

# Building the Investment Capability and Refining the Wealth Management Proposition

*The pace of evolution of Indonesia's wealth management offerings is lagging behind the rest of the leading Southeast Asian countries, especially Malaysia and Thailand. How can the market improve? During the final panel discussion of the Hubbis Indonesia Wealth Management Forum, a team of experts ranged over the many areas in which the market can raise standards, enhance the range of products and services, boost expertise and enhance the customer experience.*

**These were the topics discussed:**

- What product knowledge and skills do you need?
- What 'BAD' practices from other markets must we avoid?
- How can learning and professional development help you add value and differentiate your offering?
- Why is improving skills so important?
- Trusted adviser - what does that even mean?
- What are the client's needs?
- Growing your AUM - client retention, existing client referrals and prospecting.

## PANEL SPEAKERS

- **Simon Lints**, Chief Executive Officer, Singapore, Schroders Wealth Management
- **Richard Piliero**, Regional Executive, Finaport



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## THE KEY TAKEAWAYS

### Define our focus in order to achieve success

Some of the major banks appear to currently define success in terms of assets under management, while others appear to focus more on bottom-line profitability and having fewer but more satisfied clients. An expert advised the latter route as the optimal way to achieve success for most players in this industry.

### Build and sustain relationships

Wealth management professionals worth their salt thrive on client contact, so digital technologies are required to help the RMs work closely with their clients, to help regulatory issues to be solved and to enhance their capabilities and offerings.

### Build your franchise, don't expect it

The panel members advised some of the younger participants in this industry to build their expertise and their client bases, and said they should not expect high financial rewards unless they build a sustainable business. Be professional, humble, empathetic, and do not take shortcuts was one noteworthy piece of advice.

### Be compliant

There are no short-cuts in the world of regulation, so professionals must be aware that they must focus on these areas as a key part of their jobs. It is not only about revenue generation; it is about the adoption and the preservation of integrity for the wealth firm and the clients.

### Know your value and your values

RMs should understand their value and their values should be aligned to the firms they hope to join.

### Innovation required

The industry must work with the regulators to help encourage a greater diversity of products and services, as well as expertise.

### See the business as a calling, not as simply a means to an end

Highly successful industry professionals see private banking and wealth management as more of a profession than simply just a job. The calling is to help clients build and preserve wealth, and the enjoyment is in the service as much as the rewards, which will then surely follow.





SIMON LINTS  
Schroders Wealth Management

**“THE BIG QUESTION SHOULD BE TO DEFINE SUCCESS AT THE END OF THE DAY,”** a panellist began. “The big banks define that in terms of assets under management, but some of the other, more niche players like us are focussing more on bottom-line profitability and having fewer but very happy clients, rather than so many clients. The major banks have been pushing products, in my view and experience; pushing for revenues, potentially to the detriment of the underlying client. But I and we are more relationship-focused, centring on building the long-term relationships with those clients, making a long-term commitment. And we believe good RMs thrive on client contact, face to face, understanding people, working with them. But in reality, there is so much regulation and compliance today that the RM’s time and their satisfaction is reduced.”

“Ultimately,” a guest added, “our jobs are built on integrity, and you have to be trusted by your client. You have to trust them to open up. I think integrity, honesty, are absolutely paramount. We need to be humble in approaching HNW and ultra-wealthy clients, but we must not be jealous of their achievements; we must take the positives from other people’s success. We do see a level of entitlement perhaps amongst younger people coming up through the ranks in this industry, but that is to be avoided. People who are going



RICHARD PILIERO  
Finaport

to be successful in this business need to gain the experience, to be professional, humble, empathetic. There are absolutely no shortcuts.”

Another opined that there are, however, numerous problems for RMs these days, especially around compliance. “RMs actually have a lot to contend with, in terms of regulations as well as competition, the embracing of technology, pressure from KPIs and so forth. So the younger RMs need expertise and need to learn all these areas. It is tough, actually, so we should not be too harsh on them.”

“Over the years in Singapore,” came another voice, “I have hired over a hundred bankers out of about 500 candidates. We always looked for the values the banker would represent and adhere to. Many of the bankers that we did not take were exceptional, but we did not see them allying their values with us and the clients; they perhaps wanted too much for themselves, too fast. Some were not so interested in the learning environment. We wanted to train people with the right selling skills because we wanted to really have a client that was sticky and would stay with us.”

The panel agreed that while there is progress, there is not sufficient momentum, both in the areas of product diversification and customer access. There is notably less innovation coming from the players and the regulators in terms of financial

instruments and investment products available in the wealth management sector than in peer-group ASEAN nations, such as Thailand.

The panel noted that Indonesia’s poor current accounting situation, the weak Rupiah, as well as fiscal deficits, are holding back the market, as the regulators seem more intent on introducing taxes on financial instruments than boosting liberalisation.

Nevertheless, the local fund industry has grown apace in the past few years, especially in the area of Sharia funds being able to invest offshore. Opening the market for greater flexibility amongst the conventional funds to invest offshore and to allow more flexibility for the local players to partner with foreign managers will be positive and very welcome steps, but those are not yet on the horizon.

Technology can help better serve existing customers and also reach out to new customers, which is particularly tricky in a country as vast as Indonesia, spanning across thousands of islands and thousands of miles north to south, and east to west.

The final word was to look at private banking and wealth management as a profession, not just as a job. “We are in a profession where we are helping people manage their wealth, looking after their financial health and longevity,” he said. “I have learned that from many years in this industry, including a seminal stint in Geneva, and it has stood me in very good stead.” ■

