

Swissquote's Platform offers Asia's Independent Firms a Wealth of Opportunity

Hitchen heads Swissquote's business in the Middle East and Asia and has an in-depth appreciation of the clientele and their needs, as well as a deep understanding of the global market that Swissquote services.

Executive summary

Damian Hitchen, CEO for the Middle East & Asia at Swissquote presented a fascinating Workshop at the Hubbis Independent Wealth Management Forum to explain how his firm partners with large and small financial institutions, and wealth management firms, such as External Asset Managers, to offer them B2B solutions that significantly upscale their capabilities, their client service and therefore their revenue streams.

Hitchen has a truly global perspective from Swissquote's worldwide business operations. Looking at the world of Asia's IAMs and EAMs, he hopes the incumbents will see clearly the impact that technology is having across the globe on the delivery of financial services and therefore of the competitive environment.

Partnerships and outsourcing, he believes, are vital in order to help these firms evolve their products and services, to bolster their revenues and to strengthen them against the inevitable wave of new competitors sweeping across the leading economies worldwide. And for such independent firms, Swissquote's platform is ideal for dramatically upscaling their capabilities and therefore boosting revenues.

The wealth management industry will, Hitchen firmly believes, be one in which the human interface with the client remains vital. But for relationship



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managers and customer-facing team members to be genuinely successful, their firms must free them up from laborious tasks, and enable their revenue generation with new technologies. To do so they should work with specialist partners who can truly help them fast-track the necessary changes, or at the very least they should consider outsourced plug-and-play solutions.

One of Swissquote's missions, Hitchen explained, is to become the most innovative bank in the world and to democratise finance. The firm has done that for its retail clients, he said, over the last 20 years, and hopefully is now bringing that into the institutional segment, including the IAM or EAM space in Asia.

Hitchen also explained the biggest USP for Swissquote is the direct market access and control it gives to independent wealth managers. The mission, therefore, is to give the EAMs access to a platform of over three million products over 60 global markets and all the major asset-classes on which they can control their trading activity directly, rather than having to use the traditional model of a global custody Bank RM for execution of their clients trades. The platform is effectively theirs to work with clients as they require at their convenience - effectively removing the "middle layer" of the EAM RM desk, speeding up transactions and reducing the amount of manual work for all parties.



ARMED WITH THIS KNOWLEDGE, AS WELL AS an evident passion for his subject, Hitchen cast his eye over the broad landscape of digitalisation and gave the audience some invaluable insights to how the independent wealth management firms in Asia can work with Swissquote to dramatically enhance their client offerings and services.

Swissquote offers a state-of-the-art trading and custody platform and tools to allow the firm's customers to trade on behalf of their wealth management clients.

All Swissquote customers around the world manage their accounts and global trading via a PC, a tablet, or a smartphone. The firm's clients include B2B, for example, full-service banks, private banks, independent asset managers, insurance companies and family offices, all of which are looking to provide their clients with an enhanced digital experience. With Swissquote's execution-only model

this means there is no conflict of interest with its B2B partners, as the Partner delivers the product and advice and then executes on the Swissquote platform.

A partner, not a competitor

Offering full information, access, and functionality, Swissquote's platform houses over three million investment products online. The firm can partner with regulated firms who use their technology platforms for custody and to execute securities trading on behalf of their clients.

Stability is, of course, paramount. Swissquote is both solid and well capitalised, having been listed in Switzerland since 2000. The bank has around USD24 billion in assets under management and with a Tier 1 capital ratio of 29.0%, which is in the top banks in Switzerland in terms of this important stability ratio.

"We are quite different from your normal Swiss bank in the respect that we were born and raised in

the 1990s by the two founders who were not bankers per se, they were professional engineers," he explained. "And we are a fully digital bank, we have a global portfolio of >300,000 clients, of which about 220,000 are individuals, and the rest are B2B partners. I am here to talk about our B2B partnerships and B2B platform services."

The cheque's in the post...

Hitchen further explained that Swissquote's largest partner globally is Post-Finance (the Swiss Post Office), which is in fact also a bank. "They have numerous branches across the length and breadth of Switzerland and people used to have savings with them in the old days, so they bank millions of customers."

Swissquote and Post Finance several years ago entered a partnership to provide the wealth management platform for their millions of customers with billions of assets and savings. "Swissquote is as much

a software house and fintech as a fully licensed, regulated and stock market listed bank,” Hitchen elucidated, “of the six hundred staff globally, more than half of them are software and development professionals. So, based on the feedback from our B2b partners we built the platform for them, which also has the option of being white labelled for our partners.”

Hitchen explained that the platform can be specifically tailored to the B2b partners needs and the universe of investments they want to be included. The platform can be adapted to the needs of EAMs such as those attending his Workshop, and he then presented an example of how the platform might look and the functionality, answering audience questions along the way.

Execution-only

“Globally we do not give financial advice either,” Hitchen added, “we are an execution-only provider, We also do not manufacture products. Accordingly, from a partner perspective, whether that will be an EAM, a regional bank, insurance company, family office, or others, we believe there is zero conflict of interest between ourselves and yourselves. We will not be incentivising you to sell our products, as we don’t have any. What we offer is a fully independent, fully open architecture platform that we give back to you and you can use for your clients.”

Democratising finance

He turned to the issue of custodial services, noting that in Asia everybody tends to use a panel of different custodian banks for their custody and their execution for their clients. “We are almost unique out here in giving you direct access to trading on the platform,” he stated, “which is a major benefit for you. Because of our DNA, we believe we are democratising finance so you can execute directly for your clients, and the moment it executes it is in the client’s account, every single transaction within the platform has an electronic audit trail. As well as providing you with access, middle and back office, and electronic audit trail we also collect your revenue.”

Hitchen explained that Swissquote also has a very transparent charging process. “We have two ways of charging our partners. One is called a platform fee, basically for the use of the platform and it has custody fees embedded into it based on assets that you might hold with us at an EAM level or partner level.”

Transparency rules

“And,” he continued, “we have brokerage execution fees for every time you execute an asset in different markets; for this, the fees are explicit fees, so we effectively say ‘here is your execution fee, and if you want a mark-up, based on agreed pricing with your clients, you can do that

and we will collect the associated revenues for you’.

Hitchen then explained how management fees might work and Swissquote’s very flexible approach and capabilities. “Again,” he remarked, “this is based on our DNA of wanting to give control back to our partners. Accordingly, if you want to add on ad hoc fees or an advisory fee, we can just hard code into the system to suit your timing and requirements.”

Don’t worry, we are Swiss

Hitchen noted that the assets are custodised in Switzerland. “The parent institution is a fully licensed and listed bank in Switzerland, so the client assets sit in Switzerland and the technology allows for complete multicurrency dealings. Moreover, Lombard facilities against your clients’ portfolios are available via the platform, which are tailored against the underlying portfolio of each client and available in real-time on the platform.”

Your partner for the future

Hitchen then demonstrated more of the functionality and optionality of the immensely sophisticated and highly versatile Swissquote platform, before closing his talk by reiterating how important the EAM segment is to the firm, how committed Swissquote is to the Asia region and how wealth management is a vital part of the firm’s future. ■

