

# FNZ Accelerates Asia Expansion

## focusing on providing Digital Asset Wealth Transformation

*Harle Mossman, Managing Director for North Asia discusses how FNZ's strategy support and digitally transform the Asian wealth management sector.*

[Link to Article on website](#)  
[Link to Event Homepage](#)  
[Link to Content Summary page](#)  
[Link to Photos](#)  
[Link to Video Highlights](#)

**F**INZ PARTNERS WITH MAJOR financial institutions to enable them to provide multi-channel wealth management services to their clients across direct, intermediated and workplace channels. The company provides a fully outsourced 'platform-as-a-service' model, which includes its core wealth management technology platform, tailored to a client's specific requirements and then supported by full wealth management investment operations services.

"We are a white label service that provides end-to-end wealth management platform services to large financial institutions," Mossman explained. "Our service proposition is a fully outsourced one across software, infrastruc-



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ture, and operations, which is key for us. We provide scaled core platform services which allow our B2B customers to continue to control their proposition to their own customers whether that is through Advisors, Relationship Managers, Robo-Advisors or D2C [direct-to-customer] channels.”

FNZ first started in New Zealand in 2004 and is now headquartered in the UK where it is the market leader. FNZ has over 1,400 employees globally and has delivered wealth platform solutions for financial services companies in Europe, Asia, Australia and New Zealand.

Mossman told the audience that the outsourced model around retail finance and wealth operations is helping free up the institutions to specialise in what they do best, namely looking after their clients. “In an industry where margin pressures and transparency are both keys to the future, our solutions to the digital elements significantly enhance both these facets.”

### Scale is essential

Mossman also explained that in financial services technology today, to be relevant, firms really need to provide scale. “We have over USD 300 billion in assets on our systems globally, primarily in Europe, Asia, and Oceania. We have more than 60 global customers, all predominantly blue-chip financial institu-

tions. We are now building out our presence in Asia, which is our current key strategic focus. We definitely see ourselves going through the trillion-dollar mark globally over the next few years, so the success is very much ongoing.”

FNZ technology helps deliver scale, efficiency and control, Mossman explained. “We achieve scale aggregation through a single technology and operating model. This allows our customers access to the scale based pricing and continuous innovation of a platform they often do not want to build or maintain themselves. On top of this, we offer continuous security and data protection, as well as global market connectivity and operations across all asset types.”

Mossman also told the audience that 2018 has been a transformational year for the company. In July of this year FNZ acquired an investment platform business in Germany from Commerzbank providing unprecedented access into the German market.

And on the corporate ownership front in October it was recently announced that CDPQ and Generation Investment Management have made a long-term investment in FNZ, subject to regulatory approvals, to acquire the stakes previously owned by General Atlantic and H.I.G. Capital, in a deal valuing the company at GBP£1.7 billion.

“Assuming regulatory approval is granted in the UK,” Mossman remarked, “this will certainly add further impetus to our global growth.”

He then explained that FNZ also focuses constantly on innovation to complement its core wealth platform offerings. “Specifically,” he reported, “FNZ’s recent focus has been on building out its Robo-Advisory, Blockchain and Predictive Analytics capabilities in a wealth management context.”

### The Robo-revolution

Mossman explained that the ‘Robo-revolution’ has advanced the industrialisation of digital advice across many industries, but from FNZ’s perspective, a large part of the wealth management market is not progressing.

“A key problem as we see it is that a lot of Robo-Advisors have simply sought to automate old financial advisory processes and lump investors in to a group of pre-defined risk strategies,” he observed. “This may create greater efficiency but does not tailor the investment proposition to an end investor’s needs being unique to themselves and their households.”

Accordingly, it is exactly in this area that FNZ is focusing. Enhanced digital engagement and psychometric modelling mean the Robo obtains more and better information. The FNZ theory is simply that

a stronger customer relationship enables a stronger Customer IQ which leads to a bespoke and tailored investment proposition for the end investor.

FNZ has estimated risk profiling that incorporates proven psychometric testing and analysis to garner a deeper understanding of that customer. And FNZ then layers on individualised solutions, like centralised investment strategy with the client specific individual goal cash flow.

“When you add that to the risk profile, we deliver an individually optimised robo-powered investment strategy for every single client,” Mossman reported. “And what this means from our perspective is that we can facilitate continuous optimisation of literally hundreds of thousands of different customer portfolios. That is a real differentiator right now for our clients.”

Mossman added that stochastic asset and liability matching is also critical. “The goal here is to find the right asset allocation weights for each individual investor, resulting in portfolios with superior quality risk management,” he clarified. “And these can be amended and customised by the actual individual user.”

Mossman also noted that the Robo requires a seamless connection to a holistic wealth platform

. “The seamless connection of the Robo integrated into your execution and settlement platform is what creates the experience for the customer, or the adviser using the Robo as the case may be. This allows the financial advisor to focus on the things that are important to them, which is very much customer engagement, relationships and understanding.”

### Blockchain - facilitating revolution for transactions

Mossman moved on to the topic of Blockchain, which is a distributed ledger technology most publicly applied to the creation of cryptocurrencies, especially Bitcoin.

“It is the underlying technology that I wish to focus on, as distributed ledger technology will start to eliminate the need for centralised authorities. It will start to eliminate the need to certify ownership and clear transactions, and in the wealth industry, that is really significant. It is a cost play, an efficiency play, and a risk management play.”

Mossman reported that in the UK, FNZ has established a consortium of the top six asset managers representing 30% of assets under management in the UK market with the aim of transforming market-side transaction processing using Blockchain technology.

“This will be a private Block-

chain, not a publicly accessible Blockchain like Bitcoin,” he reported. “Phase 1 of this solution, due in coming months, is to deliver potential T+0 settlement for all mutual funds using this technology, with real-time regulatory reporting. This alone is a revolution in the making - it is transformational and a vision for the future. The next step would then be to create a multi-jurisdictional global asset management shared ledger solution.”

### Predictive Data Analytics

Mossman then moved on to predictive analytics, which is machine learning and statistical modelling applied to data. FNZ has progressed quickly in this space. “After launching in the UK four years ago we are the premier player across the retail wealth market there,” Mossman reported. “This is a key area for the firm.”

He explained that within wealth management predictive analytics have widespread applications, but the key is the necessary data. “With the right data sets, predictive modelling can add value can be developed using the standard trial and error process of arriving at optimal models. We have leveraged our technology to aid our institutional clients to identify investor attrition and refine product marketing campaigns.” he concluded. ■

