

Maybank sets eyes across markets, segments to tap Opportunities

Maybank may be the new kid on the block in wealth management space, but it has the smarts to play alongside the veterans and isn't afraid of flaunting what it's got.



ALVIN LEE
Maybank

B EING NEW AND NIMBLE in the private wealth space means Maybank hasn't got a lot of legacy systems to deal with, and that's given the bank the freedom to be present in verticals and markets where the client wants it to be in, instead of being straitjacketed like its bigger and more established private banking peers.

Almost five years since its wealth management practice was launched, Maybank sees itself as having built about 70 percent of the capabilities that international private banks have. It's already built the basics such as the product platform, people, processes and other things like information technology.

"While we are trying to close the gap with our competitors, we are acutely aware that they are running as well. So it's an ongoing race," says Alvin Lee, Head of Group Wealth Management & Community Financial Services at Maybank.

OUTRUNNING THE COMPETITION

Where Maybank seeks to differentiate itself from its rivals is by starting multiple races where it thinks it can outrun the competition.

"I think where we could do a lot better is around our derivatives capability, but we will be enhancing it in the

next year to play catch-up,” says Alice Tan, Head of Private Wealth, Maybank Singapore.

The bank is looking to continually enhance its products to meet increasingly sophisticated client needs, as well as to complement its ability to provide competitive leveraging.

“Sophisticated clients who have been working or doing all these trades with other private banks have requested that we offer such capabilities as well,” says Tan.

INDUSTRY CONSOLIDATION

Lee sees the consolidation in the industry as good for Maybank and believes the only way to survive such mega trends is really to be better at what you do, being cost competitive and having a longer-term perspective as far as client business is concerned. He says Maybank is very mindful that it doesn't want to make super-normal profits one year for the clients and then lose all of that, if not more, the following year.

“We want to have consistent returns,” he says, adding that the key performance indicators that Maybank sets are on a rolling three-year mechanism. “So, hopefully that will encourage the right behaviour.”

According to Lee, one of the advantages that Maybank's private wealth banking business has over some other banks with a smaller balance sheet is the fact that it has the full suite of products to offer. That way, wealth management is little bit more recession-resilient in challenging times, Lee says.

It's also against this backdrop that Maybank has been growing its presence in the region. Currently, Maybank's wealth business spans 8 countries and tops USD60 billion in combined Assets Under Management.

Lee says Maybank is in a perfect position when it comes to balancing the onshore and offshore wealth business. Capital flows across borders is becoming more and more difficult. Already, one can see China's attempts to restrict outflows of wealth, whilst Malaysia is increasing regulations and Indonesia is imposing tax amnesty. These are interesting and more challenging times for HNW clients.

“That seems to be globalisation version II, if you will,” says Lee, who, in addition to his group wealth management portfolio, also took over as Head of Community Financial Services, Maybank Singapore. “While trade continues to flow, it will be more difficult for clients to move money across borders in certain situations,” he adds, pointing out that there is a need for Asian players to develop better onshore capabilities. Maybank's pres-



ALICE TAN
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ence in all 10 ASEAN countries gives it a solid and growing opportunity.

OPPORTUNITIES ACROSS SEGMENTS

It's not just opportunities across markets that Maybank has set its eyes on. It wants to tap the opportunities across segments.

“The next big thing for us will be going down the value chain, because whilst private banking is nice, premier banking is where I think that our strength will really be,” says Lee. “We want to extend a lot more to our premier banking clients.”

Fee-based revenue is a sustainable option for banks in Asia, as wealth continues to increase substantially in this part of the world and rates fall as economies mature. Asia-Pacific is particularly attractive, as it already has the highest population of HNW individuals and leads the world with the largest growth in wealth.

“This is helped by the fact that foreign reserves are huge, personal saving levels are high amongst Asians who save between 35 percent and 50 percent of our income. So, I think there's a propensity for Asians to invest and make their hard-earned money work even faster,” according to Lee. Over time, he sees Asians continuing to be interested in real estate, and becoming increasingly open to more liquid investment instruments and potentially even discretionary portfolio management. From Lee's perspective, the future is looking bright. ■