



Endowus

WealthTech: Looking ahead

Exploring the growth, trends
and future of WealthTech





Foreword

The global financial landscape and the wealth management industry have undergone a seismic shift over the past few years. Some of it was forced by the lasting impact of the pandemic, while the accelerated adoption of technology and evolving client demands were also key drivers. While markets finished 2021 at new highs, they are grappling with many uncertainties this year.

These include the uncertain outlook for inflation and interest rates, as well as rising concerns about global political relationships. Cross border conflict suggest rising geopolitical tension and de-globalisation is fast becoming the new norm.

Nobody could have predicted this turn of events, just like when COVID-19 hit us, we could not see its far-reaching impact on our lives. It is probably too soon to know how the confluence of events will play out in the future, and how it will affect global markets and shape the future of the wealth management industry.

Against this backdrop, investment performance and asset growth are likely to moderate and investors behaviours may change meaningfully. As a result, the wealth industry must be prepared to meet the evolving and sophisticated demands of investors and their desire for a better experience.

Despite the challenging times ahead, therein still lies massive opportunities for the industry – with the continued growth of individual and household wealth across different wealth bands, untapped pension funds for investments, and the generational wealth transfers that are happening now across Asia. Aligned to this is the generational shift in consumer behaviour as well, where a larger section of affluent and emerging affluent segment is truly digitally native and demand larger control over their financial decisions.

In tangible numbers, global wealth is projected to rise by 39% over the next five years, reaching US\$583 trillion by 2025.¹ Additionally, wealth per adult is projected to increase by 31%, and the number of millionaires will also grow markedly over the next five years, reaching 84 million. Asia is emerging as not only the fastest growing region but will eventually take over as the biggest wealth market globally.

To adequately capture these growth and revenue opportunities, WealthTech will have a pivotal role to play, in allowing firms to serve new and current client segments – whether it is mass retail or high-net-worth individuals (HNWIs) – in a scalable and profitable manner. The opportunity for WealthTech firms will continue to cover a wide spectrum, ranging from the automation of traditional wealth management through to the democratisation of wealth services for the average consumer or new forms of private banking.



Through combining contemporary technologies with a digital-first experience, they have brought new models that embed wealth management into daily lifestyles and empowered the average layperson that traditional wealth management had mostly left out. WealthTech firms that are able to scale services and products to address the mass affluent while creating a secure, intuitive and customised experience will be the frontrunners in redefining the future of wealth management.

Opportunities also lie beyond the investment side of the value chain in direct-to-consumer (D2C) space, to larger ecosystem partnerships by combining the distribution reach with low cost and relevant product propositions in the form of business-to-business (B2B) or financial market infrastructures (FMI) business models. This is where the adjacent services of health, wellbeing, lifestyle and protection will also need to become much more embedded into the new digital wealth value chains.

A greater need for new services and solutions that are digital-led and hyper-personalised seems to be a prerequisite for WealthTech firms. Democratisation of access will continue. Interest in burgeoning investing areas such as private markets and alternatives, Environmental, Social & Governance (ESG), and digital assets will also only continue to grow.



Antony Ruddenklau
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But being able to grow and scale sustainably is just one part of the equation. WealthTech firms should also emphasise building greater trust and transparency to complete the equation and meet the needs of clients.

Only when firms truly put clients first, can they solve the bigger problems that are faced by the industry and clients alike – such as meeting various long-term wealth goals including retirement adequacy. Rapid technology transformations and new business models are also going to result in an ever-evolving regulatory environment across geographies which are unlikely to harmonise into a convenient single set of standards globally. Asia is far behind in this regard versus global best practices, and the industry must work with regulators to do better so clients can do better. It is the only way everyone can grow and succeed together.

The emergence of WealthTech is still at a nascent stage and there will be powerful trends and changes that will transform the wealth management industry. We believe that technology can enable greater efficiency, enhance the digital experience and significantly lower cost for individuals. It can transform the industry.



Samuel Rhee
Chairman and Chief Investment Officer
Endowus



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Global wealth management has evolved dramatically in the last two decades

From the global financial crisis in 2008 to the rise of emerging Asian economies, the industry has undergone several disruptive events. Today, we are in the midst of a wealth management boom.

Globally, in 2021, we recorded 22.5 million HNWIs (defined as individuals with at least US\$1 million investable assets), a 7.8 percent year-on-year (YoY) increase.² The global wealth management industry stood at a staggering size of US\$274.4 trillion in total financial wealth, a 10.6 percent YoY increase, as a result of financial markets registering strong growth.³

The face of global wealth management continues to undergo revolutionary shifts, primarily driven by two factors - changing customer preferences and advancement of digital technology. Wealth management has witnessed a pivot in its products, services and operating models, propelled by evolving client demands. The new generation of investors has greater access to information, driving them to desire not only more complex and sophisticated products, but also greater control over their

investment portfolio. Increasingly fast-paced lifestyles due to proliferation of advanced technologies have translated to demand for immediate and remote solutions. Given the above factors and the COVID-19 pandemic pressuring businesses to digitalise at a quicker pace, consumer appetite and adoption of improved digital offerings by wealth managers have further accelerated.

The emergence and development of WealthTech solutions is the result from this transition in client preferences. While traditional banks and financial institutions are slowly adapting to meet these expectations, WealthTechs have better positioned themselves with their evolved digital offerings, advanced data capabilities and new business models.



A brief on WealthTech

The WealthTech industry can be categorised into business-to-consumer (B2C) service providers and the B2B players who enable and support existing incumbent traditional wealth managers. On the B2C front, we observe WealthTechs starting to amass a sizable pool of Assets under Management (AUM) with B2C digital wealth platforms, Endowus and Stashaway, even breaching the S\$2 billion (as of August 2022)⁴ and US\$1 billion (as of January 2021)⁵ mark respectively. Conversely, for the B2B model, we have seen many traditional wealth managers respond to the emergence of WealthTech through collaboration with some of these B2B robo-advisory service providers. HSBC worked with Bambu (a Singapore-based B2B digital wealth technology provider) to offer its clients the HSBC Wealth Planner platform,⁶ while BNP Paribas collaborated with Moxo (a US-based B2B communication platform previously known as Moxtra) to power client interactions in the BNP Paribas myWealth Asia mobile platform.⁷

A portmanteau of wealth and technology, WealthTech refers to companies or platforms that use technology to offer differentiated wealth management services beyond traditional offerings by incumbent wealth managers. For this report, we have grouped WealthTech companies (referred to as WealthTechs in this report) into the following categories:

Digital Brokerages

Trading platforms that allow investors to buy and sell assets such as equities, bonds, derivatives, exchange-traded funds (ETFs), futures, etc. This includes algorithmic trading.

Digital Advisory

Wealth management platforms that offer portfolio management and financial planning services. Often tapping on proprietary, machine-learning-based algorithms, these platforms offer customized portfolios based on each investor's profile, such as risk appetite and goals. This includes robo-retirement tools. Such platforms can include both B2C and B2B providers.

Alternative Investments

Trading platforms that provide access to private markets such as real estate, private equity, hedge funds and other asset classes traditionally available only to institutional and accredited investors.

Personal Financial Management

Platforms that assist individuals with managing their personal finances. Examples of such platforms include those that provide educational resources or possess functionalities relating to budgeting, goal setting, spend tracking, portfolio aggregation and retirement planning. Such platforms can include both B2C and B2B providers.



Key takeaways

1

This report aims to help readers build an understanding of the broad wealth management opportunity and WealthTech landscape globally and in Asia, with a deeper dive into Singapore and why it is poised to capture a significant portion of Asia's growing wealth.

2

Additionally, the report covers perspectives from industry leaders across the WealthTech space, the trends which are shaping wealth management and its impact on wealth managers, be it traditional banks, challenger banks or emerging WealthTechs.

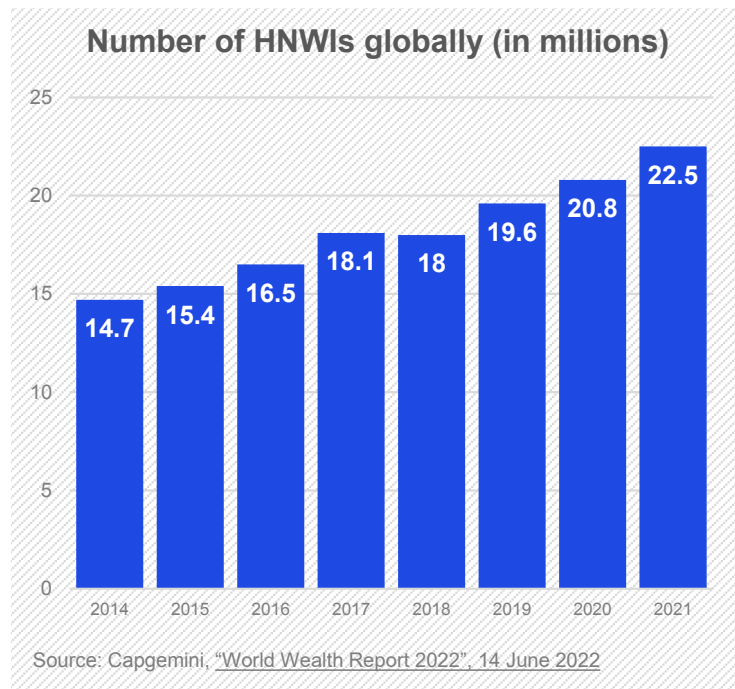
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The report concludes with a summary of the key actions that wealth managers should focus on for the next decade as wealth management continues to evolve.

The Growth Narrative: Seizing the market opportunity



Wealth management industry growth intensifies with swelling HNWIs population and new business opportunities



Financial wealth advances across the globe with 10.6 per cent rise in 2021, fastest over the decade

Global wealth management is witnessing tremendous growth opportunities, contributed by a combination of factors such as growing household and entrepreneurial wealth, intergenerational wealth transfer and underfunded retirement savings. The scope of wealth management services has broadened with time, expanding from traditional investment products to include other aspects of financial planning such as investments in commodities, currencies and hedge funds, will and estate planning, and retirement planning. This broader scope has contributed to the expansion of the wealth management industry, attracting new entrants and promoting the creation of new business models. Most recently, post COVID-19 pandemic shocks, strong financial markets have further propelled this growth with the S&P 500 index rising by 26.9 percent in 2021.⁸



In spite of the current challenges experienced globally such as inflation and supply chain constraints driven by political instability, wealth is expected to continue experiencing resilient growth in coming years.

The rise in number of HNWI globally is a critical factor in measuring the growth of the global wealth management industry. Between 2014 to 2021, the number of HNWI globally saw consistent growth from 14.7 million to 22.5 million, with a steady compound annual growth rate (CAGR) of 5.5 percent.⁹

With a growing number of HNWI, financial wealth across the globe reached US\$274.4 trillion in 2021, 10.6 percent higher from 2020 and 1.5 times that in 2016.¹⁰ This trend is expected to continue as demand for wealth management services continues to surge with sustained wealth creation. Revenues are forecast to almost double from US\$255 billion to US\$509 billion between 2021 and 2030,¹¹ while AUM is expected to grow 67 percent from US\$137 trillion to US\$230 trillion in the same period.¹²

Asia driving the significant share of wealth growth across the globe

Over the years, Asia-Pacific has witnessed massive wealth creation, driven by rapid economic growth in China and India, becoming a significant contributor to global HNWI wealth growth.¹³ As of 2021, Asia financial wealth stands at US\$52.3 trillion, taking approximately a 20 per cent share of global wealth.¹⁴

In terms of growth, Asia (excluding Japan) has been the forerunner across all regions, experiencing the highest five-year growth rate (between 2016 to 2021) in financial wealth at 66 percent, as compared to 24 percent in Western Europe and 55 percent in North America.¹⁵ Although the region demonstrated slower wealth growth in 2021, due to slowdowns in Asia's largest economies China and Japan,¹⁶ the region is forecast to overtake Europe as the world's second largest wealth hub by 2026, with both HNWI and ultra-high-net-worth-individuals (UHNWI) populations expected to grow at the quickest pace compared across all regions.¹⁷

Asia is also attracting significant cross border wealth with both Hong Kong (SAR), China and Singapore being the principal cross-border wealth centres in the region, amassing over US\$2.3 trillion and US\$1.5 trillion in cross-border wealth respectively in 2021 and trailing only Switzerland in size.¹⁸



As HNWI families in Asia are relatively young, succession planning will become increasingly important as these families grow. In a survey conducted with more than 600 private bankers, wealth advisors, intermediaries and family offices, 49 per cent cited wealth transfer to the next generation as an area of opportunity.¹⁹ This is an added opportunity to be capitalised on by wealth managers through augmenting or introducing succession planning services.

Singapore solidifying its position to become the wealth management hub of Asia

With its political stability, tax incentives and supportive regulatory environment, Singapore has positioned itself as a key wealth management hub both regionally and globally. Most recently, the city received recognition for its timely response in addressing the economic impact caused by the COVID-19 pandemic, solidifying its reputation as a trusted financial hub. The country is also credited for consciously building specific measures to attract wealthy individuals, one example being the increased tax exemption in 2019 for fund managers via schedules 13CA/R/X.²⁰ Beyond financial factors, Singapore also leads in building a conducive long-term outlook with its socio-economic policies on sustainable energy, food security, green initiatives, and urban planning. These policies make Singapore an even more desirable place to live, further attracting wealthy individuals to the city state.

The city is home to a growing pool of HNWI and UHNWIs, with both populations growing by 126 percent and 158 percent respectively between 2016 and 2021.²¹ Singapore has recently seen further inflow of wealth from other leading Asian hubs, driven by a perceived outlook of increased political stability. According to London-based investment migration consultancy Henley & Partners, as China's HNWI look to relocate to Singapore, they would be bringing at least US\$2.4 billion worth of capital inflows into the city-state.²²

As Singapore continues to attract more wealth from beyond its shores, it is estimated that Singapore will witness a 268 per cent rise in UHNWI population between a 10 year period from 2016 to 2026.²³

Along with a promising outlook on wealth management, Singapore also has well-established information technology (IT) infrastructure in place with the general population being tech-savvy and attuned to digital applications as part of their lifestyles. As a result, Singapore is often identified as a prime location for WealthTech start-ups and venture capital inflows.



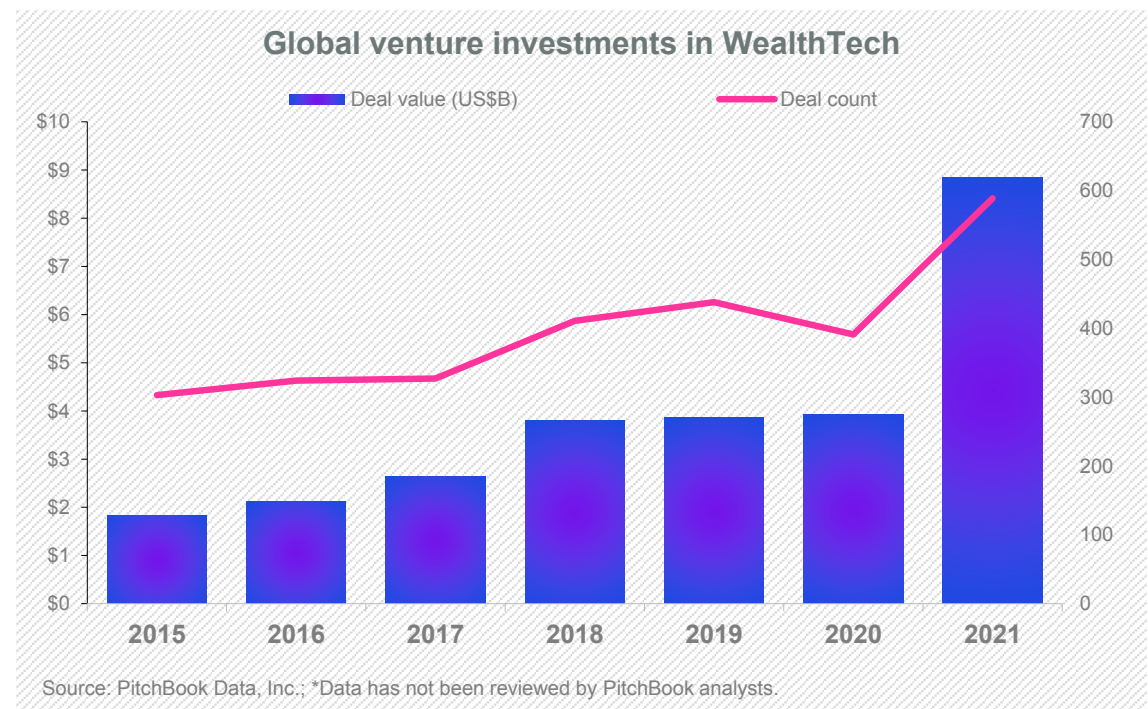
A growing wealth industry combined with digital disruption has propelled thriving investment in WealthTech

Global WealthTech investment doubled in value from 2020 and tripled from 2017, reaching a historic high of US\$8.8 billion in 2021

Global venture capital (VC) investment into WealthTech companies increased more than three-fold between 2017 and 2021. In 2021, venture funding increased by 125% YoY to reach US\$8.8 billion, while the total number of deals jumped 51% to reach 589 - both all-time annual highs.

A key driver for this growth has been the boom in retail trading activity in the wake of the COVID-19 pandemic. Consequently, apps that provide direct access to stock markets, such as US-based Scalable Capital and M1 Finance, have raised notable rounds of US\$183 million and US\$150 million in Series E funding respectively.

Additionally, firms that offer infrastructure supporting the digital transformation of wealth management have received substantial funding from investors. Alpaca and DriveWealth, both US-based B2B WealthTechs providing fractional trading





technology, secured US\$50 million in Series B and US\$735 million in Series D funding in 2021 respectively. iCapital and Moonfare, prominent WealthTechs providing alternative investment solutions, raised US\$50 million in a private equity round led by WestCap (valuing the company at excess of US\$6 billion) and US\$125 million in Series C funding in their latest funding rounds in 2021.

Between 2015 to 2021, VC investment into Asian WealthTech companies has increased steadily in terms of both venture funding and deal count. Venture funding witnessed large increases of 45% and 40% between 2015 to 2018, and between 2018 to 2021 respectively, while deal count grew at a more gradual rate of 9% and 11% in the same 3-year intervals. This indicates that the average WealthTech deal in Asia is getting larger as investors zero in on the growth potential of these firms.

In particular, online brokerage firms in Indonesia have contributed to a significant portion of total Asian WealthTech venture funding in 2021. In 2021 alone, Ajaib raised US\$243 million across three separate rounds, while Bibit and Pluang raised US\$95 million and US\$55 million respectively across two separate rounds.

Asia venture investments in WealthTech

**2015**

Deal value

US\$ 1.1bil**2018**

Deal value

US\$ 1.6bil**2021**

Deal value

US\$ 2.2bil

Deal count

123

Deal count

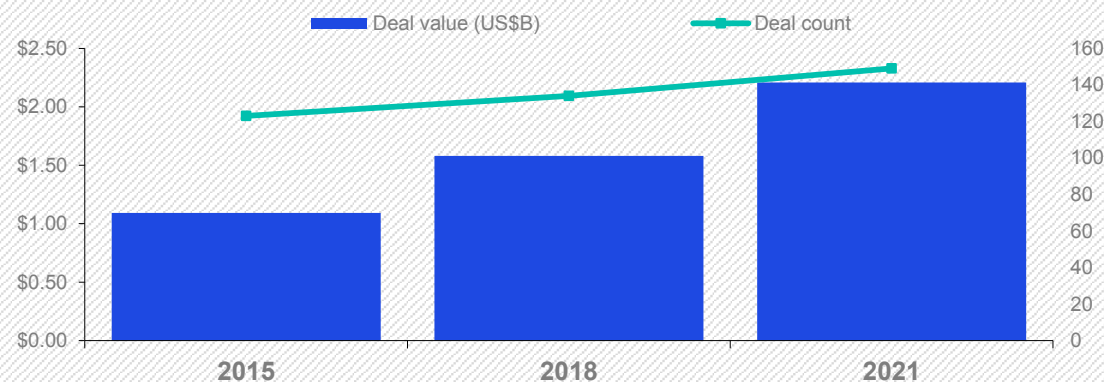
134

Deal count

149

Source: PitchBook Data, Inc., *Data has not been reviewed by PitchBook analysts.

Asia venture investments in WealthTech



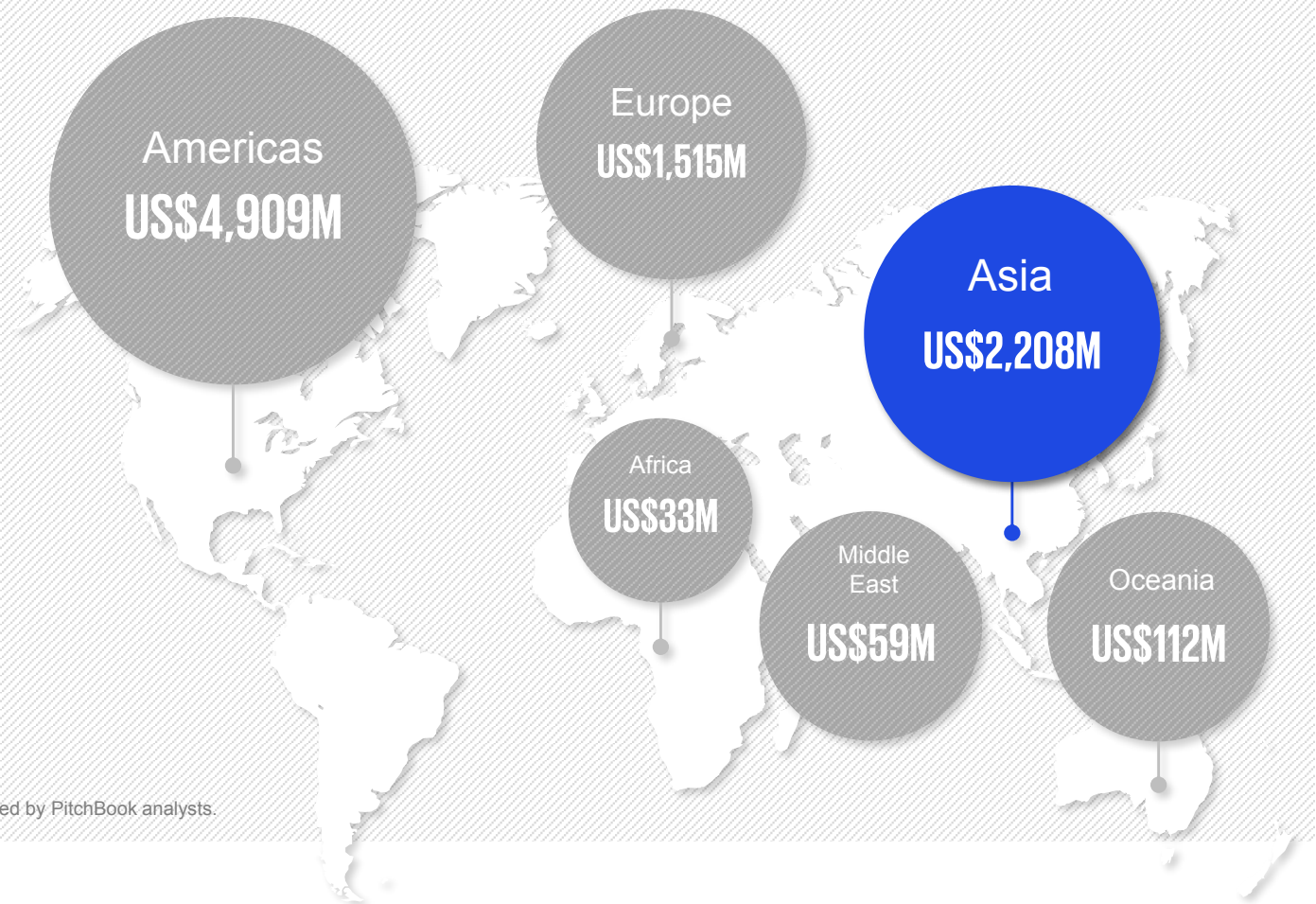


Funding received by WealthTechs in Asia a quarter of global total in 2021

Over US\$ 2.2 bil in total

Funding flow into Asia WealthTechs in 2021

This constituted 25% of global WealthTech venture funding and was a 204% YoY increase in deal value compared to the prior year.



Source: PitchBook Data, Inc.; *Data has not been reviewed by PitchBook analysts.



Singapore takes a bigger slice of Asia's growing WealthTech funding pie

2016 and 2017 were pivotal years for the Singapore WealthTech scene as it witnessed the founding of several WealthTech startups headquartered in Singapore – ADDX, Bambu, Endowus, Kristal, StashAway and Syfe, who have since become some of the largest Singapore-based WealthTechs in terms of total venture funding received to date. As the growing list of digital WealthTechs increase, we are witnessing a divergence in business models, overseas expansion strategies and growth trajectory and this is likely to become starker in future years.

The synergies of potentially having direct access to sizable wealth and capital funding in Asia, a reputation of a stable

economy with governmental support for technology and innovation, along with an ecosystem of WealthTech players accelerating the pace of innovation, is at the heart of why Singapore is further propelling itself as a key WealthTech hub not just regionally but also on a global scale.

Between 2017 and 2021, venture funding to Singapore-based WealthTechs grew seven-fold from US\$23 million to US\$161 million, drastically outpacing Asia's two-fold growth from US\$1.1 billion to US\$2.2 billion. In the same period, Singapore's share of total Asian WealthTech venture funding tripled from 2% to 7%. This indicates a positive trend of increased capital inflows into Asia, a growing proportion of which is being directed to Singapore WealthTechs.

Asia and Singapore venture investments in WealthTech, 2017 and 2021

	2017	2021	% Growth
▶ Asia	US\$1,143M	US\$2,208M	93%
▶ Singapore	US\$23M	US\$161M	605%
▶ Singapore as a % of Asia	2%	7%	

Source: PitchBook Data, Inc.; *Data has not been reviewed by PitchBook analysts.



Asia and Singapore venture investments in WealthTech, 2017 and 2021

US\$1.1B

Total WealthTech funding in **Asia** in **2017**

US\$23M

Total WealthTech funding in **Singapore** in **2017**

US\$2.2B

Total WealthTech funding in **Asia** in **2021**

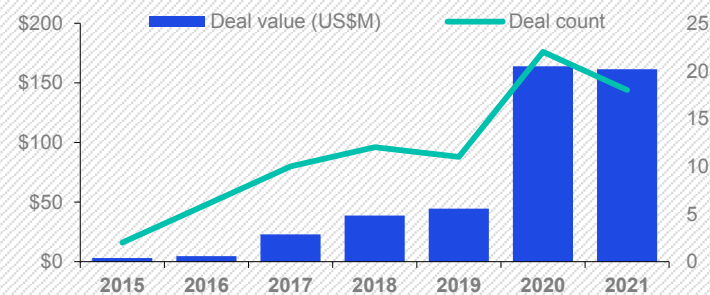
US\$161M

Total WealthTech funding in **Singapore** in **2021**

Source: PitchBook Data, Inc.; *Data has not been reviewed by PitchBook analysts.



Singapore venture investments in WealthTech

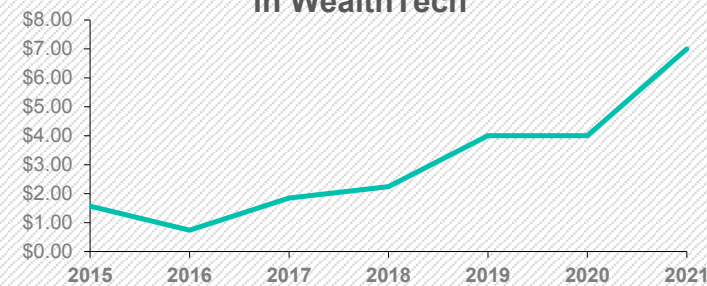


Source: PitchBook Data, Inc.; *Data has not been reviewed by PitchBook analysts.

Venture deal count and value likewise witnessed tremendous growth in the last 5 years, particularly in 2020 where deal value increased by 268% YoY to reach US\$164 million and deal count doubled to 22 from 11 in 2019. While total deal count dipped slightly to 18 deals in 2021, investments into WealthTechs headquartered in Singapore remained level for 2021 at US\$161 million. Meanwhile, median venture size increased steadily in the same period. Noteworthy areas contributing to the growth are WealthTechs providing trading tools and digital advisory capabilities.

Unsurprisingly, digital wealth platforms targeting the mass affluent have been the driving force behind the industry's astounding growth. This is especially salient considering such platforms entered the local mainstream consciousness slightly

Singapore median venture size (US\$M) in WealthTech



Source: PitchBook Data, Inc.; *Data has not been reviewed by PitchBook analysts.

after the middle of the 2010s and became top-of-mind during the retail investor boom amidst the pandemic.

Endowus, one of the largest digital wealth platforms in Singapore that spans both private wealth and public pension savings (Central Provident Fund (CPF) and Supplementary Retirement Scheme (SRS)), raised over US\$44 million in 2021 alone across two venture rounds.

StashAway and Syfe are two other prominent digital wealth platforms in Singapore offering a wide range of portfolios to cater to investors of different risk appetites and goals, with minimal to no minimum investment amount required. In 2021, they raised US\$25 million and close to US\$30 million respectively in early-stage VC rounds.



Singapore WealthTechs poised to capitalise on the wealth boom in the region

AUM for Singapore-based robo-advisors soars

Access to investment products has been facilitated by the arrival of robo-advisors, offering low fees and convenience from onboarding to trading. This in-turn democratises financial services and products for the masses, allowing them to take control of their personal wealth management journey. The COVID-19 pandemic further fuelled consumer interest as individuals became more aware of the importance of income-diversification as a result of perceived reduction in job-stability.

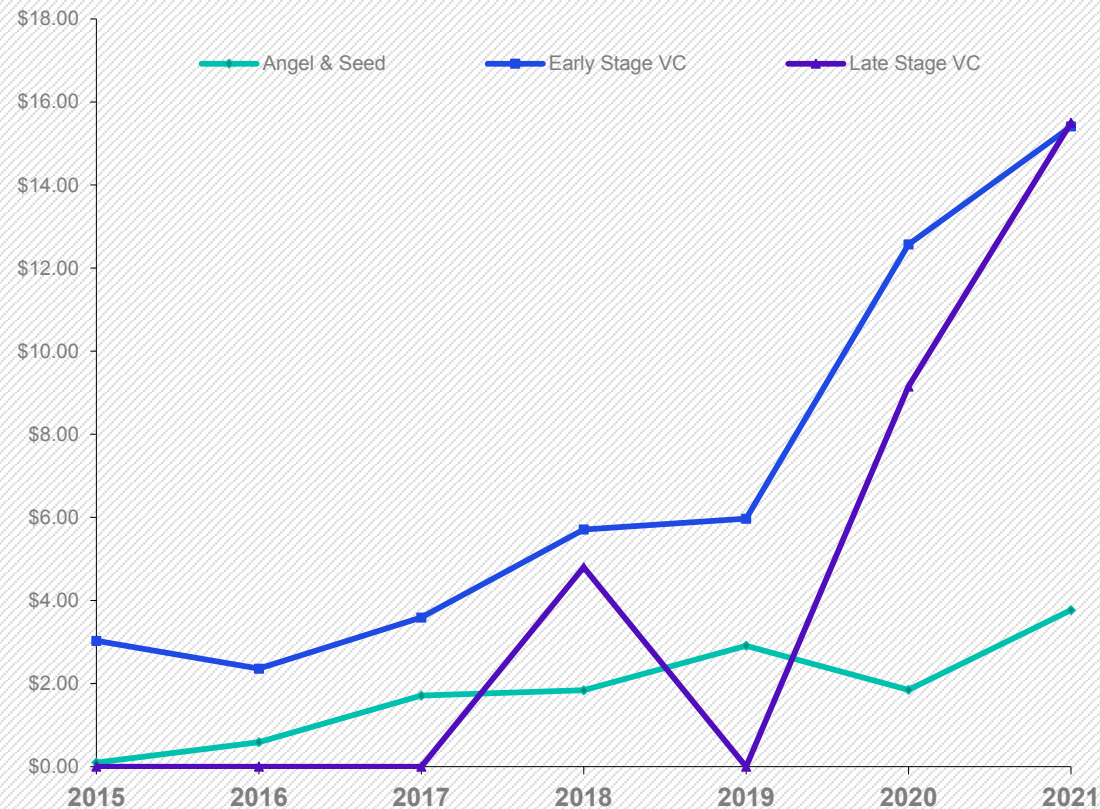
The three largest Singapore-based robo-advisors have reported strong AUM figures since 2020. Endowus recently reported in August 2022 that they had crossed S\$2 billion in client assets, with an increase of 120% in its client pool over the past year.²⁴ StashAway reported AUM growth of more than 300% YoY in 2020, with competitor Syfe echoing the same growth trajectory, with AUM quadrupling in the first-half of 2021.^{25,26}

Looking forward, total AUM held by Singapore-based robo-advisors is expected to grow as momentum continues with global expansion. Endowus is expected to launch its wealth management service in Hong Kong (SAR) by Q4 2022, following approval from their Securities and Futures Commission (SFC) to offer wealth management and advisory services²⁷, while StashAway has operations across Malaysia, Hong Kong (SAR), the United Arab Emirates and Thailand.²⁸

Locally, robo-advisors offer investors the option to invest not just their cash savings but also their CPF or SRS monies. Endowus provides the option of investing via CPF and SRS, and StashAway offers the same for SRS.²⁹ With investors being accorded additional sources of funds, the potential size of AUM available for capture by local robo-advisors is further boosted.



Singapore average venture size (US\$M) by stage in WealthTech



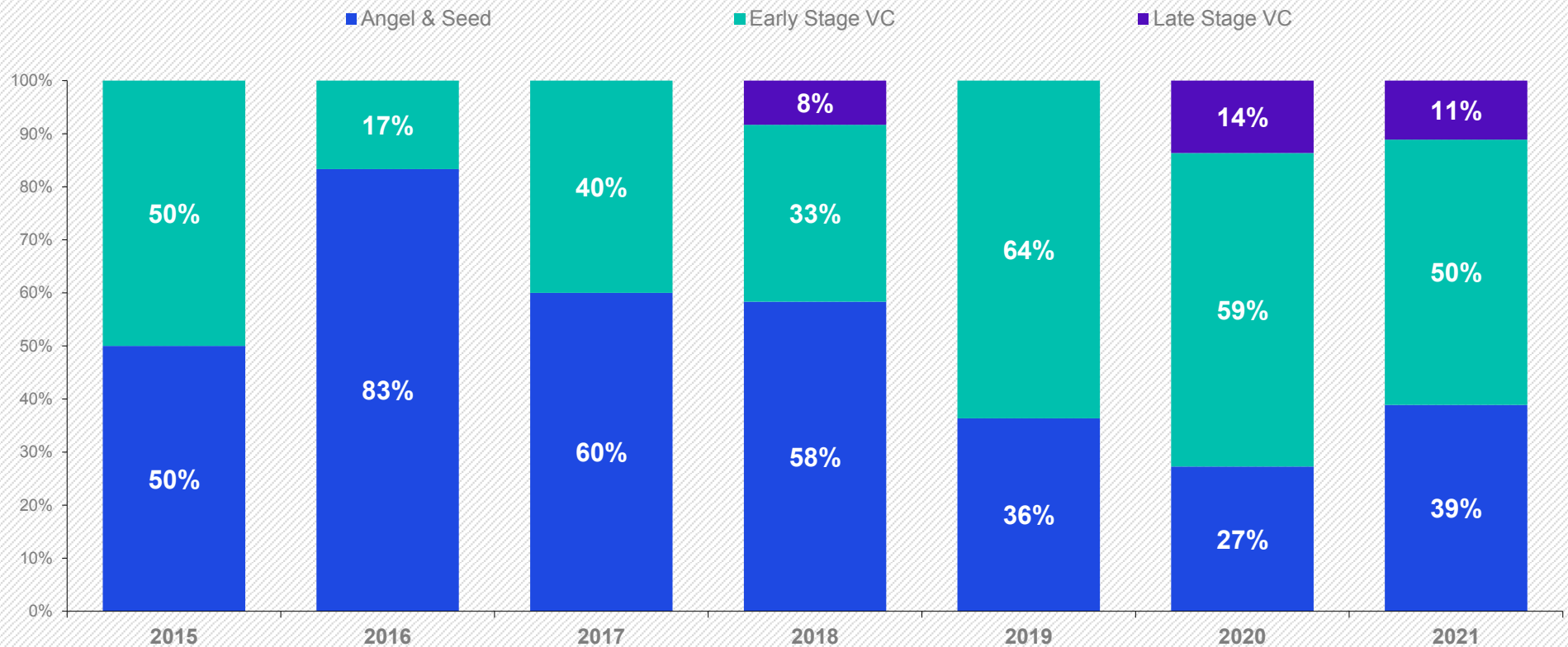
Source: PitchBook Data, Inc.; *Data has not been reviewed by PitchBook analysts.

Growth in average venture deal size across all deal stages shows investor confidence in rise of Singapore WealthTech industry

Early-stage and late-stage average venture deal sizes each surged to a record-high of over US\$15 million in 2021, indicating boosted investor confidence in the Singapore WealthTech venture ecosystem. This increase was attributed to US\$44 million and US\$30 million raises by Endowus and Syfe respectively in early-stage venture deals, while the boost in late-stage venture deal size was due to a US\$25 million raise by StashAway.



Share of Singapore WealthTech venture deals by stage



Source: PitchBook Data, Inc.; *Data has not been reviewed by PitchBook analysts.



Venture deals are currently concentrated in seed or early-stages, indicating Singapore WealthTech firms are early in the funding lifecycle

Angel, seed and early-stage deals made up 89% of total venture deal share for Singapore WealthTechs in 2021. Majority of Singapore WealthTechs are still in their growth phase and have yet to achieve profitability, with injected funding going towards customer acquisition and developing a core product offering. Moreover, one-third of local WealthTechs were founded only in the last 3 years, between 2019 to 2021. This includes companies such as GoTrade, Torre Capital and Moneko.

In the last five years, venture deals have begun to shift from angel and seed to early-stage deals, with angel and seed deals decreasing from a 60% share of all deals in 2017 to 39% in 2021. With its political stability, low taxes and overall pro-business environment, Singapore continues to attract wealthy individuals and set-up of single-family offices.³⁰ As the city state cements its position as a global wealth hub in the coming years, we expect more firms to move into late-stage venture funding and receive mega-round fundings (of over US\$100 million).

Increased M&A activity expected in future as WealthTechs in Singapore mature

Globally, WealthTech M&A activity has been on the uptick as incumbents have begun acquiring sizable WealthTech firms to jumpstart their own WealthTech innovation. For example, JP Morgan acquired UK-based Nutmeg for US\$989 million in 2021, while Interactive Investor was acquired by Aberdeen for approximately US\$2 billion.³¹

This has yet to be observed in Singapore, with less than 10 WealthTech M&A deals occurring in the last decade. Notable deals include Grab's acquisition of Bento³² as well as the acquisition of Smartfolios in 2018 by Finantix³³ (later merged with InvestCloud in 2021). As more Singapore WealthTechs reach a certain level of maturity over time, we expect heightened M&A interest from incumbents not dissimilar to current global transactions.



Endowus

Voice of Industry





Sopnendu Mohanty

Chief FinTech
Officer
Monetary Authority
of Singapore

The roadmap ahead for Singapore's WealthTech sector

As the Chief FinTech Officer at the Monetary Authority of Singapore (MAS), Sopnendu Mohanty leads the FinTech & Innovation Group in creating development strategies, public infrastructure, and policies around technology-driven innovation. Within five years of his leadership, he has positioned Singapore as a leading global FinTech hub with a vibrant FinTech ecosystem.



The roadmap ahead for Singapore's WealthTech sector

Sopnendu Mohanty

Singapore's strength as a global financial centre is driven by pervasive innovation and adopting technology as a critical enabler to provide comprehensive financial services while managing risks. Complementing this growth as a financial centre is the growth of Singapore as a hub for Financial Technology (FinTech), which provides the necessary solutions for transforming traditional financial services in the era of the digital economy. One of the key growth areas of Singapore's FinTech ecosystem is re-imagining wealth management services using emerging innovative technologies known as WealthTech.

WealthTech uses cutting-edge technologies such as artificial intelligence and big data to provide an alternative to traditional wealth management services. WealthTech companies are advancing the investment and wealth management profession by offering various solutions and platforms ranging from full-service brokerage alternatives and automated and semi-automated robo-advisors, to self-service investment platforms, asset class-specific marketplaces, and investing tools for individual investors and advisors.

The incorporation of technology and innovation to support and enhance wealth management is right at the heart of WealthTech. New financial services products such as digital brokers, micro-investment platforms and robo-advisors have been developed and made accessible to an ever-widening range of customers, enabling financial inclusion whilst enhancing risk management and lowering costs. Professional wealth managers are also increasingly benefiting from WealthTech to strengthen their value proposition and customer experience.

WealthTech is an integral part of the evolving future of finance and has democratised previously exclusive financial services. Due to its time-consuming and manpower-intensive nature, the once-exclusive service of customised portfolio management can now be accessed by investors from diverse age groups and financial capacities through digital brokers and robo-advisors. At the same time, WealthTech supports the collective legacy to create an impact and make the world a fairer and more equitable society through philanthropy and other community initiatives.



WealthTech is an integral part of the evolving future of finance and has democratised previously exclusive financial services. Due to its time-consuming and manpower-intensive nature, the once-exclusive service of customised portfolio management can now be accessed by investors from diverse age groups and financial capacities through digital brokers and robo-advisers.

The Monetary Authority of Singapore (MAS) has been working on various initiatives to catalyse and support the growth of the WealthTech industry. To foster data portability, MAS, together with the Smart Nation and Digital Government Group and the financial industry, launched the Singapore Financial Data Exchange (SGFinDex). This digital public infrastructure enables Singaporeans to consolidate their financial information held across different government agencies and financial institutions for more effective financial planning and utilisation of WealthTech tools. We are also cognisant of the importance of ESG investing for a sustainable future. As such, MAS is working with the industry to green the economy, such as aligning data standards and putting in place trusted data hubs for quality ESG data collection, storage, and delivery. Automating and incorporating ESG data will significantly enhance the case for sustainability-focused WealthTech growth.

We strongly believe that regulation must not front-run innovation as that may stifle innovation and potentially derail the adoption of useful technology. Therefore, we endeavour to run alongside innovation, engage stakeholders to assess what the risks might be, and continually evaluate the necessity and extent of applicable regulations. This approach has helped Singapore create a cohesive partnership between the public and private sectors, which we believe will continue to be a significant value proposition for WealthTech firms to anchor themselves in Singapore as the financial centre of the region.



Antony Ruddenklau

Head of Financial
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Industry trends and business opportunities

Anton is the Global FinTech Leader for KPMG International, and a Partner and the Head of Financial Services Advisory for KPMG in Singapore. He specializes in business, corporate and institutional banking, and provides advice on strategy, growth and client development to top tier global companies, banks, infrastructure providers, and more.



Industry trends and business opportunities

Q&A with Antony Ruddenklau

Please share some trends and related business opportunities that WealthTech companies should consider in the years ahead. What are some potential roadblocks ahead that WealthTech companies should prepare for as well?

WealthTech is a very wide field of play covering anything from the automation of traditional wealth management and later life saving, through to the democratisation of wealth services for the average consumer or new forms of private banking. It covers anything across the sales, distribution, research and development, product and functions spectrum.

There are three big trends we see impacting this domain:

Democratisation – to date, wealth management has really only targeted the “wealthy” effectively, given cost-income constraints, and has largely been predicated on the American wealth management model. With the availability of contemporary technologies, rise in the availability of data signals from everyday life and new digital forms of access (primarily the mobile phone), we see new models evolving that engage consumers with simpler product propositions. There are more “as a service” propositions that embed wealth management into daily lifestyles but also support the ability of less sophisticated investors to invest in products normally only

made available to higher net worth individuals. Whilst each model might not be perfect, we do see the Acorn, Robin Hood, Moneybox and Alipay models bringing more users into the wealth management ecosystem. Aligned to this is the generational shift in consumer behaviour, where the Gen Z demographic are truly digitally native, concerned about their current and future wellbeing, and want simple, embedded solutions from service providers to reduce the digital complexity they navigate.

Digital Assets – whilst crypto business models are currently challenged, there is general consensus that the underlying technologies will be our future and that our physical and financial assets will take on digital identities. This opens up a huge vista of new investment opportunities that will reinvent how investable traditional assets are (through ease of trading, fractionalisation of the assets and provenance), the provision of newly digitised forms of real economy physical assets (think real estate, products, resources) and new digital financial assets (think portfolios of financial products, digitised rights, obligations and futures). Investors will find these attractive and safer than traditional products once we have established reliable, regulated and financially stable business models, providers and ways of working.



Convergence – there is no doubt that we are beginning to transform from a siloed set of largely 19th/20th century products into digital services that more clearly align to our business processes and lifestyle activities. Whilst viable models have not yet emerged, we are seeing health, well-being, wealth and lifestyle services bubble up across the globe. These seem like obvious solutions but are incredibly difficult to manufacture, deliver profitably and balance the long and short term requirements of consumers effectively.



Our Achilles heel is that Singapore is not a large market in its open right, it is really a gateway to capital and trade flows across Asia and the East-West time zones.

How will ESG change the game for WealthTech?

ESG, particularly climate change, is the great system wide behavioural change agent that we need to embrace. We are currently substantially below Net Zero commitments for transition and if we don't change course quickly, the financial impact will outweigh our existing assets in any case. The trick for wealth managers, is helping to make Climate (or its Social Impact sibling) attractive enough to deliver green alpha. To date, we have seen existing green products emerge that are tied to green assets. The industry needs to convene and make brown to less brown assets an investment opportunity or to support transition through high quality fixed assets provision. Wealth managers may also want to reward consumer and business behaviours, by developing green behavioural economics and nudging people to do the right thing. Implied in this is some form of public-private partnership so that the benefit to communities and individuals is simpatico.

What advantages do Singapore companies have in FinTech that can help differentiate them from global competition? How do you see this playing out especially for WealthTech?

Singapore stands for trust and is increasingly an innovation hub for Asia. We also have a very robust wealth ecosystem here where investors can hold or trade their assets with confidence. Our regulator promotes ambitious but safe innovation of the ecosystem, and incentivises R&D through grants, environments, ecosystem development and global policy alignment.



All of these bid well for the FinTech entrepreneur to access talent, funding, advice and support, and customers. Our Achilles heel is that Singapore is not a large market in its own right, it is really a gateway to capital and trade flows across Asia and the East-West time zones. So for any FinTech to achieve scale and therefore returns for its founders and funders, it needs to start its journey with a roadmap to serving multiple markets cost effectively. The good news is that there are investors who are well placed to support and open doors, advisory firms that can help navigate founding teams, and non-executives who can span the time zones. Everybody wants a piece of the Singapore FinTech ecosystem but Singapore founders need to make themselves systemically relevant from day one.

Many WealthTech firms began as startups. What advice would you give a WealthTech startup looking to cross the chasm from cash burn to the path of profitability?

Distribution is always the decider and for that you need to know your unit economics from day one – specifically, for the paying customers you will need to run a profitable going concern. What will the cost of this customer acquisition be and how many customers (B2C or B2B) do you need from which sources to meet that magic number. The tightening of private market capital means that those firms in early stages of their journey will be challenged much more on their distribution and structural economics.



The ultimate WealthTech business model is one that combines significant distribution and consumer reach, with deeply profitable product relationships, all offered at a low cost of provision. This implies that future successful WealthTech firms must be accomplished at building profitable ecosystem partnerships.



WealthTech currently focuses on the investment side of the value chain (such as Robo/automated advice solutions). For players sitting in other parts of the value chain, what opportunities might they have to get in on the WealthTech space, if any?

WealthTech can be much more than customer engagement channels such as robo-advisory. It can span distribution, product, asset management as well as providing D2C, B2B and FMI business models. The ultimate WealthTech business model is one that combines significant distribution and consumer reach, with deeply profitable product relationships, all offered at a low cost of provision. This implies that future successful WealthTech firms must be accomplished at building profitable ecosystem partnerships. This is where the adjacent services of health, wellbeing, lifestyle services and protection will also need to become much more embedded into the new digital wealth value chains.

How do you see regulations potentially shaping WealthTech? For instance, there are currently mixed regulations regarding digital assets around the world and this could affect its integration with WealthTech.

We have to be pragmatic. Regulation will rarely harmonise into a convenient single set of standards globally. Thematically, we should expect further moves towards execution transparency,

consumer protection – particularly in the crypto markets – and much more controls over and around data. On the latter, we are at the foothills of the data relationship, changing from service providers having the control to consumers permissioning their data to their providers – and being rewarded for it. Taking a step back, governments and nations are already acting to protect and invest in the sovereign data assets of their consumers – both data and financial services regulators are moving to ensure the same.

As for crypto and digital assets, like any new form of digital services, the average consumer is not equipped or experienced enough to understand the risks they may run by investing in this domain. Regulators must develop policies that minimises risks to retail investors but also supports a safe, controlled opening up of this exciting new market. Personally, I believe a digital tax should be considered by regulators, which can be invested into educating the average consumer on how to be safe in our fast moving digital economy.



**Gregory
Van**

**Chief Executive
Officer**
Endowus

Self-directed wealth management

Gregory Van is the Chief Executive Officer of Endowus, Asia's leading digital wealth platform that is licensed in Singapore and Hong Kong (SAR). Through a delightful digital experience, Endowus enables individuals to invest better to live better, by providing them with access to great advice, and investment strategies across public markets, private markets and alternatives at a low, fair cost. Gregory was recently awarded CEO of the Year (Singapore) at Asia Asset Management's Best of the Best Awards 2022.



Self-directed wealth management

Q&A with Gregory Van

What were some of the biggest challenges you faced in growing the company in its early stages?

Becoming the first digital advisor for Central Provident Fund (CPF) savings was one of the key hurdles we had to cross. We believe it was critical for us to build that bridge as CPF is a key pillar for Singaporeans to retire well. And build the bridge we did, architecting our technology infrastructure to be in-line with existing regulatory safeguards, institutional grade security and a double ledger with a CPF Investment Administrator, to become the first to enable Singapore-based individuals to holistically invest all three sources of wealth - cash, CPF and SRS.

What do you think are the key elements that can drive success among FinTech start-ups?

A core team with deep domain expertise in financial services and technology, coupled with a strong belief in the mission of the company as a result of setting the right culture at the firm, has been critical to our success. From prior CEOs and CIOs with experience managing tens of billions of dollars, to engineers that took care of technology infrastructure at global financial institutions, we have built a bench that can solve the big issues and inefficiencies in wealth management for the individual.

Do you see segmentation within the robo-advisory space and if so, where do you feel Endowus is positioned?

We've always identified ourselves as a digital wealth platform rather than a robo-advisor. The perception of a robo-advisor is that there is an algorithm working in the background trying to beat the market. We do not advocate timing and beating the market. Instead, we have partnered with industry giants to make their best financial products accessible to more people at a low cost. Given the expertise of our investment office, we have also created advisory solutions on top of these products that are tailored to our clients' goals.

Today, Endowus clients can choose from top-performing strategies from over 50 global fund managers, cutting across money market, fixed income, public equity, private equity, and hedge funds. With technology, we automate the parts of wealth management that improve transparency and client outcomes, keeping client goals on target by continuously monitoring and rebalancing their portfolios. Our investment office, with over 150 years of experience in asset and wealth management, constantly screens strategies, builds advisory solutions and finds ways to improve our clients' risk-return tradeoff and lower overall costs.



With technology, we scale the ability to make the best products and solutions accessible, and deliver evidence-based advice to help everyone reach their wealth goals across all their savings - cash, CPF and SRS.

Robo-advisories are a fast-growing segment attractive to both incumbents and new WealthTechs - how do you plan to stay competitive?

Our laser focus is to deliver a better wealth experience to our clients. To do so, Endowus must execute on a business model that is fair and sustainable. In Asia, we are pushing for best practices such as being fee-only to be adopted in the industry. Additionally, we strive to continually improve access to the experts, advice, products and strategies clients need to reach their wealth goals.

Endowus is the lowest cost and in some cases exclusive way to access certain investment strategies across public markets, private markets and alternatives, a gap we look to extend through working with our investment partners every day. Finally, retirement adequacy remains the number one challenge in developed economies as the rate of replacement declines. Apart from enabling our clients to invest seamlessly, technology also supports in broadening the reach of our financial and wealth literacy efforts. The combination of great technology and deep financial knowledge is what makes a better investor.

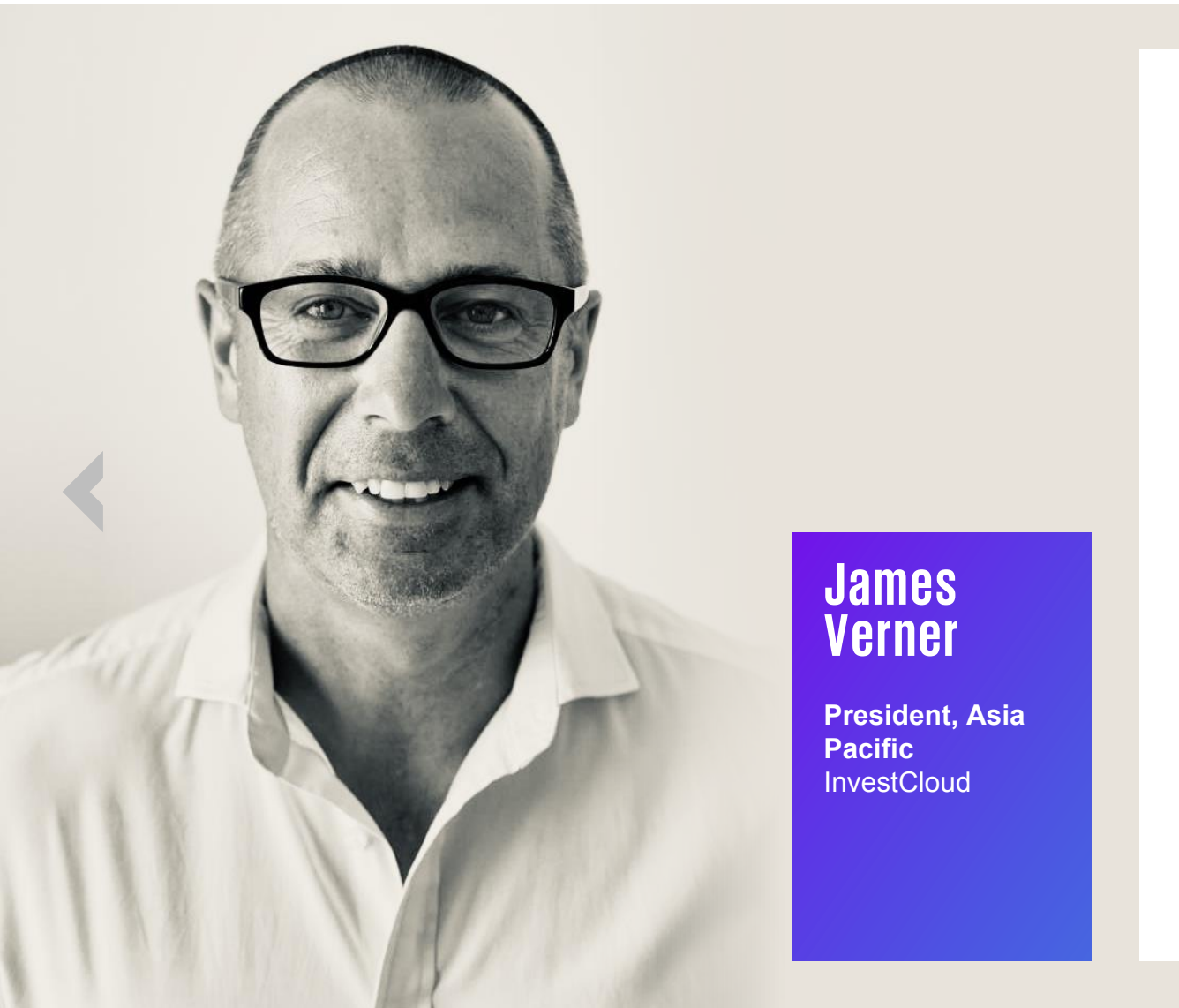


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Knowing what you know now, is there anything you would have done differently on your journey?

We're privileged to be in a market where the FinTech and wealth management ecosystems are fast developing with the help of initiatives driven by many industry players from government to technology MNCs to investment capital - for example, Endowus has received strategic funding from the world's largest wealth manager UBS, and Singapore's Economic Development Board (EDBI).

As we expand into other markets, Hong Kong (SAR) being our next, we will have to adapt. We have learned from Singapore that localising to ethically solve for the specific clientele's biggest pain points is the only way to achieve client success, and therefore our success.



**James
Verner**

President, Asia
Pacific
InvestCloud

Self-directed wealth management

As the President for Asia Pacific at InvestCloud, James Verner has expertise in strategy development, new business activity and structuring of B2B partnerships with major financial institutions. InvestCloud is a global WealthTech offering first-class, financial digital solutions, pre-integrated into the cloud. Today, the InvestCloud platform supports some of the largest banks in the world.



Self-directed wealth management Q&A with James Verner

What are the trends and insights InvestCloud wanted to capitalise on with the launch of InvestCloud X recently? How does this fit into InvestCloud's overall strategy moving ahead?

InvestCloud X addresses three key industry trends: the need for unique client communications at scale, comprehensive digital financial planning across the wealth continuum, and a digital marketplace for shopping and selling financial products. Whilst these themes are not new, their importance is particularly relevant to this moment.

Combining three products into one in this sense is a game-changer. The ability to work on plans at different age and wealth moments, then immediately select financial products to achieve these plans, and then monitor, report and communicate on one platform and product is a game-changer."

Like everything InvestCloud has done in its 12 years since inception, InvestCloud X is deployed on InvestCloud's financial cloud platform, which today supports US\$6.3 trillion in assets across over 20 million investor accounts in over 40 countries globally. As with all InvestCloud products, InvestCloud X has been designed and built using InvestCloud's iProgram, the

patented AI code generating engine that is a revolution for cost and time to market. Connecting all aspects of InvestCloud X is of course the InvestCloud Digital Warehouse, the proprietary central data warehouse cataloguing data for seamless search and access the world over.



Singapore is a natural home for our business with a significant and growing financial services and wealth management industry as well as proximity to our clients and prospects. Add to this a strong and diverse local talent pool with open borders to facilitate enriching that talent pool further.



In what other key ways has InvestCloud evolved to meet changing customer demands since the start of the business in 2010?

Since we were founded 12 years ago, we have grown from an idea in a garage to a platform with over 550 direct clients and over \$6.3 trillion of assets. InvestCloud's focus is to help transform the financial industry's approach to digital. That means understanding wealth managers' need to retain and grow their clients, which goes hand in hand with obtaining exceptional levels of operational efficiency.

There are several pieces of technology that are foundational to our continued success and the success of our clients. At the core of our difference is our Digital Warehouse, a cloud-native single data warehouse that can integrate disparate data sources – overlaying existing data sources, consolidating them into one place – for a single version of the integrated truth. Additionally, InvestCloud generates code using iProgram – an AI-enabled code generator allowing a business analyst or designer to do the work of 50 programmers in a fraction of the time.

We create beautifully designed client experiences and intuitive operations solutions using our extensive library of 300+ cloud-based modular apps. Built using iProgram, every app is truly integrated and customizable – they can be assembled and reassembled to address hyper-specific needs across size,

location and function. We give significant attention to user experience and digital empathy focusing on elegant design that is beautiful, usable, and transformative. Using our own design studio, we leverage expertise in behavioural science (Gaming and Decision Theory) and data science to create thousands of user personas and optimize user engagement. This approach, along with iProgram, enables off-the-shelf and custom solutions that are differentiating.

These elements underpin everything that InvestCloud has built to date, and provide the foundations to continue to meet changing client demands.

InvestCloud is looking to scale up its presence in APAC using Singapore as a base. What is it about Singapore and the local WealthTech landscape that encouraged this move?

While we have growing offices around the Asia Pacific region serving our diverse client base, our regional hub is based in Singapore. Singapore is a natural home for our business with a significant and growing financial services and wealth management industry as well as proximity to our clients and prospects. Add to this a strong and diverse local talent pool with open borders to facilitate enriching that talent pool further. Lastly, a robust regulatory and governance framework supported by world class infrastructure make Singapore the perfect springboard for our growth objectives across Asia.



There is a demand shift coming from end clients wanting a more bespoke, personalised experience – a desire to have advice that is tailored to their unique financial situation and objectives which moulds and flexes as they move along the wealth continuum.

What are some upcoming trends/changes you foresee in Singapore's WealthTech space?

There are a few common themes we see presenting across the Wealth Management landscape that will drive trends in the WealthTech space in Singapore.

Firstly, a doubling-down by global and local banks, asset managers and those in between on their growth ambitions for Asia is fuelling massive investment in the region. This has a knock-on effect of a talent shortage specifically in the advisor & relationship manager space. WealthTech solutions, such as InvestCloud's Advisor Portal, can help clients still achieve their

growth ambitions while attracting talent by equipping these personnel with the right tools to service their clients and drive day to day operational efficiency.

Secondly, there is a demand shift coming from end clients wanting a more bespoke, personalised experience - a desire to have advice that is tailored to their unique financial situation and objectives which moulds and flexes as they move along the wealth continuum. The old model of a one size fits all asset allocation framework distributed to clients based on a few profiling questions is dead. To achieve the growth ambitions focused on Asia, financial institutions must work hard to both retain clients and invest in their value proposition to attract new clients. To win this race for wallet share, it will require innovation, speed of delivery and crafting something genuinely unique to engage existing and prospective clients. WealthTech firms who can support this pursuit will succeed. At InvestCloud we are constantly pushing the boundaries of our product to keep innovating and driving better client outcomes.

Lastly, while slower to start than in the West, Cloud adoption is gathering pace with regulatory environments increasingly more supportive. This is a tectonic shift that will further support the growth in the region to really scale up, reduce infrastructure costs and ensure security is not compromised. As a cloud-native solution, InvestCloud sees this trend as one that will separate the good from the bad in the WealthTech space.

**Ned Philips**

Founder and CEO
Bambu

Self-directed wealth management

Ned is the founder and Chief Executive Officer of Bambu, a digital wealth solutions provider specializing in providing B2B robo-advisory technology to financial institutions. Since its founding in 2016, Bambu has been awarded the Best Early Stage Startup at FinTech Finals 2017, Finastra Universe Award 2019 and Best of Show by FinovateFall in 2021, among other accolades.



Self-directed wealth management Q&A with Ned Philips

As a global leader in B2B robo-advisory technology, how has Bambu's technology evolved over the years to meet changing customer demands?

When we started in 2016, we focussed on the simplest version of robo-advisory offerings, which was pretty much just fund sales in a digital format. Over the years, we have had to adapt our technology to be a much more holistic and data-driven version of financial planning for the customer. This relies on interaction with other FinTechs, data aggregation and use of data to create a personalized financial plan. Today, robo-advisory is about delivering as personalised a plan as possible with minimum friction in onboarding, transitions and funding.

Last year, Bambu acquired Tradesocio to extend your digital wealth capabilities. What is the strategy behind this acquisition and future acquisitions /partnerships by Bambu?

The TradeSocio acquisition was focused on offering a better layer of integration to the broker and custodian layer. The acquisition is about finding complementary technology to enhance our offering to our customers. We know what we are good at, which is personalised and frictionless robo-advisory technology. If we need another add-on, we would rather acquire than build.





What is the greatest change or challenge B2B players in the WealthTech space have faced so far that is distinct from a B2C player?

The two business models are totally different. B2B sells to large financial institutions and builds a scalable technology stack. The sales cycle is multiple months while an additional 6 to 9 months is required for integration. Hence, the greatest challenge is the sales cycle. But we have now got over this as we have won multiple of the world's largest financial institutions, making our sales cycle much shorter.



With WealthTechs in the picture, banks have and will continue to form partnerships and collaborations with these players. This allows two-way sharing of not just technology but data. Clients will become more aware of open banking – they will embrace it but in exchange, ask for security and clearly articulated value.

What are some upcoming trends/changes you foresee in Singapore's WealthTech space?

With real-time payments, digital wallets, and various account-platform integrations, there has been a generational shift in the way we interact with our financial institutions. This has generated even more data points for already information-rich banks. With WealthTechs in the picture, banks have and will continue to form partnerships and collaborations with these players. This allows two-way sharing of not just technology but data. Clients will become more aware of open banking – they will embrace it but in exchange, ask for security and clearly articulated value. More than complementing each other, the traditional players are also more acutely aware that this is a competition – for market share and more importantly, for loyalty. They know they cannot let up and improving offerings in all aspects is the only way forward. As for digital assets being offered by WealthTechs – as much as it is going mainstream, adoption in the long term will depend on regulation to instil investor confidence.



**Carmen
Wee**

**Chief Executive
Officer**
Investment
Management
Association of
Singapore

Industry trends and business opportunities

The Investment Management Association of Singapore (IMAS) is the national representative body of the investment management industry of Singapore, actively enhancing the standards of professionalism amongst practitioners, advocating industry concerns, working closely with government agencies and regulators, to formulate policies and strategies to grow and strengthen the asset management industry in Singapore.



Industry trends and business opportunities

Q&A with Carmen Wee

How have WealthTechs changed the industry landscape? Do you feel they have brought attention to underserved segments?

The emergence of WealthTech has certainly transformed our industry landscape in a big way. Technology in AI, big data, Software-as-a-Service (SaaS), machine learning, and more continue to converge with investments and savings to create a much more efficient and automated digital financial ecosystem.

In many ways, it has enhanced access to financial services for the traditionally underserved segments. Online marketplaces, robo-advisors, new portfolio management tools, digital trading platforms, big data analytic tools, micro investment solutions – these have enhanced efficiency in the marketplace and made investments so much more convenient and accessible. It is without doubt a fantastic enabler. Even IMAS has taken advantage of digital advances to create tools such as FundSingapore to help the broader investing public access portfolio and risk/ESG profiling tools and information they otherwise may not have access to before.

What does the future hold for incumbent financial institutions with the disruption that WealthTech players are bringing to the market? Can they all survive in their current form - even amongst the major banks today?

I think we can look forward to exciting times ahead as disruptive technologies force financial institutions to change. Since 2019, IMAS started a very hard push through our Digital Accelerator Program to encourage our member firms to embrace digitalisation. I am glad to share that many of them have indeed jumped on the bandwagon and made tremendous strides in embracing digital technology to improve their services.

We have seen some amazing solutions around harnessing blockchain technology, AI, natural language processing (NLP) and machine learning tools to enhance service offerings, increase efficiency, lower costs and create more alpha. Our members have either invested heavily in technological transformation or actively collaborated with FinTechs to keep ahead and I think this trend is here to stay. Frankly, I'm a big fan of progress and financial institutions must embrace change to stay ahead. Nothing stays the same forever.



Based on your interaction with different players – the incumbents and the challengers, where do you see the WealthTech market in Singapore in 2030?

I think competition will be immense. More and more FinTech start-ups, non-FIs have entered the wealth management space while large FIs have moved into the robo-advisors space. Some of these players which have successfully raised Series A & B funding will be well-positioned to take the heat while others will exit. We are already seeing such moves. Many of our own homegrown successful WealthTech players have started to spread their wings and are pursuing further growth overseas, after having been successful in closing rounds of funding. Traditional players are collaborating with non-traditional players in order to stay ahead. UOB Asset Management (UOBAM)'s collaboration with SingTel is an interesting example. Whatever the case, the WealthTech segment in Singapore will continue to grow and mature in response to increased appetite from investors, acquisition deals and rising demand from younger investors for automation in financial services.

How are consumers responding to WealthTechs? Are there differences to the way different segments of investors are reacting to and adopting new digital wealth services?

I think the response has been generally positive. The more digitally savvy consumers welcome the convenience and control over their investments on the go. HNWIs are also leveraging WealthTech for advice on their investments. Mass affluent investors are using WealthTech to manage their

investment portfolio themselves and perform due diligence on such platforms. These investors are also reaching out to distributors directly through WealthTech platforms to purchase the products.

In addition, we anticipate new ways of investor engagements such as financial influencers mushrooming in the digital space, complementing the development of digital wealth services.



The more digitally savvy consumers welcome the convenience and control over their investments on the go. High-net-worth investors are also leveraging WealthTech for advice on their investments. Mass affluent investors are using WealthTech to manage their investment portfolio themselves and perform due diligence on such platforms.



Joel Teasdel

Head of Wealth
Management
Group
(Asia ex-Japan)
Dimensional Fund
Advisors

Industry trends and business opportunities

Since 1997, Joel has worked closely with leading private wealth managers of Europe, the UK and Australasia to improve their clients' investment experience and their firms' profitability. He oversees the Wealth Management business in Asia (ex-Japan) for Dimensional, who pride themselves on more than 40 years of history of applying academic research to practical investing.



Industry trends and business opportunities

Q&A with Joel Teasdel

As a globally renowned, financial science-driven fund manager with over 40 years of experience and operating in Singapore, how has Dimensional noticed investors' demands and preferences change over the years?

First, we've seen a far greater demand for transparency and evidence around investment solutions. It is one thing to say you have a systematic approach to investment. It is another to show you have the evidence to back it up. We think that is a good thing, not just for investors but for the industry itself because it lifts the bar for everyone. Second, we've seen investors start to become much more conscious of potential conflicts in advice. The advice industry is changing for the better in genuinely putting clients first as opposed to nudging people into products that advisers are incentivised to push. Third, we have noticed a greater focus on the total costs of investment and advice. The days when retail investors would put up with much higher costs than were typically available only to large institutions are fading. Finally, investors in Asia are starting to make the distinction between short-term speculation and long-term investment and are looking for approaches that are built around their own long-term goals, risk appetites and family circumstances. We see all these trends as positive ones.

How do retail investors' demands differ in Singapore compared to the rest of Asia or the rest of the world?

Our team here in Singapore come from around the world and have had experience with investors in multiple markets. So we can say with some confidence that investor demands don't change much from country to country. People universally are looking for an experience in which risks and expectations are clearly communicated to them and where their own circumstances are fully taken into account. Perhaps you could say there is a greater focus in this part of the world on the extended family and awareness of the needs of the next generation, but that only reinforces the requirement for a sound and systematic investment approach coupled with independent, client-centric advice.

Another observation is Singaporean investors' natural affinity for property and high yield investments. Again, this is not dissimilar to what we observe in other developed markets given these asset classes appear easy to understand at face value and are often the first type of investment new investors will make. However, once the total return and diversification benefits of other traditional asset classes have been understood and can be accessed through digital advice in a low cost manner, we're seeing increased demand for broadly diversified global equity and fixed income strategies to complement or substitute these existing property and high yield investments.



In March 2022, in collaboration with Endowus, you launched the ‘Endowus Factor Portfolios by Dimensional’ for Singapore investors. Could you share with us a little bit more about this and why would this be of interest among Singapore investors?

The first question for any investor is to define their goal. People have different goals, circumstances, horizons and risk appetites. That means there is not a single investment solution appropriate for everyone. At Dimensional, we start with the broad market – in other words, a broad market-cap weighted portfolio that is diversified across securities, sectors and countries.

From that point, you tilt that portfolio to the factors, or dimensions as we call them, that evidence shows drive excess returns over the long-term. To be considered a dimension of returns for us, it has to be based on robust data and it has to show up in many different markets over multiple periods. The long-term factors we focus on in equities are the size of stocks, their relative value, profitability and investment. We also take into account the short-term driver of momentum, which is the tendency of a security that has been falling or rising faster than the overall market for a certain period to keep doing so. In fixed income, the factors we focus on are the term of the bond and the credit quality.

There are premiums available from all these factors in equities and fixed income, but they are not there in every market every

day. That’s why we take a systematic approach to them and stay focused on delivering them. The question of what mix of factors – or deviation from the market– is appropriate for each individual investor we leave up to the advisers, who know their clients and what they need. If you wanted to sum up this approach relative to conventionally active management or indexing, it is about seeking to beat the market without trying to outguess it. We’re using the information in prices to build highly diversified and efficient portfolios that tilt to these long-term return drivers and then working with advisers who offer an appropriate mix to their individual clients. The benefit of this approach for investors is that it is based on evidence, not guesswork; it is flexible in not being tied to an index, it is transparent and it is low cost.



The edge that technology offers is a way of getting very efficient access to those long-term return drivers while preserving the benefit of advice tailored to each individual.



With regards to WealthTech, how do you feel these newer players differentiate themselves as compared to the traditional offerings of incumbent wealth managers?

Technology is improving Singaporeans' access to the sort of scientific approach to investment I mentioned above. Previously, these sort of solutions were available only to very sophisticated institutional investors. The edge that technology offers is a way of getting very efficient access to those long-term return drivers while preserving the benefit of advice tailored to each individual. At the investment management end, we are highly conscious of minimising unnecessary cost in the implementation of the solutions we provide. At the advice end, the technology now allows layers of cost to be stripped away without compromising the need to be attentive to clients' risk appetites, circumstances and goals.

Based on your interaction with the different players – both incumbents and the challengers, where do you see the WealthTech market in Singapore in 2030?

We avoid forecasting at Dimensional, but it seems the trend is moving towards improving levels of service, the removal of conflicts, increased transparency, a growing client focus, attention to cost and a continued drive to improve the end client experience. We think that can be achieved through the combination of world-class advice, state-of-the-art technology and investment providers bringing the very best available solutions to a broad market.





Endowus

A New Era: Trends shaping the future of wealth



Evolving profile of the investor

Self-directed investing

Digitalisation has accorded investors the toolset required to carry out every step of the investment journey independently – from market research, to trade execution and portfolio management. As an increasing number of online investing platforms emerge and compete, the time it takes from opening an account to executing a trade is no longer measured in days or hours, but in minutes. The ease of downloading a digital investment application, designed to be quick to pick-up and seamless to use, has reduced inertia of investing. The cumulative effect of time-savings and accessibility is moulding investors to become more self-directed than ever before. This effect is compounded by the fact that personal finance is increasingly seen as an integral aspect of everyday life, with applications and features motivating individuals to track how much they spend, save, owe, and invest.

Digitalisation also provides new investors a safe space to explore at their own pace. Every decision made, or not made, is fully in the hands of the investor without external pressures that are often present in traditional channels. Digital channels also remove the awkwardness of discussing one's financial standing with a stranger from the investing process.

Predictions




Digitalisation will continue to increasingly shape investor independence and autonomy, as it empowers the 'man on the street' with the required investment tools



Free access to information will subvert the role of the traditional advisor, as investors place less reliance on paid advice given greater financial literacy and changing lifestyle preferences




Provision of learning and insights will become part of the expanded value offering of wealth managers



The proliferation of free information available to the investor incentivises self-education, facilitating a greater degree of control over the investment journey. As sources of financial literacy increase, investors today are better equipped with basic investing knowledge and are also aware of the different avenues available to bridge the knowledge gap. Importantly, this information can be accessed anytime at one's convenience when required. This empowers investors to make financial decisions based on independent research and self-learning, with lesser reliance on advice from traditional sources.

One such contemporary avenue is the growing popularity of influencers and channels focusing on wealth and investing across social media platforms. These offer financial advice coupled with entertainment, often in digestible, short-form format. Success stories in the form of investors who succeeded without the help of traditional forms of advice further extol the virtues of self-directed, self-taught investing.

On the flip side, the quantity of information freely available to investors has become a challenge. Self-directed investors want curated information and expertise which they can trust. They face the task of sifting through, identifying and analysing information and insights which suit their needs, and this can come at a significant time cost. Additionally, there also exists a large amount of misinformation online, which may be difficult to comprehend without prior knowledge or comprehensive research. Wealth managers should look at meeting this demand by providing insights as a value-add to their existing value proposition. This can be demonstrated through furnishing of financial literacy courses and materials. There is a real incentive for wealth managers to build customer loyalty by being a trusted resource for investors. Those who provide quality, contextual learning opportunities will in all likelihood see an increase in client retention.





Demand for lower fees and pricing transparency

For a long time, pricing approaches in wealth management firms have remained obscure. Clients have been subject to excess charges embedded in hidden brokerage fees, resulting from deliberately complex pricing structures. Without intuitive guidelines and clear disclosure of their fee charges, dissatisfaction levels have risen as fees are perceived to be “too high” since clients lack an understanding of what they are paying for. 27 percent of HNWIs surveyed in 2021 expressed that prevailing high fees and lack of transparency resulted in them being uncomfortable with fees charged by their wealth managers.³⁴

Some robo-advisors have directly addressed the above lack of transparency by charging investors an “all-in” access fee, which is typically a percentage of the total value of their assets managed by the platform. A tiered pricing model may be offered, charging investors lower fees with higher AUM invested. Unlike with traditional advisors, investors do not need to be worried about hidden fees with the “all-in” fee pricing model as investors are empowered with the knowledge of how much and what they are paying for. To charge higher fees, wealth managers need to demonstrate their value propositions clearly.

Predictions



Wealth managers will face increased pressures for fee transparency, with the expectation that higher-than-usual fees need to be justified by a tangible value proposition. Investors are less inclined to blindly accept a blanket approach to pricing



Competition by robo-advisors will drive urgency to overhaul existing pricing approaches, as they offer a more direct and upfront fee structure with fewer hidden fees, such as a fee-only model



In the case of mutual fund investors, embedded retrocession fees within retail share classes contribute to unnecessarily high costs of investing. These kickbacks breed misalignment of interests between distributors and investors, as banks and wealth platforms are driven to promote funds with high retrocession fees which may not necessarily deliver profitable returns to clients. While the introduction of MiFID II (Markets in Financial Instruments Directive) has banned such fee arrangements in the European Union, the few wealth managers offering retrocession-free institutional share classes in Singapore means that retrocession fees make up half of the average total expense ratio (TER) of funds available. As a result, Singapore is ranked below average in terms of fees and expenses.³⁵

Robo-advisors operate a low-cost business model allowing them to offer competitive prices that achieve portfolio performance comparable to traditional wealth managers. At the same time, robo-advisors can offer easy access to ETFs which

are generally cheaper, or even institutional share classes of mutual funds, further lowering fees paid by investors. Endowus, for example, returns retrocession fees back to customers if any is levied on them.

As a result, clients have become more fee-sensitive with the availability of such affordable alternatives. They will not hesitate to switch providers if the gap between expected value and high fees remains unaddressed, with 53 percent of millennials reportedly having switched their primary advisory firm in the past year, 46 percent of which did so due to perceived high rates.³⁶

To prevent client churn, wealth managers need to act quickly by either reducing costs to compete effectively or ramp up pricing transparency to illustrate the value-add of services which clients are paying a premium for.



Enhancing the customer experience

Hyper-personalisation

Tailoring of investment advice has been traditionally done by segmentation (via AUM, for instance) and customer profiling on factors comprising but not limited to age and risk tolerance. These methods pigeon-hole investors – who have unique motivations, circumstances, and experiences – into broad categories and limit the level of personalisation afforded to them. This results in a generic experience for clients in the same segment or with a similar profile. Relying on advisors to provide personalised service and recommendations requires significant time commitment and crafting advice based on an understanding of each individual client makes it difficult to replicate efficiently and at scale.

Wealth managers recognise this untapped potential, prompting attempts to achieve a level of personalisation in their digital offerings. Manifestations include applications with customizable portfolio views, curated newsfeeds based on selectable options and recommendations via push notifications, which are usually based on basic metrics such as activity-tracking. Many such 'personalised' offerings are, in reality, customisation options, often requiring manual inputs from the client in order to get an output adjusted to their preferences. In some, efforts have been made to formulate better advice or offer targeted recommendations, basing them on analysis of customer data and behaviours.

Predictions



Enhanced insights will re-define the customer experience, as the push for hyper-personalisation continues



The ability to effectively leverage AI and data analytics will become the main differentiator for wealth managers, by delivering better insights and recommendations based on individual needs and preferences



Most, however, only look at a few broad indices which scratch the surface of what is possible. These attempts at personalisation do not match up to the expectations of clients.

What clients desire is a differentiated offering, tailored to suit their individual wants and needs. Clients today want a similar level of personalisation in financial services which they have grown accustomed to in other aspects of their day-to-day lifestyle. For example, streaming services curate recommendations based on media content viewed and liked. More importantly, the algorithm employed for this is constantly refined with more data accumulated over time, more accurately predicting the user's preferences. Adding to that is also the effect of aggregated data amongst users, further refining recommendations based on what other similar users prefer.

In the context of wealth management, how this could look like would be curated news feeds based on the client's portfolio in related industries, companies, with critical news pushed via notifications. Recommendations can be made based on similar types of investments existing in a client's portfolio, with advice timed to coincide with when the client usually interacts with the application. Portfolio dashboards would not only curate key information based on user's activity and behaviour, but the entire look and feel can be tailored to an individual. For example, the level of detail and how it is presented, whether in numbers or in visual diagrams can be altered based on data on the user's likely preference.

There is a huge incentive for wealth managers who can offer personalised products and services, with more than 60 percent of millennials willing to pay a premium.³⁷ Wealth managers will need to leverage on artificial intelligence and data analytics to offer hyper-personalised insights.

Insights and intelligence from data helps to provide a deeper understanding of each customer's unique desires, behaviour, and demographics to achieve the next level of personalisation. In addition to enhancing the overall user experience, wealth managers can deliver crafted, actionable personal insights to clients. Using advanced analytics, wealth managers are now better able to pull behaviours and preferences across a large pool of datasets, which was difficult to achieve earlier.

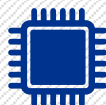
The insights that can be drawn by analysing these patterns allows a further degree of segmentation. Clients are no longer defined by merely age, income levels, wealth, and risk tolerances but can be characterized by archetypes – a summation of motivations (i.e., what a client wants, their goals), preferences (i.e., what a client likes and dislikes) and demographics (i.e., socio-economic factors). With these archetypes, wealth managers can better profile clients and shape recommendations which are far more likely to appeal to their clients. The development of these archetypes will also help to bring personalisation to the masses.



Digital tools

The modern investor is digitally savvy and often a digital native. Today, the first port-of-call for a consumer seeking financial or investment solutions is more than likely online digital channels instead of traditional brick-and-mortar organisations. With lifestyles shifting towards the use of digital tools such as mobile applications to facilitate and enhance every aspect from dining and commuting, to working and seeking entertainment, clients naturally also lean towards digital tools to tackle their financial needs. This preference for digital solutions is a factor of ease-of-accessibility and cheaper costs over traditional alternatives. Digital wealth platforms, having adopted a digital-first model, are able to serve a larger pool of clients in a more sustainable manner. Digital tools can no longer be seen as just a supplement, or merely another channel, to engage clients with, but as the preferred choice of clients today. With new technical capabilities, firms are also aiming for consistent experience across digital platforms (mobile, tablets and desktop), for clients to have seamless transitions among channels. Having said that, there is also a need for wealth managers to consider offering hybrid advice involving both digital-led and human-led components to meet the needs of digitally savvy clients that either possess more complex investing needs or prefer some degree of human touch.

Predictions



Digital tools will become one of the primary channels to access financial products and services, as the next generation of investors would comprise largely of digital natives



Digital capabilities and user experience offered will need to match up to the expectations of the modern investor; wealth managers failing to keep pace with competition will be left behind



Privacy and cyber-security concerns will become an increasingly important factor in choosing between wealth managers; building trust by addressing these concerns will be vital



Clients expect that digital tools and applications for their wealth management needs should have the same intuitive and quick-to-learn user interface. More than a third of millennials factor in a firm's digital capabilities when deciding on a wealth manager.³⁸

To be distinctive, wealth managers must not only offer a suite of capabilities in their digital tools, but also employ a human-centric approach to the design of their digital solutions to satisfy what is seen as a basic requirement by their clients. Clients are also pushing for improved user experience by voting with their wallets, with a reported 84 percent of companies that actively pursue improved customer experience displaying increased revenues.³⁹

Not only can these digital tools help streamline and make the process of investing quick and convenient for the user, they also contain capabilities and features to provide customers more powerful analysis for better investment decisions and push notifications for time-sensitive events. This enables quicker response times and automates tedious processes with a push of a button.

The other aspect relevant to digital tools involve privacy and security concerns. News of information leaks or misuse of private customer data, large-scale data theft and cyber-attacks targeting reputable brands, are increasingly frequent. The recent case of phishing scams targeting OCBC resulted in reputational and financial loss amounting to S\$13.7 million and affected close to 800 customers.⁴⁰ The frequency of usage and scale of users of digital tools and solutions means that more customer information and confidential or personal data are stored by digital solution providers. With this, clients place a mandate and duty on these providers as custodians of their information. As data owners, wealth managers providing digital tools need to act on these risks and security concerns by safeguarding customer data. Regulations on the topic are also constantly being introduced which firms need to comply to, or are updated to be more stringent, raising the cost of compliance. Compliance is further complicated by the differing regulations across countries. Firms that are more successful at demonstrating to their client base that they can be trusted will enjoy stronger competitive advantage.



Beyond client facing applications, there is an increasing need to build robust internal customer relationship management (CRM) tools for relationship managers (RMs) to efficiently manage their day-to-day work. Wealth managers need to be equipped with right sets of applications which takes away administrative and operational tasks, allowing them to focus on more productive tasks that drive up client engagement. Data visualization tools, dashboards, real time client behaviour triggers, audio/video tools, advisory platforms are examples of some of the innovative tools necessary for catalysing an efficient RM operating model. A powerful combination of internal and external tools, powered with data and AI enables the right digital ecosystem for efficient and successful wealth management.





Shift in product demand

Democratization and access to niche products

Often illiquid and uncorrelated, alternative assets, such as private equity, hedge funds, venture capital and real estate, offer investors attractive returns in return for added risk and exposure. However, they are generally difficult to access and only available to institutional investors and the ultra-wealthy. Asset tokenisation, an application of blockchain technology, is a key innovation that has facilitated broader access to the private markets. It involves the process of fractionalising ownership rights of a particular asset into digital tokens. Each token represents a proportional part of the digitised asset.

The tokenisation of alternative investments allows for reduced minimum investment size, increasing affordability of investing into the traditionally niche asset classes of private equity, real estate, and venture capital. For example, ADDX, a private markets investment platform built on blockchain technology founded in Singapore in 2017, made alternative investments available to accredited investors with upfront capital investment as low as US\$10,000 via a partnership with Nasdaq-listed Hamilton Lane.⁴¹ The real estate industry in particular has observed growing popularity in trading of real estate tokens.⁴²

Predictions



Tokenization will become widely adopted to offer niche products to retail investors



Expect to see more partnerships between wealth managers and asset managers to increase accessibility



Adding to that is the immutability of the blockchain, which provides added security and verification without requiring a third party to authenticate the transactions, lowering overall investment costs. While there is huge potential for tokenization to facilitate democratisation of access to alternative investments, the challenge of scaling the process of tokenisation in private markets remains.

Apart from tokenization, wealth managers (both digital wealth platforms and incumbents) are working with private markets firms and alternative asset managers to increase accessibility of these niche products on their platforms. Credit Suisse, for example, has partnered with BlackRock to launch a private equity impact fund⁴³, while Endowus has entered a collaboration with Partners Group to offer access to private equity funds to Endowus Private Wealth clients.⁴⁴ As demand continues to escalate in growing awareness of attractive returns of private investments compared to public markets, collaborations amongst financial institutions are only expected to increase as firms compete to satiate investor demand.



Digital assets

Major disruptors to financial ecosystems, digital assets have exploded in popularity among both institutional and retail investors. Digital assets are items of value that can only be stored digitally. Distributed Ledger Technology (DLT), or blockchain, is the underlying technology that manages ownership records of digital assets. Commonly known examples of digital assets include cryptocurrencies, non-fungible tokens (NFTs) and stable-coins.

The cryptocurrency market quadrupled in value from end 2020 to November 2021, reaching a value of more than US\$3 trillion.⁴⁵ The rise of Bitcoin has been the driving force behind the proliferation of digital assets. Since its launch in 2008, Bitcoin achieved an all-time high of over US\$68,000 in November 2021, after only breaking a price of US\$1,000 just 5 years prior.⁴⁶

In the last decade, digital assets have grown to become an important means of portfolio diversification for investors, forming a part of many clients' investment strategy. In the NFT space, a digital artwork named "Everydays: The First 5000 Days" sold for an astonishing price of US\$69.3 million in February 2021.⁴⁷

Predictions



Digital assets, once an emerging asset class, is now mainstream among investors. With continued innovation and opportunities, despite the crypto winter, digital assets will be a mainstay in the future of investing



As more safeguards are put in place by regulators, investor confidence and adoption will increase



In view of rising interest rates and recession fears, cryptocurrencies have fallen victim to investors' redirection of capital away from risky assets. The market capitalization of crypto fell below US\$1 trillion in June 2022 from its November 2021 high,⁴⁸ with Bitcoin prices crashing to US\$20,000, a major reason leading to the downfall of the TerraUST stablecoin.⁴⁹ Other ripple effects include a series of employee layoffs in crypto firms including Coinbase and Blockchain.com.

Despite market volatility and the onset of the crypto winter, digital assets remain a relevant asset class with strong consumer interest. In a survey conducted by Bank of America (BoFA) in June 2022, 91 percent of those surveyed indicated an intention to purchase crypto in the next 6 months.⁵⁰ Many wealth managers are not sitting on the fence and are cautiously expanding their offering of digital assets to anticipate forward demand. Julius Baer has rolled out pilot programs to begin offering cryptocurrencies to its wealthy clients.⁵¹

Regulators around the world have acknowledged that the future is digital, with digital assets here to stay for the long run. To safeguard consumer interest and build investor confidence in the digital assets industry, many have commenced on building regulatory frameworks around digital assets, particularly crypto activities. However, more needs to be done to ensure that these activities are conducted in a safe and secure manner. Regulatory regimes today have yet to implement specific regulations governing consumer protection and market conduct in the crypto industry. In Singapore, existing regulations surrounding the crypto sector primarily focus on money laundering and terrorism financing risks. Recently in July 2022, the Monetary Authority of Singapore (MAS) announced plans to consult with industry players to broaden the scope of its rules to cover more activities in the sector.⁵² The increased regulatory oversight may help attract more investors who have been undecided about digital assets.



Environment, Social and Governance (ESG)

Environmental and social problems have been major news headlines in the last decade, with growing focus on climate change, inclusion, diversity and social responsibility. An increasing number of investors, especially among the younger generation of millennial and Gen Z investors, want to play their part towards creating a more inclusive and sustainable world. As a result, priorities are shifting from purely maximizing financial returns to other qualitative considerations such as “impact”, “purpose” and “sustainability” when formulating investment strategies. 88 percent of millennials surveyed by Morgan Stanley indicated interest in climate-related investments.⁵³

Corporations that integrate ESG into their operations not only create positive impact on our societies and the environment, but also tend to outperform the market in the long run as they are more resilient. This is evidenced by 73 percent of ESG indexes performing better than non-ESG indexes since their launch.⁵⁴ Investor belief around this has further accelerated demand for ESG products. Over a fifth of investors surveyed in the Investment Association’s ESG Global Survey 2021 indicated that all or most of their portfolio includes ESG.⁵⁵

Predictions



‘Sustainability’ and ‘impact’, now key tenets of investor objectives, is propelling current and future demand for ESG products



Investors’ desire for meaningful impact reporting of their ESG portfolio will push wealth managers to invest in reporting tools and capabilities



Adaptivity to meet client demand for ESG products and complying to regulations will be paramount for wealth managers



The pandemic accelerated capital inflows into ESG funds as investors redirected money to less risky businesses that are better prepared and can survive market shocks.⁵⁶ This momentum is expected to continue as global ESG assets are forecast to exceed US\$50 trillion by 2025, which forms one-third of the estimated total assets under management globally.⁵⁷ With ESG investing moving from being niche to mainstream, there is an urgency for wealth managers to be agile and adaptable in meeting investor demand by providing access to ESG products.

To close the loop on their pursuit for positive impact, these investors want to understand the benefits that their investment decisions have brought to society and the environment. To do so requires access to timely, reliable information from their wealth managers. Reporting tools or dashboards need to convey outcomes of their ESG investments in terms of quantitative, tangible metrics. Such metrics can include aspects such as metric tons of greenhouse gas avoided, or dollars invested into reducing poverty. Personalised impact reporting also plays a pivotal role in forging a strong emotional connection between investors and their portfolio, further

catalysing individuals to invest based on their personal values. On top of providing access to ESG products, wealth managers need to invest in impact reporting tools to illustrate to investors their portfolio's social impact or environmental footprint.

Globally, ESG frameworks are fragmented, and disclosure requirements are inconsistent - there is neither a single oversight body nor universally adopted standards, with different countries setting their own regulations. Within the Asia-Pacific region, regulatory changes have witnessed an overhaul in the past decade. The Singapore Exchange (SGX) and Hong Kong Exchange (HKEX) have made climate reporting mandatory for selected sectors.⁵⁸ Standards are prone to being vague and possibly intentionally being kept open-ended. As a result, financial institutions are struggling to navigate ESG disclosure reporting. The MAS has issued new disclosure guidelines in July 2022 for retail ESG funds in a bid to reduce "greenwashing", which would come into effect from January 2023.⁵⁹ Wealth managers will need to quickly adapt as regulations surrounding ESG catch up to the pace of adoption.



Actions for Wealth Managers

With the WealthTech scene in Singapore apt to capture the growth of the market, and taking into account the insights and trends that will shape wealth management going forward, here are four actions that wealth managers should focus on:

Race to serve the mass-affluent

The growth in wealth globally and in Asia has been contributed by the expanding class of investors in the mass-affluent segment. The challenge in serving this segment lies with effectively scaling services at mass. The difficulty arises from the dichotomy of offering low costs to remain competitive whilst retaining a high-level of service and product expected by these investors. To meet this challenge, wealth managers need to lean on digitalising their offerings. Leveraging technologies to digitalise services allow for reduced reliance on physical staff to serve clients, resulting in lower operational costs. The cost-savings from reduced overheads can be passed on to consumers, allowing for effective price competition.

Focus on customer experience

When introducing digital platforms and tools, wealth managers need to deliver the right user experience to their customers. This can be achieved by performing advanced data analytics on user data to derive targeted insights. These insights will help to formulate personalised product recommendations that will provide a tailored customer experience for each unique user. With the user interface of digital applications also playing a significant role in the overall customer experience, wealth

managers also need to ensure that the interface of their digital offerings is intuitive and appealing to use.

Product-market fit

To recommend suitable investment products based on each unique individual's profile, wealth managers must have the right suite of products available. In the face of rising demand for ESG, digital assets and traditionally niche products like private market investments becoming more available to retail investors, firms need to invest in acquiring the necessary capabilities (e.g. blockchain) and expertise (e.g. product specialists), along with the required licenses, to build up their product offerings.

Ensure adherence to regulations

In the face of evolving regulations applicable to wealth management across different jurisdictions particularly in areas such as ESG and digital assets, wealth managers must establish a robust system of checks and balances in place to ensure all necessary due diligence (from license applications to disclosure and reporting) has been performed. Investment in reporting tools will also be essential to reduce pain-points in the reporting process and avoid the potential of regulatory breach from failing to meet reporting guidelines. Trust between wealth managers and clients is the cornerstone of a successful partnership. Adhering to regulatory requirements is a crucial first step to developing trust, and provides the impetus and support necessary for further development within the industry.



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Methodology and Terminology

The underlying data for this report (the “Dataset”) was sourced from Pitchbook Data, Inc (“PitchBook”) on 13 July 2022. The Dataset has not been reviewed by PitchBook analysts. As PitchBook’s data continuously updates, data extracted before or after 13 July 2022 may differ from the Dataset used for purpose of analysis in this report.

The Dataset used for this report only includes venture capital transactions, with incubator, accelerator type funding rounds and grants excluded. Only completed transactions are included, while companies that have been classified as out of business are excluded from the analysis.



Angel / Seed

Angel investments refer to investments by individuals using their personal funds and not using funds raised from other people. Seed funding refers to the initial stages of financing for a new enterprise that is in the earliest stages of development.



Early-stage VC

Early stage (typically Series A to Series B) financing by a venture capital firm.



Late-stage VC

Later stage (typically series B to Series Z+) financing by a venture capital firm

We use a combination of PitchBook’s FinTech vertical, related industry codes and keywords based on the defined sub-categories of WealthTech to derive a curated list of WealthTech companies.



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