

# Steady Hands Guide UBP through Asia's Dynamic Wealth Management Waters

Ranjit Khanna is Chief Executive Singapore and Market Head, South Asia, Private Banking at Union Bancaire Privée (UBP), which is enjoying a period of sustained expansion in the region, with assets up more than 50% since 2016. Khanna met with Hubbis in August to define his vision of private banking and to articulate exactly why he believes UBP will continue to win more clients and convert more existing and future customers to recurring revenues. Khanna believes in a step-by-step approach to growth, focusing on sustainable expansion.

**K**HANNA BEGINS BY EXPLAINING THAT UBP has been robustly strengthening its proposition in three key areas. On the wealth planning side, UBP has introduced a service to help larger families establish single-family offices or multi-family offices, a segment UBP sees growing rapidly. In Hong Kong the bank has also established a corporate finance advisory referral panel. In addition, UBP has been working closely internally with the asset management colleagues to customise investment mandates for ultra-high net worth (UHNW) clients leveraging on its asset management platform.

He explains that in April, UBP upgraded its licence in Singapore from a merchant banking licence to a wholesale bank licence. "We can now take on Singapore Dollar deposits, and this is making us more competitive and attractive. The licence enhancement has broadened the platform and has provided us with the opportunity to offer an end-to-end service to our existing Singapore-based clients, as well as attract predominantly Singapore Dollar based clients that might traditionally not have found their way to UBP. This key milestone has helped round off our proposition in a comprehensive manner."

### **Sustainable growth**

Khanna adds that UBP wants to continue building out a highly compliant business in a sustainable fashion, "We are now seeing the fruits of this strategy, with strong and predictive growth in 2019 in Southeast Asia. We will continue hiring teams for Singapore and Indonesia, which remains a great opportunity, especially as we are seeing a faster switch to second and third generations there compared

to some of the other markets. I think Thailand will always be attractive and we are exploring with keen interest how we might further penetrate that market. Amidst global volatility, we believe this region will do well."

Khanna believes Singapore will continue to benefit from the proactivity of the regulator. "There is a highly consultative approach here and considerably proactive decisions made in relation to new

business opportunities, particularly around the family office space and fintechns."

The NRI market is also one of Khanna's areas of responsibility. "The approach the NRIs have towards wealth management is unique and it is what I would call, a three wallet investment strategy. The first wallet is a global investment wallet - NRIs have an appreciation for international investments that may offer the best

### **Key Priorities**

"First," he reports, "we will continue to enhance our advisory proposition. Today, some 70% of our portfolios are either in discretionary or advisory, which is excellent, but this will continue to be a work in progress for us."

Secondly, UBP wants to continue to on-board experienced bankers, but also with the major caveat that there is no pressure for numbers just for the sake of numbers. "We hire when we see quality and potential, we focus on rigorously sensible commercial decisions," he adds. "We seek bankers / teams who know their clients and their portfolios really well, and who can see that UBP can marry services and style to those clients. Our job is then to make them more successful, and I can state that the majority of the bankers who have actually joined us have been very successful indeed."

He elaborates, explaining that UBP hires should have strong technical advisory skills, excellent relationship skills and the ability to operate at a very senior level. "We are a relatively flat and accessible organisation, and we need bankers who are comfortable dealing with the top management of the bank to leverage their capabilities."

His third priority is to continue building the business in a safe, sustainable manner. "It may not sound as the most exciting pitch to some, but we are looking for consistency, predictability, we are not seeking one-hit wonders," he reports. "Healthy growth is essential to our approach."



RANJIT KHANNA  
Union Bancaire Privée (UBP)

return vis-à-vis risk and reward,” he remarks. “They also have a domestic wallet that is centred around where they are domiciled, so it would be investments in the form of their mortgages, their transactions, their cash management requirements. And their third wallet, which is rather unique, is their India-centric wallet. NRIs have a tremendous affinity towards any opportunity that is India-centric, partly due to an emotional link to India, but also due to ongoing political and economic transformation in India that continues to open up more investment opportunities that are highly attractive for NRIs. So if one can offer solutions in all three of these wallets, this is an attractive segment to cater to.”

### Family office focus

Khanna notes that UBP has also been working to enhance its family office proposition. “We have long offered family office services out of Switzerland through our FOSS Family Office Advisory proposition targeting UHNWIs, and we now offer that service as part of our wealth planning offering here in Singapore. It is effectively a

one-stop-shop for clients, who normally may find it difficult to navigate this complex and fast evolving space.”

In reaching out to second and third generation clients, he remarks, “No two clients are alike, and we must recognise that we must continue to evolve our proposition, to keep engaged and actually we have been successful in this regard thus far. We are, and I think will continue to be, a high touch business, and we can leverage our skills and capabilities with technology, while not striving to be a prime mover in this regard.”

### Growth and potential

Khanna also remarks that while UBP is a construct of numerous acquisitions over several decades, the most significant recent deal being the purchase of Coutts International four years ago. “We are not in a rush,” he reports, “we want to maintain stability and to be sustainable, and we will, for example, only consider an opportunity if it was right for UBP, or as another example, partnerships if both sides benefit over the longer term. Right now, we are partnering internally with our own asset management business, to bring bespoke, tailored solutions to our UHNW segment of clients.”

Khanna also deconstructs the argument that the wealth management industry might be now, or soon, in decline. “Actually, in this region in the last five to six years, we have seen the evolution of three very distinct models in the market. We have the local regional players that play very strongly to their footprint, their onshore capabilities. We have the universal banks, then we have the pure wealth banks, of which UBP is one, which have successfully

### Getting Personal

Khanna was born in Mumbai and left India in 1980 when his father was posted as a banker in Egypt, where the family lived for almost 15 years. “I actually finished high school in Dubai and then started my college life at the American University in Cairo and from there on to the United States for my undergraduate degree in Management.”

He began his career with American Express Bank in New York in 1990 on the Institutional Banking side as well as Trade Finance, working there for more than four years, before joining Standard Chartered Bank in the Middle East in their wealth business, since then he has held key roles in wealth management and private banking.

“I have thoroughly enjoyed my time in this industry,” he reports, “and joined Coutts in 2010 in Singapore before UBP bought Coutts International in 2015. It has been an exciting and stimulating time helping build Coutts and now the UBP business in this region.”

Khanna is married with a 14-year-old daughter who attends the Dulwich School in Singapore. Leisure time is spent with family, keeping fit and if time permits, on the golf course.

been building their niche presence amidst Asia's rapid private wealth expansion - each one playing their respective strength."

Khanna does not perceive great change ahead in the foreseeable future. "More technology for sure," he comments, "and better leveraging of the technology, and for us, a continuing focus on a highly bespoke, tailored advisory business."

training for bankers, and then there is training for specialists," he notes, "but I would like to see the CPD process evolve and for example if there were to be a three- to five-year programme that people go through as they evolve in this industry, that would move the business closer to other professional fields such as law or medicine and other disciplines. Better delivery of training enabled by technology will also be valuable."

out there to achieve a much closer industry collaboration," he reports. "For example, we would like to see more advances in CRM technology, in RegTech, in onboarding clients more efficiently, because although there are some solutions out there, however they are not fool proof at this juncture, particularly when it comes to cross border requirements. Areas such as the delivery of regulated advice that respects cross border regulations still need to be improved."

Khanna closes the discussion with the observation that staying ahead of the competition is challenging but can be achieved by combining the different levels of expertise and skills within the bank. "We know our clients, we know our markets, we know our region, we develop propositions that are bespoke for our customers, we never take a one-size-fits-all approach. At our size, we are also able to be nimble and swift to adapt for the benefit of the bank and the clientele." ■

**"More technology for sure," he comments, "and better leveraging of the technology, and for us, I see a doubling in size in the next five years out here, with a continuing focus on a highly bespoke, tailored advisory business."**

### Up-skilling required

As to the progress that Khanna sees as necessary, he believes better training and development of bankers is essential. "There is training for support staff, there is

He also considers more should be achieved in terms of focusing and harnessing technology effectively. "I would like to see better liaison between the private banks and the fintech solutions



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## UBP - Global Consolidation of Acquisitions Leads to New Phase of Organic Expansion

UBP was founded in 1969 by Edgar de Picciotto, whose vision from the outset was to offer investors a high-quality and innovative wealth and asset management service. In its fifty-year history to date, the bank has maintained its independence and remains on the expansion trail. In recent years UBP has acquired the international private banking divisions of Royal Bank of Scotland (Coutts) and Lloyds, the Swiss subsidiary of the ABN AMRO group, ACPI Investments in London, and Banque Carnegie Luxembourg.

These significant and timely acquisitions, combined with organic growth, have helped group AUM surge by some 75% in the past seven years. The near USD25 billion of AUM that UBP has now built up in the Asia Pacific region, today represents around 15% of the group's total.

UBP has benefitted from the enhanced M&A activity that arose in the years after the global financial crisis, as weakened global financial institutions sold off businesses. UBP itself had more than its fair share of troubles in the years shortly after the GFC, but the bank pulled through to recover and position itself as a buyer not a seller.

Today, the bank operates from more than 20 locations worldwide, including within Asia the major Hong Kong and Singapore offices, as well as smaller offices in Tokyo, Taiwan and Shanghai.

The acquisition of Coutts International in 2016 added roughly USD10bn to group AUM and also brought a substantial Asian operation into the fold. The bank's core Singapore and Hong Kong operations provide excellent platforms for the South East Asia and Greater China markets, which are both growing rapidly.

UBP on July 18 announced a net profit of CHF117.2 million for the first half of 2019 and a 6% increase in assets under management (AUM). That growth was driven by net inflows from private clients, along with the CHF2.1 billion contributed by Banque Carnegie in Luxembourg, acquired at the start of the year.

The Bank's Tier 1 capital ratio of 26.1% at the end of June 2019, and its short-term liquidity coverage ratio (LCR) of 301.3% both underscore its solid financial position and the quality of its balance sheet, according to the bank's release.

UBP also reported that it had been making significant investments in its Asian business, as well as in the digital arena over the same period.

Family-owned and headquartered in Geneva, the bank aims to help clients preserve and grow wealth through a highly personal service and bespoke investment solutions specifically tailored to specific needs.

UBP presents itself as a global bank offering strong local and global expertise. With some 300 private banking professionals, including seasoned wealth planners and investment experts, based in Hong Kong and Singapore, the bank provides highly customised solutions to individual clients, family offices and independent asset managers in Asia and abroad.

The bank's array of offerings spans discretionary services, which is a customisable solution to capitalise on UBP's strategic and tactical investment convictions implemented directly into the client's portfolio. This is for client portfolios of USD3 million and above.

Other key offerings include advisory service, direct investments, direct access, asset management, hedge funds, structured products, credit solutions and wealth planning. Through the direct investments channel, clients gain access to exclusive and unique investment opportunities in tangible assets in private markets beyond traditional instruments, which are generally only available to large institutional or sovereign investors, for sophisticated investors.

Direct access on the other hand offers clients direct access to the trading floor to implement their own investment strategies for forex. The Direct Access Client (DAC) service is a bespoke service for affluent forex clients that seek professional advice and direct execution of their foreign exchange transactions. The FX DAC Desk based in Singapore provides quick and efficient execution of forex trades, engages with the clients to give timely market updates, and provides forex advice for investment and hedging strategies.

In the hedge funds segment, UBP helps clients by providing diversification from traditional assets through uncorrelated return drivers. The bank has been a pioneer in alternative investments since the early 1970s, and today draws on its extensive experience of developing a wide range of alternative investment portfolios and solutions, including discretionary portfolios and an advisory service, to meet clients' evolving needs.

The bank also specialises in alternative UCITS funds and provides access to high-conviction alternative funds through its UCITS fund platform. For structured products, the bank works with a selection of third-party providers to offer clients high-quality products with competitive pricing and an open architecture structure. UBP additionally offers access to credit facilities, whether lending to cover a short-term cash flow requirement, to fund the purchase of a new home, or to take advantage of an identified investment opportunity.

