

How Technology Can Help Private Banks Evolve their Operations and Business in Asia

There is an old adage that ‘the whole is greater than the sum of the parts’. This phrase seems to ring very true in Asia for Crédit Agricole group’s Indosuez Wealth Management and for sister company Azqore, which provides wealth management IT and outsourced services. In a recent joint interview, the two Singapore-based heads for Asia at both businesses told Hubbis how their corporate connectivity within the giant Crédit Agricole group, along with their own business rapport and understanding, had been helping articulate both of their thrusts deeper into their respective areas of the Asia Pacific wealth markets. The two leaders are Omar Shokur, who since 2019 has presided as CEO of Asia and Branch Manager for Indosuez Wealth Management Singapore, and Stéphane Marbehant, CEO of Azqore’s Singapore Branch for the past two-plus years. They shared how they sought to define how they have each separately been developing and refining their propositions, winning new clients in Asia and at the same time expanding older relationships in the region, and also how they have at the same time been working collaboratively to help refine and improve their capabilities, operations, technologies, enhance their client propositions and, of course, boost their market share.

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OMAR SHOKUR
Indosuez Wealth Management

Omar opened the discussion by explaining the rationale for combining their perspectives in one interview. He said that as a leading wealth management operation, having a sister company within the same banking group that is an IT and back-office products and services provider is rather unique. They wanted to convey a united front to highlight where there are synergies and also advantages in terms of the development of the Azqore proposition, and how Azqore has been helping enhance efficiencies and also improve business capabilities for Indosuez's regional private banking operations.

He explained that their relationship is a two-way street and indicative of the type of partnership that private banks can build with Azqore, and vice versa, to help improve and develop both of their propositions for Asia's wealth management markets.

Looking at the big picture in Asia

To that end, Omar offered his perspectives on the challenges

Getting Personal with Omar Shokur

Omar was originally from Kabul in Afghanistan, and has lived in Afghanistan, Italy, Switzerland, India, the United States and the U.K. For the past four years, Singapore has been home.

His entire career has been with the Crédit Agricole group, where he has worked in several different areas, including Azqore some years ago. His other major roles have seen him cut his teeth in investment banking, in the area of multi-family offices, as head of the investment platform, plus private banking and now in his CEO role for Indosuez Wealth Management in Asia. "A group as big as Crédit Agricole has allowed me this type of variety and diversity across what is still today an interesting and rewarding career," he said.

Omar studied Mathematics at the Ecole Polytechnique and Business at IMD Business School, both in Lausanne, Switzerland, and spent time at MIT in the United States as a visiting student. He and his wife have two young sons, and spare time might see him indulging in sports and games with the boys or working out to keep fit. He enjoys reading and also cooking, and likes to have his family and close friends around the table enjoying a home-cooked meal.

"The market is not static," he said. "It is evolving rapidly, indeed far faster than ever before."

facing private banks and wealth managers in Asia, remarking that a key mission, certainly for Indosuez, is to capture the growth in the dynamic region, while carefully managing costs.

Speaking from a wide-angle view, he said that to achieve those goals, banks and other wealth firms have to make sure they have the right products and services offering, but at the same time keep adapting and evolving to match the needs of existing clients, and anticipate the needs of future clients, including the next and younger generations. "The market is not static," he said. "It is evolving rapidly, indeed far faster than ever before."

Rapid evolution requires smart anticipation

He said for example, continuing investment in ESG-centricity, private markets, technology capabilities and other key areas are helping Indosuez remain competitive in the market. "We in fact began talking about private equity in Asia many years ago, when it seemed too early, and perhaps was; but like with ESG, it has proven far better to be early and become a significant player in these areas than arriving at these realisations too late, when everyone has already jumped on the bandwagon," he explained.

The other key pillar for success is the quality of service. "We might



STÉPHANE MARBEHANT
Azqore

talk about this regularly, but we need to keep focused on the reality that compared to other banking sectors such as retail banking, private banking or wealth management is a comparatively high-touch relationship business, and our clients expect us to deliver exactly that," he said.

Delivering on promises

But at the same time, Omar explained that wealth management players must keep their eyes firmly on ensuring the broader organisation delivers outstanding and seamless connectivity, accurate and timely reporting, and needless to say, investment expertise that is relevant to each client – in short, top-class front, mid- and back- office excellence.

"The bespoke and tailored offering at the front end must be aligned with a top-flight operational infrastructure and efficiencies," he stated. "It is not one or the other."

Adapting to the nuances of the customer base

Another key area of focus is to make sure that the business advances to cater to new client segments and

Getting Personal with Stéphane Marbehant

Stéphane comes from the famous French city of Lyon, which is renowned for its cuisine amongst other attributes. He spent most of his childhood in Lausanne, Switzerland and completed his studies at the world-famous Sorbonne University in Paris, graduating with a degree in Macroeconomics.

He then went to work in banking IT, and logistics, in New York at first and then in Switzerland, where he learned a lot about business process outsourcing (BPO) in IT for banks. He also worked in Singapore and Hong Kong and now resides again in Singapore since he took on his current role in 2021. His experience has been drawn from his roles with three global financial groups - Barclays, Credit Suisse and now, of course, Credit Agricole.

He professes to be well suited to his current role by temperament, curiosity, and career to date. "I think I have always been fascinated by the challenge of having the appropriate organisation and structure and technology at the banks, knowing intuitively and from my experience that the ideas and strategies of these banks then need implementation, and that is often very challenging for them," he said. "And for me, it is rewarding to achieve that with them, and to see it all come together."

He has two grown-up daughters, one working in Switzerland with the Little Prince Foundation, which is a French philanthropic body. His other daughter studied art curation at Central Saint Martins Art School in London and is now back in Switzerland.

Stéphane spends some of his spare time on the drums and says his favourite drummers include John Bonham of Led Zeppelin and Stewart Copeland of Police. "In Singapore, it is quite easy to rent a studio for an hour at a time, so my passion for beating out all sorts of rhythms is well away from my neighbours!" he quips.

He also loves both photography and astronomy, and for more active pursuits, enjoys dragon boating, and hiking in the mountains.

sub-sets, for example, the increase in family offices in the region, the expansion of the independent wealth/EAM offering across Asia, the rise of the next and younger generations, as they inherit or build new private wealth, as well as new

countries where private wealth is rising fast.

"You need to ensure your proposition is constantly evolving to help capture those new segments, but without adding too much cost

structure," he said. "You must adapt and be agile, but at the right level to be efficient and so as not to jeopardise your existing model."

A people business - today and tomorrow

And the fourth pillar of a successful private bank or wealth management construct is people, Omar explains. "To attract new talent and retain your existing ones, you need to be successful, and you need to be confident in your growth," he observed. "And you need the strong platform that I have described because those who are coming in or who are here want to leverage a comprehensive platform that can deliver for their clients across all the current and anticipated areas of products and services."

His final comment is that to help strengthen those four pillars of the business model, they can then look at which areas they can manage effectively in-house and what could or should be outsourced to external partners, such as Azqore, for example.

And that led the conversation neatly back to Azqore itself, as Omar hands the floor to Stéphane to elaborate on the firm's offerings and how they align with the missions of typical private bank or wealth clients such as Indosuez which, although an in-house ally, is also a demanding and challenging client in its own right.

Stéphane explained that their mission is to deliver value to any wealth management firm, starting from the vital onboarding and KYC processes, where so much can go wrong and where new clients can so easily become quickly disenchanted if things go wrong or excessively slowly.

Key Priorities for Azqore in Asia

Stéphane reported that his number one mission is to win more clients in Singapore and Hong Kong. His second priority is to develop the next generation of core banking services with the appropriate FinTechs in order to even more fully serve the private banks' needs. The third mission is to export the Azqore proposition further afield across Asia.

"We offer the appropriate tools for any banker to target their prospects, to start investigating and collecting the necessary information and to build the file necessary to onboard the client," he reported. "The onboarding and KYC hurdle can be extremely onerous for the banks and the clients, so the mission for Azqore is to help both parties expedite these steps as smoothly and efficiently as possible."

Enhancing and sustaining client relationships

He also pointed to the ongoing client management throughout their lifecycles with the banks and wealth managers, highlighting the purchase of a 70% controlling stake in the client lifecycle management FinTech Wealth Dynamix as a new company within the Indosuez Group in early 2023.

"Wealth Dynamix ("WDX") is set to offer us an even more significant capability in the whole onboarding and client management offering," he explains. "Their online protocol is embedded within the core banking system so that KYC and the ensuing client management is entirely seamless and integrated. Wealth Dynamix is a key step forward and a major tool we

are now starting to promote to investment firms in Asia."

"A private bank might be spending more than 30% of its budget on IT and its back office, and our proposition is that we make all this more efficient, but also 40% or so cheaper for them via outsourcing to us," he reports.

Stéphane reported that the Azqore proposition today is quite simple. They have one version of the core banking system that has been developed over the past roughly 30 years, and that is fully open to new interfaces with the array of FinTechs out there.

"The great advantage is that each advance we make through this one core system is available to each of our clients, so there are continual upgrades and refinements by the peers and for the peers," he recounted. "It is almost like a members club that is constantly evolving its own position that we offer them."

The core banking system is named S2i and covers the entire spectrum of support functions for a private bank right from the outset of the client's connectivity with the bank through to a direct connection with those end clients via mobile banking. "And we provide best-of-breed capabilities



and solutions, so, for example, we deliver a mix between the core banking integrated system and new FinTech solutions such as the embedded state-of-the-art portfolio management system,” Stéphane added.

History and innovation

Azqore has indeed been honing its proposition since 1992 and moved into Asia in 2016 alongside Indosuez and has since then been expanding to other private banks and wealth management customers, starting first with Singapore and Hong Kong, with a plan to gradually move out further across the region.

“We are intimately connected to the Asia region today through our clients and our operations, with more than 300 people located in Asia (900 people worldwide), with a deep understanding of the regulatory climate, all of which helps us to help the banks to design the roadmap for new products and new services in wealth management, in other words, the evolutionary areas of future business, like Omar had explained earlier,” he elucidated.

Oiling the wheels, tuning the engine

Stéphane explained that by supporting the banks and wealth managers with their services, they free them up to deliver the best possible products, services and capabilities to their own end clients. “While we are within the Indosuez group, we are a stand-alone business, and we compete energetically with the various mostly Swiss firms we come across in our core areas of expertise,” he said.

Speed and optionality

As to key areas of differentiation from the broad canvas of competitors in the market, Stéphane

said that as they can offer their core S2i model in a SaaS model format, they can offer bank customers both speed and flexibility.

Azqore is also an expert at fully replacing the core banking systems of banks that are stuck with older and less efficient or adaptable systems that are not fit for the future, seamlessly migrating those customers from the old to the new systems.

Alternatively, Azqore can integrate S2i into a larger bank that might be more retail-oriented but does not yet have a viable wealth management offering and wants to move into that market. “We can also integrate our core banking system into their core banking system, we interface easily with them. In short, a key differentiation is in our ability to deliver these three models of SaaS service.”

Lifting the heavier weights

Stéphane reported that the second core differentiation centres on the admittedly somewhat more mundane but increasingly important back-office outsourcing that Azqore provides.

“Actually, this is quite a complex offering for wealth management,” he explained. “The products, services and regulations are complicated, and what our customers get is our deep expertise in these markets, and our ability to automate processing into the core banking systems, across borders and across time zones. We are proven experts and a remarkably safe pair of hands as a partner, as Crédit Agricole and Indosuez will attest.”

A bird’s eye view

And that comment opened the door for Omar to give his

perspectives as a user of Azqore's expertise and services.

"This is not in any order of priority: you need a provider that has substance, that is part of a strong group financially, and that can fully deliver on its commitments or promises today, and to invest and grow with us to fulfil our needs in the future, as they evolve," Omar reported.

Driving in the same direction

Moreover, he said that "time to market" is key, and those abilities to invest, anticipate, and build with the clients are central to Azqore's proposition. "Additionally, as part of the Crédit Agricole family, we are gaining additional momentum alongside group operations such as Crédit Agricole itself, the investment banking team, the huge Amundi asset management business and so forth," he elaborated. "The combined effort adds weight, credibility, visibility and momentum."

Omar expanded on this train of thought, adding that Azqore's S2i offering combined with the back-office outsourcing offers a comprehensive and optimised solution for the bank. "You then have one entry point for two key solutions, as you outsource the IT, and the back office, working through just one team in-house and one provider out-of-house, and that helps costs, management time and efficiency," he said.

Empathy and understanding

He continued: "Additionally, as I commented on earlier, wealth management is in a kind of constant state of evolution, much more so than ever before,

"Outsourcing is becoming more popular in this region, and we understand our clients better, we know more in terms of what they want; hence we have a clearer roadmap to guide us."

so I believe it is critical to work with a partner who understands our needs for developing and collaborating on new solutions for our clients. That in turn means we are more in partnership than simply a contractual type of project arrangement."

Stéphane turned his gaze on the opportunities and challenges in Asia, remarking that although Azqore has been present in the region since 2016, the main thrust had continued to be in Europe.

"Leveraging off the success we have had in building major new bank clients in Europe, we can confidently push harder in Asia now, as we have all the necessary experience and tools to do so," he explained. "Outsourcing is becoming more popular in this region, and we understand our clients better, we know more in terms of what they want; hence we have a clearer roadmap to guide us."

Open to a positive exchange of ideas

"One of the key issues currently is the fast expansion of new financial products on offers from the banks and other firms, as they seek to diversify and offer more best-of-breed offerings for clients, and of course, this significantly complicates the IT landscape," he explained. "They need solutions that get those onboarded and integrated quickly, but at the right cost levels. And we can do that for them, with a proven track record too, with demonstrable

success in improving the cost-to-income ratios."

Good days ahead in Asia

Omar drew the discussion towards a close by remarking that Asia is a target market for expansion that will yield good returns. From the Indosuez Wealth Management perspective, he reported that they are becoming increasingly Asia-centric and empathetic to the regional culture, despite historically being more European-centred.

He reminded us that their private bank business in Asia had gotten a major boost in 2017 with the purchase of Crédit Industriel et Commercial (CIC)'s private banking operations in Singapore, and also CIC Investors Services in Hong Kong. "That was a major signal of our interest in and commitment to this region, and in the past few years we have further accelerated our investment and efforts, and we are seeing the returns in terms of an expanding Asian client base, which is increasingly local in flavour and more diversified across the key economies in the region."

Stéphane closed the conversation by reporting that Azqore is following a similar path in Asia, and with Wealth Dynamix as a new and important arrow in the firm's quiver, will be seeking out more and new target clients across the region. ■