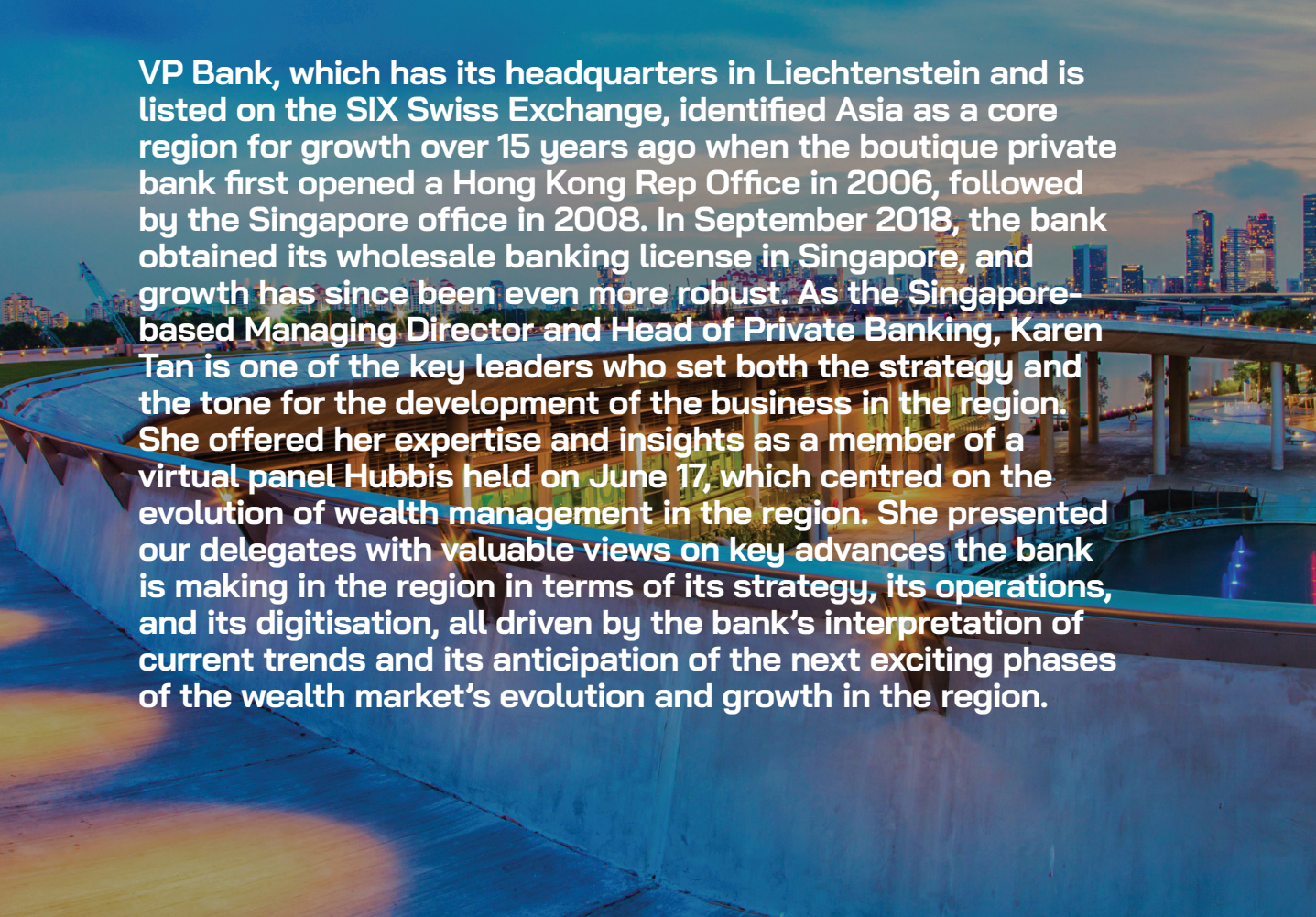


VP Bank Singapore's Head of Private Banking, Karen Tan, shares her take on the Values of Future-Focussed Private Banking



VP Bank, which has its headquarters in Liechtenstein and is listed on the SIX Swiss Exchange, identified Asia as a core region for growth over 15 years ago when the boutique private bank first opened a Hong Kong Rep Office in 2006, followed by the Singapore office in 2008. In September 2018, the bank obtained its wholesale banking license in Singapore, and growth has since been even more robust. As the Singapore-based Managing Director and Head of Private Banking, Karen Tan is one of the key leaders who set both the strategy and the tone for the development of the business in the region. She offered her expertise and insights as a member of a virtual panel Hubbis held on June 17, which centred on the evolution of wealth management in the region. She presented our delegates with valuable views on key advances the bank is making in the region in terms of its strategy, its operations, and its digitisation, all driven by the bank's interpretation of current trends and its anticipation of the next exciting phases of the wealth market's evolution and growth in the region.

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By way of background, VP Bank Ltd was founded in 1956 in Liechtenstein, where it is today one of the largest banks. The bank currently has offices in Vaduz, Zurich, Luxembourg, Singapore, Hong Kong and Road Town in the British Virgin Islands.

VP Bank Group offers tailor-made asset management and investment advice for private individuals and for intermediaries. 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 in Singapore is a boutique private bank and is the Asian branch of the Liechtenstein-based VP Bank Group. With a client-centric business philosophy, it provides specialised wealth management solutions and family office services for high-net-worth (HNW) clients, ultra-HNW clients and professional asset managers and is dedicated to the protection and growth of clients' wealth.

The many opportunities ahead

Tan opened her comments on the June 17 panel with observations on the key opportunities and challenges for the year ahead from her perspective of running a boutique private banking operation in Asia.

She explained that Asia is one of the most important growth markets for VP Bank in recent years. "Quite simply," she said, "we have defined Asia as one of VP Bank's key target markets as it offers us substantial growth

opportunities. The number of HNW individuals and ultra-high-net-worth individuals (UHNWIs) in Asia is rapidly increasing; in fact, it is the only region in the world where new client money is growing at a double-digit pace."

Adaptable, agile, aligned, and acquiring new talent

She said how VP Bank has always sought to be agile, adapting the business model to align with current trends and customer demands. She reported that VP Bank, as a trusted wealth advisor in the region, has been tailoring its offerings for clients to provide bespoke services in investments, banking, wealth planning, asset management and more.

"While digitisation has been ongoing for quite some years already, as it has always been happening for private wealth management, the pandemic has further accelerated it," she explained. "We are pleased to say we adapted quickly, and our advisors remain in close contact with their clients through multiple digital channels. It is vital to be at the forefront of digitalisation."

As to expansion in Asia, the bank's growth in the region is supported by the hiring and appointment of experts that understand regional requirements and risk management. "Given the strategic importance of our business in Asia, we have expanding and growing our bench strength with experienced hires," she reported.

There are several key priorities for the year ahead. 2021, she explained, marks the beginning of the new strategy cycle for VP Bank, which will last until the end of 2026, and

during which phase the bank will continue to focus on stability, innovation and profitable growth.

"VP Bank will continue developing into a comprehensive wealth management service provider for intermediaries and HNWIs, looking at existing business fields, internationality, building excellent networks and with a strong focus on the topic of sustainability," she explained.

Partnering with Hywin Wealth

Tan told delegates that as VP Bank recognises the immense opportunities that abound in Asia, the bank will be intensifying its partnership with Hywin Wealth in 2021 and beyond to continue advancing its business activities in the region together.

"This is a key component of our Asia Strategy 2026, which focuses on the targeted development of our international locations," she elucidated. "Further to the earlier signing of the MoU with Hywin in 2019, we recently acquired a 3.4 per cent equity stake in the Hywin holding company; this represents the formalisation and long-term alignment of our strategic partnership with Hywin Wealth."

Expanding the reach

She offered more detail on this,



KAREN TAN
VP Bank

noting that VP Bank will immediately benefit from access to Hywin Wealth's vast client base, thereby accelerating its growth ambitions in Asia. In addition, Hywin Wealth through Hywin Hong Kong will be able to unlock VP Bank's offshore wealth management offering, modern infrastructure and leverage VP Bank's international ecosystem of partners and investment specialists. "This is further testament to our commitment and dedication to Asia, and we look to successfully continuing VP Bank Group's momentum in the region," she stated.

Digitisation to further seize opportunities

She also offered considerable insights into how VP Bank intends to enhance the value proposition, products and service offering. A core area is digital innovation, which has been especially vital since the pandemic hit and had changed the way people in the industry operate and organise themselves.

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Upgrading IT and digital solutions

She explained the decision to embrace a new IT strategy is a key component of the implementation of VP Bank's future-oriented Strategy 2026. "It sends a strong message that positions us as a driver

The industry has also entered an era of unprecedented transparency, which will be a vital issue - including access to investable solutions. Data analysis is another exciting development, and through it, investment recommendations will become more personalised. New asset classes are also increasingly becoming an alternative investment for our clients in the search for positive yield; indeed, this is an offering that we will develop with our new "Client Solutions" business area, as private market investments have also significantly increased over the past years."

of digitisation," she commented. "This will reinforce the future role of IT and further professionalisation of our bank's IT infrastructure and processes. By repositioning our IT, we are also responding to the rapid digital change that the financial industry is undergoing, relying on state-of-the-art technology in order to quickly respond to changes and seize market opportunities for our clients."

And Tan highlighted key digital innovations such as cloud services and platform technology that offer many opportunities for VP Bank to compete in an extremely demanding and dynamic market.

"In terms of client relations, we understand that private clients still prefer that personal touch and communication," she explained. "As such, we will also continue to enhance the modes through which we stay connected with our clients, beyond the type of communication you can achieve only digitally."

Leveraging open architecture with InvestCloud as partner

She took the opportunity to also comment on VP Bank's new

relationship with InvestCloud, announced only in early June this year. The bank has entered into an innovation partnership with InvestCloud with the aim of building the foundation for highly personalised wealth management services delivered via ecosystems and facilitated by a new 'Open Wealth Service' platform.

"Evolving client needs, digitalisation, ecosystems and progressive business models are accelerating the pace of change in the wealth management industry," Tan explained. "To this end, VP Bank will significantly expand



access to a wide array of innovative and customised financial solutions by taking a resolutely client-centric approach based on ecosystems and empowered by this Open Wealth Service platform. This is part of our Strategy 2026 to become an international Open Wealth Service provider for intermediaries and wealthy private clients, combining our in-house as well as third-party offerings to create bespoke financial solutions.”

Moreover, Tan added that these solutions would be offered to both VP Bank clients as well as HNW individuals served by financial intermediaries within the ecosystem, all delivered with open service architecture that includes all the bank’s locations. “With InvestCloud as an experienced partner at our side, we will be able to drive innovation and provide customised, bundled wealth solutions,” she reported.

Solutions and service tailored to the client

She also observed that all VP Bank’s decisions are based on its expectations of how client needs, and their hopes are themselves evolving, noting that VP Bank had identified several key developments.

“Positive impact investments and ESGs are gaining traction, and we believe they will grow enormously,” she observed. “The industry has also entered an era of unprecedented transparency, which will be a vital issue - including access to investable solutions. Data analysis is another exciting development, and through it, investment recommendations will become more personalised. New asset classes are also increasingly becoming an alternative investment for our clients in the search for positive yield; indeed, this

is an offering that we will develop with our new ‘Client Solutions’ business area, as private market investments have also significantly increased over the past years.”

Maintaining a very personal approach, even during the pandemic

Tan also highlighted the very important shift to go beyond advice to deepen relationships, explaining that clients had been growing increasingly fatigued with the number of online meetings and webinars, so VP Bank had been taking a different approach to keeping clients engaged and happy by layering in more of human touch.

“We actually send them food and care packages, we meet them in person in Singapore when possible, and we converse on non-work-related stuff,” she reported. “Many of our clients are delighted to see us - including some clients who have remained in Singapore to enjoy the safety and convenience here in the new normal.”

Empathy, patience and engagement

She elaborated on this, commenting that client engagement is all about empathy, with conversations being two-way. “We have always encouraged our advisors to be updated on the latest general trends, so they are able to engage in a wide range of conversation with our clients,” she said. “Not everything is about hard-selling. And when we are unable to meet our clients, we organise virtual events, including lifestyle themed ones. Relationships are established from the ground-up - where personalisation plays a critical role in today’s virtual climate.”

Very importantly, she said VP Bank's Client Advisors must not limit themselves to serving solely up specific products; they must instead learn to expand the client relationship as much as possible and build the broadest portfolio with the clients and compete in as many areas as possible.

Seeing the bigger picture, keeping the client involved

"Helping clients to diversify across a wide range of investments and capital markets to help them benefit from financial markets, offering unique proposition such as private equity, specialised real estate or investments in collectables; these are all vital missions for the Client Advisors and the bank and our clients," she stated.

She also observed that while Discretionary Portfolio Management (DPM) is a positive step for clients, pure DPM can disengage the client from most of the investment decision-making process.

"Clients want to be engaged and may prefer to be making at least some of the decisions themselves because it is their money," she commented. "Moreover, relating to balanced portfolios, if the clients are up to speed with the markets, they will better understand what the DPM manager is trying to achieve. Hence we make sure we keep our DPM proposition as closely allied to the clients as possible, and the clients involved throughout."

Better relationships mean better business

She also observed that the RM's skills should be supported with the proficiency of the wealth manager's broader array of products expertise as well as

infrastructure and supplemented with specialist support. "By bringing to bear for the clients our full range of capabilities, we will then be able to retain them and build further client loyalty and share of wallet," she said.

On this subject of client loyalty and retention and building connectivity with the next generations, Tan observed that Asia's HNWIs are increasingly demanding a focus on socially responsible investing within their portfolios.

"One aspect of investors assessing culture is understanding how their wealth manager and portfolio matches products and ideas with their social values," she explained. "While HNWIs are increasingly demanding that the companies in which they invest have positive practices regarding ESG issues, they are still looking for a good return on their investment."

Additionally, she noted that there is an increasing need to cater to next-gen HNW and UHNW clients and that VP Bank is seeing a huge intergenerational wealth transfer to the next generations, and hence the need for education in succession planning.

Walking the sustainability talk

"Specifically in Singapore, the ultra-rich have been turning to the city-state as a safe haven to park their funds given the financial/economic stability we see worldwide," she said. "As such, we now see more family offices setting up shop in Singapore, and VP Bank is well-positioned to provide them with the support through our partnerships. As I had mentioned, ESG and sustainable investment



are areas gaining traction, and VP Bank firmly believes in acting responsibly and sustainably, which are key elements of our business philosophy. And by integrating sustainability criteria into all our business processes, we aim to deliver a positive impact on society and the environment and actively contribute to the sustainable development of the finance industry. We have built our own VP Bank Sustainability Score (VPSS) system, which goes beyond standard ESG norms. We ensure that financial investments are aligned with our own corporate and ESG standards."

Reaching out to the nextgens

Tan also told delegates how many of the younger generations, many of whom are home because their colleges overseas are not open, or because they are taking time out during the pandemic, had been enthusiastically joining in portfolio reviews of family assets with VP Bank and their parents.

"We have learned a lot through this process," she said. "These

younger generations are seeing investment in a totally new way. So, I look at this as an opportunity to be able to work together with the next generation in terms of legacy, succession planning, getting involved and building these relationships and keeping these actual and future clients close to us. We like them to feel that we are excited for them to be part of the conversation, so they feel respected by us as bankers, and can be open with us. These are great opportunities that we are tapping on right now."

Taking responsibility, being involved

She also added that the parents are usually more than pleased to have their children and other generations involved and see this as a path towards additional responsibility and also to keep the family wealth and family unit together.

Tan remarked that the younger generations not only value technology but that it is not a remote, distant experience for them. While technology is central to their lives in all respects, she

observed that these younger generations like to mine the information themselves. "They like to use the tools to find their own information, conduct their own research by themselves, they want to research it, and they will often compare findings with friends," she reported. "Nevertheless, some of them are humble enough to realise that it is often useful to listen to the parents and also their parents' bankers and thereby see what experience and insights we have to add to them."

Wealth management with a holistic vision

Tan closed her observations by reiterating the value of being able to offer clients of all ages the benefit of VP Bank's collective experience, offering a more holistic picture of what the market is really all about, and making sure investments are contextualised within a broader vision of their overall wealth management objectives, their wealth preservation goals, and even their legacy and succession planning. ■

VP Bank – A Snapshot

VP Bank Ltd was founded in 1956 in Liechtenstein, where it is one of the largest banks. The bank has offices in Vaduz, Zurich, Luxembourg, Singapore, Hong Kong and Road Town in the British Virgin Islands.

VP Bank Group offers tailor-made asset management and investment advice for private individuals and for intermediaries. 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, with Tan having joined shortly before that to take the reins as MD and Head of Private Banking for the operation.

VP Bank Singapore Branch is 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 comprehensive services for asset managers and other financial intermediaries. The service offering comprises a trading platform, banking services including e-banking 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.

Just as the bank's own private clients are central to the operation, so too the IAM/EAM segment is core to the business strategy for the bank in Asia, where the region's dynamic growth of private wealth has translated to 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, emulating the bank at large. Indeed, 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 65 years ago by the founder, Guido Feger, who was himself one of the most successful fiduciaries in Liechtenstein.

Today, roughly half of the private bank's business is derived directly from private clients, and half from the independent wealth advisory sector, and each is just as important to the bank, to the Asian operations and to Karen Tan as Managing Director in Singapore.

