

New wealth management dawn beckons for Indonesia

Our 5th annual event for the wealth management community in Indonesia comes at a time of much excitement in the local market, especially in the wake of the new tax amnesty programme and lower bank deposit rates.

While it is difficult to predict what the real impact will be on Indonesia of tax reforms and greater investment incentives, consensus based on this and other regulatory initiatives is that this should be a good thing for the further development of the wealth and asset management industries locally.

Practitioners predict that many Indonesians will increasingly bring money back onshore – assuming the government lays more foundations for the future. There even seems to be evidence of some private bankers wanting to relocate to Jakarta in preparation for the expected growth.

This should, therefore, be the catalyst to now kick-start the country's wealth management sector.

At the same time, technology – especially via mobile, digital and social channels – can be increasingly harnessed, along with product innovation and education of both clients and advisers alike, hopefully helping to drive more awareness, growth and engagement.

This all presents a tangible opportunity to build a longer-lasting wealth management business.

In line with this, it should be more realistic that local banks can start to close the gap that has existed to date in terms of the quality of advisers, connectivity, processes and access to investments that are commonplace within universal banks.

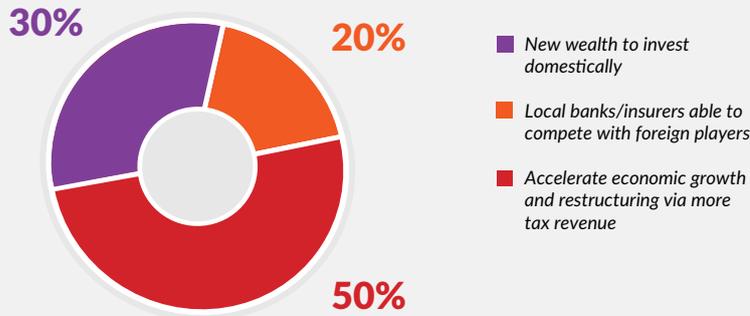
In particular, penetration levels at local banks of funds and insurance needs to significantly increase from the current, relatively low, levels.

Delegate, speaker and sponsor summary

- More than 40 speakers
- 260 senior individuals attended Delegates included CEOs, senior management, business heads across technology, risk and sales, product gatekeepers and investment specialists. They came from Universal and Local Retail Banks, International Private Banks, Insurance Companies, Local Asset Management Firms and IFAs.
- Sponsors: Zurich Topas Life, ERI, Henley & Partners, SingPost, Sun Life Financial, Vermillion, BlackRock, BVI House Asia, Global Precious Metals, Mercer, Morningstar, Rosemont, Swiss Life, Iyer Practice, and Thomson Reuters



IN WHICH OF THE FOLLOWING AREAS WILL THE TAX AMNESTY PROGRAMME HAVE THE BIGGEST IMPACT?



Source: Hubbis Indonesian Wealth Management Forum 2016

But a combination of economic growth, demographics and future financial needs is expected to result in growth in the number of people who will invest in mutual funds – to surpass the relatively small 370,000 or so currently. More specifically, Amnesty is going to drive a rebalancing of the available ‘investable’ funds in Indonesia.

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Yet while some of the opportunities are exciting for all participants, there is a hesitation to more broadly say that things are at a ‘tipping point’ just yet – mainly due to the lingering limitation from regulatory restrictions, talent, professional standards and relatively traditional business models.

The need of the hour is for the regulator to work more closely with the industry to shore up the fundamentals and increase capacity. This needs to start with expanding the size of the market, including more depth and diversity, greater liquidity and, in turn, a larger number of investors.

With this will come the responsibility to groom wealth managers – from university graduation programmes to accreditation at an industry and regulatory level (mimicking more advanced markets). Industry leaders also need to come together and champion wealth management across the spectrum of initiatives.

This won’t be enough on its own, however. Distribution channels across the product range must be enhanced, with a greater range of option for advice – especially independent firms. Digital initiatives via fintech partnerships are also vital in enabling firms to penetrate, at low cost, the interiors and further areas of a vast country.



Key topics and themes

- Indonesian wealth management - are we at the tipping point of dramatic growth?
- Where do insurance products fit into a client’s wealth management strategy?
- Residence and citizenship planning for Asian families - an overview
- The tax amnesty programme - you need to get moving fast
- Digitalisation of wealth management
- Establishing inbound family offices in Singapore
- Insurance - playing the long game
- Asset management - is it eventually going to grow?
- How can we take a longer-term view of wealth management in Indonesia?