

Wealth as a Service: Looking beyond the “Crazy Rich Asians”

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Global Surge In Wealth Management Demand

The global Wealth Management (WM) landscape has seen rapid sustained growth, becoming increasingly competitive over the pandemic years whilst providing differentiation opportunities to wealth managers.

264

Thousand global population of UHNWIs in 2021 with a net worth of above USD 50 million, setting a record high

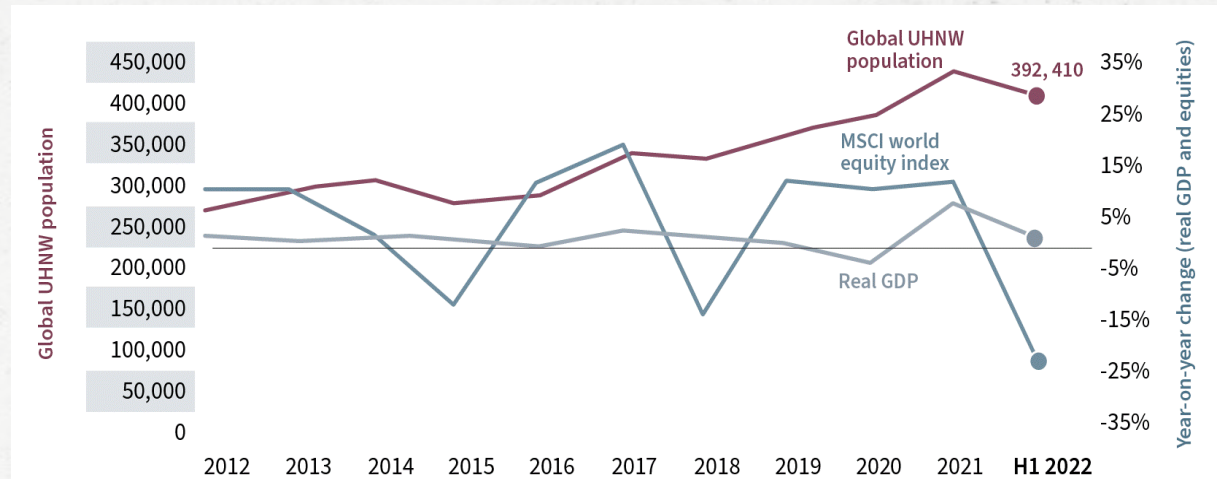
851

Billion USD in projected revenue generated by the global WM market in 2028, with CAGR of 7.1% from 2021¹

75

Percent of wealthy investors Anticipate permanent lifestyle shifts after the pandemic²

Global UHNW Population, Real GDP and Equities



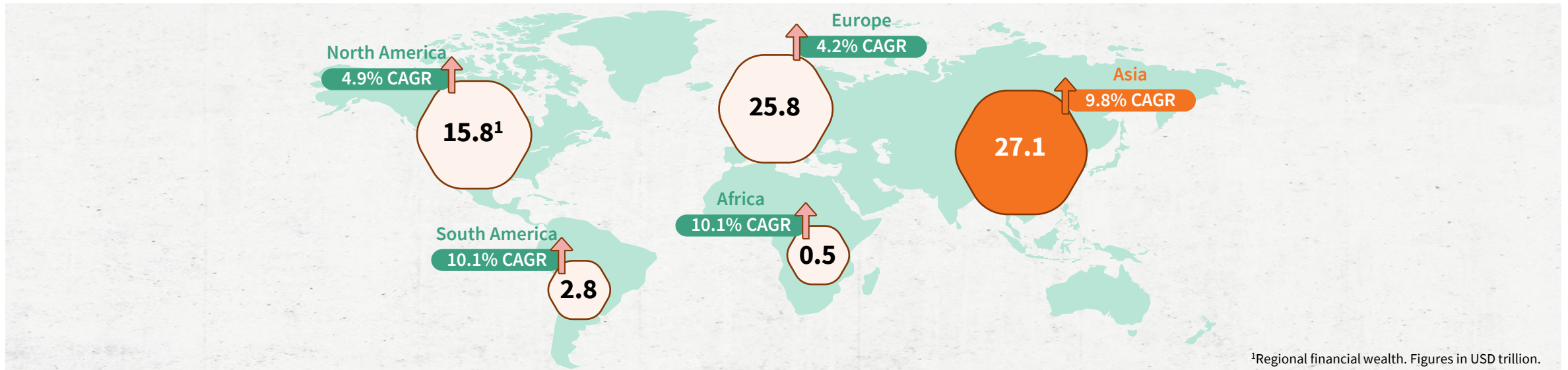
- The global financial market is facing an accelerating demand for **wealth advisory and management services**
- **Hyper-personalization** and **digital / hybrid advisory** have also become key themes in capturing client assets across the wealth spectrum

¹World Ultra Wealth Report 2022

²Private Banker International, 2020

The Underserved Asian Wealth Segment

Zooming into the hotspots of the rising WM demand, we find that Asia, with its traditionally conservative and cash-rich mentality, poses as a key untapped market laden with opportunities.



Key WM Statistics

- **USD 72 trillion** in financial wealth globally
- **USD 47.3 trillion** in private wealth segment
- Asian economies are set to grab the **top spot within the next five years**



Mass Affluent Market (MA)

- **9.6% annual CAGR** MA segment has already outpaced its HNW counterparts
- **~40% growth in mutual fund investors** in Indonesia (2022) with **~13% fall in total investment** signaling a shift towards an MA market



Underserved Segment In Asia

- Traditionally **cash-rich** and **not receiving any active WM advice**
- Philippines domestic WM facing **>10% growth y-o-y**, leading to an **abundance of liquidity**

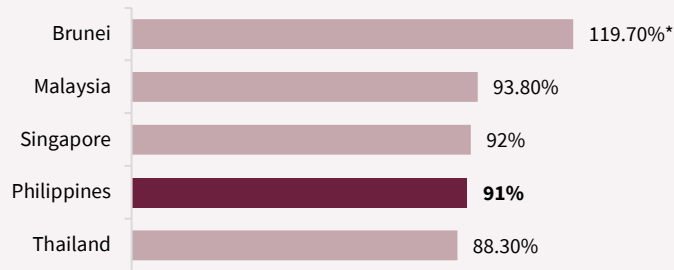
The Road To Asia

The recent boom in Asian wealth coupled with changing investment lifestyles of the newer generation can be attributed to a few key factors.



Increased Digital Penetration

Internet Penetration in SE Asia 2022



*Based on number of subscriptions

- **326.3mio smartphone users** in Southeast Asia in 2022
- **86.4% smartphone penetration projected in Philippines** in 2026



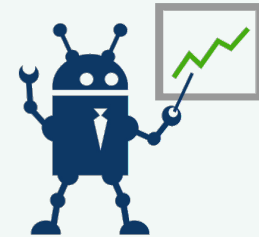
'Covidling' Of Resources

- **71%** of APAC investors forecast **permanent changes in financial lifestyle**
- **73%** of millennials feel **financially impacted by the pandemic**

- **Time** and **cash** became idle resources over the pandemic, nurturing a new generation of young investors
- Transition towards **media & tech-centric businesses** expedited by Covid, deepening the pockets of millennials in the industry



Reduced Transaction Costs



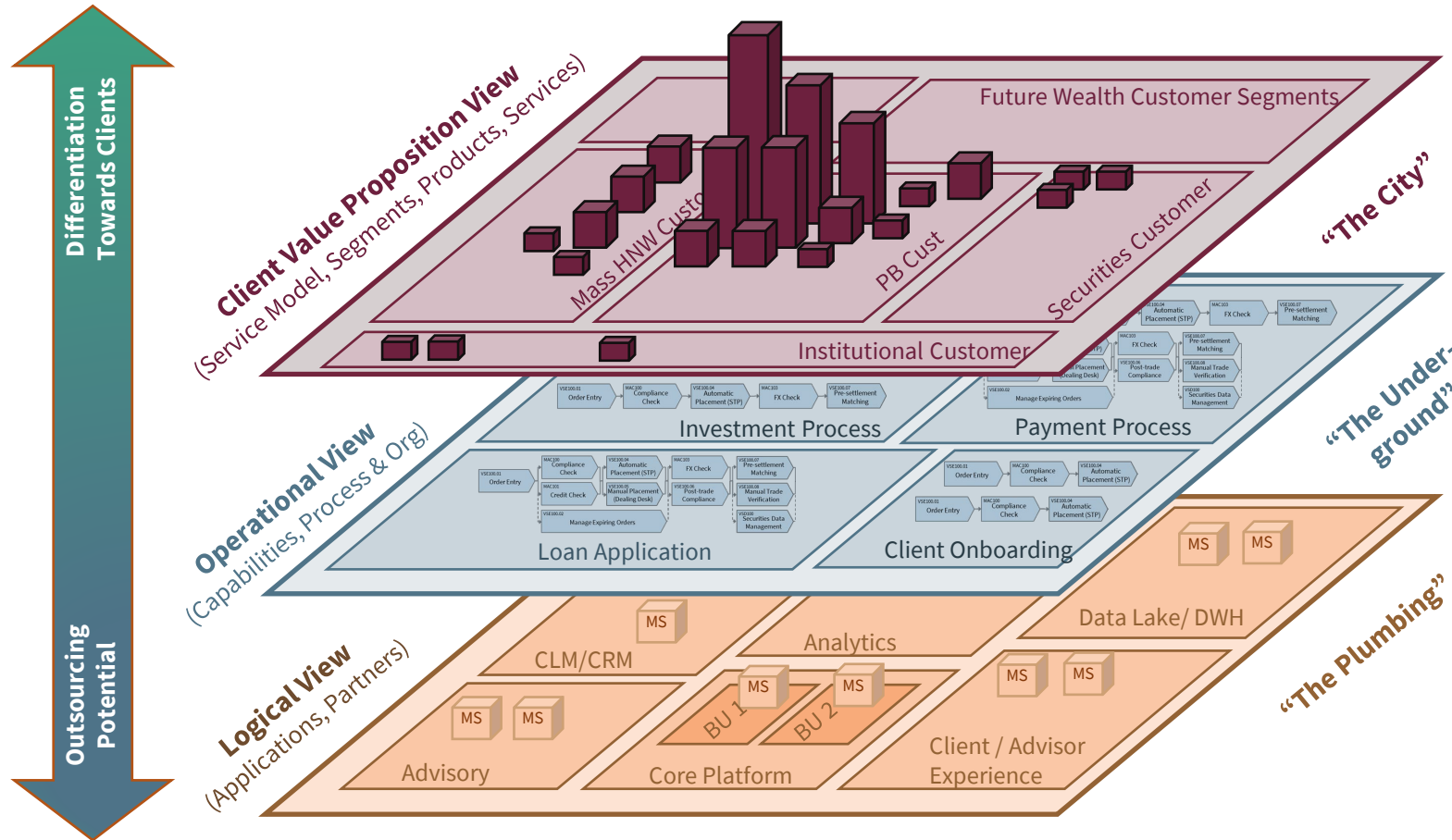
- **0.25%-0.5% in investment management fees**, much lower than the traditional ~1%
- **US\$111.2bn in SE Asia robo-advisor AUM** with projected CAGR of 14.47% till 2027
- **3.3mio robo-advisor users projected in Philippines** with AUM CAGR of 16.62% amounting to **US\$11.58bn** in 2027



Wealth managers should stay abreast of these trends and **review their current business models** to further capitalize on the growingly lucrative MA market in the region.

Facilitating Wealth Management Transformation

The key to unlocking success in the WM landscape lies in optimizing the business model – maximizing client-facing efforts while minimizing operational cost inefficiencies where possible.



Client ABC

Client-Facing:

- 8700k Clients
- 2.8bn USD in AUM
- 80 Client Advisors
- Offerings:** Fund Distribution / Private Banking
- Products:** Funds, Fixed Income, Equities, FX, Insurance

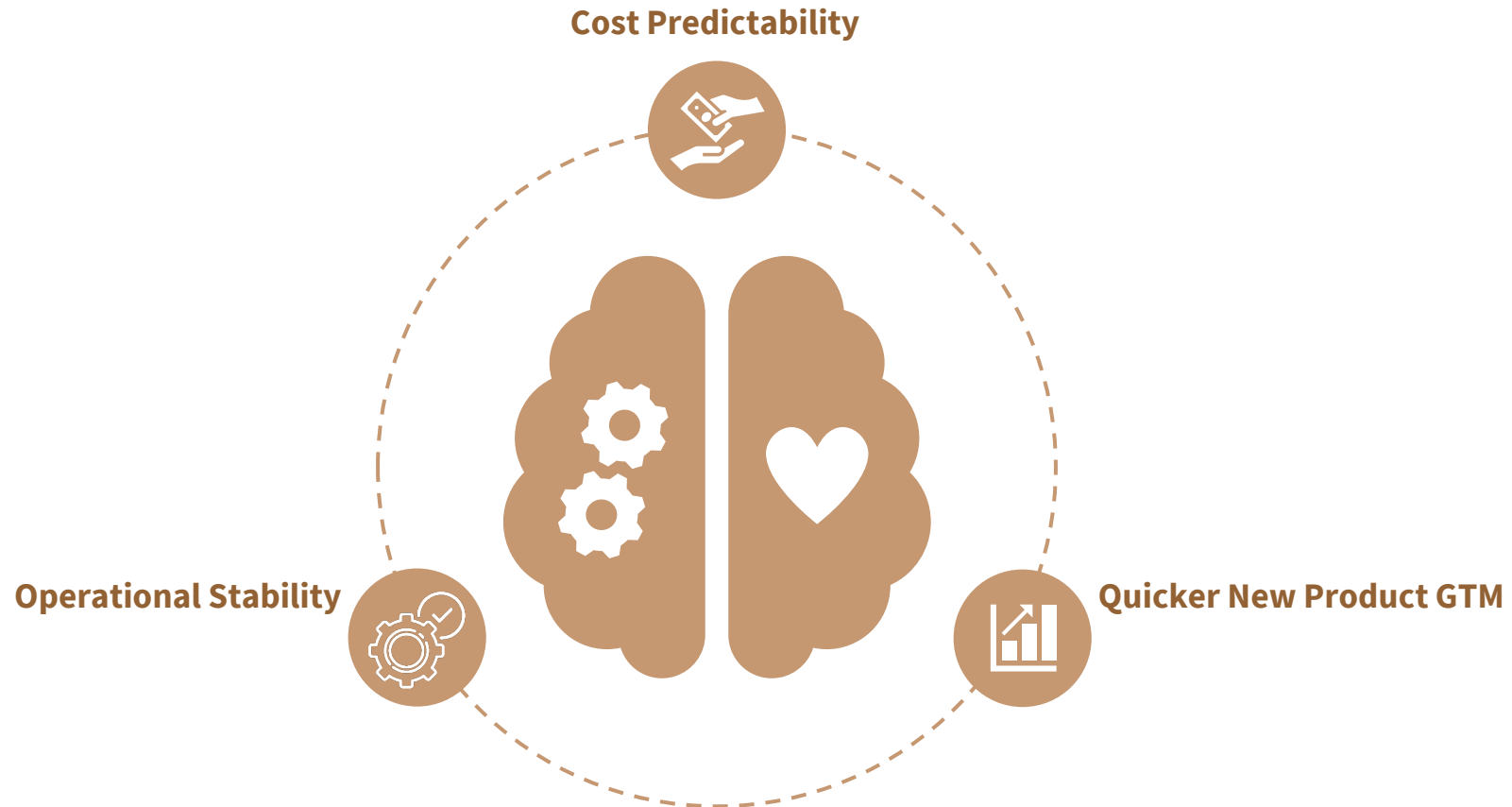
Internal Operations:

- Locations:** 2 (SG, HK)
- Depts:** Risk Mgmt, Reporting, App Mgmt, IT & Sec., etc.
- Ops Pax:** 30+

Annual OPEX
~2-2.5mio USD
~10b.p. of AUM

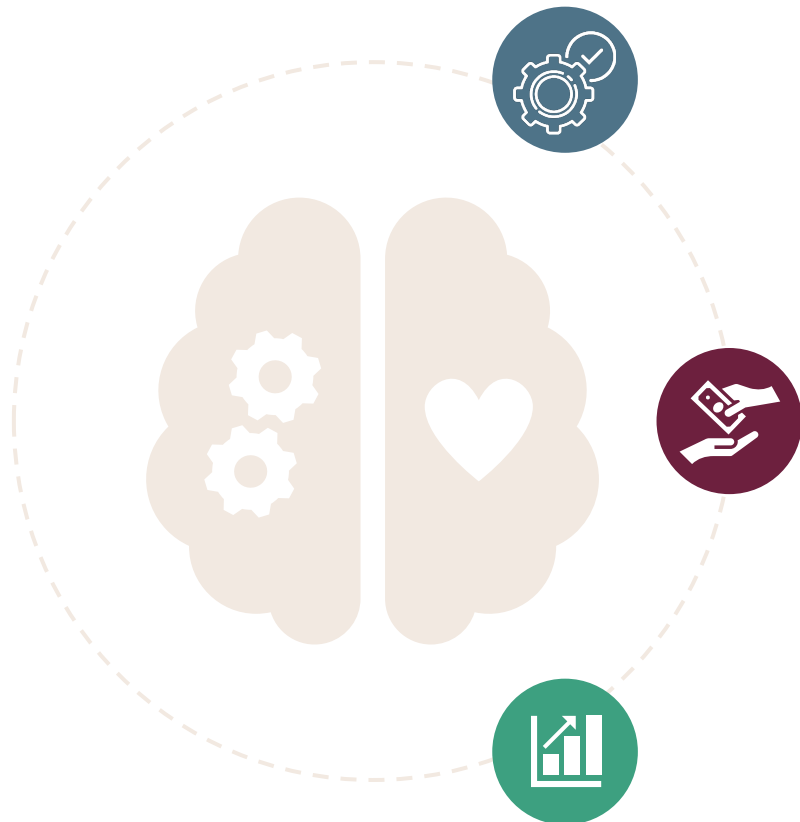
Wealth as a Service – WaaS

Technology, in the form of core wealth platforms, has enabled the decoupling of back operations from client-centric processes, giving rise to a new realm of business opportunities.



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Operational Stability

- Outsourcing to Wealth Service Providers
 - ✓ **Infrastructure Mgmt**
 - ✓ **Middleware Mgmt**
 - ✓ **Core Banking Application**
- Risk of attrition mitigated through **management of capacity and availability**

Cost Predictability

- Manageable & predictable costs via an **annual subscription model**, avoiding cost intensive lump sum payments
- **OPEX costing** which is **flexible based on client demand** – Ideal for the MA market with high growth potential

Quicker New Product GTM

- **Greater operational flexibility**, to offer new products and services within short cycles
- Access to advisory and execution services through **omnichannel distribution networks**

The Future Of Wealth

Tackling the new age of Asian wealth clients requires wealth managers to re-evaluate their business propositions and venture into ecosystem partnerships that can better help curate offerings under a client-first mentality.



Thank You.

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