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# BizNewz

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USEFUL  
INFORMATION  
IN CHOOSING  
ROBO-ADVISORY

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# USEFUL INFORMATION IN CHOOSING *Robo-Advisors*

*Robo-advisors or digital unit trusts are a growing sector in Malaysia, but they are experiencing tremendous growth due to the strong need for affordable and automated portfolio management solutions. The concept of robo advisors has garnered significant interest in recent years, mainly because of the increasing number of robo advisor providers in Malaysia's financial industry (Ruslan et al., 2022).*

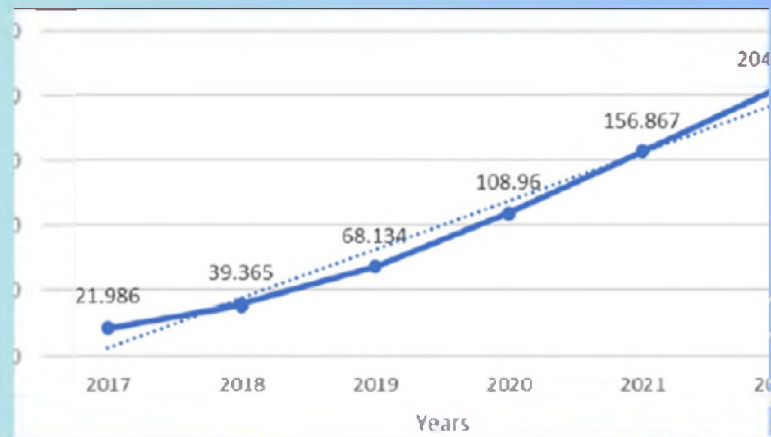


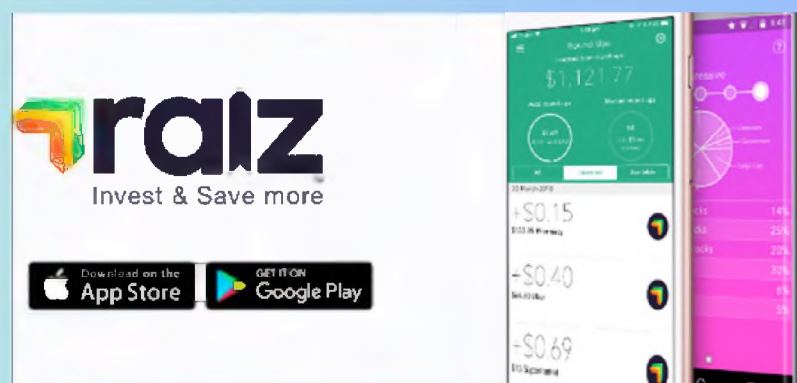
Figure 1. Users of robo-advisors globally

A recent report by Statista shows a steady and incremental increase in the utilization of robo-advisors globally from 2017 to 2022, as depicted in Figure 1 by (Gan et al., 2021).

The implementation of robo advisors in Malaysia has been approved by the Securities Commission Malaysia (SC) by introducing the Digital Investment Management Framework in May 2017. This initiative was the first attempt by digital investment advisors to promote the use of digital technology in the Malaysian capital markets. Malaysia's robust and flourishing fund-management business makes it a rational and forward-thinking advancement. Robo-advisors are online platforms that employ algorithms to provide consumers with investment advice and oversee their investment portfolios (Bhatia et al., 2021). Robo-advisors are a prevalent form of automated service in this domain. They employ machine learning and algorithms to evaluate a client's risk tolerance and oversee their assets.

At present, there are approximately nine robo-advisory platforms in Malaysia that offer distinct features but share the goal of reducing annual fees, compared to traditional unit trust consultants that impose fees of up to five per cent. Table 1 depicts the comparison of robo advisors' fees in Malaysia.

How to start? Firstly, users or potential investors need to choose which platform suits their investment preferences. Later, users or potential investors need to download the application from a smartphone for that chosen robo-advisory platform, or they can also operate through websites. Refer to the following image to make sure to choose the exact platforms.



After downloading the selected platform, we may start to answer the questions based on the investment preferences. The platform will suggest a suitable investment plan, and we can start to deposit the amount of preferable investment into the platform. It may take three to five working days to be approved by the providers. We also can tailor the suggested investment plan later if we want to change the target investment outcomes in the future. And now we are free to enjoy the dividend or bonus based on the performance of the funds selected. Remember that robo-advisory investment is a type of medium to long term investment. But sometimes it may offer short term fruitful returns if the funds are performing well in the market.

Table 1. Comparison of robo-advisors' fees in Malaysia

Robo-advisor	Launched	Annual fees	Annual fund expenses	Minimum initial investment
<a href="#">StashAway</a>	2018	0.2% - 0.8%	0.04% - 0.8%	Nil
<a href="#">Wahed Invest</a>	2019	0.39% - 0.79%	0.5% - 0.92%	RM100
<a href="#">MyTHEO</a>	2019	0.5% - 1%	0.04% - 0.8%	RM100
<a href="#">AkruNow</a>	2020	0.2% - 0.7%	0.03% - 0.13% (ETF) 0.3% - 0.5% (UT)	Nil
<a href="#">Raiz Invest</a>	2020	RM1.50 per month (below RM6,000) or 0.3% (above RM6,000)	1%	RM5
<a href="#">Kenanga Digital Investing</a>	2022	0.3% - 0.7% (above RM3,000)	0.2% - 0.4% (ETF)	Nil
<a href="#">UOBAM Invest</a>	2022	0.3%	Nil	RM500,000 (businesses only)
<a href="#">Airo.my</a>	2023	0.8% - 1.2%	Nil	RM500
<a href="#">RIA</a>	2024	0.3%	Nil	RM100

ETF: Exchange-Traded Funds; UT: Unit Trust

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