

# How RMs can use technology to improve their value proposition

*Appropriate technological platforms can help relationship managers serve their clients, provided they offer fast and thorough market and portfolio analysis, said Mahesh Bulchandani of FinIQ at Hubbis' Structured Products Forum 2015 in Singapore.*

Utilising technology in HNW portfolio management can help a relationship manager (RM) become more effective in advising their customers, Mahesh Bulchandani, chief executive officer of FinIQ in Asia, told the audience at the Hubbis Structured Products Forum 2015 in Singapore in early June.

He noted that discretionary investing in Asia lies at only 10% of average HNW portfolios, versus 80% in Europe. However, the latter were looking to self-invest their money more.

"In Europe and the US the amount of self-directed investments are rising, slowly but surely," Bulchandani said.

The key reason for this is the greater availability of information, which leads HNW investors to believe they know what is going on and thus to make more of their own investing decisions. This has made the RM's job more important and challenging.

"If you as an RM wake up at 7am and do your homework and check where FX and equities are, but a client calls and asks where a particular bond is and you haven't checked, you may be embarrassed. But you have 50 clients to cover, some of whom are into credit, while others are into FX or equity or onshore/offshore arbitrage," he said.

"To cover all this is difficult, so you need the support of technology."

The key advantage a technological platform such as that offered by FinIQ is that, among other things, it immediately shows RMs the investment positions of a client, and the real-time performance of those investments.

"If clients want to go above certain positions [they hold], the RM should be able to click and find out what the client holds and thus immediately learn more about the investment that they want to make," said Bulchandani.



[Link to Presentation Video](#)

[Link to Speaker Biography](#)

## ADVISORY INTEREST

A good way to convince clients to consider product investing ideas is to use technology to compare their existing portfolio positions with new investment ideas and products on offer.

Any such portfolio view should be dynamic and up to date with the latest investments and most recent market data, as well as market events such as coupons, fixings and corporate actions. The technology solution should therefore be an integrated end-to-end solution covering the front-office, middle-office and back-office functions.

Bulchandani added that the ability to analyse a client's portfolio, recent trades and recent proposals also helps RMs avoid embarrassing incidents such as recommending an investment idea that a client has recently rejected.

FinIQ's solution can also help RMs keep track of the level of leverage each client is exposed to. "From a front-office perspective you want to know a client's credit position and what collateral they

have with you as a bank and its level of concentration, and marry that with your firm's credit policies," said Bulchandani.

The RM can see if a client is bumping up against their leverage limits, and thus advise them of this immediately, as opposed to agreeing to leveraged investments that are subsequently knocked back by the bank's risk management department.

"[Using this technology] I know I need to show the product without leverage or find a way to bring into the dialogue the discussion about bringing more money. 'Look your AUM has been stagnant at USD3 million to USD4 million and I need USD5 million or more to give you a higher status. Can you bring more money?'"

"Information about collateral exposure is just as important as a client's portfolio positions," Bulchandani added. "You hear of clients who are shown an idea but when they try to place the order it is rejected by risk management. That is the best way to lose a client."

## PRICING IMPORTANCE

Additionally, portfolio analysis technology can flag up investment events such as maturing bonds, allowing an RM to ask a client in advance how they wish to invest this money once it is available.

The platform can also give clients examples of how products will react, based upon particular strike rates or barriers. And it can combine historical market performance and structured product data, revealing likely strike scenarios.

"You can discuss yield and risk, and combine with this historical movement, and can say to the client 'this structure with this barrier makes sense as the barrier was seen a month ago, so therefore there is a higher chance of you getting knocked out and getting money back without having a stock delivery.'"

Lastly, the technology ensures RMs can offer the best product pricing. "Pricing in Asia is the dominant factor," said Bulchandani. "If your clients are open architecture you need to be so too, or you may lose them to a competitor." ■

## FINANCIAL INSTRUMENTS COVERAGE

FX	Fixed Income and Swaps	Equity	Others
<ul style="list-style-type: none"><li>• Spot, forward, NDF, swap</li><li>• Flexible forwards</li><li>• Options, exotics</li><li>• Accumulators</li><li>• Target redemption forwards</li><li>• FX strategies</li><li>• Option strips</li><li>• Dual currency investment</li><li>• Triple currency investment</li><li>• Digital linked investment</li></ul>	<ul style="list-style-type: none"><li>• Primary and Secondary Markets</li><li>• Options</li><li>• Callable, Convertible, Inflation Bonds</li><li>• Interest Rate Swaps</li><li>• Cross Currency Swaps</li><li>• Credit Default Swaps</li><li>• Forward Rate Agreements</li><li>• IR Swaptions</li><li>• Overnight Index Swaps</li><li>• Credit Linked Notes</li></ul>	<ul style="list-style-type: none"><li>• Options, exotics</li><li>• Accumulators</li><li>• Decumulators</li><li>• Swaps</li><li>• Equity linked investment</li><li>• Quanto, KI, KO ELN</li><li>• Basket bull ELN</li><li>• Daily range accrual</li><li>• Fixed coupon note</li><li>• EQ booster notes</li></ul>	<ul style="list-style-type: none"><li>• Mutual Funds</li><li>• Unit Trusts</li><li>• Exchange Traded Funds</li><li>• Certificates of Deposits</li><li>• Insurance</li><li>• Banking Deposits</li><li>• Gold Lending</li><li>• IPO financing, Loan Financing</li><li>• Loans</li><li>• EQ cash, exchange traded</li></ul>

Source: FinIQ