

How to select the right tech partner

Banks in search of innovation and digitisation for their wealth management business should only tie-up with technology vendors which can deliver – and implement – solutions to help solve business issues, says Michael Stemmler of additiv.

In creating an up-to-date digital strategy for their wealth management offering, banks should only choose a technology partner to help them once they are clear on two key factors.

First, the banks need to look for a vendor which can provide all the solutions they need in relation to digitising their business under one roof. Secondly, the bank must view technology in conjunction with the other elements of their business, in order to complement existing systems – not disrupt them.

This is according to Michael Stemmler, founder and chief executive officer of additiv. “Banks must work with a provider which understands both business development and the business itself along with its current processes, and one which uses technology to solve those business issues.”

For example, wealth managers should choose a vendor which can advise them

on how to manage the transition, not just sell some software or technology. “Technology will not solve the problem; it is an enabler, not the solution.”

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It is in these areas where he believes that his firm can play an important role in helping banks develop the digital proposition and innovation they need in their wealth management business.

By contrast, Stemmler doesn't think stand-alone fintechs will have much impact. In fact, many of them, especially those in the B2C space, are likely to struggle to thrive on their own unless bought by a larger institution, given the skewed revenue model in wealth management. “The business model is such that the customer-lifetime value is lower than the acquisition cost, and this model is not viable,” he explains.

Even successful ones have to contend with resistance from within the bank



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– especially the IT team. “The IT staff perceive start-ups as a threat; they want to develop digital solutions themselves rather than outsource to fintechs.” ■