

How do wealth management firms future proof their businesses?

How will wealth management firms employ technology and digital solutions to improve their business? Can the wealth providers effectively integrate the fintech and RegTech solutions available? These and other matters were scrutinised in detail.

These were the topics discussed:

- *How will firms in wealth management use technology and digital to improve the business?*
- *What's innovative, interesting or challenging in 2018?*
- *How do you create an ecosystem that genuinely embraces fintech?*
- *How do you select vendors today?*
- *What are the trends in Regtech?*
- *Making sense of crypto and blockchain - what are the real applications & implications in financial services?*
- *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?*
- *Millennials create a unique conundrum for big banks - how should you cater to their digital expectations?*

THE THIRD PANEL DISCUSSION of the Hubbis Middle East Wealth Management Forum in Dubai on January 24 brought together an eclectic group of experts analyse the impact of technology on the wealth management industry in the Middle East. The questions before the panel ultimately were: 'what wealth management will look like in the foreseeable future'; and 'what firms need in terms of financial and human capital to ensure their continued success'.

Infrastructure, systems, processes and projects around technology for banks and other wealth provid-

PANEL SPEAKERS

- **F. Edward Lopez**, Chief Revenue Officer, JHC Financial
- **Anthony Jaganathan**, Head of Operations & Middle Office, Wealth Management, Emirates NBD
- **Damian Hitchen**, Chief Executive Officer, Middle East & Asia, Swissquote
- **Sofia Mota**, Director and Head of Regulatory and Compliance Services, re/think
- **George Triplow**, Executive Director, MENA Wealth & Asset Management Leader, EY
- **Thomas Buensen**, Managing Director, Middle East, Dorsum
- **Jennifer Hansen**, Executive Vice President, Head of Global Sales Strategy and Execution, Saxo Markets



ANTHONY JAGANATHAN
Emirates NBD

IS IMPROVING CLIENT EXPERIENCE THROUGH DIGITAL TOOLS CRITICAL TO YOUR SURVIVAL?

Yes



No



Source: Hubbis Middle East Wealth Management Forum 2018

ers are core issues to contend with, but they require time and money precisely at the same time as additional regulation requires ever more investment in compliance. These simultaneous strains on the institutions can partly be resolved via technology, or further complicated.

One expert explained how for several years his private bank has developed its wealth management platform, not only from the point of view of straight through processing but also making the client portfolios available on online mobile.

Taking the digital experience to a new level

“We are now working on taking the client experience to the next level. This means providing digital



F. EDWARD LOPEZ
JHC Financial

advisory to our clients, private banking, as well as wealth managers of the bank. It is not just providing a platform to the clients but a complete overhaul of the way we do things right from on-boarding clients and how we can automate some of those activities.”

The objective of digital advisory should be to provide simplicity, he elucidated. “Simplicity in the interaction of RMs or advisors with the client, simplicity in providing the products, simplicity in helping the RMs understand what the client’s goals are, because in the middle of a sea of such vast data, sometimes the advisers RM lose focus on actually what the clients want.”

Moreover, RMs are too often more interested in pushing what they want the clients to buy. “I think digital advisory,” he added, “should automate and providing an excellent client interface, but must also focus on bringing about more simplicity, transparency, client focus and therefore effectiveness.”

Another expert said: “We have seen a generation of relationship managers realise very quickly that the world was not going to be the same going forwards, as it was backwards. The advent of automated advice can create a model that combines the technological and human aspects, especially for your investment advisors and relationship managers, so we see an exciting future for the next generation. The most important point, however, is keeping an eye on other entrants to the marketplace.”



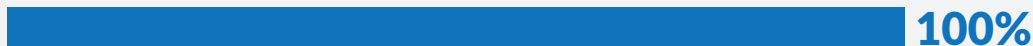
DAMIAN HITCHEN
Swissquote

Preparing for generational shifts

This is especially important as patriarch/founder wealth transitions to younger generations. “Millen-

WHEN YOU THINK ABOUT YOUR BANK, DO YOU THINK YOUR TECHNOLOGY NEEDS TO BE DRAMATICALLY IMPROVED?

Yes



100%

No



0%

nials are very distrusting of financial institutions,” said another panellist. “That paves the way for more entrants, or another segment in the market that will attract these younger, wealthy demographics.”

“Millennials,” another panel member warned, “are very focused on having a seamless digital experience and will be unforgiving with any service provider or any financial institution that cannot offer that.”

One expert noted that banks and other established financial institutions have some key historic impediments to overcome.

“Perhaps one of the biggest problems we have now is legacy systems amongst the established financial institutions in the region,” explained a technology solutions provider. “We therefore have to spend an awful lot of time before starting a project. Then it is vital to dedicate clear sponsors and clear resource to delivering the project, otherwise as we have seen many, many times a two-year project suddenly becomes six years and that is not a commercial win for anybody.”

He said it was essential to map out a project and for the bank, IFA or external asset manager to have a clear vision as to who their clients are, what they want to provide to them and how they want to deliver products and solutions.

Fundamental mindset shift required

It was evident from the panellists’ comments that they foresee the need for a fundamental shift in the business model. “Most big banks, as we all know,” said one expert, “have a central technology stack that comprises numerous different components all patched together to respond to different client segments. The sheer ability to unplug that and rebuild it in a more nimble, flexible way is no small task.”

That, he continued, is why some of the biggest financial institutions are creating a competing division called ‘Digital’, which is start-from-scratch, build-to-latest-specs, no-legacy model. “Established firms,” he said, “realise that the 100 years of legacy technology is just not something that is easily unravelled and unplugged, when you are also in a business of



SOFIA MOTA
re/think

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JENNIFER HANSEN
Saxo Markets

safekeeping of assets, and the fiduciary responsibility that comes with that every moment of the day.”

Panel members acknowledged that as an industry the wealth sector has done a relatively poor job technologically, compared to the consumer giants who know everything about providing customer specific relevant information.

“If the banks can provide that perfect interface for the more digitally savvy customers of the future, they will attract new clients and increase revenue,” one expert declared. “If you want to increase your margins, you need to implement flexible, direct technology tools that can adapt to the next regulatory demands, maybe Mifid III, or the next new thing that will surely come down the road.”

“As I see it,” he concluded, “it is essentially about financial institutions becoming technology companies that provide financial advice. That is the way forward.” And that comment fits neatly into the Hubbis poll findings; when asked ‘is improving client experience through digital tools critical to your survival?’ a total of 83% of respondents answered an emphatic ‘yes’. ■



GEORGE TRIPLOW
EY

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THOMAS BUEMSEN
Dorsum