



# The WealthTech

## *Opportunity for Digital Brokerages*





# Foreword

The global wealth management sector has undergone a paradigm shift over the past few decades, driven by a confluence of technological advancements, shifting client expectations, and an evolving regulatory landscape.

As Asia's leading wealth management hubs, Singapore and Hong Kong have been at the forefront of this transformation. While our strong foundation has been underpinned by a sound regulatory framework, robust rule of law, as well as political and economic stability, it is our never-say-die spirit and relentless commitment to innovation that have been the cornerstone of our success.

Yet, even as we celebrate our success, we cannot rest on our laurels.

As we stand at the intersection of tradition and innovation, it is essential to reflect on these changes and adopt localised strategies to prepare ourselves for the changes that lie ahead of us.



# Emergence of wealth-tech

One of the most prominent changes has undoubtedly been the rising penetration of technology into the wealth management space.

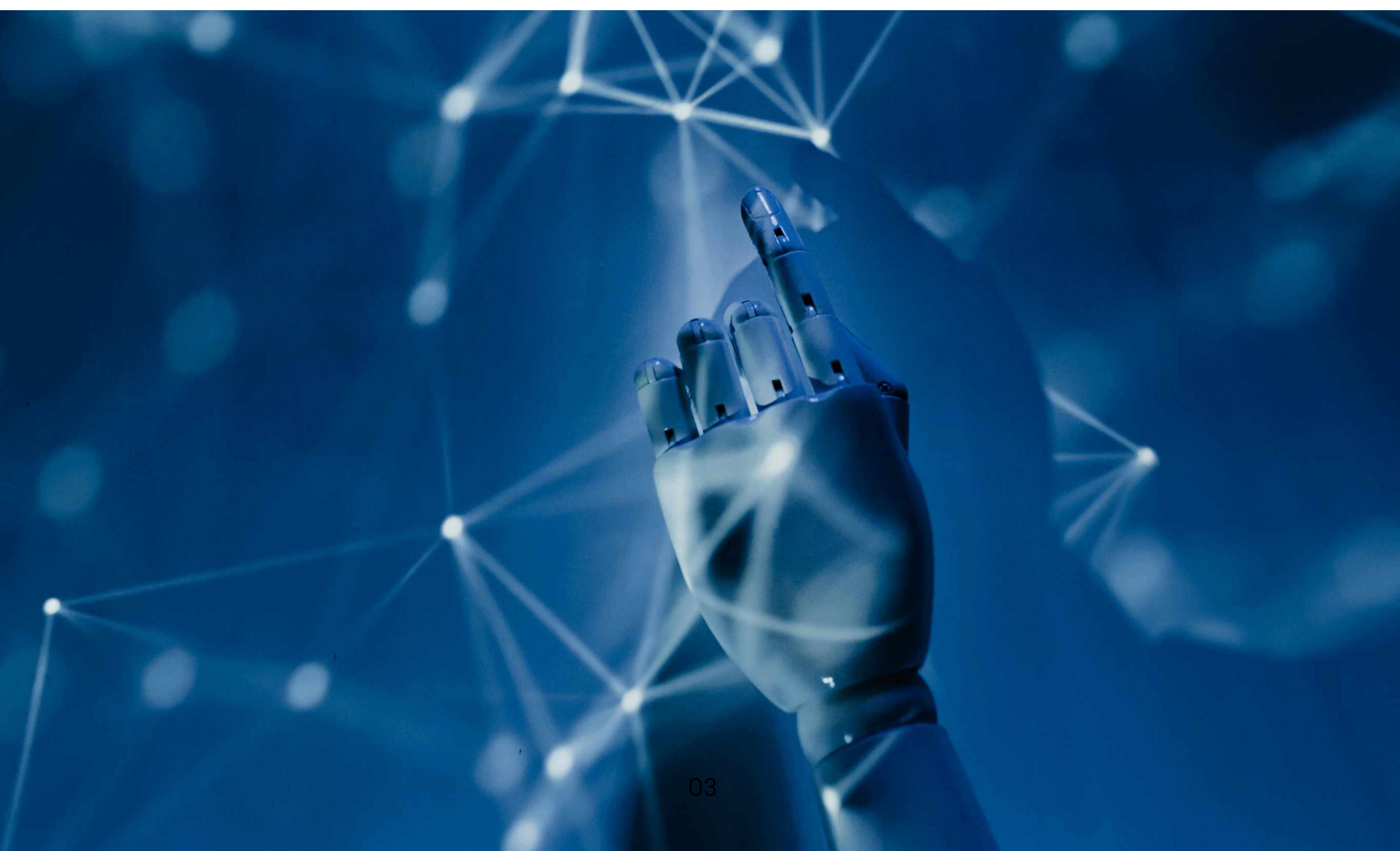
Private wealth management has long been characterised by personalised, relationship-driven services, often facilitated by face-to-face interactions and a deep understanding of client needs.

However, the advent of digital technology has revolutionised this paradigm, and clients are now increasingly looking for hybrid solutions in their wealth management journeys.

Wealth-tech, or financial technology tailored to the wealth management sector, has introduced new ways of delivering services, enhancing client experiences, and optimising portfolio

management. From robo-advisors and AI-driven investment strategies to blockchain and wealth-tech digital assets, wealth tech is redefining how private wealth managers operate and engage with their clients.

This increasing adoption of wealthtech is not merely a response to technological advancements but a reflection of shifting client demographics and expectations. As also evidence in the findings of the white paper, today's clients are more tech-savvy, informed, and demanding. They demand holistic portfolio tracking, advanced analytics tools, and data-driven product recommendations. Wealthtech enables private wealth managers to meet these expectations, offering tools that enhance transparency, improve decision-making, and deliver tailored solutions at scale.







Recognising the profound impact of these developments, we commissioned this research study to document and evaluate the current state and future prospects of the private wealth sector. Through this white paper, we hope to offer insights into the trends and technologies reshaping the industry and outline our vision for the years ahead.

Our goal is to offer valuable insights to industry professionals, investors, and clients alike, highlighting the opportunities and challenges that lie ahead. We explore key trends such as the rise of digital platforms, the integration of artificial intelligence and machine learning, and the increasing importance of sustainable and impact investing.

One of the central themes of this white paper is how wealth management has now become more accessible for everyone. Wealth-tech has made investing more accessible, allowing a broader range of clients to access sophisticated financial services previously reserved for the ultra-wealthy. This democratisation is fostering greater financial inclusion and enabling more individuals to achieve their financial goals. However, it also presents new challenges, such as the need for more robust regulatory frameworks and the importance of maintaining the human touch in an increasingly digital world.



# Hybrid wealth management solutions



We are full of optimism for the future of the private wealth sector. Yet, while the rapid pace of technological change presents significant opportunities, it also requires careful navigation. Even as technology plays an increasingly larger role in wealth management, wealth managers will continue to play a pivotal role.

As gatekeepers for their clients' wealth, wealth managers must balance innovation with the need to maintain trust, security, and compliance. They must also be agile, continuously adapting to new technologies and client preferences while preserving the core values that underpin their relationships with clients.

In conclusion, the private wealth sector is at a pivotal moment in its evolution. The integration of wealth tech is transforming how services are delivered and experienced, creating a dynamic and exciting landscape. This white paper serves as a roadmap for navigating this landscape, providing insights and guidance for those looking to harness the power of technology to enhance their wealth management practices. We hope that it will inspire innovation, foster collaboration, and ultimately contribute to the continued growth and success of the private wealth sector.

Thank you for your interest in our white paper. We look forward to engaging with you on this journey as step into the future of private wealth management.



**Rainie Miao**  
Managing Partner of Institutional  
and Private Wealth Services  
Futu Group



**Ryan Wu**  
Head of private wealth and  
institutional business,  
Moomoo Singapore



# Executive Summary

**The wealth management industry in Asia is on the cusp of a significant transformation, driven by technological advancements and changing investor preferences.**

- This report explores the burgeoning WealthTech opportunity in Asia, focusing on Singapore and Hong Kong and its implications for digital brokerage firms.
- To gain deeper insights, we conducted a comprehensive survey of 838 newly wealthy clients, mass affluent clients, and high-net-worth individuals (HNWIs) from both Hong Kong and Singapore.
- The survey aimed to understand their financial goals and wealth management service needs, their preferred strategies for wealth growth, and their receptiveness to AI-powered or tech-driven wealth advisors. Despite similarities between Hong Kong and Singapore, we find distinct differences in investor preferences.



# Key Findings:

- ① Our survey of 838 investors across Singapore and Hong Kong reveals distinct preferences and needs across different wealth segments:

**<\$150,000**  
Investors below

Prioritize accessibility, simplicity, and education.

**\$150,000-\$1,000,000**  
Mass Affluent

Seek more sophisticated, personalized experiences in Singapore, whereas Hong Kong seems more self-directed.

**>\$1,000,000**  
Ultra-Affluent

Demand integrated wealth management solutions.

- ② Generally, Hong Kong respondents prefer riskier investments and report higher risk tolerance, with the difference particularly pronounced in those with below \$150,000.
- ③ Over 65% of investors across all wealth classifications are at least moderately comfortable with using technology to manage finances. However, comparing across wealth classifications, contrary to conventional wisdom, wealthier clients are more receptive to automated solutions, while lower-wealth clients prefer human advisors. The former may reflect their opportunity cost of time, and the latter may reflect
- ④ Holistic portfolio tracking, integration, and automated advice emerged as the top desired features across all segments.

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Digitally native open architecture trading platforms can position themselves as leaders in the WealthTech revolution, capture a significant market share, and drive long-term growth while delivering superior value to clients across the wealth spectrum.



# 01

## WealthTech – Transforming Finance with Cutting-Edge Innovations

The rapid advancement of technology has transformed nearly every aspect of modern life, and the financial services industry is no exception. In recent years, the emergence of WealthTech – the application of cutting-edge technologies such as artificial intelligence, machine learning, and big data analytics to enhance wealth management practices – has revolutionized how investors interact with their finances. By automating processes, improving efficiency, and delivering personalized insights at scale, WealthTech has the potential to democratize access to sophisticated financial strategies and advice previously reserved for the ultra-wealthy.



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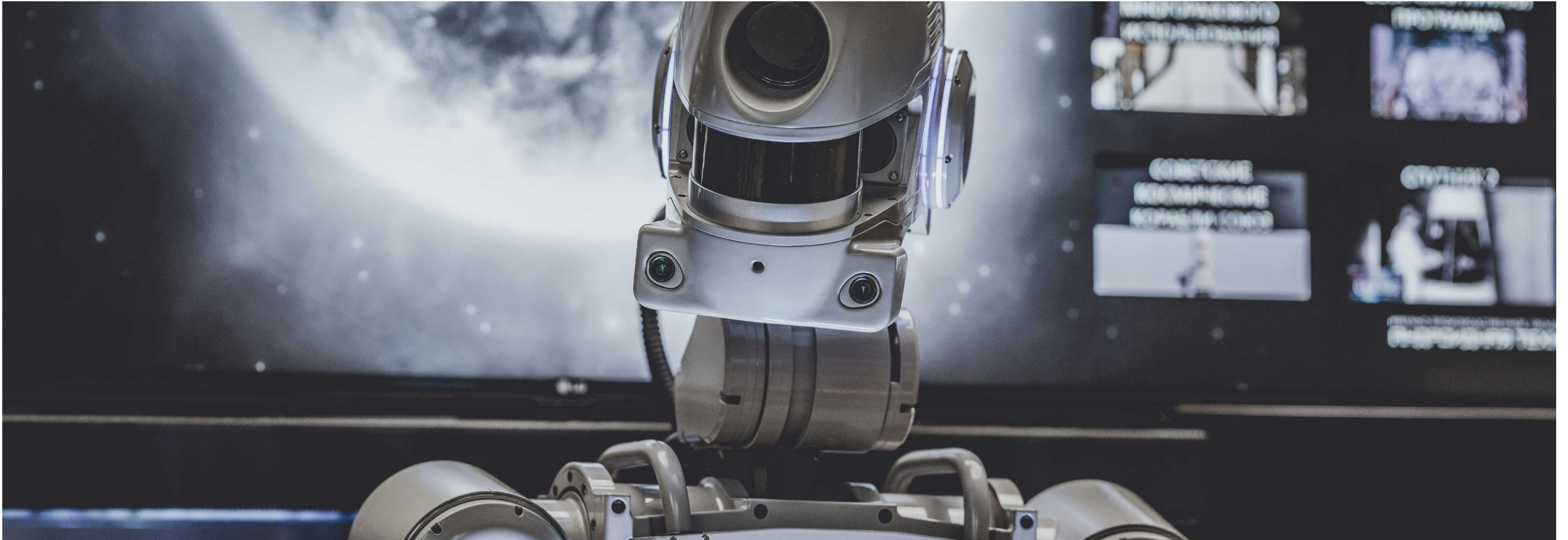
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These trends reshape the industry and create opportunities and challenges for WealthTech providers. According to Accenture's 2024 Global Wealth Management Industry Report, the total investor wealth in Asia is estimated at \$216.6 trillion.<sup>[1]</sup> Of this amount, the ultra-high-net-worth (UHNW) segment, defined as individuals with assets over \$30 million, controls about 10% of this wealth, amounting to \$20.9 trillion. The affluent segment, comprising individuals with assets between \$100,000 and \$1 million, controls 75% of the total wealth, equivalent to \$163.5 trillion. The high-net-worth (HNW) segment, with assets between \$1 million and \$30 million, controls the remaining 15% of wealth. The growth in affluent and high-net-worth investors in Asia has outpaced other regions in recent decades, and this trend is expected to continue through 2026 and beyond. This dynamic environment sets the stage for a comprehensive exploration of how WealthTech is revolutionizing wealth management practices and how digital brokerages can leverage these innovations to better serve investors across different wealth segments.

While traditional financial institutions in Hong Kong, Singapore, and beyond make significant strides in digital transformation, their efforts often fall short of revolutionizing wealth management. A fundamental challenge lies in the inherent conflict of interest in many incumbent banks' business models. These institutions may prioritize channeling clients towards their own proprietary products, which may not always align with the client's best interests or offer the most appropriate solutions for their unique financial situations. This product-focused approach may impact the breadth of financial advice provided, potentially affecting client outcomes. Additionally, some firms face challenges in achieving scale efficiently. For instance, JP Morgan discontinued its roboadvisor platform, citing limited market demand.<sup>[2]</sup>

<sup>[1]</sup><https://www.accenture.com/content/dam/accenture/final/industry/capital-markets/document/Accenture-Wealth-Management-Asia-Reimagining-Engagement.pdf>  
<sup>[2]</sup><https://www.thinkadvisor.com/2023/12/14/jpmorgan-to-unplug-its-robo-advisor-citing-weak-demand/>





Moreover, despite investments in digital platforms and partnerships with FinTech startups, many incumbent banks struggle to fully embrace the open architecture model that characterizes the most innovative WealthTech solutions. Their legacy systems, entrenched organizational cultures, and regulatory constraints can impede the agility and innovation necessary to keep pace with rapidly evolving client expectations and technological advancements. While initiatives like AI-powered asset allocation tools appear promising, these often represent isolated improvements rather than a fundamental reimagining of the wealth management paradigm. As a result, clients may find themselves caught between the familiarity and perceived stability of traditional banks and the more dynamic, client-centric approaches offered by pure-play WealthTech providers. The challenge for the industry lies in bridging this gap, creating solutions that combine the trust and expertise of established institutions with the innovation, flexibility, and client-first ethos of WealthTech pioneers.

**For digitally native brokerage firms, the rise of WealthTech presents a unique opportunity to expand their value proposition and cater to the evolving needs of investors across the wealth spectrum. By leveraging their cost-effective business models, extensive customer data, and trusted brand recognition, these firms are well-positioned to integrate WealthTech solutions into their existing platforms, enhancing the user experience, driving customer loyalty, and ultimately capturing a larger share of the wallet. Research studying American broker-dealers shows those with better technology are also better able to attract more talent (Charoenwong et al. 2024).**



This report explores the WealthTech landscape through the lens of digital brokerage firms. It examines how they can harness these innovative technologies to serve investors at different asset levels better. We will delve into the specific needs, preferences, and pain points of various investor segments based on an investor survey of 501 investors in Hong Kong and 337 in Singapore, stratified sampled by wealth categories: those with less than US\$150,000 in tradable assets, those higher than that but less than US\$500,000, those with up to US\$1 million, those with more than US\$1 million. The latter group likely has access to private banking services through other financial institutions.

Furthermore, we will provide an overview of the current state of WealthTech, tracing its historical development, evaluating its strengths and limitations, and highlighting the latest trends shaping the industry. Understanding the competitive landscape and digital brokerages' unique advantages, low-cost, self-directed investing with commission-free trading, fractional share investing, and automatic portfolio rebalancing can democratize market access and help investors maintain well-balanced portfolios aligned with their risk tolerance, even with smaller account sizes.

Finally, we will offer a forward-looking perspective on the future of WealthTech, focusing on the convergence of digital and physical channels in the context of private banking and brokerage services. As investors increasingly demand seamless, omnichannel experiences that blend the best human expertise and technological efficiency, digital brokerages must adapt their strategies to stay ahead of the curve. We will propose a framework for building a "Digital Private Bank" that leverages WealthTech to provide personalized, holistic wealth management solutions across the asset spectrum.

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**Our survey revealed that over 65% of investors are at least moderately comfortable using technology to manage their finances, indicating a strong appetite for digital solutions**

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# 02

## WealthTech Opportunities by Client Segment

The convergence of technology and finance reveals an intriguing insight: despite traditional segmentation approaches, clients across different wealth brackets often share more similarities in their financial needs and behaviors than previously assumed. This realization opens up new possibilities for WealthTech providers to develop scalable solutions that serve a wide range of clients. Digitally native WealthTech platforms, unencumbered by legacy systems and traditional market segmentation, are uniquely positioned to capitalize on these shared client needs. By leveraging advanced data analytics and machine learning algorithms, these platforms can identify common patterns and preferences across wealth tiers, creating highly adaptable and scalable wealth management solutions.



Central to this scalability is the adoption of an open architecture approach. By embracing open APIs and fostering a collaborative ecosystem with fintech innovators, WealthTech providers can rapidly integrate new capabilities and services, adapting quickly to evolving client needs and market trends. This open architecture enhances the platform's flexibility. It allows for the seamless incorporation of specialized services – from advanced tax optimization tools to alternative investment offerings – that can be tailored to different client segments without needing entirely separate systems. Consequently, WealthTech solutions built on open architecture principles can more efficiently serve a broader spectrum of clients, from mass affluent to ultra-high-net-worth individuals, with a modular enhanced core platform to meet specific segment needs. This approach improves operational efficiency and creates a more cohesive and upgradable client experience across all wealth tiers.

Contrary to conventional wisdom, our survey findings data suggest that newly wealthy investors prefer human advisors more. In contrast, wealthier clients are more receptive to technology-based solutions, potentially due to newer clients' ambiguity aversion in dealing with financial markets, as they tend to be younger and less experienced in trading (60-70% of respondents in Singapore and Hong Kong are between 25 to 44 in the lower wealth segment while wealthier clients tend to be above 45).



## Proportion of Respondents At Least Moderately Comfortable with using Technology to Manage Finances

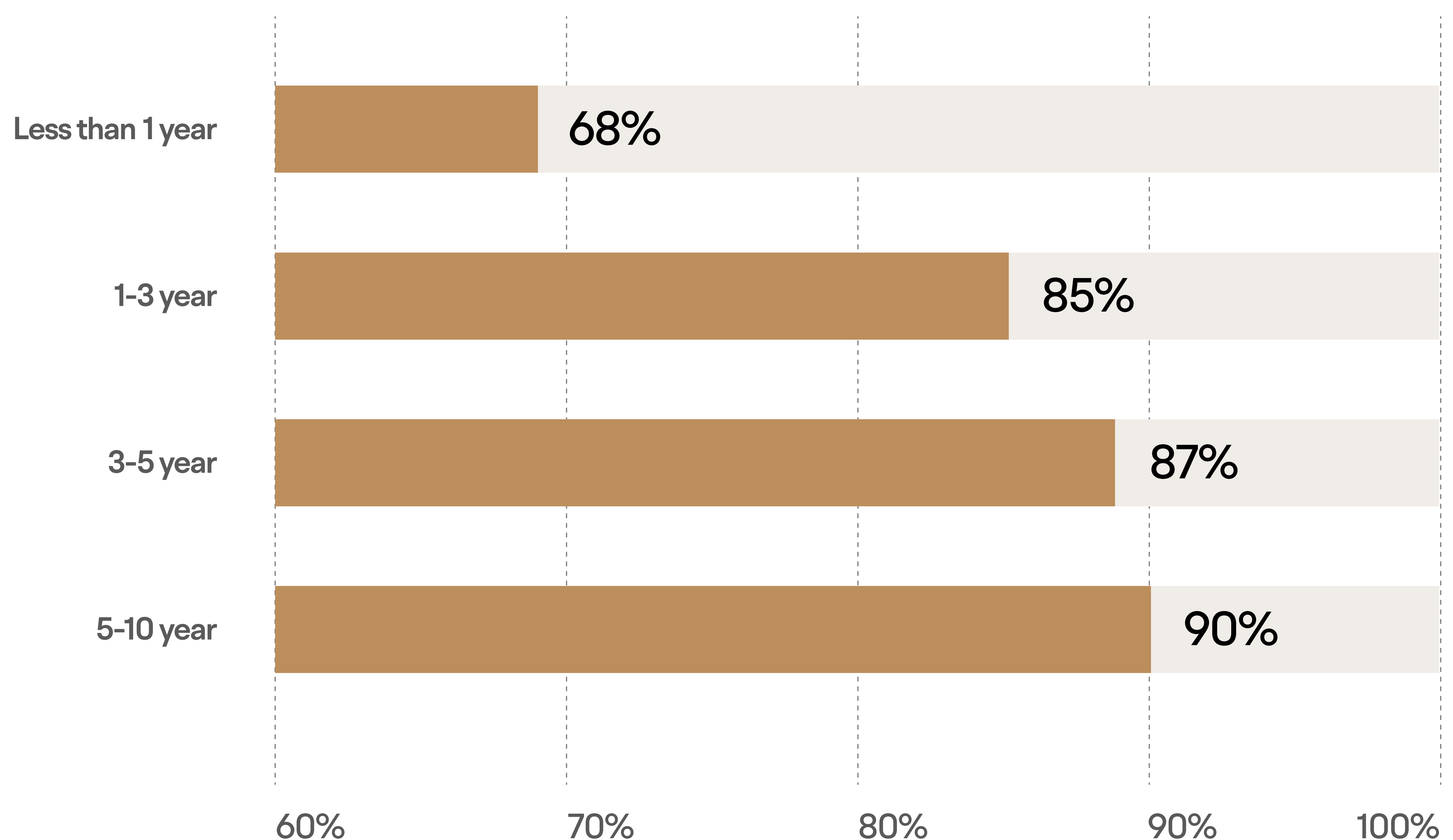


Figure 1. Proportion of responses Moderately to Very Comfortable with using technology to manage finances, based on trading experience for both Hong Kong and Singapore respondents.

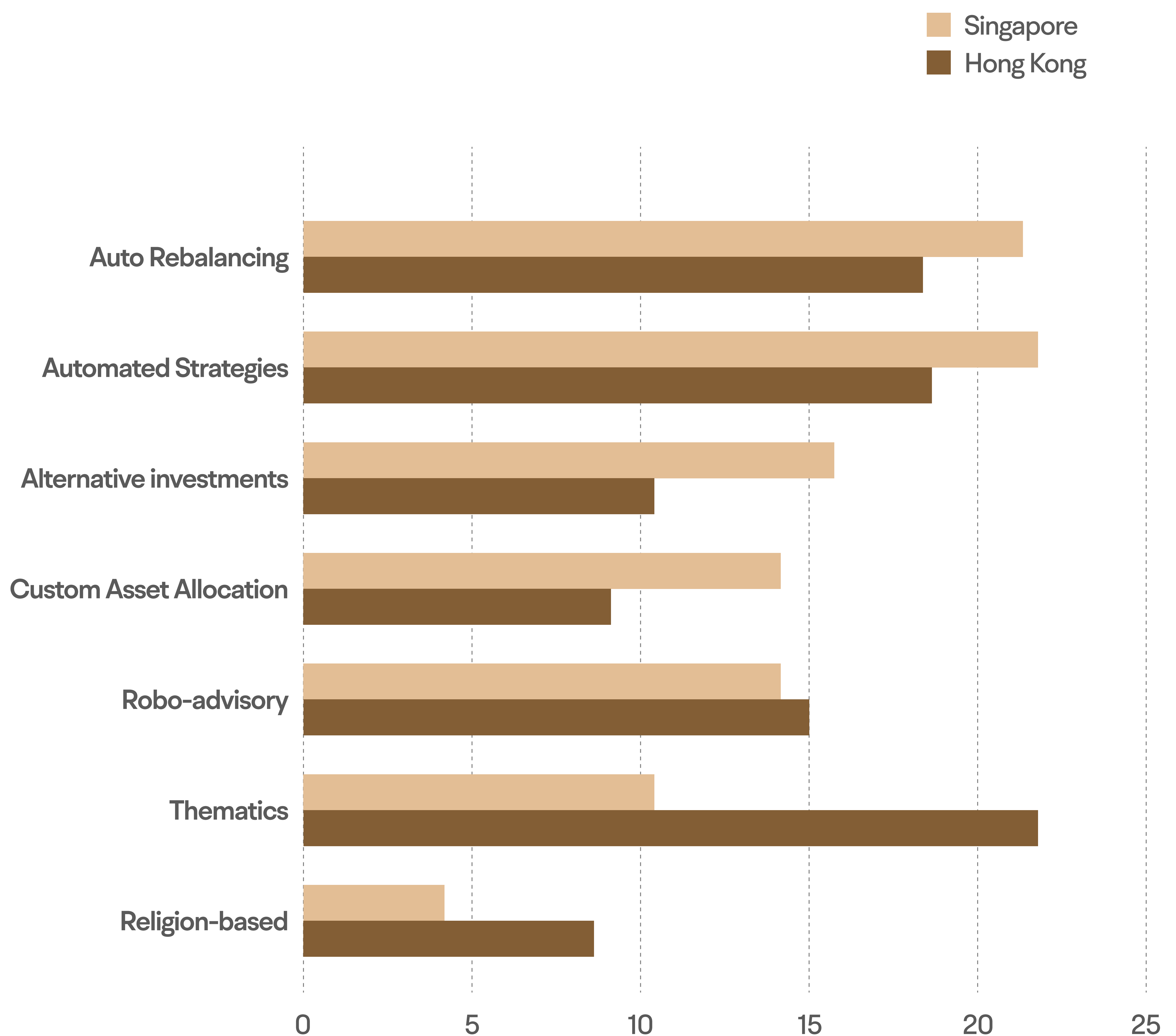
Ambiguity aversion posits that individuals prefer known risks over unknown risks. Lower-wealth individuals may perceive automated systems as more ambiguous than human advisors in wealth management. This aligns with research by Dimock et al. (2010), who found that ambiguity aversion significantly impacts financial decision-making, particularly under conditions of uncertainty. This ambiguity aversion can lead to "worst-case thinking," where individuals focus on potential negative outcomes in ambiguous situations. For lower-wealth individuals, the stakes of financial decisions may feel higher relative to their total wealth, potentially amplifying this effect. Human advisors, with their ability to provide context, explanation, and reassurance, may be a mitigating factor against perceived ambiguity in financial markets. 72% of Hong Kong and 64% of Singapore respondents use fundamental or technical analysis.



## Newly Wealthy Investors (< \$150,000): Empowering Growth and Financial Literacy

The overarching objective is growing wealth in this segment, particularly those with total wealth below \$150,000 based on self-reported figures. Respondents from both Singapore and Hong Kong said that growing wealth is their top investment objective, and risk management is their biggest concern.

Interestingly, 62% of Hong Kong respondents prefer high-risk investments like equity compared to Singapore's 39%. The latter much prefers stable products like bonds. This contrasts with higher-wealth clients in both regions, of whom around 20% report preferring stable products.





Hong Kong respondents in this segment also tend to be slightly more experienced, with only 37% of Hong Kong compared to 57% of Singapore respondents reporting 1 to 5 years of trading experience. With their open architecture, brokerages can participate in clients' wealth-building journeys by providing low-cost, user-friendly tools that help investors build diversified portfolios, develop sound financial habits, and stay engaged with their investments.

Our survey results reveal distinct investment preferences among individuals with wealth below US\$150,000 in Singapore and Hong Kong. **This segment strongly favors automated features in Singapore, with Auto Rebalancing and Automated Strategies emerging as the top choices. This suggests a desire for hands-off investment management and algorithmic decision-making. However, Hong Kong respondents in this bracket are more interested in Thematics above Automated Strategies. This indicates a preference for targeted investment approaches aligned with specific trends or sectors while valuing some degree of automation.**

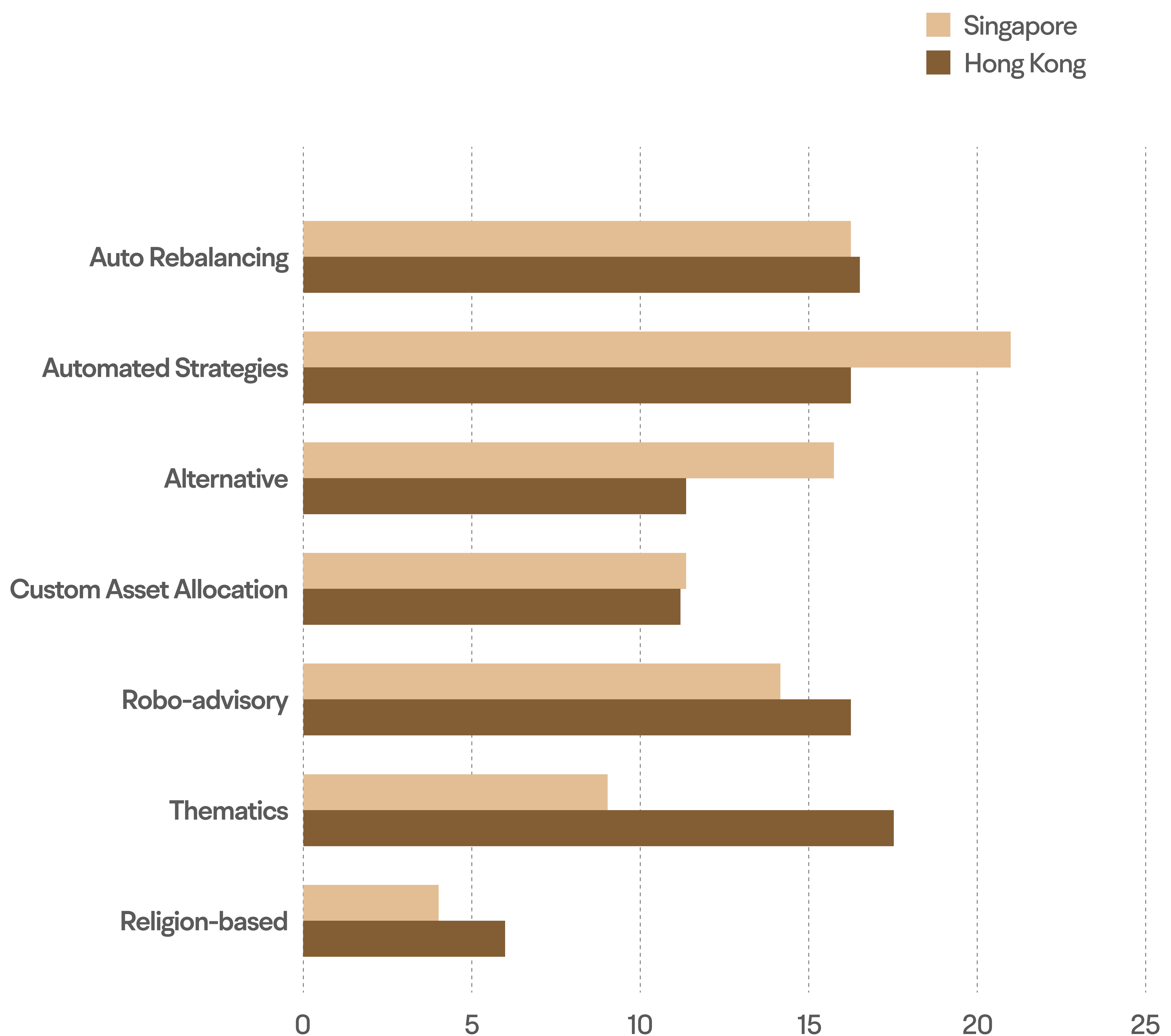
Notable differences between the two markets include Hong Kong's significantly higher interest in Thematics and Religion-based options than Singapore. Conversely, Singapore shows a stronger preference for Auto Rebalancing. Both markets display moderate interest in Robo-advisory services, suggesting an openness to digital wealth management solutions. Custom Asset Allocation and Alt Investments rank lower for this wealth segment in both regions, possibly due to limited access or perceived complexity.





## Mass Affluent Investors (\$150,000-\$1,000,000): Elevating the Wealth Management Experience

As investors' assets surpass the \$150,000 threshold, their financial needs become slightly more complex. Around 30% of Hong Kong and slightly over 50% of Singapore respondents fall into this "mass affluent" category. WealthTech solutions should aim to bridge the gap between self-directed investing and traditional private banking for this segment, offering a more sophisticated and personalized experience that helps clients navigate key life milestones and optimize their wealth across multiple dimensions.





**According to our survey, 20-25% of mass affluent investors are willing to share additional financial data in exchange for more tailored advice and services, underscoring the demand for personalization.** To meet these expectations, digital brokerages should enhance their WealthTech offerings with the following features:

- ① **Goals-based planning tools:** Advanced algorithms can analyze an investor's financial situation, risk profile, and long-term objectives to create customized investment plans that align with major life events such as retirement, children's education, or home purchases. 30% of respondents cited wealth preservation and retirement planning as one of their top 3 goals.
- ② **Expanded investment options:** By leveraging economies of scale and strategic partnerships, digital brokerages can offer mass affluent clients access to a wider range of investment vehicles, including IPOs, alternative assets, and thematic portfolios that align with their values and interests. Around 20% of respondents desired more diverse investment options for thematic or alternative funds.
- ③ **On-demand advisor support:** While mass affluent investors may not require the full-time attention of a dedicated private banker, they still value the ability to consult with knowledgeable professionals when making important financial decisions. Virtual advisor consultations, powered by video conferencing and co-browsing technologies, can provide the human touch and expertise to address complex needs. Around 12% of respondents expressed interest in on-demand advisor access. This contrasts with the 15-27% for those with lower account balances.

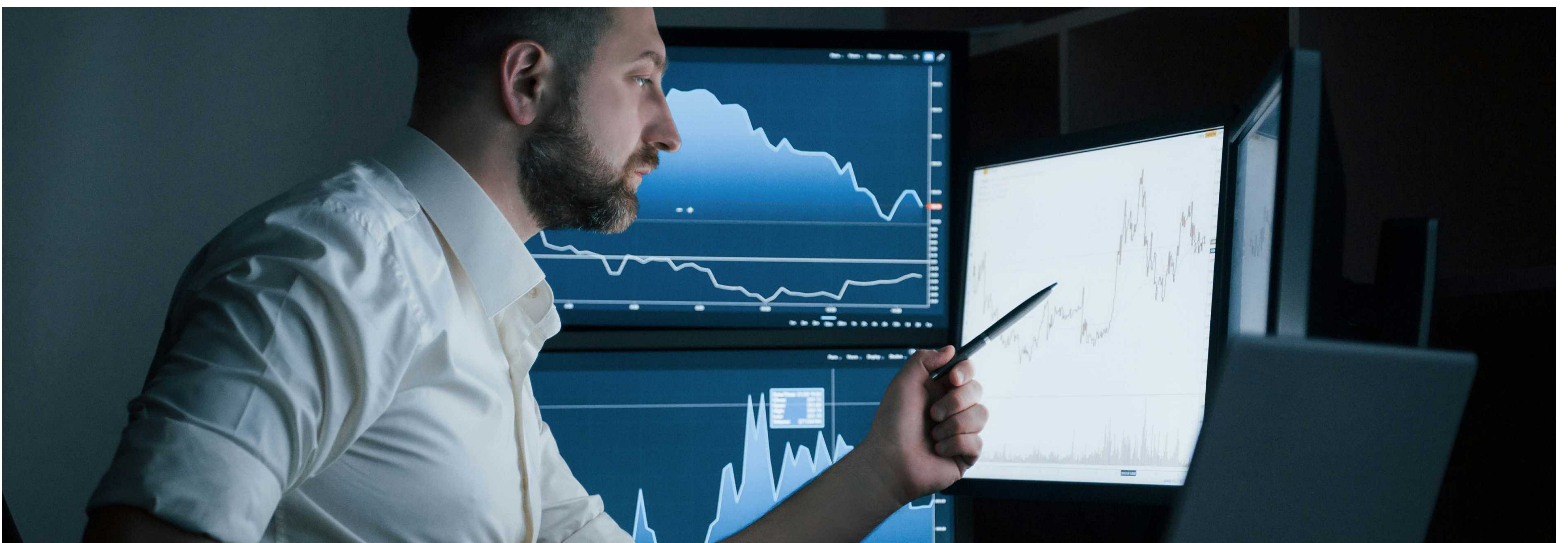
Compared to services in other countries, tax-based considerations are minor, showing up as a top 3 point of importance only less than 8% of the time. This highlights a difference in jurisdictions like Hong Kong and Singapore compared to the United States and other countries whose tax systems may be more demanding and complicated.



Offering these elevated services through a unified, intuitive WealthTech platform allows digital brokerages to differentiate themselves in the mass affluent segment and capture a larger share of these clients' investable assets.

Investment preferences evolve, likely reflecting changing priorities with increased wealth. Automated Strategies retain their appeal in Singapore, but Alt Investments is the second most popular choice. This suggests that Singaporean investors seek more sophisticated and potentially higher-yielding investment options as wealth grows. Hong Kong's Mass Affluent segment maintains a strong interest in Thematics, while Auto Rebalancing gains prominence, indicating a balanced approach between targeted investments and portfolio management.

Comparing the Mass Affluent to the lower wealth bracket reveals some interesting trends. In Singapore, interest in Custom Asset Allocation increases, highlighting a desire for more tailored investment approaches as wealth grows. Hong Kong shows a notable decrease in interest in Alt Investments among the Mass Affluent, contrasting with Singapore's trend. Robo-advisory maintains a consistent mid-range popularity across wealth segments and markets, suggesting a stable demand for digital advisory services regardless of wealth level. Religion-based options remain the least popular choice across all segments, though they garner more interest in Hong Kong than Singapore.





# Ultra-Affluent Investors (>\$1,000,000): Redefining Private Banking for the Digital Age

For ultra-affluent investors, typically defined as those with over \$1 million in liquid assets, expectations around service quality, product sophistication, and the depth of professional guidance are high.

Our survey reveals that 19% of Singapore and 54% of Hong Kong respondents belong to this elite wealth tier. In this tier, 35 to 45% of respondents rebalance their portfolio regularly, at least monthly.

**Our survey indicates the most desired feature of ultra-affluent investors is that they prioritize holistic, integrated wealth management across investments, credit, banking, tax, and estate planning.** To deliver on this front, digital platforms can develop a comprehensive "Digital Private Bank" offering encompassing:

- ① **Exclusive investment opportunities:** By leveraging their scale and market connectivity, digital brokerages can secure access to institutional-quality investment options such as private equity, hedge funds, real estate, and bespoke structured products. Our survey shows that Hong Kong respondents preferred a richer set of thematic options (78%) compared to Singapore respondents (65%), although market access to products remain both the most important features.
- ② **Advanced portfolio analytics and automatic rebalancing:** Robust risk management tools, including Monte Carlo simulations, scenario analysis, and stress testing, can help ultra-affluent investors understand the potential impact of market events on their portfolios and make informed decisions. Automated rebalancing and risk analysis were the top three choices.
- ③ **Integrated digital ecosystem:** A unified, intelligent platform that aggregates data from multiple sources (e.g., bank accounts, credit cards, external advisors) and provides a comprehensive view of an investor's financial life, which can streamline decision-making and facilitate seamless collaboration with their advisory team. The most common top 3 feature of Singapore and Hong Kong respondents was an integrated wealth management experience.

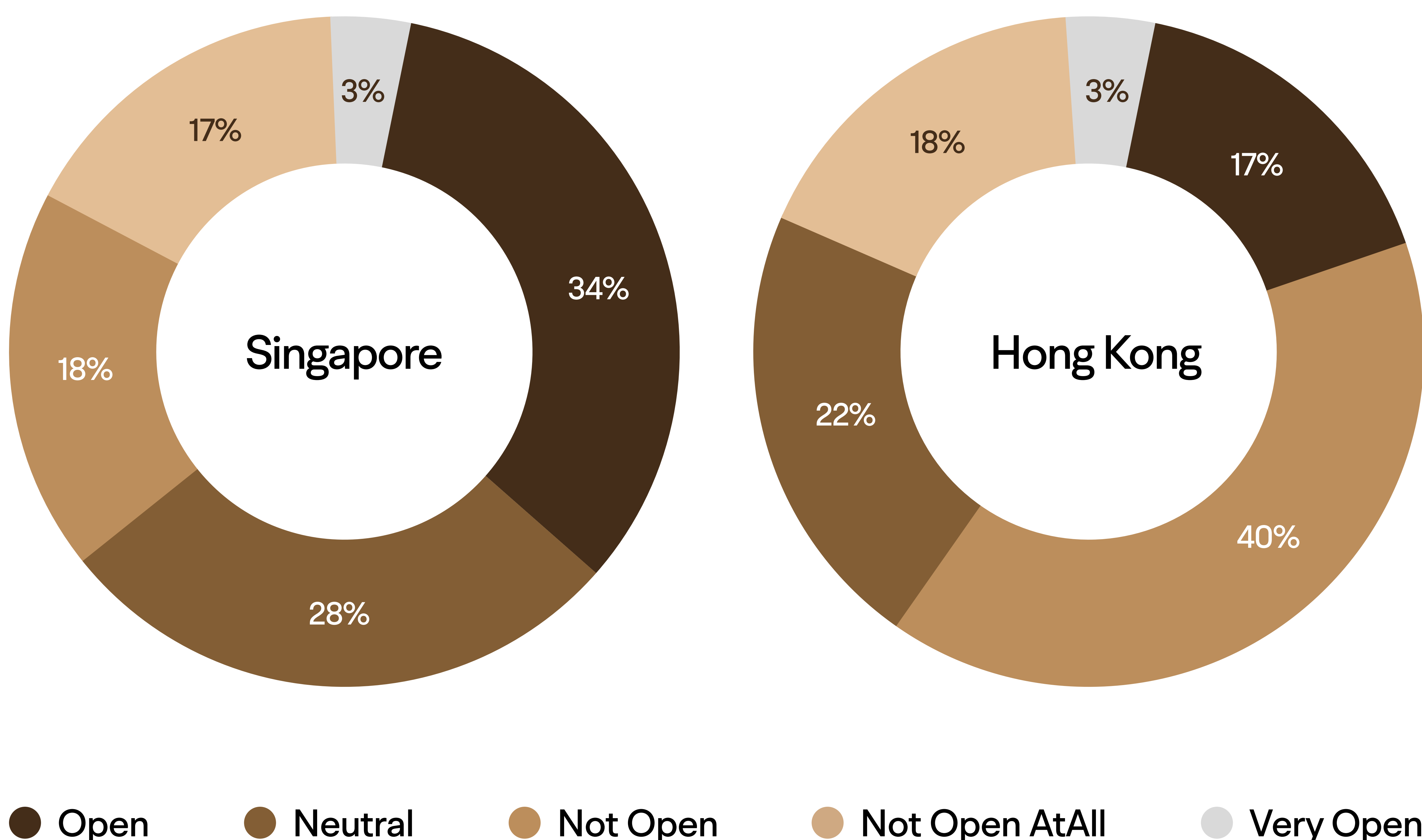


## What they don't want:

- ① **Dedicated advisor relationships:** Those used to traditional advisers may think that ultra-affluent clients of digital platforms should be assigned a personal advisor who serves as their primary point of contact and coordinates a team of specialists to address their unique needs. However, only 10% of respondents in both regions said this feature was important.
- ② **Bespoke concierge services:** To cater to the ultra-affluent lifestyle, digital platforms may be considering offering exclusive perks such as priority call routing, dedicated support teams, invitations to invitation-only events, and curated travel and lifestyle benefits. However, in both Singapore and Hong Kong, only 11% of these respondents cited concierge services as an important factor in their wealth management relationships. This low figure likely reflects that these respondents may have other financial institutional relationships from which they can get this access or service.

**Interestingly, among these wealthier clients, there remains an openness to share data, particularly in Singapore compared to Hong Kong.**

In Singapore, the largest group (about 33%) is "Open," followed by "Neutral" (around 28%). In contrast, Hong Kong's respondents are more cautious, with the largest group (40%) being "Neutral," followed by "Not Open" (22%).

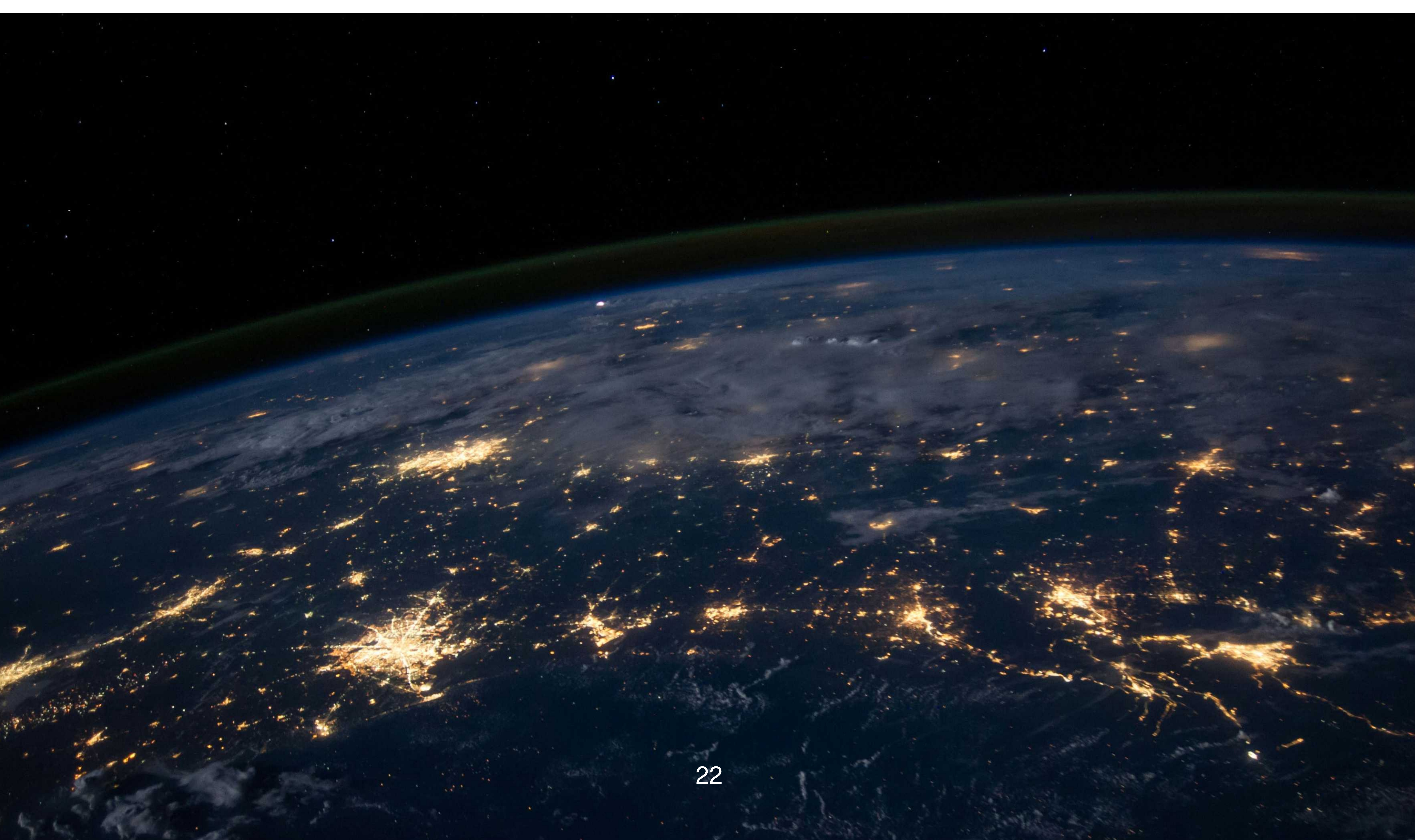




# Understanding the Current State of WealthTech

The evolution of WealthTech can be traced back to the early days of computerized financial systems in the 1950s when the Modern Portfolio Theory developed by Harry Markowitz in his Ph.D. dissertation at the University of Chicago introduced the investment world to mean-variance optimization. Many roboadvisers today continue to employ this similar technology.

The 1970s saw the introduction of electronic trading systems, while the 1980s brought personal financial software like Quicken. The 1990s marked the rise of online brokerages, democratizing access to financial markets. The 2000s introduced the first robo-advisors, with Betterment launching in 2008. The 2010s saw rapid expansion in mobile investing apps, AI-driven analytics, and blockchain technologies applied to wealth management. Key milestones include the launch of Wealthfront (2011), Robinhood (2013), and the integration of machine learning algorithms for portfolio management by firms like BlackRock (2018). This progression highlights the industry's shift from manual processes to increasingly sophisticated, automated, and accessible digital solutions.







However, in the past decade, we've seen exponential growth in other capabilities and their adoption. Today's WealthTech landscape is characterized by a diverse ecosystem of innovative solutions reshaping the wealth management industry:

### ***AI-powered analytics***

Advanced machine learning models that can analyze vast amounts of data to generate investment insights and recommendations that may be tailored to specific client needs.

### ***Digital onboarding and KYC***

Streamlined processes for account opening and client verification, reducing friction and improving the customer experience. In Hong Kong, the Securities and Futures Commission (SFC) has issued guidelines for online client onboarding, facilitating the adoption of digital KYC solutions.

### ***Open banking and API integrations***

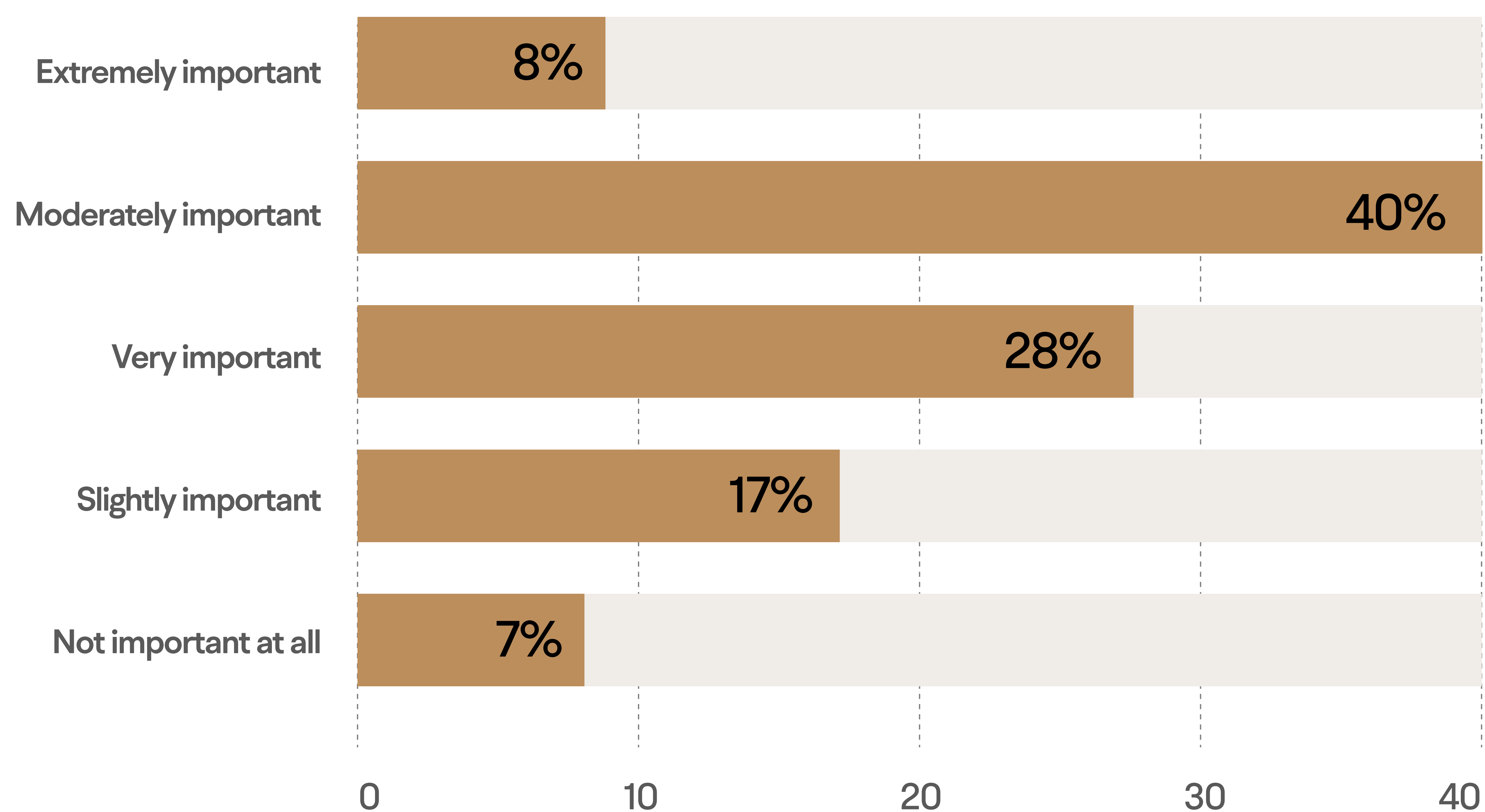
Seamless connectivity between various financial platforms and data sources, enabling a holistic view of an investor's financial life. The Hong Kong Monetary Authority's Open API Framework has been instrumental in fostering innovation in this area.

### ***Blockchain and cryptocurrency solutions***

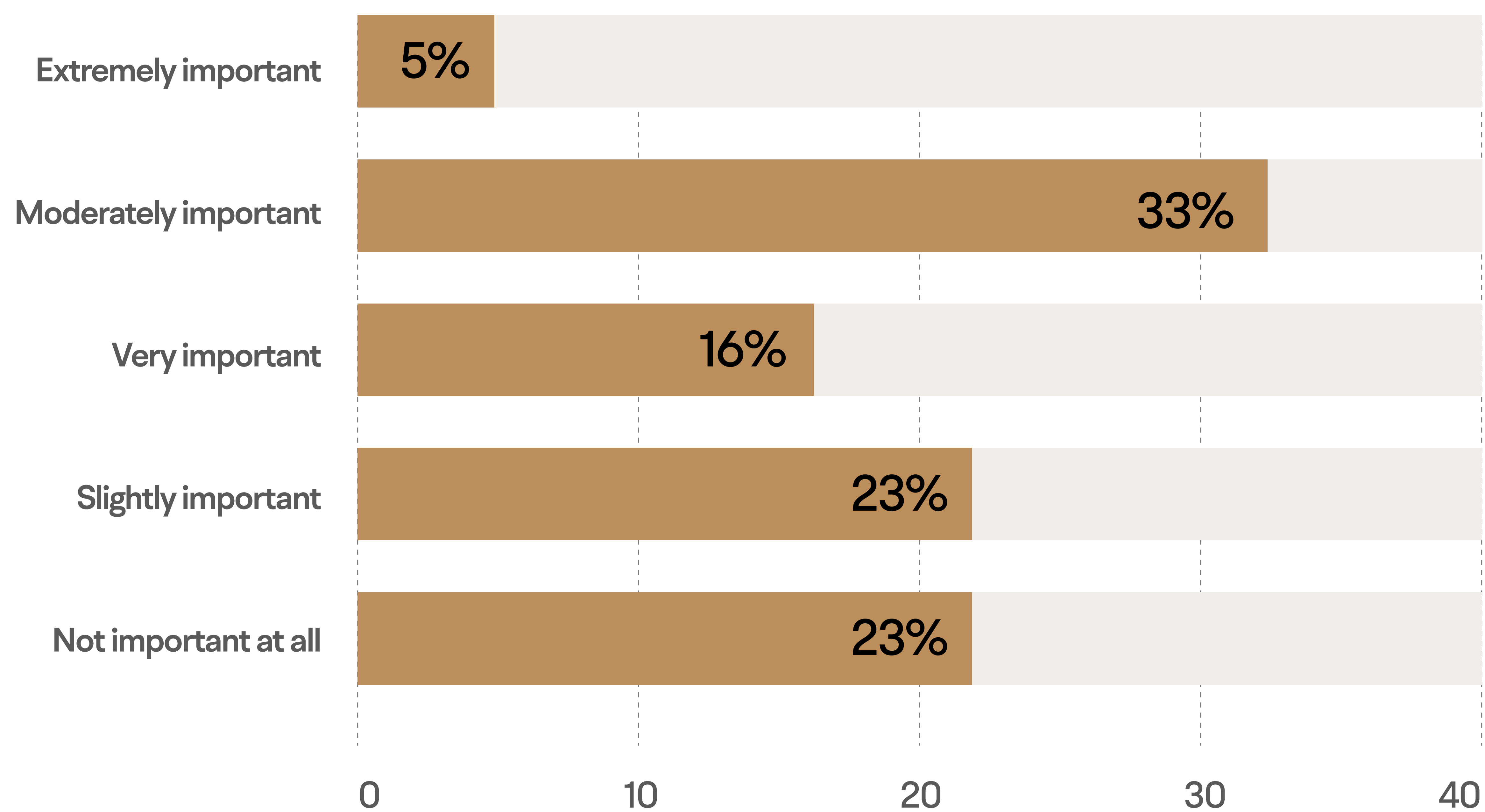
Emerging technologies expanding the range of investable assets and transforming backend processes. Hong Kong's regulatory sandbox for crypto-assets has encouraged experimentation in this space.



## How Important is Risk Aversion in Investments?



## How Important are Beliefs in Investments?



Of particular note is the AI-powered analytics which may promise to go beyond mean-variance optimization to also incorporate investor beliefs. According to our survey, unsurprisingly, 76% of respondents think their risk aversion is important for investment decision-making. But what may be more surprising is that 72% of respondents also say beliefs are important in investment decision-making, although a larger fraction also consider them not important at all (23% vs 7% for risk aversion).



# Market Environment and Growth Insights

Asia's private wealth management industry, particularly in financial hubs like Hong Kong and Singapore, is experiencing high growth. According to a recent report by HSBC, total financial assets in Asia will grow from \$46.8 trillion in 2020 to \$68 trillion by 2025.

Several key factors drive this growth in Asia's wealth management sector. Foremost among these is the rising affluence across the region driven by economic growth. The expanding middle class and the increasing number of high-net-worth individuals (HNWIs) fuel the demand for more sophisticated and accessible wealth management services. This demographic shift is increasing the pool of investable assets and creating a more diverse client base with varying needs and preferences.

Alongside this broad-based increase in wealth, Asia is witnessing a significant generational wealth transfer. As the first generation of Asian entrepreneurs approaches retirement age, there is a growing need for comprehensive succession planning and wealth transfer services. This transition will bring opportunities in estate planning tools and multi-generational wealth management solutions. WealthTech providers are uniquely positioned to address these complex needs through advanced digital platforms that model and manage intricate family wealth structures.





The influx of digital natives into the investment landscape is another factor shaping the market environment. Over 90% of the survey respondents trade through an online portal or app. Younger investors who have grown up with technology are entering the market with expectations for digital-first wealth management solutions. This generation is comfortable with mobile apps, AI-driven advice, and online platforms, pushing traditional wealth managers to accelerate their digital transformation efforts. Their preference for seamless, tech-enabled experiences forces the industry to rethink client engagement models and service delivery mechanisms. 54% and 64% of Hong Kong and Singapore respondents review their investment portfolios at least monthly.

Regulatory support has fostered a conducive environment for WealthTech innovation, particularly in key financial centers. Hong Kong's Fintech 2025 strategy, for instance, exemplifies the proactive stance many Asian regulators are taking to promote technological advancement in the financial sector. This comprehensive initiative aims to encourage banks' adoption of fintech and nurture the broader fintech ecosystem. Such regulatory frameworks are crucial in enhancing Hong Kong's status as an international financial center and creating a sandbox for WealthTech experimentation and growth.

The convergence of these factors – rising affluence, generational wealth transfer, digital-native investors, and supportive regulatory environments – creates a unique opportunity for WealthTech innovation in Asia. New services emerge as traditional wealth managers and fintech startups vie for market share. From AI-powered robo-advisors to blockchain-based asset tokenization platforms, the range of WealthTech solutions continues to expand.

However, this growth is not without its challenges. As the market becomes more saturated, wealth tech providers must differentiate themselves through unique value propositions, superior user experiences, or niche specializations. Moreover, they must navigate complex regulatory landscapes varying significantly across Asian jurisdictions. Balancing innovation with compliance will be a key challenge for Wealth Tech firms as they scale across the region.

Despite these hurdles, the outlook for WealthTech in Asia remains overwhelmingly positive. Combining a rapidly growing wealth base, tech-savvy investors, and forward-thinking regulators creates an environment ripe for innovation. As WealthTech solutions become more sophisticated and widely adopted, they have the potential to democratize access to high-quality financial advice and investment opportunities, reshaping the wealth management landscape for generations to come.



# A Unique Opportunity for Digital Natives

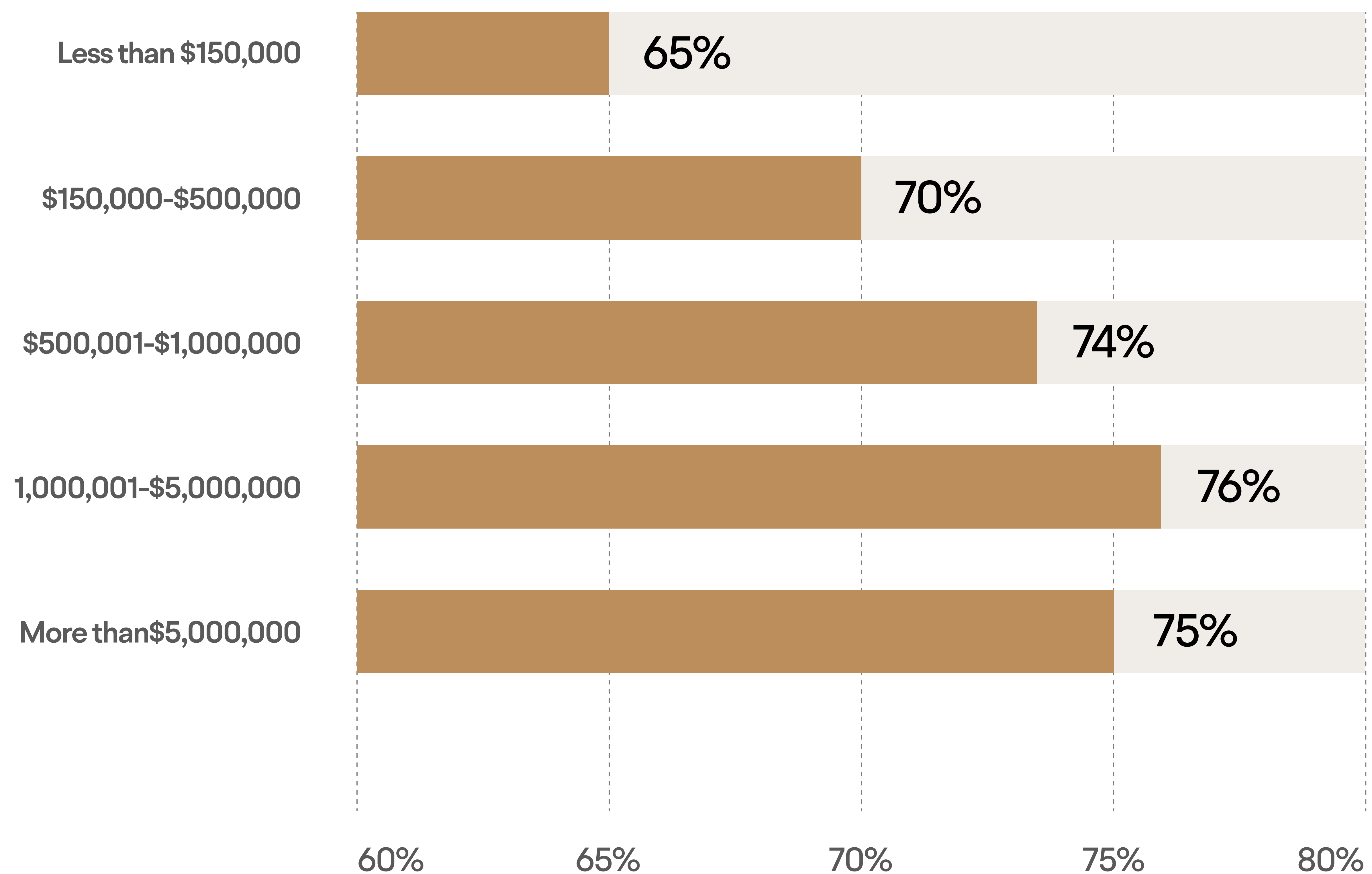
In the rapidly evolving WealthTech landscape, digital brokerages are well-positioned to capitalize on emerging opportunities and redefine the wealth management experience. Their success in this dynamic environment hinges on several key strategies that leverage their inherent strengths while addressing the evolving needs of investors. First, digital brokerages can harness their significant data advantage. These firms possess a wealth of information on customer behavior, trading patterns, and investment preferences. By applying advanced analytics and machine learning algorithms to this vast trove of data, brokerages can develop highly targeted WealthTech solutions that resonate with specific investor segments. This data-driven approach enables the creation of personalized investment recommendations that can significantly enhance the client experience and drive engagement. 57% of respondents in Hong Kong and 75% in Singapore responded that personalized advice will be valuable.

Transparency is another crucial factor in building and maintaining client trust in the digital age. As AI-driven recommendations become more prevalent, digital brokerages must prioritize clear and accessible explanations of these algorithms work. By demystifying the technology behind their WealthTech offerings, brokerages can foster confidence among investors who may be skeptical of purely algorithmic decision-making. This commitment to transparency builds trust and empowers clients to make more informed decisions about their financial futures.





## Fraction of Respondents Who Want More Diverse Investment Options



*Fraction of Total Respondents Who Reported Access to Alternative Investment Options or Thematics as a top 3 feature they would like.*

While automation is a key component of WealthTech, the human element remains critical, particularly for high-net-worth clients with complex financial needs. Digital brokerages should invest in advisor augmentation technologies that enhance, rather than replace, human expertise. These tools can help advisors manage larger client portfolios more efficiently, provide data-driven insights, and save time for more value-added activities such as financial planning and relationship building.



## **Example: Leveraging Trading Data for Personalized WealthTech Solutions for a hypothetical company called TechWealth.**

A digital platform can harness its data advantage to create a personalized investment strategy tool for mass affluent clients (those with \$150,000 to \$1,000,000 in investable assets). For example, with the following process

### **Data Collection and Integration:**

TechWealth aggregates data from various sources:

- a Transaction history
- b Account balances
- c Client demographics
- d Risk tolerance assessments
- e Stated investment goals
- f Website and mobile app usage patterns

### **Data Analysis:**

They use machine learning algorithms to analyze this data and identify patterns:

- a Investment preferences (e.g., preference for growth stocks vs. dividend stocks)
- b Risk tolerance variations based on market conditions
- c Life stage-based investment behavior
- d Correlation between app usage and trading frequency

### **Segmentation:**

Based on the analysis, TechWealth creates micro-segments within the mass affluent category, such as:

- a Young professionals focused on growth
- b Pre-retirees prioritizing stability
- c Tech-savvy frequent traders
- d Passive long-term investors



## ● **Personalized Strategy Development:**

For each micro-segment, TechWealth develops tailored investment strategies:

- a A portfolio heavily weighted towards growth stocks and emerging market ETFs
- b For pre-retirees: A balanced portfolio with a mix of blue-chip stocks and high-grade bonds
- c For tech-savvy traders: Access to advanced trading tools and real-time market analysis
- c For passive investors: Automated rebalancing and dividend reinvestment options

## ● **Implementation:**

TechWealth integrates these personalized strategies into their platform:

- a When a client logs in, they see investment recommendations tailored to their micro-segment
- b The platform offers educational content relevant to each client's investment style and goals
- c Push notifications are customized based on individual trading patterns and risk tolerance

## ● **Continuous Improvement:**

TechWealth continuously collects data on how clients interact with these personalized features:

- a Which recommendations are followed
- b How portfolio performance changes
- c Changes in client satisfaction and engagement

## ● **Iteration:**

Based on this ongoing data collection, TechWealth refines its algorithms and strategies:

- a Adjusting risk models based on actual client behavior
- b Developing new micro-segments as patterns emerge
- c Creating new investment products to meet identified needs





In today's interconnected financial ecosystem, no single firm can provide best-in-class solutions across all aspects of wealth management. Therefore, embracing an open architecture approach is essential for digital brokerages looking to stay at the forefront of WealthTech innovation. By partnering with fintech innovators and adopting open APIs, brokerages can rapidly integrate new capabilities, expand their service offerings, and create a more comprehensive wealth management platform. This collaborative approach accelerates innovation and allows brokerages to focus on their core strengths while leveraging external expertise in specialized areas.

### **Top 3 Services for Digital Wealth Management**

63%	Holistic portfolio tracking and performance analysis tools
55%	Integration with existing financial accounts and platforms
47%	Automated personalised investment advice
34%	Access to a human adviser to discuss your investment needs
29%	Educational resources
27%	Financial services software
21%	Concierge and access to exclusive events



**When asked about what features investors would be most interested in, comparing results between Singapore and Hong Kong, we can observe the following:**

### **Holistic portfolio tracking**

**Singapore: 22.7%, Hong Kong: 22.5%**

This feature is the most desired in both markets, with nearly identical percentages around 22.5-22.7%. This strong preference underscores the importance of comprehensive wealth management solutions that provide investors with a complete view of their financial portfolio.

### **Integration**

**Singapore: 18.9%, Hong Kong: 20.4%**

Integration ranks second in both markets, though it's slightly more valued in Hong Kong. This emphasizes the demand for seamless connectivity between various financial platforms and services, aligning with the trend toward open architecture and API integrations in WealthTech.

### **Automated advice**

**Singapore: 15.6%, Hong Kong: 17.9%**

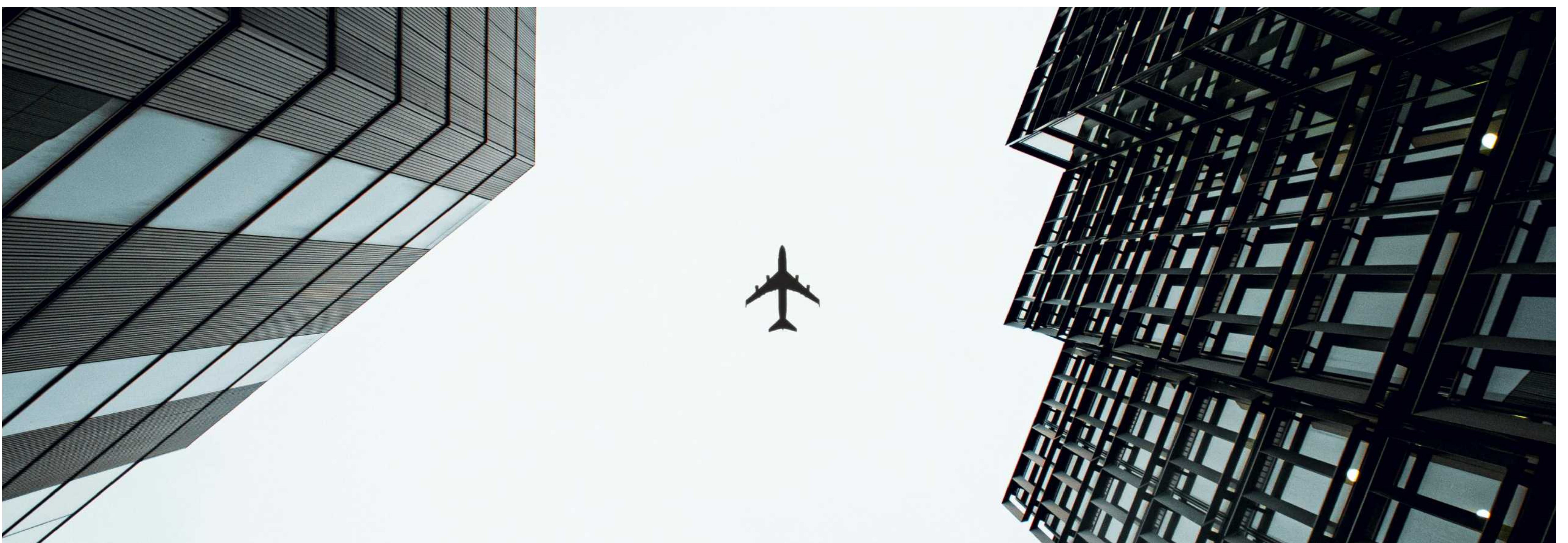
Automated advice is the third most valued feature in both markets, with Hong Kong showing a slightly higher preference. This reflects a growing acceptance of robo-advisory services and exploration of AI-driven recommendations across both financial hubs.



**These consistent top preferences across Singapore and Hong Kong highlight a regional trend towards digitally integrated, comprehensive wealth management solutions that leverage automation.** The data suggests that WealthTech providers and digital brokerages should prioritize developing robust portfolio tracking capabilities, ensuring seamless integration with other financial services, and enhancing their automated advisory offerings to meet the demands of investors in these markets.

Finally, as wealth management becomes increasingly digital, the importance of robust cybersecurity and data privacy measures cannot be overstated. Platforms must prioritize protecting sensitive financial data and client information to maintain trust and comply with ever-evolving regulatory requirements. This involves implementing state-of-the-art security technologies and fostering a culture of security awareness throughout the organization. By demonstrating a strong commitment to data protection, brokerages can differentiate themselves in a market where security concerns are at the top of many investors' minds.

By effectively executing these strategies, digital brokerages can position themselves as leaders in the WealthTech revolution. Their ability to combine technological innovation with deep market expertise and customer insights creates a powerful value proposition for investors across the wealth spectrum. **As the lines between traditional financial services and technology continue to blur, those brokerages that successfully navigate this transformation will be well-positioned to capture a significant share of the growing wealth management market.**





# Challenges Ahead

The WealthTech sector, despite its rapid advancement, faces significant challenges that must be addressed to ensure its continued growth and adoption. Trust remains paramount. To this end, in October 2018, the Monetary Authority of Singapore issued guidelines for providing digital advisory services, outlining requirements for customer profiling, algorithm governance, and risk disclosures. Then, in August 2019, the same regulator started a regulatory sandbox initiative that allows eligible WealthTech firms to quickly test innovative financial products and services in a controlled environment. The evolving regulatory landscape presents opportunities and hurdles, requiring WealthTech firms to remain agile and compliant in an uncertain environment.

As wealth management increasingly shifts to digital platforms, data privacy, and security have become critical issues. WealthTech providers must prioritize robust cybersecurity measures to protect sensitive financial information and maintain client trust. Additionally, the industry faces scrutiny regarding the depth of personalization offered by robo-advisors, who may struggle with complex individual circumstances or unconventional financial goals. The resilience of these digital platforms during prolonged market downturns also remains largely untested, raising questions about their performance under stress.

A significant advantage of the wealth-driven approach championed is its potential to mitigate the misaligned incentives often present in traditional brokerage models (Barber & Odean, 2000). Unlike pure commission-based structures that can encourage excessive trading or churning, a wealth-driven platform typically employs fee structures based on assets under management. This alignment of interests incentivizes long-term wealth growth rather than short-term trading activity. By focusing on holistic wealth management and utilizing advanced analytics to optimize portfolios, WealthTech solutions can potentially deliver more stable, consistent returns while reducing unnecessary transaction costs. This approach benefits clients through improved financial outcomes and fosters a more sustainable and trustworthy wealth management ecosystem.



A significant challenge in the WealthTech space is finding and retaining high-quality investment professionals capable of designing numerous sophisticated and sophisticated custom portfolios tailored to individual client needs at scale. Unlike standard robo-advisers, which often rely on a limited selection of ETFs or mutual funds and simply adjust allocations based on risk tolerance, personalized wealth management requires expertise in security selection at the individual stock level. This granular approach allows for more nuanced portfolio construction, considering factors such as ESG preferences and specific sector exposures. However, scaling this level of customization demands a team with deep financial expertise, quantitative skills, and technological proficiency – a rare combination in the current market. Moreover, the ability to continuously monitor and adjust these portfolios in response to market changes and individual client circumstances adds another layer of complexity. This challenge underscores the limitations of many existing robo-advisers, which often fall short of providing the level of customization and active management that more sophisticated investors demand. Overcoming this hurdle will be crucial for WealthTech providers aiming to differentiate themselves and capture a larger share of the high-net-worth market.





# Conclusion

The WealthTech revolution presents an unprecedented opportunity for forward-thinking financial institutions to redefine wealth management in the digital age. Our survey findings of the Asian financial hubs reveal a growing demand for sophisticated, technology-driven wealth management solutions across all wealth segments.

By leveraging cutting-edge technologies such as AI, machine learning, and open APIs, digitally native platforms can create a comprehensive, scalable WealthTech platform that addresses the diverse needs of investors - from those just starting their wealth-building journey to ultra-high-net-worth individuals seeking advanced portfolio management tools.

The key to success lies in their ability to harness their internal client data advantage safely and privately, fostering trust through transparency and striking the right balance between automation and human expertise for the appropriate client segments – knowing the less sophisticated and smaller clients may need more education and time. We can position ourselves as leaders in this rapidly evolving landscape by embracing an open architecture approach and prioritizing cybersecurity.

As we look to the future, the growth potential is exciting. With Asia projected to become the wealthiest region globally and a new generation of tech-savvy investors entering the market, the demand for innovative WealthTech solutions will only grow. By acting now, we can capture a significant share of this burgeoning market, drive long-term growth for our business, and, most importantly, empower clients to achieve their financial goals more effectively than ever in an incentive-aligned way.

WealthTech is not just a trend - it's the future of wealth management. By embracing this opportunity, we can transform the financial services industry, create value for our shareholders, and deliver unparalleled service to our clients. The time to act is now, and we are uniquely positioned to succeed in this exciting new era of digital wealth management.



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# Author Biographies



## Ben Charoenwong, Ph.D.

Ben is an assistant professor of finance at the National University of Singapore and an affiliated faculty member with the Asian Institute of Digital Finance and the NUS FinTech Lab. His research focuses on financial regulation, fintech, and networks and has been published in journals like the American Economic Review, Journal of Financial Economics, Science Advances, Review of Finance, and Manufacturing and Service Operations Management. His research has also been cited in policy reports by the United States Securities and Exchange Commission, French Council of Economic Analysis, and Japanese Cabinet Office, as well as industry reports by the CFA Institute and media outlets like The Economist, Reuters, and Seeking Alpha.

He completed a Ph.D. in Finance & MBA at the University of Chicago Booth School of Business and a Bachelors of Science in (Honors) Economics, (Honors) Statistics, and Financial Mathematics from the University of Michigan - Ann Arbor. He has previously worked for Citadel Investment Group helping to train new hires in machine learning and LEK Consulting in using machine learning for capital budgeting.





## Alan Kwan, Ph.D.

Alan is an Associate Professor of Finance at the University of Hong Kong (HKU) Business School. He is the program director of the Masters of Finance in Financial Technology and teaches Quantitative Trading and Big Data in Finance. His research focuses on regulatory economics and the economics of intangible capital. His work on intangible capital aims to understand how a firm's knowledge, technology, and information acquisition create value. Dr. Kwan has published papers in prestigious journals, including the American Economic Review, the Journal of Financial Economics, Management Science, Science Advances, and Financial and Quantitative Analysis.

Dr. Kwan received his Ph.D. in Finance from Cornell University's Johnson Graduate School of Management and his Bachelor's degree in Economics with Mathematics (Honors) from Dartmouth College. Before his academic career, Dr. Kwan gained industry experience at a major global macro hedge fund and a quantitative trading firm specializing in energy markets.



