

Technology and Digital Platforms to enhance Wealth Management

The sweep of digitalisation now has global reach and influences every aspect of our lives, including wealth management. Panel members at the Hubbis Vietnam Wealth Management Forum discussed some of the most pressing issues surrounding digitalisation facing the country, from basic purpose to overall infrastructure and functionality.

These were the topics discussed:

- *Does technology mean - Faster, cheaper and better wealth management*
- *Why is the technology platform important? How do you choose the right one?*
- *How does technology help with KYC and onboarding clients?*
- *Will bank branches disappear - will wealth management in Vietnam be digital?*
- *What digital trends are we seeing elsewhere?*
- *What can you distribute down a digital channel?*
- *How does wealth management operate?*
- *How can we build a more robust offering?*
- *What's the right thing to do? How can you understand the market?*

PANEL SPEAKERS

- Bao Nguyen, Country Director Vietnam, GoBear
- Michael Gerber, Chief Executive Officer, 360F
- Kelvin Lim, Head of Business Development, Asia, IRESS
- Namit Khanna, Sales Director - SEA & India, Finantix





EXECUTIVE SUMMARY

Professionals in the fields of technology and finance assembled at the Vietnam Hubbis Wealth Management Forum to discuss the benefits and future direction of digitalisation in the sphere of wealth management.

The 'idiot's guide' format guided attendees through the minefield of onboarding, implementation and infrastructure design, as well as examining what has happened to the much-anticipated robo-advisory model, which many have hyped as the way of the future, but which has so far been falling short of its aim.

Panellists also discussed the many positive digital developments emerging across the region and how the wealth management industry in Vietnam can learn from those advances to use technology to involve the mass affluent sector in the wealth management model, which has hitherto been largely the domain of the very wealthy.

ALTHOUGH DIGITALISATION IS IMPORTANT, sometimes those in the financial industry do not know where to begin. "In this panel discussion, we are going to try to create an 'idiot's guide' to building a digital wealth management platform," an expert announced.

The first hurdle when incorporating technology into an existing framework is resistance from



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360F

staff. “In the beginning of our transformation to a digital bank, we found that our advisory staff were reluctant to change their model,” began a guest.

This setback can be overcome by demonstrating to staff, through small projects and show-cases, the benefits and added value of technological hybridisation. This then generates trust and acceptance before moving forward with digitalisation, rather than trying to garner these emotions retrospectively.

Step-by-step integration builds trust and acceptance of technology

Once the concept of integrating technology has been accepted, the next step is to carefully and strategically plan how it will fit with existing systems. “It is not essential to be an expert in technology to understand the positive implications of digitalisation for financial services, such as the increase in capacity for data analysis and distribution,” an expert offered.

“What can we learn from the challenges that have faced others in the region, and how these were overcome?” a guest queried.

In the last few years, robo-advisory has been touted as the way of the future. Many financial institutions put a great deal of money into development. However, clients did not get on board with the concept as they preferred human contact and did not trust synthetic advice.

“Because of this mistrust, the majority of robo-solutions have failed so far,” explained a guest. “We failed to take human psychology into account.” In addition, the technology is simply



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not advanced enough to replace human advisers, and must instead be used to augment humans, by collecting and analysing data for them to use as part of their advisory toolkit.

The field of insurance took a hard knock from the failure of automation. “Customers were simply not waking up in the morning and deciding to buy a digital insurance product upon the advice of a robot,” elucidated a panellist.

Upping the attractions of buying financial products

“Life insurance is even worse because you have to die before you are rewarded,” a guest quipped. People do not tend to seek out financial products, which is why

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Source: Vietnam Wealth Management Forum

the adviser is such an important part of the process. “The purpose of the adviser is to gently nudge the customer to buy these unappealing products,” the guest continued.

The personal connection that advisors have with their clients is everything, which simply cannot be replicated by robo-advisory. “We have not yet hit upon a good enough reward system to entice customers into buying financial products without that human relationship,” explained an attendee.

To move forward, financial institutions need to look at the products they are offering from the customer’s point of view. What is their motivation to buy? Long-term rewards are not enough. “The customer wants to be sold a dream, and what they are actually getting is a collection of mutual funds or products,” explained a guest.

“Humans are lazy by nature, they want convenience,” an expert commented. Indeed, around 65% of a banks’ portfolio is made up of dormant clients who invest once in a mutual fund then forget all about it. “Financial products are just not that appealing,” continued the expert, “so how can we get these clients to participate? The answer is, it is not about product design, it is about engagement.”

Multiple touch-points are key to attracting customers

Once staff and customers have got onboard with the new technology, the next issue to consider is functional implementation. “We have a vast array of channels and products, but behind the scenes, there are lots of loose ends to be tidied up,” lament-



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ed a guest. “There is considerable effort needed to match the polished digital front-end appearance with a functional, streamlined back-end.”

When attempting to provide financial institutions with suitable digital solutions technology vendors will ask what the end goal is, and they will get a confused answer. “Technology is seen as a panacea rather than a tool to be used as part of a coherent strategy,” an attendee elucidated. “Banks tend to panic if their competition is implementing a certain technological strategy, so jump on board

DO YOU THINK YOU WILL BE REPLACED BY A ROBOT?

No



Yes



Source: Vietnam Wealth Management Forum

without planning and forethought, meaning that the technology inevitably fails to deliver.”

The experts then turned their attention to the number of effective strategies already being implemented in wealth management. In India, the vast majority of people have been retina-scanned. “If they want to buy a fund or open a bank account, they simply need to have their retina scanned and the onboarding process has been completely streamlined,” offered a guest.

Technology can benefit the masses not just the elite

In another example from India, systematic investment products allow investors to put in very small sums of money such as USD10 per month. “That adds up to a total of USD1 billion per month being ploughed into the asset management pool,” an attendee explained.

Technology is also providing a solution to the problem of Vietnam’s unbanked population. “These individuals have no collateral or credit history, and as such are often unable to access banking and insurance products,” a guest clarified. “We want to provide financial inclusion for these people and now technology can enable potential customers to download an app, take a photograph of themselves and upload documents to gain pre-approval for credit.”

The final issue experts focussed upon was future-proofing the IT infrastructure in this uncertain digital age.

“Communication is the key to forging close



KELVIN LIM
IRESS

relationships with customers. They want instant contact with their relationship managers, so the integration of intuitive instant messaging apps will keep customers happy, interactive and engaged,” offered a guest.

Panelists concluded the discussion by suggesting that financial institutions look at what is happening on social media for inspiration. “The network effect is very successful, peer-to-peer sharing and inviting do the marketing for you,” an attendee suggested, wrapping up the debate. ■

