

# Not getting caught in the herd mentality

*As significant chunks of Asia's wealth management industry continue to struggle to articulate a clear value proposition, the right mind-set (independent or not) is essential to meet the needs of clients today, says Philippe Legrand of London and Capital Asia.*

Managing the quickly-changing needs of wealthy clients is significantly more challenging today than ever before. A decade or more ago, these individuals didn't have the same amount of access to information as their wealth manager had. Today, virtually anything they want is at their fingertips.

Not only has this made clients more demanding, but it has, in turn, disincentivised them from being willing to pay more for the service of analysing such increasing data, explains Philippe Legrand, chief executive officer of London and Capital Asia, a Hong Kong-based multi-family office.

Further, the regulatory requirements which institutions and clients both face, and its associated cost, make it inevitable that advisers get asked to do more for a lower fee than before.

"Firms which cannot evolve and offer something new and of added value will

find it more difficult to survive going forward," says Legrand. "Yet this is the time when clients most need advice."

As a result, being more nimble, client-centric and focused on solutions are critical success factors. And this plays to the strengths of independent wealth managers.

## FINDING THE RIGHT APPROACH

Traditional players such as banks face a significant challenge in being able to evolve their offerings in such a client-centric way.

It is clear, based on clients' needs, that success today is more about service than everything else. Yet the complexities of meeting compliance obligations and keeping on track with their businesses mean that client advisers and other wealth managers face challenges in finding the time to focus and commit to finding solutions for their clients, says Legrand.



**PHILIPPE LEGRAND**  
London and Capital Asia

"The banking industry's priority seems to be focused mostly on avoiding a further round of billion-dollar regulatory fines; and I can understand their

worries,” he adds. Yet the blame for the approach that many firms and advisers take in terms of a product-push should largely lie at the door of employers.

“To address shareholders’ continuous return expectations, the whole industry is based on quickly bringing in new people who can make money for the institution,” says Legrand. “This makes it less about quality than survival, and it is not necessarily the fault of the RM.”

### **ADDING VALUE**

By contrast, an independent model (or simply a different, ‘non-bank’, solution) can also help to overcome the challenge for Asian wealth management in general – notably, the limited supply of individuals with the experience and capability to properly service the amount of wealth being created.

Experienced advisers generally have a greater knowledge and willingness to explore ideas and approaches with clients which might not obviously be an immediate generator of income.

And independence does provide more freedom when allocating the use of their time.

“We can choose to adapt more quickly than a larger institution,” adds Legrand.

This goes way beyond investing, given the international nature and assets of Asian clients today, which brings with it various complexities which advisers need to better understand and help clients address.

To achieve this, it is also important for advisers to be able to get clients to understand the value of the advice they need – beyond their investment portfolios.

At the same time, being independent doesn’t necessarily have to equate with being a small organisation, says Legrand.

“It is about having people with the ability to have a broad range of conversations with clients,” he explains.

While technology and digital tools also play an important role in facilitating this, at the end of the day, there is still a need for individuals who can interact with clients and have needs-based conversations.

Indeed, from Legrand’s perspective, the more recent surge in the concept of family offices and multi-family offices in Asia is a direct consequence of a growing number of families looking for service beyond brand.

This enables these clients to build their own access point to high-quality and unbiased advice to service their overall needs.

“Private banks traditionally focus mostly on liquid assets that they can manage within their own bank, while clients’ needs have evolved beyond a traditional asset management offering – be it in also getting a consolidated overview of the various banks for better risk management, accessing direct investment opportunities while nurturing the next-generation’s entrepreneurial spirit, advice on succession planning and family governance issues,” says Legrand.

“This is the service gap we see and the added value we aim to give as a multi-family office.”

### **SIZE DOESN’T MATTER**

The industry cannot ignore the challenges that clients face in getting the

advice they need, plus it must be able to respond to these requirements in a way that also is in line with the various regulatory frameworks.

This takes a certain amount of time and investment by organisations to get their infrastructure and offering right.

As a result, much of the talk about being successful in Asian wealth management today is focused on creating scale.

In a world where the environment requires processes and systems to be sustainable, Legrand says scale is critical.

However, this is easier said than done. “It is very difficult to scale a time-consuming relationship,” he adds.

Yet despite all the talk about the need for scale, especially for independent wealth managers, lack of growth doesn’t indicate lack of success.

Some firms might not want to grow using the same benchmarks as banks, says Legrand. Instead, he believes one important measure of success for independent firms is whether they are still in business a decade later.

“Without a large brand on your business card, it is more about an individual’s own ability and own network.”

It is also not necessarily about continuously bringing in new clients, but rather doing more with existing clients.

“You must take the time to listen and understand their changing needs and issues,” he says. “And then have the knowledge and experience to deal with them with a flexible ‘can do attitude.’” ■