

Why portfolios are paramount for good advice

The big struggle in Asia, even for the most established private banks, is how to give portfolio-led advice rather than just execute single trades. But it is critical to find a way to deliver this consistently, says Marc Van de Walle of Bank of Singapore.

There is no harm in Asian clients participating in short-term rallies and acting on stock tips; this is an inevitable part of their wealth management strategy given certain behavioural traits.

But wealth managers and investment advisers must not lose sight of investment returns on the portfolio overall.

This is according to Marc Van de Walle, managing director and global head of products of the Bank of Singapore.

He believes that being able to stay focused on client portfolios in this way relies on a combination of two approaches: first, the patience to have multiple conversations with clients; and secondly, an operational capability which is seamless and happens in real-time.

“Clients themselves go back to the product-by-product kind of discussion,” says Van de Walle. “To bring them back

to a portfolio discussion requires skilled advisers and technology.”

This, he explains, is in the form of the ability to measure the risk that is in a portfolio and then to angle the discussion from a risk perspective rather than from an expected return viewpoint.

Plus, he adds, it is about having access to the tools to be able to back-up statements like: “Well, if you put this in your portfolio this is how it is going to alter your risk-return trade-off”.

Education like this is a key piece, adds Van de Walle. “Although banks in general have done a lot [in these areas], we as an industry can do probably do a little bit more.”

BACK TO BASICS

Van de Walle, who has nearly 20 years’ experience under his belt in retail and private banking distribution, asset management and financial markets, views



MARC VAN DE WALLE
Bank of Singapore

the concept of ‘advice’ the old-fashioned way – understanding clients’ needs, through multiple conversations, and cautioning clients against rash in-

vestments. “Listening to the needs of the client is the first thing you have to do, to understand what the client wants,” he adds.

The second aspect to advice which he is also very aware of is the need to be able to tell clients something they might not want to hear, but to do it in a way that is sensitive and non-confrontational.

“That is real advice,” says Van de Walle.

At the same time, it is unrealistic not to expect Asian HNW investors to look to capture opportunities they perceive from market momentum such as the rally in late 2016 immediately after Donald Trump was elected US president.

Indeed, wealth managers need agility to enable their clients to move with the market while still keeping a long-term view of portfolio returns, explains Van de Walle.

SEAMLESS

To give it the capability to deliver the type of portfolio-first advice that it strives for, Bank of Singapore has invested heavily in ensuring its operations are automated and efficient, driven by the desire to keep costs down.

That has also come in addition to the bank making strategic hires to boost its product management team.

This is all easier said than done. “Execution can seem a simple thing to do but when you really want to go ‘straight-through’, it takes a lot of process design first,” explains Van de Walle, “because such manual processes are not designed for automation.”

Yet this also has to be managed against a backdrop of an open architecture

platform at the bank, in order to allow clients to invest in a range of products and strategies.

“We were the pioneer in Asia in the FX space to have a system open to five counterparties, now we have more than this,” adds Van de Walle.

“So the RM can give a quote to a client in real time, and get an executable price, press the button and go straight through,” he says.

Funds are another product where it is generally difficult to be able to automate the execution.

“A lot of them are bespoke because there are different share classes, or funds that are acceptable in some jurisdictions and not others,” he adds.

Instead, at Bank of Singapore, more time and effort is invested in educating the front line.

“We train them about the product features and also how the product fits in the portfolio of a client,” explains Van de Walle.

PLATFORM PRIORITIES

Over the past few years, Bank of Singapore has focused on expanding its product offering to the point where it is confident of competing with any other private bank in this area. “I don’t think there is a product that we cannot do,” says Van de Walle.

Investment has also gone into what he calls the “thought leadership of our research”. This is to make sure that the bank is capable of analysing markets in the right way – and in an independent way, given the absence of an investment banking arm and market activities.

After hours with Marc Van de Walle

- *A proud Belgian citizen, married with one, 19-year old daughter, who is studying at university in London*
- *In addition to running and playing golf, he is passionate about heli-skiing*
- *His favourite place to go up in a helicopter to get off-the-beaten track is the Rocky Mountains in Canada – offering, in his view, the best combination of good snow, elevation and safety*
- *Despite recent knee surgery, he says he is eager to get back into the wilderness*

Going forward, one key strategic goal is to further streamline and automate everything which is operational.

Redesigning and augmenting the bank’s advisory process is also high on Van de Walle’s to-do list.

This, he explains, involves the discovery of the client proposal, the analysis of a client’s portfolio from a risk-return perspective by looking at scenarios, and the design and implementation of digital tools to support this with a more coherent experience.

“The human interface will not disappear but at least we can increase the consistency and quality of advice,” he explains.

“It is about how we bundle all these solutions into portfolio advice.” ■