

In the sweet-spot of Asian private banking

Henri Leimer is convinced that LGT Bank's patience and long-term vision has been central to its steady but consistent growth in its wealth management business Asia. Not many of his competitors can lay claim to a similar story.

In what are clearly turbulent times for many international private banks in Asia, Henri Leimer is glad to run a relatively low-key and conservative business at LGT Bank.

By contrast, most of his counterparts continue to grapple with a host of challenges that simply create big distractions. These range from trying – often unsuccessfully – to grab a greater share of wallet, to struggling to navigate a regulatory and compliance landscape.

While LGT is far from immune to these dynamics, the fact that its philosophy – and staff – has remained largely consistent, has enabled it to weather the storm.

It can focus, therefore on forging relationships between its bankers and clients where there is a genuine 'trusted adviser' status.

"We have always been a very client-centric organisation," says Leimer, chief

executive officer, Asia Pacific, wealth management, who first joined the bank in Liechtenstein as a senior representative in 1994.

CONDUCTIVE CULTURE

Proof of this approach being something tangible, and not just more industry rhetoric, he explains, is a flat and lean structure for a management team whose sole purpose is to support its bankers and clients alike.

This requires the bank to provide its relationship managers (RMs) with the environment and infrastructure to deliver what their clients need.

Rather than being top-down and short-term oriented in terms of asset and revenue targets, Leimer is quick to point to the focus on his people and the bank's clients. "We have never forced our bankers to sell a certain product to our clients, and we will not change that going forward," he stresses.



HENRI LEIMER
LGT Bank

This strategy also avoids making bad managers out of good bankers – something which is only practical in an organisation of a smaller size.

“Our senior bankers are more interested in servicing their clients than they are in managing teams and being burdened by too much administration,” adds Leimer.

HARD TO FOLLOW

Despite the logic of LGT’s step-by-step approach to growth, and to evolving relationships in a sustainable and profitable way, this isn’t a path many institutions like it seem to follow.

For larger private banks, their scale often dictates the need for certain processes, systems and structures that don’t lend themselves to the more flexible and entrepreneurial culture that Leimer and his management team try to foster.

genuinely holistic in nature and execution – rooted in an experienced wealth planning offering to add to the bread-and-butter mix of investments and portfolio management.

The wealth structuring teams in Hong Kong and Singapore essentially offer free advice to clients.

What is in it for LGT might be considered questionable, admits Leimer.

Sometimes this amounts to no additional revenue. But in most cases he is confident that this service adds significantly to the relationship. “We can increase clients’ trust by talking with them about the bigger issues that a lot of families in Asia face,” he explains.

banking business today, along with the lifecycle management of clients.

“We need to completely get away from using paper by incorporating IT to streamline processes and make the ‘cockpit’ for the banker much more user-friendly,” he adds.

This is also fundamental to ensuring the right control mechanisms are in place, as well as conforming with internal and external rules and regulations.

Getting this mastered over the next 12 to 24 months will mark a big leap forward, and possibly ahead of the regulatory reform agenda.

TOWARDS A SUCCESSFUL INTEGRATION

This mind-set is also important to ensure a smooth integration following the recent acquisition of the private banking business of ABN AMRO in Asia and the Middle East.

At the time of the deal being announced in early December 2016, LGT said it expected to increase its AUM to more than USD40 billion in Asia and to approximately USD160 billion overall.

The bank also pledged that the employees who will transfer from ABN AMRO as part of the acquisition would be integrated into LGT’s regional entities in Hong Kong, Singapore and Dubai, respectively, and that they would continue to look after their clients.

“We are fully committed to all bankers and other staff who join us,” says Leimer.

“It is in our interest to keep the ABN AMRO business intact and potentially grow it, where possible.” ■

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Institutions at the other end of the spectrum, meanwhile, are possibly a bit too small in terms of assets and revenue to adopt the LGT model.

In Leimer’s view, the bank’s USD30 billion AUM (pre-ABN AMRO acquisition) is the sweet-spot. A key upshot of having a positive story to tell, he explains, also makes it a bit easier for the bank to attract talent it wants.

MONETISING CLIENTS’ NEEDS

This has further enabled LGT to cultivate a value proposition it believes is

Not having a trust arm helps. This means the bank doesn’t look to sell specific structures. Instead, LGT’s wealth planning offering acts and behaves akin to family advisers which act in the best interests of the clients.

SETTING CLEAR PRIORITIES

Yet Leimer is very aware of the challenges which he (and the rest of the industry) face to keep the offering relevant and compliant.

A big part of this relates to the processes required in running a private