

The bright future for digital in Asian wealth management

Digital platforms are gaining in popularity as they become more sophisticated, and indeed their flexibility is now essential to stay ahead. Fintech can facilitate collaboration and client benefits, with 'plug-and-play' solutions seen as increasingly viable options.

These were the topics discussed:

- What's working? What's not working?
- Fintech fatigue?
- Is it now time to just plug and play?

A GROUP OF EXPERTS GATHERED TO DISCUSS THE IMPACT OF DIGITAL PLATFORMS upon wealth management at the Hubbis Asian Wealth Management Forum in Singapore. The chair first asked what impact digitisation had had upon their businesses and what progress had been made in developing truly useful technology.

“As our business grows, technology helps us to achieve economies of scale and enables us to control and manage risk more efficiently without having to add manpower,” replied an attendee, “however, integrating technology can be problematic when making sure that it can communicate with all the counterparts with whom we work.”

Because independent asset managers must work with different banks, systems must be able to speak the same language and produce meaningful information. “We must invest enough money, time and human resources into new technological solutions that make things easier, not harder,” one panellist observed.

PANEL SPEAKERS

- **Mark Nelligan**, Chief Executive Officer, Singapore, Pershing
- **Anthony J. Harper**, Chief Executive Officer and Co-Founder, Axial Partners
- **Steve Knabl**, Chief Operating Officer & Managing Partner, Swiss-Asia Financial Services
- **Ross Milward**, Chief Technology Officer & Co-Founder, Quantifeed

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STEVE KNABL
Swiss-Asia Financial Services

“We have already converted to an open managed account platform,” added another expert. “It allows third-party money managers to deliver managed account solutions into third-party banks; this works much better than forcing our way through one-size-fits-all packages.”

Another speaker likened the core banking systems to an old car, which might break down a lot but which can be salvaged. “It is tempting to move blindly towards the new technology and simply throw out the old,” he said, “But we must remember that it is possible to use new parts to upgrade an old car rather than simply abandoning it.”

The message is that technological solutions must enable wealth managers to be flexible and to facilitate vital and useful communication, while also ensuring that the necessary safety features are in place to protect clients’ assets.

Fintech fatigue

The discussion turned to the role of Fintech companies. “Fintech has been around for 20 years,” observed an expert, “and some of those in wealth management are nowadays feeling confused or fed-up with the constant Fintech discussion.”

“I would not be in this camp,” noted one panellist, “I think Fintech discussion is still necessary and highly relevant. Asset management is mired in an-

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MARK NELLIGAN
Pershing

tiquated delivery and there is a lot of repetition. People are still raising money and getting a million dollars, then burning it on building infrastructure because there isn't the intelligence around on how to apply and source the capital for the ideas that are coming forward."

When advising HNW individuals, panellists appeared to agree that Fintech is not an independent, stand-alone solution but should be factored in a complementary element in bringing about a more flexible outcome for both banks and clients. "It is important," said one expert, "that we all learn from mistakes made in the design and implementation of old and new technology."

"Fintech certainly still has a role to play in crunching data and in bringing this data to the advisers in a meaningful way," elucidated another guest. "However, it must be focussed on each client individually, which is expensive." For smaller firms, this may be prohibitive, but cost should be weighed up against added value for clients.

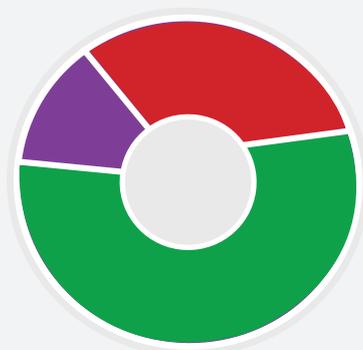
Countries also upgrading financial sector technology

The discussion turned to the impact of technology on emerging financial powerhouses such as Indonesia, which is creating large-scale financial markets capability and extensive networks. In a country with 260 million people, such an initiative could have



ANTHONY J. HARPER
Axial Partners

DO YOU THINK YOU WILL BE REPLACED BY A MACHINE IN THE NEXT TEN YEARS?



- Yes
- No
- Who cares - I'll have retired by then

Source: Hubbis Middle East Wealth Management Forum 2018

dramatic implications for Jakarta’s position as a financial centre in the region.

Panellists agreed that moving forward using a technological platform can help in improving the service provided by financial advisors by increasing flexibility. “If you can create and use a flexible managed platform that allows access between clients, banks and third parties, it will benefit all of those in that chain,” said one expert. “In contrast, a one-size-fits-all approach simply does not compete,” explained an expert.

Plug-and-Play or Build-Your-Own?

Panellists moved on to discuss the choice between ‘plug-and-play’ digital platform options leading to a quick win, versus trying to build a bespoke digital wealth management system. For smaller players with no in-house capability, plug-and-play options offer an easier and cheaper solution, although the end experience must still be paramount.

“We have had experience with off-the-shelf solutions for managing some of our requirements,” commented an expert, “although we found that we had to commission consultants to build other parts of it because there was nothing out there that could actually answer our needs at a cost that would make sense.”

One issue that particularly concerned the experts is data-protection. “The issue with sharing informa-

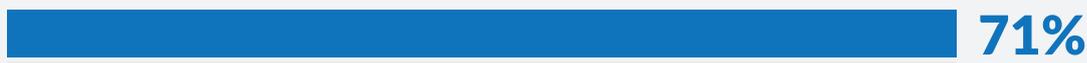


ROSS MILWARD
Quantifeed

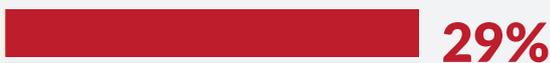
“IF YOU CAN CREATE AND USE A FLEXIBLE MANAGED PLATFORM THAT ALLOWS ACCESS BETWEEN CLIENTS, BANKS AND THIRD PARTIES, IT WILL BENEFIT ALL OF THOSE IN THAT CHAIN.”

I FIND FINTECH...

Interesting and relevant



I'm a bit bored and confused by the whole thing



Source: Hubbis Asian Wealth Management Forum 2018

tion between banks using one plug-and-play platform,” argued an expert, “is that others may be able to access sensitive data, and this can be a problem. Some segmentation is important to maintain integrity and a competitive edge.”

The priority, whichever solution is chosen, therefore needs to be streamlining connectivity with other banks as each one is speaking a different language within their own system. The next step is to automate all processes from front to back office in order to retain control and ensure full compliance and full record keeping in case of an exhaustive investigation by a regulator. Finally, data-protection safeguards must be put in place to provide peace of mind.

The future is coming

The panel then cogitated on the impact of technology in the foreseeable future. “It amazes me,” mused a guest, “that humans assume change will happen to others but not them. In the next ten years, all roles will change; you may still have a position, but it will be fundamentally different.”

Legacy platforms and processes mostly drive bank processes today. “Within ten years,” concluded a panellist, “artificial intelligence will be taking over most of the processes that can be automated and people will have to become more comfortable with that.” ■

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WHEN YOU'RE LOOKING TO GET STUFF DONE IN TECHNOLOGY SHOULD YOU...

Build it yourself



Plug and play



Source: Hubbis Asian Wealth Management Forum 2018