

# Francois Monnet: Honing his Skills to Conduct Credit Suisse’s Asia Pacific Orchestra

Despite the ongoing robust growth of Asian economic might and private wealth, are the easy wins over for the private banks plying their trade in the region? With capital markets weak, lacklustre or generally directionless, will the coming several years be especially challenging for the Asia Pacific wealth management community? Hubbis met with Francois Monnet, the Credit Suisse Head of Private Banking North Asia, who explained that he is optimistic for the bank’s offerings in the region and why he considers this confidence to be built on firm foundations.



## Executive summary

Francois Monnet is a deep-thinking and highly accomplished Francophile Swiss banker whose passion for both history and music have stood him in good stead for his rise to the upper echelons of the global private banking world, where he now heads Credit Suisse Private Banking Asia Pacific's business in the vast economic region of North Asia. He believes that to achieve Credit Suisse's goal of symphonic private banking performance across the vast and rapidly growing Asia Pacific region depends on the firm's leaders and high-quality team members to work seamlessly towards firm-wide, multi-discipline collaboration.

Monnet took on his current role heading North Asia, including Japan, in the second half of 2018, following the abrupt departure of Francesco de Ferrari, then Asia-wide head. Credit Suisse at the time decided to split the vast Asia Pacific region, with Benjamin Cavalli taking over as Head of South Asia, covering the markets all the way from Australia to India.

Credit Suisse had back in 2015 created the Asia Pacific Division with the aim of becoming an integrated, holistic provider of services across the whole range of group offerings, from the private banking, the investment banking and capital markets and the markets businesses.

The new joint-heads structure is designed to further boost internal connectivity and efficiency as well as enhance proximity to clients and improve the effectiveness and speed of decision-making and implementation. Most importantly, Monnet reports the reorganisation has had the desired impact of improving teamwork across the bank's integrated Private Banking and Investment Banking platform.

The critical missions for Monnet, he reports, are now to identify opportunities to deliver a wider range of innovative solutions to the bank's core clients across the region, to enhance the share of those wallets, to boost activity amongst the less active clients and to improve what he terms the sustainability of the business.

To achieve these goals, Monnet explains that a rigorous focus on top-quality talent and disciplined client management are both essential to attain a virtuous cycle where the energy of the bank is deployed both with more discipline and more tactically across the region. That will also help the firm further boost sustainability by increasing the percentage of recurring revenues and fully participate in the immense growth anticipated in the region's economies and private wealth creation.



**“REMAIN VERY BULLISH ABOUT this business for the years ahead,”** reports Francois Monnet, Managing Director, Head of Private Banking North Asia at Credit Suisse. “I believe the opportunity of this region is truly fantastic. By any benchmark, we are in the place to be to capture real growth, especially in wealth accumulation, which is rising at about twice the rate seen in any other region.”

Monnet expanded his role as Head of Greater China to assume responsibility for the whole of North Asia, including Japan, in the second half of 2018, following the abrupt departure of Francesco de Ferrari, then sole head of Asia Pacific. On his departure, Credit Suisse decided to split the oversight of the vast region into two, with Benjamin Cavalli taking over South Asia, covering the markets all the way from Australia to India and everything in between.

Based in Hong Kong, Monnet became Head of Private Banking North Asia, with Cavalli based in Singapore. The new structure was designed to boost internal connectivity and efficiency as well as enhance proximity to clients and improve the effectiveness and speed of decisions. Most importantly, the restructuring has, Monnet reports, had the desired impact of improving teamwork across the bank’s integrated private banking and investment banking platform.

The challenge is to identify opportunities to deliver a wide range of innovative solutions to the bank’s most important clients across the region, to enhance the bank’s share of those wallets, to boost activity amongst the less prolific clients, and to enhance both predictability and sustainability of the revenues and bottom line profitability.

### Phenomenal potential

Monnet believes these goals all lie within reach. He explains that, even without any growth in the underlying wealth, the region-wide penetration of the wealth management and private banking industry is currently only modest, at best.

“There is no definitive study on this,” he reports, “but in the view of expert practitioners in the field, private bank penetration of the underlying wealth market potential thus far is not even 40 per cent. This means our industry has huge room for development, even were economic or private wealth growth to stagnate for a few years.”

**“For us at Credit Suisse, it is all about the depth and breadth of the services that we offer across all the solutions to all our clients, it is about continuously creating opportunity along the lifecycle of these clients.”**

“It is therefore phenomenally exciting,” Monnet adds. “If less than 40 per cent of the assets of the wealthy individuals in the region are professionally managed, there is clearly vast potential. As a firm, we have positioned ourselves as an integrated, holistic service provider, across all the range of services of the group, from the investment bank, the private bank, Markets business as well as the asset management operation.”

### Creating opportunities

He argues that this is crucially important because it means the bank is not only serving the wealth portion once it has been established but is also helping earlier-stage entrepreneurs on the way to getting wealthier and monetising and facilitating their dreams. “For us at Credit

Suisse,” he comments, “it is all about the depth and breadth of the services that we offer across all the solutions to all our clients, it is about continuously creating opportunity along the life cycle of these clients.”

Given what Monnet sees as an “endless range of opportunities”, the next concern for the bank is how to adjust seamlessly with the clients according to market conditions in the wider economy, to changing market sentiment, or to geopolitical vicissitudes or other developments.

The bank, he says, must always be able to react rapidly to change. “Today for example,” he notes, “people have a lot of cash because

they have been de-risking and we are currently having tremendous success with what I would call our ‘cash-plus’ management solutions. This is where you play a relatively defensive view, and also offer clients creative solutions to achieve yield pick-up. In short, with a sharp focus, there is a vast amount of business to go after.”

### Staying ahead of the curve

Nevertheless, despite the enormous opportunities that Monnet sees ahead, he also concedes that there are plenty of prevailing and anticipated challenges. “We are all facing a serious amount of regulatory constraints, while competition from outsiders and new entrants is intensifying. Digital is potentially creating a different set of expectations. The younger

generations have a different sense of purpose from the older generations, and their needs are evolving very fast. The key to all this is to adjust and stay ahead of the curve. That is part of the true excitement of this business.”

Monnet mines down further into this stream of thought, adding that a vital element of an organisation is learning along the way. It is essential to be creative, adapt and then deploy solutions appropriate to the market conditions and to the evolving needs of the clients.

“In this regard,” he elucidates, “Credit Suisse has become the pre-eminent digital private bank in this region. We have had a next-generation programme for more than ten years, as well as philanthropy and legacy programmes. We believe we have become the most integrated solutions provider across this region.”

### **Weather the storms...**

The result is, he reports, evidenced in the financial performance of the bank over the last few years. “From

the actual results we have been achieving,” he says, “you can see we are weathering the bad conditions better than our competition. I believe that is because we bring more to the market, we have more topics to talk about, we have a team of solutions providers offering huge depth, we continue to be relevant. This is another reason why I am so excited about this region.”

Monnet observes that Wealth Management & Connected (WM&C), first created in 2016 and includes private banking, advisory, investment banking, underwriting & financing, has been such a success due to its keen, dedicated focus on its target entrepreneur, corporate and ultra-high-net-worth (UHNW) clients.

This resulted in adjusted private banking pre-tax income rising almost ten times over the last six years with Q1 of 2018 showing a record level of growth. Unfortunately, the geopolitical tensions and uncertainties of 2018 resulted in a challenging second half. By the end of 2018, private banking

demonstrated single digit earnings growth, but assets stayed strong at CHF17.2 billion net new assets.

Productivity per relationship managers continued to outflank competition and Credit Suisse Private Banking assets under management rose above CHF200 billion. AUM stood at CHF202 billion (at end 2018), excluding assets under custody represented by single stock concentration and founders’ shares.

### **Riding the wave**

Monnet returns to his central thesis, namely that the growth in Asia is so remarkably robust that the emphasis must be on how to capture that phenomenal economic growth.

“China is slowing, but only to 6% growth,” he remarks, “We can agree that China is slowing down, but at 6% it is still growing much faster than most other major economies. Aside from continuing growth, there is huge potential for growth in the share of the wallet, whereas in more developed economies penetration rates are



already much higher. Having said that, even a developed market like Japan offers significant opportunity: there is an estimated 25% of private money sitting in the basic post office accounts in Japan, hardly managed by anyone..."

Moreover, Monnet observes that opportunities will only continue to unfold because the demographics in this region are still in the wealth accumulation and generation phase, rather than the stage of risk aversion and wealth preservation, as in Europe.

"The promise of Asia Pacific is absolutely there for the long term," he states. "There is, of course, some volatility, which is a bit more complex to manage because it looks like when the risk is off, things could actually collapse faster, but then things also rebound faster out here."

### Empowered APAC Division

Monnet turned the spotlight towards how the bank can deliver growth and differentiation. "Positioning is fundamental," Monnet observes. "People do not focus enough on a clearly stated strategy, basically knowing "who you want to be to whom, where and how." At Credit Suisse, we have decided to really focus on being the primary trusted advisor of the entrepreneur. That also defines what we are not, so we are not going retail, opening branches, that is not for us. We are going to ensure the entrepreneur-client is fully serviced by all the bank's capabilities, the integrated model I talked about earlier."

Monnet also explains his view that no other bank in the region offers its key leaders the same degree of independence. "We have business leaders with full autonomy of their region, within an integrated business and under one roof, WM&C, as well as the

### Key Priorities

Monnet closes the interview with a summary of his core priorities as he looks forward to 2019. His first mission is to ensure that Credit Suisse continues and hones its strategy to penetrate the entrepreneur universe in the region and enhance the bank's share of their wallet.

He sums this up by saying the first priority is to be achieved by disciplined client management. Expanding on this, the objective is a virtuous cycle where the energy of the firm is deployed both with more discipline and more tactically.

His second priority is to build the internal pool of talent. "We continue to look for people who can actually represent that execution. If you have an orchestra with a conductor with limited skills, then the promise under the brand name Credit Suisse, the promise of a symphonic performance, will not be delivered. We need that penetration of skillsets throughout the firm, that is key."

Third, Monnet highlights the importance of the sustainability of the business. "We need more recurring income," he reports. "We have demonstrated our capability throughout managed solutions, including advisory and discretionary mandates, structured lending solutions and other areas to achieve a higher share of recurring revenues. That will give us not only the ability to weather the ups and downs but at the same time prove to the clients that by professionalising the way they manage their assets they will improve their performance compared with the occasional big deals."

In summary, Monnet comments that a disciplined execution of the bank's client strategies, the ongoing improvement of team skills and quality, and a keen emphasis on recurring income will achieve the bank's goals.

"As you can understand," he concludes, "it is about delivering the strategic vision and positioning I highlighted earlier. We are very busy; we have much to achieve." And evidently, Monnet has the passion and the optimism to orchestrate that vision.

Markets business, led by one Asia CEO. It is critical as it means we can take decisions in Asia, with proximity to clients, local knowledge and high speed. We have

one credit platform, for example, serving investment banking institutional type clients and private banking. For the higher-end wealth client, greater financ-

ing flexibility can be achieved and more bespoke solutions delivered whilst at the same time the risk management function is consolidated under one bank-wide credit book. This is an unique setup which provides us with a competitive advantage.”

Monnet argues that this regional empowerment and unique operating model is the optimal approach. “You can look at what the other banks do,” he comments, “so, for example, one might have private banking reporting to an equity franchise, another private banking reporting to Zurich or New York, yet another reporting to the wholesale business of a much larger institution... We believe people are fundamentally underestimating the impact of clear client positioning coupled with a client-centric and holistic operating business model. I believe it allows us to truly deliver more, day in and day out.”

### **Digital - bringing it all together**

Monnet then extended the discussion to digital accessibility, a passion of his, having pioneered the bank’s trend-setting thrust to digitalisation in the region since 2014.

“We knew early on that people want to consume financial services the way they consume anything else,” he comments. “It is all about any time, anywhere, the way the

client wants and when they want it. This is what we have achieved in the last four years; we have intensified our connectivity to and empowerment of the clients.”

Perhaps Monnet’s proudest achievement since arriving at Credit Suisse is the construction and implementation of the bank’s Asia Pacific strategy for digital. “I went to Zurich in late 2013, pitched hard for this vision of a digital private bank, and got the mandate and the resources to make it happen fast.

### **Pioneering a culture of agility**

He reports that he and his team have created almost a “new company” within Credit Suisse, co-locating all project resources in the suburb of Singapore where a one-stop centre made up of vendors, IT specialists, business consultants, all converged and worked together, in a style which Monnet likens to those of Google or Amazon. “We built prototypes,” failed fast to learn fast and created a new culture where control is less important than empowerment.”

“The result is what we call DPB,” he explains, “the Credit Suisse Digital Private Banking platform.”

This ‘big-picture’ initiative has been continuously enhanced by a variety of other developments since its launch in 2015. Monnet notes the successful relationship with Canopy in 2017, a fintech



FRANCOIS MONNET  
Credit Suisse

partner of Credit Suisse and which is one of the market leaders in digital technology for portfolio aggregation. “We now have the Canopy consolidation on the DPB platform, giving the full performance view of our clients’ portfolios held in all their banking relationships.”

Another advance is increasing accessibility to the DPB platform through iMessage last year. “This is called Credit Suisse Chat,” Monnet reports. “It is the first ever cooperation between Apple’s apps business and the bank. It allows a messaging device to become an official channel to place instructions for trades, to exchange official documents, to exchange and upload any kind of information. Importantly, it is also a totally compliant channel, as it is archivable, auditable, and traceable.” ■



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## Getting Personal

Swiss by birth and like so many of his fellow countrymen global by inclination, Francois Monnet hails from the French side of the country, more specifically the village of Martigny in the western part of the mountainous region of Valais, or Wallis as it is known in German-speaking Switzerland. He attended university in Geneva, obtaining a degree in political sciences and later achieved his master's degree at the Fletcher School of Law and Diplomacy, in Cambridge, Massachusetts.

As if that were not enough for a top-class resume, Monnet also attained a PhD in History while working for five years as a Teaching Assistant in the law faculty in Geneva, where he taught the History of Institutions. "That was when I wrote my book, on France in the 1930s," he recalls. "You can still find it on Amazon under my name and titled "To Redo the Republic" (in French, "Refaire La Republique"). It covers the economic crisis of those times, the political instability and the change of constitution."

Monnet then moved into the world of finance as an investment banker, focusing on mergers & acquisitions and corporate finance for UBS. When he was 35 years old, he was then invited to join Eastman Kodak after he had worked on an acquisition for the group. After an exciting few years heading Asia Pacific at Eastman Kodak, Monnet joined Credit Suisse in 2007 as Head of Private Banking for Southeast Asia, then being appointed in January 2016 to head private banking for Greater China and becoming CEO of the Credit Suisse Hong Kong Branch.

Although Eastman Kodak filed for bankruptcy in 2012, several years after he left, Monnet recalls that the company previously had a big footprint in Asia Pacific, and he recalls his years there with fondness. "As their head of Asia Pacific from 2003 to 2006, I was suddenly running a USD1.2 billion business in 17 countries and with around 2,000 people, and I really loved it."

He expands in this, adding that the role satisfied his passion for team building, strategic positioning and the client experience. "As we all know, Eastman Kodak was later rapidly disrupted by technology and innovation, but looking back that has been a very good lesson for my life at Credit Suisse."

He is now clearly relishing the challenges of the new North Asia role he has taken up since August last year. With such a high-intensity job covering the vast North Asia economies such as China, Korea, Japan and others, as well as a large family comprising his wife, and their four children aged between 23 and 30, Monnet does not have a lot of spare time. He does, however, enjoy an occasional game of golf and at home enjoys playing classical piano and is also an avid reader. "I am passionate about investing, as well," he reports, "and read a lot of research."

He concludes by explaining that his motivation is more driven by the intangible than the tangible. "I like a certain idea of who we should be as opposed to what we can do," he says. "It is about having permanent curiosity, learning all the time. What I find exciting in this business is that we meet extraordinary people, incredible personalities, highly successful individuals; they are totally committed, and they really take the time to explain to you who they are, and what they want from you. And in a very intimate way, because it is all about money, about aspirations. Meeting clients is a continuous privilege."