

HSBC Wealth's Vice Chairman for the Philippines Highlights the Major Opportunities Ahead

On September 7, 2022, HSBC Philippines announced a new HSBC Wealth offering in the Philippines, timed to begin capturing what the bank sees as a strong growth ahead in savings, deposits and financial investments. Hubbis met up recently with Peter Faulhaber, the Vice Chairman for HSBC Wealth, incorporated as HSBC Investment and Insurance Brokerage, Philippines Inc., to learn more of the missions and the opportunities ahead. Faulhaber has been in the Philippines for four years already, and has built both considerable understanding of the local market and also great empathy with the country and the culture. He explained how the Philippines has one of the most favourable demographics in the region, with a rapidly expanding mass affluent market. In a Recent HSBC Global Research report, "The Rise of Asian Wealth", it showed that the number of adults holding wealth of at least USD250k is expected to more than double by 2030. HSBC has had time to play itself in for this new venture, having established in the country nearly 150 years ago. But this new mission underscores the bank's regionwide ambition to become the leading international wealth manager in Asia.

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PETER FAULHABER
HSBC Wealth Management

The new wealth business is now operating through the recently incorporated HSBC Investment and Insurance Brokerage, Philippines Inc., more known as HSBC Wealth, which Faulhaber explains is licensed and regulated by the Insurance Commission and the Securities and Exchange Commission of the Philippines. "This marks our continued investment in the Philippines, bringing in new capital, a wider suite of products and a better customer experience through our enhanced digital capabilities," says Faulhaber.

Faulhaber reports that the particular structure HSBC Wealth has adopted there is for licensing reasons, as banking entities are only allowed to sell fixed income wealth products, and anything else must be delivered through a brokerage structure or a trust structure. HSBC Wealth is a brokerage structure aiming to provide customers the best products from lots of different manufacturers, locally wrapped by asset managers here in the Philippines, and giving customers

access to both onshore and offshore investments.

Expanding the product suite

HSBC Wealth in the Philippines is now offering a range of Unit Investment Trust Funds (UITFs) that cover a range of asset classes and risk profiles, offering customers a broader choice of investment products to help customers create a diversified portfolio. "The expanding range of UITF products in various currencies complements our fixed income investment and investment-linked insurance products," Faulhaber reports.

"This is the rise of the middle class, pushing up now into the mass affluent space. This is a key target market for us, as these customers are increasingly internationally minded, either affluent or aspiring affluent, and HSBC is seen as an aspirational brand."

The personal approach

HSBC Wealth has opened a hub dedicated to face-to-face customer engagement beside the HSBC Bonifacio Global City branch, and will roll out further centres in strategic locations across the country where HSBC is present. With assets of nearly USD3 trillion globally at the end of September, HSBC is one of the largest banking and financial services organisations in the world. The bank has operated in the Philippines for 147 years and is one of the leading international universal banks in the country. They have branches strategically located in Metro Manila, Cebu, and Davao.

Asia rises

Faulhaber cites the fairly recent research report that HSBC's

global research team published titled the Rise of Asian Wealth. By 2030, he notes that two major segments of the demographic are set to double in size – one is individuals that have more than USD250,000 in any types of assets, and then those that have more than a million US dollars in various investments, including property.

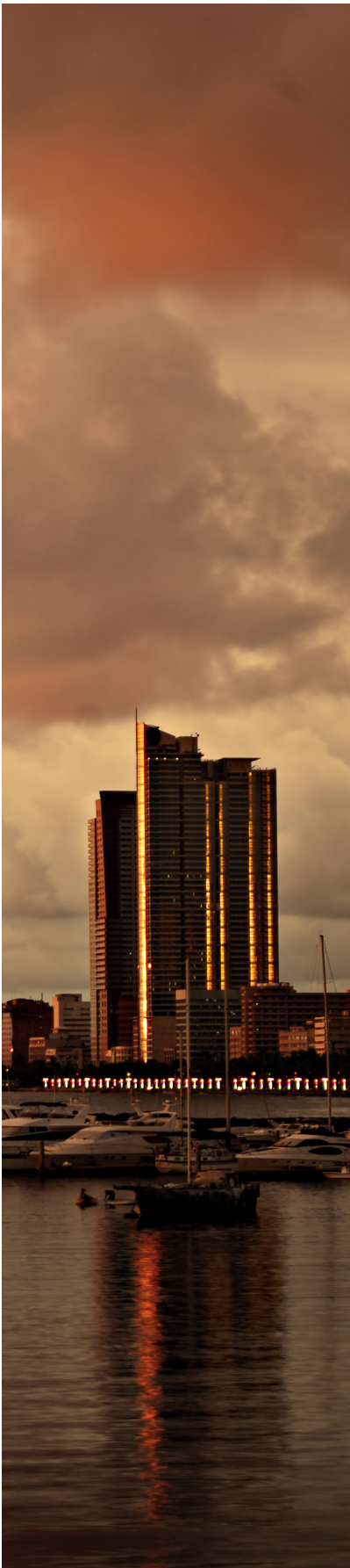
"I have been in the country for four years, and the number one feedback from our customers and from relationship managers (RMs), is the demand for an even greater range of products and wealth solutions. So, we are boosting that diversity, and elevating our RM skills

to become better and more holistic advisors, at the same time investing in digital technologies to help deliver these and also improve the user experience." Faulhaber adds.

Expectations increase

Faulhaber explains that their target affluent and aspiring affluent market are becoming much more sophisticated in their approach to investments and to financial planning. "We are at a very interesting inflection point, where the market is starting to move from a product-selling type environment to more of a holistic advisory model, the same trend we see across Asia."

Faulhaber observes that there are three key reasons customers work with HSBC in the Philippines. "We



Key Priorities

Faulhaber says his three core missions are tactical in nature. One is hiring more wealth relationship managers and specialists, as the business is set to grow robustly. Secondly, they plan to expand their physical presence to project face-to-face relationships with customers. “We see the RMs enabled and empowered by digital solutions, but the personal connection is really very important in the Philippines, still today,” he reports. “and we plan to elevate our digital proposition to help customers and RMs in the area of financial planning.”

While talent is in relatively short supply in the country, Faulhaber says they have plenty of people able to fulfil their immediate needs, and robust training and upskilling plans in hand. “But we are always looking for the right type of people to help grow this business with us for the future, so we are definitely in the hiring mode as well.”

“We have outstanding offshore private banking capabilities, here in the region through Hong Kong and Singapore, and globally as well. And part of the expansion of HSBC Wealth here is to also deliver those same very wealthy customers more products for their onshore investments, drawing them away from domestic competitors.”

are small in terms of branches, but global in terms of scale, and we are increasingly differentiating ourselves based on the quality and scope of our financial advice. And our unique ability to serve our customers as they progress along the wealth continuum – from mass affluent customers to high and ultra-high net worth (HNW and UHNW) – means their needs are met at every stage of their journey. ”

The wealth continuum

Faulhaber says the immediate goals are to have a banking

relationship with these affluent and aspiring affluent customers and work with them increasingly on the investment and insurance sides. As they grow their incomes and their wealth, as they inherit, he says they will have increasingly sophisticated and also international needs, and that is where we particularly shine.”

For the HNW and UHNW, the typical private banking customers, Faulhaber says HSBC is already a prominent player in Asia, and can book their assets in Singapore, Hong Kong, Guernsey, and Switzerland, and serve them through RMs and

advisors on the ground in those jurisdictions, and with that advice offshore, not onshore.

All the pieces in place

Accordingly, Faulhaber explains that HSBC does not need to partner with an international private bank to serve those upper tier customers. “We have outstanding offshore private banking capabilities, here in the region through Hong Kong and Singapore, and globally as well,” he states. “And part of the expansion of HSBC Wealth here is to also deliver those same very wealthy customers more products for their onshore investments, drawing them away from domestic competitors.”

Confidence in the future

Faulhaber closes the conversation by reiterating the incredible potential that the immensely populous country and its young demographics – the third youngest in Asia – offers HSBC Wealth. “With our brand, our history here, our relationships, and our international capabilities, we anticipate a strong growth trajectory ahead, and Asia’s growth dynamics and outlook remains positive, hence we are confident in our investment and strategy here,” Faulhaber concludes. ■

Getting Personal with Peter Faulhaber

Faulhaber hails from Illinois in the US, but moved around a lot growing up, not only in the US, but also for 10 years in the Middle East. He later attended University at Georgetown and Washington DC and went on to complete an MBA at INSEAD in France.

He moved to the Philippines from his previous role with HSBC in the Channel Islands & Isle of Man where he had spent three years as the Head of Distribution for the domestic wealth and personal banking business. He has been with the bank for more than 10 years, and his career has seen him work in the US, Europe, Dubai, and Asia, leading successful teams in management consulting, risk, and sales and distribution.

He is married, and together they have twin eight-year-olds. “Manila and the Philippines have been a great adventure for me coming from the Channel Islands, and although we had to endure the rigours of lockdowns during the pandemic, it has been a rewarding experience in many ways,” he says. “I had wanted to get back to Asia, and I wanted an opportunity to grow a business and to lead one of our key markets, and this is a country of robust business, great people, and we have a great history here and truly understand the local culture.”

He says he and his wife enjoy scuba diving, the twins are into snorkelling, both of which are available in abundance in the Philippines. “With lockdown easing in the past 12 months, we have been able to really start enjoying the country again,” he reports. “Other hobbies include golf and training for triathlons, although his time is rather limited for that these days.

