

EFG's Oliver Balmelli on Partnering for the Long-Term with the Expanding IAM Community in Asia

Oliver Balmelli, Deputy Chief Executive Officer and Head of Private Banking at EFG Bank Singapore, also heads up the bank's relationships with the independent asset managers (IAM) community in the region. Hubbis met with him recently to zoom in on this dynamic market and to learn why he thinks the EFG proposition is so competitive and why EFG is committing more resources to building this business in Asia, aiming to stay ahead of trends and deliver the best solutions and services to the IAM community.



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“The IAM community here in Asia are of increasing importance to EFG, and we have been working hard to boost the offering in a wide variety of areas, from our agile managerial and entrepreneurial approach to the hiring of new dedicated talent, boosting digital solutions, enhancing the platform and improving remote onboard and other accessibility,” he explains, on opening the conversation. “As a result, the IAM segment in Asia

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recorded a strong growth since early 2020 and is showing very encouraging results currently.”

EFG not only offers what it considers a best-in-class and dedicated offering to the IAMs but provides robust operational support and a strong balance sheet, resulting in the type of reassurance the independent wealth sector requires, underpinned by EFG’s strong risk and compliance framework.

IAMs: central to the worldwide and Asia-wide offering

“It was back in March 2019 that our Group CEO Giorgio Pradelli presented our 2022 strategic plan, which focuses on achieving sustainable and profitable growth,” Balmelli recalls, offering some historical perspective on EFG’s commitment to the

segment. “As part of this, EFG launched targeted business development initiatives, and the further development of the IAM segment is one of EFG’s strategic pillars, especially in Switzerland and the Asia Pacific region.”

He explains more about EFG’s progress in building a fully-fledged IAM business. “We really believe that the IAM sector in Asia is a key market for EFG in the future,” he reports. “Asia Pacific

is the fastest growing wealth management market for HNWI, and IAMs and multi-family offices are increasingly important. In Asia, the owners of the newer wealth tend to trust people more than institutions, and our target market of clients above USD5 million in liquid assets are open to work with the IAMs.”

Seeking the mid-market client

As to the exact segments EFG is focusing on in Asia, Balmelli explains EFG is focusing primarily on mid-sized players with assets of between 300 and 500 million Swiss francs. “We are also keen to work with new IAMs to help them set up so that we can grow our business together with a long-term partnership in mind,” he adds. “There is a real dynamism in this segment

in Asia, and we are seeing more and more such firms established. As to particular geographies, the target markets are Greater China and the ASEAN countries, where, for example, we see significant opportunities in Singapore, Hong Kong or countries such as Thailand, given the push towards global investment diversification.”

Trust is at the core of the proposition

He elaborates on this, noting that in Asia, the key quality of trust is one of the components so central for many successful business people when building their wealth. “Our view is that this is also the case for a segment of high net-worth individuals, particularly where wealth is newly created,” he says. “You have to understand the regional culture really well, speak the same language, and this makes a tremendous difference.”

And Balmelli adds that increasingly, clients who have more established wealth don’t like being ‘sold to’ “They are looking for a private bank or independent asset managers who they perceive, and feel are representing their best interests, be it via best relevant solutions or best execution,” he says. “Amongst the key attributes I would point to as very evident these days, is the need, in an age of increasing transparency, of practising rather than simply talking about open architecture and treating customer fairly. The successful institutions do exactly that.”

Entrepreneurial spirit

Mining down further into the EFG proposition, he reports that key characteristics include independence and entrepreneurship. “This is central to the DNA at EFG, and we work in partnership with



OLIVER BALMELLI
EFG

our IAMs to seek the best service and the most innovative solution for our clients,” he says. “Solutions are not constrained by our proprietary products; we leverage on the expertise of our investment solutions but also on our partnership with several highly qualified counterparties. We offer IAMs full in-house expertise and dedicated IAM tools, with CROs and investment advisors providing first class services.”

He offers more insight on this, explaining that EFG operates an ‘expert to expert’ support model with CROs responsible for the global relationship, supported by the investment advisors. “Around that we offer tailored support in specialised sectors like financial planning, investment solutions and credit consultancy, as well as with other experts in specific fields,” he says. “This means that we have dedicated resources who understand client and IAM needs.”

Dedicated support

He reports that EFG has dedicated investment counsellors for the IAM teams worldwide. EFG also partners with specialised providers, which

he says help clients to manage end to end process of conceptualising, structuring, and trading in a cost-efficient vehicle that can easily reflect their strategy or product niche.

“EFG prides itself on offering its IAM and wealthy clients open access to key decision-makers in the region, from the executive chairman downwards,” he adds. “This responsiveness and open-door approach are at the heart of the offering.”

Building the talent pool in APAC

As the head of EFG’s IAM business for the region, Balmelli is evidently proud of what he describes as the strong and growing team in Asia, with Singapore headed by Gino Ragazzini and with Kitty Chou heading this segment in Hong Kong since early 2020, when she joined EFG. “Through our global offering and network, we can draw on our expertise and leverage it across many key markets worldwide,” he comments. “In Asia, our key team members have on average 15 years of experience in working with or for IAMs, so as you might imagine, we offer a truly professional level of expertise and service. I myself have been dedicated to the IAM market since 1999, and it has been a rewarding and fascinating journey, both in Europe and out here in Asia.”

He adds that the team is also dedicated to really offering speed and clarity of decision making for their IAM clients. “Besides myself, key people such as our Singapore CEO Gea Hong Tho and Albert Chiu our Executive Chairman Asia Pacific make themselves easily reachable, and will respond rapidly to complex questions and

requirements,” he explains. “We are ready to quickly offer tailored solutions and cater to our clients’ individual needs. Additionally, we offer our own research, and EFG Asset Management has won multi-awards and it’s offering also being made available for IAMs.”

And dedicated technology

EFG is also investing in constantly upgrading its technology. In order to remain competitive and to comply with new regulations, IAMs need to make use of new technologies, especially in suitability, advisory process and administration, Balmelli comments.

He says EFG, both directly and through a series of partnerships, has developed a programme to simplify and speed up process and manage customer relationships more effectively. For example, there is a dedicated eBanking platform for IAMs.

Working in tandem with Expersoft

Balmelli also highlights EFG’s collaboration since 2019 with AM-One on a multi-custody platform for IAMs, “In mid-2019 we have enhanced our global offering for IAMs by expanding our services to include a comprehensive multi-custody platform, which we develop in partnership with AM-One AG, a subsidiary of Expersoft Systems AG,” he reports. “Client feedback on this platform is good, especially from the more sophisticated IAMs.”

He explains that the platform includes functionalities ranging from client relationship management to portfolio management and reporting, as well as compliance and risk



EFG – A Snapshot

EFG International is a global private banking group headquartered in Zurich. As a leading Swiss private bank, EFG International has a presence in major financial centres and growth markets. It operates in around 40 locations worldwide, with a network spanning Europe, Asia Pacific, the Americas and the Middle East. An entrepreneurial spirit has shaped EFG since it was established, enabling it to develop hands-on solutions and to build long-lasting client relationships.

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 institutional clients and the independent asset managers, delivering services and solutions to IAMs worldwide through dedicated EFG teams in all its key locations.

EFG's offering for IAMs today 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 EFG's investment, credit, financial planning and corporate finance specialists.

EFG has been growing its presence in the region, with the APAC operation at mid-2021 boasting AuM of CHF 34.5 billion, representing around 20% of EFG's worldwide AuM.

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

Freeing up IAM resources

"The key benefits are that IAM clients can then spend more time advising their clients instead of

being overloaded with administrative and operational tasks, he reports. They can leverage on automated IT solutions for their portfolio and client management, independent of the respective custodian bank. They can then provide what he says is a differentiating service to the clients with optionality such as tailor-made reporting, access to a client portal and so forth. At the same time

the IAMs are fully compliant with regulatory requirements, and can avail themselves of the best IT solutions for their company with the help of technology experts specialised in the IAM business.”

EFG: strategy and talent combined

As to the competitive environment in Asia and the success of the EFG drive in this space, Balmelli is encouraged. “Over the past three years roughly, we have seen some banks closing their IAM business, and others explicitly stating they do not engage with IAMs,” he reports. “For EFG the IAM segment is, instead, a strategic focus. For this reason, in addition to our top-quality platform and open architecture, we are investing both in terms of systems and teams

Robust capabilities and resilience

Amongst the other key elements of EFG’s IAM proposition, Balmelli reports that the strength of the EFG balance sheet and its liquidity ratios are key factors, as the IAMs need to offer their own private clients that level of superior security for custody, execution and ongoing operational excellence and robustness.

“A strong balance sheet and rigorous focus on risk management means 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,” he comments.

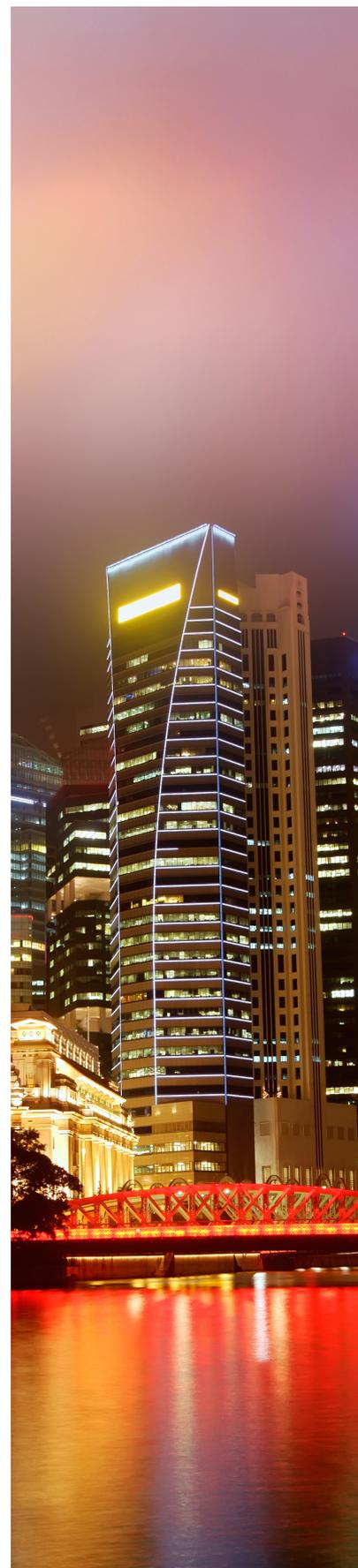
“For EFG the IAM segment is a strategic focus. For this reason, in addition to our top-quality platform and open architecture, we are investing both in terms of systems and teams because we feel that team approach is best when excellence of service level is demanded.”

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In Asia, he reports that EFG has hired a flagship team, led by Kitty Chou, to strengthen the Hong Kong IAM service with a particular focus on Greater China. “Kitty has brought with her a team of professionals who have worked together seamlessly for on average the past 10 years, thus having established trust and working rhythm,” he comments. “And our aim is to keep investing and growing in teams and technological developments.”

Balmelli was also an expert panellist at our fairly recent Hubbis Digital Dialogue event to discuss the future of the IAM market in Asia. During the discussion, he offered some latest updates on progress.

“I explained during the panel that as we reach the later stages of the four-year plan that we launched in early 2019, we are well on track, with the Expertsoft platform rolled out globally, resulting in much better reporting and digitalisation, improved consolidation between different institutions, and greater



efficiencies and transparency as well," he reports. "We see the IAM community as a partner, whereby if they are successful and we can service their needs, we all benefit, including of course their private clients."

Catering to a more discerning customer base

And he observes that in the past five to ten years in particular, IAMs in Asia have become much more sophisticated. "Before that, the IAMs were really mainly external portfolio managers but a combination of competition and regulation has driven the IAMs in a variety of directions, and they are certainly today more diversified and offer greater expertise."

He explains the IAMs are today offering more services than they

were in the past, now not only managing portfolios but offering also wealth solutions, offering creative solutions, and that gives them and EFG greater opportunity. "For example," he elucidates, "we might help IAMs with leverage for their clients, and with processes such as digital onboarding, and a variety of other products and solutions that we can offer so that they can enhance their offerings to their individual clients."

He also told delegates at the event how EFG had seen substantial growth in Singapore and Hong Kong's IAM business, including somewhat of a shift, with more and more new IAMs opening in Singapore as more family offices and more private wealth consolidating there to avail itself of the growing and highly sophisticated wealth management ecosystem

and the government's strong commitment to attracting UHNW wealth to its shores.

Long-term support

Balmelli concludes with the observation that as a private bank and working with IAM clients, it is all about longevity and trust. "We are, after all, centred on the relationship management, us with the IAMs and them with their HNW and UHNW clients. Our clients come to us because they trust us, and we have a fine reputation for service and quality. They also know we are here for them in the longer-term, we are not selling them products but establishing a long-term relationship with our clients based on trust and fairness. We are building these relationships and continuity as well as consistency are at the heart of our strategy." ■

