

# Obuhi's Salem highlights the linchpin that is Covid-19 in Asian wealth management's digitalisation

Bassam Salem possesses a resume that would be extremely challenging to match. He has been involved in the private banking and wealth management industry for nearly four decades, most recently as the Founder and Chief Executive Officer of Obuhi, a fast-growing online community of professionals. Having stepped back from the private banking world in 2018, retiring as CEO of Citi Private Bank Asia, he capitalises on his endless wisdom, experience and industry insight to train talent in the region and extol the virtues of digitalisation. Salem recently participated in Hubbis' debut Digital Dialogue Series discussion, sharing his invaluable insights on where the wealth management industry may be headed on the back of the Covid-19 pandemic, promoting the adoption of digital in the current technology-centric era, the opportunities presented by the rise of social media, and the industry's need to become more pliant in its attitude towards technological advancement.



**Covid-19 is an** inflection point, reports Salem. "In the new norm, geography is history. Digital channels will dominate sales and marketing. This is a Kodak moment where digitalisation is not a one-time event. The change is irreversible and will continue to spread across the Wealth Management and Private Banking industry."

As we weather the storm that is Covid-19, Salem notes that the pandemic has not kickstarted the digital revolution, but the sudden appearance of this pandemic has arguably placed a magnifying glass on the digitised elephant in the room.

### **TECHNOLOGY IS ALREADY UBIQUITOUS**

"I do believe we are at an inflection point in the industry in terms of the shift to the digital," he says. "Moving to digital has become essential moving forward and we see it in everything that we do today. We shop online, we transact online, we meet online. I don't think this time it is going to change."

And this societal dependency is reflected in the world of financial services. Of all the industries that have faced the coronavirus, tech-related firms have arguably come out on top, with many already having made up any ground they may have lost to the impact of the virus on global markets, where those firms which Salem terms 'old economy' names have not fared as well, lingering at the bottom of the market. "Key technology companies in comparison are already close to the previous highs. They have seen a V shaped recovery, predominantly because their businesses are digital, their earnings are digital," Salem posits.

### **NEW MOTIVATION**

If nothing else, the virus can, however, be heralded as the motivating factor for firms operating in the wealth management industry. "I think the same will apply to wealth management industry. There is no reason why we will not be affected," Salem reports, explaining that it will be the firms who whole-heartedly embrace true digital engagement, entirely facilitating the conduct of business through e-commerce means, and capitalising on technological initiatives to ensure attentive and astute engagement with clients, will be the firms which survive to see the new world in which we find ourselves post-virus. "It is like a Kodak moment," he observes, "when people shifted from film to digital cameras. Who uses the old Kodak films today?"

**"The industry is going to see a lot of pressure again on major cost reductions. I think the first question to ask is who is going to stay in the industry, who is going to exit, and from there you have to look at how many bankers you need, how do you use digital versus relationship management, what you do in-house, what you outsource."**

"We are seeing a major shift in the industry, and I think it is a trend that will stay with us for many years to come," Salem discerns. He foresees a shift in the way the industry at its core will operate; the manner in which things such as trading, AML processes, to account opening and beyond will become digital, reshaping the interactions which private banks and wealth management firms have with high-net-worth (HNW) and ultra-high-net-worth (UHNW) individuals.

### **ANALYSING THE OFFERING**

Looking to the future of the nature of clients' relationship with their private banks, Salem notes the importance of considering the holistic experience being provided to HNWIs, therefore laying the framework for the incentive to pay for quality advice. "Private banking is not only investing, it's lending, it's trust, it's life insurance policies, it's banking, deposits, and FX," Salem reports. He notes that wealth management firms need to support their clients, many of whom may also be personally hurting as they struggle to navigate their own businesses through the wash of confusion and uncertainty induced by the pandemic; providing a wholistic offering becomes even more valuable during times when a client's own situation is uncertain at best.

Turning to the investment piece, Salem extols the virtues of discretionary portfolio management (DPM) as an increasingly prominent offering to be opted into by clients. "Discretionary portfolios are very relevant in today's environment. Timing the market, remaining invested in these times is the best strategy," comments Salem. Clients, especially in these uncertain times, will look to their relationship managers (RMs) for certainty.



**BASSAM SALEM**  
Obuhi

### PLANNING FOR SURVIVAL

In an industry already increasingly characterised by consolidation, Salem comments on the ways once could tackle the operating model when charged with the task of survival. "If you look at what happened during the financial crisis, in Asia, a number of banks exited the industry, Salem reports. "The industry is going to see a lot of pressure again on major cost reductions. I think the first question to ask is who is going to stay in the industry, who is going to exit, and from there you have to look at how many bankers you need, how do you use digital versus relationship management, what you do in-house, what you outsource."

Salem outlines the importance of cataloguing the resources available to a firm, namely its ability to operate and engage with clients digitally and bolstering that offering by tapping into the extensive amount of talent available in the industry. He expresses the need for firms to make the most of the opportunities these resources, both digital and talent, to navigate the wealth management industry's current environment.

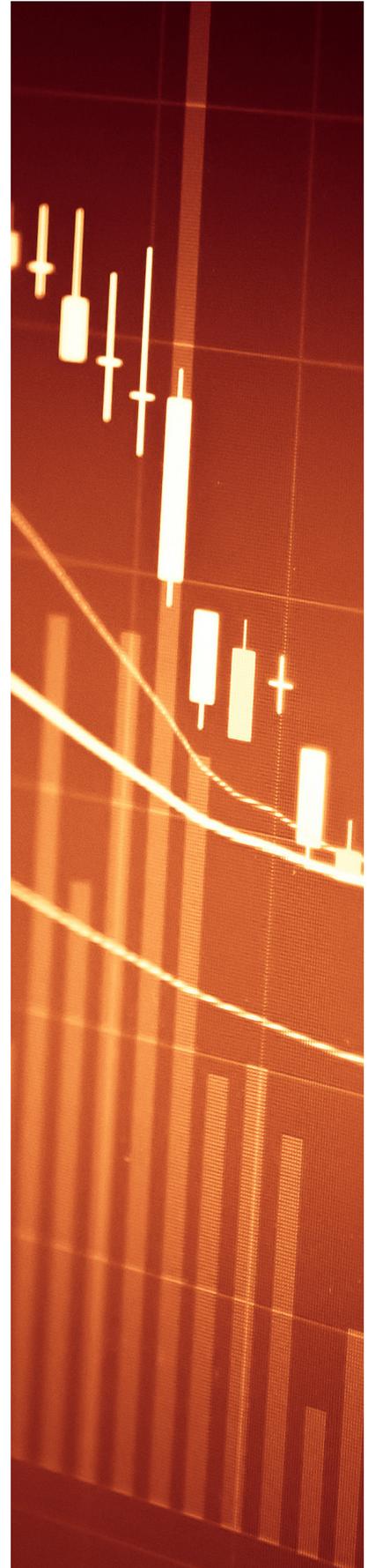
### ANYTIME, ANYWHERE

Commenting once more on the technology piece, Salem notes that the connectivity that the digital world in which we reside in is unrivalled. "Technology allows us to be present anywhere." He shares that RMs can maintain their contact with their clients by capitalising on technology, through phones, emailing, or the video calls with which we have become so familiar. "It's not as good as seeing them face to face, but it's pretty close to it."

This universality extends to the wealth management industry, with Salem pointing to the recent M&A activity being undertaken as recognition of the phenomenal potential and importance of digital avenues. "If you look at Morgan Stanley after the financial crisis, they bought Smith Barney from Citi. What have they bought lately? E-Trade." Major players in the industry are looking to find convenient ways in which they can acquire digitalised operations to enhance their existing models, rather than going through the difficulty of developing these systems from scratch at this later stage in the game. "This is where we are going. There is no real alternative to it, and we have to have an open mind regarding how we use it."

### BREAKING DOWN BORDERS

The use of technology allows RMs to get access to knowledge, connections, or opportunities in a way that would not have been feasible before. Salem extols the virtues of using webinars, which are free from the restrictions of being bound to one location, like those of traditional events. "It is efficient, it is cheap, everything can be done digitally," he divulges.



And becoming familiar with this digital world is increasingly simple, with professionals available to assist in the transition to digital sales, marketing, operations and more available throughout the region, and without having to be physically present to add value. "There is a massive pool of talent that you can employ using either freelancers, absolutely everything can be done."

### LIMBERING UP

"We have to be flexible; we have to be agile, we have to have the start-up mentality," Salem reports, commenting on the stagnation in the industry in its adoption of technology. The wealth management industry has fallen somewhat behind the curve in his eyes, as while the globe's start-ups operate in timeframes consisting of hours and days, the initiatives in the wealth management world are far slower to come to fruition.

### NEW FACES IN NEW PLACES

A key risk however, as Salem explains, is that RMs will struggle to adapt to this new-found digital world, and therefore may find themselves bound to their existing clients, finding it difficult to prospect

for new clients in a realm in which they find themselves inexperienced. "But how do you acquire new client in a digital world? You have to use social media," Salem reports. "My entire business is based on client acquisition using LinkedIn and Facebook and it works." He explains the need to be present; being proactive and ensuring that RMs position themselves in their prospects' line of sight is at the forefront of the strategy.

Salem reports that although the playing field may have changed, the old methods are still effective, they simply need to be re-applied to the new context in which we find ourselves. He explains that the tried-and-tested way of asking existing clients for referrals still holds water, only instead of sitting down face to face, connections can be made through Facebook, LinkedIn, and other social media platforms.

"Say you connect with a HNWI on LinkedIn," Salem explains, "then you look at who he is connected with, so who is your target market is." At this point, RMs can ask their existing client to connect them with a specific prospect identified on the client's connection list, a meeting can be arranged through digital means.

Wealth managers can further capitalise on social media through the means of self-promotion. "If you have an outstanding product post it on LinkedIn, and if your clients like it, if they were invested, performed, when their friends see that you are the client's banker, they would want to also connect, it is just a matter of being smart."

### TAKING THE PLUNGE

Rounding out the discussion, Salem highlights the importance of at the very least trying to capitalise on the boundless opportunity presented by the integration of digital avenues, tools and social media platforms, to both the institutions and professionals operating in the wealth management space. "Digital is just a tool for you to use, there's no reason for us to be afraid of it. If you don't know how to do it, hire someone who knows. Hire a freelancer. It would help gain time and knowledge and is most cost effective in the sectors where digital talents are in great demand, specifically website and app design, digital marketing, data analytics and artificial intelligence, client journey and cybersecurity. They are very good, cheap and they are available immediately." ■



Bassam speaking at a Hubbis event in Singapore, November 2019