

Sustainable Wealth Management in Indonesia – Finding, Training, and Retaining Top Talent

Indonesia's wealth management market is lacking in a variety of key areas. Liberalisation could be taking place more enthusiastically to allow investors access to more interesting assets including offshore investments. There could potentially be greater emphasis on carefully encouraging innovation and diversity rather than trying to prevent local investors buying into products they might not understand. All of these areas would be more realistic goals if there was more talent and greater professionalism in Indonesia's wealth industry. But it is a Catch-22 type situation – if there is little innovation and diversity, it is tougher to attract and retain the best talent in the wealth industry. Samdarshi Sumit, President Director & CEO of PFI Mega Life Insurance, was an expert panellist in a discussion at the Hubbis Indonesia Wealth Management Forum on exactly these topics. We have summarised some of his insights in this short report.

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Samdarshi Sumit
PFI Mega Life Insurance

Samdarshi Sumit is

President Director & CEO of PT PFI Mega Life Insurance of Indonesia. Established in 2011, the company is a joint venture life insurance company which combines the global expertise of Prudential Financial Inc with the local market network of CT Corpora. PFI Mega Life offers an array of life insurance products which cater to a wide range of customers, from large entities to individuals. Its product offering includes investment-linked insurance products and credit shield insurance.

Focused on the future

CT Corp and Prudential Financial, Inc. created their joint venture in July 2017 to provide life insurance solutions to a broad spectrum of people through a multi-channel distribution strategy, to serve specific needs of consumers in Indonesia. PFI Mega Life is the 2017-created joint venture company between Prudential Financial of the US and with Mega Corp. PFI Mega Life products and services are offered through multiple distribution channels, including

bancassurance, telemarketing as well as retail channel.

Prudential Financial Inc (PFI) needs little or no introduction, but for anyone less familiar with the detail, the company is a giant financial services leader based in United States, and operating throughout the US, Asia, Europe, and Latin America. PFI leverages its unparalleled expertise in services such as life insurance, annuities, retirement related services, mutual funds, and investment management to help customers grow and protect their wealth. PFI is not affiliated in

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any manner with Prudential plc, a company incorporated in the United Kingdom.

CT Corp is a conglomerate that was founded over 37 years ago and employs more than 100,000 people across Indonesia. As the parent of Mega Corp, it is both rapidly growing and well diversified across various industries, such as financial services, media, retail, and natural resources. Some well-known CT Corp companies in the consumer market in Indonesia are Bank Mega, Mega Life, Trans TV, Trans 7, Transmart Carrefour, and Antavaya. CT Corp is controlled by Chairul Tanjung and family.

Three core market segments

PFI Mega Life has three core target markets. One primary market is

their own group company Bank Mega, with a dedicated range of insurance products for Bank Mega, which includes unit linked, traditional endowment, and products which are reaching out to every segment of Bank Mega.

The second segment of the business is centred on credit life where Indonesia is underpenetrated. This is simply pure credit insurance protection on loans people take out, for example perhaps related to the Bank Mega credit card. In addition to that, the firm also bundles protection products to

help borrowers control their risk, potentially including life insurance cover in case something happens to them.

The third segment is the digital business, where the firm partners with many of the group companies and with ecosystem players such as Grab, or Lifepal, which is an online insurance distribution business.

The challenge of raising standards

Sumit told delegates at the July 6 event that with the number of clients growing so rapidly in Indonesia, the key is to actually deliver professionally and comprehensively to those older and the many newer customers across the nation.

“Trusted advisors must deliver on all the ideas and concepts we have discussed at this event today,” he observed. “In a market such as here in Indonesia, it is a reality that sometimes intentions do not really translate into action on the ground.”

Sumit explained that the firm has a network of approaching nine hundred people selling its products, as a combination of people selling through the banks and others conducting tele sales and some offering customers face to face advice as independent tied agents for the firm. “And we are adding new channels, but it is always a big challenge in this industry to recruit the right people, and that is a challenge that is seen across all areas of wealth management.”

Demand up, sales teams down

He said that while the demand for products of all types and the number of customers both rise sharply, the number of people selling and advising is actually decreasing, not only on a relative basis but in actual numbers. “The insurance industry had about 610,000 registered qualified agents a year ago, but as of Q1 this year,

that number had fallen to about 570,000. But at the same time, the number of insured has increased.”

He explained that most of the banks were shrinking their branch numbers, and refocusing their efforts on more immediate returns, for example aiming to boost deposits.

Enhancing productivity, boosting efficiency

“There are actually fewer people selling mutual funds and insurance and other wealth products,” he reported. “As a result, we are focusing on higher skills and productivity, and refocusing from trying to play a people numbers game – valid for the pre-pandemic world but not today – and shifting more attention to the quality of the franchise and the efficiency of the operations.”

Sumit explained that a core element of this drive to enhanced productivity and efficiency is digitisation. And the other element, which in fact is closely related, is to boost the quality of advice offered and thereby boost the outcomes for clients and the firm itself.

Raising the game

“Advice,” he observed, “should centre on our fiduciary responsibility to keep the client’s interests at the centre of all our efforts. But it is not so easy, as we need to shake off the inclination to sell short-term solutions that might boost performance in the immediate future but do little to help the clients in the longer-term. “The wealth industry must be as transparent as possible, and as client centric as possible,” he stated. “If you can do that, you are closer to becoming the trusted advisor you should aspire to becoming.”

Immense potential ahead

He explained that Indonesia currently counts around 18-20 million people in its ranks of insured, but that there would be an estimated fifty million or more other Indonesians with sufficient income or wealth to also buy insurance of several types. “This is very far from a saturated market like Singapore,” he reported. “There is a huge market to be addressed here, and massive potential if we can get things right.” ■

