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Scaling Digitisation for Growth and Efficiency in Asia

As APAC's investment industry gathers momentum, it's time for the region's wealth managers to embrace technology in pursuit of a truly omnichannel experience.

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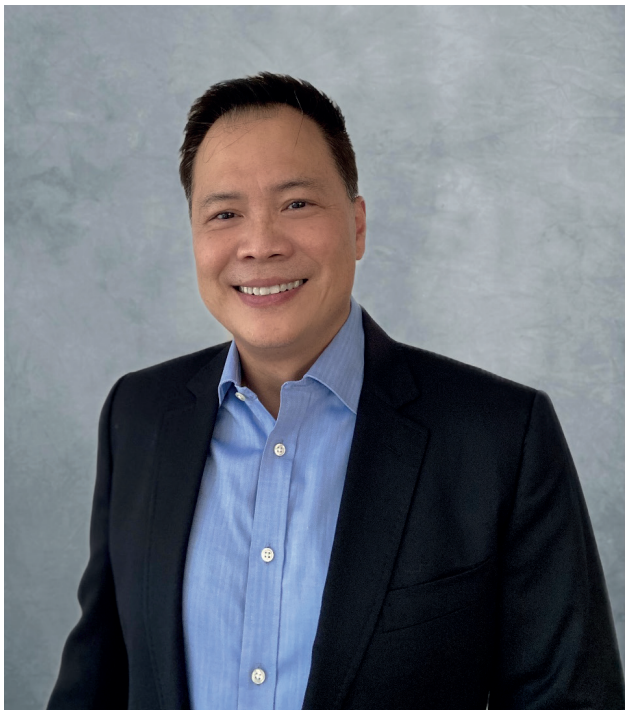
Despite the pandemic, Wealth Management firms in Asia have demonstrated admirable resilience. Strong AUM growth in matured markets such as Singapore and Hong Kong has been spurred by capital market activities and the risk-taking younger middle class across the region. Add to that China's acceleration via initiatives such as the China Belt and Road (sometimes described as a 21st-century silk road) and "One Wealth Connect", freeing up the flow of funds in the Greater Bay Area, and you have a fast-evolving picture.

It's a climate yielding growth of around 10% year on year, culminating in an onshore personal investment industry estimated to be worth USD34 trillion[1]

Private banks have been quick to seize the opportunity, investing heavily. Citi, Standard Chartered Bank, and HSBC - which plans to hire more than 5,000 staff, including relationship managers, investment counsellors and specialists in the next five years[2] - are just a few to have mobilised their resources. And as their CEOs scramble to capture a share of the growing APAC market, scaling digitisation will be crucial to growth.

Leapfrogging into the cloud

So, where do the challenges lie? The Wealth Management industry is amongst APAC's laggards in adopting technology. Within the transaction-heavy Asian wealth management market, relationship managers are accustomed to servicing a handful of clients; their focus predominantly on elderly, highly-engaged HNWIs. This style of service has caused a reliance on face to face interactions and left the digitisation of the client experience low on the priority list. Yet ironically, this could confer an advantage in the long term. With fewer legacy systems, many can leverage their position to leapfrog solutions into the cloud – a solution that's infinitely faster to market.



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Others, keen to avoid hefty integrations, allow their clients to feed data into the database – a standalone approach that avoids the pitfalls of old data and systems.

It's time for a new way of working

As a different, younger demographic emerges, there's a need for wealth managers to adapt to broader asset classes, including cryptocurrencies. The knock-on effect of this tech-focused generation coming through is the acceleration of digitisation. Client-centric systems that undertake multi-asset research, portfolio analysis and provide a platform to enhance CX are now the focus. And from digital onboarding and leveraging AI to deliver a consistent, relevant client journey, the goal of hybrid (self and assisted) servicing is prompting many wealth managers to re-assess the hallmarks of exceptional client service.

2022 will herald a more holistic view of digitisation

The pandemic created a backdrop where digitisation was a necessity, not a luxury. Yet, with research revealing that 40% of consumers abandon a banking onboarding process [3] due to the time needed to supply

[1] https://www.theguardian.com/cities/ng-interactive/2018/jul/30/what-china-belt-road-initiative-silk-road-explainer
[2] https://www.wealthbriefing.com/html/article.php?id=190355#.Ybtjs73P3cs
[3] https://cdn2.hubspot.net/hubfs/5310879/Downloads/signicat-AML-white-paper.pdf

their personal information or the frustrations associated with repeating information, the efficiency of the UX should remain top of mind.

FinTech is being embraced as an integrated strategy in new and interesting ways. Banks are open to their solutions, incubating and 'sandboxing' them, that is, testing them in their own environments with their data to arrive at innovative new ways of extending their services. This provides the means to put systems and processes in place before taking them to market to test the user experience.

Compliance must enter the equation

End-to-end solutions that span acquisition, onboarding, serving, transactions and compliance are sure to transform the wealth manager's role – blending deeper insight with a far-reaching view across different customer touch-points.

Compliance is an area that must keep pace. In 2020, more financial institutions were fined in APAC than anywhere else in the world [4]. Historically, this has resulted from relationship managers managing a high level of face-to-face client activity whilst grappling with lacking technological infrastructure and evolving regulatory requirements from a range of different bodies. Integrating compliance into new ways of working will therefore be vital.

Shaping the omnichannel experience

APAC's wealth managers, therefore, find themselves in an exciting position. Largely unhindered by legacy systems and surrounded by the fertile ground created by the gradual democratisation of the region's wealth, it's in their power to move beyond a multi-channel client experience. Though it's clear it's a journey, not a one-time effort.

It's an opportunity to look beyond the obvious – to ask how we amalgamate channels and augment face-to-face interactions to arrive at a true omnichannel experience. And this is about far more than efficient workflow. There are myriad possibilities, including how to use AI to predict clients' needs and respond in a tailored manner to their preferences. We're looking to move from just realising efficiency to monetising it via cross-selling opportunities and a more rounded client view.

It's a challenge that will allow relationship managers to service more clients than they ever have. Combining their complex, nuanced needs with scaling digitisation and using robo-advice will be fundamental to achieving a consistent, joined-up approach. ■

[4] https://www.complianceweek.com/surveys-and-benchmarking/report-fines-against-financial-institutions-hit-104b-in-2020/29869.article