How Lombard Odier is making inroads in Asia

The 'Rethink Everything' philosophy that has fueled the growth of global wealth manager Lombard Odier has allowed it to protect its clients' wealth for 221 years and through 40 financial crises. In Asia, the firm is pursuing a targeted offering and partnership strategy.

Lombard Odier has grown stronger by re-evaluating and re-thinking the world around it, using imagination and innovation to create different perspectives for its clients and itself.

In Asia, the firm has attracted clients in the discretionary portfolio management space and pursued a unique strategy to tap onshore wealth through partnerships with key financial institutions in the region.

Indeed, Vincent Magnenat, chief executive officer in Asia, foresees a brave new world for those international private banks prepared to rethink the future and opportunities.

The current shake-up in the industry follows the big dose of regulatory reality in terms of the Common Reporting Standard (CRS), tax amnesty programmes and other initiatives aimed at fostering transparency.

These trends suggest there will be an increasing flow of funds back onshore.

At the same time, as regulators across the region look to liberalise their own markets, there will be less of an incentive for wealthy individuals in a particular country to look offshore for investments or other services.

This all makes it more important than ever before to find new ways to access HNW and UHNW clients within local markets across the region for new assets.

Lombard Odier is focused on doing just that, with Magnenat spearheading the charge. "I think that onshore has a beautiful future, but to reach that spot, the institutions involved need the resources and people with talent," he explains.

With this in mind, the bank has forged partnerships with local wealth management players which it considers to be leaders in their respective markets. These include Kasikornbank (KBank) in Thailand, and UnionBank of the Philippines.

VINCENT MAGNENAT
Lombard Odier

RESHAPING ASIAN PRIVATE BANKING

The onshore dynamic presents a significant rethink to the model of international private banking in Asia.

"I think this has completely changed over the last decade," says Magnenat. "So we have to understand the value that we can bring to the table, which is different to the value that exists onshore."

Lombard Odier recognised this in Thailand, for example, several years ago. And in late 2014, it entered into its partnership with KBank, the country's second-largest bank by market capitalisation.

The aim was to create a win-win partnership for both parties. For the Geneva-based wealth manager, it was a route to entering the Thai market in a significant way and leveraging the KBank network. For KBank, it can tap the experience and heritage of the Swiss firm to help its HNW clients to invest globally using Lombard Odier's safe and performant investment strategies and to fulfil their full 360-degree family wealth management needs.

Serving the local community more effectively and comprehensively while holding onto its market share was a key driver for KBank. "With the positioning we have, we believe that we can bring value onshore, without being [physically located] onshore," explains Magnenat.

Essentially, this can be achieved by delivering customised solutions that local players need to be competitive within their own marketplace.

A recent, practical example of this value of a local partnership can be seen by the initiative between Lombard Odier and UnionBank to co-develop funds for private client investment.

The two banks are co-managing the risk-based funds as the core investment vehicle for UnionBank's private banking clients onshore in the Philippines – to enable them to grow and preserve the liquid portion of their assets through the expertise of Lombard Odier.

"By co-developing and co-managing these funds, UnionBank's clients will be able to invest globally onshore and draw on best-in-class global investment solutions for the first time," said Magnenat at the time of the announcement in March 2017.

More broadly, he also sees some growing interest among Asia's wealthy in impact investing, especially with the new generation. This is the kind of offering that international private banks can bring as a way to differentiate themselves, he adds.

BRAND BUILDING

Its ever-growing reach across Asia will no doubt contribute to the bank becoming better-known within the region – something that has been gradual to date but, at the same time, which has been in line with the DNA of Lombard Odier as not wanting to be 'everything to everyone'.

Magnenat says feedback from the market has been positive, both from clients and those RMs he interviews.

"We are now attracting many more senior RMs," he adds. "And what is also very encouraging for us is that every time we start to engage with clients, and we explain who we are and our values, we see greater interest. The question we always get from [clients] is, why have they not heard of us?" ■

12-month roadmap

Magnenat, who also continues to oversee Lombard Odier's Asia private banking business from his Singapore base, has a clear vision for what he wants to achieve over the next 12 months.

"The priority for the bank is to continue to grow our business on the three pillars of growth we have defined," he explains.

"[These are] developing our RMs, while also continuing to look at opportunistically at potential new hires across the region; enhancing our teams; and continuing to deliver on existing partnerships as well as exploring new ones."

More specifically, he is focused on further building the family offices aspect of the proposition, by delivering the Lombard Odier platform both to single and multi-family offices.

"As a business, we apply the same family principles upon which we were founded and we are here to accompany Asian families and their networks," he adds, "to safeguard their interests, grow their assets and help them to pass these onto the next generation."

One of the challenges he acknowledges that he will face, however, is in terms of recruitment.

"The new generation of RMs want [to work within] a completely different model, because our industry is changing," says Magnenat.

"Technology is changing everything, and this is affecting RMs in private banks, too."