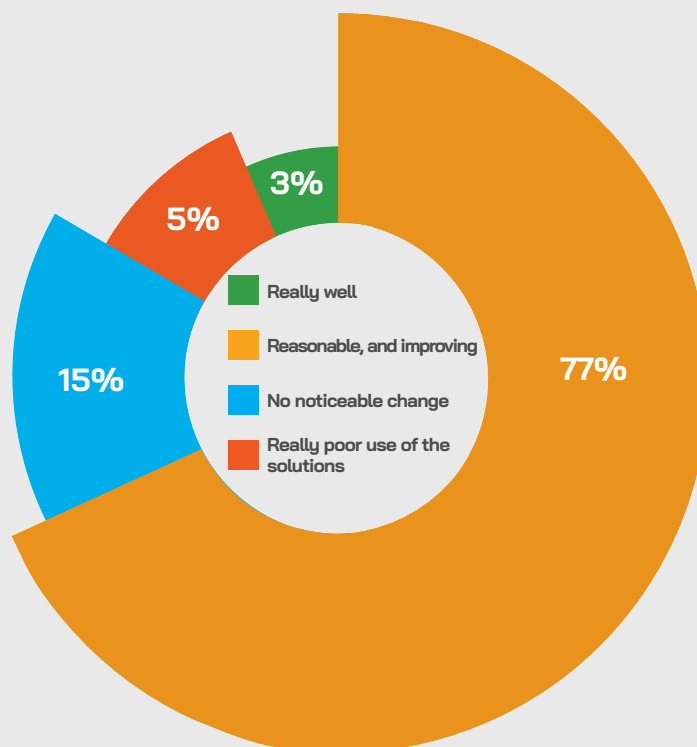
the power to think on your feet, to be flexible, adjust to new or unexpected demands, including potential curveballs from regulators. "Sometimes, technology cannot deliver at the required speed, so we need to be agile to combine technology, skills and adaptability to achieve our goals," they commented.

Not simple? Then it's not scalable. How banks need scalability to offset rising technology, people and compliance costs

An expert returned to the issue of scalability that had been raised earlier. He explained the firm deals with UHNWIs, tycoons, and HNWIs and in those categories, there is a strong emphasis in human interaction, client profiling, risk mitigation, delivery of broad-view information including geopolitical risks, and so forth. Then for the mass affluent market they cover they have a more scalable platform, including an increasingly successful mutual funds app for onshore China.

Another banker commented that scalability is a common buzzword today as people recognise that expansion cannot be majorly dependent on hiring new people at every turn, as the costs are too high. "We need to ensure that in our banking environment, we have straight-through processing for more plain-vanilla products and solutions, including onboarding, whilst we focus skills and talent on the more complex processes, the higher touch point products," they explained. "You have to look at your STP rate, how complex that process is, and the keyword related to scalability is 'simplification'. You must make your processes simple. If it's not simple, it's not scalable."

HOW WELL DO YOU THINK THE ASIAN WM INDUSTRY IS ADOPTING THE USE OF FINTECH AND REGTECH DIGITAL SOLUTIONS TO ENHANCE COMPLIANCE?



Technologies and smart applications when augmenting the client-facing bankers can help deliver advances across the board

An expert highlighted the value of RegTech solutions covering of course compliance challenges and linked in to rules and regulations within client lifecycle management tooling, linking these advances closely to the key objective for private banks of helping RMs and advisors deliver business growth. "You're thereby supporting the RM and those business activities without an additional need for a further compliance process," he said. "Everything stays up to date in real time and the RM knows that they

are doing everything in a compliant way, without having to kind of do anything else to support that. That is what we are trying to deliver."

We are very much concerned with empowering the RM," this same expert reported. "But we don't lay out all the rules and regulations, or what the changes are ahead, as that really does not help the RM. They need to know if they're allowed to service X client in Y country with Z product, and we provide those answers. We analyse all the rules and regulations, we have legal opinions, we have the rules available digitally, so that when the RMs working in their platform, they set up the client interaction or the marketing

activity, the suitability, and so forth, they just have to input their requirements, hit the button, and the result pops up. This might be “good to go” or “sorry, that’s not allowed”, or perhaps “here’s what you might have to do differently”.

How smart compliance can deliver great grades on the client satisfaction report card

This same expert also observed that the biggest danger from a regulatory point of view is data being out of date. If rules change, he cautioned, and the bank or firm has not updated then the relevant data is rather worthless. “Hence, I think the biggest danger when it comes to regulatory content is that it is not kept up to date,” he said. “But we of course make sure that everything is kept up to date in real time, which takes away the pain of regulatory change management as well. We deliver the regulatory change information right into the relevant system in real time.”

He expanded on this, noting that they can interconnect then with other systems, such as the product management systems, or order management systems, to enhance the output and offer up the right answers to questions posed by the RMs or others at the bank or firm.

He also observed that in terms of onboarding and KYC/AML, they have mitigated some of the thorniest, most painful aspects from the RM’s perspective. “Imagine the RM with a client who happens to have a complex corporate structure, with different stakeholders in different jurisdictions performing different roles,” he said. “A nightmare for the RM.”

He said the current way of tackling this sort of problem would probably be a lengthy conversation with an in-house legal and compliance, or even external counsel, which is obviously expensive and time-consuming, more over awkward for the client.

“They might as very wealthy private clients expect you to be able to deal with him having sub-companies and trusts in different locations, but actually it is very difficult to do in practice,” he commented. “So, we factor out all the different rules or regulations in all these different jurisdictions, to get the institution and RM to the point where they can understand the structures, and the regulatory requirements in each jurisdiction for the onboarding of those clients or those companies.

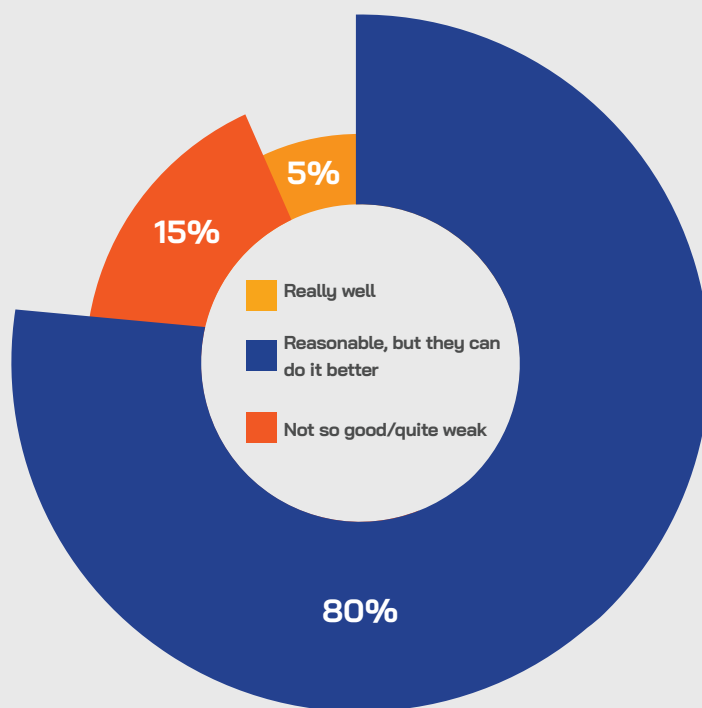
You no longer need a belt and braces approach, that is too painful for the client.”

He said this approach then facilitates the bank or other firm to apply its agile methodologies and digital solutions to complete the next stage of the client onboarding processes, but with their data and protocols these stages are then a lot more efficient and a lot more accurate.

Boosting skills, education and training throughout the wealth institutions and retaining the ensuing expertise are essential to the future

A banker offered his views on education and training. “This is

HOW WELL OR BADLY ARE THE FINTECHS AND REGTECHS COMMUNICATING THEIR DIGITAL SOLUTIONS TO BOOST AND ENHANCE COMPLIANCE FOR THE BANKS AND OTHER WEALTH FIRMS?



one of our biggest areas of focus,” he explained. “We focus our training on the macro themes I mentioned earlier, so this is not only investments and products, but the entire range right through to the family businesses, wealth structures and the transition of wealth to the next generations. And it is not only the client-facing bankers that we focus on; we are building skills and expertise, as well as deeper understanding across all facets of the bank. In this way, every team member throughout appreciates why we are transforming, and they can see more into the future; they can understand how their and other roles and missions will evolve in the years ahead.”

Another panellist rounded off their comments with a perspective on learning and development. “As one of my fellow panellists said, this is an important and also a continuous process,” they said. “We must also ensure that we document processes because a lot of institutional knowledge is in our people’s heads. We need to ensure we invest the time to document the knowledge and the processes so that as one generation moves on to another, we retain this know-how, information and skillset within the organisation and in the industry.”

Setting your priorities is crucial for a robust, strategic approach to ongoing evolution of the platform and the model

Some of the panel offered their key priorities, which to some extent served to help summarise the discussion.

One COO told delegates that productivity is crucial. Secondly, the bank is concentrating on

what he called the ‘cost to serve’. This, he explained, is linked to the productivity of both the client-facing bankers and the support functions. And the third priority is to progress further with a very ambitious plan to revamp the IT platform.

“We realise that even though we have been able to develop CX or UX initiatives in the past few years, we also recognise that the technology is evolving so fast that if you don’t really modernise and revamp the IT backbone, sooner or later, you will run into issues,” he explained. “So, at the same time that we continue to develop some targeted initiative to enhance the client experience and employee experience, we are really working on the full revamp of IT platform.”

He elaborated on this, explaining that they are also working diligently to simplify areas of confusion or complexity. “We cannot focus on everything, so we are concentrating on the most critical processes, for example, where we can impact client experience for the better, or improve the cost to serve, or boost productivity,” he reported. “Then we try to align those key processes between EMEA region and here in this APAC region. All these things are in hand, they will take time, but we are building the platform and the private bank for the future.”

Looking ahead to the coming few years, another COO told delegates that the bank and his team have several key priorities. First is the mission to elevate the client experience. For the past two years or more, he said the bank has been really focused on this, with a team now dedicated to user research, client journeys, and analysing client satisfaction scores. “We need to elevate the experience linked



directly to the client, so we have been embedding client experience into our DNA, making the whole bank client-centric, not just the front office, but the entire bank,” he stated. “So that remains my number one priority.”

His second key mission is the Agile transformation. “Agile has really helped the way we deliver, how we bring the business and technology closer together, and ultimately achieve our objectives and have the key results embedded into the organisation,” he reported. “So, for me, Agile must be expanded at scale across the organisation. That is the second priority.”

His third key priority is improving front office productivity, allowing RMs and advisors more time to focus on clients. “We have been working closely with these teams to understand more about how they work, how they spend their days, leveraging technology, data, automation and digital solutions to

boost their skills and satisfaction and the client experience.”

Finally, another priority centres on the ongoing dialogue and positive relationships with the regulators. “Compliance is constant and ever-shifting,” he said, “so we need to see and understand where things are heading. Regulators are like partners for this industry, and a positive dialogue is beneficial to all.”

There are significant advances taking place, some spearheaded by the regulators working with technology firms and wealth institutions

A final observation was from a banker regarding the development spearheaded by the Monetary Authority of Singapore on AML data sharing via the planned COSMIC platform, announced last October. This is to pioneer a digital platform and the enabling regulatory framework for financial institutions to share with one another relevant

information on customers and transactions to prevent money laundering, terrorism financing and proliferation financing. “In short,” he told delegates, “this will enable banks and other financial institutions to securely share information on customers or transactions and represents a major step forward.”

There are a number of banks signed up in Singapore, effectively partnering in the initiative under the sponsorship of the MAS, he reported. “And for us,” he added, “working with a specialist company like Apiax on compliance issues and being able to help advance an industry-led approach will really help us and everyone involved. All this should also produce massive cost-saving factors for everyone to share such data and make the financial centre more competitive. In short, this kind of public-private partnership can really help move the needle.” ■

