

# The Road Towards Digitisation – What does it Mean & How to Get There?

*Can digitisation help improve both the advice offered to wealth management clients, and at the same time their relationship with the RM, or will the human aspect of the equation be gradually diminished? Can digitisation enhance profitability as well as client retention?*

*These were the topics discussed:*

- How does digitization help drive advice and improve the relationship between the RM and client?
- How do you ensure you are giving best in class advice across all markets and client segments?
- How can you look through the client portfolio and offer better advice?
- Can digital investment tools generate investment ideas for a client?
- How does it save money or drive revenue?
- How have you improved the middle and back office?
- Do clients still want discussions about portfolios to be had with their RM?
- How will new platforms impact the PB space?
- Is Robo still a term that's mis-used?
- What should the investment engine behind digitized advice be?

## PANEL SPEAKERS

- Paul Hodes, Wealth Management Head Asia Pacific and EMEA, Citi
- Nick Hungerford, Senior Advisor, Portag3 Ventures
- Evy Wee, Executive Director, Head of Digital Advisory & Portfolio Implementation, Regional Investment Product & Advisory, DBS Bank
- Duncan Klein, Head of Outbound Product Management, BondIT
- John Robson, Chief Commercial Officer, Quantifeed



## EXECUTIVE SUMMARY

The direction towards digitisation in private banks and wealth management firms operating in Asia is mapped out, but each institution must find their own roads to achieve their preferred goals. The first panel discussion of the Hubbis Digital Wealth Forum in Singapore presented a fascinating insight into how the human relationship management aspects of wealth management can be coordinated with digital, robo-advisory, machine learning and other technology to provide high net worth clients with the service and efficiency, and also human interaction, they need.

The front, middle and back-end functions from client interface through to the completion of a transaction can all be dramatically improved through digital innovation. But achieving these goals is not easy, not cheap and not fast. Strategic decisions must first be made and careful and studied implementation takes years, not months.

Technology can also help the wealth management firms of the future compete with a new wave of entrants, from fintechs to BigTech. The competitive landscape in the next decade will change dramatically, driven by regulation, new entrants, customer demand, a younger generation of tech-savvy wealth customers, as well as by the growing digital understanding and expertise of the private banks and advisory firms.

The good news is that Asia's high net worth numbers are growing far more rapidly than in any part of the world, providing a rapid growth market in which existing and future competitors should have enough elbow room to survive and prosper.





**T**HE FIRST PANEL DISCUSSION OF the Digital Wealth Forum in Singapore presented a lively debate on the future for digitisation within private banks and wealth management firms in Asia. The experts Hubbis assembled included leading banks as well as digital and fintech solutions providers.

A banker began the discussion by highlighting the digitisation on the front, middle and back ends of the relationship. He reported that today more than 45% of the bank's onboarding is digital while more than 90% of transactions are digital straight through paperless. "We plan for both of those numbers to be 100% and the mission is to enhance our relationship managers to the point where we can feed them information from external and internal sources to leverage their capabilities. Smart gathering, editing and the distribution of information is the key."

### **The changing modes of client interface**

The same banker said that it was essential to understand how clients obtain information, make decisions themselves or link back to the RMs. "In the old days it was a phone call, or visit the branch, but today for example in China our clients communicate with us on the 'WeChat' app. Clients today can trade and approve trades while screen sharing with their RMs, for example. Or clients can conduct those trades on mobile or on the iPad as well."

He then explained that the biggest impact to their business is in the middle and back offices.



JOHN ROBSON  
Quantifeed



PAUL HODES  
Citi

“We are working across 17 countries in the region, so you can imagine how many paper-based processes there were,” he commented. “The RMs now do not have to fill out any paperwork. We are also digitising the whole back office - for example, we realised we were sending 6000 plus faxes a month to fund houses - but it takes a huge amount of work to digitise all that. However, as I said 90% plus of our investment transactions are now digital.”

He then quipped that globally the bank had also gone tie-less, in keeping perhaps with the image of a digitised, new era financial institution.

### **Robos - a story with more chapters to be written**

A tech and finance expert who began his core working life around 2010 at business school by creating an automated spreadsheet with some nice graphics to help fellow students manage their money has since developed further into the origination of online discretionary investing. “The was about eight years ago and since then we have become a venture investor in robo-advice, so far putting about US\$280 million into robos.”

Another tech solutions expert noted that while robos are the talk of the market, so far, the penetration in Asia is less than impressive. “We deploy a platform for five different banks in all major centres across Asia, but that journey was slow, it began in 2014 in some cases and only live this year. It is a long sales and deployment cycle but I believe we are at the turning point where it is becoming easier to promote this type of

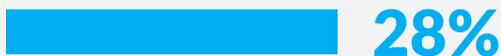


EVY WEE  
DBS Bank

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#### DO YOU THINK DIGITAL WILL REPLACE A RM?

Yes



No



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Source: Digital Wealth Asia Forum 2018 - Singapore

transformational change. We believe that if banks want to provide solutions to large numbers of customers, the only way to do it is to do it through technology. Although it is not where it should be yet, we will certainly see the wealth management digital experience really take off in the next 12 to 24 months.”

**Start simple, learn the world of digitisation**

Another banker turned the conversation back to advice. “The traditional wealth method is relying on relationships and we know that is not scalable, but then at the same time human to human contact is still very important,” they said. “We do not expect the digital platform to just replace human interactions altogether. So, our strategy for our wealth platform is to start simply and then later more customised advice will flow, with the help of AI, machine learning and other technologies. For the moment, however, we are encouraging clients to self-direct and especially for the younger customers they are keen to move digital and to access information and research digitally.”

The same banker agreed that a core challenge today is the digitisation of the back and middle office. This is essential so that the bank can go fully digital, from transaction to execution and administration and reporting.

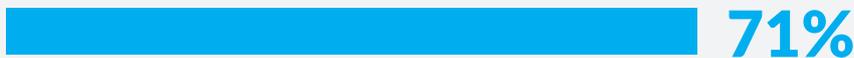


DUNCAN KLEIN  
BondIT

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Make the CLIENT more money



Source: Digital Wealth Asia Forum 2018 - Singapore

Transparency was another vital matter brought up in the discussion. A banker noted that it is not simply the provision and delivery of excellent advice and services, but it is increasingly vital to be transparent with clients, so they understand the fee structures upfront, as well as their statements.

A digital solutions expert also noted that it is vital for wealth management firms to provide clients with realistic assessments of their performance, rather than providing esoteric benchmarks that clients do not understand. For example, most people in the UK measure investment performance against the UK housing market.

“There is also a massive need for people in the top organisations, to demonstrate their quality,” he opined. “Customers generally do not understand the value of the service they receive. The other problem we find is that the banks and the solutions providers often do not talk the same language, it is almost like we need someone between us to interpret.”

### **Competition a key driver for change**

A banker turned to the competitive landscape and warned that in five to 10 years the landscape will have changed dramatically. “The days of competing amongst the major banks is over. In China, for example, the payment space is already disintermediated. And transactional banking in many markets has already changed. In Korea, you can see online banking, mobile banking, transactional banking has already disintermediated. The wealth sector is next. The good news is that growth in the wealth sector in Asia is so fast, so we have that advantage.”

Clients want digital, he added, but they also want face time with their RM. “They want fast and efficient, but they also want digital tools that augment the relationships with their relationship managers.”

### **Know your customer**

Another banker urged simplifying things for the clients, many of whom in newer markets especially do not understand the financial world, they might not even know the difference between an ETF and a trust fund for example. “They ask us to tell them what to buy or sell, while there are others that know what they want to invest in



NICK HUNGERFORD  
Portag3 Ventures

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and simply want an easily manageable platform. We need to know what each client actually wants.”

A tech expert commented that there are immensely different needs of individuals in the younger generations, for example, ethical investments and other exploration of new horizons such as the blockchain. “I think the role of the private banker will change dramatically in Asia, as the future will require expertise across so many different areas from the traditional mainstream investments we have been familiar with. In Asia we expect that to happen very fast.” ■