

Kasikornbank shows way to service HNW Thais

When Jirawat Supornpaibul joined Kasikornbank (KBank) in early 2013, his mandate was clear: build the best onshore private bank in Thailand. Already, he seems to be well on his way to achieving this.

It is hard to see how KBank could have grown its private banking business any faster than it has to date.

Jirawat Supornpaibul's strategy to scale this division under his leadership began simply by inviting the bank's 'privilege' customers to upgrade their account status to 'private banking'.

Underscoring his initial progress in just three years, his business has amassed over 9,000 HNW clients and more than USD19 billion in overall assets.

Added to this achievement is the partnership it has forged with Lombard Odier in terms of family wealth management services, to widen its product offering and add a global perspective for KBank's Thai client base.

Yet Supornpaibul is a realist who knows that the job is still far from complete. He is now focused on building KBank's investment advisory platform to appeal

to Thailand's growing number of HNW individuals in a more significant way. "Of the USD19 billion within the private bank, 60% is still in deposits and only 40% is under our advice. So we cannot really say yet that all of this is AUM," he explains.

The challenge he faces, therefore, is to find ways to increase the take-up of funds and other investment services among the HNW amid an effort to nudge them along the path to a more advisory-type relationship with the bank.

BUILDING BLOCKS

Supornpaibul's plan is to build the private banking proposition around three pillars: quality of advice, quality of product, and quality of service.

With existing offerings ranging from stock trading to security deposits, he says the bank is well-placed to cater to most of the financial needs of HNW clients in Thailand.



JIRAWAT SUPORNPAIBUL
Kasikornbank

However, he knows he needs to steer clear of servicing the typical short-term trading mind-set of local investors. Instead, he is exclusively focused on

helping customers to take a longer-term view on their investments.

“We are more focused on creating long-term wealth,” he adds.

This strategy has an added cost advantage; it allows KBank to have fewer relationship managers (RMs) in total. For example, it only has 50 RMs, with each looking after around 200 clients.

“The number of clients for each RM might seem high, but since they don’t do short-term trading [for their clients], they do not need to be glued to a monitor the whole day,” explains Supornpaibul. “They can go out and meet clients and work with their portfolio.”

The approach of streamlining staff extends to the advisory offering too. For example, the bank has one financial adviser for every five RMs.

Here again, Supornpaibul rationalises this ratio because his RMs are also equipped to construct investment portfolios for their clients.

At the same time, he believes open architecture is the way to go. This also includes feeder funds for investors who are looking for more diversification by investing in overseas markets.

ACCESSING OLD MONEY

The centre-piece of the private banking strategy, meanwhile, is being built around KBank’s ability to straddle both capital markets and non-capital markets-related demands of wealthy Thais.

In particular, Supornpaibul says that offering more than just investments is key to wooing HNW clients in Thailand, given that so much wealth is tied up in real assets such as property and land.

“Every one of my clients has lots of land, which is why we are expanding our non-capital market services,” he says.

“Our wealthiest clients have the chance to speak to Goldman Sachs, UBS, Morgan Stanley, Credit Suisse or others when it comes to capital markets, so we cannot compete on offshore products.”

So KBank is instead tapping on its wide, local network and knowledge base when it comes to the property market to gain a foot in the door with this client segment. “We have a broad network of people who want to buy and sell, and also we are the financiers of many property projects,” he explains. “As we have the expertise, this is an area where we can compete.”

For example, he adds, a lot of these types of clients acquire acres upon acres of land, but after a while it becomes costly for them keep those assets without generating any return from them, because they just add to the tax burden.

“These people have expertise only in collecting land, not developing it. They also do not know how to sell it.”

The specific opportunity Supornpaibul sees is in advising these clients on the holding structure for their land so that it minimises their tax burden.

He believes that providing a proper service to clients in this area will deepen their relationship with the bank and could, in turn, make them potential customers for capital market solutions as well, in the long run.

“We look at the whole picture,” he explains. “And at this point we don’t mind if we are not charging a fee for our advice. We want to build trust. Once we

Planning for the future

There are several emerging areas of interest for KBank. These include family office services, tax planning and creating family constitutions.

Private equity will also be important going forward.

In Thailand, for example, this part of the market is still relatively disorganised, so Supornpaibul wants to start to build a network of people who are looking to put their money into start-ups.

Unlocking more of the potential for private banking in Thailand also calls for changes from the regulator. In particular, says Supornpaibul, there is a growing need to meet the requirements of the land-owning HNW clients.

“Estate trusts are the big topic for discussion in Thailand. People are looking for asset-holding solutions that can keep their assets for many generations.”

At the same time, he adds, the regulators shouldn’t shield local wealth managers from overseas competition.

“I love to be in an open competition, I don’t want to be protected. If you are protected from international markets, you cannot improve your capability.”

help a small client who has his money tied up in land to get some of the proceeds back, this individual could become a big client.” ■