

Safety, security, confidentiality the JPMorgan way

Rahul Malhotra explains why traditional values combined with an innovative business model will ensure a profitable future for JPMorgan Private Bank in Asia.

Private banking in Asia has been through a major transformation in recent years. A rapidly-maturing client base, market volatility and regulatory changes have all contributed to the new profile of this industry. Cost have risen and returns have fallen.

Against this background, Rahul Malhotra, managing director and head of South-east Asia for JPMorgan Private Bank, acknowledges the reality of the situation, yet remains not only optimistic, but even positively bullish.

"The business has been through a lot," he notes. "Not just JPMorgan per se, but the industry as a whole."

Yet he is adamant about the value of his bank's clear and focused strategy, based on providing a relevant offering to a core group of clients.

More specifically, he explains, this is driven by a team-based approach which

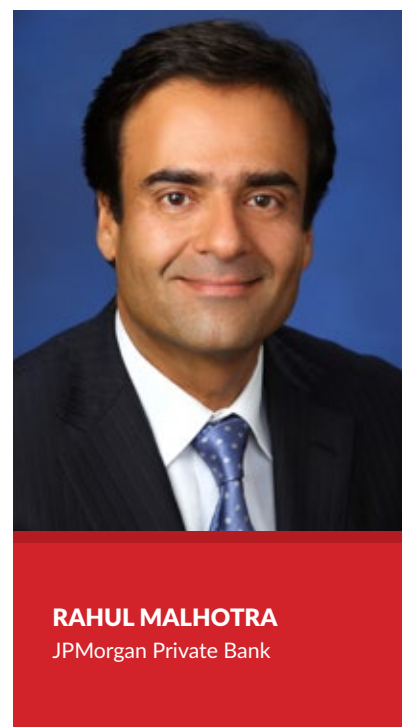
leverages off the JPMorgan Private Bank's experience in wealth advisory, long-term planning, next-generation advice and the ability to deliver more sophisticated financing and other solutions to clients. "So you put these together, along with the bread-and-butter private banking, and it creates a holistic experience, especially for UHNW clients," he adds.

CLEAR SEGMENTATION

The consolidation in the industry has been evident with a number of players downsizing or even making an outright exit from Asia.

For JPMorgan, however, both the region and the industry continue to be crucial strategically. "Asia continues to be important for us," says Malhotra, "both for the private bank as well as for the other lines of business."

The private bank, in particular, continues to invest in Asia, he adds. "We have



RAHUL MALHOTRA
JPMorgan Private Bank

a very clearly-defined strategy to provide private banking services to people that have USD10 million in investible assets with us."

To JPMorgan, this is the definition of “high net worth”, with UHNW clients defined as those with USD50 million and above.

Although five years ago the bank started to target individuals with a lower AUM, motivated by the pace and extent of wealth creation across the board, the costs of doing business have risen dramatically.

As a result, the bank is again more focused on where it can be most relevant in the way it defines its target customer base.

WORKING AS A TEAM

Malhotra believes that the strength of this proposition lies in the JPMorgan brand and the private bank’s business model – both of which Malhotra is a keen proponent. “I have 30 years of work experience and six of them have been at JPMorgan. I can tell you I have learned and continue to learn a lot here. The work, the culture, the teamwork, the overall DNA – they are all about doing things right.”

Such principles apply at all levels of the business. “It’s all about making sure that you are doing right by the client, by the shareholders and by the employees. We do this on a daily basis.”

The JPMorgan model certainly relies on its team-based approach. “Clients come to us because they genuinely value our thought leadership, and they genuinely value our advice,” says Malhotra.

To him, ‘advice’ is to be able to sit across the table, listen to an individual, understand what their real needs are, and then be able to really help them meet those objectives. “It’s no longer just about looking at financial markets,” he adds.

These conversations cover topics ranging from geopolitics to the broader economy, and have been particularly valuable during the volatility in 2016. “The key is to help clients understand how they have impacted on what’s happening in the markets?” says Malhotra. “How do you make things simpler and easier for people to understand?”

A team-based model makes a huge difference to achieving this. It was untypical in years gone by for a banker’s role to be to wine-and-dine a client, play golf with them, and then pitch stocks and get back to the office and execute the trade. It was like a one-stop shop in many cases.

While many banks might seem to continue to take this approach, the JPMorgan way has been to adopt a new way of doing things. “We have a banker and also a dedicated investment specialist who is in conversation directly with the clients,” explains Malhotra. “The specialist is sitting in front of a terminal, looking at the markets and talking to the client, and has a direct relationship with the client.”

As a result, the client taps into the resources of the relationship manager (RM) to help define the general objectives and strategy, but calls on the specialist to execute in real time. “It’s two for the price of one,” quips Malhotra.

LONG-TERM VIEW

This model also accommodates not only the widening client base but also enables the bank to develop and reinforce relationships across generations.

He illustrates this with an example from the JP Morgan tradition: “I have a banker in my team who has been in the business with us for more than 45 years

and has dealt with three generations. How often do you come across people that have been in the firm that long enough and doing this?”

These generations have different needs and their risk appetites are also very different. In addition, the younger generation – the millennials – expect much more of a technology-led interaction. “They want you to be able to interface and deal with them, not just in person or through voice, but to be able to interact with them digitally, to be able to give them the service and efficiency that is required through smart usage of technology,” explains Malhotra.

Generational change also brings forth new challenges. “We have a wealth advisory practice that works with families and helps them in putting in place the right structures for intergenerational planning,” he adds.

Another part of the bank’s wealth advisory offering which is gaining more traction in Asia due to its growing relevance and importance is philanthropy. “We work with families who are looking to start to give back,” says Malhotra. It advises them as they start to think about how to plan for this and which firms to work with.

ADDED VALUE

A third component to the JPMorgan Private Bank offering connects its clients with the other parts of the institution – especially its investment banking capacity.

“When you work with families it’s also about the way you speak, not only to the person but also the way you speak to the corporate wallet,” says Malhotra. “That’s why we work well with the investment bank.” ■