

Tweaking the Investment Engine with Digital to Enhance the Advisory Proposition

Panelists at the Hubbis Investment Solutions Forum put their heads together to come up with an action plan for ‘tweaking the investment engine. They were in favour of smart digitalisation, simple functionality and delivering lightening-speed information, but advised that clients continue to need guidance and education from individual advisers and experts, not just from machines.

These were the topics discussed:

- Where does your revenue come from in the future?
- How do you reconcile the suitability of investment products you sell to your clients with profitability?
- When you launch a new product - how do you gauge whether it was successful?
- Are we making progress in creating a ‘stickier’ engagement with clients?
- How can banks really make discretionary offerings work?
- Is Behavioural Finance a critical component to manage client expectations?
- How are we improving the investment platform and processes?
- Can we cut cost - without impacting client experience or performance?
- What’s the role of digital today?
- Can digital add greater value to traditional advisory?
- What’s the right balance between face-to-face and technology driven interaction?



PANEL SPEAKERS

- **Rodolphe Larqué**, Head of Managed Solutions APAC, Credit Suisse Private Banking
- **Damian Hitchen**, Chief Executive Officer, Middle East & Asia, Swissquote
- **Tuck Meng Yee**, Head of Investment Solutions Asia, Allfunds
- **Pierre DeGagne**, Executive Director – Investment Funds Fund Selection & Strategy, DBS Private Banking
- **Jalil Rasheed**, Investment Director, Head of Singapore Office, Invesco
- **Hrishikesh Unni**, Managing Director, Client Investments, Taurus Wealth Advisors

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THE KEY TAKEAWAYS

Global competition

To stay competitive, those in the wealth management business must ensure they focus on global reach and relevance in this digital age.

Customisation and differentiation

It is not enough to copy a winning formula. To stay afloat, wealth management companies must provide a customised service while standing out from the other options, they need to add value.

Digitalisation and compliance

Regulation is arguably beneficial for the client, but the slew of data analysis and compliance needs a powerful digital tool to stay ahead. Pen-and-paper simply does not cut it in this modern age.

The human touch still has value

A mostly digital front-end is now considered sufficient for most client interaction in the mass affluent segment and to some extent HNWIs, but when dealing with the ultra-HNWI and families, the human touch is essential for peace-of-mind and relationship-building.

Information delivery lags

When it comes to the speed at which information is passed between and within wealth management organisations, panellists agreed that it is woefully slow, and argue for a T+1 minimum standard.

Digital systems should support, not replace, advisory

Wealth managers cannot rely on AI, robo-advice or enhanced digital systems, advisers need to be on their game and tactical strategists.

Seamless digital coverage

In the future, digital systems should work together to provide a seamless holistic experience for customers as well as provide speedy, accurate support to wealth management advisers.





DAMIAN HITCHEN
Swissquote

PANELLISTS WERE WELCOMED TO THE GATHERING to discuss the changes needed to investment selection and procedures in order to stay afloat in the current investment environment, which they dubbed ‘tweaking the investment engine’. “What do we need to do to move forward?” an attendee queried.

Competition, customisation, differentiation

“We run a third-party online party funds distribution platform,” a guest explained. “It is digital from front to back, and we use it to continually analyse products and services to stay globally competitive rather than focus solely on Asia.” Panellists agreed that it is vitally important to think globally rather than just regionally in this digital age, even though Asia now offers a remarkably wide universe of investment opportunities.

Customisation is also important moving forward, with off-the-shelf products appearing increasingly lacklustre to clients, a panellist added. “Differentiate to stand out,” he advised. Indeed, without a personalised service and appropriate expert guidance, customers can flounder in the sea of options.

“As wealth management advisers, we should be asking ourselves, where the value is coming from. And the answer is advisory,” a panellist explained. “This will ensure our customers meet



TUCK MENG YEE
Allfunds

their goals.” Finding funds that will outperform the benchmarks and comparable exchange traded funds (ETFs) is critical, guests agreed.

Customers looking for a good fit

“Not only do the products have to be good, they also have to suit the customer, which is where the regulators are certainly making an impact,” a guest elucidated. “We as advisers must also ensure we carry out proper client mapping and characterisation to ensure the products meet customer profiles and risk and return expectations.”

Indeed, tailoring the product to the customer takes enormous effort, data, systems and processes in the background. In addition, panellists agreed that the increasing demands of regulation, with the millions of data points required to comply, all point to the real need for automation and digitalisation.

“The vast majority of client portfolios still underperform,” a guest pointed out. “We need to improve performance by educating the client that buying high and selling low is not a winning strategy, which is what most people do,” he quipped.

Digital platform or human adviser?

“As a customer with money to invest, should I go to a digital platform and buy some ETFs, or pay someone to give me advice?” a panellist questioned. “It is an individual decision,” a guest replied, “as different companies offer different things, some specialise in products, others specialise in advisory. The answer may be in



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Credit Suisse Private Banking

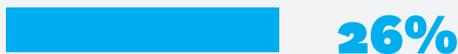
collaboration between several companies, getting the best of advisory, product selection and the simplicity of a digital platform.”

Human skills are still important

“In terms of tweaking the investment engine, what is the argument for keeping all of the expensive professionals as opposed to scrapping them all and

HAS THE REPUTATION OF THIS INDUSTRY IMPROVED IN THE LAST TEN YEARS?

Yes



No



Source: Investment Solutions Forum 2019 - Singapore

having a much simpler product proposition?” quizzed one panel member.

From a family office perspective, a guest explained that advisers typically do not talk about benchmarks and maximum earnings but take a more holistic view.

“Instead of just making the maximum amount of money, the ultra-high-net-worth individuals (HNWIs) and families are taking care of their assets, ensuring the wealth is passed down safely,” he elucidated. “Transparency is paramount, a holistic approach is essential. There must be a high level of trust between an ultra HNWI or family and their adviser.”

“Scalability also plays a part,” a panellist added, “outsourcing is more practical for smaller organisations but if you manage a vast amount of AUM, outsourcing becomes more difficult, it uses more time and energy than just doing it yourself.”

Humans and digital must team up

When developing the digital component of a wealth management organisation, a panellist urged wealth managers to look at digital companies that are not involved in wealth management. “What works and what does not?” he asked rhetorically. “Functionality, customer experience and ease-of-use are all principles we can apply to wealth management.”

Panellists then focussed upon the benefits and drawbacks of digital systems. In the current regulatory landscape, digital processing is



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DBS Private Banking

WOULD IT BE POSITIVE FOR THE INDUSTRY IF THE REGULATOR FORCES WEALTH MANAGERS TO DISCLOSE ALL FEES?

Yes



64%

No



36%

Source: Investment Solutions Forum 2019 - Singapore

considered to be an essential part of managing the complex requirements. “On the client-facing side, digital is easy, accessible and empowering for the client, but once a certain level of wealth is reached there still needs to be human interaction,” an attendee explained. “If there is a crisis, customers want to pick up the phone.” Clearly there is no one-size-fits-all solution.

One criticism that panellists had for digital integration is that the systems are typically not as advanced as they need to be to run smoothly. “There should be a fully-functional front and back end, the infrastructure must be robust,” a guest urged.

Super-fast delivery of information - a must-have

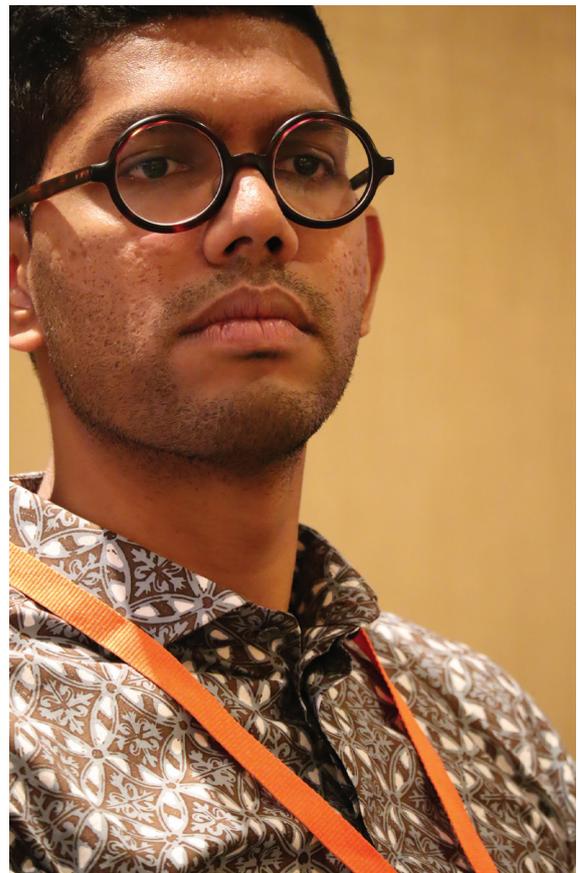
“When wealth managers are choosing product manufacturers, what do they look for?” asked a guest. “The pre-selection criteria include performance, management quality, investment process, and robustness,” answered an expert. “Beyond those obvious factors, seamless functionality is of vital importance. But does that back end work efficiently? If information is not delivered quickly and accurately, it is useless. If we advise our clients based on incorrect or outdated information, it is a serious matter,” the panellist warned.

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“T+1 is the new gold standard,” added an expert. “In 2019, there is no excuse for a fact sheet to take three weeks to deliver to a client. Every time we promote a product update to our clients it is out of date. We need real-time information to advise our clients on decisions based on what has happened the previous day, not three weeks ago.”



HRISHIKESH UNNI
Taurus Wealth Advisors



JALIL RASHEED
Invesco

“Would a client be disappointed if their wealth manager had the same conversation with them as they had with a big private bank? Are they expecting something a bit different?” a panellist queried.

“Our starting point is, what is the client looking for?” a guest replied. “We have clients with different backgrounds, interests and means. We need to understand where they are coming from, what their objectives are. Then we are equipped to try and find the most appropriate solution for them. This is completely the opposite to assuming we have all the answers.”

“What should we be doing in the next 12 months to improve our investment engines?” asked a panellist. “Fund selection is key,” offered a guest, “as well as advisers being aware of the need to identify tactical strategies. We must not

rest on our laurels, relying upon digital systems to take up the slack, we must be proactive.”

“Finally, what still needs to be done to make digital systems truly supportive in wealth management?” an attendee asked panellists.

“Digital coverage needs to be seamless across jurisdictions,” answered a delegate. “Client experience and engagement should be improved, with more options and information on the digital platform, as well as aiming for speedier delivery of customised information.”

To close the discussion a guest added: “In the future, we need to work on client education and engagement, the consolidation of automated systems and processes, increased streamlined aggregation of information, holistic analytics and digital generation of portfolios. ■

