

Appetite for advisory

With advisory services gaining ground in Asia, one of Citi's goals for 2017 is boosting usage of its tool to deliver more effective investment advice, explains Shrikant Bhat.

Boosting its client advisory offering is a key focus for Citi in Asia in 2017.

This comes on the back of some key initiatives which the bank has been working hard to roll out.

based conversations [with clients]," says Shrikant Bhat, managing director and Singapore-based regional head of investments, Asia Pacific, at Citi. "It's a big cultural change that we are driving through the organisation."

"Our tools and sales processes are being geared towards having TWA-based conversations with clients."

Chief among them is an interactive tool called Total Wealth Advisor (TWA). This is based on the Citi Model Portfolio developed by the US firm's investment experts, across Asia Pacific.

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Developed in-house, the TWA is aimed at helping clients plan, monitor and manage all their investments in one place.

More specifically, it provides a real-time picture of their financial situation, portfolio and goals. It then analyses



how the portfolio value changes over time, as well as looking at the likelihood of the client achieving the stated financial goals.

“We have moved towards a total wealth adviser approach since testing [TWA] in a few markets,” adds Bhat. “And now it has become key to the way we have conversations with clients.”

ADVISORY APPROACH

This evolution reflects the fact different clients have different sets of needs.

Citi, for example, segments its wealthy clients into three main categories – HNW, classified as Citigold Private Client (with investible assets over USD1 million and above); affluent, or Citigold (investible assets of USD200,000 and above); and emerging affluent, or Citi Priority (investible assets of USD50,000 and above).

choose whether they want their portfolios to look like that or not.”

Further, and at the moment in Asian wealth management, there seems to be higher demand for advisory than discretionary mandates. “What we see in Asia, and in most parts of the developing world, is that clients prefer the advisory model,” he adds. “They don’t just hand over mandates to bankers and let them do what they like. Clients still prefer to be in control and engaged with their bankers.”

But advisory or not, all portfolios need to be reviewed regularly. “If an investment is not performing well, the client has to decide whether that investment

Going digital

In line with its plans for its Total Wealth Advisor tool, a key focus for Citi in 2017 will be digitisation.

This is partly because clients themselves are demanding more tech-savvy services. With the smartphone becoming all-pervasive, for example, customer behaviour and preferences are changing dramatically.

They want information quickly and on demand, plus the convenience of speedy transactions, explains Bhat, adding that Citi has been investing heavily in terms of moving these conversations towards the digital space. It is also part of Citi’s strategy to be “mobile first”, he adds.

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And across these client groups, the bank is seeing advisory becoming more significant. “The products themselves are moving more into the background as commoditised solutions,” adds Bhat.

In line with the advisory shift, Citi is also making use of model portfolios with clients in discussions about investments – even though discretionary mandates per se have a minimum ticket size and are commonly offered only at the highest level – the Private Bank. “We have always used model portfolios as part of the advisory proposition where clients have the option of comparing what we believe is the model portfolio for them,” explains Bhat. “They can

has to be changed,” he says. “Alternatively, if an investment has performed well and the achievement of the investment goal is near, it might be time to move on to another goal. This is where the product conversation comes in.”

PLANNING FOR THE FUTURE

Another factor driving investment habits in Asia is the fact that most countries in the region lack a robust social security net. As a result, individuals feel the need to create their own corpus, so need a plan in place to achieve that.

“That is when clients look at multiple solutions,” says Bhat. “By and large, clients are required to provide for their

own retirement, health plans, wealth, etc. That is one reason why you see clients far more engaged in terms of planning.”

To be part of this journey, Bhat believes this is where a strong brand comes in, as do multiple points for a client, and a strategy to offer a range of services to a variety of clients on the wealth spectrum. “A lot of our clients see value in sticking with the bank as they move up the wealth chain,” he says. Apart from wealth management solutions, the bank also provides several transactional services ranging from offering corporate accounts to credit cards to mortgages.

“When seen from a holistic perspective, the need to change banks might not be that strong as it would be in the case of a pure private bank, which primarily operates only via the banker,” adds Bhat. ■