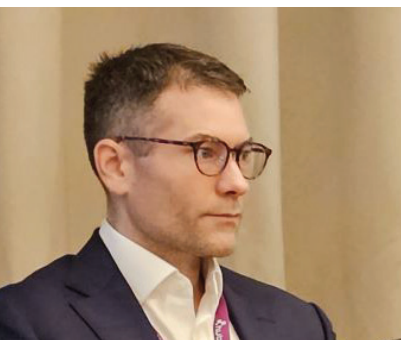
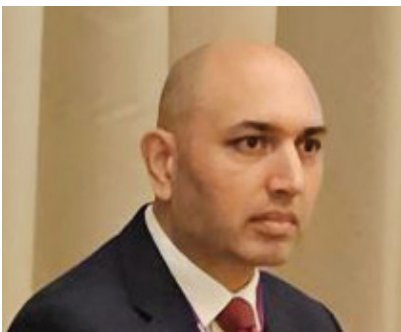


The Evolution of the Independent Wealth Management Market & Community in Singapore?

The opening panel discussion of the Hubbis Independent Wealth Forum in Singapore on May 10 saw a bespoke panel of experts deliberate on the evolution of the EAM proposition. How far has the segment come, what are the next developments, what are the opportunities, and what are the key challenges to overcome? This is a short distillation of some of the key insights.

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Chair:

» **Rafael Weber**
Head of Institutional Clients
Swissquote

Panel Members:

» **Jeffrey Wong**
COO
Hywin International

» **Jolene Tan**
Executive Director - Managing Partner
SingAlliance

» **Shilpi Chowdhary**
Chief Executive Officer, Managing Director
Lighthouse Canton

» **Arthur Fong**
CEO
One Heritage Capital Management

The Association of Independent Wealth Managers is working hard to boost visibility and standards as the sector expands

The AIWM was created in 2011 as the representative industry body and collective voice for member EAMs and MFOs in Singapore. They actively promote dialogue with the regulator, as well as the different stakeholders within the community, and aim to increase the feasibility, visibility and standards of the industry. They started with five members, and today boast over 80 members.

The market was initially dominated by Swiss and European EAMs or founders, and from around 2015, evolved with more Asian-originated firms, and the number

of family offices started to expand apace, with more of the independents presenting themselves as MFOs today.

Chinese and Greater China clients feature ever more prominently in Singapore

An expert reported how Singapore continues to act as a magnet for the offshore wealth management needs of Greater China clients, who are increasingly working with EAMs and MFOs in both Singapore and also in Hong Kong, often combining the two centres to expedite all their requirements, and to diversify their relationships with custodians as well.

A guest reported that Singapore got a good advantage on Hong Kong during the pandemic, but



that the SAR is fighting back in terms of its regulations, incentives and broader wealth management offering, and this helps Singapore continue to evolve its own competitive offering. This is essentially a win-win for the wealth management community in both major centres, and for the private clients.

He said there is no doubt that with the rising wealth creation in China and Greater China, the clients are in general becoming more mature and sophisticated in their approach to advice and products.

Talent is in great demand and supply is lower than demand, so prices are high and not likely to flatten out anytime soon

Everybody in the industry is having the same challenge around the shortage of talent. He said that the 80/20 rule of thumb for wealth management is more like 90/10,

so trying to find and hire and then retain those 10% is immensely difficult. The talent pool shrunk somewhat during the pandemic, and has not grown that much since, despite the overall expansion and diversification of Singapore's wealth market. RMs, CIO/fund managers, and also technology and compliance specialists are eagerly sought after, but competition is tough to find and keep them. The lifeblood of the EAM/MFO community is its differentiation from the private banks, and that requires a more hands-on and also specialist relationship with clients, making the quest for talent even more acute perhaps from the independents than for the major brand private banks.

Nurturing talent with the firms, training and developing a financial and professional path ahead for key people are all vital elements required.

Another core issue to consider is that from a regulatory and compliance viewpoint, assets do not travel as well with the RMs/bankers as before, and the logistics of moving house are very challenging and time consuming. Genuinely 'trusted' advisors are difficult to identify, very difficult to hire and it will take more time for them to rebuild their AUM in new firms than ever before, making the investment in those individuals less of an immediate return than in the past.

Costs are already high and rising, so the independents need to identify efficiencies, digital/automation possibilities, build scale if possible, and also consider partnerships and mergers

An expert explained that amidst the many challenges facing the EAM/MFO community, costs are challenging, and they need to invest in technology and processes wherever possible, perhaps consider outsourcing mid and back-office functions, they can work as efficiently as possible with external investment platforms, tighten the deals with the custodians on behalf of clients, they should consider where they can scale their business, and they should open their minds to M&A deals, as there is more deal activity in the sector. ■

