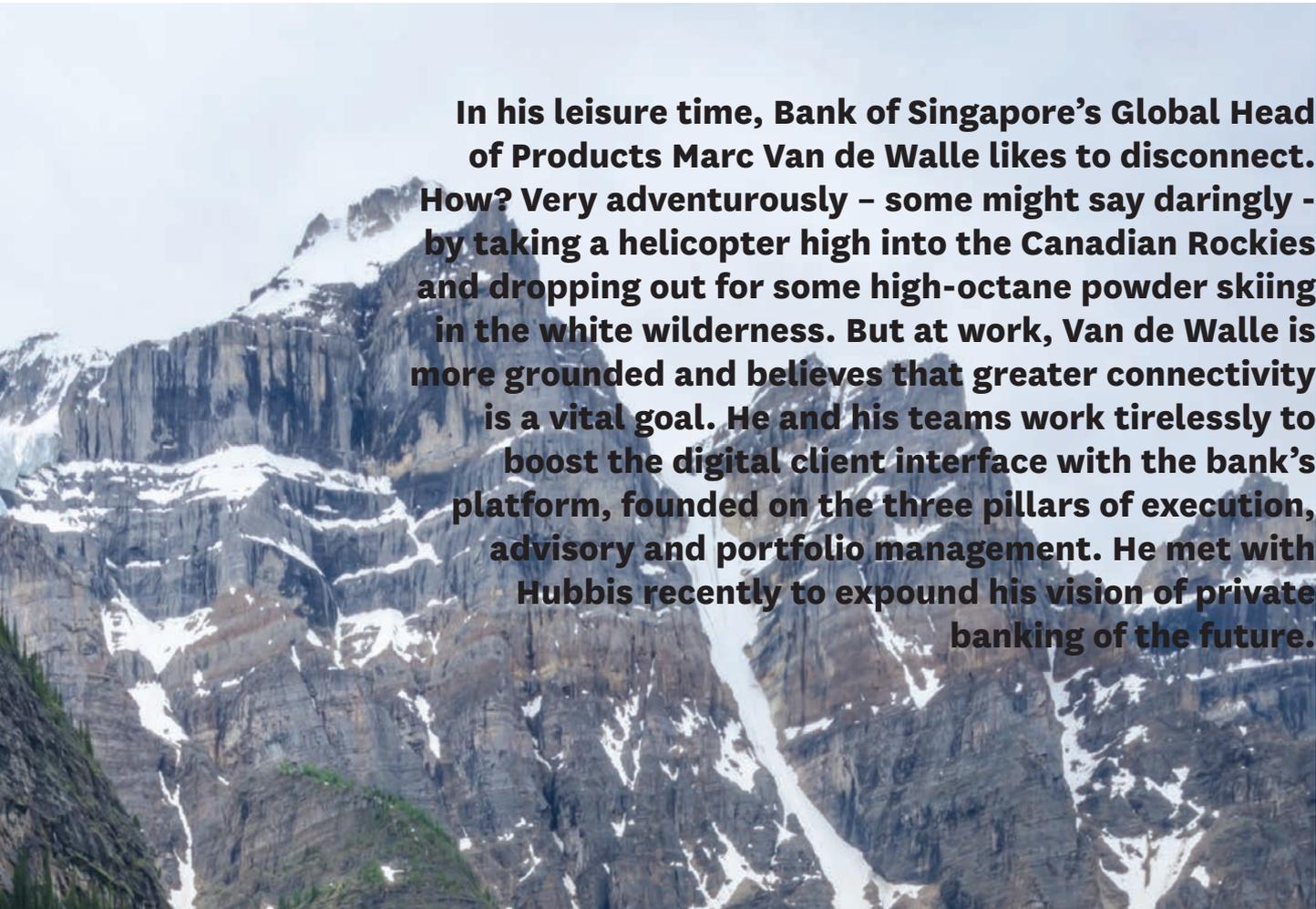


Bank of Singapore: Evolving the Platform, Supported by Three Central Pillars



In his leisure time, Bank of Singapore's Global Head of Products Marc Van de Walle likes to disconnect. How? Very adventurously – some might say daringly - by taking a helicopter high into the Canadian Rockies and dropping out for some high-octane powder skiing in the white wilderness. But at work, Van de Walle is more grounded and believes that greater connectivity is a vital goal. He and his teams work tirelessly to boost the digital client interface with the bank's platform, founded on the three pillars of execution, advisory and portfolio management. He met with Hubbis recently to expound his vision of private banking of the future.

UNDER THE GUIDANCE OF CEO BAHREN SHAARI, Bank of Singapore has in recent years enjoyed a remarkable surge in both prominence and boosted its AUM to more than USD111 billion at end of Q2 2019, 9% higher than a year ago. Van de Walle is one of the bank's key leaders who have been working closely to leverage the combination of the bank's traditional skills, products and delivery methods with new data accumulation, delivery and communication technologies. Their aim is to forge private banking services of the future.

The three pillars

Van de Walle presides over the bank's product platform, which he explains is guided by three pillars - execution, advisory and portfolio management. "Right now," he reports, "we are very focused on the execution platform and our goal is to reach for every single asset class front to back from the client to the street, a level of straight-through automation that varies, depending on the asset class, between 50% to 100%."

Straight-through automation, he elucidates, means that at the press of a button, any trade gets executed, settled, and booked instantly.

"We want the client to be able to do that directly from start to finish," he explains. "But that does not necessarily mean the client is self-directed, as he can act on advice from a relationship manager, perhaps through an app or similar medium" He adds that this mission is targeting real-time sensitive trades such as equities, bonds, forex, and not private equity or more illiquid assets.

For the advisory platform, Van de Walle highlights two key changes the bank is aiming to achieve. "Instead of using traditional routes to

disseminate product ideas through the RM," he reports, "which may be cumbersome and not scalable, we want to achieve two outcomes. First is to create matches between products and clients using technology supplemented by the RM's knowledge of the client and past activity. Second, we want to devise advice from a risk-based perspective, incorporating real-time risk analytics on every portfolio."

And for the portfolio management platform, he explains the bank is already well advanced. "DPM here even predates my arrival some 10 or more years ago," he notes. "We continue to scale up in this segment, with more than USD 8 billion already in DPM out of the total AUM of USD 111 billion as of June 30, 2019."

Key Priorities

"I see my priorities here over a several-year time horizon," Van de Walle reports, "and they centre on the three pillars I outlined earlier in the discussion, namely the execution platform, the advisory platform, and the portfolio management platform."

He explains that he calls them platforms because the bank thinks that the evolution of the private banking model will be indeed to funnel the users and the product providers for optimal matching. "It is also all about monetising this platform," he adds, "so clients must be able to use the platform in a modular way, tailored precisely to their needs and expectations."

He elucidates, explaining that some clients will want the full spectrum of the platform, some independent asset managers might want execution only, some others might want to use the discretionary platform as a white label and so forth. "We can also think of partners to the platform being able to talk to clients directly," he adds, "so the tax adviser might be connected to the platform and help clients with their structuring directly related to their assets. Throughout all of this connectivity and ease of interface are vital."

An open platform

Van de Walle highlights the bank's open architecture platform. "We offer an open architecture platform for a private bank in Asia where we deal with everybody at arm's length," he states. "That gives us an edge when it comes to sourcing the best price for clients from the market."

He also addresses the spread the bank can take on any product, explaining that there are tight internal policies that define the maximum spread. "Yes," he says, "it is true that for some type of products, the spread is embedded in the price, but that does not mean the bank deviates from our policies. We strive to achieve best execution for clients and aim towards maximum fee transparency"



MARC VAN DE WALLE
Bank of Singapore

Digital enhancement

The key to unlocking the profitability of the private bank, Van de Walle maintains, is to enhance the RMs’ capabilities via technology. “Without this, the RM has limited time and bandwidth,” he explains. For us, all this is crystallised in reaching out directly to the client and that is precisely at the heart of our advisory 4.0 strategy. We want to do that through our app. This is just the start of a journey that will take time.”

Van de Walle puts more flesh on these bones. “For example, a client has a security on which we have a sell advice, so we simply push that through the app. It’s that simple. But we do not disenfranchise the RM, as he or she will also have that information. So, the client can either choose to act directly, or call the RM for their opinion, prompted by the app.”

“But obviously,” he extrapolates, “we want to be more sophisticated than this and send recommendations based on our clients’ preferences, portfolio health checks, risk profile and so forth. That is the bigger mission.”

Getting Personal

A native of Brussels, Belgium, Van de Walle completed his graduate studies in Business and Economics studies at the University of Brussels, before heading off to the University of California at Berkeley for his MBA.

He then worked as a banker in Belgium, during which time he helped launch the first online brokerage, which unfortunately opened at the height of the dotcom bubble in January 2000. “We had two amazing months, after which it was rather tough,” he recalls, “and it lasted only two years before we shut it down. We learned that the brokerage business is a volume business, and even though you go online, you need scale due to low margins. And Belgium is too small a place for that.”

After that, Van de Walle moved to become the head of retail and private banking with ING in Luxembourg, later moving to Singapore as Head of New Business with ING Asia Private Bank before it was bought by OCBC Bank, at which time he assumed his current role, starting in January 2009. “We started with about 30 people and now we are about 230-strong in the product team, it has been a remarkable journey,” he reports.

Married and with a 21-year-old daughter studying at the Royal Veterinary College in London, Van de Walle has a busy working life and enjoys a quieter family life at weekends, when he is also sometimes to be found golfing on his favourite courses, such as on the island of Sentosa.

His other passion is skiing, but not just “en piste” from chair lifts or T-bars. “I love to go powder skiing,” he reports, “dropping out of a helicopter onto fresh powder snow way up in the Canadian Rockies. It is wonderful up there in the wilderness. It is exhilarating and great to be out there in full nature, disconnected from the world, but with people as passionate about it all as I am. I try to do that for a week or two each year, and it helps with the fitness, as it requires some intensive training.”

Talent + platform + tech = the future

Van de Walle believes that to attract good talent, the bank will continue to value and to nurture

them. A valuable draw is that the bank’s headquarters is in Singapore. “How many private banks are actually headquartered here?” he asks, rhetorically. “For clients

and employees, speed of decision for investments, credit and other matters are very fast here.”

Moreover, Van de Walle believes the bank’s open architecture platform, aligned with the team of about 450 RMs, is a powerful combination. “To boost the share of wallet, we offer scale and open architecture and then the key points are service and quality of advice. Overlay this with performance - and our DPM track record speaks for itself in the past decade - and we are well placed to be a trusted adviser. If we can then boost all this with seamless, user-friendly technology, we are in an excellent position.

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Van de Walle explains, for example, that clients must be able to communicate with their RMs securely from anywhere in the world and the bank must be able to monitor each portfolio

in real-time and in considerable detail and at an elevated level of sophistication. “These are two key initiatives we are working on right now,” he notes.

The Allfunds solution

Directly in relation to enhancing its open architecture breadth of offering and its technology leadership, Bank of Singapore is now working with fund distributor platform Allfunds. “We believe that Allfunds is able to help us leverage our resources, which of course are not finite. We have a view that partnering to achieve optimal outcomes for the bank and for clients is the right route.”

Partners are welcome

He explains that the bank extends this perspective to other partnerships. “We partner with companies like Mercer for fund selection,” Van de Walle explains,

“because they have the scale, they have hundreds of analysts all over the world. We also want to be able to reach out to the thousands of different funds that they curate the best. The final decision is always taken by us, but we are pleased to optimise our skills and abilities with such partnerships. The vital key is to first choose the best partners for the bank which brings the best outcomes for the clients.”

Van de Walle draws the discussion to a close by noting the bank’s new thrust into wealth planning and its reinvigorated push in trust, both of which have new business heads and both of which are areas seen as core offerings for the bank henceforth.

Boosting trust

“We believe the trust business is absolutely central to wealth management and our view is also that clients in Asia clearly prefer bank-owned trustees,” he reports. “Our trust company, BOS Trustee, has been around since 1938. We are energised to further push this offering, as we see a clear trend for people from across the globe wanting to have a Singapore trust within a Singapore bank.”



He adds that the bank is also differentiating itself from competitors in the trust arena by developing more complex structures for ultra-HNW clients. “Traditionally, bank-owned trustees see trust as a side business, but we are now working with private trust companies, charitable trusts and other more complex structures. The trust business continues to grow, and it is both a core and a profitable offering.”

Planning for the future

Planning for succession in a family business is one of the most difficult and uncomfortable things to get started on. Unfortunately for business owners, it is also one of the most crucial. At stake is of course the business itself - many don't last beyond two generations, much less three. But

improper succession planning can also cause the family unit itself to fragment, especially after the patriarch passes on. To help manage the transition, a growing number of wealthy families in Asia are considering setting up family offices in Singapore to serve as the focal point of the management of their assets and investments. Even those who already have family offices in Europe are looking to set up satellite offices here. This is not surprising at all. Singapore checks plenty of boxes in terms of what wealthy families should consider when planning where to site their family office.

Van de Walle believes Bank of Singapore, being part of the OCBC Group headquartered in Singapore, has an edge over its competitors in this space. “The extensive network that OCBC Group has in Asia al-

lows us to provide our clients key insights to the key markets that they want to access in the region.”

To help clients with their goals, Bank of Singapore has a team of 12 in Wealth Planning located in three of their key hubs - Singapore, Hong Kong and Dubai - to better align with local culture and sensitivities. There are plans for further hiring in 2020. This team is led by Mr Tariq Saleim.

Follow the money

Van de Walle concludes with a glance at the international activities, noting the bank's branch in the Dubai International Financial Centre and a recently opened European subsidiary - BOS Wealth Management - headquartered in Luxembourg with a branch in London. “Follow the wealth is one of our adages,” he concludes. ■

