

The digital age: Are we headed for faster, cheaper, better wealth management?

Experts gathered at the second panel discussion to put forward their opinions on emerging digital trends in wealth management including distribution, plug-and-play versus bespoke design and the consequences of failing to join the technological superhighway.

These were the topics discussed:

- *Is building digital distribution important? Will all the bank branches disappear?*
- *Build it yourself or PLUG & PLAY?*
- *What digital trends are we seeing elsewhere?*
- *Which technology solution provider do I choose?*
- *What are the consequences of not doing enough or anything?*
- *What is the client experience supposed to look like?*

THE HUBBIS THAILAND WEALTH MANAGEMENT Forum panel dialogue began as guests were asked for a summary of current technological trends being embraced by wealth management companies and what benefits and challenges these are bringing to the table.

“There are two levels of development,” replied a guest. “Firstly, there is the hype about all things fintech and digital, but once you get past the exciting new concepts there is a human level of understanding missing. Clients need to be known and understood, not receive standardised correspondence and support.” Another guest responded that technology is not meant to replace client advisors; rather it should be designed to enhance them as a hybrid.

PANEL SPEAKERS

- **Sornchai Suneta**, First Vice President, Chief Investment Officer, Wealth Segment, Siam Commercial Bank
- **Steve Knabl**, Chief Operating Officer & Managing Partner, Swiss-Asia Financial Services
- **Michael Gerber**, Chief Executive Officer, 360F
- **Narit Kosalathip**, Assistant Managing Director, Head of Sales – Private Wealth Management, Phatra Securities
- **Adrian Williamson**, Director - Asia, ERI Banking Software
- **Martin Frick**, Managing Director, Asia Pacific, Temenos
- **Xavier Burkhardt**, Executive Director, Leonteq Securities

“In private banking, which is so much more than selling products and giving tax advice, a human touch is still needed. However, it is hard to keep up with all the information at your disposal as an advisor, and this is where technology can really help.”



Plug-and-play versus bespoke technology

Guests then pondered the relative values of plug-and-play technological solutions compared with a build-your-own strategy. “In the past, we believed in creating bespoke solutions, but it became very expensive,” explained a panellist. “We are now seeing more compatible products available, which additionally fit with the regulatory landscape, making outsourcing an increasingly favourable option.”

Sticking with the theme of hybridisation, there was some consensus that not every problem can be solved with an off-the-shelf fintech product, but that self-built solutions were also needed to ensure the best solutions.

“We have introduced a robo-advisory element to our affluent segment, which clients can use to do more by themselves, such as opening accounts and finding the answers to questions using our chat-bot,” reported one guest. “Clients find it more convenient, but they do still prefer a human professional to handle complex enquiries and solutions.”

So, what does the future hold for relationship managers? “RMs are central to everything, and more is required of them than ever before,” observed a

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STEVE KNABL
Swiss-Asia Financial Services

panellist. “As private bank net investible assets under management in 2021 are projected to be about USD70 trillion, RMs require increasingly sophisticated tools to help them handle these funds.”

The threat of artificial intelligence

There were mixed feelings about whether AI will leave the human role diminished in wealth management or indeed other spheres of activity. Ultimately, however, guests felt that it was not a question of replacement, but rather of how AI can enhance wealth management alongside the human skill set.

“It is the customer engagement and communication that is important in wealth management,” said one expert. “AI can be even more helpful than human contact for these more important client factors. It is mightily impressive what one can achieve with AI and the algorithms behind it to really customise messages and relations with the customer.”

However, other panellists felt that AI is still some long way from being reliable in complex decision-making. “People are not very logical,” remarked one expert. “We haven’t really found out how decision-making works within human beings. Until the algorithms can work out what makes up the other influences apart from logic, we still need human RMs to



MICHAEL GERBER
36oF



SORNCHAI SUNETA
Siam Commercial Bank

take each case individually and use their knowledge and experience to help clients make the best decisions.”

Combing out the tangles of family life and investments

So, how can AI help in family wealth management? “When we are dealing with very wealthy, large families, it is difficult to keep track of all the investments, assets, insurance and wills,” explained a panel member. “Trying to gain clarity and an overall view of a portfolio is difficult.”

“Often we see families setting up private solutions, usually a spreadsheet,” added a panellist. “It is old-fashioned, and there is no connectivity between banks, no live feed of investments and data tracking. There is no way to consolidate different portfolios or manage risk.”

Although this is not the most efficient way of handling high net worth accounts, one panellist explained that smaller wealth management companies do not have the financial or human resource capabilities to connect with many banks. “System providers do not make it easy, and they charge a premium while retaining control on connections and maintenance.”

Digital platforms and holistic client services

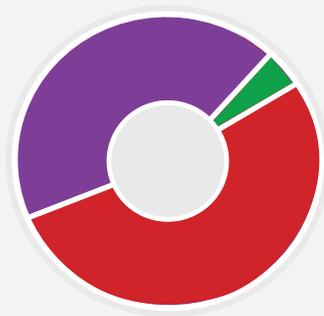
Panellists turned their focus to digital platforms and the client interface and user experience. “Currently, digitalisation optimises data processing rather than user experience,” explained a guest. “The point



NARIT KOSALATHIP
Phatra Securities

“THE POINT WE ARE AT IS THAT THE SYSTEM PROVIDES INFORMATION, BUT IT MUST BE FILTERED THROUGH A CLIENT ADVISOR TO PROVIDE THE BEST CLIENT EXPERIENCE.”

DO YOU THINK THAT YOU WILL BE REPLACED BY A ROBOT...



- Never
- Next week
- In 10 years time

Source: Hubbis Thailand Wealth Management Forum 2018

we are at is that the system provides information, but it must be filtered through a client advisor to provide the best client experience.”

“The marketing of digital products is outstripping successful deployment at present,” a panellist added. “We at the infant stage, and in the future, wealth managers need to think more about their targets and their client segments to get the best out of digitalisation.”

One wealth manager, also an expert in digital solutions, elucidated. “Over a quarter of our employees are based on the technological side, so our products are developed and offered faster than traditional capability permits. Other financial institutions link with us, use our technology and benefit from it without having to invest in digital development.”

In Thailand, this technical outsourcing could be a way for smaller wealth management companies and banks to provide a digital experience for clients and benefit from the expertise of the specialists.

Seamless integration of banking into everyday life

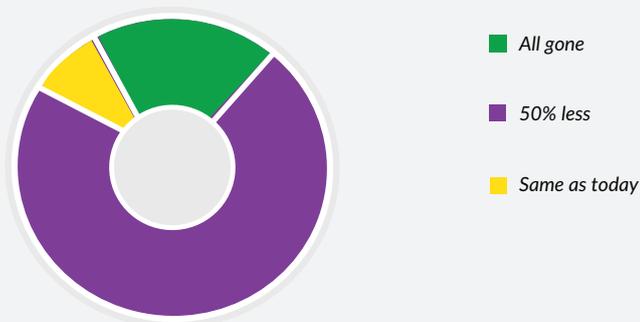
Panellists wrapped up the discussion by predicting the next step in digital banking. A massive proportion of the 66 million population of Thailand spend many hours a day online, and over half use a smartphone. “They want digital banking solutions rather than



ADRIAN WILLIAMSON
ERI Banking Software

“WE NEED TO CAPITALISE ON THE MANY HOURS EACH DAY PEOPLE SPEND ONLINE.”

DO YOU THINK WE WILL SEE SIGNIFICANTLY LESS BANK BRANCHES IN THE COMING YEARS?



Source: Hubbis Thailand Wealth Management Forum 2018

picking up the phone or going into a bank,” explained a guest. “We need to capitalise on the many hours each day people spend online.”

“Banking apps are currently limited in scope,” they added. “And we could be offering so much more. Banking should be embedded in social and shopping apps so that loans and investments could be instantly available depending on client interests, moment to moment.”

The path towards digitalisation is not a straight road and nor is there one destination. The onset of the digital era for wealth management will see many false starts and many wrong turns.

But the reality is clear - the universe of financial markets and the subsidiary of wealth management are undergoing a journey towards digitalisation. ■

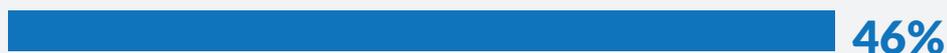
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XAVIER BURKHARDT
Leonteq Securities

IF BANKS ACCESS YOUR INFORMATION AND THEN USE IT TO SELL YOU TARGETED PRODUCTS - IS THAT

Smart



Creepy



Source: Hubbis Thailand Wealth Management Forum 2018

“SYSTEM PROVIDERS DO NOT MAKE IT EASY, AND THEY CHARGE A PREMIUM WHILE RETAINING CONTROL ON CONNECTIONS AND MAINTENANCE.”

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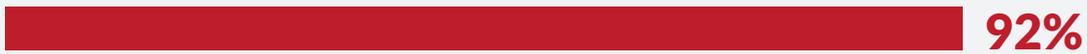
MARTIN FRICK
Temenos

SHOULD YOU

Build it yourself



Plug and play



Source: Hubbis Thailand Wealth Management Forum 2018

WOULD YOU PREFER TO DO ALL YOUR WEALTH MANAGEMENT ONLINE AND NEVER SPEAK TO ANYONE?

Yes



No



Source: Hubbis Thailand Wealth Management Forum 2018