

How DBS Leverages Enhanced Digital Solutions to Boost Investment Advice and Portfolio Curation

Marc Lansonneur is the Head of Managed Solutions and Investment Governance at DBS Private Bank, and also sits on the DBS Sustainability Council. An aficionado and collector of fine wines (true to his French heritage), he is also a specialist in bespoke wealth management products and solutions for HNW and ultra-wealthy Asian investors. He sat on our Hubbis panel of experts for the Digital Dialogue event of August 5, which focused on the application of data and digital tools for optimised portfolio curation and management. He is justifiably proud of how DBS has been tailoring products and solutions to its local and Asian clientele and sees its highly digitised but fully hybrid approach as perfectly in line with the bank's vision of private banking of the future, in which digital and human skills are optimally aligned, and the democratisation of wealth management across all wealth categories is achieved. We have summarised some of his valuable insights in this short report.

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“We continue our journey towards the integration of our digital platform and the client’s wealth management needs,” Lansonneur reported. “And we do so for clients ranging from retail investors to UHNWIs. I can say digitalisation is truly core to our DNA at DBS. That said, we believe that digital should enhance, but not replace, the human element of wealth management.”

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Extending the proposition, democratising wealth management

Looking ahead, he said one major issue for banks is scalability. It is likely impossible for the RMs to manage all their clients and get round to handling every single one in a perfectly hands-on manner each day, neither is it economically viable to hire in vast numbers.

“This is where the beauty of having a strong digital platform comes in: one that’s focused not only on self-directed execution, but also on portfolio advisory and enhanced engagement with clients. This is especially so in today’s increasingly digital world where clients themselves want to be engaged online. To make sure that all clients are served regularly and in a timely manner, you really need to have the support of automated tools, you need to provide virtual investment

counsellors, and so on and so forth. That is the way forward to scalability in our industry.”

Greater adoption comes with improving UX

DBS embarked on its digital transformation journey over a decade ago, and as it continues to press on and strengthen its digital architecture and capabilities over the years, its user experience is

continually improving as well. “In the past couple of years, we have seen a huge increase in the adoption of our digital platform,” he reported.

“This has accelerated since the pandemic hit, with greater adoption coming not only from our millennial clients, but from clients of all age groups. As a leading digital player, we’re committed to keeping DBS ahead of the curve in terms of both our vision and capabilities, and we continue to focus on further enhancing our technological infrastructure and abilities in order to better serve our clients, such as by providing even more proactive engagement and advisory on their portfolios.”

Accordingly, he explained that as people increasingly want access to advice at their convenience, and through omnichannel delivery

as best suits their preferences, the aim is for what is largely conducted by RMs today to be able to be delivered digitally as well, and with greater ease and speed.

The DBS stamp of approval

“Currently, our digital offering provides access to a wide range of products to meet the needs of our clients, regardless which stage of life or wealth they are at. Beyond that, we also offer access to our CIO’s strategic investment calls, portfolio allocation advice, and lots of other information so as to help them to stay atop of the market and make informed investment decisions,” he explained.

“As a next step, we’re focused on leveraging technology to create more interactive and do it yourself experiences. For example, enabling clients to build simulated portfolios online by themselves using different types of products, be it funds, individual stocks or fixed income, and also pay closer attention to cash flows, as well as different financial or other indicators, including ESG and other metrics.”

He elaborated on this, noting that DBS seeks to deliver digital tools that empower clients to self service. Not only is this an area where clients are demonstrating more interest in, it also adds value as it helps ensure that clients’ time spent speaking to their RMs is better utilised on more sophisticated matters, or in more enriched ways. For example, before meeting their RMs to build out a more bespoke solution, clients can easily conduct their own research or perhaps formulate their own portfolio simulation, thus facilitating more engaging conversations.



MARC LANSONNEUR
DBS Private Bank

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Marc once again cites the hybrid approach, or what the bank calls ‘high tech, smart touch’, especially for the wealth segment where in depth advisory is key. “Digital solutions offer scalability in that we’re able to reach out to more clients and seamlessly address their needs online. This also frees up some of the RMs’ time to support clients who may have complex needs that can’t be handled digitally. Where things are straightforward, can be easily settled online, and there’s no value add to be achieved from a human touch, then a pure digital approach works. But in the cases where the needs are more complex, which is often the case especially with the HNW and UHNW categories, then direct cli-

ent engagement and the human element are still very vital.”

ESG is a top priority

Marc also reported that DBS remains committed to its robust championing of ESG investing. “We are strong proponents of integrating ESG within a properly structured portfolio,” he said, “as this allows investors to align their investments with their values, while also searching for profitable companies that can outperform the broader market benchmark in the long run. Our ESG offerings have so far attracted

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strong interest from investors. We’ve been working continually in this space, be it by introducing various programmes to ramp up our clients’ awareness and understanding of the benefits of ESG investing, or implementing new tools to help them make more informed and holistic investment decisions.”

Broadening the sustainability agenda

DBS has in fact been offering an increasingly broad range of ESG products, some in the public space and some private equity opportunities. The bank has also offered fixed income, for example, impact bonds focusing on social sustainability and helping women in low-income countries such as Cambodia.

The bank also rolled out its DBS

MSCI ESG outperformance product in 2018, which was the first of its kind in Asia. This provided a ‘pure play’ exposure for clients to invest in ESG-compliant companies and was built on a simple investment thesis that, over time, ESG-compliant companies will outperform those that aren’t. Till date, almost all clients who invested in this strategy have exited at profit.

Building ESG momentum

“We have now made an even stronger commitment to ESG,” he reported. “We’ve set a target

to have over fifty percent of our private banking AUM in sustainable investments by 2023.”

“We also decided to apply ESG criteria to our entire wealth product suite, be they single stocks, single bonds, funds, structured products, or DPM portfolios. For this, we chose MSCI as our partner and have onboarded their ESG rating capabilities, which are transparent and independent. We have also made a commitment to have at least an average MSCI ESG rating of BBB for all of our DPM portfolios, which is actually not an easy feat, but is possible.”

All clients can easily view the ESG ratings of their self-directed investments and overall portfolios on DBS’ platform. “More clients are starting to value this capability, and

we expect this sentiment to rise with time,” he observed. “We firmly believe that it is very important to engage clients on ESG at an early stage, to create awareness, demystify these concepts and ratings, and offer the right tools with which to help them on their ESG investment journeys.”

Staying agile, taking the right steps

Marc drew his observations to a close by observing that agility is essential, as is the need to constantly challenge the model. “You cannot wait six months; you must be nimble, reactive and also proactive,” he said. “And you need to make sure you are making the

right selection of the right vendors, as well as the right digital solutions; it is highly complex, and the correct decisions around in-house solutions and outsourcing is key to evolving the model in a timely manner and in the right directions.”

An example of this is the bank’s outsourcing agreement with the Allfunds digital platform, which was announced in October 2019. The aim from the outset was to position the bank smartly for the years ahead, bolstering the bank’s fund distribution capabilities, facilitating greater fund access, and leveraging Allfunds’ asset servicing services throughout Asia. The partnership capitalises on

both Allfunds’ open architecture platform and DBS’ digital offering for the full range of clients across different wealth categories.

An exciting future awaits

He closed his comments with a reiteration of his positive outlook for the business. “We are delivering a more bespoke model, as well as a more scalable platform,” he told delegates. “Accordingly, we are very optimistic that this will enable us to reach and truly engage with more clients. There is no doubt that much of our success today and that will follow in the coming years stems from the strong digital foundation that we have built and continually enhanced over the years.” ■

