

# Research on Security Firms Improving Service Platform Ability and Strengthening Customer Service

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**Abstract** The Taiwan stock market has experienced a bullish trend for 13 years since the 2008 financial tsunami, leading to a nationwide campaign for depositing shares. The policy of halving day-trading taxes has been extended for another three years, and the Covid-19 pandemic has further boosted trading volume and the number of accounts. In 2021, 770,000 new accounts were opened, with a total of 12.1 million accounts and a record-high daily trading volume of NT\$ 5.5 million. The increase in accounts and trading volume has posed significant challenges to security companies, including account opening, order placement, and trading platforms. After mergers and acquisitions, few giants now dominate the security sector, with brokerage as their core business. The competition for lower fees has intensified, with handling fees already down to 0.04% in mainland China. With younger and more price-sensitive investors entering the market, the business is under more severe pressure. To address these challenges, Company A has leveraged financial technology and innovative services to acquire customers, diversify business functions and revenues. The company has developed its platform strategy, investment and trading platforms, and diversified financial services to cater to various customer needs, creating competitive advantages from differentiation. The development of Fintech has high efficiency and low cost, helping the company increase its net profit margin. The platform construction has enhanced user connections and synergistic effects, providing a platform to collect user information and behavioral profiles. The company continues to cultivate and maintain customer relationships offline and online, creating a comprehensive global asset allocation platform for trading and investment. The OMO integrates marketing growth tools and platform strategies to strengthen horizontal communication within the financial holdings, creating new business momentum. The cooperative synergy is based on stock fund product development and financial momentum expansion, creating diversified income. The research aims to provide reference value and contribution for Taiwan security companies to meet investor needs by launching innovative services and business strategies.

**Keywords:** *Fintech, innovative services, platform strategy*

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## 1. Introduction

Since the 1980s, Taiwan's securities brokerage industry has undergone growth and adjustments, evolving towards large-scale, comprehensive, and international development through mergers among peers, cross-industry consolidation, and the establishment of financial conglomerates. In recent years, securities firms have been expanding their related businesses to provide investors with diversified investment options. For example, starting from 2019, securities firms have opened up wealth management services through trust arrangements. In 2020, they started facilitating the trading of H-shares and ETFs in the Hong Kong and Macau markets, and in 2021, they began accepting orders from professional institutional investors for trading A-shares and issuing bull and bear products. These measures not only enhance the

diversification of revenue and profitability for securities firms but also promote market development.

However, with the market's opening up, the industry competition has become increasingly fierce. Brokerage firms are actively expanding their related businesses and integrating other financial products to provide more convenient services to clients. For example, in June 2021, Company A introduced real-time stock quotes for U.S. stocks, allowing investors to obtain quote information instantly through their self-developed "Mr. Investment APP," reducing the time difference in complex order execution. To stimulate home-based wealth management, they also launched incentive trading activities during the pandemic [1]. In October of the same year, Company A introduced "Wealth Management 2.0" for high-net-worth clients, linking structured products such as bonds to design returns and mitigate risks through product integration. Additionally, some brokerage firms have developed more convenient financial tools through digital

innovation to attract participation from younger generations. Financial technology has become an important soft power for brokerage firms to gain a competitive advantage [2].

With the surge in average daily trading volume in the Taiwan stock market [3], reaching NT\$476.2 billion in 2021, an 88% increase compared to the previous year's NT\$252.4 billion, the new generation of investors has higher demands for order speed, security, and system stability. With the innovation of financial technology, the entry barriers for the investing public have been lowered, enabling them to choose from a wide range of financial instruments. Brokerage firms are actively assuming the role of integrators, combining various financial products and technology to establish trading platforms that provide investors with diversified services. Brokerage firms aim to leverage this strategy to differentiate themselves from competitors and create unique competitive advantages.

Since 2016, the proportion of domestic retail investors in the Taiwan stock market has been steadily increasing, rising from 52% to 68.1% in 2021. In contrast, the proportions of overseas institutional investors and domestic institutional investors have shown a declining trend. According to the data in Table 1, the total number of new account openings in Taiwan reached 770,000 in 2021, bringing the total number of brokerage accounts in the Taiwan stock market to over 12.1 million, with the number of individual traders reaching a historic high of million! Of note, the proportion of account openings among the 20-30 age group increased from 25.2% in 2016 to 44.4% in 2021, indicating rapid growth in account openings and trading by young people in the Taiwan stock market. As shown in Table 2, the average daily trading volume on the Taiwan stock market rapidly increased from NT\$77.5 billion in 2016 to over NT\$390 billion in 2021 for listed companies. The total accumulated trading value on the centralized market reached NT\$95.516 trillion, an increase of NT\$46.333 trillion compared to the full year of 2020 [4].

In recent years, the rapid development of financial technology has significantly impacted the business models of traditional securities firms. Changes such as lowered investment thresholds and increased diversification of investment tools have contributed to this impact. Furthermore, the diversification of financial products has transformed securities firms from traditional trading and brokerage roles to encompass various roles such as advisory services, investment, product distribution, and asset management [2]. For investors, these changes have made securities firms that can provide "one-stop services" an ideal investment partner. This study focuses on Company A, a domestic securities firm, aiming to explore the impact of financial service technology on the services provided by Company A and how the company leverages financial digital technology innovation in its operations to create competitive advantages in service. To meet the diversified financial product demands and customers' desire for comprehensive services, Company A actively develops a platform strategy to differentiate itself from other securities firms and create a competitive edge.

Therefore, this study will discuss the following issues:

1. How does financial service technology affect the securities industry?

2. How does Company A utilize financial service technology to generate innovative services?
3. What are the benefits of Company A's adoption of financial service technology?
4. How does Company A integrate relevant resources to form a platform strategy?
5. How does Company A's platform strategy create a competitive advantage?

**Table 1. Overview of Taiwan Stock Market Account Openings and Trading Participants Source: Taiwan Stock Exchange (2022)**

Year		2017	2018	2019	2020	2021
Total Number of Accounts Opened (in ten thousands)	All	999	1,024	1,057	1,124	1,201
	Age 20-30	91.3	94.2	100.3	123.5	147.7
Number of Active Traders (in ten thousands)		312	326	334	438	550
New Accounts Opened (in ten thousands)	All	22	25	33	67	77
	Age 20-30	2.9	3.0	6.1	23.2	24.2
Percentage of Accounts Opened by Age 20-30 to Total Population of the Age Group (%)		25.8	27	29.2	36.1	44.4

**Table 2. Overview of Taiwan Stock Market Centralized Market. Source: Taiwan Stock Exchange (2022). Unit: New Taiwan Dollar (NTD)**

Year	2017	2018	2019	2020	2021
Closing Index	10,642.86	9,727.41	11,997.14	14,732.53	18,218.84
Total Market Capitalization (trillion NTD)	31.8	29.3	36.4	44.9	56.3
Total Transaction Value (Trillion NTD)	25.8	32.2	29.1	49.2	95.5
Average Daily Trading Volume (in hundred million NTD)	1,048.7	1,302.1	1,200.7	2,007.5	3,914.6
Turnover ratio (%)	78.4	92.5	80.4	123.3	176.6

## 2. Literature Review

### 2.1. Financial Technology (FinTech)

FinTech refers to the economic industry that combines finance and technology to improve the efficiency of financial services through technological methods. It can be seen as an innovation in financial services that incorporates emerging technologies to provide consumers with faster, more diverse, and convenient financial services. The scope of FinTech is extensive and includes services such as mobile payments, the use of virtual currencies, and the integration of fund flows [5].

FinTech is a nascent solution that has a significant disruptive impact on the business models, products, processes, and application systems of the financial services industry. According to Tsai et al. [6], FinTech has rapidly emerged in recent years and is expected to disrupt

existing financial systems, potentially changing the employment environment and altering consumer transaction patterns. Industries affected by the FinTech impact include finance, services, and insurance, leading to significant transformations and changes in these sectors.

## 2.2. Robo-Advisory

Robo-advisory is an early application of financial technology in the securities industry, initially originating from FinTech startups based in Silicon Valley, such as Wealthfront, Betterment, and Personal Capital. However, in the past two years, this field has attracted the attention of industry giants. The world's largest asset management company, BlackRock, acquired a startup robo-advisory across multiple accounts. Kanghua Securities has utilized FinTech to develop risk control devices and methods, which not only reduce trading risks but also significantly improve transaction speed and security [2].

**Table 3. Global Wealth Management Firm Rankings in 2020**

Rank	Company	HQ Location	Wealth Management AUM (US\$b)	Balance Sheet Date
1	UBS Global Wealth Management	Switzerland	2,590	2020/06/30
2	Edward Jones	US	1,305	2020/06/30
3	Credit Suisse	Switzerland	1,250	2020/06/30
4	Morgan Stanley Wealth Management	US	1,236	2020/06/30
5	Bank of America GWIM	US	1,220	2020/06/30
6	J.P. Morgan Private Bank	US	677.0	2020/06/30
7	Goldman Sachs Wealth Management	US	558.0	2020/06/30
8	Charles Schwab	US	506.3	2019/12/31
9	Citi Private Bank	US	500.0	2020/06/30
10	BNP Paribas Wealth Management	France	424.0	2020/06/30

Source: ADV Ratings (2020)

## 2.3. Platform Strategy

Since 2010, with the rapid development of the internet and innovative applications of digital technology, various company called Future Advisor, and companies like Goldman Sachs, RBS, and Charles Schwab have started developing their own robo-advisory products. For example, Charles Schwab launched the Schwab Intelligent Portfolios platform in 2015, which attracted over \$2.4 billion in assets under management (AUM) and more than 30,000 accounts within just three months. As of June 2019, its market share in the U.S. robo-advisory market reached 9% in terms of AUM. Additionally, according to the 2020 global wealth management firm ranking, Charles Schwab ranked 8th with \$506 billion AUM (Table 3). RBS announced in April 2016 that it would introduce robo-advisory services to replace 250 private bankers to better provide investment advisory services to clients.

## 2.4. FinTech Development in Taiwan

In recent years, the financial industry in Taiwan has been committed to FinTech innovation and financial patent applications, reaching a record high of 817 applications in 2020. Examples of FinTech initiatives in Taiwan include the development of the Dahu Tou App by Yuanta Securities, which integrates security checks from Ancheng Information to facilitate mutual connectivity between banking and securities customers. Yuanta Securities, in collaboration with FinTech company Fugle, launched the trading platform Fugle. XQ Global Winner, developed by Taiwan-based Jiasu Information, offers systems for simulated trading, strategy back testing, algorithmic trading, and large client order placement platform operating models have effectively connected supply and demand, improving information availability and transparency, while reducing transaction time and costs [7]. Securities firms have utilized their online trading and wealth management platforms to break the barriers of time and space, providing diversified products and services for online customers to choose and transact. They also utilize channel management platforms and CRM systems to understand customer investment preferences and habits, timely push relevant news and research reports or customized information to specific customers, thereby increasing customer transaction rates and satisfaction levels [8]. In recent years, traditional retail businesses have also undergone a transformation towards platform models [1]. Through the "decentralization" mechanism, they have simplified the complex operational relationships between upstream and downstream vendors and suppliers. Platform operators directly connect supply and demand, effectively eliminating intermediaries and information gaps, facilitating more comprehensive communication, enhancing information transparency, and significantly reducing transaction costs. Traditional retail companies, through their own e-commerce platforms, not only break the limitations of existing physical store domains but also provide a wide range of products for online sales [7,9]. Through POS systems and platforms, they capture consumer shopping habits and preferences, timely apply customized message push to enhance customer repurchase willingness.

Currently, the development trend of platform strategies is gradually shifting towards a Customer-to-Business

(C2B) model, different from the traditional Business-to-Customer (B2C) model in the past. In the context of omnichannel sales and platform operations, enterprises are highly sensitive to consumer demands and feedback, with "customers" being considered one of the most important assets. Furthermore, creating a satisfying shopping experience for consumers has become a major challenge for companies in terms of their strategic layout and operations. Taking the example of the U.S. e-commerce giant Amazon, its platform strategy is based on three principles: "customer obsession," "pioneering innovation," and "long-term thinking [9]" Amazon prioritizes customer needs and provides services such as low prices, fast delivery, and a wide variety of product choices to expand market size. The funds generated are then used to strengthen advantages and invest in the future, further enhancing the company's competitiveness [10].

## 2.5. Development of Taiwan's Securities Industry

At the end of 2020, the Financial Supervisory Commission (FSC) proposed the Capital Market Blueprint, while in 2021, securities firms focused on improving the trading environment and promoting the development of innovative businesses to meet the new situation in Taiwan's capital market [4]. In 2020, the Taiwanese capital market faced significant changes with the implementation of the real-time trading system and intraday odd-lot trading. These changes not only enhanced the speed of stock market transactions but also expanded the participation of various types of investors. The enthusiasm for investment among the younger generation, small investors, fresh graduates, and other individual investors has significantly increased. For securities firms, these institutional reforms have not only affected traditional brokerage businesses but have also gradually extended to areas such as wealth management and investment advisory services, providing important opportunities for transformation.

At the end of 2020, the FSC announced the Capital Market Blueprint, with a target timeframe from 2021 to 2023. The main direction is to establish a fair, efficient, diverse, innovative, and internationalized capital market. Four major objectives were formulated, including sustainable development, financial inclusion, enhanced competitiveness, and investor protection. As essential intermediaries in the capital market, securities firms are also highly focused on innovative development and enhancing competitiveness. For example, they promote digital transformation, optimize online account opening processes [11], integrate public data inquiries, and even strive to align with international markets, aspiring to become investment banks and achieve greater breakthroughs in the field of financial technology, thereby elevating Taiwan's position in the financial market.

In response to the government's expectations and the challenges they face, the Securities Association of Taiwan has put forward several key points that they hope to gradually address. Considering that the proportion of electronic trading has already reached 70%, and the trend of young people entering the investment market is becoming more apparent, it is necessary to provide a stable trading environment and significantly strengthen online security alerts. Securities firms need to continuously improve their management capabilities in trading systems and control systems. Additionally, securities firms strongly urge for a reduction in various fees [5], including proposing a reduction in taxes and fees related to warrant issuance and hedging transactions, as well as extending the sunset period for day trading taxes, in order to increase incentives for investors to engage in day trading and promote market liquidity and trading volume. The securities industry has also put forward many suggestions and proposals, such as improving securities account management, promoting the transformation of investment banks, developing inclusive finance, enhancing flexibility in fund utilization, and improving the quality and capabilities of industry professionals. These initiatives will be progressively implemented.

## 3. Research Methodology

In this study, we will first review relevant literature and establish a research framework to infer causal relationships. The case study part will primarily involve obtaining primary data through telephone or face-to-face interviews. Before conducting the interviews, we will gather secondary data to gain initial insights into the interviewees' business, including relevant industry research reports, company annual reports, performance meetings, official websites, media interviews, etc [12,13,14,15].

This research aims to explore the structure and linkage characteristics of Company A and describe and analyze its relevant businesses and regulatory background. To gain in-depth understanding of the application of financial technology and innovative services at Company A, a case study methodology will be employed. By analyzing Company A's platform strategy in detail and how it utilizes financial technology to provide innovative services, this research aims to identify the company's platform competitive advantages and business opportunities.

### 3.1. Research Subject

Company A was established in 1961 and has been listed on the over-the-counter market since August 8, 1995. The company's paid-in capital has grown from NT\$650,000 at the time of its establishment to the current NT\$59.82 billion, and its financial holding capital has reached as high as NT\$121.374 billion, with a market value of NT\$312.5 billion. The company's main business operations include brokerage, proprietary trading, investment banking, bonds, new financial products, overseas trading, stock agency, and wealth management, among others. According to the revenue structure analysis for the first three quarters of 2021, the brokerage department had the highest revenue contribution, accounting for 41.45%. This was followed by the investment department at 39.37%, proprietary trading at 10.73%, financial trading at 3.59%, bond department at 2.76%, investment banking department at 1.93%, and other operating departments at only 0.16%. The revenue breakdown is shown in Table 4.

**Table 4. Company A's 2021 Revenue Analysis (Parent Company)**

Category	Amount (in million TWD)	Percentage
Brokerage Fee Income	25,183	52.63%
Interest Income	3,940	8.23%
Proprietary Income	9,927	20.75%
Underwriting Income	2	0.00%
Derivative Financial Product Income	2,064	4.31%
Wealth Management Fee Income	1,115	2.33%
Other	5,618	11.74%
Total	47,849	100.00%

Source: Company A's official website (2022)

This study examines the development of Company A in the areas of financial technology and digital innovation.

Through interviews with top executives and project managers, the study analyzes how financial technology impacts the service offerings and business models of securities firms. Specifically, through interviews with senior executives from system information vendors in the Chinese securities industry, the study explores the division of labor and application of financial technology and digital innovation in the Chinese market. The research aims to understand how Company A meets the diverse wealth management needs of its customers through innovative services and platform construction, while establishing unique competitive advantages and barriers. It is worth mentioning that Company A is one of the earliest securities brokers in Taiwan to use online trading systems, and it has a systematic plan and implementation for the adoption of financial digital technology.

### 3.2. Research Process

This study aims to explore the interrelationships between financial technology, innovative services, and platform strategies at Company A. We define the research scope and objectives based on relevant literature. We further examine the capabilities and resources of Company A in industry-specific financial technology innovation services and its platform strategy and propose research hypotheses and definitions. During the interview process, we collect additional data and analyze the literature to derive empirical findings. Finally, we will present conclusions and recommendations.

### 3.3. Research Scope and Subjects

This study conducts interviews with top executives, digital finance managers, project managers, branch managers of Company A, as well as senior executives from the largest system information vendor in the Chinese securities industry. It explores the market environment and core values from an enterprise perspective and analyzes the impact of financial technology on the service offerings and models of securities firms. Simultaneously, it examines how Company A establishes platforms to provide services that meet the diverse wealth management needs of its customers, creates differentiated competitive advantages, and builds industry-leading protective barriers.

### 3.4. Outline of Interview Topics

1. How will financial technology impact the securities industry?
2. How does Company A leverage financial service technology to generate innovative services?
3. What are the benefits of adopting financial service technology at Company A?
4. How does Company A integrate relevant resources to form a platform strategy?
5. How does Company A's platform strategy create competitive advantages?

## 4. Interview Analysis

### 4.1. Application of Financial Technology in the Securities Industry

The development of financial technology in Taiwan can be traced back to 2015 when the Financial Supervisory Commission (FSC) initiated the "Building a Digital Financial Environment 3.0" project to promote online financial services in the industry. It also allowed financial holding companies, banks, securities and futures firms, and insurance companies to engage in 100% investment in financial technology-related industries. In May 2016, the FSC published the "FinTech Development Strategy White Paper," which outlined ten major FinTech initiatives, including six core financial service functions (payment, insurance, financing, fundraising, investment management, market supply), as well as electronic payments, P2P financing, crowdfunding, robo-advisors, and insurance-tech, among others, further defining the scope of financial technology services.

In the securities industry, the application of financial technology (Fintech) includes intelligent stock selection, robo-advisors, intelligent customer service, customized financial information provision, online service centers, and portfolio selection and valuation systems. Intelligent stock selection helps investors quickly filter potential targets from their preferred sectors, while securities firms provide different strategy parameters to empower investors. Intelligent customer service, evolving from simple text-based interactions to voice-based interactions, incorporates speech recognition systems and AI technologies for machine learning. However, this requires significant investment in modeling and research and development, making it difficult for individual securities firms to accomplish. In contrast, China has a more complete ecosystem of securities software service providers, with larger investments in intelligent customer service by companies like Tonghuashun and Hundsun Electronics, which have developed mature products for securities firms, significantly reducing the need for call centers and customer service personnel while improving customer satisfaction.

### 4.2. Innovative Services Enabled by Financial Technology

The evaluation of innovative services facilitated by financial technology (Fintech) can be conducted from internal management, customer marketing management, and external empowerment perspectives. Company A has developed several unique systems for internal management and customer marketing management, including the EIS system, CRM system, SMS system, and FAD system. The EIS system provides real-time business statistics reports, enabling management to grasp business conditions and customer needs. The CRM system offers precise marketing target customer groups, while the SMS system assists with customer management and maintenance. The FAD system helps business representatives monitor customer dividend cash flows. The use of these systems improves the service efficiency

of business representatives. Recently, the EIS system has added features such as "SBL Average Balance Overview" and "Net Asset Usage Overview," and the SMS system has added the "SBL Popular Stock Customer Search" function, enhancing the ability of branch offices to serve customers and promote business.

In addition, to assist branch offices in enhancing business development, reducing customer waiting time at the counter, improving operational efficiency, and enhancing service quality, an "Online Service Center" has been launched to enable customers to complete various online services, such as online account opening. Through the Online Service Center, customers can easily complete multiple online tasks, including the simultaneous opening of securities, wealth management, and delegated trading accounts, signing various electronic risk disclosure statements, handling stock pre-deposit issues, adjusting credit limits, invalidating certificates, and changing passwords, among others. It also provides features such as intelligent manager meetings and online report signing, facilitating fast and convenient internal and external processes. Particularly during the severe epidemic situation in the past two years, it has reduced the frequency of customers visiting physical locations, ensuring the safety of customers and employees while increasing customer satisfaction and company reception volume.

The battlefield of innovation in financial technology lies in providing external empowerment. To achieve this, Company A has undergone organizational adjustments by restructuring the e-commerce department into a digital finance department and establishing project teams to promote various new functionalities. Company A's self-developed app integrates rich internal know-how, such as big data and parameters used in "strategy stock selection," which helps customers select stocks for short, medium, and long-term strategy trading. It also provides trigger entry, trigger exit, and back testing functions for customer reference. In addition, the "Net Asset Usage Overview" function provides customers with automated strategic trading operations, while the "Conditional Order" function allows customers to set floating stop-loss, take-profit, and long-term automatic orders for up to 90 days. Furthermore, the company has customized order system APIs (Application Programming Interfaces) for large clients, providing API access on its self-developed platform to offer customers customized functions. They have also collaborated with Jia Shi to develop the XQ large-client order splitting system. Through these innovative features, the company can provide more diverse and customized financial technology services and strengthen external empowerment practices.

In terms of investor information and operations, Company A offers many customized, visualized, and convenient innovative functionalities. These functionalities include patented inventions listed below. For example, they have developed an asset overview function that visually presents customers' asset status in domestic and foreign stocks, wealth management accounts, futures, derivative financial products, securities lending, unrestricted-purpose lending, and CMA fund accounts, allowing customers to have a clear view of their assets. In terms of FinTech patented inventions, they have developed a method for providing financial news based on user characteristics.

This method utilizes server devices and includes the following steps: accepting connections from terminal devices, obtaining user identification submitted by the terminal devices, accepting data retrieval requests from terminal devices regarding a specific financial product, responding to the request by providing at least one piece of news related to that financial product and at least one recommended news article. These recommended news articles are based on the interest financial products selected by other users in the user characteristic group to which the user identification belongs or the financial products the user has purchased.

Company A emphasizes KYC (Know Your Customer) and KYP (Know Your Product) as the fundamental prerequisites for providing services and promoting financial products. Through KYC and KYP, the company can understand customers' risk tolerance and the attributes of financial products, enabling them to provide suitable products based on customers' risk profiles and avoid or reduce disputes in financial consumption. Based on factors such as customers' age, occupation, financial status, investment targets, trading habits, and asset classes, Company A categorizes and groups customers and assigns different user identification symbols. This enables the provision of personalized financial news, promotional activities, and product information based on customers' characteristics.

### 4.3. The Benefits of Adopting Fintech at Company A

From the perspective of core stock trading business, the strategy trading platform, "Tianluo Diwang" or literally "the Skynet" (a trading tool), and conditional orders at Company A have made significant contributions to trading volume. Soon after the launch of the "Tianluo Diwang" function, it attracted 2,200 customers, contributing a trading volume of 11.5 billion by the end of April this year. The monthly trading volume has been increasing steadily, reaching approximately 3 billion per month. In this year alone, Company A successfully attracted nearly 500,000 new customers to open accounts, of which 69% are young customers under the age of 40. The number of online account openings has increased 1.8 times compared to the previous year. The market share of brokers has also grown from 12.9% in 2020 to 13.1% in 2021, which is a significant achievement thanks to Company A's investment in Fintech and digital transformation. In addition to optimizing the online account opening and order placement processes, Company A has independently developed the "Mr. Investment APP," which differs from other brokerage firms that directly use off-the-shelf trading software. The "Mr. Investment APP" is a self-developed stock monitoring and order placement app. With a user-friendly and flat interface, it has been downloaded over 3 million times, and the trading volume generated through this app has grown exponentially each year. In just three years since its launch, the app has accounted for 80% of Company A's trading volume.

Company A is a large comprehensive securities firm, and its growth relies on the drive of diverse businesses. When the company seeks approval for new business from regulatory authorities, its risk control capabilities are the

first aspect scrutinized. Therefore, ensuring compliance and risk control is the primary goal of the company's business expansion, especially in the Fintech field, where risk control becomes even more critical. In terms of business, Company A's proprietary trading includes quantitative trading of stocks and futures, high-frequency trading, option trend market-making hedging, and bond positions. The precious metals department covers warrant market-making hedging, structured products positions, and asset exchanges. Investment banking business includes underwriting and co-investing in multiple positions. In terms of brokerage business, Company A provides financing and unrestricted-purpose lending positions, among others. Company A utilizes Fintech technology and has developed its own risk control warning system, enabling real-time valuation and improving risk management capabilities. In addition, by the end of November 2021, a total of seven securities firms and one futures company in Taiwan had been hacked, and a serious security incident involving customers being impersonated to buy Hong Kong stocks raised high concerns. Company A's self-developed "Mr. Investment APP" has an alert function for abnormal customer logins in the backend, actively intervening in risk control and preventing losses. In contrast, companies that directly use off-the-shelf trading software suffered losses.

The benefits brought by innovative financial technology services are not only reflected in the number of new account openings, brokerage market share, proprietary trading, and wealth management, but also directly assist in group product research and development, fundraising, operations, and performance. Company A combines its core capabilities in Taiwan stock and investment with financial technology, developing a big data artificial intelligence investment monitoring system, which is integrated into investment-linked insurance policies and fully discretionary managed accounts of fund companies. With its research and development strength and product performance, it has gained a good reputation in the market. This has become the company's core competency and unique expertise. Company A will continue to deepen its presence in the field of financial technology and strive to build the core digital competitiveness of the group.

#### **4.4. Platform Strategy at Company A**

Twenty-five years ago, Company A's slogan was "Seize Opportunities, Create Wealth." At that time, the core business of securities firms was trading. However, as investment and wealth management needs diversified, simply relying on trading was no longer sufficient to meet customer demands. Therefore, Company A continuously adjusted its organizational structure and successively established departments such as the bond department, proprietary trading department, new financial products department, channel marketing department, e-commerce department, and digital finance department. The brokerage channel and customer relationships are the foundation of the company, and most of its businesses and products are based on the brokerage channel. As a result, the company's branches have been deepening customer relationships and continuously improving their Know Your Customer (KYC) capabilities. In addition to

traditional services such as trading, order placement, credit limits, and account modifications, the company has also begun to introduce new business qualifications and applications, such as "Tianluo Diwang," "conditional orders," "SBL dual-direction securities lending," and "unrestricted-purpose lending." Through the services provided by account executives, the company establishes deeper relationships with customers and expands its business based on this foundation.

Currently, the focus of Company A's operations has gradually shifted from traditional securities trading business. It not only has 146 physical branch offices and 2,300 account executives across Taiwan providing face-to-face services to customers but has also developed the customized "Mr. Investment APP" trading platform app, providing comprehensive investment and wealth management services, ranging from securities investment to global asset allocation, offering a one-stop investment advisory service through an online platform combined with personalized human assistance.

In recent years, with increased volatility in the Taiwan and global stock and bond markets, securities firms face higher operational risks. Although increasing trading volume contributes to the revenue of brokerage businesses, the intense competition in commission fees has led to a rapid decline in revenue per billion trading volume. At the same time, securities firms, which manage a large amount of assets, have struggled to achieve profitability comparable to banks and insurance companies. Therefore, diversifying businesses and loosening related regulations have become trends in the development of securities firms, and the construction of platforms for global trading and asset allocation has become crucial. In 2018, Company A launched its self-developed online investment trading platform, which has a higher online account opening rate than the market average. With the support of numerous branch offices and account executives, it has created an OMO (Online merge Offline) strategy platform that integrates the virtual and physical aspects.

Company A has always recognized the importance of integrating the virtual and physical aspects, and data integration is the key to achieving this goal. The company independently developed a CRM platform many years ago to assist customers in segmentation and grouping. In recent years, the company has continuously enhanced the functionality of the CRM platform, including the SMS and FAD mentioned earlier. SMS provides a check on customers' stock holdings and allows the sales team to effectively interact with customers by providing fundamental and earnings data. FAD allows early access to customers' cash flow status, assisting the sales team in planning customers' asset allocation recommendations in advance and integrating online-to-offline (O2O) operations with the EIS system, cultivating online customers. In addition, the digital finance department utilizes the self-developed "Mr. Investment APP" platform for data analysis and utilizes customer identifiers for precise marketing and information dissemination. This enables customers to contact branch office representatives when they develop an interest or have questions, achieving integration between online and offline through O2O operations. Through the interaction between online and offline services, Company A has successfully

expanded its customer base, increased customer loyalty, and implemented an OMO strategy that integrates the virtual and physical aspects.

## 5. Conclusion

### 5.1. Research Findings

The innovation of financial technology (Fintech) began with addressing customer issues and meeting their needs, gradually evolving from external to internal development. The securities industry has shifted from retail to institutional business, accelerating the improvement of speed, efficiency, and cost reduction to achieve continuous service around the clock. However, with the rapid development of the internet, Fintech is also rapidly impacting traditional securities businesses.

Companies like Tencent QQ have developed micro-loans through large-scale data algorithms, starting from red packet gifting and expanding to payment transfers. Alibaba has introduced Alipay, Yu'e'bao (money market fund), Ant Huabei (consumer loans), and Ant Jiebei (credit loans), continuously capturing the long-tail markets previously overlooked by banks. The development of Fintech spans across different sectors and has yielded fruitful results. Applying a famous quote from China's internet development: "I eliminate you, and it has nothing to do with you."

Chinese securities firms have conducted large-scale research and development and investment in Fintech. According to the China Securities Association report, the information technology investment of the securities industry increased from 16 billion RMB in 2017 to 26.3 billion RMB in 2020, with an average annual growth rate of 18%. This indicates that Fintech is crucial not only for future securities businesses but also for the entire financial industry. The introduction of Fintech promotes continuous updates and pursuit of excellence in the securities service industry, with a focus on customer experience and establishing close connections between customers and service providers [1].

The development of Fintech offers advantages in efficiency and low cost, which can help service providers improve their net profit margins. Platform construction can increase user connections, enhance the diversified benefits of customers using service providers, and provide a good platform for collecting user information and behavioral data. Company A has always been committed to proactive deployment, cultivating and maintaining customer relationships, and exploring customer value. The online platform continuously enriches and strengthens its comprehensive trading and global asset allocation platform to accelerate customer acquisition. The OMO integrated marketing model continues to grow, and the platform strategy emphasizes internal cross-communication and cooperation within the financial group, developing new business dynamics, with a focus on Taiwan stock fund product development and wealth management business expansion. When the entire industry began implementing zero transaction fees, Company A had already built higher walls and moats, creating more diversified sources of income to replace the

gradually disappearing brokerage channel business and embrace the era of pure online businesses joining in.

## 5.2. Theoretical Contributions and Practical Recommendations

### 5.2.1. Theoretical Contributions

In recent years, significant changes have taken place in the securities market. Firstly, the number of participants has rapidly increased, and their backgrounds have become more diverse. Consequently, their service needs vary depending on their economic conditions, financial goals, and investment objectives. Secondly, with the integration and acquisition of financial institutions, the business scope of the securities market has expanded from traditional securities-related services to encompass various services such as fund investments, insurance, credit cards, and personal finance. Thirdly, due to globalization and the trend towards financial conglomerates, the number of service providers offering similar services has also increased. Overall, securities service providers face the challenge of providing more integrated services in the face of increased competition and potential customers, which is a challenge they have not encountered in the past.

Financial technology services enable providers to offer more diversified service models that combine online and offline services. With the help of technology, both traditional securities-related services and comprehensive services integrating other financial products can be realized. Therefore, how securities service providers utilize financial technology to build their service capabilities has become a key source of differentiation from other competitors. Ark et al. [16] propose that service innovation can be categorized into four types: new knowledge, new technology, organizational change, and service delivery channel innovation. This study finds that financial technology innovation services encompass these four types. Taking Company A in this study as an example, the introduction of financial technology involves the use of new IT technologies, and the relevant knowledge and skills must be incorporated into the organization to maximize the effectiveness of technology-driven services. The introduction of financial technology also leads to organizational changes in Company A, such as diversifying the service offerings of offline service personnel. Moreover, certain tasks can be automated by systems, and employees from different business units can shoulder additional responsibilities due to the implementation of Fintech, involving more integrated services. Therefore, this study concludes that financial service innovation aligns with Ark et al.'s [16] classification of service innovation, and these four types can coexist.

Furthermore, Ark [17] distinguishes five types of service innovation based on the initiator of the innovation. Financial technology innovation can be classified as supplier-dominated innovation, as it is initiated by financial service providers themselves and designed to create innovative models that consumers can use. However, in the case of Company A, we also found that technology vendors and customers are contributors to innovative ideas. In other words, financial service innovation exhibits the



characteristics of value co-creation. Service providers, technology vendors, and customers interact with each other in the innovation process, which is an aspect that has been less emphasized in previous studies.

### 5.2.2. Practical Recommendations

As mentioned earlier, the securities service industry is facing rapid changes, and service providers must adapt to the evolving competitive landscape. Traditionally, securities service providers solely focused on providing securities-related information and services, but this role is no longer sufficient to meet the diverse needs of modern wealth management. Therefore, securities service providers need to offer comprehensive financial services and expand their integration of customer demands to meet the requirements of modern wealth management. In comparison to other countries, Taiwan's securities service industry has been relatively slower and less extensive in adopting financial technology. Hence, it is recommended that securities service providers actively embrace financial technology-related services. Company A, as a leading securities service provider in Taiwan, was one of the early adopters and has enjoyed a competitive advantage as a result. However, when securities service providers transition to a platform-based operating model, they need to change their traditional business mindset and face potential challenges and issues. Therefore, collaboration with other relevant industry players and making important decisions in partnership is crucial.

In the cross-strait environment, securities brokerage licenses are scarce in China. Possessing such licenses enables easy access to industry resources, allowing companies to rapidly expand their market share by leveraging advanced financial technology tools and offering services at competitive prices. In contrast, Taiwan's securities industry lacks large-scale operators. The ability to have a larger scale gives companies more bargaining power, which is reflected in the strength and conditions of financial technology software system partners, their own research and development capabilities, operational performance, the richness and differentiation of fund and insurance platform products, overseas cooperation capabilities in delegated trading and structured product businesses, and other aspects.

### 5.3. Research Limitations and Future Research Suggestions

This study focuses on Company A, a securities service provider in Taiwan, which is chosen as the representative case due to its operations in Taiwan and its leading position in the Fintech field. However, future research is suggested to incorporate multiple companies for comprehensive comparisons to reflect the differences in capabilities, market conditions, and service types among

different companies, thus obtaining a more diverse research content. Additionally, regarding the adoption of Fintech, Taiwan's securities industry is still in its early stages. Therefore, the results obtained in this study only reflect the current transient development status, and future research can continue to monitor the market's progress.

In terms of research limitations, this study is based on a single case study, and the findings cannot be generalized to the entire industry or other cases. Furthermore, due to time and resource constraints, this study primarily relied on secondary data collection. Apart from a few interviews, original data collection was not conducted. As companies' development strategies involve business confidentiality, the disclosed content was also limited.

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