

Private Banking in Asia at a Crossroads

Wong Kok Hoe, Director, New Markets at Swiss boutique private bank Bordier & Cie, gave a fascinating insight to delegates at our Indonesia event into how boutique private banks are adapting to the demand of the market at present and anticipating the world of the future in which they will continue their growth trajectory. Bordier & Cie, which has been expanding its reach and proposition in Asia, believes that strategic partnerships with regional financial institutions are the right way forward.

THE BOUTIQUE YET INCREASINGLY GLOBAL, FAMILY-OWNED SWISS PRIVATE BANK BORDIER & CIE., is evidently a firm believer in the future of onshore wealth management in Asia. A central platform of the expansion plan in the region is the building of strategic cooperation with leading regional financial institutions in Asia to help them start, or further develop their private banking propositions.

Given the fast economic growth and the rapid expansion of private wealth in the region, the bank is convinced there will be a growing need for high level and specialised private banking services.

“We know for certain the world of private banking is changing, and we are at a crossroads,” Wong shared with the audience. “It is therefore essential for us to adapt to the ever-evolving landscape, so transformation and reinvention are necessary for overcoming challenges and seizing the many opportunities out there.”

“We began our Asia expansion in earnest in 2011, seeing Asia as a very key market for the bank. Managed and owned by the family’s fifth generation now, and although small, we are growing our presence in Asia slowly but surely.”

“In this region, we are at a crossroads, and we are therefore looking at growing our business and staying competitive. As mentioned, compliance is a major factor for this business in Asia, and cultural differences are significant when compared with Europe, so we are in tune with those differences, and working hard on our model to differentiate ourselves.”



WONG KOK HOE
Bordier & Cie

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He explained that the bank has created what it calls a 'Bordier Matrix'. "We, for example, look at the traditional approach to risk and return, he added, "and layer that with the different clients' investment needs and then tailor investments directly to those needs and expectations."

Wong explained how the bank is focusing intently on the next generation, understanding who they are, how they have been educated, and what their expectations are. "We understand that the culture of the bank, the structure, as well as the positioning and the offerings must suit the market as it is developing in the high net worth segment."

"This approach has been rather successful for us here in Asia," he added. "And with this type of innovation, we are seeing a lot of opportunity for the bank both here in Indonesia and more broadly in Asia."

He then moved on to the bank's strategic cooperation strategy and rationale. Essentially, Bordier & Cie has adopted a model of working in strategic cooperation with regional banks and financial institutions to help them start or enhance their private banking operations.

Wong elaborated that the strategic cooperation route is ideal for the bank, as it is too small to compete with the larger players, but ideally suited to support the

expansion into wealth management of local banks and institutions in the region.

"We bring credibility, experience, and expertise," he said. "We aim to achieve best-in-class wealth management capabilities, so the bank capitalises on our own expertise and resources to help identify key areas needed to shape the value proposition for these banks and partners."

He observed that before venturing full-on into private banking, the regional banks must first decide why and how they want to move into this business segment. The answer, he said, has mostly been determined by the immense private wealth expansion in Asia, and the fact that a large portion of private wealth today is not yet under professional management.

Moreover, the intergenerational wealth shifts he had earlier mentioned are creating seismic changes in the region, thereby opening further avenues of opportunity. Assuming the decision of the regional financial institution to move into private banking is a 'yes', the next question is whether to develop this model organically or through partnerships.

"The reality is that to build a private bank on your own takes many years," he observed, "whereas partnering will increase their efficiency and their focus, and will certainly help banks get into

the market much faster than they could on their own."

The other question for these regional financial institutions, once they have decided partnering is the optimal route, is whether to opt for a big bank or a boutique bank that is perhaps more agile and adept at offering new solutions.

While there are clearly pros and cons of partnering with a smaller institution such as Bordier & Cie., the most obvious reason to choose a smaller private bank, Wong noted, rests in the virtual certainty that a boutique firm is not likely to end up as a local competitor.

"We are committed to the belief that any partnership should be very long term and mutually beneficial."

For example, the bank signed a Strategic Cooperation Agreement with MB Bank in Vietnam in October 2018. The Vietnamese bank obtained an accelerated private bank model, supported by all of Bordier & Cie's network and leveraging the bank's 175-year credibility.

"And for Bordier & Cie, the bank gains exposure to a very interesting, dynamic market in Vietnam with the possibility of new revenue streams," Wong said. "We are very receptive to similar relationships and open to discussions here in Indonesia and across the region." ■