Portfolio management efficiency

A snapshot of Singapore’s wealth and asset management sector
As a very rapidly-evolving and highly-competitive market, the need for upgrades in the thriving hub of Singapore seems particularly urgent.

Introduction

Wealth and asset management (WAM) institutions the world over are engaged in a real battle “to do more with less” across every area of operations as cost-pressures continue to bite. As their core activity, portfolio management is naturally a key focus of these efficiency ambitions. Clearly, optimising portfolio management can impact the bottom line in a great many areas. Freeing-up employees so that they can dedicate more of their (expensive) time to revenue-generating activities, rather than manual grind, is just one driver of the technology investments many firms are making in this area. Others are: greater transparency, risk reduction and a desire to redeploy cost-savings on the client-facing innovations which are so essential today.

Regulatory oversight continues to tighten, while at the same time institutions are seeking to offer outperformance across a far broader asset class mix. All this means more and more firms are finding they have simply outgrown their current portfolio management systems. As a very rapidly-evolving and highly-competitive market, the need for upgrades in the thriving hub of Singapore seems particularly urgent.

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Dissatisfaction with portfolio management systems seems widespread in Singapore.

According to our survey, over a third (36%) of WAM professionals in Singapore are dissatisfied with their firm’s systems for constructing, managing and monitoring portfolios, with less than a tenth saying they are very happy with the technology provided. This certainly chimes with what SS&C Advent hears in the industry—in Singapore as in other markets across the globe—notes Mats Berggren, who observes that executives’ first comment on portfolio management tends to be that their systems “could definitely be much better”. (See Figure 1)

Interestingly, however, within this picture there are strong correlations between satisfaction levels and size of firm in assets under management terms (and therefore the number of systems likely used for running portfolios). Those respondents most satisfied with their firm’s portfolio management systems represented either a) sub-US$100m AuM institutions, which typically reported using only two or three systems, or b) the largest ones, where investment in a unified platform is likelier. In fact, all respondents saying they were completely satisfied with their institution’s portfolio management technology represented firms with US$500m or more in AuM. (See Figure 2)
Compliance continues to eat-up technology budgets

One obvious reason that institutions’ portfolio management systems may be in dire need of modernisation is of course the compliance burden.

As Figure 3 shows, the majority of institutions are having to deploy 21-30% of their total technology budget on compliance-related investments, yet for a great many regulation is taking even more of a toll. Over a third of respondents estimate that compliance is accounting for half—or even far more—of their firm’s technology spend at present.

With regulatory change curtailing investment and innovation in other areas of operations, it is little wonder that dissatisfaction with portfolio management systems seems so widespread. And, as our snapshot shows, this is far from isolated to one area—although some portfolio management activities are clearly causing more pain than others.

Much manual work is still required in many areas...

As one might expect, the over-arching reason behind the dissatisfaction with portfolio management technology our survey revealed is the amount of manual work still required. Not only is this extremely inefficient and likely tedious for those that must undertake it; manual intervention in work that could (and should) by now be automated, is also fraught with all kinds of risk—and the
levels of intervention revealed by our study were surprisingly high in many cases.

Some two-thirds of the WAM executives surveyed in Singapore estimate that over 30% of the total work required for managing portfolios at their institution must be completed manually and an unlucky 8% are carrying out 51-60% of the work “by hand”. Only a little over a tenth (13%) of the firms under examination are managing to keep the level of manual work required below a fifth of the total.

As Figure 4 shows, none of the executives participating in our survey were able to say that less than a tenth of the total work needed to construct, run and monitor investment portfolios is carried out manually at their institution—despite this doubtlessly being where firms operating at any kind of volume would want to be today.

Furthermore, as Figures 5 and 6 illustrate, unpicking where this manual work is called for reveals that automation and Straight-Through-Processing are falling down across a number of activities, rather than being isolated in one main problem area.

The top-three portfolio management activities where most manual work is required were revealed to be initial portfolio construction, compiling investment performance reports and pre/post-trade monitoring against investment mandate.
Meanwhile, portfolio rebalancing was close behind, with 48% of participants citing this as a top-three manual pain-point. The fact that, as Figure 7 shows, close to a third of firms are rebalancing monthly underscores how great the burden here might be.

Even reconciliations and managing corporate actions seem to be taking up a somewhat surprising amount of man-hours—and eating into profits by a corresponding degree given the costs associated with this lost revenue-producing time.

...And more systems means many expensive man-hours wasted

A multiplicity of systems is clearly a key reason for a significant amount of manual work still being necessary in portfolio management, with portfolios residing outside of core systems being a particular pain-point. (See Figure 8)

As Berggren says: “It’s still very common to find firms spreading their portfolio management activity across multiple systems—one for accounting, one (if not several) for reporting and then still another for reconciliation, alongside a separate system for managing client information. This can cause a really frustrating level of manual or offline workarounds being necessary.”

Our snapshot shows that over two-thirds of respondents are using three or more
systems for portfolio management activity, although almost a tenth are streamlined enough to use just one. Predictably, there is a very pronounced trend towards it being the largest institutions using the fewest systems, with almost half (46%) of those with over US$500m in AuM using just one or two to manage portfolios. (See Figure 9)

Of course, the number of systems used by an institution is dictated to a very large extent by its business model and how that has evolved over time. Globally, the industry continues to grapple with migration from legacy systems, while many firms have found their primary platforms have not been able to fully accommodate the rapid changes in regulation and client preferences, requiring them to seek specialist bolt-ons (some firms’ core systems are now decades old).

“Best-of-breed” creates its own challenges, however. Large institutions with bigger budgets and efficiency ambitions have been aggressively standardising and streamlining systems to rationalise their global operations, yet they are not alone in this. As Berggren highlights: “Challenges around vendor management and integration are increasingly leading small- to mid-tier institutions to look for more of a one-vendor approach today too.”

But while streamlining may be highly desirable, for some working with an array of systems is in the very nature of their business. External Asset Managers are a case in point here due to the often very large number of custodian banks they are working with to accommodate client preferences: 2016 WealthBriefing research found that half of EAMs in Asia work with up to five custodians and a fifth with eleven or even more!

As Mike Buffini observes: “As an EAM you’re plugging into multiple banks with different systems and interfaces, so the challenge is extracting data from all those multiple avenues and feeding them into one consolidated view—both for your own internal analytics and portfolio management, and for presentation to clients.”

Being vital for both risk reduction and efficiencies, high-quality systems integration is a focal issue right across the industry, however. And, as Berggren points out, true integration is not just a matter of simply connecting systems, but enabling them to “talk” to each other optimally, and this is where operational efficiency might be failing. With legacy, “closed” core systems, all too often integration requires an extraordinary feat of engineering and still falls short of expectations.

“Fundamentally, the point of your core portfolio management solution should be to centralise and standardise all portfolio management activity and data, consolidating into a single platform the work of multiple systems—whether these be from the same provider, third-parties or proprietary,” he says. “A single platform built on genuine open architecture creates an ease of integration that enables you to reduce your technology footprint while driving greater efficiency, however your business might evolve.”

Challenges around vendor management and integration are increasingly leading small- to mid-tier institutions to look for more of a one vendor approach today too.
Remuneration and hiring trends in Singapore

Having studied remuneration and hiring trends in Singapore’s banking and finance sector, the human resources consultancy Mercer has several observations highly relevant to this paper.

As Figure 10 underscores, base pay levels for wealth and asset management professionals in Singapore mean that their time is a particularly precious commodity—as one would expect in a premium hub with a particularly high cost of living. In total cash terms, the banking and finance sector consistently leads most of the other industries in Singapore.

Remuneration in Singapore may not have been wildly accelerating recently (and also varies as to role) but, according to Mercer, the average movement on guaranteed pay across all levels in wealth management was around 5% between 2015 and 2016, and will continue to rise at a similar rate.

Salary increases in Singapore for 2017 are predicted to be in line with the general industry, tracking up by 4%. Yet it is hiring trends in the Southeast Asian powerhouse that are perhaps most significant in relation to the need for greater efficiency in portfolio management.

As Ravi Nippani explains:

“There is a conservative outlook for 2017 in the banking industry in Singapore, with two-thirds of companies not expected to increase their headcount. In addition to not hiring, the banking industry is also looking at having the highest proposed reductions in headcount for 2017.”

Clearly, cost pressures alongside high (and rising) remuneration levels are driving headcount reductions that will make the drive to “do more with less” ever stronger. Ensuring employees’ time can be optimally deployed to focus on revenue-generating activities rather than (what should be) unnecessary manual work in portfolio management will be crucial.

It also hardly needs to be said that WAM professionals themselves will want to be facilitated to be as productive as possible as headcount reductions bite.

<table>
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<tr>
<th>Role</th>
<th>Annual Base Salary Mean SGUS$</th>
<th>YoY change 2015-16</th>
<th>Annual Guaranteed Cash Mean SGUS$</th>
<th>YoY change 2015-16</th>
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*Base salary and all fixed allowances

Source: Mercer’s Singapore Total Remuneration Survey – Banking & Finance (March 2017)
Assessing investment offerings in Asia and the assistance technology provides

Equities reign supreme, but all manner of alternatives are going to be increasingly popular

According to this study, the notion that clients in Asia are more sanguine about investment risk and aggressive on returns than those in other parts of the world does seem to hold true in large part. (See Figure 11)

Direct equities emerged as the top-ranked asset class across all the types of institution under examination, being cited at the most-used 90% of the time and significantly ahead of the rest of the top-five investments: mutual funds, corporate bonds, Exchange-Traded Funds and government bonds.

This chimes with the asset allocation figures from the 2016 RBC/Capgemini World Wealth Report. HNWIs in Asia-Pacific (ex-Japan) increased their asset allocation to 23.3% from 22.8% in the previous year, while equities were favoured even more strongly by investors in Singapore, accounting for 26.8% of their portfolios.²

Rising alternatives allocations globally, and particularly in Asia-Pacific

All manner of alternatives are also popular among investment houses in Singapore according to our study, however. Hedge funds were cited as a top-five asset class by almost a quarter of respondents and private equity funds by close to a fifth. Meanwhile, real estate, direct private equity investments (as opposed to funds) and precious metals were all cited in the top five of 15% of respondents in each case.

Of course, investors across markets have been looking outside of traditional asset classes for some years now—and this trend seems even more pronounced in Asia-Pacific. In 2016, HNWIs in Asia-Pacific were allocating 16.6% of assets to alternatives, against a global average of 15.7%; in 2015, these figures were 14.0% and 13.0% respectively.¹

As Berggren notes: “The days when investors can rely simply on the equity and bond markets for growth are gone. They are still core, but the returns are nowhere near as good as previously, so they are looking at alternatives more and more, particularly in Asia-Pacific.”

Asset class complexity set to grow and grow

Increasing allocations to alternatives may be boosting returns and offering a diverse mix of investments will be a particularly important selling point for firms operating in Asia. But the broader the asset class mix, often the greater the manual work requirement—leaving firms struggling to optimise investment performance, operational efficiency and risk management simultaneously.

Portfolio valuations and performance reporting are the first big issues, due to the lack of reliable pricing data and accepted benchmarks for many non-marketable assets (along with the intricacies of calculations for real estate or private equity funds). But, more broadly, is the fact that some core portfolio management platforms simply aren’t well set up for non-traditional assets (or integrating well with bolt-ons that are).
As Berggren explains: “At SS&C Advent, we’ve always had the need to handle alternatives and changing investment tastes in mind, because we know all about the frustrations of not having one system for all assets. Firms very often find they need multiple portfolio management systems because their core system does not support all the asset classes in which they trade—or those they may wish to in the future.”

Rethinking portfolio management principles

It is not overstating the case to say that the principles of portfolio management are being rethought wholesale today, as adherence to traditional notions is increasingly seen as inadequate to provide the growth—and downside protection—investors need to achieve their aspirations amid a radically-altered investment environment. As Sanjay Guglani puts it: “More of the world is aspiring to greater wealth, but there is the hard reality of low interest rates, low inflation and low growth which means the forward allocation to alternatives can only increase.”

Meanwhile, Rohit Bhuta observes that “fresh thinking” on diversification is urgently needed too. “To stay ahead of the curve, wealth managers have simply got to start implementing far broader allocations including unlisted and real assets in sectors like agriculture, infrastructure and health,” he says. “That’s where things are heading and our technology and data transparency has to keep up.”

Clearly, portfolios comprising an increasingly diversified and sophisticated mix of investments creates more complexity in delivering the transparency clients (and regulators) require. However, as Mark Smallwood observes, a great opportunity to differentiate lies within this challenge—particularly if effective account aggregation capabilities can be brought to bear.

He says: “In Asia our clients multi-bank, using different institutions for different skillsets, so it’s pretty common for clients lacking a transparent overview not to know what’s in all their portfolios and to be replicating positions—all their banks might be owning Apple, Amazon and Facebook, for instance.

“Not only do they lack transparency, and a means of analysing data, they lack the ability to see how they are actually performing. There’s a tremendous opportunity if one has technology that gives clients access to all their data and moves them into a much more professional focus on how they manage their wealth.”

The ability to evolve in line with investment trends is clearly a huge priority for WAM houses globally, but arguably particularly so for those in dynamic Asian markets where the wealth profile is far younger and entrepreneurial in flavour. One side of this highlighted by Guglani is the increasing “tribalism” of investing and so growth in hard-to-handle areas like crowd-funding; another is tapping the huge potential of Asia’s millennials.

Advisory remains prevalent, but model portfolios are becoming more popular

Generally, the Asia-Pacific market is still perceived as being predominantly an advisory/execution-only orientated market due to its entrepreneurial flavour. Having built their wealth through investing in their own businesses, first-generation wealth-holders are often thought of as happier to make their own investment decisions—and less willing to pay fees—than in other markets where discretionary investment management is the predominant model. (See Figure 12)
However, acceptance of the discretionary, fee-based model is growing due to a number of factors, not least a growing appreciation of the value of professional advice as the market matures and wealth transfers to second or third generations who potentially haven’t built their own companies. A shift away from an aggressive growth mind-set towards wealth preservation might also be at play.

As such, the investment styles of the firms included in this study may run slightly counter to what is typically assumed about the preferences and performance expectations of clients in Asia. However it must be said that the international nature of its biggest wealth hub, Singapore, will also have a bearing here.

While a large proportion (42%) of the firms assessed describe themselves as predominantly active in their investment style, the majority are equally split between active and passive investing. More interestingly still, 12% are predominantly passive, which aligns with the fact that ETFs were a top-five investment for over half of respondents and the second most-used for 8%. Interestingly, those firms focusing mainly on passive investments were either the smallest or largest firms, rather than those in the mid-tier. In the former case, it may be assumed that providing holistic financial advice and cost-effective investment management is key to the offering; in the latter, a “volume play” with smaller average client relationships could be the driver. (See Figures 13 and 14)
Clearly, the fact that ETFs are an inexpensive, accessible way to express investment views makes them figure highly for most firms in some degree. Yet their popularity among this paper’s cohort can arguably also be attributed to institutions’ eagerness to tap Asia’s burgeoning mass affluent segment, and their corresponding need to develop lower-cost ways to manage portfolios at scale. It is known that some relationship managers in this level are managing 400 or even more client relationships.

As Figure 12 shows, although 73% of respondents to our survey offer advisory investment management, 35% run money in model portfolios. The level of work required to “hand-craft” portfolios is obviously hugely important here. The efficiency benefits model portfolios—and robo-advice—hold out are clearly massive for institutions operating at any appreciable scale, and vital for firms seeking to serve the mass-affluent segment cost-effectively.

As Berggren explains: “Model portfolios are getting very popular everywhere and this is a core trend behind the robo-advice movement. From an efficiencies perspective, they are a very compelling addition to an offering indeed, so this is an area we’ve been gearing our products towards for a while. “For those seeking it, we’ve made it possible to automate virtually the entire client lifecycle—from matching models to investors’ profiles, through to rebalancing the portfolios and then pulling together the reporting data and delivering it via mobile app extensions for our products.” (Institutions’ desire for mobile capabilities is discussed at the end of this paper.)

Automating in this fashion can clearly generate massive savings, given the heavy (and rising) cost of portfolio managers’ time previously discussed and the manifold areas where a large amount of manual work can be necessary otherwise. But the benefits of automated portfolio management are also recognised as extending to clients too, lowering barriers to entry and allowing firms to focus on adding value through the advice and relationship side of things. Not all clients need their portfolio to be constructed “from scratch” and—as long as suitability is still rigorously approached—many could be very well served by model portfolios (and indeed robo-advice).

Key manual pain-points in portfolio management

Rising regulation making portfolio construction more labour-intensive

As Figure 5 shows, initial portfolio construction is by far and away the most onerous part of managing portfolios, this being voted the most manually intensive activity by 67% of respondents and in the top-three by 77%.

Of course, this time investment will often be very well justified where clients are working with a firm on the basis of its capabilities in an esoteric area or their desire for a finely-tuned portfolio.

In general, however, it seems that much of the time-intensiveness portfolio construction entails is down to tightening regulation. The ever-heavier compliance burden seems to have made initial portfolio construction a far more onerous affair: almost two-thirds (63%) of participants say that regulatory change has increased the amount of manual work required here to a significant or very significant degree. (See Figure 15)
As Figure 16 shows, the largest institutions appear hardest hit in this regard—with all respondents in this category reporting that regulatory change had either moderately or significantly increased the amount of manual work required to build client portfolios and half of the US$500m+ cohort citing the most damaging effect.

**Evidencing suitability a very sore point for some**

As Figure 17 illustrates, there seems to be a great deal of variance in the quality of suitability evidencing allowed for by firms’ systems in Singapore. Worryingly, almost a quarter (23%) of respondents deem their institution’s ability to robustly demonstrate investment suitability as poor, with a further (18%) saying their evidencing is only average. This must be a real concern given the growing attention being placed on suitability evidencing internationally and the recent increase in focus on this area by Asian regulators in particular. Less than a quarter of survey participants rated their firm’s suitability capabilities as excellent.
Again, however, size of firm seems to be a highly significant factor in technology quality. Difficulties in evidencing suitability seem to be far more pronounced for smaller institutions, as, although 71% of larger firms are seen as good to excellent in this regard, close to half (43%) of sub-US$100m institutions were deemed seriously lacking. (See Figure 18)

Of course, enhancing evidencing is not purely a matter of heavy technology investment and rigorous procedures alone, since suitability is best thought of as both “an art and a science”. Understanding the client on a personal level and unpicking the (often very great) difference between professed and revealed preferences is a very human, dynamic process that cannot be approached in a tick-box, reductive fashion. Better technology is only part of the picture, as underscored by research findings that around three-quarters of institutions use a mixture of systems and manual processes when carrying out suitability reviews.4

As Berggren observes, however, while the human element of suitability processes is indispensable, this can also be the cause of firms’ undoing because the “art” side of things is not adequately recorded. He said: “One of the biggest challenges institutions face is that relationship managers come and go, and it’s often the case that a lot of the information about the client’s original goals has not been properly documented or changes in their situation or attitudes tracked over time.”

Clearly, suitability is far from a “once and done” task or indeed something that can be addressed discretely in annual reviews alone. As Buffini puts it: “Suitability is a matter of questioning and listening repeatedly over time until you’ve got everything spot-on in terms of what the client needs”. So although talking rather than ticking boxes is the key, the iterative nature of this process means that the documenting discipline technology can impose is vital to prevent information slipping through the cracks.

Moreover, as Berggren points out, “Suitability is a heavy obligation, but it’s also a fantastic opportunity. Tying suitability to your CRM solution allows you to know your clients ever more deeply, and so to provide better and better combinations of products and advice.” Therefore, not only are the 41% of institutions with average to poor suitability evidencing risking regulatory censure, they are also possibly missing out in significant gains. Enhanced suitability procedures and documentation will help firms deliver better outcomes, deepen relationships and cross-sell.

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Performance reports a particular pain-point—especially for those using many systems
When it comes to the activities generating the most manual work for institutions, performance reporting emerged as a real pain-point. This was cited by 68% of respondents as a top-three area where most labour is required and a tenth placed reporting at number one.

Looking at the amount of time generating normal reports takes revealed some stark figures on how a lack of automation can eat up time that may no doubt be better used. Almost a third (30%) of respondents estimate it takes over an hour and a half to prepare and check each client’s regular investment performance report, while for 13% of institutions this task typically takes over two hours. (See Figure 19)

Of course, several factors may feed into this inefficiency, not least the degree to which clients are holding alternative assets where there is likely to be a distinct lack of both standardised performance data and automated data-feeds. (See Figure 11)

However, as might be expected, the number of systems that must be accessed has a huge effect on how efficiently performance reports can be generated. Those firms using one system for portfolio management all reported being able to complete a performance report in less than an hour. Correspondingly, the largest institutions—that were shown to most likely to have opted for one unified
platform—are able to complete a performance report in less than an hour 73% of the time. (See Figure 21)

The fact that reporting came second in the rankings of pain-points comes as no surprise to Berggren, who observes that "data-mining and performance analytics are among the biggest buzzwords when investment professionals talk about the areas where they are dissatisfied with their technology provision". (See Figure 6)

As was pointed out, a lack of proper, purpose-built systems creates huge challenges in delivering the transparency clients and regulators want. "If you’re trying to manage with spreadsheets the number of datasets you need to look at to answer specific questions can make providing any level of detail really quite hard," he notes. "You need to be able to readily tell investors how individual asset classes have contributed to overall performance or what their exposure to an individual market is, particularly in the environment we’re currently in."

In fact, Berggren sees clients increasingly looking at the customisability of reports as a key differentiator when comparing providers. "We live in an age of business intelligence tools where everyone is analysing data, particularly when the markets are not doing so well, making reporting quality a crucial selling point," he says. "When clients start talking to other wealth managers they often begin by asking what they could get in terms of ‘slicing and dicing’ their data." Asia’s trading-orientated investment culture will make granular reporting capabilities even more important.

**Aggregation aggravation**

Given that those trying to manage with spreadsheets alone may struggle to answer fairly simple questions quickly, providing the holistic wealth overview that clients increasingly want may prove next to impossible—leaving firms without proper systems in danger of soon being woefully behind client demand. As MyPrivateBanking Research recently highlighted, investors will increasingly expect to access account information across all their providers via one digital interface; and digital aggregation will be the "new normal" within 5-10 years as regulators push for API-driven "open banking" and wealth transfers to younger clients used to having easy access to data all in one place.

The received wisdom may be that clients in Asia prefer to be very much “multi-banked” and quite secretive about their overall wealth. However, as Buffini observes, the proliferation of companies providing aggregation services shows that an appreciation of the benefits of a holistic view are trickling through, particularly at the family office level. "More and more, we see clients in Asia wanting to drill down—via one single report—into all the different asset classes they are invested in, including property," he says. "I think that aggregation is really where everyone who is managing clients’ wealth needs to be going, so the future is about having systems in place that will allow you to do that securely and without a real struggle."

Furthermore, the growing demand for holistic, “helicopter views” of overall wealth will further accelerate the growth of digital dissemination channels. As Puneet Matta observes: “Giving clients a comprehensive overview across bankable assets held with multiple institutions and non-bankable assets is a big information aggregation challenge, but it is also an information delivery challenge. Aggregation is another great driver of the industry’s change from paper-based to mobile mode.”
Berggren adds, “Fortunately, for those firms willing to go the extra mile, functionality-rich and intuitive solutions that can incorporate access to external data sources are available. By leveraging these powerful consolidated financial information capabilities, wealth and asset managers can finally provide clients with the complete wealth picture they increasingly want to see.”

**Mobile provision a priority for both clients and advisors**

According to our study, 27% of WAM institutions in Singapore currently offer mobile access to portfolio information to clients and 23% to their advisors, while widespread further investment across business models is coming: on both the advisor and client side, 59% of all respondents plan to invest in mobile capabilities. (See Figures 22 and 24)

This is of course a key theme globally, since the past decade’s explosion in smartphone and tablet use—alongside the sector’s uneven adoption—has made mobile capabilities perhaps the key technological differentiator today. Having information literally “at our fingertips” and transacting all manner of business via mobile devices has become a deeply ingrained habit, with the average person estimated to look at their smartphone around 200 times a day. That retail banks
were (relatively) early adopters of mobile has created high expectations of financial services providers that wealth and asset managers have been working hard to catch up with for several years now.

As Berggren observes: “Mobile is one of the biggest keys to the transparency everyone is seeking. Clients want information quickly and everyone is so geared towards mobile it really is an extremely important area of client satisfaction.” Investment in mobile may be thought of as a particularly resonant theme in Asia-Pacific, however.

Predictably, our survey found that larger private banking and WAM players in Singapore are most likely to have already invested in providing mobile access to portfolio information. (See Figure 23) However, very few see this as a “nice-to-have”: across all business models, only 14% have no plans to offer mobile to clients. (See Figure 22)

The pronounced, across-the-board desire for mobile portfolio access for investors seen in Singapore strongly aligns with previous WealthBriefing research revealing client-facing technology as especially important in Asia-Pacific. In 2016, 59% of Hong Kong/Singapore firms said this is the number one area they would redeploy any cost-savings, versus 43% globally—a something which Matta attributes to the characteristics of the client base. “Asia is still very much more execution rather than relationship orientated, and that trading reality requires that the client is completely current,” he said. “It is the trading requirement that is driving the technology need in Asia.”

“For us, omni-channel delivery is a given: clients want to know about their portfolios when they want, where they want and in the manner they want,” adds Guglani. “Mobile may only be part of the mosaic of what we have to give to investors to make them more powerful, but can you do without it? Absolutely not.”

However, merely a proliferation of mobile information is not what this “mosaic” is about, notes Berggren. “It’s a case of information quality, rather than ‘more is more’,” he says. “That’s why we focus on our systems being both modular and integrated so that it’s easy for firms—and advisors—to decide what kind of information to pass on to clients, and how frequently, so that all sides are seeing the right and most useful information for their purposes.” (See Figure 24)

Advisor apps also becoming ubiquitous

Our survey revealed that 82% of respondents either already offer their employees mobile portfolio access or plan to—reflecting that, in Berggren’s words, these capabilities are increasingly seen as “a default requirement”. While only a relatively small proportion of institutions may have completely mobile-enabled their workforce as yet, many predict that advisor apps will be ubiquitous within five years or so.

At a simplistic level, if clients are increasingly being offered mobile access to portfolio information then it would make little sense if advisors themselves lack the ability to see exactly what clients themselves are seeing when they check up on how their investments are faring in real-time, and instead have to seek information across various systems.

More broadly, having access to relevant data including performance “live” on a mobile device when interacting with clients is key to highlighting the value that professional investment advice can add. This is a key part of the move towards a more holistic and relationship-driven wealth management model in Asia-Pacific and therefore demand for better technology from WAM professionals. As previous WealthBriefing/Advent research
As previous WealthBriefing/Advent research has found, 33% of advisors across business models believe mobile access to portfolio data and analytics enhances their ability to serve clients and deliver on their financial objectives.

has found, 33% of advisors across business models believe mobile access to portfolio data and analytics enhances their ability to serve clients and deliver on their financial objectives.7

This is clearly one huge driver behind the fact that around seven in ten advisors would look carefully at an institution’s technology provision before joining, and that a similar proportion would think about moving on from an employer if their systems were inadequate.8 Another is clearly advisors’ need to ramp up their own efficiency. While the growth of Asia-Pacific’s UHNW population continues to grab headlines, the burgeoning mass affluent segment is where many WAM firms are really pulling ahead, through priority banking type offerings which include investment management (albeit in a “mass-customised” rather than bespoke manner). (See Figure 12)

As Berggren notes, SS&C Advent’s client institutions often report that the majority of priority banking clients use mobile channels to communicate with their advisors, underscoring just how open to modern servicing methods HNW clients are. As previously discussed, headcount reductions are going to be a growing trend among all manner of WAM firms in Singapore; and with client-loading in Asia-Pacific’s mass affluent space being said to sometimes be 400:1 (or even higher) this growing acceptance of omni-channel servicing is just as firms—and advisors—need things to be.

Funding such innovations is, however, another matter—bringing us full-circle on the need for WAM institutions to make managing portfolios as efficient as they possibly can.

Methodology

Over 30 wealth and asset management professionals representing Singapore-base firms were surveyed and interviewed for this study in Q1 2017.

This paper, produced by WealthBriefing in partnership with SS&C Advent, offers a snapshot of how portfolio management efficiency currently stands among WAM institutions in Singapore—and where improvements would have most impact. We are most grateful to the participants in our survey and the senior executives who commented on its findings. As ever, any feedback readers might have would be welcome.

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*26 Singapore-based wealth and asset managers were surveyed in Q1 2017

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