

EFG Bank's Deputy CEO and Head of Private Banking Oliver Balmelli on Delivering Private Clients and EAMs a Best-in-Class Service



EFG Bank recently released news of very encouraging performance in 2020, announcing in late April that Assets under Management had grown by CHF11.2 billion to reach an all-time high of CHF 170.0 billion at the end of March 2021. The increase was driven by solid net new asset inflows, positive foreign exchange effects and favourable markets. The bank reports that the asset management business also continues to attract strong inflows from both private and institutional clients. Hubbis met recently with Oliver Balmelli, Deputy Chief Executive Officer and Head of EFG Private Banking Singapore at EFG Bank, to learn more of the progress in the Asia region and hear more of the rollout of the proposition to capture a growing share of the region's dynamic private wealth market. As he also heads up the bank's relationships with the independent wealth community in the region, he also explains just why the proposition is so compelling today and how the bank is keeping ahead of the pack to deliver the best solutions and services to the EAM community.

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In Brief

Some fine results, and strong performance

EFG Bank produced some excellent results for the year to March 31, with AUM up by more than CHF11 billion to CHF170 billion, with net revenues up substantially due to and with a robust balance sheet with total capital of almost 22%, sensibly reinforced by USD400 million of Additional Tier 1 Notes issued in January.

A broad-based proposition

EFG's wealth management comprises DPM and advisory investment solutions, estate, wealth and succession planning, and a wide range of financing solutions. The bank's global trading and execution business serves sophisticated private and institutional clients, and there is a particular focus on EAMs worldwide.

EAMs central to the Asia-wide offering

IAMs, EAMs and MFOs are core to the growth potential the bank sees in Asia, and EFG has been working hard to boost the offering in a wide variety of areas, from the agile managerial approach, the hiring of new dedicated talent, boosting digital solutions, enhancing the platform and improving remote onboard and other accessibility. The result has been plenty of new accounts since early 2020.

Key strengths offer the support for EAMs

The bank not only offers what it considers a best-in-class and agile offering to the EAMs but provides robust operational support and a strong balance, resulting in the type of reassurance the independent wealth sector requires. Risk management skills and conservatism further bolster the solidity.

Agility and the open-door approach

The bank prides itself on offering its EAM and wealthier clients open access to key decision-makers in the region, from the executive chairman downwards. This responsiveness and agility are at the heart of the EFG offering.

Adding more pieces to the board

EFG has launched a new and comprehensive multi-custody platform in late 2019, which has been well received and is soon to roll out its Smart KYC FinTech offering to significantly speed up EAM account opening, boost compliance and enhance the level of service. EFG also added its eBanking Pro solution, allowing EAMs to trade directly through the bank without first contacting the bank.

Tales of talent

Naturally, the bank has also been refining its talent pool across the region as well, adding where new opportunities beckon and bringing in new experts in their various fields. In the IAM/EAM arena, EFG's CROs [client relationship officers] in Asia have an average of 15 years of experience.

Missions possible

Digitisation, the boosting of relevance in terms of ideas and products, and the enhancement of the talent pool are all key priorities ahead.

New offices and new opportunities

In Singapore, EFG has doubled its office space recently, a decision that was taken before the pandemic hit, but still today one that the bank believes will offer the necessary room for expansion in the future.

Swiss private bank EFG began life in 1995 in Zurich, listed on the SIX Swiss Exchange in 2005, and some 26 years after its creation and following a series of major and more minor acquisitions has grown into a formidable force in Switzerland and across key markets around the globe. Today, the bank boasts a global footprint of around 40 locations worldwide.

EFG is, therefore, now one of the largest Swiss private banks with a fast-growing global presence. Strong profitability today is aligned with a strong balance sheet, with a total capital ratio of 21.6%, prudently bolstered by the placement of USD 400 million of Additional Tier 1 Notes in January this year.

“A sound balance sheet and rigorous focus on risk management mean that EFG is not only one of the best-capitalised Swiss private banks, but we also adhere strictly to our stated commitment to maintaining a low-risk profile and adopting a conservative approach.”

The key EFG offerings

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).

EFG’s group-wide Investment Solutions platform leads all asset management activities and provides global guidance and coordination on advisory and product management, while the global, diversified trading business serves sophisticated private and institu-

tional clients and the external asset managers who are so crucial to the EFG vision of the future.

Focusing on Asia’s EAMs

Balmelli opens the conversation by immediately zooming in on one of the bank’s key platforms for growth, namely its dedicated service to support the independent wealth community in the region. “This is central to our growth in Singapore and Hong Kong,” he reports, “and we have been hiring enthusiastically at senior levels and RMs to boost growth, as well as introducing a variety of initiatives to make our products, approach and service best-in-class.”

As with competitors across the industry, EFG had to adapt rapidly to remote working practices, and so too in its dealings with the growing ranks of IAM/EAM/MFO clients. Balmelli reports that the bank managed to open a surprising number of new accounts since the pandemic struck and significantly ramped up its remote onboarding capabilities and processes.

“With some 80% of the bank out here working from home, the advances we achieved have really helped both the private clients and the independent firms we work with,” he says. “As far as the EAMs are concerned, it has pretty much been operations as normal, but of course remotely, with more video



**OLIVER BALMELLI**

EFG Bank

conferencing and some physical meetings where possible. As we learned from the words of Charles Darwin, it is the capacity to adapt that secures survival more than sheer strength.”

Independence days

The IAM sector has for some years been very high up the list of five core priorities for the bank, as set out in CEO Giorgio Pradelli’s strategic vision back in 2018, Balmelli reports.

“As the head of our IAM business for the region,” he reports, “I can say that we have a really strong and growing team in Asia, with Singapore headed by Gino Ragazzini and with Kitty Chou heading this segment in Hong Kong since late 2019, when she came in from UBS along with a team of CROs. And of course, ours is a global offering, so we can leverage our expertise across many key markets worldwide. In Asia, our key team members have on average some 15 years of experience in working with or for EAMs, so as you might imagine, we offer a truly professional level of expertise and service.”

Getting Personal with Oliver Balmelli

Balmelli has a German mother and Swiss father, was born in Germany and grew up in the charming lakeside town of Lugano, in the Ticino region, then later moving to Lausanne in the French-speaking region of Switzerland.

He holds a degree in Political Science from the University of Lausanne Switzerland, an MBA from Cass Business School London and a specialisation in Investment Management from the London Business School and attended the Senior Executive Program from Columbia Business School New York. He is also a member of the Chartered Institute of Marketing and a member of the Royal Yachting Association.

Balmelli has more than two decades of experience as a senior banker and leader of high performing private banking teams. He has actually spent much of his career in Asia since the early days of learning his trade in both Switzerland and London.

He is soon to turn 50 and says he has benefitted from the reduced travel and the time working from home, which has allowed him to spend more time with his wife and their children, now aged 12 and eight, as well as improving his sports activities and exercising more. “I have become a big runner, a good thing to do as I approach the half century,” he reports. “Doing sports on a daily basis is great for all aspects of one’s life. I even managed to join in the virtual San Francisco marathon in December.”

He remarks that in more normal times, the family would be back in Switzerland each year for skiing at the family’s favourite resort of Sedrun, a small village in the east of Switzerland. But no such joy since their last ski trip earlier in 2019.

He does however, plan to fly with the family back to Switzerland for his 50th birthday on July 20, all going well. “We have the tickets, and my wife and I have our vaccinations, so we are good to go and have our fingers firmly crossed to be able to celebrate there with family and friends. Of course, it will be a much smaller celebration than I initially planned, but that will be the first time back home there for almost two years, and I have not seen my parents for almost two years, they really miss our children, of course.”

A global proposition

EFG’s offering for IAMs encompasses a dedicated team of advisors in major financial centres (Switzerland, Luxembourg,

Monaco, Miami, Singapore and Hong Kong), providing services for the overall management of IAM’s accounts. They are supported by the bank’s investment, credit,

financial planning and corporate finance specialists.

Amongst key element of the bank's EAM proposition, Balmelli reports that the strength of the EFG balance sheet and its liquidity ratios are key factors, as the EAMs need to offer their own private clients that level of superior security for custody, execution and ongoing operational excellence and robustness.

"A sound balance sheet and rigorous focus on risk management mean that EFG

comments. "Both myself, the CEO and Albert Chiu as Executive Chairman make ourselves easily reachable, and will respond rapidly to complex questions and requirements, we are ready to quickly offer realistic solutions, we offer best-in-class and carefully constructed open architecture for them, and we also have a dedicated team to service their needs at all times. Additionally, we offer our own research, and of course, EFG Asset Management is a multi-award winning offering that we also offer to the EAMs."

"The decision was taken pre-pandemic," he reports, "but it stands good today and will help us grow at the pace we are targeting. Aside from AUM growth, we also managed to triple net revenues since early 2020, with new accounts opened during that time now representing 10% of our AUM and with the significant cost savings that we have achieved."

is not only one of the best-capitalised Swiss private banks, but we also adhere strictly to our stated commitment to maintaining a low-risk profile and adopting a conservative approach," Balmelli comments.

Agility and the open-door approach

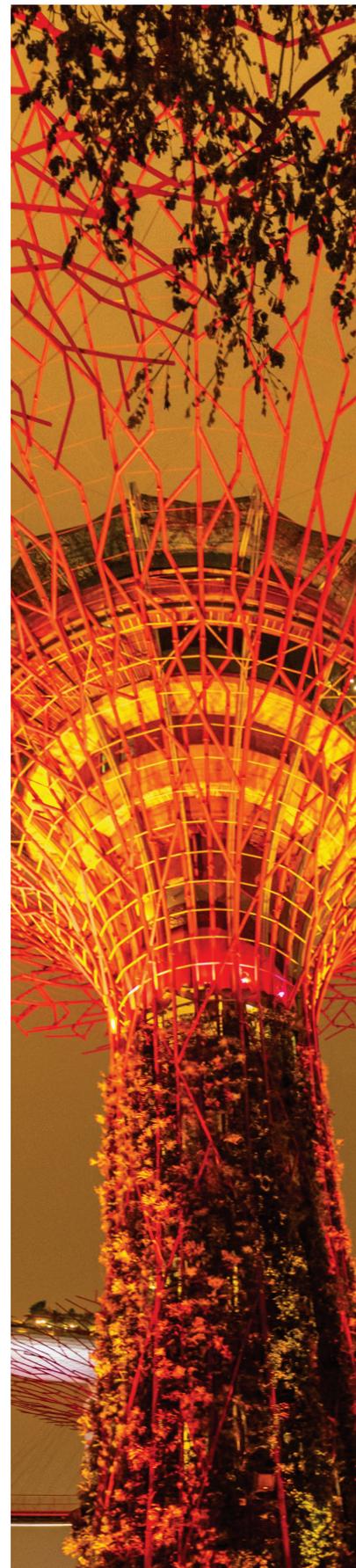
And despite being a substantial bank with more than CHF170 billion of AUM today, the bank adopts a highly agile approach, offering EAMs a non-hierarchical structure and open-door access to key decision-makers for all clients.

"This means we can really offer speed and clarity of decision making for these clients," Balmelli

Building the offering

EFG has for some years been putting other pieces of the global and Asia Pacific jigsaw in place to boost its EAM offering. In June 2019, the bank announced plans to enhance its offering for IAMs with a new comprehensive multi-custody platform. The platform, which launched in September that year, has been developed in partnership with AM-One AG, a subsidiary of Swiss FinTech Expersoft Systems AG, which is one of the leading providers of innovative software solutions for asset and wealth managers.

The comprehensive multi-custody platform includes functionalities ranging from client relationship



management to portfolio management and reporting, as well as compliance and risk management. As part of the offering, IAMs benefit from an automated custodian data feed from all EFG booking centres as well as access to the bank's extensive investment solutions service and product offering.

Plus Smart KYC

On top of the Expersoft offering, which he says had proved a great advantage, EFG Bank is also rolling out Smart KYC, which is a FinTech offering to significantly speed up EAM account opening for the EAMs. He explains that this is a tool used to assist in the account opening and also for compliance and forms part of the broader ongoing digitisation initiatives.

Balmelli also reports the group has implemented eBanking Pro, boosting that solution to include trades directly in the bank's system, an advance that will next come to Asia, and that will further improve efficiency and convenience for the EAMs, as they will be able to trade directly on behalf of their clients without contacting the bank.

A wide-angle vision of the region

Looking more broadly at the Asia-wide operations, Balmelli reports that more talent has arrived in recent years to build out certain key country-specific and other businesses. For example, the bank has boosted its Global South Asia and NRI team and its Indonesia CRO team, two key markets for the bank for the future.

Asia-wide and including Australia, EFG Bank now boasts AUM

Key Priorities

Balmelli reports the first mission centres on enhancing digitisation, both to improve internal efficiency and communication as well as to increase connectivity with clients.

The second core objective is to boost relevance, for example, by rolling out more offerings and ideas related to climate change, ESG, impact investing, thematic investing, and other initiatives across the world of public and private investments, including equity, fixed income and structured products.

By way of example, he reports that EFG launched its biggest ever managed certificate offering under the banner 'The Food Revolution'. He explains the certificates represent investments in a variety of underlying companies, all centred on food production and distribution, providing those companies operate in environmentally friendly ways. "That was a huge success," he notes.

in the region of CHF34 billion, having risen some 10% since late 2019. And the bank now has 48 CROs in Singapore.

"The process for us has been one of continual upgrading of our talent in recent years," he adds, "so by bringing on greater expertise and experience, we can achieve more without necessarily significantly boosting our numbers."

Scale and commitment combined

The bank's leaders believe EFG now has the scale, the reinforced position, enlarged market coverage, the necessary talent and improved platform and technology to further sustain its growth in Asia. Balmelli notes that the bank's entrepreneurial and highly professional culture is designed to encourage talented individuals to innovate and to build their book of business, leveraging both regional and global expertise within a dynamic, team-oriented

and highly client-centric business culture. "This stands us in great stead to realise the outstanding potential for the bank to further build on its already solid base in the region," he adds.

Balmelli closes the discussion by noting that EFG in Singapore has moved into new offices on Robinson Road, taking two floors of Robinson 79, a brand new building and thereby doubling its space. "The decision was taken pre-pandemic," he reports, "but it stands good today and will help us grow at the pace we are targeting. Aside from AUM growth, we also managed to triple net revenues since early 2020, with new accounts opened during that time now representing 10% of our AUM and with the significant cost savings that we have achieved. All in all, we are in a good place for future growth, and we are optimistic about the region's potential for many years ahead, especially once the virus can be tamed." ■