

# VP Bank: Building Size & Capability to Seize the Opportunities in Asia



Boutique European private bank VP Bank punches considerably more than its weight in Asia. Not only does the bank offer its platform to a growing array of independent intermediaries in the region, but it is also building out its private client activities, with momentum having increased since upgrading its license in Singapore from a merchant bank license to a wholesale banking license just over a year ago. Hubbis met with two of the firm's leaders, Reto Marx, who joined in January as Head of Client Business for Asia-Pacific in Singapore, and Dr Markus Wolf, Chief of Staff, having joined the bank in April. Together, they articulated the VP Bank proposition and explained how the bank is adroitly adapting its business model to seize the plentiful opportunities that lie ahead.



RETO MARX  
VP Bank

**“IN SINGAPORE,” SAYS MARX ON OPENING THE DISCUSSION,** “we have been laying the groundwork for our continued dynamic growth in Asia, growing in both our core areas, serving our intermediary partners and also our private clients, with each of these business pillars representing about half of our activity in this region.”

VP Bank, which has its headquarters in Liechtenstein, identified Asia as a core region for growth over a decade ago, when the boutique private bank first opened a Singapore office. Then in September 2018, the bank obtained its wholesale banking license in Singapore, since when growth has been even more robust.

### **An expansive outlook**

“We are now in a very active phase of expanding our private banking team and expanding our range of products for our Asian clients,” Marx reports. “The ‘Head of Client Business’ role was created in recognition of the need for a focused strategy on markets, products & services, client segments, pipeline and sales management, and also

enhancing our brand and market awareness, all of these factors attracting Senior Bankers and boosting our client relationships”.

Marx reports directly to the bank’s Singapore-based CEO, Bruno Morel, who reports to VP Bank Group’s Global Head of Client Business, Christoph Mauchle, and his immediate mission encompasses expanding the client base in the key markets it has identified in the region, namely Singapore, Indonesia, Malaysia, Thailand and newly Greater China, starting with Hong Kong, China and Taiwan.

### **Connecting the dots**

“Asia Pacific is a key growth region for private banking, and we see very attractive growth opportunities for the firm,” Wolf explains. “We offer a well-sorted product base and clients benefit from direct market access to VP Bank’s trading desks in Singapore and Liechtenstein. To complement our private client operations, we are also adding advisors in investment advisory and work with external parties to strengthen our service offering”.

As VP Bank has evolved from a merchant bank to obtain its wholesale banking license, there is now a much broader and more robust base from which to expand its client offerings.

“On the credit side, we now have the full suite of lending capabilities, including lending in the Singapore Dollar, loans for insurance financing, or local mortgages and share-back loans, which is ideal for this markets and for the wealthy in the region, who remain rather focused on real estate and actively looking for monetisation opportunities,” Marx reports. “We can now also take deposits from

SGD250,000 upwards. All of this offers us considerable flexibility and allows us to leverage our strong balance sheet into new areas and for new clients, elevating our brand in tandem.”

Aside from the real estate lending, most of the loans VP Bank extends in Asia are in the form of typical Lombard credit, in other words, credit against pledged and eligible assets, mostly in the form of marketable securities, life insurance policies and others. “Singapore is an ideal base, as it serves as the leading wealth management hub for the region,” Wolf adds.

### **Singapore’s expansion trail**

They report that the Singapore operation now has 70 staff, with a roughly equal share between front office and support functions. It manages a roughly equal split between private clients and financial intermediaries. The aim is to build numbers gradually, with focus on the mature, seasoned relationship managers that are seeking a more boutique and entrepreneurial environment.

While Wolf concedes that there are always risks inherent in hiring people, he maintains that the bank’s focus is on senior private bankers with the right experience in the industry and with significant loyalty amongst their own clients, which reduces this risk considerably.

“When you look at the conversion ratios with regards to clients moving along with these RMs, your chances are much elevated in this segment of hiring,” he reports. “And we are not seeking volume for the sake of volume, as we aim to appeal to these seasoned bankers who are not so obsessed with running around producing AUM at all costs.”



DR. MARKUS WOLF  
VP Bank

**Seeking a more balanced environment**

The typical hires, he elaborates, want more quality of life, a better work-life balance, better rapport and autonomy in interaction with their clients, they want a smoother, less imposing administrative process, they want to re-gain control and provide more dedicated and tailor made investment solutions than just off the shelf products driven by penetration ratios satisfying top down KPIs.

“Here at the bank,” he reports, “these RMs can have all those elements, they can work in a self-directed way, within an organisation that is remarkably supportive and empowering.”

There is certainly an aura of dynamism and energy at VP Bank today. Morel joined in 2017 and has since rapidly and successfully driven the built-up of VP Bank’s Singapore platform. In addition, in October this year the bank filled a vacancy by hiring a new group CEO in Liechtenstein, Paul Arni.

**Refining the proposition**

“The bank’s overall strategy is now being refined,” says Wolf, “Asia being a key priority, with a focus

**VP Bank: Building its Private Banking Capabilities in Asia**

VP Bank Ltd was founded in 1956 in Liechtenstein, where it is today one of the largest banks with 868 full-time staff at the end of 2018. The bank currently has offices in Vaduz, Zurich, Luxembourg, Singapore, Hong Kong and Road Town in the British Virgin Islands.

In its literature, VP Bank Group states that it offers tailor-made asset management and investment advice for private individuals and for intermediaries. The bank explains that thanks to its open architecture, clients benefit from independent advice, with recommendations including both the products and services of leading financial institutions as well as proprietary investment solutions. The bank is listed on the Swiss SIX Exchange.

VP Bank secured the upgrading of its Singapore operation to a full branch status in September 2018. The firm’s literature describes VP Bank Ltd Singapore Branch as a boutique private bank with a client-centric business philosophy. It provides specialised wealth management solutions and family office services for high-net-worth clients and professional asset managers, explaining that the branch is dedicated to the protection and growth of its clients’ wealth.

The branch offers what the bank describes as comprehensive services for asset managers and other financial intermediaries. The service offering comprises a trading platform, banking services including ebanking and mobile banking, as well as operational support.

Partnership arrangements with professionals include tailor-made investment advisory, discretionary management solutions and custodian services. Singapore’s location-specific advantages include a broad array of services relating to private banking, insurance and wealth management; a global reputation as an important forex trading hub; a stable and business-friendly government; a reliable legal system based on English (common) law; stringent banking secrecy rules; and a strong local currency.

Globally the bank boasts shareholders’ equity of CHF981.6 million and group net income of CHF54.7 million, both figures at the end of 2018. ■

on growth through organic and inorganic means e.g. partnerships and M&A. Looking ahead, financial services environment across the world, and certainly in Asia, will continue to evolve, with most of the boutique intermediaries moving more towards platform providers,

by consolidating and offering best of breed products and services from third party providers via white label solutions. In short, we are becoming even more of a solution provider and integrator for clients.”

Asia is indeed a remarkably dynamic growth region for private

wealth and has for at least a decade been enjoying a rapid increase in the numbers and scale of the players in the independent wealth segment. VP Bank has been operating assiduously to build relationships in this sector and to become close partners with those firms, most of which have been created by former private bankers, or people from much larger operations, and who as a result enjoy the more personal, boutique style that VP Bank offers.

The VP Bank intermediary business has been at the heart of the bank's DNA since its inception at the time the bank was established more than 60 years ago by the founder, Guido Feger, who was himself one of the most successful fiduciaries in Liechtenstein.

### **A culture of service**

The intermediaries the bank serves are mostly based in Hong Kong or Singapore where the markets are developed, and where the licensing regulation is both well-structured and compliant. VP Bank also offers a digitally integrated and real-time online platform to its clients.

"We believe we are ahead of the pack with our intermediary offering," Wolf reports. "As a boutique private bank, perhaps we are somewhat more entrepreneurial, more nimble, speedier and more decisive in our decision-making processes, all of which is positive and beneficial for our EAM clients, who clearly enjoy working with us. As a substantial part of revenues come from this segment, it is of vital importance to us, whereas for most larger banks it represents a far smaller, if not to say neglectable, portion."

### **A compelling offering**

Marx adds that "as we are used to work with third party providers,

### **Getting Personal with Dr Markus Wolf**

A German citizen and Singapore Permanent Resident, Wolf spent his formative years at the Regensburger Domspatzen music school in southern Germany. He then studied Business and Economics at the Leipzig Gradual School of Business (HHL), which made its name in Germany as the home ground for several successful business ventures. He reports his good fortune in then having Credit Suisse sponsor his PhD in Economics at St. Gallen University in Switzerland, as well as INSEAD in Singapore.

His early career saw him work in management consulting with Oliver Wyman across Europe. He then joined Credit Suisse in 2004, where he held senior roles in its Singapore branch, the International Wealth Management client unit, and the UHNW business. He joined Standard Chartered in 2010, where he led the global Business and Segment Management efforts for the bank's Private Banking and Wealth Management business units. In his role at VP Bank, he leads on-going business concerns and is a leading architect of the bank's successful transformation.

Married, he finds the time to enjoy his passion for outrigger paddling, for which he keeps a small boat on the Singapore island of Sentosa.

"I do it for relaxation," he explains. "Here in Singapore there are set places where you can do this, given the heavy sea traffic and major shipping lanes. But you can head from Sentosa to, on plotted routes, some of the islands around Sentosa".

When he was younger, he also sang, including one notable concert in the choir alongside the Munich Philharmonic orchestra and Edita Gruberova, a Russian opera singer. When he moved to Singapore, he joined the Singapore Philharmonic Choir, but work and other commitments took precedence over time. ■

we are a truly open platform. For EAMs we offer ProLink, a daily datafeed solution connecting VP Bank with the EAM's own or third party CRM systems. As EAMs are rather demanding in-solution provisioning, we are also able to leverage those for our Private Clients and be at the forefront of solutions for, for example, Family Offices."

Wolf expands his views on the bank's advisory expertise. "A key challenge for intermediaries, as we

see it, is to define and express their USP, to truly carve out their niche as independents. Part of that is being able to create benefit for their end clients from accessing platforms that are truly open and offer the best products, access and services, and at the right price. Today, many of the external asset managers and family offices still struggle with a proper CRM or multibank reporting tool allowing for effective asset reporting consolidation."

### Taking the wider-angle approach

Transaction fees are on the decline, hence VP Bank, like its competitors, is emphasising its investment advisory and asset management expertise.

“Family offices,” for example,” Wolf reports, “want access to private markets and other non-traditional asset classes. We cater for such mainly via partnerships. Tools we provide to EAMs and Family Offices enhance their decision-making and quality of advice for their clients, improve pricing decisions, accuracy and speed in execution, reporting and performance measurement. This is also of benefit to (U)HNW clients, who are somewhat following the trends of the professional wealth managers.”

VP Bank also offers its clients stability, they report. Wolf notes that around 60% of the VP Bank shares today are owned by a few well-known and prosperous families in Liechtenstein through their foundations. Moreover, the bank’s Tier 1 capital ratio stands 19.7%, which is in the upper echelons of any private bank.

“This structure offers stability and a certain longevity,” he remarks. “Yes, we are profit-seeking, and yes we are growing strongly in the region, but at the same time we are very stable and long-term oriented anchor investors giving us a solid base and the patience to pursue our strategies and objectives sensibly.”

### No quotas for best-in-class

Marx adds that the bank continues to avoid the quota-driven style of private banking, and VP Bank likes to offer clients something that is more unique to their individual needs and expectations. And

notes that the bank prides itself on offering best-in-class products at the right price points through fully open architecture.

Earlier this year, when Hubbis met with VP Bank Singapore Branch’s CEO Bruno Morel, he had highlighted how in less than two years since he joined the bank, the Singapore office had by then almost doubled in size. He said that he would like to see VP Bank globally achieve a medium-term goal of reaching CHF50 billion in assets under management (AUM) globally by 2020, a significant rise from the nearly CHF41.5 billion at the end of 2018.

### Seeking a faster track

That is partly why Wolf points to the group’s partnership and acquisition strategy in the region. “Aside from expansion through hiring new RMs, and adding new products and services, the bank is also seeking new partnerships, for example in July we signed the Memorandum of Understanding with Hywin Wealth Management in China to mutually leverage on each others’ strength to pursue Chinese offshore wealth. And we are open to M&A opportunities if the right situation comes our way,” he reports.

Priorities for the bank in Asia accordingly include the organic growth, partnerships and M&A, as well as further enhancing the digitisation of the platform.

“And specifically, in Asia, where we are building fast,” Wolf states, in concluding the discussion, “we want to significantly boost the brand recognition. There are great prospects ahead, and we are now making sure that we hone all facets of our operations so that we can seize those opportunities.” ■



