

DBS Bank's four key factors for wealth leadership

For Tan Su Shan, the route to wealth management success in today's world is based on delivering a combination of what she has termed "the four d's" – digitalisation, data, democratisation and domesticity.

The ever-complex and competitive world of wealth management demands a multi-pronged strategy that cuts to the heart of what the landscape – and clients' needs – will look a decade or more from now.

For Tan Su Shan, this comes down to four key dimensions: digitalisation, data, democratisation and domesticity.

As a result, her focus as group head of consumer banking and wealth management at DBS Bank, is on balancing the many initiatives underway to ensure her business is progressing – evenly and consistently – on all fronts.

Ultimately, this is how the bank can meet its overriding objective of creating stickiness by embedding itself in the everyday lives of its customers.

"We want our customers to feel we know them and what they need," explains Tan. "We also need to ensure

everything we do is contextual, to make it relevant to each customer.

THINKING LIKE A MILLENNIAL

Her approach is rooted in the DBS digital wealth journey, which has been well-documented since it began in 2011.

This isn't simply a project – it is a business. And it has been inspired by the 'Googles' of the world in terms of striving to create a truly lasting relationship through a client experience that breeds relevance, timeliness and simplicity.

It is all about making banking joyful, as Tan describes it.

In short, DBS has essentially thrown away a lot of the legacy infrastructure and systems to pursue its digital transformation agenda by re-engineering the bank.

This shows how it thinks in relation to the future of wealth management – that



TAN SU SHAN
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the biggest threat is likely to come from internet players like Alibaba, Tencent, Google and Facebook.

Indeed, as financial institutions grapple to win customer mindshare to stay in business, Tan is acutely aware of the need to win the digital game.

The fintech philosophy and commitment of hundreds of millions of Singapore to digital banking is clear evidence of this.

As are the best practices that DBS adopts from consumer industries, including usability testing, human-centred design and 'Uber-like' ratings to solicit constant feedback from its clients.

An important evolution of the offering came in February 2017 when the bank launched via a mobile app its latest enhancements in the form of DBS iWealth to all clients – including DBS Treasures, DBS Treasures Private Client, DBS Private Bank.

This empowers customers with quick and intuitive access to services, product information and research.

Plus, they can personalise their profiles and customise links to tailor insights and analysis according to their preferences and holdings. Equity trading and funds investment have also been incorporated into the platform.

Highlighting the culture of collaboration that the bank tries to drive, Tan says that the new DBS iWealth mobile app was tested with over 3,000 clients before rolling it out. Today, more than 70% of DBS' wealth clients are already online and mobile banking users with the bank and are actively managing their wealth on these digital channels.

DYNAMIC IN DATA

The effective use of data is also central to wealth management success today.

Although DBS acknowledges that it might have been a little early to market in its collaboration with IBM via Watson, it has done nothing to dampen the bank's views on the potential for bringing artificial intelligence (AI) to wealth management.

Indeed, walking the digital talk requires a certain amount of experimentation with AI.

This can then lead to a better understanding for senior management of the

fintechs and AI more widely – and in turn, linked to making advice pretty much free for customers.

With more and more such tools now commonplace, individual advisers and institutions must be able to stand up to the performance and quality of advice of competitors.

To make this a stark reality, clients who have advisers at three different banks can now use AI to compare the performance of each of them.

“The increased amount of transparency, scrutiny and accountability is a good thing for customers.”

economic models around transformation to digital. “By leveraging Big Data, biometrics and intuitive design, we are focused on delivering relevant advice in a timely manner,” says Tan.

Plus, it has focused on ensuring that its relationship managers (RMs) buy-in to the blended, multi-channel approach, to raise the likely chances of success.

For example, the wealth offering has learnt from the DBS retail business in this way, with RMs operating from iPads.

BRINGING WEALTH TO ALL

Democratising wealth management, as the third dimension of success in today's landscape, is closely connected to the rise of robo-advisers,

“The increased amount of transparency, scrutiny and accountability is a good thing for customers,” says Tan. “And people don't need to all be rich anymore to access global products and advice.”

Given the reduction in fees that is happening at the same time, advisers therefore need to work harder to keep their clients.

This shines the spotlight yet brighter on the importance of developing tools to make both offline and online relationships with customers stickier and more tangible in relation to the value-add.

“With so much research, information and so-called 'advice' now readily available, traditional wealth managers need

Real estate advantage

Real estate is one sector which plays to DBS' strengths.

This has been helped more recently by the stellar success of Singapore's REIT market.

"Many clients have made money in REITs with us," says Tan. "Either we have IPO'd them into REIT, or helped them to diversify concentrated assets into a globally diversified REIT portfolio, or given them access to other revenue-generating assets."

The Mapletree Investments deal in March 2017 to raise USD535 million for its Mapletree Global Student Accommodation Private Trust is a case in point – with this being the first trust in Singapore that focuses on this resilient and strong-yielding sector.

These include the Common Reporting Standard (CRS), tax amnesty programmes in countries like Indonesia, and schemes such as Bond Connect to link investment markets in Hong Kong and mainland China.

In turn, Tan says product innovation and new investment opportunities are following closely, especially in countries like Indonesia, in tandem with efforts to engage local regulators.

This has been an important factor in driving the DBS strategy in key local markets across Asia. For example, Tan says the bank is looking to bring its private banking offering to more countries via DBS Treasures Private Client; this is as an upgrade to existing Treasures customers who have over USD1 million-equivalent in AUM.

This will begin in Taiwan in November 2017, followed by Indonesia in February 2018, with both initiatives running alongside the ANZ integration. "This will help us to lift our game in onshore wealth management," adds Tan.

This is also vital as many locally-based entrepreneurs continue to grow their onshore wealth. "We need to offer a holistic, one-bank solution," she explains. "This is where our value-add is and will enable us to stay ahead of the curve and continue to innovate."

Doing this requires proper estate and succession planning solutions able to be delivered onshore, along with insurance products. Digital is an inevitable next step, as the bank has achieved in India with digibank, the country's first mobile-only bank. In Mainland China, meanwhile, DBS has plans to further engage and connect with its customers by leveraging the social media

Getting greener

Sustainability is a further key theme for DBS, adds Tan. Indeed, it was the first bank in the world to launch a listed social sustainability bond, in July 2017.

With IIX (Impact Investment Exchange), it closed the Women's Livelihood Bond, listed in Singapore.

This innovative USD8 million bond provides loans to social enterprises and microfinance institutions, positively impacting the livelihoods of more than 385,000 women in Cambodia, the Philippines and Vietnam.

It received over 60% of its investment capital from Asian investors, with the majority being HNW customers of DBS.

to morph and embrace digital tools as part of a new paradigm – or end up going the way of the dinosaurs," explains Tan.

TAPPING DOMESTIC FLOWS

Developing relationships in this way will also enable a bank to tap into a relatively new yet exciting phenomenon for wealth management in Asia – the growing volume of funds being repatriated, coupled with investments by offshore investors into local markets.

These two trends are the upshot of various regulatory, tax and investment initiatives aimed at fostering transparency and enabling governments to liberalise and develop their own capital markets.

platform WeChat to provide its services in the last quarter of 2017.

APPEALING TO ITS OWN KIND

Yet rather than simply focus on geographies to drive strategy, Tan is also pinpointing key industry segments and customer profiles with which the DBS offering has particular allure.

For instance, its digital bank reputation puts it in sync with Asia's new wealth.

"We have been onboarding a lot of individuals who are part of the new wave of wealth creators across the technology, data and digital sectors, who might be from any country around the world," she says. ■