



LEVERAGING CENTRALIZED CLOUD MiFID II ADVISORY

Standardize the generation of personalized recommendations through different branches:

Deliver an advanced financial advisory experience

Enable wealth managers to speak without subjectivity

Benefit from a SaaS delivery model

Become a front runner in the investment services

The Challenge

novobanco is one of the largest banks in Portugal and was looking for a partner able to support its investment processes with the best financial advisory experience.

In particular, the aim was defining **investment strategies** and proposing personalized **recommendations** based on customer needs, such as appetite for risk and life goals, according to the **bank's view** and **MiFID II regulatory**, through a single integrated platform providing a **holistic view** of the client's total wealth through advanced portfolio diagnosis, monitoring and hybrid portfolio rebalancing.

Key strategic priorities included:

- Delivering an advanced **financial advisory experience**
- Enable advisors to leverage a **centralized** and structured **investment tool** to generate **personalized** investment proposals
- Building a scalable and **flexible** solution for **sustainable** long-term **growth** in wealth & investment management



Business Goals

- Providing the bank with a centralized tool that standardize the generation of proposals through the different branches
- Generating personalized **investment recommendations** by integrating the investor profile and investment strategies
- **Complying** with MiFID II regulations
- Providing the client with a **full disclosure** of the proposal and its suitability

Client Expectations

- Leveraging a **web-based platform** to efficiently generate model portfolios
- Supporting the building process of model portfolios, with a **Black Litterman** approach
- Benefiting from a **SaaS** delivery model integrating **AWS Cloud** with the bank's security layer
- Achieving a first **pilot** within 2-3 months
- **Monitoring** the client's portfolio through a proactive alerting system

Background Data

- Novobanco
- AUM > € 2obn
- 300+ advisors
- 1M+ clients in Portugal



Why Objectway

Objectway is a future-proof technological innovator with established and recognized experience in wealth management underpinned by expertise in automation and optimized digital client experience.

We support financial institutions in challenging and successful business transformation programmes, powering up digital client engagement, front-office productivity, and back-office operational efficiency, enabling competitive advantage.

Objectway ensures a robust methodological approach through an advanced digital advisory experience to deliver optimized, suitable and personalized investment proposals for a large number of customers.



The Objectway Solution

To meet novobanco's needs and expectations Objectway provided a digital advisory platform including goal-based investment planning as well as advice execution. The entire solution was based on Advice Platform, hosted on Cloud, delivered in SaaS mode, and integrated with the existing bank's system, combining the following digital wealth components:

Advice Platform

To fully understand client's wealth & life objectives and to deliver a compelling investment proposal, the platform assists the investment manager in creating and delivering a clear and custom-tailored investment proposal for the client, considering the risks, other key variables and projecting the impact on the client's overall wealth.

The platform was customized and configured for novobanco to:

- integrate bank's security and data layer
- implement advisory network and customer organization with specific rules



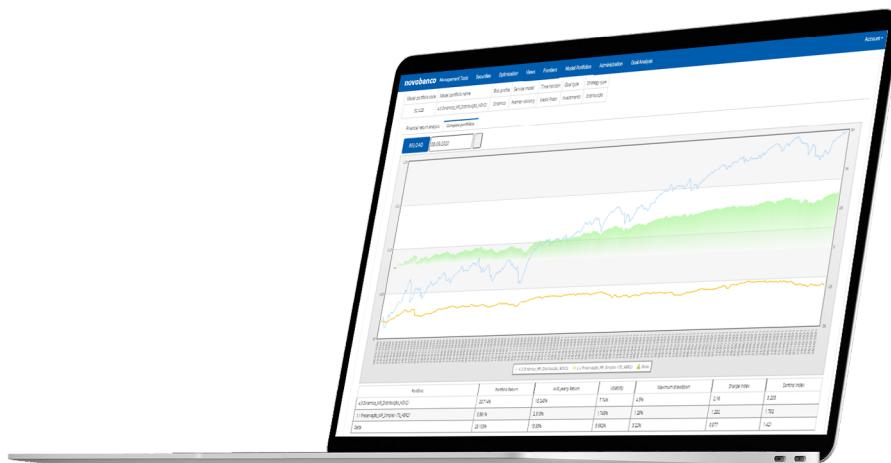
Advice Risk & Compliance

This application allows real-time and bulk checks on customer portfolios according to the regulatory requirements and it was configured with the suitability checks defined by the bank and the MiFID 2 regulations. Additionally, the risk data management enables the business and operational support based on consistent and high-quality database.

Advice Portfolio Optimizer

Based on the Black-Litterman approach, it represents a constructive way to build efficient model portfolios reducing the complexity of asset allocation process and providing a valuable solution to define strategic and tactical asset allocation.

Matching these capabilities with customer expectations allowed the setup of the first model portfolios shortly after the project kick off. Since the optimization algorithm bases its operation on the historical series of the instruments and benchmarks returns, novobanco decided, based upon a cost efficiency plan, to outsource to Objectway that calculation to match project planning, therefore Objectway implemented a return engine calculation that would make up for this gap.



During the project, the customer requested to have a first fully functional release, integrated with the bank system, within three months. Thanks to the modularity of Advice Platform, we agreed on a minimum viable product to achieve their objective, through an incremental release plan according to an agile approach. Therefore, the solution project's plan was arranged through the following milestones:

- **Phase Zero**, delivered after three months, represented a **pilot** for our customer. At the end of this stage the customer portfolios, as well as, questionnaires, were not available for the Advice Platform, so Objectway teams built a section to collect client risk data and calculate the synthetic risk profile. During this phase Cloud has been set up and the bank's security layer has been integrated.
- **Phase One** delivered after 9 months. A centralized investment tool able to generate personalized investment proposals within the client's asset perimeter and alerts.

An efficient distribution of workloads, as well as continuous monitoring of progress made it possible run the activities in parallel, allowing the team to anticipate some tasks such as integration with the security layer, in order to reduce the impact of showstoppers on the program.

All people involved in the project, both functional and technical, collaborated intensely and side by side with the bank's teams to achieve the goal, carrying out an intense workstream and at the same time maintaining a serene working environment, thus strengthening relationships with the customer.



Outcomes

Our customer is now clearly above industry averages and ahead of their main rivals by providing a holistic analysis of the client asset perimeter and a MiFID II compliant recommendation, pursuing product innovation and maintaining leadership over time. Thanks to a comprehensive training and repositioning programme, the following results were achieved:

- Delivering an advanced **financial advisory experience**
- Providing the bank with a **centralized tool** that standardizes the generation of proposals through the different branches (one-off advisory)
- Enable wealth managers to speak to clients **without subjectivity**
- Providing the client with a **full disclosure** of the investment proposal
- Benefiting from a **SaaS** delivery model integrating **AWS Cloud** with the bank's security layer
- Repositioning the bank as a **front runner** in the investment services, by providing an universal service starting from a proposal amount of 10k€

Our customer now has the opportunity to achieve new goals in terms of growth and efficiency, relying on a leaner and more simplified process for the advisory network.

The solution is compliant with regulations and capable of simplifying the agent's work by assisting them during the advisory process. Besides, the architecture chosen allows to easily integrate some tasks, such as the suitability checks, avoiding redundancy in the bank's systems.

The project took place in a completely pandemic environment, leveraging smart working and not having any agents in the branches. But the resilience test required by the Covid-19 pandemic was not lacking, thanks to the technological tools, an efficient governance and, above all, to the strong relationships built during the previous phase, the impact on the project was minimal.



Next Steps

For the future, novobanco would like to continue the digital transformation journey by pursuing the following objectives:

- Adaptation to ESG regulations
- Automatic order generation and orchestration through a fully integration of bank's vertical back-offices
- Automatic proposal execution and multi goal approach
- Direct advisory



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