

Vietnam Wealth Management Forum 2019 Exclusive Insights



At the Hubbis Vietnam Wealth Management Forum 2019 in Ho Chi Minh city on September 12th, we asked leading industry experts for their exclusive and incisive insights

We hope you enjoy this summary – it’s packed with content from the forum.

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You can also read the transcripts in this document - and click on Watch Video to view their exclusive interview.

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Who did we interview?

Sanjay Chakrabarty

Deputy CEO, Head of Retail Banking
Orient Commercial Bank

Gaurav Srivastava

Head of Affluent Banking &
Wealth Management
Vietnam Prosperity Bank

Bao Nguyen

Country Director Vietnam
GoBear

Damian Hitchen

CEO Singapore
Swissquote

Dominic Gamble

Head of Asia Pacific
Wealth Dynamix

Abhijeet Singh Hazare

Head of Sales for Financial
Services - South East Asia
3i Infotech

Kenneth Atkinson

Founder & Senior
Board Adviser
Grant Thornton

Rainer Michael Preiss

Executive Director,
Investment Advisory
Taurus Family Office

Lawrence Brader

Co-Portfolio Manager
PXP Vietnam
Asset Management

Dominic Volek

Managing Partner,
Head Southeast Asia
Henley & Partners

Ioannis Ioannikiou

Legal Advisor
Casamont Cyprus



Sanjay Chakrabarty
 Deputy CEO,
 Head of Retail Banking
 Orient Commercial Bank

What should the regulators do to help spur further development?
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There's a lot of wealth that sits in deposits and in real estate, and the regulators owe it to the individual investors to make sure that the risk is more diversified, which again brings us to the point on having alternate investment options and having a product continuum that cuts across equity, funds, fixed income and so forth. So the regulators, I think, need to look at this very seriously and make sure that the market sort of opens up for individual investors where the banks are able to sell mutual funds, where the insurance companies get better support from the regulators when they design their unit link policy and so forth. So I think that's where the focus will be for the regulators in the next few months, apart from driving the use of technology to deliver the products to the individuals in this market.

Gaurav Srivastava
 Head of Affluent Banking & Wealth Management
 Vietnam Prosperity Bank

Why are you building a wealth management business in Vietnam?
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I think it brings interesting opportunities for shareholders. Essentially, the banks in Vietnam have been making money through lending products, and to lend the money, they raise deposits and, therefore, the entire balance sheet is filled with interest income. We know, from our experience in many markets, that there can be credit cycles that can put pressure if your entire income is coming from a single line of products. A lot of advisory boards, which are advising their own principal consultants in the market, the boards are being reached out to, and they're being advised that there is need a for you to deleverage your balance sheet from an income and add a lot more fee income. Now, that coincides well with the opportunity that this market presents. There are more and more wealthy people, the wealth creation is happening at

one of the fastest rates in Southeast Asia, and therefore it's a fantastic opportunity for the banks like us to go after this space, capitalise and leverage our brands, talk to our high net worth customers, and show that we stand for many more products, rather than just deposits. So our priority banking is shifting away only from premium pricing to a greater product-focus which, in turn, allows us to generate a better return on assets for our clients and offer wider product choices. Therefore, the clients are happy, we get more clients; it's a reference market. In turn, we get better assets under management, a better wallet share with clients. Clients are happier with additional returns, and banks, they can ensure a lot of shift in terms of their balance sheet and income mix. Mind you, it's not only about the investments or capital markets that we're talking about. For the last four or five years, the bank assurance space has taken a big leap. A lot of insurance companies have got in to ties with the principal partners on the banking side. Banks have been raising a lot more volume on that side. This is good for the client; we are talking about protection, which





is an essential need in the portfolio before you start using appreciation. So, we sell the concepts we recognise we need, so clients are being benefited, and banks have been able to get a lot more revenue out of this product line. So, I think it's fantastic for each stakeholder in this market and mixed profit case to build a wealth management business in Vietnam.

[Bao Nguyen](#)
Country Director Vietnam
GoBear

What are the component parts you need to build a sustainable and profitable wealth management business?

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Components that are key to operating any business, whether it's wealth management or otherwise, I think are, one - you need to have a digital marketing

strategy. I think one of the key themes today is digital, but I think it's very important not only to have a digital, but a very detailed plan. Number two - product and tech. You need to have an MVP, minimal viable product, to offer to the market that is relevant and meaningful. Number three - commercial terms. You need to have viable commercial terms that are fair for the Vietnamese people to understand. I think we all know that the days of two and 20 are over. Four - people. We need to have people that have experience creating alpha. I think that's difficult to find in Vietnam, a lot of people with that experience. Number five - agile. The company needs to be agile enough to change strategy mid-year, mid-quarter. That's one of the things that I've learned. This is my third startup and every quarter we have to experience change and be agile to change.

[Damian Hitchen](#)
CEO Singapore
Swissquote

Who is Swissquote? Why have you set up an office in Singapore?

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A little bit more about our strategy for Asia Pacific: We're a Swiss bank. We're a fully licensed and listed Swiss bank in Switzerland, but we're quite different in the respect that we're a digital bank; all of our customers, whether they be B2C direct customers, or increasingly our B2B partners, which is the focus of our office in Singapore for the region, we deal with digitally over our platform. Typically, it's global custody and trading. We allow our partners to use our platform to service their clients' requirements. Today we're in Ho Chi Minh, in Vietnam, as part of our regional tour. So, we've basically partnered with Hubbis for the last 12 months, and indeed for the next 12 months going forward. What we're looking to do here is be present at the events around the region, get our brand awareness out there, but also meet the key people within each market and start making those connections for future potential partnerships.

How do you see technology helping financial services and wealth management?

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What we've learned from today's event in Vietnam is clearly, at the moment, there are some regulatory challenges in terms of limits on offshore investments for Vietnamese residents, but I think the panelists, generally, their remarks were that will change - whether that's (over the) short term, medium term remains to be

seen. But I think the really good opportunity for Vietnam is they haven't got the legacy systems, and therefore the legacy challenges, that other markets have. Today, there's an increasing number of technologically enabled providers, such as ourselves, and other people in the marketplace who they can partner with. So, as and when those regulatory controls loosen up, then there's a great opportunity for wealth management and financial services in Vietnam to become global in a very efficient, elegant way that can reach all the way down from retail investors to mass affluent to private banking and, in many ways, do that better, smarter, and more efficiently than we've seen in other marketplaces.

Why has Swissquote come to the Vietnam event today?

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Michael, it's great to be here today in a Ho Chi Minh in Vietnam. Obviously, this is part of our wide astrology in the Asia Pacific region - I know via our new office in Singapore. So really the reason for us to be here is, obviously,



to meet connections in the local marketplace, learn a little bit more about, in the market, what's important, what's not important, what the challenges are. And obviously part of our wider mandate, to grow our platform, business and connections across the region.

**[Dominic Gamble](#)
Head of Asia Pacific
Wealth Dynamix**

What digital expectations do clients have?

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It really depends on the market that we're in in Asia. The markets are all so different in terms of the digital appetite of affluent clients. Coming from Singapore, where we're headquartered, it's actually quite surprising how the affluent client is not that amenable to digital tools. Here in Vietnam, what we're seeing is really the leapfrog effect where people in their 30s, 40s, starting to accumulate wealth, seem to have a much higher propensity to want to use digital tools. That,



of course, is great news for the technology industry out here in Asia. But for us, what we're more focused on is how the institutions are going to get the foundations right. Before some of the client apps and web portals go live, we really believe that it's so important to get your house in order, your tech architecture, and of course your client data before you start building the pretty stuff on top.

**[Abhijeet Singh Hazare](#)
Head of Sales for Financial
Services - South East Asia
3i Infotech**

Who is 3i Infotech?

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3i Infotech is a FinTech company. We are the largest software product company based out of India. We have more than 12 offices across the region, and we are more than 80 customers who are using the wealth management and asset management solution. So, we are here in Vietnam and we are hoping to build this market and also bring the digital technology to the banks and asset managers in Vietnam.



[Kenneth Atkinson](#)

**Founder & Senior Board Adviser
Grant Thornton**

How can you help wealthy business families in Vietnam to do strategic partnerships, M&A or exit their business?

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There are more second-generation Vietnamese that don't necessarily want to take over the family business. So, the current first-generation owners are looking at how to exit or to bring capital, particularly foreign capital, into the business. But they've operated in a very traditional family structure, and therefore there's very little governance in the business. As I mentioned earlier, commingling of assets, in particular, is very common, and also operating with two or three sets of books - one guy told me the third set was for the wife, because he doesn't want to show any cash. Really, it's about getting them into a shape where, if there is an investor or a buyer for the business, local or foreign, that when they start to do their due diligence, they're not turned off and walk away, just because of the lack of structure and governance in the business.

[Rainer Michael Preiss](#)

**Executive Director,
Investment Advisory
Taurus Family Office**

Is there enough market depth and liquidity in Vietnam?

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Historically, liquidity has been constrained in this market. But now I think, with the US China trade war and potentially the upgrade from frontier market status to emerging markets status,



increasingly it's a political will and a government decision to increase and jumpstart liquidity. For example, we recently opened the futures markets, board market is not coming in Vietnam, so a lot of these things put together mean that liquidity is growing. And, again, it's just about having the political will at the end of the day, because if certain things would change, then I think the flood gate would be open. So, for private investors, also more technical investors, now could be a nice sweet spot before that (market status) upgrade, maybe now is a time to position yourself because there's liquidity. It's still in some instances challenging, but potentially could pick up meaningfully once the government really decides to move ahead with that. And that, in my view, is partly driven by these new geopolitical realities, that Vietnam, increasingly, is seen as part of that US supply chain solution to the trade war with China. All these things come together. I

mean, just the concrete example, Vietnam Airlines just received lending rights to the US for the first time ever. So, a lot of these are happening all in preparation for making Vietnam more investible and increasing it to bigger scale. So, the liquidity in the capital market, in my opinion, will grow on the back of that.

[Lawrence Brader](#)

**Co-Portfolio Manager
PXP Vietnam Asset Management**

What's the outlook for the financial markets in Vietnam over the next decade?

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The outlook for Vietnam over the next decade is strong, I believe. It's following a similar path to China and Thailand before it, receiving lots of foreign direct investment, making the economy a different beast from how it was before - previously agrarian focused and now export-led manufacturing - and that's dragging the consumer



classes into the 21st century. So, given earnings growth of probably 20%, 15 to 20% per annum on top of improved access for foreigners, we should see an equity market that's significantly higher than where it is today.

Do Vietnam's stock market indices reflect what is happening in the broader market?

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The broader market hasn't risen this year quite as much as some of the large liquid and available big caps, so there are significant valuation discounts available further down the list by market capitalisation, and that should continue until we get some meaningful removals of foreign ownership limits and improvement in access for foreigners. So, we have underperformed international markets this year. People are a little bit more worried domestically about the impact of the trade war than I think perhaps foreigners are, and we think the outlook looks pretty strong.

[Dominic Volek](#)
Managing Partner, Head Southeast Asia
Henley & Partners

How do Henley & Partners help wealthy families in Vietnam?

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Henley & Partners works very closely with a lot of the financial intermediaries here in Ho Chi Minh City, and in Hanoi particularly. We work alongside with them advising their clients, the high net worth and ultra-high net worth clients, on how to acquire either citizenship-by-investment or residence-by-investment. The reason they're

doing this is really to access global opportunities, whether that's for business, education, or even lifestyle. A lot of the banks, independent asset managers, insurance companies, they have this pool of high net worth clients and they may be looking for these opportunities, whether it's visa free travel, access to education in Australia or the UK or as I said, just general business opportunities in major markets like the US or China. Their clients have these challenges, they introduce us to the clients and then we work together as one team to assist them to acquire either permanent residence or citizenship in a select number of countries that have these investment migration programs, and that then enables them to access these opportunities. As part of our work, we of course have a fee which we charge the clients, and we're more than happy to share that with our partners here in Vietnam, and that's how we work with them.

[Ioannis Ioannikiou](#)
Legal Advisor
Casamont Cyprus

What do Casamont Cyprus do?

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I am delighted to be here in Ho Chi Minh City. Hi, I'm Ioannis. I'm coming from Casamont Cyprus. We are the real estate arm of Henley & Partners, and we offer a unique access to property in Cyprus, Malta and Greece. If someone would like to obtain alternative citizenship and residency as part of the structuring of his wealth, then here we are. We can assist both in migration and the proper selection of a property, as well as not only the purchase, but the rent, the maintenance, and afterwards, the selling of the property. ■

