

Developing the tech capabilities of Asia's wealth centres

The technological sophistication of local markets in Asia lies behind that of other areas of the world, but these banks have the potential to leap-frog their international rivals and offer cutting-edge mobile solutions, said panellists at Hubbis' Redefining the Digital Evolution in Wealth Management Forum 2015, in Singapore in mid-June.

Asia's growing riches offer unprecedented levels of opportunity for the region's onshore wealth centres, but service providers need to evolve their retail offerings into sophisticated investment solutions if they are to take full advantage of this opportunity, said panellists at Hubbis' Redefining the Digital Evolution in Wealth Management Forum 2015 in Singapore.

Thomas Askew, head of product engineering, investment and bancassurance at Standard Chartered Bank, said investment product providers in Asia still have a long way to go to improve their technological capabilities.

"In the digital space the basics can be done a lot better, with intuitive tools such as instant chat to engage people in the online space," he suggested.

"Additionally, with investment and insurance, banks can do a lot more to convince [financial] regulators to stan-

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THOMAS ASKEW
Standard Chartered Bank



dardise market infrastructure to allow us to [evolve these markets]."

This lack of uniformity has led to many tech-related headaches for service providers. "There are 101 ways to connect with an insurer; you spend 90% of your time trying to sort out the underlying wiring of the platform."

These problems extend to financial centres across Asia.

Michael Chahine, general manager, private banking at Emirates NBD, admitted that Dubai, where he is based, is benchmarking its progress in digital solutions against what is available in Hong Kong and Singapore.



CLIENT RETENTION

Patrick Enjalbal, general manager, Asia Pacific at Sofgen, also took up the theme of client retention. He noted that keeping clients loyal over the coming three to five years was a key concern. "The basics [of keeping them] will be to ensure there is communication and the client can interact with the bank," he explained.

"The only way to ensure that is to have the right channels and the right data. It is all about front-end [solutions], as core banking systems have become commoditised. Everybody is looking at the shape and colour of the car."

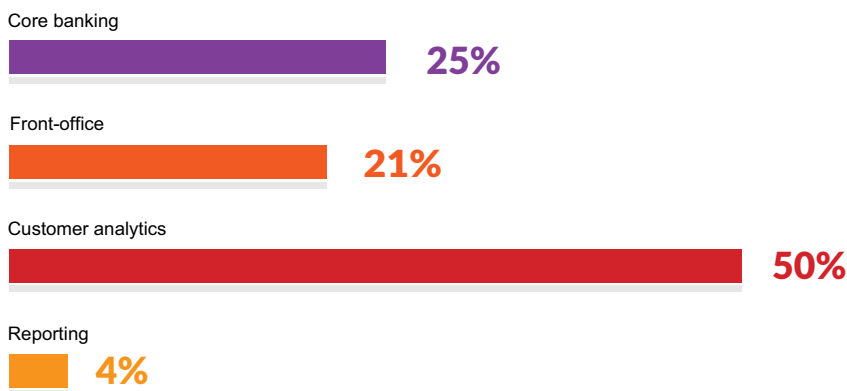
As they strive to make their technology solutions more appealing, banks need to consider their strengths and priorities, agreed the panellists.

Peter Scott, general manager for Asia Pacific at Avaloq, said there is no short-cut: investment is needed into the entire digital service proposition if it is to be successful.

CUSTOMER FOCUS

An interactive sentiment poll asked the audience: 'Where should local

WHERE SHOULD LOCAL BANKS FOCUS MORE ATTENTION AND RESOURCES IN TERMS OF THEIR PLATFORMS?



Source: Hubbis Redefining the Digital Evolution in Wealth Management 2015 - Singapore

"The first challenge is that we have to catch up with the international providers when it comes to digitisation," explained Chahine.

"The second important factor is our clients. Over the next five to 10 years over USD1 trillion of wealth is going to be passed to the next generation.

"How are we going to retain our clients and their sons and daughters when the transition happens?"



banks focus more of their attention and resources in terms of their platforms?' Four choices were offered: core banking, front-office, customer analytics, and reporting.

Askew felt core banking was not the best answer. "In the future I believe we have to get away from trying to vertically scale this." He said reporting is a function of successful customer analytics – the response he felt to be of most importance. The audience agreed with him; 50% voted for this.

Chahine cautioned, however, that front-office solutions also remain important. "Less time is available to the front office RMs (relationship managers) to interface with clients as they are overwhelmed with regulations, compliance and risk management," he said. "The front office will warrant attention in order to interface more with the client and engage them."

The best way for banks to consider their digital solution priorities is to invest into areas in which it has no choice but to invest, added Scott. He pointed to regulatory, compliance and back-office needs as examples. Other, non-essential areas can be outsourced.

"There is an increasing amount of onshore banking and wealth management. Local banks can take advantage of this, especially if they take on the universal banks' way of doing things."

MICHAEL CHAHINE
Emirates NBD



"When you look at the type of work that DBS has done in providing a seamless proposition from retail into wealth products, it is a good case study of what can be achieved," he said.

UNIVERSAL VERSUS LOCAL

Outsourcing some services to universal banks could benefit local banks over the longer-term, said Chahine, particularly given the increasing willingness of HNW clients to consider investing their money where they live. "In some markets we see an increasing amount of onshore banking and wealth management rather than going offshore to places like Switzerland. There

are local opportunities that local banks can take advantage of, especially if they take on the universal banks' way of doing things."

For universal banks, meanwhile, the pressure of sustaining broad-spanning businesses is beginning to tell.

That offers domestic banks a chance to leap-frog, for example, in markets such as Indonesia, where mobile banking is likely become the most popular means of doing business. "Whenever you look at larger global institutions their software state is highly complex and has often occurred as a result of multiple M&A," said Scott. "It is difficult to change those kinds of environments, so the emerging market players have an advantage in terms of being able to put into place new technologies immediately."

Yet Askew cautioned such an evolution in banking technology takes investment. "There is an opportunity for local and international players to get involved from all sorts of angles. But it will require quite large shifts in IT infrastructure, especially in regions with high numbers of unbanked people." ■

WHICH TYPE OF WEALTH MANAGEMENT FIRM IS BEST PLACED TO CREATE MORE RELEVANT DIGITISED OFFERINGS FOR CUSTOMERS?

Local onshore banks



50%

Universal banks



50%

Boutique offshore banks

0%

Source: Hubbis Redefining the Digital Evolution in Wealth Management 2015 - Singapore