

# Techcombank's New Head of Private and Priority Banking on Imagining and then Realising a New Vision in Vietnam

Techcombank secured quite a coup when in June the Vietnamese bank managed to hire Khoo Lin-Wein for a completely new role as Head of Private and Priority Banking - for Techcombank in Vietnam. The move signals a major uplift in the intent amongst Vietnam's leading institutions to drive the wealth management proposition forward as Vietnam's economy, population and its private wealth continue their very vigorous expansion. Hubbis had the opportunity to 'meet' with Khoo recently, shortly after he had put his feet under his new physical and virtual desks in Hanoi.

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**KHOO LIN-WEIN**

Techcombank

**Khoo explains his** rationale for joining Techcombank and uprooting himself from Singapore and Malaysia and from his prominent former role at Malaysia's largest bank. "Vietnam is one of the fastest-growing countries in the world in the last decade, and the affluent and mass affluent market is expected to grow from 5.3m individuals in 2020 to 8.7m by 2025. "Techcombank is a major banking force in the country and now wants to develop its wealth management strategy."

He explains that the capital markets in Vietnam have grown rapidly, with roughly 800 listed companies today with a market capitalisation of USD200 billion, and the best performing stock market in the world YTD 2021, rising +35%.

Techcombank, he notes, is today the largest listed non-government owned bank in Vietnam with a market valuation of USD8 billion. For 1H 2021, PBT rose 71% YoY and Revenue grew 52% YoY, on a Capital Ratio of 15.2% and ROE of 20%. This fantastic growth and the vision of the Chairman and CEO with its very capable management team on the back of a booming

economy was what attracted me to Techcombank and Vietnam.

### **Vietnam – the growth is all ahead**

But despite the rapid growth, Khoo notes that the relative infancy of the capital markets in Vietnam has meant that the wealth management market is still small,

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with only 14 asset management firms today managing a mere USD14 billion of funds, the smallest in ASEAN and < 5% of GDP. Moreover, the capital market is pretty much closed, and there is minimal sovereign wealth participation, due to few domestic institutions and limited foreign investor involvement. Given the size and growth of the economy and wealth, the wealth management industry is ripe for quantum growth.

### **Not much choice...yet**

"Where do investors here put their money?" Khoo ponders. "Well, there is property, which has risen in value by about 100% in the past several years, and there are individual stocks on the market, and some fixed income. Clients here therefore need access to more investment solutions, products and ideas. They need access to better advice, and a broader range of active funds and ETFs. I am privileged to be tasked with building the expertise and wealth solutions to fulfil the great opportunities that surely lie ahead as Vietnam develops rapidly in the coming years."

### **Regulatory impediments**

He notes that Vietnamese banks themselves cannot sell many financial instruments without a securities license, limiting them to time deposits and insurance. "The foreign banks, for example,

might have the expertise required, but not the necessary securities licenses, so the wealth management industry is really hampered by these sorts of limitations," he observes. "However, things will evolve gradually for the better."

### **Evolving from retail to wealth management**

"We are anticipating the evolution of the market and the investors," he explains. "Remember that in the 1990s, investors in Asia were

mainly buying their domestic stock market, individual stocks, and not even bonds. Then we had the Asian financial crisis, and people lost a lot of money; that was when they turned increasingly to professionally managed funds. Then with the advent of the sovereign wealth funds and institutional investors supporting the local asset management industry, we saw the mutual fund industry grow very rapidly. As more stockbrokers and banks allowed trading in foreign stock markets, investors began diversifying their portfolios. The advent of online trading allowed individual investors to have access to the world.

In Vietnam, he observes that the country is still very early in these cycles. “We know investors should be moving more towards professionally managed funds, but they are still largely buying individual stocks directly,” he observes. “The lesson from 1997, as with any other major Bear market, was by investing into professionally managed funds, the risks of losing substantially in a market crisis is diminished. It is all about an educational process, about diversification into a pool of stocks, and across asset classes, and across Developed Markets when possible, so we are at an early stage here. It is up to us, as prudent wealth advisors, to spread this message, by educating the RMs and the end clients.” For now we have priority banking confined to deposits, mortgages, insurance, stockbroking and bonds, conducted via some 800 RMs. ■

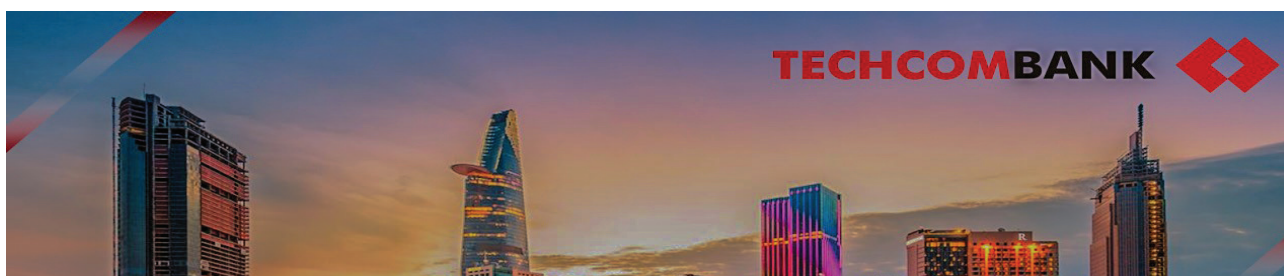
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### Key Priorities

Khoo reports that the first mission objective is to significantly boost the range of products. Secondly is to train the RMs. Elaborating on these comments, the training and education are initially being focused on the elements of investment, such as the value of diversification, the need for asset allocation, professionally managed funds, and risk management. “We are not talking about alternative assets or leverage at this early stage. Non-financial skills training would also be given so that RMs would be more like trusted advisors and less like product salesmen.

He observes that the availability of deeper financial markets would attract more professionally managed players to participate in Vietnam. “Scale will attract volume, and then greater diversity of investment vehicles and types of institutional investors can emerge. Vietnam is forecast to achieve USD10,000 GDP per capita income in 2030 making it a middle class nation. I am confident that the intelligent and industrious people of Vietnam together with the visionary and far sighted government, Vietnam will achieve what it sets out to do.

He closes the conversation by reiterating his enthusiasm for the task at hand. “Taking on a new role such as this is a great privilege and challenge, and with a local bank striving to be greater in every area. The future is bright for banking and wealth management in Vietnam, and time will certainly bring some major advances and great opportunities.”





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## Getting Personal with Khoo Lin-Wein

Khoo was born in Penang, Malaysia, and then studied for his high school in Singapore, later graduating from the National University of Singapore.

He has enjoyed a glittering career to date, including 8 years at Morgan Stanley Private Wealth in Singapore, where he was a top performer. His role as Head of Private Wealth at Maybank was a natural step for his achievements in private banking to that date, giving him the experience in setting up Private Wealth and Products in an emerging market which brought in offers from other emerging markets such as Qatar, Malaysia and Vietnam. He ultimately chose Vietnam because of the opportunity to start something with a visionary bank in a booming economy.

“Morgan Stanley was really the platform for all this, it is a remarkable organisation and a great training ground for me in capital markets, investment banking, private wealth and handling top clients,” he reports. “Maybank was then the next great step, translating sales and financial industry experience to the next generation of RMs, from knowledge of global products to bringing them into Malaysia. He adds that when he arrived, Maybank only had a number of Greater China and Malaysian funds on the platform, but he quickly partnered with firms such as Schroders and Morgan Stanley Asset Management, in order to bring in more foreign products for clients to diversify their portfolios. He brought in many foreign currency products, from US and European equity funds so that clients could diversify their investments.

He introduced Lombard Foreign Currency loans so that clients could borrow in USD, EUR or JPY, at much lower rates to hedge or leverage against their foreign currency investments. He trebled the range of structured product offerings, brought in foreign currency bonds and established a Trust and Fiduciary Services for clients who may need succession planning.

“There is a trend taking place in Emerging Market Banks seeking to boost their domestic wealth management as they see their affluent customers and they don’t want to miss out on this lucrative business. Digital banking is another major growth area, so we are seeing rapid growth in these two key areas in the region, wealth management and digital banking.” And clearly, there is a lot of connectivity between the two.

“In the domestic wealth markets such as Vietnam, there is immense growth potential and fewer wealth management players, so the opportunities are great,” he observes. “Supply of products and investments cannot meet demand. Whereas in the offshore centres, there are many competitors, and it is therefore a lot tougher to get the attention of the investors.”

Married with two children of 20 and 15, both in Singapore, he enjoys his days off indulging in his hobby of watercolour painting. “The old quarter here is so picturesque, and I love to draw the old street scenes of Hanoi. I also enjoy cooking, and of course, tennis when the pandemic rules allow.”

His final comment is that this opportunity offers him the chance to build something from the conceptual stage and then execute on the vision. “My first degree is in Architecture, and then I later took an MBA in Finance. Architecture is conceptualising an idea, executing on it with your team and finally seeing the beauty of your joint creation. Starting an important new business for one of the biggest banks domestically, in a new segment of a booming market is exciting, as with witnessing Vietnam go through a growth transformation of its economy and people. To live in beautiful Hanoi and working with its friendly and hardworking people is a dream come true.”