Client and compliance at core of wealth management in Asia

Providing the right type and level of service according to clientele and geography is a vital element of wealth management in Asia, whatever label is applied to a particular institution.

"Within wealth management we are talking about money management, wealth transfers and also banking services ... as well as wealth structuring."

DENNIS KHOO
UOB

The concept of private banking is alive and well in Asia, but is increasingly taking on a wider 'wealth management' feel as customer needs and regulatory reqirements expand.

According to Hans-Peter Borgh, chief commercial officer, Private Banking, Asia & Middle East at ABN AMRO Private Banking, the term 'private banking' retains its core meaning as a channel for providing tailored services to an individual needs.

"We deal with individuals and want to meet their needs and hopefully exceed them, but the prestige of private banking isn't the major driver of branding," he says. "If there was a common understanding it would be convenient, but in reality it is for each bank to create its own value proposition."

Andrew Hendry, managing director, Asia at M&G Investments, points out that the history of the phrase 'private bank' was originally related to the ownership of a financial institution, rather than the clients it served. "Wealth management should be the lingua franca for us today," he adds.

Dennis Khoo, head of personal financial services for Singapore at UOB, says wealth management encompasses a range of services tailored to HNW and UHNW individuals. "With wealth management we are really talking about money management, wealth transfers and banking services, as we do provide these, as well as wealth structuring."

And David Stone, director, structuring and product development, Asia at Amicorp Group, notes that his company continues to do a substantial amount

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ABN AMRO Private Banking

cannot just restrict ourselves to private banking," he adds.

New generations of wealth are not concerned with labels, says Hendry, which means that there is room for every type of wealth manager to thrive via expanded service offerings, including digital.

"There are innovative smaller or rejuvenated private banks where the service proposition, including digital, can be for a younger generation of wealth."

of work with private banks, stressing the need to tailor services by geography.

"The meaning of wealth management is different depending on the market," he says. "In Singapore, which is a young financial centre, we are surrounded by emerging markets, so we inevitably have an international focus."

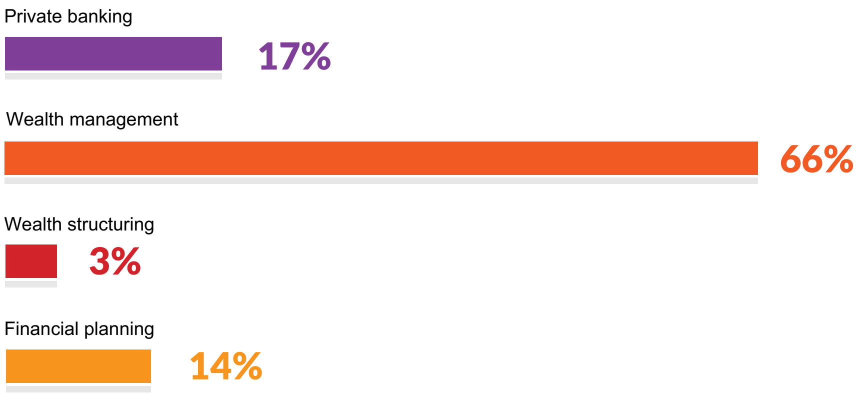
This means Amicorp has to deal with issues such as exchange controls, wealth structuring and even statutory reporting on behalf of clients, so needed to have a broad offering, he adds.

BREADTH AND DEPTH

Prabhat Ojha, senior investment director, and director, private clients, Asia at Cambridge Associates, refers to wealth management as the "mothership" through which providers needed to offer a broader spread of functions and services than just those typical to private banking.

Sen Sui, chief executive of the Singapore branch at Credit Agricole Private Banking, agrees. "Client demands will become increasingly sophisticated. We will need to provide more services and

WHICH OF THE FOLLOWING TERMS IS MOST RELEVANT TODAY WHEN YOU THINK ABOUT THIS INDUSTRY?



Source: Hubbis - Asian Wealth Management Forum 2015, Singapore

"We already have a very big compliance team and will have to add more staff. They are already not in short demand."

ENG HUAT KONG
EFG Bank

"And there are multi-family offices that have given them a more rounded service. I don't think the customer cares as much [about the name]."

More automisation is seen to be of particular importance given the increasing regulatory burden on advisers, particularly with the advent of common reporting standards (CRS), notes Stone.

"Our clients will have to file tax information with local authorities and this will need to be shared. More than 80 countries have signed up to CRS and the only way to [deal with this] is technology," he says. "It is going to make a huge difference to the way wealth managers are going to have to operate."

Abhra Roy, head of the 'Finacle' wealth management solution at Infosys, agrees. "The industry is going to become more transparent and the banks will be obliged to file sufficient reports. Regulators will have more access whether it is CRS or something else."

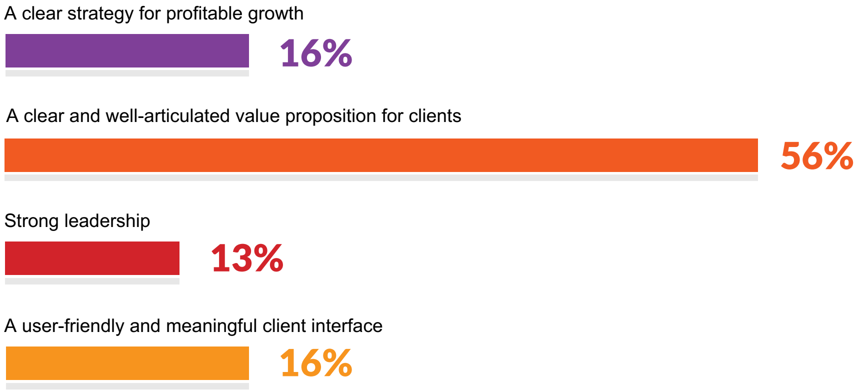
In this environment, it was vital to see which parts of the banking process could be automated, but getting the right people was equally as important, notes Eng Huat Kong, chief executive officer for Singapore and South-east Asia at EFG Bank. "We already have a very big compliance team and are going to have to add more staff. They are alreay not in short demand."

Indeed, in a Hubbis sentiment poll at its flagship Singapore event in May, the audience was asked what they expected to be the biggest drag on bottom line in 2015. The cost of compliance was the overwhelming winner, with 81% of the vote.

"Wealth management is the mothership trough which providers need to offer more functions and services."

PRABHAT OJHA
Cambridge Associates

FOR MOST WM FIRMS – WHICH OF THE FOLLOWING IS LACKING THE MOST?



Source: Hubbis - Asian Wealth Management Forum 2015, Singapore

"Wealth management should be the lingua franca for us today."

ANDREW HENDRY
M&G Investments

> **“We should focus on people on process and how to train staff, and have the right systems in place to capture client information”**
>
> **SEN SUI**
> Credit Agricole Private Banking

Practitioners see regulation as a “moving target”, making it difficult for institutions to keep up, with some even scrapping projects when realising new regulations make them unworkable.

Indeed, according to Hendry, establishing a strong compliance system can be a competitive advantage for some private banks, as it might enable them to provide services others could not. “Our private banking clients tell us their counsel is saying one thing and ask what ours is saying,” he explains. “There are grey areas and clients can get upset if they find they can’t do something with us but can with another bank.”

DIFFERENTIATION

According to another Hubbis sentiment poll at the event, more than half the audience believed institutions will need to develop a clear and well-articulated value proposition for their clients in this new environment.

“We cannot be doing everything for all clients,” says Borgh. “We need them to understand what we can add and if we are not clear we could get in trouble.”

Sui also agrees, saying institutions could make a difference to clients by understanding their needs, and helping them to understand concepts such as risk-reward. “We should focus on people on process and how to train staff, and have the right systems in place to capture client information,” he adds.

It is perhaps no surprise to find organisations struggling to carve a niche for themselves in a market hugely proliferated by what some observers call a “supermarket” of wealth management products and services.

In response, the more forward-thinking organisations are looking to shift their focus towards superior personalisation and flexibility. “Organisations are beginning to realise that every customer has the potential to carve a niche in a market which was once unexplored,” explains Andrew Quake, general manager of Aspire Lifestyles in Malaysia and Singapore.

But the industry cannot ignore the challenges that clients face in getting the advice they need, plus it must be able to respond to these requirements in a way that also is in line with the various regulatory frameworks.

Lawyers, accountants and financial advissrs all have a part to play as a team, but different positions from which to do so, says Philippe Legrand of London & Capital Asia. “This takes a certain amount of time and investment by organisations to get their infrastructure and offering right.”

This is likely to lead to further specialisation within the industry because organisations cannot be good at everything, he adds.

For boutiques like multi-family offices, Legrand says clients are increasingly aware they are more than just a traditional wealth management platform. ■

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