

Leading Regional Lombard Odier Banker Vincent Magnenat Reviews the Bank's Comprehensive Thailand Proposition

Vincent Magnenat, Limited Partner, Global Head of Strategic Alliances and Asia Regional Head at Swiss private bank Lombard Odier, was one of the expert speakers for the Hubbis Digital Dialogue discussion of December 1 that aimed to track the evolution of, and the outlook for, the wealth management industry in Thailand. The bank has an established and active strategic alliance in Thailand with Kasikornbank, and Lombard Odier is looking forward to many years of close cooperation, both onshore and offshore. We have summarised some of his insights from the discussion in this short report.

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Vincent Magnenat
Lombard Odier

Lombard Odier is a more than 225-year-old family business that remains privately-owned, as it has been for seven generations. The Swiss private bank has worked extensively across Asia, both with its offshore private bank offering and its onshore proposition, delivered largely through strategic alliances in local markets with leading financial groups.

Having spearheaded these strategic alliances, and having worked in Asia for over two decades, Vincent is remarkably well-placed to opine on the key developments that are taking place and to offer his views on what he expects and hopes for in the future. Accordingly, Vincent's insights at the event were, as always, based on his deep experience and understanding of Asia and the challenges and opportunities around delivering top-quality private banking and wealth management expertise.

"I remain very positive about the future," Vincent said opening his commentary. "The reopening of the economies and of travel this year have been major positives and with regard to the shaky markets and the outlook, we have a saying that 'after

the rain, better weather will come'. The wealth industry has actually become more resilient since the pandemic, and perhaps most investors are as well."

The four megatrends

He told delegates how the bank had identified four key megatrends in the region. One trend is the great wealth transfer between generations. Another is the 'onshorisation' of wealth in markets, in light of increasing regulations and transparency. There is also the increased market volatility that has led to clients thinking about revising their allocations and the diversification of their portfolios - globally and beyond traditional allocations. And of course, there is a major shift underway to more sustainable investments. And he said that all these trends apply neatly to what is going on in Thailand.

"Volatility looks like it is here to stay, and this is driving more and more clients to seek advice and expertise, both the older and the younger generations."

The great wealth transfer

Drilling down to the great wealth transfer, he explained that in the coming few decades, trillions of dollars will transition from the current generation to the next generations. "Obviously, the needs of the next generations are different from the previous generations, so we need to adjust our thinking and approaches, and we need to accompany the clients during these transitions. Through our strategic alliance with Kasikornbank, we lend our expertise, both as a seventh-

generation family business as well as our family services expertise, to support leading Thai families and entrepreneurs onshore."

Onshore and offshore

He explained that what Lombard Odier calls 'onshorisation' is a recognition that onshore wealth management is growing rapidly.

"This does not mean offshore growth is wilting, but growth in onshore wealth management has been more robust the past few years," he said. "Why? Because we are in a region, and especially in Thailand, where we have a rapidly growing upper middle class. They have real needs, and they expect the onshore offering to be of the same sort of scope and quality as available offshore, and they want to have the same sort of access to global assets and markets."

And that, he reported, is precisely why Lombard Odier's approach is to forge strategic alliances in the region. "It is not just about products and offerings available, but more importantly, the ecosystem - advice, support, expertise, and the overall quality of the offering and the service, must also be available and robust," he said. "The mission is to help create this ecosystem that allows clients to tap into a full spectrum of solutions, globally."

Volatility driving portfolio sophistication

Another megatrend Lombard Odier sees is increased market volatility

and how this had led to clients thinking increasingly about revising their allocations and diversifying their portfolios - globally and beyond traditional allocations.

“Volatility looks like it is here to stay, and this is driving more and more clients to seek advice and expertise, both the older and the younger generations,” Vincent mused.

Based on Lombard Odier’s recent Asia-Pacific high-net-worth study, 68% of HNWIs in APAC have acted decisively to realign their portfolios, and their banks have played an important role

We are all in this together...

And the fourth mega trend he had identified is the sustainability revolution. “Through our recent survey and study that we conducted across eight markets in Asia, when we interviewed over 450 HNW and UHNW individuals, we found that the number one country interested in sustainability is Thailand, with 93% of Thai participants saying that they want to invest into sustainability. These are sophisticated investors, who increasingly understand that one of the biggest risks ahead, and opportunities ahead, is sustainability. We are all heading towards the 2050 climate change and sustainability goals, and we are all actors who can make a positive contribution.”

In other discussions with Hubbis this year, Vincent had also explained that what is needed is a better sustainability and ESG reference framework, and the ability to communicate a better

understanding around investing in sustainability.

He had told us: “At Lombard Odier, we believe in the transition, so we don’t just invest into the solution, we invest in companies that will need to transform their business model, if we want to reach those 2050 goals. We take more of a forward-looking approach. We believe that sustainable investing should produce superior returns, enhanced risk mitigation, and could be spread across the entire allocation.”

Advisory-led wealth management

The discussion evolved to focus on the younger generations and the evolving needs and expectations amongst private clients. “We are moving really from advice around product to a more holistic approach,” he observed. “There are different objectives related to managing money. There are the more basic objectives of money as providing for the essentials throughout our lives, then there are lifestyle and other objectives, such as a great retirement, luxurious homes or yachts, the ability to pass real wealth to the future generations, and so forth. And the portfolios need to reflect these different objectives, and our advice needs to encompass these various goals.”

Knowledge and expertise

He drew his observations towards a close by underlining the importance of quality advice and explaining that to achieve that mission, the bankers and entire operations need

better knowledge, more training, additional skills, and that expertise and understanding needs to be communicated with and shared with the clients themselves. “We need to communicate effectively, and we need to challenge our clients positively, for example to ensure that they properly understand how to build portfolios, and the risks associated with different allocations and assets.”

In friends we trust

Vincent’s final word was on the relationship with Kasikornbank, which is now some eight years mature. “Lombard Odier chooses its strategic alliances very carefully and is honoured to be working alongside Kasikornbank. As a family business with a long and outstanding track record in the wealth management space, we hold a long-term perspective in everything we do, and sustainability is at the very heart of Lombard Odier. In this regard, we are aligned with Kasikornbank who share our vision of the future of wealth management, and we look forward to continuing to support Kasikornbank for generations to come.

On the back of the great success that formed with Kasikornbank, Lombard Odier has added five other strategic alliances in the region, and even has one in Mexico . “This is a business model that we truly believe in, as it combines the strengths of a powerful local organisation and a global organisation to really bring value to our local clients.” ■

