

Driving the Middle East Wealth Management Proposition Forward

A panel of eminent private bankers and asset managers assembled to cogitate on the state of the Middle East wealth management market. If there was one overriding conclusion from the experts, it was that the client must be first, last and everything in between. In a world both challenged and enhanced by technology, the wealth management market, at least in the Middle East, will likely remain driven by human skills and relationships, both through the good and the more difficult market conditions.

These were the topics discussed:

- *Enhancing the wealth management proposition - what are the key elements for success?*
- *Omnichannel, client-centricity and the human relationship - how do they merge for a better outcome?*
- *The search for the best talent, both through hiring and through internal development and training.*
- *Creating the optimal business culture and communicating your brand's USPs.*
- *How do you win and retain the trust of your clients in an increasingly competitive and digitised world?*

PANEL SPEAKERS

- **Sean Kelleher**, Chief Executive Officer, Mondial
- **Ashok Sardana**, Managing Director, Continental Group
- **Cedric Lizin**, Managing Director, Head Wealth Management, Dubai Branch, UBS
- **Bart Kendall**, Director of Wealth Management, Globaleye
- **Sai Narain**, Regional Head of Sales & Distribution, Head of International Markets, HSBC Bank



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THE KEY TAKEAWAYS

Omnichannel must be driven by client-centricity

The word "channel" is very organisationally focused, whereas private banks and wealth management must first focus on the client and then make clear decisions as to where they can tailor the services the firm offers. Even though the quest for enhanced client experience is paramount, those clients tend to prefer to hear about the modes of interaction, rather than jargon such as omnichannel. Firms must today try to offer the fullest range of methods of communication with a clear and dedicated client focus.

Middle East wealth market is now more mature

The Middle East private wealth market has evolved in sophistication in the past decade. A recent survey conducted of 1300 wealth client by one of the panellists firms highlighted the need for accurate, timely reporting, detailed account summaries and having a designated adviser. The delivery is then a matter of tailoring to the client's preferences.

Robo-advisory is largely for the retail market

Non-stop, 24-hour robo-advisory and top-flight platform will likely grow rapidly for low-premium, high-volume clients, while ultra-HNWIs will continue to prefer the personal relationship with RMs and the banks and advisory firms.

Talent will remain in high demand

Identifying and hiring the best talent in a tight market where many quality RMs are reluctant to change ships will remain tough. A combination approach of internal development and external hires is the best approach.

Clients tend to be conservative

The panel indicated that Middle East clients tend to stick with their brand name banks and specialist wealth management firms and tend to value relationship management more than a thrust toward product sales and transactions. Many local clients tend to want to build gradually rather than seek short term gains.

Trust is everything

The panel was asked to define how they build trust amongst their clientele. The answer proved that there is no simple formula, but the advice was for the RMs to demonstrate a passion for their work, to show they have the clients best interests at heart and to remain in close contact with them, being proactive in bearing both bad and good news. In that way, clients tend to stick with their advisers in downturns and stay with them for the upturns.





THE DISCUSSION BEGAN WITH a global banking panellist shedding some light on his view of omnichannel, how it impacts his business and how clients are both demanding it and reacting to it.

“First, I would say that the word ‘channel’ is very organisationally focused, whereas firms these days are moving away from that to be more client-centric. From our perspective, there are three categories of the omni experience.”

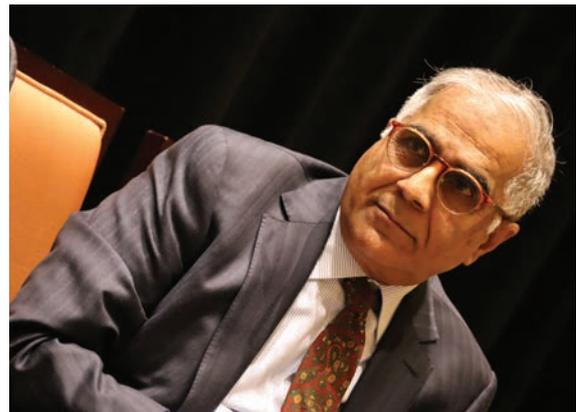
Do not be prescriptive, listen and decide

The first focuses on the client and then makes a decision as to where they fit in the services we offer, from RM interface to priority banking services. “The traditional myth,” he explained, “is that any client above a particular value requires an RM, but in truth, it is the sophistication of the clients that is more important.”

As to the second category, he explained that he prefers modes of interactions to channel, which the client struggles to understand. A client understands the mode of interaction and he commented that the bank needs to make sure that it clearly follows whichever mode of interaction the client prefers, whether remote or face-to-face or anything in-between.

KYC is not just about paperwork

“The third category,” he expounded, “is to fully understand the client needs, what they expect. Are they younger, heading to retirement,



ASHOK SARDANA
Continental Group



SEAN KELLEHER
Mondial

international or global, or an expatriate with specific needs, it is vital to know your client and position the firm appropriately.”

Avail yourself of every channel

The Chair turned to a banker whose institution handles more than USD2 trillion in private wealth assets globally. “The essential requirement is that all channels are available to our clients,” he remarked. “And then you focus intently on how you deliver and the client interaction, especially with the RM if the client is of a certain wealth.”

Three core attributes

The Chair turned to the representative of an independent firm who observed that in the past decade the appreciation of wealth management in the Middle East had increased markedly, along with their financial sophistication. “We conducted a survey of around 1300 clients, and they declared the top three factors in determining who managed their money as reporting, account summary and having a designated adviser. Then it becomes about how we can simplify and apply advice, perhaps using hybrid technologies online, aggregated platforms



SAI NARAIN
HSBC Bank

WHAT BUSINESS DO YOU REPRESENT?

Asset Manager



Platform provider



Retail/Wealth distributor



Private bank



Source: Middle East in Asian Wealth Management Forum 2019

and so forth. At the core is making sure we have the client’s best interest at heart.”

He expanded on his comments, adding that robo-advisory will grow rapidly for low-premium high-volume activities. “For the ultra-HNWIs, there will be less technology, as they generally do not like to post their information online, they also do not have the time, they don’t even generally want to speak on the phone. So, we need both the 24/7 access to amazing platforms, and you have an asset or wealth manager providing advice-led propositions, it will be the combination of the two.”

Keeping pace with change

The leader of another independent firm explained that his approach is omni-channel. “We were the first to bring account aggregation to this region, and we took a lot of clients on because with their 24/7 account aggregation facility.” The real challenge, he added, is to now keep up with the pace of change of

those different channels, as technology accelerates innovation and as client demands evolve.

A panellist interjected citing the Israeli writer and historian Yuval Harari, who in his works looks ahead with some dramatic conclusions to the future world. “The rich are getting richer,” the panellist commented, “the poor on a relative scale are going down, so, for example, we hear that the top 26 people in the world own more wealth than 50% of the world population.”

With biotechnology and artificial intelligence, he added, those who are so well off will be a different class, living almost forever and then there will be a mass of humanity others who will face a massive scarcity of jobs and will now know what to do with their lives. “This sort of book forces us to think anew,” he concluded.

Talent: build or buy?

The discussion turned back to more practical matters with a focus on the need for talent in

WHAT IS MOST IMPORTANT TO YOUR CLIENTS?

Brand name



Quality of and access to RM



Digital offering



High return, high risk products



Planning-led long term goals



Source: Middle East in Asian Wealth Management Forum 2019

the wealth management industry, how then to upskill them, then how to retain them.

“We always seek to hire the most senior bankers from direct competitors, but there are not so many of those in the market, and not everybody wants to take the risk to change, and then there are the client expectations. Accordingly, we have to find new sources of bankers, for example with our existing team of senior bankers in place we have people who can coach and groom people and we can also hire from local banks, then train and also supplement their skills with our in-house expertise.”

Clients tend to be conservative

Another banker reported that even their senior RMs leave, for any number of reasons, such as an internal switch to other countries and markets, sometimes because they have underperformed. “However, we are generally lucky in that we are fairly ‘sticky’ when it comes to retention of good quality team members,” he added. “We have the scale and the products and services that fully allow them to leverage their talents and client relationships. We find if some do leave, the clients do not tend to follow them, so that helps us. We are also team based so we do not focus so much on individual team members, but on what the team can achieve.”

Another panellist agreed, saying that he did not expect the pendulum to swing so utterly towards



CEDRIC LIZIN
UBS

“We build or we hire based on our client interaction model of holistic financial planning”

digital in this industry. “That is not how people want to do their banking,” he opined, “no matter how sophisticated it becomes. For us as a major bank, we know we must get our people strategy right. We build or we hire, based on our client interaction model of holistic financial planning,

WHAT IS MOST IMPORTANT FOR YOUR FRONTLINE TALENT FOCUS?

Groom from inside



8%

Hire senior talent from outside



8%

Constantly groom/upskill talent



84%

Source: Middle East in Asian Wealth Management Forum 2019

more driven by relationship management than product sales or transactions.”

Align your mindset to the clients

He added that his bank’s clientele tends to be loyal, long-term, vintage clients who want to build gradually rather than seek short term gains. “This means our teams, our RMs, need to be aligned to that mindset. “

And the crucial third consideration is what he called the bank’s ‘frontline’ scorecard and incentive framework. “We have a strong bias for build versus hire,” he explained. “We do hire when the fit is right, but we have a lot of organic talent which comes up the ranks and we find that more productive. Moreover, people to understand what values they need to imbibe in themselves and to interact with clients and the organisational principles, values and brand needs to reflect in the client relationship.”

The discussion closed with the Chair asking for the one idea that wins the trust of clients today

“I cannot define one idea,” replied a panellist, “but will say that we only have trust and as long as the client knows that you are passionate about what you do and that you are looking after his interests, then he looks straight at you. And that is why I am concerned about technology because my clients have always stayed with me, they trust in what we advise them .”

Another view came from an expert who stated that regular contact with the clients is vital. “Proactive communication with the clients and



BART KENDALL
Globaleye

regular reviews of their assets, the advice offered, and so forth. It is all down to that essential face-to-face interaction with the client and the professional giving good advice on a consistent basis.”

Show up in the downturn, stay for the upturn...

Another added that communication of the right investment strategies, for the short- and longer-term is vital. “You need a strategy and you need to communicate that to the client, they need to see the rationale behind that, and then the relationship will remain strong. What we do find is in a downturn some advisers may be avoiding seeing those clients on a regular basis, they don’t want to discuss weak performance, but it is better to front up and talk it through. That way the client will tend to trust you a lot more for the upturn.” ■

