

Indonesian Wealth Management Forum 2019

Exclusive Insights



At the Hubbis Indonesian Wealth Management Forum 2019 in Jakarta on October 17th, we asked leading industry experts for their exclusive and incisive insights

We hope you enjoy this summary – it's packed with content from the forum.

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You can also read the transcripts in this document - and click on Watch Video to view their exclusive interview.

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Who did we interview?

Kenneth Ho

Managing Partner & Founder
Carret Private Investments

Samdarshi Sumit

President Director & CEO
PFI Mega Life Insurance

Edy Tuhirman

Chief Executive Officer
Generali

Ivan Jaya

Head of Wealth Management &
Retail Digital Business
Commonwealth Bank

El Lee

Co-Founder and
Chief Operating Officer
Onchain Custodian

Nagaraj Prasadh

Country Head
Intellect Design Arena

Handry Mulyo

Managing Partner
Kolega Capital

Koh Keng Swee

Executive Director, Head of
Investment Product and Advisory
DBS Bank

Antony Dirga

Chief Executive Officer
Trimegah Asset Management

Simon Lints

Chief Executive Officer, Singapore
Schroders Wealth Management

Mark Buesser

Chief Executive Officer
IMTF

Irene Lee

Director, Head of Business
Development
Alpadis



[Kenneth Ho](#)**Managing Partner & Founder
Carret Private Investments****You (Carret Private Investments) recently merged with Lumen Capital Investors. What motivated that deal?****[Watch Video](#)**

We're both very excited. It made a lot of sense; the base of our business Carret (Carret Private Investments) is in Hong Kong, we had very few people based in Singapore. Lumen (Lumen Capital Investors) is based in Singapore, (but) they had no one in Hong Kong. We both felt like we needed to have a presence in both markets to service our existing client base, as well as to grow. For me, I needed to grow my North Asian client base, and having a Singapore presence, particularly in our turbulent marketplace, really expands the offering that we could give to our clients. We're very excited; both of our businesses are largely based on Swiss banking roots. Wilfried Kofmehl, the CEO of Lumen, and myself were two of the original executive board members of Julius Baer, so we're very excited to get back together

to rebuild something like we thought we had at the first stages of Julius Baer, which is a boutique wealth manager with a clear value proposition across the region.

[Samdarshi Sumit](#)**President Director & CEO
PFI Mega Life Insurance****Is the Insurance offering in Indonesia evolving rapidly enough?****[Watch Video](#)**

The insurance industry in Indonesia has been heavily focused on unit link, which is good and has its own opportunity, but we need a more diversified set of products. So, at PFI Mega Life, for example, to the mass market we are bringing in basic protection; products like hospital income, products like critical illness. At the same time, we are looking at a US dollar-denominated, more complex set of products - whole of life and unit linked with USD denomination for the affluent customers. So, in a nutshell, we need to broaden the range of solutions, and then we would be able to find the right audience to which this product will appeal.

[Edy Tuhirman](#)**Chief Executive Officer
Generali****What should the regulators do to help spur further development?****[Watch Video](#)**

Initially, the regulators have done a lot to create something for our industry to grow from, but for sure there always will be a space to grow. We are concerned about tax, because we look at any countries in the world, from the perspective of insurance or more long-term perspective, (I think there) has to be some tax incentive. Otherwise, our people, customers, are more focused on short term. So, I think the government regulators have to work in that area, to encourage penetration to be even better.

[Ivan Jaya](#)**Head of Wealth Management &
Retail Digital Business
Commonwealth Bank****What digital expectations do clients have?****[Watch Video](#)**

There are actually three basic needs if we talk about the wealth management, if we would like to digitise the experience. The first one is that the client wants to know how their AUM growth; how much unrealised gain or unrealised loss they are having. So that's one, and they would like to know 24/7; anytime they would like to know it, then they need to be able to access it. The second (expectation) is that they need to be able to be updated on news, the real-time news, that (could) affect their portfolio. And then the third expectation is having the ability for them to contact their relationship manager in order to





execute the transaction or the ability to execute the transaction immediately. So if we would like to enhance our business model (with the) support the technology, those (are the) three things we need to address.

Are traditional banks attractive enough for the new wealth creators and next generation of customers?
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Like it or not, the traditional banks, right now, they need to adapt. To adapt in terms of how technology would help them, that currently, in terms of what they lack, in terms of the talents in delivering wealth management (services). But right now, with the help of the technology, we are seeing that one, two (of the) traditional local banks right now (are) revamping their apps (or) creating (a) wealth management app, in order to tap this market, because they need to grow their fee-based income.

[El Lee](#)
Co-Founder and
Chief Operating Officer
Onchain Custodian

Who is Onchain Custodian?
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Globally, there are a lot of people who are concerned about their investment in crypto assets. We've heard of all the hacks being enacted upon exchanges, people losing their crypto asset, and we're talking about millions of dollars that have been lost. Since the start of 2011, we've counted for over USD1.5 billion worth (of crypto assets) lost due to clients or exchanges being hacked. Onchain Custodian is here to fill the gap in the market where institutions and accredited investors really need institutional grade custody for (their) digital assets, and we're here to provide that service for them so that they can invest and generate returns without worrying about the security and safety of their crypto assets.

How will we see the growth of digital asset investments grow in Asia?
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Over in the Asia space, we're going to look at crypto assets continuing to take on a life of its own, and going forward, blockchain is here to stay, and that's my opinion; blockchain is the underlying technology that allows different types of industry and businesses to take it on, to act upon and to grow their businesses. The currency that enables blockchain to work is really crypto assets, crypto currencies, and one of the reference points is really Bitcoin. So, going forward, even though there was a tulip effect in 2017, we're going to see businesses, individuals, accredited investors, high net worth individuals, all look at this asset class and be interested in it. The question is, how do they utilise it? How do they invest and participate in a token economy? and how do they safekeep their

asset? Those will be the three key questions that people will continue to ask in the industry, and we're here to help and I trust that (people will) want to do this together with us.

[Nagaraj Prasadh](#)
Country Head
Intellect Design Arena

What does Intellect Design Arena do?
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Intellect is in the business of providing technology solutions and products for banks and financial institutions across the globe. Specifically in Asia, we are looking at countries like Indonesia, Malaysia, Thailand, Singapore, Vietnam, to provide our customers with wealth management solutions - solutions which would reach out to the Relationship Manager (RM), make an impact with the customer, and make sure that they're equipped with the right amount of data and information to have an effective conversation, leading into (the RM) making informed decisions



for the customer, balancing their portfolio, making sure that the investment is on the right track, and making sure that they are able to meet with the customer on-demand, and not with a lot of delays. So we are into the business of providing information to help RMs to make a difference in the life of a customer.

What are all the component parts you need to build a sustainable and profitable wealth management business?
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We see that, while the customer has an investment to make, the RM has to do a lot of research on what products to recommend to a customer. This is where technology comes in; based on the right risk profile, based on the appetite that they have for investment, the RM would be effectively able to make a decision on what recommendations are required for a specific customer, and with that recommendation, an effective decision can be made on where to invest the money,



and not a random gut feel-based investment. So, this is the science of investment based on facts.

[Handry Mulyo](#)
Managing Partner
Kolega Capital

What must the regulators do? Why don't they do it?
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There are a few things that regulators should be doing and should start looking into. Number one, I think, is having segmentations between retail investors and high net worth individuals. If you keep a focus on being client-centric, then I think the mass market would need some protection from the regulators, meaning that there has to be some sort of a gate on certain products being distributed to them. That's number one. If you look at the high net worth individuals: often, these high net worth individuals have some sort of a global view or education background; I'm talking about the second, third generation. There has to be an availability of products





sophisticated enough to meet the demand of these individuals. So, I think the regulators must look at it from both sides. Finding that balance, it might be challenging: having that opening up the market, but at the same time, regulating it to a certain degree.

[Koh Keng Swee](#)

**Executive Director, Head of Investment Product and Advisory
DBS Bank**

For years there have been discussions about opening international investments to Indonesia for distribution onshore, but will it ever happen?

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It will happen, and it is slowly but surely happening. Previously, in terms of buying offshore funds, you needed to be a high net worth individual investing huge sums of money before you can go through the KBD route. Currently, I think there are upwards of close to 10 funds which have got overseas exposure, that retail clients can buy as well. Certainly more can be done, but I can understand the regulator’s concerns as well, in

terms of rupiah, stability, and also in terms of investor awareness. So, I guess this is where the financial institutions have got to come in to improve investor education and also awareness and understanding of such offshore assets. But in terms of portfolio diversification and choice: definitely, the offshore assets has got to be part of the portfolio. It cannot be all Indonesian. So that’s what I’m advocating as well, if I were to meet the regulators

[Antony Dirga](#)

**Chief Executive Officer
Trimegah Asset Management**

Any interest in ETFs? And interest in ESG?

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We’ve seen definitely growing interest in ETFs in the market. The ETF market within the mutual fund industry has actually grown four-fold in the last four years or so; last count, it’s slightly below Indonesia Rp15 trillion; most of the interest actually comes from the institutional investors, we’re seeing a lot of demand. In fact, some of our institutional clients

have actually been asking us to open up to ETF products as well, to diversify their investments. Of the second point, on ESG, we are seeing some growth there, but unfortunately not as fast as the growth of ETF products. People are getting more and more interested in ESG, perhaps more on the retail side as opposed to institutional side. So, it’s actually on the flip side, versus ETFs.

[Simon Lints](#)

**Chief Executive Officer, Singapore
Schroders Wealth Management**

What do you need to do to be a successful wealth manager today?

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Recognising you can’t be all things to all men. I think there’s a certain level of specialism required, expertise, experience, and a real commitment to the marketplace. I think a lot of players spread themselves very thinly and don’t have the level of expertise, knowledge, and are very much product driven, bottom line driven, rather than relationship driven; trying to build those connections for the longer-term. So, I think to be successful you have to take a longer-term view on building client relationships and less short-termism.

[Mark Buesser](#)

**Chief Executive Officer
IMTF**

What are the trends we are seeing globally around RegTech, KYC and onboarding?

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To put it a bit strangely, I would say forget about the FinTechs, invest in RegTech, because (with) what is happening out there, like in



every other market, the changes in regulations - apparently there are 200 changes in regulations globally per day - is also (impacting) this market. That means that the banks are shifting away from investing into FinTechs with an uncertain outcome, or maybe investments which didn't show what they were expecting, into more down-to-earth kinds of stuff. And they see there is a big potential of automation in regulatory affairs.

Given the trends we are seeing globally around RegTech, KYC and onboarding - how is IMTF enhancing your platform?

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The most important trend which we can see in RegTech space is that, as the name already says, it covers many different areas from KYC screening to fraud detection to transaction monitoring, obviously through the whole client life cycle, to management issues. I think that our potential customers have understood that you cannot do this though one big approach, but you have to do it in a more Lego-brick type of approach; adding (RegTech solutions to) where they have the biggest pain points in their existing infrastructure, and, most importantly, to integrate with their infrastructure which is, on many occasions, just a couple of

silos which do not communicate with each other. So, the RegTech platforms have also become the platform which somehow integrates all these disparate systems, because the more information I have, the more I can consolidate this information, thus more automation, better detection and higher precision is possible.

[Irene Lee](#)

Director, Head of Business Development

Alpadis

Are we ready for the intergenerational wealth transfer?

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Essentially, a lot of the second and third generation wealthy clients are a lot more well-versed because they have greater access to the internet and greater access to advisory (services). However, in terms of actually sitting down and planning for the transfer of wealth, a lot of them are not ready. They have certain information, but they don't really know how to maximise the use of the information. That's where organisations like ourselves, and advisors like ourselves, are important to provide greater detailed information for them to make informed decisions as to how they can better manage and protect their wealth, and then transfer it to their future generations. ■

