June 2021

Wealth Management:

10 digital trends set to shape the Middle East by 2025

additiv

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Overview

The COVID-19 pandemic set the world in turmoil in 2020. And the Middle Eastern wealth management market is no exception. However, despite the negative human and economic impact, there are some within the financial services industry that have thrived. Much of this is down to the escalation of the need for digital services.

From a wealth management perspective, the barrier that social distancing and travel restrictions created a need to find an alternative for traditional advice (often through robo-advice or hybrid wealth management platforms). Add to this the growing level of direct and indirect regulations within the region, changing demographics and the need to acquire and retain clients at an unprecedented rate due to declining profit margins with growing costs, and there is no doubt that we should expect the wealth management landscape to look very different in 2025.

Based on our conversations with financial institutions and other industry experts within the region, this paper reviews what are emerging as the ten key digital trends in wealth management set to shape the industry by 2025. Listed below, we have positioned these in terms of business impact and adoption priority.

Trend 1: The growth of the digitally savvy and middle classes
Trend 2: The push for new and evolving regulations
Trend 3: The need for increased efficiencies
Trend 4: The focus on extending existing service offerings
Trend 5: The increase in onshoring business
Trend 6: The move from a balance sheet business to commission and fee income
Trend 7: The popularity of a hybrid wealth management approach
Trend 8: The decision for banks not to develop technology inhouse
Trend 9: The change in approach to new client growth
Trend 10: The emergence of embedded wealth

Figure 1 / Source: additiv

Trend 1 — The growth of the digitally savvy and middle classes

Demographics within the Middle East have in recent years changed considerably. Statistically it now has a younger population than other regions such as Europe and North America. And this trend is set to continue and grow. This audience represents a significant opportunity where they can be serviced efficiently but also as this millennial generation begins to inherit the wealth of the baby boomer generation. This so-called "Great Wealth Transfer" predicts that around $69 trillion across the globe will be passed down over the next 30 years from baby boomers to their loved ones. Another calculation estimates that by 2030, millennials will be five times richer than they are today.

As a result, the region has an unusually high penetration of smartphone use. According to Deloitte, mobile phone penetration is already at 97%, and thus there is a strong requirement for mobile first banking services. In addition, younger populations have very different expectations from their financial service providers including being offered access to investment solutions in line with contextual journeys and seamless, intuitive experiences. These user expectations extend to well established wealth advisory services that are available within an online, end-to-end system.

Middle East demographics highlight the mass-affluent segment as growing

Population
will rise by 50% over the next 25 years

Women
entering the workforce

Education
levels are rising significantly

Saving ratio
10% to 25% of monthly income

Age
40% of people are under 25 y.o.

Expatriate workers
play an increasingly important role

Smartphone
penetration is very high at 97%

Middle Class
will rise by 14% until 2022

Figure 2
Source: Mobile consumption in a post-growth world - Deloitte Global Mobile Consumer Survey, Middle East Edition 2019 / Youth Policy.org – Middle East and North Africa / Investopedia: 10 Countries With the Highest Savings Rates / Pew Research Centre

Alongside from this younger generation, there is a growing new ‘middle class’ within the region. This is being created by increasing education levels, along with a greater number of women entering the workforce, and a developing expatriate community. These audiences are looking for extended wealth management services for accumulation, and digital services enable banks to service them efficiently like never before.

To service these groups a robo advisory wealth service may be considered sufficient. These enable clients to have instant, self-service access, automatic support and tools to allow them to invest without the need to converse with a personal relationship manager. It can enable those that are not used to investing to now be guided through intuitive, simple interfaces and model scenarios.

Presently, these services are ideal for those that have less than US $100K to invest. However, as much of this demographic will develop from a mass affluent to a high net worth individual (HNWI) where investment requirements are highly sophisticated in time, it is likely that these services won’t be considered sufficient for the majority in the long term. In addition, HNWI’s are becoming increasingly digitally savvy and expect to be supported 24/7 with instant access to automated tools and functions.

We therefore expect that by 2025 robo-advisory models will focus more on advisory led and hybrid approaches (advisory, self-service or a combination of the two) for the majority seeking wealth management services online.

Trend 2 — The push for new and evolving regulations

Although not always fondly accepted, financial regulations across the globe offers huge potential benefits to institutions across the globe, and the Middle East is no exception. In particular, legislation such as the Consumer Protection Laws, Open Banking, and a raft of controls and laws related to cyber security and data protection laws – which could support robust and secure cloud adoption within the region – all offer huge opportunity with the right strategy.

Open banking

In the Middle East, open banking has been gaining momentum since 2018 and shows no signs of slowing down. With Bahrain and Saudi Arabia at the helm, its drive has been led by regulatory, industry initiatives improved infrastructure, plus the high rate of internet adoption and mobile usage. Now, with the onset of the COVID-19 pandemic, this has been accelerated and is demonstrating itself to be an increasingly important element of the banking industry.

Open banking adoption in Middle East

Open Banking Initiative Stage — First Movers — Fast Followers — Nascent

United Arab Emirates
In 2020, DFSA introduced Open Banking licenses for Tpps. FRSA has opened consultation for a Fintech TPP regulations.

Egypt
Facilitating innovation through a regulatory sandbox

Bahrain
Open Banking framework introduced in 20218 and implemented in 2020 with all banks now compliant

Kuwait
Regulatory guidelines in place for companies wishing to experiment in fintech products.

Saudi Arabia
Open Banking Policy introduced in 2021 and expected implementation by 2022

Qatar
QCB planning to setup regulatory sandbox in 2021 and eventually develop a Fintech Strategy

Oman
Industry interest for Open Banking. Launched a fintech regulatory sandbox in 2020.

Figure 3 / Source: Open Banking – A Game Changer For The Financial Eco-System (SPIRE and WhiteSight)

From a wealth management perspective, open banking provides a huge opportunity for banks to offer a wider range of regulated products quickly and easily. It overcomes the high cost and long development times needed to build these products inhouse by enabling third party products to be offered seamlessly. This is achieved because the open banking framework lets customers share access to their financial data with third parties via platforms which utilize application programming interfaces (APIs). An API enables financial institutions to share financial data with one another, typically through a third party-developed application. These can use apps and services to provide customers with an "Uber-like" banking experience.

Open banking adoption in Middle East

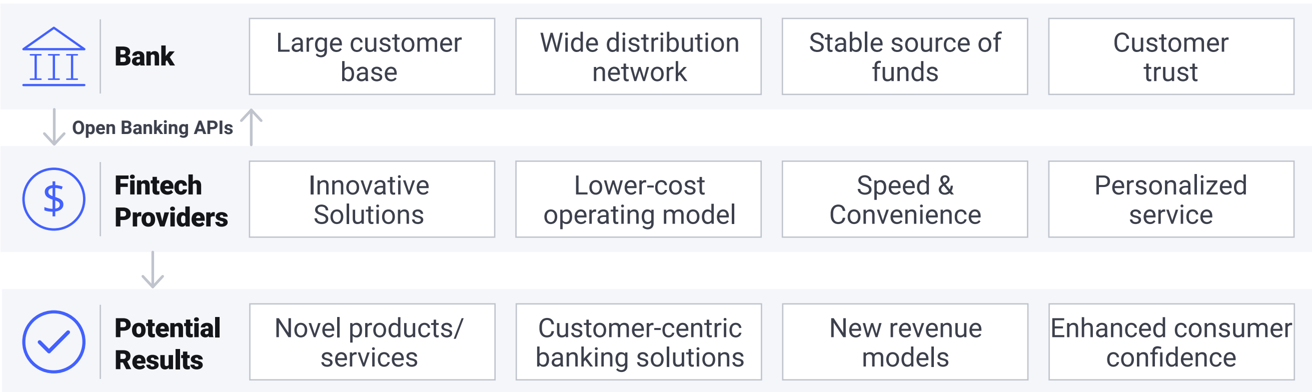


Figure 4 / Source: additiv

With initiatives underway in the Middle East (see Figure 2) banks here need to prepare for its arrival and particularly the growing competitive landscape that it facilitates.

Regulation supporting the adoption of cloud

Fuelled by the pandemic, the adoption of cloud has accelerated in the Middle East. Historically a lack of cloud-regulation and previous heavy investments in in-house datacentres meant that most regional banks struggled with implementing a digital/ cloud transformation roadmap, but this is now changing.

The pandemic has brought factors like flexible computing power, high availability, disaster recovery, lower cost for backup and disaster recovery, resilient core for business process and business continuity, legacy skill risk, and business agility into focus to allow for resilient business functions. Add to this the fact that remote working scenarios have underlined the vitality of the cloud for business continuity with remote workforces and seamless online collaboration, and it's no surprise that there is now a drive towards cloud within the region.

However, this is also made possible by increasing regulatory flexibility and protection including:

23rd March 2020	1st July 2020	16th November 2020	14th February 2021	Expected in 2021
Saudi National Cybersecurity Authority (NCA) released a draft document for Cloud Cybersecurity Controls (CCC), which sets the minimum cybersecurity requirements for cloud computing.	Dubai International Financial Centre (DIFC) implemented data protection law similar to the GDPR in Europe.	UAE Consumer Protection Law revamped the old laws acknowledging and capturing e-commerce service providers and imposed a restriction on using personal data of customers for marketing and promotion purposes.	Abu Dhabi Global Market (ADGM) implemented data protection law similar to the GDPR in Europe.	The Emirates is set to launch a GDPR-like national data law as part of the UAE's National Cybersecurity Strategy

Figure 5 / Source: additiv

The new environment that the pandemic has created, coupled with the reassurance of stricter security laws, is supporting the fast adoption of cloud. Within the region we are now seeing government spending on huge smart city and public administration projects, and the availability of an expanding range of data centre and managed service options to support enterprise adoption of emerging technology has increased massively.

Hyperscale and regional providers are focused on meeting the demand for cloud services. In fact, the cloud application market is expected to grow to US $4.5 billion within the region by 2024. It is therefore no surprise that data centres from major players including Microsoft, Amazon Web Services (AWS), Oracle, and IBM have appeared across the Middle East over the past few years, alongside existing cloud providers such as Alibaba, SAP and regional providers.

"When I speak to customers across EMEA, it is clear that the power of the cloud is essential for their competitiveness"
Michel van der Bel, President, Microsoft Europe, Middle East and Africa.

As a result, we expect to see cloud adoption by wealth management providers to accelerate dramatically by 2025. This will also unlock the potential of developing new technologies such as blockchain, open banking, artificial intelligence (AI), as businesses, including banks take advantage of the cost-efficient processing capabilities and data storage possibilities delivered from cloud hosting.

Trend 3 — The need for increased efficiencies

Even before the pandemic, wealth managers were under increasing pressure to lower costs as a result of gradually reducing margins and diminished growth. This pressure comes at a time when consumers expectations are driven by their experiences with online retail channels. In addition, wealth advisors must meet client demand for 24/7 support and more proactive, frequent and richer information.

A report by Morgan Stanley and Oliver Wyman recently highlighted that ‘efficiency plays can reduce average industry cost income ratios by up to 12 percentage points

To address these challenges, the market is likely to look at the following different approaches:

- Augment the role of client advisors: Client advisors will continue to play an important role in managing the overall client relationship in this new world of wealth management, combining the human touch with technology as an enabler to offer more customized and relevant solutions directly to individual clients. The digitization journey therefore needs to start by optimizing the processes of the most effective and productive client advisors along with improving time-to-market and customer experience. Wealth management firms also need to reduce the administrative workload of advisors by giving clients more control and functionality to be self-directed.
- Respond to evolving client needs: Given that the next generation of client’s expectations are driven by their experiences with online retail offerings, wealth management providers need to deliver far greater levels of digital proficiency. Availability anytime, anywhere, as well as speed, ease of use, transparency and seamless omni-channel services and fair pricing are key success factors in today’s landscape.
- Focus on analytics to reduce the TCO: Data and analytics are enabling advisors to create personalized investment recommendations, which makes advisors more relevant and allows them to work the often-neglected bottom half of their books to further accelerate growth. Conversely, digital tools also allow firms to circumvent the advisor and bring content and ideas directly to the client, where appropriate. The latest wealth management platforms have been designed to easily source and process the data needed to improve client outcomes, determine the next best action and provide insight into a business health. By leveraging advanced analytics and AI, financial institutions can streamline their options and reduce costs.

- Provide the tools to support 24/7 and empower: it is possible to achieve optimum efficiency even when a client expects a personal experience. Of course, robo advisory wealth services can support those not needing direct contact with an advisor, particularly those advanced services offering self-service advice. They enable clients to have instant, self-service access, automatic support and tools to allow them to invest without the need to converse with a personal relationship manager. They can enable those that are not used to investing to now be guided through intuitive, simple interfaces and model scenarios. But for those wanting a personal experience a hybrid model allows clients to be offered the service that best suits their individual needs and chose how they want to be serviced (see Trend 7 - The popularity of a hybrid wealth management approach).

To capture these new markets and maintain competitive with existing customer bases, the right business models and IT infrastructure are imperative.

1. Transform Operating Model

- **Sustainable cost efficiencies** to optimize the cost/income ratio
- **Faster time to market** with out-the-box components and user journeys
- **Better control at scale -** automated risk management & compliance

2. Innovate Servicing Model

- **Raise ease of client interaction** & increase self-service capabilities
- **Generate new revenue** by addressing underserved clients
- Increase **upsell/cross-sell** with better insights & broader offering

3. Change Sourcing Model

- **Exploit new opportunities** with ecosystem of services
- **Adapt fast** by introducing new solutions and partners
- **Profit from shared learning** and continuous improvement

Figure 6 / Source: additiv

Presenting clients with better user interfaces isn't sufficient. HNWI's are looking for better experiences and access to bespoke investment solutions according to their individual needs, at a reasonable price. However, if you don't have a viable sourcing channel for new clients today, it is a wrong assumption that a digital journey will solve this problem. On the other hand, if you are gifted with a high number of existing clients, ideally using already some digital services, it is very likely that an additional digital offer will receive great acceptance. Further we don't recommend changing the distribution channel drastically. If your clients are used to a high service level and to personal interaction with an advisor, it is the right approach to introduce a digital journey gradually with the support of the client advisor.

Trend 4 — The focus on extending existing service offerings

Wealth Managers are increasingly looking to consolidate market share and drive growth by enhancing their product offerings and footprints through organic and inorganic means. A recent report by EY highlights that there will be a rise in market share for digital wealth managers, from a negligible percentage today to a possible 30% slice of the global market captured in less than ten years. This is being driven by new technologies and a developing client base with a distinct preference for digitised channels.

The report states: *“Holistic wealth managers in particular take a digital advisory approach driven by life events to deliver genuine added value for wealthy clients. New technologies and client affinity for digital solutions are smoothing the way for profitable business model design.”*

Wealth Managers must develop differentiated propositions to protect and grow their revenue base and increasingly this is being enabled by presenting additional offerings like life, health, property insurance and casualty insurance. These additional services which can firmly cement wealth managers’ position at the centre of a client’s financial needs while capturing ‘low-hanging incremental revenues.

Providing genuine added value, will dramatically increase market share to ultimately crowd out traditional wealth managers by 2025

Business models, their positioning and amount of assets under management (AuM)

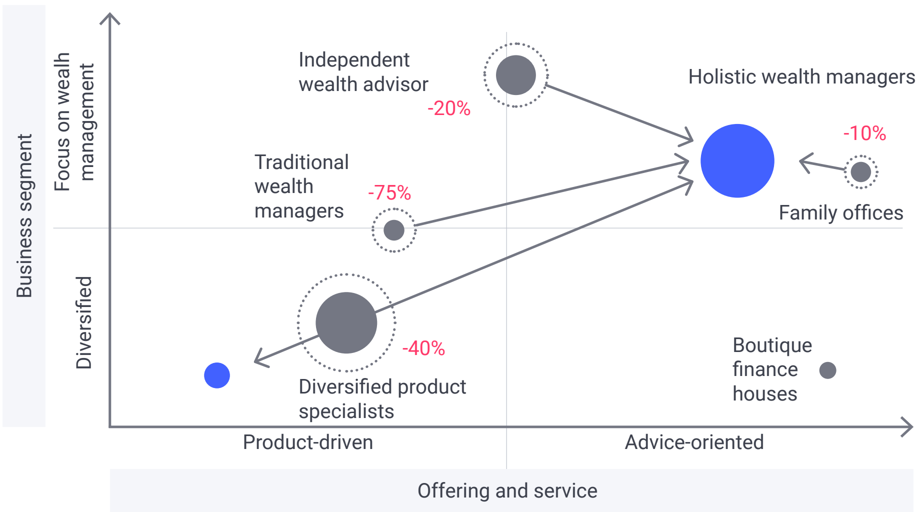
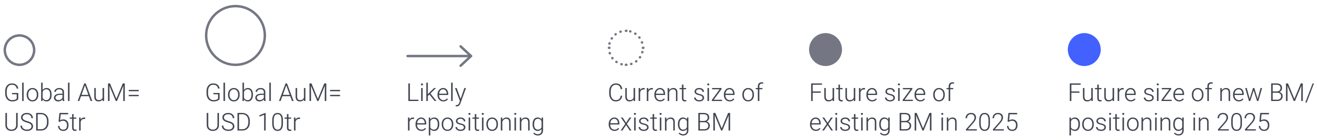


Figure 7 / Source: 2020 EY annual wealth and asset management report for the GCC

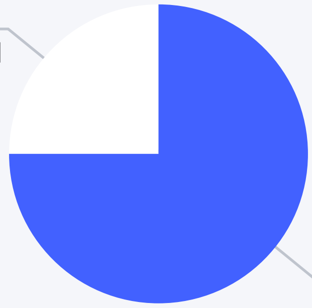


In a separate report by Oliver Wyman in 2020, they estimate that *"offering protection products can provide a top-line uplift of 4% percent and defend client relationships against further encroachment by insurers that are expanding into the investments space"*. However, many believe this opportunity to be even larger (the embedded finance opportunity is estimated to be around $7trillion after all).

To leverage this opportunity, wealth managers must develop their partner ecosystem (or utilise those fintech's who have an extensive marketplace of industry specialists). But partnership is not sufficient alone, they should consider developing digital assets offerings to differentiate their proposition and to attract a potentially high-value client segment. This could be by moving away from an execution-only model to a hybrid approach (see Trend 7 - The popularity of a hybrid wealth management approach), from local to international markets (see Trend 5 — The move to a greater level of onshoring) and/or offering additional complimentary offerings (see Trend 10 - The emergence of embedded wealth).

Trend 5 — The move to a greater level of onshoring

The Middle East is often perceived as consisting of ultra-high net worth individuals (UHWIs) serviced by global banks offshore. But the market is more dynamic than people think – and focus within the region is moving to an onshore best-in-class value proposition.



Estimated Percentage of Wealth in Middle Eastern Households, 2020

Figure 8 / Source: Aite Group

The majority of wealth management clients prefer to book a higher percentage of their wealth in local or regional banks than offshore, however historically this has not been reflected in actual terms. There is a growing perception that the lack of appetite for onshore services was due to product service offerings from local banks being limited – forcing UHWIs to go offshore for a greater choice of instruments. In addition, this lack of offering didn't support diversification needs for a portfolio that mitigates risks against political change, the legal environment, currency fluctuations etc.

54%

ME wealth managers say collective investment schemes (e.g., funds and ETFs) are increasingly important

74%*

ME wealth management clients prefer local investments

Figure 9 & 10 / Source: Wealth Management in the Middle East: An Insight into the Current and Future Needs of Investment Clients, additiv survey with Hubbis, March 2021

However, this is now changing. The advent of open banking enables banks to easily offer a greater range of products and services (either as own-branded solutions or presented as a partner brand) through an API. Although of course there will still be a proportion of assets that always remain offshore to mitigate risk, by offering a broader range of attractive investment products (only previously available off-shore) there is still a huge opportunity to both increase 'share of wallet', particularly from the growing middle classes and young mass affluent who will eventually become HNWIs but also repatriate assets currently off-shore.

Trend 6 — The move from a balance sheet business to commission and fee income

The global wealth management market is expected to grow from $1162.66 billion in 2020 to $1263 billion in 2021[1]

Increasing capital requirements are pushing banks to find new revenue streams. They are turning to wealth management, with its fee-based advice and wealthy clients. Following the financial crisis banks started to focus on new revenue opportunities, with a particular interest in fee-based business. Cash accounts, saving accounts, fix term deposits, fiduciary investments, and in particular all type of credits (Lombard loan, mortgage, loans to companies etc.) offered little opportunity particularly due to low interest rates and, in some cases, higher risk.

From a bank perspective, wealth management services provide growth and does not consume any capital. It increases the profitability of each customer, thus increases return on equity.

This shift in focus changes a banks client segmentation policy, for example going after higher-value clients, to increase overall profitability. However, banks must be very mindful of adopting a model which benefits HNWIs predominantly. Historically, when banks have adopted such a model client trust has fallen drastically and clients leave the bank for other firms. However, now with a robo-advisory self-service model this issue can be avoided and the benefit of diversifying revenue streams can be realised. In the Middle East, only 10-15% of most banks total revenues come from fees and commissions generated from wealth management services. However, there is an opportunity to increase this to at least 30-40% with a more diversified and less vulnerable business model.

Robo advisors are often available at a significantly lower cost and therefore offer access to the mass affluent segment (see Trend 1 - The growth of the digitally savvy and middle classes). By 2025, we also expect to see price competition intensifying. As wealthtechs reach scale and competition intensifies, robo-advisory fees within the region are likely to follow a decline as has been the case in most of the more mature markets such as US and Europe, where robo-advisory has grown in the last decade. As a % of AUM, robo-advisory fees are likely to will move down from the current 0.5% – 0.9% to 0.1% – 0.3 %. And because robo advice models don't usually require any minimum investment, the business case for moving to wealth management is further reinforced.

In addition, a focus on wealth management is well received by existing clients when a well-functioning elevation model, which sends complicated clients from retail to private banking, is adopted. With this model customers have higher satisfaction, higher returns on their portfolios and are generally more profitable.

1 Wealth Management Global Market Report 2021: COVID 19 Impact and Recovery to 2030 - Reportlinker.com

Trend 7 — The popularity of a hybrid wealth management approach

Servicing HNWI's to maintain the close relationships needed for optimum profitability and client retention, all while offering the benefits of robo advice, could be considered an impossible aim. But this is what a high proportion of clients want (see figure 11).

What are your investment and wealth management channel preferences in 2021?

Figure 11 / Source: Wealth Management in the Middle East: An Insight into the Current and Future Needs of Investment Clients, additiv survey with Hubbis, March 2021

Often referred to as a hybrid model, it allows clients to be offered the service that best suits their individual needs and chose how they want to be serviced. Depending on these needs, the advice or support available is human or self-service, supported by intelligent analytics and offers real value.

A hybrid model enables clients to be serviced more efficiently (only accessing support when there is a real need). It allows advisors to walk through proposals, optimizations, and simulations in real-time; and it ensures relationship managers remain productive and focused on clients when it matters most, which in turn improves scalability for banks.
Rather than impeding the client relationship, it encourages collaboration, supporting in-person and remote advisor and client conversations through a multitude of channels, going way beyond the "next best trade concept".

However, there is a common misconception about one aspect of a hybrid service: the self-service approach. In contrast to robo-advisor online wealth management platforms, which only offer automated portfolio management, the self-service model is complimentary to the personal direct access to the relationship manager. It allows clients to gain insights and complete actions that historically would have been undertaken by an advisor as an administrative function. These self-service functions are designed with HNWIs in mind, intuitively offering them support based on their profile, as opposed to mass affluent functionality that is designed for a different demographic.

The requirement for hybrid services is very current within the Middle East and beyond, however, given consumer expectation for choice is set to continue in general, there is no doubt that this is a trend that is here to stay.

Trend 8 — The decision for banks not to develop technology inhouse

Historically, banks in the Middle East built their own systems. At the time, the strategy made sense. There were few vendor solutions to choose from and systemization gave an important competitive edge. However, financial institutions continued to add in-house developed systems, which were developed by different teams at different times, which led to integration issues, high cost of ownership and lack of flexibility.

52%

of those banks that built banking technology completely inhouse missed their targeted timeline, and

45%

came in more than 25% over budget.
In particular, deploying basic infrastructure, designing client journeys and coding business logic and system logic was a major reason for project delays (81%).

Figure 12 & 13 / Source: Forrester

In response, many banks within the region moved to integrated systems from established vendors, which improved cost of ownership and allowed banks to make regulatory updates and launch new products more efficiently. However, these integrated systems, while efficient, have hampered regional banks in their quest to update business models in the light of new distribution channels and ecosystem opportunities. And with the 2020 market down-turn (due to political uncertainties, economic recession, consistent low oil-prices, Covid-19) a further consolidation of state-owned national banking industry is emerging, impacting future digital/IT investments.

However, within the region some specialist fintech's are starting to offer banks a solution to becoming digitally agile and yet retaining full control at a fraction of the price of developing inhouse. This is through the ability to access highly modular systems whose components which can be assembled in whatever configuration best suits their business strategy. These configurations can either be templated from an established wealth management solution or assembled/ reassembled by the financial institution at their will.

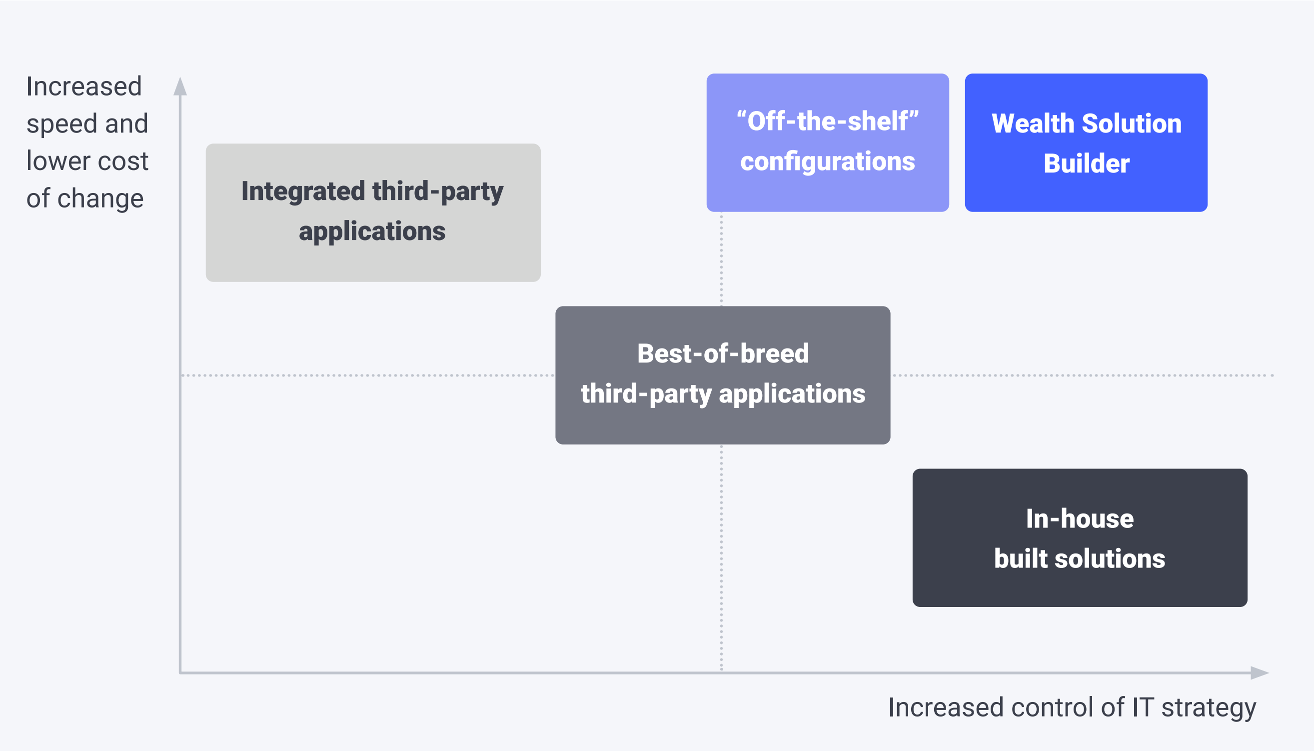


Figure 14 / Source: A time to build WealthTech – Enabling you to build your own Wealth Management-as-a-service, additiv

This trend enables banks to easily build client journeys and functionality themselves, at any time, on top of a pre-defined, established foundation. It gives them the same level of control they have established through their own systems, the ability to implement change quickly and easily in response to new regulations or to launch new products, while also have the flexibility for more fundamental changes in their sourcing, servicing, and operating models.

Trend 9 —
The change in approach to new client growth

Only an engaged customer is a happy customer. And only an engaged and happy customer is likely to become a profitable customer. Today, engagement is increasingly underpinned by customer intelligence. There are two-part structural changes in focus for wealth managers: 1) from assets under management to assets under intelligence 2) from keeping assets safe to helping customers achieve their financial goals by accumulating and decumulating their financial resources in an optimal manner throughout their lives. This means utilizing and learning from online, consumer and social media platforms.

The social media opportunity

With consumers within the region spending over three and a half hours on social media per day*, this channel represents a significant opportunity for banks, including wealth managers. The role of social media in banking is changing as platforms mature and provide new ways of connecting to people and communities. Social media marketing for banks has rapidly moved from primarily a social tool to an important solution necessary for building customer relationships and providing personalized customer experiences with consumers. It provides banks with opportunities to connect and build relationships with consumers outside of the sales process and helping modern financial services to truly understand consumers by benefiting from targeting, advertising, compliance, customer service, and user experience.

The opportunity to learn from online consumer platforms

Amazon is considered by many the largest and most successful retailer in the Middle East (ME). This is largely because they have created the best customer experience. Customers expect three core elements when buying products online:

- Large selection: consumers can find the product they are looking for, otherwise they would go elsewhere
- Low price: consumers want to pay as little as possible
- Fast delivery: Consumers want to receive/access products quickly as possible

Wealth Management clients increasingly expect their banks to offer the same customer experience levels as platforms like Amazon. To do this, productivity must give way to orchestration; the ability to shape and facilitate rewarding customer experience as well as the capacity to make an ongoing digital roadmap operable. Both require a system that sits separately from customer channels and that can pull in data from multiple systems of record. Only such a system equips an institution with all the information — contextual, financial, behavioural, risk-related, locational — that allows them to understand the customer well enough. And only by understanding the customer well enough can a wealth manager offer meaningful advice and insight in an engaging way — at scale and at time and place where they can be a truly valued advisor. - a system of intelligence.

By 2025, we expect the concept of a 'system of intelligence' will be widely recognised within the industry, offering a seamless and simple platform to drive new client growth. However, while any bank will continue to primarily focus on return on investment (ROI), financial institutions within the region will also consider using social platforms, such as Facebook and Instagram, together with online consumer channels, to offer real help and support to their customers to drive intangible value in terms of customer loyalty and retention.

Trend 10 —
The emergence of embedded wealth

As digitalization advances, embedded finance is becoming increasingly relevant. Embedded finance is a term people use to describe banking services made available through APIs to other distribution channels. The distributor of the service, can either tightly integrate the banking service into its proposition or can just offer the service alongside its existing proposition, such as a point-of-sale loan when you buy clothes from H&M. The process of distributing the service is sometimes referred to as a Banking-as-a-Service (BaaS) provider, however, whether the company is offering the financial service or embedding it into their existing proposition, the term embedded finance is most commonly used.

Embedded finance is different from white-labelling because it is API-based. This makes integration of the service more flexible and quicker, so there is no long lead time to embed a service, there is not a high technology switching cost in changing provider, and the distributor has more options to extend or brand the service.

Embedded finance has the potential to massively grow the size of the banking market. By promising to provide consumers with the financial services they need at the time they need them, over the right channel, and tailored to their context, BaaS should much better match demand and supply and grow the overall market.

Why it's coming to wealth management

The underlying drivers of embedded finance in payments and lending apply to wealth management. Technology has made it possible to divorce the manufacturing of services from the distribution of services. Now, consumers can access the services they want through the distribution channel that makes most sense, which will typically be the channel that is most convenient or has the highest level of engagement. From a wealth management perspective in the Middle East investment services will be offered through life or pensions platforms as we are already seeing elsewhere in the world. However, at additiv we believe that initially the real value of embedded wealth to the region is in leveraging APIs for existing wealth management service providers to offer additional products and services from fintech's to broaden their range.

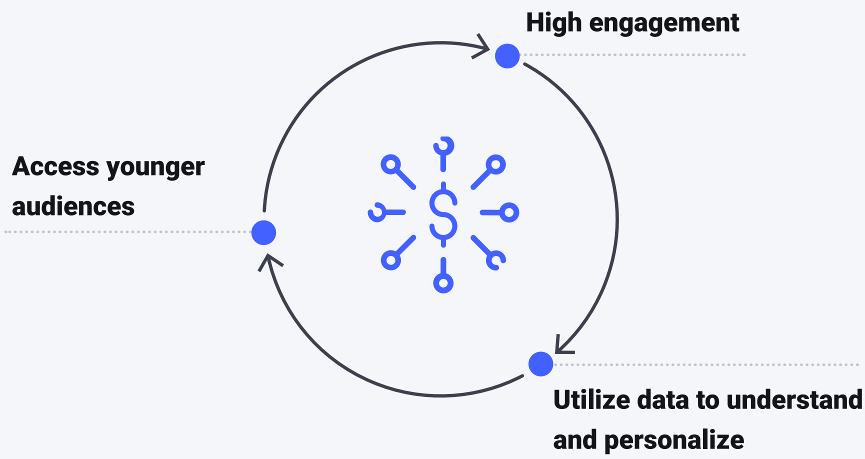


Figure 15 / Source: additiv

- Capitalize on high engagement to actively propose investment services to your customers
- Leverage interactions plus large data sets to personalize and adapt investments to customer context (round-ups, loyalty points, cashback etc), increasing conversion
- Grow the addressable market by taking advantage of access to younger demographics (addressing unserved as well as taking up penetration of underserved demographics)

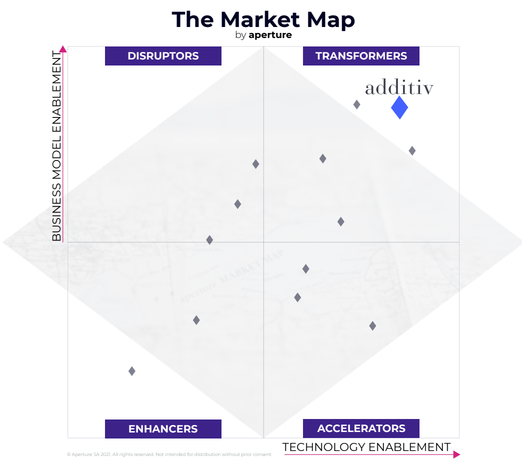
The opportunity for embedded wealth is worth $2.5 billion in the Middle East alone, and can be accessed through an advisor, self-service or a hybrid of the two.

About additiv

Established in 1998, additiv partners with leading companies across the world to help them capitalize on the possibilities of digital wealth and investment management.

additiv's DFS® omnichannel orchestration platform is a system of intelligence for wealth management. It supports wealth managers looking for best-in-class Software-as-a-Service (SaaS) to deliver better engagement at greater scale. It enables financial institutions to access new distribution channels through a Banking-as-a-Service (BaaS) model. And it allows banking and non-banking providers to embed wealth services into their proposition.

Headquartered in Switzerland, with regional offices in Singapore, UAE, Germany and Kenya, additiv is supported by a global ecosystem of partners



"In terms of business model enablement, we see additiv as best-in-class. The solution can be deployed with out-of-the-box solutions or headless, using existing or third-party customer interaction channels."

The Market Map for WealthTech – as featured in Forbes additiv

additiv was established in 1998 in Zurich and has international presence in Europe, Africa & Middle East and South East Asia. Its market-leading DFS® system of intelligence is an omnichannel orchestration platform which uses RESTful APIs. It is available on the cloud or as hybrid cloud setup through Software-as-a-Service (SaaS), both as 'out-of-box' and API based 'build-your-own-bank' delivery models. DFS® uniquely enables additiv customers to quickly launch new propositions such as Hybrid Wealth Manager, while giving them the intelligence to maximize client engagement according to the individual business and technology strategies.

It also helps financial institutions to deploy leading client advisory, servicing, and expert tools in wealth and credit in existing ecosystems. additiv offers digital wealth- and credit-management-as-a-service today for the financial institutions of tomorrow and is a leading catalyst for change in the financial service industry through easy, quick, and affordable digitalization.

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