

Finantix: Ready for Asia's Next Major Wave of Wealth Market Digitisation

Damien Piper is Regional Director for Asia at fintech Finantix, control of which was in late 2018 bought by New York-based global private equity group Motive Partners. He met with Hubbis in April to discuss the firm's approach to its digital solutions focused on the wealth management industry. He and colleagues have several key product and market priorities in the region, all driven by the quest to truly cement Finantix's place as a world leader in the digitisation of the front office of wealth management.



OVER THE 20 YEARS SINCE FINANTIX BEGAN in Italy, the firm has enjoyed significant growth in recent years with over 250 specialists now in seven cities and a global customer base spanning more than 45 countries. The company offers front-office software tools and solutions aimed at private banks, wealth managers and insurance companies. Finantix has been present in Asia for more than 15 years already and provides end-to-end digital wealth advisory services and hybrid robo-advisory solutions.

“Finantix together with Motive Partners, who made their investment in late 2018, are now really focused on maximising the great opportunities in our markets,” Piper reports, “and there is great potential here in Asia likewise Europe. This year we intend to expand our presence into North America.”

The modular approach

The Finantix website highlights how the firm enables clients to digitalise their multi-channel and omni-device strategies, injecting innovative components into their digital transformation programmes. “We offer clients ready-to-use solutions to serve, advise and sell their services to mass-affluent, private, high-net-worth and business customers,” Piper elucidates.

Addressing the issue of the complexity of digitisation and potentially the runaway costs involved, Piper concedes that many of the private banks, including the global banks, struggle because of the number of different legacy, and newer, systems they have built up. “However,” he reports, “our Finantix offering is based on a comprehensive library of modules and components designed for the financial services industry,

which promote innovation, re-usability across business channels and devices.”

“The major private banks might have the scale,” Piper adds, “but they also have too much complexity, and that can lead to frightening costs. But our intense focus on what we call ‘modularisation’ allows banks to have systems that are

not excessively intertwined. The banks can, therefore, take a bite-size approach, prove that it works, then move on to the next step, rather than immersing themselves in some huge two-year type project that sometimes fails, perhaps horribly as we have seen in some cases.”

He also observes that frequently the modular approach can also

Key Priorities

Market expansion is his first priority. While Finantix will continue to focus on what Piper calls the “hotbeds” for private bank digitisation, Hong Kong and Singapore, the firm will increasingly concentrate on those other markets with considerable potential, such as Japan, China, Taiwan, Australia, Thailand and some of the other ASEAN markets.

“In ASEAN, for example,” he reports, “we are aiming at better coverage, including more on-the-ground presence to achieve some scale. We are aiming at greater depth, better ability to service clients more consistently, and generally a broader presence there. We are also working on local partnerships.”

Secondly, Piper wants to communicate applications of AI in very pragmatic terms. “We are thinking deeply about what parts of the value chain of the front office part of wealth management can actually be married up with mature AI technologies,” he remarks. “Some examples are automation around KYC background checks, another example is the automation of potential new business leads, and we are also working on some more refined use cases of portfolio management using machine learning.”

The third priority is to further build out the Finantix brand name and recognition and explaining the arrival of Motive Partners as the new controlling shareholder. “Here,” he says, “it is important to understand that Motive takes on only mature-stage fintech companies with strong growth potential, they are not buying sunset businesses that simply churn out cash nor young start ups with heavy risk. Motive saw a potential jewel in Finantix, one with some rough edges that needed to be polished up, and one that offers solid growth potential in both products and markets.”



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Finantix

focus on behind-the-scenes cost savings and operational efficiencies, as digitisation is not only about new growth or attracting new customers.

“Freeing up the RM, who is increasingly expensive these days, making the RMs more efficient and productive, these are also critical missions,” he adds. “Additionally, we focus on helping make those client-facing bankers appear more transparent, more ethical and therefore more worthy of trust.”

The Finantix markets

Piper casts his experienced eye over the Asian wealth management market. He explains that as a leading international player in digitisation, Finantix navigates the various different segments of wealth management, but from a historical perspective, the company has been traditionally most active in the mass-affluent space, providing tools where advice needs to be given at scale, and where technology can help personalisation and high touch at scale.

“Over the last five years however,” he reports, “we have really made a name for ourselves as one

Getting Personal

Piper comes from what he describes as a idyllic, small seaside town, Kiama, which lies to the south of Sydney, Australia. “I used to surf every day after school,” he recalls, “it was a wonderful place to grow up.”

Later on, he studied both IT and then law in Sydney. He worked as a young lawyer for around a year but did not warm to the role. “I was not creating anything tangible,” he remarks, “so I moved into legal tech for four years, then moved to London, like so many Aussies, and there combined my interest in both financial services and IT, which I have been focusing on ever since.”

A series of IT-driven career moves in London and then again in Australia with both law firms and banks resulted in a move to Singapore, before joining Finantix in his current role.

Piper is married to a British lady, and together they have two daughters, one aged five years old and the younger of whom was born only in March this year. “You can see my sunken eyes as a testament to the sleepless nights,” he comments, jovially.

Aside from watching his favourite Aussie Rules football team the Sydney Swans take victory, Piper is busy with both a demanding career and his young family. Outdoor activities include mountain biking and jogging in Singapore when time permits. Visits to Australia are often to his parents, who live north of Brisbane, in the Noosa area. “They moved from Byron Bay south of Brisbane, which some people like to call “Hippie Central”,” he quips. “Noosa is much nicer we think, it is more laid back and for us is a lovely trip, it is like home without being our real home.”

of the leading front-office technology providers for private banking. Private Banks over the past few years have adopted at a very accelerated pace new servicing models which has led to new technologies entering the fore at those banks.”

Piper also observes that during the past decade, as wealth management firms have been rapidly

growing their wealth practices in Asia, much of the focus has been just ticking the regulatory boxes. “But real digital technology enhancements are the next logical step,” he comments, “as these advances can really help financial services firms and advisers boost their client engagement, the technology can help them to win new

business and then help to keep the relationship alive and healthy.”

All this can be also achieved without taking up vast amounts of time for the RMs. “Our solutions are all very easy to use,” Piper reports. “The RMs can thereby be freed up to become as efficient as possible, not weighed down with administrative and regulatory demands, thereby allowing them to focus more of their time and energy on the client.”

Client lifecycle

Piper also notes that Finantix spans the entire client lifecycle, focusing on challenges the banks and other wealth advisory providers face right from the earliest stages of client acquisition onwards.

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“Much of the focus in technology to date in wealth management has been account-opening digitisation, but our tools can also inject technology before that even happens,” he elucidates. “For example, how can the banks find new and interesting potential customers? How can they prepare their teams for those customers, for example with proposals and other propositions? How do they manage the pipeline of customers coming into the bank and manage them once they are onboard? We have optimal solutions for all these areas.”

Taking some of these components one by one, Piper explains that, for example, the quest for new and interesting customers

can be supported by a chapter of artificial intelligence called natural language processing. “This,” he reports, “is a specific element within AI that is very good at mining huge amounts of text, and we have even tuned the algorithm to work in Chinese and Bahasa [Malaysian and Indonesian] and English to help our clients find their new customers.”

The thrust towards personalisation

Another segment is helping private banks build more diversified and more personalised investment proposals, as well as a more clearly-defined and better-articulated proposition.

“A lot of the money today in private banking in Asia is managed largely on a brokerage or transactional basis,” Piper notes. “Accordingly, we have built some tools to allow the banks to really scale advisory mandates as well as going into discretionary mandates, and to build portfolios that are not just a single portfolio but also a core/satellite themed portfolio.”

And the other element Finantix is working on is greater client engagement. “Once the client has been onboarded,” Piper explains, “we have been using smart technology for distributing personalised content to customers, so that the RM can push content to them, along with commentary

that helps to start a dialogue with their customers that might then more easily lead to an investment proposal. It is therefore very much about engaging your customers without even first having to meet them face to face, and then it is all about keeping in touch with them, keeping them engaged.”

Thought leadership

Piper reports that to help develop Finantix’s proposition and presence in Asia, the company has made considerable progress in positioning itself as a thought leader in the area of private banking digitisation. “We have developed a considerable presence as a leader in this space,” he states. “And next up, want to expand that into new markets in Asia that are increasingly focusing on private wealth management,” he comments, “so a good example is Japan where they have not adopted private banking processes that we see in Western Europe however there is a strong desire to diversify the portfolio and adopt best practices”

In the literature on its website, Finantix highlights how AI is without doubt one of the most exciting topics of our time, noting how the technology has really captured the public imagination and how technological progress and adoption are both happening at dizzying speeds. “AI,” the company highlights, “seems certain to cause a far-reaching reconfiguration of how financial services are delivered, wealth management included and the means of solving many of the industry’s most pressing challenges to ensure that it continues to thrive.”

Private banks, the ‘perfect storm’ and reinvention

On its website, Finantix also highlights how although wealth levels are rising so robustly, espe-

cially in Asia, private banks and wealth managers face ‘a perfect storm’ of heightened competition, increased operating costs and compressed profitability. All of these factors make tech-enabled solutions ever more essential. The company on its site therefore articulates how AI adoption is the next - and arguably most transformative - leap the wealth management sector will make as it continues to reinvent itself.

“Another great opportunity for Finantix is certainly in AI and robo-advice,” Piper reports, “but we see this as manifesting itself through the development of hybrid solutions, not just pure robo. In other words, it is a mix of the human adviser together with a robo. We actually see this already being very well adopted in countries such as China, which has been taking the lead in innovation, especially with the application of AI to processes such as client profiling. Nevertheless, in areas such as machine learning, the world remains at the relatively early stages of adoption and there is much more that can be done in this space.”

Piper explains that AI is not in fact just one technology, it is actually three different complementary

technology sets applied together. “One of those is natural language processing,” he says, “on which Finantix has over a decade of experience working on our proprietary engine. And the other areas of cognitive computing and deep reasoning are also critical and have begun to mature in recent years.”

Growing demand for smart solutions

Piper observes that a variety of factors, including the current transition of wealth between generations in Asia, the millennial factor, and the proclivity for Asian wealth management customers to retain control of their assets, all add up to growing demand for sophisticated digital technology that offers these private clients superior independence to make their own investment decisions.

“They also want to keep in touch with their bankers,” he comments, “not just to meet every six months as they do in Europe. They want to be on top of the markets, on top of the opportunities. Digitisation helps those customers to feel in control. We have seen from some of the major global private banks, the prime movers, that digital touch for the customer is really critical.”

Cementing the Finantix vision

Piper closes the discussion by explaining that the firm has for two decades continued to eschew any temptation to build core systems. “As I said, we are very targeted and offer modulatory, so we provide that digital middleware as a layer that sits on top of the cores like Avaloq and Temenos to enable our customers to lead digital deliveries using our software tools. Our customers then deliver their optimised digital solutions, which are both unique, and branded. If you looked at two different global banks who have adopted Finantix you would not know that it is our engines behind the scenes because client-facing technology should be very personalised to the bank.”

His final comment is that along with help from Motive Partners, Finantix is well placed for the years ahead. “We know we can truly cement our place as a world leader in the digitisation of the front office of wealth management, by being both highly data-centric and AI centric. There really is huge potential out here for our customers and for Finantix.” ■



Motive Partners: Turbo-Charging the Finantix Proposition

It was only in December last year that Finantix announced that the company signed an agreement with Motive Partners, a global private equity firm focused on growth investments in financial technology companies. Motive has become the majority shareholder in Finantix and will support the company and the founders in extending the functional footprint of the product and in accelerating geographic expansion.

The transaction followed robust financial results for Finantix, which has enjoyed significant growth in recent years and that today has over 250 specialists in seven cities and a global customer base spanning more than 45 countries.

"The Finantix founders and the management team will continue to lead the company to achieve a vision now shared with Motive Partners," Piper comments, "and to ensure high service quality to all existing and future clients. Motive will really help us to execute on our global growth strategy by extending the functional footprint of the product and in accelerating geographic expansion. We are already opening up new offices in places such as New York and Japan, while on the product side we are injecting the AI technologies into new-use cases, seeing great applicability, such as personalisation of research, generation of investment ideas, smarter client acquisition and so on."

Scott Kauffman, Partner at Motive Partners, commented at the time of the deal's announcement: "Finantix founders, Ralf Emmerich and Alessandro Tonchia, supported by a strong management team, have demonstrated their ability to create a compelling product, bringing a leading technology platform to an ever-increasing set of blue-chip clients. We are excited to back the Finantix team and together focus on opportunities to make Finantix a globally recognised leader in its space."

Finantix and Motive Partners see substantial opportunities to continue to grow in Europe, Asia and to enter the US market.



Motive Labs, the operational and technology value creation team of Motive Partners, will also work with Finantix to accelerate growth by supporting continued technology development and expansion across Motive Labs' global ecosystem. Other significant opportunities for value creation include further product development in response to strong customer demand and accelerated expansion through potential strategic acquisitions.

Ralf Emmerich, Co-founder of Finantix, commented at the time: "Our technology enables private banks, wealth managers and insurance firms to digitally transform the customer experience, from sales, advisory and onboarding through to product origination and management functions. Motive Partners' experience in growing financial technology businesses on a global scale, combined with their extensive network, makes them an ideal partner for the next stage of our growth."

Earlier in 2018, Finantix had itself acquired Asian FinTech start-up Smartfolios, adding quant-enabled wealth management capabilities to its digital platform. These quant-enabled investment tools support the critical stages of the digital advisory value chain and with that acquisition, Finantix set itself up to combine its enterprise-grade technology and its recently launched AI offering with Smartfolios quantitative analysis solutions to deliver what the firm terms "a peerless digital wealth management platform with a unique breadth of features and real-time thematic-style analytics".

"For Finantix clients," Piper remarks, "that acquisition meant that we can further tailor their experience, enhance our services and proactively anticipate the clients' needs. The clients are now able to understand what's happening in their book of business across multiple views including performance, regulatory compliance, house view adherence, customer behaviour, key opportunities and events detection, next best action generation and proposal building, advice reasoning and research personalisation."

Piper reiterates that Motive's motives are not bleeding cash out of a sunset company. "Motive is a firm believer in the future and will add their skills and different types of expertise to help us truly become what we can be, a world leader in front-of-office digitisation in the wealth management space."

