

Is Digital Technology Facilitating Faster, Cheaper & Better Wealth Management?

A panel of experts in the digital technology and wealth management spheres assembled to decipher the latest digitisation trends and whether these will ultimately improve the ways in which wealth management practitioners reach their clients and improve the client experience and, most importantly, help portfolio performance.

These were the topics discussed:

- *Is building digital distribution important?*
- *Will all the bank branches disappear?*
- *Build it yourself or PLUG & PLAY?*
- *What digital trends are we seeing elsewhere?*
- *Which technology solution provider do I choose?*
- *What are the consequences of not doing enough or anything?*
- *What is the client experience supposed to look like?*

PANEL SPEAKERS

- Namit Khanna, Sales Director, Finantix
- Yap Ming Hui, Managing Director, Whitman Independent Advisors
- Kelvin Lim, Head of Business Development, Asia, IRESS
- Dominic Gamble, Chief Head of Asia Pacific, Wealth Dynamix





EXECUTIVE SUMMARY

Panellists attending the second discussion at the Hubbis Malaysian Wealth Management Forum in Kuala Lumpur debated the importance of digitisation for wealth management in the current climate. Fintech provides the means to engage and enlighten potential clients who find wealth management tedious, by using goal-setting and smart tools. It can also empower wealth managers by putting technology at their fingertips, helping them to provide a high grade of service. Panellists agreed that digitisation does not mean the rise of the robots and the demise of the human touch; instead a hybrid approach should be able to meet the needs of all client sectors using different combinations of digital and personalised service to give wealth management the boost many believe it greatly needs.

ONE FINTECH EXPERT BEGAN THE DISCUSSION by saying that the perception of wealth management from the inside is very different to how it is viewed by consumers. “Wealth management company practices, especially some of the bigger brands, are not seen in a good light,” he explained. “Client acquisition is one area in which the fintechs are making headway, due to an increased focus upon client connectivity, robo-advisory and content marketing.”

“It is important to consider what drives these technological advancements, rather than relying



YAP MING HUI
Whitman Independent Advisors



NAMIT KHANNA
Finantix

upon the impressiveness of the technology itself,” added another expert. “We are never too old to learn new tricks; but offering clients the best service and finding ways to meet their needs are the reasons why some initiatives succeed.”

So, what can a tool such as a mobile app do for wealth management? “Certain client sectors such as the mass affluent and millennials expect a digital experience, unlike the older high net worth (HNW) set,” commented one panellist. “With this ‘digital disguise’, we can penetrate those sectors and deliver holistic wealth management in a modern, accessible way,” he added.

“Millennials do not have the big money, so why do they need to be targeted?” a delegate joked. “Wealth managers must be in it for the long game,” replied an expert, “as millennials stand to inherit from their wealthy parents and can also influence them through recommendations if they have positive experiences.”

Digital short-cuts

The panel then analysed the highest priorities currently in the world of digital development. “There is a push by regulators for wealth management firms to develop digital solutions for prospecting, onboarding and know-your-customer as digitally stored information is easier to access, regulate and keep track of than a paper trail,” explained an attendee.

“It is also important to focus upon making the job of relationship managers easier,” suggested another expert. “With all the information flowing around the world, it needs to be quick and easy for them to access it all and synthesise it to offer the best service to clients. Manually gathering information is time-consuming and inefficient so technology can streamline a lot of the processes.”

“However, wealth management is not going to become fully automated for a long time, and the reason is market segmentation,” observed one expert. “The retail segment has to deliver cost-efficient products which technology can now manage cheaply and easily, such as automated self-service tools. However, as you travel further up the wealth spectrum towards the ultra HNW sector there is much more call



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for a bionic or hybrid system, a combination of human and technology. This system empowers the relationship manager with technological tools to make them more effective and powerful,” the

delegate elucidated, “as well as providing a higher level of service and insight for this sector of demanding and discerning clientele.”

What can digitisation do for wealth management?

An expert then asked how wealth management companies can directly benefit from digital platforms. A delegate replied that digitisation should help to drive revenue, save money and increase efficiency. He added: “The ‘plug-and-play’ systems, as opposed to building a digital platform from scratch, can be up and running within six months, meaning that wealth management firms can see the results quite rapidly.”

“A recent survey suggested that wealth management is seen as ‘boring’ by some target sectors,” another panellist revealed. “In order to change people’s perceptions and get them more engaged in the industry, it is important to introduce goal-based planning. If you can get potential clients to see the value of managing their wealth to achieve their life-goals such as asset procurement, education and retirement by using accessible technology, there is a greater chance of those clients getting onboard and fully engaged.”

Digitisation: engaging clients, not the rise of the robots

“Fintech does not have to mean the rise of the robots,” argued an attendee, “it can simply mean providing more digital touch-points to engage the client. Wealth managers can be empowered by digitisation to meet the needs of these clients



KELVIN LIM
IRESS

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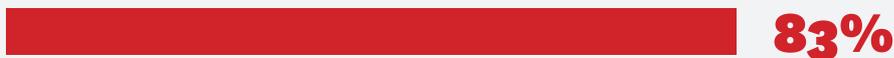
by sitting down next to them and using a tablet to instantly create a portfolio that meets their goals.” Panellists agreed that it is important to

DO YOUR CLIENTS WANT

The personal touch



A structured engagement with a robot



Source: Malaysian Wealth Management Forum 2018



choose which fintech to adopt according to the needs the particular solutions offered will be addressing. One panellist argued that most of the fintech solutions at the cutting edge of development were in fact nothing but smoke and mirrors, urging wealth management firms to consider carefully what was behind the glossy exteriors before investing in any digital solutions unless fully investigated and corroborated.

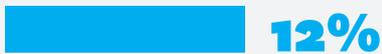
Another expert warned that a problem is that fintech start-ups often do not have a proven

track-record, whilst more traditional set-ups often have cumbersome, outdated offerings. “The most important thing is to choose open architecture for future-proofing and integration of new technology down the road,” he advised.

When choosing whether to outsource or self-build digital platforms, a panellist urged wealth management companies to consider a flexible approach. “Perhaps design the forward-facing parts in-house and outsource the heavy-lifting at the back-end,” he suggested to conclude the discussion. ■

DO YOU THINK YOU WILL BE REPLACED BY A ROBOT?

Yes - within 5 years



I hope so - I want to retire



Never



Source: Malaysian Wealth Management Forum 2018