

Adapting the independent value proposition

As the independent wealth management community grapples with the challenges of luring clients and capable bankers, Olivier Parriaud of Credit Agricole Private Banking explains why many firms need to broaden their approach to offer family office-style services.

While there is a handful of more established independent asset management (IAM) companies in Singapore, the industry as a whole is yet to establish itself as a prominent option for HNW and UHNW clients.

“The business model still has to find more legitimacy in Asia,” says Olivier Parriaud, head of financial intermediaries at Credit Agricole Private Banking in Singapore.

management needs over that of a private bank.

The exceptions are in the case of those individual relationship managers (RMs) who have brought loyal clients with them when they have left their banks to join IAMs or when they created their own structure.

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Credit Agricole Private Banking

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pounded by the fact that it is difficult to convince successful RMs who have what appears to be sticky AUM to move to IAMs, he adds. “Just relying on market

conditions to encourage clients and bankers to look around at other options and then consider the independent model is a risky approach for the future of the industry.”

EVOLVING THE MODEL

To enable clients to see greater value in the IAM concept, and at the same time attract more business, many independent firms have started to take on

bringing in-house the type of expertise they need to offer the services they want to.

After nearly a decade of the IAM model being around in Asia, these challenges remain for most of these organisations. In turn, this stifles industry growth.

On the flipside, for those RMs with a sizeable asset base but want to work

“We have been expanding the range of support services we are offering these firms, which has benefitted the IAMs.”

Where Parriaud says Credit Agricole Private Banking can bring a lot to the table is in terms of its execution.

That is a result of various things, he adds: fast and reliable technology systems, flexibility within the mid- and back-offices, plus the ability to work with a range of providers and products or structures.

Such services are essential for IAMs, especially given their level of requirement in terms of open architecture.

MEETING NEW NEEDS

For the independent firms themselves, they need to overcome the shortage of talented manpower.

One option for them to consider is to look to other professionals who are able to bring with them the specific areas of expertise required.

For example, says Parriaud, this means lawyers, corporate bankers or asset structurers.

“These are the types of specialists which are needed to satisfy the requirements of wealthy families, not just private bankers which can generally offer asset management advice,” he explains.

Yet that doesn’t address the challenge of profitability in the first place.

As IAMs look to move from retrocession-based income towards fee-based advice, it is difficult for them to make good levels of sustainable revenue. Here again, size matters. ■

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a wider role – acting as a gatekeeper for the families of their clients.

“Many IAMs call themselves multi-family offices,” says Parriaud, “so when discussing independent wealth management in Singapore today, this is what many people tend to refer to.”

That includes corporate finance, legal structuring, family advice and other much broader services than simply portfolio management.

What comes with this approach, however, is a greater cost in terms of being able to provide this expanded range of services.

So without a critical size, of around US\$1 billion, for example, which many IAMs in Asia fall short of, it isn’t realistic that they can absorb the costs of

within an independent environment, they can do so while keeping the assets of their clients with the same bank.

These RMs then just continue to work with the same clients but from a new perspective, and the private bank also still benefits.

STRATEGY REVIEW

In line with the growth challenges for IAMs, inevitably some private banks have been reviewing the purpose and requirement for their financial intermediary desks.

Part of this comes down to resources. To meet the broader service offerings that IAMs are now giving to their clients,

Parriaud says private banks need to provide a greater variety of products, solutions and support to the IAMs.