

EFG Bank's Richard Straus on the Value of Client Engagement and the Values of 'Real' Communication

EFG International, which is today one of the top ten Swiss private banks, has undergone a truly transformative journey since its creation in 1995. A major transaction was announced back in 2016 when EFG acquired BSI, one of the oldest banks in Switzerland for nearly CHF 1 billion. The BSI integration process was fully concluded at the end of 2017, and today 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, including the significant deal in 2019 to acquire a majority stake in Australian financial services provider Shaw and Partners. Meanwhile, the bank continues to build its private banking business and reach in Asia from its Singapore and Hong Kong hubs. The bank kept the momentum going during the pandemic and has demonstrated its operational and financial resilience. Hubbis had the pleasure of having Richard Straus, Senior MD and Head of Private Bank for EFG Bank Hong Kong as an expert panellist at a mid-April virtual discussion on client engagement and the drive to service private clients and build new business during these difficult times. We have summarised some of his valuable insights in this short Q&A report.

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RICHARD STRAUS
EFG

“It’s natural to ask, how do you balance those two, being a trusted advisor but also a salesperson? Anyone who has been through good sales training understands that effective selling is all about asking the client the right questions in order to find individual and needs-based solutions for the clients - the two go hand in hand really.”

In a remote environment, how do RMs and advisors go about tackling difficult conversations such as fees or boosting the AUM that a client brings to the bank?

“In my experience in this industry, I think this is one thing that a lot of client relationship officers find challenging. But I think it is the old adage - you won’t get what you don’t ask for. I think it never hurts to ask that question. We are quite well able to talk to a client about investment ideas and the like, but sometimes a very fundamental question is ‘if you’re happy with what we offer, as you just said you were, can I convince you to bring another USD 5 million of assets over to us?’ Obviously, you want to have some founded ideas and suggestions to support that.

With good ideas to further increase the client satisfaction, one should not be fearful of reaching out to expand the relationship. What do we need to do to expand the relationship? How can we work more closely together? These should just be standard questions.

It is therefore a question of judging the relationship and always keeping on the lookout for the opportunities. It also doesn’t hurt when a banker invites a team head or a business head, or even a senior product person along on a call, or a meeting, as sometimes it might be easier for that senior colleague to ask the clients these questions. Actually, many times in those types of meetings, the client will often express support of their banker, perhaps even sing the praises of the banker, and that can open the door to posing these questions about expanding the business relationship.”

How does the banker also gauge the right balance between seeking information about the client and their needs and expectations, and then offering advice, ideas, and products to suit those clients?

“I remember many years ago asking this question myself, because in those days I was at a very large US bank, and we were talking about this whole concept of being a trusted advisor, but we were also talking about, hey, there’s no shame in being a salesperson. It’s natural to ask, how do you balance those two, being a trusted advisor but also a salesperson? Anyone who has been through good sales training understands that effective selling is all about asking the client the right questions in order to find individual and needs-based solutions for the clients - the two go hand in hand really.

We have heard how the private bankers of today require different skills and approaches to the private bankers in the days of wining, dining and entertaining. What is your take on those comments?

“The private banker today needs to be a well-rounded professional. In terms of training and knowledge, bankers really need to understand products and markets within a strict risk and compliance framework. We at EFG in Hong Kong for example, have a daily morning meeting, where

we brief our teams on the current markets and product ideas. Clearly, we expect our bankers to be informed on developments, events and market trends.

about how to deliver. So, I would encourage everybody to keep a very open mind about utilising resources, attending training, and looking for opportunities to learn.”

their time horizons, and who will take calm, decisive and well-judged steps.

We also need to reassure clients that they are not totally relinquishing control of the portfolio. First of all, the client set the terms of how the DPM has to be managed, they attend the monthly or quarterly meetings, and they can request that we tweak the structure of the portfolio.

Moreover, the allocation to DPM doesn't have to be 100% of your account; it could be 75%, it could be 10%, and the client can handle the rest of the account as they see fit.”

“That then offers a good opportunity to remind them of the value of DPM, where they have someone investing for them based on their goals, their risk criteria, their time horizons, and who will take calm, decisive and well-judged steps.”

You also need excellent networking and teamwork skills to closely work with product and credit specialists, investment counsellors, wealth planners, portfolio managers and others to deliver comprehensive advice and relevant content to the client. Involving the experts and delivering the in-house knowhow in a coordinated manner is key to cater to individual client needs.

Private banks are all driving ahead to the DPM model, seeking a better balance of recurring revenues. How then might you propose bankers go about encouraging clients to shift some of the AUM to DPM mandates, for example?

“A lot of our clients are very busy and do not have the time to manage their portfolio properly. So, DPM might be an appealing solution, as you have someone who's looking at your overall portfolio and they do the day-to-day adjustments, the risk management and all of that.

Moreover, oftentimes clients will succumb to emotions and suffer from the whole investor psychology challenges; they might make a decision that maybe they should not have made, resulting in buying high and selling low. Some clients in retrospect come back and say ‘I shouldn't have done that, I should have waited, or I should have held on to the position’.

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Any final words of advice to bankers and advisors seeking better client engagement?

“The key thing every banker really needs to know is what sets their bank apart from the competitors. How do you explain to a client very quickly and in a concise way why your bank is different, and why the client should be banking with you? To achieve this effectively, you also need to understand the competition, and by this, I mean strengths and weaknesses, and that means doing your homework. So, when you meet the client, you know enough about them, you have the pitch about your bank, your institution, and you know who your competition is, and you then shine the light on precisely where those strengths of your bank are that will be relevant to the client in front of you, the skills and unique features of your bank or firm that might be attractive to that particular client. It is simple on one level, but to do this really well takes a lot of preparation and practice.” ■

And what about delivering that in a remote working environment, and what advice do you have?

“I'd say it's important to offer continued support and coaching on how to conduct a client meeting or a sales call, whether it is via video or in person. Having a coach is pretty normal for the world's top sportspeople, who always want to improve further - so why not use this approach in private banking too?

I think that all of us, no matter how long we have been doing what we've been doing, can always use feedback, constructive criticism, suggestions; it always helps to have somebody giving you honest feedback on how you are doing things and new ideas

Richard Straus – A Brief Introduction

Richard Straus is Senior Managing Director and Head of Private Banking for EFG Bank in Hong Kong. Before joining EFG, he was Managing Director and Group Head responsible for Bank Julius Baer's Greater China customer franchise. Originally from the United States, he has lived and worked in Asia for over 20 years. He moved from Citi Private Bank where he headed up the Asian Family Office and Institutions business to Bank Julius Baer. Prior to that, Richard was in charge of Citi's offshore and onshore private banking activities for Taiwan.

His three-decade banking career includes senior sales and product management roles as well as CFO and COO assignments in Hong Kong, Singapore, Japan, and the United States. Richard has a bachelor degree from Haverford College (PA, USA) and an MBA from Washington University (MO, USA). He has been a CFA charter holder since 1998. He is a member of the CFA Society New York, the CFA Society Hong Kong, the Hong Kong Private Wealth Management Association, and the Hong Kong Securities and Investment Institute.

Richard resides in Hong Kong with his wife. He has two adult children who live and work in the United States. He enjoys hiking, skiing, cooking and playing the guitar.

