

Why does the World need Wealth Advisors? Saxo Markets' Head of MENA Offers his Answers

Damian Hitchen, Chief Executive Officer for the MENA countries at Saxo Bank, has been a regular go-to expert for Hubbis on digital platforms and future-focused wealth management for quite some years. He gave delegates a sharp and insightful presentation at the Hubbis Digital Wealth Forum in Dubai in mid-November. He explained that as advisors and private wealth managers face an increasingly challenging external operating environment, we need to understand their main challenges and address how to make advisors more client-focused and create a better financial future for their clients. He explained what tomorrow's advisor needs at his or her fingertips within a comprehensive digital toolset, and laid out the value of digital communication throughout the investment life cycle, of central and personalised portfolio management and the advances in AI that can help private banks and wealth firms deliver smart and relevant investment advice and managed investment solutions. This is a summary of his talk.



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Damian Hitchen
Saxo Bank

A wealth management world of complexity, competition and cost pressures

Armed with an [excellent slide presentation](#), Damian explained that the world is becoming more complex, and therefore wealth planning is more complex. Far more difficult and unpredictable markets have arrived after the bull market run of more than a decade after the global financial crisis. Post-pandemic, there is a shift to de-globalisation after decades of globalisation.

Wealthy clients are much more selective about diversification of where they hold assets, their residences and which jurisdictions they will operate through or live in. Global and local taxation concerns are more acute as authorities become more aggressive in their supervision and monitoring.

In short, private banking and wealth management is no longer a game for talented amateurs but for genuine professionals with knowledge and vision, needing the support of precise, timely and relevant information that can help them inform and guide their clients.

A smarter approach and a far wider range of products and expertise are needed than ever before

Damian explained that in the face of these realities, digital tools are required to help drive two sides of the equation – boost revenue generation and help reduce complexity and cost, especially vital in an era of rising competition and margin pressure, which is particularly acute in the digital platform sector.

He explained that as a result of competition across the board – with the traditional and emerging wealth management providers increasingly converging, especially in the mid-market segment of wealth – a far broader and deeper range of products and services and expertise is also needed today, helping to drive the hybrid wealth model into the future.

He explained that as this takes place, the private banks are shifting their thresholds for taking on

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clients ever higher, perhaps from USD5 million five to 10 years ago to USD10 to USD25 million today.

“They are carving their own niche within the market,” he said. And that, he remarked, makes the mid-market – the mass affluent up to the lower HNW tier - by far the most crowded segment, leading to the urgent need to enhance RM and advisor productivity and capabilities, with technology a vital element in these advances.

It is increasingly critical to reduce the laborious, low value-added RM/advisor tasks

Damian explained that for Saxo, it is vital to reduce those mundane, laborious tasks to free up RMs, increasing the value-added time committed to the actual end clients, and cutting out as much of the non-value-added work. He noted a study by PwC that highlighted how 60% of the time of the RMs was spent on what are essentially non-productive tasks, such as resolving issues and compliance.

The wealth management industry is urgently addressing three core areas of pressing challenges

Damian said the wealth industry is aiming to address three key areas - operational and productivity challenges, business ‘success’ challenges and relational challenges.

In the first category, there are tedious onboarding processes,

manual asset allocation and portfolio construction processes, and a lack of holistic visibility of clients’ entire financial and life situations.

Business ‘success’ challenges include intense and rising competition for client acquisition, critical evaluation on alpha generation, and ever lower trading commissions and investment cost pressures across the industry.

And amongst what he called relational challenges, providers

are seeking to enhance the client experience and the level of satisfaction with banks and brokers, and boost transparency and timely reporting to the end-clients.

In face of these many headwinds and challenges, Saxo is striving to maximise the value-added for its 'partner' clients

Damian then highlighted how Saxo is aiming to enhance value-added activities and processes for its clients, in a host of areas. He explained that Saxo as a result currently has some 200+ financial institutions globally using Saxo's "BaaS" undisclosed wholesale solutions, as well as more than 500 IFAs, EAMs, wealth managers and introducing broker relationships.

These customers from over 180 countries worldwide gain access to 60,000+ trading and investing instruments, a universe which is continuously expanding and operates across 85 exchanges and trading venues, and with access to 800+ in-house technology resources.

"When Saxo works for our partners – and we do genuinely call them partners - we work in a very consultative manner," Damian told delegates. "These are highly symbiotic relationships."

Saxo's solutions range from the more straightforward to the truly advanced

Damian then offered delegates a variety of examples of the types of curated solutions for mass-affluent, HNW, and UHNW clients and family office clients, ranging from more simple solutions to truly advanced solutions.

Saxo Bank – A Snapshot

Saxo Bank first opened its doors in the UAE in 2009. As a provider of multi-asset trading and investment, Saxo's vision is to enable people to fulfil their financial aspirations and make an impact. Saxo's user-friendly and personalised platform experience gives investors exactly what they need, when they need it, no matter if they want to actively trade global markets or invest into their future.

Founded in 1992, Saxo Bank was one of the first financial institutions to develop an online trading platform that provided private investors with the same tools and market access as professional traders, large institutions, and fund managers. Saxo combines an agile FinTech mindset with close to 30 years of experience and track record in global capital markets to deliver a state-of-the-art experience to clients.

The Saxo Bank Group holds four banking licenses and is well regulated globally across 16 offices. Saxo offers clients around the world broad access to global capital markets across asset classes, where they can trade more than 40,000 instruments in over twenty-five languages from one single margin account. The Saxo Bank Group also powers more than 135 financial institutions as partners by boosting the investment experience they can offer their clients via its open banking technology.

Headquartered in Copenhagen, Saxo Bank's client assets total more than USD80 billion and the company has more than 2,000 financial and technology professionals in financial centres around the world including London, Singapore, Amsterdam, Shanghai, Hong Kong, Paris, Zurich, Dubai, and Tokyo.

SaxoWealthCare: the entry-level (but highly sophisticated) solution

The simpler type offering comes under the 5th generation assisted advisory wealth management tool called SaxoWealthCare. This has evolved over the years from a very basic offering to version 5.0, a next-generation robo-advisor with personalised portfolio recommendations and also more recently Digital Assets Services.

"We are an execution-only platform, so we do not offer

advice ourselves," he noted.

"These resultant asset allocation strategies and portfolio models are being run by third parties; that is why we call it assisted advisory. It really offers the ability to have personalised, prioritised, multiple goals that then impact the asset allocation of the portfolios."

SaxoPartnerConnect incorporating Model Manager and SaxoAdvisor

The next level of sophistication in terms of the Saxo offerings

is a B2B2C platform called SaxoPartnerConnect. "This," Damian explained to delegates, "provides one dashboard for all our Saxo partner clients, covering all aspects for them, from onboarding, through managing your clients' visibility, and all your clients, on a segregated account basis, as well."

Within SaxoPartner Connect, there are two key tools.

Model Manager

The Model Manager is a tool that allows Saxo's partners to build their own portfolio models. "The tool allows partners to build and then rebalance tailor-made portfolios, thereby simplifying the whole discretionary offering," Damian explained.

SaxoAdvisor

The second key solution within SaxoPartnerConnect is new in Europe and coming soon to other markets. SaxoAdvisor is for Saxo partners in the advisory space.

Built into SaxoPartnerConnect, he reported that it enables partner employees to create investment proposals, it creates a digital client approval flow & electronic audit trail, it facilitates advisory sessions spanning multiple accounts, and allows for accounts with different 'management types' on a single client.

"SaxoAdvisor will be an interesting tool for many of our partners or potential partners, in the respect that it allows you to send advisory ideas to your clients, and then your clients can review those ideas

And a Brief Word on Damian Hitchen

Damian leads Saxo Bank's expansion strategy in the MENA region via the digital delivery of global trading platforms for direct/private clients and Institutional partners. Damian has been the CEO for two of the leading Digital Banks in the UAE over the last 10 years, being Swissquote Bank (Swiss) and Saxo Bank (Denmark).

Saxo's mission is the delivery of timely, relevant content and access to global financial markets, with a passion of constant innovation. Whether for direct clients, or Saxo's Partners serving their end-clients, Damian reports their vision is to enable people to fulfil their financial aspirations. Prior to joining Saxo Bank, Damian worked in a number of senior roles for HSBC in the Middle East region, and as an Executive Director for Falcon Private Bank, the Abu Dhabi owned Swiss Private Bank.

and when they accept the advice, there is the electronic audit trail, which obviously from a regulatory reporting and monitoring purposes is very important," he elucidated.

And for the most sophisticated solutions, SaxoTraderPro and OpenAPI

Finally at the very advanced end of the Saxo solutions spectrum, Damian highlighted SaxoTraderPRO, an advanced trading platform with multiple screen support and a Bespoke Assets Service. And then at the most advanced end of the offerings, there is OpenAPI, providing specialised apps integrated to Saxo's partners' offerings. This is essentially an advanced trading solution for people who use an external

portfolio management system but want to connect into Saxo so that Saxo can be the account holder for the clients on their portfolio management system. This is very much more for the higher net worth and UHNW segments.

Working with the world of wealth management

Damian closed his talk by reminding delegates that Saxo works with the entire world of providers in the global wealth management industry, from banks and brokers to EAMs and IFAs, Multi- and Single-Family Offices, Hedge Funds and Prop traders. "The Middle East is an extremely important market for us, and our doors are open, and we look forward to developing discussions and helping you develop your business," he concluded. ■

