

# Eliminating Bias from Investing, Improving Outcomes, Boosting Client Satisfaction

The art of delivering investment performance by reducing biases in decision making is central to the value proposition that Standard Chartered's private and retail bank Chief Investment Officer, Alexis Calla, espouses. He met with Hubbis founder and CEO Michael Stanhope to elucidate his investment principles and how he and his team conceive and communicate the bank's competitive edge in the world of private banking.

## Executive summary

How can Standard Chartered help Asia's high-net-worth individuals (HNWIs) and its priority banking clients make better, more informed and less biased investment decisions and therefore achieve better outcomes? Alexis Calla, the bank's Chief Investment Officer has both a philosophical and a pragmatic approach to this conundrum. He and his team have been working to devise and communicate what they consider their unique approach to making investment decision.

Calla is agnostic in terms of whether the clients are Do it yourself (DIY) investors from whom the bank derives transaction revenues, or whether they are clients that prefer some degree of advisory expertise, or if they are customers that like to pass over much, or all, of their portfolios to discretionary mandates.

The key for Calla and his team is to find ways to provide all such clients with the benefits of the same detached, objective and all-encompassing approach. He believes that reducing informational and cognitive bias, by taking a proactive approach to sourcing various sources of diversity, and by being receptive to greater inclusiveness, are all essential elements to successful investment decision making for smaller as well as far bigger portfolios. To him, technology is also a vital enabler to translates this philosophy into tangible capabilities for clients. It allows for the creation of more client-relevant time for the relationship managers of the bank's HNWI clients. An example of technology-enabled solution is the ADVICE platform, an award winning single source repository for the CIO office full range of investment ideas and content. Another example is the team's first-in-Asia digital advisory tool - Standard Chartered's Personalised Investment Ideas, which enables the delivery of an unbiased, truly personalised investing experience for affluent Priority Banking clients.

Clients are increasingly receptive to these ideas even if it is not easy for them to immediately grasp the concepts that Calla and his team embrace. Once they understand how Standard Chartered is thereby improving outcomes and diminishing risks they are very keen to explore these and other ideas and appreciative of Standard Chartered efforts to make unbiased advice a reality and not just a promise



**LIKE MANY WEALTH MANAGERS, STANDARD CHARTERED BANK HAS BEEN**

working hard to increase the penetration of its advisory solutions and discretionary mandates. Alexis Calla, the bank's Chief Investment Officer for the private bank and the retail bank, reports that the communication of what he sees as the bank's unique proposition is gradually winning through.

Calla works closely alongside two key colleagues globally, one of whom handles the insurance products, the other of whom looks after the capital markets and managed investment offering.

"Together," he reports, "we help the clients manage the current conditions and the possible outlooks and therefore build better investment portfolios and strategies by offering one of the most open product platform in the region combined with our diversity-powered investment philosophy."

This powerful combination, we believe, is a rather unique approach."



ALEXIS CALLA  
Standard Chartered

## Getting Personal

Based in Singapore, Alexis Calla joined Standard Chartered in November 2010 and is responsible for defining and delivering the bank's advisory proposition to clients in both the private and priority segments.

Calla has travelled a long and fascinating road since his early days in the lovely Loire Valley in France. He was born in the wonderful, historic city of Tours, then headed to Paris as a teenager and later studying at the University of Paris Dauphine.

His first job was at Citibank as a young portfolio manager, also in Paris and he later moved to London as a product developer in asset management, before he became head of Wealth Management for Citibank in Western Europe.

His career flourished further when he moved to the US as a Global Head of advisory and investment product for the Citibank International Wealth Management Business. And that served as an ideal springboard to becoming Chief Investment Officer at Standard Chartered in 2010 as well as head of advisory for private and retail clients.

Calla is married with two sons, one of whom is approaching 20 and studying in Scotland, the other of whom is in his junior year at the American School in Singapore.

He has a natural proclivity for knowledge and understanding. "I am by nature highly curious and have been reading a lot about psychology in recent times," he explains. "It is fascinating to learn of how the brain works, how we decide and from there I have been digging into the whole area of artificial intelligence, neural-networks and so forth. It is a fascinating field."

He also has a passion for art, with a keen interest in emerging contemporary South East Asian painters. "It informs me with a sense of the world we live in," he says, "to see the images of these younger artists as they depict the world around them."

His rather more unusual outdoors hobby is the somewhat bizarre sport of 'land paddling'. "You can imagine a very long skateboard, then a long pole with a spring attached, and I take this on the road and do what people normally do on the water. Like my rudimentary golf, I am not very good at skateboarding, but with all these contraptions I am far more confident. For sure, I get a lot of curious glances, but it is fun and good exercise."

---

## Key Priorities

Calla is clearly a driven individual, not content with the status quo of existing business. He, therefore, has some clear priorities for himself and his team as they seek to build the bank's HNWI and priority banking advisory and DPM business.

"Firstly, we are working continuously on how we can be more relevant to our clients and to deliver the solutions in a manner they can accept and at the right time for them," he reports. "To do so, we must continue to take and communicate the approach I have explained of being non-biased and diverse."

Technology is another key facet of the bank's development. "Our digitisation process began a few years back and we have been intently focused on delivering for the client, empowering them" he explains. "We are probably the only Chief Investment Office that is working in an agile way with a dedicated digital advisory technology team. With the right technology and software, we can run client portfolios, as well as continuously analysing where there are gaps or areas on which we can improve. We began in Singapore with our first-in-Asia digital advisory tool - Personalised Investment Ideas, and we are moving this to Hong Kong as well so that on a continuous basis we can plug the strategic, tactical, structural gaps and work with the clients so that they can see the rationale for our recommendations and work with us on the decision-making. Accordingly, the bank's Relationship Managers in Singapore have since conducted nearly 30 thousand client sessions using the enhanced capability. Its Global Investment Committee house views are directly accessible to clients digitally via the Market Views on the go platform. The technology push saw a 25 times increase from clients accessing the bank's content.

Calla explains that the bank's approach is always client-first, and never product first. "We have embraced design-thinking. We always endeavour to learn from the client, from their interaction with the software, so that we can hone the delivery of an ever more client-centric solution suite."

"We also endeavour to give the client relevant choices," he adds, "so that they can move ahead themselves, or come back to us for clarification. With technology, we can be more often available for the client, as the bankers are being freed. But technology is not yet equipped to deal with many complexities and therefore the banker must remain involved for the more such intricate issues and decisions. Whereas machines are linear in their approach and decisions, the human element sees the nuances and technology allows them to be better informed, less biased, better equipped, and thereby improve the quality of their decisions."

Calla notes that technology is extremely powerful at detecting patterns, it is less biased and is, therefore, a great tool for helping his team achieve its goals of mitigating biases. "Technology also helps us offer unbiased personalised advice at scale," he explains, "allowing us greater engagement with the client, so we can adapt the technology-driven ideas and outcomes to the exact needs of the client."

And Calla is always looking at testing the bank's ideas so that he can deliver to clients in a more elegant and tailored manner. "We need to keep refining the process to make sure we deliver value to the clients in the way that is relevant to them, not too us. For example, we prefer not to pressure clients into advisory or DPM arrangements, but we try to encourage them to our concepts by helping them understand our unique approach and style."





### The quest for better client outcomes and greater relevance

In its quest to win customers to its advisory or DPM propositions, Calla says that the bank realised many years ago that winning and keeping retail and private banking clients would not be reliant on the information the bank could produce, nor the amount of fundamental research it could deliver, but the way in which decisions were reached and recommendations were made, and communicating to the HNWI clients exactly what decisions are made and why.

Calla observes that HNWIs in the Asia region generally prefer to be more hands-on and are more emotional about their investments. “One approach,” he explains, “is for some investors to buy and hold; this

is preferred by those who are emotionally detached from their investments, or who assigned a limited importance to the current context when deciding.

But there are not many clients like that, in our experience, as most people are far more emotionally involved with their investments.”

### Detachment is key

Calla’s natural inclination is towards a philosophical approach to day to day problem-solving. He explains that he and his team have endeavoured to embrace the concept of detachment themselves, to stand back and conduct their own research into why people often make the wrong decisions, in whatever walk of life they are.

“We found that we like all other people have certain biases,” he expounds, “resulting

in recurrent mistakes, or poor decisions. Accordingly, we then set about how we might reduce the impact of those biases, those mistakes while recognising that those biases will continue to exist because we are human, and those biases are embedded in our DNA as a result of thousands of years of evolution.”

### Bye bye bias

As a result, Calla has identified his role partially as what he describes as a ‘behavioural’ risk manager. “Sometimes”, he explains, “helping to add value, is not about creating alpha but simply by not creating negative Alpha.”

Calla says their approach to decision making aimed to create practical solutions that incorporate views of renowned behavioural sciences academics such as Daniel Kahneman on

cognitive biases, Scott Page who has written extensively on diversity or Philip Tetlock on the challenges of forecasting to name a few.

“The team also get inspired by the work of CIA’s Richard Heuer in the domain of intelligence analysis. Their vast insight has helped us consider these matters in two dimensions,” he elucidates. “Firstly, this has helped us refine how to help people reduce their bias in their decisions, and secondly it has helped us inform them how to promulgate a diversity of views and open people’s minds to less bias and more openness as a group of people.” Calla says that in essence, the core of the investment philosophy they have created at the bank is applying the bank’s intellectual and technical resources and capabilities to promote diversity and its benefits when it comes to decision making. “You might consider this our USP,” he says, “the concept of encouraging diversity in internal idea creation and greater receptivity amongst our own decision-makers and then putting this into practice and communicating this to our clientele.”

He adds that in trying to understand concepts such as group thinking, group biases, confirmation biases, learning and teaching, the team has been developing its own processes to access the broadest array of information and views and therefore to encourage better decisions.

### **Communication is vital**

The mission for Calla and his team is then to effectively and consistently communicate to the client so that they understand how the bank arrived at its recommendations, in order that they appreciate the views his bank is expressing. “We emphasise how unbiased we try to be in our assessments, that is how we

believe we add the most value.” Calla admits that the communication of these vital elements is not easy. “If a client comes to us and asks, for example, what likelihood there is that a certain investment has a chance of achieving what he or she expects, or what we expect, ideally, we want to answer by giving them the bigger picture perspective, the pros and the

it all as transparent as possible.” As Calla’s thesis is that a non-biased approach based on accessing and processing better, more diversified research, the next step in the process is to populate these outcomes with actual products, actual investment strategies.

“We embrace open architecture, which is the basis for this next phase,” he explains. “We

**“We embrace truly open architecture, but with selection based on our belief in what is best or most relevant for the clients. We work with a long list of partners who are picked for their ability to offer value to our clients at a level of quality that we deem appropriate. We always try to pick managers who have something different to offer.”**

cons, how our investment committees process this diversity of views and so forth. This way we try to ensure the client understands that we are objective and unbiased and that we encompass the broadest diversity of views on his or her behalf.”

### **Diverse team for diversified ideas**

It helps that Calla has assembled a diverse team over the last 8 years. “My team is 40-strong and 15 different nationalities. This all helps to create a diversity of approaches, views and approaches and therefore it helps us generate less biased, more relevant investment ideas,” he elucidates.

“We have the resources, we have the people, and we have the knowledge to do that for the client, and we are driven to make

offer a genuinely open platform for the best providers and best offerings. Then in terms of how we are remunerated, we are open to transaction-driven revenues, to advisory revenues or to discretionary type revenues.”

He also notes that Standard Chartered has kept to the principle of working with the best of the best, whether for mutual funds, structured products or other capital market product.

“We embrace truly open architecture, but with selection based on our belief in what is best or most relevant for the clients. We work with a long list of partners who are picked for their ability to offer value to our clients at a level of quality that we deem appropriate. We always try to pick managers who have something different to offer.” ■