

# StanChart plays the numbers game in Indonesia

*Standard Chartered Bank has achieved an enviable penetration rate for its local wealth business, based on a diversified fund platform, reveals Bambang Simon Simarno. Yet regulatory reform and more digital tools are essential for future growth.*

Standard Chartered Bank prides its wealth management franchise in Indonesia on the number and diversity of funds it offers.

The firm works with nine fund houses, offering over 50 funds in total – each of which is subject to a rigorous due diligence process and review to make sure they are up-to-scratch. This is part of a ‘fund focus’ concept the bank has implemented, to monitor both the qualitative and quantitative aspects of the funds’ performance.

“This is how we differentiate our advisory capability with regard to the local markets and other wealth management houses,” says Bambang Simon Simarno, executive director and country head of wealth management.

“We have somebody interview the fund managers and review the qualitative aspects of the experience of the fund managers, as well as the stability of the

fund house,” he explains. “The investment process and everything associated with it, is also under intense scrutiny before we include any of them on our platform.”

## FOCUSED ON WEALTH

Although Standard Chartered has been operating in Indonesia for the past 154 years, it is only over the last 14 of these that it has been active in the wealth management space. And Simarno is anxious to make up for lost time.

The bank currently has wealth management teams available in all of its 16 branches across the country, with the major areas of activity being Jakarta, Surabaya, Medan, Bandung, Semarang, Denpasar and Makassar.

This is a more focused branch exposure, having been pared back from 24 branches since early 2014. But the bank didn’t reduce the number of relationship managers (RMs). “In fact, we increased



**BAMBANG SIMON SIMARNO**  
Standard Chartered Bank

our RM headcount because the strategy was to focus on our priority banking segment,” he adds. This has given the

bank a high wealth management penetration rate, where between 70% and 80% of clients have bought some type of investment product.

This ranks favourably not just compared with the other foreign players, but also the bank's own wealth businesses in other markets. Yet having the right prod-

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To be able to respond to the needs of customers and provide a relevant offering, the bank's RMs need to be sophisticated in terms of their understanding of wealth management products and market updates. This must be in conjunction also with an advisory service that helps clients decide which products they should consider.

This creates a sales process that Simarno believes is another point of difference for the bank. "We undertake a very lengthy needs analysis that we ask clients to go through, together with their RM," he explains. "Out of these responses, we recommend a set of products that fit the client's risk profile as well as their needs."

However, selecting the right product by risk profile is not enough – the products on the shelf being provided must also be reputable to ensure a successful wealth management business. "We need to be able to help our clients to select

### **DIGITISING THE OPPORTUNITY**

Although pleased with the bank's work in progress in the wealth management space, Simarno is eager for digital tools to play a greater role – especially in re-

placing many of the time-consuming, paper-based processes that currently burden his RMs.

"Our RMs still have to do a lot of paper-based transactions. They don't have much support yet in terms of reaching out to client digitally, in terms of portfolio updates and performance," he says.

Yet the first part of the digital journey in Indonesia needs to be improving the process internally, before being able to digitise the client experience. "Digital will also enable us to more efficiently update our RMs in terms of news, new product launches, promotions and other things they should know instantly," he adds. A priority for him and the bank more broadly over the coming months is to give the RMs real-time access to all of the information they need when they meet clients.

### **REFORM AGENDA**

Simarno also sees a need for regulatory reform in Indonesia, in order to boost wealth management business.

### **Bancassurance push**

*A recent initiative for Standard Chartered Bank in Indonesia has been a new agreement with Prudential to offer Versalink Capital Protection bancassurance.*

*The move is part of the bank's efforts to increase its fee-based income in the country.*

*This is going against market practice, given that the agencies are all very unit linked, based on high margins. "We are actually shifting that view," says Simarno. "We are launching three products with Prudential this year that have thinner margins but a better proposition from the client perspective."*

*This also follows earlier cooperation with the insurer to launch several other products in the past.*

Like a number of his peers, he is not overly optimistic about this happening in the near future. However, he believes that if the government doesn't open up investment alternatives that will allow clients to go offshore, then it will be difficult for wealth managers in the country to compete with offerings offshore.

Further, since the total funds repatriated as a result of the tax amnesty were less than the government was hoping for, this is evidence that there are few incentives at the moment for clients to invest onshore. "This is the number one thing that has to be changed," he says. ■