

A new chapter for wealth management in the Philippines

Our 3rd annual event for the local community discussed and debated how to build sufficient capacity and capability to service the evolving investment, family and protection needs of domestic affluent and HNW clients.

Several drivers of growth are leading to optimism for the outlook for the wealth and wholesale asset management industries in the Philippines.

A combination of liquidity, low rates, repatriation of funds from foreign investments, better economic fundamentals for the country and the relaxation of foreign exchange rules, all provide a solid foundation for growth.

At the same time, growing client maturity is evident, with individuals having easier and faster access to information about all aspects of finance and investing – at home and overseas.

To move faster, however, there are still gaps and areas in need of attention. These include more investor-friendly regulation, education of customers and advisers alike, and a greater take-up and acceptance of technology.

At the same time, all industry players vying for their share of the growing wealth pie acknowledge they need to respond to the evolving needs of customers. These range from information and advice, to products that address their needs, to greater depth in capital markets.

This needs to be done also in conjunction with further developing the advisory proposition. After all, the market is still largely driven by products, and few clients want to pay for advisory.

These were among some of the key-take-aways from the 3rd annual Hubbis event in Manila for the leading local practitioners across local and international institutions operating in wealth and asset management, as well as insurance.

Delegate, speaker and sponsor summary

- More than 35 speakers
- 200+ senior individuals attended - delegates included CEOs, senior management, product gatekeepers and business unit heads from the leading local Retail Banks, Trust Banks, Securities Firms, Insurance Companies and local Asset Management Firms
- Sponsors: Amicorp, BlackRock, Global Precious Metals, Henley & Partners, Miles Software Solutions, Old Mutual Global Investors, Asiatic Trust, Asian Plantation Capital, Citi, Equiom, Sun Life Financial, Ultravault, Bordier & Cie, BVI House Asia, Firstmac, J.O. Hambro Capital Management, Mercer, Swiss Asia, and Swiss Life



MOVING FASTER

To develop the wealth management landscape more quickly, changes in the regulatory environment are front-of-mind for all practitioners.

For example, for relatively simple investments such as equities, opening an account needs to be made easier and more hassle-free.

When it comes to mutual funds, unit investment trust funds (UITFs) and variable universal life insurance policies (VULs), meanwhile, the conversation about the need for these to be governed by a single regulator – rather than three different ones – is ongoing.

At the same time, the majority of Filipinos still lack financial knowledge and literacy.

Practitioners recognise the need to make it easy and convenient for them to access ways and means to learn about investing – such as what it means, how they can start, what the advantages are, the pros and cons, what they need to be careful about or watch out for, etc.

The need for more regulatory structure along the lines of PERA (Personal Equity and Retirement Account) is also pressing – requiring an administrator to inform participants about all available products and let them choose according to their risk profile, investment time horizon and goals.

Yet a lot of proposed initiatives also rely on more people becoming 'banked'.

BUILDING CAPABILITY

Senior practitioners from across the industry are aware of the need for higher professional standards.

This can only come from a greater focus on – and commitment by all stakeholders to – a more comprehensive, structured and consistent training and competency framework.

To be relevant and effective in plugging the gaps, this needs to, for example make investments, insurance, trust and other tools in estate planning understandable to the laymen, as well as ensure more knowledge and awareness about the importance of key concepts such as portfolio construction and asset allocation.

Ultimately, industry leaders say wealth advisers must be familiar with the stages of a client's life-cycle, and be able to address the needs of each one.

Even if this doesn't mean the wealth manager being a specialist, they need more training to have the right types of discussions with clients that draw out

Key take-aways

Some of the key take-aways from polling the audience of 200-plus senior industry practitioners –

- *Clients in the Philippines need objective advice without product pushing – yet 70%+ of poll respondents said product pushing is commonplace.*
- *The regulator(s) in the Philippines need to do a better job in developing the local market, according to two-thirds of poll respondents.*
- *Protecting the next generation is the big wealth solutions priority in the Philippines – not minimising tax or keeping assets onshore.*
- *95% of poll respondents see Wealth Solutions as increasingly important in driving more revenue going forward in the Philippines.*
- *Investment-linked offerings present by far the biggest opportunity for life insurers in the Philippines.*
- *Investor and adviser education is by far the most likely way to increase mutual funds penetration in the Philippines.*
- *In 5 years' time, the majority of funds will be sold to Philippines retail investors directly via online channels.*
- *Equities will see the biggest allocation in the Philippines for the rest of 2017, said 70%+ of poll respondents.*

their needs and identifies which specialists to bring to be able to service them.

SOLUTIONS-FOCUSED ADVICE

More competency and experience is certainly needed in the Philippines given the inevitability of dealing with a more complex and transparent regulatory and tax environment in the near future.

Increasingly, clients need advice which is not only focused on minimising tax, but also helps them address concerns about control over their assets and how to maintain family relationships – especially as wealth transfers to the next generation.

Being able to provide more integrated solutions are therefore a key part of taking wealth management forward in the Philippines, say practitioners.

Indeed, protecting the next generation is the big wealth solutions priority in the Philippines.

A DIGITAL AGENDA

Digital will also play a key role in helping the wealth and asset management industries in the Philippines evolve to the next level.

Whether targeting the older, middle-aged and younger generation, especially the Millennials, digital is the way to go, believe most industry players.

Especially in a country like the Philippines, everyone nowadays is mobile and online. Living up to expectations by delivering on these requirements is also a way for firms to forge a more cost-effective way of promoting their brand.

More specifically, senior market players believe that the wider acceptance and adoption of online platforms go a long way to enhancing investor education as well as the penetration of mutual funds.

Creating a customer experience which is quick and efficient – as well as simple – is essential. But if this is achieved, it can play its role in the much-needed goal of converting ‘depositors’ to ‘investors’.

While a the human touch will certainly not become redundant, going forward, digital will become more important for a range of activities, said practitioners – from onboarding to transaction processing. ■

