

Bain & Co.'s Avishek Nandy on Transformational Priorities for Asia's Wealth Management Community

Avishek Nandy is a Partner based in Bain's Singapore office, working in the firm's Financial Services, Organisation and Strategy practices. With his expertise across the financial services sphere, specialising in wealth and asset management, private and retail banking, as well as insurance, he works with organisations to focus on strategy and full potential transformation, with particular expertise in digital, organisation design and customer strategy & marketing. His coverage encompasses many of Southeast Asia's largest financial services entities. Hubbis caught up with him via video call recently to learn more of his mission and his insights into the world of wealth management in the region. We found a remarkably sharp mind, someone who is clearly energised by his role working with leading local, regional and international financial sector clients to help them strategise and then expedite their competitive positions in the different and rapidly-evolving wealth markets of the future across the region.

Nandy opens with key insight into the world of private wealth management for the mass affluent in Asia, arguing that the banks are not serving the segment that well. “The banks do well with clients of perhaps USD300,000 or more in investible assets, but perhaps not so well in the mass-affluent market, which is the segment below this type of wealth,” he reports. “This is an underserved segment where the economics of providing RM coverage do not work, as revenues there are not high enough. Moreover, for many banks, they struggle with client acquisition. The biggest banks are ok, they can catch these clients as they evolve their wealth from the entry-level retail customer base, but for most of the banks other than the biggest in each country, it is a challenging segment.”

Pricing and transparency

He then addresses the issue of pricing transparency broadly in the Asian wealth management markets, noting that this has generally been improving in the region. At the same time, he observes that the regionwide push towards DPM is helping in that regard, to the benefit of the clients and the banks themselves, both in terms of revenue predictability and recurrence, as well as enhanced RM efficiency.

“The time of the RMs,” he says, “can be redirected away from the constant chase for product sales, meaning also that the banks can drive better productivity of their RM teams, which after all are one of the major cost elements in this industry. Even though DPM in Asia is today only around 8% or so at best, there is a lot of headroom for growth.”

Nandy's key priorities

Nandy's key priority is to bring Bain's digital delivery platform – Vector – to the clients. “Digital capabilities need to be at the heart of the wealth management business to propel innovation and accelerate transformation. We have built expertise around enterprise technology, design and prototyping, data science, digital marketing and related disciplines – enabling us to take a digital-first approach to every engagement. We have also built a partnership ecosystem to deploy best-of-breed capabilities. These are not standalone capabilities, but are integrated with the broader strategy and transformation engagement with our clients.”

Leveraging & expanding revenues

Nandy adds that to boost revenues while moderating costs, the banks should also be working hard on cross-selling within their organisations, so, for example, the wealth arms collaborating more perhaps with the corporate or investment banking teams, or other teams, leveraging the new and existing clients.

of the RMs, helping them with the advisory proposition, enhancing CRM, boosting their risk management capabilities and procedures, and so forth. “I think these advances would make a huge difference in terms of just managing the cost base, which is vital as pricing is going to come down, so the focus on efficiency and cost will be even more vital ahead.”

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And as to digitisation, Nandy observes that while there has been considerable progress made regarding the customer platform focus, he believes there needs to be a lot more focus on the RM platform, boosting the skills and capabilities and delivery capacity

Regional perspectives

Nandy then scans the region, zooming in for example on Thailand, observing that from the viewpoints of operating models, organisational structures and from the business portfolio standpoint, a lot of rationalisation is required.



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Rationalisation required

In asset management, for example, he comments, there is a huge strategic question for many of the major banking groups as to whether they should keep their own asset management operations, or not.

"Traditionally," he says, "Thailand has been a relatively closed market, but today there is a lot more focus on the global funds and global investments, which means clients are getting used to open architecture, which brings into question the validity of the captive asset managers."

On the brokerage front, Nandy says Bain has considerable reservations over the standalone

Getting Personal with Avishek Nandy

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He holds an MBA from the Kellogg School of Management at Northwestern University and a bachelor's degree from Nanyang Technological University (NTU).

He was born in Kolkata, a city in Eastern India, moving to Singapore to attend NTU. "After the MBA later in the US, I returned to Singapore, and have been with Bain since then. The big highlight for me was kind of the leap of faith that I made to switch from engineering to consulting. Growing up in India, I was not necessarily exposed or even this career choice at that time. Even when I was in Singapore, this was a relatively new thing for me. But I love it, and it suits me ideally, working so closely with trusted clients in a dynamic and team-based environment, focusing on their most important issues, and solving a wide array of problems."

Married with a baby of just six months old, Nandy is well settled into Singapore. His favourite hobby is photography, taking his trusty Leica digital camera wherever he goes. "These days, of course, it is more local in Singapore, but usually I would travel extensively and take photos wherever I might find myself. The digital Leica is the old body with the modern soul and capabilities, but it is very much a similar experience to the old film-based Leicas. My favourite subjects are landscapes and street photography."

brokerages, which he argues are not really set up for success. "The more they are integrated with their banking side, the better the possibility for synergies," he explains. "In short, we see a lot of rationalisation ahead for the universal banking groups across the region."

As to the partnerships between the domestic financial institutions and the international or regional private banks, such as have been seen in Thailand and Indonesia, Nandy has concerns that the lines of demarcation will become strained as locals eye more offshore capabilities and the

internationals eye more onshore potential. "There is potential," he observes, "for conflicts internally between those partnerships as the business grows and then concerns over the boundaries. This will present some interesting challenges ahead."

Competitive advantage with the regionals

Nandy argues that the major regional banks in Asia are considerably better positioned today than some of the scale, global universal banks whose private banking businesses are run globally, and who may not have an integrated model across the wealth management and private banking businesses. Moreover, the smaller private banks might not have the scale and access to onshore markets to compete effectively in the years ahead.

Nandy adds that for the more pure-play international private banks, digitisation is key, but this will not help them find their niches in Asia. "Digital cannot come to their rescue actually," he comments, "especially as in the higher end of private banking the role of digital is relatively limited to more of RM enablement than pure customer experience. So we see a shift in power and presence to the regional banks in many spheres of private and indeed corporate banking in this region, whereas the Asian institutions were not valid regional players in the past, but they certainly are today, and will increasingly be in the future, we believe."

Regionals - winning in key areas

"We see the same thing not just in wealth management but also in corporate banking or transaction

banking," he elucidates, "where we can discern the power shift happening, as these key regional players are becoming a lot more sophisticated, with far better capabilities, and much more able to compete head-on. They have the relationships, they have the access to the customers because of their retail banks, because of their corporate banks, and they are really well-positioned. So, for some of these international players, it is more of an existential question and a broader strategy question of how they can remain competitive. In short, they will need to decide how they invest and sharpen their strategies and certainly act a lot more tactically in the future."

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FinTech collaboration – proceed with caution

Nandy steps back to look at the world of FinTech and its relationships to wealth management, "On the whole for wealth management, I believe it is tough for the fintechs to pursue the B2C model," he observes. "The focus is really in the future more on B2B, but even here some of the results have been disappointing in these collaborations with the banks and other

firms, with the number of real success stories to be counted on a few fingers, realistically. I think in this regard, it is really important for banks to not get over-excited by the shiny toys or the shiny new capabilities that people can bring in, but to really start first with what are you trying to achieve from a business standpoint."

DBS/Quantifeed – a good case in point

There are however success stories, he comments, for example, what DBS has done with Quantifeed and the digiPortfolio offering launched in 2019. "This was not your run-of-the-mill sort of robo-advisory platform,"

Nandy observes, "as actually it is positioned more towards bringing DPM to the masses and making DPM a lot simpler to understand and access for the customers, so the focus was to really build a platform for the portfolio managers within DBS to be able to mass-customise and mass-manage those investments. The conviction of starting with the commercial goals was truly the key to the success of this venture."

Sharpening the digital investments

Looking further afield across Asia, Nandy comments that boosting the RM's digital capabilities and capacity are vital missions for collaboration with the fintechs in the more populous ASEAN markets, as is the drive to improve straight-through processing capabilities.

"Working with the tech providers to improve the backend, to go deeper into your product execution, real-time pricing, leveraging the information and also delivering a great customer experience layer on top with the right engines, that's where the gap has been," he observes, "and that is where more focus and investment needs to take place. Of course, there are other important areas as well, including KYC/AML, as well as on the retail side better automation of the call centre with chatbots,

voice-driven banking services and so forth, but those are more retail, less wealth management."

The 'Challengers' face challenges

Nandy is also sceptical about the future for the challenger banks, due to the cost of client acquisition and the relatively low rewards and returns from those customers once acquired. "Remember that in the wealth space, a lot of the profitability of those wealth players is also dependent not just on investments but also on lending, on daily banking revenues and mortgage business and so forth. That's all quite critical to achieve a profitable model rather than the ones that these challengers are approaching. We are yet to see any hugely promising new direct to customer wealth management proposition

from new entrants that will shake the market in a big way."

Great potential lies ahead

Nandy closes the discussion by commenting on the immense opportunities available in his field of expertise in Asia as the economies and the private wealth markets evolve rapidly.

"There are so many key thematic growth trends and opportunities for smart operators to exploit across this incredibly dynamic region," he concludes, "and I am lucky enough to be working at the cutting edge with long-term Bain clients on their multi-year evolution and to help them position themselves internally and externally to achieve their goals. The pandemic, of course, has hindered some of our daily activities, but the methodologies and strategies are unchanged. Exciting and transformational times lie ahead." ■

