Priorities for developing a wealth offering in China

Ray Chou of Bain & Company discusses how the wealth management and private banking offerings might evolve in China, and looks at how Chinese banks should develop their platforms in line with expected trends and needs.

According to Ray Chou, principal at Bain & Company, the product and service aspects of China's wealth management market will evolve continuously in several key ways. For example, the offering has historically been delivered via a 'push' model – meaning selling attractive products with higher investment returns to appeal to customers.

However, the market has been developing – not just impacting the onshore market but also the offshore one.

Among the key trends Chou observes, is the fact that there is overall geographic diversification. "Chinese investors are looking for products across borders, to further diversify their asset allocation," he explains.

Further, appetite has gone beyond just investment products. So for overall asset allocation, they rely on the services of investment consultants and relationship managers. "These are the

key capabilities for these wealth managers to develop going forward," he adds.

PRIORITIES FOR BANKS

As Chinese banks look to build their wealth management platforms to tap these opportunities, the overall customer experience needs to improve. "This is about how to enhance the experience through more high-touch advisory services, to ensure relationships are not just built on transactions," says Chou.

Technology development is another important goal for the banks, given the increasing amount of disruption taking place in the industry.

It is important, therefore, for these institutions to think about their digital strategy, to leverage different platforms to capture the customer flow as well as transactions. "This is to make sure that the money as part of this flow can be captured through wealth products," says

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Chou. "Traditional wealth management firms need to develop these areas in order to compete within a more dynamic environment." ■

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