

Education crucial to boosting Thai wealth market

Education of clients and advisers remains at the heart of realising the promise of wealth management in the country. There is good reason for optimism, although there is a long way to go compared with markets such as Singapore and Hong Kong.

There's no denying the immense growth potential of Thailand's wealth and asset management markets.

After emerging relatively strong from the 2008 global financial crisis, the right drivers seem to be in place – a growing base of affluent and HNW individuals, an increasing focus on overseas markets, the emergence of new players and a slow but gradual sophistication in product offerings.

To bring a lot of this together, however, there is a pressing need to develop more capable and experienced talent.

Without this, adapting to evolving product trends as well as changing client needs, will prove a challenge for the wealth management industry in Thailand.

This fits with the underlying consensus among business leaders in the domestic market – that a rapid improvement

in the skills of service providers, and especially client advisers, is needed.

Plus, the industry also needs to undertake a concerted effort to improve client awareness about financial products and solutions.

TIME TO MATURE

Demand for wealth management services is growing at a healthy clip in Thailand, with some estimates putting growth levels in the mid-teens, percentage-wise.

But despite a few global players introducing best practices to the domestic market over the years, the industry still needs to focus on some key areas

The starting point is a larger pool of trained advisers who can understand capital markets, investment products and solutions on the one hand, as well as how to identify the needs of ever-wealthier Thais on the other.

Local university graduates are not yet the answer, as many lack basic financial knowledge. So internal training assumes even more importance.

For some banks, the solution has been to hire former investment industry professionals, such as ex-fund managers and fixed income traders.

With the right type of skills training, the theory goes that they can be deployed as wealth managers.

It is also becoming clearer within the Thai market that capacity-building efforts are needed not just on the investment and distribution sides of the business; greater expertise is in demand in terms of technology.

With fintech poised to become a bigger disruptive force across the global and regional distribution landscape, understanding the implications of fintech and using it to improve the quality of con-

versations with clients, will become crucial for industry participants.

BURDEN OF RESPONSIBILITY

Inevitably, it should be the wealth and asset management industries themselves which drive relevant and necessary training programmes in the name of the long-term, structural development of the market.

For instance, trade associations need to spend more time on existing initiatives like creating educational materials aimed at helping end-investors.

Typically, although HNW clients have a certain amount of awareness of the risks associated with different investments, the mass affluent segment lacks any meaningful understanding of and concepts such as asset allocation and diversification.

From the perspective of wealth managers, meanwhile, they need to differentiate between selling and provide real advice.

Senior executives are adamant that educating investors without trying to sell at the same time will reap long-term benefits.

The signs are promising, according to some leading market practitioners.

A lot of the young people joining the industry in Thailand are not looking any more to simply make a quick buck.

By viewing wealth and asset management as offering more specific career paths, the likelihood is that individuals with promise should remain for the long term. That is – if the industry can turn the rhetoric of education into action in

terms of the required knowledge and skills-sets.

REDUCING INVESTOR FOLLY

One common behavioural theme in Thailand which is the focus for many market practitioners is to limit irrational investment decision-making.

For example, when markets are going up, there is a tendency among investors to ignore advice to be cautious from their investment managers. Similarly, when markets are weak, the same investors become too pessimistic and don't realise that falling prices could be a good opportunity to buy.

This is where efforts to foster a better understanding of the markets play an important role in bringing the Thai market to the next level.

To achieve this, industry players are also looking at the potential to make increasing use of smartphones and tablets, for example, as well as social media, to spread such awareness and education, and in a user-friendly way.

This can be bolstered by more technical messaging on areas like the importance of diversification and adopting a portfolio approach. The right type of client-adviser interactions – which are also consistent and positioned as being in

the clients' best interests – are key if the wealth and asset management industries are to overcome past instances of mis-selling accusations.

POSITIVE FOREIGN INFLUENCE

Senior executives in Thailand are also realistic that they cannot do everything themselves.

In the drive to bulk up the capabilities within the wealth and asset management industries, therefore, foreign investment managers and wealth managers can play a pivotal role in bringing in global best practices along with international-standard compli-

ance and risk management systems. When they collaborate with local firms, they can then encourage the transfer of these skills and knowledge to the local entities.

It's a win-win situation; this upgrades the quality of the Thai market from one standpoint, and improves the business prospects for foreign firms in the local market at the other end of the spectrum.

Further, when it comes to selling mutual funds, the collaboration benefits local entities in giving them a better understanding of global markets and practices via their foreign partners. ■

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