

Thailand Wealth Management Forum 2018

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At the Hubbis Thailand Wealth Management Forum 2018 in Bangkok on May 17th, we interviewed leading industry experts.

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Benjamin Cavalli
Credit Suisse Private Banking

Well, we are excited to be here today at Hubbis event in the opening panel to share obviously our experience and footprint here in this market where we have pioneered our onshore business just about two years ago. It is a place that we as a firm been home for two decades now and we are very excited as far as the prospect and opportunities are concerned here. Thailand is for us one of the critical markets in the South-east Asia region.

For me it is very clear, we want proximity to our clients, so the onshore business in time to come will become critical and bigger for us as well. Whatever the regulatory environment permits we will definitely consider going onshore in any of the markets that we are active in.

Cholathree Pornrojngkool
Bangkok Bank

Now the market has moved towards what we should have and we are more towards international standards at this moment. We can see now many banks in Thailand. We serve high net worth clients. We start from doing the financial planning for the clients, asking the proper questions, and doing the portfolio allocation for the client.

If we look back five years ago, everyone tried to do product selling, product pushing, we would not care much about the client. We tend to tell the client we just sell the product that matches the risk profile, that's what has happened in the past. But currently you can go to most of the banks talking about financial planning and they do properly offer the portfolio for the client.

Vincent Magnenat
Lombard Odier

We started a few years ago our partnership with Kasikorn with Mr. Jirawat private banking to develop an onshore offering together in order to be the best in class, and more than that to remain for Kasikorn the best private bank in Thailand. Through this partnership we try to have this holistic approach to our clients with a full offering in terms of family services and investment solutions, with an approach that is core satellite and together with Kasikorn we manage to do core satellite. It is really a growing market onshore and through our collaboration we develop also the suitable solutions for offshore clients.

Erdem Ozgul
Numerix

We started working with Thai clients back in 2013. Our first client here is Siam Commercial Bank. They started using us for their counterparty risk management across all their businesses. After a successful implementation we started expanding the business with other Thai banks as well as securities companies. In the last couple of years we have seen the prospect in the wealth management area as Thai market grows, there were more interest in terms of the products and solutions similar to what is being offered in Singapore and Hong Kong and we are extending our relationship here



beyond the typical investment banking and going into private banking, wealth management sector.

Martin Frick

Temenos

Well, we have a huge opportunity in Thailand. I am actually here to hope to celebrate the first go live of a wealth client in Thailand, so we are planning to do that over the weekend, they have signed off UAT, so that is very good news for us and meeting lots of our prospects and clients, there is a lot of traction in the wealth business in Thailand starting from the mass affluent piece but also slowly getting into private banking, very interesting market for us. Well, they need something that is cloud capable which we are, they need something with open APIs that can integrate the fintechs, they need something with necessary regulatory and compliance requirements embedded into product and this is why we think we have a good offering to the market.

Darren Thomson

AIA

When I was here first of all in Thailand in 2001 with Prudential and Standard Chartered. That was one of the first bancassurance partnerships that was established in Thailand. When I look now, 16-17 years later, bancassurance back in the day as 1% or 2%, it is now commanding over 50% of the distribution compared to more traditional channels like agency, but what we are seeing over that period is lot of sales or savings products, deposit substitute products and less about protection, satisfying customer needs which I think the agency have tended to do, particularly with whole life products and now the emergence of unit linked. So, I think we are at a point in the market where dynamically things are changing and for the better. Insurance penetration is still

very low which offers masses of opportunity, we have got the advent of unit linked products, we have got legacy planning because of inheritance tax rules, we have got the banks starting to think that savings isn't the be all and end all and moving to more advisory based proposition. So, I think it is a very exciting time to be in the market.

Sebastien Hayoz

Asiaciti Trust

Certainly Thailand has always been and is still an emerging market. So, there is definitely a need for people to protect the assets they have, they have developed, they have created. The real problem for us as a service provider is really how to access these people here in Thailand. A lot of our partners have already established partnerships, lot of competitors have established partnership in Thailand and this is I think really the way to go about wealth structuring and wealth planning for these people. Just historically Thailand has always been a difficult market and will continue to be but a very interesting and attractive market.

Samdarshi Sumit

Generali

I think 2018 has started as an exciting note for the insurance industry. We see a lot of good positive competition, new partnerships being forged and a lot of protection products being sold, especially deals coming on credit life, whole life increasing as a segment and unit linked is coming of age in 2018 first quarter.

Jirawat Supornpaibul

Kasikornbank

At the moment I think we focus on two things. First of all, the non-financial assets. As I mentioned on the panel that if you look at the financial asset it is only the tip of an





iceberg. Underneath the water it is huge opportunity for the nonfinancial assets especially the real estate. So, at the moment we focus on monetizing the risk for the client just to be more with the liquid rather than illiquid asset. Secondly, I think we talk a lot about insurance opportunities whereby we will help clients, listen to them more and help them identify risk along their life stage which is very tailormade for risk rather than the product push from the insurance side. So those would be the two things that we focus on at the moment.

Again, I think those two will be under the wealth planning service, so alongside with investment we would very much focus in our the tailormade solution on wealth planning service. We cannot do anything on the wealth planning service without Lombard Odier. We learn a lot from them. Again, with that co-operation we serve the client to-

gether with Lombard Odier in every aspect of our investment and wealth planning service.

Sornchai Suneta
Siam Commercial Bank

Actually, we are in the process of transforming the bank from the traditional bank to become a digital bank. So many things have to be done, for example, in the wealth space we have to develop some kind of digital platform, it is starting from what we call the hybrid operating model, starting from the onboarding process, it is something that the service is better for the client to do DIY, we will let them do it. For example, DIY means open the account, eKYC, or onboarding process like for some simple question like Q&A we can do the chatbot as well in that space. On the advisory space we also developed something we call robo-advisory, obviously robo can handle something like risk questionnaires, portfolio recommendations

and security recommendations as well. In terms of integration with human professional we will let the human professional to do a professional job like complex solution. So mostly we will employ some full robo-advisory to address the customer pain points so far.

Pote Harinasuta
One Asset Management

Well, I think the general wealth management picture in Thailand has heightened its heat because there are lot more players, there are offshore players obviously wanting to move onshore. These players have hired smartly. They don't just hire the RMs with account of rich people in Bangkok. They are now getting through upcountry RMs as well. So that is sort of helping them to build their portfolio bigger than before because the rich people in Bangkok they already have private banks in Singapore and Hong Kong, so they don't cannibalise.

In terms of the asset management industry, I think it is still growing with this new open architecture whether it be by banks or by insurance companies, it is helping to grow the fund industry. The banks benefit by being the one stop shop. They sell funds that are best in class of any asset management companies. They don't need to produce themselves yet they still earn the same fees as when they sell their own subsidiary's funds.

In terms of insurance companies, two folds, they can be an investment house for their clients themselves by starting the unit linked businesses and they can also have partners like banks where they can sell through branches.

So, the industry is growing. We need to create products that are more unique. We also need to capture younger crowd because most of the wealth in Bangkok or in Thailand revolve around 50- to 60-year-old or above. We need to capture the crowd between 25 and 40 and we need to do that through technology. We need to do that through specialised products that cater for younger crowds, such as having a fund that bundles insurance products, having a fund that bundles mileage for travelling, having a fund that bundles cheap housing loans

for instance. So, I think the market still has a lot of potential because there are over 50 million people in Thailand who still don't have access to the capital market.

Triphon Phumiwasana
Kasikornbank

There are lot of exciting new developments that are happening right now. With increasing competition, we actually think about offering a wide range of products, increasing our sophistication of products, that's one thing that we are focusing on right now. Being more hedge fund absolute return like or private boutique or a more sophisticated structural product. So that's what's new in the market. They have been increasingly diversified. The efforts I think still continue that we need to diversify away from Thailand a bit more, but we have seen actually the rate of growth is not as the previous 10 years at 18% a year, now it is a bit milder. You see 14% to 15% growth a year. We are just still very strong. This is the growth of asset moving about.

Yingyong Chiaravutthi
Prudential Life Assurance

We have a lot of banks and insurance companies actually getting into this market. The product pricing has been coming down. It is very com-

petitive at this point and have added many many more funds to the platform. I think in the past when you were talking about you have 10 funds that's already a lot. Right now, we look at lot of offering, for the unit linked product we are talking about like 20 to 40 funds on the platform. So I think it is a very good time that clients actually have a lot of choices in terms of doing a very robust asset allocation and you can actually diversify the portfolio very well and I guess the market volatility in February and March this year, I think that actually put the volatility back into the context and it is really a good time actually to go back to the client and say that why don't we actually start constructing a very nice and core and satellite asset allocation that we used to instead of having a very concentrated portfolio in the one theme or the other. So that's probably the development that's going on right now.

Malik S. Sarwar
K2 Leaders, USA

Thailand wealth management is really ripe for rapid growth. Why, do you ask; the size of the market is the same as Singapore, twice that of Malaysia, yet it is a little bit behind those countries in terms of offering clients the wealth services to meet their dreams and goals. The confer-





ence here today gets the best of the best locally, regionally and globally to share ideas and from the ideas we share what I particularly like was client focused, how do we help them, and onshore plus offshore combinations between local bigwigs and international firms because one plus one equals three from a client perspective.

What is quite astonishing is the number of people who have turned out and stayed not just for lunch or coffee but through the day over 300 in Bangkok and I have to say it is partly because of the most charming moderator that you have who actually has done a little bit about this and gets the best information from the quality panellists and shares it with the audience, so we all win in the process and make Thai wealth management great.

Paul Gambles
MBMG Group

There are lots of interesting things happening. I mean lot of it is related to the fact that we have had a fairly significant deregulation go on in the Thai market over the last few years, that's obviously affected a lot of the funds that are offered here and it is

also happening in the insurance space that we have seen unit linked really start to grow legs and run. So, all of that means there is a really fast developing market and of course also we are seeing more and more of the JVs or partnerships between local private banks and international private banks. So, it is really a fast-moving space right now. Thailand is a very interesting market. That potentially has a lot of upside those that comes with a lot of risks. Of course, the risks are that whenever you transplant something, particularly some disciplines that we have seen being problematic in other areas. We all know about the insurance linked sales problems in other territories.

We all know stories of private banks maybe putting their own interest ahead of clients. So, if you then transplant some of that culture and some of that capability and you bring that into a jurisdiction where it hasn't been before there is a risk, but even though, I think we have really good regulators here in Thailand, I think the SEC in particular are really very forward thinking in all the things. There is a risk that if they are going to be dealing with something



they had never had to deal with before are we going to see the constraints and the controls put on it. Thailand is in a great place right now because it hasn't been guilty of so many of the excesses that we have seen in jurisdictions like Hong Kong and Singapore. What we don't want is to repeat their mistakes. If you can learn from their mistakes and do it better that would be great.

Adrian Williamson
ERI Banking Software

I think the times today the RMs require a lot of help. They have got a lot of work to do compared to maybe about 10 years ago. They need a lot of help, a lot of tools. So, for ERI effectively we can help the RMs and bankers today to be more automated so that they can focus on the more important aspect of relationship management and also bringing more value to the client as a whole. ERI has been in business for about 30 years supporting private banks around the world and this is an excellent opportunity to continue to provide value to banks, primarily the growing banks in Asia.

Narit Kosalathip
Phatra Securities

It is great to be here this year. I can see the energy and enthusiasm of people showing in this event. I

guess there is a lot of change in terms of regulatory landscape that allow more products, more service, more vendors to come into the wealth management business in Thailand. We as a main player in the market we are exciting and impressed of the diversity that is coming into the market this year and I think wealth management business in Thailand maybe in the next two to three years will change a lot from the state that we are here today. Very exciting to see the change.

Robert Hordon
J O Hambro Capital Management

I am here representing J. O. Hambro Capital Management. My team has recently launched a global income builder strategy in the region. We think it is a very relevant core income and total return solution for the Thai market.

I am here to meet with potential investors and I am in the region meeting with companies as well where we own the equity. We are here in Thailand to meet with number of different clients. We think the global income builder strategy which we launched at J. O. Hambro in the past six months is very relevant to Thai investors. We think it offers a good mix of stability, income, and potential capital

growth as a core solution for Thai investors.

Jean-Louis Nakamura
Lombard Odier

It's true that until recently Thai investors did not have the opportunity to be globally diversified and to get an exposure to overseas product. It has changed a little bit over the last few years because there has been an increasing number of external overseas products proposed many through feeder funds by local banks, but still this process forced them to be very imbalanced to foreign exposure.

What is at stake now for them is to be proposed with the global offering, allowing them to be globally exposed to overseas products but in a well-diversified approach and a well-diversified way, and this is what has been developed recently by some providers and we are very proud to have been working with Kasikorn in that direction.

Anthony Serhan
Morningstar

The Thailand market has been developing now for many decades, and what we see looking at fund investing in particular is a growing interest in offshore investing and that doesn't just mean global prod-





ucts, that means regional Asian products, it also means individual country funds. I think Thailand the fact that it is a market ensconced in an emerging market, so ensconced in growth.

They are also looking for an opportunity. But also, I think this is a market that as it grows is going to increasingly look for better opportunities. Now it is dominated by cash and fixed interest at the moment. That takes up a huge chunk of the inflows, but we are seeing constantly chipping away more and more assets flowing into global equities, and I think as the requirement pool in this market continues to develop that search is going to continue. So, we think Thailand is a really exciting market. I think it is a great market for a range of asset managers to come in to and actually talk about what they can offer.

And as it develops it is going to increase that long term focus and I think you will get that situation where the Thai investors are going to win and I think the international managers are going to win.

Steve Knabl
Swiss-Asia Financial Services

Thailand is a growing market, fast growing market. Things are changing. Things are evolving positively for the private banking sector and we also see a very easy access today comparatively to many other Southeast Asian markets. I think that it is slightly early now, but I think it is good to be early to start off talking about the EAM culture and the EAM space. Of

course, it will be very important to speak to the clients directly and explain that to them, but the asset management companies in Thailand are actually doing that pretty well right now and I think culturally the Thais already acquainted to external parties managing their assets with different asset management companies. So, we have realised that Thai individuals that have money abroad are actually pretty open minded to the EAM model.

Janet Li
Mercer

Well, generally I am seeing a lot of positive development in Thailand. Generally, investors are looking to be more aggressive in their investments, looking to expand their investment ranges, looking aggressively as to what other options that they can consider and do elsewhere. So, all adding to a positive development side.

So perhaps things we believe that industry players or institutional investors can consider more with the appropriate way of considering these changes, introducing diversity to their portfolio, when they do it the factors that they should consider including capabilities of the third-party managers, the other providers and try to look beyond just performance data. So, these are the things we want to caution asset owners on. But generally, we are very positive of Thailand development and we have high expectations on the Thai asset management market and wealth management industry. ■

