

Saxo Markets on Expanding and Fine-Tuning the Proposition for Asia's Wealth Management Market

Hubbis met recently with the firm's Singapore-based APAC digitisation expert Ivan Chang, Regional Head of Saxo Advanced Solutions and WealthTech expert Rajesh Nair, Director of Wealth Management Solutions. Together they explained that Saxo is dedicated to the continual upgrade of its partner solutions, as well as to driving innovation, investing significantly in people, technology, products and service to keep boosting the Saxo proposition for its growing ranks of clients in the region.



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IVAN CHANG

Saxo Markets

Chang first pointed to Saxo's acquisition of BinckBank, a major provider of solutions for the independent wealth community in Holland and Europe. It signifies a marked shift of Saxo's value proposition to its partners from being an online executing broker, to go further in aligning with its partners in helping clients achieve their financial aspirations. "The mission here is to ensure that the IAMs out here have the widest range of tools, products and services they need to operate even more effectively and to better differentiate themselves in managing the clients' wealth," Chang reports.

Expanding the digital journey

A second key mission for Saxo is to enhance the open banking protocol, which Chang defines as opening up the various architectural parts of Saxo for connectivity, whether to another financial institution's infrastructure or architecture, or to be connected to any number of front-ends or back-ends.

"From the front user interface for clients, through to the investment infrastructure in the middle and to the back office processes, we are building more and more APIs, an important and exciting journey we embarked upon since 2013," Chang elucidates. "As we deliver an increasing number of capabilities every year via our APIs, we are closer to our ultimate goal of having every part of Saxo's architecture connected to our institutional partners using an API."

"When you combine this with our strong balance sheet, the robust regulatory environments we operate under, then the clients can see that we offer the stability that they can put their trust in. And that strengthens our engagement with the private wealth management community."

Nurturing the independents

Zooming in on the independent wealth segment, Chang comments that the Saxo solutions offer great convenience to the manager handling capital market investments. "Whether it is the creation of portfolios or anything to do with the trades required to build the requisite portfolios, or even just to advise the clients and help them place orders, our architecture is tried and tested. And it is improving all the time," he states. "We are also helping the independents scale up by offering greater automation of the processes, offering standardisation of certain areas, for example, the way they distribute model portfolios to clients, in short driving the scale of their businesses by leveraging technology."

Nair, who joined Saxo six months ago to focus on clients

in Singapore, explains that the result is Saxo's partners – the independent wealth firms – get tremendous value as they can take the Saxo business as a service solution right out of the box, use it immediately and over time start integrating the parts that they find most relevant within their IT infrastructure.

Nair adds that because of all these initiatives, more independent

firms are warming to the broadening proposition that Saxo offers. "And the traditional banks are also dipping their toes into this whole capability to interface with third party providers through APIs," he says, "so Saxo is offering a comprehensive coverage into the market."

Nair's background prior to joining Saxo was from private banks, both European and US. He shares insights on how private banks are embracing their journey to digitalisation of investments, which he reports remains surprisingly limited.

"Other than a few notable exceptions, the Swiss banks for example, the digital offerings that the banks have are limited," he states. "This is driven by the fact that they have significant legacy infrastructure that are not easily aligned towards integration with third-party front-end service providers. The end clients rely



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on most of their information and interaction through the RMs and advisors, and sometimes from the trading desks directly, in other words very human interface driven.”

But he explains that there are moves from some of the newer entrants into the market to look at more interactive services, offering automated customised advice, digital onboarding, client self-trading, the provision of analytics and risk metrics and so forth.

Saxo’s compelling proposition

Chang mines deeper into the Saxo differentiation and USPs. “The first issue is trust, which is why independents and family offices and others go to big private bank names, as institutions of good standing,” he observes. “But that is where we have significant strength, as Saxo Bank A/S is a licensed bank in Europe, which means we are permitted to provide all the services we choose to offer as a broker because over there the protocol is one single license for banking and brokerage

activities. Moreover, the robust capital ratio requirements elevate the brokerage operation’s stability to that of a major bank, so there is no question on our solvency, we are very tightly regulated and highly transparent in terms of disclosure.”

Saxo is regulated and licensed in each of the locations from which it operates. “When you combine this with our strong balance sheet, the robust regulatory environments we operate under, then the clients can see that we offer the stability that they can put their trust in. And that strengthens our engagement with the private wealth management community.”

“The value of our offering is that we can add these asset classes and markets seamlessly, without them enduring the rigmarole, so the customers work through our core architecture as a partner, they can gain access easily and rapidly through our infrastructure.”

Dedicated to service

He also points to the quality of Saxo’s service. “We have an entire team dedicated to working with private wealth managers on their day-to-day needs, so whenever they have service questions of whatever complexity, we have our own RM that they can connect to, so we offer a level of communication that they are quite used to in the private banking world. That also enhances the feeling of trust, knowing that we are readily available and adhere to the service levels and commitment that are traditionally associated with such offering.”

And of course, there is the market access Saxo provides. “We acknowledge there are

competitors providing levels of market access, being able to access different asset classes easily from a single platform, and at an appealing price point, but only literally one or two that offer the depth and breadth that we boast,” Chang observes. “So, combined with our other key features as I have outlined, there are a number of key factors that would really make a difference when a family office or wealth manager thinks about engaging with us as a counterparty outside their historic private bank relationships. And that is what has been happening, as we see from the Saxo performance in recent years.”

Asia in the sights

The team that Chang oversees covers the Asia-Pacific region including Australia, Japan and Singapore. “The partners we work with might operate out of different markets from where we have operations,” Chang explains, “so through those partners, we can penetrate markets such as Malaysia, Thailand, India, Indonesia, New Zealand, South Korea, Taiwan, and build relationships with the local or regional financial institutions.”

Saxo aims to establish its connections with the top few houses in each market, those firms that are proven brands that have built their success over many years and that have a strong distribution

network, but perhaps not a sophisticated digital offering.

“And that is exactly where we come in,” he reports. “We work with them on a roadmap for increasing their ability to access and leverage top-flight technology and then provide solutions, products and markets to their existing and potential clients, beyond what they are offering thus far.”

The other key segment is the banks. “Around the region, Saxo can help the private banking arms of the major local banks to expand their product universe and build their technology capabilities as well as market access,” Chang reports. “We can have holistic discussions in those regional markets with the banks and their private banks, while in Singapore and Hong Kong the private banks are largely standalone.”

Supporting Saxo’s clients

Customers often want to know how Saxo can help them build out their product suite to access new assets, new classes of investments, and new geographies, but through one delivery platform and without

significantly increasing their cost bases. “The value of our offering is that we can add these asset classes and markets seamlessly, without them enduring the rigmarole, so the customers work through our core architecture as a partner, they can gain access easily and rapidly through our infrastructure,” Chang says.

He acknowledges that brokerage and self-directed trading business is today highly commoditised. Yet, institutions can use Saxo’s architecture efficiently to access the market, to gain the requisite technology, services and operational support quickly, easily and cost-effectively around that without having directly to invest in it – that is not commoditised. Saxo’s partners can now provide to their clients state-of-the-art, self-directed trading access that they don’t have to build or maintain, thereby elevating their offering, while we also elevate our proposition far from the commoditised level.”

Leveraging skills and capabilities

Chang explains that it is not easy to build that type of solution in-house, because these banks do

not inherently have the end-to-end digital architecture for client trading and investments.

He also observes that there will be much more complex differentiation ahead, specifically the augmentation of services with technology. If, for example, an RM can be tooled with sleek interfaces and have digital e-signing of documents, can then share visualisation of trades, information, portfolios through shared screen, even apps, those are the typical augmentations that will really enhance the proposition. “That is just an example, the list is growing all the time,” he says. “The key for Saxo is to help these clients elevate their offering via technology from Saxo directly, or with partners to drive these types of solutions and therefore differentiation.”

In tune with the market

Chang reiterates that the pandemic has accelerated the impetus for the continuing shift towards differentiation via digital solutions, with Saxo as a result working even harder to improve the tools the firm offers wealth managers and private banks. ■

