

# How Citi is finding meaningful growth in Malaysia

*Growing both the asset and client bases in a thoughtful and structured manner rank among the top priorities for the bank's local wealth management business.*

To gain more traction in Malaysian wealth management and deliver more relevant solutions, paying attention to the evolving needs of clients is essential.

This is according to Citi's Rakesh Kaul, country head for retail banking, wealth management and mortgages, and Jeremy Ho, head of investment business, wealth management products.

A good example is the changing attitude of Malaysian investors towards investing in different currencies; traditionally, these customers have been content to park their money in time deposits in local currency – the ringgit – because of the perception that those returns will beat inflation in the end.

However, in the past few years, the Malaysian ringgit has tumbled for a variety of reasons. And in 2016, it fell to its lowest level against the US dollar since the 1997 Asian currency crisis. On top of that, the local inflation rate

surged to a high of 4.5% in the month of February 2017.

The plunging value of the ringgit led to a big re-think on the part of Malaysian investors about whether to stay invested solely in the local currency, notes Kaul. During such volatile times, his team has a responsibility to help clients. "Instead of simply chasing returns, we advised clients to protect themselves from a volatile currency. Investors have become much more open to multi-currency solutions and products. Recent currency and local equity movements have been quite an eye-opener and [investors] are now keen to diversify."

In turn, Citi which started providing multi-currency solutions many years ago, has begun to offer more products in different currency classes, especially in the mutual fund offering. Among the options available are the ringgit (hedged and unhedged), and US, Australian and



**RAKESH KAUL**  
Citi

Singapore dollars. "We pride ourselves for having that capability in the wealth management space in Malaysia," adds Ho. "We believe we are one of the banks



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that carries most of, if not the most, mutual funds with multiple currency solutions [in the market].”

### HIGH FUNDS POTENTIAL

While Citi operates as a full service bank in Malaysia, its financial solutions as well as overall approach to advising its customers are geared towards higher net worth clients – those with more than USD100,000 equivalent in investable assets with Citi.

Perhaps its biggest success has come in mutual fund penetration among its HNW clients – estimated at above 50%.

Kaul believes there is scope for more growth in this market, which has been helped by a 2015 initiative by the country’s Securities Commission. “The LOLA [lodge and launch facility] framework has given a big boost to the industry,” he points out. Previously, it used to take a fair bit of time to launch a fund in the local market, but after the

LOLA framework was implemented, the end to end launch process has been streamlined to about 30 days or less. That is likely the quickest time to market in the ASEAN region, adds Kaul.

### CITI’S CLIENT-CENTRIC STYLE

At the core of Citi’s approach is being able to understand its clients and their requirements. “Understanding the investment objective, risk appetite and risk profile of our customer forms the basis of anything we offer,” explains Kaul.

The first step in the conversation is assessing their financial situation – including elements like what the cash flows are and how they could change in the future, what the long-term financial goals are. “We spend a meaningful amount of time trying to understand these issues, and we have global systems in place to undertake that analysis,” adds Kaul.

A Citi relationship manager (RM) will then assess a client’s knowledge and experience in the asset classes and products that are considered suitable, based on the first part of the process. “When any product is recommended, there has to be a good balance in terms of asset allocation, currency exposure and of course suitability. And all of this has to ultimately tie in with the risk profile of the client,” confirms Kaul.

Diversification in a customer’s portfolio is particularly important during challenging years for investment markets – like in 2016. “While last year may not have been a stellar year for equities, we have other asset classes which we can model against their risk profile,” says Ho. “Say, for example, a customer wants some more fixed income as their risk appetite for equity may not be so high; we have solutions for those customers.” ■

### 2017 priorities

*This year, Citi has three main priorities for its Malaysian wealth management business.*

*These are: growing net new assets; expanding the client base; and boosting its digital capabilities.*

*“We are very clear that we want to grow our assets overall,” says Kaul.*

*“We want to do that by increasing net new money and we want to achieve that by providing customers a suite of wealth management solutions and not just distributing ‘the flavour of the month.’”*

*He explains that customers using Citi’s strategy for their portfolio should experience asset growth and, in time, should be grow their assets together with the bank.*

*Citi is also keen to expand the reach of Total Wealth Advisor (TWA), which is an interactive, digital tool that helps investors plan, monitor and manage all their investments.*

*It provides a real-time picture of the client’s financial situation, portfolio and goals, and analyses how portfolio value changes over time.*

*The tool has been launched in some key markets in the region, namely Singapore, Hong Kong and Taiwan.*

*“It is set to be introduced in other ASEAN markets soon,” says Kaul, adding that the Malaysian unit of Citi is likely to unveil TWA before the end of this year.*