

# Living by a needs-based philosophy

*By focusing on customers' needs and aspirations rather than selling products, HSBC is taking a different approach to wealth management and financial planning. It is one that builds trust and long-term client engagements, and positions the business to meet future needs and achieve sustainable growth, says Mark Glover.*

Where is the dividing line between being a financial adviser and a private wealth management professional?

Some would say it is at the USD1 million mark in terms of a client's net worth – the traditional industry-wide definition. But when does the role of a financial planner really blur into what a private wealth manager is supposed to do for the client?

Clearly, the associated tasks for any adviser as they move further up the wealth chain begin to change, as does the technical competency required to deal with clients' needs.

Yet what is key to all roles, regardless of definitions which might change from the perspective of one practitioner or institution to the next, is the need to give relevant advice.

"I focus on the advice business, as opposed to the execution-only business,

and that's where we see the most exciting developments in our business in terms of how it will revolve and evolve in the future," explains Mark Glover, global head of financial planning with the wealth management arm of HSBC.

## DELIVERING ON THE PROMISE OF 'ADVICE'

From his standpoint, 'advice' means being able to understand the parameters and the constraints of the client, plus their ability and willingness to take risks – and then matching these to a solution.

Along these lines, Glover says he is satisfied that HSBC has mapped out a strategy for clients across the Premier and recently-launched Jade segments that covers what he describes as the five 'universal' needs: wealth protection, education, retirement, managing and growing wealth, and legacy.

This all comes down to adopting a genuine needs-based approach to



**MARK GLOVER**  
HSBC

providing solutions for these clients. "That means how we capture our clients' needs, and this is by understanding who they are and what they require."

The bank then aims to quantify those needs in a way that is meaningful to the client.

For example, this focuses on how much they're going to spend to send their kids to school with the context of an investment solution that will provide an expected return to meet that eventual financing need sometime in the future.

Glover is responsible for HSBC's proposition in relation to how it does this and also how it promotes it to the wider market, including working with colleagues in the countries to ensure the proposition is relevant to local market needs.

### GETTING CLARITY

Glover also sees the need for a larger dose of realism and practicality from clients themselves.

Yet this is harder to do than it might seem. "So many clients might not know what their investment objective is, over and above making money," he explains. "So what we try and do [at HSBC] is categorise our clients' needs in a relatively simple and industrialised way, bearing in mind that we have millions of clients in many different countries undergoing this."

Elements of this need to be done via a bespoke process, but that is essential. "Once we identify the need, then we try and quantify it and find a solution to fit that need," adds Glover.

He sees the irony of the industry as being that everyone needs to save more, but generally, as individuals, people are reluctant to save. "We have immediate consumption preferences, wanting to rather buy something today

as opposed to saving for tomorrow," he says. "By understanding clients, and then delivering a solution that meets their needs, this is beneficial to society."

In his view, the regulatory direction is ultimately an effort to try to ensure things move in the right direction.

local market, such as critical illness insurance plans.

"As long-term partners to our clients, HSBC's responsibility and also biggest opportunity, is to help clients identify a range of needs across their life stages and consider these from the prism of a

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### NEED FOR PROTECTION

Meanwhile, the latest HSBC protection survey of its customer base, released in mid-2016 – the Power of Protection – highlights a significant protection gap generally.

Glover points to the insurance market in Hong Kong as a clear example of this. "[The population in] Hong Kong is one of the highest per capita insurance buyers in the world, but most of that spend is not actually on what you might call 'risk-based insurance' such as pure protection," he explains. "It is more focused on investment insurance, particularly the par products that you see in this market."

In fact the protection report showed that 69% of Hong Kong residents worry most about their health, with healthcare costs posing the biggest health-related concern.

As such, besides life protection products, HSBC Insurance has been addressing this concern through launching new health products in the

holistic financial or wealth management plan," says Glover.

These conversations are important to truly assess not just clients' needs today, he explains, but their future aspirations and ensure HSBC is a key part of their individual and families' financial journeys.

"We need to broaden the product range or make better selections for our clients," he adds, but also stressed that data and technology will help provide more personalised propositions but also ensure the bank engages customers and delivers these solutions in a more relevant way.

"As our customers' needs and behaviours change to embrace digital and innovation, we need to factor this into wealth planning, advice and execution to ensure that the next generation of clients is engaging with us in a way that's appropriate for them."

This is where his biggest challenge begins. ■