

The right wavelength for HNW client discussions

Relationship managers are part financial adviser and part therapist. They need to be sensitive to the client's character, as well as probing enough to dig for the key information they require to offer relevant advice. It is not always easy to juggle these different balls. Hubbis assembled a team of experts at the Asian Wealth Solutions event in Singapore on November 2 to theorise about how to improve the RM-Client dialogue.

These were the topics discussed:

- Most RMs have a poor understanding of the reality of their clients' situations - how can they improve?
- How can RMs have a proactive, sensible and sensitive conversation around wealth solutions with clients?
- How do we broaden the conversation past just insurance?
- To move from simple to more complex - how can RMs bring specialists and thought-leadership to clients? And customise a solution?
- What's the incentive for an RM to engage with wealth solutions - internally or externally?
- Do RMs need to understand tax and governance issues? Where do these pieces fit into the puzzle?
- Should RMs discover and understand the legal structure of solutions to help evaluate risks and suitability for the client?

IMAGINE A VERY WEALTHY INDONESIAN sitting down with a private banker in Singapore. He has savings, earnings and properties in Asia and several European countries. He wants to ensure that in the event of his demise his children are well educated and that, generally, the family has plenty of money to support healthy and happy lifestyles.

The private banking relationship manager (RM) will need to enquire about the overseas assets and how the ownership of those properties and other investments are structured. And vital information such as the family members ages as well as where and how they wish to be educated and live. It might all sound straightforward, but such discussions are not

PANEL SPEAKERS

- **Gerard Gardner**, Global Head Wealth Solutions, EFG Wealth Solutions
- **Mark Smallwood**, Managing Director, Confidentem Private Office
- **Ian Black**, Head of Financial Planning and Wealth Solutions, AAM Advisory
- **Gary Tiernan**, Head of Investments, Crossinvest
- **Richard Sayers**, Managing Director, Singapore, Equiom Group
- **Jonathan Cheong**, Head of Default Risk Management and Solutions, Ingenia Consultants



GERARD GARDNER
EFG Wealth Solutions





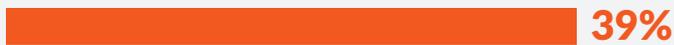
MARK SMALLWOOD
Confidentem Private Office

ARE YOU GIVEN ANY INCENTIVE TO SELL INSURANCE TO YOUR CLIENTS?

Yes



No



Source: Hubbis Asian Wealth Solutions Forum November 2017 - Singapore

always so easy, as personal, cultural and sometimes even religious hurdles must be overcome.

Getting to the heart of the matter

“Getting to the heart of what makes the clients tick is the key,” said one banker. “Their financial achievements and interests are essentially only an extension of their aspirations, their personal objectives and some of the difficulties that they have experienced and the challenges they face.

The best advice I could give would be our firm and private bankers is to focus on discovering what your client wants to do within his life and family circle. The product opportunities will inevitably fall out of knowing and understanding your clients so much better and ultimately, if you really do want to become a trusted advisor, it is essential.”



IAN BLACK
AAM Advisory

Another banker said that the RM must endeavour to be relevant to the client, and, achieving that will take time and effort. Armed with the appropriate knowledge and awareness the RM can advise their clients well and steer them to other experts who will be able to handle certain other matters, for example a firm of trustees, or lawyers and so forth.

Relationships count... but RMs also need fees

However, private banks also need revenues, so there is pressure on the RM to balance fee and transaction income with the building of the relationships. It is not often easy to achieve the right balance.

Can RMs also have discussions with their clients about estate planning for their eventual death? Yes, said panel members and the myth that Asian people will not or cannot talk about such a matter is, said one banker, far off the mark.

“We are all the same no matter where we are born,” he said, “we are all human beings, so we have all got concerns. We have similar experience - families, children, spouses, ex-spouses, joys, problems, hopes, fears and so forth. We must not be afraid to talk about many of these issues, but when it comes to death we must be sensitive and introduce the subject as part of a broader discussion about their families and planning for the next generation.”

Sometimes it is easier to broach the subject of death in a hypothetical manner, noted one expert. “If one raises the subject as if the client had died yesterday it is not threatening, because there they are alive and well in front of you,” he said.

Unveiling clients’ future aspirations

Broadening the discussion out again the same banker added that too often RMs can focus on assets and returns and products to deliver performance, whereas they do not yet understand for what purposes the client wants the money, or more money. “Having such a forward-looking focus to the discussion may help us understand that a client is more interested in security than additional wealth, or



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WHEN IT COMES TO DEATH WE MUST BE SENSITIVE AND INTRODUCE THE SUBJECT AS PART OF A BROADER DISCUSSION ABOUT THEIR FAMILIES AND PLANNING FOR THE NEXT GENERATION

more concerned about what might happen if their children later divorce, or worried about tax and tax efficiency and so forth. With understanding we can deliver solutions and price our services at levels acceptable to the clients, as they genuinely need that advice or product or solution.”

Managing expectations relevant to the current and anticipated times and markets is also vital. It is essential to ground discussions in the context of the current political, geopolitical, financial, business and regulatory climates.

But how does the RM manage to make a client focus on the future, when the client’s current focus is on their business and day to day life? Wealth cre-

ation can take priority over wealth preservation and transition, all too often.

“This is actually where there is another excellent opportunity for private bankers,” said another panel member. “We can get clients to focus on areas they have not considered, and we can thereby truly add value. Clients are usually genuinely thankful for our advice and guidance toward external experts to address many of the issues raised in such discussions.”

Referring clients to external experts

Leveraging external advisory and execution expertise is also vital. “I do not believe for one moment that the RM needs to know, or indeed can know, about every single wealth solution in detail,” said one banker.

“They should have a general and considered awareness and understanding of how to improve things for their clients over the short and long-term horizons. But, having said this, the problem often is that the immediate returns the institutions require can force the RMs to focus too much on product and fees.”

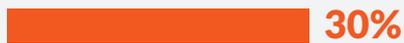
Expounding on that perspective, another banker said that when the RM is not earning transaction- or product-related fees that banker must add value to clients in order to earn advisory fees. “To use a medical

DO YOU FEEL COMFORTABLE HAVING CONVERSATIONS ABOUT SENSITIVE SUBJECTS SUCH AS DEATH WITH YOUR CLIENTS?

Yes



No



Source: Hubbis Asian Wealth Solutions Forum November 2017 - Singapore

analogy, RMs need to be doctors providing treatment, not pharmacists dispensing products. We need to have the faith of our clients that we can heal their financial needs and help improve long term wellbeing and longevity.”

Another expert on the panel quipped: “In that case shall I be a physician or a surgeon? But, joking apart, I tend to agree with this, in other words that in the wealth management world we must be professional and valued for our advice as well as our transactional and organisation abilities. I might sometimes say to clients ‘if you think that using a professional is expensive, try using an amateur’ and that certainly makes them stop to think.”

For private bankers, success can prove to be a burden as well as a boon. For example, there is the case of the private banker who achieved his targets well before year end but did not want to achieve more, for fear of his bank then setting even more challenging targets the next year. Is this now therefore the time that banks should stop paying commissions to private bankers and change the way that they are incentivised entirely?

Building for the future

The answer, said one private banker, is to give good advice, win over more assets and more referrals and thereby keep building your business. “My advice is simple,” he added, “do the right thing for your client and the business will come back in spades. The personal wellbeing and enrichment of RMs is driven by their long-term client relationships, that is what will allow the RM to succeed today and in the future.”

WE NEED TO HAVE THE FAITH OF OUR CLIENTS THAT WE CAN HEAL THEIR FINANCIAL NEEDS AND HELP IMPROVE LONG TERM WELLBEING AND LONGEVITY

DO YOU FEEL THAT YOUR WEALTH SOLUTIONS ARE COMPREHENSIVE ENOUGH TO TAKE INTO ACCOUNT THE POTENTIAL FOR UNPLANNED EVENTS SUCH AS CRITICAL ILLNESS OR A DIVORCE?

Always



Sometimes



Never



Source: Hubbis Asian Wealth Solutions Forum November 2017 - Singapore

To conclude the panel discussion, one expert (not a banker in this case) referred to a client worth several billion dollars with whom he had built a deep and successful personal and business relationship.

“This was a complex individual from personal, family and corporate perspectives. We began with his aspirations as the starting point, moved to his concept of his personal legacy and built gradually to product and other solutions.

It was very much a staged process and over a period of perhaps 12 to 18 months, we probed very

detailed and sometimes opaque issues that were, deep down, causing him some concern.

We have over time produced a raft of direct and related solutions and he has become a close and valued customer. I know that the appreciates that the depth of our conversations led to these solutions.”

As the panel wound down, the experts assembled reiterated their commitment to the client relationship. Achieving the right level of communication and trust is not always easy, but it is always valuable in both human and career terms. ■

DO YOU HAVE ANY INCENTIVE TO HAVE A NEEDS BASED CONVERSATION WITH YOUR CLIENTS AROUND WEALTH SOLUTIONS?

Yes



No



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