

How BEA is eyeing China for wealth management growth

The growth of The Bank of East Asia (BEA's) wealth management business is being fueled by opportunities in China, says Grace Chow.

Despite the challenging business environment in 2015, BEA reported sustained growth in wealth management, largely as the bank has focused on growth in China.

general manager and head of the bank's wealth management division.

With branches and sub-branches covering 44 cities on the Mainland, BEA's

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Bank of East Asia

An important factor in its success during more difficult markets has been the bank's extensive branch network in Mainland China, says Grace Chow,

network is second only to HSBC's among the foreign banks. This has enabled BEA to generate business for its private banking division since an

increasing number of Mainland-based entrepreneurs are conducting their business abroad.

EXPERT INSIGHTS

CHASING THE CHINA OPPORTUNITY

Chow says that China remains a key part of the growth strategy for her division, despite the challenges for her industry and the broader market in 2016.

“With current market sentiment, clients are unwilling to take risks and would rather sacrifice yields and returns. In addition, clients are not so comfortable buying stocks,” she explains.

“We have not seen such risk-averse sentiment for quite a number of years,” she adds.

Given the lack of trading in today’s environment, which in the past has played to the strengths of BEA’s wealth management platform, the bank has been looking into offering more stable products for a client’s longer-term holdings.

The focus on China, therefore, continues to be strong, with the aim to attract assets from wealthy individuals as Chow believes this is where the bank has a competitive edge for the foreseeable future.

“We have been trying to refer clients within our organisation as much as possible,” she says. “We are now looking at whether it’s possible for us to expand our onshore services via our Mainland subsidiary, BEA China, to help clients manage their onshore and offshore funds,” she adds.

EXPERIENCE COUNTS

Developing these types of relationships will inevitably be done face-to-face, highlighting the importance of the emphasis on relationship managers (RMs) with experience.

Although digitalisation and automation are in the works of all the indus-

try players, the possibility of a robot-type RM is not something that Chow thinks is relevant for private banking in this instance.

Private banking, she explains, is still about a personal relationship and a tailor-made solution for clients, and robots may not easily take up the job, at least for some time.

INCREASINGLY STRINGENT REGULATIONS

Operating within an increasingly complex regulatory framework, some private banking practitioners are concerned that the stringent regulatory

tency in the technical as well as in the ethical and compliance areas for private banking practitioners.

But she also believes that practical knowledge is equally important to a private banker to serve clients.

The account-opening process is another example where requirements are more stringent than in the past.

For instance, while a private banking account can be opened as quickly as within one to two weeks, it is quite common for the process to take three to six months.

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environment can create headwinds for the industry.

For example, in Hong Kong, recently introduced exams as part of the joint government and industry-led certification scheme to implement the Enhanced Competency Framework do not factor in the value of an RM’s experience as much as they should, according to some practitioners.

Fresh recruits who study hard seem to be performing much better than those who have been in the industry for 10 or 15 years. Chow agrees with the objectives of an enhanced level of compe-

Such evidence reflects the direction of the regulatory environment today.

And this means that private banking is now less about sitting across the table to reason out rules, and instead more about sticking to the letter of the various ordinances.

“Nowadays, we just have to follow the rules,” explains Chow.

“While Hong Kong’s wealth management business has its advantages, it needs to ensure that it stays competitive and facilitates business by being both professional and practical.” ■