

New IFA landscape in new Singapore regime

As the expat population in Singapore thins, as more professionals leave the city-state, the opportunities for those financial advisory (FA) firms still focused on this space are getting bigger, says Matthew Dabbs, chief executive officer of AAM Advisory.

The fact that the Singapore expat market is under-served from a wealth management perspective certainly gives says Matthew Dabbs, chief executive officer of AAM Advisory, reason for optimism.

According to the Ministry of Manpower, there were 187,900 employment pass holders and 527,700 permanent residents in 2015, with a mere 120 or so expat-focused financial planners to service them. Using these figures, that

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“We estimate there are about 384,000 [potential clients], based on Linked-in figures, who we would like to deal with in Singapore, which is around 3,000 per adviser,” he explains. “I would say it’s still under-brokered and that the opportunity is bigger than ever.”

translates to roughly 1,600 expats, and 4,300 locals, per adviser.

Yet finding new client is not easy. Traditional prospecting methods such as cold calls are no longer tolerated given the ‘Do not call’ list concept. FAs,



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therefore, have to devise new ways of attracting attention. “In Singapore, finding new clients is not as easy [as

it used to be],” says Dabbs. “We will do more events, especially in-house with partners.”

As a result, AAM seems to be less affected than some of the other FA firms. Several of its more recent events have led to favourable outcomes.

Further, as some other firms have exited the market, AAM has picked up a number of new advisers to add to its books “Growth over the last 12 months has been quite substantial,” adds Dabbs.

LESS COMPETITIVE

At the same time, the Financial Advisory Industry Review (FAIR) legislation, which makes it more challenging for smaller FAs to sustain operations in the same way as in the past without a lot of additional checks and balances – and cost – has led to an increasing consolidation of talent among larger firms such as AAM.

There are also opportunities for licensed FAs in partnering with private banks, says Dabbs. Although these institutions have large numbers of clients who they want to continue to service via various financial advisory services, not all of them possess the FA license issued by the Monetary Authority of Singapore.

FRESH TALENT

According to Dabbs, the FA space in Singapore is also undergoing a revolution of sorts in the sense that it is attracting young talent.

In line with this, AAM has pioneered an innovative initiative – launching an academy to train and produce industry-ready advisers. Although the firm already has 44 financial planners, it recognised earlier than some of its rivals that there would be a need to deviate

from standard recruitment practices if it wanted to grow and reach its target market share.

The AAM Financial Planner Academy was therefore born. It attracts graduate interest from overseas as well as locally (given some great local government-funded initiatives) for a two-and-a-half year programme. The firm supports these trainees through their regulatory exams, provides product and advice guidance, and mentors them as they become associate financial planners.

Dabbs says there is a lot of demand for the places in the scheme, as he sees graduates placing value in such structured, guided training programmes.

For their first 18 months, the graduates work in AAM’s sales development department.

They assist senior financial planners by focusing on business development activities, utilising sponsorship opportunities, marketing events, networking and e-marketing. In this time, they also take their FA exams and spend time with different areas of the business.

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At the end of this period, the graduates are Singapore-qualified financial planners. They then proceed to a client-facing role of associate financial planners, and for the next 12 months, a senior financial planner will accompany

them on client meetings to ensure the integrity of the advice is maintained.

“A happy, and unexpected, product of the Academy is that the project became profitable within the first year and their activities helped generate 25% of the company’s new business,” says Dabbs.

ROBUST

When looking a bit more broadly at the wealth management space in the region, Dabbs feels that Singapore’s foundation in the finance, shipping and oil industries will ensure it remain a key financial hub in Asia.

More specifically in terms of his own firm’s growth strategy, he explains that the advisory model will be based on figuring out the needs of its clients and suggesting bespoke portfolio strategies.

AAM has also identified three priorities going forward: to grow AUM, increase profitability, and improve its processes.

“Streamlining the process to make sure that our advisers are spending the maximum amount of time that they should be with clients is definitely a

major priority,” he adds. “Everyone has to look after each client to the same level and the same degree, but at the same time make sure that the clients understand this is a fair offering which they need to pay for.” ■