

Creating a more meaningful wealth management market in Vietnam

In a country moving quickly towards a market-based economy with rising per capita income and per capita GDP – accessing the young and growing population of 95 million-plus offers huge potential for banks, insurers, asset managers and other financial firms looking to offer wealth management products and services.

While the current size of Vietnam's wealth management market is meagre, its growth potential suggests that the opportunity could be significant for those institutions which position themselves correctly, and sooner rather than later. Traditional transaction products for the mass-market client segment – such as credit cards, personal loans mortgages – are easier to sell and make money from, with insurance also a priority since it tends to give banks a commission of between 5% and 6%. Further, the mind-set of Vietnamese is still very short-term oriented.

By comparison, therefore, wealth management is difficult, costly and time-consuming. Not many local banks yet have a clear affluent or HNW strategy. A lack of education, knowledge and regulation to sufficiently stimulate capital markets activity also hampers the development of the core infrastructure required.

As a result, any meaningful wealth management industry is several years away – plus is dependent on the regulator, in collaboration with industry players, first being able to plug the education gap, for both individual investors as well as people who manage wealth.

More investment choices are also needed, along with better understanding of client risk profiling, to determine a suitable mix of assets.

Yet there is growing recognition in all parts of the market about the real and growing need for wealth management – based on increasing wealth and numbers of affluent and HNW in Vietnam. And some banks are making moves in the right direction.

These were among the main views of the 200 speakers and industry practitioners who came together at

Delegate, speaker and sponsor summary

- 25 speakers.
- 200 CEOs, senior management and business heads across investments, technology, strategy and sales – from local and universal Retail Banks, Securities Firms, IFAs, Insurance Companies, Local Asset Managers, and other players interested in developing wealth management in Vietnam.
- Sponsors: Dragon Capital, VinaCapital, Manulife Asset Management, SSI Asset Management, Henley & Partners, Sun Life Financial, Global Precious Metals, Asia Plantation Capital, Equiom Group, Labuan IBFC, Liferay, BVI House Asia, Bordier, Alpadis, Mercer, Rosemont, and State Street.

Mark your diary

- 2018 event in Ho Chi Minh - Thursday 13th September



Hubbis' 2nd annual event for the wealth management and financial services community in Vietnam.

KEY EVENT TAKE-AWAYS

- Local banks and fund management firms are likely to be more successful than any other type of organisation in taking advantage of the development of wealth management in Vietnam over the next 10 years, according to a poll of delegates.
- The biggest need that the majority of wealthy Vietnamese have, is children's education, believe 32% of poll respondents. This is followed by succession planning (18%), retirement (14%), protection (14%), savings (11%) and citizenship / residency (11%).
- Regulation is the fastest way to drive wealth management forward in Vietnam, according to 44% of poll respondents. Investor education is also key (28), followed by more product choice (17%) and training people to be wealth managers (11%).
- This is pertinent, given that just over two-thirds of poll respondents think that people working within wealth management in Vietnam do not conduct themselves in an ethical way.
- When focusing on asset management in Vietnam, the majority of poll respondents (58%) say that investor education is the biggest issue holding back the industry at the moment. The other key requirements, believe delegates, are deepening the capital markets, greater transparency, harsher punishments for wrongdoing, and more talent.
- The priority for Vietnam's regulators to develop the capital markets should be to allow a wider range of products, believe 37% of poll respondents.
- Ease of access for foreign investors (26%), industry collaboration with the regulator (16%), less regulatory control over market players (11%), and enabling greater digital progress (11%), are other areas where action is needed in terms of developing the capital markets, according to delegates.
- There is some optimism, however – although there are only 16 mutual funds today in the local market in Vietnam, 64% of poll respondents predict that this will grow to nearer to 100 funds in 10 years' time.

