

Lim Soon Chong: Envisioning Loyalty and Longevity in Wealth Management

Lim Soon Chong, Managing Director and Regional Head, Investment Products & Advisory for the Consumer Banking Group & Wealth Management at DBS Bank, has few worries over the state of private banking in Asia, at least from his perspective at DBS.



Executive summary

Lim Soon Chong is both a traditionalist and a modernist in his approach to private banking and wealth management. From his viewpoint as Managing Director and Regional Head, Investment Products & Advisory for the Consumer Banking Group & Wealth Management at DBS Bank, he believes the digitised wealth management template the bank is rolling out across Asia can achieve the twin goals of customer loyalty and longevity.

He also believes that the bank must itself epitomise the enduring qualities and integrity, as well as commitment to the communities that the bank serves, and thereby reciprocate that loyalty with customer-centricity throughout the lifetimes of those individuals.

Soon Chong met with Hubbis to delineate his concept of wealth management, his belief in digitisation and democratisation of investment and wealth advisory, and to explain why he believes that the DBS model is ideally suited to benefit from the continued robust growth in GDP and private wealth across the region.



“NO,” HE REPLIES EMPHATICALLY when asked if the private banking industry is facing its own ‘Kodak’ moment. “I personally do not believe that private banking and wealth management as we have known it hitherto is in terminal decline. Some segments might be struggling but that shows that the industry is maturing, and rapidly so in Asia. We have strong fundamental drivers for this business, such as rapid GDP growth and robust growth in assets under management across the entire region. For those who can offer a broad suite of offerings and strong commitment to clients, I believe there is a positive future.”

Adapting to the new environment

Soon Chong does however perceive that the manner in which people want their wealth to be managed, and the modes of delivery for the services and products, are both changing.

“The transition from first-generation wealth to second-generation wealth means a major change in mindset from the providers, including a lot more digital, and other crucial changes required,” he observes. “The wealth generated in each country in the region is also less likely to move offshore because of capital restrictions, new regulations, additional demands on transparency and so forth.”

Power to the people

The other key factor he notes for the industry is the shift of wealth to a wider demographic as a far larger middle class emerges, with digital as the vital access point to that market. “DBS is well-positioned to benefit from this trend with our consumer bank, corporate

bank and private bank and wealth management business all working together, which creates tremendous synergies,” he comments.

He also believes that as the countries in the region develop more of their onshore wealth management offerings, the offshore model as seen in Singapore and Hong Kong will continue to have key drivers as well. “These two centres are still strong regional centres today,” he observes, “as regulations are tight and well-constructed, and their existence is driven more by the search of better financial solutions for higher wealth clients. These two centres should remain relatively robust.”

Moderating growth is still strong growth

However, Soon Chong also concedes that the most rapid phase of GDP growth for the onshore and offshore markets, especially China-driven growth, is tapering off to more moderate growth rates, meaning that private wealth will grow more proportionately to that economic growth.

Continuing with his vision of the world of wealth management in Asia, and the positioning of DBS, Soon Chong comments that brand and image are essential, particularly in the Asian context.

“Clients generally take performance as a given because of the personalised nature of the relationship and high degree of customisation in the advice rendered,” he observes. “So, be it the robustness of the RM fleet, digital solutions or platform, it is key for private banks to differentiate and demonstrate their strength and value-add in order to attract and retain clients.”

As to whether profitability in the industry is sufficient or sustainable, Soon Chong sees a

Key Priorities

Soon Chong lists out his key priorities for the next year or two. His first mission is to maintain the impetus toward achieving a more customer-centric and advisory-driven proposition. “This sounds straightforward, but is actually very difficult to achieve,” he observes, “We will keep striving, as I believe being customer- and advisory-centric is how we can achieve longevity and loyalty for our business.”

The second priority is digitalisation and democratisation for the retail segment of the bank at home in Singapore and abroad in Asia, for example Indonesia and India.

“And my third priority,” he explains, “is to enhance the platform, empowered by technology. It is all about digitisation of products, our advice systems, our record keeping systems and how we interact with customers,” he reports. “It is about the end-to-end technology stack as a major enabler to our performance.”

gradual bifurcation taking place, with the winners and losers becoming more evident.

Some hopes might not be realised

“The state of the industry in Europe is challenging, and it has been for some years now, which is why



LIM SOON CHONG
DBS Bank

banks have come into Asia. But it remains unclear if these banks will achieve the results they want. Many don't have a track record here, and this has resulted in the industry consolidating, especially given breakeven levels are much higher here now than perhaps a decade ago. This, I believe, means players in this industry require scale to succeed, and why we will continue to see consolidation till the top few names remain."

Soon Chong also maintains that the value proposition, the offering, must be clear.

Brand and local integration

"DBS has a good brand, a long history and strong customer relationships - these are the key foundations," he observes. "We're continually focused on enhancing our digital proposition across all facets, as well as the three core elements: customer intimacy, innovation and product excellence, and operational excellence."

Soon Chong also believes that the DBS proposition is well constructed for the specific growth areas in Asia. "Wealth management, in the form of financial planning, for our consumer banking

Getting Personal

Lim Soon Chong appears to have been living the "Singapore Dream".

Married with two teenage children, Soon Chong also appears to personify some of the most solid virtues of Singapore - energy, patience, planning, strategy, as evidenced by his love of running, yoga and Chinese chess, which has similar principles to chess but is played on grid lines rather than on squares.

"I enjoyed a very traditional Singapore education," he reports, "including graduating in economics and social sciences from the National University of Singapore. I then joined the Monetary Authority of Singapore, doing a range of things from international relations to working on one of the country's FTA - free trade agreement - negotiations, as well as covering bank capital and regulations."

He then moved to software firm Algorithmics Inc in Singapore to focus on risk and software consultancy, before moving to DBS in 2006 to take up his first role in risk and capital management.

Prior to assuming his current role, Soon Chong handled DBS Group Asset & Liability Management. He had joined DBS in 2006 in the Risk Management Department, working on integrating risk management practices, risk capital measurement, Basel II implementation, and partnering DBS Group Finance on financial planning and strategy.

"I became regional head of asset liability management before taking on my current role about five years ago," he explains. "I think I have so far had a broad and interesting career covering areas from international relations to ALM, to my current fascinating role."

And in that role today, Soon Chong is Managing Director, and Regional Head, Investment Products & Advisory for the Consumer Banking Group & Wealth Management at DBS Bank. He oversees discretionary portfolio management, investment advisory as well as investment product teams responsible for designing and executing investment solutions for the DBS wealth customers.

clients is increasingly important," he comments. "We do not profess to say the DBS digiPortfolio

is perfect, but it is the right step forward at this time in digitalising and democratising wealth man-

agement to the broadest universe of customers as wealth spreads across the region.”

The recently launched DBS digiPortfolio is part of the powerful DBS iWealth platform, which is the integrated digital platform for DBS’ banking services, wealth management, financial planning and investments. DBS iWealth is accessible to clients in DBS Treasures (SGD 350,000 threshold), DBS Treasures Private Client (SGD 1.5 million threshold) and DBS Private Bank (SGD 5 million threshold).

Spreading the word

As part of the democratisation that Soon Chong speaks of, DBS iWealth is now expanding the penetration of DBS digiPortfolio, which enables investors access to globally diversified portfolios from as little as SGD/USD 1,000.

Built entirely within DBS’ own technology stack, DBS digiPortfolio combines the intuition, insight and experience of DBS’ investing minds with the power of robo-technology that was developed in partnership with Quantifeed. Clients can delegate monitoring of the market and optimisation

of their holdings once they have invested in their preferred portfolio. DBS digiPortfolio should essentially be viewed as a hybrid offering that combines human expertise and robo-advisory, offering investors the benefits of a managed portfolio solution.

Natural evolution

Soon Chong explains that this is part of a natural progression that has seen many financial sector solutions offered online. First it was payments, then stocks, then FX, then structured products and bonds and now, advice is being offered online.

“That is why we are pioneering DBS digiPortfolio,” he explains, “it’s to offer robust, globally diversified portfolio solutions for the mass market that enable them to stay invested for the long term and ride out market volatility. And this is where my role comes to play - we can participate in taking the product and advisory sophistication of the private bank to the consumer segment and at the same time, take the mass approach of digital up to the private bank.”

All the various DBS investment propositions - POSB, DBS, Vickers, Treasures, Treasures Private Client, and the Private Bank - come under Soon Chong’s purview.

But while DBS’ digital solutions might be state-of-the-art and remarkably well-conceived and delivered, time will tell how much revenue and profit the bank will make from them.

Connecting on a human level

“I would be naive if I said we have all the answers,” says Soon Chong. “But what I can say is banks should pursue profitability from the position of caring about peoples’ future and financial security. Moreover, we must compete in the digital arena because, for sure, some fintech or another will come along with a clever solution that attracts our customers if we are not diligent and innovative.”

Soon Chong believes that revenue models based purely on transactions do not work with customers and the equation DBS must strive towards should be one of mutual loyalty and longevity between the bank and the customer, and vice versa.



Loyalty and longevity

“For us, the value is in our relationship with our customers, and our aim is to be able to attract lifetime loyalty across multiple solutions. We seek to achieve longevity and loyalty with our customers, through digital interactions,” he says.

“For example, you might have a client in her 20s who’s still very early on in her career, with good prospects and her life ahead of her, during which she may need access to many products and services from

whole lifetime, to help construct wealth and financial planning and advisory in a more holistic manner.”

As to ongoing engagement with the customer, Soon Chong is a firm believer that digital will continue to dominate more and more of the interaction.

Human advice, active strategies

“Human interaction is still important,” he remarks, “but digital interaction, whether it is giving advice, guidance, transactions,

Soon Chong therefore considers his role as one of providing an assortment of choice for customers, to make it easier for them to ultimately decide for themselves.

He explains that he also champions the concept of ‘autonomous’ investments. “This is all about saying how do I make sure this solution is good for customers in the long term, and incorporates quality advice and management so that the investment becomes relatively ‘hands free’? In return, we have a long-term relationship and create shared value. I am not saying that there will be no margin compression with this approach; neither am I saying that we’ll be immune to the challenges of regulatory costs and cost escalations and the fact that there will be new competitors with better ideas than us. But I think the way that we think about the business will allow us to succeed.”

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mortgages to insurance, investment support, pensions and so forth. When she eventually retires, she will continue to need many products and services. We think about the customer proposition across the

service, portfolio management and so forth, will become increasingly important as well. Nevertheless, we also believe there remains a viable narrative for conviction-driven active investment.”

A commercial proposition

Soon Chong concedes that the democratisation of wealth management has limitations, driven mainly by commercial realities. He observes that maintaining a



sophisticated and comprehensive platform, offering human expertise and advice, as well as providing broad access to markets and products cannot be free.

“We are now in a phase where the traditional model of fund houses getting their funds listed on platforms and then paying trailer fees is being disrupted, especially by digital and new entrants,” he comments. “So we must think about how to complement digital, passive and low-cost investment strategies that allow the customer to execute, and at the same time maintain margins, in an environment where the traditional higher-cost human and active approach is less prevalent.”

Yesterday’s ideas

“The solution set where people talk about annuity income from mandates and discretionary management - that is yesterday’s technology,” he states. “It’s like petrol and internal combustion engines compared to autonomous electric vehicles.”

“And fundamentally when you think about it,” he extrapolates, “what you really want, as I say, is longevity or loyalty, a relationship where I deliver value to you and we share value together.”

Staying positive

For the moment, things look reasonably rosy. “We are continually working on advancing our digital

capabilities, we are customer-centric, we offer a broad assortment as well as operational excellence, and our revenues continue to rise. The DBS wealth management business grew five times over the past decade, which is quite remarkable, and looking ahead I am pretty optimistic about keeping the momentum going strong.”

Soon Chong draws the discussion to a close by highlighting DBS’ position as a responsible player. “We play a significant role in this market, given our rich heritage and history, and we place emphasis on being socially responsible in giving back to the community.” ■

