

Clarity counts for success in China

Being able to deliver on the desire of wealthy PRC clients for global portfolios and more holistic advice will keep a private bank out of the red and well in the black in terms of the bottom line, according to senior executives in Asian private banking.

After many years of making little – if any – profit from their China businesses, now seems to be a good time for foreign private banks to try to grow a franchise which targets PRC HNW clients. This is according to business leaders from international institutions, at a gathering in Singapore co-hosted by Thomson Reuters and Hubbis.

With the businesses of PRC clients now more mature than they generally were five to 10 years ago, coupled with their growing desire for more international diversification, the scope for foreign wealth managers to have more useful and tangible conversations with Chinese clients is finally realty.

These individuals are also more attuned to the concept of risk-adjusted returns.

As a result, many foreign financial institutions believe that trying to gain a footing with PRC HNW clients will help them build their private banking businesses for the future.

DIFFERENTIATED BY DIVERSITY

The range of products and services at foreign banks, along with their experience in deploying them, is what some senior executives believe sets global players apart from many of the Chinese banks which are looking beyond their borders.

their overseas businesses face some big challenges when it comes to execution. For example, they have relatively limited investment platforms, and no substantial lending capabilities offshore. As a result, they are unable to cater to the preferences and style of investing for China's ultra-wealthy. This is a problem

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Further, there is still a perception that the image, reputation, technology and expertise of an international institution is more appealing as a wealth management proposition. While domestic Chinese institutions might on the surface seem to be an obvious avenue to collect the savings that PRC individuals hold outside mainland China,

for clients who, once their assets are in Hong Kong or Singapore, for example, want to access the rest of the world.

Doing banking in Singapore rather than Hong Kong is also more appealing in some cases for PRC clients, given the proximity and political position of Hong Kong vis-à-vis mainland China. ■