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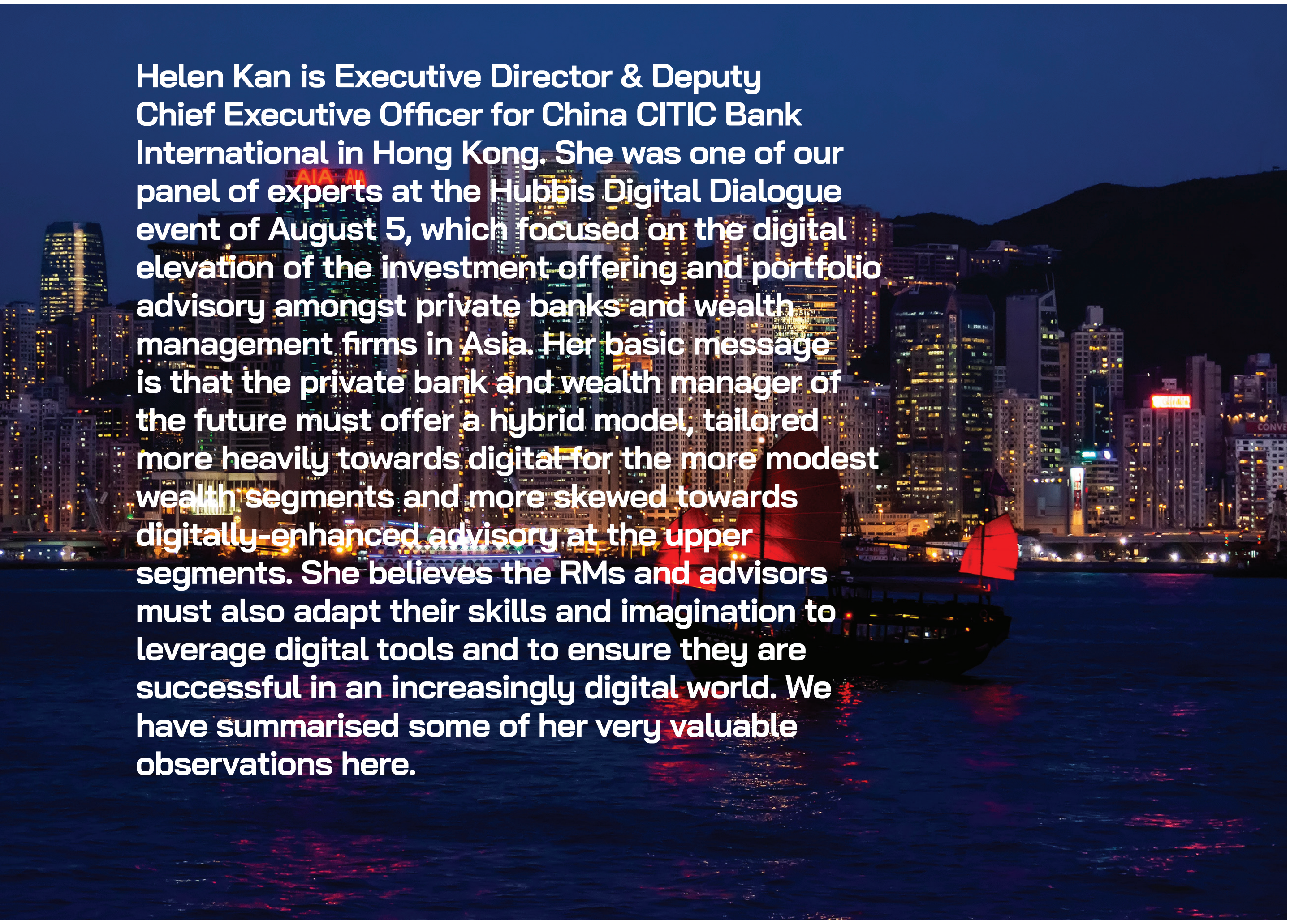
Leveraging Digital Solutions to Drive the Investment Offering into the Future



Helen Kan is Executive Director & Deputy Chief Executive Officer for China CITIC Bank International in Hong Kong. She was one of our panel of experts at the Hubbis Digital Dialogue event of August 5, which focused on the digital elevation of the investment offering and portfolio advisory amongst private banks and wealth management firms in Asia. Her basic message is that the private bank and wealth manager of the future must offer a hybrid model, tailored more heavily towards digital for the more modest wealth segments and more skewed towards digitally-enhanced advisory at the upper segments. She believes the RMs and advisors must also adapt their skills and imagination to leverage digital tools and to ensure they are successful in an increasingly digital world. We have summarised some of her very valuable observations here.

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HELEN KAN
China CITIC Bank International

Kan told delegates that China CITIC Bank International is the Hong Kong-based international arm of China CITIC Bank in China, and in Hong Kong has roughly HKD400 billion of assets, making it the 8th largest in the SAR.

"We are a commercial bank, and I run the private banking , SME and retail business of the Bank." she told delegates. "As a private bank, we have a roughly 10-year history here, we focus on the HNW segment, and we serve the mass affluent market through our 27 branches in Hong Kong. We are dedicated to serving the clients' wealth management needs in collaboration with our parent in China, so a considerable proportion of our clients are Chinese nationals."

The hybrid model will endure

She explained that the bank promotes a hybrid model to leverage both human advisory plus a more enhanced digital experience. "This is our chosen model, and we believe it is going to be very critical for us to expand our market, to be able to serve our target customers to keep them loyal and stick with us," she said.

She added that banks have to re-imagine and re-design the client engagement journey. "The scope and possibilities are huge," she told delegates. "Imagine data and content visualisation and client reporting, which are customer-centric and dynamic. Imagine an intuitive portfolio health planning process. Imagine an easy to navigate self-directed investment decision-making solution. Imagine the right mix of digital and high-value relationship managers which in combination deliver the best level of trust and confidence to customers."

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Targeting customers across the wealth segments

As to the products on offer at the bank in Hong Kong, Kan explained that for HNW clients, the bank offers a wide array of publicly traded funds, insurance products, and structured products, while for the UHNW segment, the bank partners with external asset management teams to cater for the products that the bank is not able to offer.

"For the mass affluent market, which is also a target and also represents a significant portion of our revenue," she said, "that is actually delivered through our branches, and we have invested in a digital mobile app, branded 'inMotion', which is fully capable of handling all the investment products we are allowed to sell through this digital app."

The pandemic has oiled the wheels of digital

She observed that Covid-19 and social distancing have certainly propelled digital adoption by many customers of banks. "With new technologies and applications that customers start to experience, their expectations to be served in a frictionless, time saving, and personalised fashion heighten. Customers do not demarcate rigidly whether it is digital, phone calls or face to face. They expect the most convenient, easy to use and value-creating engagement mode which banks call omnichannel."

She also observed that as digital take-up is accelerating it will accelerate further. "This is driven by client engagement," she said, "especially since the pandemic hit, after which we have seen a dramatic rise in digital. And Chinese customers are actually very natively digital by nature, they simply need to slightly adapt to a different set of user experience rather than their home market experience. In recognition of this transition, we have full-time teams devising UI/UX of our digital app."

The RMs as digital ambassadors

The second point she remarked on was the challenge of aligning the branch/RM connectivity with a virtual experience via a combination of different digital tools. "We have already started reconfiguring our branches as demo centres for our digital capabilities, and also to internally encourage our RMs to educate their customers," she explained. "The RMs and every branch staff are in fact the best ambassadors for the rollout of digital tools for the customers."

"Importantly, it is not a black and white question whether it is human or machine," she added. "Machines can deliver impeccable experiences that humans often fail to. Yet, in the sphere of investment engagement and moments of major financial decisions, the personal and human touch still goes a long way."

Rollout of robo-advisory – vital for the mass affluent market

Her third key observation was that the bank is learning more and more about robo-advisory as it has rolled out the offering to the extremely important mass affluent segment. "Mass affluent is the key market for us; we must defend and build our position," she reported. "We have seen, for example, that men slightly prefer robo-advisory and that the average AUM of the robo-advisory clients are slightly higher than for normal clients. So, it is rather encouraging that customers see this as a good route for self-directed investment."

GBA – a great opportunity for Hong Kong

She drew the discussion towards a close with comments centred on the Great Bay Area, home to more than 72 million people approximately, and home also of a vast GDP that would make it the world's 12th largest economy worldwide.

"The Wealth Connect initiative is a huge opportunity for mainland and other GBA investors to access products through Hong Kong, and vice versa," she explained. "We see major potential for our business to grow through Wealth Connect and are positioning ourselves accordingly. In fact, much of the activity will be enhanced by digital solutions and this will provide a major impetus for us here in Hong Kong as we are a well-known brand here with established range of products and expertise."

The RMs and advisors must adapt to the new world

And her final word was that the human elements of wealth management will remain important, but that the RMs and advisors must adapt for the future. "Transactional relationship managers will lose their value over time," she stated. "Traditional product managers need to expand their skill sets. Technologically savvy financial advisors who can leverage digital platforms will be in greater demand. Process architects, data scientists and communication and behavioural experts will be the future talent needs for banks to transform their wealth management engagement model." ■

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