

# How can wealth managers embrace digital and tech?

*The final panel session of the Hubbis Digital Wealth Asia event featured private banks and fintechs looking at the applications of technologies to their business models and for their clients. What will become of the wealth management industry in the brave new world of the future?*

**These were the questions we asked:**

- Next generation wealth management - what will it look like and what does it mean to you?
- Wealth advisory services - how are they impacted by digital?
- How should bankers embrace digital?
- How can you save time and money?
- How will digital provide new insight into their clients and what is the best way to service them?
- Can you outsource the boring but important stuff?
- Can you quantify what it does? What are the KPIs?
- How can you deal with all the operational issues and keep secure?
- Database security and cyber security - what does this mean to you?
- Regulation and compliance - what can technology do to help?
- What will you be in the future: a platform? A product manufacturer? Or a distributor?
- Millennials create a unique conundrum for big banks - how should you cater to their digital expectations?

**T**HE NEXT GENERATION OF WEALTH MANAGEMENT will see banks enable clients into an ecosystem and offering them assorted services and solutions from other players, for example fintech apps, within that ecosystem,” explained one bank representative.

The underlying platform will enable the banks to be digitally eloquent. Relationship managers and the hybrid or multi-channel approach will be here to stay. “The digital channel will be more commoditised while the RMs will be enabled and adding greater value to their clients.”

## CHAIR AND PANEL SPEAKERS

- **Christophe Lee**, Founder, JP Asia Partners (Chair)
- **Michiel van Selm**, COO, Canopy
- **David Wilson**, Head of Asia Wealth Management, Capgemini
- **Amar Bisht**, Head of Wealth Strategy and Advisory, Orbium
- **Urs Lichtenberger**, Director, Client Platform, Asia Pacific, Credit Suisse
- **Abhra Roy**, Head, Finacle Wealth Management Solution, Infosys Finacle
- **Frank Henze**, Practice Lead - Financial Services IT, Trimantium GrowthOps



CHRISTOPHE LEE  
JP Asia Partners





MICHEL VAN SELM  
Canopy

### **RM's should embrace the changes**

“Yes, the RM would still have a big role to play, but I think with new generations coming through, there will be a trend towards making it probably more faceless,” said one tech expert. “The mass affluent segment could be more aligned to the robo-advisory space, while the RM community continues to service and advise the high net worth segment.” ‘Faceless’ can be described as the mass affluent and typically is available for brokerage accounts currently, logging in, completing a transaction and coming out without real interaction.

Another banker said technology is putting HNW clients in the driver seat, while further down the wealth ladder more people would have access to robo-advisory portfolio management solutions. Additionally, offering wealth customers a wider range of solutions and apps will be essential to improve the client journey.

### **Ecosystems for maximum inclusiveness**

“The winning business model will cater to the widest variety of people in the ecosystem, whether through intermediaries, whether direct,” said another panellist. “Wealth management has a very demanding client base and the ability to offer a bespoke service that is designed for the client is key for technology to be translated to a service.”

**THE DIGITAL CHANNEL WILL BE MORE COMMODITISED WHILE THE RMS WILL BE ENABLED AND ADDING GREATER VALUE TO THEIR CLIENTS**



DAVID WILSON  
Capgemini

### Driving towards upgraded advisory

Increased regulation is another driving force of change as well as client demand for digital solutions, especially with the arrival of the millennials. Private banks will move up the value chain to grab a larger share of the revenue, so towards more hybrid or advisory services and even discretionary services, which should enable banks to increase their revenue. “To do so,” remarked a technology expert, “banks must leverage technology and we see digital as being one of the key pillars for enabling this migration. A hybrid digital solution that reduces costs and adheres to the underlying regulatory aspects is essential, and to do so banks will want to build their ecosystem of partners.”

Another panellist said that despite a lot of talk and interest, robo-advisory is still in its absolute infancy. “I for one need to work with an institution of trust before I allow robo-advisory into my financial life, so building and keeping trust will be as vital as the technology the firms offer.” To what extent will start-up wealth techs be able to work with the banks is the question of what type of collaborative ecosystem can be built. There has been quite a lot of experimentation thus far, internal learning, internal change management but the essential element is to identify solutions to the needs of clients and of the wealth firms.

### Partnering with the banks to build ecosystems

Another explained: “A study we made with 40 plus banks in Hong Kong on the selling processes concluded there were three areas to address, risk definition, automation and documentation.” Having a strong and flexible ecosystem that can absorb collaboration will enable such RegTech players to partner with banks.”

“In my view a lot of banks know about the ecosystems but they do not have them,” commented another banker. “Accordingly, integrating start-up offerings is very tricky. For the ones that have created viable ecosystems, the problem then is identifying partnership that really work, really add value.”

APIs [application programming interfaces] are important, but need to be carefully constructed for maintenance of privacy. And to comply with the regulators outsourcing agreements must be considered care-



AMAR BISHT  
Orbium

fully in order to enable a viable partnership between a bank and the fintechs.

### Data security and anonymity vital

“If information and data is shared it must be completely anonymous,” said another panellist. “Hence, all the data is scrubbed of all names, there is simply a code name. The first and primary objective is to have no client identifiable data inside of our premises or inside of our systems, so that goes a long way to reassuring clients that their information is safe because then basically it becomes anonymous data.” One expert added that there is a level of evaluating fintechs in a sandbox environment, and then later white-labelling their products under the banks, that provides the best of both worlds. “The customer gets surety that the bank is there in case of any problems arising with the data or any investments.”

“Clients want simplicity, security, speed, execution and certainty,” said another panel member. “This is where the trust comes in with regards to brand name.” And he added: “The client is also looking to have a multi-channel experience in order to make smarter decisions.” A recent study in Hong Kong found that in over 60% of the banks on average it takes about 38 business days to open an account, so onboarding via technology can turn a dull,

cumbersome and slow activity into a seamless and efficient one. “Getting banking and wealth management services should not be like going to a dentist, it should not be so painful.”

### Millennials and wealth transition

The arrival of millennials in the HNW category in Asia, combined with the large intergenerational wealth transfer taking place is a challenge for the wealth industry. Education is vital and there are reports of leading private banks preparing this generation for the transfer of wealth and in this sector the digital experience become even more important.

Shaping the right digital experience should not be determined by age segmentation, another panellist remarked. Some of the younger generation have digital as a must-have experience, while other generations have growing interest in engaging through the digital channel or through the multi-channel approach.

Different clients have different preferences for how they want to interact with their bank, so shaping the right digital wealth experience is about identifying the different needs of clients across different age ranges. The older generations may be not digital natives, but they will ask for real time reporting, on-the-go access, all of those services. The adoption of technology by older generations is also quite high, remarked one expert. “The ability to adapt to and adopt recent technology and to find ways to make that work to you at a personal level is really underestimated,” he said.

China is minting a new billionaire every few days and the wealth generation is staggering. But China has the tech sector remarkably well defined and developed, so to get the technology curve ahead of where the Chinese already are appears at this stage incredibly difficult. “For more western style and culture firms to offer the same type of services that they are used to in China is a huge challenge,” explained one panelist. “Just the language barriers are enormous.”

Another noted that a leading Singapore bank, for example, is reportedly working on some form of integration with WeChat. But panel members conceded that working with a ‘WeChat’ or through any



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other mobile kind of channel to provide wealth management advice and getting the right regulatory and compliance interface are huge challenges.

An interesting element is how to use some of the tools to make RMs more productive, to help them give more customised advice. When it comes to handling a lot of money we believe you need a human interface.

### **Empowering the RMs**

A sizable percentage of the RMs' time is actually being taken up in administrative task meeting their regulatory obligations. Automating some or all of that will enable the RM to focus on where they can truly deliver a value, which is understanding the client better, giving them more customised investment ideas. Email must be made more efficient via data prioritisation to get the best information and ideas from the investment teams into the right channel so that the bank can digest it.

The RM is not an investment person, he is a relationship person. This is where technology is hugely important - the intelligence that is provided helps the advisors mine out product suitability, what matches his client's risk profile, what matches with his model portfolio. ■

**SHAPING THE RIGHT DIGITAL WEALTH EXPERIENCE IS ABOUT IDENTIFYING THE DIFFERENT NEEDS OF CLIENTS ACROSS DIFFERENT AGE RANGES**