

Platform for Success

Swissquote Bank's technology and innovation reaping rewards as client and asset base soars

WITH ALL THE HYPE AND INDUSTRY FERVOR surrounding fintech and robo-advisory being hailed as the banking industry's new dawn, it is interesting to note that a small two-man operation was offering these high-tech services over 20 years ago. And it may seem paradoxical that Swissquote Bank began life as financial software and web applications company founded in 1996 by CEO Marc Bürki and Paolo Buzzi, the firm's current chief technology officer.

Now the Swiss-headquartered bank has a global reach, providing financial solutions and products to millions of clients, but it still remains away from the crowd. "Swissquote is a regulated, licensed and listed Swiss

bank, but we are different from your normal Swiss bank in the respect that we were built, and grew up as a technology bank," Damian Hitchen, the bank's CEO for the Middle East and Asia, based in Dubai, said. "Our platform gives access to 65 global markets across multi-asset classes. Our clients, from within their online bank account, currently have access to about 80,000 ETFs, about 50,000 tradable bonds online with access to OTC bonds or structured products, about 20,000 mutual funds, options, futures, commodities, currencies, indices

"Globally, we have three million products available on our platform and over the last 15 years we have built a B2B client portfolio of around 600. The benefit for B2B partners is they can use Swissquote as a global custodian, an execution broker across those 65 global markets, multiple asset classes and three million financial products. We have developed that part of the bank massively over the last five years to the extent that an external asset manager or indeed a smaller bank can use our platform to access the markets, the products and manage their clients via the platform with custom-built B2B functionality.

"Before Swissquote became a bank in 2000, we were a software technology company that wrote a trading platform for securities on the Swiss marketplaces. We wrote banking solutions, hence the DNA of Swissquote is a technology firm within a licensed Bank. All of our IT and platforms are owned, managed and developed in-house by Swissquote. It is all ours, so we don't have the normal integration legacy issues that the large players who have plugged in four different applications or 12 different systems into a core banking solution are experiencing. Ours is all built on one platform within Swissquote."

Hitchen also highlighted the user-friendly aspect of the platform for partners. "Our B2B platforms are set



DAMIAN HITCHEN
Swissquote

up in a segregated account basis. If the client is a regulated institution in one of the jurisdictions that we are comfortable with, which includes Singapore and Hong Kong, we will work with them on a full relationship basis or 'white-label basis' which means that we will engage with the financial institution and they can manage all of their individual clients via segregated accounts on the platform.

Ease of access “We have a number of banks who use our platform, which may seem strange given that Swissquote is also a bank. However, globally we are an execution-only provider, we don't provide advisory or discretionary services to our clients, hence the potential conflict of interest is removed because in the context of a B2B relationship our partners are using us as a technology provider. It's ease of access; it is straight-through processing, it's the turnaround time, and in addition to the investment universe we act as a full service middle and back office.

“This allows either a B2B partner or the RMs, at individual RM level or trading department level, to choose what they want to trade, where they want to trade it and execute themselves without the need for the traditional Private Bank EAM-desk model where at times, the availability of the EAM-desk can impact when a trade can be executed. Typically >95% of the trades in our platform are done online straight through processing by our users. There may be aspects like OTC bond trading or structured products where they need to call our desk and they can do so but typically most of the trading is online, which means that our partners can sit down with a laptop anywhere in the world at their leisure and trade via our platform.”

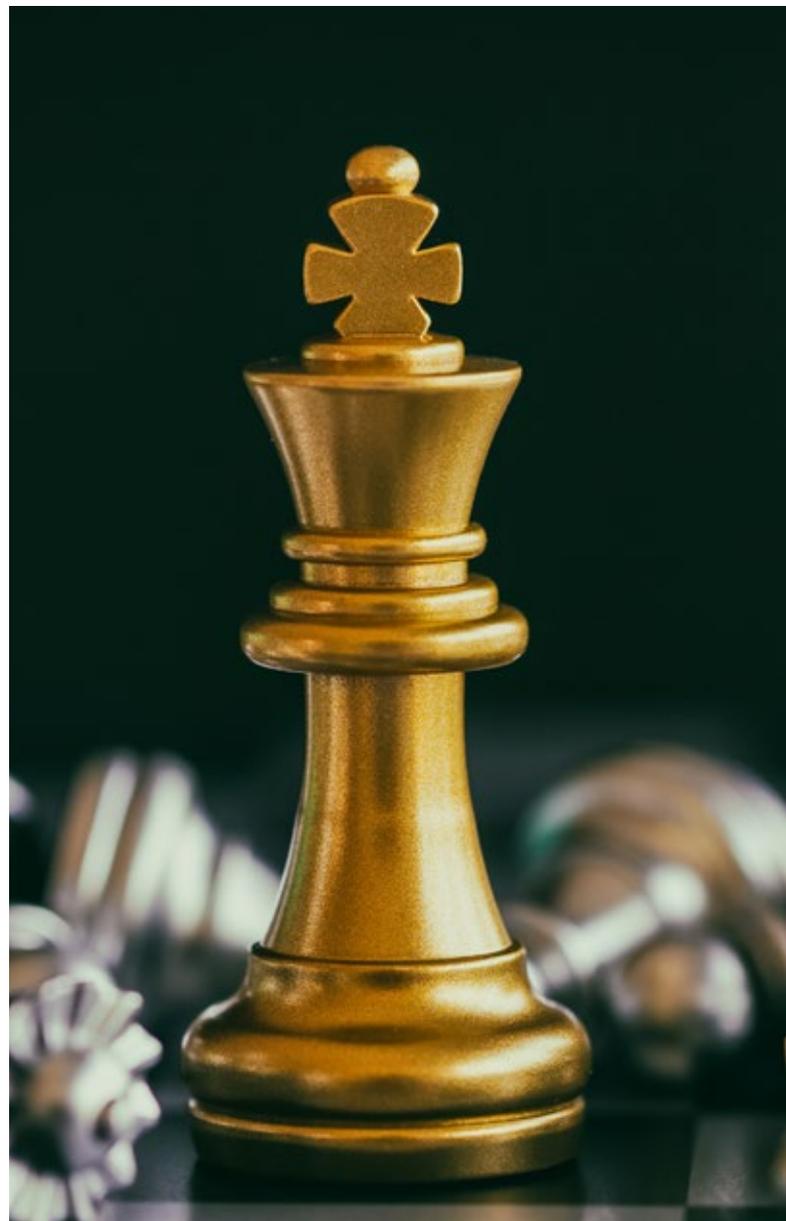
Platform of reliability Hitchen takes pride in the robustness and reliability of the platform, which also lead to economies of scale. “Swissquote has over 300,000 segregated accounts yet our global call centre has 22 people staffing it. If you do the math, the reason for that is that our platform works extremely well. It is extremely efficient, elegant and it does what it is supposed to do. We don't need to build huge call centres or have a huge local presences as per the traditional model.

“Over the last five years in particular, we have been about investing, developing and rolling out our cutting edge technology.

“We have had a lot of success now in the Middle East via the Dubai International Finance Centre office, which has grown exponentially over the last four years. Hopefully, by the end of the year, we will touch on a billion

dollars of AUMs from this office, from a standing start in 2014. I have seven people in my office but because of the technological efficiency we have built you don't need as many feet on the ground as you may do in a traditional bank model.

“We are having a lot of incoming requests from Asia and at the moment I'm working on developing those as we have a number of interesting prospects. It goes without saying that if we can see material opportunities, the bank has demonstrated that we have an appetite to grow our global network into new territories to service clients locally there. If that's what we need to do, to take advantage of an opportunity, we will do it.” ■



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