

EFG's Albert Chiu Casts a Strategic and Sanguine Eye on the APAC Wealth Management Market

Today one of the largest Swiss private banks, EFG International has undergone a truly transformative journey since its founding in 1995. Last marked by the acquisition of one of the oldest private banks in Switzerland, BSI, in 2016 for nearly CHF1 billion, EFG has a growing international footprint with a presence in around 40 locations worldwide. Hubbis in early September met with Albert Chiu, Head of EFG's Asia Pacific Region, who is responsible for the strategic direction of the bank in the region, including any business expansion and partnership opportunities.



ALBERT CHIU
EFG Bank

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How would you characterise EFG’s position and strategy for the Asia Pacific Region?

EFG has undergone a significant growth journey over the past years. As part of our bank’s 2022 strategic plan, we intend to maintain this positive momentum, leveraging both organic and in-organic growth opportunities, particularly in Asia Pacific. Accordingly, in order to further strengthen our footprint in this important target market, which we believe to offer substantial growth potential, EFG purchased a majority stake in the Australian financial services provider Shaw and Partners in April 2019, which we increased to 61% in the first half of 2020 and intend to increase further in the coming year. In addition, we continue to expand our reach in other target markets which we consider strategically relevant. Therefore, to further increase our market share in the buoyant NRI segment, we have also hired a new team in our Singapore location, dedicated specifically to this purpose.

All in all, despite some of the challenges facing the Asia Pacific region, including of course the Covid-19 crisis, we are confident that we are well positioned in this market to effectively maintain the positive momentum we have built over the past years and to capture new opportunities as they arise.

What do you see as EFG’s core differentiating factor?

As one of the top ten Swiss private banks, EFG has been founded on the idea of bringing an entrepreneurial mindset to private banking. At EFG, our Client Relationship Officers (CROs) are free to act as true partners to their clients – always putting the clients’ interests first and taking a hands-on and solution-oriented approach to finding the right solution for the clients’ individual needs.

This entrepreneurial thinking is also embodied in our distinctive business model, including the CRO model. We are one of the very few banks to not set any annual revenue targets for our CROs, which leaves them to truly focus on finding tailor-made solutions according to individual needs. In addition, we do not have any forced market segmentation, which means that clients can choose to stay with the same CRO throughout their entire lifecycle. Lastly, thanks to our open architecture platform, we offer a wide range of products and services and our clients can also benefit from our extensive in-house expertise and first-class research.

This unique combination resonates well with our clients and CROs alike, particularly here in Asia Pacific where we have a lot of first-generation entrepreneurs and growing wealth. In short, our business model and value proposition effectively address our clients’ needs. This is also reflected in our growth story. Since joining EFG 20 years ago, we have successfully built our Asia Pacific operations to now encompass approximately USD30 billion of Assets under Management with around 250 private bankers.

You have set out to nurture your relationships with the independent wealth management community in the region. Why is that, and how is it going?

As previously mentioned, we offer an open architecture platform with a comprehensive products and services offering. This is of course a very appealing proposition for independent wealth managers who stand to benefit from our sophisticated infrastructure. Accordingly, we have long since successfully offered this service in other regions and are now looking to also tap into this growing segment in the Asia Pacific region.

Do you offer only offshore private bank services, or do you also compete onshore, or do you plan to?

We compete very effectively both in the offshore and onshore private banking segment from our operations in Hong Kong and Singapore, which are fully licensed branches since 2002 and 2003, respectively. Each of these locations serve as a core hub for its region, namely North Asia for Hong Kong and South and Southeast Asia for Singapore.

As mentioned earlier, as part of our 2022 strategic plan, we are open to exploring organic and in-organic growth opportunities in the region. We believe there are several onshore markets in the Asia Pacific region, which offer significant growth potential, including for example China, Indonesia or Australia, which we are currently focusing on leveraging. In addition, we are

open to explore additional growth opportunities through either mergers or acquisitions as well as partnerships, where appropriate opportunities arise.

Furthermore, I believe that offshore banking also remains compelling for investment and diversification reasons, and the search for best investment in a fully compliant and highly efficient manner. And of course, there is an increasing focus regionally on estate, wealth and legacy planning,

In terms of investment suitability and risk disclosure, regulators globally are pushing for a balanced approach to the advice and the investment approach.

However, here again we need to consider regional differences. In Asia for example, especially south and southeast Asia and China are still emerging markets, with the exception of Singapore and Hong Kong. So, we are dealing with first-generation entrepreneurs, who tend to prefer to be in full control

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which is a vital part of the offering and one that also helps us connect to the different generations of our private clients.

Are you making the type of progress you would like in converting more of the revenues to recurring annual income?

This is of course a high priority for all private banks right now – globally but also particularly in Asia Pacific. Not only does this offer a steady and recurring stream of income but it is also partially driven by the evolving regulatory requirements.

over their finances and are more reluctant to give full discretion on their investments compared to for example second-generation or third-generation clients that are predominant in Europe or the US.

At EFG, we have continuously grown our discretionary and advisory mandate penetration, which now stands at 48%, and continue to focus on further improving this. And I should add that the advisory business is a steppingstone towards DPM, as the clients engage closely with us, and come to understand and appreciate our expertise.

There are trillions of dollars of wealth set to transition to younger generations in the decade ahead. How is EFG positioning itself to be an integral part of that process and to connect to the next generations of private clients in the region?

As mentioned earlier, we are experiencing an increased focus on wealth and legacy planning. As part of our comprehensive products and service offering, we also have a dedicated wealth planning team with extensive expertise in this area. With many of our clients being first-generation entrepreneurs, we are hence well equipped to support them in all matters concerning the passing on of wealth or succession planning. However, we also need to consider that the next generation of entrepreneurs and clients also have different needs and expectations of their private banking partner. In line with this, digitalisation and technological capabilities are becoming increasingly important. In anticipation of this, we are continuously our digital capabilities and proposition, for example with our new app for seamless, real-time mobile connectivity, execution, delivery and information.

Nevertheless, we also focus on upholding some of the key attributes associated with traditional Swiss private banking, namely discretion, privacy, consistency and a strong client focus. We want to achieve an effective balance between the use of technology to improve client experience while also maintaining a strong human connection to

EFG Continues to Develop its Strategy 2022, with Asia Pacific Core to its Vision

With Assets under Management of approximately CHF148 billion and a global footprint with 40 locations worldwide, EFG International is one of the top ten Swiss private banks and listed on the SIX Swiss Exchange. As part of its 2022 strategic plan, which it announced in March 2019, the bank is on an ambitious growth trajectory globally and particularly in the Asia Pacific region, which was last marked by the acquisition of a majority stake in the Australian financial services provider 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 distinctive value proposition to further strengthen its market position in the Asia Pacific region, supported by its entrepreneurial approach high-quality talent pool of experienced Client Relationship Officers.

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 a global diversified trading business serves sophisticated private and institutional clients and external asset managers."

support our clients with first-class investment ideas and advice.

You mentioned Australia and the Shaw & Partners acquisition of 2019 earlier in the conversation. Can you give us a brief update on how that is progressing?

Since we did that deal earlier in 2019, we have seen the business grow continuously and attract a lot of high-quality talent, backed by EFG's global pool of expertise and comprehensive products and services offering. Australia is one

of the wealthiest nations in the world and an important hub for offshore private banking in the Chinese market, as a preferred immigration destination for wealthy Asians. As an experienced player in this offshore market, we are continuing to develop this business further and will be building a dedicated service desk for this segment in Australia.

In addition, many of the Australian entrepreneurs are very international. They have business in London, Switzerland, Hong Kong and Singapore. With our global network, we can also

provide required world-wide services to them.

What are your key priorities for EFG in Asia Pacific?

We will continue to deliver on our 2022 strategic plan, which focuses on sustainable and long-term growth. In line with this, Asia Pacific has and continues to be an important strategic market for EFG, as one of the fastest growing wealth management markets globally – which we believe to continue in the future. There are many countries in the region, and there is great growth potential for EFG, whether it is China, Indonesia, Vietnam or a host of other countries. As previously mentioned, we will continue to focus on capturing growth opportunities – both organic and inorganic – and are hiring high-quality talent to help us deliver this vision and provide our clients with the best possible service, supported by our global network of Investment Solutions experts..

Finally, we have a Getting Personal section in our reports, please tell us more about your career and yourself.

I am Hong Kong Chinese, born and bred in the city. I have been with EFG for more than 20 years now and helped to build the bank's business here from the ground up. I feel incredibly lucky to have witnessed first-hand the incredible evolution of the economies and these markets in the past few decades, as well as the amazing growth of the private banking industry, including the incredible growth trajectory of EFG, evolving from a boutique Swiss private bank to one of the top ten Swiss private banks.

I'm the father of two boys, one 20, the other 16. I consider myself a devoted family man, and in my spare time I love sports. In fact, I am also a soccer fan and Manchester United supporter. An interesting fact is that I used to be a FIFA-accredited soccer referee

from 1990 to 2005, traveling the world on behalf of Hong Kong to referee matches. I still keep fit to this day, although I am careful about my slightly delicate knees these days, so I no longer run marathons, as I used to.

Another slightly unusual fact is that I am also a former British Army officer, having graduated from Sandhurst as a commissioned officer in 1989. I have incredibly fond memories of that and am proud of having achieved that honour.

We also believe in giving back to the community, as we are so lucky to have achieved what we have in life. Some 12 years ago, EFG started sponsoring home-grown athletes in Hong Kong, like a young golfer named Tiffany Chan, and she has since played for Hong Kong in the Olympics, and was also the first Hong Kong golfer to qualify for the Ladies Professional Golf Association US Open. We are also supporting two young tennis athletes. ■

