

Service via the Hong Kong gateway

Alan Luk explains how Hang Seng is sticking to a strategy of catering to Mainland customers from Hong Kong, where the local bank can deliver a range of solutions and focus on delivering tailor-made services.

A tried-and-tested way for a financial institution to succeed is to play to its strengths. And this is exactly Alan Luk's philosophy in tapping into the growth in HNW numbers in China.

So despite the scale of the opportunity that abundance of privately-held wealth

would leverage on Hong Kong's established positioning as the gateway to China when conducting its private banking activities.

Luk's mind-set also stems from a broader strategic goal for the institution, where all the bank's efforts are directed

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in Mainland China appears to present to all wealth management players, Luk, as head of private banking and trust services at Hang Seng, said the bank

towards driving profitability and productivity – not AUM or front-line headcount. "I love top-line performance, but bottom-line is critical because it talks



ALAN LUK
Hang Seng

about sustainability, and how we can survive and drive the business to the next level," he explains.

GETTING ITS PRIORITY RIGHT

Hang Seng has a policy not to disclose its AUM. It is estimated to be between USD20 billion and USD25 billion in the private banking unit.

One thing Luk is adamant about, however, is avoiding trying to grow the business through unsustainable measures – such as poaching relationship

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SOLUTIONS NOT PRODUCTS

Transparency is another major pillar of Hang Seng’s private banking strategy.

To maintain this, Luk spends a lot of time ensuring the processes are in place

is not aligned with a client’s goals or risk profile, the RM has to explain to senior management why it was still sold.

Further, transactions are audited by an independent team, with discrepancies taken up with the individual RM.

“Sometimes, the enquiry goes all the way to the customer, and a call is made to find out if he or she indeed wanted that product,” adds Luk.

Issues are fewer and farther between given that the focus is on meeting customer needs rather than selling individual products.

Luk believes that delivering solutions in this way will create more loyal customers with stickier relationships.

“[By preening our client accounts]... from time to time, [real] private banking customers remain with us. That really helps us grow our business because we can offer solutions to meet with their different wealth management needs.”

LOCAL ADVANTAGE

More broadly, Hang Seng wants to leverage its local advantage to grow its private banking business.

So in addition to individual clients, Luk says it also wants to become a preferred choice for small- and medium-sized Hong Kong businesses.

“We want to be a local and regional player.” he explains.

This is highlighted by an example of a solution it can offer clients by way of managing their property portfolios.

In this way, the bank’s subsidiary, Hang Seng Property Management, can act on behalf of a client who might live abroad or be unable to themselves manage the property assets, collect rent and even carry out repair and maintenance works. ■

managers (RMs) from other banks or using aggressive pricing strategies to attract new deposits.

“We don’t want to do this because it is sure to hurt the bottom-line,” he explains.

Instead, a strategy that has held the bank in good stead, and helped its earnings-per-account to grow even during periods when its AUM has been stagnant, is preening its client accounts.

Its focus in doing this, is to ensure that customer needs are relevant for private banking services.

“By doing this from time to time, [real] private banking customers remain with us,” adds Luk. “That really helps us grow

to prevent his RMs from pushing products or being driven by considerations such as fees.

More specifically, they adopt a structured investment process that has several layers of checks and balances in place. This also helps to prevent any mis-selling.

The first step, once an account is opened, is to assess the risk profile and the objective of the client, to identify their financial goals.

Then, there is a matching process to offer them a range of suitable bonds, equities, funds and other investments, each of which get graded separately for the risk they carry. For any product that