

Economico Flash ⚡ #33

Traditional vs. digital asset management




 info@economico.ch
 Dr. Ueli Mettler,
c-alm AG
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Chart of the week: Traditional versus digital asset management

Traditional
asset managers



vs.

Find the 10
differences!

Digital
asset managers



The chart of the week formulates the problem for this Flash: "Traditional versus digital asset management - find the 10 differences!"

The answer: There are none! At least not from a legal perspective. Both services are "management of financial instruments (asset management)" in accordance with Art. 3 para. 1 let. c no. 3 FinSA. Both services are subject to the same due diligence, information and risk clarification obligations, namely the pre-contractual performance of an appropriateness and suitability test. The term "robo advisor", which is also often used for digital asset managers, is also misleading because, from a legal perspective, digital asset managers do not provide an advisory service.

The two services are also on an equal footing from a risk perspective. If the asset manager goes bankrupt, the investor remains the owner of the securities. If the custodian bank where the securities are held goes bankrupt, the managed securities form special assets that are separated from the bankruptcy estate in the bankruptcy proceedings and handed over to you as the investor.

Even if the services are legally identical, differences have emerged in practice. Particularly in terms of costs: while total costs (including product costs) of 2% to 3% per year are standard in the industry for (non-negotiated) traditional asset management, the recurring costs of the price-leading digital asset manager according to the [Economico marketplace](#) for an equity and bond portfolio of CHF 100,000 amount to just 0.48% or CHF 480 per year - nota bene including product costs.

Other typical differences are:

- **Form of support:** Traditional asset managers rely on a personal approach: the focus is on advisory meetings, individual analysis and long-term relationships. Digital asset managers, on the other hand, offer digital support - efficient, automated and available around the clock.
- **Investment instruments:** Traditional advisors offer broad access to individual securities and active & passive collective investments. Digital asset managers work in a standardized way - mostly with ETFs/index funds - and follow clear rules, often with a passive investment approach.

From an investor's point of view, there is really no reason not to view traditional and digital asset managers as one market and to let the competition play out in this market. [Economico](#) supports you in this. From the point of view of traditional providers, there is probably no other option in the medium term than to compete with digital asset managers. Some providers - namely various cantonal banks such as ZKB, TKB, GKB and BCV - are leading the way and presenting their offerings on the Economico marketplace.

Takeaways

- Traditional and digital asset managers are in direct competition.
- Net performance is the decisive factor.