Link to Article on website

What's Digitisation got to do with it?

The Covid-19 crisis has served as a catalyst for fast tracking digital solutions and platforms in virtually every industry. The imperative to physically distance, ruthlessly streamline and innovate a way out of disruption cuts through comfort zones everywhere you look. In most areas of business, compelling arguments for digitisation existed prior to the health crisis. The pandemic has fast-tracked the need for their adoption, turning 'good ideas' into survival necessities. This situation holds true for wealth management as well.

BY:
LUDOVICO NICCOLINI
Director at QUO Systems SA

The pre-Covid-19 case for digitisation: new clients, new behaviours, and a new understanding of 'value'.

Individualised attention has always distinguished wealth management. In this age of digital disruption, service remains the focus. What's changing, is how we define it.

Even before the health crisis, changing demographics and generational preferences demanded a shift in paradigm. By 2030, Gen Z and Millennial high net worth individuals will hold **over 50%** of global wealth. Digital innovations and self-service models have given this generation an empowering 'look under the hood,' and their expectations have had a **'trickle up' effect** with older clients as well: recent EY research demonstrates private banking clients - of diverse demographics - expect a self-service option. More and more, clients no longer value a relationship manager's time when spent executing tedious one-off trades; in their opinion, this should be automated, and something they can do for themselves. They do however value financial education, coaching and advice, thought leadership, and help with complex financial trades. And they will gladly switch firms in order to get it.

Many of the core banking accesses that were given to clients as an alternative solution to the phone, are in fact giving them an outdated view of their assets with little to no market data or trading capabilities. When a market moves by 400 points and Crude goes negative, you don't want to be in a panic situation and you start taking control of your own risk.

These developments had already recommended a hybrid advisory model - where automation and personalisation coexist and integrate - as the new **wealth management best practice**. The ongoing calibration and application of a high tech, high touch mix serves both relationship managers and clients

LUDOVICO NICCOLINI
QUO Systems SA

of private banks. This blended approach will enable the sector to attract and maintain clients in the face of challenges and disruption, as well as continuously innovate. As a welcome side effect, it will help banks to reduce their costs.

The coronavirus crisis: high volatility, make-or-break stakes

The shift in paradigm that was experienced with Crude going into negative territory and market sell-off, has turned the high beams on all the cracks and fissures in legacy systems and on the patchwork technology that is often bolted on top. In order to offset risk and protect their downside during these unprecedented market conditions, professional clients need to have access to robust technology, that provides them not only with a holistic and real-time view of their assets, but most importantly allows them to quickly reduce their market exposures without having to desperately reach their relationship manager or the central dealing desk of the bank. Many of the core banking accesses that were given to clients as an alternative solution to the phone, are in fact giving them an outdated view of their assets with little to no market data or trading capabilities. When a market moves by 400 points and Crude goes negative, you don't want to be in a panic situation and you start taking control of your own risk. Others, who have had access to retail trading platforms, have suffered outages with unnecessary losses that end up being costly not only to the client but also to the broker.

Professional clients living through this challenge need a reliable platform that is independent from the banks, allowing to route orders to whoever is able to execute them at the time. And banks would do well to refocus RM's onto actual relationship management-providing them the chance to have value-added conversations with clients during the crisis, and to analyse insights and make strategic recommendations specific to this difficult time. Not to mention, with many team members working from home in more distracting environments, banks can find additional advantage in a self-serve model-such as **offsetting some of their risk** management to the end-user.

Technology to connect to the future

TradingScreen's **QUO** gives wealth managers the chance to support clients through the crisis and make the most of this moment. Professional clients, relationship managers, and dealing rooms can access this SaaS platform via the web. QUO allows market participants to automate their workflows by providing real-time views of consolidated positions, a powerful trading system with global market and referential data across 15 million securities. These combined features allow QUO to run sophisticated pre-trade checks alleviating some of the banks compliance headaches. Most importantly it provides banks with a state of the art, full-functionality technology suite that can be plugged into their existing core banking systems without engaging into large scale, time, and resource-consuming projects. By providing a one-stop solution for banks and clients to straight through process (STP) workflows across all assets, it allows relationship managers to focus their talents on what will truly build the future: value-added conversations with their clients. ■