


# **BNP Paribas Wealth Management Charts Asia Course embracing Digital, Advisory and Discretionary**



**Garth Bregman, Head of Investment Services, Asia at BNP Paribas Wealth Management, has been in an exciting journey from his upbringing in South Africa, his post-graduate studies in Hawaii and the first decade of his work experience in Amsterdam. Today he heads up the bank's regional investment services platform for Asia and has a firm belief that the bank is charting the right course towards a fully sustainable private banking model.**

# Executive summary

Garth Bregman, Head of Investment Services, Asia at BNP Paribas Wealth Management, believes that the firm must remain focused on digitalisation, enhancing client experience, migrating revenues more towards advisory and discretionary, and should aim to make clients feel that the bank is part of their team. He tells Hubbis how his colleagues will achieve this and reports on progress thus far.

Bregman has a weighty role at BNP Paribas Wealth Management, being responsible for the bank's regional investment services platform and also a member of the Executive Committee for Wealth Management in Asia.

He believes that BNP Paribas Wealth Management is making the right efforts to thrust itself to the cutting edge of the industry's advances towards digitalisation, with its three laboratories created to innovate new wealth management apps and other digital solutions.

The bank is also pushing contractual advisory and discretionary models to boost recurring revenues, both of which initiatives will, he expects, be boosted by digitalisation. He anticipates gradually increasing revenues from the ESG and SRI space, as younger generations take over or create the growing private wealth of the region. He reports that the bank will remain true to its ethos of making clients feel fully engaged with the bank.



**B**REGMAN BEGAN BY FOCUSING on the firm's thrust towards digitalisation. He explained that the bank has three wealth management Innovation Labs in Singapore, Geneva and Luxembourg. He says that the overall mission is to enhance client experience and draw the client further into the bank's broad array of offerings.

"The goal is to constantly improve on our products and services," he reports. "Since nobody can predict exactly what clients want, the best way to improve is to quickly produce an MVP, or Minimum Viable Product, put it out into the market, obtain feedback and then enhance it. We have done exactly this on an app the DPM team and Innovation Lab created in around 30 days last year, which was designed to introduce DPM to clients and get clients to sign up to new mandates."

### The boffins in their labs

Bregman explains that the labs are designed to be entrepreneurial and innovative. Teams comprise of members from business as well as technology and are seconded to the labs from ideation all the way till the development of the solution.

Teams operate autonomously to bring the best solution to life, working with in-house development teams or even external solutions provided by the start-up ecosystem. "It is a great ecosystem that is producing the sort of innovation we had hoped for. The new products come into the myWealth client app, creating a one-stop shop for clients."

### Extending the reach to the clients

Clients bank with BNP Paribas for a host of different reasons, Bregman observes. "Some wish to

## Key Priorities

Bregman explains that the bank has made enormous strides in the area of sustainability, having focused intensely on it and having become a global leader. "This is one area of priority we will continue to focus on," he reports. "Here I do not mean what we see a lot of, namely "green-washing" which describes a somewhat superficial attempt to hold onto the coat tails of the ESG and SRI movements. We are committed, we are leaders and we plan to remain so." ESG stands for Environmental, Social & Governance, while SRI has evolved somewhat from its early days to represent Sustainable and Responsible Investment. Bregman explains that the BNP Paribas Group announced in 2017 that it would cease to work with certain industries that take a particularly heavy toll on the environment.

In the wealth management arena, Bregman explains that the firm is building out what the bank calls its "Impact Offering". "Although in Asia there is still far less demand for "sustainable" products than in Europe, the trend is gradually towards recognised, validated ESG and SRI products."

From a revenue perspective, this initiative will not yet be significant in the coming year, but the bank is building out the franchise in anticipation of future demand. "It is also part of the education process that we and others are intent on," he explains, "so to a certain extent we are working to educate our wealth management clients about impact and sustainability, and to create demand for something what we as a corporate believe will generate both attractive financial and non-financial returns for our clients."

Another core priority is to build the managed assets business, primarily DPM, which has a clear fee/product rationale, and also contractual advisory, in recognition of the client inclination in Asia to retain investment control and also of the bank's wish to reduce reliance on more volatile transaction-driven revenues.

"For the contractual advisory mandate, the client pays an annual management fee and in return receives investment advice regarding investment opportunities and the allocation of their portfolio, including, for example, detailed portfolio reviews."

A third initiative is making sure that more clients have access to the investment counsellors. "In essence," he explains, "this involves ensuring that we are able to tag the correct clients to the investment counsellors and to the direct access teams. This is part of the overall ongoing thrust for Investment Services to add more value by moving away from execution to providing increasingly valuable advisory services."



GARTH BREGMAN  
BNP Paribas Wealth Management

make use of our round the clock FX trading desk, for example, others are primarily interested in our equity, bond, fund and structured product advisory services, some for alternative products such as private equity, some for DPM, some for our very strong balance sheet and credit offering, and so forth. Whichever client it is, we want them to achieve a better understanding of our very broad and deep platform. We have a large team covering trust, wealth planning, philanthropy and impact investing on top of advisory in liquid and illiquid asset classes, contractual, DPM and so forth.”

Bregman notes that the bank is in the top 10 in Asia and globally in terms of AUM and the drive is to engage the bank’s many clients as broadly across the product and service offerings as possible. “We are also a universal bank,” he notes, “so there are many opportunities to extend clients towards our commercial or investment banking expertise.”

One of the bank’s thrusts for the foreseeable future is to become more digitally efficient. “One area of course is streamlining processes to make simpler

tasks less manual throughout,” he elucidates. “That brings cost savings later, it improves diversity and accessibility of products and services, it helps understand the clients better via data analysis, that in turn helps us find or launch the most relevant products and services.”

### **Looking back to look forward**

Bregman explains that the bank can show self-directed investment clients their five-year historical investment return and volatility, and compare these to the average of other clients who have been with BNP Paribas for the same period.

“What we can in general see is that for taking on a little bit of extra risk they have slightly higher returns over those five years,” he reports. “We can plot their risk-returns and then overlay our core DPM mandates, and we can prove that over the same five-year period, from pure investment grade bond mandates to pure equity mandates, discretionary has outperformed almost 90% of self-directed clients and provided at least double the returns at similar levels of volatility.”

One ongoing challenge for banks in Asia such as BNP Paribas is therefore to convince clients that a combination of long-term strategic asset allocation and portfolio diversification works. “But clients in Asia often prefer trading to longer term investing, and as a generalisation a more institutional buy and hold mentality has not yet taken hold,” he reports. “However, there are good reasons for this; history shows us that investors tend to move from a trading culture to a longer-term investment culture over time, as markets become more institutionalised, with greater protection of

minority shareholders. This has already happened in Singapore and Hong Kong but less so in many other countries in the region.”

### **From little acorns...**

Bregman and colleagues accept that the majority of the investment related revenues, for years to come, will likely relate to transactions, rather than be recurring revenue. However he goes on to say “we have more and more ways to demonstrate that the general HNW client will benefit from DPM. Accordingly, the growth of DPM has been and remains far faster than for the transaction side.”

Bregman also concedes that large parts of the private banking industry are already commoditised. “Many new products or structures can be copied, and in a rapid way,” he notes. “But image is a different thing. For example, we always rank very high on DPM performance, we are recognised for a particularly strong structured product platform, a powerful FX offering that offers direct access to the FX desk for FX focused clients, and so forth. So, while we are in an increasingly commoditised marketplace, we still differentiate ourselves via our people, products and services. Technology will further enable that.”

Bregman closed out the discussion by focusing on philanthropy and wealth planning. “We always talk about being one team,” he explains. “But what this really means is that we want clients to feel we are on their team, not just selling products and services but also bringing value through, for example, philanthropy and wealth planning services - this often leads to the client feeling a much stronger bond to the bank and to us.” ■



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## Getting Personal

Garth Bregman, Head of Investment Services, Asia at BNP Paribas Wealth Management, is responsible for the bank's regional investment services platform and is a member of the Executive Committee for Wealth Management in Asia.

Before taking on his current position, Bregman was Head of Managed Assets for Asia, leading the regional Discretionary Portfolio Management team from 2012 and the Contractual Advisory team from early 2018.

He was previously Head of DPM and Head of Investment Advisory, Wealth Management at BNP Paribas in London and before that was based in the Netherlands, where he handled discretionary investments for HNW, UHNW and institutional clients, as well as a range of asset management funds for both retail and institutional investors.

Bregman comes from Johannesburg, South Africa and has more degrees than a thermometer. He was educated there through to his graduation from the University of Witwatersrand with a Bachelor of Science degree in Actuarial Science. He subsequently began his post-graduate studies in philosophy at the University of Cape Town, graduating with a Bachelor of Arts Honours degree in Philosophy. After that he moved to Hawaii for his Masters in Comparative East-West Philosophy at the University of Hawaii, followed by completing his CFA and finally his MBA at INSEAD.

"The first ten years of my career were spent in Amsterdam where I learned the trade of buy-side asset management working for a boutique asset manager named Insinger de Beaufort," he recalls. "The firm was later bought over by the BNP Paribas Group, which gave me the opportunity to broaden my expertise and skills through a number of very interesting and enjoyable roles."

During his 10 years at the Anglo-Dutch boutique, Bregman enjoyed a fascinating time managing European fixed income and equity portfolios, as well as selecting the managers for all other investments, interviewing hundreds of top long-only and hedge fund managers. "It was really an intense, accelerated learning curve dealing with and learning from some of the world's top fund managers and then applying some of those concepts to our own direct investment management processes. I feel very fortunate to have had those exposures so early on."

Bregman has three children aged between 7 and 13. As the children grow he hopes to increasingly share his passion for the outdoors, and has plans to take them scuba diving in 2019. Occasionally he even has time to read.

He recently read Ron Chernow's Pulitzer Prize winning biography of George Washington, learning a great deal about the early history of the US. "There was extreme partisanship in those very early years of the United States, and the division was exacerbated through extreme media polarisation, so the current situation in the US is not new. Back then newspapers were mouthpieces for the combatting Federalists and Democratic-Republicans and the division between the north and the south was already firmly in place long before US independence from Great Britain."