

The Last Mile: Using APIs to Optimize Your Wealthtech Stack for Portfolio Trading

By Bradley Kellogg

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For decades, wealth management firms have built their wealthtech stack by choosing from either all-in-one platforms or disparate solutions. The major issue? These all-in-one platforms may not be *best-in-class* at every step of the advisor workflow, and the *best-in-class* disparate solutions may not seamlessly integrate across platforms. In recent years, the wealthtech industry has begun recognizing this problem, and has looked to address it through modern application programming interfaces (APIs). Essentially, these APIs allow different platforms and institutions to seamlessly integrate on the back-end, creating an API economy that benefits users by opening access to financial institutions and digitizing workflows.

The bundling of legacy infrastructure with a digitized workflow through modern APIs is key to enhancing the investment process. “The Last Mile” of the investment process in particular - portfolio modeling, rebalancing and order management - is an area that firms nationwide can greatly improve. The importance of trading desks using the right portfolio trading system in The Last Mile cannot be understated, especially in highly volatile situations. By leveraging this growing API economy, wealth management firms can move past their outdated systems and manual processes, making their trading desks as highly interconnected as the markets in which they operate. These APIs can transform The Last Mile by digitizing workflow management, creating tight integrations with all custodians and brokers, and ultimately controlling the advisor experience.

(1) Digitizing Workflow Management

Digitization of portfolio construction, rebalancing and order management are essential as organizations scale. Using APIs to shift from manual tasks using Excel to automated portfolio management systems & rebalancers not only saves time, but also mitigates errors and improves overall business performance. At Flyer, we have seen a trend of firms using APIs to digitize the end-to-end workflow, specifically in portfolio modeling and order management where firms must ensure trades are done quickly, from any location.

(2) Integrating with Custodians and Brokers

Custodian and broker interfaces are cumbersome and their APIs are difficult to understand, creating inevitable integration challenges. Each interface is different, custodian onboarding queues can vary, and the testing and simulation process is taxing. Developer-friendly APIs mitigate this



daunting process. By wrapping byzantine legacy infrastructure in modern APIs, advanced trading platforms allow developers to easily integrate software with custodians and brokers. Accessing trading networks using APIs to view portfolios and trade thousands of accounts in seconds is the type of throughput demanded by advisors moving upstream toward growth.

(3) Controlling the Advisor Experience

Many advisors do not have the trading technology in place to efficiently react to opportunities in the market. Especially during periods of heightened volatility, it is critical to minimize time between order generation and order fulfillment, ensuring fair and equitable execution pricing when the market is moving. APIs provide advisory firms and technology providers with the tools they need to integrate specialized solutions and take control over the experience they provide to advisors.

If you are considering sticking to the status quo, or even upgrading portfolio trading infrastructure piecemeal - think again. APIs are the critical delivery mechanism that allow customization and interoperability between systems, so firms need not deploy one-size-fits-all products. With markets on the move, leverage APIs to provide advisors with the fastest way to execute their investment decisions in The Last Mile. ■

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