

On the digitalised future of the financial services industry

A background image showing a financial market data visualization. It features a dark blue grid with various colored lines (yellow, orange, red, green) and candlestick patterns, representing stock market activity. The text is overlaid on the right side of this image.

Adrian Weiss, Singapore-based general manager of additiv, tells Hubbis how the company's DFS cloud-based SaaS platform and products help banks, asset managers and insurers better serve their clientele and gain a competitive edge.

TO DETERMINE A RAISON D'ÊTRE for the development of a digital cutting-edge software platform for financial services, Zurich-based digital solutions provider additiv considered three hypotheses: Customer behaviour is fundamentally changing, digitalisation can dramatically reduce costs and new opportunities are opening for Fintech companies.

Changing customer behaviour requires digital solutions in financial services

The first hypothesis is that customer behaviour is fundamentally changing, and along with it, the interaction between the client and the bank.

The company asked, "How can financial service providers continue to build strong relationships and work together with their customers in the future?"

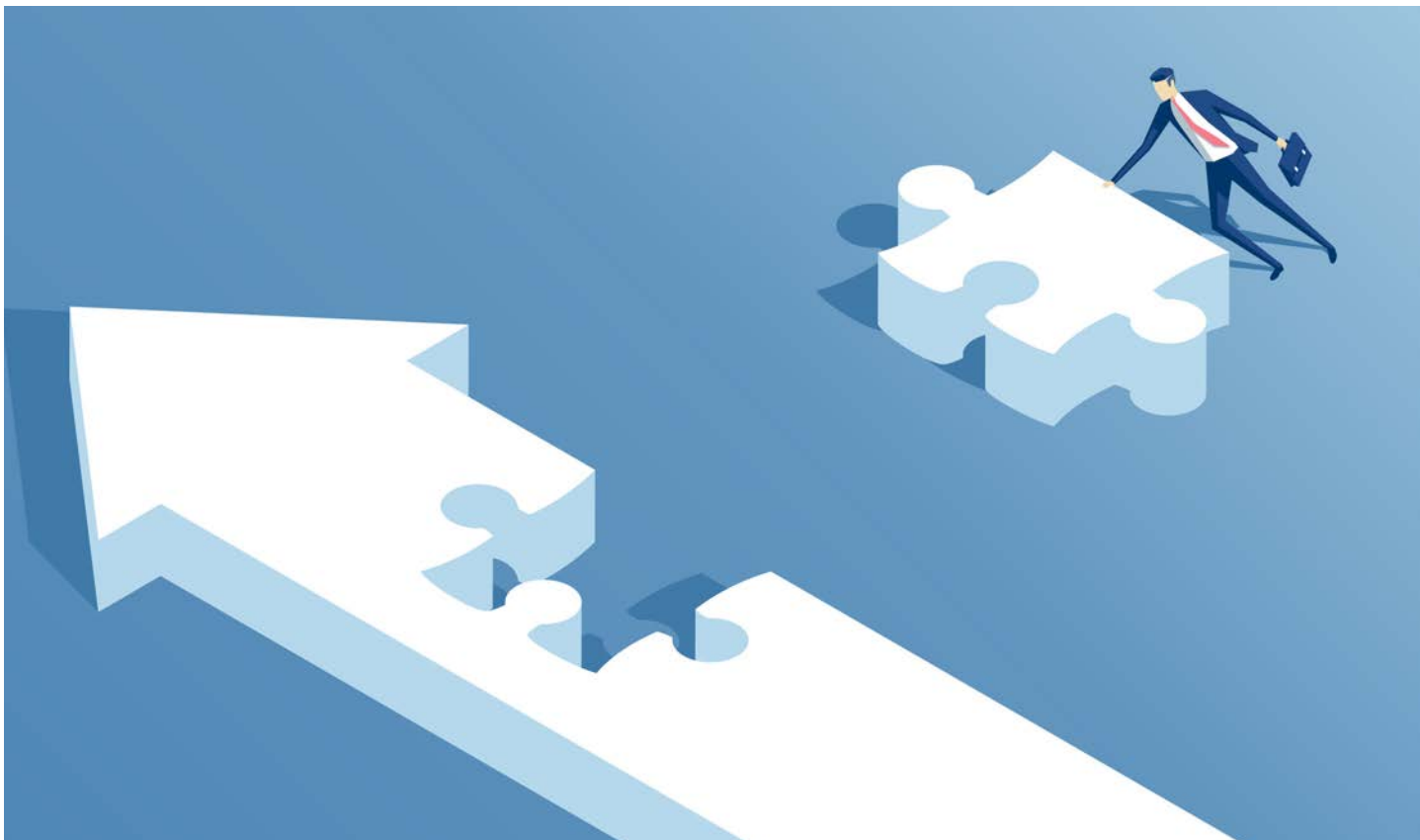
For additiv, the solution lay in enabling rapid digitalisation, building on existing core banking systems, through a range of SaaS (Software-as-a-Service) products - positioned as B2B2C - which leverage the flexibility and cost advantages of cloud-based technology so financial institutions can better serve their clients while keeping costs low.

Adrian Weiss joined additiv in February 2018. He is a 13-year veteran of Citibank, most recently at its wealth management arm as regional Head of Advisory for Asia, Europe and the Middle East. He says, "With a rising middle class, Asia's mass affluent consumers are the fastest growing WM segment in the world, yet this group remains generally underserved, and for a lot of financial institutions, it is a major challenge how to serve this growing customer segments efficiently. For many banks, it is not economical to serve



ADRIAN WEISS
additiv

this digital-savvy affluent segment through traditional face-to-face interaction with client advisors. Moreover, as mobile device usage increases, today's affluent investors expect digital engagement from their bank or wealth manager as they do from other services."





Fortuitously, changes in consumer habits caused by the rise in “self-directed”, digital and cost-effective management of personal finances via smart-phones, especially in Asia, have provided new opportunities for wealth managers to connect with, and serve, their mass affluent clientele. Digitalisation presents an enormous potential for offering solutions such as Robo-advisors, engaging thousands of emerging and mass affluent investors with a better customer experience, and allows wealth managers to grow their business and market share.

“As you know, Asia has one of the highest adoptions of smart-phones and digital usage amongst consumers globally and combined with Asia’s mass affluent consumer base growing rapidly, this region is a strategic focus for us overall. We believe that we are in a strong position to compete in what clearly is a competitive market,” says Weiss.

“We’ve done a lot of successful implementations for blue chip banks and insurance companies in Europe, and our strategic goal is that over the next three to five years, 50 per cent of the revenue of the additiv group will come from Asia.”

Digital wealth management solutions can dramatically reduce costs

The company believes its competitiveness will be based on the validation of its second hypothesis: that digitalisation and leveraging network effects can dramatically reduce the costs of the financial industry.

With cloud-based SaaS solutions, infrastructure provisioning and onsite maintenance become a thing of the past.

Financial institutions simply rent the services they need and consume, reducing their cost and gaining more flexibility because they are not locked-in with multi-year contracts.

Weiss believes that digitalisation, especially with outsourced, cloud-based solutions, can allow for the dramatic reduction of marginal costs and help financial services companies gain a competitive edge.

For banks, asset managers or insurers, with off-premise, on-shore cloud-based solutions, there are much lower initial setup costs, and financial institutions pay only a monthly subscription fee. “Our focus is digital solutions for financial services, with digital, cloud-based solutions for consumer wealth management as our first priority,” explains Weiss. “Virtually all banks are trying to position themselves as digital leaders, so we can help them to achieve an edge in the local market. It’s a cost-efficient solution for them with much shorter time-to-market.”

New opportunities for Fintech companies and competitive pressure

The third, and probably most compelling, hypothesis is that new opportunities are opening up for providers such as additiv - but so is competitive pressure and consolidation. How does additiv address this?

It believes that its range of cloud-based digital wealth solutions which address the needs of the digital affluent customers at military grade security, combined with its track record as a digital innovator and cooperation with leading eco-system partners, enable financial institutions to reconfigure

their business and operating model to become digital leaders with a differentiated value proposition.

Additiv does this by enabling a complementary expansion of clients' existing legacy and core banking systems with its Digital Financial Suite ("DFS"). "Our offering allows financial institutions to deploy digital solutions rapidly as time-to-market is a key benefit," says Weiss. "For example, we launched a Robo Advisor for the retail insurance arm of Allianz Insurance in Switzerland within three months."

DFS platform supports additiv's range of SaaS products and Robo Advisors

The additiv DFS platform lets financial service companies configure and operate its range of additiv's

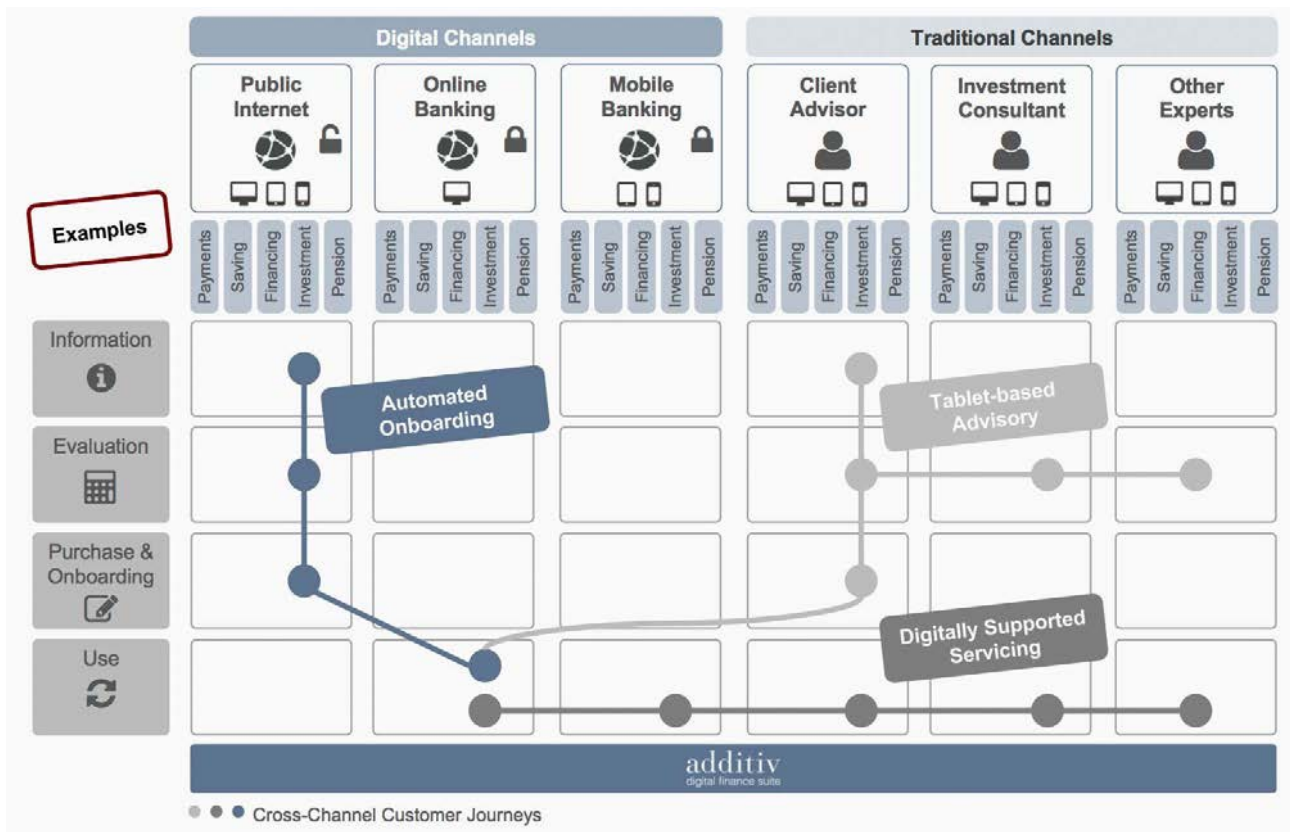
SaaS products, and automate the client-facing processes in the front- and mid-office areas for consumer and private banks, insurers, pension funds and asset managers. DFS incorporates the latest technologies combined with additiv's 20 years of expertise. Additiv DFS is a highly comprehensive, modular and scalable digital finance platform. It enables 'plug & play' capability for financial institutions to instantiate digital wealth SaaS products, such as Robo Advisors, Investment Cockpits for customers, Fund Selectors, Advisory Dashboards and Mobile Advisory Suites for client advisors. Over 20 Robo Advisors have been delivered by additiv based on DFS.

The platform's power lies in the agility and flexibility of its modular architecture. There are more than 20 modules which can be deployed

individually or in various combinations. The modules handle separate processes for the financial institution, as well as the interactions between the financial service provider and its customers.

The modules are adaptable to a variety of business models, can be configured to segment-specific client groups, and - an important consideration for established institutions - a highly flexible integration layer allows for easy integration with an organisation's execution and core banking systems, and with existing online portals. DFS also connects with additiv's eco-system partners, such as brokers and custodians, via APIs.

DFS helps financial institutions to improve the customer journey through omni-channel access solutions. The processes supported by these modules range from advi-





sory, client onboarding, touchpoint management, service and customer cockpit processes, order execution and portfolio management through to compliance, analytics and CRM.

With DFS, traditional financial service providers - advisors, investment consultants and other experts - can interact with their clients on a common digital platform across

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distribution channels. additiv’s Robo Advisors and other SaaS products are based on its DFS platform. For example, UK’s National Westminster Bank has also launched its ‘NatWest Invest’ Robo Advisor, built on DFS. And Coutts Private Bank in the UK, also owned by

Royal Bank of Scotland, launched its digital offering on DFS as well.

Cost reduction and more flexibility with cloud-based SaaS products

Many wealth management firms are staring into a large gap between their digital aspiration and their ability to deliver in the face of com-

pliance, regulation and increasing cost pressure.

“This gives us another opportunity to help financial institutions provide a better client experience whilst reducing costs. Banks and insurers must continue to reduce costs, and they will continue to

look for more cost-effective digital solutions,” says Weiss.

“With our cloud-based solutions, financial institutions get much more financial flexibility. Typically, it’s lower cost because with our cloud-based SaaS products, they only pay for the services they consume and use. And it’s much shorter time to market.”

And as for building and deepening client relationships in light of changing consumer behaviours: “additiv’s Advisory Dashboard and Mobile Advisory Suite empower client advisors to understand and optimise client portfolios, generate relevant investment ideas, expedite execution and collaborate with clients anytime, anywhere. This provides a better client experience overall, which in turn results in higher client satisfaction,” he adds. “If clients are satisfied, they do more business with their bank.” ■