

Making real digital inroads

Developing a meaningful digital platform is more difficult than many banks think. But with no choice than to try to keep up with client demands, solutions to move the delivery of wealth management to the next level are key, say additiv's Michael Stemmler and Oliver Steeg.

The digitisation of wealth management is a foregone conclusion – regardless of where you sit in the world.

Much of the change is client-led, with many HNW and UHNW individuals becoming increasingly comfortable with taking a more hands-on and mobile approach to how they manage their wealth – translating to the greater use of digital tools and accessibility.

As a result, no longer is digital banking simply about enabling clients to monitor their wealth and investments online. Wealth management providers now need to offer a lot more.

To keep up, traditional players such as banks, especially in more mature markets, have been increasingly expanding their digital capabilities.

At the same time, they have had to maintain a close watch on emerging competition from the growing numbers

of FinTech firms targeting the wealth management space.

For many institutions, especially smaller ones, outsourcing to third parties seems to be the only viable way they can create up-to-date digital offerings.

This is where additiv's Michael Stemmler, founder and chief executive officer, and Oliver Steeg, the firm's head of private banking, start to get excited.

Through the firm's offices in both Zurich and Singapore, they believe they are well-placed to offer digitisation coverage in the key global wealth hubs.

The firm also works across various aspects of a financial services company's operations. "We are not just a technology company," claims, Stemmler.

Instead, additiv takes a holistic view, helping customers develop their business from A to Z regarding digitisation.



MICHAEL STEMMLE
additiv

A crucial element of his business model and the way it cooperates with its clients is innovation. For example, a major reason clients come to additiv,



OLIVER STEEG
additiv

“All solutions from additiv strictly follow this design philosophy,” he says, “as we believe that successful banks optimise the customer journey for clients and banks at the same time.”

Yet it isn't only about design. With this in mind, the firm has specifically developed its additiv DFS platform to help institutions increase their operational efficiency and customer service via several real-time services, plus lower cost-per-client by automating as many processes as possible.

A further feature of the platform is digital portfolio management. This

campaign management, cross-channel publishing and reporting, web analytics and MIS.

DRIVING INNOVATION

As part of the additiv DFS philosophy to pursue innovation for the industry, it has recently launched three new offerings to add to the mix.

The first of these is a comprehensive digital wealth management suite. This enables financial services providers to cover the end-to-end process.

It works like this: banks define and set up segment-specific offerings based on

Stemmler claims, is to be able to get a more hands-on experience via tailored solutions and smooth implementation.

BUILDING FOR TOMORROW

The offering which additiv provides to private banks, wealth managers and insurers comes via additiv Digital Finance Platform (DFS). This is what the firm describes as a “next-generation banking platform based on a unique design philosophy”.

This way of thinking is based on the following: the key differentiator of tomorrow for banks, both private and retail, is a compelling digital experience for both their clients and staff in the front- and middle office.

As a result, says Steeg, any client-bank interaction must be modelled from an outside-in perspective and needs to provide a seamlessly orchestrated experience across all channels.

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enables investors to use an institutional approach to manage even relatively small investments individually.

At the same time, and on the same platform, the bank sets up and controls its own online investment transactions: end-to-end with the lowest possible processing costs and integrated in core-banking systems.

According to Steeg, there are various other important solutions. These include: real-time credit decisions, client onboarding and CRM, personal finance management, cross-border research handling, secure messaging, automated document handling, product management, lead and interaction management,

dedicated universes of instruments, investment profiles and strategies. At the back end, the product manager puts together, manages and optimises the offering. On the platform itself, the portfolio manager defines and manages specific investment themes, the investment universe and the general investment strategy, all of which is essential for optimisation.

According to Steeg, this facilitates centralised customer relationship management and consolidation of the order book, in turn making trading simpler and more cost-efficient.

The platform likewise is able to guarantee suitability, achieved via compo-

nents such as product risk categories and investor profiling.

A real-time portfolio optimisation engine is a further recent innovation by the firm.

This is based on approaches such as mean variance, with additiv DFS being able to optimise portfolios not only on an asset category but also on an instrument level in real time.

Plus, the asset management solution can be integrated with the relevant core banking platform.

Thirdly, additiv has launched “Advisor”, a smart solution for digital collaboration between clients and their advisers, investment consultants or any other specialists. “It allows a structured, convenient and efficient way of client-bank interaction,” explains Steeg.

On the one hand, advisers can send clients individualised communications such as investment proposals, invitations for events, advisory meetings or just simple messages. On the other, clients are able to send their advisers different pre-defined answers.

The entire digital interaction is also secure, compliant and ensures a maximum degree of effectiveness and efficiency, he adds.

Steeg explains that a scientific study of the University of St. Gallen, has proven the superiority of “Advisor” collaboration and interaction over traditional e-mail – client satisfaction and trust are considerably higher.

Next on the drawing board says Stemmler, additiv is working on en-

hancements of robo-adviser functionalities and algorithms, instant mobile account-opening and solutions for small independent adviser boutiques.

AN EMERGING MODEL

Change is clearly afoot in the delivery of wealth management products and services. And Stemmler predicts that the next generation of clients will continue to drive this evolution forward.

He believes they will begin to divest from family businesses and increase their investments.

In turn, the emphasis on service quality in Asia is only likely to increase, with more of a focus from investors on the value of wealth preservation.

Moreover, compared with Switzerland, there is a very small – and growing – number of independent wealth managers in Singapore.

That potentially plays to the strengths of the more specialised and nimbler FinTechs in the market.

A big benefit of taking the industry to the next level using digital tools and technologies is productivity.

“We can help relationship managers improve their efficiency while taking the compliance off their shoulders and giving full cross-border traceability,” says Stemmler, “and also help banks create better products and deliver better portfolios.”

A close connection with clients is key, reinforcing additiv’s plans to continue to provide the market with the tools that firms and advisers need to collaborate more with their clients. ■

Digitising Asia

Asia presents significant potential to firms such as additiv. “Technology is created here,” says Michael Stemmler. “We only need to step out of an aeroplane in one of the big Asian cities to know where the future is.”

Combined with the well-known growth figures for wealth across the region, it is easy to see why firms like additiv are driving next-generation banking.

The organisation is set to be much more aggressive this year in its expansion plans in the region, confirms Stemmler, to build on its development in 2014.

For example, while the firm has been helping Asia-based clients with digital solutions for many years, it only opened a Singapore office last year. The aim is not only to get closer to the market potential, but also better understand the specific demands of Asia’s wealth advisers, which is the key to delivering tailored solutions. It also wants to enhance RM efficiency in this time zone, given the challenges in being able to handle the scale and extent of growth.

At the same time, there are some shifting dynamics to be aware of, including consolidation within the private banking space.

Classic wealth managers are not generally profitable in Asia, notes Stemmler. The European model that many of the larger firms are used to doesn’t necessarily cope with the fact that so much of the assets of wealthy individuals are from business or family wealth, and are often tied up in family businesses.