

Can we get more passionate about private banking today?



“THE INDUSTRY AS A WHOLE, I WOULD SAY, IS STILL STRUGGLING WITH THAT PROCESS TO BECOME MORE AND MORE CLIENT-CENTRIC”

Kees Stoute

Chief Executive Officer, North Asia
EFG Private Bank

What’s changed and not changed in the last 20 years?

I think a lot has changed and maybe not enough has changed. A lot has changed, because certainly after the financial crisis, we’ve of course, seen a lot of regulations coming our way, always with the intention to make the industry more, more client-centric.

What has not changed is that the industry did not really become more client-centric. As a result, we see that the regulators are now focusing more on culture. In 2017 in Hong Kong for example, the HKMA sent a bank culture reform memo, basically forcing the banks to rethink their culture, because if culture is not right, it’s very difficult to really become client-centric.

The industry as a whole, is still struggling with that process to become really client-centric. If you want to have a sustainable private banking business, the only way to achieve that is to have a client-centric business. In that sense, I think there’s still a lot of work to be done.

A few years ago you wrote a white paper called “Bring the fun back into Private Banking”. Why did you write it?

In this industry, you see there’s a lot of people complaining, as business has become much more difficult compared to the past. There’s a high level of dissatisfaction in the industry. I find that is a shame, because I really think we have a beautiful profession. It’s an honourable profession. It’s a beautiful profession.

People who have a lot of money also have a lot of issues. Either with, how do you deal with it, how do you pass it on to the next generation? A lot of headaches that come with money. That's where our professionals can play a very high value-adding role.

If you manage to focus on that part and you are able to really play the value-adding role, it's a very fun profession to be in. That's why I want to do help the industry to try to look at it that way. We have a fun role

“PEOPLE WHO HAVE A LOT OF MONEY ALSO HAVE A LOT OF ISSUES”

because we are here to stay. We are not a dying industry, because everyone who has wealth has the same issues and benefit and could benefit tremendously from professionals in this industry. That's why it's fun. I try to get that message across - it's fun to be in this industry.

Why might bankers lack passion today?

You can understand it to a certain extent. If you are used to doing business in a certain way for a long time, and then we discover that maybe that's not necessarily always the most ideal way of doing your business, that means you have to change. Changing is a painful process usually. We all know that it's not a secret, people don't like to change. If you are being forced to change, either by your regulator, or by your client, or by your organisation, you have to go through that process of pain and you have to reinvent yourself. These are not easy processes and that's why it's so important to put that change in perspective. Think of the longer-term, think of why this industry is fun to be in, and that belief of being in a value-adding industry may help you to get through that difficult phase. But it is not easy, because you have, indeed, to change a way of working that needs to be changed.

What does client-centric mean to you?

That comes back to my point just now, add value to somebody's life. If (a client) comes to me and I tell



them, “I think the Yen is going up because of this and that, and Trump said this so I think that means that the oil price will go down, so this is a good time to buy this product” then it’s not about the client, it’s about the markets. We all know that when you talk about the market, you have 50% chances you are right, and 50% chances you are wrong. It’s much more fun if I talk about (the client), and I understand their aspirations, their history. It starts with the history, and I start to understand the life journey and the family situation and based on that, I’ll try to help align the wealth with the life that being lived. That, I think, is being client-centric, because it’s about (the client) and each story is different. The way wealth should be aligned with life is different for each client. That is, in my view, what client-centric means. It’s about (the client). The conversation should be about (the client) and not about the market.

What must we do to remain relevant and add value?

It’s very important that you look at what’s happen-

ing in the world. If you want to be successful in the future, you have to try, at least, to understand the future as well as possible. I think there’s a few trends that in my opinion are very important, and if I forget one, I’m always happy to hear.

One trend, obviously, is the regulator, not only in Hong Kong, but everywhere in the world, pushing the industry toward the fiduciary standard. The faster you achieve that fiduciary standard, the better it is for you.

Secondly, there is technology development. The very old way of doing business, particularly in Asia, is very trading oriented. And you cannot compete with online broker platforms. It’s impossible, so why even try? I think that’s another area where you should reconsider what you are doing.

Make sure that you indeed add value. If you do not add value to people lives, it will be very difficult to consider what you do is sustainable. I think that is a key element of surviving in this industry. If you add value, you have a role to play in this industry. If you do not all value, you have no role to play in this industry. It’s actually that simple. ■

