

Full and flexible functionality to help banks find digital path

For many banks in Asia looking to create efficient and competitive wealth management platforms, what's missing is the ability to pick and choose what they build and when, building towards a front-to-back solution, explains Martin Frick of Temenos.

The bid by banks across Asia to build profitable and compelling wealth management propositions faces a common stumbling block: they often don't know what they need, nor when to take the plunge.

While every institution knows it wants to be more digital, most are struggling to find their way.

Some take the route of collaborating with fintechs and white-labelling various solutions; others try to develop in-house IT capabilities.

"It is difficult for banks to know whether to take a wait-and-see approach to assess what works, or to do something now," says Martin Frick, regional director for Temenos in Asia Pacific.

For those banks which forge ahead, it quickly dawns on them that data is a critical success factor, as is the consistency in the workflows, to ensure

that they can get relevant information to clients.

As a result, these banks often end up having to undergo a big renovation or overhaul to their platform. In turn, this dampens appetite for further change.

"This is where we come in with our front-to-back architecture," explains Frick. "We don't only do the front-office tools."

A recent mandate in Singapore is a case in point. Temenos implemented the bank's new digital front-end, created a wealth consolidation layer with its front office solution, and provided the back-end with its core banking product.

IN NEED OF A FULL SERVICE

This breadth of functionality has been instrumental in helping the firm win many new mandates over the past 18 months for international private banks and local retail banks alike.



MARTIN FRICK
Temenos

"We have invested a lot of time over the past three years to integrate a lot of our earlier acquisitions into a more flexible offering," says Frick.

The upshot is WealthSuite. The firm describes this as an “integrated suite of front-to-back applications that covers the full private banking value chain. It incorporates 254 pre-integrated flows, including: future-proofed multi-channel client access and services’ portfolio management; fully MiFID-compliant advisory and relationship management support; STP order execution and transaction settlement; and business intelligence solution for management information requirements.

The roll-out of this offering appealed initially to ABN AMRO, which decided to adopt WealthSuite for its international private banking business.

Yet Frick adds that the Temenos products can also be sold independently. Banks can enter into something called ‘progressive renovation,’” he explains.

“They can fix individual parts of their system by buying a specific product first, and later extend it into some of the other areas of the WealthSuite.”

By comparison, many of the firm’s competitors are only able to sell their full solution as one package.

LOCALISED DRIVERS

Some of the biggest opportunities Frick foresees for his business are across markets like Thailand, Malaysia, the Philippines, Taiwan, Vietnam and Indonesia, among others.

There are various reasons why banks in these locations offer so much potential to the right technology vendor.

One of these is digital, says Frick. “They want a digital offering to increase

market share and customer penetration, but realise they can’t do it within existing offerings, where their systems sit in silos and they don’t have a holistic view over the customer.”

A second driver continues to be regulation, such as automatic exchange of information, which creates the need for better, more integrated systems.

And a third factor, he adds, is the desire to reduce operational risk and improve cost efficiency.

“The degree of automation within banks at the moment is insignificant compared with what it is in sectors such as aviation, automobiles and retail,” he says.

At around only 25% in the banks, this shows how much in-house development they still do.

“This has severe disadvantages for them,” adds Frick, “as this reduces their capacity for innovation.”

The needs of local banks for the right kind of platform will also become even more pressing if the widely-predicted shift in wealth towards markets like Malaysia, Indonesia, Thailand and other Asian markets actually materialises, given expectations that more of it will be made domestically plus HNW individuals repatriating more money.

“These are markets which will organically grow. So with a strong retail base, they have the potential to create scale for their wealth management businesses,” says Frick.

In line with this, Temenos’ regional strategy in Asia is to become more multi-product across all geographies.

A local opportunity

The flexibility Frick describes has proved a tempting proposition for many banks across Asia.

Even over the past two quarters, two clients which have come on board include two of the leading banks in Singapore.

Temenos is also doing an implementation for China Merchants Bank across four countries, starting in Singapore.

In Hong Kong, meanwhile, it is working with one of the local players to replace the core banking system, driven by an attempt to create a digital edge via a more flexible product factory.

Further, Bank of Montreal Asia Pacific recently selected Temenos’ core banking solution to replace its existing legacy back-office settlement and accounting system. As a firm which provides wealth management services to over 1,000 HNW clients in Singapore and Hong Kong, Bank of Montreal said it chose Temenos based on flexibility as well as a lower total cost of ownership.

And in the Philippines, the firm is working with one of the country’s top retail banks.

It has achieved its goal of getting back into the tier 1 and 2 banks via recent as well as soon-to-be announced deals.

Now, the firm wants to strengthen its offering in domestic markets. “We also want to be recognised as a digital player,” adds Frick. ■