Driving independent wealth management in Asia

Speaking at Hubbis' Indian Wealth Management Forum 2017 in August – Rohit Bhuta of Crossinvest expects Asia's external asset management industry to grow as bankers become more attracted to an independent way of advising clients.

Discussions at wealth management conferences invariably touch upon topics related to revenue and incentivisation.

And this has been the case for more than 10 years, proving that private banks have still not moved away from the revenue push to measure growth, according to Rohit Bhuta, chief executive officer of Crossinvest.

But such a practice is leading a growing number of private bankers to question if clients' interests are being compromised. In turn, this is forcing them to leave the firm, he adds – either by venturing out on their own or joining an external asset management firm to work within an independent model.

Indeed, this is an industry gaining prominence in Singapore over the last decade, and especially in the last three to four years, based on what Bhuta calls an unmet need.

Independent firms look to protect clients' interests – by charging a fee and working on a relationship-based model with clients for capital protection over the medium and long term.

At the same time, however, he says that clients are encouraged to continue their private banking relationships if they have a need to grow capital in the short-term. But they are dissuaded from putting 100% of their wealth in short-term goals.

The room for growth that Bhuta says he sees for the independent community in Asia is based on a comparison with this segment in Switzerland – where 20% of total assets are channeled through such firms; the equivalent proportion in Asia is only about 3% to 4%. ■

ROHIT BHUTA
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