

Launching Private Banking in Vietnam: Bordier & Cie's Strategic Cooperation with MB Bank

Pearl Pillaert, Associate Director, New Markets at Bordier & Cie believes that the Strategic Cooperation model between established, brand-name private banks such as Bordier & Cie and local market leaders in emerging countries such as Vietnam is the ideal launch pad for the development of professional wealth management. On behalf of the Bank, she addressed delegates at the Hubbis Vietnam Wealth Management Forum to outline Bordier's DNA and how the bank has been working with its Vietnam partner MB Bank since their official signing last year.

“MANAGED AND OWNED BY THE FAMILY'S FIFTH-GENERATION NOW,” she explained, “we are the biggest partnership bank in Switzerland today, and although small, we are big and growing in relationships, with presence in three continents, 11 cities, including Singapore as our base for this region.”

Pillaert explained that strategic cooperation is a natural route for the bank, as it is too small to compete with the larger players, but ideally suited to support the expansion into wealth management of local banks and institutions in the region. “We bring credibility, experience, and expertise,” she said.

In Vietnam, the bank signed a Strategic Cooperation Agreement with MB Bank in October 2018. “What do we bring to the table?” she asked, rhetorically. “They obtained an accelerated private bank model. Of course, they could do it themselves, they have smart and capable people, but we have all the proven processes and procedures of the highest



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standards in place as a Bank licensed by financial authorities such as FINMA and MAS, to help fast forward our partner bank's operations while also securing access to Bordier's network and leveraging our credibility. For us, we gain exposure to a very interesting, dynamic market in Vietnam with the possibility of new revenue streams."

Pillaert then shared some of the progress thus far with MB Bank. "I can talk about this for hours, it has been fascinating," she reported, "but I will focus now only on a few areas."

She explained that they have analysed the clients of MB Bank,

but also generally clients in Vietnam's expectations from their bank, services they receive from other banks, and how their demands can be met.

Bordier, along with the support of external consultants, also reviewed the product offerings, both of MB Bank and the competitors, and how the strategic cooperation can match or exceed expectations with MB's Private Bank's solutions. "We looked at how solutions should be developed over the next one to five years, thereby building a products and services roadmap for MB's Private Bank."

Bordier has also looked at MB Bank's technology and digital needs with a significant upgrading of its internal and external client touch points.

Pillaert further explained that MB's Private Bank will have its own investment team, led by the CIO and enforced by expert product managers to support MB Private Bank's Relationship Managers.

"In my opinion, one of the examples of Bordier's value-add to MB's Private Bank is the client segmentation approach in Vietnam," she observed, "and how it differs from the client base in Singapore, or elsewhere. Bordier actually adapted its proprietary segmentation tool to allow MB Bank to better understand its current clients and the clients MB Bank wants to engage in the future. Thanks to this, MB Bank will be able to efficiently target their clients and provide them with tailored solutions."

"The launch of the private banking operations is scheduled for Q4 2019, with offices in Ho Chi Minh City and Hanoi, modelled after Bordier's Singapore office."

"We are all excited by the prospects," she said on closing the talk. "The RMs are going through training programmes now to understand the industry, how private banking differs from what MB Bank has been doing so far, but also to sharpen their soft skills, listen to the clients, focus on the long term, and on how they can promote certain solutions and services. RMs are also trained to understand how they might address their clients' requirements for overseas education for their children, or healthcare and insurance solutions, and so forth. Watch out for the new website and the launch." ■

Bordier & Cie takes the Partnership Route in Asia

The leaders of the boutique and increasingly global, family-owned Swiss private bank Bordier & Cie (Bordier) are firm believers in the future of onshore wealth management in Asia. A central platform of the bank's expansion plan in the region is the building of partnerships with leading financial institutions to help them start, or further develop their private banking and wealth management propositions.

Given the fast economic growth and the rapid expansion of private wealth in the region, as well as the regulatory drive both globally and in this region, the bank believes the growing need for high level and specialised private banking services will evolve, especially as onshore wealth management continues to grow across the region.

Moreover, as wealth transfers pick up from one generation to the next, there is an increasing risk appetite among Asian clients as compared to their European or American counterparts. This inevitably presents exciting opportunities within the private wealth landscape.

Although perhaps one of the smallest boutique Swiss banks in Asia, the bank has a 175-plus year history and is now in its fifth family generation. The bank's longevity has been partly due to its ability to adapt to the ever-evolving landscape, so transformation and reinvention are necessary for overcoming the challenges and grasping the many opportunities available.

This is why the bank has adopted a model of working in strategic partnerships with regional banks and financial institutions to help them start or enhance their private banking operations. With an eye towards achieving best-in-class wealth management capabilities, the bank makes use of its own expertise and resources to help identify key areas needed to shape the value proposition for partners in the region.



Before venturing full-on into private banking, regional banks must first decide why and how they want to move into this business segment. With dramatic growth in private wealth and the fact that more than 80% of private wealth today is not under professional management (and even less so in markets such as Vietnam) the decision is generally "yes". Accordingly, the next question is whether to develop this model organically or through partnerships.

The reality facing such institutions is that to build a private bank from scratch may take a longer time as compared to partnering which may dramatically increase their efficiency and their focus while cutting the cost needed to build it from the ground up.

The other question for these regional financial institutions, once they have decided partnering is the optimal route, is whether to opt for a big bank or a boutique bank that is perhaps more agile and adept at offering new solutions and offers a more personalised approach.

There are solid arguments on the side of the boutique firm, not least of which is it will not likely end up as a local competitor, whereas a global bank might. The boutique private bank is of a size which means they will remain offshore, which eliminates any underlying concerns about potential competition.

Bordier is committed to the belief that any partnership should be both long term and mutually beneficial. The bank also expects that its approach to investment management will strike ever more chords around the region, with discretionary offering becoming an increasingly important decision for HNW clients in Asia.

The bank's investment management teams approach investments in a novel way, using psychometrics to map clients' internal aspirations and goals. From there, the bank helps curate different investment strategies to manage money in accordance with what is important for those clients.

