

# A differentiated path to growth in the Asian private wealth business

*Morgan Stanley's plan to grow its private banking business in the region is about focusing on its global franchise and delivering its core competence in investment ideas and products to active asset owners, explains Vincent Chui.*

Presented with a choice between being the biggest or the best in the Asian wealth business, Vincent Chui is adamant that he will opt for the latter.

As managing director and head of Asia institutional equity distribution as well as private wealth management at Morgan Stanley, he has two very different strategies for the two very different business.

For the equity business, it's about sustaining the firm's top market and wallet share globally and regionally.

For the wealth business, he is banking on what he describes as a "differentiated" combination of products and advice to win wallet share from active UHNW clients in Asia.

"Morgan Stanley is a very established global financial services firm in Asia," says Chui. "Our name resonates with UHNW clients who seek top-of-the-line advice, services and products."

Yet the US bulge-bracket firm continues to build its product platform – mostly by identifying and sourcing something bespoke for a client, rather than off-the-shelf.

Country-specific private equity funds, alternatives, a quant-based product and a housing income product in the US, are some examples of what Chui's team are availing clients with.

"Clients are over-exposed to income products and have a lot of liquidity, so it is incumbent upon us to ensure we have the right people, products and services to help them achieve their wealth and investment purposes," he adds.

The greater risk appetite generally over recent months has lent a helping hand too.

With a higher degree of optimism for the US economy, and Brexit becoming a reality, investors are able to make



**VINCENT CHUI**  
Morgan Stanley

longer-term asset allocation decisions. As a result, private banks including Morgan Stanley's locally-incorporated bank, have benefitted, confirms Chui.

## DIFFERENTIATION IS KEY

To fully tap demand among UHNW clients in Asia today, one approach that some private banks take is to grow quickly through M&A or the acquisition of teams.

This can create a market rife with cut-throat competition and slim margins, and often longer-term unprofitability, given the practice among some players of employing private bankers on high guaranteed salaries.

Chui is much more pragmatic, and is certainly not interested in competing

In fact, not being the biggest or the highest-profile private bank in Asia might well work in Morgan Stanley's favor.

## RISK CULTURE IN THE DNA

Chui's most important priority is not revenue growth. It is to further advocate and empower a risk culture within the firm – across all staff including, of course, the front-line – in line with the kind of more focused business the bank wants to do.

That, to him, is the most important way to build a long-term franchise in the wealth business.

experience elsewhere at top-notch firms. “We try to immerse them in our culture and, most importantly, try to get them up on the curve in terms of product knowledge,” he adds.

“That is our core competence and although we have product specialists helping them, we like our RMs to also be passionate and articulate on investment and asset class trends.”

## CHERRY-PICKING

The selective nature of Chui's strategy also applies to the bank's private clients themselves.

Morgan Stanley has a very specific set of target clients – and the profile of these individuals hasn't changed.

The bank continues to target active business and asset owners.

And these individuals are relatively young, particularly in China with the newly-minted entrepreneurs.

Millennials are also an important segment to Chui, but this is part of a longer-term, strategic vision in terms of engaging with them in a specific way, to try to figure out the path they are on and therefore what they need from their private bank.

What's most important in the wealth business for Chui, he explains, is to understand the firm's core strength, to segment clients appropriately, to deliver the core competence and, importantly, to manage the regulatory, credit and operational risks.

“Private banking is a great business given the secular trend in Asia. We love this business,” he adds. ■

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on scale alone, especially when it comes to numbers of bankers.

Perhaps he saw that movie before in his institutional equity business, where a number of global and regional securities firms were in retreat mode over the last couple of years.

“We are in the business for the long term and that means you have to make rational commercial decisions to sustain a profitable business at all times,” he says. “Keeping the core, hiring like-minded people and providing points of differentiation is our strategy.”

Next, he wants to hire key relationship managers (RMs) who have the experience, know-how and gravitas.

This is essential, both to deliver the desired offering to clients as well as fit the client-first culture of the firm.

“UHNW clients are over-banked and demanding,” he explains, “but if you have the right people, products and culture, they will bank with you and reward you with the right business.”

Most of the new bankers Chui has been hiring have at least six to seven years'