November 2012

The Guide to

ADVISER TECHNOLOGY IN ASIAN WEALTH MANAGEMENT 2012

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FOREWORD

Private banks and wealth management firms have been making increas-ingly significant investments in technology. They are striving for innovation around the tools available for their frontline advisers, to help them create better and more relevant proposals, and in turn enable them to be more productive and effective in their dealings with their clients.

This is necessary given the current market environment – where the majority of organisations face a heavy regulation and compliance burden, an uncertain macro-economic outlook, high cost-income ratios, and, at the same time, wary and conservative investors.

The challenge, however, is filling all the gaps which exist to ensure advisers have at their disposal what they actually need to serve their clients effectively. And when this is done, it is vital to secure the engagement of the intended users.

As the 1st edition of a Guide which specifically looks at technology needs and functionality from a client adviser perspective in Asia – this publication is relevant for anybody interacting with end-clients, as well as those senior management, heads of technology and operations professionals who want to contribute to improving the current IT support for people working at the frontline.

The content discusses and debates the current challenges, issues and shortcomings client advisers have to deal with on a daily basis. It also looks at requirements of advisers in relation to IT systems and solutions to operate more effectively and efficiently – and covers some of the opportunities to fill the gaps.

On behalf of Avaloq, I am delighted to be part of this publication. I am hoping you derive value from the insights and that it will stimulate further discussion around these important topics.

Mathias Schuetz
General Manager, Western & Southern Europe and Asia Pacific
Avaloq






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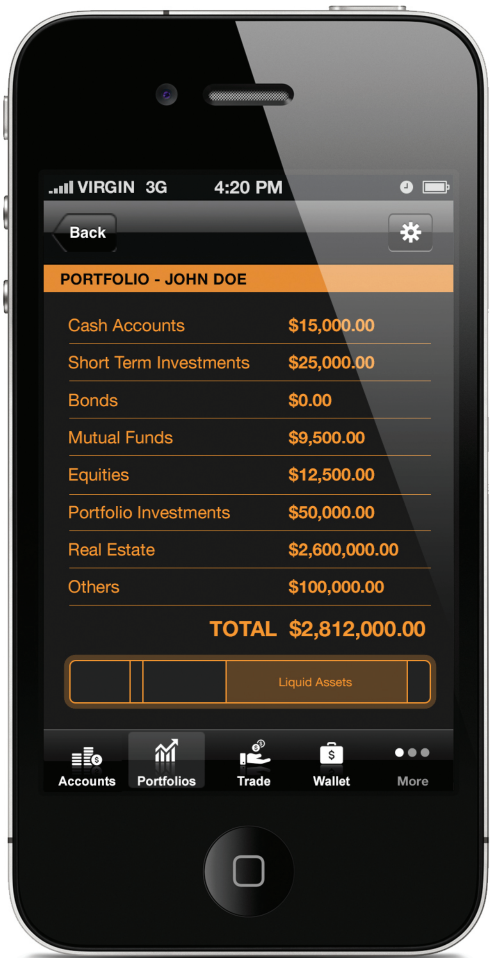

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Q&A

BANKING WON'T CHANGE UNTIL BANKS DO

The real benefits of technology will only be unleashed when banks truly put customers at the centre of what they do, says Steve Bertamini, group executive director and chief executive officer, consumer banking, at Standard Chartered.

How is the role of technology evolving within the consumer banking industry in Asia?

Across Asia consumers are becoming increasingly comfortable with technology. Growing numbers are using smartphones and tablets to bank "on the go". Channels have multiplied, giving customers more choice than ever before.

However, for all the innovation in banking in recent years, the drop in loyalty rates across Asia suggests banks are failing to get closer to their customers, or they are failing to provide them with sufficiently useful and convenient products and services.

Digitisation has the potential to transform banking from a utility into a great consumer experience, but we are evidently not quite there yet. The problem is, retail banks don't think retail – they think bank.

On the surface, banking has changed drastically with online, mobile banking and social media joining the branch, ATM and telephone in a multi-channel mix. But a deeper-level strategic shift inside financial institutions has been slower in coming, and without this, customers are unlikely to experience a step-change in what it feels like to bank.

The choice of channels may have widened, but banking could still be easier, more intuitive, more helpful for people.

What positive examples or benchmarks exist for banks to measure themselves by?

Think of the great retailers of this world. The way they anticipate and meet their customers' needs intuitively from the minute a customer steps over the threshold or click onto the homepage; the way they lay out their stores and display their products to mimic, or even prompt, a customers' thinking.

Banks could learn something from this, easing the experience of banking so customers can get on with their lives.

It should be clear by now that adopting technology is about more than churning out app after app, or having the most sophisticated portal, or getting into every digital space available. Technology has to be useful, intuitive and most importantly seamless.

To unleash the full potential of digitisation, banks have to do what great retailers do – structure their business around the customer, and away from disaggregated product and channel transactions.

They have to ask themselves not so much which products the customer will buy, but more importantly what the customer wants to do. This means spending much more time listening to customers and understanding their needs.

Steve Bertamini
Standard Chartered Bank

What are the hurdles to achieving this?

One disruptive game-changer is that today's consumers are tech-savvy and mobile. They want banking that is fast, convenient and personalised; that rewards loyalty; that not only meets their financial needs but anticipates them.

Online and mobile banking channels have made transactions easier, but banks are yet to join the dots, so that customers are able to continue conversations across channels – however and whenever they want.

Banking has evolved into a multi-channel environment, but not yet a truly seamless one.

So what should banks do in reality to make the most of these opportunities?

First, they should be very clear that while banking may be changing, people's financial needs are not. People still have to deposit money, make payments and get paid, buy their own homes, take out loans, and grow and protect their wealth. Digitisation doesn't alter these fundamental needs; it merely provides new and easier ways of meeting them.

Secondly, banks should not become blinded by digitisation to focus on online and mobile at the expense of other channels. Customers value access to their money across a whole range of platforms, including the traditional branch, ATMs and the telephone. I might be happy to check my balance on my mobile, but choose to do my investment research online. I may ask about a mortgage on the phone, but prefer to walk into a branch to complete the application with a relationship manager. Understanding what drives behaviour and the way in which different channels need to complement one another is crucial to turning banking into a relevant and seamless experience for the customer.

Thirdly, banks need to become better at using their data to support customers proactively, anticipating needs, understanding behaviours, and making it easier and faster for customers to act. Customer interfaces should be tailored to the individual's needs, and processes simplified, for example through the introduction of more online applications or "one click" functions for relevant products and services.

Fourthly, banks should make it easier for customers to engage in extended conversations across all channels. A customer may wish to use a branch to find out about a new type of fixed deposit, use a tablet to review the details over coffee and later confirm the transaction at an ATM. The conversation should be continuous and personalised, and happen whenever and however the customer wants it. This means banks need to improve connectivity between channels and business functions – grasping the opportunity to get up close and personal with the customer and deliver a seamless, consistently great service.

Fifthly, banks should make technology everybody's business. Every member of staff needs to understand how digitisation affects the bank's interface with the customer and its future business model.

Banks are already technology organisations; now they need to develop a true innovation culture.

What are you doing in these areas at Standard Chartered?

We know we have further to go, but we are working on it. We are making innovation a business priority, changing the way ideas flow through our organisation, collaborating with other companies to lead, not follow, in the transformation of banking.

Feature article

EQUIPPING ADVISERS TO MAKE A DIFFERENCE

Providing frontline advisers with the tools to make a difference to their clients is at the top of the spending agenda for private banks and other wealth management firms as they strive to woo new assets via a differentiated offering.

IT spending in the global wealth management industry is estimated to reach US$4.4 billion in 2012, and then grow by more than 6% in 2013. And the expectation is that the majority of funds will go to the front office.

Helping the adviser capture client information and engage customers and prospects through more advanced and interactive tools will gain priority, says Isabella Fonseca, research director with Celent's wealth management

"There is increasing attention from senior management on the role of technology in facilitating the means, speed, and frequency of communications between adviser and client."

group, and co-author of the report. "Furthermore, wealth managers will allocate more of their IT resources to external software and services, as opposed to [allocating to] legacy internal systems and hardware."

Research undertaken by the Scorpio Partnership in conjunction with SunGard during 2012 supports this.

The "FutureAdvisor Asia" report found that wealth management firms in Asia are not fully on top of the technology and service requirements of their advisers and high net worth (HNW) clients, potentially impacting service capability and client confidence.

This was based on a survey over 400 HNW individuals and 96 wealth advisers and senior managers in China, Hong Kong, Singapore, the Philippines and Indonesia.

That research shows the region's wealth management institutions are not investing enough in services and channels that are vital for the industry's future, says Edward Lopez, executive vice president, SunGard's wealth and private banking business unit.

"There is a significant opportunity for these firms to implement strategies to help enhance the customer experience, attract and retain clients and boost adviser productivity that can help them compete more effectively and safeguard future profitability."

Adviser and technology shortcomings

Some of the key findings of the "FutureAdvisor Asia" report from Scorpio Partnership and SunGard highlight some of the most pressing issues for Asia's wealth management industry to address.

First, Asia's advisers are taking technology into their own hands. The research shows that a significant percentage of advisers are using iPads and other tablets for presentations (51%), investment research (46%) and portfolio analysis (41%) to help meet client demands "on the go". And advisers believe their employers are behind in this area.

Secondly, Asia's millionaires are increasingly empowering themselves through digital channels. On average, the research says HNW individuals spend 5.3 hours online per week regarding financial matters, plus the demand for financial apps is on the rise.

Thirdly, client servicing is slipping as a priority. For example, the average adviser now spends less than 40% of their time on client-facing activities and just 12% on prospecting.

With too much time being spent on administrative tasks, it interferes with customer relations.

Fourthly, knowledge of the client is lacking. Despite spending less than half their time on direct client servicing, 88% of advisers believe they have a good understanding of their clients' overall wealth and manage approximately 38% of their clients' portfolio. In contrast, the client responses indicate that advisers have a poor level of knowledge and often manage much less than the perceived 38%.

Fifthly, the industry has a much higher opinion of its own value than clients do. Nearly two-thirds of advisers ranked their services as either offering "good" or "excellent value" against a lower number of investors on the service value of international (44%) and local (43%) wealth managers ranking their services as "good" or "very good".

FILLING THE GAPS

There is widespread evidence, it seems, to show that the industry, in general, has so far under-invested in arguably the most important part of the business.

It is no surprise, therefore, to see increasing attention from senior management on the role of technology in facilitating the means, speed, and frequency of communications between adviser and client. That it is likely to result in a measurable boost in adviser productivity helps, too.

Ed Lopez

SunGard

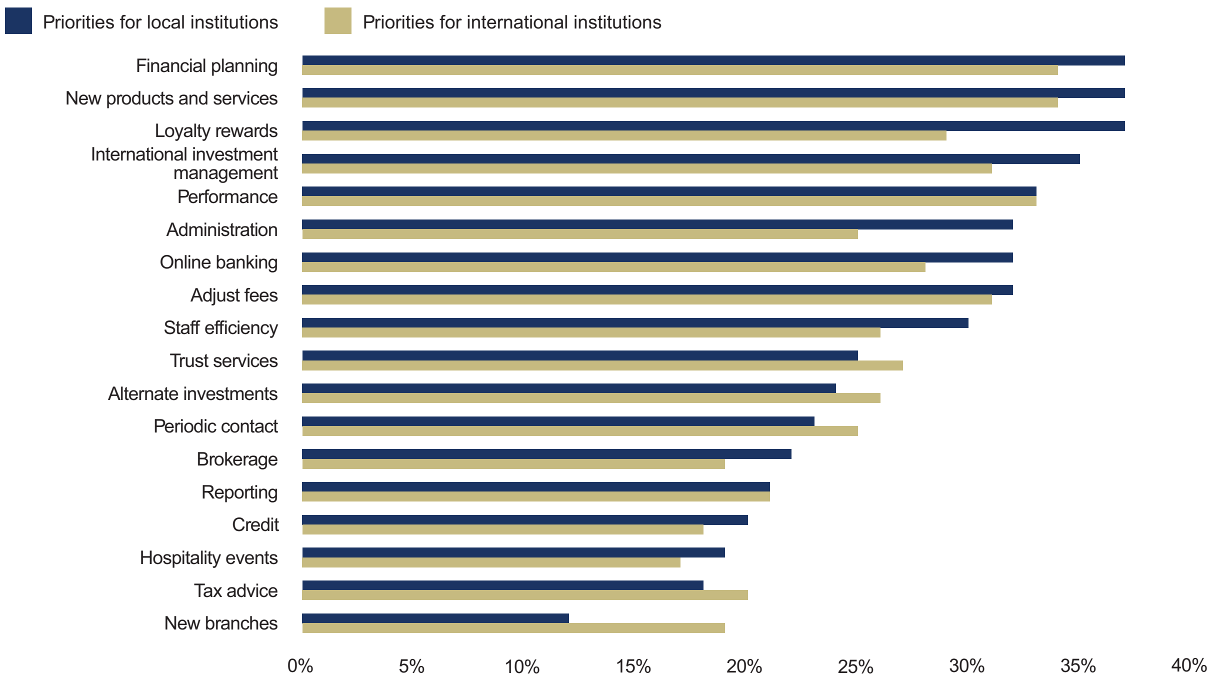
"The region's institutions are not investing enough in services and channels that are a vital part of the industry's future"

"Today, even if all the knowledge of a client sits in the relationship manager's (RM's) head and on some notes, the systematic capturing of knowledge about clients is lacking," says Mario A. Bassi, managing director and head of Asia for Solution Providers Management Consulting. "Given that a client gets serviced by several different individuals within a private bank, each of them has different sources of information. So if a bank has a common repository to collect this information, it provides a much better view of a client and ultimately helps the bank to service them in a much better way, plus ensure also the necessary regulatory duties to record client interaction."

The better use of technology can also ensure more consistency in delivering key messages, products and services. And it can go some way to improving the substance of interactions – although "face time", if used well, is hard to beat in building relationships.

There is no time to waste, especially given many RMs feel their clients want greater levels of guidance."Failure to understand their needs is the number one reason why end-clients choose to leave their wealth manager," says Bill Cassidy, managing director of SEI Investments (Asia).

Asia's HNWI wish list from wealth managers in order to do more business



Source: SunGard's "FutureAdvisor Asia" report, conducted by Scorpio Partnership

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Jean-Luc Freymond
SAGE

"In reality, most of [the client's frustration] comes from communication issues and perception management"

Some of the client's frustration comes from the very challenging markets that have affected their portfolio's performance. But in reality, most of it comes from communication issues and perception management, adds Jean-Luc Freymond, chief executive officer of SAGE SA.

"Most wealth management client calls consist of the traditional review of the portfolio performance, the main economic events that have influenced it and the economic outlook," he explains. "However, today's investors are very well-informed through the internet, peer investors and often from their bank's own self-service platform, whether web-based or mobile."

Rather than spending time on that basic investment information, wealth management firms can generally improve the relationship by delegating most of this review to the client via online information platforms and spend time on much more value-add services such as the risk mitigation process, suggests Freymond.

Yet this presumes a firm is able to overcome one of the most significant challenges facing advisers today from a systems support perspective – the lack of integration.

"Until now, a unified wealth management platform has not been available so advisory firms have been forced to cobble together disparate systems to enable them to service their clients the way clients want to be served," says Cassidy at SEI Investments (Asia).

Unfortunately, this means that there are now far too many disparate systems that do not talk to each other.

The end result? The adviser spends more time and effort on managing "information integration", sometimes across as many as a dozen different tools they have deployed, than they do on managing the client relationship, he explains. "This is not good for the client – or the adviser."

According to Cassidy, the "winners" in this environment will be those organisations that successfully refocus resources on satisfying client needs first and foremost.

"Fully outsourcing core processing and various areas of wealth management will allow organisations to make a significant business model transformation and build a strong foundation that will empower their companies' future growth, while setting them apart from their competition," he says.

SCALABLE SOLUTIONS

Much of the industry focus is on winning new clients. Yet the hurdles

> The 'winners' in this environment will be those organisations that successfully refocus resources on satisfying client needs first and foremost.

Mario Bassi

Solution Providers Management Consulting

"The systematic capturing of knowledge about clients is lacking"

to technology-led scalability are far lower in providing advisory and wealth management services than in client acquisition and profiling, according to the 2012 World Wealth Report by Capgemini and RBC Wealth Management.

"Wealth management firms will get most value from leveraging technology to achieve scalability in these areas of the value chain," suggests the report.

The benefits of scalability in these areas largely relate to automation, and the expanded reach of expertise.

Some firms may also have highly developed asset management capabilities that can be used as a foundation for building scale, says the report.

"On the advisory side, firms can be highly effective by creating back-end teams, specialised in financial planning, asset allocation and estate planning for example, to create customised plans for clients, based on adviser input on the client's profile, segment, aspirations, and so on."

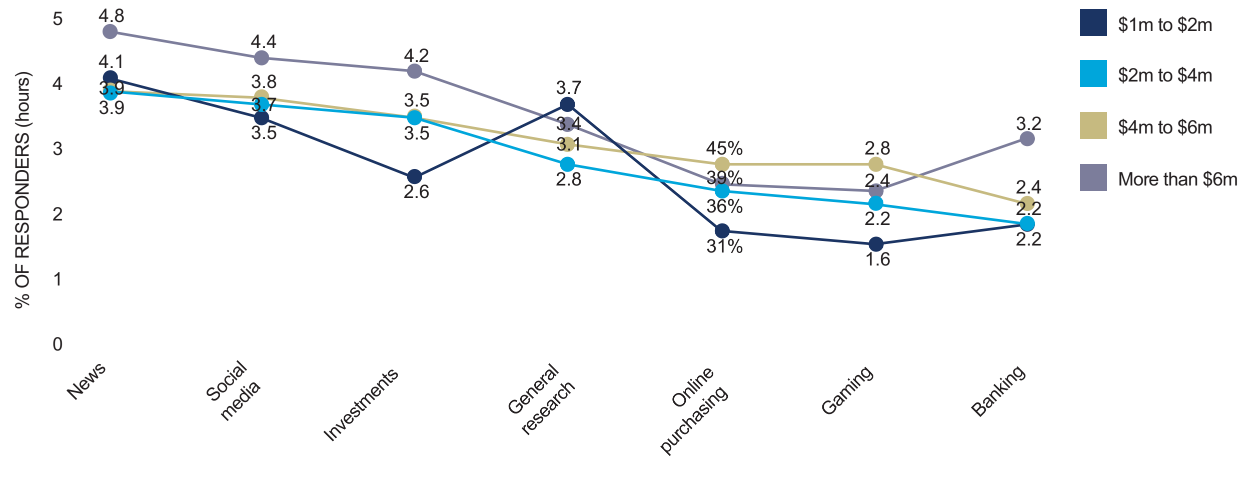
Similarly, firms can leverage technology in executing wealth management activities, adds the report, without using any high-value adviser time, once the client's integrated plan has been designed and agreed.

Straight-through processing systems, for instance, can provide prompt notification to clients of trade execution, position, and portfolio updates. That preserves adviser time for strategic conversations.

MAKING THE MOST OF MOBILE

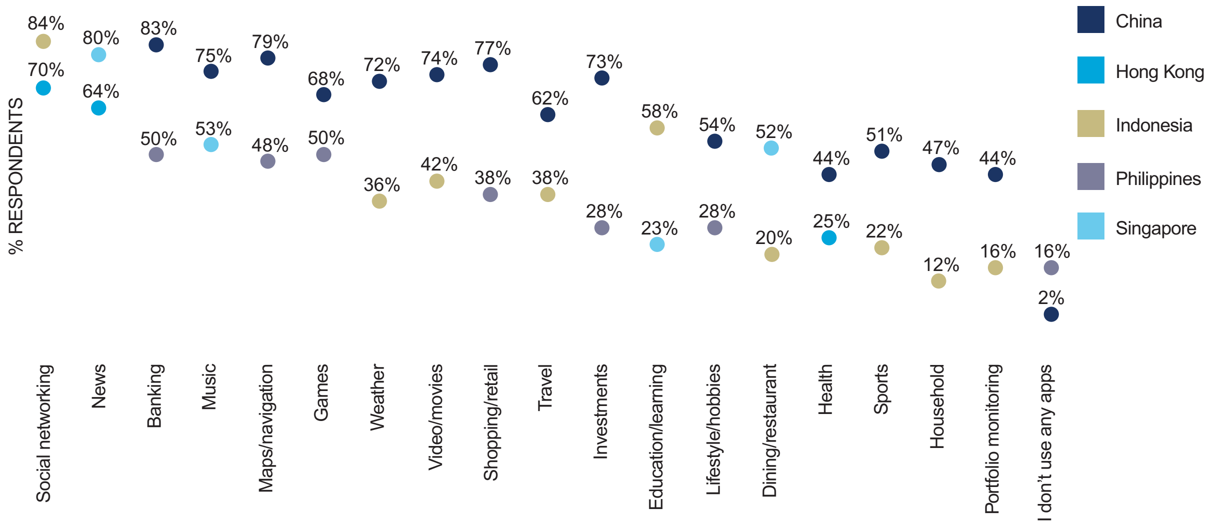
Any firm without a mobile strat-egy today, and which isn't pushing its

The most active surfers for wealth in Asia are the wealthiest



Source: SunGard's "FutureAdvisor Asia" report, conducted by Scorpio Partnership

The usage levels of mobile apps among Asia's millionaires



Source: SunGard's "FutureAdvisor Asia" report, conducted by Scorpio Partnership

client-related services to mobile platforms, can't be considered competitive, says Cassidy.

Highlights from SunGard's FutureAdvisor Asia report conducted by Scorpio Partnership further emphasise the need for wealth management organisations to "embracing digital".

In particular, the research shows the rise of mobile technology among wealthy clients in Asia is fast and significant. For example, most HNW individuals now have at least three personal digital gateways to the internet outside the home with the wealthier clients being the biggest users of tablets and smartphones.

In line with this, the research says the amount of time Asian HNW individuals spend online in relation to wealth management is 5.3 hours per week. And as their wealth increases, so does their time spent online.

For Asians with wealth in excess of US$6 million, for instance, their time spent online increases to 7.3 hours – 30% of their online time per week, according to the research.

In essence, every five seconds, an Asia-based millionaire is online managing issues related to their finances and therefore interacting with the financial industry.

China's millionaires are the most digitally active and Indonesia's are the biggest users of BlackBerrys.

Further according to the report, the top-three client requirements from the

Bill Cassidy

SEI Investments (Asia)

"Failure to understand their needs is the number one reason why end-clients choose to leave their wealth manager"

web are investment research, monitoring and active investment.

Looking forward, Asia's wealthiest investors expect more financial advice, both online and in person.

Ultimately, to support efficiencies, wealth managers have been found to predict that in five years' time, the dominant tools for the delivery of financial services to HNW clients will be tablets – including activities such as onboarding, portfolio analysis, pitches, contact management and investment research.

This is critical given that the client experience starts the first time the adviser interacts with the client, and when those interactions are face-to-face, the adviser should be making the most of these platforms, says Cassidy, adding clients expect that these days.

"It is very important as part of all communications between our RMs and their clients that they have up-to-date information about each client's portfolio and transactions," says Michael van Ommeren, chief operating officer, ABN AMRO Bank NV, Hong Kong.

Michael van Ommeren
ABN AMRO Bank

"It is very important as part of all communications that [our RMs] have up-to-date information about each client's portfolio and transactions"

The bank has, therefore, implemented a portfolio management solution, which will be further enhanced with a mobile app for the iPad.

This allows RMs to show clients up-to-date information, and to then be able to slice-and-dice it depending on what best serves each individual client.

Yet rolling out such solutions in Asia is challenging.

For ABN AMRO, for example, doing it in the Netherlands, where it has a large consumer bank, the development and integration of new technologies and tools is a bit easier due to the existing economies of scale. That isn't the case in Asia.

"However," says Van Ommeren, "these are solutions we feel that enable us to be closer to our clients and they will therefore attract a high priority on our list with project initiatives."

In mid-2012, for instance, ABN AMRO Private Banking already launched a research app for the iPad in Asia. (THEN NEW PARA) This has given its clients access to its research materials and investment views through a user-friendly platform.

One of the first-of-its-kind, the app allows the bank's clients to benefit from the insights of its 40-strong research and strategy team globally.

Any firm without a mobile strategy today, and which isn't pushing its client-related services to mobile platforms, can't be considered competitive.

It has recommendations and views on equities, bonds, currency, commodities and alternative investments, across diverse sectors and regions.

New technology is also now available within the wealth management space to enable messaging to mobile devices and internet browsers.

"We can take market data and customer information and stream it real time to an RM's device," explains Paul Nash, director of business development at Solace Systems in South-east Asia.

"This is fully integrated and combined with our technology for moving information within the bank to create an end-to-end solution."

What this enables RMs to do with their clients is up to the imagination of whoever is really the architect of the system. "In recent examples within the wealth management industry, for example, we have provided streaming prices of a customer's portfolio to an iPad," says Nash.

An RM can then sit down with a customer over a coffee, for instance, and go through their portfolios with them in real-time way.

Servicing the next generation is another key driver for firms to develop their digital offerings.

Explains Peter Lewis, partner at consulting firm Capco: "Digitally-savvy recipients of inherited wealth will bring a new level of consumer demand for around-the-clock, real-time mobile, tablet and online banking services."

That view is rooted in the findings of a recent Capco report.

That says banks will be forced to develop a broader set of digital offerings to be able to meet the on-demand requirements of generation Y, as they re-evaluate their wealth services in favour of online and mobile platforms.

"Delivering effective and attractive digital solutions to this new demographic of customer will be essential for financial institutions," adds Lewis.

"Without a comprehensive digital offering, they risk losing customers and significant revenue to competitors." ■

Looking ahead: the development of Asia's future adviser

Highlights from SunGard's FutureAdvisor Asia report conducted by Scorpio Partnership include:

- The expertise in the industry is higher than widely assumed with the average experience level in client facing roles close to a decade. Crucially, these experienced resources need training to adapt to the digital evolution now occurring in wealth management
- The reality is that Asia's advisers are already using mobile technology in nearly 50% of their wealth services to enable them to compete. The issue is that the tools which are being used are often neither approved nor synchronised with their financial institutions' systems
- The expectation is that the wealth management industry will need to become a much better manager of data and content to improve individual relationships and product development for each client. The digital environment is a major factor in this assumption
- The future advisers in countries such as China, Hong Kong and Singapore are likely to see greater client demand for an integrated and online client experience. The Philippines and Indonesia are slightly behind this evolution pace given that retail banking continues to play a dominant role with HNW individuals
- The future adviser at either a local or an international wealth manager will be under pressure to deliver a broader and more strategic planning and assessment solution to win more business. The value of this service will need to be demonstrable

AN EVER-STRONGER CASE FOR INTEGRATED PLATFORMS

Loic Wymann, senior vice president and regional head of projects, chief operating officer's office, at DBS Private Bank, reveals the bank's priorities in developing streamlined, flexible and easy-to-use tools and functionality that support client advisers in meeting clients' needs.

Given the challenges a client adviser has to deal with, what is needed from a system support perspective to help them service clients effectively?

Client advisers (CAs) face various challenges which make their role more complex. As a result, in order to cope with the increase in product complexity, new regulations and a fast-paced market environment, CAs need to:

- Get real-time information about client portfolios and asset allocation to be able to propose timely and appropriate measures to their customers
- Rely on the platform to become informed about which products are suitable for their customers, with consideration of regulations and a customer's asset allocation, investment knowledge, experience and objectives

To achieve these objectives, banking platforms have to move from a "pull" to a "push" mode, as real-time alerting is becoming more and more critical.

In terms of online services, this is crucial to provide CAs with the same level of information that customers can get via our online channels.

This means that customer, CA, internal platform and online channels have to all belong to the same ecosystem by interacting seamlessly and consistently together.

How do you overcome the need for different tools, processes and solutions to be integrated, to give CAs consolidated, integrated and holistic views that actually help them create strategic and appropriate proposals for clients?

Thanks to our global coverage and "Wealth Continuum" approach, our CAs can access both banking and investment assets of their customers.

From the customers' perspective, they have access to consolidated statements, including both banking and investment detailed statements.

We achieve this by focusing on making our systems flexible enough to ensure we can change and adapt to regulations, evolving market priorities, and the bank's objectives.

All the tools must also be simple and easy-to-use for the front line.

Loic Wymann
DBS Private Bank

What are the systems and solutions priorities from a management and operational perspective? And are those aligned with the requirements of CAs?

For DBS Private Bank, the priority remains as being to offer a performing integrated platform that our CAs can use to better serve our customers as well as to enrich our online channels with additional added-value functionalities.

In addition, we consistently work on streamlining our operational processes.

In terms of tools and functionality which should be made accessible for clients, functionality which is online should be channel agnostic.

Advanced reporting, trading, alerting, market quotes and research, for example, are some of the functions we are currently improving.

Which functionality exists today, and what functional gaps can be identified in the current environment?

The challenge related to the platform is to create a user-friendly and comprehensive system which provides a "single point of access to the information".

The platform has to handle data from inception of client onboarding throughout the entire investment journey. Client data, risk profiling, product suitability, asset allocation, concentration risk, performance, seamless transaction and execution – as well as advanced reporting functionalities – are therefore "must haves".

In terms of solutions as part of the advisory process, although most of the investment processes – whether advisory or discretionary – are available on our platform, we are continuously enhancing such functionality. However, while the platform is a critical success factor to support the investment process, it should never substitute the personal relationship between the CA and the customer in ensuring an appropriate and successful advisory process.

To what extent do current shortcomings impact client relationships, and what should be done to improve the technology available?

For basic services, customers want to be as independent as possible and not to rely on their CAs. For services which do not require CAs expertise and advice, we try to automate them or to make them available via our online channels.

What trends are you seeing in communication technologies and tools which are offered to CAs and clients?

Classic mediums are available but customers increasingly want to communicate with their CA in the same way as they communicate with friends and relatives – SMS, social media, chat and Skype are some of the examples.

Mobile and especially tablet devices are good support tools, and will play a more important role in interacting with clients with activities such as portfolio review and financial planning. This can add value to a conversation.

Yet offering these tools requires changes in terms of technology while ensuring compliance with regulations and maintaining the highest security standards.

Feature article

STRIVING TO IMPROVE CLIENT CONNECTIVITY

Enhancing the delivery and quality of client relationships is now a priority for wealth management firms in Asia. The aim is to boost efficiency, provide a differentiated experience and, ultimately, increase profitability. This requires user-friendly technologies and tools, although they must be deployed and used in a way which also meets the various, evolving regulatory requirements of different jurisdictions.

Overcoming the many business challenges in today's environment can be achieved through relevant, appropriate and timely conversations with clients. But this is easier said than done, and relies on the smart use of technology. As a result, this has shot to the forefront of the strategic planning for many wealth managers.

Specifically, this means ensuring relationship managers (RMs) have usable and readily-accessible tools which facilitate proactive dialogue.

The information they see about their clients' profiles and portfolios must also be up-to-date and accurate – and available in a consistent format across multiple devices and via all channels.

These were among the personal views and comments of senior management, technology specialists and other professionals in Asian wealth management – speaking at thought-leadership discussions hosted by Hubbis in partnership with SunGard in Hong Kong and Singapore.

CHALLENGES IN MEETING CLIENT NEEDS

A lot of issues that banks, advisers and clients alike face come down to a lack of knowledge about what is happening in the market, often from the regulatory perspective, explains Sachin Sawkar, managing director, chief operating officer, South and Southeast Asia, and head of business risk and control, Asia Pacific, at Deutsche Bank Private Wealth Management.

"It is up to us to make sure we are communicating properly with our advisers to ensure they are doing the right thing from a regulatory and compliance viewpoint," he says.

Given the new stringent regulations, therefore, it is essential to know how to adapt, both locally and globally.

From a bank's perspective, Wellington Ong, managing director, head of relationship management for Standard Chartered Private Bank in North-east Asia, says this means ensuring suitability in relation to a client's investment profile and the products they are buying. "This requires RMs to be able to address client concerns by explaining the new criteria to them."

At the same time, there needs to be a lot more education for clients on the needs and realities of the regulations to drive their investment decisions, adds Ong.

But it is critical to know everything about a client, not just what the regulations call for.

"While I agree that we clearly need to comply with the ever-complex regulatory environment, at the same time, as bankers we must always ensure we understand our clients' needs," says Hansruedi Kern, managing director, chief operating officer at Lombard Odier Darier Hentsch in Asia.

For advisers, more than ever before, it is all about demonstrating that they can bring value to their clients and the overall relationship.

"Regardless of whether the client is self-directed or wants an adviser to manage their funds," explains Samuel Suen, head of ANZ Private Bank in North and North-east Asia, "the adviser needs to show that they can offer something relevant and value added. This was taken for granted during times of bull markets."

It comes down to organisations gaining – or in some instances, trying to regain – the trust of their clients.

Wellington Ong

Standard Chartered Bank

"There needs to be a lot more education for clients on the realities of the regulations to drive investment decisions"

Adds Colin Day, vice president for SunGard's Ambit Wealth & Private Banking business: "Unless they are able to connect with their clients and get visibility over their portfolios, RMs cannot possibly service them effectively."

This requires wealth management firms to provide their RMs insight to their clients.

"Research we have recently conducted with Scorpio Partnership across five

Asian wealth advisors immediate priority developments for their businesses

TOP PRIORITIES
1. Business intelligence
2. CRM systems
3. Risk management tools
4. Financial planning tools
5. Recruitment of front office staff
6. Investment research, live market news feeds
7. Training
8. Compliance tools
9. Portfolio modelling tools
10. Branding, marketing and advertising

Source: SunGard's "FutureAdvisor Asia" report, conducted by Scorpio Partnership

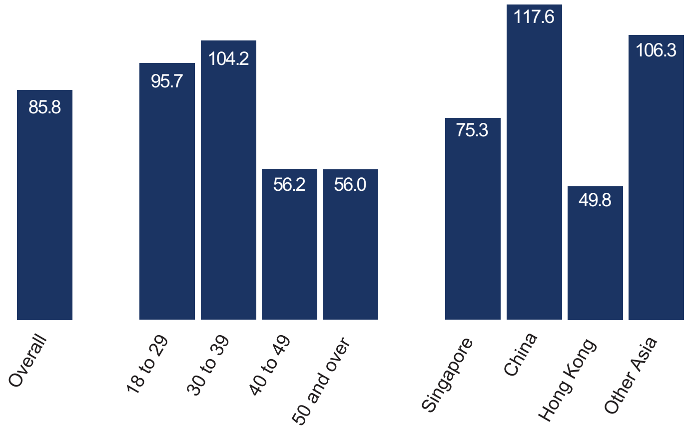
key markets in Asia highlighted that the average RM manages between 80 and 120 clients which is considerably more than the global RM-to-client average," explains Day.

When servicing this number of clients, it is difficult for the RM to have in-depth knowledge and understand what each client wants and their specific needs, he adds.

That relies on organisations putting in place the right infrastructure. They can then ensure their RMs have the sufficient knowledge, presented in a timely fashion, and the ability to pass this on to clients.

Client-Advisor ratios

In your own role, if you deal with private clients, how many clients do you personally manage?



Source: SunGard's "FutureAdvisor Asia" report, conducted by Scorpio Partnership

USING RELEVANT TECHNOLOGY

Providing value requires banks to empower and equip advisers to offer the right information to clients.

For a bank like Lombard Odier, which is owned by its partners, even though it is able to focus purely on private banking, removing any conflict of interest with any revenue pressure from corporate or investment banking, Kern says the tools for clients are still the same. "It is all about making it simple and understandable for clients."

DBS, for example, has found that clients are not interested in product selling. So the focus is on usability through the application of technology to provide information to customers in the way they want it, in a way that enables them to self-serve, says Ketan Samani, senior vice president, ebusiness, consumer banking group at DBS Bank. At the same time, this allows connectivity to the RMs.

But there is no quick fix.

It is often the case that many international banks have taken the technology platform and systems which have worked well for their European business model and tried to "shoe-horn" them in to the firm's Asian business, says Day. This hasn't worked well, he explains, because, in part, of the different businesses prevailing in the region, namely the execution-only wealth management model.

"On the flipside," adds Day at SunGard, "the domestic and regional Asian banks have typically moved from a retail or priority banking focus to manage the aspirations of high net worth clients. Yet there are challenges in doing this as the products and services for wealthier clients are very different from what is offered to the mass

Colin Day
SunGard

"Unless they can connect with their clients and get visibility over their portfolios, RMs cannot service them effectively"

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a week is spent on
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The changing face of Wealth Management in Asia

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- What do you need to be competitive?
- Which channels should you be using?
- Why can you be confident about the future?

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market, so their technology platforms need to be adapted."

To try to deal with these challenges, more and more organisations are shifting their focus to the front office.

This aims to equip their RMs with the knowledge, visibility and insight into the clients' book of business in order to secure a larger share of wallet.

"Total visibility over a client's wealth is required to service the client effectively and facilitate financial planning as much as it is sought after in Asia," says Day.

From the private banking perspective, the wider range of products and services for clients – including in some cases customised transactions typically available to institutional investors – can create challenges with valuations, performance and calculations.

"So it is important to have the right infrastructure in place to provide accurate information to ensure a better client experience," says Hoong-Shen Wong, head of client reporting and output, Singapore / Hong Kong, at UBS Wealth Management.

Yet the issues are wider than clients only understanding their statements.

Hoong Shen Wong

UBS Wealth Management

"It is important to have the right infrastructure to provide accurate information to ensure a better client experience"

> The smart use of technology to encourage proactive, appropriate and timely conversations has become a priority for many wealth management organisations.

Hansruedi Kern

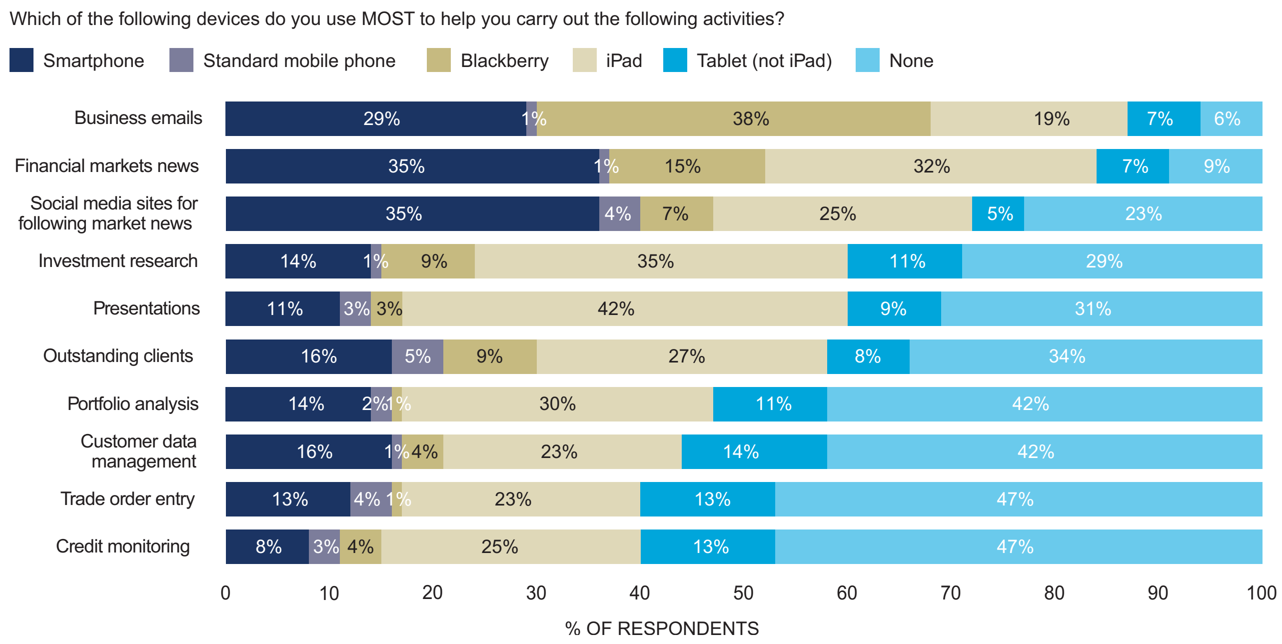
Lombard Odier

"Automating the processes is required for organisations and advisers to become more efficient in their interactions with clients"

The whole challenge of client connectivity and communication starts with the RM and ends with the back office. This needs to be part of an overall journey, adds Sawkar at Deutsche Bank Private Wealth Management.

It is also about ensuring consistency across various channels, says Panos Archondakis, executive director, channels and workbenches, at UBS Wealth Management in Asia Pacific. This helps to ensure that information is not being presented to clients via one channel which does not match what they see through another channel.

The usage levels of mobile technology for Asian wealth managers today



Source: SunGard's "FutureAdvisor Asia" report, conducted by Scorpio Partnership

"In particular, advisers need to see what the clients are able to view, to help drive conversations that are relevant to each client," he explains.

Another key thing from a technology perspective is to navigate and manage the tension between the regulatory requirements and the needs of clients as these evolve.

As a result, Archondakis at UBS Wealth Management says it is important for organisations to find ways to engage with those clients who expect more from a technology perspective, yet while still being in line with the various regulatory requirements.

Organisations must also be vigilant about preparing for the future. "As best they can, [wealth management firms] need to consider whether the investment they make today is going to serve their needs over the next three to five years," says Day.

Further, banks need to be able to use technology to address the needs of the next generation of entrepreneurs, who have grown up in the digital age.

"This group will form a key part of the client base going forward," says Ong at Standard Chartered Private Bank. "Despite the personal aspects of private banking, organisations do need to understand how technology can help service the needs of the more tech-savvy clients."

Samuel Suen

ANZ Private Bank

"I want to see my bankers be able to do performance measurement reviews... with the tools at their fingertips"

Doing more with client data

Facilitating better client connectivity also relies on wealth management organisations using their existing client data more effectively.

"Banks need to overcome the challenges in tying together various systems across different business lines to access relevant data and extract value," says Arjan de Boer at ABN AMRO Private Banking, "for example to see average return-on-assets per RM per market."

Data is needed to determine how much profit the institution generates out of a particular client, says Colin Day at SunGard. "This then provides visibility over the entire relationship."

In addition, the data gathered during the KYC and onboarding process can further be used to help drive business.

It is also important to determine how to leverage data to make the right amount of information available to RMs. And in a way which is easy to understand and then have relevant conversations with their clients, adds Sachin Sawkar at Deutsche Bank Private Wealth Management.

"To make it useful for advisers, data needs to be provided in bite-sized ways," says Day. "RMs cannot be expected to mine and use data from multiple systems. Plus, they need it to be available in a mobile, real-time format."

This is important to clients, too, because they want to be able to have a dialogue with their RM at any point in time, from wherever they are in the world.

"The timeliness of data is critical," emphasises Panos Archondakis at UBS Wealth Management, "especially as advisers have more tools which allow them to discuss different data with clients. All data has to be accurate and complete at any point in time."

GETTING ADVISERS ENGAGED

While technology should be seen as an enabler in the process of connecting with clients, it also relies on advisers who are first interested, and then proficient and efficient, in using the technology to make the most of the investment.

Deploying technology, either for staff or customers, should be done based on understanding the role it will play in serving the particular need, explains Samani. "It shouldn't just be about rolling out technology as part of a broad strategy or macro plan."

It then comes down to whether the RMs have a good enough understanding of the technology to feel confident to use it.

That isn't always the case – which then comes back to the usability of the technology.

The problem is that some RMs think too much technology can take them away from having the right conversations with their clients, adds Samani.

The opposite is true, however, for ABN AMRO Private Banking, according to Arjan de Boer, the firm's managing director, head of private banking, North Asia. "We have found that our apps that enhance productivity and research dissemination have been well-received by our RMs. We are also developing apps that enable clients to access information easily, for example their portfolio statements."

Adds Ong: "In my experience, RMs are open and motivated to using certain tools to make it easier to access key information about their clients."

However, determining the substance and quantity of content to make available is a challenge, he says, made more complex as a result of different regulations in individual jurisdictions.

Ensuring the devices which contain client data are secure, and that RMs use them responsibly, presents a big risk given the regulatory spotlight post-2008. This is important when RMs travel overseas to meet clients.

"We continue to grapple with how to deal with cross-border guidelines and using technology to enforce this," says Sawkar. "The key is defining communication given the information overload."

Arjan de Boer

ABN AMRO Private Banking

"Our apps that enhance productivity and research dissemination have been well-received by our RMs"

Technology in the form of the provision of pre-trade compliance rules can help protect both the business and the RM, says Day, depending on the individual client and their location, and in turn reduces the risk of mis-selling.

"We have found that the tools we need to deliver and which are appropriate in different markets depend on the different client needs," says Wong at UBS. "For example, in Asia Pacific, currently most clients demand a more brokerage-oriented type of service. This means that European tools that are asset allocation-focused do not get engaged by RMs given they don't have such conversations with clients."

DRIVING PROFITABILITY

The way organisations design and implement technologies and tools to try to enhance client connectivity should always be based on how they can increase the profitability of each client relationship.

The key is for banks to create systems which drive efficiency, such as consolidating the way they communicate with their clients.

"Automating the processes is required for organisations and advisers to become more efficient in their interactions with clients," says Kern.

It is also important for clients to be able to convert information they get sent into orders and to execute it on their own if they want to, he adds.

And given the highly-regulated nature of the wealth management industry today, it is important as part of the need for automation to get all the interactions with clients into a systematic process, to efficiently and effectively track compliance to the regulations, adds Wong.

Suen at ANZ Private Bank says he would like his bankers to be able to do performance measurement and asset allocation reviews, at least on a quarterly basis, with the tools available at their fingertips.

With the limited time that RMs have available, Archondakis says that by making high-quality data accessible in one place, it would help client advisers prepare for their meetings, and do so quickly and efficiently.

"This would enable them to gather the relevant material they need to have the right type of conversations with their clients and better manage their relationships." ■

"The way organisations design and implement technologies and tools to try to enhance client connectivity should be based on how they can increase the profitability of each relationship."

Q&A

HOW TO GET INTEGRATION RIGHT

Mathias Schuetz, general manager, Western & Southern Europe and Asia Pacific, at Avaloq, looks at what it takes to ensure smooth interaction of new adviser technology and tools, with a view also to how requirements are likely to evolve.

What are some of the key issues to consider when integrating new technology and tools into the rest of a bank?

Strong collaborative work and strategic discussions within an organisation, especially across all functional areas which are affected by the implementation, is required.

It is important that both the technology supplier and the bank work closely together to ensure efficient project management and the successful implementation of the new system and tools.

Banks need to be able to trust their technology partners and be able to fully rely on them.

Avaloq, in the 25 years of its existence, has won the trust and partnership of a first-class community of the world's leading financial institutions.

How can this implementation and communication process be made as smooth and efficient as possible?

Following clear strategic guidelines is key to a smooth and efficient implementation. Each team and its individual members involved in the process need to be fully aware of their respective tasks and duties within the project.

Only then can you ensure that responsibilities are assigned correctly and followed effectively.

Another important aspect when implementing new solutions is the attention to detail and rigorous testing. New systems as well as new releases need to undergo thorough qualitative checks before the products go live.

How can you ensure that the maximum value is provided through the integration?

The Avaloq Front System precisely addresses this important aspect tight integration of new technologies into the rest of a bank.

The system offers an open, flexible and service-oriented approach which makes the functions of the Avaloq Banking System directly accessible to clients and client advisers.

The Avaloq Front System is optimised for access to the Avaloq Banking System and provides its functions via web services over a wide variety of media (smartphones, tablets and the web).

As a result, the quality of the available data, the processing in real time and the new opportunities for interaction, create an appealing banking experience for both the adviser and the client.

Mathias Schuetz
Avaloq

What approach should banks take to developing their platform to allow for future needs to be accommodated?

A good platform should be built by developers which understand the needs of the bank thoroughly.

Taking a simple approach by just writing down specifications, sending them over to an offshore development centre and then sourcing the development of the software based on specification is not good enough. Instead, it is about defining industry standards for processes and operations.

Our employees literarily innovate and co-design the future of banking as close as possible with our customer community. That is one of the reasons why we located our two development centres in very mature financial markets: one in Switzerland and one in the UK.

Moreover, we built up dedicated product localisation teams in each of the locations in which we are present making sure we thoroughly understand the specific requirements of a market.

What differentiates banking technology providers in terms of their partnership approaches with clients?

Banking technology providers have to be strategic partners for their customers. It is a long-term commitment for both the provider and the bank to work together and to build a common foundation for the future of banking.

We are very proud of having a 100% success rate in implementing the Avaloq Banking System with our customers. Some may say it's the "Swissness". We call it partnership. This is essential in the banks and our business.

What does it take in today's environment to stand out as a solution provider for the front office?

The front office is a key differentiator for every bank. In addition, new technologies such as mobile banking allow multi-channel client experiences.

At Avaloq, we are convinced that the role of the front office and mobile banking will further evolve and gain importance. Therefore it is crucial that all front-office applications and technologies are tightly integrated in the overall banking platform to not only avoid data redundancy but also to ensure consistency, security and functional broadness in all the areas the modern customer asks for banking services.

Further, following an integrated approach will help banks to achieve best time-to-market for client experience innovations – which is key for every bank in successfully winning and retaining clients.

What are some of the issues banks need to consider in relation to self-servicing front channels? Can these be independent from those used by relationship managers (RMs)?

Self-servicing front channels need to provide the highest level of usability and value-add to the customer. In addition, the bank asks for the highest security standards.

The combination of both – a strong security concept together with innovative bank offerings through mobile devices – allows banks to really make a difference.

However, I personally believe that self-service front channels have to be offered combined with RM interactions. In the end, clients expect a consistent offering throughout all the touch-points with their bank.

Case study

FINDING A CONSOLIDATED WAY TO MANAGE PORTFOLIOS

As asset managers look to offer a one-stop solution in terms of investment proposals, performance monitoring and portfolio advice, HP Wealth Management's Urs Brutsch, and Michael Foo talk with Mario Casty of Expersoft Systems about the software provider's answer: PM1e.

One of the biggest challenges independent asset managers face in today's environment is the ability to capture, at a glance, everything they need to know about a client's investments – and to do so as transparently and efficiently as possible.

Most high net worth individuals in Asia have three, or sometimes more, private banking accounts. So getting a comprehensive overview and reporting of positions and performance is vital for the asset manager to be able to offer relevant advice.

Expersoft's PM1e software looks to provide the data these advisers need in one place, in a user-friendly way, and enabling some element of tailoring to firm's requirements as they analyse, plan, implement and control investments. "The aim," according to Mario Casty, business development manager for Expersoft Systems in Asia Pacific, "is to consolidate information on several levels."

At the same time, any type of asset can be defined within the system – enabling independent firms to include and consolidate a variety of bankable and non-bankable assets on a single system.

This is essential given that banks classify different instruments and assets in different ways, using different formats and with different valuations, added Casty.

Mario Casty
Expersoft Systems

Further, there are differences in the approaches that each bank takes to transaction data and validations. Even internally at some global banks, the systems they use from one location to another are different.

A one-stop approach

As an independent asset manager, a key objective for HP Wealth Management has been to increase productivity of the firm's advisers by integrating and automating many workflows that formerly stretched across multiple tools, or were performed manually.

"We want to ensure our portfolio managers and client advisers have access to information in as timely and comprehensive a way as they would in a large bank, to ensure they can make accurate and timely decisions for and with their clients," explained Michael Foo, chief investment officer and partner of HP Wealth Management.

Yet because of the firm's business model, working closely with several banks, HP Wealth Management cannot rely on the IT system of each custodian to provide the information required. "This means we needed a common system able to mirror the information about the client's position at each bank," said Foo. "This enables us to offer [clients] a true one-stop solution."

The chosen solution uses PM1e platform modules for daily bookings, portfolio evaluation and performance analysis, benchmarking, and order management, as well as customised client reporting capabilities.

This allows the firm's front-office to leverage a fully-integrated, best-of-breed platform for its advisory and portfolio management business. It also integrates seamlessly with market data provider SIX Telekurs to deliver real-time information for straight-through processing (STP).

Further improving data quality

While data can flow in various ways – through automated interfaces, spreadsheet import and manual entries – it all gets consolidated within the portfolio structure of the organisation. Different user groups accessing different data and portfolios then get online analysis and reports.

For each portfolio, Foo said the firm's advisers enter a risk profile and any relevant restrictions, especially if they are

Michael Foo
HP Wealth Management

"We needed a common system able to mirror the information about the client's position at each bank. This enables us to offer [clients] a true one-stop solution."

Urs Brutsch

HP Wealth Management

> We then need someone to manage a middle-office role to ensure that the data in our systems can be reconciled with the custodian banks.

quantifiable. "We then use the PM1e system to monitor potential deviations from the risk profile and restrictions."

"We then need someone to manage a middle-office role, between us as the front-office and the banks as the back-office," added Urs Brutsch, managing partner and founder of HP Wealth Management, "to ensure that the data in our systems can be reconciled with the custodian banks."

This provides the risk management role to cross-reference each client's portfolio against the investment strategy, risk profile and any restrictions.

"In Asia, a lot of banks think first about the possibility of hiring people to do manual inputting," explained Casty, "whereas this isn't possible in Europe, where labour costs are much higher."

Yet there is always a need to have an individual in charge of the reconciliation, he added, regardless of the sophistication of the interface and automation.

When looking at the flow of data between the banks and the asset manager, while the quality of output is relatively high, and consistent, there is, however, a variance in relation to the timeliness of the information that the banks send to HP Wealth Management.

For example, said Foo, if the firm is looking to put on a trade with five different banks for a particular security, it won't receive the relevant advice from the banks at the same time or in the same format. "This complicates the process of maintaining the data and prevents us from using the system solely to make timely investments decisions," he explained.

Striving for greater automation

Ideally, asset managers want an almost real-time system which is integrated to the back-end of their custodian banks. This would mean that as soon as client information is updated at each bank, this is reflected in the asset manager's system, too, said Foo.

Taking it further, this would facilitate STP. "Such two-way connectivity is highly-desirable for us to be able to operate as effectively and efficiently as we would like to," he added.

Going forward, Foo said there is also potential to incorporate a deeper dive into the risk management components of their portfolio.

So, in addition to him using the PM1e system to tell clients the positioning of their portfolio and asset allocation, and then drilling down further to individual performance, he said he would like to see a more analytical tool which can provide scenario analysis and value-at-risk calculations. ■

PM1
Portfolio Management One

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Expersoft PM1 is the comprehensive and versatile portfolio, wealth and asset management suite.

PM1 offers financial service providers an unrivaled and ever-expanding breadth of capabilities to analyze, plan, implement and control investments and risks within one flexible, integrated, and easy-to-use environment.

Building on the all-round PM1 Standard module, Expersoft combines and tailors the various PM1 modules to solutions, which precisely meet customers' requirements in scope and scale.

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Q&A

WHY IT MUST BE AT THE HEART OF EVERY WEALTH BUSINESS

Kannan Vijayaraghavan, executive director, business technology head at Bank Julius Baer in Singapore, looks at the increasing importance and value of the IT function being more closely aligned and integrated within the business.

> Clients are more technologically savvy. They are more aware of what services can be provided through technology, so are more demanding in terms of what they expect from their bankers, and also the speed at which they expect it.

What has changed in the way in which technology is used to enhance the client experience today?

Over the past few years, technology has become ubiquitous, enabling a lot of change in the wealth management industry. At the same time, clients are more technologically savvy. They are more aware of what services can be provided through technology, so are more demanding in terms of what they expect from their bankers, and also the speed at which they expect it.

I see this as creating opportunities rather than challenges.

Technology has become cheaper and much more flexible in recent years, so it makes sense for us to leverage on it to reach out quickly and effectively to all stakeholders.

How do you deal with the vast amount of data which gets created on your clients?

Data management is a very specialised subject, and the only way that the IT function within any bank can achieve this is by understanding what the data means.

Kannan Vijayaraghavan

Bank Julius Baer

What have been the drivers behind the creation of the new RM "workbench" at Julius Baer?

The most valuable resource for any private bank is the time of its front-office staff.

It is possible to build a system to do more trades per minute, for example, but a relationship manager (RM) can only have one conversation with one client at a time. And given the ratio of RMs to clients in Asia, it is essential to make the front-office as efficient and productive as possible.

Fundamentally, RMs need to know everything about a client's personal, business and financial information to be able to manage the relationship effectively.

At the same time, RMs must follow certain processes and documentation requirements to get things done internally.

The RMs therefore need all information about any client at their fingertips, to enable the RMs to focus on the individual conversation to ensure it has more depth and meaning.

Yet this is only possible if there are strong partners within the business who are able to take ownership of the data and ensure it is correct and complete.

Otherwise, data cannot be defined in a correct and complete manner.

How do you think business people can contribute in this way?

In many cases, the business side doesn't fully realise the dimensions and extent of the ownership it already has with the data.

Often, the business side doesn't tend to understand the IT aspects and can shy away from conversations with technology colleagues.

For instance, they may not necessarily understand the full workings of IT in the same way as they might, for example, with compliance, credit or other functions.

"The RMs need all information about any client at their fingertips, to enable the RMs to focus on the individual conversation to ensure it has more depth and meaning."

Feature article

MAKING BETTER USE OF THE DATA GOLD-MINE

Wealth management organisations are jostling to create what they consider to be the best client experience – and then make this tangible. Properly leveraged, the data already stored in their platforms has the potential to transform their business.

The main goal for most players in Asia's ever-more complex, regulated, costly and competitive wealth management industry is to improve the relationship management process in a way that makes a positive impact on the bottom line.

So how can they actually achieve this in reality?

Often overlooked, client data can be a key differentiator in driving revenue and profitability in firms of all types and sizes. That is possible with a clear,

> "The things that organisations already know about their customers, as well as what they could potentially find out about them, present a lot of opportunities to explore."

practical process or strategy for collecting, sorting, managing and disseminating existing and new data.

The things that organisations already know about their customers, as well as what they could potentially find out about them, present a lot of opportunities to explore.

"The industry should leverage the data it already has on its customers to provide a better client experience and help relationship managers (RMs) engage them in more effective ways," says Simon Clare, product manager, Anova, at DST Global Solutions.

This will enable firms to proactively provide new insights and data-points to clients and advisers, to improve the overall service offering, as well as support management in making data-driven business decisions.

Tied to this is making banks better-placed to service the next generation. Further, a more comprehensive strategy and process around data will also be effective in tackling the various regulatory requirements and restrictions all participants face in relation to which data can be used and made available in the process of advisers interacting with clients.

Simon Clare

DST Global Solutions

"Organisations can harness data into specific insights which can be fed to RMs, and also clients, to improve the overall service offering"

"Organisations need to be more granular in response to the tougher regulatory requirements on them," adds Peter Staub, chief executive officer of Swiss software provider Allocare.

THE RIGHT DATA

There is a pressing need for data-related solutions to handle multiple existing platforms which are also multi-level in having to meet various wealth segments and tiers of clients where the level of personal interaction is different.

For instance, the reality of the business environment now demands wealth management organisations build systems and functionality that can provide a seamless experience.

This is increasingly the case given the challenges in delivering data to clients through the right channels – along with the need to remain in step with the proliferation of tablets and other mobile devices as part of the advisory process. The benefits are not only for clients, but also internally across different functions.

Today's senior executives are under increasing pressure to monitor and react to key objectives, including growth, regulatory and risk control, staying relevant against new competition and operational efficiency and oversight.

Yet, generally speaking, these individuals do not have the information available to track these topics and be able to make informed decisions, says Bill Cassidy of SEI Investments (Asia).

One of the reasons why firms can't do this already, adds Clare at DST Global Solutions, is because data often exists in silos. "So it is very difficult to contextualise it to help it be comparable

> "Wealth management firms would learn a lot from paying more attention to how data is used in other industries."

Bert-Jan Van Essen

Assentis Technologies

"Banks need to provide more targeted information to clients in a way that is directly relevant to them"

and therefore used more effectively," he explains.

That puts having the right data, and being able to access it in usable, client-specific ways, on top of the wish-list for the business going forward.

Another challenge lies in the culture and creativity hurdles within many wealth management firms.

For example, says Clare, many organisations simply see themselves as offering products and services to clients, so therefore tend to look at what they can bring to the client.

Instead, firms need to look at the data they have, and then match that against what customers want, to be able to find creative ways to leverage useful information from it.

To differentiate themselves, wealth management firms need to present their customers with a comprehensive view of all client data – whether that is investment goals, transaction history, or unified managed account / unified managed household information, explains Cassidy at SEI Investments (Asia). "Further, clients today want access to their account information when they want it, how they want it."

It seems that wealth managers would learn a lot from paying more attention to how data is used in other industries. Companies like Amazon and Google, for example, have built their business in exactly this way.

BEING MORE BESPOKE

Bert-Jan van Essen, head of Asia Pacific for Assentis Technologies, agrees that banks must deliver more targeted and relevant information to their clients. And to add real value, this should be done in a way which is more accessible, and in context.

While banks hold a lot of information about the markets, and then look to translate this into products and research which bankers can bring to clients, this often isn't approached from the client's perspective.

Further, it is impossible for any RM to provide clients with the exact content they need, as the information-set available to them is just too big. Plus, clients drown in non-tailored, "push" material from all research and product groups in the bank.

"In many cases today, when clients look at how their portfolio or individual stock has performed, there is no context," says Van Essen.

"So banks need to provide more targeted information to clients in a way that is directly relevant to them, which means based on what the clients' peers are doing."

Only by using data properly, and delivering it in this way, will banks be able to get closer to their clients, he says.

Case examples include: access to peer groups ("what are my anonymous peers investing in?"); or real-time views on client reports ("what is the market and research context to my portfolio holdings and reports?").

"Only by using data properly, and delivering it in this way, will banks be able to get closer to their clients."


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> All of the reporting requirements in today's environment require clean data.

Banks are well-positioned to retain the ownership of their clients and the relevant data.

But, explains Van Essen, they need to look at how they can adapt their business models accordingly and use their data in a more tailored way.

"This means, in short, delivering socially-enabled tablet applications that will enhance the capabilities of RMs to advise their clients better," he says.

MAKING DATA MEANINGFUL

Wealth management firms need to look holistically across their businesses – rather than at data in silos – to make data useful as part of the relationship-building process.

The aim should be to differentiate and focus the customer from the initial engagement throughout the lifecycle of the relationship.

"There is a huge gold-mine of data sitting there in many organisations waiting to be utilised," says Clare.

Otherwise, data will remain fragmented, incomplete and insufficient to deliver reporting to management or clients in a way that provides insights.

To be practical and applicable, it should give clients an easy way to assess their performance and make investment decisions; and management the information required to support data-driven business decisions, or to identify any overlaps, or gaps, within the business.

More specifically, for data to be meaningful, it needs to be able to provide details on from where the customer came to the firm in the first place, or background on ongoing interactions, or a summary of transactions and preferences to date.

Only then is it possible to plot expectations for the future.

In particular, it is increasingly important for wealth management organisations to have a line-of-sight to third-party custodians so they are able to report on and trade client asset positions held, adds Cassidy.

With an ever-greater variety of instruments and asset classes used today, including over-the-counter products, it is essential to provide fair values.

This requires there to be detailed static and price data.

"All of the reporting requirements in today's environment require clean data," adds Staub at Allocare.

Yet he says the challenge in relation to this is that every custodian provides data in a different way and in different formats – from "csv" to "Swift" to "xml" – and that sometimes it isn't even complete data, therefore requiring manual input.

Advisers also need information about client portfolios and performance at their fingertips – regardless of whether they are in or out of the office.

"Providing a comprehensive view of the relationship, including held-away assets, will put advisers in a valued position as someone who can provide holistic advice about their complete

Peter Staub

Allocare

"All of the reporting requirements in today's environment require clean data" net worth, leveraging all data points for the client," says Cassidy.

This enables them to understand the key touch-points to deepen and broaden each relationship.

RELATIONSHIP-DRIVEN DATA

Managing and providing data for customers on a segment-by-segment basis is critical to take any relationship to the next level.

This is a difficult balancing act.

While some clients interact on Facebook, for instance, others steer clear of technology altogether, preferring the more traditional personal contact as part of the relationship management process.

Yet even for clients who are not technologically savvy, banks need to have the data and systems in place if clients need or want to access it at any point.

In line with this, banks need to get some key components right, including: the portfolio statement to show the performance and position of a client's portfolio; and email communication, to ensure data security.

Looking further forward, using data smartly is critical to be able to satisfy the needs of the next generation.

This group tends to be far less likely to sit down with a banker for one to two hours to create a financial plan or look through their portfolio.

Instead, they would rather be able to access it it easily and quickly at their own convenience. ■

The role of data in a regulatory minefield

Against the backdrop of today's ever-changing and increasingly-complex regulatory environment, both across Asia and globally, the focus on the quality, consistency and accuracy of data needs to be sharper than ever before.

At least 30% of management time is now spent on ensuring they understand the real impact of regulation on data, say senior industry practitioners. At the same time, it is becoming more of a priority for all practitioners – from heads of technology to compliance officers to frontline advisers.

That different – and sometimes contrasting – regulatory requirements can exist in one jurisdiction to the next further accentuates its importance. For example, there are a growing number of risks around the concept of cross-jurisdictional data disclosure, especially given the internationalisation of clients and their assets.

In line with this, reporting rules around disclosure and tax are only likely to become increasingly intrusive, predict market experts. In turn, data integrity becomes even more significant in preventing situations where regulators feel the need to scrutinise the operations of individual organisations in more detail.

Putting in place robust processes to ensure advisers understand how they use client data in various situations and jurisdictions – and, further, to check they have actually done so – is a vital part of this. Plus, institutions need to be clear about how they transmit and manage data back into the organisation.

Proving they have done the right thing at every stage of the advisory process is a huge burden for banks, agree industry practitioners. This requires vast expenditure dedicated to collecting and organising the data in a way which the regulators want.

Regulatory barriers, in some markets, to the sharing of data between different divisions internally also pose problems in providing an efficient service and building profiles for individual clients.

From a more forward-looking perspective, however, while banks can't avoid the need to prepare for regulatory scrutiny, organisations should also view reforms as opportunities to create new products and review some of the ways in which they can be more efficient.

CREATING TAILORED SALES MATERIALS

Urs Tanner, chief executive officer of Assentis Technologies, discusses the importance of individualised sales materials and pitch-books to help organisations and advisers stand out in today's competitive landscape.

Why is there a need to improve sales materials generally within wealth management?

Even today, sales materials are mostly static and are not put in context with up-to-date investor information, for example the asset allocation of a current investment.

Often, sales information is not current, with numbers and figures from the week before, or even older.

Further, the building blocks of sales materials are not integrated. So, for example, fact-sheets for an ETF would be decoupled from a general advisory presentation.

Why are tailored sales materials important in today's environment?

Tailored sales materials are important in today's environment to improve the client experience and to provide a point of differentiation.

Wealth management is a business which deals with complex products, so these must be presented in an understandable way to an investor's needs and tailored to their level of knowledge about the products.

This helps advisers build up trust, to make clients feel that the bank understands them and therefore give them comfort to invest. In addition, regulators are asking banks to provide additional information to sales material – covering risks, profiles, or even on an individualised level, pricing of a product.

What are the challenges in creating individualised pitch-books?

Simply said, they relate to the combination of building blocks – to having them integrated in one document and in a consistent branding.

Look at the building blocks of an integrated pitch book for instance: it starts with a presentation about the wealth manager, it may contains additional information of the relationship manager (RM), followed by a highly-tailored investment proposal, complementary product information and of course a disclaimer.

The content of a disclaimer itself depends on several factors, such as citizenship, domicile, and the offered products, and this all in several languages.

A few years ago, banks started to implement pitch-book applications and sales-document applications in PDF format.

Urs Tanner

Assentis Technologies

While those documents were integrated, they lost some of the required flexibility, for example in adding or removing content, or creating new slides.

Especially today, when advice is delivered on a more personal level, RMs must have the chance to influence the sales material, he explained.

They cannot any more just rely on, for instance, the automatically-generated sales material.

How do you create individualised pitch-books?

This requires a combination of technology and organisation. The process of creating sales materials must be split into more roles than exist today – covering content providers, slide designers, business-rule experts, product specialists and RMs.

More specifically, after content is provided to the platform and given business rules, experts in the product management and sales should create so-called virtual presentations. This means a sequence of slide-based presentations enhanced by rules and dynamic data.

A wizard then guides RMs to gather the relevant data, together with other CRM data, to apply the virtual presentation to a specific pitch-book, highly tailored to the clients' profile and needs.

What is the role of account statements and client reports in cross-selling and up-selling?

It is important to remember that there are more to a bank's sales materials than pitch-books and fact-sheets.

More and more banks are incorporating sales materials into account statements or client reports. In these cases, sales materials have to be individualised.

What's the outlook for the eco-system of client communication?

The eco-system of client communication in banking follows the demand to improve the client experience while increasing trust.

So it becomes more and more essential that sales information is not just integrated, but also tailored to its communication channel, such as internet or mobile devices.

"Tailored sales materials are important in today's environment to improve the client experience and to provide a point of differentiation."

Feature article

THE CLIENT ADVISER PERSPECTIVE

Client advisers from a number of private banks and other types of wealth management organisations say they lack various software and systems to service clients more effectively and productively.

When it matters, client advisers often lack the tools and systems they say they need to give clients the best service possible – generally meaning the information they want, and in the format they ask for.

This is the situation across a variety of private banks and other advisory-led firms in Asia, according to various advisers of all levels of experience – interviewed on condition of anonymity.

Some of the common, and biggest, areas of concern are summarised here.

SYSTEMS-RELATED SHORTFALLS

When trying to service clients as effectively as possible, frequently-heard complaints among advisers

"Client advisers often lack the tools and systems they say they need to give clients the best service possible."

relate to the fact that there are too many systems, or that they are separate. Either way, this makes it difficult and time-consuming to keep track of the various components.

"For example," says one adviser, "if I meet a client, I need some output from the KYC system to see if any documents are missing, the portfolio management system to assess the current portfolio, and the meeting management system to review what we discussed last time. I also need to see the latest proposal from my chief investment officer." As a result, he explains, a consolidated tool would be very useful.

Another adviser says that even at her firm, while there is a main trading system, there is still a requirement for advisers to go into sub-systems for specific asset classes.

"Ideally, we would only need to use one platform that accesses the whole system and seamlessly populates all information into the main CRM system so that I can get a better overview of all information, rather than trying to manually put it together in Excel spreadsheet," she says.

TOOLS AND FUNCTIONALITY FOR CLIENTS

A concern for some client advisers is the limited extent to which the systems and tools they use are designed with the clients' interests in mind.

Despite the stated management intention of being client-centric, delivering this in reality isn't always practical, or even possible.

"Despite the stated management intention of being client-centric, delivering this in reality isn't always practical, or even possible."

"For example," says an adviser at a large private bank, "most clients want to get a statement of their overall performance, including the income from the dividends, in their equity portfolio, for instance in the form of total return per annum or maybe year-to-date. But we don't really have that information as part of the statement, so we have to access it from another part of the system and then cut-and-paste it into an Excel spreadsheet."

A simple and predictable request by a client about whether they are making or losing money at a particular point in time gets complicated, therefore, because the bank is focusing instead on how they measure performance from a profit perspective, says the adviser.

For other advisers, they say they are frustrated by the lack of detailed internal reporting or tracking on what information is sent to clients. "I never know what the bank sends out to my clients," says one such adviser at a leading firm. "Sometimes I get calls from clients and they ask me to explain the details of a letter they have received. But I don't know what the content of that letter or information is, or that it was even sent out."

GAPS IN THE ADVISORY PROCESS

Some of the items on advisers' wish-lists tend to include better mobile apps – for example, which give them the possibility of creating fully-investible portfolios "on the go".

"This would enable me to sit down with a potential client, move things around a bit and create a professional proposal, in real time, which can be discussed and agreed upon," says an experienced client adviser.

It would also be helpful if potential conflicts to do with risk ratings or portfolio allocations were highlighted at the stage of generating a proposal and during initial discussions when face-to-face with a client, adds another adviser.

He explains: "By creating mobile apps and systems which think on an asset allocation basis rather than just a single investment basis, and through more integration of different systems, this could facilitate more relevant conversations with clients." ■

Q&A

THE LINK BETWEEN INVESTMENT PRODUCTS AND AMAZON.COM

Andrew Au, chief executive officer of AG Delta, explains why principles from e-commerce portals are relevant for wealth managers, too, to help them revolutionise the distribution of investment products.

What trends have you seen over the past 12 months in relation to investment products?

The business priorities have been to strengthen compliance measures to improve disclosure and selling practices. We have also seen a marked increase in market participants getting involved in initiatives that contribute towards a multi-asset class offering.

In many cases, product distributors are creating the demand, and product providers and independent solution vendors are providing the technology platforms to facilitate supply. As a result, we are observing increasing demand for more intuitive features relating to search, compare, quote, transact and analytics. This creates a user experience similar to what you would get with online retail e-commerce portals widely adopted in other industries.

What are some of these parallels?

The first one relates to product categorisation and catalogue search. A browsing experience on most major online e-commerce portals will demonstrate the value of appropriate categorisation and built-for-purpose search filters.

By way of comparison, with certain investment products, for example structured products, industry-led initiatives over the past few years have provided a mature taxonomy and metadata framework to enable a similar product categorisation and search capability. A natural extension of this concept across investment products enables a product comparison to be made across two or more products, or even against a benchmark index.

A second parallel can be seen in terms of business-to-business and business-to-consumer channels. Amazon.com caters not just for end-consumers, but supports a merchant partner programme for sellers to extend their distribution channels to the portal. Similarly, issuers and distributors of investment products require a solution architecture that supports multiple, business-to-business (issuer to distributor) and business-to-consumer (dealer to client adviser, or to client) channels. This enables flexibility to create a proprietary or open architecture wealth model.

It is also important to consider real-time online metrics as part of this. E-commerce portals such as Amazon.com employ technologies that compute real-time metrics, including product popularity, sales rank and related product searches. All of these metrics are displayed as visual dashboards for the relevant buyers and sellers.

A portal experience relating to investment products could be used by buyers (client advisers) searching for top-selling issues, top underlyings or product features within the electronic network. For the sellers (dealers), being able to

Andrew Au
AG Delta

view information such as statistics of what potential client advisers have reviewed, new product offerings or the percentage of requests for quotations (RFQs) versus actual trades placed for specific term-sheets would provide valuable feedback for constructing future product offerings.

There is a further parallel in terms of supply-chain and logistics. While Amazon.com is known for its online portal marketplace, non-users are less aware of the service and fulfillment centres that manage the pre- and post-sale logistics and supply chain between buyers and sellers. Similarly, a multi-issuer product platform would need to provide ubiquitous channel and workflow management capabilities to manage term-sheet indexation and retrieval, RFQs, transaction orders and post-sale event management alerts that need to be monitored and communicated online between manufacturers and distributors to end-clients.

What developments have you seen as the industry continues to invest in new infrastructure to support distribution of products?

- **Client adviser productivity:** Client advisers continue to request tools that will enable them to be more productive and spend more time advising clients rather than performing transactional tasks. For example, we have seen our customers continue to automate many previous activities between dealers and client advisers when handling price and execution requests. We have also added value in the area of post-sale support. This includes automated event and alert notifications provided to client advisers to support time-, price- or contract-based events, therefore enabling more proactive advice to be provided to end-customers.

- **Proprietary versus open architecture wealth models:** With more than 60% of over-the-counter volumes at the largest wealth firms being transacted externally with third-party providers, establishing electronic connectivity is a high priority so clients can be offered an optimal amount of product choices at a reduced cost per transaction. Any market-driven solution must be able to accommodate integration with internal and third-party pricing and execution venues. Communication standards leveraging financial information exchange for quote requests/executions are becoming more prevalent. This draws on past experiences with equities, bonds, foreign exchange and options.

- **Virtualising the adviser workstations:** As tablet and mobile technologies are adopted in financial services, we continue to see increased demand for solutions to provide a smooth transition between the workplace and meeting clients off-site. As with the Amazon Kindle, it may not be long before mobile or tablet usage of the business services described earlier become commonplace and revolutionise the end-user experience.

So what is your outlook for the engagement of online portals to support product offerings in the wealth management space?

I expect to see further adoption of electronic quote and execution for investment products over the next few years. As more online market places develop, many common technologies in e-commerce portals will present new opportunities for industry participants to address the transparency and efficiencies required position investment products appropriately in client portfolios. ■

KEEPING UP WITH IT SECURITY AND SOFTWARE INNOVATION

Martin Nokes, managing director for AdNovum in Singapore, explains some of the main IT security threats in Asia, plus looks at trends in terms of mobile banking in different sectors.

What is AdNovum's focus in Asia?

As a boutique software consultancy and engineering firm, we build bespoke business applications and security solutions, as well as advise financial institutions on software architecture, security and development processes. We operate throughout the region.

How does the approach of financial institutions to security in Asia compare with what happens in Switzerland?

In Singapore and Hong Kong, security levels are comparable with those in Switzerland.

However, these two Asian markets are more strictly regulated when it comes to IT security.

As a result, banks tend to be less proactive. They tend to follow what the regulators mandate or recommend.

What should banks be cognizant of in terms of security threats and gaps in existing systems and architecture?

New threats are constantly evolving, and these may lead to security gaps that need to be filled.

> "One of the biggest changes I have seen has been in terms of the professionalisation, or commercialisation, of the cybercrime industry. Hacking is no longer about isolated geeks trying to break into a system for the fun of it."

Martin Nokes

AdNovum

Mobile banking and cloud computing, for example, bring numerous new security challenges with them, not all of which are straightforward to address.

Moreover, one of the biggest changes I have seen has been in terms of the professionalisation, or commercialisation, of the cybercrime industry.

Hacking is no longer about isolated geeks trying to break into a system for the fun of it; it has become a "serious" business in the hands of criminal organisations.

And as banks enhance their defences to mitigate new threats, these organisations are already trying to detect and exploit the next set of weaknesses – which the victims are not yet aware of. This leads to a kind of arms race.

What trends are you seeing in Asia in terms of mobile banking?

Demand for mobile banking services is high in both the retail and private banking spaces. On the retail side, banks are generally doing a good job of meeting this demand. However, many banks need to invest in making sure that the customer experience is consistent across all channels, including e-banking and mobile banking.

For private banking, we see a trend towards providing extensive client reporting on mobile devices, in particular tablet computers.

In general, are banks as innovative as other industries when it comes to developing software solutions?

Yes and no. While banks used to lead the field, some other industries have caught up with them in certain areas.

At the same time, many banks are discovering technology as a business enabler and a way to enhance their profits.

These banks' software solutions are still highly innovative and I have no reason to believe why this should change in the future.

> "Many banks need to invest in making sure that the customer experience is consistent across all channels, including e-banking and mobile banking."