

# Platforms & Technology

## Into the Digital Future of Wealth Management in Asia

*Panellists at the Hubbis Philippines Wealth Management Forum explained how the industry must embrace the emerging digitalisation trends in wealth management. In the Philippines, it appears the most potential is in retail solutions, such as payments and app-driven facilitation of customer consumer activities. There are many basic areas to improve in the country, opening the door to some of these retail-driven fintechs. In the mainstream wealth management space, there seems to be modest progress only so far in client-facing digitalisation.*

### **These were the topics discussed:**

- The rise of Wealthtech in Asia - what is working and not working?
- Are banks going in the right direction in their digital journey?
- How can they implement a digital transformation strategy?
- What digital expectations do clients have?
- Has the investment in 'digital' justified the cost? What has worked elsewhere?
- The chicken and egg? Can you sustain the digital strategy for the bank?
- Transparency, Margins, Costs and Fees - what is changing?
- How must we tweak the investment engine? Can it be automated?
- How do we deliver 'funds' and investment products to our clients efficiently?
- What does the word 'platform' mean to you?
- Connecting customer data to market data - what does this mean?
- What's the role of technology and AI?
- Are FinTech's and Tech Giants threatening our business model yet?
- What disruptors have we seen? Have any been successful?

### **PANEL SPEAKERS**

- **Anthony Thomas,**  
CEO,  
Mynt
- **Edison Tsai,**  
Partner & Executive  
Director,  
SeedIn Technology
- **Damian Hitchen,**  
CEO, Middle East  
& Asia,  
Swissquote
- **Simon Wong,**  
Sales Head, GCR,  
ERI Banking Software
- **Michael Ferrer,**  
Managing Director,  
ATR Asset Management



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## THE KEY TAKEAWAYS

### Don't go it alone

For major financial institutions wanting to make a significant advance in their platform offerings, the sound advice from one panellist was not to go it alone, as it is too costly and takes too many years.

### Client-facing progress slow

Client-facing digitalisation is slow to appear in the Philippines, where there is more back-office activity thus far.

### Payment systems advance

Fintechs are making solid advances into the area of retail payments, from topping up prepaid mobile phones to paying bills, to sending money peer-to-peer, or perhaps scanning QR codes to make payments at retailers, paying online for any types of products or services, or entertainment.

### In daily lives

The fintechs are highly focused on embedding themselves into the daily lives of the customer base, to democratise financial services in the highly populous and geographically spread country. Banking penetration is supposed to be 34.5% but formal credit is probably a mere 10%, and when it comes to savings and wealth management, I think the number is tiny.

### High-speed KYC a huge benefit

If the online company can complete the full KYC within about five minutes with the facial recognition tools and other checks, then accessibility to the widest range of customers improves markedly. Fintect's proposition is all about delivering financial services through technology.

### Segregating data

To fully exploit digital potential, the banks need to begin segregating data within the banks, in order to help drive the AI type applications and the robo-advisory applications that they want to roll out later.

### Basic connectivity must improve

Payments have been probably the biggest pain point, certainly one of the biggest pain points for fintechs in the Philippines, simple processes such as transferring money from one institution to another financial institution proving cumbersome.

### You must improve the experience

To be digitally effective, any provider, especially the banks, must improve the customer experience.





EDISON TSAI  
SeedIn Technology

**T**HE DISCUSSION BEGAN WITH AN EXPERT REMARKING that the world of digital and fintechs is most definitely a fast-moving environment. “The thrust towards digitisation accelerating in recent years,” he observed. “In Hong Kong just recently, the new purely digital banks have just begun operations. The local banks here are making moves towards digital or considering it. My advice is that they should not try to embark on that digital journey alone. It takes too long, maybe a decade. And it costs too much, literally tens of millions of dollars. Digital platform providers and fintechs provide the technology and products to expedite that journey.”

**Client-facing progress slow**

“Progress is slow here in the Philippines,” said another expert from the local market. “We see more activity in the back office, trying to improve efficiencies, but not so much in terms of client-facing developments. The competitive landscape in the Philippines is still emerging both for banks and other players, including new entrants.”

Payment systems were the next topic, with a guest explain that the market is opening up to any payments related to financial services, from topping up prepaid mobile phones to paying your bills, to sending money peer-to-peer, or perhaps scanning QR codes to make payments at retailers, paying online for any types of products or services, or entertainment.



ANTHONY THOMAS  
Mynt



DAMIAN HITCHEN  
Swissquote

**In daily lives**

“We embed ourselves in the daily lives of a large cross-section of the population,” he explained, “as formal financial services are really available only to a very small section of the population. Banking penetration is supposed to be 34.5% but formal credit is probably a mere 10%, and when it comes to savings and wealth management, I think the number is tiny.”

He explained that full KYC can be completed within about five minutes with the facial recognition tool and other checks. “You are then allowed to cash in, to put money into the wallet conveniently and then whether it’s from a bank or from your payroll or any corporate disbursement or walking into 7-11 or a pawn shop or a remittance centre and then you have access to the platform. We are selective about the types of products, but a simple money market fund that opens at just 50 Pesos has done ok, offering a yield this year of about 4%. We are also touching on credit.”

“We aim to make it accessible to everyone,” he continued, “starting in small amounts and then progressive as you establish behaviour. We also have a savings proposition with a digital-only bank offering 3%; this makes sense for our partners as it tremendously lowers the cost of distribution.”

Another guest explained that fintech is really about delivering financial services through technology. “We have B2B financing platform currently operating in six countries from Singapore, China, Taiwan, Cambodia, Philippines, and Malaysia. In the past six years, we have digitised the B2B financing through our regional platform



MICHAEL FERRER  
ATR Asset Management

that bridges the gap for SME cash flow gap. I think in global statistics the SME financing gap is at about USD4.5 trillion issue, of which some 40% is in the region here in Asia Pacific. In the Philippines, there is a USD2 billion SME gap and our crowdfunding platform bridges that gap with investors through a secure regional platform. It offers investors about to 7% to 14% per annum return at a minimum of USD200 investment per investor.”

**Segregating data - the next step**

A fintech proponent new to the country is spreading the word in the Philippines. “We provide the data that allows AI to exist. We are a core banking platform that structures the data for the

**IN TEN YEARS DO YOU THINK THERE WILL BE ANY BANK BRANCHES IN THE PHILIPPINES?**

Yes



**100%**

No



**0%**

Source: Philippines Wealth Management Forum 2019

banks, for the wealth management company, for all the other entities that use us and structure it properly. This is relevant in a market like Philippines where a lot of the banks are sharing systems between the retail bank and the wealth management branch, where they need to begin segregating and structuring data in a way that would allow for AI type applications, the robo-advisory applications that we drive.”

We took a view to start everything digital as that is where the customers will move to,” said

**“FOR US, EVERYTHING THAT WE OFFER IS THROUGH AN APP. THE PLAYBOOK THAT WE ARE TRYING TO FOLLOW IS FROM ACTUALLY ONE OF OUR INVESTORS, WHICH IS ALIPAY, AND WHEN YOU LOOK AT HOW THEY HAVE DEMOCRATISED ACCESS TO FINANCIAL SERVICES IN GENERAL BUT WEALTH MANAGEMENT, IN PARTICULAR, IT IS QUITE REMARKABLE. WITH SMALL INVESTMENTS, THEY HAVE GROWN THE FUNDS TO BE THE LARGEST IN THE WORLD.”**

another panellist. “For us, everything that we offer is through an app. The playbook that we are trying to follow is from actually one of our investors, which is Alipay, and when you look at how they have democratised access to financial services in general but wealth management,



SIMON WONG  
ERI Banking Software

in particular, it is quite remarkable. With small investments, they have grown the funds to be the largest in the world.”

But he explained that Alipay did not achieve this on their own and his firm does not intend to go it alone, either. “We work with people who have a strong legacy, who have the trust of large customer bases, but who don’t necessarily have the agility or the cost structure to expand that market to a larger base. We are therefore their digital presence through our app, which is essentially embedded in the daily lives of the customers. The next move is a seamless customer transition into the world of wealth management and that’s where platforms can really help.”

DOES THE INDUSTRY ACT IN A MORE ETHICAL WAY TODAY THAN IT DID TEN YEARS AGO?

Yes



**76%**

No



**24%**

Source: Philippines Wealth Management Forum 2019

**Some hurdles to overcome**

A panellist mentioned certain challenges to rolling out their solutions in Asia. “Each country has its own regulations,” he noted, “so it is essential to conform to each set of rules with regards to wealth management and investment and financing. For us, the second challenge would be to create a process wherein both sides for the SMEs as well as the investors are comfortable, and the third challenge is to use technology to address and fast track, whether it be the KYC process, the onboarding process or the crowdfunding or the financing process. All these challenges really are actually opportunities because once we address them it establishes trust, which is the main factor for any engagement.”

**Basic connectivity must improve**

One of the biggest stumbling blocks to progress in the Philippines is as basic as connectivity among

the banks and the different players. “Payments has been probably the biggest pain point, certainly one of the biggest pain points for fintechs here, just transferring money from one institution to another financial institution. Beyond simple things like payments, I think progress is needed in areas such as client data, and KYC onboarding. There is no centralised KYC here. The ability for clients to force their banks to actually share their own data to a third party platform, fintech, wealth management offering, is really the key. In the UK, they have the PSD2 probably that’s driving some of this connectivity, but we don’t have anything like that here today. The biggest game-changer would therefore be the ability to tap into client databases, common KYC, and easier onboarding.”

The final word went to a panellist who remarked that whatever digital solutions emerge from the banks, they must be aware that the must improve the client experience. ■

