Better processes and technology to support not surpass Swiss RMs

Improvements in the way Swiss wealth managers and private banks deal with information will support rather than replace the need for competent relationship managers, believes Bruno Patusi of EY.

Increasing the sales effectiveness of relationship managers (RMs) is becoming an increasingly vital task for the Swiss wealth management industry.

Improved processes, including technology solutions, will help to achieve this, according to Bruno Patusi, Zurich-based partner and head of wealth & asset management at EY

At the sharp-end of advisory, however, Patusi believes wealth managers need to continue to give RMs enough time to build up a client base.

He is against the view that having to replace ageing advisory forces with younger staff is a barrier to developing top-quality RMs.

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RELATIONSHIPS MATTER

“If you look at the career cycle of an adviser it does not start at a point where they already have clients. They will start out their careers by having prospects,” Patusi says.

“If an adviser has the ability to listen to what a client is interested in, know who they are, and where their money comes from, the adviser can understand the client’s needs. There are always people who have the ability to ask the right questions of clients and bring them a firm’s full capability.”

BRUNO PATUSI
EY

Robo-advisory and packaged solutions, will be an adjunct not an alternative to RMs, particularly in the HNW space.

"There is a need to distinguish between target clients, and many robo-advisory solutions in the market are not fit for HNW individuals," Patusi says.

"They do not offer access to a global investment universe and often do not have multi-currency capabilities, and the solutions are not flexible enough."

Furthermore, he notes, industry AUM is still dominated by non-contract based advice, with discretionary making up only about 10% to 15% of assets, and this is a space robo-advisers have not yet entered.

There is unlikely to be a huge change in the demands of such clients over the next 10 years, he notes, even as the technological landscape evolves at a faster pace.

"Banks are working on giving the client adviser more time to do what he or she is supposed to be doing.

"What they really want is for advisers to be much more aggressive around prospecting [for clients]."

As well as streamlining the advisory process, Patusi believes streamlining the investment value chain is another factor to consider. This is because RMs in larger institutions can be bombarded with product options by internal stakeholders, which often leaves them having to take a 'best-guess' at what is most appropriate for a client.

However, he adds: "One thing is clear, the RM will remain fundamental to wealth management and will not be replaced by a machine."

A RETURN TO GROWTH

In the industry more widely, Patusi says, Swiss wealth management has returned to a growth agenda. "There has been a clear refocusing from pure regulatory-driven initiatives towards capturing profitable growth," he explains.

"One of the elements of this is the industry working on articulating the value proposition around investment advice, and bringing in new products and solutions which distinguish Switzerland from its competitors."

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However, Patusi believes technology is needed to enable these demands to be met, and that better, more streamlined processes can help RMs achieve the high-level of service required for HNW and UHNW individuals.

"Sales effectiveness is becoming a big issue as RMs now tend to spend a lot of their time not speaking to clients," he says.

Patusi's view is backed up by the results of the EY survey for its *European Banking Barometer – 2015* report.

Some 43% of respondents said Swiss private banking and wealth management had a 'fairly good' or 'very good' outlook for the year, compared to only 18% who said prospects were 'fairly poor' or 'poor'.

The survey found less optimism on the hiring front, however, with 21% of respondents saying they expected private banking and wealth management headcount to decline in 2015, versus only 13% who anticipated an increase.

Patusi notes the industry's move away from retrocessions towards contractual advice with transparent pricing enabling wealth managers to generate recurring revenue.

This in turn is enabling them to make concrete business plans without fear of regulatory interruption.

He believes services such as UBS Advice and Credit Suisse's global digital offering are leading the pack in this respect.

"They have brought investment advice under a contract and have very distinct service propositions," Patusi says.

"Understanding a client's needs, evaluating their capacity to take risks and combining this advisory process with an institution's investment value chain and research capability is an added dimension of bringing tailored advice to the client."

Other banks will need to follow suit to ensure they have "distinct, well-articulated, ready-to-market offerings in the advisory space", he concludes. ■