

Digital delivery of wealth management – the platform era

Swissquote serves its entire global client base of more than 350,000 customers entirely through a digital interface. Damian Hitchen, CEO for the Middle East and Asia, believes the digital revolution has even further to go.

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“FOR WEALTH MANAGEMENT FIRMS TODAY, having a digital platform in various means or ways is a prerequisite to remaining in the business,” claimed Hitchen as he addressed the audience at the Hubbis Middle East Wealth Management Forum in Dubai on January 24. “Our view is very simple - the risks for those providers or service companies that do not have a digital platform is that many will just fade away.”

This was a harsh warning to listen to, but one that Hitchen says needs to be repeated, time and again. “Many of the global major banks are only just now embarking on their digital journeys,” he reported.



DAMIAN HITCHEN
Swissquote

The new normal

Hitchen is convinced that the 'new normal' for the wealth industry is the digital delivery of wealth management. "According to one survey," he noted, "at least 65% of high net worth individuals review their portfolio at least weekly. If the wealth advisory industry cannot provide the basics, then it will be an increasing challenge especially as the next generation of wealth clients will be digital natives."

Hitchen maintains that providers need to be able to offer the clients, the relationship managers and the bankers the fundamentals, which he explained are information, access, and functionality.

"All our Swissquote clients around the world manage their bank accounts and their global trading via a PC, a tablet, or a smartphone," he explained. "Our unerring focus is moving wealth management and the customer experience into the digital world."

Swissquote's customers include B2B, for example, full-service global banks, private banks, independent asset managers, or family offices, all of which are looking to provide their clients with an enhanced digital experience.

Investment in access

To create or optimise digital platforms it is essential to make significant financial and managerial

investments in new technology. "Any firm considering taking such steps should do so deliberately," Hitchen advised, "with the appropriate investment and also with the best possible partners."

"You can only move as fast as your slowest part," he observed. "If you are a bank, for example, and you are linking platforms or partners into your core banking system, then be very aware that it is not just about your partner or your link; it is about your core banking system, as well. If your slowest part is very slow, you will move very slowly."

As banks and wealth providers move ahead into the new digital landscape, Hitchen advises that they constantly reassess their digital journey. "Too often," he said, "the digital experience simply does not work properly, slowed down by inappropriately structured technology solutions or for many of the banks their legacy systems." Hitchens highlighted certain other risks to moving fully digital. "When you become a digital provider of services, you need to be aware that there will be increased cyber risks. My advice is you must be comfortable with your partners, your custodians, your execution brokers and so forth."

Watch the competition... from every angle

Hitchen also cautioned against

complacency. "Here I am addressing especially the traditional banks, which should henceforth view competition as emerging from many different directions, for example from the major global social media platforms, that have hundreds of millions or billions of clients."

It is not difficult, Hitchen explained, to connect what the industry call nodes, for example, to enable forex transactions, robo-advisor, or a managed portfolio strategy. "Those gigantic e-commerce or social media platforms already have hundreds of millions, or billions, of customers, they already have the relationship and the trust established, so as an industry we need to be very aware that the competition will not just be amongst ourselves and the existing players, it will be a new and challenging competitive landscape."

Hitchen, therefore, advised institutions, even those with very large client bases, to move rapidly with the digital transformation. "Clients will increasingly prefer to deal with only a few providers rather than dealing with multiple providers, so enhancing via technology will build that trusted relationship. Doing nothing is not an option. We all need a clear and proactive approach, or as I said at the outset of this talk, we put our businesses at risk." ■

Transition of WM into the digital era

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