

Bank of Singapore invests in all-round offering

The bank's focus for 2016 is further scale for its business in terms of platform, people and products, Bahren Shaari tells Hubbis. Geographically, mainland China is the biggest opportunity for Bank of Singapore going forward.

As the private banking arm of OCBC, South-east Asia's second-largest lender, Bank of Singapore sees the value in size.

And given the combination of recent consolidation plus growing polarisation within the region's wealth management sector, having the infrastructure, teams and range of solutions in place to match is more and more important to this home-grown institution.

of services which clients in the region need to develop their own businesses.

"Clients no longer think about their private bank as handling only their investments; they want an individual who can help with all aspects of their business and personal wealth," he explains. This might be about exiting their business via a liquidity event, or planning for succession and wealth transfer.



BAHREN SHAARI
Bank of Singapore

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For example, says Bahren Shaari, Bank of Singapore's chief executive officer, being part of a bigger group enables the private bank to deliver a greater range

Data from Private Banker International ranked Bank of Singapore as 11th among its peers in Asia for AUM in 2014, at around USD51 billion.

This had risen to USD54 billion by the end of June, up 6% from six months earlier. And the number of relationship managers (RMs) dealing with wealthy

clients rose 5% to 330 in the same period; this was due to some selective hires in Singapore and Hong Kong to help expand the teams.

Perhaps more importantly as a key performance indicator, net new money has also been healthy, confirms Shaari.

FINDING ITS OWN WAY TO STAND OUT

A formula for success, in terms of a sustainable, profitable private banking business, has been elusive for many players in Asia to date.

Differentiation is key, but as Shaari points out, there are different levels to this. The first, he believes, relates to the type of organisation and individual philosophy when it comes to the offering – for example, whether there is genuine

it is able to identify what really matters to its clients.

People are the next level of differentiation for any organisation in this space.

“This refers to the relationship and way that our people engage with clients.”

Further, when a banker truly understands the client, Shaari says that it becomes more likely they can provide real advice.

Even though the solutions available today are broader and more complex than in previous years, the fundamentals of the process and approach haven't changed at all.

Doing them well, however, and designing different options to determine the

tion overall, rather than just focusing on individual products.

STAYING AT THE FOREFRONT

When Shaari thinks about the priorities for his business in 2016, three key areas jump to mind.

The first is to focus on the platform to make it easier for clients to do business with the bank.

This factors in the digital revolution and how the bank interacts with its clients.

A key part of achieving this is to equip its bankers with the necessary information about clients. This is about portfolio analytics and risk management.

Secondly, is the commitment to continuing to invest in its bankers.

“We are focused on identifying the attributes that make a successful banker, and then developing their competencies,” says Shaari.

He knows well that consistency in the delivery of a private banking offering, and in overall growth, depends on the ability to attract, retain and develop bankers with strong product knowledge, advisory skills and understanding of clients they are servicing.

Developing the bank's team and market heads to ensure they have the right leadership skills is also an essential part of this, he explains.

Solutions for clients is the third focal point for the bank.

In 2015, it launched three of them which were particularly successful for clients in managing the risk in their portfolios, while also generating more

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open architecture, and the amount of integration that exists with the wider group, if part of a larger organisation.

The second level relates to the product offering. “The key is how we as an institution make it relevant to clients by having a better understanding of what our clients want from us,” he explains.

The bank can be in a position to more effectively allocate its resources once

best fit to meet a client's needs, requires an RM with the right experience.

“When a client answers a question in a certain way, the banker needs the experience to know whether the client has the capacity and understanding to pursue a specific strategy,” says Shaari.

It is also essential, he adds, that bankers can appreciate the value for the client of having the right portfolio construc-

revenue for the bank. For example, for clients with single securities, the bank moved their bonds into a portfolio. In turn, this raised close to USD600 million for that fund. The bank also arranged two private equity deals to bring something new to investors.

“We need to continue to think of new ideas that both differentiate us and appeal to our clients,” explains Shaari.

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This is based around the current OCBC Bank branch network and connectivity in the major Chinese cities. “We want to leverage that to determine the products to develop, who to partner with and the kind of bankers we need for that,” adds Shaari.

“[In China] we first look at the cities which we want to target, and then we invest in terms of understanding the market, client type and behaviour, and the services they want.”

If Bank of Singapore, can get all of this right, he believes it can increase the share of wallet from existing clients as well as try to bring on board new ones. “I don’t see any reason why a client needs to use any more than two private banks,” he explains.

LEVERAGING CHINA

Geographically, mainland China is the biggest opportunity for Bank of Singapore going forward.

But to Shaari, this means more than just one vast market. “I look at China at a city level, given that there are 10 to 15 million people living in some of these cities, and they might have a GDP larger than Hong Kong,” he says.

He also looks at China from inside-out, not the other way around. “We first look at the cities which we want to target,

Yet the offshoring of Chinese wealth is where the real future lies. “This will be much bigger in the years to come than the opportunity onshore,” he says.

CONNECTED AMBITIONS

Yet the benefits of being part of OCBC extend well beyond the borders of mainland China.

Indeed, roughly half of the growth in Bank of Singapore’s net new money over the last five years is understood to have come from referrals from the consumer and commercial banking businesses. “We can have a conversation with clients about their corporate finance needs, and put the OCBC corporate banking teams together with these individuals,” says Shaari.

Further afield, Bank of Singapore is also keen to continue investing into London

A three-pronged client advisory model

Bank of Singapore’s approach to advising each client involves finding the optimal structure, investment objectives and level of personal involvement.

- **Optimal structure** – this includes looking at the holistic aspects of a client’s wealth, for example tax efficiency, level of asset protection, preferred level of confidentiality, family / business protection, and philanthropic needs. From this comes the asset allocation options.
- **Investment objectives** – this is about assessing a client’s goals: investment horizon; how much risk they are willing to take relative to return; whether their outlook is short-term or long-term; and whether they primarily seek growth or wealth preservation. A risk profile can then be created.
- **Personal involvement** – this involves defining the client’s level of involvement in managing their portfolio. This relates to how much time, experience and expertise they have on the one hand, and their desire to manage their assets on a day-to-day basis on the other. It is then possible to create the relevant portfolio management options.

and Dubai, to capture European business and the money flowing into these centres from entrepreneurs. ■