

Wealth Management in Vietnam – Understanding & Grasping the Opportunity

Where is Vietnam’s private wealth market and how does it compare to nearby, albeit more economically advanced ASEAN countries? What progress have the regulators made in helping develop the wealth management market? What is the competitive environment amongst banks and other advisory firms today and what do market players anticipate? How will the country balance the development of onshore and offshore investment activities? Is there enough talent locally? These and other vital topics were discussed in the first panel of the day at the Vietnam Wealth Management Forum.

These were the topics discussed:

- What are the difficulties as well as advantages to launch a wealth management business in Vietnam?
- What are the catalysts to kick-start the domestic market? What are the roadblocks?
- Who are the players? What’s their USP?
- Offshore / onshore. Where is the long-term opportunity?
- How has wealth management developed in Asia? How does Vietnam compare?
- What should the regulators do to help spur further development?
- How can you make money from building a wealth management platform?
- When will we see more products and solutions?
- Where are the biggest opportunities and challenges for insurance companies in Vietnam?
- Finding talent and training - does anyone do it well?

PANEL SPEAKERS

- **Gaurav Sharma**, CEO & General Director, BIDV Metlife Life Insurance
- **Cong Thien Le**, Deputy Chief Executive Officer, Ho Chi Minh Securities
- **Gaurav Srivastava**, Head of Affluent Banking & Wealth Management, Vietnam Prosperity Bank
- **Sanjay Chakrabarty**, Deputy CEO, Head of Retail Banking, Orient Commercial Bank
- **Simon Lints**, Chief Executive Officer, Singapore, Schroders Wealth Management
- **Minh Nguyen**, Country Manager, Aetna
- **Bich Ngoc Nguyen**, Head of Wealth Management Division, Shinhan Bank



[Link to Content Summary page](#)
[Link to Photos](#)
[Link to Event Homepage](#)



THE KEY TAKEAWAYS

Great potential

The panel was all enthusiastic about the range of opportunities amidst the rapid growth in the economy and private wealth, with an estimated 20000 plus clients already with more than USD1 million of investible funds, and an estimated USD210 billion in the banks in plain vanilla savings accounts.

Great change required

To capture this potential, there needs to be rapid and substantial progress in regulation, capital markets liquidity & infrastructure, client appetite and talent.

Client interest and knowledge rising

A leading local banker building a robust wealth management operation explained that client needs, expectations and knowledge are all expanding more rapidly than he had expected, auguring well for the industry.

Product and service range expanding, but in its infancy

Panel members agreed that while more products and services are being offered, both for onshore and offshore investments, the regulatory environment and the capital markets must both advance rapidly.

Insurance market growing, but much more anticipated

The life and investment insurance market is taking shape, with clients expecting higher returns and accepting higher risks, as they build goals-based investment plans to cater for their growing needs through the years ahead of them, from family education to healthcare and pension planning.

Mutual funds a must-have

The panel called on the regulators to open the market to more products, especially mutual funds, and to help expand the range and depth of the capital markets. In all these areas, Vietnam is far behind nearby countries such as Thailand.

A digital future

Technology is essential for banks and other firms to seize the opportunities that a large and rapidly growing population offers and where private wealth is expanding so fast.





SIMON LINTS
Schroders Wealth Management

AN OFFSHORE PRIVATE BANK BEGAN BY REPORTING THAT his firm sees considerable potential on the asset management side in Vietnam. “Right now,” he told delegates, “I am here building relationships, and looking at potential partnerships.”

A banker from a leading Vietnamese bank explained that they have been building a wealth management business for the past 18 months. He commented that to come together, several elements need to be in place, - regulation, capital markets infrastructure, client appetite and talent. All elements, he reported, were gradually coming together.

“Client readiness is where we have made a lot of initiatives, as the first two factors are out of our control,” he explained. “So, we are making a lot of progress in terms of client communications, propositions, helping people understand personal finance, goals-based investing, financial planning, the very basics about wealth management. And to my pleasant surprise, we that the clients’ readiness is much better advanced than what we originally thought.”

“Indeed,” he added, “there is a lot of real wealth here, a lot of affluent clients here, plenty of potential HNWI clients, indeed some research we saw indicates there are more than 20,000 Vietnamese with more than USD1 million of investible assets. They even have exposure to a lot of markets, they have family and kids who live overseas, they often understand products. All this



GAURAV SHARMA
BIDV Metlife Life Insurance



GAURAV SRIVASTAVA
Vietnam Prosperity Bank

means that we can offer as broad a product range as possible, and we have the largest on offer here, and we can offer passive advice or discretionary, onshore and offshore solutions, even private placements, venture capital, and so forth.”

He explained that his bank had now crossed 45000 affluent clients and built a business with USD5 billion in AUM. “It really is an exciting time,” he stated.

The discussion turned to insurance, with an expert explaining that his firm’s focus is on the mass affluent market, with clients paying roughly USD1000 a year and building saving for the longer-term.

“The focus five years ago was more endowment products, offering guaranteed returns of perhaps 6% and funds in over 10 to 15 years,” he reported. “But now clients want higher returns and are more willing to take downside risk in order to participate in more upside. So, we see more investment-linked products, Universal Life, and so forth. So, in short, we see customer appetite evolving and a longer-term perspective taken, as people plan ahead for education, healthcare, as they think about their own parents’ needs and focus on all these requirements as they grow older.”

A foreign banker remarked that it is tough to compartmentalise the market in Vietnam as



BICH NGOC NGUYEN
Shinhan Bank

WHAT’S THE BIGGEST CHALLENGE PREVENTING THE GROWTH OF WEALTH MANAGEMENT IN VIETNAM?

Lack of talent



Regulator



Lack of products



Source: Vietnam Wealth Management Forum 2019

there is so much upward mobility, meaning the mass affluent customer of today is essentially the wealth customer of tomorrow.

“The products we have heard about today must therefore work across segments,” he said. “Protection is also a high priority, as there is no pension system here, and no estate planning, so these are core areas looking ahead. We must see more financial products available here, as it is very limited now, so for example banks don’t even sell mutual funds, that is a huge issue. So, at some point, the regulation will take these things into account and there will be a massive shift in the product structure that banks offer to the customers. Overall, the future looks very bright for all the banks and financial institutions that are operating in this space, I would say.”

But talent is in shortage and the market must develop education and training, came another voice.

“We understand there is about USD210 billion in deposits in the banks here,” said another local expert, “of which USD200 billion is in the savings accounts, so we evidently need to increase the range of products available, the capital markets need to expand and we need to be able to help customer who want to invest in the securities markets, but in ways so that they limit losses and make solid gains.”

A fellow panellist reiterated the need to shift from deposits to investments as wealth expands and needs grow. “The regulatory environment needs to adapt to encourage this shift,” he



CONG THIEN LE
Ho Chi Minh Securities



MINH NGUYEN
Aetna

WOULD YOU EXPECT THE WEALTH MANAGEMENT MARKET TO GROW BY MORE THAN 100% IN THE NEXT THREE YEARS?

Yes



52%

No



48%

Source: Vietnam Wealth Management Forum 2019

advised. “We must all come together to make certain recommendations to the regulator, bring them some business cases, highlight international practices and then we can prepare together to truly capitalise on the opportunities that rapid private wealth expansion will bring here.”

A colleague agreed, noting that the expansion of mutual funds, the growth of the capital markets and the increase in alternative investment opportunities should all be allied to protections for the end-user, thereby helping the market to develop robustly. “All that is definitely good for the country’s economy and that’s where I think

“ALL THAT IS DEFINITELY GOOD FOR THE COUNTRY’S ECONOMY AND THAT’S WHERE I THINK PRODUCTS LIKE THE UNIT-LINKED POLICIES THAT A LOT OF INSURERS HAVE LAUNCHED, AND A LOT OF BANKS ARE NOW DISTRIBUTING WILL BE A CRITICAL CATALYST FOR EXPANSION.”

products like the unit-linked policies that a lot of insurers have launched, and a lot of banks are now distributing will be a critical catalyst for expansion.”

A panellist agreed and commented that to achieve these ends, especially the improvement in the range, sophistication and liquidity of the



SANJAY CHAKRABARTY
Orient Commercial Bank

debt and equity capital markets, the Securities Commission should have more power delegated by the Ministry of Finance.

Another guest highlighted how Vietnam must embrace digital selling and interface with the clientele, and for that to happen, the regulators need to adjust their rules to accommodate. He advised that the whole distribution ecosystem must also evolve, again supported by regulatory changes. Other guests agreed, commenting that Vietnam is late into the wealth market compared to ASEAN neighbours such as Thailand, and the use of technology is essential to keep pace with customer needs and to make the best of the rapid expansion of private wealth. ■

