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FOREWORD



This is the 3rd edition of our flagship publication for the technology and business community within wealth management.

We have made a commitment to continue to refresh and reinvent our coverage of these vital issues shaping the future of the industry – in particular to cover:

- What leading banks are doing to transform their businesses using technology
- How the most forward-thinking institutions are leveraging different channels – mobile, social, digital
- Game-changers to modernise the business of wealth management
- Using technology to tackle regulatory challenges
- What the advisory model of the future looks like
- Overcoming implementation and legacy issues – and best practices in integrating systems

Keeping up with the technology that will impact the business and the role of advisers requires anyone involved in wealth management to get ready for the next wave of innovation.

This is essential given that demands for new solutions and services – as well as the need to ensure security – continue to grow in the wake of the mobile, social and cloud revolution.

At the same time, there are an increasing number of vendors interested to learn more about what's important to banks looking to build their wealth franchises in Asia – including how they make their buying decisions, and how to achieve successful integration and implementation.

Against this backdrop – this publication looks in detail at the specific opportunities, challenges and issues in technology for Asian wealth management. I hope you enjoy reading this content and derive value from it. Please do send me your feedback, at editor@hubbis.com.

Andrew Crooke
Editor
Hubbis

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Wealth management, and especially private banking, is ripe for disruption. With competitive threats to traditional advisory models coming from all types of financial and – most interestingly – non-financial firms, a growing number of nimble and innovative technology vendors and software developers are at the forefront of potentially re-shaping the look-and-feel of the industry in the coming years.

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Information that wealth management organisations increasingly need to attract, deepen and retain relationships across the client lifecycle is changing. Yet they continue to grapple with how to use this data to drive revenue, stay compliant, increase efficiencies and differentiate their offerings. The key is using analytics that create deeper customer insights to drive more relevant offerings.

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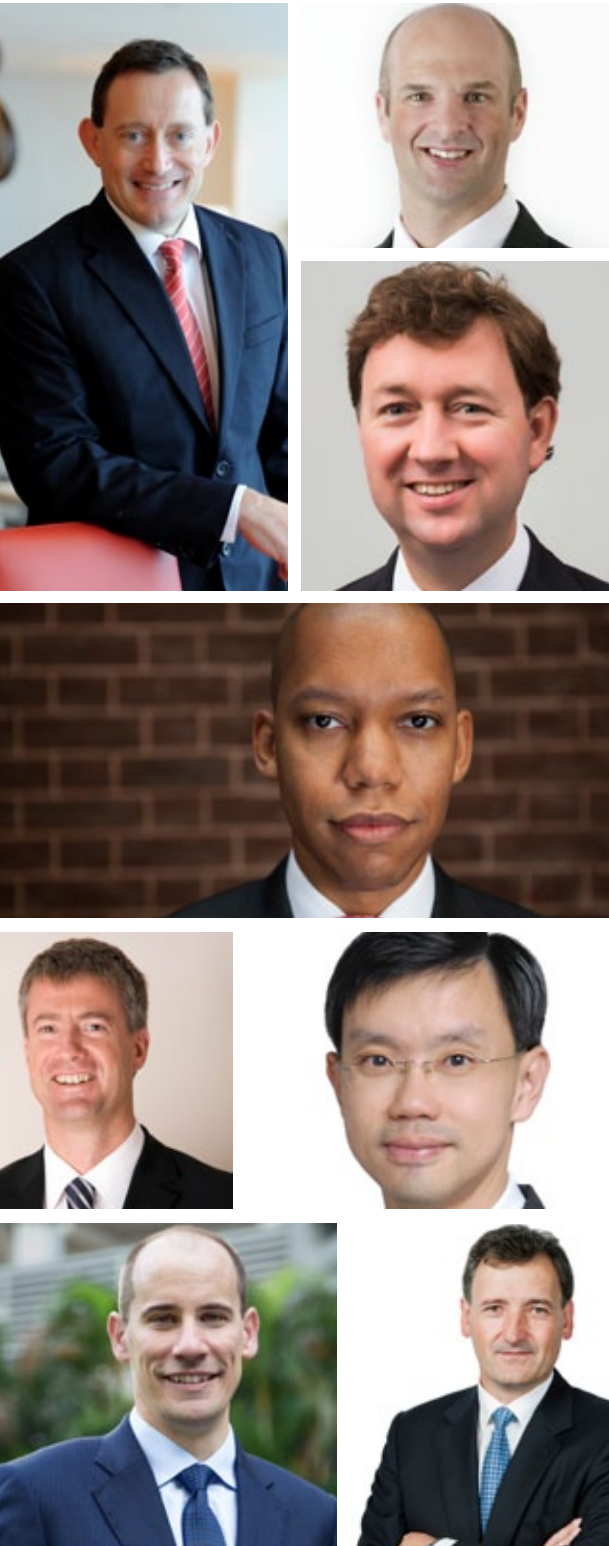
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*Global Finance rankings, "World's 50 Safest Banks," April 2013

US\$87 bn

Within nine months to the end of March 2014, funds invested in Yu'e Bao, which means "leftover treasure" in Chinese, totaled RMB 541 billion (US\$87 billion).
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US\$1 bn

The fact that IBM is investing US\$1 billion in the Watson technology shows why DBS Bank has so much conviction about partnering with the organisation.
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The number of potentially game-changing organisations we found in our research.
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50%

50% of Avaloq's product-related revenues flow into R&D.
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23%

Fully-engaged customers deliver a 23% premium in share of wallet, profitability, revenue and relationship growth.
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US\$32 bn

Ovum's latest Global Wealth Management Technology report forecasts the worldwide industry's IT spending to reach US\$32 billion by the end of 2017.
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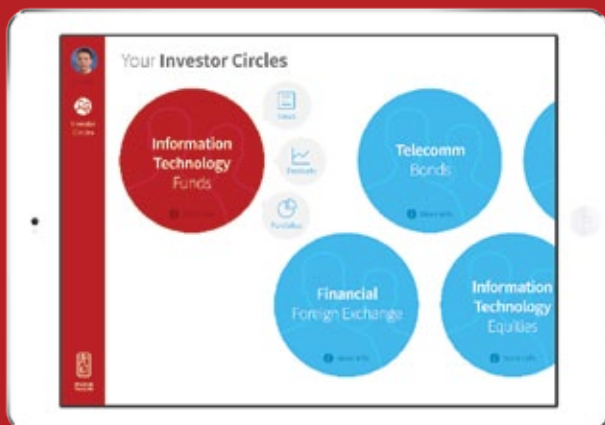
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A REVOLUTION TO RE-SHAPE ASIAN WEALTH MANAGEMENT

WITH ASIAN WEALTH MANAGEMENT AT AN INFLEXION POINT - IT IS MORE URGENT THAN EVER BEFORE FOR BANKS TO SHARPEN THEIR FOCUS ON TECHNOLOGIES AND DELIVERY CHANNELS THAT ENABLE THEM TO DO MORE WITH THEIR CLIENTS AND MAKE MORE REVENUE FROM THEM. IF THEY DON'T, THEY WILL STRUGGLE TO REMAIN RELEVANT.

The attention of more and more chief executives of wealth management firms of all types and sizes is finally shifting to the actual needs and expectations of the client.

That might sound peculiar for an industry which is so vocal about being "client centric". But the reality at many organisations is that the urgency to increase revenue to deal with the combination of covering rising costs and shrinking margins created a short-term mind-set that didn't pay enough attention to what clients really wanted.

Yet client loyalty is, arguably, the only true sustainable competitive advantage. And changing customer behaviour and demographics will make more investors open to DIY solutions.

Recent digital developments have finally started to reflect this.

Combined with new sources of information for clients and the impact of social media on client trust and brand equity, private banks and wealth managers are assessing how best to adjust.

The impact of technology-enabled channels on retail banking in the past



five years or so, outlined in the McKinsey Global Private Banking Survey 2013, is instructive as a benchmark:

- Fewer client visits to branches
- An increasing number of touch points offering more opportunity for cross-selling
- Customers becoming more self-directed and only looking for advice in a few key moments
- Banks experiencing over-all lower cost to serve

In fact, IT expenditure in the retail banking industry is a significant portion of operational spending.

Stefan Mueller, managing director, head of investments and products for RBC Wealth Management in Asia, is in no doubt that technology is a game-changer for Asian wealth management.

"We are currently in the middle of a very significant evolution in our industry," he explains. "Items like mobile channels, social media, gamifica-

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tion, and the introduction of real-time investment updates and advice are changing the banking landscape to such an extent that we find ourselves in the middle of a period of 'digital Darwinism,'" he says.

PRIORITISING BUSINESS SOLUTIONS

At the top of the business technology agenda are some recurring themes within the Asian wealth management market. These include: increasing compliance and regulatory requirements; firms driving operational efficiencies; and the development of differentiated products and experience that will drive growth in assets under management (AUM).

Underlying these themes is a broad emphasis on technology, especially digital, and data as the enabling capabilities, says Aaron Perryman, partner within the financial services practice of Ernst & Young Advisory.

"We see these digital and Big Data capabilities not as a set of bespoke strategies, but rather as an integrated set of capabilities; digital, Big Data, en-

terprise intelligence and visualisation," explains Perryman. "These capabilities are part and parcel of the broader business strategy for wealth managers."

There is consensus among industry thought-leaders that only the strongest digital champions in the industry will survive.

With technology and society evolving faster than the ability of many organisations to adapt, "business as usual" is no longer an option. "Nothing is too big to fail or too small to succeed anymore," says Mueller.

Those firms effectively adopting or mainstreaming these new capabilities are the best-positioned to further drive sustainable growth and profit in the face of regulatory pressures, cost pressures and the war for AUM growth, adds Perryman.

This can happen, adds Beat Monnerat, senior managing director, financial services, Accenture, by there being less focused on who the relationship manager (RM) is and what they know, and more on ensuring a strong client relationship by increasing the number of touch-points with the customer.

For example, he explains, wealth managers that develop outcome-based digital strategies which utilise digital technology to create efficiency and deliver client customised experiences will differentiate themselves from competitors and facilitate future growth.

Embracing analytics and digital distribution to offer the best and fastest advice is one potential approach. "Predictive analytics that also mine 'what if' scenarios can help forecast fund performances by new combinations of strategies; they can also help analyse new investment opportunities," says Monnerat. "By leveraging analytics, RMs can offer more targeted advice. Further, with digital this can be done more quickly and across all channels, from texting to iPad-friendly versions via the internet."

Most importantly, says Michael Foong, senior executive vice president, chief strategy & transformation officer at Maybank, is how to utilise the technology and solutions innovatively to suit investors' needs.

Indeed, one of the main things wealth managers can learn from today's e-commerce leaders include being better at listening to their customers.

Adds Sebastian Dovey, managing partner of Scorpio Partnership: "To embrace and keep pace with innovations in mobile, social and digital technologies, the biggest priority is to absolutely understand the requirements of the individual HNW client and how the wealth management industry can respond to it."

This is essential given that while the typical private banking client in a developed market today is aged 65, subsequent generations will be those born in the early 1980s and the 1990s – so-called "Generation Y" or otherwise "Digital Natives".

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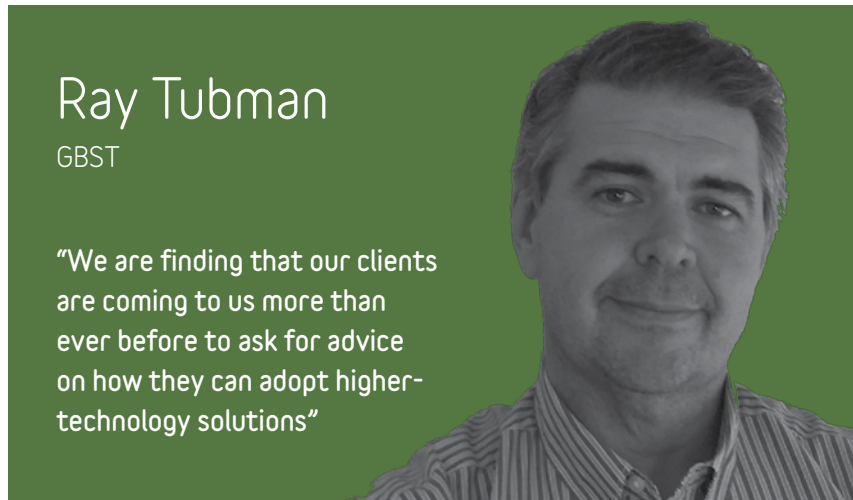
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FEATURE ARTICLE

From a client perspective, adds Michiel van Selm, director, customer impact & growth, PwC, digital is increasingly the preferred channel across all segments for many forms of financial activities. "Wealth management clients are among the heaviest adopters of digital, mobile and social media."

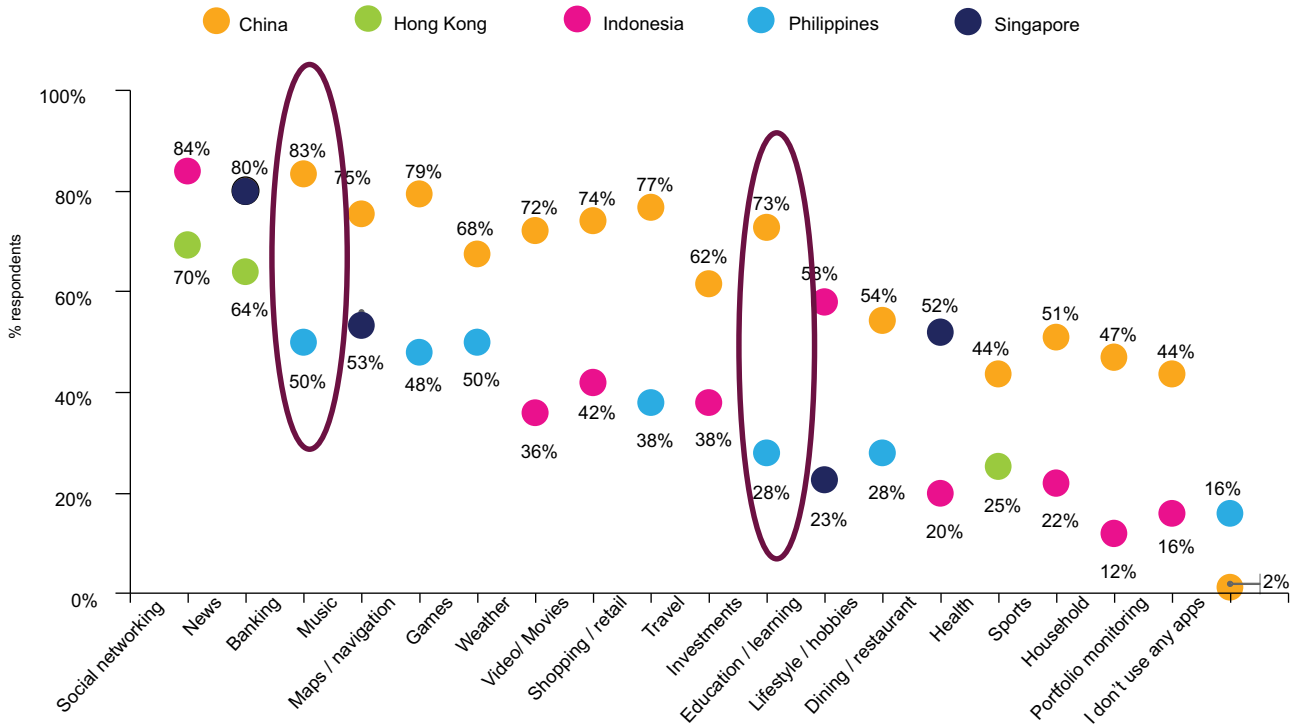
HNW individuals, for example, spend on average 19 hours a week on digital, he adds, with around 50% using a financial services app. "As clients decide upon their main financial relationships, the quality of the digital offering is an important decision point for them."

Similarly, says Dovey, by leveraging technology where real-time information is available, it will increase the productivity of financial advisers by enabling them to work remotely.



Industry thought-leaders believe that the proper application of technology can allow a financial adviser to manage two to three-times more clients without a corresponding drop in service levels or efficiency.

USAGE OF APPS IN ASIA TO ENABLE ACTIVITIES ONLINE

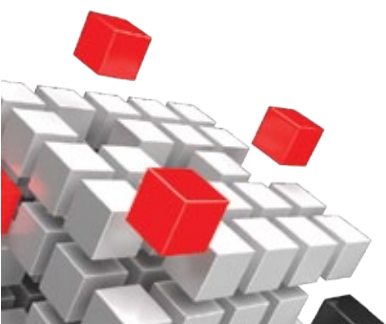


Source: Scorpio Partnership, Sungard

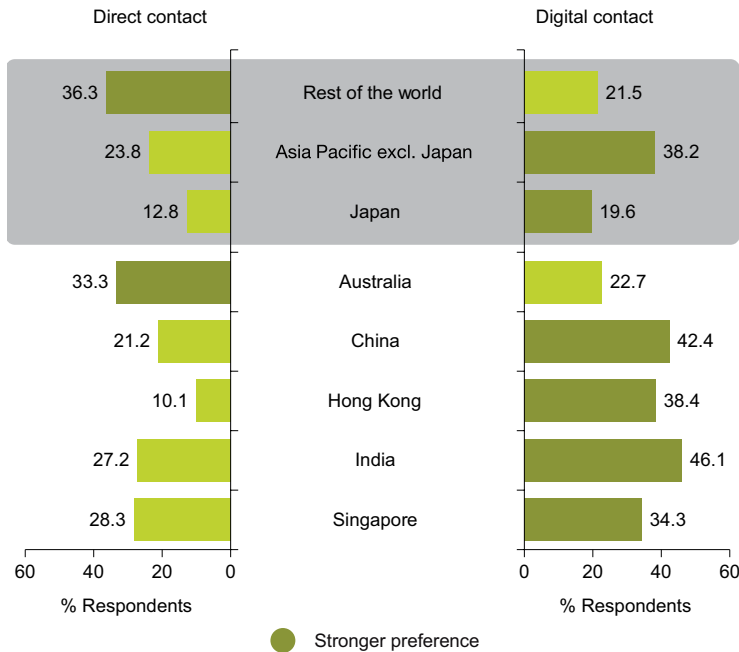
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HNWI PREFERENCE FOR DIRECT CONTACT VS DIGITAL CONTACT, Q1 2013



Source: Capgemini, RBC Wealth Management, and Scorpio Partnership Global HNWI Insights Survey 2013

PLAYING BY NEW RULES

With the evolving digital landscape, and new technologies, the competition for financial services institutions is coming increasingly from non-traditional players such as Alibaba, Baidu, Google, Facebook, Paypal and telcos, among others.

“The rules of the game are changing,” says David Gledhill, chief technology officer for DBS Bank. “As a bank, we need to truly understand what our customers need and want – their life experiences and the emotive perspective.”

One of the clearest examples of this has been in China since mid-2013. With scale on its side, the country has become the epicenter of a digital revolution in financial services, led by the

launch and resounding success of online investment fund Yu’e Bao, offered by Alibaba Group’s online-payment affiliate Alipay.

Within nine months to the end of March 2014, funds invested in Yu’e Bao, which means “leftover treasure” in Chinese, totaled RMB 541 billion (US\$87 billion).

This is in comparison with the country’s equity markets, which acquired RMB 60 billion in 20 years.

Success spurred domestic competitors such as online search company Baidu, and social networking and online gaming giant Tencent to create own investment platforms for customers. And in May 2014, China Telecom launched a money market fund called Tianyibao on its mobile payment platform.

Steven Seow, head of wealth management for Mercer in Asia, says the industry needs to wait to see if this threat to traditional wealth management players is only happening in China, or will apply to the rest of the region.

The number of disruptors in other industries has also been on the rise in recent years. “Consider that it took computer company Apple only five years to become America’s largest music retailer, and just seven to become the world’s largest,” adds David Levi, managing director for banking, Accenture Strategy.

“In 18 short months, search engine Google erased 85% of the market cap of the top GPS companies after launching its mobile maps app. Digital disruption is a worldwide phenomenon that is industry agnostic.”

At the same time, the most valuable advantage that wealth management institutions have over direct / self-service competitors is the personal relationship between their advisers and clients. And technology cannot replace this human touch at the heart of the full-service wealth management model. “Technology and the personal connection should complement each other to deliver a virtually-enriched, collaborative relationship,” says Martin Frick, head of APAC at Temenos. “By respecting this, wealth management firms should be able to offer the best possible traditional proposition to the boomers while developing a new proposition for the next generations.”

Either way, it is clear that digital reinvention to respond to today’s individually-centred economy requires banking leaders to not only look within, but at adjacent industries.

According to Peter Gill, vice president, banking & financial markets, ASEAN, at IBM, they need to “capitalise on criti-

cal lessons from outside the banking industry to improve efficiency, productivity and profitability”.

The approach at DBS is a human-centred design one, as part of its innovation journey, to achieve this. “We have a customer journey lab, where we literally put ourselves in the shoes of our customers to map their experiences, and create and prototype solutions and product offerings,” says Gledhill.

SURVIVAL TACTICS

Despite senior management approving higher IT budget allocations to keep pace with such trends and client demands, especially for online and mobile offerings, much is still to be done. And it will take years of continued commitment by business leaders.

Mueller likens this new focus for banks in Asian wealth management as a move from the concept of “survival of the fittest” to “survival of the fitting”.

He explains: “The ability to produce an immersing experience that is tailored to the needs of the target client will determine who survives in this business. The new world is all about listening, learning, engaging and adapting – and to do this well we must be agile.”

Brett King’s 2013 book, “Bank 3.0: Why banking is no longer somewhere you go, but something you do”, is a timely reminder of the inflection point the industry has reached.

“The role and use of different technologies is forcing the wealth management industry to reconsider the entire value chain and the economic assumptions for the future of the business model,” adds Dovey.

“In many ways, the arrival of digital technology is as seismic as the ar-

Michael Foong

Maybank

“Most importantly is how to utilise the technology and solutions innovatively to suit investors’ needs”



rival of the pocket calculator. It totally transforms what individuals can do.”

This represents a significant shift for a sector which hasn’t traditionally been at the leading edge of technology innovation. Many banks are trying to rise to the challenge. They want to lead the change, from passively serving customers to being more proactive about it. “Digital media is an efficient medium to leverage,” says Steven Seow, head of wealth management for Mercer in Asia.

Many banks are also looking to use technology to create the perception that they are pioneering.

“We are finding our clients are coming to us more than ever before to ask for advice on how they can adopt higher-technology solutions – ranging from mobile apps to Facebook integration,” says Ray Tubman, chief executive, wealth administration, GBST.

“They see an opportunity to start to innovate and introduce new solutions and ways of working via a proof-of-concept approach that they can present to senior management and other stakeholders in the organisation.”

Client feedback, for example, shows they have been growing increasingly frustrated by the lack of positive experiences when interacting with their banks. It is not uncommon to hear comments such as “it’s a hassle”, customers feeling “undervalued and exploited”, or being “on their own”, and complaints about experiences that are “definitely no fun”.

“Today’s wealth management business model is outdated, expensive and not scalable enough,” says Mueller.

WALKING THE TALK

Success for banks in the new age of digital banking will depend on their speed and ability to adopt the processes, organisation, culture and technology to digital architecture.

“Capturing the business and loyalty of clients will depend on how successfully banks can offer a digitally-enabled and integrated client experience,” adds Rajiv Agarwal, managing director at Arete Financial Partners.

DBS Bank has clearly established itself as an “early adopter” in the technol-

FEATURE ARTICLE

ogy race in Asian wealth management. "We have been innovating to shape the future of banking," says Gledhill.

DBS' thinking is based on the premise that even as customers embrace new technologies and an increasingly digital lifestyle, they will still continue to need banking – although not necessarily a bank in the traditional sense.

"We have committed an investment of S\$200 million over the next three years to establish a digital banking initiative," says Gledhill, "in our drive towards enhancing our customers' experience in this new, changing landscape."

STAYING ON TOP OF THE "SCAM" TECHNOLOGIES

According to Adam Neat, partner, financial services & IT strategy at PwC Consulting, it's no secret the security, cloud, analytics and mobile (SCAM) technologies are the focus point now for wealth management chief investment officers.

"Clients are becoming more demanding in their use of technology in their day-to-day lives which is what is driving a big push towards more self-service models," he explains.

Investment into emerging technologies in Asia alone is expected to more than double by 2017, adds Neat.

The rapid advances in the areas of cloud and mobile computing, coupled with improvements in IT infrastructure and the adoption of social media across Asia, are driving the ever-important role that technology now plays within Asian wealth management, says Leon Erh, head of information technology at LGT Bank in Singapore.

In particular, these developments provide banks with greater flexibility to

reach out even further to their clients, he explains.

To really get value out of social media and move it beyond just generic marketing and communication activities, banks need to connect customers in communities of interest and integrate social technologies in the core processes, adds Van Selm. "Especially in Asia, word of mouth and peer feedback is very important. Social channels can be used to build the brand and create advocates among a client group. Another way to use social channels is by capturing the client information available on social channels and building a more complete view of the client."

One of the biggest struggles is to interface the real-time nature of mobile and online, to legacy, back-end core systems. "This is an inherently risky situation for wealth managers, as they struggle to service customer demand for self-service like offerings while they are trying to transform and or replace their core," says Neat. "[This is] akin to performing a heart transplant on a marathon runner, mid marathon."

This has exposed the paradoxical differences in investment priority. Customers are seeking out wealth manag-

ers based on range of services such as the degree of online and self-service capabilities, and portfolio reporting, whereas wealth managers are under increasing regulatory pressure to invest in more robust security and privacy protection measures.

Further hurdles which may prove challenging to overcome include legal, regulatory and customer sentiment issues. These need to be addressed to truly allow digital acquisitions to become commonplace. "For some countries and regions there will need to be adviser presence to complete the acquisition process," explains Agarwal. Some countries, like, Malaysia, have adopted regulation to allow banks to capture a digital signature as the authorisation.

Although digital acquisitions have already come a long way – such as the use of biometric technology to help fast-track the application and KYC process – there is still lack of confidence in many online players. This is especially the case in the wealth management space, adds Agarwal, where products can be complex so digital acquisitions may require a different approach where digital and physical approach is combined to deliver more clarity and build greater trust.

Michiel van Selm

PwC Consulting

"Wealth management clients are among the heaviest adopters of digital, mobile and social media"





AN URGENCY TO TRANSFORM

A true wealth management experience needs to be about convenience, fun, empowerment, social interaction, safety, transparency and 24/7 availability. It must also be timely and relevant, explains Mueller. “The wealth management industry appears on one hand to be rather complex, especially considering the many – and still increasing – industry regulations, not to mention the fragmented individual needs of clients,” he says.

On the other hand, technology has advanced over the past few years to a level which allows visionary industry players that embrace it to re-define the wealth management value proposition in such a way that complexity becomes very manageable, in terms of meeting client expectations. “Therefore, quite a number of banks in Asia have started to transform themselves into ‘digital banks,’” says Mueller.

Of course, there is nothing stopping wealth managers from being disruptors in their own industry. Some of the competitive advantages include being able to provide more effective and effi-

cient distribution strategies; improved segmentation and targeting of key customer groups; and faster development of more desirable products, as well as customised marketing campaigns, says Levi at Accenture. “Although innovative technology in the form of mobile, social media, cloud computing, Big Data and analytics is a key enabling factor in the digital transformation of private wealth management, the most important feature in this transformation is a shift in firms’ orientation, from selling a product to selling to a client.”

“It is clear that traditional wealth managers have to embrace the digital revolution,” says Levi. “They need to disrupt or they will be disrupted.”

Time is pressing, urges Mueller. “Only those banks that transform themselves now will have a chance in the new world of ‘digital Darwinism’.” The “winners” will not emerge overnight. This is a multi-year undertaking, so it will be interesting to watch change as it takes shape, especially given the wealth space is one of the open industries not yet taken by a dominant company.

Muller predicts that, as with many digital value propositions, it’s usually the

Transformation

IBM advocates three themes for banks to drive a digital reinvention:

- **Think like a retailer** – no industry understands how to collect, analyse and act upon customer data better than the retail industry. Leading banks are leveraging technology by applying data analytics and channel personalisation to differentiate themselves on advice, customer experience and quality of service
- **Act like a manufacturer** – as customers’ needs change rapidly, keeping up requires flexible processes and the ability to roll out relevant products and services quickly and seamlessly. Leading banks are raising the bar with technologies that enable fulfillment capabilities like business process management, digitisation (paperless) and STP
- **Embed risk management** – banks should also shore-up their defenses. The most successful institutions embed sound risk-management principles throughout their enterprises

case that just one industry contender will make it truly big – a phenomenon seen via the examples of Google (search), Amazon (books), Apple (music) and Facebook (social networking).

“Who will be the winner in the wealth management space?” he asks. “Will it be a bank, or maybe even a technology company that has a banking license? The race is on.” ■

PUTTING A DIGITAL AGENDA TO WORK

HANS-PETER BORGH, CHIEF COMMERCIAL OFFICER FOR ABN AMRO PRIVATE BANKING IN ASIA AND THE MIDDLE EAST, IS SPEARHEADING SEVERAL INNOVATIVE INITIATIVES TO MUCH MORE CLOSELY ALIGN THE BANKS AND ITS RELATIONSHIP MANAGERS WITH THEIR CLIENTS IN THE DIGITAL AGE.

Rather than just talking about its digital agenda, ABN AMRO Private Banking is now focused on executing it.

"I am more and more convinced every day that the traditional belief that not much will change within the infrastructure of the private banking industry is flawed," says Hans-Peter Borgh, chief commercial officer for ABN AMRO Private Banking, Asia and the Middle East.

It is hard to dispute that the personal, one-to-one component of private banking will remain for the foreseeable future – with the art and personality of the profession being difficult to replicate via algorithms. But to be able to identify, analyse and act upon a client's needs – in a detailed, consistent and compliant way – technology will be a game-changer for the industry.

This applies from prospecting, onboarding and needs discovery, to investment proposals, reporting and ongoing portfolio monitoring.

CLIENT-LED INNOVATION

As a group, ABN AMRO has tangible evidence of the value to clients of going digital based on the experiences of

its retail business in its home market of the Netherlands.

For example, and within a relatively short period of time, it was having more than 50% of advisory conversations on mortgages through web-based videos rather than at a branch. Most importantly, adds Borgh, the feedback was that client satisfaction was higher.

The role of a bank to connect people, therefore, can be fulfilled in the digital space, he says.

While innovative to begin with, the use of multiple channels and devices has rapidly become an essential component of the overall service offering. "Clients expect to communicate with us through channels relevant in their lives," says Borgh.

"We need to be in a position to interact with them in a meaningful way through digital channels."

This extends to interactions between clients using social media, enabling them to understand how people with similar profiles are investing, etc.

This becomes feasible – and powerful – for the foreseeable future in wealth



Hans-Peter Borgh

ABN AMRO Private Banking

management when the community is filtered, and secured by the bank. "A user is then certain that the other people within the network are also vetted clients of the bank," says Borgh.

There may be increasing comfort around issues relating to privacy, for example, through the concept of fin-

gerprint scanning on iPhones, and other ways to confirm biometrics.

"Within a few years it will be easier for banks to confirm a client's identity for digital interactions and access to personal information," says Borgh. "This potentially allows us to get closer to where clients lead their digital lives."

TAKING RMs MOBILE

One of Borgh's achievements has been the development and gradual roll-out of the bank's RM Mobile Office over the past 12 months.

This provides relevant technology and tools to equip ABN AMRO's travelling relationship managers (RMs) with research and product information at their fingertips, as if they were sitting at their desk.

This is achieved from any device with the highest standards of security – smartphone, tablet, Android, or personal laptop. It also facilitates their conversations with clients who are themselves very mobile and often not located in Singapore, Hong Kong or Dubai, where the bank has its offices.

But this initiative goes much further than enabling online investing and virtual access to presentations and infor-

mation. Neither is it just about making an individual RM available to a client.

Instead, it is to bring to the digital age what the bank wants to portray as its total client service philosophy.

"This is about providing the expertise of a whole team – including investment specialists, product experts and wealth structuring specialists," explains Borgh.

The connectivity created by the Mobile Office enables RMs, for example, to set up video conferences with in-house specialists from any of the bank's offices. This is important in retaining some of the human-touch elements.

"With bandwidth increasing so quickly on mobile devices, this is shaping the future of advice and making advisers more productive," says Borgh.

And they have little choice but to operate in this way, he adds. "Bankers need to become more familiar with and accepting of this type of technology, especially as it can have a positive impact on their success."

The bank's senior management is leading by example.

Evidence of their savviness is their active use of Webex, FaceTime and other digital conferencing solutions, for in-

stance, in an encrypted form, for internal communications.

KEEPING A BALANCE

Despite Borgh's drive towards innovation, he is measured in his thinking about the scope of application for mobile, social and digital channels.

The concept of a full online, self-directed, self-fulfillment trading platform meets a specific need of some clients for certain purposes.

At its core, however, private banking is a service which adds value, he says, in terms of holistically understanding the needs of a client and then offering a tailored solution.

"This will continue to remain the exclusive domain of RMs and the client's dedicated service team," he adds.

He is also skeptical about the extent to which clients really want social media intertwined with their private bank.

"Although we actively advertise on platforms like Linked-In, Google and Bloomberg.com, I don't see any tangible signs that clients want their private banks to come as close to their social world as something like Facebook allows," says Borgh. ■



DBS DRIVES VISION OF DIGITAL YET FULFILLING BANKING FUTURE

FOR TAN SU SHAN, GROUP HEAD OF CONSUMER BANKING & WEALTH MANAGEMENT FOR DBS BANK, TRAILBLAZING IS PART OF HER DAILY AGENDA. SHE TALKS EXCLUSIVELY TO HUBBIS ABOUT HOW SHE IS SPEARHEADING THE ORGANISATION'S WEALTH MANAGEMENT AMBITIONS TOWARDS A BOLD NEW WORLD OF DIGITAL BANKING - BEFORE SOMEONE ELSE DOES IT FIRST.

Even contemplating what Tan Su Shan has to fit into a single working day would leave most busy executives feeling exhausted.

Yet she doesn't give it a second thought. At the helm of DBS' consumer banking division, she is visibly excited and energised to be part of a leadership team which is taking pioneering strides in a new, digitally-driven world of wealth management.

It follows a steady string of successes over the last four years, following her arrival from Morgan Stanley, to help develop the various components of DBS' wealth continuum.

"When I first arrived at DBS in July 2010, my management team and I set ourselves a goal to improve the product suite, the platform and the people," explains Tan. "I am pleased with what we have achieved in all three areas."

That has been even more notable over the past 12 months or so since her daily commitments have also included being a Nominated Member of Parliament in Singapore.

Now, it's about taking the wealth business to the next level.

PROUD OF HER PEOPLE

When it comes to people, the key has been to attract and retain good staff.

"This is a result of leadership, from which we have developed good people," says Tan. "And I am most proud of those people who have been here longer than I have, because they have shown the biggest improvements out of everyone."

For example, one of Tan's newest private bankers started in POSB, after which she worked her way through and up the entire wealth continuum that DBS has created – including the priority bank, then Treasures Private Client and, recently, the private bank.

"There are many stories of people who have gone through this journey, and in many cases they have brought their clients with them," says Tan.

DOING MORE WITH CLIENTS' ASSETS

In terms of the product suite, meanwhile, the focus has been on consolidating many existing resources



Tan Su Shan
DBS Bank

throughout the group to channel this expertise for clients throughout the wealth continuum.

For example, says Tan, this involved enabling wealthy individuals to get access to the equity research capabilities through DBS Vickers. Capitalising on the strength of DBS' debt capital

markets, the leader in Singapore dollar bond issuances, the private bank has been able to marry the supply and demand in terms of new debt issues to clients which want to invest in a risk-adjusted manner in new assets.

Another innovation relates to enabling clients to take advantage of interest rate differentials across Asia. "This means they can maximise their cash holdings," she explains.

So an NRI client in Singapore, for example, can open an account with DBS India, which is paying local Indian interest rates and hedge it back fully to avoid currency risk.

This creates a big currency pick-up for those individuals comfortable with both India risk as well as DBS Bank risk. They can also get leverage on this product if they want.

EMBRACING THE DIGITAL REVOLUTION

Despite the successes of the people and product developments, the real game-changing success has come from the bank's platform.

It has gone well beyond the initial aim to build a robust infrastructure to now create a fully digital bank. "We have a huge digital agenda to put the customer at the centre of the banking experience," explains Tan.

The direction has been clear since 2010, when the bank formed a Customer Experience Council and Innovation Council. The aim has been to deliver innovation anchored around three key ideas: an increased focus on digitisation to further enhance processing efficiency; making the

"We have a huge digital agenda to put the customer at the centre of the banking experience."

In a similar way, this works well for clients in North Asian clients, which tend to be comfortable with the big four Chinese banks, as rates on certificates of deposit from these institutions are high, despite the relatively low risk.

"We are one of the few banks finding and executing these opportunities for our customers," explains Tan.

Monetising hard assets for its customers is another string to the DBS bow.

"Through this we can use the wealth generated by a family business and manage it to create diversification – of risk, cashflow and hedging," says Tan.

customer experience more interactive and intuitive; and analytics and the use of Big Data.

In particular, two key initiatives for DBS in early 2014 have set the pace for bringing discussions about a digital future for wealth management to life.

First, with a view to improving its next-generation customer experience within its wealth management business, the bank announced it would be rolling out IBM's Watson Engagement Advisor in the second half of 2014.

The ultimate aim is better advice to clients, one-on-one. More specifically,

How DBS is building brand value

- The Banker/BrandFinance Banking 500 study has ranked DBS Bank as Singapore's most valuable banking brand, and as the top banking brand in ASEAN. Its brand value of US\$4.01 billion is up 15.3% on 2013, an increase of over half a billion dollars
- BrandFinance, which ranks the world's biggest banks by their brand value every year, said banks from Singapore represented the greatest total brand value of any ASEAN country, with a combined brand value of US\$8.5 billion, an increase of 17% on last year
- While DBS remains outside the global top 50, Samir Dixit, managing director of BrandFinance in Asia Pacific, said that its impressive year-on-year growth makes it likely to break into the this group next year

this means being able to process enormous amounts of information with the ability to understand and learn from each interaction, and provide more precise, customised and actionable insights that meet customer needs.

This includes helping its relationship managers in various ways, including: analysing large volumes of complex unstructured and structured data, including research reports, product

FIRM PROFILE

information and customer profiles; identifying connections between customers' needs and its growing corpus of investment knowledge; and weighing various financial options available to customers.

The fact that IBM is investing US\$1 billion in the Watson technology shows why DBS Bank has so much conviction about partnering with the organisation.

It will first be used within the wealth management unit, with the application to the retail bank and other parts of the business to potentially come at a later point.

"This has enabled me to get a non-banker's perspective on how to make banking more efficient, user-friendly and fun," explains Tan.

This is becoming ever-more pressing, given that the next generation of clients will want to do their banking without talking to anybody.

So how can banks, and especially private banks, keep a personal relationship with their clients without a human interface?

"We have now designed our website to be clean, intuitive and leave clients

where Tan says the "stars are aligned", given the educated workforce that is also English speaking, among other advantages in the jurisdiction.

People want to leave their wealth in a jurisdiction which they perceive as having longevity and also sustainability, she explains.

In addition, they are looking to choose a location where the rule of law is strong, transparent and isn't subject to arbitrary change.

"Singapore will play an important role in the changing dynamics of financial management," she says.

"We have always seen ourselves as a clean and sustainable jurisdiction, and I doubt this will change as otherwise we will lose credibility."

"We have now designed our website to be clean, intuitive and leave clients fulfilled. If someone has a joyful experience, then they will come back to us."

The second significant way that DBS is driving a new future for banking is by allying with A*STAR's Institute for Infocomm Research, to set up a Joint Lab to leverage the research institute's core capabilities in developing new and innovative products and services.

In particular, the Joint Lab aims to develop commercial and executable solutions and products in the financial services sector.

It can do this by conducting new research and leveraging existing IP in data analytics, mobile technology, social platforms and also other leading edge technologies.

Through this alliance, DBS has had access to some bright, forward-thinking independent minds, including engineers and individuals with PhDs from all over the world, to revolutionise the way the bank interacts with customers.

fulfilled," says Tan. "If someone has a joyful experience, then they will come back to us." This relies on using algorithms to achieve many goals. These include second-guessing what a client might want, to remembering things that the banker might forget.

"If we can digitally wish a client a 'happy birthday' and, for example, send them a note that we have booked a restaurant for them to have lunch to celebrate, the client will feel a connection with the bank.

This is what I wanted, and we are looking to put these types of things into practice," explains Tan.

THE SUSTAINABILITY OF SINGAPORE'S WEALTH STATUS

The potential for achieving such objectives in Singapore is very real,

BETTING BIG ON A NEW BANKING FUTURE IN ASIAN WEALTH MANAGEMENT

Tan has a clear incentive to achieve her ambitious target.

"If I don't build this, then somebody else will, especially non-banking organisations like Alibaba, which can move quickly into this space and have shown rapid growth," she says.

This inevitably means taking a few bets and experimenting with ventures such as IBM Watson and the Joint Lab.

But if she and DBS get it right, that will be the difference between stand-out success or just being an "also ran" in the wealth management race.

"We recognise the digital revolution that is upon us will change the way people live," says Tan.

"The way in which customers live, work and bank is changing dramatically." ■

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WINNING THE BATTLE IN DIGITAL WEALTH MANAGEMENT

BANKS SHOULD KNOW A LOT MORE ABOUT THEIR CLIENTS, WITH MORE TARGETED OFFERINGS THAT ARE SMARTER AND MORE ALIGNED WITH THEIR INTERESTS AND PORTFOLIOS. THIS RELIES ON INSTITUTIONS TO BE INNOVATIVE AND FORWARD-THINKING ENOUGH TO EMBRACE NEW TECHNOLOGIES, SOCIAL MEDIA CHANNELS AND NEW APPROACHES TO MANAGING DATA, AS WELL AS TO OVERCOME THE LEGACY AND IMPLEMENTATION CHALLENGES THEY FACE, SAYS BERT-JAN VAN ESSEN OF DRAGON WEALTH.

What if clients were grouped automatically based on their behaviours in investor circles, helping relationship managers (RMs) better understand their client's needs and interests? What if clients could see how the latest news affects their portfolio and RMs get at-a-glance information to better advise clients to perform better?

And what if the very same mobile application recommends investment products that are tailored to a client's behaviour and needs?

"What if" is yesterday's talk, says Bert-Jan van Essen, co-founder of Dragon Wealth in Singapore. "Digital Banking is needed today."

The role of technology across all aspects of the wealth management business has never been as significant as it is now in terms of what it can help organisations to achieve.

And digital banking, in particular, is dominating conversations from the boardroom to the front-line, as firms strive to differentiate their offering.

The key is to enable both clients and RMs in a way that combines the trends of social, mobile, analytics and cloud.

"It is about helping clients to get more targeted ideas and validation, in order to make more confident investment decisions," says Van Essen.

The game-changers will include: delivering information, products and services which are genuinely relevant to clients and that position the offering in a more targeted way – whilst also offering the client the opportunity to validate that decision; finding a way to use big data to join the dots with client information; and providing a better, more user-friendly client experience. All this needs to be done in an open architecture way that links with third-party funds and investment products.

After many years leading various IT teams for Credit Suisse's private banking businesses in Switzerland and Asia – most recently as chief information officer in APAC, Van Essen is adamant that banks must ensure relevant and effective advice that enables peer-group behaviour and comparisons via a social mobile analytics cloud platform.

A NEW ADVISORY MODEL

While the role of an RM will be unlikely to disappear, the future lies in creating



Bert-Jan van Essen

Dragon Wealth

digital offerings for customers – driven mainly by client behaviour in Asia. "They are becoming more and more educated around the various wealth management concepts and services," says Van Essen. "They want get advice that is more targeted to them and their existing portfolios, so that it puts it in more context."

There is a strong desire, for example, for clients to be able to validate the investment decisions they make with reference to their peers, he explains. Plus, they want to get a better execution capability.

"Clients want more – and easier – connectivity with their bank," he explains.

For example, when they get up in the morning, they want to get distilled news delivered to them which is relevant to their preferences and existing investments.

Apps that are aligned to client segments or age groups, for instance could help achieve this.

Companies such as Google, Amazon, Apple and Netflix, among others, have driven changes in preferences for how technology is used.

"Why can't it be similar in wealth management?" asks Van Essen, "with a better, and cleaner, client experience."

IMPLEMENTATION HURDLES

Yet there are some big stumbling blocks to creating such an e-paradise.

Banks face significant legacy issues with the multiple – and often overlapping and disparate – technologies and systems already in place. This often diverts their attention and efforts away from what they need to do for their client business – innovating and providing new technology and software to support new products.

Implementation is another significant hurdle, closely followed by integration, which also represents a growing cost – assuming a solution can even be integrated into existing platforms given the legacy issues mentioned.

Cost is another sticking point for many institutions. "Banks ideally want a pay-as-you-go solution, rather than having to regularly make a big capital outlay," says Van Essen.

Trying to minimise the necessity for integration and cost, therefore, will be an important factor in the decision-making process in terms of what platforms and technologies banks use.

Innovation is another commodity which is hard to come by within most banks, he adds, which is hardly a surprise given that this hasn't traditionally been their area of expertise.

They have also had to become so focused on meeting the mounting compliance obligations and trying to be more profitable.

"But to get back to creating a good return on equity they must improve their business model," says Van Essen. "Innovation will account for some of this."

MAKING UP GROUND

Other than Singapore and Hong Kong, some of the biggest opportunities can be found in the local markets in Asia like Indonesia and Malaysia – which are lagging from a technology perspective, he says.

To catch up, many banks are skipping the desktop in search of mobile.

"There are so many mobile users in these countries, and as the levels of wealth continue to grow, banks will increasingly need to broaden their offering to include more complex products that are not suitable for being sold down existing distribution channels."

Benefits of leapfrogging the route taken in more developed centres include

Bert-Jan van Essen

Prior to setting up Dragon Wealth, Bert-Jan was CIO for Credit Suisse's private banking division in APAC.

In this role he expanded across geographies, working with the leadership team in the region to expand into four new locations: India, Taiwan, Australia and Japan.

He also focused on the business, by driving top-line growth through the introduction of new client capabilities and an improved bottom line by driving down development costs and improving employee efficiency. In addition, Bert-Jan assessed mergers, by overseeing the IT part of M&A deals to improve the footprint in existing locations, and he improved the client experience and profitability by introducing online advisory capabilities and increasing the quality of client reporting.

Before this, Bert-Jan oversaw the implementation of online banking and front-office tools globally for Credit Suisse. With his team, he won the European Banking Technology award for "Best in class IT Strategy" in 2007.

the fact that mobile technology doesn't involve the same level of investment, and it is quicker and easier to launch.

These new frontiers also highlight possibly the most exciting thing about the bold new e-future in wealth management – that is that it offers more seamless and cross-border client access than any other route. ■

DISRUPTING GLOBAL WEALTH MANAGEMENT

WEALTH MANAGEMENT, AND ESPECIALLY PRIVATE BANKING, IS RIPE FOR DISRUPTION. WITH COMPETITIVE THREATS TO TRADITIONAL ADVISORY MODELS COMING FROM ALL TYPES OF FINANCIAL AND - MOST INTERESTINGLY - NON-FINANCIAL FIRMS, A GROWING NUMBER OF NIMBLE AND INNOVATIVE TECHNOLOGY VENDORS AND SOFTWARE DEVELOPERS ARE AT THE FOREFRONT OF POTENTIALLY RE-SHAPING THE LOOK-AND-FEEL OF THE INDUSTRY IN THE COMING YEARS.

If private banks and other wealth management organisations don't take action to change the way they approach the task of capturing the next generation of clients, and in the process rethink their footprint and operating models, they face a significant danger of becoming less and less relevant.

There is little doubt among industry thought-leaders that e-enabling the customer experience and engagement is the only long-term option to ensure a successful business.

Technology is already affecting the traditional relationship models. And it looks set to irreversibly revolutionise all aspects of wealth management – changing, for example, the way that institutions and their advisers interact with clients (and vice versa), the way data and market information gets used, and disseminated, and the way products are selected and sold.

Already there threats emerging from household names like Facebook, Alibaba and others entering the world of financial services and product distribution. And there is a rapidly-growing number of online trading, brokerage, investment and communication

platforms offering slick, easy-to-use, low-cost, automated solutions for core functions such as investing, asset allocation, portfolio management and reporting.

GAME-CHANGERS

The following list of 35 organisations reflects research we have done into some of the organisations we think can play important roles in the future of wealth management globally. They are grouped according to their products and services.

Allocated Bullion Solutions

<http://allocatedbullion.sg/home>

Allocated Bullion Solutions (ABS) offers accredited investors and institutions the ability to purchase and store allocated precious metals. It provides end-to-end trading and bullion custody solutions, with transparent and institutional pricing through aggregated multi-dealer pricing. The bullion custody platform provides comprehensive management for sub-accounts. ABS does not itself carry any inventory. All bullion is purchased or sold on behalf of clients, and inventory is held in custody on behalf of clients only.

Ayondo

www.ayondo.com/en/home/

Ayondo aims to revolutionise the retail trading and investment space. It was developed for active investors, created on the premise that the large majority of this group suffers losses when trading, and only a very few top traders with years of valuable experience achieve and sustain excess market returns). As a result, Ayondo allows users to automatically route the performances of such top traders onto their own broker accounts.

Betterment

www.betterment.com

Betterment seeks to provide an investment service that delivers the best possible results yet saves time and money. The objective, therefore, is to help investors build wealth with the peace of mind and the time to pursue their career and enjoy other things in life. It believes that Modern Portfolio Theory is the best approach to managing individual portfolios, by investing in a diverse pool of assets with collectively lower risk than any individual asset. The process starts by giving advice based on time horizon and building the right customised portfolio for each goal. The technology claims to opti-

TRADING AND INVESTMENT MANAGEMENT PLATFORMS

Allocated Bullion Solutions

<http://allocatedbullion.sg/home>

Ayondo

www.ayondo.com/en/home/

Betterment

www.betterment.com

eToro

www.etoro.com/

E*TRADE

<https://us.etrade.com/home>

Interactive Brokers

www.interactivebrokers.com

InvestLab

www.investlab.com/

Motif investing

www.motifinvesting.com

Nutmeg

www.nutmeg.com/

Saxo Bank

www.saxobank.com/

SigFig

www.sigfig.com

Stockspot

<https://www.stockspot.com.au/>

Swissquote

www.swissquote.ch/sqweb/index.jsp?l=e

Wealthfront

www.wealthfront.com

Wikifolio

www.wikifolio.com/

Yavalu

www.yavalu.com/uk/home

ZuluTrade

www.zulutrade.com/

mise any portfolio, whether US\$10,000 or US\$10 million, after assembling an expert team of engineers, quants and designers to re-imagine what an investing product should be: efficient, accessible and delightful.

eToro

www.etoro.com/

eToro is a global social investment trading network, enabling users to tap into the wisdom of the crowds to help them make smarter investment decisions. The platform is designed to encourage people to connect with one another to discuss, trade, invest, learn and share knowledge across the network. Users can copy the traders they like with the click of a button, in real time. It empowers over 2.75 million users in more than 140 countries worldwide to manage their funds through its innovative online platforms and trading community. At the same time eToro promotes sustainable trading, encouraging users to recognise that trading involves risk and take precautions to minimise their risk exposure.

E*TRADE

<https://us.etrade.com/home>

E*TRADE offers a full suite of easy-to-use online brokerage, investing and related banking solutions, delivered at a competitive price. It empowers individuals to take control of their financial futures by providing the products, tools, services and personalised support they need to meet their near- and long-term investing goals. This includes: (i) diversification via the Online Portfolio Advisor to get custom investment recommendations; (ii) guidance via investing insights and a wealth of knowledge in the online Investor Education Center; and (iii) customisation to craft a specific portfolio using stock, mutual fund and ETF screeners.

Interactive Brokers

www.interactivebrokers.com

Interactive Brokers has over the last

37 years become one of the premier securities firms with over US\$5 billion in equity capital. It conducts its broker / dealer and proprietary trading businesses on over 100 market destinations worldwide, with direct access, online trade execution and clearing services to institutional and professional traders for a wide variety of electronically-traded products – including stocks, options, futures, forex, bonds, CFDs and funds worldwide. Interactive Brokers Group and its affiliates execute nearly 1 million trades per day.

InvestLab

www.investlab.com/

InvestLab gives brokers the technology and services to provide customers with investment opportunities. The Mix Platform is a highly-configurable online platform that provides brokers with the tools for better client control and management, with no costly installation or maintenance server fees. As a global online trading platform built for brokerages, it enables: (i) clients to execute their own trades by extending users' own versions of the platform; (ii) brokers to securely manage and customise client information for better control and efficiency; and (iii) access to 43 destinations in 30 countries.

Motif investing

www.motifinvesting.com

At Motif, the goal is to empower investors with a low-cost solution that helps them turn ideas into investments. It does this by offering more than 100 ready-made, professionally-built portfolios called "motifs". These let investors own up to 30 stocks based on ideas they come up with every day, from the latest economic, industrial and political swings to the most popular investing strategies -- all for one low price. Plus, an innovative social platform lets users meet fellow investors and tap into an even bigger universe of ideas, by enabling users to build their own low-cost motifs and share them with others.

Nutmeg

www.nutmeg.com/

Nutmeg, which promotes itself as the UK's first online discretionary investment management company, says that it got rid of all the aspects that made the wealth industry unpopular. In its own words: "We don't charge a premium for the illusion of a personal relationship. We don't use opaque benchmarks that bear no resemblance to reality. We don't obfuscate with jargon. We don't lump all your money together. We don't charge high fees to pay for our huge sales force. We don't hit you with sneaky charges. We don't keep you in the dark over where you're invested – or how your funds are performing." Instead, Nutmeg gives users transparency and helps them set up their portfolio in under 10 minutes, creating as many funds as users like, with flexibility to top up, transfer or withdraw at any time. Plus, it rebalances a user's portfolio, selecting from a diverse range of assets, to ensure they have the best chance to stay on track.

Saxo Bank

www.saxobank.com/

Saxo Bank is a fully-licensed and regulated European bank specialising in online trading and investment across global financial markets. It enables private investors and institutional clients to trade FX, CFDs, ETFs, stocks, futures, options plus it offers professional portfolio and fund management. Safeguarding client information and securely controlling, executing and managing real-time internal systems are of utmost importance to the bank. Saxo Bank has been a facilitator in the global capital markets aggregating liquidity, offering access to exchanges and providing its suite of products and platforms to private clients, institutions, banks and brokerages.

SigFig

www.sigfig.com

Sigfig brands itself as an investment

company that puts people before profits. Its mission is to build a new kind of investment company – using science and data to help all investors, large and small, invest better through a transparent process free of conflicts of interest. For US\$10 a month, it enables investors to select from a range of portfolios that it believes matches the risk level the investor is comfortable with. It says it guarantees to keep costs ultra-low by using commission-free, straightforward funds. It also offers built-in monitoring and automatic rebalancing if something knocks the portfolio off track.

Stockspot

www.stockspot.com.au/

Stockspot is an online financial adviser, giving individual investors access to expert tools and advice while significantly reducing fees and enabling building a global portfolio in minutes. Outdated technology and administration in financial services have led to layers of fees, which erode investment returns. Over 45% of returns were paid away in fees between 2008 and 2013. A generation of younger investors can no longer afford access to investment advice due to cost. Stockspot says is changing that for the better by using algorithms to streamline the provision of personalised investment advice, portfolio transactions and reporting entirely online. The result is more affordable service, more engaging user experience and improved investment performance for all types of investor.

Swissquote

www.swissquote.ch/sqweb/index.jsp?l=e

Swissquote Group says it is Switzerland's leading provider of online financial and trading services. And as Switzerland's principal online bank, it manages accounts in multiple currencies, acts as custodian for all types of securities, advances secured loans, advises on the investment of liquid funds

in term deposits and money-market investment funds, keeps banking correspondence in safe custody and offers a choice of three credit cards. The Swissquote trading room is linked to more than 60 stock markets in over 40 countries. Swissquote offers its private clients access to the stock market at advantageous rates. The Swissquote financial portal is Switzerland's most visited financial platform, displaying 10 million pages every day. It provides information for users need to conduct independent research on the investment vehicles most appropriate for them, as well as numerous professional tools for its selection, analysis and dealing in the financial markets at any time. Swissquote Bank clients receive the premium service (financial information) free of charge.

Wealthfront

www.wealthfront.com

Wealthfront claims to be the world's largest and fastest-growing automated investment service with over US\$800 million in client assets (as of May 2014). It manages a diversified, continually rebalanced portfolio of index funds on behalf of investors at a very low cost and in a tax-efficient manner – and accessible anytime and anywhere from desktop, tablet or phone. With a minimum account size of just US\$5,000, Wealthfront manages the first US\$10,000 for free and the rest for only 0.25% per year. There are no additional fees for the service and no trading commissions. The service combines a team of world-class financial experts, led by Dr. Burton Malkiel, renowned economist and author of "A Random Walk Down Wall Street", with some of Silicon Valley's best technology talent.

Wikifolio

www.wikifolio.com/

Wikifolio offers true social trading. The company's high-end IT infrastructure creates transparent and cost-efficient

real-time processing for its partner banks, and deep integration with social media and leading online media business. It is the company's goal to establish wikifolios as the preferred alternative for European private investors over traditional investment products and to bring a fresh perspective to the financial services industry.

Yavalu

www.yavalu.com/uk/home

Based on the premise that many people wish to make private investments but simply lack the time or experience – Yavalu is an investment solution that aims to save users up to 90% on fees, as well as their time and nerves. It defines an individual's personal investment profile and strategy, and then creates portfolios of ETFs in line with these investment objectives. It then monitors these investments 24/7 and with every market fluctuation that might increase the portfolio's initial risk level, it contacts the client by mail telling them exactly what to do in order to protect their money and keep them on track with their objectives.

ZuluTrade

www.zulutrade.com/

Founded in 2007, the concept of ZuluTrade is to offer an open environment, where traders on a global-level can connect any trading platform and share their knowledge. ZuluTrade was created in response to the lack of a web-based platform that could audit traders globally and, at the same time, enable traders to share their knowledge with people interested in their strategies. The platform bridges the gap between valuable information in money markets and trade execution by converting the advice of some of the most professional and talented traders globally, to a service which can rapidly execute trades. The platform also provides the ability and ease of driving selected trades to broker accounts of the interested parties.

FINANCIAL PLANNING / ADVICE

Appway

www.appway.com

Bestinvest

www.bestinvest.co.uk/

Dragon Wealth

www.dragonwealth.net

FutureAdvisor

www.futureadvisor.com

M Financial

www.mfin.com/

Momentum

<http://www.momentum.lu/en/home>

Personal Capital

www.personalcapital.com

Starmind

www.starmind.com/

Appway

www.appway.com

Appway's specialised client onboarding solutions serve more than 100 international financial institutions including the world's top four wealth managers. By automating manual tasks and eliminating time-consuming coding, Appway delivers a multi-channel experience that spans the entire consumer lifecycle. The Appway technology can be integrated in just weeks to transform processes involving hundreds of manual, disconnected tasks, into one, seamless, web-based environment. It also offers real-time data integration capabilities and in-built process efficiencies to ensure the timely creation and delivery of all documents.

Bestinvest

www.bestinvest.co.uk/

Operating in over 30 locations across the UK, Bestinvest offers a broad range

of services designed to suit the different needs of private clients in achieving their financial goals such as retirement planning, saving for university fees, building a nest egg or managing an investment portfolio. In particular, the Online Investment Service provides the tools and information to enable self-directed investors to make investment decisions and maintain their portfolio.

Dragon Wealth

www.dragonwealth.net

Dragon Wealth is a financial technology company focused on making wealth management digital, social and personal. Formed in 2013, Dragon Wealth's technology enables external asset managers and private banks to deliver relevant wealth management advice to their clients and gives the power of making confident investment decisions to the hand of their clients. Its SMAC app helps enables advisers to make smarter, well-informed recommendations to mass affluent and high net worth clients. The solution takes advantage of the cloud to analyse big data and by creating powerful investor circles, it delivers relevant news, products and portfolio both to relationship managers and clients.

FutureAdvisor

www.futureadvisor.com

FutureAdvisor is an award-winning registered investment advisory firm serving clients nationwide in the US. Its team of Chartered Financial Analysts and Math PhDs use software to actively monitor and manage clients' existing 401(k), IRA, and taxable accounts from a household-wide, long-term perspective. It believes: (i) long-term portfolios should be based on unbiased advice, diversification, tax efficiency and low-fee index funds; (ii) investors shouldn't have to actively manage their investment accounts – the right things should happen automatically; (iii) all investors deserve top-tier investment management for their portfolios; and

(iv) automatic portfolio management should cost a fraction of what a traditional investment adviser charges.

M Financial

www.mfin.com/

Taking client advocacy to a new level, M Financial was built on the concept that success can be achieved through collective efforts to achieve more for member firms than they can achieve on their own in relation to innovative, sophisticated solutions to help clients accumulate, manage and preserve wealth. Sales volume, business quality and client relationships have made M Financial the industry leader in product development, in-force management, reinsurance and underwriting.

Moneythor

www.moneythor.com/

Moneythor is a financial technology company founded in 2013, developing banking software components designed to provide what the company believes is better digital banking for customers and enhanced marketing and analytics for banks. The Moneythor solution helps banks deliver contextual recommendations and insights to their customers seamlessly within their existing digital banking services. It does this by enriching, classifying and analysing the transaction data found in bank statements and other sources reflecting customers' activities. The objective is to help banks reduce costs in servicing customers but also to drive brand loyalty, get better analytics and open up new cross-selling and marketing opportunities.

Moventum

<http://www.moventum.lu/en/home>

This online platform model is based on the tried-and-tested format of Linsco/Private Ledger (LPL) – the US market leader in providing services for independent financial advisers. Founded in Luxembourg, Moventum has been sup-

porting financial advisers in Germany with the implementation and optimisation of their business models since 2002 and operating internationally since 2005. It uses an internet-based funds platform to give advisers, asset managers and trustees product-neutral tools and solutions that help them to provide investors with independent advice and a standard of care that is on a par with private banking.

Personal Capital

www.personalcapital.com

The firm's software gives users the free tools they need to manage their entire financial life from one convenient and secure place. This enables them to know what they have and where it is, for example seeing all of their accounts in one place, as well as to make better wealth management decisions, and get objective financial advice from professionals. Personal Capital also builds custom portfolios based on investors' lives and goals. It stresses its independence and lack of products, and it charges one low fee that it says is less than the average mutual fund, with no additional trade costs.

Starmind

www.starmind.com/

Starmind was created by envisaging the following scenario of a financial adviser or wealth manager: "You are in a customer meeting and your customer has just asked you a question you cannot answer. You are sure that someone within your organisation knows the right response, but you just do not know who to ask. What follows are numerous e-mails and phone calls in the faint hope of finding help." Starmind locates the right expert through the process of entering questions that a user needs solutions to into the Starmind system. Its innovative self-learning software then analyses the question and automatically forwards it to the right experts.

DATA AND INFORMATION PROVIDERS

CrunchBase

www.crunchbase.com/

DemystData

<https://demystdata.com/>

Kenshoo

www.kenshoo.com/

Nous

www.nous.net/

StatPro

www.statpro.com/

CrunchBase

www.crunchbase.com/

CrunchBase is the free database of technology companies, people and investors that anyone can edit.

It began as a simple crowd-sourced database to track start-ups covered on TechCrunch. Today, there are more than 500,000 profiles of people and companies that are maintained by tens of thousands of contributors.

DemystData

<https://demystdata.com/>

DemystData, founded in 2010, is all about trying to provide actionable access to high-quality, accurate customer information to drive innovation within financial services. It does this by investing in the richest emerging sources of raw data, using proprietary technology to clean data at scale, to provide advanced predictive analytics in real-time for multinational banks, leading online lenders, small business lenders and insurers.

InfoTrie

www.infotrie.com/

InfoTrie is a Singapore-based technology company focusing on the delivery

of cutting edge sentiment analysis and news analytics solutions for the financial services industry. The rise of the internet has produced an humongous amount of data, which continues to grow exponentially. But financial institutions stay old-fashioned in the way they consume and produce this data. How to extract more information? How to speed up the understanding? How to automate the analysis of unstructured content? How to limit the noise? InfoTrie says it is relying on Big Data and data mining technologies, coupling them with financial engineering and powerful visualisation to address these questions.

Kenshoo

www.kenshoo.com/

Kenshoo is a global software company that engineers cloud-based digital marketing solutions and predictive media optimisation technology. Its mission is to empower every marketer in the world with technology to build brands and generate demand across all media. Kenshoo is the only Facebook strategic “preferred marketing developer” with native API solutions for ads across Facebook, FBX, Twitter, Google, Bing, Yahoo, Yahoo Japan, Baidu, and CityGrid. Brands, agencies and developers use Kenshoo solutions to direct more than US\$200 billion in annualised client sales revenue through the platform. It has campaigns running in more than 190 countries for nearly half the Fortune 50 and all 10 top global ad agency networks.

Nous

www.nous.net/

Based in Tokyo, Nous was founded in 2012 by a team of software, quantitative finance and trading experts. Its application, Spark Profit, is designed to provide an intuitive way for anyone to learn how to predict financial markets. This is through what the company calls “crowd-sourced alpha” – combining

the predictions of members to guess where the markets will move. It allocates points to correct predictions, and after reaching a high enough score users start to earn rewards. These incentives drive thousands of quality predictions every hour.

StatPro

www.statpro.com/

StatPro has been in the business of portfolio analytics since 1994, and now has over 450 clients across 37 countries, with around 250 staff globally. Its mission is to lead a revolt against expensive and complicated portfolio analytics and find a better way to produce and share information.

Key products include: StatPro Revolution, a cloud-based portfolio analysis platform designed for companies of any shape or size; StatPro Composites, the first purpose-built system for GIPS compliance; StatPro Fixed Income, offering forensic analysis of bond portfolios; and StatPro Risk Management, the first system to produce a measure for liquidity risk, which is now a requirement for UCITS IV and other regulations.

PAYMENT / LENDING

Paga

www.mypaga.com/

Smava

www.smava.de/

Zopa

www.zopa.com/

Paga

www.mypaga.com/

Paga was set up in early 2009 to tackle

what the company’s founders consider to be a critical issue paramount to Africa’s development – the availability of financial services to all Africans. It was founded on the simple belief that the ubiquity of mobile phones can be leveraged in order to bring financial services to all Africans – by working in partnership with select banks, microfinance institutions, and all mobile network operators.

Paga works on the most basic SMS-enabled phone and on all mobile networks. The core offering is a money transfer service – to enable users to send money to anyone with a mobile phone. Other services include: buying / sending airtime credits, bill payments, and retail payments.

Smava

www.smava.de/

Smava is a German financial portal set up to offer cheap loans to individuals via its credit marketplace, where borrowers can make a request and within seconds get many personal offers from different private investors – without going through the bank.

Zopa

www.zopa.com/

Zopa is a leading peer-to-peer lending service in the UK. It has lent more than GBP500 million (US\$845 million), Also known as “social lending” and “lend-to-save”, it helps both borrowers and savers get better interest rates. It essentially rewards savers and borrowers who are good with their money by providing lower rate loans and higher interest on savings.

Zopa says its borrowers have good credit ratings and the company’s expert loans team helps them to make sure they can afford their loan. The company makes money by charging lenders and borrowers a low, transparent fee. ■

WHY PRIVATE BANKS MUST RAISE THE DIGITAL STAKES

FROM DESIGNING INVESTMENT PRODUCTS TO RETAINING CLIENTS, DIGITAL BANKING IS RESHAPING THE WEALTH MANAGEMENT INDUSTRY. BUT PRIVATE BANKS MUST GET MORE ALIGNED WITH THESE TRENDS, URGES STEVEN SEOW, HEAD OF WEALTH MANAGEMENT FOR MERCER IN ASIA.

For private banks, succeeding in the digital age requires there to be a fundamental shift in mind-set, from a traditional product-selling mentality to one enabled by technology.

Retail banks have increased staff efficiency, lowered costs and improved the customer experience by designing, simplifying and amending product offerings based on feedback from social media platforms, for example, explains Steven Seow, head of wealth management for Mercer in Asia. However, he is yet to see similar changes within the private banking industry.

NEW APPROACHES NEEDED

The private banking industry is being confronted with increasing requirements on all aspects of the business, including in relation to reporting processes and content.

That pressure is coming both from regulators as well as clients. In particular, clients are also increasingly active in terms of social media, and are willing to give feedback, adds Seow. "They want to be able to compare prices, performance and services, while listening for what is being said about their banks in social media."

As a result, banks need to deliver something which is tailored accordingly, not just standardised flow product.

GAMIFICATION

Another change that Seow says private banks need to make in terms of the way they engage technology is to introduce more "gamification" for educating the second and third generations. "Wealth is passing down to younger generations which are embracing technology and expect information quickly."

Generation Y expects real-time analysis, research and fund performance reporting through various gadgets. "And even when addressing this need by investing in digital platforms, private banks will have to be mindful of the increasing data privacy and cyber security concerns," says Seow.

REPORTING TRENDS

This trend is also forcing Mercer to re-design the reports it creates for banks.

Six months ago, the firm collaborated with Financial Express to launch Mercer Manager Analysis Portal (MAP). This is a web portal that can be accessed



Steven Seow

Mercer

by any iPad, iPhone or android device 24/7. "Our clients, meaning financial advisers, can access Mercer's intellectual capital to help them in their work," explains Seow. "They can download our research notes on fund managers and assess portfolio performance, among many other features. This is also our way of embracing technology to better serve the needs of our clients." ■



Mercer Manager Analysis Portal provides financial advisors the same depth and caliber of fund research previously available only to institutional investors. Help your clients better manage risk and reach their investment goals.

MERCER MANAGER ANALYSIS PORTAL

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THE RIGHT RESULTS
THE RIGHT DIRECTION

To find out more, visit
www.mercermap.co/more



HOW AVALOQ HAS GONE MOBILE WITH APPS FOR WEALTH ADVISERS

AVALOQ HAS GONE OMNI-CHANNEL AND HAS INVESTED HEAVILY IN CREATING AN INNOVATIVE NEW USER EXPERIENCE AS A PART OF ITS MOBILE APPLICATION INITIATIVE. PETER SCOTT, GENERAL MANAGER IN ASIA PACIFIC AND A MEMBER OF THE FIRM'S EXECUTIVE BOARD, REVIEWS AVALOQ'S EFFORTS TO BE AT THE FOREFRONT OF A NEW GENERATION OF ELECTRONIC-BANKING FOR CLIENTS AND ADVISERS.

Banking via all channels is no longer on anyone's wish-list; it is a must-have. Technology-savvy clients – digital immigrants and natives – expect innovative financial services and new forms of presentation, permanent access, user-friendliness and transparency.

Banks are caught in the jaws of a dilemma with the requirement to invest to address compliance on the one hand and the desire to introduce efficiencies to reduce costs on the other. This often leaves little for investment in innovation and for enhanced customer service.

While banks have historically been forced to industrialise their back offices to ensure profitability, Peter Scott, general manager for Avaloq in Asia Pacific, says they are now about to reinvent the client experience through their front office to be able to support top-line growth.

LEADING FROM THE FRONT

The front office remains a strategic priority for Avaloq and the company is committed to the further reinforcement and development of this offering. As a result, this year it will invest a signifi-

cant share of the R&D budget (50% of Avaloq's product-related revenues flow into R&D) into front development, confirms Scott. He adds that the company invests more into R&D than any other provider for the financial industry.

"Further improvements of our front offering will enhance the user experience and simplify the integration through an enhanced middleware layer. Improved adviser productivity and multi-channel client servicing are among the key deliverables," he explains.

The firm started developing omni-channel solutions about three years ago, and now offers a mobile banking capability on smartphones and tablets, for web banking, and a wealth advisory application for client advisers that runs on the iPad and on the web with a mobile workplace solution.

"We have gone omni-channel and have built consistent solutions that can be deployed and used simultaneously on various devices while still providing the same user experience," says Scott. "We have designed our new web banking portal from the ground up to address these issues and introduce a new generation of electronic banking experience for account holders, bank rela-



Peter Scott

Avaloq

tionship managers as well as external asset managers."

FRONT-OFFICE SOLUTIONS

More specifically, the Avaloq front solutions include various applications for mobile devices, tablets and web

browsers that provide functionalities for a variety of segments including retail and private banking, corporates, client advisers as well as asset managers. The scope of wealth advisory includes the Wealth Advisory app for the iPad and the Mobile Workplace.

The Wealth Advisory app is targeted at wealth managers, financial advisers and private bankers as a digital support for client interaction, says Scott.

“The native iPad application intends to involve the client more directly during meetings,” he explains. “The app allows structuring the advisory session as a process and illustrates graphically the impact of the different investment scenarios on the client’s wealth.”

The Mobile Workplace, meanwhile, is the application used to manage client relationships and, among other things, follow-up on meetings.

The application comes in two versions, says Scott.

“One addresses relationship managers (RMs) and the other external asset managers (EAMs). The Mobile Workplace for RMs combines transaction

and portfolio-related information as well as trading or investment proposals with CRM functionality. This includes client lifecycle management or open sales opportunities, daily tasks and a calendar to help planning the workday effectively,” he adds.

The Mobile Workplace for EAMs is especially dedicated to independent asset managers and financial intermediaries. It is built on the same basis as the Mobile Workplace, explains Scott, but contains additional functionality such as portfolio rebalancing, aggregated reporting, collections, and further mass trading capabilities.

Finally, at the technology level, Scott adds that the Mobile Workplace has an integrated “responsive design”. What that provides, he explains, is a web technology that adapts the layout to the unique characteristics of a display, to enable the application to run in any web browsers including tablets.

FULLY INTEGRATED

Key to the front-office offering is building all mandatory regulatory requirements into the Avaloq Banking Suite.

Key objectives

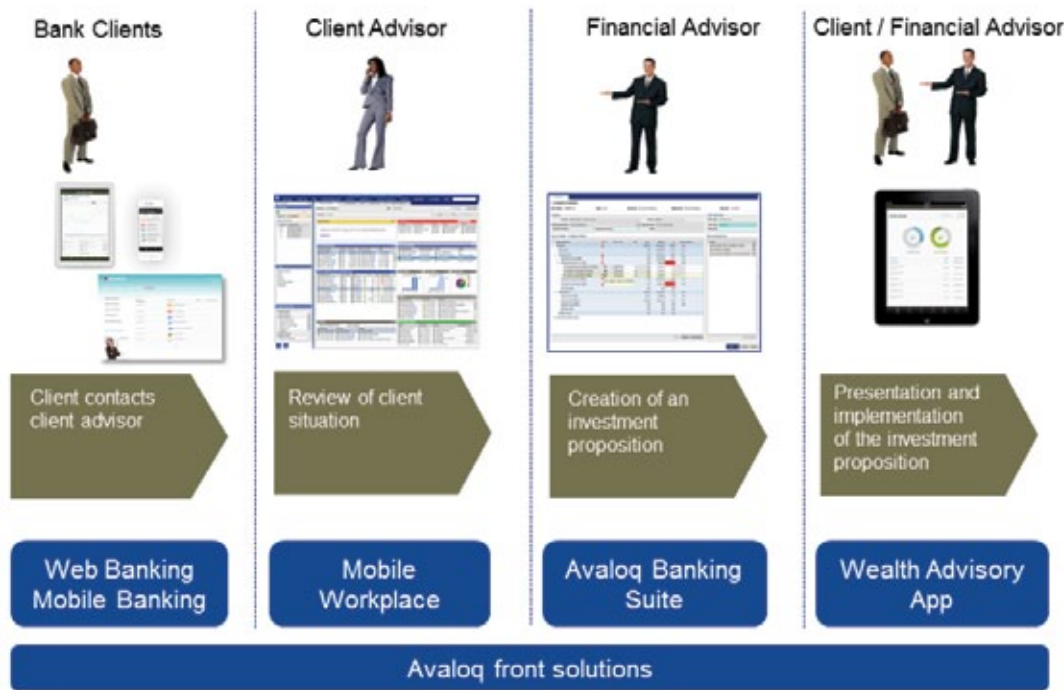
- Helping advisers better serve their clients via the end-to-end process of an advisory session, including facilitating meeting preparation and creating a positive client experience
- Giving advisers a set of tools to do everything from client risk profiling to the elaboration of portfolio propositions
- Synchronising portfolio propositions prepared on “.Net Client” with the iPad app, showing investment options, elaborating on scenarios and initiating portfolio rebalancing
- Enabling advisers, via the tablet app, to structure a session with the client
- Providing all customer management functionality across devices in a consistent way

EXPECTED USERS AND APPLICATION FOR THE AVALOQ MOBILE APP



Source: Avaloq

AVALOQ FRONT SOLUTIONS



Source: Avaloq

“Because our mobile solutions are fully integrated with the Avaloq Core, all core functionality can be leveraged,” says Scott.

This means in practice that the same rules, constraints and validations defined in the Avaloq Core are also relevant for the mobile applications.

For a customer that already runs the Avaloq Core Platform, the estimated implementation time is between one and six months, with the length of the project depending on the scope and the degree of customisation.

“We are also able in particular to tailor the client questionnaires – used to determine the client risk profiles – according to client attributes such as domicile and nationality, and can in this way comply with the local legislation.”

Further, Avaloq has now initiated a pilot project looking at product suitability rules. An example might be, for instance, when a fund is restricted to qualified investors and cannot be distributed to a non-professional.

“This is part of a broader project on business rules that will give users a visual environment in which they can create and manage business rules directly, using business concepts and terminology,” explains Scott.

“It is a step further towards the simple set-up of country specific rules in relation with product advisory.”

CUSTOMISING THE SOLUTION

For those banks and individual advisers looking for customisation with the app,

the web and mobile solutions have been “componentised” into functional building blocks.

Each covers a specific business functionality which can be integrated independently to customise a view.

Further, the Avaloq portal technology makes it easy to build business websites, says Scott.

“It simplifies web developments and brings architectural flexibility, dynamic layout design and open interfaces to offer a maximum degree of customisation,” he explains.

So in summary, Avaloq has created its next generation of digital channel solutions with a focus on usability, enhanced customer service and flexibility for customised deployment. ■



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BNY MELLON

TECHNOPRENEURS

TECHNOPRENEURS CONTINUE TO BE THE MOST RAPID FORTUNE-MAKERS, WITH THOSE THAT CREATE INNOVATIVE SOCIAL MEDIA PLATFORMS AND QUIRKY GADGETS AMASSING MILLIONS WITHIN YEARS OF STARTING OUT, SAYS MYKOLAS RAMBUS, CHIEF EXECUTIVE OFFICER OF WEALTH-X.

Many success stories of today's technology entrepreneurs involve social media platforms such as Facebook and Twitter, plus social media management websites, like SproutSocial.

Facebook co-founder Mark Zuckerberg is among the most famous, says Mykolas Rambus, chief executive officer of Wealth-X. Zuckerberg was a billionaire aged 23 due to Facebook's success. Evan Williams, co-founder of the micro-blog company Twitter, also recently gained billionaire status following the company's notable accomplishments.

Yet with cyberspace saturated by social media platforms, other gadgets have come to the fore of late, adds Rambus. "The start-ups which will most likely be the next to take the world by storm are instead focused on facilitating consumers' day-to-day lives," he says.

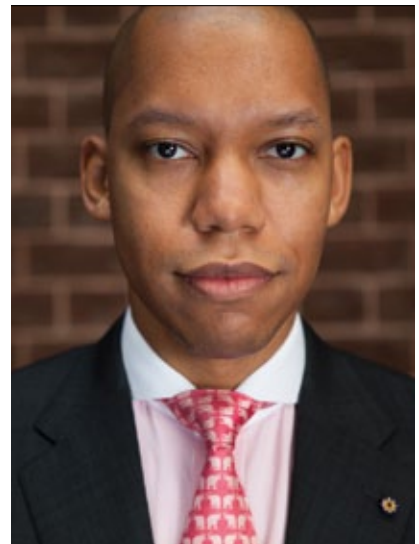
For instance, he explains, LIFX designed a WiFi-enabled, energy-efficient light bulb with adjustable settings controlled by iPhone or Android smartphones. The Kickstarter project was given US\$1,314,542 by investors in three days. LIFX founder Phil Bosua stated that given there are 5 million light bulbs sold every day in the US, it's a huge market ripe for disruption.

SUCCESS ATTRIBUTES

Bosua pointed to innovation as playing a vital part in the success of technopreneurs. Also of equal importance was their confidence when starting out. He said of his fledgling plan: "My attitude was, you don't think we can do it? We'll show you. You have to do whatever it takes to get the product made, if you put limits on what you're prepared to do, you won't be successful."

Facebook's Zuckerberg also believes self-confidence to be vital in becoming successful, adds Rambus. "For instance, the now-billionaire faced a lot of pressure to sell his creation straight away. Yet, Zuckerberg insisted that the company would be more successful with him at its helm."

Another successful, recent start-up is Pebble, a customisable watch which synchronises with iPhone and Android phones. Founder Eric Migicovsky made history when his aim to get US\$100,000 for his project on the crowd-funding website, Kickstarter, received US\$10.2 million. Having sold over 100,000 devices, he said Pebble's success was largely due to it being able to access "ambient information" immediately.



Mykolas Rambus

Wealth-X

"It seems, therefore, that the next 12 months could be very exciting for technological innovations," says Rambus. "However, this will not only be a good year for technopreneurs making inroads into social media, but also for those aiming to transform old technologies as seemingly inalterable as the light bulb and the digital watch." ■

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Arete Financial Partners is a Management Consultancy and Investment advisory firm focused on supporting banking and Financial Services clients achieve exceptional results. We focus on “Execution Consulting”, working with client teams to bring about large-scale transformation across the front, middle and back-office.

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DRIVING THE ADVISER-CLIENT RELATIONSHIP OF TOMORROW

SWISS TECHNOLOGY PROVIDER CREALOGIX IS NOW GOING GLOBAL. STARTING WITH GERMANY SEVERAL YEARS AGO, CHIEF EXECUTIVE OFFICER THOMAS AVEDIK IS SPEARHEADING AN EXPANSION STRATEGY TO LONDON AND SINGAPORE BASED ON A SET OF DIGITAL BANKING PRODUCTS TO HELP FINANCIAL INSTITUTIONS ENHANCE THEIR CUSTOMER EXPERIENCE, BOOST PRODUCTIVITY AND EFFICIENCY FOR FRONT-LINE STAFF, AND MITIGATE E-SECURITY THREATS.

Flexibility in terms of design, application and organisation is vital to ensure a successful digital strategy in modern wealth management.

Banks continue to be bombarded by challenges, threats even, from regulations, competition, customer demands and cyber criminals. So solutions which are practical and user-friendly are not just highly sought-after, but essential.

This suits the focus of CREALOGIX – which is on changing customer needs for mobility, security, personalised advice and a comprehensive user experience. “Our solutions do not stem from a software architect’s drawing board or a product manager’s specification,” says chief executive officer Thomas Avedik. “They consist of pre-fabricated modules for any banking task and are ready for use at any time.”

The 270-employee company also benefits from its European legacy, using the feedback from existing customers to further optimise and tailor its products depending on the banks and their customers want.

One of the most important next steps is Asia. “The pace of technological development in Asia, and the need for

digital offerings in this region, is much higher than in Europe,” says Avedik.

THE CLIENT INTERACTION OF TOMORROW

At its essence, CREALOGIX sells banks a digital banking platform to enhance their wealth management offering.

The main goal is to improve the exchange between client advisers and their clients, in sync with their various tablets, smartphones and other devices. “Collaboration is brought to a new level by offering it independently of time and location,” says Avedik.

In short, the thinking behind this is that the applications which customers use via the internet or mobile devices can also be used to provide personal advice. For example, advisers and customers can jointly use the software to simulate investment scenarios on a PC monitor or tablet screen. “The fun element enhances the advice, the back-end connection speeds up processing,” says Avedik.

This is fundamental to dealing with the modern consumer – who knows what they want to do when they execute



Thomas Avedik

CREALOGIX

a transaction. For example, they use every channel to garner knowledge before contacting their adviser, he explains, after which they analyse the portfolio, track prices and hone their strategies. “Having done this preparation,” he explains, “they seek assistance from the investment consultant, so the adviser needs to know the level

of the customer's knowledge, in order to make the advice efficient and customer-friendly. Banks have to enable their advisers to be at eye level with their digitally-savvy clients."

Avedik calls this concept "hybrid advice", with a platform that combines the traditional functionality and transaction capability of online banking with much more interactive features and relevant information and extensive portal functionality.

In practice, when clients look at their portfolios, instead of just a statement that shows plain numbers, Avedik says it is now possible to enrich this information with notes from the adviser and other contextual information.

Some of the features also enable clients to share screens, proposals and socialise with peers to make the experience more relevant to them, and fun.

A CLEAR VIEW FOR ADVISERS

For the bank, meanwhile, this approach provides specific productivity and efficiency benefits for advisers.

Whether by tablet, PC or smartphone, Avedik says advisers can track the customer's portfolio, simulate various scenarios together on the screen and provide additional information.

"If the customer wishes to complete the remainder of the process alone, then the adviser can withdraw from it," he explains.

More specifically, he adds, the front-line can become more effective by running portfolio analysis on a client portfolio, and then tagging the client where the system finds any gaps in the standard portfolio, to encourage the client to contact their adviser.

On the flipside, he adds, the system informs the adviser if the client has reviewed their portfolio. That spurs the adviser to follow up on specific items which are relevant to the client.

It is a tried-and-tested tool, too.

"The product is used by a variety of banks within the wealth spectrum – ranging from 100 users to 2.5 million users – and each institution uses the relevant modules for their businesses," says Avedik.

At the same time, if banks can enable advisers to send out personalised messages and analysis to their clients, and therefore double the number of clients they could previously communicate with, yet in the same amount of time, the adviser will be more successful, explains Avedik.

IMPLEMENTATION AND ENGAGEMENT

According to Avedik, the platform can be integrated with fragmented legacy systems, ranging from client reporting at one end to archiving at the other.

"We put a layer over all these systems to channel the information to the relevant part of the business and giving one aggregated view for the user."

In terms of the engagement of digital solutions more broadly, this is increasingly permeating discussions at senior management level, not just at the more functional technology level.

"Banks are realising there is so much more that can be done with their clients via an omni-channel approach," says Avedik.

"Banks just need to have a digital strategy to be able to execute this." ■

Ensuring compliance and security

Maintaining compliance and ensuring clients are educated enough to do certain trades is a big focus today.

"We have integrated our proven learning management system and web-based training modules within the e-banking platform to help introduce clients to the relevant product, to determine whether they can buy the specific product. This is monitored via the system to create an audit trail," says Avedik. "This seamless and contextual combination of online banking and online learning within the same channel is a unique proposition, offering compliance for the bank and 'gamified' financial education for the client."

The offline alternative for clients, he explains, is filling out a form, signing it and sending it back to the bank, to acknowledge the risks inherent in a particular trading instrument.

Online security is another priority. Yet the common security features in place are generally simple to get past, explains Avedik, with the weakest link often being via the browser – meaning the user side. "Banks must enable clients to use a secure environment via mobile devices that shield the device from hackers to provide greater security," he says.

Part of mitigating the risks is making sure the data is consistent and not being adapted, and keeps its integrity. "Security controls cannot mean just shutting down the whole system."

SHAPING THE ADVISORY MODEL OF THE FUTURE

PETER GILL, VICE PRESIDENT, BANKING & FINANCIAL MARKETS, ASEAN, AT IBM, EXPLAINS HIS VISION FOR HOW ADVISERS WILL SHARE INFORMATION AND INTERACT WITH CLIENTS GOING FORWARD.

Shifting demographics, social patterns and technological evolution is changing the way people wish to engage, interact, and structure relationships with wealth management organisations.

Banks cannot afford to ignore this. For example, fully-engaged customers deliver a 23% premium in share of wallet, profitability, revenue and relationship growth, explains Peter Gill, vice president, banking & financial markets, ASEAN, at IBM.

And to shape the information used to deliver the next generation of wealth management, IBM believes that Watson will be the foundation.

MORE SUBSTANCE

According to Gill, about 70% of consumers are increasingly looking for personalised, efficient interactions with the companies they frequent. Similarly, 70% of consumers are willing to give their financial adviser more personal information if this leads to better recommendations.

"IBM believes that the future of advisory model will leverage Watson," he says. "IBM Watson is the most ad-

vanced example of a cognitive computing approach available today."

For instance, it ingests a corpus of knowledge arrived at from many different data sources and is then trained on this knowledge over a period of time. It is then able to answer complex questions posed by the relationship manager (RM) – about their client's needs, the products and services on offer, market information, and so on. "These questions can be asked in natural language," explains Gill, "just as you would ask a question of a human being."

Further, Watson can be integrated into existing systems, such as a CRM system, so that it becomes the analytics backbone, not an adjunct system.

Ultimately, this can support the RM at the different key steps and enhance the client relationship, he adds:

- Before a meeting – to better prepare for the initial discussion with the client
- During a meeting – enabling the RM to answer difficult questions on the spot, and then share some options / potential scenarios based on facts



Peter Gill

IBM

-
- After the meeting – to ensure that the recommendations given are delivering the expected outcomes for the client

"This evidence-based approach will allow the right sort of interactions between RMs and clients to discuss outcomes based on fact," says Gill. ■

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A GROWING ROLE FOR TECHNOLOGY-LED COMPLIANCE

REGULATORY CHALLENGES CONTINUE TO WEIGH HEAVILY ON BANKS AND IMPACT THEIR FLEXIBILITY AND TIME TO MARKET IN PROVIDING PROACTIVE PRODUCTS AND SERVICES TO CLIENTS. AUTOMATING THE COMPLIANCE FUNCTION AND DESIGNING SYSTEMS AND SOLUTIONS TO HELP MANAGE THE COMPLIANCE BURDEN IS A KEY GOAL.

One of the biggest challenges facing wealth management institutions continues to be meeting the multiple compliance and regulatory requirements.

While this is no surprise, it presents a growing need for banks to utilise technology effectively to ensure that they stay compliant to ever-changing regulations. Practically, for example, it is impossible for a wealth manager to understand and apply all the rules without help.

"Making the latest technology available in a smart way is the only way for banks to stay compliant and protected," says Stefan Mueller of RBC Wealth Management. "Due to the complexity of ever-increasing regulations worldwide, any manual processes within a bank will put it and its clients at higher risk, and also at a competitive disadvantage against the more technology-savvy banks that compete for the same clients," he explains.

REGULATION AS A GAME-CHANGER

According to Dave Lim of BSI, regulation will change the way people work in this industry. This is based on the fact, he explains, that an increasing number



of regulations are making it challenging for the whole industry, and raising the costs of doing business.

"Two big projects for us include client suitability, and Singapore's Personal Data Protection Act (PDPA), and enhancing our systems to cater to those requirements," he says.

In terms of suitability, the system needs to cater for a much larger number of questions being asked about clients to determine if the bank can execute a specific trade, for instance. And the PDPA is a big project. "We

need to build a database to maintain our data protection inventory (DPI) – which tells us what information we have on individual clients, what it is used for, and where we need to maintain and update the data," says Lim.

In addition, the new regulations for onboarding a customer require a lot of time and work for RMs and other staff.

"We have created software which reduces this time to at least 50%," says Urs-Peter Oehen, co-founder, chairman and chief executive officer of Expersoft Systems. "A lot of data is needed,

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so the software must be integrated into a lot of existing systems. A link to external data providers is also beneficial. Previously, there were multiple systems for the onboarding process, so this just removes the need for this overlap by integrating with the various legacy systems."

Of course, banks also have to deal with the various regulatory challenges relating to cross-border information access, adds Leon Erh at LGT Bank. "With the maturity of the technologies in the market, I am sure the industry will be able to build on existing capabilities,

remain compliant and at the same time transform these 'new' technologies into a profit-making proposition," says Erh.

TURNING COMPLIANCE TO YOUR ADVANTAGE

The starting point when thinking about how to address regulation through compliance programmes, however, should be for business executives to change their mindset and make use of these programmes as a way to build trust with their customers. "Customers need to know that their data is

protected and secured, their assets are managed properly and the bank's staff are being held accountable and conduct the business in a trustworthy manner," says Julia Leong, partner, financial services & risk assurance at PwC in Singapore.

While compliance software represents an extra cost for an institution, Oehen says that it also provides an opportunity to get to know their customers and their habits better. "It isn't just about meeting compliance requirements."

Looking ahead, banks need to adopt new approaches to manage the regulatory change and compliance agenda.

These players are making use of technology such as data analytics to do continuous monitoring, to drive forward looking insights and to perform forensic testing techniques, she explains. "The aspiration is to use technology to enable real-time alerts of potential issues before they occur."

Beat Monnerat of Accenture says that while electronic signatures, for example, exist today, submitting marketing materials, presentations, and telephone and video transcripts via PDF and hardcopy should be more digitised to increase efficiency and decrease costs. "Firms need to work collaboratively with regulators to help address the gaps between what is accepted and what is technologically possible."

As for protection, the financial crises of recent years exposed significant problems in the way firms have identified and mitigated market, credit, counterparty, valuation and related risks.

In response, wealth managers have strengthened their risk management functions and policies but still face a volatile environment and conflicting pressures to lower risk while delivering acceptable returns in a low-interest rate environment, adds Monnerat. ■



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IN NEED OF ONE-STOP AUTOMATED ADVICE

WEALTH MANAGERS TODAY NEED NIMBLE, FRONT-TO-BACK SOLUTIONS TO COVER ALL ASPECTS OF THE INTERACTION WITH THEIR CLIENTS - ENSURING THEY GET SERVICED IN A MORE EFFICIENT AND RELEVANT WAY, SAYS BRAD PRODGER, VICE PRESIDENT OF PRODUCT STRATEGY AND ADVICE FOR INVESTMENT SERVICES AT FISERV.

New regulations and investor demands for simplicity, transparency and personalised advice are dictating that investment services offerings must now include a comprehensive plan suitable to each investor.

For investors, the preference is for solutions that are holistic and include tailored advice at the same time as aggressive risk management. "They want choice and convenience – including in terms of how they interact with the adviser, or with technology – without sacrificing results. And they want to protect every family member with one complete and easily managed financial plan, known in the industry as a unified managed household (UMH)," says Brad Prodger, vice president of product strategy and advice for investment services at Fiserv.

To do this effectively, however, requires best-of-breed applications in terms of financial advice for investor planning to integrate into middle- and back-office functions, he explains.

FRONT-TO-BACK OFFERINGS

"The idea," says Prodger, "is to create a unified portal experience."

In practice, this means supporting an adviser from the first handshake with a client through to gathering important information on investment objectives and risk tolerance, for instance, to build the investor profile.

Yet this cannot happen without collecting and inputting this information in what Prodger describes as a collaborative framework – which means having the option to do this on-the-go, via tablets and smartphones, and it being usable data.

"It is essential to be able to evaluate that information, and then select investments or leverage a managed accounts platform to choose products with the attributes that suit a client's needs," he says.

It is also important, he adds, to track the process of model rebalancing or individual security transactions, and compare this against a benchmark.

For Prodger, the entire process should happen via a single interface.

"No longer should advisers have to concern themselves with different applications. The process should happen automatically and transfer data



Brad Prodger

Fiserv

in a way that follows what the adviser needs to accomplish for the client as part of the adviser's workflow."

The outcome, he says, is to save advisers time and drive client retention.

"The Investment Services, Financial Advice Management team are continu-

ing to design systems to promote the solutions that deliver operational efficiencies,” explains Prodger.

CREATING AN ASIA-RELEVANT OFFERING

He is now looking to bring the firm’s advice capabilities – primarily used by US advisory firms – to banks in the US and is in the process of evaluating expansion to non-US markets, such as Asia. Fiserv Financial Advice Management solutions are already used in India, for example.

“We acknowledge that top-of-mind for many banks is to offer an integrated experience, via an intuitive interface that syncs with their own systems and workflow, and also be able to prove this to the regulatory bodies in each jurisdiction,” says Prodger.

“The next step is to be able to bring together in a more formal and automated way the linkage between social media and advice.”

A key advantage of such an automated approach to the adviser process is the capability to drive significant volume and empower advisers to drive greater numbers of proposals to clients.

“A lot of banks currently have disparate systems for reporting, financial planning, calculators for end-investors and other tools,” he explains.

To be relevant for many front-office systems in Asia, however, Prodger says Fiserv is working to build in options to account for multi-currency transactions and portfolios.

There is also a need to apply country-specific regulatory and tax regimes.

DEALING WITH DATA

Such a one-stop automated offering would help many banks which struggle with the challenge of having multiple yet disparate systems support various applications.

“It gets complicated and we find that the enterprises manage this by integrating them to centralised processing hubs, or enterprise service bus capabilities to orchestrate and surface underlying database information so it can be consumed in meaningful ways,” says Prodger, “with architecture in place to help manage the flow of data in and out.”

They then have feeds in place to support other components within the front office and the capabilities for reporting, for example.

He says that Fiserv is providing tools that have produced significant success with existing clients in the US financial services market, and is continuing to round out these services.

MARRYING SOCIAL MEDIA AND ADVICE

The next step is to be able to bring together in a more formal and automated way the linkage between social media and advice.

“There is still additional work to achieve this,” says Prodger, “especially when talking about client retention and being able to archive social interac-

The Fiserv tool-kit

- **Financial Advice Management** – Investment Services advice sub-division offers financial planning tools designed for use by advisers and their investor clients
- **Performance & Investor Reporting** – this allows advisers to communicate clearly with clients about their investments
- **Portfolio Management & Trading** – this provides investment managers and sponsor clients with critical portfolio management, trading and administrative tools, in an integrated environment
- **Unified Wealth Platform** – this covers all areas of the investment process, from trading and reporting to retirement income modeling and financial planning technology
- **Wealth Management Network** – this enables the managed accounts industry to connect to a vast array of data through the Fiserv network of sponsor, manager and custodial connections

tions and discern which of these can be deemed as advice-based and which are more social.”

He says Fiserv has evaluated tools from software vendors which are at the cutting edge of being able to scale the issue relating to compliance and leveraging social media – possibly by 2015. This is also something which needs to be ready for the next generation. ■

GETTING MORE COMFORT AROUND OUTSOURCING

A SUCCESSFUL BUSINESS PROCESS OUTSOURCING PROJECT WITHIN PRIVATE BANKING RELIES ON THE PROVIDER HAVING A FULL-SERVICE SOLUTION, A TRACK RECORD AND THE EXPERIENCE AND COMMITMENT TO OVERSEEING IMPLEMENTATION AND INTEGRATION FROM START TO FINISH, SAYS JEAN-CLAUDE FAVRE, MANAGING DIRECTOR OF CRÉDIT AGRICOLE PRIVATE BANKING SERVICES.

Private banks in Europe have become increasingly open to business process outsourcing (BPO). They have begun to accept the need for an alternative to the ever-rising costs, administrative tasks, time and distractions of regulations and operational quick-fixes.

"For many smaller banks, I don't think there is any other choice than outsourced services if they want a chance to survive in the new environment," says Jean-Claude Favre, managing director of Crédit Agricole Private Banking Services.

Larger institutions, too, need to find a partner which can service them across all the jurisdictions in which they operate, he adds.

Yet the concept is in its infancy in Asia. This is partly a symptom of market evolution, but also due to the economic realities of the business. With lower resource costs in Asia, for example, banks rely more on their own staff for IT and back-office tasks, says Favre.

Regardless, he is positive about the longer term outlook for BPO in the region, given recent traction among external banks with his solution. "We have two customers in Singapore, one

being a new bank implementation in 2013, and one client in Hong Kong."

MOMENTUM

Especially in Switzerland, banks of all sizes realise that outsourcing enables them to focus on their areas of specialisation, explains Favre. Plus, BPO solutions lower the cost of putting the required back-office infrastructure and systems in place on their own.

"To tackle this, we have developed the core system S2i, a full banking solution, suited to 10 different jurisdictions, able to be completely integrated and including all functions needed for private banking, from order entry to reporting," he says. "We also finished developing a mobile solution in 2013."

SMOOTH IMPLEMENTATION

Favre's optimism for BPO is bolstered by the firm's track record in implementing solutions.

For a new bank, the process can take anywhere from four to six months, rising to up to nine months if there is a need to change an existing sys-



Jean-Claude Favre
Crédit Agricole Private Banking Services

tem. "And we have done more than 40 projects of these types," he states, "all completed on time and within budget."

Plus, the firm runs the entire project for a bank. "We have our own integration team that follows a clear methodology, rather than relying on integration companies or consultants." ■

HOW TO APPROACH VENDOR SELECTION

SIMON CORNWELL OF VERMILION SOFTWARE EXPLAINS SOME OF THE NEEDS AND OPPORTUNITIES IN ASIA RELATING TO REPORTING SOFTWARE, AND OUTLINES HOW CLIENTS SHOULD APPROACH THE VENDOR SELECTION PROCESS.

For Simon Cornwell, the past six to eight months since he arrived in Asia have been very encouraging in terms of the amount of interest he has received from asset management companies and private wealth firms, he says in an interview.

Key areas which these organisations need solutions for are the multi-lingual and multi-currency aspects of client reporting, he says.

Another area of interest relates to the portal aspect – meaning a secure way of delivering the report, to offer their clients a different experience, explains Cornwell.

MAKING THE RIGHT VENDOR SELECTION

When looking for a partner to help them with their reporting, asset and wealth management companies need to take the process very seriously, says Cornwell.

First, they need to assess the market place in terms of the types of vendors, and whether their strategies are in line

with the strategy of their own organisation, he explains.

This needs to be viewed as a partnership where it is about the next five to 10 years, not just the immediate solution, says Cornwell.

After reviewing the available vendors and the types of clients they have – for example, if they are of a similar size and business – he recommends doing an RFP or RFI to establish the pricing structure, the functionality of the solution, and how their product will integrate with the current back-, middle- or front-office systems.

It is also important to get internal support, adds Cornwell, to get on board all the relevant business sponsors.

SHORT-LIST AND PROOF-OF-CONCEPT

After reviewing the RFPs, he says it is important to short-list two or three vendors to then come to present the solution to you. The most important thing to do next, he adds, is a proof of concept.



Simon Cornwell
Vermilion Software

This is also the right time for them to make decisions about a change in direction, if required.

Once contracts are signed and implementation has started, there is typically no way back, adds Cornwell. ■

A NEW DIMENSION FOR SINGAPORE'S INSURANCE COMMUNITY

IN AN EXCLUSIVE INTERVIEW WITH HUBBIS, PETER HUBER, CHIEF EXECUTIVE OFFICER OF ZURICH GLOBAL LIFE SINGAPORE, INTRODUCES THE NEW ONLINE TOOL ZURICH COMMUNITY AND TALKS ABOUT THE PRIORITIES FOR THE INSURANCE COMPANY IN THE LOCAL MARKET.

The importance of the role of technology within the insurance industry can no longer be ignored. Tackling legacy issues and providing engaging ways for customers to interact via multiple channels are vital ingredients for a successful business going forward.

In Singapore, in particular, one of the widely-agreed outcomes from FAIR (Financial Advisory Industry Review), for example, is the need for the development of more technology-based, user-friendly platforms, especially including online business transactions.

Other drivers include being able to service consumers which are more technology-savvy and want to be able to view their accounts quickly and easily.

As insurance providers vie to make their mark in these areas, Zurich Insurance Group's contribution has come in the form of the Zurich Community.

In short, launched in February, this is an online tool which offers an ongoing and iterative exchange between the Community members and Zurich.

"The ultimate goal is to help us to understand customer needs better by

having an active conversation peppered with some research," says Peter Huber, chief executive officer of Zurich Global Life Singapore. "Zurich has been committed to the Singapore market since 2006 and launched the tool in order to achieve the best results both for our customers and distributors, as well as for Zurich."

A MIXED COMMUNITY

Currently, the Community has 300 hand-selected Singaporean members, who represent both customers and potential customers.

"We included a mix of customers and distributors we are actively doing business with as well as customers and distributors with future business potential," explains Huber. "The highest priority is to achieve an unbiased and valuable communication flow."

The key advantage of the Community is the unfiltered and unbiased real-time dialogue with its members.

Further, it helps the company to understand why certain Community members are not Zurich customers to date.



Peter Huber
Zurich Global Life Singapore

With data protection issues in mind, Huber is quick to point out that the tool is managed by an external company which ensures the anonymity of its members.

However, members have the option to openly share their full profile.

USEFUL AND USABLE DIALOGUE

There is more than one way for the community to interact using this tool. "We are communicating with the members via chats and forums," says Huber.

Additionally, there are small competitions, shopping reviews, surveys and polls as other information sources.

The Community can also be accessed via a smartphone app, which makes it easy to participate all day around.

Zurich is able to see the feedback and results on a real time base.

This allows the company to react immediately and to achieve very valuable quick wins.

These actions can be fed back to the customers and distributors, says Huber, to receive direct reactions to the improvements to be introduced based on their suggestions.

To date in Singapore, the online tool has attracted a high level of involvement among all its members.

The last survey that was done was answered by 50% of the Community members, which is above average compared with other countries. And given that the members in Singapore represent the broad spectrum of the company's target market, if individuals are interested to join the Community, Huber adds that he is happy to discuss a possible inclusion.

Meanwhile, the Community is also available in other countries, including the UK, Hong Kong and Dubai.

According to Huber, the tool has been a success in every country. For example, he says, Zurich UK improved its long-term care propositions, its claims positioning and differentiation, and included longevity risks. "We are convinced that further ideas for enhancements and innovations will be created within the Zurich Community," he says.

Zurich's Singapore growth story at a glance

- 2006 – Zurich International Life started operating a branch in Singapore
- 2012 – the Singapore-registered entity, Zurich Life Singapore, is opened, distributing via local and international financial advisers as well as via the firm's tied agency
- 2013 – Peter Huber joins as CEO in July
- 2014 – the Zurich community is launched in February, facilitating dialogue between Zurich and its distributors and customers

2014 IN FOCUS

Zurich remains broadly committed to Singapore and a multi-channel strategy, says Huber. "We had a good start to the year and I am very happy about the progress of our business. We continue to place customers and their needs at the centre of our business, and are investing in the capabilities needed to serve them with superior propositions. To achieve this, the Zurich team is guided by the core values of customer centricity, excellence, teamwork, integrity and sustainable value creation."

At the same time, the company is preparing to respond to the FAIR requirements, which will help increase market transparency, and raise the quality of service and advice. "A few proposition enhancements are under way, which will make us more competitive." ■



BUY OR BUILD? GETTING THE MOST FROM SOFTWARE VENDORS

WEALTH AND ASSET MANAGERS FACE A TOUGH DECISION WHEN WEIGHING THE BENEFITS OF BUILDING SOFTWARE SOLUTIONS THEMSELVES OR PURCHASING A PRODUCT OFF-THE-SHELF. FRANK MALTAIS, MANAGING DIRECTOR OF PRINCETON FINANCIAL SYSTEMS IN ASIA PACIFIC, EXPLAINS WHEN BUYING MIGHT BE THE BEST OPTION.

Some financial services firms answer the buy or build question by distinguishing between less strategic applications, which they buy, and more strategic applications, which they build. For other firms, however, the opposite is true.

Consensus in the investment industry, meanwhile, is that mission-critical applications should be commoditised as far as possible.

By mission critical, this means technology that is core to the investment manager's business – an accounting and operations system requires, for example, a lot more technical expertise than a spread-sheet that sits in the front office holding trades and profit-and-loss.

"It is not by chance that most wealth and asset management firms which experience significant growth will start investing in technologies for the back-office first, and then make their way to the front office, rather than the other way around," says Frank Maltais, managing director of Princeton Financial Systems in Asia Pacific.

Buying at that point becomes a reasonable decision due to several factors.

COST

The cost-factor includes not only the software license but also the implementation and ongoing costs.

"However, this is only where the real benefits start," says Maltais. "The asset manager can from that point begin focusing on the core business of seeking alpha."

It is at this stage when the development of the technology can be handed over to the vendor's team of specialists along with the staff of the buying organisation, he explains.

"The support and consistent delivery of new requirements due to growth can then be leveraged both on the business and technical side," he adds. "So all in all, and with all things being equal, a software package will always be less expensive than a comparable in-house developed system."

SCALE AND COMPLEXITY

According to Maltais, people who work in technology will always argue that everyone can build software.



Frank Maltais

Princeton Financial Systems
A State Street Bank Company

"What they can't do, however, is factor in – within time constraints and budget – the large numbers of regulations, investment types, reporting preferences and other requirements that will satisfy an asset or wealth manager which uses the entire world as their territory for finding alpha," he explains.

EXPERT INSIGHTS

As a result, it is the straightforward applications which can be brought into production that are the ones usually built in-house.

By contrast, says Maltais, more complex systems and those which require specialised technologies and investment business know-how can benefit from the expertise and economies of scale embodied in software packages provided by vendors.

One consideration that buyers might sometimes overlook as part of their decision-making process is the velocity of their organisation's growth; a software package that runs well on some architecture may suddenly become very slow as the business expands.

on the same platform, it is impractical for the vendor to customise its product to each client.

What the wealth or asset manager should look for is software that's flexible enough to fulfil their requirements, he explains. At the same time, he adds that the vendor shouldn't have to adapt its product with complicated scripts and other workarounds. Rather it should be all fully configurable within the software package with mouse clicks and standardised screens, built in already without any cheats on the software itself.

"This is another reason why a mature, stable, standardised software product, and one that's well tested in the mar-

"It is not unheard of for clients to spend countless dollars internally to build a system, only then to go to the market a few years later because they need a complete re-write due to scalability issues."

"It is not unheard of for clients to spend countless dollars internally to build a system, only then to go to the market a few years later because they need a complete re-write due to scalability issues," says Maltais. "If they bought the system in the first place, their growth would still be unencumbered."

FLEXIBILITY AND PRODUCT CHANGE

It is clear that the more unique a firm's requirements are, the greater the drivers will be to build in-house.

Maltais says this is mainly due to the fact that customising software involves a lot of operational risk. Plus, given that vendors tend to provide one re-lease at a time to clients which are all

ket, is the first thing to look at when building a shortlist of vendors to evaluate," says Maltais.

An alternative to customising the software package, for example by building workarounds and scripts, is the technical workflow re-structuring to fit the underlying business needs. However, says Maltais, this often proves to be expensive and requires really good expertise on both sides.

"The reality is that throughout the years, several tweaks may have been added within the manager's production environment," he says, "including tweaks that might have been forgotten about and become the norm over time. The question is to find out whether or not the requirements are really core or simply legacy.

TIME

Developing software in-house will always be perceived as being more time consuming compared with buying it.

Maltais adds it is also important to consider the implementation and consulting process – the project lifecycle around the software product. "A key element for being able to deliver on time is to get the commitment of the vendor and also of the internal sponsors."

RISK

Some of the risks an organisation can avoid when using packaged software products include the risk of not being able to complete the in-house project, budget constraints, and staff turnover resulting in the loss of the expertise.

Yet buying a software package introduces vendor risk, also called "counterparty risk", adds Maltais. "The manager must make sure that the vendor is of a certain size, potentially bigger than the buyer's own business," he says. "That ensures the counterparty will still be in business despite changes in market conditions."

Other risks to identify, he adds, include the capabilities of the vendor regarding documentation, support staff, maintenance time and responsiveness.

CLIENT SUPPORT

According to Maltais, documentation, response times, level of expertise and language skills are all key factors to consider in determining the viability of buying a software package. "Whether staff are located in the same country, walking distance away or a taxi ride from the client is also a simple and fun question for the buyer to ask." ■

MAKING USE OF BIG DATA

INFORMATION THAT WEALTH MANAGEMENT ORGANISATIONS INCREASINGLY NEED TO ATTRACT, DEEPEN AND RETAIN RELATIONSHIPS ACROSS THE CLIENT LIFECYCLE IS CHANGING. YET THEY CONTINUE TO GRAPPLE WITH HOW TO USE THIS DATA TO DRIVE REVENUE, STAY COMPLIANT, INCREASE EFFICIENCIES AND DIFFERENTIATE THEIR OFFERINGS. THE KEY IS USING ANALYTICS THAT CREATE DEEPER CUSTOMER INSIGHTS TO DRIVE MORE RELEVANT OFFERINGS.

With so much customer data available to the banking industry today, there is no longer any excuse not to achieve higher levels of customer intimacy.

From transaction histories to call logs to social media, banks have volumes of information about their customers.

That needs to be integrated to form a complete picture of each customer, in terms of preferences, behaviours and relationships.

“The ability to use Big Data to understand clients’ investment preferences and interests will allow advisers to deliver the right actionable advice to the client at the right time,” says Hoong-Shen Wong, head of client reporting and output, Singapore / Hong Kong, at UBS Wealth Management.

But turning Big Data into an opportunity that wealth managers can mine effectively is easier said than done.

After all, banks are only just starting to embrace the use of Big Data, both from social media as well as internal data sources, as one of the key digital priorities for many institutions to generate additional value from existing



Hoong Shen Wong
UBS Wealth Management

“The ability to use Big Data to understand clients’ investment preferences and interests will allow advisers to deliver the right actionable advice to the client at the right time”

and prospect client groups, says Rajiv Agarwal of Arete Financial Partners.

For example, predictive modelling can help increase probability of the next product purchased by customer type, enhancing cross-selling possibilities, customer engagement and the decision-making journey.

“Client analytics are becoming more sophisticated and able to drive customised campaigns with CRM tools and dashboards able to deliver actionable

information and develop robust risk management methods,” says Agarwal.

MORE TAILORED ADVICE

If correctly leveraged, Big Data and customer analytics can create real competitive advantage for institutions and RMs staying one step ahead of client expectations.

Peter Gill, vice president, banking & financial markets, ASEAN, at IBM, says



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EXTRACTING REAL MEANING

A reality check is important, however, at this point in the cycle.

“The industry has become overexcited about Big Data,” says Sebastian Dovey of Scorpio Partnership.

“The first thing that needs to happen in Asia is for organisations to get their data better organised.”

He says that his firm, for example, has the biggest structured data set in the market place today in the context of client demands from wealth management firms.

But, he adds, “it is not, by any stretch of the imagination, Big Data”.

Yet based on the fact that it is very structured, it becomes possible to advise on intelligent decisions and to track progress.

The challenge for many wealth managers is that while they are struggling with old CRM systems with incomplete data, their clients’ expectations and level of knowledge on wealth continues to accelerate, fuelled by digital apps and social media.

“Sourcing relevant internal and external data on clients and presenting it in an easy-to-access, easy-to-use interface for advisers is now more important than ever – if advisers are to be productive with their clients,” says Andrew Taggart, partner, insurance and wealth management at PwC.

Fears around privacy, both from a regulatory and customer perception, often stall innovation in data-sourcing at banks and by wealth managers.

The irony is that clients are actually sharing more and more information

banks need to take a page out of the playbook of retailers, by engaging customers in insightful conversations, not just by providing them with a pleasant banking experience.

Customers typically get a consistent, cross-channel experience in their retail interaction that incorporates elements of self-service, mobile as well as social, he explains.

Retailers are also able to trigger appropriate actions, for instance marketing and selling based on customer events. With such customer information and predictive analytics comes progress from mass marketing to precise, event-based marketing.

“Banks using predictive analytics will be able to offer personalised advice and the next best action to their clients,” says Gill.

Data is the new fuel of the digital world, adds Stefan Mueller of RBC Wealth Management. “This has largely been fuelled by the internet and our increased ability to access data.”

As Tan Su Shan outlined in the DBS profile earlier in this publication, the

bank has entered into a partnership with IBM to harness Big Data to provide more precise, customised and quality actionable insights that meet customers’ needs.

“With Asia creating wealth faster than anywhere else in the world, coupled with increasingly sophisticated and digitally-savvy customers, banking RMs need to be empowered with sophisticated and intuitive tools that enable them to respond more speedily with insightful and tailored solutions,” adds David Gledhill of DBS Bank.

The driver is that by applying IBM Watson’s capabilities, DBS professionals can take control of a “data deluge”, explains Gledhill.

They can then be armed with data-driven insights that can personalise the customer experience, he says.

“This information allows banks to put the customer, not their products, at the heart of their business,” adds Gill.

“And it gives them the opportunity to differentiate themselves on the basis of customer experience and quality of service,” he adds.

every day through social media apps, says Taggart, especially as part of what he calls the wellness and mobile health movements.

David Levi of Accenture says wealth management firms need to embrace analytics as an efficiency-management tool. "By leveraging analytics, firms can monitor the take-up of the ideas generated as well as the RMs' return."

For example, he explains, many advisers today are overwhelmed – and many are under-skilled – to define the right advice to be brought to the right client, at the right time.

"Analytics can help identify what needs to be offered," says Levi.

"Technology can help tailor advice – by matching the bank's investment research information with the client profile, which includes investment horizons, risk appetite, etc, as well as the client's behaviour, which doesn't always match the profile, and behaviour of the client's peers. All of this can be analysed to create tailored advice for the customer."

DOING MORE WITH DATA

Ultimately, wealth management organisations must make Big Data and data analytics relevant to their offerings if they want to keep pace with the profound changes these promise.

"Big Data no longer a promise nor a trend; it is here," says Michael Foong of Maybank. "The analysis of large volumes of information, from different sources, at high speed, and with unprecedented flexibility, can be a differentiating factor for anyone who decides to do it."

Investment research is a key area where banks can benefit. Investment



managers use Big Data, especially analytics, to help discover, develop and test investment ideas and strategies.

Many firms also use Big Data to improve their algorithmic trading strategies, and manage customer portfolios.

Big Data can also track trends in equities, commodities, real estate and other investment options, as well relevant data from social media, adds Beat Monnerat of Accenture.

"By applying analytics to Big Data, RMs can hone in on the best of today's products and select new offerings to send to specific clients who match the risk appetite for each product."

Another differentiator relates to customer knowledge, adds Foong.

"By aggregating and combining new and unstructured data with data from core systems, firms can establish a unified view of their customers and advisers. Using analytics, firms can segment and improve their customer and adviser services, including the monitoring process, as well as increase retention and upsell and cross-sell activities," he explains.

From a practical perspective, risk management is a clear way to make use of data, given that new regulations require firms to more closely monitor and report data about their investment positions and risk metrics, as well as about customers.

"Big Data solutions can help firms aggregate and analyse massive amounts of data from multiple internal and external sources, which can help institutions to be able to manage risk and meet regulatory reporting requirements in real time or near real time," explains Foong.

In line with this, wealth management firms are under increasing pressure to maintain their operational and technology systems to uncover activities or violations on their own, instead of through a regulatory audit.

Foong explains that this occurs in the daily tasks and activities of advisers and portfolio managers.

For example, this includes pre-trade, post-trade, fraud detection and prevention, portfolio construction and monitoring, and the monitoring of communications and channels. ■

CREATING PRODUCT AND EXECUTION CONNECTIVITY

GIVING CLIENTS THE PRODUCT ACCESS, IDEAS AND EXECUTION CAPABILITIES THEY WANT CAN BE DONE BY CONNECTING THEM TO THEIR FRONT-LINE ADVISERS OVER DIGITAL CHANNELS, SAYS ANDREW AU, CHIEF EXECUTIVE OFFICER AND CO-FOUNDER AT AGDELTA.

Empowering front-line staff with collaboration tools to improve idea dissemination and activity management is becoming essential for the long-term viability of wealth management firms.

Take, for example, the ratios of product advisers to RMs – which across the industry are still around 1:10. Whether a boutique private bank or a multi-segment wealth business, the outcome is similar, just on a different scale. The same is true when looking at client loading, with each RM looking after, on average, 60 private clients.

The key for banks, therefore, is creating the ability for their RMs to do more with fewer clients. “The use of real-time tools, whether it be the RM desktop, tablets or mobile technology, must become more integrated within the product adviser-RM-client interaction,” says Andrew Au of AGDelta.

According to Au, the digital disruption is playing out in three areas so the industry can achieve better connectivity of people, ideas and investments:

- **Productivity and effectiveness** – streamlining inter-relationships between external product providers, internal products advisers, RMs and clients with automatic

quote/execution and targeted linking of investment ideas

- **Compliance and new revenue** – addressing compliance with electronic, auditable and measurable interactions, plus using the latest digital analytics to identify new client opportunities and create clearer calls-to-action for RMs
- **Customer experience** – offering personalised ideation, quote, transaction capabilities with built in compliance controls for RMs and clients on mobile and tablet channels to close today’s anywhere anytime expectation gap

AGDelta, for example, has been supporting product keepers in 2014 in interacting with external providers – over 10 of the largest firms – providing a full best-execution electronic experience for RFQs and trade execution all in an auditable environment, says Au. “We were the first wealth technology provider to achieve this and now offer this aspect of the solution fully hosted on a subscription basis, taking years off time-to-market schedules of wealth management businesses.” The vendor also offers a full ideas publishing capability which specifically links investment ideas to available product solutions and performs an online screening



Andrew Au
AGDelta

of suitability, credit and levels of client activity to determine for the RMs all potential client opportunities daily for the RMs on demand. This tackles the many emails RMs receive and generates calls-to-action with clients. “When they are interested to act, the RM is able to efficiently quote, compare and transact or share comparative recommendations,” says Au. ■

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DRIVING DIFFERENTIATION BY AUTOMATION AND TRANSPARENCY

LEONTEQ IS IN THE BUSINESS OF COMMODITISING INVESTMENT PRODUCTS. THAT MAKES DIFFERENTIATION BY PAY-OFF OR UNDERLYING INCREASINGLY DIFFICULT. INSTEAD, EXPLAINS CHIEF EXECUTIVE OFFICER JAN SCHOCH, IT IS ABOUT THE QUALITY OF THE PLATFORM FROM THE FRONT TO THE BACK END, TO ENSURE OPERATIONAL EXCELLENCE IN CREATING COST-EFFECTIVE, AUTOMATED AND TRANSPARENT SOLUTIONS.

It is increasingly common to see platforms playing a more important role in the management and distribution of investment products.

They can help wealth managers – as well as their clients – overcome issues relating to the lack of transparency and the relevance of investment information. They are also paving the way for less costly and more automated solutions to help deal with high cost-income ratios and tight margins, among other pressures. As such, industrialisation and operational efficiency are fast-becoming the differentiators over payoffs or underlyings. And everyone benefits – financial institutions of all sizes as well as their clients.

“The industry is at the beginning of using technology as an enabler to industrialise the entire sector,” says Jan Schoch, chief executive officer of Leonteq. “This must happen given the high cost of production and limited ability of banks to innovate – mainly due to their legacy operations and infrastructure.”

A DIGITAL FUTURE

According to Schoch, the concept of a “universal” bank is over, with fragmen-

tation slated for financial services. As a result, larger institutions will be forced to focus their limited capital and resources on what they do best.

The role of Leonteq in this new world, he explains, is to be an engineering and infrastructure partner for investment products. “We see a lot of traction for this from all types of banks and insurance companies in Europe and Asia, regardless of their size.”

Over the last four years, Schoch can boast a platform that has been able to reduce the cost of production and ongoing maintenance of an investment product by 65%. “This has happened at a time when most other providers have seen increased costs, mainly due to regulatory pressures.”

Core to his vision is the development of tools that move clients along the digital path as fast as possible. “We have developed our own technology, currently employing 80 IT professionals, and using the new Scala programming language,” he explains.

The firm’s Underlying Optimizer tool, for example, helps investors achieve better portfolio diversification via tailored and optimum baskets of under-



Jan Schoch

Leonteq

lyings for a given risk profile. “It has the power to do 2 billion pricings in 90 seconds,” says Schoch. Further, the Constructor tool is used to issue 50 tailor-made securities on a typical day.

Further enhancements of the Leonteq platform for an improved client experience are currently in development. ■

HOW DIGITAL CONTENT CAN ENHANCE CLIENT INTERACTIONS

THIERRY DERUNGS, CHIEF DIGITAL OFFICER FOR BNP PARIBAS WEALTH MANAGEMENT, EXPLAINS HOW THE BANK'S NEW "STRUCTURED PRODUCTS SELECTOR" - TO IMPROVE KNOWLEDGE ON THESE PRODUCTS FOR PRIVATE INVESTORS - IS ALSO PART OF A BROADER STRATEGY TO USE DIGITAL CONTENT TO ENHANCE EXISTING RELATIONSHIPS AND WIN NEW CLIENTS.

BNP Paribas Wealth Management is one of the latest banks to take investor education to the next level through a new and well-defined digital content marketing approach.

The Structured Product Selector (SPS) comprises a website and an application for tablets that features a catalogue of structured product categories, details on each product type, educational information on structured products, and a multi-criteria search.

In short, it showcases structured products via a new channel available for free on the web and on Apple and Google Play app stores.

According to Thierry Derungs, chief digital officer for BNP Paribas Wealth Management, this is a first step in a strategy to position the firm as a thought leader on investments.

EVOLVING THE CLIENT-ADVISER INTERACTION

BNP Paribas Wealth Management's digital strategy aims notably at reinforcing and personalising the relationship between clients and the bank, as well as its advisers.

"The SPS aims at narrowing the knowledge-gap on structured products, and more generally on financial investments," says Derungs.

It does this by meeting at least two client needs: first, the need for financial education, in line with increasing demands by private clients for understanding more and better the products they invest in; and secondly, the need of private clients to have access to intuitive and easy-to-use tools such as simulators and product selectors, implied by the changes brought about by digital interactions.

"The SPS contributes to position of BNP Paribas Wealth Management in the top-tier of digitally-active private banks," explains Derungs, "and also leverages a sound expertise on structured investments, which are recognised as a key component of private banks' offerings."

CLIENT ACQUISITIONS

The new tool is also part of a digital strategy to acquire clients, he adds.

"BNP Paribas Wealth Management's digital strategy aims at better serving



Thierry Derungs

BNP Paribas Wealth Management

clients on digital channels, improving user experience and client/bank interactions, increasing digital brand awareness and eventually acquiring clients."

The SPS contributes fully to these objectives, says Derungs, by offering exclusive experience and knowledge on a technical topic. ■

A SMARTER SOLUTION FOR STRUCTURED PRODUCTS

AUTOMATED, WEB-BASED TOOLS TO ENABLE MARKETING, PRICING AND TRADING OF STRUCTURED PRODUCTS ARE THE WAY TO (RE-)ENGAGE PRIVATE INVESTORS TODAY. BNP PARIBAS HAS MADE NOTABLE STRIDES IN BRINGING TECHNOLOGY INNOVATION TO A SEGMENT WHICH HAS BEEN IN NEED OF SOMETHING MORE USER-FRIENDLY AND RELEVANT TO ADAPT TO A NEW REALITY FOR THESE PRODUCTS.

Nearly two years since the launch of its web-based, multi-issuer platform for structured products, BNP Paribas can boast some impressive statistics: 100,000 price quotes requests each month, resulting in thousands of transactions a month.

The concept of the bank's so-called "Smart Derivatives" offering began four years ago, stemming from the margin pressures which arose from the rapid reversal of the seemingly insatiable appetite pre-2008 among retail and private investors across the globe for structured products.

The post-2008 slump combined with a desire for greater efficiency and the commoditisation of structured products then drove the more forward-thinking market participants to adapt to become creative about providing access to a range of structures in a new, more user-friendly way.

"Clients were increasingly asking for numerous price quotes on diverse, and sometimes complex, structures for small-sized deals, to help them find an optimised product offering for their own clients," explains Frederic Dussaux, head of BNP Paribas' e-business in Asia Pacific, as well as the

bank's regional exchanged-traded solution sales. "Obviously, this increased the burden for us and them. So we developed the idea of automating the process both for our sales teams and our clients," he adds.

The solution, rolled-out initially to external clients such as private banks and other distributors in May 2012, is now deployed both internally within BNP Paribas and externally, in 30 countries worldwide among roughly 300 firms.

In particular, adds Dussaux, the platform enhances liquidity as well as transparency around the valuation of those products.

DRIVING TECHNOLOGY INNOVATION

According to BNP Paribas, "Smart Derivatives" is a unique web-based portal platform that offers the full combination of marketing, primary and secondary trading, and post-trade information around structured products.

It also allows the client to get a genuinely tailor-made experience. "In most web portals, clients get access to a generic set of products," explains



Frederic Dussaux

BNP Paribas

Dussaux. "We are offering an important variety of payoffs with a combination of flow and non-flow products, 2,500 different underlyings on both equities and commodities in 19 currencies."

At the same time, the platform works on a modular basis so that users can learn how it works in a step-by-step



way, to avoid being overwhelmed by its multiple features.

BRINGING THE BEST OF THE BANK TO MARKET

Essentially, the platform is built on three key principles which Dussaux says highlight some of the bank's key capabilities: innovation, interactions and integration.

First, in terms of innovation, the platform signifies the best of BNP Paribas' innovative ideas at a reduced time to market, he explains.

"We have the possibility, without any IT intervention, to develop a totally new product and make it available to our clients in less than a day. I believe we are the only market participant able to do that," he says.

Secondly, by using this platform, interactions between BNP Paribas and the client, as well as among the teams within the client's own organisation, are made smoother.

For example, via the customised interface functionality, each salesperson can differentiate the screens for each client, meaning they can select the right products that the client should get access to. "It is really a dedicated communication channel between sales and the client," says Dussaux, with ex-

tra value-added functions like live chat or "Request for Quote".

Further, "Smart Derivatives" offers term-sheet drafting, plus a single repository for all client activities with BNP Paribas.

Thirdly, the offering is integrated with the bank's pricing and trading systems. This gives external clients the same access to the structuring expertise as is available for in-house users.

"In fact, this is also an internal tool that our own sales team uses every day to design products for their clients," explains Dussaux.

APPETITE IN ASIA

The requirements and preferences of Asian private banks and regulators in the region have resulted in significant efforts to localise the platform.

"We are positive that this will be a big game-changer in the structured products space," predicts Dussaux.

But he is far from complacent. "We continue to improve the functionality and interface of Smart Derivatives to reflect ideas from diverse users across the world," he says. "Of course, we continue to introduce the new tool to our clients in Asia, by offering intensive and customised training and seminars."

"Smart Derivatives" in a nutshell

This web-based platform offers four key services around structured products:

- **Investment strategies** – access to marketing material on product ideas
- **Primary trading** – a tool allowing clients to design their own structured products, and then be able to price and directly trade them
- **Portfolio management** – a single interface where clients can access to all post-trade information regarding structured products at their finger tips
- **Secondary trading** – a tool to check the real-time value of the existing products, plus buy or sell them

The tool is also a window into the future. "We want to go much further in the understanding of our clients' behaviour through improved data-crunching methodology." ■

RESOLVING THE BUY-OR-BUILD DILEMMA

WHETHER BANKS CHOOSE TO OUTSOURCE, IN-SOURCE OR COMBINE THESE APPROACHES, THE OBJECTIVES INCLUDE GETTING A BEST-OF-BREED SOLUTION, FOCUSING THEIR RESOURCES ON THEIR CORE OFFERING, KEEPING COSTS AS LOW AS POSSIBLE, AND GETTING THE MOST OUT OF THEIR RELATIONSHIPS WITH VENDORS.

There continues to be discussion among the technology community within the wealth management industry around in-sourcing versus outsourcing. Yet there is no quick nor obvious answer.

It is clear that technology will play a significant part in the delivery of advice and financial solutions to Generation X and Generation Y investors. But the key question wealth managers and private banks have to answer, is whether their core business is the development of such technology themselves or to buy-in best-of-breed solutions, thereby allowing them to focus on advice, says Mark Nelligan, managing director, Pershing Securities Singapore.

The traditional view of wealth management favours producing the entire value chain – especially with regards to technology – in-house.

But as the wheel of what Stefan Mueller of RBC Wealth Management calls “digital Darwinism” turns faster, this view is changing. “Industry players are increasingly outsourcing part of the downstream value chain, for example the back and middle offices, and / or making use of components, for example the client portal, risk management systems and client reporting, to be



faster to market and keep it updated with the latest knowledge of technology and regulations.”

STICKING TO CORE SKILLS

Hoong-Shen Wong of UBS Wealth Management says banks need to identify their core competencies and outsource non-core activities to vendors who can bring best-of-breed solutions.

Michael Foong of Maybank agrees, explaining that building an application

requires business to keep an IT factory for development and maintenance.

“It’s a huge cost for company where IT is not its core business that doesn’t always guarantee an industry-standard application,” he adds.

From a cost-ownership perspective, this approach is more beneficial for banks such as BSI also, says Dave Lim, head of information technology in Asia. “It makes more sense to buy software rather than build it because of our size. But we can then still do the customisa-



tion required," he says. "Otherwise we would need a large team of developers in-house to maintain the software."

For vendors, some conversations with clients might be about building some parts and the client maintaining others, explains Damien Dipietro, head of business development, wealth administration at GBST.

Other situations, meanwhile, involve clients wanting to retain IP, so they will build those solutions.

"There are also some circumstances where clients want to maintain control over the client interface," adds Ray Tubman of GBST. "In these cases we provide services and interfaces to plug into our core systems."

SHIFTING PREFERENCES

The "build" was an early-day favourite, says Loong at Maybank, where customising on-the-shelf software carried the risk of failure when a vendor would release a new upgrade.

However, major software houses have embarked on a "build with configuration" model to configure on-the-shelf

applications to business needs and enable organisations to adopt the major release upgrades from the vendor.

Buying from vendors also enables banks to exclusively focus on what their requirements are and how they can bridge any gaps between the technology and the users.

This is particularly important for Asian private banks, which are on the cusp of a change to the way they do business.

According to Anthony J Harper, president and chief executive officer, managed investments, Asia Pacific, BNY Mellon, the desire to have more scalable yet tailorable investment solutions means that upgrades are required to existing discretionary processes and investments in technology.

"In a budget and resource-constrained world, we see outsourced solutions as the way forward," says Harper.

RBC Wealth Management also believes in making use of best-in-class vendors and providers. Mueller says this will enable the bank to move faster and in a more flexible way to live up to its promise of delivering superior products and services to its clients.

"It also means that we can deal with the latest regulatory requirements more quickly," adds Lim.

INTEGRATION

With digital offerings, which Michiel van Selm of PwC advises to build on the existing infrastructure, the industry needs to become fully digitised, front to back, including partners and professional introducers. "For quite a few banks, this will require an upgrade or replacement of their existing core banking platforms," he explains.

In addition banks need to add new capabilities like:

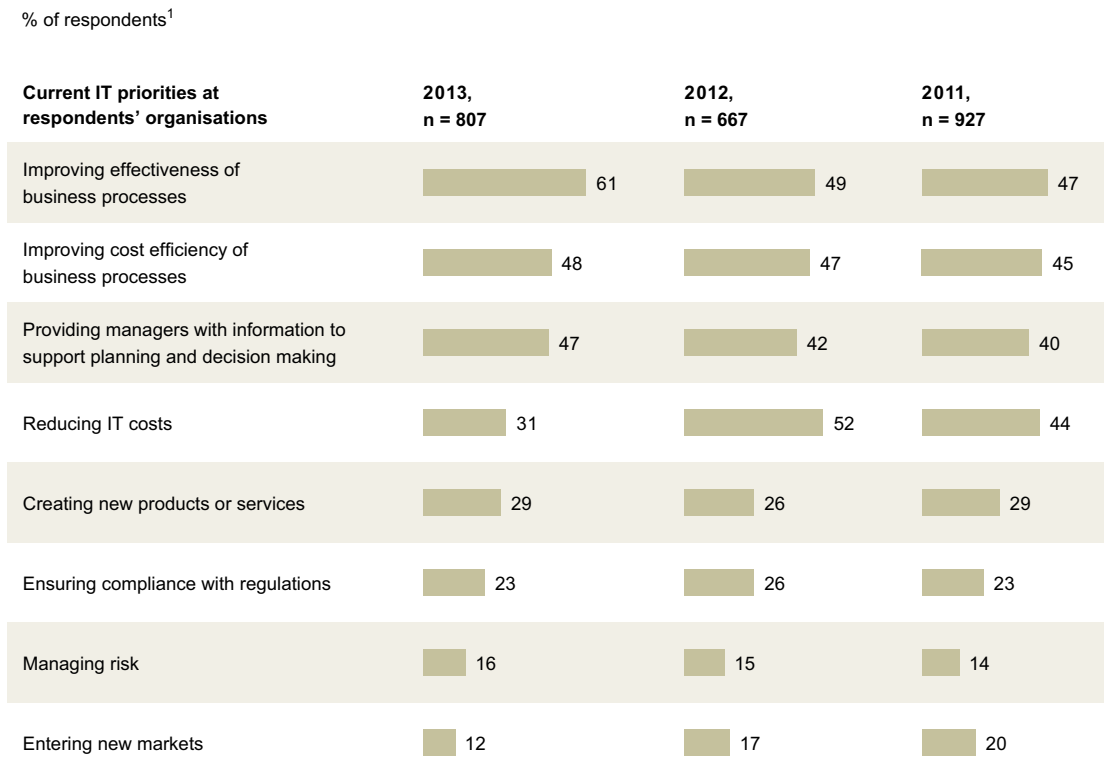
- Advanced client analytics
- Digital integration with third parties and partners
- Online risk profiling and risk management
- Advanced pricing capabilities to differentiate by channel
- User experience design and technical delivery
- Agile development

One of the main challenges, says Harper, is on global solution providers to adapt to local market requirements, which require intimate knowledge of how these banks work.

Local relevance of the technology solution also relates to the regulatory environment, given that Asian regulators are focused on their own domestic market, local currencies and reporting laws, says Jason Hoang, managing director for IRESS in Asia.

The company's experience in Australia's highly-regulated private wealth sector, for example, is good grounding in terms of how regulators expect a vendor to provide locally-relevant technology in a mature market.

ORGANISATIONS ARE USING IT TO IMPROVE BUSINESS EFFECTIVENESS AND EFFICIENCY, NOT JUST MANAGE COSTS



¹ Respondents who answered "other" or "don't know" are not shown.

Source: "IT under pressure", McKinsey Global Survey results, 2014



Terence Tam
Nomura

"Many [vendors] may not have sufficient knowledge about the local specific requirements to be able to localise their products for the Asian clients"

"In Asia, this experience is crucial as the transfer of knowledge from a mature market into Singapore and Malaysia means we are able to make suitable suggestions," says Hoang. "In addition to working with the banks, our on-the-ground presence helps both parties to understand the daily nuances in each other's businesses under the watch of local regulators."

On the flipside, many vendors servicing the Asian wealth management market are headquartered outside the region, where corporate governance is more established. "For the vendor, when we

change the existing technology for the client, the modernisation of their work may be difficult to adapt to, at first," he explains.

As part of a current project it is running, deploying a solution for Kenanga, IRESS is able to demonstrate a true understanding of the unique needs of the financial services business in Malaysia, he adds.

An effective way for banks to implement big projects is to break them into phases – as DBS has done with its IBM Watson transaction.

While it is an experimental move, Olivier Crespin, the bank's chief operating officer for its wealth management business says this means DBS can move ahead at a different pace with individual components.

For example, he explains, it will first be used within the wealth management unit, with application to the retail bank and other parts of the business to potentially come at a later point.

VENDOR MANAGEMENT

One of the considerations that might have an impact for some institutions on the extent of outsourcing, is the fact that most vendors need a better understanding of banking needs to improve the overall engagement.

"Banking technology vendors very often lack the ability to really understand the value they can provide to a bank's capabilities, especially when it comes to discussions with C-level executives," explains Martin Frick of Temenos.

For example, given the challenges that the private wealth market faces, although many vendors have the technology at hand to address at least some of these needs, they often lack

Olivier Crespin

DBS Bank

"IBM is investing US\$1 billion in the Watson technology, showing why [we] had so much conviction about partnering with the organisation"



an understanding of the context their specific technology will be working in.

"The separate functions and disciplines within a bank are highly interlinked, so just understanding one piece of it is often not good enough," says Frick. "Providers... need to improve on consulting clients and supplying them with real solutions to their business problems," he adds.

The challenge also relates to having enough local knowledge. "Some ven-

dors are proud of what they do for good reasons and have enjoyed a lot of success in their home markets," says Nomura's Terence Tam, executive director and head of wealth management technology in Asia ex-Japan. "However, many of them may not have sufficient knowledge about the local specific requirements to be able to localise their products for the Asian clients."

Unless they are willing to adjust their mind-set and adapt, Tam says it will continue to be difficult for them to win

Damien Dipietro

GBST

"Clients now want to engage a lot earlier in the process of them designing new concepts"



FEATURE ARTICLE

business in Asia. "That ranges from their understanding of the regulations in this part of the world and product trends to the interaction and expectation of the business."

For those vendors which get it right, supplying technology to multiple organisations within the industry makes it more likely they will understand the industry's issues. "By centralising this function, we make this work commercially," says Tubman of GBST. "It is a more effective approach than every individual client maintaining and enhancing their own in-house system."

Dave Lim

BSI

"It makes more sense to buy software rather than build it because of our size. But we can then still do the customisation required"



"Providers... need to improve on consulting clients and supplying them with real solutions to their business problems."

The company also has a dedicated innovation team with an R&D budget that invests around 20% year-on-year into R&D for its products, he adds.

Meanwhile, a notable trend in the overall engagement of banks with suppliers

is that project teams now include different types of individuals from within the institution, adds Dipietro at GBST.

Plus, conversations are not just technology-focused, but are strategic in nature. Further, he says clients now

want to engage a lot earlier in the process of them designing new concepts.

At the same time, however, regulators are intensifying their focus in this area, making governance critical.

"It is important that this is not a cost play," says Mark Jansen, partner, financial services & risk assurance at PwC in Singapore, "but rather about focusing on economies of scale / access to talent and resources."

That proposition then puts the bank in a very strong position, he adds. Underlying this is the element of trust.

"We are seeing that customers are increasingly willing to switch banks where there are major security incidents," says Jansen.

"That said, incidents will happen and what is important is how [banks] minimise the risk and deal with the eventuality of an incident," he adds.

Protecting the customers' assets has been a mainstay of private banking and as such care is needed when vendors are introduced into the banking value chain, explains Jansen. ■



THE IMPORTANCE OF THE CLOUD IN DIGITAL BANKING

MARKUS RUSS, MANAGING DIRECTOR FOR FINNOVA IN ASIA PACIFIC, DISCUSSES THE IMPORTANCE OF THE CLOUD IN TODAY'S DIGITAL BANKING ENVIRONMENT AND HOW IT CAN HELP BANKS TO BETTER SERVE THEIR CLIENTS.

Banks in Asia should put concerns about security behind them if they want to take advantage of the business benefits of running their core technology platform in the cloud, according to Markus Russ, managing director for Finnova in Asia Pacific.

"If you look back 10 years, when we started talking about internet banking, everybody was worried. Now it's a commodity. The same goes for cloud banking," he says.

MOMENTUM FOR THE CLOUD

A report by IDC estimates that by 2020, nearly 40% of the information in the digital universe will be in the cloud in some capacity.

And a growing number of bank chief executives also now acknowledge the importance of this trend and expect some sort of revolution to come soon, adds Russ.

Even regulators are encouraging banks to go for cloud solutions.

The central bank of Philippines, Bangko Sentral ng Pilipinas, for example,

launched a framework in 2013 to encourage banks to seek private cloud computing solutions.

DIGITAL BANKING 2.0

Driving the desire by some banks to embrace cloud computing and integrate this with a digital banking strategy has been a focus on giving power back to clients.

With digital banking, clients are able to retrieve and manage data themselves while deciding when they want to interact with their relationship manager, explains Russ.

In enabling this further, an obvious change that banks need to make is to offer a modern front-office system which allows clients to access real-time information from multiple devices.

Simultaneously, a back end system is required to fully support the front-end.

Once the infrastructure is ready, Russ says banks need to consider ways to acquire real-time data. "The key to success is based on integrated, consolidated and well-connected data sourc-



Markus Russ

Finnova

es, which ties back to cloud banking." This is where legacy systems can fall short and don't support these needs.

For Russ, this is a clear signal that banks need to re-engineer and standardise the whole process from back to front. ■

BRINGING TRANSPARENCY TO FUND PERFORMANCE

AS A TOOL TO HELP FINANCIAL ADVISERS BECOME MORE EFFICIENT, STATPRO REVOLUTION CREATES TRANSPARENT, LOW COST AND SECURE PERFORMANCE / RISK ANALYTICS IN THE CLOUD, SAYS LAURENT LACLAVERIE, CHIEF EXECUTIVE OFFICER OF STATPRO GROUP IN ASIA PACIFIC.

The use of factsheets as part of reporting by financial advisers for their clients is increasingly limiting. These documents provide their readers with basic fund information but lack thorough analysis.

Plus, the fund managers themselves decide which information to include.

As clients demand more transparent, contextualised and consolidated data, to facilitate their decision-making process, StatPro Revolution is one of the potential tools for financial advisers, offering them the ability to deliver self-service analytics to anyone, says Laurent Laclaverie, chief executive officer of StatPro Group in Asia Pacific.

ANALYSIS TOOLS

He explains that the sophisticated analytics this software can create enables advisers to clearly explain and show their clients more detailed and relevant information about their portfolio.

"In the long run, this increases transparency, improves oversight and, most importantly, builds trust between the two parties," says Laclaverie.

For example, he explains, advisers often need to drill down into a particular fund, in terms of the holdings and other data.

However, this usually isn't possible because of static factsheets. But StatPro Revolution gives the fund manager the possibility to share his fund with the advisers.

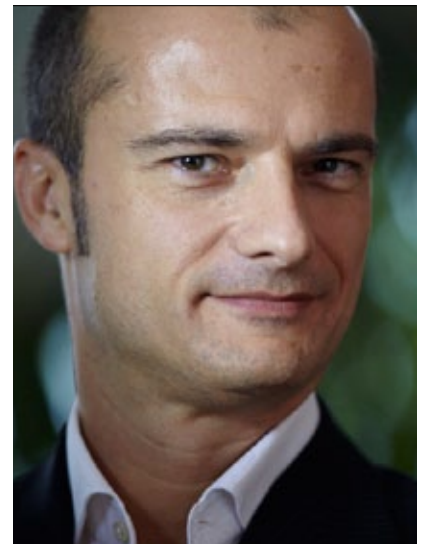
In turn, that gives them access to highly-visual and detailed levels of portfolio analysis via performance ratios, equity and fixed income attribution, ex-ante risk and contributions.

CLOUD SOLUTIONS

The system also benefits banks and asset management firms which face margin pressures and are looking at cloud-based solutions as an option.

"The reality is that if you look at 100 asset managers, they are likely to all be creating the same information and data every day," says Laclaverie.

StatPro Revolution therefore aims to simulate in the cloud what asset managers are doing.



Laurent Laclaverie

StatPro Group

This ensures integrity and confidentiality for both clients and financial advisers, while allowing banks and asset management firms to have access to all the functionality of a professional analysis and reporting solution. And all this is achieved a significantly lower cost, he adds. ■

THE EVOLUTION OF TRADING TECHNOLOGY

JENNIFER HANSEN OF SAXO BANK DESCRIBES SOME OF THE EVOLUTIONS IN TRADING PLATFORMS, INCLUDING THE INFLUENCE OF TECHNOLOGY.

Jennifer Hansen is convinced that the traditional model for trading is fast-becoming antiquated. That is happening, she explains, as investors' requirements develop, meaning that many have moved away from traditional convoluted models.

Instead, Hansen believes traders are now seeking the opportunity to view all their trading on one platform and one account, reducing complexity and increasing efficacy.

DIGITAL REVOLUTION

This move is one powered and realised by the digital revolution taking place today, and platforms like Saxo are positioning themselves at the forefront of this movement.

The company has worked hard to create one trading platform, available through multiple venues says Hansen: Saxo web trader; Saxo downloadable trader; and Saxo mobile trader – allowing an on-the-go trading.

The company, also utilises its product to empower investors by creating a level of transparency that was previously impossible.

Trading with real time reporting and analytics is beginning to excite investors who want greater transparency and granularity across positions, explains Hansen.

Moreover, as technology powers and drives transparency it also creates a much more obvious community in the financial industry. Hansen adds that trading communities will increasingly allow investors to gain investment insight and access niche talent across industries and sectors.

Previously, the industry has been highly-fragmented and investors seeking talent, or talent-seeking investors, would not have the access to the information which is now so readily available, she says.

COSTLY TO KEEP UP

Importantly, adds Hansen, technology is a fast-paced phenomena and staying abreast of investor requirements is not only a complex task, but also an expensive one.

In the past financial services providers have often underestimated the required expenditure to keep pace with



Jennifer Hansen

Saxo Bank

shifting investor requirements, but here, too, Hansen sense a change. At the same time, investors have also become increasingly sophisticated about raw costs, she says, and are no longer willing to accept or pay a high or complex fees. These trends, combined, will drive and accelerate technology innovation within the industry. ■

INNOVATION: WHERE NEXT FOR WEALTH MANAGEMENT?

THERE IS LITTLE DOUBT THAT BANKS OF ALL TYPES MUST MAKE EVER-LARGER INVESTMENTS IN TERMS OF TIME, MONEY AND RESOURCES IN DIFFERENT TECHNOLOGIES. BUT WHAT ARE THE INNOVATIONS THAT WILL SHAPE THE FUTURE OF THE INDUSTRY?

Analyst group IDC Financial Insights predicts the Asia Pacific region will see growth of overall financial services IT spending exceed 7% in 2014, surpassing Europe and North America. And Ovum's latest Global Wealth Management Technology report forecasts the worldwide industry's IT spending to reach US\$32 billion by the end of 2017.

But where should banks be focusing their spending?

The current reality of digital banking is that customers are more prepared for it than the banks serving them, creating a servicing gap which can be overcome by banks creating holistic digital value propositions.

MEETING EVOLVING DEMAND

In an effort to win back trust, attract new customers and retain existing ones, wealth management firms are investing in new collaborative technologies that support their business model transformation from transactions to interactions focused on client centricity.

Says Michael Foong of Maybank: "Various McKinsey research and studies have shown that those who adopt



Andrew Taggart

PwC Consulting

"The digital app phenomenon is dramatically accelerating the speed of innovation"

more client-centric tools and processes can increase revenues up to 20% profitability up to 2.5 times."

According to Stefan Mueller of RBC Wealth Management, the future is all about going mobile, and using social media, gamification, and the introduction of real-time investment updates and advice in a digital environment.

Martin Frick of Temenos agrees that mobile and analytics are the most pressing things in Asia. "The market penetration with mobile and smart de-

vices is just amazing," he says. "Naturally, people also want to use these gadgets to consume mobile services."

Also, since banking products and services are inherently digital, Mueller predicts that future offerings of banks will be "data models" in cloud computing centres around the globe. Dealing with the scale in Asia requires this. The ratio of clients to RMs means it is not possible to service everyone.

Plus, adds David Levi at Accenture, in Asia particularly, clients are less loyal

to an RM if returns are better elsewhere. “Digitally-empowered clients are a cross-generational group that wealth managers need to embrace,” he explains.

“[These] clients believe that their financial future is largely in their own hands. They use technology to seek out engaging, educational experiences across multiple channels, 24/7. And our ‘Generation D’ research found them to be less trusting and often more risk averse than those without such capabilities. Understanding these clients is a first step to serving them.”

Mark Jansen of PwC says supplementary channels are needed that enable higher touch and value delivery from banks to customers.

“The use of analytics to quickly respond to customer queries and changing needs will be critical along with the

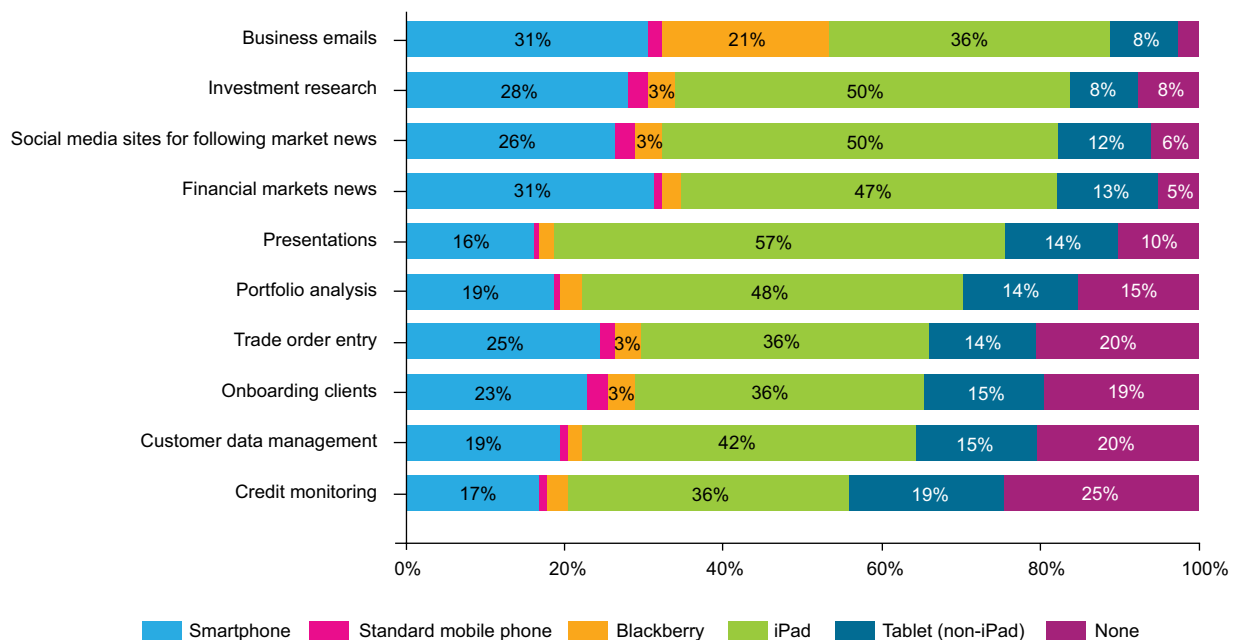


ability to provide information on multiple products and strategies,” he says.

“A single RM can’t possibly know all of the options, but with the aid of a broader research and support team

that is enabled through digital, suddenly this opens more options.” Ultimately, Jansen sees the emergence of avatar-type technology helping the RM be smarter and more efficient, or directly feeding into the client.

THE RISE OF TECHNOLOGY ELEMENTS FOR AN APAC WEALTH ADVISER - WITHIN FIVE YEARS



Source: Scorpio Partnership, SunGard

FEATURE ARTICLE

Bottom line personal interaction will remain key, but it is a matter of enabling the RM and the customer.

Mueller agrees that RMs' key value propositions will be the offering of a physical link between the digital and "real" world for more complex, bespoke wealth management solutions and to those clients who (still) value a "real world" experience.

KEEPING A WATCH ON THE COMPETITION

A key challenge for wealth managers in Asia today is that it's getting harder and harder to see competitive innovation coming.

For example, it could well be coming from a technology start-up in San Francisco, Rio de Janeiro, Mumbai or anywhere around the world, says Andrew Taggart of PwC.

"The digital app phenomenon is dramatically accelerating the speed of innovation, lowering barriers to entry

and raising the risk of disintermediation by non-traditional market players who create apps, bringing new functionality and world-class user experiences to attract clients and get them engaged with the app on an ongoing basis," he explains.

In turn, this creates stickiness as they input more data and give the app permission to source more data on their behalf, he explains.

Creating a strong innovation capability is now a competitive necessity.

Yet while there is much talk about innovation, many organisations say that they find it hard to take it from the conceptual into reality, and then to start experimenting.

"It needs to bring cross-industry insights on technology, user-centric design and experimentation into the world of wealth management with a clear mandate to find new ways to engage clients on an ongoing basis to deepen the financial advice relationship," explains Taggart. ■

Forward thinking

According to Michiel van Selm of PwC, steps that leading firms are taking to reshape the digital customer experience and change their go-to-market strategy will impact digital by:

- Creating transparency of pricing and performance
- Eroding any regulatory boundaries between "advice" and "execution only"
- Focusing on client solutions
- Establishing industry standards and a single view of client assets and liabilities as the norm
- Complementing face-to-face interactions
- Ensuring front-to-back digitisation, including partners and professional introducers

EXPECTED USE OF DEVICES FOR VARIOUS WEALTH NEEDS IN THE NEXT FIVE YEARS



Source: Scorpio Partnership

HOW TO ACCELERATE DIGITAL CLIENT ACQUISITIONS

RAJIV AGARWAL, MANAGING DIRECTOR AT ARETE FINANCIAL PARTNERS, EXPLAINS THE CHANGING DYNAMIC OF USING DIGITAL MEANS TO ATTRACT, CONVERT AND RETAIN INCREASINGLY SAVVY WEALTH MANAGEMENT CUSTOMERS.

Traditionally, digital has not been thought of as a way to acquire clients. As client preferences change, however, banks need to adapt their value proposition and acquisition journey to a clientele which is becoming more comfortable with obtaining, trusting and acting upon digital information, says Rajiv Agarwal, managing director at Arete Financial Partners.

In particular, a large portion of Generation Y prefers digital transactions over face-to-face, and is also more inclined to use social media to learn, apply and inquire about products and services.

"The current challenge for banks is how to build an ecosystem that replicates the current physical process of client referrals in the digital world," explains Agarwal.

DIGITISING THE PROCESS

Key success factors for winning at digital acquisitions require banks to provide relevant product offerings, simple and transparent processes that are also easy to use, and greater value-added services along with optimised client experience, he says. "A streamlined, hassle-free client digital journey with

minimal clicks, inputs and handovers between channels is needed to ensure the best chance of client conversion."

Content marketing and big data analytics via social media and alliance / partnership channels could help in generating leads and converting them into clients. "Banks would benefit from using such analytics to drive customised campaigns with CRM tools and dashboards which allows clients to refer friends," says Agarwal.

One bank, for example, created acquisition campaigns which requested client permission to use mobile contact and send personalised mail to selected contacts. A transitional process from digital to physical world helped in fast fulfillment. Instant offerings and client acceptance was provided through the use of straight-through processing and paperless, data-driven, pre-populated forms. The entire acquisition closing stage was driven through the use of digital signature, scanning, confirmatory SMS / email and an RM visit to maintain the client engagement and decrease chance of abandonment.

Triggers based on data analytics were set for additional cross-sell opportunities post onboarding, with the creation



Rajiv Agarwal

Arete Financial Partners

of digital acquisitions leading to superior client experience and loyalty.

"Accelerated digital acquisitions can provide banks with a new digital P&L while providing clients with a faster, more relevant and effective experience to interact across wealth management products and services," he says. ■

PINPOINTING ASIA'S PRIVATE BANKING TECHNOLOGY POTENTIAL

ADRIAN WILLIAMSON, MANAGING DIRECTOR FOR ERI BANKING SOFTWARE PTE LTD IN ASIA PACIFIC, EXPLAINS WHY THE ONLY EFFECTIVE WAY FOR VENDORS TO PROVIDE THE RIGHT INFRASTRUCTURE IN ASIAN PRIVATE BANKING IS TO TAKE A MARKET-BY-MARKET APPROACH.

The rapid growth in private banking across Asia has brought with it as many opportunities as it has challenges from a technology perspective. Yet these are often unique to the needs of individual financial institutions operating in a specific market.

The best way of giving each bank a competitive edge, explains Adrian Williamson, managing director for ERI in Asia Pacific, is to tailor the required infrastructure and systems to the stage of development and characteristics of each market.

This is highly sought after, he says, given that cost pressures and regulatory demands are driving consolidation, defensive strategies, or new ways of working.

THE LURE OF GREATER CHINA

For ERI, Greater China in particular offers significant potential. "We are eager to expand our reach in China and Taiwan, to understand the needs of the local private banks to know how we can add value to them" he says.

China's wealth management market will hit over US\$12 trillion in assets by end of 2014, up from US\$10 tril-

lion in 2013, according to estimates by Celent. Such growth fuels demand for private banking, and with it, the technology solutions to act as a support. "Rather than continuing to service these markets out of Singapore, now we need staff on the ground."

Yet Williamson is realistic about the firm's pace of expansion. "First, we need to understand the local markets and cultures to provide solutions."

REGIONAL DIFFERENCES

While Greater China offers possibly the most logical part of Asia to target, it certainly isn't the only market where Williamson sees attractive private banking opportunities – assuming the technology offering can match the needs of local players.

In more mature jurisdictions like Singapore, Hong Kong and Australia, for example, banks are competing on product offering, client experience and cost efficiency, he explains. "They need to leverage technology on product development, monitoring and maintaining security, and analysing Big Data."

By contrast, in emerging markets like Thailand, Malaysia, the Philippines and



Adrian Williamson

ERI BANKING SOFTWARE PTE LTD

Indonesia, compliance is a key issue. "Many processes get done manually," says Williamson, "which is time inefficient and prone to human error. Banks need to tackle these issues before they can move forward with their business."

There is also potential to help retail banks in some developing markets to create platforms for private banking. ■

Hubbis Forums in 2014

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Events in 2014

Igniting the Digital Revolution in Wealth Management Forum 2014 - Singapore
Thursday 19th June
Pan Pacific, Singapore

Malaysian Wealth Management Forum 2014
Thursday 26th June
Shangri-La Hotel Kuala Lumpur

Indian Private Banking Forum 2014
Thursday 21st August
Mumbai

Wealth THINK 2014
Tuesday 23rd September
Pan Pacific, Singapore

Asian Wealth Management Forum 2014 - Singapore
Wednesday 24th September
Pan Pacific, Singapore

Investing in Asia Forum 2014
October
Park Hyatt Zurich

Indonesian Wealth Management Forum 2014
Thursday 23rd October
Four Seasons Hotel, Jakarta

Wealth Planning Forum 2014
Thursday 6th November
Pan Pacific, Singapore

Igniting the Digital Revolution in Wealth Management Forum 2014 - Hong Kong
Thursday 13th November
Four Seasons Hotel, Hong Kong

China Wealth Management Forum 2014
Thursday 27th November
Grand Hyatt, Shanghai



For more information: info@hubbis.com



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