

Click-and-Trade Structured Products for Wealth Management

Uwe Wystup, MathFinance AG, Frankfurt am Main - 25 September 2024

For a long time, structured products were exclusively accessible to institutional traders with complex pricing mechanisms and specialized tools, while they were difficult to access for wealth managers and private banking clients. Milind Kulkarni, the founder of FinIQ, recognized an opportunity to close this gap in the beginning of this millennium. With FinIQ, he succeeded in making structured products accessible to a broader audience, thereby revolutionizing the way banks and wealth managers offer these products.



Figure 1: Milind Kulkarni and Uwe Wystup on the 24th MathFinance Conference 2024 at Reichenstein Castle

In an exclusive interview ([Figure 1](#)), conducted on 6 September 2024, Milind Kulkarni shares his journey and how he transitioned from being a systems programmer and finance expert to becoming the developer of one of the most influential platforms in the Asian financial markets.

His story is marked by perseverance, innovation, and a deep understanding of the financial ecosystem. Additionally, he provided insights into the challenges of expanding into European markets, which are becoming increasingly important for portfolio analysis and the future of structured financial products.

The Beginnings of FinIQ: A Journey of Serendipity

The founding story of FinIQ is shaped by a series of unplanned and unexpected situations, opportunities, and decisions that, in Kulkarni's view, contributed to the company's success. His early career, which spanned both technology and finance, provided the perfect foundation for what was to come. Kulkarni began his professional journey as a C-programmer and gradually transitioned into financial markets.

He worked at companies such as Citibank, where he was responsible for system programming for capital markets, and at Reuters, where he gained firsthand insights into trading floors and the fast-paced market of derivatives and structured products.

Despite his successes, Kulkarni sensed an unmet market need. He noticed that instruments enabling yield enhancement and risk management were developed and used by large institutional clients but were inaccessible to private wealth managers and their clients. Kulkarni was convinced that these products could also be valuable for individual customers if offered in a user-friendly and optimized form, in fact a platform.

"I discovered a gap," Kulkarni said. "There were all these great tools for institutional traders, but private wealth clients had no way to access them. I tried to push these ideas with my employers, but it wasn't a priority. So, I built it myself."

In 2001, Kulkarni took the leap and developed the first version of FinIQ's *Dual Currency Deposit (DCD)* platform. This tool allowed banks to easily price structured currency products. The success was immediate: three banks in Singapore adopted the platform, laying the foundation for innovation in wealth management technology.

Structured Products for Wealth Managers: Democratizing Complex Financial Instruments

The success of FinIQ's DCD tool was a turning point for structured products in wealth management. Originally, these products were offered by traders to clients with significant capital. Kulkarni's vision was to bring these products into bank branches, making them accessible to private banking clients and their managers.

FinIQ's platform fundamentally changed how wealth managers handle structured products. The platform allows for seamless pricing, customization, and execution of complex financial products like bonds, notes, and yield-enhancement products, which were previously too complicated for wealth managers to calculate manually.

"Before FinIQ, private bankers had to rely on institutional firms to issue these products," Kulkarni explains. "We created a platform that allowed them to do it themselves. In real-time and without needing deep expertise." The private banking salesperson can use the platform to request prices for structured products from contributing market makers and even solve for a parameter given an offer price and a sales margin. [Figure 2](#) shows a EUR-USD decumulator with 12 monthly fixings and leverage factor 2.

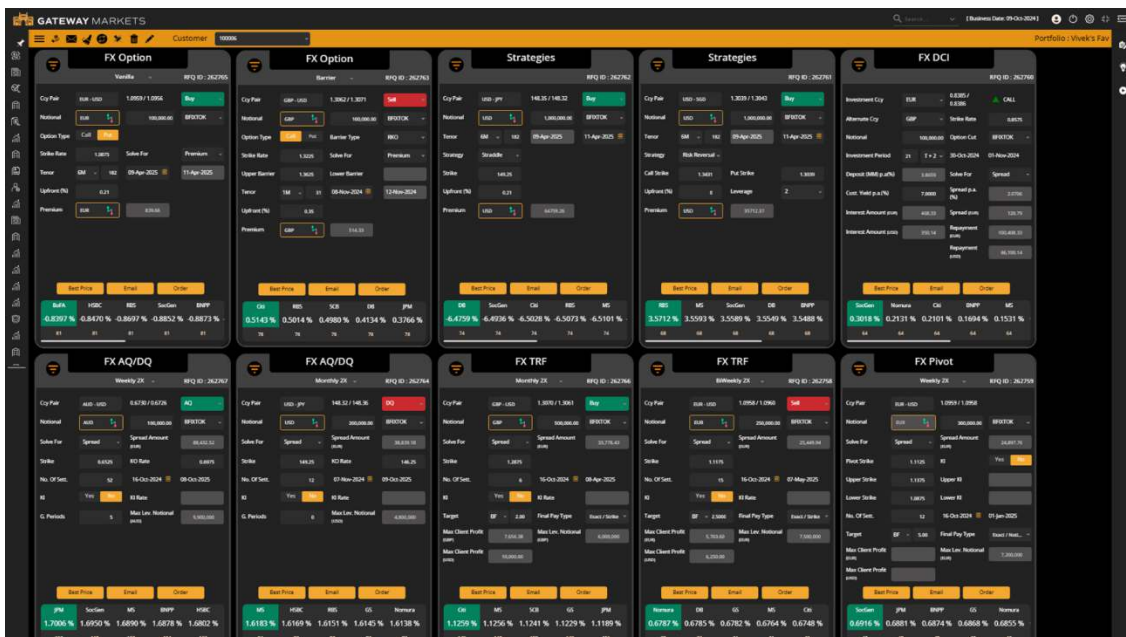


Figure 2: Quotations for 3 Accumulators (AQ) and Decumulators (DQ) in the FinIQ Platform; the highest strike displayed in green allows best execution for a EUR seller.

Click and Trade Revolution in Asia

Asia, especially Singapore and Hong Kong, has become the center of FinIQ's success.

These regions have embraced FinIQ's *Click-and-Trade* platform, which enables wealth managers to price and execute structured products in real-time.

Singapore is the hot spot for trading FX structured products like Target Forwardsⁱⁱ; Hong Kong is traditionally focused on Equity structured products and Equity linked notes. Besides FX and Equity, Kulkarni states that

“Trades with underlying in Gold (XAU-USD) are in high demand.”

Click-and-Trade refers to the ability to trade structured financial products or other investment instruments with the click of a button, without the need for manual interaction with traders or back offices. The platform increases trading efficiency while reducing complexity. The demand for Click and Trade was particularly high in banking hubs like Hong Kong and Singapore, where implementation was swift. Kulkarni makes the point that

“If the platform doesn't do it, clients don't do it.”

On the 24th MathFinance Conferenceⁱⁱⁱ (20 September 2024) Kulkarni also explained that in the private banking sector, each structured product needs to be easily accessible and tradable on a platform and in the future will be trading even more on apps on smart phones, a technology that is still missing in structured products trading in the interbank market.

Challenges and Opportunities in Europe

While Asia has embraced FinIQ's technology, expansion into Europe has been slower. European banks tend to be more conservative, especially when it comes to adopting new technologies. In Europe, banks still rely heavily on manual processes. Nevertheless,

Kulkarni remains optimistic that the European market, particularly through Switzerland and the United Kingdom, will grow.

Diversification of Product Offerings

As FinIQ has grown, so has its product range. What started as a platform for dual currency deposits now encompasses a wide variety of products across multiple asset classes. This diversification has enabled FinIQ to meet the evolving needs of its clients.

As FinIQ continues to expand its platform and offerings, it is set to play an even larger role in wealth management in the future. With a strong team, a drive for innovation, and a clear focus on customer outcomes, FinIQ is well-positioned to lead the transformation of how structured products are delivered globally.

References

ⁱ FX Column "[Structuring an Inverse Dual Currency Investment](#)", Wilmott, Volume 2018, Issue 96, July 2018, pp. 20-21

ⁱⁱ FX Column "[Kiko Tarn Revival in Asia](#)", Wilmott, volume 2020, issue 107, 30 May 2020, pp. 12-19

ⁱⁱⁱ <https://www.mathfinance.com/events/24th-mathfinance-conference/>