

Platforms & Technology: Into the Digital Future of Wealth Management in Asia

Panellists at the Hubbis Thailand Wealth Management Forum put their heads together to discuss the emerging digitalisation trends in wealth management. Symbiotic partnerships, the prudent use of digital advances as well as ensuring clients feel supported were top priorities in surviving these increasingly tech-reliant times.

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?
- Transparency, Margins, Costs and Fees - what is changing?
- How must we tweak the investment engine? Can it be automated? How can we improve efficiency?
- How do we deliver 'funds' and investment products to our clients efficiently?
- What does the word 'platform' mean to you?
- How can you help wealth and asset managers with their fund selection, diversification and asset allocation?
- What is the role of AI and machine learning?



PANEL SPEAKERS

- **Marie-Pascale Bonhomme**,
Head of Partnerships Development, Asia, Amundi Asset Management
- **Trawut Luangsomboon**,
CEO, Jitta
- **Nicolas Huras**,
Director, Head of Sales, Fondcenter - Singapore, UBS Global Asset Management
- **Damian Hitchen**,
CEO, Middle East & Asia, Swissquote
- **Namit Khanna**,
Sales Director - SEA & India, Finantix
- **Kelvin Lim**,
Head of Business Development, Asia, IRESS
- **Steffen Ahlers**,
CEO, MFEX Mutual Funds Exchange AB

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THE KEY TAKEAWAYS

Clients want holistic banking, digital platforms needed

Clients are increasingly looking for holistic banking solutions, incorporating banking, investment, wealth management and other services. Digital platforms can help in managing this new level of complexity in banking.

The virtues of open architecture

In a world of greater complexity and choice, wealth management firms must adapt by offering the broadest universe of investment products, without fear or favour, but with the best-in-class mentality driving their selections and with the end-customers' needs and interest first and foremost.

The benefits of collaboration

Mutual benefits can develop from digital platform companies and fintechs, Regtechs and Wealthtechs working with more traditional style banks, with one contributing advances in technology and the other bringing a larger customer base and the trust that comes with long-established roots.

Making boutique and bespoke work with tailored solutions

While bigger companies have heft and might behind them, smaller banks and boutique wealth management firms can employ technologies and collaboration to quickly and easily provide a tailored service that can convert prospective clients into happy, loyal patrons of their firms.

Transparency brings honesty and loyalty

As the global demands of increased regulation march relentlessly towards Southeast Asia, we must ready ourselves for the onslaught by embracing transparency and realising that it can increase healthy competition and level the playing field.

Digital platforms offer a step up to the future

While attracting clients to purely digital banks is still proving to be a challenge, the seamless integration of digitalisation gives banks an advantage and is attractive to customers.

But combining human skills and digital is the optimal strategy

However, there is still room for the human skills traditional to private banking. Wealth management is not moving wholesale from traditional to digital, as the optimal strategy will blending the two, the digital and the human. From the traditional side there is trust, security and human communication, while the digital side brings flexibility, great customer experience, speed and ease of use.





THE DISCUSSION BEGAN WITH ATTENDEES explaining how their companies are using developments in artificial intelligence (AI), as well as other new developments, to improve their service in both business/bank-to-customer (B2C) and B2B interactions.

“We use AI to manage people using an algorithm derived from value investment principles,” a guest explained. “We give out selected information for free on our website, which draws customers to our wealth management service.”

A panellist representing a third-party fund distribution platform then extolled the virtues of open architecture. “Open architecture is so beneficial for global asset management and is becoming more widespread in every market segment, whereas previously it was only really seen in the private banking sector,” he explained.

The holistic approach to enhanced client expectations

Holistic banking, meaning a blend of banking and wealth management as well as other services, is another area which is gaining traction with increasing interest from clients. “We always begin with what the client needs, pushing funds is not an option,” elucidated a guest. “Those needs are becoming increasingly global.” Indeed, communication seems to be key, with the needs and expectations of not only investors but also partners and distributors being given careful consideration moving forward.



TRAWUT LUANGSOMBOON
Jitta



NICOLAS HURAS
UBS Asset Management

“Let’s now think about the current developments and future directions of platform technology,” another panellist urged. “For the last ten years we have all been talking about digital technology, and while it is true that some banks began moving in interesting directions, nothing much happened in the mainstream banking sector. Where are we headed now?”

Symbiotic relationships - a helping hand for everybody

A guest representing a fully digital bank answered that one benefit of developing digital platforms is the capability to partner with other banks who may have strengths in other areas such as client numbers and assets but be lacking in digital capability. “It takes at least a decade plus millions of dollars to put together a fully-functional digital platform, just as it takes time and money to gain clients, so partnership is a great symbiotic solution,” he clarified.

Indeed, even if large banks want to go digital, even if the board of directors all agree, there are still stakeholders and structures and internal politics that must also be challenged. “It is so difficult to push big decisions through an organisation that often it is quicker and easier to outsource and partner with experts rather than try to build a bespoke digital platform in-house,” an expert elucidated.

There is also increasing frustration within external asset managers and small banks regarding the large global custodian banks and what they offer to their partners in terms of digital connectivity and service.

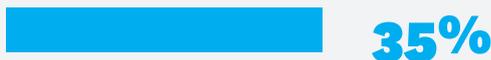


STEFFEN AHLERS
MFEX Mutual Funds Exchange AB

A guest explained that there is space in the B2B sector for offering white-label platform services. “To prevent conflicts of interest we offer execution only, not advice. We provide the digital tools so they can get on with doing what they do best,” he clarified.

ARE YOU HAPPY WITH THE DIGITAL EXPERIENCE AT YOUR OWN WEALTH MANAGER?

Yes



No



Source: Thailand Wealth Management Forum 2019

Bigger is not always better

“So, how can the smaller banks and wealth management firms compete with the huge banks when they are more digitised? How can they add value?” quizzed an attendee.

A guest explained that a genuine and smart embrace of latest technology, aligned with skilful use of collaboration, can reduce the headache of onboarding, make human involvement more focused, enhance the skills and efficiencies of the RMs, and offer a more client-centric experience, helping the smaller tech-savvy companies can at least compete with larger, more human-resource-heavy providers.

“A personalised approach where the right model is in place to help give the client the best possible returns on their investment and the best user experience is where a boutique firm can excel,” a guest explained. “We use a combination of AI algorithms and our own expertise to provide our client with information rather than trying to sell

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them products. We are transparent. Investors are more likely to become clients for life when they are treated as individuals.”

The need for transparency is rising - is Southeast Asia ready?

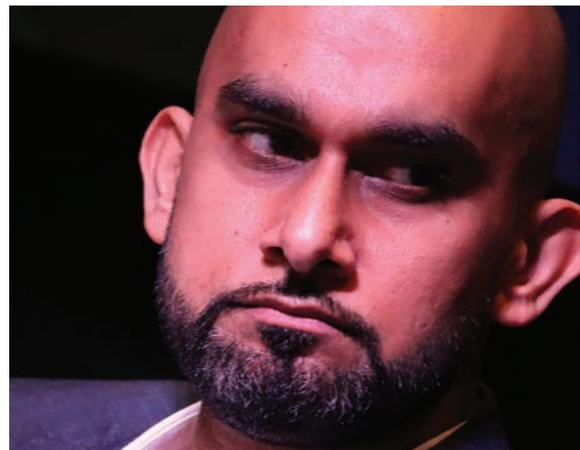
“In Europe, terms such as transparency, margins, costs and fees are ubiquitous. To what extent is Southeast Asia following suit?” a panellist guided.

“The use of these terms is driven by the increasing importance of regulation, and in Thailand, for example we are not yet as heavily regulated as Europe,” a guest answered.

“However, regulation is increasing globally, and we in Southeast Asia must accept that it is



DAMIAN HITCHEN
Swissquote



NAMIT KHANNA
Finantix



KELVIN LIM
IRESS

heading our way. This is not necessarily a bad thing, as it levels the playing field and increases competition. Digitalisation and AI are key to managing regulation as automating the many protocols involved in compliance can save countless man-hours.”

Flat-fee models are becoming the norm in Europe compared with the legacy trailer-fee format, and this transition is, many argue, changing the industry for the better. “Transparency is indeed the only way to succeed for the future, especially as a B2B intermediary,” a panellist declared. “The trust inspired by transparency has fuelled our business growth over the last 20 years and has created a win-win situation where all parties can see exactly what is happening.”

Another recent development is that regulatory bodies and FinTech are increasingly combining into ‘RegTech’, where regulators in Singapore, for example, partner with FinTechs and together develop easily implemented digital solutions to help companies to comply with regulation.

“What are some of the issues that must be addressed when moving to a digital platform?” a guest enquired.

“Digitalisation is now becoming very modular. For example, a wealth manager of a regional bank could use an outsourced digital platform for custody and execution, or instead choose a system more suitable for risk allocation. We advise an open mind and partnering for different digital modules rather than automatically selecting one partner,” a guest advised.



MARIE-PASCALE BONHOMME
Amundi Asset Management

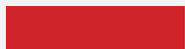
DO YOU THINK THE REGULATOR IN THAILAND SHOULD FORCE WEALTH MANAGERS TO DISCLOSE ALL FEES TO CLIENTS?

Yes



83%

No



17%

Source: Thailand Wealth Management Forum 2019

“One common misconception is that our prospective platform clients are all millennials, whereas digital is well accepted throughout roughly the 25 to 50- year-old range, as older clients are surprisingly willing to use and learn new technology,” explained an attendee. “While the younger portion of these clients tend not to have so much money to invest but are tech-savvy, our aim is to develop relationships with these clients early on so that by the time they have significant money to invest, they are already familiar with our platform and services.”

Digital platforms—a step up to the future

Panellists wrapped up the discussion by offering their final thoughts on how digital platform technology can best be accommodated into wealth management in the future. Most felt that the migration to digital platforms is inevitable, and education is the key component in easing that transition for staff, clients, banks and partners.

“Digitalisation is the future, customers are already expecting to have digital access to their portfolio, trade online, have mobile capability,”

an attendee clarified. “It is still difficult to onboard clients to a purely digital company; this is where banks are well-positioned with their large client bases to make the transition gradually.”

However, there is still room for the human skills traditional to private banking. “It is a false perspective that banking is moving wholesale from traditional to digital,” said a guest. “We are instead a blending the two systems, digital and human, with the positive elements of both the best way forward. From the traditional side there is trust, security and human communication, while the digital side brings flexibility, great customer experience, speed and ease of use.

Indeed, panellists agreed that having a human to talk to is still of paramount importance to clients, as is the element of trust that comes from a bricks-and-mortar company.

“We have learned that there is a continuum of client needs from low-contact robo-advisory right up to high-contact human communication,” concluded a panellist. “If all levels of needs can be accommodated and personalised within a digital platform environment, clients will feel better supported in their investment journey.” ■

