PWM
PROFESSIONAL WEALTH MANAGEMENT

From **FINTECH** 05 January 2022

Asian wealth management clients desire both digital delivery and customer service

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Although Asian high net worth individuals are seeking low-cost digital delivery from their wealth managers, customer service and human interaction also remain important

Digitalisation has been transforming the Asian wealth management industry for years, and recent government action has accelerated that trend.

By October 2021, the Hong Kong Monetary Authority (HKMA) launched eight virtual banks to promote fintech and innovation, as well as offer a new kind of customer experience. Meanwhile, the Monetary Authority of Singapore (MAS) has approved the country's first digital banking licenses to strengthen Singapore's banking and finance sector.

Aon's Global Insights database, which collected data from wealth clients throughout 2021 covering all the key markets in Asia, provides key insights into the sentiments of approximately 1,200 high net worth individuals (HNWIs) with investible assets of more than $1m. Findings revealed a strong openness and appetite towards being serviced digitally. Close to 60 per cent of HNWIs in Asia are willing to manage their wealth through digital channels – most notably among clients residing in emerging markets such as Indonesia, China and Malaysia.

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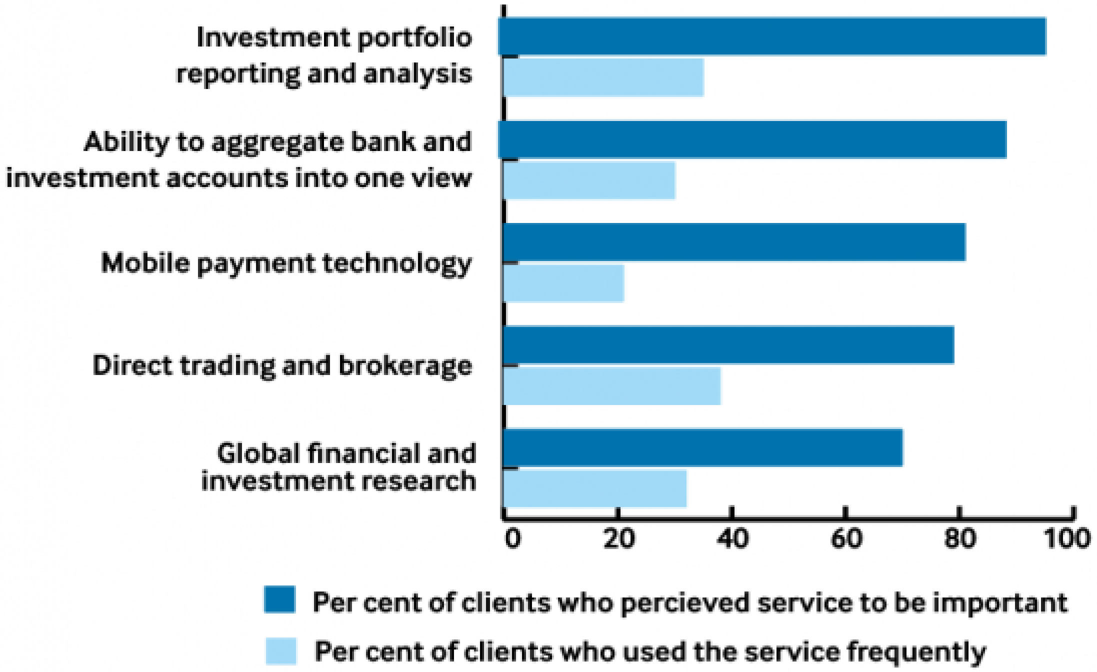
This leaves traditional wealth management advisers competing in a more crowded field where clients are expecting better digital experiences.

Our research finds prominent adoption of fintech providers among HNWIs in China and south-east Asian markets to fulfil their wealth management needs. Millennial clients (those aged 40 or below) are more likely to choose a fintech provider than their older peers. Appetite for fintech providers is expected to grow: more than 50 per cent of respondents said they intend to switch to a fintech provider in the coming 12 months, most notably in the mature markets of Hong Kong and Singapore.

What are wealth clients' biggest focus areas?

Overall, the top three most important digital services rated by clients include investment portfolio reporting and analysis, having one aggregate view of their investment accounts, and being able to use mobile payments (see Figure 1).

Figure 1
Digital services – perceived importance vs frequent usage



Source: Aon Global Insights database 2021, including 1,200 HNWIs in Asia

In Asia, more than 80 per cent of HNWI clients said having an aggregate view of investment accounts and having mobile payments were vital, but both are underutilised at traditional wealth management providers. Our data finds they are only used by 30 per cent and 21 per cent at traditional firms, respectively. This outlines the gap in digital capabilities and a clear area of improvement for traditional wealth providers – as well an opportunity that fintech companies have taken advantage of.

Cost is one of the most impactful factors when HNWIs consider switching to a fintech provider, with more than 50 per cent of survey participants in Asia saying cost influences their decision. This is most notable among emerging south-east Asian markets, where clients are more cost-sensitive and driven by value for money. Fintech providers like WeBull charge no commission for trading stocks, exchange traded funds and options. This motivates clients to turn to fintech providers for no fees or low fees and charges.

Despite the drive for digital and desire for lower costs, the fundamental drivers for trust in a wealth management provider remain in the service-level aspects, an area traditional wealth advisers know and understand well. Service-level qualities include the overall expertise of the adviser, their global reach, advisory quality, and transparency in delivering services. As a result, HNWIs continue to place great importance on advisers who understand their unique needs and the ability to provide them with value-added services.

One key takeaway: human servicing remains crucial for advisory and investment decisions despite the growth of technology and virtual advisory.

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