

Delivering wealth management for EAMs via a digital platform

Swiss bank Swissquote serves its entire global client base of more than 300,000 customers entirely through a digital interface. Damian Hitchen, CEO for the Middle East and Asia, presented a Workshop to introduce the Swissquote platform to independent wealth advisers.

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HITCHEN IS AN ENTHUSIASTIC and highly knowledgeable proponent of the digital delivery of wealth management. He was speaking at a Workshop during the Hubbis Independent Wealth Management Forum in Singapore on March 8.

Digital solutions for a digital age

The key mission for Hitchen during the Workshop was to present Swissquote Bank’s market-leading digital, global-trading and custody platforms for independent asset managers.

“According to one survey,” he reported, “at least 65% of high net worth individuals review their portfolio at least weekly. Independent wealth advisers in this high-growth Asian wealth market need to be able to offer the clients, as well as their relationship managers, full information, access, and functionality



DAMIAN HITCHEN
Swissquote

via their clients preferred communication channel, which is increasingly digital.”

And that, he said, is precisely what Swissquote provides to its B2B partners globally via its worldwide

platform that houses some three million investment products. “We are committed and professional partners to dramatically upscale the capabilities of the independent asset managers, wealth managers and

advisory community.”

Solidity and reliability come first

Hitchen then elucidated on how Swissquote works with B2B partners, whether they are other fully licensed banks, whether they are EAMs or independent asset managers, family offices and so forth. “Anyone who uses our technology platforms for custody, to execute securities trading on behalf of their clients, must from a security and ‘comfort’ perspective feel 100% comfortable with the custodian’s solvency and security.”

Hitchen provided reassurance that Swissquote is both solid and well capitalised. He said the bank, which is listed on the Swiss stock exchange since 2000, has around US\$25 billion in assets under management and with a Tier 1 capital ratio of 26.1% - which would list it the top 50 banks in the world in terms of Tier 1 equity capital ratios. “Swissquote is a global execution trading platform, we are also an execution-only platform,” he remarked, “which means there is no conflict between us and our B2B partners because we do not provide clients with advice. We operate globally and across multi-asset classes.”

Focusing on the EAM community

Hitchen explained that in Asia most independent wealth firms work with the traditional global custodians of private banks. Swissquote also offers that traditional EAM desk approach because that is how the Swiss market works. “And,” he noted, “outside Switzerland, we also operate in selected jurisdictions such as Singapore with the appropriate robust regulatory and licensing environments.”

Hitchen clarified that the Swissquote platforms work in a segregated subaccount architecture so that EAMs can have a portfolio or

omnibus account and then as many different segregated subaccounts for their clients as they choose.

No conflicts of interest

He explained further. “Particularly for smaller start-up EAMs or wealth managers, our platform can, therefore, be a very easy way to get up and running. We generally do not demand high minimum fees as with some of the other global custodians do, so we are positioned as an enabler to the independent wealth market.”

Hitchen gave more information on the platform’s capabilities. “To give you a brief idea of our investment universe, we cover 62 global stock markets, we have some 80,000 ETFs on the platform, around 20,000 mutual funds, and 70,000 OTC traded bonds - in total across all of our asset-classes there is an investment universe >3 million that can be traded online”

Hitchen added that Swissquote also operates an OTC desk; B2B partners making an offline transaction can contact the trading desk and access OYC Bonds and Note products. . Partners can also manufacture their own notes and have them on the platform. “Derivatives, commodities and other instruments are also in our investment universe of roughly three million products,” he reported, “and all with full multi-currency capability as well.”

Hitchen also explained that the platform offers seamless, instantaneous access to this universe of investment and trading opportunities, across properly regulated, compliant jurisdictions worldwide.

Competitive, well-structured, transparent fees

Moreover, the fee structures are cost effective and highly competitive. “We have an explicit platform fee that covers the use of our technology, middle and back office functions that we also provide, as

well as custody. Fees are then based on the level of assets the EAM hold with us and those fees are on a sliding scale. Costs are highly transparent via the platform, so B2B partners have a very clear table of our charges and they can then add their margin or mark-up to determine the end charge to their client.”

Additionally, Hitchen explained that if a partner charges a client management or discretionary fee that partner can allocate that account by account, whenever they require, within the platform.

Further benefits of the platform include the ability for partners to easily purchase the same asset for multiple accounts. “Let us say you have multiple clients that will buy the same product, you can do that rapidly and simply on our platform,” Hitchen explained. “Rather than going into each individual account you can go into a group order, choose the security and allocate the amount for each of those clients.”

Multi-functionality

Moreover, should the EAM want to incorporate DFMs or model portfolio strategies for clients the platform also provides an efficient process. “Building a multi-asset portfolio is straightforward,” Hitchen noted, “with easy re-balancing and re-weighting facilities.” He explained that the Asset Manager Tool has been running for about 12 years now and has around \$8/9 billion on it from the Banks various B2b partners”

Hitchen then went into the functionality of the platform interface in some detail to reassure the EAMs present that their ease of access, execution and monitoring would be second to none. “Swissquote is rapidly building its B2B client base and presence in Asia and we welcome all new partners to our platform. We are dedicated to this region and to our offering an enabling, global trading platform or our independent partners.” ■