

Union Bancaire Privée's Wealth Management CEO for Asia on Defining and then Refining the Right Business Model for Success

Wealth management in Asia is constantly evolving, and the world today is very different from the environment faced as little as a year ago. The Hubbis Digital Dialogue discussion in July brought together a panel of wealth management leaders who specialise in the region to analyse the current environment, consider the key challenges, and discuss strategies for future growth. Michael Blake, CEO Wealth Management Asia for private bank Union Bancaire Privée (UBP), was one of those experts. He told delegates how in Asia, the Swiss-headquartered UBP remains true to its vision of providing customised investment advice to private clients. He reported that China is also a key focus, with UBP's new fund management company in Hainan established to provide mainland Chinese investors with access to international investments. He also set out how the UBP approach is to provide high-touch, specialised investment advice rather than a low-touch, digital-first model.

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Michael Blake
Union Bancaire Privée

Blake opened his commentary by agreeing with a fellow panellist's view that private wealth continues to grow rapidly across Asia, which translates into a significant opportunity for the industry with much of that wealth remaining self-directed or uninvested, rather than being professionally managed.

UBP sticks to its guns

"Whilst the opportunity remains significant, the perennial question is how to capture that potential," he observed. "In Asia, UBP sees continued strong demand for global investment advice, which we provide primarily from the international financial centres of Hong Kong and Singapore. Whilst the region's domestic markets are large and fast-growing, they can also be complex and require a carefully crafted approach. Take a look at China – the potential is large, but many foreign financial services firms who have focused on expensive onshore builds have not gained meaningful market share."

Realistic objectives

He emphasised that leaders in the wealth management industry

must constantly enhance their value proposition, products and service offering. "Agility remains the watchword," he commented. "The last two years offered a great environment for flow trading; however, the current market environment requires a different approach, with more focus on alternatives and return diversifiers. UBP is philosophically a banker's bank. Our approach is to build our investment expertise around our RMs. Technology is there to assist – but not replace – our bankers."

Accordingly, Blake said that UBP is highly objective about its own position and had rigorously analysed where its own niches are. "We focus on clients who want to invest above USD10 million with UBP, and we work with experienced RMs and investment experts who have the skills required to advise such clients," he explained. "We offer

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an environment which combines the flexibility of a family office with the investment platform and balance sheet of a global bank."

Great potential ahead

He reported that having travelled in recent months to the major wealth management centres of Dubai, Hong Kong and Singapore,

he was optimistic about the potential. "In the foreseeable 18 months, these centres will enjoy a highly interesting phase, with continued growth ahead."

As for the clients themselves, Blake observed that each has a unique set of expectations. "We can generalise by saying they want to preserve and grow their wealth," he said, "but the beauty of this business is clients' individual investment requirements. One of the core challenges for the industry is to manage that differentiation, while at the same time achieving the necessary scale to grow profitably."

Three core themes

He elaborated on these comments, noting that when he meets with clients, and asks them for their views on what they expect from a wealth manager, there are generally three common themes.

"First, they value a long-term, trusted advisory connection with their relationship manager, and when that gels, clients stick with that person," he reported. "Second, they look for financial strength and stability in a private bank, especially in times of heightened uncertainty. And third, they look for a customised

investment strategy which speaks to their needs.”

The UBP ‘magic’ ingredients

He explained that this third element is where, as a wealth manager, UBP can add its ‘magic sauce’. “It is easy to talk the talk, but to deliver a customised investment strategy for clients requires continuous focus,” he told delegates. “We have chosen to be a specialist wealth manager, delivering high-touch solutions and advice to clients based on a thorough understanding of their investment objectives and personal circumstances. We are not targeting a high volume, low touch, digital-first service.”

Offshore will continue to flourish

Blake also countered the theory espoused by some that international offshore financial centres (IFCs) have had their day. “Some might say the IFCs will struggle as the world goes digital with advice and expertise delivered from anywhere,” he said. “I fundamentally disagree with that point of view.”

He said the three financial centres of Dubai, Hong Kong, and Singapore, all benefit from their own hinterlands, for example the ASEAN region for Singapore, or North Asia and China for Hong Kong.

Solidity personified

“They all enjoy an established and robust commercial infrastructure

and legal framework, they have a solid base of financial services expertise, backed up by professional services support. On a relative basis, Hong Kong, Singapore and Dubai all have the ingredients to ensure continued success as regional wealth management centres.”

He added that as a Swiss-headquartered wealth manager, UBP will continue growing its presence in these centres. “We offer clients a multi-jurisdictional investment service, and whether clients choose to be serviced from Hong Kong, Singapore or Dubai, it’s our job to make those options available and to deliver the expertise and capabilities of a global wealth management institution,” he explained.

He said that many of UBP’s HNW, UHNW and family office clients are multi-jurisdictional in their investment approach. “We see continuing strong demand from our key clients for UBP to deliver expertise and booking services in each of those jurisdictions,” he outlined.

Blake rounded off his observations by reiterating the opportunity he sees for UBP in expanding the bank’s activity and presence in Asia.

“We are especially bullish on the growth of family offices in Hong Kong and Singapore, and we see strong demand in both centres for asset governance, wealth governance and specialist family office services,” he explained.

He reported that China is also a key priority. He told delegates that UBP had recently established a new

entity in Hainan province, a private fund management company that has a Qualified Domestic Limited Partnership licence, adding to UBP’s longstanding presence in Shanghai.

“Through our new office in Hainan, we will be able to provide more offshore investment strategies to qualified investors domestically,” he reported. “In China, we see a clear opportunity to provide offshore asset allocation expertise to domestic investors.”

Mission possible

More broadly, he added that the fundamentals of the wealth management industry remain attractive. “Wealth continues to accumulate in Asia faster than anywhere else in the world and much of it is not professionally managed. We see continued demand for a Swiss, family-owned, specialist wealth manager ready to deliver Asian-attuned investment solutions. And despite the challenging market environment, we continue to see positive external cash inflows across both North and South Asia markets.

His closing comment touched on UBP’s approach to client relationships in the region. “We know that clients in Asia tend to work with a number of advisors. UBP’s objective is to become their principal trusted advisor, the first person to whom clients turn to discuss investment strategy for the current and, increasingly, next generation. This is the high standard against which we must continue to measure ourselves. ■



A Brief Snapshot of UBP and Michael Blake

Michael Blake is CEO of the Asian wealth management operations of Union Bancaire Privée (UBP) and has 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.

In a 2021 interview with Blake, we were reminded how before assuming his current role, he was 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 leading and developing UBP's wealth management business in Asia. Having more than doubled its assets under management (AUM) since 2016, UBP's wealth and asset management businesses at the end of 2021 manage more than USD 30 billion across Asia.

Independent and staying that way

By way of background, UBP was 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.

As UBP is not listed and has remained family-owned since its founding, Blake believes the bank is able to take a longer-term view than perhaps a public company would consider, given the pressures of quarterly reporting. He told us in the 2021 interview that he believes 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.

As to character and approach, Blake says the bank sees a hybrid future, where technology enables richer conversations with clients. "Philosophically, we are a banker's bank and whilst tech can enhance investment insights, it cannot replace the human connection that lies at the heart of every successful client relationship."

Organic and acquisitive expansion

The bank's significant and timely acquisitions, combined with organic growth, have helped group-wide AUM to double in the last decade. As of 30 June 2022, the group's AUM totalled CHF 148.2 billion. The bank today 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, Taipei, Shanghai and Haikou, where the bank has obtained a new offshore fund management licence.

UHNW is the fastest-growing client segment of UBP's business across Asia. The bank's proposition is developed jointly with Asset Management and starts with a highly customised investment strategy that reflects the needs of the client, anchored around three niche investment capabilities: bespoke mandates, credit solutions, and private markets and thematic advisory.

UBP has also deployed its wealth planning and family office expertise in the region, with a team of seasoned wealth planners in Hong Kong and Singapore, supported by family office specialists in Switzerland. They provide advice to wealthy families seeking customised investment strategies, efficient operational structures and access to UBP's family office partner network.