

# Evolving wealth management in Malaysia

*More advisory conversations are taking place in the domestic industry, although higher competency levels will help drive these, especially in areas such as wealth solutions, which present a big opportunity going forward, say senior practitioners at the 7th annual*

The continued expansion of the HNW and affluent populations in Malaysia presents clear opportunities for industry players, both domestically and overseas.

As wealth grows, at home and abroad, the needs of clients in relation to their investments, business financing, wealth preservation and wider family goals are evolving – which includes getting more complex and international.

And while the capabilities onshore are available and developing, offshore banking solutions are also in demand.

As a result, some of the most forward-thinking institutions in this space have been continuing to invest in their platforms and in solutions.

This includes people, in addition to systems and digital tools, given the need to provide value in the form of real advice.

These were among the take-aways from senior practitioners, from within Malaysia and outside, speaking at the 7th annual Hubbis Malaysian Wealth Management Forum 2017 in Kuala Lumpur in July.

## PROVIDING ADVICE

Private banking today is very different compared with what the industry looked like 30 years ago, across all aspects of the business.

One key development has been the regulatory mind-set. Today, it is all about transparency, which also extends to what banks and other wealth managers charge their clients.

## Panel speakers

- Alvin Lee, Head Group Wealth Management, Maybank
- Pramod Veturi, Managing Director & Country Head, Wealth Management, Malaysia, Standard Chartered Bank
- David Koay, Managing Director, Head of Wealth Management, Singapore & Malaysia Markets, BNP Paribas Wealth Management
- Robert Foo, Managing Director, MyFP Services



Alvin Lee  
Maybank

If clients want advice, then they need to pay for it, say practitioners. To achieve this, however, requires institutions to deliver value in order to justify the fee.

Indeed, any institution which continues to focus on product pushing – whether at the affluent or HNW level – will struggle going forward.

The greater access that clients have to information makes them more aware generally.

In particular in Malaysia, practitioners say the paradigm of trying to generate more and more revenue from product sales is changing as margins continue to compress.

This is therefore creating a ‘push’ factor, as the industry and individual advisers wake up to the realisation that they need to find new ways to create value and service clients effectively – which means providing real advice.



Pramod Veturi  
Standard Chartered Bank

**70%**  
**Respondents who said there is now a move  
in Malaysia towards having more of a real  
advisory conversation**

There is certainly a feeling within the wider community in Malaysia that there is finally a move in the right direction in this area. The results of an audience poll also support this.

#### **HIGHER STANDARDS**

Yet this is also tied to competency and the capability of advisers in the country – with delegates agreeing that the framework and standards around wealth management in Malaysia needing to be significantly increased.

There continues to be a challenge from the outflow of talent, however.

These wealth managers want to head to markets that they perceive to be more attractive, such as Hong Kong and Singapore.



David Koay  
BNP Paribas Wealth Management

In these jurisdictions, especially Singapore, regulators are also striving to ensure the quality of advisers, in terms of a code of conduct and the quality of service and advice.

**95%**  
**Respondents who believe that the competency framework around wealth management in Malaysia needs to be significantly increased**

#### **NEW WAYS OF REWARDING BANKERS**

To minimise outflows, and turnover generally, some banks in Malaysia are looking at new ways to incentivise their bankers.

A potentially effective option is to move away from a revenue-based scorecard to one which rewards bankers for the revenue and assets they ultimately generate for a client.

**86%**  
**Respondents who see wealth solutions as presenting the biggest opportunity for wealth managers in Malaysia going forward**

This is all about deepening relationships with clients over time, rather than trying to make money by pushing products in the short term.

This can also include applying multipliers on revenue from sales of lower-margin products.

For those relationship managers who can build sustainable growth in client AUM year-on-year, there can be additional rewards.

In turn, this can encourage them to stay with the institution and grow portfolios further. ■



Robert Foo  
MyFP Services