

How Credit Suisse is redefining client focus

On the back of a high-performing start to 2017, the Swiss private bank's growth goals in Asia rely on providing a more focused service to those clients to which the bank believes it can deliver real value, explains Francois Monnet.

There is certainly no sense of complacency in Francois Monnet's tone. Despite an impressive set of figures for the first few months of 2017, Credit Suisse's head of private banking for Greater China knows that maintaining this momentum relies not on markets, but on being smarter about which individual clients to target going forward.

Yet he is quick to clarify that this does not mean taking the traditional approach to segmentation, by client AUM alone.

Instead, it involves a methodical client-mapping process to assess from where the bank is getting its business.

It can then determine to which clients it needs to allocate more of its time and resources.

"This is all to ensure that we really provide the best possible service to clients who are also showing a commitment to us," explains Monnet. "This is

how we can differentiate [ourselves] and integrate our offering with the needs of the clients we want to invest in."

The spirit of the client focus, therefore, is akin to hard-wiring the account-planning process.

This type of pragmatic approach is the way the bank believes it can create a more sustainable business model, given the realities of an environment of high costs, tight margins and growing competition – especially from industry disruptors, but also considering the increased sophistication and high standards of Credit Suisse's key clients, ie the Asian entrepreneurs.

"We need to be disciplined, otherwise we will be under-investing in our most valued clients," adds Monnet.

BUILDING ON A STELLAR START

A sense of complacency would be understandable on the back on the strong



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performance Credit Suisse saw in Asia Pacific in the first quarter of 2017. Within the bank's Asia Pacific divisional model, its wealth management,

financing, and underwriting and advisory teams are working more closely together to deliver integrated advisory services and solutions to target UHNW, entrepreneur and corporate clients.

In what the bank refers to as its 'Wealth Management & Connected business' (WM&C), encompassing its activities across wealth management as well as financing, underwriting and advisory for this important client group, it

MAINTAINING MOMENTUM

The business has continued to gain momentum in the past few months, reveals Monnet.

However, implementing a tighter and more focused approach to those clients the bank serves is expected to help fuel a more stable and predictable growth trajectory going forward. Fundamentally, this means allocating time and resources to the target clients, and

For Credit Suisse's private bankers, meanwhile, this is freeing them up to be able to spend a more meaningful amount of time with clients who can take advantage of the depth and breadth of bank's platform, balanced sheet capability and its full range of products and solutions, including the holistic and integrated service offering via a seamless integration of its private banking and investment banking businesses.

DELIVERING THE PROMISE

Key to getting this strategy working in the way intended, is for Credit Suisse to ensure it builds on the offering for its key target clients.

In short, this means remaining focused on the product offering and risk management to ensure sustainability across the business, explains Monnet.

More specifically, on the product side, he says a significant number of initiatives are underway to continuously bring to market those elements that create real points of difference and differentiation – especially in comparison with Chinese and regional banks.

For example, the bank has grown its prime services for private banking (PS4PB in short) business by a multiple in 2016. "We believe this is an anchor business for family offices and some of the more sophisticated clients," explains Monnet. "They want a service which allows them to do more than just going long on a specific sector. Instead, they want to invest in futures, swaps and other derivatives to deploy more complex strategies."

This wasn't possible previously through an investment adviser within the private banking due to platform constraints. So

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achieved record net revenues of CHF589 million and adjusted pre-tax income of CHF205 million – up 44% and 67%, respectively, compared with the first three months of 2016.

Further, in private banking within its WM&C business, Credit Suisse recorded net new assets (NNA) of CHF5.3 billion (USD5.4 billion) and reached record AUM of CHF177.4 billion, while increasing both gross and adjusted net margins, up 10 basis points and 1 basis point respectively year-on-year, supported by higher loan and deposit volumes.

Its stated objective now, is to serve Asian entrepreneurs throughout their lifecycle, increasing synergies and efficiencies across the franchise, while managing costs and reducing complexity.

delivering a more comprehensive and all-encompassing service to these clients who really need and want it.

At the same time, what has also been happening in too many cases, says Monnet, is that the clients at the lower end of the bank's wealth spectrum are receiving insufficient attention and service.

One option to remedy this issue, for example, is to offer these clients a value proposition that is more along the lines of a managed solution using discretionary mandates.

Having said that, Monnet says he has been encouraged by the relatively large number of clients who have decided to give Credit Suisse a larger share of their wallet.

the firm introduced a new crop of account managers in the private banking business who sit in the bank's prime brokerage team.

"They are focused on servicing the types of clients whose lower volumes and lower intensity of trading would not qualify them for the investment bank," explains Monnet. "But we can still offer these clients the services they need from time to time."

A second priority for Monnet, and for the private banking business in general, is to build on efforts made to date in terms of Credit Suisse Invest.

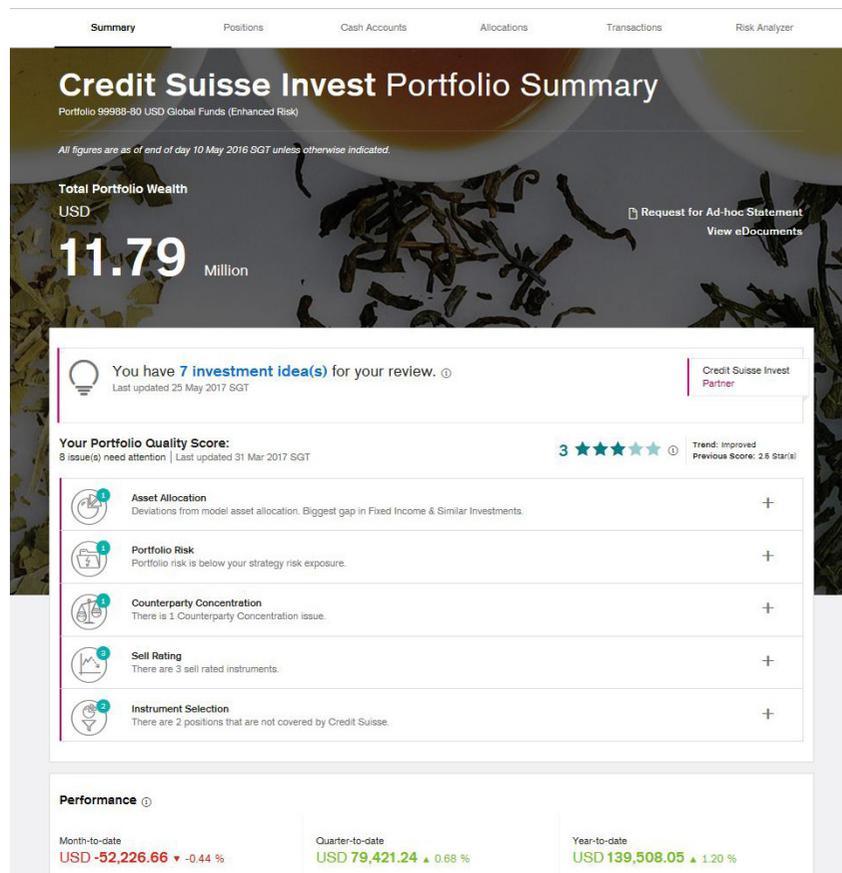
Launched in the second quarter of 2017, this is a human-led, digitally-enabled advisory mandate that provides a structured portfolio-based approach to investing.

The aim of this new advisory mandate is to offer personalised and individualised investment strategies, continuously monitored for their adherence to relevant risk parameter, as well as to propose a transparent fee structured with pre-agreed service offerings by client segments. This advisory service can be accessed via Credit Suisse's digital Private Banking app and delivers suitable and actionable investment

recommendations on a daily basis and 'on the go'. Ultimately, such an advisory service drives greater alignment of interest with the bank's clients.

This enables clients to do a variety of things: benefit from the views of the Credit Suisse chief investment office, and receive contextualised investment advice tailored to their risk profile and chosen strategy.

"[Credit Suisse Invest] gives clients access to a trailer fee-free value proposition. This is the first time in a transparent way that clients will have full transparency on what they pay for."



In addition, Credit Suisse Invest monitors and provides clients with a monthly update on the quality of their portfolio through the bank's proprietary portfolio quality score.

"It gives clients access to a trailer fee-free value proposition," adds Monnet. "This is the first time in a transparent way that clients will have full transparency on what they pay for."

While it will still take some education to convince Asian investors of the benefits of paying an all-in fee, he is confident about achieving a 30% penetration over the mid term.

Indeed, the investment the bank has made more broadly in digitisation is also paying off in terms of it attracting both clients and RMs to join the platform, he adds. ■