

# DRIVING THE DIGITAL REVOLUTION IN WEALTH MANAGEMENT

Indonesia's technology-savvy population is exactly the target audience for some of the digital innovations looking like they will disrupt the wealth management market, with panellists at the 3rd annual Hubbis Indonesian Wealth Management Forum 2014 in Jakarta in late October highlighting key industry themes.

**T**here is no doubt that digital technologies are starting to re-shape the wealth management industry globally.

And in Indonesia, where the adoption of mobile, digital and social technology is already widespread, the potential for disruption is very real, said panellists at the Hubbis Indonesian Wealth Management Forum 2014 in Jakarta in late October.

**AJAY MATHUR**  
ANZ



## TRANSFORMATIONAL

"Our discussions [in relation to technology] are about the way the bank delivers and

“ Digital solutions can help relationship managers (RMs) and financial advisers reduce the time spent on manual interventions, so they can convert that into being more productive ”

communicates its services, in line with changing client expectations," said Rheza Karyanto, head of wealth management services and product at Commonwealth Bank in Indonesia. "We see digital technologies as transforming everyone's personal and professional lives," he added.

This will come through digital communications and other developments increasingly becoming more and more important as part of daily regimes.

Indonesia's middle class and affluent segments are most likely to be the target

## PANEL MEMBERS

**AJAY MATHUR**  
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**RHEZA KARYANTO**  
Commonwealth Bank

**ANDREI BORSARU**  
Thomson Reuters

**BERT-JAN VAN ESSEN**  
Dragon Wealth

**FRANK MALTAIS**  
Princeton Financial Systems

**JASON HOANG**  
IRESS

of the digital revolution. But the same will be the case within the private banking segment, added Karyanto. "Although traditional private banking relationships will emphasize face-to-face contact, the use of technology can refine and enhance the relationship itself."

More specifically, digital solutions can help relationship managers (RMs) and financial advisers reduce the time spent on manual interventions, so they can convert that into being more productive, explained Ajay Mathur, vice president director, consumer banking head for ANZ in Indonesia.

“It acts as a supplement to the financial advisory process,” he added. “And as product complexity increases, I would expect the role of digital to grow.”

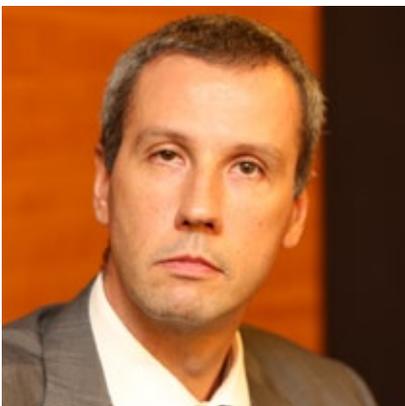
ANZ has also invested in automation and innovation locally. “We have programmes and systems which are dedicated to our Asian businesses and which operate on a different platform and on a different scale [than in Australia],” said Mathur.

The huge demand in Asia for digital is aligned with what Bert-Jan van Essen also said he sees as the potential in Indonesia. “There is a jump [for markets like Indonesia] which can be made in terms of client servicing within wealth management,” said the co-founder and managing director of Dragon Wealth.

That is not just due to speed of connectivity, but also changing client behaviour and the lower cost of technology, he explained. “This enables banks to adopt technologies faster than ever before.”

And in markets like Indonesia, it is possible to review solutions which have already been implemented to select the best pieces from what has been created elsewhere, added Jason Hoang, managing director at IRESS in Asia.

**ANDREI BORSARU**  
Thomson Reuters



**RHEZA KARYANTO**  
Commonwealth Bank

Using apps also represents a significant cost advantage that didn't exist two to three years ago when upgrading platforms or implementing solutions.

What used to cost a US\$200,000, for example, now might only be a couple of dollars per month, said Van Essen.

actually fail in terms of client retention, especially with the next generation of clients,” he explained.

#### SHAPING THE FUTURE OF ADVICE

Speakers agreed that the way advice will be delivered will become more digitised. The first step, said Van Essen, will involve

“ The inherently social characteristics of Indonesian people make social media well suited within financial services and wealth management generally ”

At Thomson Reuters, meanwhile, Andrei Borsaru, global technology director, SCS, said the firm is looking at some parts of the workflow which can be automated. For example, this might include embarking on new clients and responding to regulatory challenges.

According to Frank Maltais, managing director for Princeton Financial Systems in Asia Pacific, there is no choice but to follow the trend. “Within two to three years, if a wealth management company fails to invest enough in digital technologies, it might

supporting the adviser and the overall client relationship.

And with the rapid evolution of mobile technology and smart devices, interactions increasingly happen from anytime and anywhere, said Karyanto.

Analytics are there to help in this process, to provide insights on clients via data. And the same goes for the client, added Van Essen – they want to see those products, news or other information they need to help them make their financial decisions.

**BERT-JAN VAN ESSEN**  
Dragon Wealth



Social banking is another dimension to the new look and feel of wealth management.

"As we look at our own business in terms of wealth management, the social media evolution is a function of customers having this in their personal lives," said Mathur.

"It can be translated into a social environment."

However, by nature, social media is supposed to be social, he added, while wealth management is supposed to be personal.

Yet in Karyanto's view, the inherently social characteristics of Indonesian people make social media well suited within the domestic financial services and wealth management market generally.

"Indonesia has one of the largest social media user bases," he said.

"It is the second-largest nation for Facebook, and the third-largest nation for twitter."

However, social banking is still in its infancy, added Borsaru, who pointed to analytics as being much more important in helping provide better insights to

understand end-users and provide relevant services to them.

**PUTTING CLIENTS FIRST**

According to speakers, when it comes to usability, there is growing appetite for consolidated views across portfolios.

"Advisers and private bankers are likely to have clients with funds across all assets and instruments, and with multiple brokers," explained Hoang.

"So it is important to bring the whole portfolio under one view."

However, this is one piece of tangible evidence that while many wealthy individuals are looking for some kind of digital advice – either an app or something online to get educated about their financial decisions – banks and other wealth management organisations are dedicating only a limited amount of their workforce to creating digital offerings.

Part of the problem is due to the approach the industry is taking, said Van Essen.

"There is not enough focus on what clients want – which is control and transparency from a digital offering."

Instead, he added, banks need to be nimble and stay ahead of their clients.

The same trend can be seen on a global level. Being multi-channel and reaching customers across multiple devices is a big priority, said Borsaru.

"We are trying to reach our customers and give them the same user experience wherever they are," he said.

"Whether travelling, at home or in the office, the user experience should be the same," he added.

**FRANK MALTAIS**  
Princeton Financial Systems



The goal, added Mathur, is to enable more meaningful conversations with customers

One of the areas where Borsaru said he is seeing banks be more focused is in trying to leverage internal research to provide new insights for customers.

That also enables banks and other wealth managers to use devices such as iPads to communicate product propositions and illustrate various scenarios.

It also indicates the increasing amount of automation coming in to the processes, which, added Borsaru, means wealth managers can focus on what is really adding value. ■

**JASON HOANG**  
IRESS

