

Wealth Management, The Digital Differentiator

C-Level Roundtable

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Introduction

On June 28th, 2022, Disruptive Tech Asia (DTA) collaborated with NEC, a recognised leader in Information Technology and electronics, and Avaloq, the number one financial technology and services provider for banking and wealth management, to host a roundtable discussion over a delicious brunch at the Ritz-Carlton, Kuala Lumpur.

The theme of the session was *“Managing Client Expectations in a Changing Digital Landscape”* and was moderated by Andrew Martin, the Group Publisher of Asia Online Publishing Group.

We have invited four wealth management and technology experts: Gery Dachlan, Managing Director South Asia & Australia of Avaloq, Alvin Lee, Head of Group Wealth Management and Singapore Community Financial Services, Maybank, Jefferi M. Hashim, Chief Executive Officer, CIMB Investment Bank Berhad, and Arvind Swami, Director of Financial Services Asia Pacific Red Hat. They were chosen for their substantial knowledge and experience with the major shift in consumer expectations brought by the wealth management industry's digitalisation.

DTA was able to put together a group of executives from several organisations. The breadth of participant experience allowed for lively discussion and invaluable knowledge sharing.

Breaking the Ice

Andrew Martin, Asia Online Publishing Group's Group Publisher, began the NEC Avaloq Roundtable with a thought-provoking statement: "People's expectations of customer experience have radically changed as a result of the pandemic." As mentioned in hundreds of publications, the pandemic as a factor of accelerated transition in businesses today is the harsh reality that we must embrace. While the transformation is not surprising, like with opening Pandora's Box, there is no turning back now, just onward.

According to statistics, customers are willing to pay more for a business that provides a better customer experience. What's more, as we have seen on social media and e-commerce sites, a recommendation has become a very powerful instrument for bolstering one's business. We came to the realisation that the higher the customer experience, the higher the recommendation. So, what exactly is customer experience?



Wealth Management: The Formula for Success

Customer experience is the overall impression your customers have of your brand throughout the buying cycle. It affects factors related to your bottom line, including revenue, as a result of their perception of your brand. However, the digital transformation of business has changed the way customers perceive their experience of the business.

While automation has taken over a big portion of businesses, human variation plays an essential role in providing a first-rate consumer experience. While digitalisation of businesses is inevitable due to the scalability it enables, it would render personalised human interaction, the fundamental value of customer experience, ineffectual. You must listen to your



"Customer experience does not directly translate to profitability."

Gery Dachlan, Avoloq's Managing Director for South Asia and Australia, opened his keynote speech with this statement. Customer experience is, of course, quite significant during a company's growth but how fast and efficient customer service may be is often the case. Customers don't always want a personalised experience; they just want to get their services done quickly and efficiently. Ultimately, customer experience and customer service are two sides of the same coin, both equally important and contributing to profitability.

In today's wealth management landscape, democratisation has become a vital step in gaining a competitive advantage over other financial institutions. This advantage, particularly in Asia, provides access to an underserved affluent market.

Gery proposed the following solutions for democratising wealth management:



Innovation: Simulation of material risk and growth portfolio risk. Asset tokenisation and the realisation of ESG products.



Individualisation: As a hyper-personalisation experience, provide data analytics and insights. 360° view for cross-border or BU. Of course, omnichannel engagement is accessible.



Industrialisation: Implementing cloud technologies and automation to provide seamless and swift operations. Providing a multi-tenant platform for a wide range of customer groups and geographies.

The Great Wealth Shift

Gery further added, "The impact of the pandemic's two-year span has shaken the global economy." Russia's invasion of Ukraine has added fuel to the flames, plunging the world into economic turmoil. Supply networks have been interrupted, the energy crisis has worsened, and most governments have raised interest rates to battle inflation. Investors are re-evaluating their investments, shifting to less risky investments, and shrinking the size of their portfolios.

The overall wealth is likely to expand at a consistent rate to USD \$280 trillion globally. Furthermore, the world is witnessing a historic generational wealth shift. In the next two decades, approximately USD \$60 trillion in assets will be transferred to Gen X and Millennials. The next generation of investors is well-versed in technology and expects their investment to pay off in the near future. As a result, technology innovation and advancement are riding high today to meet the demand from new investors.

The great wealth shift introduces important concerns for wealth management, including:



Rising client expectations: A new generation of clients now expects 24/7 service availability, the option of going fully digital, fully physical, or a hybrid of both, and more personalised services.



Intensification of competition: Financial barriers are lower than they used to be. New entrants are pouring in. Additionally, banking institutions increasingly face off against tech giants. According to these two factors, clients today will always choose the alternative that best meets their current demands rather than remaining loyal to a specific company.



Tighter financial regulations: Priority is now being directed to progressively integrating internal controls via technology. Of course, this necessitates high operational costs. Priority is now being directed to progressively integrating internal controls via technology. Of course, this necessitates high operational costs.

Technology and Wealth Management

Of course, technology has progressed and matured at a remarkable speed in recent years. It seems like only yesterday that we were learning about cloud computing and blockchain in their infancy. Today, many organisations have adopted cloud technology, and blockchain has been integrated into payments and even represents finance. Gone are the days when we would go to the bank and deposit X amount of money, then wait three days for it to be transferred to the other end. Today, you may transfer money online in a matter of seconds to anywhere in the world with minimal fees.

Of course, as technology progresses, data has never been more important.

"Data is a component of wealth," **Alvin Lee, Maybank's Head of Group Wealth Management and Singapore Community Financial Services**, told us, "and consumers expect you to use that information to provide hyper-personalised customer care." To some extent, several banks have begun to leverage first-party data to provide customised client service. And it will soon be an even better experience.



Red Hat's Arvind Swami, Director of Financial Services Asia Pacific, takes a different approach. According to him, it is critical to democratise technology so that it may be more broadly accepted by organisations. Going open-source is essential for implementing IT services at various levels of wealth management from the bottom up. The client experience can be fine-tuned for individuals by employing a fully customisable open-source platform.

The Digitalisation of Financial Institution

Malaysian financial institutions and banks are currently undertaking digital transformation and innovation in order to better serve their clients. According to **Jefferi M. Hashim, Chief Executive Officer of CIMB Investment Bank Berhad**, "Innovation for wealth management is more than just technology from a Malaysian perspective. An innovative mentality is required for Malaysian banks to invest in technology and compete with other financial institutions." Malaysian banks are currently looking into innovating KYC and AML first in order to ease financial pressure and invest more in the digital landscape.



Malaysia Wealth Management Landscape

As of today, a focus on the full digitalisation of Malaysian financial infrastructure will raise a number of challenges. Human elements are still necessary, despite the numerous limitations. Profitability is another concern. While AI and data management technology are crucial features today, for economic reasons, Malaysian banking facilities are prioritising other aspects of their services before progressing to the next stage.

Equilibrium

To wrap up the discussion, Andrew concluded, "In the end, what matters is balance." From customer experience vs customer service to profitability vs services, balancing is the most befitting approach for elevating clients' expectations in a changing digital market.



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