

FinTech Tradesocio's CEO Wael Salem on the Challenge to Digitise and Socialise Wealth Management

Tradesocio provides digital software designed to help financial institutions manage, offer and access secure and profitable financial services. The solutions help these FIs to attract a wider clientele, ranging from the retail to the HNW investor. The FinTech also offers tailored digital investment management solutions to the wider investment management community that the company reports are helping to reduce costs and increasing revenue potential. Hubbis was lucky enough to 'meet' up with Wael Salem, CEO, from his Dubai home recently, and we learned more of his fascination with democratising wealth management through the delivery of state-of-the-art digital solutions. Asia, he reported, is a market of immense potential for digital delivery of investment solutions for the mass market, as well as for the upper tiers of private wealth. He sees an arms race towards digitalisation taking place and explained how Tradesocio is positioning itself to be at the cutting edge of this revolution.

“We provide the complete end-to-end financial management solutions, from development, hosting and maintenance, to security and post-sales technical support,” Salem explains, opening the discussion. “We help FIs expedite their digital transformation, enabling them to onboard customers instantly instead of following the traditional manual process. We provide front-to-back automated architecture, utilising AI and machine learning, and improve the efficiency of the middle and back-office process management. The firm’s library of APIs facilitates seamless integration with the existing architecture of the customers.”

Salem brings to bear his considerable understanding of the investment landscape, having held roles such as Senior Technology Consultant in one of the largest FIs and having taken prominent technology solutions roles with FIs in Singapore, Dubai, London, Hong Kong, and Cyprus.

Boutique in size, global in vision

As a boutique FinTech development company, Tradesocio’s *raison d’être* is to optimise the time and money spent by FIs on digital transformation. “This all tends to take a huge amount of time, large budgets and the outcomes are seldom what was expected,” he comments. “But we built a full array of end-to-end digital investment solutions that focus on capital markets and WealthTech to banks and other FIs. If they need only a simple interface that gears onboarding and investor experience, or if they want a complete end-to-end automated digital solution powered by AI, by business process management, automation, and

Salem’s Key Priorities for 2020 and 2021

Salem explains that the firm has three major priorities for the foreseeable future.

The first is bringing AI and ML to optimise middle office and back-office operations. “For example,” he elucidates, “a bank wants to take what it offers to its 1% or 2% of clients and make it available to 80% of its customers. They need self-management tools and at the same time will need answers to many ongoing questions about their portfolios and their investments. To address this, we are gearing up to provide an internal AI that allows the bank in order to self-manage these customers, with as many as 90% of customer requirements handled by AI, supported by ML.”

This initiative also involves risk management, so the AI itself will be able to understand or run more predictive models on the wealth management products that are available and how the customers are reacting to it, to understand customer segmentation, their needs, where are they invested into and produce reports available as business intelligence to wealth management departments, thereby helping them understand more about segmentation, and then offer more and more relevant products, as well as reach out to more customers, and all of this then resulting in greater revenues and a better cost to income ratio.

“To achieve these goals,” Salem reports, “we have partnered with IBM Watson and will soon launch this outstanding solution, which is our first and number one priority release.”

Tradesocio’s second launch is targeting advisors, aiming to help optimise their business relationships with their existing customers. “This,” he reports, “will be a web-based mobile app to give advisors the power to create products for their customers in real-time, to be able to interact with them, provide them with a complete CRM business intelligence, a complete fact-finding modelling of their customers, and also offer them business intelligence reports relevant to those customer segments.”

“Our take on the advisor platform is that it combines AI, business intelligence and mobility for advisors,” Salem reports, “and ultimately achieving the sweet spot of delivery of results to the FI and to the advisor, as well as a really good user experience and better more relevant product ideas and advice.”

The third planned Tradesocio release will be a full suite of mobile applications and voice applications. “The aim here,” Salem reports, “is for FIs to be able to take, customise, digitise and launch these to customers, replete with voice control, so for example you can speak to Google Home, Amazon Alexa, Apple Siri, and suddenly obtain a complete understanding of where your pension account is, what are the changes on your portfolio management or on your suite of investment products over the past week, over the past month, and so forth.”



WAELE SALEM
Tradesocio

so on, we can deliver to those requirements. And we look at all this from the customer’s perspective, analysing the lifetime value, the retention value, how can we maximise and customise end-investor experiences.”

Salem explains that he founded the business based on his assessment of the poor quality of the digital experience as a FI customer. “As recently as only a few years ago,” he observes, “there was hardly anything provided to the retail or other FI customers of any value or integrity before the FinTechs began to offer new solutions. As a customer, I saw people’s access to products, to investments, and the range of what we could do was limited and unreliable, and the whole experience was lagging behind other services industries. Moreover, while Europe and the US had moved ahead earlier, Asia was well behind, so there was a major gap we could fill.”

Filling the gaps

He explains that the firm’s mission was to become more than a product or solutions provider, but a partner with the clients, effectively an extension of their technology

Getting Personal with Wael Salem

Born in Dubai of Egyptian parents, he was raised in the UAE, studying at the American University in Dubai, graduating in IT with a specialisation in software development.

His early career was in the brokerage industry, working for even years in the GIFC for Futures Group as a support agent and then rising through the ranks of different firms to manage a brokerage house in Cyprus. “One of the highlights of my career is that we were able to internally develop the first STP retail market trading platform, which was released in Bahrain and in the UAE back in 2009. This was my first major development project where we were able to tie up multi-tier 1 banks to stream liquidity directly to clients starting from just one hundred dollars for investing into FX and commodities market without the involvement of a dealing room, a trading room or a market making operation, in other words a pure STP operation, the first platform of its kind going out to retail clients.”

He worked in a private equity and asset management subsidiary to an Abu Dhabi investment corporation. At its peak, the firm had USD52 billion AUM, where Salem was a member of the investment committee.

Salem’s hobbies in more normalised times include travel and cross country motorcycle trips. He is also passionate about software development, investing and start-ups, providing mentorships for several upcoming products and product developments in Asia, the Middle East and Europe.

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Salem explains that the firm offers the complete end-to-end financial management solution, from development, hosting and maintenance, to security and post-sales technical support, driven by competitive pricing. “Our customers experience end-to-end automation, as we have integration gateways with exchanges, broker-dealers handling the auto-transmission, and confirmation receipts to customers, all completed in a matter of just a few milliseconds.”

The Investor Trading Platform

He first highlights the Investor Trading Platform, an easy-to-use platform that enables investors and traders to place trades and monitor accounts through a financial intermediary. “It is a remarkably efficient trading platform with full brokerage integration,” Salem reports. “While most of the trading platforms available out there are what I would categorise under professional trading platforms, basically very technical and for day traders or trading floors, we wanted to offer something that was much more accessible to the average investor, even a new investor. We wanted to encourage such investors to buy into the range of capital market offerings out there, from stocks to ETFs and funds, but we did not want to put them off with excess complexity. So we offer fundamental analysis and fund information provided by Thomson Reuters in such a way as to enable smart investment decisions, but delivered without

confusing the customer, or offering them professional level types of data and technicalities.”

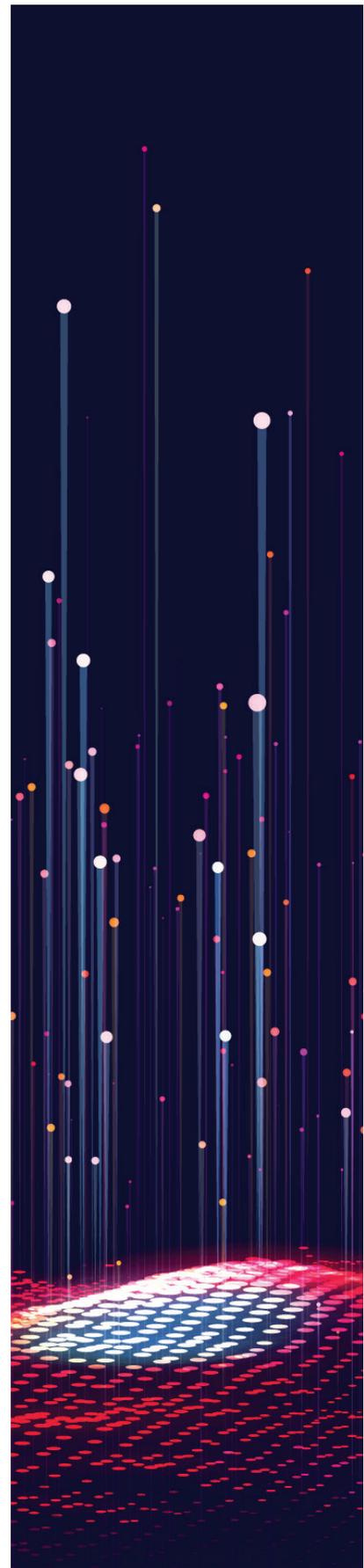
To achieve these goals, Salem explains that Tradesocio partnered with Refinitiv in order to build something very similar to Yahoo Finance but with an actual buy or invest button. “It is very simple to use, the clients log in, they can see fact sheets on investments, it is multilingual, multi-currency, and highly friendly to use. For a customer, for example of a major regional bank in Asia, the solution truly adds value to the bank and to the end customers.”

The Robo Advisor

Tradesocio also offers its robo or digital advisor. ‘Robo Advisor’ is an investment solution offering the customer investment opportunities based on their risk profile and investment goals, and it is suitable for investors seeking instant digital advice, and targeted at retail, mass affluent and lower-net-worth clients to offer them a cost-effective investment platform.

“It is an end-to-end wealth solution that FIs can offer to masses,” Salem elucidates. “It utilises an AI Algorithm that analyses customers assets, liabilities, risk modelling and objectives. It is designed for passive investors with an easy-to-use interface and real-time NAV. In creating this, we worked from what is available for HNW and UHNW clients, in other words, the true minority, and worked out how to offer that with scale to the 98% of other customers out there, retail and mass affluent investors.”

He adds that the delivery of the robo investor experience comes embedded with Tradesocio’s own middle and back-office





applications, meaning a full reporting management suite, an ERP suite, full reporting and customer relationship management tools. “Back office integration,” Salem explains, “allows all these processes to be automated as a business process management without heavy reliance on an underlying back office team.

community is remarkably valuable, and then invest through the SMA platform in any of those funds. “The fees are transparent, there are plenty of features for the clients, including full real-time reporting of and access to statements, compliance support, and an excellent user experience,” Salem reports. “The clients can also easily move money between funds online

“The traditional fee structure for the wealth industry is being challenged, and the FIs need to move more into the mass market, so gearing up for that is a key mission, whereas historically it was not worth focusing on clients with just small amounts to invest. But today, bringing in digitalisation brings the cost of client acquisition and retention into a more realistic field of vision, allowing for greater financial inclusion and viable returns for these major FIs.”

The SMA Platform

Tradesocio also boasts the Separately Managed Accounts (SMA) platform, which allows investment managers to browse and invest in managed account offerings. “It enables them to efficiently manage and value portfolios while delivering first-class client service,” Salem reports. “It promotes a transparent approach to investing, allowing FIs to provide their clients with an effective way to control risk, allows the customers real-time access to NAV, factsheets, equity analysis and advanced statistics to suit all investor levels. In short, it is a complete, end-to-end and flexible multi-asset portfolio management solution with advanced reporting capabilities.”

He explains further, adding that to be able to see the investment mandate and track record of the professional fund manager

or via a mobile app on their phones or tablets. In short, it offers a very simple, unique, yet very professional experience for both the investment manager and the investor.”

And the Mirror Trader

The final key product is the firm’s mirror trading platform. “Mirror Trader,” he explains, “supports an easy-to-use ‘social trading’ solution, allowing customers to copy trades of experienced professional traders. It is ideal for starting investors who want access to sample portfolios, strategies, and investment ideas. It also enables the investor to conduct their own research and make their own investment decisions. And we help manage the entire transaction process from start to finish allowing for the acceptance of a wide variety of payments through a single channel.”

The revolution is underway

As to current and anticipated trends in Asia, Salem has some forthright views, seeing an arms' race towards digital solutions and ever-intensifying competition. "Paperless transactions mean there is an increasing trend in secured and automated onboarding of new clients. We are also seeing more one-stop service providers that offer multiple services from one platform, services such as money exchange, investments, and portfolio management, while the increased use of AI and ML is helping with costs and risk management. In short, there is a race towards digital for scale, cost-efficiencies and UX optimisation."

He adds that he sees more FinTechs emerging, as well as more competition from the digitised non-traditional financial companies, and the potential for competition from Big Tech entering the financial sector, all of which are driving incumbent FIs to upscale their digital technologies in order to survive and be competitive. "Moreover," he

observes, "with the work-from-home environment, wealth management providers need to empower their wealth managers with the right technology infrastructure."

He observes that one of the biggest challenges for the wealth industry is the rise of the super-apps, for example Ant Financial, which he explains are positioning themselves as FIs. "The traditional fee structure for the wealth industry is being challenged," he reports, "and the FIs need to move more into the mass market, so gearing up for that is a key mission, whereas historically it was not worth focusing on clients with just small amounts to invest. But today, bringing in digitalisation brings the cost of client acquisition and retention into a more realistic field of vision, allowing for greater financial inclusion and viable returns for these major FIs."

Nevertheless, Salem does not see a major challenge from FinTechs in the mainstream HNW and UHNW segments, he does not see a shift in AUM. "But at the

same time," he says, "the legacy wealth managers must embrace digitalisation and I believe they need to expand their remit to the segments below HNWIs and offer more financial inclusiveness."

Asia – a world of opportunity

Asia, he says, is at the cutting edge of digital technologies, even if the financial sector is lagging in its uptake of these solutions. "The regulatory changes taking place globally and in Asia are in fact extremely helpful to bring in new technologies, to bring in more digitalisation," he comments, "and so too the demographics and the evolution of wealth in the region. In short, Asia will offer immense opportunity for firms such as Tradesocio in the years ahead as putting all of these elements together results in an extremely impressive and accommodative climate and works ideally for us and our suite of products and solutions. I could even say I feel really blessed to be a part of this enormous transition taking place." ■

