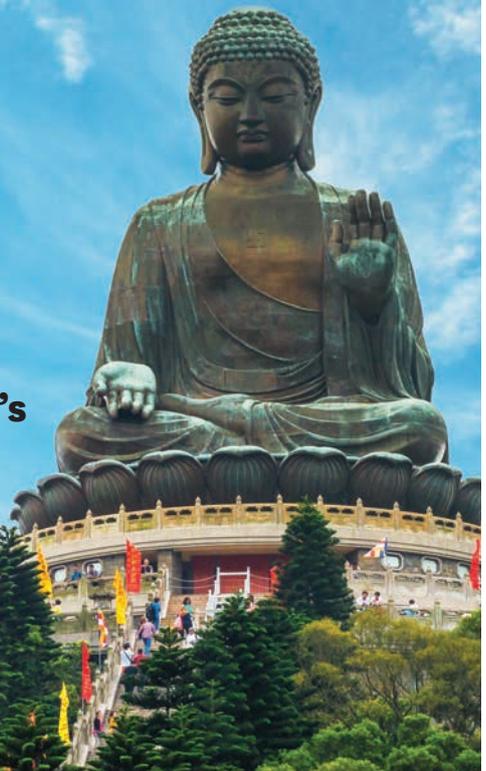


Cavalli on Private Banking in Asia: Vast Opportunity Beyond Profound Challenges

Still only 46, and already with 23 years of work experience in Asia, Credit Suisse's Benjamin Cavalli clearly retains his passion for private banking, founded on his deep engagement with the bank's wealthy and ultra-HNW clients, and his avowed commitment to the bank's ethos and team. Cavalli became the Head of Private Banking for South Asia at Credit Suisse in August 2018. In addition, Cavalli is also the bank's Singapore CEO since January 2017. He met with Hubbis to outline his vision of the bank's role in what he envisages as the private banking landscape of tomorrow in Asia.



CAVALLI BEGINS BY COMMENTING ON the industry-wide underestimation of the impact of generational change in the region. “Over the next decade,” he observes, “first and even second-generation entrepreneurs in this region will transfer monumental volumes of businesses and wealth. Today, you might be the preferred banker, however, younger generations often have a very different view or different expectations of a private bank. Accordingly, one of our biggest challenges ahead is to stay relevant to both existing and next generation clients.”

To do so, Cavalli and his colleagues are energetically working to ensure that the bank creates and evolves an ecosystem to endure and prosper in this new wealth demographic. “We are investing a lot of resources in this mission,” he reports. “We have defined a clear strategy to embrace the younger generations, meaning those new or family-linked clients who might be in their 30s, 40s and even 50s, to ensure that they stay connected to us, or seek our advice, even though they might today have only limited touch points with Credit Suisse.”

Moving onshore

From his base in Singapore, Cavalli says it is essential for the bank to continuously develop its onshore proposition. “In Singapore, we have a long-established onshore presence that goes back to 1973. In addition, we have been constantly developing the onshore proposition in the region in light of the fast moving regulatory environment. For the South Asia business, we have onshore presence in India, Thailand and Australia, and we have initiated our build-out in the Philippines since

the beginning of last year when we opened our rep office there as our first stepping stone.”

These South East Asian businesses also complement our established onshore presence in Australia, where Cavalli notes that Credit Suisse has managed to create a profitable, unique and successful operation. “It has not all been plain sailing,” he remarks, “We have been a disruptor and have succeeded where others have not. We stuck to our strategy, made a long-term commitment to the market there, and the results now are proving highly worthwhile.”

Thailand: a successful onshore model

He explains that since 2016, Thailand, aside from India, has been one of the most important onshore priorities in South Asia, and one that represents a massive opportu-

nity for Credit Suisse. “We would really like to replicate our success in Thailand in other markets,” he reports, “but in practice, we need to be realistic and selective as different markets come with different regulatory requirements.”

Thailand, he explicates, has become a successful proposition where we can offer a comprehensive suite of products and solutions, only the booking and settlement of assets are conducted through Singapore.

Seizing onshore opportunities

Why is Cavalli so keen to develop the onshore franchises across the region? Being onshore and on-the-ground allow greater access to the wealth in-country, even from the base of a rep office, such as Credit Suisse has in Manila.

“It is all about access and connectivity,” Cavalli reports, “which is far more effective on-the-ground. Suddenly, we are building an instant avenue to these dynamic economies, across the broadest landscape of opportunity. It is hard work to expand the Credit Suisse identity and brand, it is a process, an education, but it is really producing long term rewards.”

People and places

The quest for scale in Thailand or other onshore markets requires people. “Talent is one vital element,

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for sure,” Cavalli notes, “but every country has its own set of challenges. In Thailand, it has been quite a journey. It took some time before we could offer a comprehensive product range we have today, for example, the product suite is now at a level optimised sufficiently to service the clients in the right way. This does not happen overnight, and the market must be gradually tested so that we can determine what the clients there want and what works, so we must continually adapt.”

Cavalli also recognises that private banking in the broadest sense requires a significant degree of evolution.

The wealth market model must evolve

“The client segments that we serve are looking for bespoke tailor-made value-added services,” he observes. “Technology will certainly be a significant enhancer and facilitator for us. It is already, but armed with our remarkably comprehensive Credit Suisse platform, we must focus on the individual with greater personalisation of service. We know that approximately 80% of private wealth is in the hands of first and second generation business owners and entrepreneurs in this region, so we must continue to truly serve both the private and business needs of these clients.”

Moving beyond traditional offerings

Cavalli says it is, therefore, both fundamental and critical for Credit Suisse to provide a service offering that goes well beyond private banking alone. “A bank such as Credit Suisse cannot just sit still and wait around for liquidity events,” he explains, “for example IPOs or merger and acquisitions, and then hope to administer those assets as a private bank. The vast majority of our clients’ wealth are not in bankable assets but in the businesses as they run both private and public businesses, so we must also be able to advise them on how to monetize their assets or help them to accelerate the growth of their businesses and make them even more successful.”

If the bank achieves this, and Cavalli believes it is doing so systematically, the wealth will flow to Credit Suisse. “That is one

Key Priorities

Clients, people and platform are Cavalli’s three main priorities for the foreseeable future. “First and foremost,” he reports, “we want to broaden and focus on the right client segment and accelerate the growth in some of the onshore markets that we have been developing, or that we will activate in the near future.”

As to people and talent, Cavalli wants Credit Suisse to remain the employer of choice in the industry. “We want to retain our top talent and concurrently help them to attract, recruit and groom new clients. We are also proud to be the leading advocates of internal mobility, so we want to emphasise over and over again that if anyone is in the Credit Suisse environment they have ample career opportunities, whether that is moving within the product line or the business line, whether moving from a client track to a leadership track, or even vice versa. Career goals and dreams can be fulfilled here, and we have proven to be flexible enough to accommodate changes over time, as well.”

On the platform side, Cavalli explains that Credit Suisse must continue to invest to be at the forefront of the crucial technological advancements, as he says the bank has indeed achieved thus far. “Our digital private banking platform has gained great traction,” he reports, “and we are continuously enhancing and expanding our digital platform, for example through the Canopy data aggregation and consolidated reporting offering. We are committed to helping our clients become better investors. We have also recently launched Credit Suisse Chat the first of its kind where our clients can communicate with our relationship managers via chat messaging in a secure and compliant way.”

of the reasons why the productivity of Credit Suisse relationship managers is, I estimate, as much as 20-30% ahead of industry peers,” Cavalli states.

An effective workforce

Cavalli points to the mathematics. “We have about 600 bankers in Asia today and around USD219 billion of AUM, so you can compute an average of more than USD360 million of AUM per banker.” And

success begets success, so Cavalli adds that in any given year around half of net new money comes from existing clients and referrals from those clients.

How, then is this achieved, sustainably? “It is the Credit Suisse integrated banking model underlying our Asia Pacific Division organization that makes the difference,” Cavalli maintains. “We see RMs that join us from traditional private banks, and,

at Credit Suisse, unsurprisingly, begin to produce revenues that are significantly more than what they could achieve before, it is simple as that.”

And it is not higher fees, he adds, it is the more all-inclusive toolbox, the more comprehensive offering, and the bank’s ethos. “Quite plainly,” he states, “we provide what we consider to be the most complete range of solutions, including bespoke financing or monetisation opportunities. Most traditional private banks do not offer services beyond private banking solutions.”

He adds that from a talent perspective, Credit Suisse is at therefore at an advantage, being able to offer a wider choice to clients and to the RMs and other client-facing bankers.

Comprehensive and relevant

“As a brand,” he elucidates, “we offer a far broader and more

comprehensive offering and range of solutions to clients so the talent we have and that we seek, in order to be a lot more effective.”

That, he adds, is why Credit Suisse is looking for people who can see the value in the bank’s wide range of opportunities. “They should be interested in more than just private banking,” he comments, “they need to have a particular sensibility and foresight to imagine and predict the next actions of their clients, the corporate possibilities, for example perhaps their clients’ next M&A opportunity. In short, they should be capable of playing a leading role and be the go-to person for their clients and therefore adding real value to the bank as well.”

More into less

Cavalli closes the discussion with some insights into the consolidation of client assets that he sees taking place. “Clients are increasingly tired of maintaining five or

six private banking accounts or relationships,” he reports. “It has become very tedious from a regulatory perspective, for documentation, as every bank is asking the same set of questions and today, rightfully more questions must be asked.”

This creates opportunity. “It is a game changer,” he notes. “After the 2008-9 global crisis, clients dispersed assets into numerous banks, but now the trend has definitely reversed. We strive to be one of those they choose, as the trend is more towards just a few banks per client, rather than five, six or more as in the past. Transparency, constantly evolving regulations including Common Reporting Standard and the tax amnesties that have taken place in many countries, have clearly been an accelerator of this trend.”

A vast pool of opportunity

And as Cavalli cites estimates that the top 20 private banks prob-





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ably manage less than 10% of the roughly USD 21.6 trillion of private bankable wealth in Asia, there is a world of opportunity. “It’s a

fragmented business to date. This is why we firmly believe in our strategy of going onshore wherever the opportunity permits,” he reports, “to mine down into this vast pool of opportunities, which is both snowballing and shifting within the generations, creating new dynamics.”

Moreover, he adds that many conglomerates and large publicly listed firms in Asia are family - controlled, which is dramatically different from the more mature, institutionally-controlled corporate scene in Europe and the US. There are therefore seismic shifts ahead in ownership, as families expand and evolve, and as Asia increasingly takes part in the global M&A game, either as buyers or sellers.

Keeping the passion alive

Cavalli concludes the discussion with the reassertion of his passion for the business. “This is far more than the old, traditional private banking of asset allocation, investment solutions and client portfolio reviews,” he reports. “Today, as the Entrepreneurs Bank in Asia, the whole essence of this business is driven by opportunity, by imagination and by exploiting the entire toolbox, whether it is related to our clients’ corporate or private affairs, financing, succession planning, business evolution and transfer, or whatever else we might help create with the client. We are creators on that journey with the clients, this is alive, dynamic and exciting.” ■



Getting Personal

Cavalli is Swiss but has lived half his life in Asia, moving 23 years ago to work in the region when he was just 23 years old. He was born and raised near Zurich in the town of Hombrechtikon and instead of university opted for an apprenticeship in Switzerland with Swiss Banking Corporation (bought over by UBS).

His apprenticeship and early career until 2001 was in investment banking, after which he moved to the private banking business, then moving to Singapore in 2001 from Hong Kong and Vietnam, where he had worked from 1996 onwards. "It was a real pioneer market," he recalls, "and I was posted there with the bank's intention to establish an office."

Then came the Asian financial crisis in 1997 and all bets for the Vietnam office were suddenly off. He moved to Hong Kong for three and a half years on the commodities and structured finance side, after which Swiss Banking Corp merged with UBS and the business he was with was subsequently acquired by Standard Chartered Bank where he had a short stint.

He then moved to Singapore with UBS to join the bank's private banking operations and worked there until 2009, before joining Credit Suisse, at first focusing on developing the bank's ultra high net worth business and then moving on to other key roles.

Married to a fellow Swiss, the family has two children aged eight and 10 years old. His hectic working life and young family demand much of his time, but he also finds a few hours here and there for tennis, or another form of exercise, or walking the family's Labrador dog.

Despite living for so long outside his home country, Cavalli remains utterly committed to Asia, having made his life in the region for almost a quarter of a century. He has seen first-hand the remarkable growth in the region, as economies and countries have grown in so many ways. To true Asia-watchers such as Cavalli who are committed to the region for the longer-term the region's dynamism is engaging, exciting and familiar.

"The Credit Suisse model is ideally suited to markets where corporate and family wealth are both expanding so dramatically," he concludes. "My biggest motivation remains my love of working with people, the clients and our team members, to see them succeed. We are in a highly complex, multifaceted business that offers so many unique opportunities, as every client and family situation is different, bespoke and unique. That makes it all very special indeed, as that is where we can add true value in our relationships. Ultimately, that is what keeps me so motivated."

