

AQUMON – Redefining digital wealth management and empowering investors



KELVIN LEI
AQUMON

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What have been the contributing factors to AQUMON’s success?

There are four very important factors that contributed to our success within this sector. The first one is Big Data: You need to have a very big data centre, which at AQUMON, we have over 140,000 financial instruments in our database. We have over 50 years of the historical data, 120 million code data points. And also, we can deal with 500 million messengers per day, according to the system. And the second factor is the algorithm, the scientific modelling is really important because we will use this data in different kind of scenarios. For example, if the client is a bank, they may want a global allocation strategy, so we will have the data cleaning on the big asset classes.

And then we will do the scientific modelling on the asset allocation. For other institutions, they may prefer alpha solutions, for example, in commodity futures, we have specific databases and the solutions for their scientific modelling needs. Since it’s a B2B business, we need to have the client’s validation and also successful case studies to build our credibility. This is a very important methodology we utilise when servicing institutions. In Hong Kong, we co-operated with large insurance companies like AIA, and banks, like CMB Wing Lung Bank, and also many securities houses, such as Citic securities, BOCI etc. These successful cases gave us a lot of experience in dealing with large institutions, and helped to build our knowhow on IT frameworks and integration through APIs.

Last but not the least is regulation. We must be fully compliant to the regulators. For example, HKMA will act in the interest and protection of Hong Kong investors, therefore they need to review our systems before it is launched. Regarding this part, AQUMON has got the Hong Kong SFC licenses type 1, 4, and 9. Moreover, we help the institutions, our partners, to go through the regulatory procedures during their new product launches too. We have gained a reliable reputation among the institutions that we can solve some of the hardest problems.

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What are the upcoming goals for AQUMON in the next 1-2 years?

I think the next one to two years will be relatively quiet. It's a turning point for the industry. In the past, we see the wealth management industry serving only rich, this amounts to 60,000 billionaires globally. But now we are facing a brand-new market segment that is holding \$59 trillion in their hands, these are the mass affluent clients. Globally we've got 330 million people who fall in this category, but the institutions are not fully prepared to cover these clients with limited wealth managers. That's why the scientific investment management system will be useful for these financial institutions. And that's why I think in the next two to three years, institutions will pour a lot of money into the best performing investment management systems to better serve their clients.

From my own research, in Asia, institutions will put \$14.2 billion into this kind of system and the data analytical tools by 2025. So that's a large amount of money. I can see from my partners and our interactions that these institutions are hungry for these solutions that can solve their problems; from the banks, insurance companies and also large brokerages.

There have been a lot of new updates lately from the company, what are the differentiating services and products that AQUMON can offer clients?

The company has been speeding up our R&D in the past two years. Last year, we created a very exciting project, whereby we've had in-depth discussions with regulators first and then launched the product to market

shortly thereafter. The product is a Robo-advisor-as-a-Service system. I think we are the first ones in Asia who can use this kind of source format to connect with the institutions. The advantage of the RaaS service is that it provides the fastest speed of deployment. Before when we were white labelling for companies, it takes almost three months to six months to launch a robot advisor with the institution. But now it only takes us three to four weeks. So, it is very, very efficient.

The second advantage is that the system is embedded a variety model portfolios that can satisfy the different kind of requirements from the institution. For example, we can cover both fundamental strategies or core-satellite investment solutions. We've been working on this kind of scientific modelling for the past six years, and our team possesses an exemplary track record, which can meet the stringent and varying requirements from institutional clients. And finally, the system is fully regulated. For example, when we coupled with banks back in 2019, it took us nearly three months to get the approval from HKMA to launch the product. But recently, when we launched a robo-advisor with a broker, it took us only two days to go through compliance. It is amazing! We talked to the regulators and the process went smoothly; they knew what we are doing, and then in two days they approved the product so that it can be launched publicly.

So that's the first major product update is Robo-advisor as a Service (RaaS). The second one is SmartFund, which is also a very powerful tool. Through the product, we can select the best funds in different categories using our 400 factor analysis to identify the parameters of fund performance, fund managers and the fund

companies to give scientifically-driven advice every month to the investors. Since this product launched and we've been talking to over 20 different institutions, we noticed the importance and urgent need by retail investors for selection methodologies and tools to find suitable funds. Another exciting product, AQUMON's WealthTech business has launched is SmartAdvice – a portfolio diagnostic tool. We are talking to some large private banking clients now, and they want to use this kind of system to empower their relationship managers to give provide their clients with portfolio advice through inputting customised parameters, and to generate scientific investment portfolios through just one click.

This is a very powerful tool for the RMs and we are already collaborating with some institutions in deploying the product. So that's the three products we are developing and are very proud of. The first one is Robo-advisor-as-a-Service, the second one is SmartFund and third one is SmartAdvice.

What developments are you seeing in the management industry, especially within APAC?

Actually, I think the development in the wealth management industry is growing faster and faster. The first one is the increasing need of IT systems. So, we are very lucky in being forerunners. I think most of the institutions are realising that a lot of the back office administrative work can be replaced by IT systems and automation. The second step is the leveraging big data technologies and digitisation; a lot of the institutions are moving in this direction, especially in consideration of the investment management systems. And the third development is the rise of smart investments that takes advantage of algorithms and AI to facilitate the banks to

improve their investment system. So, I think, especially in Hong Kong, Singapore and Japan, and the big cities in mainland China, people are expecting more convenient, automatic investment experiences from the institutions.

Another very interesting development that we see are the changing perception and interest in digital assets investments from the investors. For example, family offices, private banking clients, and even some institutions, are starting to consider an allocation of 5% to 6% of their total assets into digital assets, such as cryptocurrencies. I believe the trend is quite steadfast. In fact, the Hong Kong Exchange announced recently, that they are going to have a digital asset exchange platform called a Diamond. We are looking for more information from that, but I do think there's a rising trend towards the crypto world in wealth management.

How else are the needs of clients changing? How can companies like AQUMON help support HNW, Family Offices and Institutions?

We see a real demand from the private banking side for technologies and solutions that AQUMON can provide. In the past, your investment position is handled by the relationship managers, their CIOs, and most of the private banking still use this traditional method. It would take the RM and the investment team four hours a day to generate some ideas, go through the market information, select the best financial instrument, writing a PBT, and before sending the proposal to the clients by email. That is not very efficient to be honest. With the technological systems we are running, for example, the SmartAdvice, we can reduce the investment device generation time

by 99%. What used to take four hours, through AQUMON's portfolio diagnosis and recommendation system, it just takes only one minute as we are able to livestream data and drive immediate predictive analysis and models.

We can match up the client's requirements with our proprietary quant engine to generate the investment portfolio and adjustments through one click. I do think the industry needs to be reformed and needs to be upgraded for greater efficiency using these types of financial technologies and systems. Through it, we can incorporate different kinds of asset classes, to include not only cash, equity, cash bond, mutual funds, ETFs, but also structure products and even some of the digital assets in the future. I believe the future of financial advisors will be closely linked to the development in the technologies that can empower their investment recommendations. ■

