

Synpulse's Yves Roesti on Imagining a Fully Digital Wealth Management Community

Yves Roesti, the Singapore-based Managing Partner for Synpulse's consulting business in Asia, is not only very lucid but also highly imaginative. He envisions a future for the Asian wealth management industry that is digital by design and by adoption, in which the next generations of leaders of the private bank, the independent asset managers and even the neobanks strive towards a more comprehensive digital engagement. He cautions that those incumbent players that came into 2020 already behind the digital curve will struggle, while those who have truly embraced and advanced their digital solutions, as well as the digital mindset, are set to forge ahead.

Roesti opens the dialogue by remarking on the productivity patterns of the RM community, which he says is one of the key priorities for business heads in the wealth management industry of late.

“The business heads are trying to cultivate the level of engagement with clients that they would have achieved in physical meetings pre-Covid,” he observes. “The traditions of private banking are very much personal connections; there is now a great focus on who is managing to develop a much more active engagement, overcoming the hurdles via digital connectivity and work with their clients on digital channels just as, or nearly as effectively as before.”

More pull, less push

He extrapolates on this observation by noting that the next stage is evolving the distribution model from one of ‘push’ to one of ‘pull’. “What I mean by this is that the bank or firm evolves the clients into customers that come to them with their needs, but to do so, they need to know a lot more about their clients. In this environment, and I think in the world ahead of us, whoever gets that solution right will be the survivors and the thrivers.”

Roesti comments that given the traditional banking cycles, the banks can’t do that much over the short period of time. “It becomes clear that those who had already truly embarked on initiatives and structures to push innovation will be best placed now and in the foreseeable future. Anyone who sniggered at the digital engagement concepts in the past, who discounted the idea that HNW and UHNW engagement might be digital in the future, they are all

Roesti’s Key Priorities

First, he wants to boost digital competencies end-to-end, meaning front-end all the way to back-end development capabilities, which is connected to the virtual banking proposition. “This,” he says, “requires hardcore technical skills, and also architecture.”

Secondly, he wants to leverage Synpulse’s emerging market reach. “We have opened offices in India, Indonesia and the Philippines,” he reports, “and I see very innovative plays coming from those countries. They will need more sophistication going forward, so I think there’s an interesting play there and we already have the onshore presence ready in place.”

And his third key mission is more talent. “Concepts and ideologies are all well and good, but we need to continue to invest in people,” he says, “and in this regard we also have our ‘Mission 500’ which we launched about a year ago, meaning that we want to become 500 talents in APAC by 2025, and we want everyone in the firm to connect to this, and I must say it has been working well as people see that they are part of a firm building for the future, they feel a sense of purpose. The growth momentum is really on our side.”

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Still clinging to the old ways?

He adds that for some of the institutions clinging more to

the old ways, they can survive a few more years, but the next generations are coming through, and Roesti believes the traditional private banking model is a thing of the past. “In reality,” he states, “over the next year or so, it will become brutally clear who has the innovation to control their destiny, and who does not.”

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Synpulse

He switches the focus to the neobanks, defining them as the emerging banks under the new license regimes where the regulator is paving the way for digital innovation in a controlled environment and managed process. In Hong Kong the regulator started with eight licenses, while in Singapore it will be two full bank licenses, each requiring SGD1.5 billion in capital for the full digital stamp of approval.

Neobanks and their challenges

“Digital inclusion and financial inclusion are the objectives,” he comments, “but let’s be honest, pretty much everyone in Singapore is already financially included, even if some are somewhat underserved. So, we can assume this is not just a local play, it is always a regional Singapore or Hong Kong blueprint, which we bring to the emerging markets. The idea of building out the concept from Singapore and across the populous markets if the region is compelling.”

This means that all of a sudden, the very high upfront capital requirements and other

Getting Personal with Yves Roesti

Yves Roesti was born in 1980 in Basel, Switzerland and is today Managing Partner of Synpulse in Asia, based in Singapore, and responsible for Synpulse’s Consulting business in the region.

He studied Computer Science and Economics at the University of Zurich and started his career at Synpulse in Zurich in 2006. Since his relocation to Singapore in 2008, he has led the expansion of Synpulse’s Consulting business in Asia. In 2015, he was appointed partner.

Under his leadership, Synpulse grew the team in Asia to 270 consultants across seven key markets – Singapore, Hong Kong, Australia, Philippines, Thailand, Indonesia and India. In particular, Roesti has been promoting banking operating model transformations and digital roadmaps.

“Looking back,” he says, “my mistakes were in fact the highlights of my career because that’s where I had the biggest learning. I can for example nowadays see much more clearly that we had been Singapore and Hong Kong focused for way too long, and that we should have built that regional model much, much earlier. It is far from too late, but we could have driven this harder, much earlier.”

Married, the couple has a son approaching six years old. He used to play ice hockey in Switzerland, but there is not much call for that in tropical Singapore, so he enjoys de-stressing through sculpting at home, creating terracotta warriors that he hopes mirror the Chinese originals, and that today adorn the family home. “An unusual pastime,” he says, “but one that has been unusually well suited to the lockdown this year.”

investments needed to get off the ground in Singapore are valid in the perspective of what can become a scalable model. “That is why the neobanks have different models, so they can either have a direct to customer offering or a virtual banking platform as a service proposition,” he says. “Some will be going directly to the end clients, others will be serving other financial institutions, in which case it’s a B2B offering. What neobanks have in common is that they’re bidding for a

license in order to create a new banking experience.”

Tough to gain traction

Roesti also observes that thus far it is a tough market for the neobanks. He says that card and payment transactions for the neobanks represent about 50% of the revenue model and that differentiation in that segment is very difficult to achieve.

Roesti states, “they really have to achieve scale, but in my

view the conglomerates and other applicants have not really appreciated the challenges ahead to even break even. Those who understand how to run the

mean, for example, that you have a collective credit card, where you receive collective cash backs based on community spending. It is a fascinating model.”

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scalability game, and those who have a valid regional strategy, can win through. But they need capital, patience and endurance. Revolut now has 12 million customers, and they’re not profitable yet, despite having the widest array of offerings, products and services.”

‘Prosumerism’ explained

“The new reality today, however,” he observes, “is that clients are increasingly willing to spend on fees and commissions if they obtain a superior experience. The winning formula going forward is therefore all about creating an experience for the client, converting the producer-consumer to what is known now as a ‘prosumer’. That means shifting the consumer to produce his or her own proposition.”

For example, he says a client might consider an investment opportunity that has a threshold above his investment capacity, so having considered it, he spins it out to colleagues and family as well as the broader community, creating a collective investment experience. “Putting that in the context of a neobank,” Roesti says, “it could

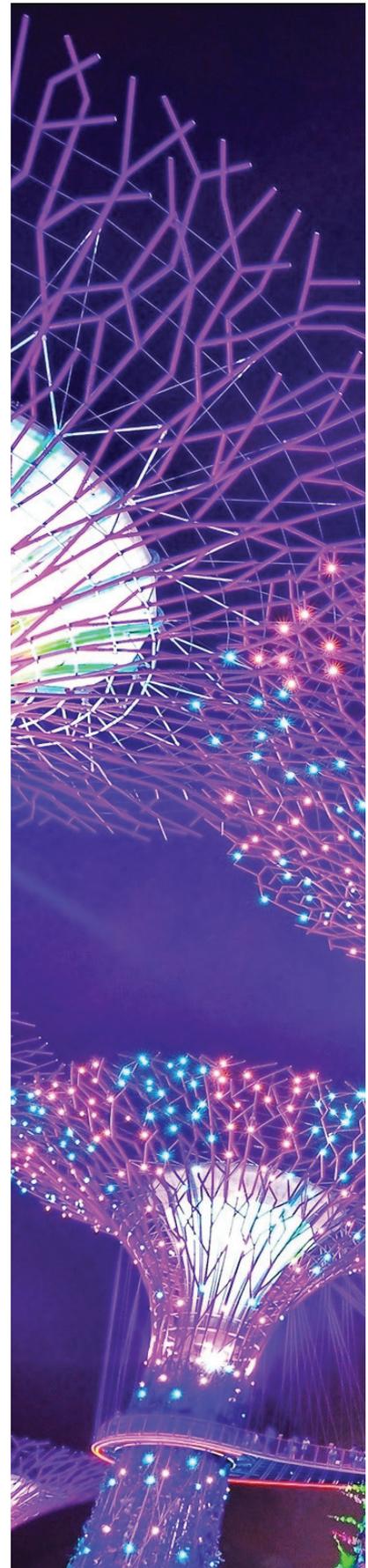
This is an example of what he means by ‘prosumerism’, which he says will become a really key principle in our lives going forward.” You can see it also in other areas of our daily lives where you create your own content, and that’s where community benefits, but I think that in banking we haven’t yet seen the breakthrough. However, whoever gets this prosumerism formula right will be the winner.”

About Synpulse

Swiss-headquartered Synpulse is an established, globally active management consulting company and a valued partner to international financial services companies. Since its formation in 1996, Synpulse has offered its clients solutions that enable them to generate higher added value.

Synpulse’s mission

“We support our clients in the whole process from working out digital transformation strategies and realising them operationally through to technical implementation,”



Roesti explains. “Our clients receive a comprehensive service which covers each phase of the project cycle, complemented by systematic analysis of client-relevant conceptual issues. During the specialised organisational and technological implementation, Synpulse supports and complements our clients’ project teams with industry experts and IT specialists.”

He adds that in an increasingly data-driven world where systems and processes are heavily dependent on data, it is critical to possess an effective data management solution to manage and maintain the ever-growing

volume of data. “This serves as a foundation for any systems or process transformation in any financial institution,” he says.

Synpulse: into the (Asian) future

Roesti draws the discussion towards a close with his vision of Synpulse in the future. “I want us in Asia to become the end-to-end shop when it comes to banking, meaning from business strategy, client value proposition all the way down to target operating model, enterprise architecture, and implementation onto the cloud,” he states, “and that is where we are investing right now.”

A vision to grasp

He says he is running counter-cyclically currently, as he believes that this is the perfect time to invest. “People say the pandemic should slow things down,” he says, “and worry about budgets and but we plan to do exactly the opposite. In fact, we’ve now grown to 270 people in seven countries in APAC, including India of late. And we are continuing to enthusiastically and optimistically build our investment and our recipe for virtual banking of the future, as that is where we believe this journey is going.” ■

