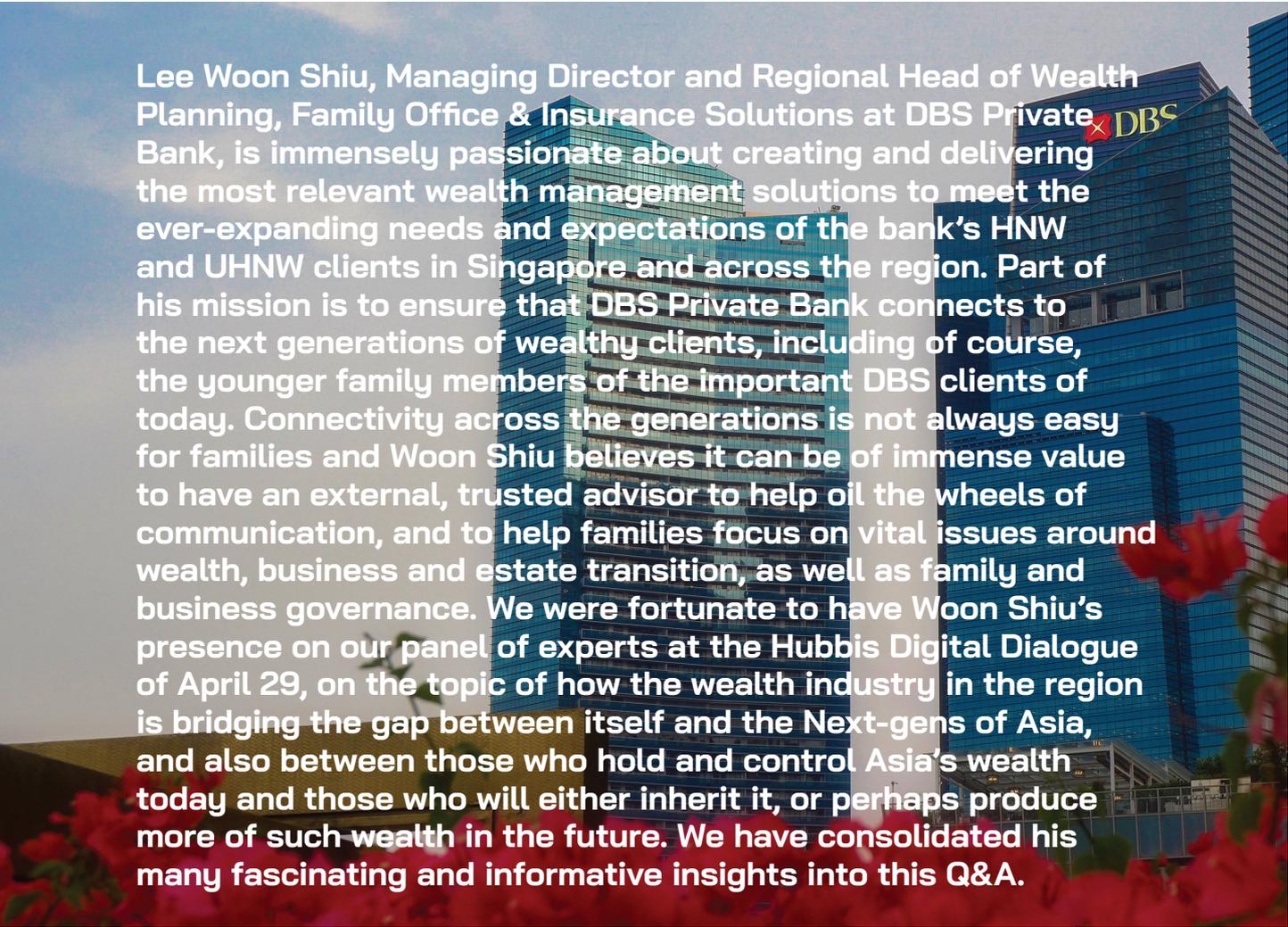


DBS Private Bank MD Lee Woon Shiu on Future-Proofing the Model for Asia's Next-gen Clients



Lee Woon Shiu, Managing Director and Regional Head of Wealth Planning, Family Office & Insurance Solutions at DBS Private Bank, is immensely passionate about creating and delivering the most relevant wealth management solutions to meet the ever-expanding needs and expectations of the bank's HNW and UHNW clients in Singapore and across the region. Part of his mission is to ensure that DBS Private Bank connects to the next generations of wealthy clients, including of course, the younger family members of the important DBS clients of today. Connectivity across the generations is not always easy for families and Woon Shiu believes it can be of immense value to have an external, trusted advisor to help oil the wheels of communication, and to help families focus on vital issues around wealth, business and estate transition, as well as family and business governance. We were fortunate to have Woon Shiu's presence on our panel of experts at the Hubbis Digital Dialogue of April 29, on the topic of how the wealth industry in the region is bridging the gap between itself and the Next-gens of Asia, and also between those who hold and control Asia's wealth today and those who will either inherit it, or perhaps produce more of such wealth in the future. We have consolidated his many fascinating and informative insights into this Q&A.

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LEE WOON SHIU
DBS

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What are the expectations of the next generation clients from DBS Private Bank, not just in terms of products and investment ideas, but in terms of a far more holistic approach to their wealth, their family situations, and their aspirations?

In my opinion, it's about the alignment of values. The Next-gens of today are very different from the past – they are more intent on forging their own path, and they're very keen to create an impact in the community and in the business world. Key values such as being innovative, being disruptive in a business sense, being able to adapt; these all are key attributes and aspirations which they hold true to their vision.

When they work with wealth managers, they also expect these managers to similarly execute and demonstrate these attributes, and they want to obtain maximum value in terms of these wealth managers' input for all these visions that they want to pursue. Accordingly, value alignment is thus key, based on what we're seeing from the second and other generations that we're working with today.

Who is generally promoting the business and estate succession and transition conversations within these families, and how does DBS Private Bank aim to play any form of role, and what is that role potentially?

The succession planning landscape has evolved tremendously.

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This willingness encompasses different levels. For instance, in the family office sphere, the discussion often starts with the older generation – we talk about the framework, how to relocate assets and re-domicile family members. After that basic acceptance has been made by the older generation, they will then draw in the younger generation to see if they will consider relocating to Singapore, to play the important role of being an investment professional in their family office space.

Consequently, I would say that these days, the engagement around these topics goes both ways. It is a more vibrant and transparent two-way flow. Based on my experience, the engagement tends to start first with the older generation; this then trickles down to the younger generation who will give their input and express their preferences, in a way that's much more open than the past.

In terms of deep-diving into the issues, we see the younger generation in Asia being more vocal in expressing their thoughts and requests to the older generation these days. Whereas in the past, they tended to be fairly docile. I think this boils down to the environment we're in today – it's more open and there are more transparent family dynamics, even in the UHNW segment. This allows the younger generations to step up and say to the older generation, "look, you don't have to accept them, but these are my views and I just want to share them." In short, the younger generation are definitely expressing more willingness to drive the conversation, and there's also more acceptance on the part of the older generation to participate in these conversations.

Specifically, regarding involvement in the family business and taking up commitments around issues of family succession, do you find the Next-gens receptive to such conversations and participation?

At least about 60% of the younger generation we speak with these days are indeed interested, and they make that known to the older generation, often asking for a seat at the table to discuss these matters.

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It tends to be that older bankers have looked after the older clients within Asia, but as Asia's vast private wealth gradually transitions to the younger generations, can these older RMs and advisors communicate well with the Next-gens, can the younger bankers in the industry connect to the patriarchs, matriarchs and over-60 type clients, or what solution do you propose or practice?

It is true that these are important issues to address. As we see it, if we rely on an individual banker to serve the needs of both the younger and older generations, that person will be hard-pressed to

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serve both ends of the spectrum equally well. This is why at DBS Private Bank, we believe in taking a team-based approach. This is vital as it ensures that the right team member is helming conversations with the right generation, which goes a long way in servicing clients well and effectively. For example, we have certain individuals who are well-versed in handling the older generation, and others who are better suited to engage and curate conversations with the younger generation. The result is that we hold deeply entrenched

relationships with both the younger and older generations. Even as wealth changes hands over time, we remain well-placed as the families' preferred and trusted advisor both now and in the future.

Where does life insurance fit into all this jigsaw of life, estate and wealth planning as pertaining to the Next-gens?

In one word, centrally. We've observed that the conventional idea of insurance (when you passively buy insurance and obtain coverage) does not appeal as much to the younger generation these days. Rather, they want to be more proactively engaged in what their life insurance policies are being invested in, as well as who will benefit from these policies.

For that reason, we do see insurance solutions such as Variable Universal Life (VUL) picking up amongst younger generations of wealthy clients – this refers to using a UL policy, where the underlying portfolio is managed by younger generation clients or fund managers. Another possible structure is the Private Placement Life Insurance (PPLI), where the family feels that if they want to go into fund structures, that could complement the overall goals they're trying to attain. Both VUL and PPLI offer the ability for clients

to steer and select the portfolio more accurately. Consequently, this means that the ways in which insurance solutions are being delivered must change. If the wealth manager can only offer very simplistic, plain vanilla types of insurance solutions, then they may risk losing the Next-gens' interest.

In short, we first spend considerable time focusing on properly understanding the Next-gens' needs and expectations, then catering exactly to what they're looking for. This allows us to deliver insurance solutions with a full range of relevant optionalities embedded within.

Can you put digitisation in context for the Next-gen clients, either those active or those you are seeking to engage with, and can you also comment on how important it is to them and therefore to DBS, which has earned a justifiable reputation as being at the leading edge of the digital banking revolution, including extensively across your private banking and broader wealth management offerings?

The ability to access powerful digital tools and conduct investments in real-time is most definitely something that the second generation and the Next-gens need and expect. Beyond executing investments, digitalisation can also value-add the entire spectrum of services from onboarding to portfolio allocation, idea generation using big data and analytics, and through

to reporting – all whilst offering clients a relevant, seamless and more pleasant user experience.

At DBS, we started on our digital transformation journey more than a decade ago, and staying ahead of the digital curve continues to be a key priority today. Last December, the bank launched the full-service DBS digital exchange (DDEX) in light of rising interest around digital assets, which enables institutional investors and accredited investors to tap into a fully integrated tokenisation, trading and custody ecosystem for these assets. More recently, DBS Private Bank has further built on this to introduce Asia's first bank-backed trust solution for cryptocurrencies. This covers cryptocurrencies hosted on DDEX, and enables our private banking clients to not only invest and custodise their assets via DDEX, but to also integrate these into their wealth succession plans.

In brief, digitalisation will play an increasingly important role in wealth management moving forward. Any wealth manager who's serious about capturing the attention of the younger generations and engaging them effectively should look at investing in state-of-the-art digital solutions encompassing robust user experiences.

Can you offer some tangible examples of where, as an organisation, DBS has been upgrading its ability to engage with the next generation?

In the past, if I wanted to engage a client, I would likely take the client out for dinner or invite them for a golf game. Things aren't the same





these days – firstly, Covid-19's emergence has placed limitations on this approach; secondly, this is no longer sufficient when trying to engage the second or next-gens.

We are therefore very focused on and invested in equipping our bankers with deep and updated knowledge about topics of importance to the Next-gen – such as ESG / impact investments and sustainability, for example – and curate activities based on these. Instead of a golf game, we are more likely to suggest bringing the second generation on a visit to a social enterprise supported by DBS Foundation, to explore how they can take part in mentorship opportunities with said social enterprise, or perhaps expose them to the range of activities which some 'B' corps are involved in across Asia. We've found that this sort of engagements can really dial up the narrative with the second and younger generations, far more than a simple golf game or dinner.

We have seen an increasing body of evidence from the global banks that they plan to significantly boost their wealth management capabilities and operations in this dynamic region, including hiring more and more RMs and advisors. What does this mean, and what can the industry do to scale itself up so that it can even make the most of the opportunity that we all believe in across this region?

Speaking for the industry as a whole, there are two key areas to scale up on. Firstly, in empowering

their teams, not just the front office but also in the back and mid-offices. Take client onboarding as an example – if your front office is tuned into the newest investment strategies but your back-office can't keep up, that'll still end up as a field exercise endeavour. It's thus essential to ensure that the entire chain of staff involved in onboarding clients are aligned, speaking the same language, and not simply going through their respective checklists.

At DBS, we therefore make it a priority to empower all staff, be they from the front, mid or back-office, to make sure they'll all be in the know of what's going on, be it about private equity, venture philanthropy, impact investing or cryptocurrencies. Using the same client onboarding example – once armed with such knowledge, they won't simply apply conventional ways to look at the relationship and the source of wealth when onboarding a client; rather, they'll be able to look laterally and apply more dynamic ways of doing so.

The second point lies in upskilling, and I have to stress again that this must be an ongoing exercise – not an easy endeavour, but an important one worth pursuing by everyone who wants to be serious about properly serving the Next-gens.

In short, I firmly believe that the industry should place more emphasis on training the bankers in the right skills – not just conventional investment analysis, but also in private equity, impact investments, ESG narratives, and how to assess all these other values of the corporations that clients invest in. This is crucial to engaging the Next-gens, who place great emphasis on these aspirations, concepts and ideas. ■