

Redefining relevance in private banking

Bordier & Cie has built a proprietary client mapping tool as part of a new strategy. The aim is to make every conversation, investment strategy and solution more targeted and relevant to an individual's needs and goals, explains Evrard Bordier.

It is essential in today's world of private banking in Asia to find ways to better understand HNW individuals and more closely match products and services with real needs. In short, it should be every bank's goal to become more relevant to its clients.

Not every business model or strategy can lay claim to this philosophy. But 170-year old Bordier & Cie has combined a new way of thinking with its desire to get back to the roots of this business.

"We have gone deep into trying to understand and identify different personalities of individuals," says Evrard Bordier, managing partner, and the fifth generation of the firm's founders.

The Swiss-headquartered firm has now built a proprietary mapping system to enable it to more accurately

represent the needs and goals of each client.

Arguably, it is more viable for a privately-owned, independent bank such as his to take this approach to client relationships and the service offering.

"Without shareholders, for instance, pushing hard for more profit, we can be more patient and build up more knowledge about clients over time," explains Bordier.

NEW NEEDS

The premise for the new tool is built on the fact that the values he sees for true private banking – protecting, enhancing and passing on wealth to the next generation – are not representative of the values that most people have nowadays.

Taking a more specific example for Asia clients, the new wealthy in mainland China are essentially consumers. As a result, their reason for wanting a



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private banking account is completely different from that of a third or fourth generation client in Europe.

This new strategy also reflects a pressing need – given the way the world has changed over the past decade – to find new ways to interact with and understand different types of clients.

The influence of global fintechs and digital disruptors, for example, including the option to self-serve, has changed expectations among clients amid a wide transformation of the landscape. Further, there is a need to be fully transparent within the regulatory and tax environment today, led by the Common Reporting Standard (CRS).

Although banking brands are still important to some extent, Bordier says many clients now question whether they really need a private bank at all.

SPOILT FOR CHOICE

The mapping tool is based on two sets of questionnaires which the client completes.

The first one is used to determine the client's main life traits, from which the bank's system derives the associated investment strategy, based on primary archetypes. The second determines the client's risk profile.

"Combined, it will allow a comprehensive mapping of the client," explains Bordier.

Each strategy is further split in 25 – gradation of 4% in each risk-based strategy. "This proprietary algorithm creates 23,751 unique sets of portfolios," he adds.

"We then superimpose the mapping results into portfolio management,

segregating the account into a series of sub-account," says Bordier.

Further, each sub-account has its own strategy, risk profile, portfolio construction and expected returns.

They are combined to provide clients with an overview of their relationship with the bank. And this can easily be deconstructed to

That RM should, for example, be able to forecast the needs of such a client by sharing expertise relevant to their interests, such as private equity, club deals, alternative investments and start-up opportunities, he adds.

Indeed, training the firm does for its RMs is now also focused on specialising in providing services relevant

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ensure that what the bank handles in each sub-account is in line with the client's overall needs.

MORE IN TUNE WITH CLIENTS

This initiative also shows the importance to the firm's new strategy of looking closely at what matters to the client more fundamentally, not just focusing on their investment management preferences.

Armed with this information, the firm can then act in various ways. New clients, for instance, are assigned to an RM that best matches their dominant personality type.

"If a client is mapped as being 40% the 'Hunter' as his dominant type, and he agrees, he will be assigned to an RM who also shares the same dominant type as he/she will be specialised in servicing for the 'Hunter' types," says Bordier.

to a client's portfolio and lifestyle preferences, based on the mapping tool.

This plays to the firm's broader value proposition. "The purpose of having an account with us is not solely about performance," explains Bordier. "It is also about helping clients to achieve their life goals as an individual."

Inevitably, the tool will take some time for clients to get used to. Indeed, Asia's wealthy have become used to a process within private banking over the past quarter-of-a-century which has relied on putting them in a certain risk bucket.

This is partly a necessity, led by regulations, but it has also meant that banks have lost track of what it means to offer real private banking – at least in the Swiss style – and this is exactly what Bordier & Cie strives to revive. ■