

Bordier & Cie:

Championing Private Banking in Asia and the Partnership Model

Evrard Bordier, Singapore CEO and Managing Partner of Swiss private bank Bordier & Cie, knows that as a boutique firm working within a landscape of dramatic change for private banking, the bank must position itself smartly and strategically to achieve its expansion goals in APAC. He told delegates at the Hubbis Philippines Wealth Management Forum that onshore wealth management presents huge opportunities in Asia, while urging a similar path for any leading financial institutions that are open to setting up regional partnerships with the bank.

“MY TALK TODAY,” BORDIER BEGAN, “is mainly to address large commercial banks that are not yet providing private banking, as well as to banks that wish to expand their existing private banking operations while ensuring business relevance in the market. The talk may also be applicable to insurance or brokerage firms that want to build their private wealth offering.”

“Given the relatively high and stable economic growth in the Philippines,” he said, “it’s natural to predict a growing need for high level and specialised private banking services, especially as onshore wealth management continues to grow across the region. Moreover, as wealth transfers pick up from one generation to the next, we see an increase in risk appetites among Asian clients as compared to their European or American counterparts. This inevitably presents exciting opportunities within the private wealth landscape.”

Globally, and especially within the region, Bordier explained, the concept and reality of private banking has



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[Link to Content Summary page](#)

[Link to Article on website](#)

[Link to Presentation](#)

[Link to Event Homepage](#)





been put under pressure from being constantly challenged by numerous regulatory initiatives such as CRS and AEOI. Further, the drive to greater transparency arising from increased competition, margin compression on brokerage, and rising costs in many core areas have all contributed to the complex challenges of running a smooth private banking business.

“There are also cultural obstacles,” Bordier added, “for example, private banks are seen as being out of touch and opaque due to the multiple layers of fees imposed. The lack of competitive pricing and IT limitations are also some of the challenges we face.” He noted that the perception issues facing the industry are further compounded by the lack of differentiation among private

banks, even between the biggest and the smallest, making it challenging for clients to arrive at a nuanced decision.

As such, Bordier explained that the bank remains positive, and is determined to focus on its niche offering. “We are probably the smallest boutique bank in Asia,” Bordier began, “but we have been successful for 175 years, we are still family-controlled, and we expect to be present for the next generations of family and clients, despite the many changes taking place around us. We know for certain the world of private banking is changing, and we are at a crossroads. It is therefore essential for us to adapt to the ever-evolving landscape, so transformation and reinvention are necessary for survival and success.”

In spite of the challenges, Bordier remains optimistic of the many opportunities on the horizon.

And this, Bordier explained, is why the bank has adopted a model of working in strategic partnerships with regional banks and financial institutions to help them start or enhance their private banking operations. “With an eye towards achieving best-in-class wealth management capabilities,” he explained, “the bank makes use of our own expertise and resources to help identify key areas needed to shape the value proposition for these banks and partners.”

Making the decision

Bordier explained that before venturing full-on into private banking, the regional banks must first decide why and how they want to move into this business segment. The answer, he said, has mostly been determined by the immense

private wealth expansion in Asia, and the fact that more than 80% of private wealth today is not under professional management. Moreover, inter-generational wealth shifts are creating seismic changes in the region, thereby opening further avenues of opportunity.

Assuming the decision to move into private banking is ‘yes’, the next question is whether to develop this model organically or through partnerships. “There are arguments from both sides,” Bordier observed, “but the reality is that to build a private bank on your own takes at least a decade, whereas partnering will increase their efficiency and their focus, and will certainly help banks get into the market much faster than they could on their own.”

He cited the example of Netflix, which decided very early on to outsource all the critical technology solutions to third-party providers while focusing on the core Netflix uniqueness, namely their customer’s experience.

“In the same way,” he extrapolated, “a major commercial bank in the Philippines or another country

should focus on what they are good at, which is commercial banking, and outsource private banking to tap on to the fastest and most efficient way to build the model.”

Big or small?

The question then for the institutions that decide partnering is the optimal route is whether to opt for a big bank or a boutique bank that is perhaps more agile and adept at offering new solutions. “We see this as the choice between a GM-type organisation and a Tesla,” he remarked, “and clearly the latter is nimbler, more adroit and more representative of the future.”

While there are clearly pros and cons of partnering with a smaller institution such as Bordier & Cie, the most obvious reason to choose a smaller private bank, Bordier noted, rests in the virtual certainty that a boutique firm is not likely to end up as a local competitor. “The boutique private bank is of a size which means they will remain offshore, which eliminates any underlying concerns about potential competition,” he commented. “We are committed

to the belief that any partnership should be very long term and mutually beneficial.”

The individual approach

He also briefly remarked on Bordier & Cie’s individual approach to investment management, with discretionary becoming an increasingly important decision for HNW clients across the region.

“We approach investments in a novel way,” he reported. “We use psychometrics to map our clients’ internal aspirations and goals. From there, we curate different investment strategies to manage money in accordance with what is important for those clients. They genuinely appreciate this because the investment becomes explicitly tailored to what they want and need in their lives, and not be limited by what another bank might provide.”

He said that Bordier & Cie is not the only international private bank taking the partnership route in the region, but that given the bank’s size and its niche offering, the concept is already achieving considerable interest. ■

