

Tireless Mandiri Extends its Efforts to Boost the Onshore Wealth Management

Elina Wirjakusuma, Group Head of Wealth Management at Bank Mandiri in Jakarta, presides over a business that has built up the largest assets under management of any wealth management firm in Indonesia. She joined the bank in 2014, when Mandiri crystallised its thrust into private banking. Wealth management is still a relative marginal offering for most of the leading banks in Indonesia, but Mandiri is determined to be the leader and sees a world of opportunity, especially as the onshore market remains fairly restrictive and as regulators will almost inevitably liberalise the domestic and offshore investment markets over time. Wirjakusuma met with Hubbis recently to give her insights to the world of Indonesia wealth management and her firm's pivotal role.

“A S A MAJOR BANK AND WITH A BIG CUSTOMER BASE, Mandiri has the

opportunity to build itself into a major private bank here, leading the market,” Wirjakusuma begins. “In 15 years since we began the wealth management operations, we have thus far been able to build a significant client base from the retail and commercial banking sides of Mandiri, as well as leveraging relationships in our powerful corporate banking and investment banking operations. We have asset management and insurance as well within the group, which further boosts the proposition. We are also well positioned in terms of internal collaboration, with the different businesses within the bank working well to help each other develop.”

She also reports that Mandiri is building up its wealth business currently in Singapore, where it will soon offer a booking centre. “We did not seek a full license there,” she explains. “It is limited to allowing us to deal with accredited investors, but that is exactly what we need, and it will serve to help differentiate our offering here from competitors,” she comments. “We will be able to help our Indonesian HNWI and ultra-wealthy clients with their private banking and their corporate banking needs both in Indonesia and in Singapore.”

But importantly, she adds that Mandiri is not positioning itself to compete with the global banks operating from Singapore. “The concept is simply extending the relationship to offer clients greater access to global products, the availability of which is very limited in Indonesia, where the only permissible access to

Getting Personal

Born in Lampung in southern Sumatra, she studied there through to her undergraduate days at the University of Indonesia in Jakarta, where she graduated in Accounting.

Coming from a fairly modest background, she decided to enter the workforce straight after university rather than pursue post-graduate qualifications. She worked first for Bank Dagang Nasional Indonesia (BDNI) which is within the Gajah Tunggal Group, staying there for nine years and rising to branch manager in Jakarta.

She then moved to American Express Bank in Jakarta for five years, looking after personal financial services, before taking up an opening at Standard Chartered Bank in wealth management and then moving to head of private banking at ABN AMRO, which was later acquired by RBS. When the RBS Asian operations sold to ANZ, she moved to DBS, as service and distribution head, managing all the branches. She stayed there four years before joining Mandiri in her current role in 2014.

Married with two children aged 25 and 16, Wirjakusuma enjoys a quiet home life these days, arming herself with a good book after dinner, or perhaps enjoying a movie. “I have a busy life at work, so home is all about quietly de-stressing and relaxing,” she says, on closing the discussion.

offshore assets is through unit linked products via insurance for the time being.”

Mandiri has opted for Lombard Odier as its strategic partner to boost its onshore proposition, having signed the agreement with them in December last year, then launching the arrangement in April this year.

“Their offshore and our onshore capabilities are an excellent match,” she reports.

Wirjakusuma reports that Mandiri’s Wealth Management business currently has 20 private banking relationship managers (RMs) and more than 200 priority

banking managers who manage roughly 200 trillion Rupiah of AUM, which is equivalent to around USD14.3 billion.

Embracing the younger money

Turing to some key challenges, Wirjakusuma addresses the question as to whether the wealth management firms in the region face an existential threat as younger generations either inherit or create Asia’s private wealth. It is well known that many prefer not to work with their parents’ existing bankers and are also more inclined to new



ELINA WIRJAKUSUMA
Bank Mandiri

entrant offerings from FinTech’s or receptive to Big Tech entering this field.

“We have been lagging behind on the digital revolution on wealth management, as I mentioned,” she says, “but we are change our platform for the core banking wealth management and at the same time building

our capability for digital wealth solutions. This will certainly help engage the younger generations. We aim to be perceived as a modern bank, not the old-fashioned bank only for the first-generation wealth creators.”

Accordingly, the bank is also busy with an outreach programme, working also with Lombard Odier on their NextGen events, improving connectivity and networking between the younger actual or potential clientele. “We even open our doors for Second Generation internship programmes in cooperation with our subsidiaries, which further building out the multi-generational relationships. It helps to continue the relationship from grandparents to grandchildren.”

Diversification essential

Another key challenge is to boost investment diversification. Even in a market that is a little liberalised as Indonesia today,

there remains a considerable opportunity for diversification.

“Indonesia still remains a traditional and rather conservative market,” she explains. “Product and investment diversification is limited, as we know, partly due to regulation. Moreover, lending margins for the banks here are still very appealing, so wealth management offerings are generally limited due to their general lack of focus on this sector. However, even as things stand there is room for expansion, and we are therefore helping educate clients to help them understand the more sophisticated products. We are the bank that will compete heavily with the foreign firms that do focus on wealth management; we do not plan to allow this onshore opportunity to be dominated by foreign players.”

Wealth and estate planning is also core area of interest, which tallies neatly with the keen focus of Lombard Odier, which has also



been helping Mandiri promote understanding of this concept. “Indonesian families are not prepared or well organised when it comes to wealth and estate planning,” she reports. “So, we must learn and get the transfer of knowledge from Lombard Odier as our strategic partner which is certainly helping here.”

industry within the Indonesian financial arena,” she explains, “so there is a shortage of talent. We need to focus more on developing our own talent because it is not easy to get the right people, and anyway there is a real shortage of such expertise or experience. So, we have the RM Development

there are many more on the next batch, it is an approach that is working well so far.”

Wirjakusuma is optimistic about wealth management in Indonesia and positive that Mandiri will be at the cutting edge as the onshore market develops. “As I said at the start, private banking is a developing proposition here, and we will be at the leading edge of this market as it develops.”

Clearly, in the aftermath of the government’s tax amnesty there is greater transparency, and the onshore wealth management market’s potential is greater than ever before. Now it is up to the local players to encourage the regulators to liberalise and bring more of the vast offshore money back onshore and encourage more of the younger generations of wealthy to keep their money at home. ■

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Another challenge is to boost the wealth management talent onshore, Wirjakusuma reports. “This is a relatively young

Programme, building RMs literally from scratch. So far, we have brought some 20 RMs through this programme and



Key Priorities

Wirjakusuma sees several key missions ahead that will further propel her group's wealth management offering.

"First of all we want to continue to build the capability of the RMs, to evolve from client servicing to genuine client advice," she reports. "Currently not all RMs are really advising the customers about the full range of products, some of them are still focusing on simple products like deposits, savings and short-term bond, but we need to expand the offerings to align more accurately with the clients' risk appetites. This is also because we already have quite full range of products in our shelf, either from treasury or our subsidiaries (Mandiri Sekuritas, Mandiri Investasi, AXA Mandiri), or our investment providers."

Her second priority is to upgrade the platform to a new Wealth Management Core system. "This will offer us a lot more capability, first in Indonesia and later in Singapore. The system will make it much easier for us to get all the information about the client's portfolio, whereas everything today is scattered all over. We are therefore knitting the entire system together to allow interface between all the systems, so we can see the full universe of real-time information for the benefit of the client and also of the RMs who help those clients manage that wealth."

The third priority is to rapidly develop the Singapore office. "This is all about allowing diversification for our existing Indonesian clients," she reports, "and keeping them with us rather than seeing them work through other global banks. In short, this adds another significant leg to our operations and proposition."

