

# Swiss Digital Transformation Provider additiv Targets the Middle East for its Next Growth Phase

Zurich-based additiv has been a recognised innovator of digital wealth management solutions since the firm's creation in 1998. The pandemic afflicting the globe has suddenly challenged the firm to become even more agile, and to move at a speed that only a few months ago was unimaginable within the industry. Having unfurled its flags across Switzerland, Europe, Africa and Asia, additiv is now supporting banks within the Middle East, developing local wealth management offerings at a speed not seen before. Hubbis met up by video link with Thomas Schornstein, Regional Director, Middle East, and member of the additiv executive board, who enthused about both the opportunity and additiv's capabilities to help drive meaningful change in the industry amidst the democratisation of private wealth in the region.

## Globalisation of the additiv footprint

Thomas begins the conversation by explaining that although additiv naturally has many clients within Switzerland, but since its inception in 1998 it has spread out across Europe, then Asia, then Africa, and most recently the Middle East. "We are today a global organisation, with more than 50% of our clients actually outside Switzerland and Europe," he reports. "It is now recognised across the globe that banks need to work with providers that are fully focused on investment and wealth management, on digital journeys, on self-service, and on hybrid solutions and delivery."

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additiv partners with the world's leading financial institutions to help them capitalise on digitisation. Its market leading DFS System of Intelligence is an orchestration engine that lets financial institutions quickly launch new propositions as well as giving them the intelligence to maximise customer engagement. In essence, it supports the entire digital client journey to achieve optimum value for both clients but also bank users. Everything from bank onboarding, risk

profiling, goal setting, and the whole implementation execution of a financial offer, in a predefined investment universe of the bank, and later, of course, the whole monitoring and steering of the account. "And additiv is supported by a wide ecosystem of implementation and solution partners that enable it to deliver unparalleled customer success to wealth managers and credit providers globally."

## The pandemic and the pace of change within the ME

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revenue margins under pressure. With the pandemic, digital transformation moved from a luxury to a vital necessity. In addition, we are seeing an unprecedented transformation in operating, servicing and sourcing models, as the need for wealth managers to quickly match up to the demands of clients grows, and the Middle East is no exception."

As a result of growing market demand within the region, additiv has added a new office in Dubai to

their global locations. Supporting additiv's growing client base within the region is a team of local business development and operational specialists, including a Managing Director for UAE, Zaki Houry, previously Head of Business UAE and Levant and Country Manager Lebanon at Orange Business Services.

## A market in need of evolution

The decision to increase their Middle East presence arose from a need to help local banks and asset managers capitalise on the significant change happening in wealth management. "In particular," Thomas reports, "customer demand for seamless end-to-end digital wealth management is ballooning on account of demographic, behavioural and technology changes. These changes include the rise of middle-income households, wealth transfer from baby boomers to millennials, higher mobile penetration, a shift in online activities from execution-only to advisory services – not to mention the effects of the Covid-19 pandemic, which has universally sped up digital adoption."

The team are enthusiastic about additiv's Hybrid Wealth Management solution, which they report is ideally suited to allow banks and asset managers to take advantage of these changes. "Underpinned by the DFS orchestration platform, the solution offers content-rich, seamless customer experience across all digital channels, whether self-service or advisor-led," Thomas explains. "In addition, through features such as simulations, goal-setting and instant proposals, it generates high levels of



**THOMAS SCHORNSTEIN**  
additiv

engagement that build loyalty and translate into lower cost to serve and higher revenue per customer.”

Zaki El Khoury, highlighted at the time of his appointment: “There is a structural change happening in the UAE wealth management market which provides a once-in-a-generation opportunity to local financial services companies. The market is rapidly moving to digital distribution at the same time as a growing number of people with savings seek to invest those savings in diversified portfolios. For the institutions that act quickly to meet this untapped demand, this is a massive opportunity.”

### Demonstrating commitment

Thomas says that this is an important step for additiv’s business in the Middle East. “With the new office and legal entity established in UAE and Zaki El Khoury joining, we demonstrate to new and existing clients an enhanced capability to support them and signal our ambitions for the region. Fast-growing wealth and high social mobility in the region are reinforcing the effects of demographic change

and creating challenges and opportunities that the additiv Hybrid Wealth platform is ideally placed to solve. We look forward to being able to generate significant customer success in the region on the back of this digital transformation.”

He is, therefore, very excited by what he says is a unique opportunity in the Middle East. First, he observes that the banks have a considerable amount of catching up to do to achieve better standards of investment and wealth management that additiv sees daily amongst its more sophisticated clients in the world’s major financial centres of this world.

### Unique opportunities

“Digitalisation offers them the chance to do that at speed,” he reports. “While some of the European, US, and even Asian banks are actually struggling to implement and provide a full digital journey to their clients, Middle Eastern banks can now do this in one step, complementing their wealth and investment management offering, and doing this directly on a digital hybrid journey.”

He believes that as so much of the private Middle East investment wealth is now offshore, some or indeed much of this can be repatriated, providing the local onshore wealth management offering is higher grade and appealing to these private clients.

“In my view, a huge opportunity is opening up at the moment in the Middle East,” he states. “Many countries are opening only recently, bringing the regulatory environment up to date, and we find that the clients are generally extremely receptive to digitisation and the door is open to actually

change the business model from where it is today, which is mostly balance sheet business, to a higher degree of service and commission income, which is a big need in Middle Eastern banks. Their demographics and clients are evolving, and there is a significant and growing demand for the onshore wealth management offering. It is a chance these banks really must not miss.”

### The onshoring of wealth in the region

Thomas also observes that the opportunity spans private clients with anything from USD 10,000 to USD5 million to invest and to be serviced effectively in the local market. “It cannot be that all the wealthier or older people in the Middle East are actually doing their banking outside the region,” he comments. “And with balance sheet business on a global scale suffering very low interest rates, that is not a very attractive business, so you have to increase your revenues out of commission and service revenues, and this is definitely the moment to do that.”

And he remarks that there are more younger people in the region with rising private wealth, and more inheriting the wealth of parents and grandparents. “I’m fully convinced that nowadays no client will actually select the bank who does not offer significant capabilities for online banking, and of course, the trend to be very mobile, that you have a device in your hands which allows you to do that 24/7 from everywhere, wherever you are. Secondly, the need for investments and wealth planning is increasing as we see more middle class with more disposable wealth.”

## Structuring and organising wealth

Moreover, he maintains that there is an ongoing and sensible shift from the trading type mentality to a more structured wealth management approach. "There is truly a rising need for a far more professional and organised approach to retirement and general wealth and estate planning," he says, "aiming to build savings and to do so in a much more organised manner. And as the region is today more stable and

investment universe. We have the means to be flexible when it comes to implementation; we can either roll out on a public cloud in Dubai for example, or if this is not yet in the scope of a bank, we can also do this on their premises.

## Self-service or hybrid

He explains that additiv covers a full self-service digital journey, as well as a 'hybrid' wealth management journey, and along with all the regulatory requirements within the Middle

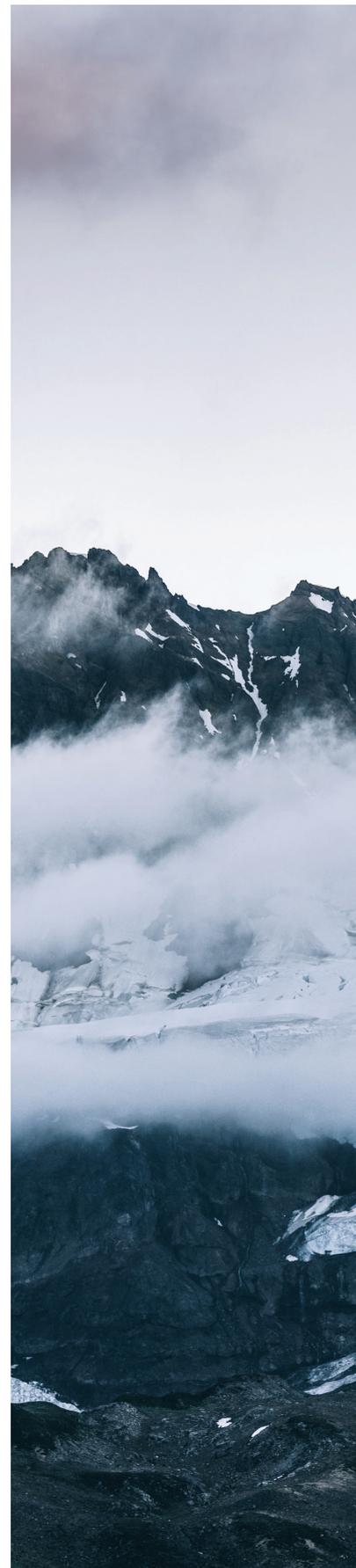
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politically 'smart' in their approach, the trust in the local environment is much improved and improving today. The faster the banks can build their AUM, the faster they are boosting their wealth management revenues and diversifying their business model."

Why then would customers choose to work with additiv? Thomas is highly confident of the firm's approach and solutions. "We have a good history and we have rolled out a good number of solutions already to the banks in the region. We are multi-language, and we are global but also now local within the Middle East. In addition, we are knowledgeable when it comes to Sharia-compliant investment criteria and implementing an

East. "We believe we have a comprehensive suite of solutions and that we are highly relevant and tailored to cover the present needs, as well even as providing the Middle Eastern banks the access to global markets via our partners. All in all, I think we can provide the investment journey for Middle Eastern clients, which now has a lot of potential, and we are therefore ideally suitable for these markets."

Specifically, Thomas offers some examples of certain solutions. "We can completely cover both the bank and client onboarding aspects," he reports. "These two journeys are supported in terms of front end, which is pre-configured and used for clients, or if the client has already an existing



online banking system, we can seamlessly integrate our APIs into their existing front-end system to avoid the client needing a different channel, a different user interface. In short, we offer everything out of one box, this uniqueness is very appealing within the region.”

### A two-way street

Finally, he adds that additiv enhances the communication with a dedicated relationship manager, in the hybrid journey protocol, thereby facilitating the transition from a self-service journey to a hybrid journey, or the other way around, enabling the relationship managers to reach out to the client.

“There are different communication possibilities from secure email to chatting to browsing, sharing screens, all of which allow a seamless and very easy and high-quality communication with an advisor,” he explains. “These clients in the region are building their financial knowledge, but many need good levels of support, for

their planning and decisions, and ensuring high grade, seamless communication to actually stimulate sales and supporting the clients is an essential part of the equation.”

### Key Priorities Ahead

Thomas’ key priorities for the next 12 months for the business in the Middle East begin with the mission to have several countries up and running with additiv solutions. “We started an implementation in Saudi Arabia, which is the first one of its kind. In addition, we have begun another in Kuwait, and we are in discussions in Oman as well as the in the United Arab Emirates with banks, so as you can see it is moving rather fast,” he reports.

“It is crucial,” he adds, “to have the systems live, and for the industry to then see what is possible, and for us to show real success not only with up and running solutions but for them to see how the customers are obtaining commercial success as a result. We have clients around in other markets that are growing AUM at some USD200 million per

month from these channels, so that is of course a very tempting value proposition for potential clients to observe.”

The second mission is to build further traction with the new office in the UAE and build out in the GCC region. “And thirdly,” he reports, “we will launch new services solutions.” He wants to expand the connection with structured and unstructured data analysis to roll out sophisticated AI features. “That is, of course, the next step which the industry will go, and we are, as we speak, developing these solutions.”

### Accelerating momentum

additiv has been moving with remarkable speed and the firm has a very clear image of the type of wealth management market forming in the years ahead in the Middle East. Very evidently and with complete commitment, the firm is positioning itself to be at the cutting edge of the transformation of the wealth industry in the region. ■

