

# UBS Turns to Artificial Intelligence to Advise Clients

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UBS Group AG, facing the threat of competition from Google Inc. and Amazon.com Inc., has turned to a Singapore-based technology company that uses artificial intelligence for help delivering personalized advice to the bank's wealthy clients.

Sqreem Technologies Pte. Ltd. [https://www.youtube.com/watch?v=uOR6\\_Bimrm0](https://www.youtube.com/watch?v=uOR6_Bimrm0) beat some 80 teams competing in the Innovation Challenge, a contest organized by Switzerland's biggest bank that offered S\$40,000 (\$30,000) and a potential contract to the winner. Their task: Extract the information most relevant to an individual client from an explosion of data and deliver this tailored content to clients' mobile phones, iPads and other digital devices.

"Banking is one of the most rudimentary industries when it comes to digitalization," Dirk Klee, chief operating officer for UBS wealth management and responsible for digital initiatives, said in an interview. "EBay, Amazon - everything is getting more and more digital. The question is how we translate this into a similar experience for our clients."

ADVERTISING

Big global banks like UBS are turning to technology to mine data for insight on its customers that could help lenders stay competitive in the digital era. The introduction of mobile payment systems offered by Internet giants like Google Inc. and Apple Inc. has alerted traditional banks to the potential threat from tech companies with vast databases and the knowhow to exploit them.

## Information Overload

"We have the data! Too much of it!" UBS, the world's biggest wealth manager, said in a web posting announcing the competition in September. "Across the industry, clients are overwhelmed by data."

More than 70 percent of financial institutions in North America believe that big data analytics, as this field of engineering is known, offers them a significant advantage over their competition, Cap Gemini SA said in a 2014 report. More than 90 percent believe that successful big data initiatives will determine the winners of the future, the consultancy said.

Five finalists vied to win over a panel of judges at the bank's offices in Singapore on Nov. 28. Klee said the bank chose Asia as the venue because, in addition to being a hub for wealth management, clients in the region are more likely to use mobile phones and other digital devices to interact with the bank.

## Privacy Concerns

Sqreem was founded seven years ago by Chief Executive Officer Ian Chapman-Banks, a technologist for 20 years, and Rene Raiss, a Columbia University graduate who says he spent 15 years on Wall Street developing algorithms for trading derivatives, including at Merrill Lynch & Co. The company, which employs 15, counts Visa Inc. and DBS Group Holdings Ltd. among its customers.

In a YouTube video presentation, the founders show how they deploy a cloud-based computing engine driven by artificial intelligence to crawl through a wide range of openly available, unstructured data to find all possible combinations of the likes, interests and affinities of Singapore's 6 million-odd people, based on a list of 130,000 things that people do every day. Unstructured means the data has to be understood from its content, not as a result of it being organized in a database.

## Behavior Patterns

"We have identified over 85 million individual behavioral patterns that are engaged in by the people in Singapore," Sqreem says in its video. This includes everything from food, vanity and travel preferences to deeper, more personal questions such as their aspirations and outlook on life.

Fine-tuned for financial services, the technology allows Sqreem, which stands for Sequential Quantum Reduction and Extraction Model, to build a profile of an individual showing potential match-ups with different types of wealth management products.

In response to questions about privacy concerns, Sqreem said it designed the system to be fully anonymous. UBS would use Sqreem to match results with its own data on clients. "So at no point in time are we involved in identifying individual clients," the company said when contacted by Bloomberg News.

UBS has "clear and strict data security standards and policies that are regularly reviewed," the bank said. "Data security and confidentiality have high priority at UBS."

Other banks are also spending on data analytics. Goldman Sachs Group Inc. in November led an investment of \$15 million in Kensho Technologies Inc., an analytics platform that can automatically answer "complex financial questions posed in plain English," according to its [website <https://kensho.com/#/>](https://kensho.com/#/). Goldman Sachs plans to use Kensho's technology across the firm.

## 'Limitless Opportunities'

“Internet firms are throwing down the gauntlet to the banking world,” researchers at Deutsche Bank AG said in a Nov. 11 note written by Tom Dapp. “From mobile payments and simple financing right through to elaborate big data solutions, a number of technology-driven firms are challenging the established banks and offering their relatively loyal customers attractive financial products and services.”

Credit Suisse Group AG, UBS’s smaller Swiss competitor, is expanding services to include a digital platform for its private bank clients that will also leverage big data, starting in Asia.

UBS plans to roll out a digital service in Asia next April that will let clients access any market relevant to their investments. The bank, which said it has spent hundreds of millions of dollars on digital technology, plans to charge for some new features.

“Finance will always be a highly relational industry, but technology can definitely help make those relationships more meaningful and better informed,” Cesare Allavena, representing the runner-up, Zurich-based Squirro, said by e-mail from Singapore.