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Malaysian wealth management - preparing for the future

Hubbis was delighted to host our flagship Malaysian Wealth Management Forum 2018 in Kuala Lumpur on July 5. We were joined by over 300 CEOs, senior managers, product/fund gatekeepers and business heads across advisory, compliance, technology and other key areas of the wealth management industry. They were representing a wide array of leading local and international private banks, universal banks, independent financial advisory firms, insurance companies, single and multi-family offices and other independent wealth management firms.

THE MALAYSIAN WEALTH MANAGEMENT MARKET IS ENJOYING a period of rapid growth as the country's economic expansion continues. The growing sophistication of the high net worth segment and the ultra-HNW market is encouraging the banks and other wealth providers to offer a far more diversified range of assets and services than ever before.

As CRS and other regulations roll out globally, market experts expect more Malaysian offshore wealth to return onshore and the leading banks are preparing to be able to offer these HNWs a similar range of opportunities and ideas onshore as these clients have been used to obtaining offshore in Singapore or Hong Kong.

Fees in Malaysia are high for products - sometimes up to 5% for offshore funds - and there is little doubt that these will gradually fall due to regulatory demands for additional transparency and due to rising competition from international banks and wealth management firms. However, to achieve this and for the providers to remain profitable the industry must be careful about segmentation and must gain the confidence of clients in order to increase the volume of assets under management. The industry must also invest wisely in digital as well as upgrading the expertise and quality of the relationship managers and other client-facing professionals.



Panellists attending the second discussion at the Hubbis Malaysian Wealth Management Forum in Kuala Lumpur debated the importance of digitisation for wealth management in the current climate. Fintech provides the means to engage and enlighten potential clients who find wealth management tedious, by using goal-setting and smart tools. It can also empower wealth managers by putting technology at their fingertips, helping them to provide a high grade of service.

The panellists agreed that digitisation does not mean the rise of the robots and the demise of the human touch; instead a hybrid approach should be able to meet the needs of all client sectors using different combinations of digital and personalised service to give wealth management the boost many believe it greatly needs.

In the third panel discussion of the day, experts looked at the different product or investment ideas that might be relevant for Malaysian's wealth management community amidst the rapidly changing financial and geopolitical conditions around the world.

Rising interest rates, the potential for trade wars, southern Europe's debt woes, the rise of populism as evidenced by Brexit and now Italy, the geo-

political instabilities in the Middle East and the Korean peninsula, these are all concerns for investors and all issues that wealth management experts should be addressing as they position their clients' portfolios.

Strategies for handling these different issues might include structured products, gold, ETFs as a balance to a more active strategy, part of rather than stock picking, the long-term holding of debt that now offers higher yields and other targeted investment strategies.

Whatever the approach, the panellists assembled at the last panel of the Malaysian Wealth Management Forum all seemed to concur that diversification and greater caution are both required.

There was a fascinating set of presentations and Workshops during the day. The first was a head to head discussion with Dominic Volek, Managing Partner and Head for Southeast Asia at global citizenship and residency consultancy Henley & Partners, who spoke to Michael Stanhope to convey the many relevant Investor Migration options available to Asia's HNWIs.

Martin Huxley, who heads up the precious metals business in Asia for US-listed global commodities and financial services group INTL FCStone, then highlighted why he is such a keen advocate of the value





of buying and holding physical gold, especially for broadly balanced high net worth portfolios.

Structured products can help high net worth investors protect capital and participate in the upside potential of assets or markets. Swiss-based Leonteq Securities, which is expanding its markets in Asia, gave a presentation to highlight the appeal of structured products (SPs), especially in more changeable market conditions.

Hubbis' David MacDonald, Head of our Learning Solutions business, spoke to explain the key importance of relationship managers and client-facing wealth management personnel tuning in to their high net worth customers from a dedicated and highly client-centric perspective. To do so, he believes that the human connection should be emphasised and also augmented, but not replaced, by digital tools such as artificial intelligence and machine learning.

Hubbis' range of training programmes includes specific modules on building and expanding client

relationships. The mission for relationship managers, MacDonald insisted, must be to elevate themselves well beyond the role of simply reacting and transacting to client instructions.

Kimmi Pun, Singapore-based Head of Private Banking at VP Bank, has a unique pan-Asian perspective on the world of private banking and wealth management in Asia, having worked for some of the world's leading banks and having covered South East Asia as well as Greater China for more than 25 years. Pun told delegates how she sees the evolution of a more discerning, more intellectually demanding high net worth clientele in Asia, one that is also becoming younger and more digitally-savvy and more understanding of the balance between risks and rewards. Pun believes that to succeed in the years ahead, wealth management firms need to combine digital and human interface protocols and that both elements need to be highly responsive and sophisticated.

Richard Chow of Pacific Trustees Singapore believes the role of experienced trustees is vital in helping facilitate the smooth succession of family wealth





and businesses. In Asia, where many large businesses are family-owned and due to be passed on, many of the owner and those businesses are woefully unprepared for the transition.

In addition, the structures and nature of family business are such that there are often conflicts and disagreements as well as a misalignment of values. This is where professional trustees can step in to act as mediators, guiding and smoothing the path to a successful transition between the old and the new generations, so essential if the wealth that has been so diligently built up is to be preserved and nurtured.

Swiss-headquartered digital transformation adviser and solutions provider Appway is at the forefront of digital transformation and works globally with leading private banks and wealth advisory firms. Yvonne Mok, Director of Sales for Asia Pacific at Appway and her colleague Felix Kan, Appway's Head of Services and Engagement Lead for APAC, presented both an introductory talk and a Workshop at the Malaysia Wealth Management Forum to explain the 'Amazon-style' online experience and how it can help inform wealth management firms in Asia of options for enhancing their digital experience, internally and externally.

There are many key principles to be gleaned from the remarkable retailing success story of Amazon, Mok explained, all of which should help the private banks and wealth management firms make their whole digitised customer experience less cumbersome and more client-centric. Mok's colleague Felix Kan also presented a Workshop to pick up on these themes and to explain how Appway's digital onboarding solutions can help wealth management firms bring new clients to their business in a less unwieldy and generally more efficient and pleasant process.

The key, he explained, is to quickly understand the customer without appearing to be probing for too much data and without requiring too much form filling early in the process. Artificial intelligence and machine learning are integral to the Appway solution, which focuses on the needs and 'feelings' of the client, rather than the agenda the bank might have.

Ming Hui Yap of Whitman Independent Advisors presented a workshop at the Hubbis Malaysian Wealth Management Forum about the recently launched iWealth app, which provides holistic wealth management advice to clients and is proving to be a great success with tech-savvy millennials. ■