

# A bionic boost for a new private banking landscape

*Technology will play an increasingly influential role in helping relationship managers (RMs) – and institutions as a whole – become more efficient and productive, says Adam Cowperthwaite of Citi Private Bank.*

'Bionic' advisory tools could be key to the future of the private banking industry, augmenting the skills of the human adviser.

"At the UHNW level, it's bionic advisers, not robo-advisers, that could have a greater impact," says Adam Cowperthwaite, head of equities - Asia Pacific, at Citi Private Bank.

Most practitioners believe that robo-advisory is likely to be most relevant for the vast swathes of mass affluent across the region, and possibly people on the first rung of the HNW ladder.

For these clients, it can play a role in constructing a balanced portfolio.

Higher up the wealth pyramid, however, there is a greater requirement to harness the power of technology in ways that make human advisers more efficient, and their institutions more relevant overall.

## TANGIBLE OUTCOMES

Such 'bionic' advisory can, for example, be used to quickly assess which positions in a portfolio carry more risk or deserve immediate attention.

"An automated platform will not tell you how to solve the issues, but in highlighting them, an experienced, smart adviser will be prompted to work out a solution that is suitable for the client," says Cowperthwaite.

And given the vast amount of information contained in each portfolio, such technology can be extremely effective in driving that discovery process and, in turn, leading to better decision making by the individual adviser, he explains.

Without such support, UHNW clients with complex, diversified holdings, across multiple asset classes, can find it challenging to assess their total currency, sector or credit exposures, for example.



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Investment decisions need to be made on an ongoing basis, because investors need to continuously assess what they need or don't need in their

portfolios, when to exit and when to seek protection.

“It can be difficult for an individual to do all of these things if he or she doesn’t have tools to assess the portfolio from a range of different perspectives. That’s where private banks bring the value of information and sound advice to the investor,” says Cowperthwaite.

### ADDING REAL VALUE

It is at times like now, when the operating environment is increasingly challenging for private banks, that finding more sustainable ways of doing business count most.

“If all the institution is doing is distributing products by gathering assets and then filling portfolios, that is clearly the wrong approach,” says Cowperthwaite.

In order for private banks to take a more advice-led, solutions-based approach, they need to consider what the client wants (and really needs) to do with his or her money. Bankers must engage in a continuous, proactive process to help clients maximise the returns they get from their portfolio.

The relevance of this becomes clearer against the backdrop of the fact that a client might have multiple bank accounts and relationships.

In addition to basic factors like the client’s age or stage of life, the banker needs to really understand each client’s true investment objectives, explains Cowperthwaite.

For instance, a client might have a business that delivers a stream of dividends every year, so income generation isn’t a priority; in this case, growing the capital base for future generations could

be the ultimate goal. “In the end, successful private banking is about deepening the relationships with, and understanding of, existing clients – as well as finding new ones. Both are important,” says Cowperthwaite.

### NOT JUST ABOUT PRODUCT AND PRICE

There’s little doubt that the role of the RM is also evolving. One part of the job, at a firm such as Citi, is sourcing and onboarding clients; the other is to deliver the entire bank to the client.

“It is important to ensure that whatever the client’s needs are, they are matched (where possible) to the broad

ties, so that we get very good pricing for our clients, while ensuring relationships with our selected counterparties are high-quality and well-managed,” explains Cowperthwaite.

Counterparty choice doesn’t just come down to pricing.

While price is important, he says, the bank only takes on a new counterparty if the product team can be sure that the service provided through the lifecycle of the investment will be flawless. Poor lifecycle management could lead to clients receiving less attractive unwind prices, or facing less beneficial treatment in the event of a corporate action.

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range of products and services that Citi offers,” adds Cowperthwaite.

This also means providing them with relevant, immediately usable and high-quality advice that doesn’t just look at the outcome tomorrow or next week – but also over the longer term – and then matching those to the client’s own investment timeframe.”

At times, open architecture is also critical to allow the bank to source the right products for the client. “However, we aim to strike a balance between having enough counterpar-

So for Cowperthwaite, the selection of providers also takes into account a number of factors beyond price.

These include: service quality, useful market intelligence, interesting new ideas, and access to different markets and asset classes.

“We are continually working to source the best products and services for the benefit of our clients,” he explains.

This holistic approach is all part of the evolving landscape of private banking, he adds. ■