The Hindu Business Line

April 12, 2016
Page No. 7

Fintech start-ups snap at the heels of Asian private bankers

With increasing digitisation, conventional operations slowly become redundant

REUTERS

Singapore, April 11

Scanning a bank statement online may not sound particularly high-tech, but it's unsettling some of Asia's private bankers.

By aggregating all the monthly statements mailed to high net worth individuals, on the multiple accounts they hold at different institutions, Singapore start-up Mesitis offers clients a single window on their holdings.

Rising number of HNIs

"There's a need for this," says Pooja Gurbani, a Singaporean in her 30s, who handles tens of millions of dollars of family money. "It makes us see more; it makes us more intelligent investors."

With 4.7 million high net worth individuals - typically those with $1 million in liquid financial assets - Asia-Pacific is the largest and fastest growing wealth region, according to Cap Gemini and RBC.

But the private banking industry is only slowly waking up to the demands of a new, tech-savvy generation of wealthy clients and family offices, creating opportunities for financial technology (or fintech) start-ups.

Gurbani said she was so impressed with the Mesitis service that she ditched her private banker and even invested in the firm, one of a handful of start-ups across Asia looking to disrupt the traditional wealth management business.

Digital integration

Feeding paper statements into a scanner may seem low-tech, but it gets around the lack of application programming interfaces (APIs) that many banks and financial institutions in the US offer to allow third-party access to data.

That level of digital integration hasn't taken off in Asia, prompting regulators such as the Monetary Authority of Singapore (MAS) to prod banks to do more.

"You don't really have a choice because we're already here," Mesitis co-founder and CEO Tanmai Sharma said during a banking event hosted by the MAS.

Sharma's company is now running trials at three private banks to integrate its software into their systems, but he says most of his firm's business is directly with banks' clients.

Clients in Asia are digitally tuned-in and the region's billionaire wealth will overtake that of the US within a decade, a UBS study predicts.

Indeed, UBS and others like Standard Chartered are building their own fintech teams. UBS is lab-testing new technologies to serve its wealthy clients in Asia. Credit Suisse has a mobile app tailored for its Asia-Pacific private banking clients.

Samani sees the main threat from so-called fintech disrupters in payments, lending and credit cards.

"All those are under attack now. Non-traditional players have come in and the barriers have lowered to some degree," he said.

But UBS and other private banks hope their core advisory business - built around face-to-face meetings - will escape the onslaught.

"We are moving towards being paid for advice, with new products coming in, regardless of the number of transactions clients make," said Geoffroy De Ridder, operating head for UBS Wealth Management in Asia Pacific.

Offering advice may not, however, be as safe as it looks.

So-called 'robo-advisers' automate wealth advisory roles, calling into question the value of traditional banker/client meetings, and potentially threatening an important source of bank income.

Varying opinions

Some bankers are dismissive. "They're kind of just algorithms in the sky; they're pretty dumb," said Neal Cross, Chief Innovation Officer for DBS, a Singapore bank that spends close to $700 million a year on technology.

Mesitis' Sharma, former Managing Director at Deutsche Bank, believes the opposite. He says start-ups will chip away at both businesses by aggregating customers' data and offering smarter insights on their investments.