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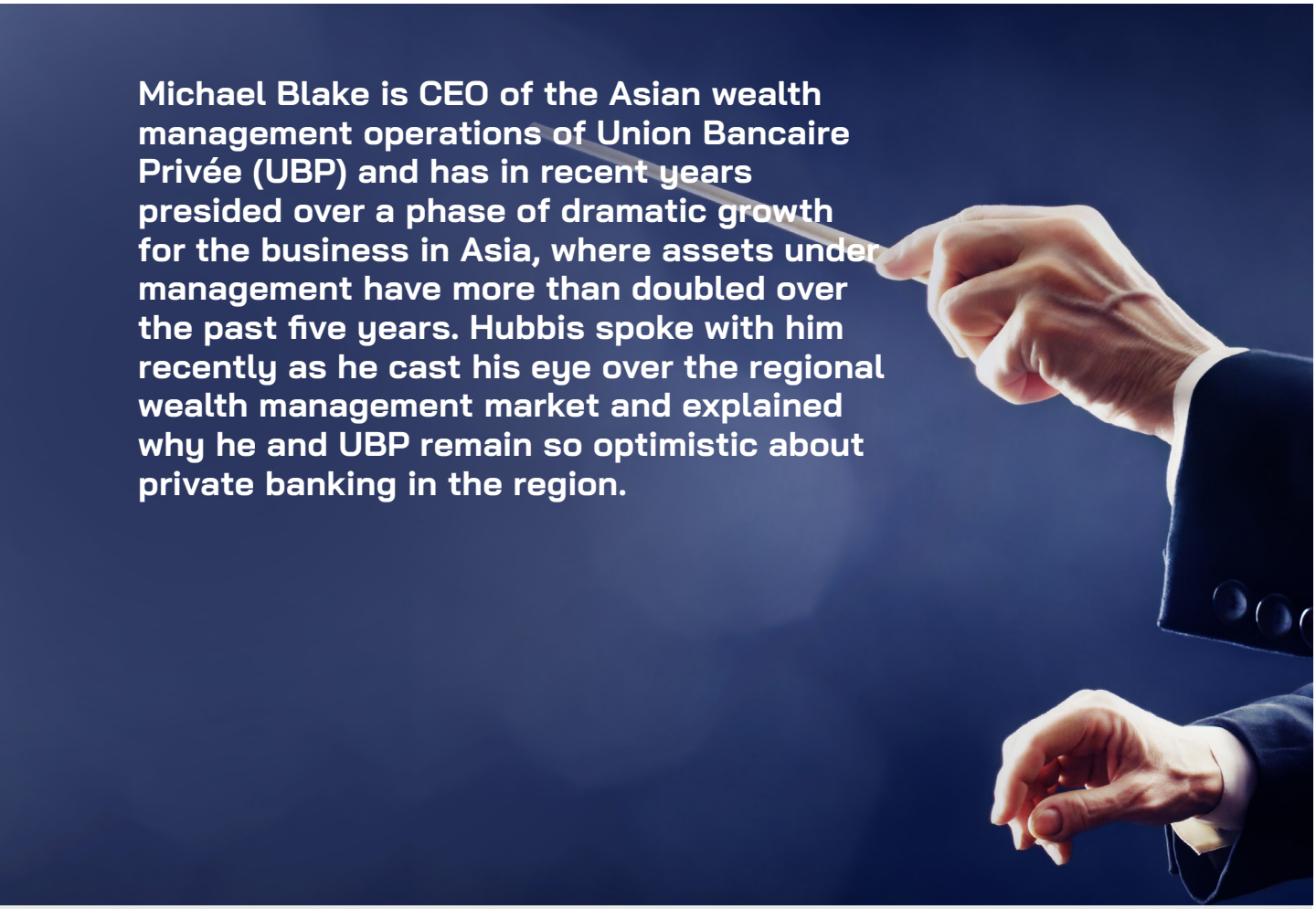
UBP's CEO for Asia on Driving a Differentiated and Successful Wealth Management Model for the Region



Michael Blake is CEO of the Asian wealth management operations of Union Bancaire Privée (UBP) and has in recent years presided over a phase of dramatic growth for the business in Asia, where assets under management have more than doubled over the past five years. Hubbis spoke with him recently as he cast his eye over the regional wealth management market and explained why he and UBP remain so optimistic about private banking in the region.

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MICHAEL BLAKE
UBP

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UBP was founded founded in 1969 by Edgar de Picciotto, whose vision from the outset was to offer investors a high-quality and innovative wealth and asset management service. In its fifty-plus year history, the bank has maintained its independence and remains on the expansion trail. In recent years, UBP has acquired the international private banking divisions of Royal Bank of Scotland (Coutts) and Lloyds, the Swiss subsidiary of the ABN AMRO group, ACPI Investments in London, and Banque Carnegie Luxembourg.

These significant and timely acquisitions, combined with organic growth, have helped group-wide AUM to double in the last decade. At the end of 2020, the group's AUM totalled CHF 147.4 billion. Today, the bank operates from more than 20 locations worldwide, with its Asia operations including the major Hong Kong and Singapore hubs, as well as offices in Tokyo, Taiwan and Shanghai.

UBP is not listed – it has been family owned since it was founded in 1969 – which enables it to take a longer-term view than perhaps a public company would consider, given the pressures of quarterly reporting. Blake explains that this is a major positive for the bank in Asia, as he and colleagues can focus on the long-term success of the business, and sidestep pressure to pursue short-term growth for growth's sake.

Blake was previously the CEO of Coutts International, leading its global wealth management business, until it was acquired by UBP in 2016. Since then, he has been responsible for managing and developing UBP's wealth management business in Asia.

In Asia, having more than doubled the growth in UBP wealth management since 2016, the asset management and wealth management businesses at the end of 2020 managed almost CHF 30 billion across Asia, and after what turned out to be a surprisingly positive 2020 from a business perspective, Blake reports that he continues to see significant growth opportunities throughout the region.

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UBP is also keenly promoting its wealth planning and family office expertise in the region, with teams of seasoned wealth planners in Hong Kong and Singapore, supported by the Swiss team, who are also family office specialists. Blake and his teams provide individual advice to wealthy families seeking enhanced organisational consolidation, efficiencies and one-stop hubs for solutions.

From the perspective of the business, how would you characterise 2020 and what lies ahead for the wealth management industry and for UBP in this region?

If I were to sum up 2020, I would say that it was a year of strong outcomes for clients who remained invested. From a UBP perspective, it was a

year where we ensured our team stayed safe, where we worked hard to support our clients, and where we continued to invest in Asia despite the pandemic.

Talent is crucial to capture future growth opportunities and so we continued to hire throughout the pandemic, with 20% of our RMs joining since the start of 2020. Also, we continued to invest in our proposition. For example, we broadened our private markets offering by adding pre-IPO investments and enhanced our FX Advisory platform for Asia, with the appointment of a new regional head of FX Advisory, a new FX margining system and the addition of several innovative products.

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What do you foresee for 2021 and beyond?

For 2021, we see more opportunities than challenges. Asia remains the fastest growing region in the world where the vast majority of wealth is not professionally managed, so there are opportunities in almost every market for professional wealth managers.

At the same time, we're seeing a demand for greater innovation and faster delivery from clients, as well as the entry of new players into the market, whether it's digital banks or low-cost electronic platforms.

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These trends force banks to choose between either being a higher-volume, lower margin platform business, or offering a more specialist wealth management service. Being all things to all people is no longer a sustainable strategy. Our focus is clear: we provide private clients with access to highly customised, institutional asset management solutions. We do this by building our business around senior relationship managers who know their clients, understand their needs, and can bring the full power of the UBP platform to bear on providing customised investment strategies. We're seeing strong demand for this approach across the region.

Can you offer more specifics around the development of the proposition?

The focus for this year is threefold. First of all, we're building on the improvements we made to our flow product platform in 2020. Last year, we strengthened our FX advisory team, upgraded our margining system and added a series of new product pay-offs. This year, we will add a "click and trade" system to improve pricing and execution efficiency for our RMs.

Secondly, we're focused on RegTech, concentrating on AML tools such as name screening and transaction monitoring solutions, to find ways, for example, to reduce the number of false positives and enhance our regulatory compliance efficiency using more digital tools.

Thirdly, getting the right talent onboard remains critical. Several senior RMs joined us from bulge-bracket banks in 2020 and we are continuing to hire in 2021. We are focused on experienced relationship manager, who understand their clients' needs and can effectively leverage our investment expertise in building the right solutions for clients.

What do you think clients in Asia are looking for as the key elements provided by their wealth management banks and what role can digitisation play?

That is a question I ask our clients all the time. And invariably, I get three answers. First, clients seek a long-term trusted relationship manager; this recognises that wealth is fundamentally an emotional issue and humans want to talk to humans about difficult decisions in their lives, which go beyond just pure financial numbers.

Secondly, they look for financial strength and stability, and they certainly don't want to see their banks in the headlines for the wrong reasons. And thirdly, they look for a customised investment strategy, which is in line with their objectives.

The third of these expectations is easier said than done but is a critical success factor. We spend a lot of time building customised investment mandates for our clients, working closely with our asset management colleagues in the region and in Switzerland. Our objective is always to craft something unique which speaks to the objectives and personal circumstances of our client.

Most certainly, the pandemic has accelerated the process of digitisation. And we see that what clients expect from their banks has continued to evolve. I would make two observations here. The first is that, digitalisation has often been presented as a zero-sum game between robo-advisory and high-touch relationship management. But for me, Covid-19 demonstrated that both of those models can exist comfortably alongside each other.

The second is that digitalisation should enrich advice rather than reduce human interaction. Wealth is an emotional subject and there is no substitute for a long-term relationship between a client and their advisor. Our focus is on how technology can help relationship managers support their clients more effectively, faster, with better advisory outcomes and stronger performance. ■