

Avoiding the fintech bandwagon

It is important for those technology vendors with established and diversified systems and software solutions across financial services to stand apart from the flurry of fintechs trying to survive in a competitive market, says Nicholas Hacking of ERI.

It is increasingly true in wealth management that any technology company with any type of connectivity to financial services calls itself a 'fintech'. Yet this is blurring the definition, and might cloud understanding about which firms can do what – and who is more or less likely to stay the course.

For example, a key issue for banks when assessing potential fintech partners comes down to risk – whether the firm will still be around in 12 months' time.

"There will be a shake-out and many [fintechs] will fail," predicts Nicholas Hacking, director of sales at ERI. "They are not sustainable if they don't have enough margin and longevity."

By contrast, he is quick to distance ERI from this space. "We are a software company that has and will continue to service financial services clients. And we will evolve and develop our technology as necessary."

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At the same time, amid the wave of consolidation across private banking, it is imperative that vendors have diverse capabilities to deliver solutions beyond this segment. "We are now also serving retail banking, payment processing and trade finance," explains Hacking.

But it's no surprise that Hacking says Asia more broadly is an important part of ERI's business, and a region within which the firm is committed to growing. "Increasingly, we will see in developed markets like Hong Kong and Singapore, that the regulator plays an international-type role, in terms of more complexity and control. They are asking for more granular information from the banks, which is similar to Western regulators."

ERI aims to help its clients deal with such challenges, and in doing so, the firm is expanding out of Singapore, including growing relationships with existing wealth management clients.



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Elsewhere, it is showing the diversity of its capabilities and solutions. For example, it is working with a major Indonesian brokerage house. ■