

Digital Wealth Asia Forum 2019 Hong Kong Video Highlights



At the Hubbis Digital Wealth Asia Forum 2019 in Hong Kong on November 28th, we asked leading industry experts - what are the opportunities and challenges for the year ahead?

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We hope you enjoy this summary – it’s packed with content from the forum.

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Who did we interview?

[Francois Monnet](#)

Managing Director, Head of Private Banking Greater China
Credit Suisse Private Banking

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[Damien Mooney](#)

Managing Director
BlackRock

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[Bassam Salem](#)

Chief Executive Officer & Founder
Obuhi

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[Henri Arslanian](#)

FinTech & Crypto Leader, Asia
PwC

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[Vippy Wong](#)

Partner
Quinlan & Associates

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[Silvio Struebi](#)

Partner
Simon-Kucher & Partners

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[Manish Prasad](#)

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Ignition Advice

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[Hin Han Shum](#)

Associate
Squire Patton Boggs

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[Johan Thomas](#)

Performance Director, Wealth
Refinitiv

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[Alexandre Kech](#)

Chief Executive Officer & Co-Founder
Onchain Custodian

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[Jay Sala](#)

Partner, Financial Services, Advisory
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[Bernard Lee](#)

Founder & CEO
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Francois Monnet
Managing Director, Head of Private Banking Greater China
Credit Suisse Private Banking
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Opportunities: First we live in a fantastic region, right? Asia Pacific is growing steadily; the category of private banking is underpenetrated; I reckon that only 40% of assets today are managed by private banking institutions. And there's an acceleration in terms of the way that people consume financial services. This is driven by technology, of course, digitising services. If you bring all of this together there is a fantastic opportunity to capture growth faster, and in a way which engages the client more often. We at Credit Suisse believe that Asia is definitely a place where wealth with continue to support the industry, but the techno-savvy clientele will, as well, accelerate access to content, personalised advice, and therefore engagement with the banks.

Damien Mooney
Managing Director
BlackRock
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Opportunities and challenges. There are many for sure. The opportunity, of course, is to lead the way through innovation. The challenge is complacency. So, as we discussed earlier in the panel, we've been very fortunate to have been buoyed by very favourable market conditions for many, many years now. And that's obviously helped the industry grow, but obviously it hasn't necessarily made us as cost efficient as probably we need to be in an environment

where that profitability will face some challenges. So, innovation is the opportunity. Complacency is the challenge.

Bassam Salem
Chief Executive Officer & Founder
Obuhi
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The opportunity remains large. Wealth is being created in Asia. And unlike clients in other parts of the world, Asian clients are quite entrepreneurial, willing to learn new things, risk-takers, both in their businesses and in the way they manage their wealth. The challenge for most private banks is the cost-income continue to be a challenge, it's a very competitive industry. There are many players and this is putting pressure on the cost of running a private banking business, in addition to the compliance costs and the fact that both Hong Kong and Singapore are expensive places. And then there is the digital challenge. A lot of banks are investing heavily, they see the opportunity, they see the challenge that they have from non-financial institutions. And it is a challenge, but they are increasingly addressing it and investing in the digital space.

Henri Arslanian
FinTech & Crypto Leader, Asia
PwC
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I think one of the biggest opportunities we're going to see over the next couple of months and years is the rise of financial health. Today, I'll go to the gym for my physical health. I'll meditate or I pray for my mental health or spiritual health, but why aren't we using FinTech for our financial health? Today, 57% of



Americans don't have USD400 in their account. I think there's going to be great opportunity over the next couple of months, how to use FinTech and financial technology, to really promote financial wellbeing. I think asset managers and wealth managers can have a big role to play in this space.

[Vippy Wong](#)

Partner

Quinlan & Associates

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Obviously within the wealth and asset management industry, I think there are a few key trends that are impacting their business model right now. The margins are decreasing, really leading to an impact on their revenues. And there's a lot of competition from passive investments, like ETFs, and other types of passive investments down the road. So, a lot of that is leading a lot of the asset managers to really look at how they can change the way they operate, and the services they offer to their clients. So an example of some of this could be how do they digitalise their businesses, create a better mobile offering, create a better user experience for their customers, and alongside that is then how do they leverage the data they have to better understand what their customers are looking

for? The customer's needs, and preferences. Then based on that new information and insight, create a better product or service for their customers.

[Silvio Struebi](#)

Partner

Simon-Kucher & Partners

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Currently, the biggest challenge is definitely everything around fee transparency, fee disclosure rules, the whole process behind it, to ensure that what clients were promised in a pre-trade situation, that this also gets effectively charged at the end of the whole value chain. I think this is a huge challenge. Then before independently, we talked a lot about data security issues, because banks are now going into ecosystems, are exploring alternative business models, and here, data is vital. And I think that will keep them busy for the next years, because these issues have to be sorted out. On the opportunity side, I think digital brings huge opportunities, right? You can bring down the cost to serve, you can make RMs more efficient, you can actually provide them tools, or tools to clients, right? That at the end of the day, the self-servicing aspect is enhanced, and clients like to play around with these tools.

[Manish Prasad](#)

CEO

Ignition Advice

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I believe the biggest challenges for the wealth management industry, regardless of which market, are that the consumer is expecting more, and that expectation is growing from sources outside of wealth management. Every engagement they have with a new app, a new service, a new provider is driving a higher level of expectation, but the margin, the actual value and the profitability of the companies that are serving this market, is actually shrinking. And so, there's less money to invest in improving experiences for a lot of retail customers.

[Hin Han Shum](#)

Associate

Squire Patton Boggs

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For the wealth management industry in Hong Kong, there are a lot of opportunities now. With every business, we want to try to monetise. We want to make profit. And with technology, with the rapidly developing technologies in place, there's a lot of tools that we can use to streamline and make the business more efficient, and also to help cater for customer concerns or customer requests. But at the same time with all these new technologies, there's also a lot of new issues that arise. So legal regulatory compliance is really important to ensure that not only do you make money, but you don't lose the money from sanctions or from any sorts of cybersecurity breaches that will cause a lot of data breach costs to be incurred. So, it's important to make sure that



there's a balance between how you make the money, how you use the opportunity, and how you safeguard your own assets.

[Johan Thomas](#)

Performance Director, Wealth

Refinitiv

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First and foremost, it's from the advisor's perspective, I think the challenge, currently, they face is providing the right advice to the right client at the right time. Now RMs have wide range of clients who have very different investment preferences, and the RM needs to be able to identify the right advice to provide to these clients. I think the opportunity here is enabling an environment that brings customer and market data together to identify those specific personalised advice that can be given to clients.

[Alexandre Kech](#)

Chief Executive Officer & Co-Founder

Onchain Custodian

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The opportunities are around investing in more diversified assets. The challenge of the existing assets is that they are not necessarily returning as much



as they used to. So having more and new opportunities will be important in the next two years, as well as reducing costs; cost of investment, but also more cost of managing those investments.

[Jay Sala](#)

Partner, Financial Services, Advisory

EY

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Wealth management in Asia is at a very interesting time. I think everyone's very familiar with the macro picture about growing income, the rise of the middle class, the accumulation of assets at the retail and institutional levels. But I think that behind that shows there are quite a few challenges. Investor appetite has clearly had been affected by macro, as well as some of the local events, right? That's affecting, in many cases, the revenue opportunities for firms, right? So many firms are not necessarily participating in the economic upside in Asia that they were expecting. I think coupled with that, we're seeing that the cost of doing business and complexity of doing business in Asia has been rising, right? You have fragmentation across many markets which we've seen over time, but regulatory demands



are becoming steadily more and more complicated. We see that the client demands are changing, particularly as you have a transfer of wealth from one generation to the next. And the buying profile and the preferences of the future generation, the next gen, are very different from the past. That's leading to increasing demand for things like digital, right? In some cases, it's remediation of the increased complexity of controls, right? But in some cases, people just want to be able to receive advice in a very, very different way. I think what we're hearing from the market is that clients want more advice and they want the flexibility to really be in touch with their finances and with their institutions 24/7. But sadly there's a lot the firms have to do in terms of the way they handle data, the way they think about the client experience, the way they put in place enabling infrastructure, and frankly almost retrain the front line, and the businesses whole, to really respond to these needs. So, we're really talking about the need for transformation.

[Bernard Lee](#)

Founder & CEO

HedgeSPA

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So with the introduction of more AI-based and machine-based capabilities, we expect to see fee cutting with a lot of the providers. That, along with the more challenging business environment, you will see that a lot of these wealth management, some of these wealth management providers, may be out of business, simply because they don't earn enough fees. ■