

Vietnam's Wealth Market and Digital Transformation - Getting it Right

What are the key priorities in terms of boosting internal and operational efficiencies and achieving cost savings? What are the key digital solutions that will help deliver greater client centricity, personalisation and client satisfaction? How can digital tools and solutions help incumbents stay ahead of the pack in an increasingly competitive wealth management market? How does technology help the wealth market leaders and competitors curate and then deliver advice more effectively? Vietnam has a young and digitally savvy population, but the older generations hold most of the wealth, so how do banks and others balance digital and human connectivity? These and other key questions we addressed in the second panel discussion of the Hubbis Vietnam Wealth Management Forum on November 8. Moderated with considerable skill by Abhi Saxena, an Associate Partner of Synpulse, the dialogue considered digital transformation to enhance operational efficiencies, to promote more client-centric solutions, and the expert analysed the intricate interplay between technology and personalised service from individual advisors and RMs. The key to the discussion was the backdrop of the rapid expansion of the Vietnam wealth market, which consulting giant McKinsey has predicted will grow rapidly by 2027 to represent assets of more than USD600 billion. This is a brief distillation of the discussion.

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The Discussion in More Detail:

The moderator opened the discussion by pointing to the critical elements of digital transformation: operational efficiency, client-centric digital solutions, and enriched client engagement.

Digital delivery of operational efficiencies

Taking the first of these, namely operational efficiencies, an expert with a leading institution, discussed the pivotal role digitalisation has assumed in Vietnam's dynamic financial ecosystem, as GDP and private wealth both expand apace and there is growing diversification in terms of the client base and their needs.

Armed with more than 20 years of experience and having watched the market's growth from its very earliest stages, he explained that the wealth market had been a late adopter of technology compared to most other growth sectors.

Delivering wealth management at scale

He said the substantial 100 million plus population represents a major challenge in terms of distribution, especially as there is a large and growing mass affluent market with immense potential. "That is exactly where digitalisation plays such a significant role," he said.

He explained that their bank is "very aggressive" in its approach towards digitalisation, explaining that it has been significantly improving the bank's cost base, as well as delivering a better client value proposition.

Chair:

» **Abhi Saxena**
Associate Partner
Synpulse

Panel Members:

» **Mukesh Pilonia**
Head of Retail Digital Banking
Techcombank

» **Gaurav Srivastava**
Head of Private, Affluent, Mass-affluent Banking & Wealth Management
VPBank

» **Brook Taylor**
Chief Executive Officer - Asset Management
VinaCapital

» **Mathieu Cambou**
Chief Product Officer
Evoq

» **Peter Bui**
Chief Digital and Transformation Officer
SSI Securities



“We need to understand these clients, and I am talking here about 500,000 to 2 million clients and expanding numbers, so it is impossible to cover them manually. With technology, we can reach them, we can offer insights, we can monitor conversations and activity, and we can help customise portfolios. Moreover, we engage clients for the future, and develop their solutions as those clients themselves progress in their lives and wealth.”

The thrust towards personalisation

The representative of another bank that specialises in digital banking positioned digitalisation as the inevitable path for both general banking practices and the more nuanced field of wealth management. He raised the concept of the thrust towards hyper-personalisation, noting that to achieve this you need robust data analytics, and he said data was the new oil fuelling far improved and more relevant customer experiences.

He said there are several stages to the journey towards personalisation. The journey begins with diagnostic analysis, where past data is scrutinised to diagnose trends and patterns. It then advances to descriptive analysis, leveraging the diagnosis to articulate and comprehend the outcomes.

Predictive and then prescriptive analytics

The third phase, predictive analytics, involves forecasting future behaviour, as well as tracking and predicting portfolio gains and losses based on historical data. Finally, prescriptive analytics bring predictive insights to help

Key Takeaways

The experts emphasised three critical elements of digital transformation - operational efficiency, client-centric digital solutions, and enriched client engagement.

Despite the rapid growth of Vietnam’s financial ecosystem, the wealth market has been a relatively late adopter of technology compared to other sectors.

With a substantial 100 million plus population and a rapidly growing mass affluent market, digitalisation plays a crucial role in reaching them. If used properly, technology can enhance client understanding, offer insights, monitor activities, and help customise client portfolios, supporting future engagement.

The path towards hyper-personalisation involves four phases around data analytics: diagnostics, descriptive, predictive, and prescriptive. Prescriptive analytics are crucial for mass affluent personalised wealth management, offering tailored suggestions and actions based on customer portfolios and past behaviour.

But Vietnam is at an early stage. The mutual fund industry is still immature, and there is a dearth of products available. Education is deemed vital for the mass affluent market before they can be receptive to the full benefits of technology. Technology supports personal connections and communication between relationship managers and clients and helps with both risk management and information supply.

Risks associated with digital interactions include the potential loss of personal touch and the challenge of providing a one-size-fits-all customer channel. The call for a hybrid wealth model, combining face-to-face and digital interactions, is highlighted for effective wealth management.

Digital transformation is ultimately about people, relationships, and advisory. Striking a strategic balance between technology adoption and preserving the personal touch is crucial for successful wealth management in Vietnam’s evolving market. In short, client-centric solutions can help drive towards enriched client engagement, and a more positive outcome for all parties concerned.

suggest and recommend actions, empowering customers with tailored options for decisive actions.

“This prescriptive analytics phase is essential for successful wealth management,” he reported. “By carefully scrutinising customer

portfolios, we can also leverage past behavioural data to offer customers personalised suggestions and timely actions, and this is the epitome of hyper-personalisation, where machine learning models and data-driven

insights converge to craft bespoke advice for each customer.”

Bringing the best examples to Vietnam

He explained that the bank is drawing on the best examples from other spheres of economic activity, such as from renowned e-commerce giant Amazon and its recommendation models.

“We combine the judicious use of data analytics with cutting-edge technology and thereby drive our personalisation thrust,” he said. This places the bank at the forefront of the evolution of wealth management in the country, as they also layer in the CRM capabilities and advisory protocols to help RMs build their capabilities and their client proposition.

Careful not to let the cart get ahead of the horse

Another speaker on the panel took a less technology-driven approach to the wealth market’s expansion, noting that the industry is too young to see the full benefits of technology, when the product and advisory suite is so limited, as it is currently.

He explained that the mutual fund industry was in its early stages and the key there was education of the market, and connectivity via genuine distribution power. He explained their approach was more to reach out directly to customers, and build personal connections with customers, with technology supporting these efforts rather than driving change in the industry.

Education first, then technology later for effectiveness

And he stated that education is vital for the mass affluent market



before technology can deliver all of its potential benefits.

On the operational front, technology is more central to their model, helping deliver data and automation, and facilitating communication between personal relationship managers and clients. It empowers clients by providing access to information, enabling independent verification of details, and enhancing operational efficiency.

He explained that automation is also helping in risk management, ensuring that the risks are properly explained to the client and thereby enhancing the relevance of the financial products they might consider. Technology helps with the supply of information, upscaling the customers’ capacity to make more informed decisions.

An increasingly imaginative regulatory environment

He then characterised the regulatory landscape in Vietnam

as slow in terms of change and adaptation. He cited the hypothetical notion of a sandbox in Hanoi, a concept often discussed for experimentation with new tools in the market, but noted that there is no official process or regulation for sandbox in practice. Nevertheless, he did say there is a positive mentality from the authorities, who are increasingly accepting of informal experimentation, allowing a degree of flexibility for businesses to innovate.

Digital solutions need to be carefully nurtured, and so do the advisors

Another expert said that the banks must control delivery and not leave things entirely to the RMs, who need technological support but should not be driving the narrative on their own.

On the other hand, he also identified two key risks associated with digital interactions with

end clients. First, there is a risk of losing the personal touch when implementing digital channels, potentially leading to the sale of standard products and a decline in personalised advice. He said it is, therefore, important to get the right balance, preserving the client-advisor relationship by paying attention to individual goals and preferences but at the same time enhancing capabilities with technology.

Calls for the hybrid wealth model

In short, in order to deliver effective wealth management and, recognising that the customer base is not one-size-fits-all, the hybrid wealth model should prevail. "We espouse the need for a hybrid model that combines face-to-face conversations between advisors and clients with efficient digital channels for content delivery," he said.

Recognising that each customer is unique

Another panellist dug deeper into the role of digital solution in portfolio management and advice. He emphasised the importance of technology in capturing essential data points for customising portfolios but cautioned that providers need to recognise individual needs rather than relying on stereotypes. He acknowledged the significance of technology in enhancing the quality of advice but said it should not be used with overreliance, reiterating the value of the hybrid model in achieving more optimal results.

People drive wealth management and technology is an enabler

The final word went to a guest who stated that digital transformation is not about technology, it is always about

people. "Many times, many organisations misinterpret the reality of digital transformation," he commented. This business is all about relationships, and all about advisory, especially for the HNW market. For the mass affluent segment, digital is more important as the numbers are far larger, but do not underestimate the value of human interaction and relationships."

The panel discussion concluded with the assertion that there needs to be a strategic balance between technology adoption and preserving the personal touch that is integral to the wealth management experience. As Vietnam's wealth market undergoes rapid evolution, leveraging technology responsibly and strategically will be key to unlocking its full potential. ■

