

Swiss Digital Solutions Provider additiv on The Rise of the Neo Banks

Reto Wolf, Head of Product for Asia Pacific at additiv sees a bright future for the Neo and Challenger banks that serve the rising ranks of mass affluent in Southeast Asia. Hubbis founder and CEO Michael Stanhope invited Wolf for a head-to-head discussion at the Vietnam Wealth Management Forum, during which he focused on the rise of the mass affluent markets, the arrival of the ‘Super Apps’ and ‘Neo Banks’ that are reshaping the wealth management landscape, and to offer insights on how incumbent banks can compete for this fast-expanding customer base of the future.

WOLF BEGAN BY EXPLAINING THAT ADDITIV IS A LEADING WEALTH MANAGEMENT PLATFORM provider in the region, offering financial institutions a strong base to launch engaging wealth propositions, either plug and play or co-created Apps.

“I head the regional product and development team,” he reported, “and we are passionate about building the next generation of Wealth Apps for end-customers and advisors of our clients, we carefully follow new wealth propositions and trends including Neo and Challenger banks across different markets, and channel those insights and advances as input for our next-generation Apps.”

“The rise in mass affluence in this region,” he continued, “is truly remarkable and is a sizable opportunity for local incumbent banks. It is estimated that the mass affluent segment in the region will double in the next 10 years and reach a size of 140 million across Vietnam, Indonesia, Thailand, and also the Philippines. These are the people that graduate from the mass market, they move from having a scooter to a car, they move from owning a refrigerator to owning a TV, they are well educated professionals and have spare cash at the end of the month that can be spent on luxury goods or to save and achieve their financial goals. This new segment of mostly digital natives needs financial education and guidance in the form of engaging Apps.”



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Wolf explained that two types of firms can capture this growth. “Traditional banks can, but they need to beef up their digital capabilities,” he observed. “And the new digital banks, so-called ‘Neo’ banks or ‘Challenger banks’. The Neo bank is a pure online bank, with no network of branches, which typically offer savings accounts, current accounts, credit cards, and who are keenly focused on moving into more profitable areas such as lending or wealth management.”

“The ‘Super Apps’ like Grab, AliPay or WeChat on the other hand are the elephants in the region,” he stated, “many of which started to acquire virtual banking licenses in Hong Kong, Taiwan and Singapore. Those big-tech companies are extremely well positioned to shake up and reshape the affluent wealth management

landscape across Southeast Asia. Those giants already serve a large amount of mass- and affluent segments and have the tech talent and the necessary balance sheet to fuel the creation of engaging user experiences and growth.

Wolf then surveyed some notable incumbent bank success stories, for example “Marcus” by Goldman Sachs, which attracted new customer deposits north of USD5 billion, or, more regionally, “ME” by TMB Bank in Thailand, which is making great progress in capturing the growth opportunity in Thailand.

“The dedicated TMB App started with simple savings and current accounts,” Wolf commented, “moved into insurance and is now venturing into other financial services.”

And in Vietnam, Wolf cited Timo Bank as a great example

of how an incumbent bank - in this case VP Bank - can partner well. “To my knowledge,” he explained, “VP Bank provides the deposit licence and transactional banking, while Timo Bank does a fantastic job in driving customer acquisition, onboarding and customer retention.”

Wolf added “I believe that a simple savings and investment proposition resonates well with the rising mass affluent in the region, teaching customers how to invest, providing educational insight and making small steps forward.”

Wolf closed with views that the incumbent banks can compete if they attract talent in the digital space to either build the platform themselves, or leverage technology vendors, with additiv ready, willing and able to offer the requisite expertise and experience to help them achieve these goals. ■

Making Waves in Asia: Digital Solutions Leader additiv Builds its Portfolio

Zurich-headquartered digital solutions provider additiv is rapidly building its presence in Asia Pacific, for example with the major hire in April of WealthTech pioneer and industry veteran Bert-Jan van Essen as MD for the region to further propel additiv's expansion across Asia.

Zurich-based additiv has been a recognised innovator of digital wealth management solutions. The firm was established in 1998 and has become a leading provider in the field of digitalisation for wealth managers, with offices today in Switzerland and Singapore and development centres in Romania and Ukraine.

Van Essen has taken over the regional Asia Pacific MD role from Thomas Achthorner who is now focusing on developing select strategic markets. He had helped put additiv firmly on the Asian map with the opening of its development centre in Vietnam, the recruitment of senior talent from key competitors and the late 2018 launch of an award-winning wealth app for the Indonesian arm of Australia's largest bank.

The company chose van Essen, amongst other roles formerly also the founder of Dragon Wealth and APAC CIO Private Banking at Credit Suisse, to spearhead the additiv Asia team of sales, product and delivery managers in Singapore, with the aim of further accelerating what has been an impressive growth record in the region, where additiv has tripled its staff since early 2018.

Van Essen earlier this year told Hubbis that the essence of additiv's proposition and its unique added-value is the provision of a digital wealth platform based on cloud services for banks that will allow them to better engage with existing clients, extend better advice and then to execute more efficiently and reduce cost.

