

# Bordier & Cie: Championing the Partnership Model for Private Banking in Asia

*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 Thailand Wealth Management Forum why his firm is working with banks across the region on new partnerships to help them develop their private banking models, thereby fast-tracking those partners' local private banking propositions and the Bordier & Cie business across the region.*

**“ WE ARE PROBABLY THE SMALLEST BOUTIQUE BANK IN ASIA,”** Bordier began, “but we have been successful for 175 years, we are still family-owned and managed, and we expect to be there 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 the crossroads. It is therefore necessary for us to adapt as the landscape around us changes, so transformation and reinvention are vital.”

“He explained that private banking is under pressure, from both an economic perspective because of the numerous regulatory initiatives such as CRS, AEOI, as well as the drive to greater transparency arising from increased competition, margin compression on brokerage, and rising costs in many core areas.

“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



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

Accordingly, Bordier explained that the bank is determined to focus on its uniqueness. “We remain firmly of the belief that private banking is still very attractive, there are many opportunities in private banking. In Thailand, for those large financial institutions, the private banking segment offers a solid revenue stream but also differentiation and gives you a wider range of services. However, there are many challenges, for example, resistance to change from within, regulatory obstacles and extracting value from the business.”

And this, Bordier explained, is why the bank had adopted a model of working in strategic cooperation with regional banks and financial institutions to help them start, or enhance, their private banking capabilities. “With an eye towards achieving best-in-class wealth management capabilities,” he explained, “the bank makes use of our own

expertise and resources and works alongside these banks to identify key areas needed to shape the value proposition.”

### **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 partnering. “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 continued, “a major commercial bank in Thailand 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.

Bordier closed with a video presentation of the partnership the firm is working on in Vietnam. “We have been on this partnership journey for almost a year, and are committed to this model going forward.” ■

