

‘Wealth Care’ enters a New Age enabled by Asia’s Robo-Platform

Shadab Taiyabi, Senior Executive, Strategic Partnership at Quantifeed, expounded the virtues of digital robo-advisory platforms but also suggesting the attendees of the Hubbis Asian Wealth Solutions Forum that they tailor solutions to the needs of their clients.

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EXECUTIVE SUMMARY

By 2020, Asia’s rapidly growing ranks of mass affluent will have amassed wealth of USD43 trillion, according to an estimate cited at a Hubbis event by John Robson, chief commercial officer of fintech Quantifeed, earlier this year.

By 2025, another estimate - from accounting firm Deloitte - states that some USD16 trillion of global wealth will be managed by digital services. Quantifeed was founded in Hong Kong five years ago to assist financial institutions with precisely this digital transformation.

Shadab Taiyabi, Senior Executive, Strategic Partnership at Quantifeed, is one of the core team members at Quantifeed, which five years after its inception is making robo-advisory waves across the Asia region.

In a presentation he gave at the Hubbis Asian Wealth Solutions event in Singapore, the enthusiasm Taiyabi has in building and delivering digital wealth management systems for financial institutions across Asia shone through as bright as a beacon. He explained that Quantifeed is a fintech company that espouses the credo that technology will help facilitate the massive transformation in wealth management to a new age that Quantifeed calls "Wealthcare". Quantifeed wants to help people live better lives financially by taking control of their financial future, reaching their financial goals, and living the best way they possibly can.

Taiyabi told the audience that Quantifeed supplies digital wealth management solutions including robo-advisory with three key areas of dedicated focus. One is organised to deliver theme-based robo-advisory solutions, another delivers risk-based investment solutions and the third provides goal-based solutions.



SHADAB TAIYABI
Quantifeed



“**T**HE WEALTH MANAGEMENT industry is in transition at the moment,” he began, “as digitalisation is having a significant impact on the quantity and quality of products available and their delivery.”

He explained that robo-advisory is available to a wide array of investors, not only the high-net-worth individuals (HNWIs). “There is a shift from standardised products towards more customised solutions and with multi-channel delivery, the clients can work on their investment solutions on a 24/7 basis. In fact, we see this as one of two essential aspects of life as we know it - health and wealth.”

He then delved into greater detail of the three key aspects of robo-advisory solutions that are available in the market. “Every individual, every customer of yours,” he told the audience, “will seek a different aspect or different experience of wealth management, but for sake of ease we can classify them basically into three types, namely theme-based investing, risk-based investing and goal-based investing.”

Following the chosen themes

Addressing theme-based investing first, he observed that it is essen-

tially a delivery of digitised automated portfolios for sophisticated retail investors who are following a certain thematic idea. “So, for example, someone might be buying US social media stocks or electric vehicle stocks. Using robo-advisory solutions and with rigorously constructed rule sets, we can build these portfolios for the customers and then we can help them rebalance them regularly.”

With that he explained how the thematic portfolios can be constructed, highlighting a platform the firm built for a Hong Kong based securities firm and that offers the client a long list of themes, with associated thematic portfolios that Quantifeed has also developed.

“The clients can then go in to see the various fundamentals and other performance numbers for those portfolios and are able to buy them instantly,” he explained. “In this way, we not only provide a customer with a set of ideas but also facilitate their investment and make rebalancing simple and straightforward.”

With that, he highlighted on his slideshow more detail on the client experience of the model. “The key here is that the client has a 360-degree view on the opportunities and the basket of securities that is recommended as part of his chosen theme play, he can see how this

portfolio is constructed, the selection criteria, as well as a clear view on the rebalancing criteria.”

Taiyabi noted that the clients can go in and instantly create a buy instruction. “If you look at robo-advisory solutions in general,” he added, “you are not only getting ideas but also you are able to execute on those ideas. In this case, they can even look at the details of providing appropriate take-profit and stop-loss arrangements.”

Risk-based investing platforms

Taiyabi then moved on to risk-based investing. Banks want a simple product that, for example, allow their customers to formulate a regular savings plan matched to their risk profile.

“Make it easy,” he recommended, “but of course it is more than that as you can take your risk-based investing, which is essentially allowing people to invest in a model portfolio against a risk profile and you can help an adviser with a portfolio reconstruction, which is essential for investors, especially those that have accumulated stocks or funds over the years.”

Risk-based investing is, therefore, a means to use risk profiling to also help advisers quickly and easily rebalance and reconstruct

a customer portfolio that matches the investor's latest risk profile.

"One of the central challenges that comes in risk-based investing," he clarified, "is that most of your customers are already holding on to certain portfolios, of securities. When one of them is introduced to risk-based investing, what do they do with the existing securities? This is where a systematic approach towards rebalancing and being able to manage it properly is very important and that is where we add more value, as clients can easily reconstruct this portfolio as per their latest and the newest risk profile."

Working to deliver solutions defined by goals

Goal-based investing, Taiyabi then explained, is proving the most popular journey for Quantifeed's customers. "The banks might tell us they want a goal-based invest-

ing platform that effectively allows people to plan their life's goals more accurately and efficiently. The solution really helps advisers engage with the customers."

He explained that goal-based investing has been around for several decades. "The problem with goal-based investing solutions in the past, however," he explained, "was that the journey ended once the goals had been identified and ideas proposed, with little or no customer engagement after the fact. You might receive information months later that could for example state that the portfolio is up or down, but nothing about whether you can, therefore, retire earlier, or later, or afford university for the children."

However, the Quantifeed platform, Taiyabi elucidated, explains all these relationships and also advises on the next steps. "We are able to summarise what the goal target

is," he reported, "how much is going to be taken from which bank account and on which day of the month, exactly what the funds are, what the client is going to be buying and then provide access to all the obligatory regulatory documents and then when the client is happy with all of that, he can confirm that he has read all of those documents and finally he is good to go."

Boosting the service providers' capabilities

He concluded by adding that Quantifeed is trying to bring to its clients - the banks, securities firms and wealth management businesses - the ability to manage and service their customers more effectively. "And with that," he summarised, "I will conclude by saying that Wealthcare is here to stay, and we are simply and dynamically enabling customers to live their lives better, financially." ■

