

# The Emergence of Vietnam's Private Clients in Asia's Fast-Growth Wealth Management Scene

Hubbis initiated a recent panel discussion on the emergence of Vietnam's private wealth and wealth management market, and given the context of the panel members, focusing especially on opportunities for offshore wealth managers, lawyers and other specialist service providers to boost their engagement with Vietnam's fast-expanding ranks of UHNW and HNW private clients. The speakers focused on key trends taking place in private wealth management globally, and particularly in Asia, they discussed key opportunities and challenges ahead, and they analysed the opportunity that Vietnam represents for foreign wealth managers and other providers, often plying their trade from major offshore centres such as Singapore or Hong Kong. The opportunities are certainly there for all to see, but more transparency, more liberalisation, greater education, more skills and an increasingly advisory-based proposition are all vital to the evolution of opportunity into reward.

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## Rapid growth in private wealth

The Chair opened the session by providing statistics on Vietnam's high net worth community, noting thus far that there are an estimated seven dollar billionaires, over one thousand UHNWIs worth more than USD30 million, and around 70,000 HNWIs.

He said this should double every five years, and he highlighted the objectives of offshore wealth firms and service providers in working to offer products and services and advisory to these clients, working perhaps in partnerships with domestic banks and other partner firms.

## In the eyes of the beholder – somewhat negative

A panellist opened the discussion by highlighting the remarkable energy and optimism in the country but said Vietnam's core problem was its perception by the outside world.

"The biggest problem or biggest challenge for me, I feel, is not so much Vietnam itself, but the perception of Vietnam from investors and others overseas," he said. The incredible drive and optimism of people here, and the remarkable speed of development is all wonderful. But there is a scepticism outside that must be recognised and addressed."

For example, Vietnam is on the FATF grey list, and is still considered a frontier market by FTSE and MSCI, despite the equity market being of a size and liquidity to match some of the designed emerging markets.



### Chair:

#### » Zac Lucas

Partner – International Private Wealth  
Spencer West

### Panel Members:

#### » Philipp Piaz

Partner  
Finaport

#### » Evrard Bordier

CEO and Managing Partner  
Bordier & Cie

#### » Reuben van Dijk

Director  
Melbourne Capital Group

#### » Tan Woon Hum

Partner, Head of Trust, Asset & Wealth Management Practice  
Shook Lin & Bok



### Challenges around KYC and AML offshore

An expert noted that notwithstanding capital controls imposed from Vietnam's authorities, foreign wealth managers are understandably concerned about taking on Vietnamese HNWI clients due to the apparent lack of clarity on source of wealth and other compliance or onboarding issues. "The appetite is there to work with them, but there are issues to address," a guest observed. "Vietnam is well above many neighbouring countries, but behind markets such as Thailand for example."

### But the glass is more than half full

As to the opportunities, those are significant, with a guest pointing to the immense need amongst HNWIs to transition business wealth to private wealth that is managed more professionally. There is great potential not only for wealth management but all sorts of legal and fiduciary services around wealth and legacy structuring on a local and more global basis.

Another guest said that while recognising the huge potential, there is first a great need for education of the local private clients and also advisory and wealth management community. From a lawyer's perspective, he pointed to poor understanding of common law concepts like trusts and the separation of legal and beneficial ownership.

### Education and knowledge first, business then flow

"Drawing on my experience in other emerging Asian markets,

### Key Takeaways

Vietnam's upper-tier wealth market is expanding apace – there are now at least 7 billionaires, 1,000+ UHNWIs, and 70,000+ HNWIs, with expectations of these numbers doubling every five years.

Offshore wealth firms aim to offer products, services, and advisory to Vietnamese clients, potentially collaborating with domestic banks and partners for access, exchange of educational progress, and mutual collaboration.

There are still rather too many widespread negative perception issues about Vietnam, as Vietnam is on the US FATF grey list, it is still labelled as a frontier market instead of graduating to EM status as many had hoped for some years back, and there is a lack of data and clarity around source of wealth and KYC for offshore entities seeking to onboard wealthy clients.

The experts also noted concerns about transparency and compliance, and lamented the still-tight capital controls, all of which added to KYC/AML issues has slowed offshore participation. Nevertheless, the opportunities outweigh the negatives for many entities considering expansion in this market.

To really drive the articulation of opportunities to transition HNWI and UHNW business wealth into more privately and professionally managed investment allocation, more education of both clients and the RMs/advisors is required, alongside the gradual liberalisation of investment limitations by the regulators. There is much work to be done in improving understanding of products, structures, planning, legacy, succession and so forth.

There are encouraging signs, especially the rising appetite for wealthy Vietnamese investors to expand overseas, which is also mirrored by local companies expanding offshore, especially in ASEAN countries. Relationships need to be built and nurtured for revenues and value to be extracted from all this, but patience is most definitely a virtue in dealing with Vietnam.

The speakers emphasised the importance of local partnerships, skills development, and a more rigorous approach to financial and market education in onshore and offshore wealth management. The market is not yet big enough or transparent enough to attract big-name foreign institutions, but that time will soon come, several panellists predicted.

There is broad-based hope for faster progress, with a guest closing the conversation by articulating his vision for Vietnam as a major player in the region in coming years, with lower regulatory barriers, greater product and advisory liberalisation, more global integration, greater transparency, higher levels of skill, better compliance standards, better data availability and delivery, and a shift towards a more client-centric, advisory-based model.



we have seen how rising up the learning curve translates rapidly to business,” he reported. “As wealth and understanding increase, confidentiality and proper planning become more crucial, and we can all play a vital role in helping families with long-term planning, ensuring the control of family businesses and the family wealth can pass down over generations.”

### Overcoming the hurdles

Answering a query about impediments to coming to Vietnam to conduct business, an expert mentioned capital controls, which, although not insurmountable, require understanding and a legitimate approach.

Secondly, he pointed out concerns related to the Financial Action Task Force (FATF), emphasising the need for stringent anti-money laundering checks and know-your-customer background checks in banking transactions. The third hurdle is understanding and education, so these clients know more about what they can accomplish offshore.

### The demand is there...

Another expert highlighted the rising appetite for wealthy

Vietnamese to expand their investment allocations and assets overseas. This is mirrored to some extent by Vietnamese companies becoming more internationally expansionary, especially within SE Asia. He explained their firm’s approach was to gradually build relationships for corporate and individual advisory, maintaining the value of positioning their firm for what will be a significantly more active phase in the foreseeable future.

### Building relationships

Another speaker highlighted the value of local partnerships

for accessing HNW and UHNW clients onshore for the articulation and delivery of their international investments and wealth planning in the offshore markets. He pointed to rising competition onshore and the value of forging the right alliances with strong and expanding banks and other institutions.

### Building skills

He emphasised the importance of both onshore and offshore skills and development in wealth management. Onshore involves more education of advisors and clients to expand their horizons around investments and also wealth & legacy planning and the right onshore and offshore structures.





### Building greater transparency

Regarding working with Vietnamese clients in the offshore market, he agreed with earlier comments on the critical aspect of the source of wealth of clients they might onboard, citing challenges in sourcing wealth in Vietnam due to lack of historical data and transparency.

### Remaining patient

Addressing a question about the development of the private banking community in Vietnam, he said he recognised the challenges, including regulatory concerns and the need for changes in capital controls.

He expressed hope for faster evolution and progress but conceded that this is a long-term game and patience is vital. He acknowledged that larger private banks and other wealth institutions prefer more accessible and larger markets but believes that Vietnam's growth will naturally attract them over time.

### Optimism and encouragement

He closed the panel by expressing hope that Vietnam might become a major player in the region with lower/fewer regulatory barriers,

greater liberalisation and more global integration on all levels.

He envisioned private banking in Vietnam reaching considerably high standards, possibly leapfrogging certain expectations of even the optimists, and anticipated RMs and advisors shifting their offerings toward a more advisory, client-centric model, focusing on personalised and highly relevant and 'suitable' advice, the creation of a more trusted advisor type relationship, and the ability to articulate and deliver a far wider range of products, structures and services. ■

