

Leveraging technology to support life cycle

Martin Frick, managing director of Temenos Asia Pacific, had a detailed and comprehensive slide presentation for the Digital Wealth Asia audience on the digital advisory life cycle. The essence of the message was that the overarching trend is towards technology, and that technology applications for the banking and wealth advisory and wealth management industry is dramatically on the rise.

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TEMENOS GROUP AG SPECIALISES in enterprise software for banks and financial services and is headquartered in Geneva, Switzerland. The group was founded in 1993, and has been listed on the Swiss Stock exchange since 2001. Frick explained that Temenos provides what he calls the largest financial technology marketplace, with 97 products, 48 providers, serving through 2000 banks that reach to 500 million customers.

Amazon and Google raise the bar

“Banks in the US are now realising that data is a currency, that they



MARTIN FRICK
Temenos

can generate more revenues with more data.

Consequently, the banks' clients are now asking for reward points, they are asking for discounts, they are asking for better conditions in exchange for additional data supplied to the banks."

"Expectations of digital experience for customers have been raised by the Amazons and Googles and nowadays in online transactions it is not about just making a trade in a digital channel, I think it is about a really true multi-channel experience," he reports.

"So," he added, "you begin an activity in one channel on your mobile phone and you maybe want to proceed with this activity at home on your computer and then you maybe want to finalise this activity when you are in the branch. And your expectation is that wherever you go, wherever you login, there is the same status of transaction and the same information of the transaction. Something Amazon and Google pro-

vides naturally, and many or most banks thus far do not."

Client, client and client...

But Frick noted that it is important to understand also what has not changed, and that is the client advisory process, namely understand the client's needs and providing a service and product and monitoring that once it has been delivered.

Frick explained that there are currently essentially three stages of robo-advisory. Providers such as trading platforms that do everything electronically and where the client will never talk to an adviser. This is useful for basic products such as equities, ETFs and other investments, with every stage of the investment process fully automated, no human interaction needed.

Hybrid model provides virtual engagement

Frick also described the hybrid model where the profiling and the

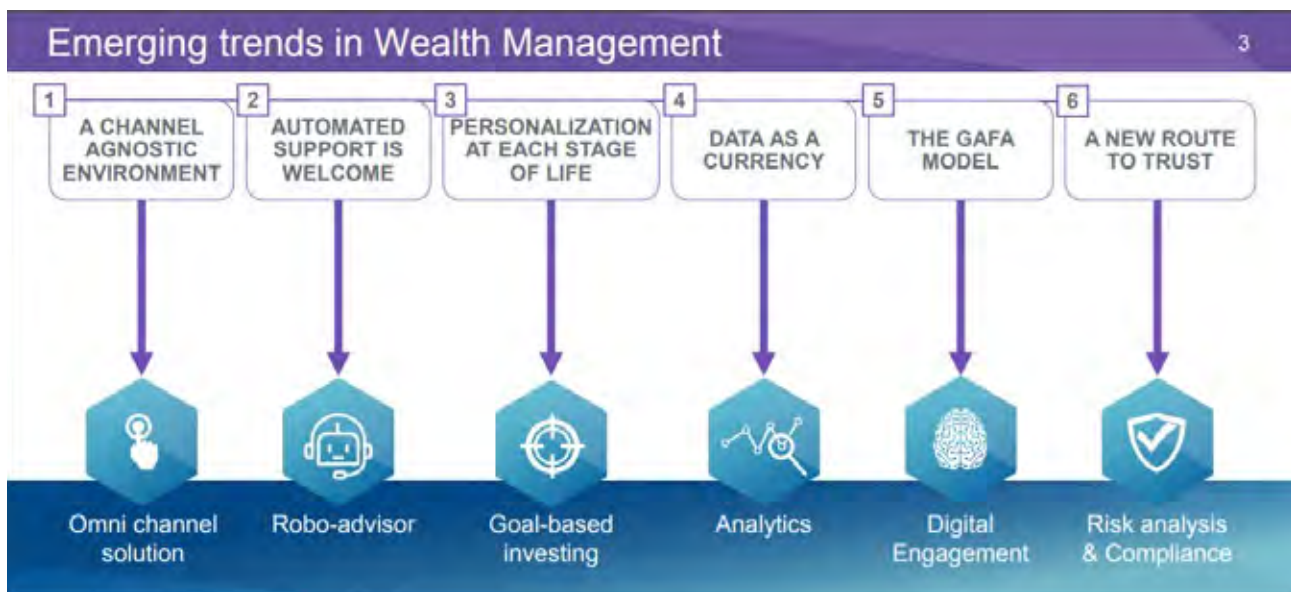
proposal are still highly automated but there is an opportunity to engage with your advisor, albeit a 'virtual' engagement typically via a chat box or similar.

He notes that for these companies the minimum investment is typically around \$100,000, while for the fully automated providers around \$10,000 is sufficient to open an account.

The third type is for higher net worth clients. There is similar technology as for the hybrid route, but it is mainly employed internally to support the client advisers.

"The client adviser today has to almost 'compete' with clients that are nowadays far better informed than ever before. Accordingly, the technology helps them obtain rapid access to the vital information on their clients, the markets and the portfolios."

Frick explains that this last approach, which is more targeted towards the HNW sector, will not necessarily improve the portfolio,



Source: Accenture



but the involvement of humans will enhance the regulatory efficiencies, for example tax matters, and so forth. Frick felt that AI will not replace this sort of process.

Systems for seamless interactions

Frick adds that to provide any of these services the firms need an underlying system that can handle all the seamless interactions. “With an omnichannel in place you will have much more interaction on your infrastructure than you ever had before, and your infrastructure needs to be able to handle that ‘realtime’ 24/7, otherwise you cannot guarantee a seamless experience for the client.”

Frick highlighted a major global bank as a key Temenos client, noting “even if you have the right infrastructure, not everything can be handled by the infrastructure and therefore we think it is important to leverage what fintechs can provide. So, we collaborate with them

and they provide different capabilities, whether it is crypto currency wallets, digital collaboration, and so forth. Accordingly, do not see fintech as the competition, use them, integrate them in your banking offering because this is where really the value for the clients is.”

Trust in those who built trust

Frick maintains that leading financial institutions and banks have a leadership position and will keep and expand their client bases because they have the trust, the clients, the money, the assets under management. “But even if financial institutions are winning,” he says, “not all of them will, and it is important for them to provide new capabilities in this technology world in collaboration with fintech. If not, they will find it difficult to stay ahead of the curve.”

Temenos created its Market-Place because the company believes in collaboration between

fintech and people that provide core technology. “Fintech will not be good enough to solve your problem in wealth management and our core technology will not be good enough to solve your problems in wealth management. Only the collaboration will yield the results you expect from your IT infrastructure and will yield the results that clients expect from the experience point of view.”

That premise led Temenos to build what Frick calls its app store concept, meaning that whoever is using its technology has access to these products and the wide variety of value added solutions whether they are in the wealth management space, in the security space, in the retail space.

“Whatever the business sector there are different companies and partners and people with great solutions, and collaboration is ideal because all of that needs to come seamlessly together to really create a new and better client experience.” ■

The advisory life cycle stays the same in digital 4

