

How does Multibanking work for wealthy clients? A review of the Altoo Wealth Platform

By Prof. Dr. Andreas Dietrich (translated to English by Altoo)

The topic Multibanking is currently relevant in Switzerland, especially for the corporate client segment ([I have reported on this](#)). For retail banking customers such an offer does not yet exist in this country - unlike in Germany or the UK, for example. Thanks to FinTech [Altoo](#), however, the complex asset structures of very wealthy private clients can already be mapped today. I visited the company in Zug and tested the platform. In the following I would like to present my impressions.

Altoo, a technology buy-out of the FLYNT Bank, has been offering since 2017 to very wealthy clients the Altoo Wealth Platform, a cockpit for complex wealth situations. The platform consolidates not only the assets of traditional asset classes such as shares, bonds or liquidity ("bankable assets"), but also of illiquid asset classes ("non-bankable assets") such as real estate, cars, or art. Furthermore, the Altoo Wealth Platform offers secure interaction between the client and his advisors (e.g. property managers or tax advisors) and a "document safe" for storing contracts, insurance policies and other documents. The product is a web solution. However, a mobile app is also available in order to access the most important data on the move. Interestingly, access via the desktop is currently more frequent than on the mobile app.

The Zug-based company with 23 employees is currently on the market with two different business models:

1. B2C: According to Martin Stadler, Altoo's CEO, Altoo is currently gaining around 5 new customers per month in direct sales for wealthy private individuals. These are typically clients with total assets of around CHF 10 million or more, some of whom also have their own single family office. In this customer segment, Altoo provides a remedy for manual consolidation, which in most situations up to now is done via spreadsheets.
2. B2B2C/B2B: In the second sales channel, Altoo is looking for cooperation with multi-family offices, asset managers and private banks that make the technology available to their end customers as a white labelled solution. This segment was launched at the beginning of 2019 and is being used, for example, by the multi-family office [Belvoir Capital](#) and [IFS](#).

Private banks are not yet using this white labelled solution. However, some client advisors at Credit Suisse, [Rahn + Bodmer Co.](#) or Reichmuth & Co., for example, recommend Altoo technology to their clients. The clients of these banks use the platform directly via Altoo, and accordingly the revenues go to the Zug-based company.

Strengths and weaknesses of the solution

In my opinion, the following factors characterise the central aspects of the offer:

- All in all, I consider the front-end to be clear (see Figure 1). From my subjective point of view, the presentation of the development of the various asset classes and values has been well done. In the "main cockpit" you can quickly see the most relevant changes.

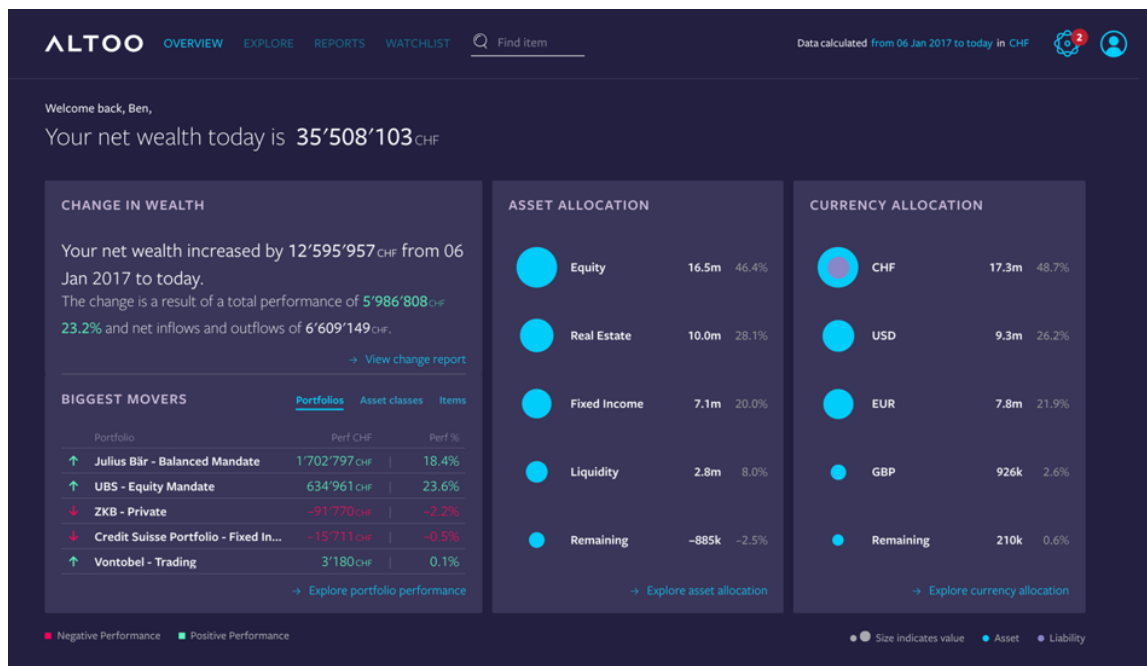


Figure 1: Overview of total wealth

- However, clients can also dive deeper into the various asset classes. In general, the advantage of such a solution is that the information from the various banks is all prepared in the same way. Without Altoo, the customer would still have to find his way around various e-banking solutions at different banks.
- I consider it positive - even if this should be state of the art - that on the platform different options can be chosen for showing the performance. For example, evaluations can be defined and viewed according to different currencies and different time periods (since the beginning, since 2017, this year, ...).

- I also find the performance representation of shares in this solution interesting. On the one hand, realised gains or losses are shown. On the other hand, in addition to (as yet) unrealised gains, dividends and (subtracted from these values) custody account and transaction costs are shown separately (see Figure 2). For real estate, rental income is also shown. The platform thus also offers a combination of bankable assets (income) and non-bankable assets (real estate).

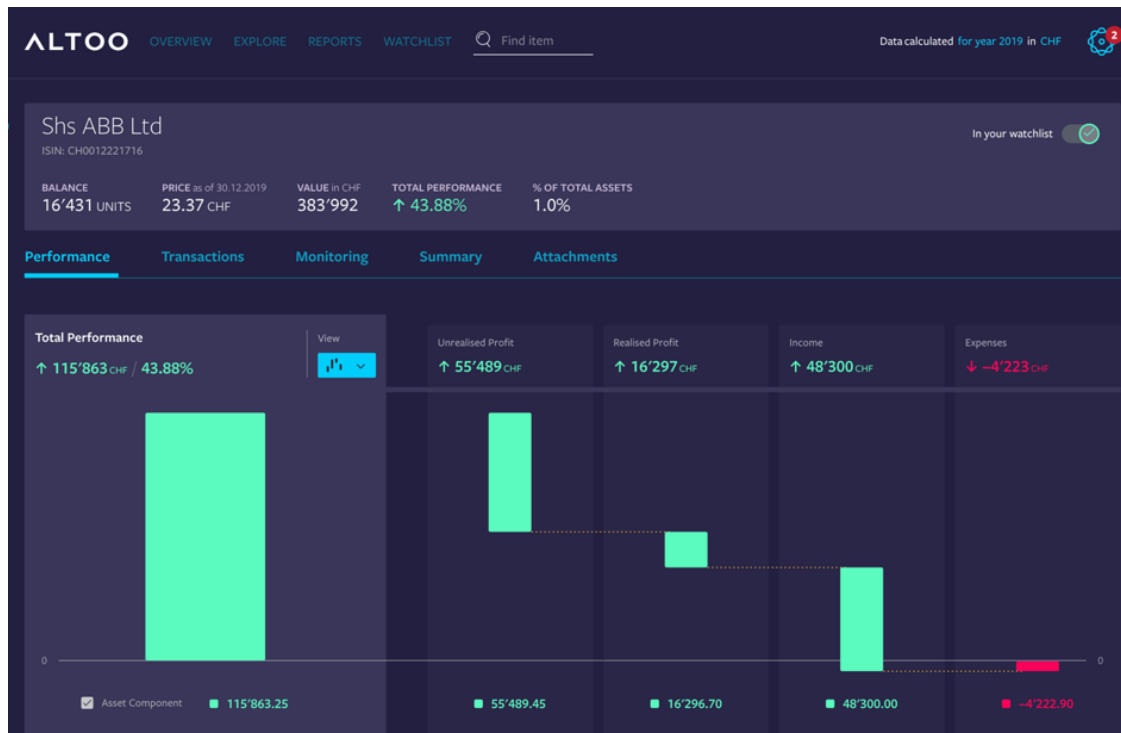


Figure 2 Transparent display of various performance drivers

- What bothers me, on the other hand, is that only the returns are shown, not the risk. In general, I still don't understand why the "twin" of return - risk - is not shown to the customer in almost all banking solutions.
- Performance of illiquid asset classes, such as real estate or art, is not automatically adjusted by the system, but must / can be adjusted by the customers themselves. A revaluation of real estate is therefore possible but must be carried out manually.
- An important function in Altoo's offer is also the secure sharing of information. For example, the tax advisor can access all data, while the trustee or property manager can only be granted access to individual data. Access authorizations can be easily controlled in the cockpit. This facilitates coordination and data exchange and increases transparency, which is particularly relevant for succession planning for families.

- According to our study "[Digital Corporate Customer Business](#)", which we developed with e.foresight, the offer of a digital document archive meets the greatest customer need in the area of corporate customers in terms of digitization. This could also be an important need for (wealthy) private customers. I am therefore positive about Altoo's ability to store individual documents and contracts - similar to a "safe" - on the platform. The initial effort for this should not be underestimated, as the corresponding documents (in contrast to a possible bank offer) have to be uploaded by the customer himself (see figure 3). But once this has been done, it offers a lot of added value from the customer's point of view. According to Stadler, almost all customers use this offer. A nice side effect from Altoo's point of view is the resulting "locked-in effect". Once a customer has uploaded all his contracts and set up accordingly, he is strongly bound to the platform.

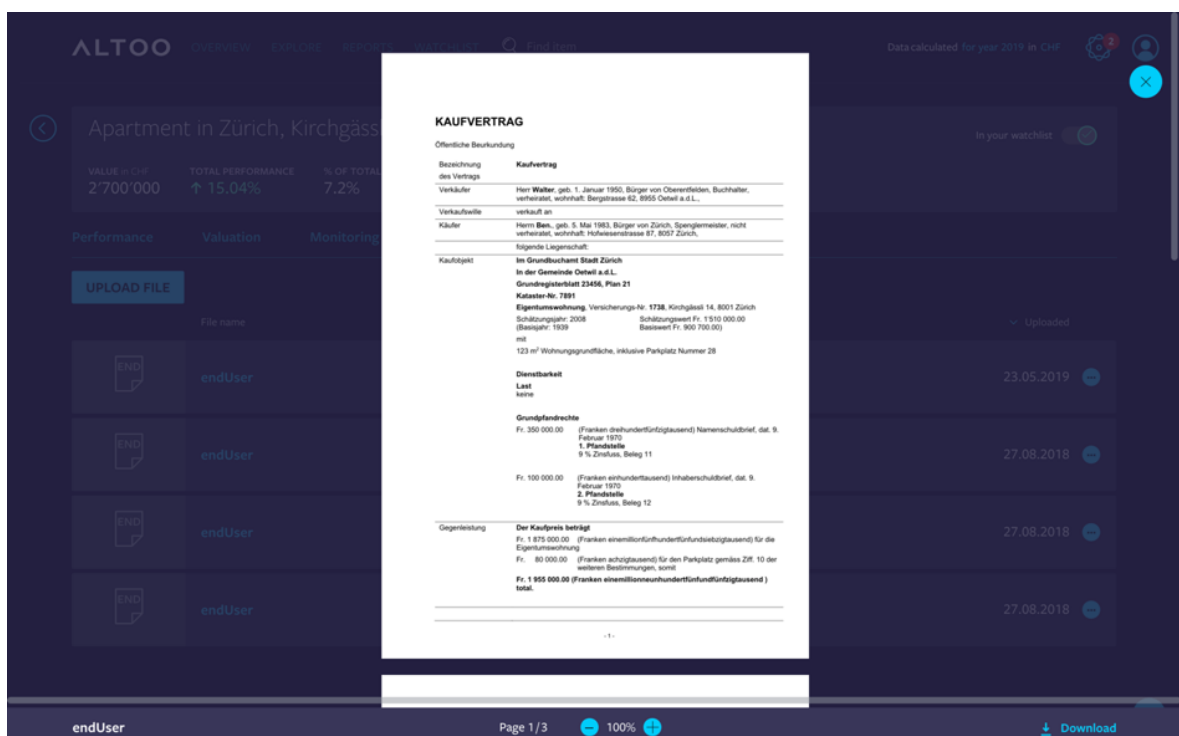


Figure 3 Uploading of documents

- In addition, various rules and associated alerts can be created. For example - in today's times of negative interest rates - notifications can be triggered if a bank account exceeds a certain amount (e.g. CHF 5 million) and negative interest is due.
- Currently Altoo has interfaces to 41 Swiss banks for daily data integration. After two years, this is satisfactory as it covers the most important banks in the Swiss market for this customer segment. However, many banks that are not yet connected are missing. This is also due to the fact that Switzerland is still quite far away from a standard interface like in Europe.

Conclusion

Open banking is also becoming increasingly relevant in wealth management. Since practically all wealthy clients have complex wealth situations and usually divide the corresponding assets between different banks, an "extended" Multibanking solution like the one offered by Altoo seems to be an interesting solution. The usage to date also points in this direction. According to Altoo, approximately 60 percent of users look at their assets at least once a week (note: 66 percent of Swiss retail customers look at their account balance at least once a week).

If one assumes that the margins in wealth management in the area of "infrastructure services" (custody and transaction fees) will decline sharply, advisory services will become even more important. In my view, a consolidated view of total assets - both traditional assets and illiquid investments - using a clearly structured digital cockpit seems to generate clear added value.

Personally, I like the Altoo solution because it is clearly arranged, displays both bankable and non-bankable assets and - for interested clients - provides interesting and well-prepared additional information (e.g. about performance). On the other hand, I miss the risk perspective in the tool. Furthermore, the goal must be of course to connect to even more than the current 41 banks. Multibanking works above all if all bank connections can be mapped.

The long-term intention to launch a light version for Affluent customers is interesting. However, the question here is whether or how much a client is prepared to pay compared to the free Multibanking solutions that will probably also exist in Switzerland at some point in the future, where "only" the payment accounts are visible. The added value then lies above all in the additional display of illiquid investments.

The offer in the B2C segment is definitely interesting. In my view, however, the most promising offer is the white-labelling solution for private banks in the B2B area. A private bank should actually have a great interest in being able to offer such a solution to its clients and thereby preserve the client interface.