

EFG Bank's North Asia CEO on Evolving the Offering but Staying True to Core Values

Kees Stoute, CEO for North Asia at EFG Bank in Hong Kong, was one of our expert panellists at our Wealth Management Leaders in Asia Hubbis Digital Dialogue event of June 17. Kees will forgive us for calling him a veteran banker, but his long expertise in private banking and within the region are key reasons why he has been a regular and a stalwart in our events and our pages for many years already, offering his invaluable insights into the direction and evolution of the wealth management proposition in the region. Kees is also the author of a book he wrote in 2015 titled 'Help, I'm Rich', and that book, and our many interviews with him since, highlight both his keen wit and his deep empathy with Asian culture garnered over some 25 years in the region. He believes that by adopting a value-added mindset to truly engage with wealthy clients in the region, EFG, armed with its upgraded platform rolled out in recent years, will continue to enjoy a rosy future. We have summarised his latest observations from the June 17 event in this review, which give plenty of insights into the wealth market itself, EFG's strategy and positioning, and to the man himself.

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KEES STOUTE
EFG Bank

EFG International, which is today one of the largest Swiss private banks, has undergone a truly transformative journey since its founding in 1995. A major transaction was announced back in 2016 when EFG started the acquisition of one of the oldest private banks in Switzerland, BSI, for nearly CHF1 billion.

Buoyed by that deal, which has now been fully absorbed into the group, EFG has a growing international footprint with a presence in around 40 locations worldwide. Expansion in the Asia Pacific region has been driven both organically and by acquisition, the latest and most notable of which the 2019 deal to buy control of Australian wealth management firm Shaw and Partners. And meanwhile, the bank continues to build its private banking expertise and reach from its Singapore and Hong Kong banking headquarters for the region.

A sizable player and broad-based proposition

With assets under management (AUM) of approximately CHF170 billion, EFG International is one

of the top ten Swiss private banks and also listed on the SIX Swiss Exchange. EFG's wealth management offering today encompasses investment solutions (discretionary mandates and advisory mandates), wealth solutions (from corporate finance or succession planning to retirement provision) and financing solutions (including a range of financing facilities to construct investment portfolios).

an ambitious growth trajectory globally and particularly in the Asia Pacific region, exemplified by its strategic acquisitions, such as Shaw and Partners.

Building on EFG's strong base in the region, which has been established over the last two decades, EFG is keen to leverage its strengthened platform and its distinctive value proposition to further strengthen its market

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EFG's group-wide Investment Solutions platform handles all asset management activities and provides global guidance and coordination on advisory and product management, and EFG offers a globally diversified trading and execution business serving sophisticated private and institutional clients as well as many external asset management firms, a key focus area of the bank.

Asia Pacific: central to EFG's future

EFG continues to develop its strategy 2022, with Asia Pacific core to its vision. As part of the 2022 strategic plan, which it announced in March 2019, the bank is on

position in the Asia Pacific region, supported by its entrepreneurial approach, and its high-quality talent pool of experienced Client Relationship Officers (CROs).

Opportunities and challenges

Kees told delegates at the June 17 virtual event that the current environment remains replete with both opportunities and challenges. “Investors have understandable concerns still over possible rising inflation, high equity market valuations, some credit concerns, the ongoing impact of the virus, and so forth, all of which might lead to them adjusting their portfolios and perhaps



deleveraging,” he observed. “This is where at EFG we work hard to clients feel comfortable, which of course is not always easy in the markets like this, and it will certainly be easier when we can again travel and meet them in person, which will continue to be the more effective approach for our business.”

He reported that despite the calamities of early 2020 onwards, private wealth from his viewpoint had continued to grow significantly, especially within Asia. “And despite the negativity about Hong Kong, I would cite a recent report from

need to act fast and decisively, or you will miss the boat.”

Embracing the FinTech revolution, he observed, is a must because of the remarkable array of digital solutions available, and he noted that automation can indeed eliminate many of the manual tasks and replace them with what should be 100% foolproof processing and also checks.

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Boston Consulting Group, in which they predict by 2023, Hong Kong will be the biggest offshore booking centre in the world. In short, the opportunities in this part of the world remain significant, and if the pandemic can be brought under control, the outlook is very exciting.”

Staying ahead of the game...

As to market trends, he remarked on several key themes playing out. One is ESG, which had been covered by another panellist, and, of course, ongoing digitisation. “These are threats as well as opportunities,” he remarked, “as failure to really grasp these properly could mean major road bumps for your business, even to the point of existential threats, because you

expect banks to embrace FinTech. Again, it is a great opportunity, but failing to grasp this is also a major risk.”

Add value and attract the right clients

This led him on to the concept of adding value and EFG’s USP. “It is vital to be highly self-critical when working out where one can truly add value as an institution,” he said. “If you can only add value by reducing the price of your services, then you are diminishing yourself by commoditising your offering. If you have some major digital platform to support that, then possibly that is ok, but the boutique banks like EFG don’t have that type of platform, so we need to operate with clients that value

what we offer and where we can work with them carefully through areas such as asset allocation, where we can connect to their next generations, and so forth.”

He extrapolated that this means the bank sees itself almost in a ‘missionary’ type role of communicating complex concepts and theories and highly professional advice to clients in order to elevate the proposition and the outcomes for those clients.

Delivering expertise where it is needed and appreciated

“Many clients think they can do all this themselves, but in reality, they need experts who can help them reduce risk and take a more diversified and balanced approach to opportunity and risk,” he said. “As professionals, we have the role of explaining our added value as institutions and as an industry, but in that, we actually fail too often. However, if we achieve that, we can be less concerned about competition, as we will be attracting and retaining the types of clients who really value what we offer.”

This also led him naturally to comment on EFG’s drive towards expanding its DPM mandates amongst clients. “We have been making good progress and focusing far more than in the past on communicating our DPM proposition, and that seems to be working out pretty well,” he reported.

Taking the best from Switzerland and Europe to Asia

“And on digitisation, we are bringing into Asia some of the successful implementations we have achieved in Switzerland, such as facilitating digitised onboarding, E-signatures, and other innovations to make the interaction between the bank and our clients much easier. Moreover, we have been boosting digital engagement with clients on a host of key topics, for example, emerging investment themes like disruptive healthcare, ESG, US infrastructure, and other interesting ideas, expanding the range of thematic ideas and delivering remotely via the CROs and webinars and other tools, while being careful not to overload

clients with information, webinars and so forth.”

A changing world, yes, but also one in which core values endure.

His final comment is that whatever the course of the pandemic, people in the industry, indeed worldwide, had become very used to remote connectivity. And talking to a screen is now embedded into our way of business and life. “Our CROs have become used to a whole new way of engaging with clients, but for our industry in the future, we also need, and actually hope for, more personal engagement with our clients to return, as I had mentioned earlier on in this discussion.”

He concluded that the world had really changed, and this will indeed have a lasting impact on how we all conduct business in the future, but also that there will hopefully also be some of the core elements of the wealth business that will one day return, although it will perhaps then be a more balanced approach between personal and remote communication. ■

