

Wealth Management in Vietnam – Transformation on Platforms and Products

Building a sustainable wealth management business means drawing together the optimal range of products and services, achieving outstanding delivery and enhancing the user experience. An eclectic panel of experts at the Vietnam Wealth Management Forum discussed how to weave these strands together into a workable and successful whole.

These were the topics discussed:

- What are all the component parts you need to build a sustainable and profitable wealth management business?
- How do you build competency and capacity?
- What is a platform? What is custody?
- Who is currently active in mutual funds?
- What are the opportunities and challenges for Vietnam's asset management industry?
- What players and expertise do we need to create a wider variety of products to help the market develop and create diversification?
- What digital expectations do clients have?
- In Asia - how do 'funds' and 'investment products' get effectively distributed to clients?
- What is the role of technology within financial services and wealth management?
- What are the key digital trends and how are they changing the business?

PANEL SPEAKERS

- **Thi Le Hang Le**, Chief Executive Officer, SSI Asset Management
- **Yifei Li**, Director, BlackRock
- **Damian Hitchen**, CEO Singapore, Swissquote
- **Bao Nguyen**, Country Director Vietnam, GoBear
- **Dominic Gamble**, Head of Asia Pacific, Wealth Dynamix
- **Jordan Lo**, Senior Project Manager, IMTF



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THE KEY TAKEAWAYS

A world of opportunity

A representative of the largest fiduciary funds manager in the world reported how the firm is building relationships with potential partners in Vietnam, ready for the regulatory liberalisation that will see the feeder funds protocol replicated that is so widely seen across the rest of emerging Asia.

Platforms for accelerated progress

To fast-forward the wealth management proposition in Vietnam, the banks, private banks, independent/external asset managers, insurance companies and family offices, can work with external platform providers on a B2B basis, in order to provide their clients with the widest product range, as well as an enhanced digital experience to complement their professional face-to-face advice.

Getting it right

Local wealth management firms must focus also on regulation and compliance, and there are some state-of-the-art RegTech platform offerings that will rapidly and cost-effectively solve these issues.

Don't waste time or money

Digital transformation is an end-to-end process, it is not enough to plaster over the cracks in systems. Digital delivery must involve the core systems, that must be upgraded and honed to accommodate the tech advances financial institutions seek and need.

Education and regulation needed

Regulation should permit banks to distribute mutual funds, thereby boosting the local asset management industry. There must be simultaneous education, which again can be effected with the help of banks acting as country-wide distributors.

Online is welcome

A financial products and services comparison site expert explained that in helping develop the market in Vietnam, three core missions are in the business' sights - financial education and inclusion, market intelligence, and transactional capability.

Vietnam - moving fast

Vietnam, a panellist remarked, is moving very fast in the online and digital world, leapfrogging a lot of neighbouring countries. There is already a strong and growing propensity to go digital amongst the mass affluent and HNW markets.





DOMINIC GAMBLE
Wealth Dynamix

“WE ARE THE LARGEST INDEPENDENT FIDUCIARY MANAGER GLOBALLY,” one guest began. “This means that we are attached to banks, insurance companies, and every cent we manage is on behalf of our clients. We own the largest ETFs platform, with about USD6.85 trillion assets under management, roughly the same as the GDP of Germany. We see in recent years, Vietnam has seen some ETF development, which is positive. We are new to Vietnam and want to learn more of the market here; here so far, we focus on some renewable energy investments, that is the very early stage of our investment offering in Vietnam.”

Importantly, he noted that activities in this region, for example, in nearby Thailand, is through local partners. “We like to have partnerships to distribute our products, we have headquarters in Asia in Hong Kong and Singapore, but we do not have any offices elsewhere in this region, so we work with our local partners, local asset managers or local banks to actually utilise their local expertise in terms of distribution and we fill out their product range, and fill gaps at a local level. We are not competing with the local asset managers in the local space because we don’t see ourselves as the best manufacturers in the local market, we see ourselves as a complement to our partners in providing regional and global solutions. In terms of how these partnerships work are via feeder funds, those



THI LE HANG LE
SSI Asset Management



JORDAN LO
IMTF

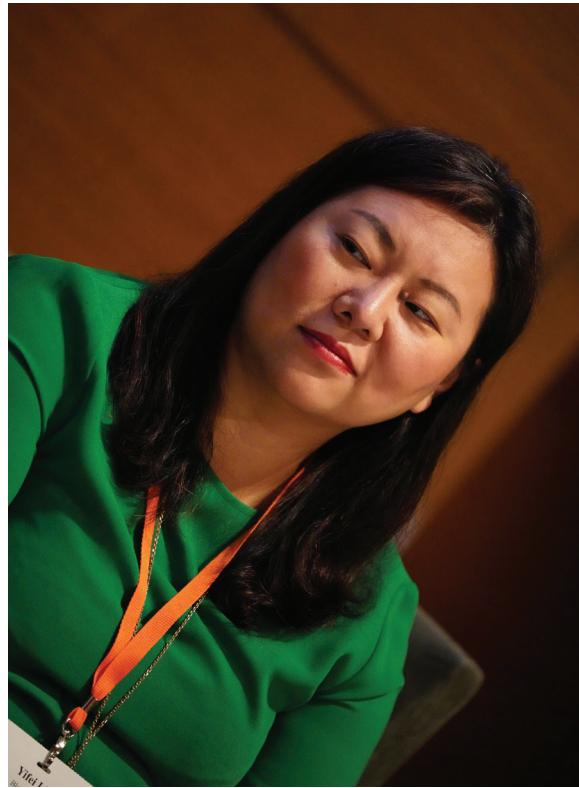
are locally registered mutual funds that can invest 90% or more of their assets in an offshore investment fund.”

He noted that while partnerships in Vietnam are the way forward, he understands that the regulatory environment is not yet open for foreign investments through local vehicles. “For now, it is very much about building the relationships here and finding the right partners, so that as the regulation allows us to move forward, hopefully we are ready to do so.”

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Another expert highlighted the value of their platform supporting the rapidly growing B2B segment, including full-service global banks, private banks, independent/external asset managers, insurance companies and family offices, all of which are looking to provide their clients with an enhanced digital experience to sit alongside their professional face-to-face advice.

“We have a pure B2B focus,” he explained, “meaning that we are selling global custody and global execution services to the B2B community, whether they be external asset managers, whether they be multi-family offices or family



YIFEI LI
BlackRock

offices, managing financial assets, whether they be securities brokerages, actually whether they are banks. So, effectively what we provide, we can provide you with global custody and global multi-asset class trading capabilities. We are a custodian ourselves, and we also use a range of major global

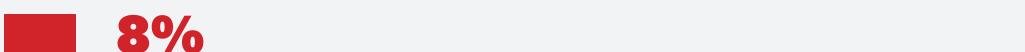
WILL WE SEE A DRAMATIC INCREASE IN DIGITAL WEALTH MANAGEMENT?

Yes



92%

No



8%

Source: Vietnam Wealth Management Forum 2019

banks as sub-custodian counterparties, so clients know the assets are held with a regulated listed bank, or with a respected global counterparty network. We are excited by what is happening here in Vietnam and building our relationships and presence with the wealth management community as it evolves.”

Another panellist highlighted their RegTech platform offering. “We handle things from the compliance angle first, to maximise the efficiency of the client onboarding process, the KYC process and this is mostly driven by one of our key products, our Adaptive Case Manager and supported by our very strong data-driven algorithms and other tools. Also, a very important product that we sell is fraud and AML detection. So, essentially again we are software provider, but it is also interesting now in the past few years, we are also evolving and a very strong consulting partner to banks and financial institutions but we help them with the projects, we can’t just deliver a solution, as purely a technical solution, we really need to look at the whole picture to deliver full end to end solutions.”

He also noted how vital it is also to focus on the UX perspective, and how his firm has seen so many times how this has been forgotten along the road to digital transformation, so the end-user experience must always be kept in mind.

Another expert agreed. “Project delivery on all of these big digital transformation clients is extremely difficult,” he said, “and there is a graveyard out there across the world in banking, of failed projects or projects which should have



BAO NGUYEN
GoBear

taken three years but 10 years later are still going on, many millions being haemorrhaged every year. It is essential therefore really to understand what priorities are with technology, to fix the underlying issues of the technology stack within banks, not simply layer apps and other add-ons on top of older, ineffective core systems.”

A local expert shifted the discussion to distribution, noting that the biggest issue with local asset management in Vietnam is the distribution channel. “Banks are not allowed to distribute, so the only distributors are securities companies and that also brings conflicts. We want regulatory approvals

DO YOU THINK LOCAL CLIENTS WOULD LIKE TO BE ABLE TO BUY FOREIGN FUNDS?

Yes



83%

No



17%

Source: Vietnam Wealth Management Forum 2019

for the banks to distribute mutual fund products, and thereby help develop the asset management industry here. Actually, there is probably enough product for now, but education is essential for the client base, and to shift more of the money to professional managers. It could be discretionary managed account, it could be mutual funds, it could be ETFs, but how do you actually migrate that, that requires a lot of education, requires a lot of hand-holding, not just from the regulator but from the asset management community, from securities companies, the banks and the IAMs also.”

He added that there is a growing interest in investing overseas, if regulation permits, but risk-free returns on cash of 7% and above at home make the risk-return profile of foreign investment less appealing.

A financial products and services comparison site expert explained that in helping develop the market in Vietnam, three core missions are in the sights. One is financial education and inclusion, so the site offers a whole section just to educate people on what is a mutual fund, what is an open-ended mutual fund, what is an ETF. Second is market intelligence, so the site provides information on banking and insurance companies for users. And third, the site will allow users to buy directly through the site, much as sites like Kayak or others do in the leisure and travel sector.

“That may be white-labelled product,” he noted, “or it may be our own product that we manufacture. We will also be able to provide lending products and



DAMIAN HITCHEN
Swissquote

insurance products on our site as well as accessing and helping B2B and B2C partners.”

Vietnam, a panellist remarked, is moving very fast in the online and digital world, leapfrogging a lot of neighbouring countries, who developed slower over a longer period. It is exciting, he said, especially as the Vietnamese affluent consumer wants to interact with their money online. “The propensity to want to go digital is what clients want, I think, and the mass affluent and the high net worth space here appears keen on going digital with their money.” ■

