

# Evolution of the independent wealth management sector in Singapore

*As President of the Association of Independent Asset Managers in Singapore and in his role as Managing Partner of Swiss-Asia Group, Steve Knabl has a unique perspective on the independent wealth management industry. He explained how the business and the AIAM are both growing apace.*

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**K**NABL ADDRESSED THE AUDIENCE at the Hubbis Independent Wealth Management Forum on November 16, 2017. Knabl's enthusiasm and passion for the business shone through, with those present benefitting from his wide angle view both as a business creator and as the central cog of the hub that receives and disseminates vital information and views relating to the wealth management industry in Singapore and Asia.

AIAM is the professional body for independent asset managers, which covers of course independent wealth managers and external wealth managers. AIAM covers firms that cater to ultra-high net worth individuals,



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to accredited or professional investors and high net worth individuals in general. But as independent firms all the AIAM members are servicing these clients outside of a bank or other major financial institution.

Swiss-Asia Group was one of the very first EAMs in Singapore, having been founded in 2004. The founder was leaving the asset management industry in a bank and decided to follow the Swiss model and bring it over to Asia.

Knabl gave several key insights into the state of the sector's development in Singapore, referring to roughly 200 companies registered in Singapore in the last 10 years as wealth managers or multi-family offices or asset managers or similar.

### Singapore's open-door policy

"Singapore is a receptive market," he explained, "the regulator is supportive of what we are doing, they listen to the industry players, we very frequently speak with them. As in other markets, there are new and innovative fund structures and our lives are being challenged and sometimes disrupted by technology. In the overall picture, we are all adapting to the changing needs of the high net worth clients."

Knabl noted that the number of billionaires in Asia is expected to double in the next 10 years. But on the downside, regulators are increasing compliance requirements, a costly burden especially for the independent firms.

### Growth and opportunity

Knabl highlighted the thriving nature of the IAM profession, with great efforts being made to educate the market, for example private banking clients, to explain to them what the independent model is. There is some consolidation in the sector as rising operational costs force some firms to re-evaluate their models and their futures. "But the reality is we are all here for the long term," he reported, "wealth is growing, our businesses are growing well. The value proposition of the independent model is full of practicalities for the client base."

Founded in 2011, Knabl reported that the AIAM has 35 ordinary members, all wealth management companies. He estimated that while the member list has been growing apace, this is not yet half of the industry in Singapore. Most members are CMS license holders with at least \$250 million of assets and many with far larger AUM of \$500 million and above. There are also 39 associate members in the association.

### Collaboration for evolution

AIAM works in a collaborative approach to help foster best practices and the regular exchange of information and views helps everyone stay at the forefront of the industry's evolution.

"We provide members with essential material to ensure compliance and to save cost on a daily basis, so members gain access to all

of that information, often saving them thousands and thousands of dollars in documentation, instead of going to lawyers and getting it or buying it from consultants. "

AIAM also lobbies the regulator, meeting with MAS twice a year to talk about their concerns and the development of the industry. "We have a very positive relationship with the MAS, with a positive two-way dialogue for the benefit of both sides."

### Compliance and audit assistance

As well as training events and networking gatherings, AIAM offers a centralised compliance support centre. "This is free, so members can call in our compliance support centre, which is a legal firm in Singapore, and they can ask any compliance and regulatory questions, receiving a response in writing from this compliance consultant, again without charge."

AIAM has also put in place a standardised internal audit framework that is several times cheaper than available elsewhere. This, he explained, is provided by two reputable, well-established firms.

Looking ahead, Knabl is confident that the AIAM will grow apace, with an expected 5-6 new members each year. "I always say 'together we are stronger' and certainly I feel together we can make Asia a vibrant place for the AIM and for our independent wealth management industry." ■

## Looking Ahead

- Growing number of Ordinary and Associate Members
- Ongoing education updates and compliance support
- Deeper industry engagement
- Greater member turnouts at events

