

# Riding the Growing Wave of Private Wealth in Vietnam's Youthful & Dynamic Economy

Gaurav Srivastava, Head of Affluent Banking & Wealth Management at the leading domestic joint stock bank, VPBank, in Vietnam, is a seasoned business leader in the field of private and retail banking with approaching 20 years of experience in Asian markets. Currently, he is based in Vietnam, where he set up the business and team that he has headed now for just over three years. Armed with his knowledge of Vietnam's nascent but immensely exciting wealth markets, and his prior experience as Head of Investments at ICICI Securities in India and before that as Director at Priority Banking and Wealth Management at Standard Chartered in India, Gaurav has a bird's eye perspective on the evolution of the wealth model in emerging and frontier economies. Hubbis 'met' up with him recently to learn more of the Vietnam market, of the incredible demographics and dynamism of the country, of the importance of segmentation and relevance, and of VPBank's central role in driving the market forward by educating its in-house teams and the emerging client base.

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## Gauraw opens the

conversation with some insights to the macros of Vietnam market “Vietnam is in great phase of its economic development with robust GDP growth, strong FDI inflows, increasing network of free trade agreements and progressive business environment.” From wealth management standpoint, Vietnam is at a very early stage of development. “There are asset management businesses here, some of them fairly long established,” he reports, “but they have mostly been serving the international clients who have been looking to increase their portfolio allocations to Vietnam. Domestic asset management and wealth advisory for the local community is relatively new. There are some banks like us who are convinced that there is sufficient potential to move some of the money wealthy locals deposit in the banks or that they put into real estate over into more liquid market investments, as well as into private equity, venture capital, and so forth, thereby directly participate in the country’s growth.”

## Falling interest rates

He notes that since the pandemic, interest rates on bank deposits have come down dramatically, standing at 7-8% in early 2020, down to now around 4-5%.

“It is understandable that many wealthy investors simply put money into deposit accounts in high interest rate scenario,” he reports, “but rates are going down in pandemic time and likely to fall further, so clients are now considerably more receptive to alternatives away from the bank deposits in chase of higher yield.

## Remarkable demographics

Two-thirds of the nearly 100 million population (which is rising rapidly)

is under the age of 35. “These younger people are highly aspirational, they want to engage, chase their dreams and start saving early towards those goals. Accordingly, the whole conversation can move forward logically.”

He also remarks on how entrepreneurial Vietnam is as a country, with millions of business owners riding the economic waves, as Vietnam becomes more developed. There are the conglomerates, the mid-sized

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companies, the SMEs, and the small, standalone businesses. The business owners as a segment makes for about 50% to 60% of the wealth market here.

## Dynamic expansion

“Vietnam economy has been growing at ~7% for past few years and has shown remarkable resilience even during Covid-19 pandemic with GDP growth rate of 2.9 percent for the year 2020 when many others faced recessions.” He notes, “in recent years, the nation has been viewed as an alternative manufacturing hub in the region, and there is diversity in the economy with many service sectors opening. Between 2002 and

2018, GDP per capita increased by 2.7 times, reaching over US\$2,700 in 2019. Personal consumption levels are rising, driving the whole domestic economy forward.”

## Wealth solutions are natural fit

Gauraw explains that VPBank does not have a securities arm or own an asset management company, instead positioning itself as an advisor. “I came here to launch the affluent banking & wealth management business for HNWIs

and families,” he reports. “We advise them all the solutions, cutting across payments, deposits, lending, and allied to those services, ‘wealth’ becomes a natural discussion. With many of the HNW and UHNW clients, the discussions are more around portfolio construction across asset classes, based on their financial goals, risk tolerance and time horizons. And, the discussions can extend to preparing for inheritance and legacy planning.”

## Education and regulation

Gauraw explains that customer and advisor education is one of the key steps in the development of wealth management industry



**GAURAW SRIVASTAVA**  
VPBANK

here. “At VPBank Diamond, we are constantly investing in educating our frontline, preparing them to be better advisors, to encourage the right conversations with the client, to be able to highlight the risk reward principles, understand and convey product differentiations, and so forth,” he reports. “And at the same time, we are working closely with our partners to organise a lot of awareness programmes, wherein the client themselves can directly participate.”

The other key development need is evolved regulatory framework. “When the regulatory ecosystem improves, as it has been, there are more catalysts, whether it comes in form of tax incentive, or greater clarity in terms of distribution model, product disclosures, greater transparency, then the combined momentum will accelerate and fast track this whole process. The banks are central to all this, as they are natural recipients of money as deposits and they can play pivotal role in the whole picture looking ahead.”

## Getting Personal with Gauraw Srivastava

Gauraw has been Head of Affluent Banking & Wealth Management at Vietnam Prosperity Bank, better known as VPBank since February 2018. He has worked in private and retail banking for almost 20 years. His previous role was in India as Head of Investments and Client Relationships at ICICI Securities. Before he was with Standard Chartered for 10 years, where he did variety of roles in Wealth Management and Priority Banking, and was Director of Priority Banking, India in last role there.

He has done his bachelor’s in Business Administration and Economics. He is an MBA in International Business and did Executive Management Program from the Indian Institute of Management, Ahmedabad.

“My career has been all about learning and taking risk” he reports. “As a management graduate, I started in the mortgage business, which gave me a very sound understanding of the lending side. Then I managed client relationships in the priority and private space, and expanded further into the wealth management, which I have loved, spending the past nearly 14 years in this business in senior leadership roles.” He says all the assignments he has taken on and headed give him a diverse understanding across retail and wealth and have helped him to run this business at large scale.

He says that it was a big step to move from a successful career in India to Vietnam. “When I was approached for my current job, I did a lot of research on the market and I can share that three plus years on, those positive assumptions on the market’s evolution have been overwhelmingly validated and I feel energised by opportunity and environment. This country has such an industrious zeal and enthusiasm. The growth has been exponential and I am highly optimistic about the future.”

Married with a seven-year-old daughter, Gauraw says his priority outside work is time with the family, enjoying home life and the simple joys of helping their child develop her skills and hobbies.

“And I also try to keep my fitness routine, and now play some golf,” he reports.

Travels in Vietnam are to favourite places such as Nha Trang with its beautiful beaches, as well as Phú Quốc, Da Nang, and Sapa. “The whole of Vietnam is exceptionally beautiful, actually,” he says.

## Building from within

Gauraw reports that locating talent is one of the biggest challenges. “As I mentioned before, we therefore place a lot of emphasis on education, constantly investing in the learning and capabilities of our frontline to graduate them from a product sales positions to be quality advisors. It is challenging, but we are making good headway.”

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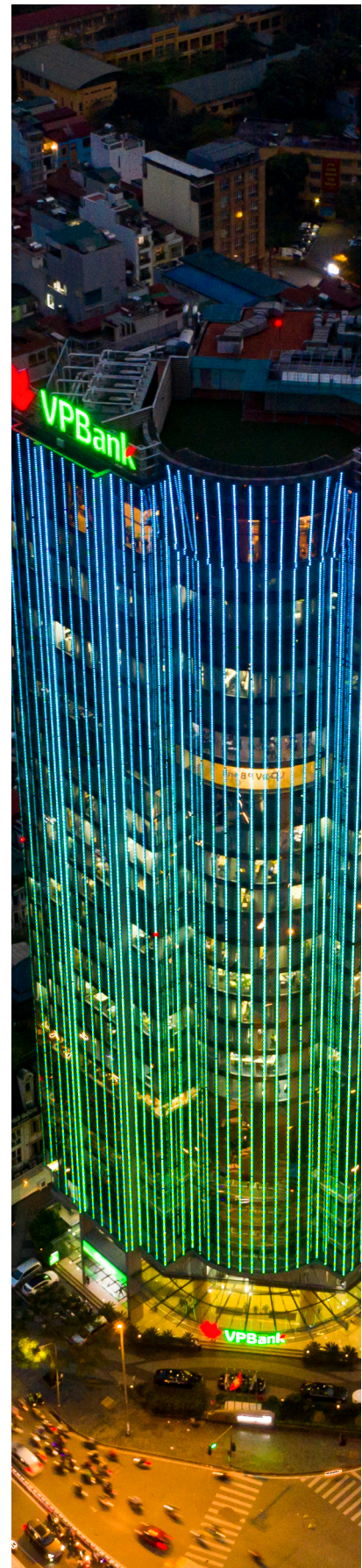
Externally, there is limited talent in the market, he reports, meaning the bank has to focus on building from within, putting its people through programmes that range from low to high intensity, driving a certain discipline so that any RM wishing to remain in this business has to mandatorily qualify at certain intervals in what he calls ‘boot camps’. “Our people understand the challenges, as well as the benefits, and are looking at their careers over the longer term. And of course, we also engage with clients through webinars these days, or events on more normalised times, and perhaps both looking ahead,” he reports.

## Key Priorities

Gauraw reports that his first mission is to keep driving greater segmentation, client insights, quality of advice and more sophisticated products and solutions. “We are getting deeper into this sphere, so can be absolutely customised and bespoke in our advice, and therefore build on the success we have achieved in recent years, where we have

built our value propositions aligned directly to the individual clients. At VPBank Diamond, today we serve more than 85,000 affluent clients and managing over USD5 billion of AUM. It is our constant endeavour to bring right solutions for our HNW, Commercial, SME or individual segment clients across preservation, appreciation, liquidity management or protection needs.”

Secondly, he wants to keep moving ahead in the whole digitalisation process, which has already been fast tracked due to the pandemic. “As we speak, our entire client journey on the banking platform is now automated for the clients, and we will automate the entire wealth



journey in the next 12 months, right from the onboarding stage to profiling, understanding and then deriving and engaging the right solutions and portfolio composition and of course, reporting. Another key priority is to keep pushing the message of education that I have outlined earlier.”

### A market for the future

Vietnam’s dynamic environment, reflected through a young population, growing wealth, changing consumer attitudes, greater mobility, and urbanisation – are pushing Vietnam through a period of great change. Vietnam

is currently in the Frontier Market group, and been into watch list for upgrade to Emerging Market. At this interesting stage, Vietnam offers huge opportunity for wealth management.

As per industry report, it has over 25,000 HNW people with more than USD1 million of investable assets and is expected to cross 40,000 mark in next 4 years. Vietnam is the reported to be at second place in top 10 markets with fastest growth in rich people between 2010-2019 period. The client needs of this segment is fairly evolved and

they have been avid investors in corporate bonds, listed equities and alternative investments. They also demand premium banking services. Besides, there is vast segment of emerging affluent and millennials driving the board-based robust growth. In last 12 months, there have been record number of new securities account opening month-on-month, and many of them are new and young investors. Domestic Mutual Funds AUM have grown rapidly in last couple of years and there is huge opportunity for managed investments, especially in a volatile and eventful market like current. ■

