

An interview with Paul Harris, CEO at GHC Capital Markets

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AUM
£250 MILLION

FIRM TYPE
WEALTH MANAGER

CORFINANCIAL SOLUTION
BITA WEALTH

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'BITA RISK UNDERSTANDS WHY YOU WANT WHAT YOU WANT AS AN INDIVIDUAL WEALTH MANAGER'

Clients' desire for white glove service and something different to the cookie-cutter portfolios so prevalent today means that small can indeed be beautiful in wealth management – with the right technology in place to enable them to vigorously compete, that is. Here, Paul Harris, Chief Executive of GHC Capital Markets, explains why he believes wealth managers need client - rather than customer-orientated - relationships, and tools designed specifically for the complexities inherent in the High Net Worth space.

GHC Capital Markets is a privately-owned, London stock exchange member which offers discretionary investment management, execution-only and trading services in the UK's hotly contested 'core' wealth management space. Like several other client institutions of BITA Risk, GHC Capital Markets is using the vendor's software in order to be able pull away from the pack in its service offering.

While wealth managers have been increasingly focusing on model portfolios as a means to cope with rising compliance pressures and costs, CEO Paul Harris sees bespoke discretionary portfolio management as being the space where his firm can best compete, giving clients the kind of white glove service experience the term 'wealth management' still conjures up in most minds.

- BITA Star for client risk profiling and Portfolio Optimiser implemented in 2008
- BITA Wealth's latest Model Management Module deployed for strategic asset allocation optimisation in 2023
- £250m in discretionary Assets under Management run through BITA Wealth

'From my own perspective, I want an investment portfolio which is built around me, and being able to call my investment manager as often as I like,' he says. 'We are moving away from model portfolios as we think that most private clients actually want a full-service, high-touch offering, rather than something that is close to an online-only offering where the service might not be there.'

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DEMONSTRATING MAXIMUM RETURN 'BANG' FOR CLIENTS' RISK 'BUCK'

Clients may be willing to pay a little more for a more traditional wealth management offering, but showing clients that they have indeed received great value for money is still front of mind for Harris, and GHC Capital Markets has used BITA Wealth's Portfolio Optimiser system to embed modern portfolio theory into its portfolio construction methodology in order to deliver that in all senses. Having long had the tools to be able to document how investment advice has added value means that the firm enjoys a substantial head start on the FCA's new Consumer Duty rules, according to Harris.

'We always want to achieve the maximum return for the maximum risk that the client is prepared to accept, and to be able to show our working on that,' he says. 'With Portfolio Optimiser you have your forecast and then it generates an optimal portfolio, blending the assets in such a way that you can illustrate to the client how you are working to get them the biggest possible return "bang" for their risk "buck". It also shows how the portfolio is as diversified as possible for the level of risk that the client is prepared to accept.'

Echoing the sentiments of many of the C-suite executives interviewed for our case study series, Harris observes that BITA Wealth's suite of risk management tools is almost made for regulations such as Consumer Duty. The new regime gives institutions wide freedom in how they meet their obligations and, though this is to be lauded, it does leave firms with some quick decisions to make if they have not already invested in appropriate tools.

IN SEARCH OF SOLUTIONS WHICH BRING WEALTH MANAGEMENT TO LIFE FOR CLIENTS

'As a whole, the wealth tech sector is still trying to get its head around Consumer Duty and provide a solution, be it on a product level or via stress testing,' he says. 'With BITA Wealth, we've already got "What if?" modelling that is really robust; it shows examples of better and worse outcomes for certain asset allocations stress tested against a range of potential scenarios. It really brings it all to life and shows what we've done for the private client.'

Harris has a special vantage point on the wealth technology landscape, since he also owns an IFA company. For this, he deploys a simpler financial planning focused system, whereas for High and Ultra High Net Worth individuals he believes a specialist wealth tool is warranted. 'BITA Wealth is more cerebral, for real private client and family office type work,' says Harris. He explains: 'It's for when you're sitting opposite a client and need to be able to really drill into the detail and look at the portfolio a number of ways to answer all their questions.'

Like other clients, Harris hails the combination of intellectual bench strength and wealth sector smarts exhibited by the BITA Risk team. 'They are obviously great at quant maths and there is real academic depth,' he says. 'But they are very easy to work with too as they have a wealth management background and good industry knowledge. BITA Risk understand why you want what you want as an individual wealth manager.'

The question of how institutions can secure the best blend of scale and significance when thinking about the size and scope of their providers is one that crops up increasingly in a sector that is highly cognisant of the vital role vendors are playing in shaping who the winners of the future will be. Here, Harris makes the interesting point that firms providing tailored solutions to clients ought really to have a similar level of tailoring made available to them.

CLIENT, AS OPPOSED TO CUSTOMER

He explains: 'The relationship we have with the BITA Risk team is very consultative and collaborative; and about us being a *client* rather than being a customer, which is a subtle but significant difference,' he says. 'It's the difference between being a client of a private bank, compared to being a customer at a retail bank.'

'We needed something precisely suited to our way of working – and our way of thinking about risk and return,' Harris continues. 'The big thing is that the implementation delivered *our* version of BITA Wealth as we were having customisations made right from the very beginning and workshopping with the team alongside so that we could come up with something really bespoke.'

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'With other providers, you have to adopt their models and their constraints; you get *their* solution and there's no tweaking, you just have to take it or leave it. In contrast, with BITA Risk we ended up building a sophisticated risk-profiling system, with caps and collar constraints in it, that was unique to us. We have had our risk grades and risk quotients put in, and it feels very much like it is ours.'

RECRUITING TOP TALENT THROUGH LEADING TECHNOLOGY

As well as positioning his firm well to tackle new compliance requirements like Consumer Duty and Task Force on Climate-related Financial Disclosures (TCFD), Harris confirms that BITA Risk's technology has also had an important role in recruitment and retention.

'All our investment managers really like Portfolio Optimiser,' he says, adding that he believes that it has also been instrumental in helping the boutique to attract veteran wealth management talent to its C-suite, comforting them that appropriate guardrails were in place. 'They liked our approach to risk, how we looked after clients and that we had this tool,' he says pointing to one high-profile hire in particular. 'BITA Wealth has certainly helped to get some very good people over the line.'

This can only be a trend which will become more firmly embedded as wealth management becomes increasingly tech enabled, and Harris believes institutions have to be aware of the importance of the right tools to their talent recruitment and retention efforts. 'Although it probably wouldn't be the sole factor in joining – or leaving – it might well be a significant contributory factor,' he says. 'If you have a strong solution that's won awards and has lots of your respected peers using it, that's a big box ticked. C-suite executives talk about technology more and more now and it is something to be able to say you have what people think is the best out there.'

'The academic firepower and the way the approach can be customised is unique to BITA Risk from all I've heard,' he concludes. 'I've certainly never heard of a direct competitor or even anything that is very similar.'

For more information or to discuss how BITA Wealth can truly benefit your business, please contact bitarisk@corfinancialgroup.com

EXECUTIVE TAKEAWAY

GHC Capital Markets may be a boutique, but it has been able to punch well above its weight through having BITA Risk's solutions in place. Not only has it been able to buck the trend towards homogeneity in portfolios to offer a truly bespoke service, it has found the technology to be a powerful recruiting tool for top talent too.





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ABOUT CORFINANCIAL

corfinancial provides software solutions and advisory services to banking and financial services organisations worldwide. The firm has offices in London, New York, and Boston.

There are five key problem areas corfinancial looks to solve through its primary software and service offerings:

BITA Risk provides Investor Profiling, Portfolio Analytics, ESG Management and Portfolio Monitoring solutions to wealth managers through the BITA Wealth application. Available as individual modules or as an end-to-end solution.

SureVu empowers buy- and sell-side firms to efficiently monitor and track security trades throughout the settlement lifecycle, enabling users to proactively manage and oversee settlement exposure.

salerio is a post-trade processing solution that enables asset managers, hedge fund managers and securities/fund services firms to automate the flow of securities and treasury trades from matching through settlement.

costars is an investment administration platform for third party administrators, fund supermarkets and wealth management companies.

paragon is a comprehensive front-to-back office fixed income portfolio accounting, processing, and reporting solution for banks.

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paragon.

Fixed-income accounting hub delivers front to back-office portfolio accounting and processing solutions.

SureVu.

Tracks security trades throughout the settlement lifecycle to manage settlement exposure.

salerio.


Automates the flow of securities and treasury trades from matching through to settlement.

costars.

Retail fund/transfer agency solution providing end-to-end administration for collective investments.

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