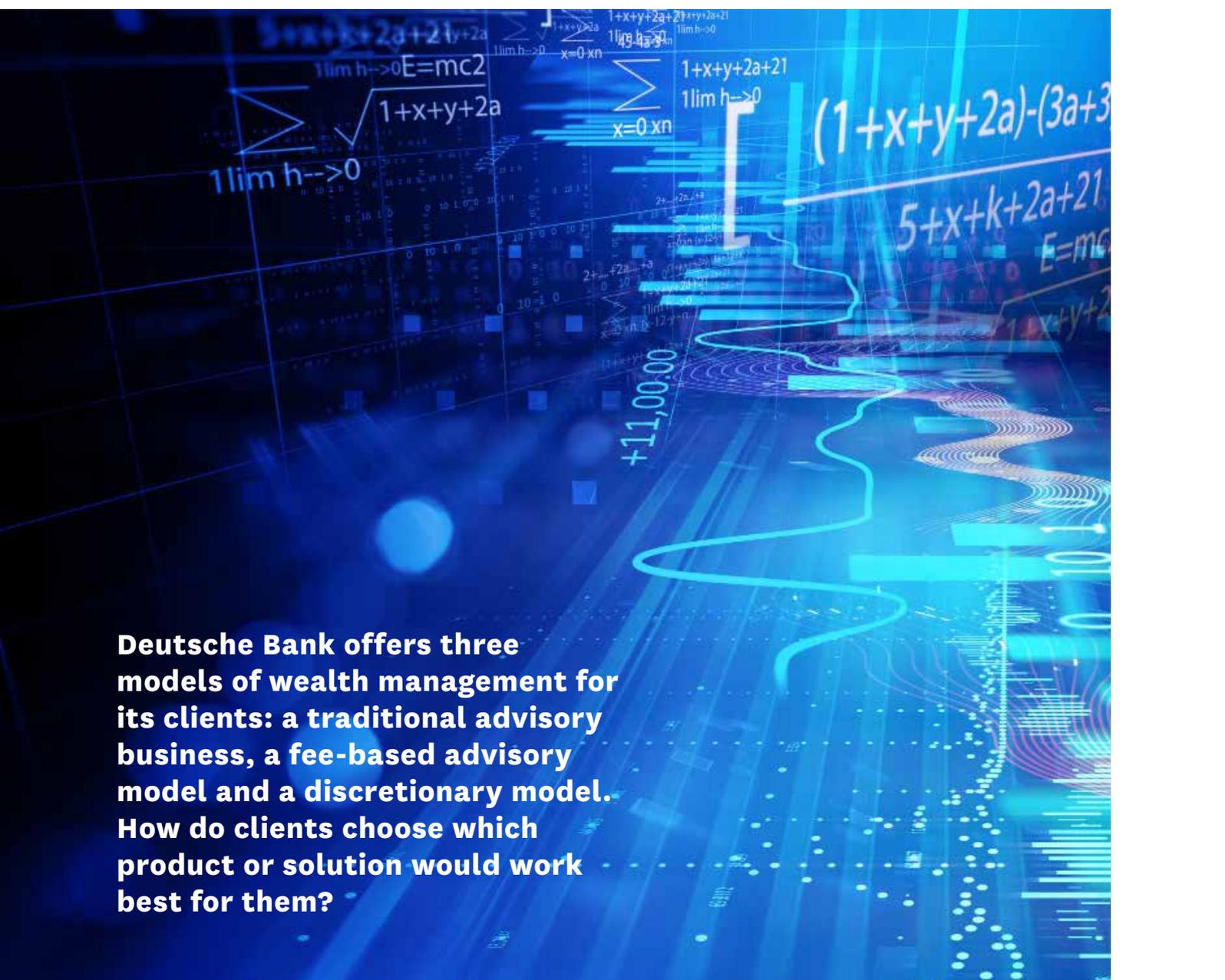


# Keeping Customers Happy – the big priority

A futuristic, blue-toned digital landscape with mathematical formulas and data visualizations. The scene is filled with glowing lines, grids, and various mathematical expressions such as  $E=mc^2$ ,  $\sum_{x=0}^n (1+x+y+2a)$ ,  $\lim_{h \rightarrow 0} \frac{1}{h}$ , and  $(1+x+y+2a)-(3a+3)$ . The overall aesthetic is high-tech and data-driven.

**Deutsche Bank offers three models of wealth management for its clients: a traditional advisory business, a fee-based advisory model and a discretionary model. How do clients choose which product or solution would work best for them?**

**D**EUISCHE BANK WEALTH Management is one of the world's largest wealth managers, with global assets under management at around USD 350 billion. Asia's invested assets (excluding loans) enjoyed 11% growth compared with that of June 2017. The bank offers high- and ultra-high net worth clients a range of traditional and investment products and solutions and full access to the Deutsche Bank Group's global resources.

Lavanya Chari, Managing Director and Head of Global Products & Solutions, Asia-Pacific at Deutsche Bank, says that the breadth of Deutsche Bank's product suite is what differentiates it from other private banks. "I think we're probably the best on the street, with the ability to offer pretty much everything, from simple cash equities to complex structured products, from mutual funds to hedge funds to private equity offerings, together with a one-bank approach in partnership with our investment bank."

Chari believes that it is this ability to service clients' business needs, in addition to its wealth management services, that is the selling point differentiating Deutsche Bank from its competitors. "I think this is offered by very few private banks, and it is something that our ultra-high net worth clients appreciate very much."

According to Chari, another advantage that Deutsche Bank possesses is that "Even within standard wealth management investment products, different clients may choose different banks for different types of products. There are certain clients who may open an account with Deutsche Bank just to trade its structured



LAVANYA CHARI  
DEUTSCHE BANK WEALTH MANAGEMENT

products, because this is something that we are a market leader in."

**Matching product to client**

Deutsche Bank offers three models of wealth management for its clients: a traditional advisory business, a fee-based advisory model and a discretionary model. How do clients choose which product or solution would work best for them?

"It depends entirely on what the client wants," Chari explains. "If the client is a frequent trader, I would recommend the wealth advisory option, where they would pay a flat fee and trade as much as they want." Deutsche Bank has introduced the fee-based wealth advisory model in Europe, which has been fairly successful, and is now looking to launch the same structure in Asia.

If a client does not wish to trade as frequently, however; "I would still stick with the traditional advisory model, where I'd just pay for each transaction, which on average, may be less than the fee that would be charged for the wealth advisory."

**Getting Personal**

Lavanya Chari is Managing Director and Head of Global Products and Solutions, Asia-Pacific at Deutsche Bank Wealth Management, based in Singapore. She grew up in Chennai, India, and earned her degree in Aerospace Engineering at the Indian Institute of Technology in Chennai. While some of her colleagues went on to work for NASA thereafter, Chari studied for her MBA in the Indian Institute of Management in Bangalore. After her graduation, she joined Deutsche Bank in London, where her first job was in rates structuring in global markets.

Chari was in London for ten years, going on to run the bank's global commodities asset structuring business before moving to Asia in 2012. After a few years working across all asset classes and running structured sales for private banks and institutional clients in the region, she was appointed to run the bank's regional wealth products and solutions business in 2016.

Chari is married with two young daughters aged six and four, and enjoys travelling, having recently visited Guilin in China, and the fjords in Norway. She also enjoys the outdoors, and adventure sports such as bungee jumping and skydiving.

Lastly, “If I just wanted to focus on my business or other things, I would give it to the private bank and go with the discretionary model,” she adds.

### **Challenges in preserving net income**

With rapidly shifting dynamics in banking and wealth management in recent years, particularly in technological advances and the cost of doing business, the preservation of net income while keeping clients’ best interests at the forefront may have become challenging for many banks. Nevertheless, Chari says that Deutsche Bank’s cost-to-income ratio is “relatively low”.

**“Every year, we are hiring graduates. And the pool of applicants is much larger than what we end up choosing eventually, so there is a plethora of evidence that people are still very interested in joining the wealth management industry.”**

She attributes some of this to the outsourcing of its entire back office operations to a Swiss software company in 2014. The company has since deployed its core banking services system across Deutsche Bank’s wealth management activities in Asia, creating a ‘new, single cash ledger for its various businesses’ and enabling the bank to reduce complexities, risks and costs while delivering services to its clients.

According to Chari, another reason for the bank’s low cost-to-income ratio is the automation of trading processes and systems. “When you look at equity derivatives trading, we have the

EQ Connect trading platform,” she says, referring to the 2014 launch of Singapore-based software solution provider’s multi-asset connectivity platform. “It is a dealer-neutral platform where the bankers can go and trade directly, and the product desk is only involved in the non-flow transactions.”

### **NextGen technology**

She adds that Deutsche Bank has been also seeing an increase in interest, especially from younger, next-generation clients, who are looking to invest in technology and technology-related companies.

In June this year, the bank won a “Highly Commended” award within the “best global initiative in client-

facing technology’ category of the inaugural Wealth Tech awards. The awards, by Financial Times’ Professional Wealth Management magazine, recognise the role of technology in private banking.

The award was for Deutsche Bank’s NextGen app, launched in late 2017, created to showcase investments and offer the bank’s millennial clients the familiarity of a social networking platform to make personal connections, share information and access insights and content. The NextGen app is usable on smartphones and tablets, and also enables wealth managers and their clients to interact with each other.

### **Wealth management ‘relationship driven’**

The one aspect of wealth management, Chari notes, that does not lend itself to outsourcing is know your customer (KYC). “Given the stringent controls we have, the bank concentrates a certain amount of time and resources on KYC,” she says.

“Definitely with the advancement of technology, certain aspects have changed. Clients would much rather receive their statements and advices on a mobile device as opposed to 10 years ago, when literally everything was manual.”

“But I still very much maintain that wealth management is a relationship driven business. That’s one aspect that hasn’t changed.”

### **Trends**

Chari believes the most challenging trend the wealth industry is facing at the moment are the multiple regulations that have recently come into force as well as those that are coming up. “We work closely with the regulators to make sure going forward, the maximum transparency is provided to our clients. The EU’s MiFID II (Markets in Financial Instruments Directive) was a challenge that we had to deal with. Being in the Asia-Pacific region, we are in a better position, but our European colleagues were affected far, far more,” she notes, referring to the impact on Deutsche Bank’s trading revenues when the revised directive came into effect in January this year.

To improve transparency in the industry, the directive required banks to charge for research separately from broking services, and report executed deals in greater detail to clients. “Then there’s the Hong Kong Monetary

Authority (HKMA)'s fund trailer fees disclosure, which is another challenge we will have to deal with next month," she notes, of the HKMA's similar push for more transparency in the industry, by requiring firms to disclose trading profits and benefits received from third-party product issuers in the service of clients.

### **Priorities: growth and technology**

A key priority for Deutsche Bank Wealth Management is growing its customer base in China, as well as within the global community of non-resident Indians (NRIs), a

include focusing on multiple areas in technology for clients who wish to access their portfolios online. "We have a client app, Deutsche Wealth Online, and we're currently making further enhancements to that app. That is extremely important for us."

Internal applications and systems are another priority area. Chari specifies these as "everything from improving trading systems, where bankers can trade FX directly rather than going through the trading desk, to an entire client management system platform, right from prospects to existing clients." Next, the bank is making a

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large diaspora population of over 15.6 million people. According to Chari, Deutsche Bank's Middle East business, specifically focusing on NRIs, has grown significantly. "We expect the wealth generation to increase tremendously in this segment over the next few years," she says, referring to the growing wealth in India, and its 7.7 per cent GDP growth in the last quarter of 2017. "That is significantly higher than pretty much everywhere else, even including China. India just became the sixth largest economy in the world, surpassing France, and a lot of the wealth sits offshore." Other equally important priorities

include focusing on multiple areas in technology for clients who wish to access their portfolios online. Chari notes that that is happening across the industry, Chari adds: "We are not trying to shift money from capital markets, but we do want to grow our managed investments."

### **Hiring new talent**

Chari refutes the perception in some quarters that despite the growth in the wealth management sphere and the increasing opportunities it affords, not many young people aspire to a career in the industry. She believes an important way for private banks to ensure growth is through

### **Key Priorities**

Growing Deutsche Bank's wealth management business in China, as well as within the global community of non-resident Indians (NRIs).

Improving multiple areas in its banking technology, from client apps to upgrading internal applications and systems, and an entire client management platform.

Gearing the Deutsche Bank product mix towards managed investments.

Hiring diverse new talent to ensure continued growth.

recruiting diverse new talent into the industry.

"Every year, we are hiring graduates. And the pool of applicants is much larger than what we end up choosing eventually, so there is a plethora of evidence that people are still very interested in joining the wealth management industry."

"Within Deutsche Bank, I would say this is a growth area, and within wealth management, APAC is not just the fastest growing business, but also the largest in absolute terms. That's a very, very strong position to be in. Here in Asia as at end June, we have made more than 100 hires across all functionalities - client coverage, product platform, digital, compliance, project management, support services. We just want to make sure we are able to deliver the best client experience from the first day our clients are onboarded."