

How banks can prepare for the wealth evolution in Vietnam

Taking a long-term approach will result in a successful business for financial institutions looking to tap the country's wealth management potential – from developing the right culture among staff to building product capabilities and the advisory model.

There is no hiding the fact that banks in Vietnam have a lot to do from both a product and advisory perspective if they want to compete in wealth management as the domestic industry grows in the years to come.

The multiple elements of building a robust, scalable and sustainably profitable platform are not easy to put in place, nor get right.

Whether these range from the technology systems to product offering to front-line talent to client education – even many of the established players in some of the more developed wealth management hubs have struggled.

Yet while Vietnam has the opportunity to – and should – learn from mistakes made in other markets, the country should also not look to copy what has happened elsewhere.

Instead, say market practitioners with experience in the US, Europe and across Asia, Vietnam should look to forge its own path and leverage the potential that digital tools and new ways of interacting with a younger, more technologically-savvy customer base can offer.

These were some of the views of speakers at the 2nd annual Hubbis Vietnam Wealth Management Forum 2017 in Ho Chi Minh in September.

PUTTING THE RIGHT PEOPLE IN PLACE

This perspective of carving a new path also applies to the need for all banks to educate the front-line in their efforts to succeed in this space, agree market practitioners.

For instance, various flaws within the models of financial advice around the world in advanced financial centres have been exposed in recent months and years.

Panel speakers

- **Dung Dang Tuyet**, Deputy Chief Executive Officer, and Chief Executive Officer of Retail Banking, Maritime Bank
- **Michael Gerber**, Chief Executive Officer, 360F
- **Andrew Hendry**, Managing Director, Asia, Westoun Advisors
- **Piotr Zboinski**, Head of Operations & Strategy, Management Consulting, Orbium



Dung Dang Tuyet
Maritime Bank

A lack of ethics, for example, has created significant reputational and business problems in the US, Australia and Singapore.

Yet the crux of a successful, long-term industry, believe industry experts, is instilling workplace ethics in a 23-year old hire – even more so than strategy.

Encouraging a young salesforce to be able to act professionally requires banks in Vietnam to encourage them to spend more time with the customers, with the objective of really understanding their needs. At the same time, the advisers need relevant tools and training to deliver what they identify as the customers' wants or needs.

CREATING THE PRODUCT PLATFORM

Another key part of the infrastructure that banks need to get right in their wealth management bid, relates to selecting funds and other products. This is essential amid efforts to create a broad offering to clients and drive sales penetration of mutual funds, for instance.

The best way to achieve this, believe market practitioners, is to have a genuinely open-architecture approach. This enables the bank to source and sell the best products within any individual category – something that will become increasingly important in Vietnam as the number of funds grows over the coming years.

This can support efforts by the bank to get front-line staff motivated and excited to generate sales from such products.

This also makes it more likely for a bank to help a customer to do needs- and goals-based investing – a practise that can enable a bank to create stickier AUM, regardless of the underlying product.

A LONG-TERM BUSINESS

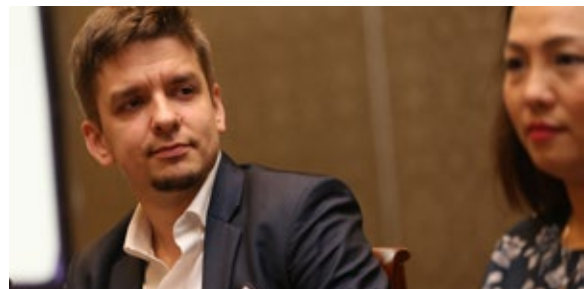
Key for any bank to avoid in creating a wealth management business, according to market practitioners, is being short-term in their mentality.

By thinking longer term instead, the bank will then be more likely to be able to bring its values to its customers.

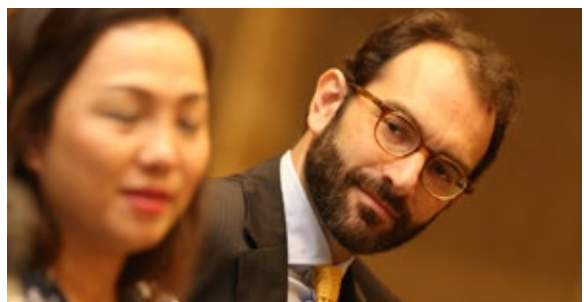
In addition, given the high cost of acquiring clients, a long-term mentality will pay off. ■



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