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Indonesian Wealth Management Forum 2019

Post event Supplement

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More than 200 CEOs, COOs, Independent Asset managers and other senior practitioners attended – from a mix of local and international Private Banks, Retail Banks, Insurance Companies, Independent Firms & Family Offices, Asset Management Companies, and IFAs.

Thank you to all of our event partners: Henley & Partners, 3i Infotech, Swissquote, 360F, Additiv, Casamont Cyprus, Hawksford, IRESS, Wealth Dynamix, Wealth Intelligence - Contemi Solutions, Sun Life Financial, Bunker Gold & Silver, Expersoft Systems, Global Precious Metals, IMTF and Malca Amit.

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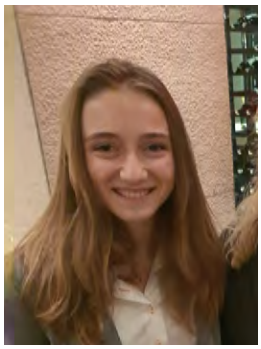

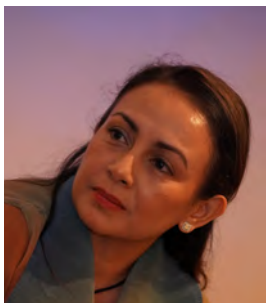

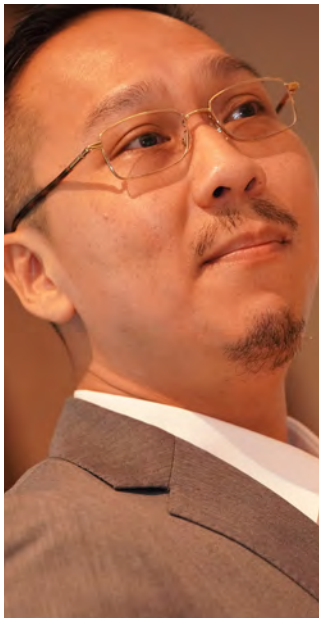

Indonesia - Great Opportunity Lies Ahead for Wealth Management

We were delighted to host our 9th annual Indonesian Wealth Management Forum on October 17 in Jakarta. It was an immense success, yet again, as you will see below from the brief snapshots of the 20 discussions, presentations, talks and workshops.

MORE THAN 200 CEOS, COOS, INDEPENDENT ASSET MANAGERS and other senior practitioners attended - from a mix of local and international Private Banks, Retail Banks, Insurance Companies, Independent Firms & Family Offices, Asset Management Companies, and IFAs.

Our full-day agenda included fifteen presentations and talks, four immensely detailed workshops, and five interactive panel discussions.

Indonesia continues to present an enticing opportunity in wealth management for domestic and foreign players alike. For years there have been discussions about opening up international investments to Indonesia for distribution onshore, but so far there has been little to no progress. While there is modest liberalisation for insurers who can now get 20% of invested assets in overseas assets, the asset management industry remains seriously hampered.

High-quality relationship managers can easily move to Singapore to ply their trade. To build and keep a skilled, professional talent pool of bankers and advisers locally, the regulators must help diversify the product range and industry must address education, training and compensation.

The wealth management industry must develop its proposition and communication methodologies to gain most traction with the second and third gen

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erations of wealth in the country, especially as these people are worldly and well-educated from Western colleges and as some 70% of HNWI's private wealth remains onshore, and that percentage is likely to rise.

The offshore proposition is also challenged, such as in nearby Singapore, by fast-rising costs and rapidly proliferating regulation, both of which lead to margin compression. Developing the onshore product and service suites so increasingly important.
We discovered that great opportunity lies ahead for wealth management in Indonesia - but the regulators need to liberalise - and soon - and the industry must develop both its talent and its onshore proposition.

Finally, thank you to all of our event partners: **Henley & Partners, Comarch, Swissquote, Wealth Dynamix, 360F, Additiv, Bordier & Cie, DWS, Intellect Design Arena, Wealth Intelligence - Contemi Solutions, Sun Life Financial, Bunker Gold & Silver, Expersoft Systems, FNZ, Hawksford, IMTF, J O Hambro Capital Management, J. Rotbart & Co., Malca Amit, Onchain Custodian, Singlife and Sovereign Group.** ■

You can view all the content from the day.
Click here to view the content highlights page.

We asked leading industry experts - what are the opportunities and challenges for the year ahead? Click here to view the combined video highlights, or click on the links below to view the individual videos.

Or you can click on the links below and just listen to specific comments from the following individuals who are in the complete video;

VIDEO HIGHLIGHTS

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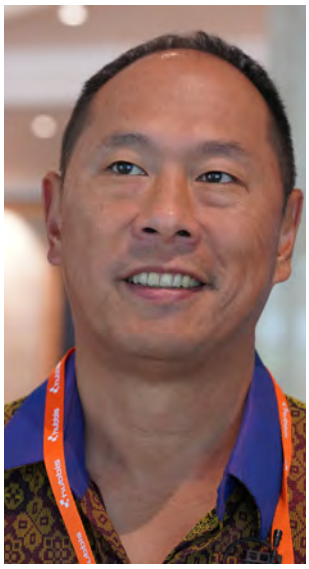
- I love wealth management
- Kenneth Ho, Carret Private Investments
- Samdarshi Sumit, PFI Mega Life Insurance
- Edy Tuhirman, Generali
- Ivan Jaya, Commonwealth Bank
- Nagaraj Prasadh, Intellect Design Arena
- Handry Mulyo, Kolega Capital
- Koh Keng Swee, DBS Bank
- Antony Dirga, Trimegah Asset Management
- Simon Lints, Schroders Wealth Management
- Mark Buesser, IMTF
- Irene Lee, Alpadis

PANEL DISCUSSIONS

Wealth management in Indonesia – grasping the opportunity

Indonesia's huge population is growing fast, and so too is the country's private wealth. Money has flowed back onshore following the government's tax amnesty, and the regulators are keen to keep that onshore and boost the onshore proposition. A panel of experts met at the Hubbis Indonesia Wealth Management Forum to give their views on the evolution of the industry and what needs to be done for it to develop more robustly.

- Panel Members
  - *Jens Reisch, President Director, Prudential Life Assurance*
  - *Edy Tuhirman, Chief Executive Officer, Generali*
  - *Samdarshi Sumit, President Director & CEO, PFI Mega Life Insurance*
  - *Kenneth Ho, Managing Partner & Founder, Carret Private Investments*
  - *Salina Nordin, Founder and Group Chief Executive Officer, Heritage Amanah International*
  - *Simon Lints, Chief Executive Officer, Singapore, Schroders Wealth Management*

Bringing it all together – Platforms & Technology

A panel of technology and FinTech experts, as well as wealth management users/clients, discussed the need for Indonesia's wealth management firms to embrace digitalisation. They cast their eye over the challenges to be faced and gave some invaluable insights on how wealth management firms can enhance their digital platforms and systems to be both more competitive and more responsive to the needs and expectations of clients.

- Panel Members
  - *Dominic Gamble, Head of Asia Pacific, Wealth Dynamix*
  - *Ivan Jaya, Head of Wealth Management & Retail Digital Business, Commonwealth Bank*
  - *El Lee, Co-Founder and Chief Operating Officer, Onchain Custodian*
  - *Mark Buesser, Chief Executive Officer, IMTF*
  - *Reto Wolf, Head of Product, Asia Pacific, Additiv*

Progress needed to boost the onshore investment proposition

Four leading local and regional wealth management experts assembled to debate how the Indonesian market can boost its onshore proposition. After the tax amnesty and with Indonesia clearly wanting to retain as much money as possible onshore, the opportunities are increasing for local advisers and wealth solutions providers.

- Panel Members
  - *Antony Dirga, Chief Executive Officer, Trimegah Asset Management*
  - *Keng Swee Koh, Executive Director, Head of Investment Product and Advisory, DBS Bank*
  - *Ogar Renaldi Widjaja, Passive Sales, Head of South East Asia and Intermediaries, DWS*
  - *Handry Mulyo, Managing Partner, Kolega Capital*

The Second and Third generations await – how will they protect the wealth?

The wealth management industry must develop its proposition and communication methodologies to gain maximum traction with the second and third generations of wealth in the country, especially as these individuals are more worldly and well educated. The regulator will also want to ensure that as much of this immense and rapidly growing wealth remains onshore, and more returns to the country so must also adapt proactively.

- Panel Members
  - *Marcus Hinkley, Head of Private Client Services - Asia, Hawksford*
  - *Max Ezerins, Legal Consultant, Sovereign Group*
  - *Thomas von Rueti, Chief Commercial Officer, Singlife*
  - *El Lee, Co-Founder and Chief Operating Officer, Onchain Custodian*
  - *Irene Lee, Director, Head of Business Development, Alpadis*

What do you need to do to be a successful wealth manager?

How can the market improve? During the final panel discussion of the Hubbis Indonesia Wealth Management Forum, a team of experts ranged over the many areas in which the market can raise standards, enhance the range of products and services, boost expertise and enhance the customer experience.

- Panel Members
  - *Simon Lints, Chief Executive Officer, Singapore, Schroders Wealth Management*
  - *Richard Piliero, Regional Executive, Finaport*

PRESENTATIONS & WORKSHOPS

Investing in Precious Metals: Time to Add Some Shine to HNWI Portfolios

David Mitchell, Founder and Managing Partner of Indigo Precious Metals and business associate Shiv Tulsiani, Key Accounts Executive at metals logistics firm Malca Amit, double-teamed for an insightful Workshop on physical gold, active management of precious metals portfolios, and the critical logistics of storing and moving items of great value.

View slides

How Physical Gold Can Make A Key Addition to Any Portfolio

Maxime Fages, Head of Strategy & Digital Assets for Global Precious Metals, spoke to Michael Stanhope, Hubbis founder and CEO at the Indonesia Wealth Management Forum. Global Precious Metals has worked with Hubbis in recent years to promote the concept of holding physical gold to offset volatility in the mainstream financial investment portfolios, as well as because gold is outside the global financial and regulatory infrastructure.

Challenge the Challenger Banks – How to deliver digital wealth to the raising mass affluent

Reto Wolf, Head of Product for Asia Pacific at additiv, sees a bright future for the Neo and Challenger banks that serve the rising ranks of mass affluent in Southeast Asia. He addressed delegates at the Hubbis Indonesia Wealth Management Forum, focusing on the rise of the mass affluent markets, the arrival of the 'Super Apps' and the 'Challenger Banks' that are re-shaping the wealth management landscape in the region. He offered his insights on how incumbent banks can embrace digitalisation and compete more aggressively for this fast-expanding customer base of the future.

Comarch – Championing Digital to Boost Both the UX and the Employee Experience

Krzysztof Maurer, Managing Director of IT solutions provider Comarch, is spearheading the firm's thrust into the wealth management and financial sectors in Asia. He told delegates at the Hubbis Indonesia Wealth Management Forum why well-honed digitalisation is more critical than ever to help improve the customer experience, but also stressed the importance of an enhanced employee experience, noting that their greater satisfaction is also a vital driver in the growth of businesses in the wealth management, or indeed any, sector.

View slides

Intellect Design Arena Extols the Virtues of its '2020 Advantage' Digital Solutions Suite

Nagaraj Prasadh, Country Head for Thailand at Intellect Design Arena, addressed the audience at the Hubbis Indonesia Wealth Management Forum to highlight how the firm's WealthQube gives the 2020 Advantage, describing how the digital product enhances the performance of relationship managers in the wealth management industry. He said it is possible to increase RM productivity by 20% and increase revenue by 20% at the same time, while managing the stringent regulatory requirements. All this is achieved through leveraging digitally enhanced outreach and contextualized experience, which results in actionable insights to direct the destiny of the business.

View slides

Unmasking CLM and How it Can Help Drive Wealth Management Sales and Growth

Dominic Gamble, the Singapore-based head for Asia Pacific at FinTech Wealth Dynamix, spoke to Hubbis founder and CEO Michael Stanhope in a Head to Head Discussion at the Indonesia Wealth Management Forum. His mission was to alert the audience of the great benefits of smart technology tools available today that can make RMs more powerful. He explained how they can use data to understand clients better, and to boost their overall proposition, their firm's revenues and their own careers, while greatly enhancing the quality of their advice and the user experience.

View slides

CLM Drives Wealth Management Sales and Growth

Dominic Gamble, the Singapore-based Head of Asia Pacific at FinTech Wealth Dynamix, gave delegates at the Hubbis Indonesia Wealth Management Forum a fascinating Workshop to alert them to key advantages and critical dangers of digital transformation, particular the great benefits of an optimal Client Lifecycle Management etiquette.

View slides

Henley & Partners Opens the Door to a World of Investment Migration Options

Dominic Volek,Managing Partner, Head Southeast Asia at investment migration consultancy Henley & Partners, and Daphne Chandra, the firm's Singapore-based Country Head for Indonesia, presented a detailed and highly informative Workshop to delegates at the Hubbis Indonesia Wealth Management Forum in Jakarta in October. Their talk highlighted just how many viable alternatives there are for Asia's HNWIs seeking alternative citizenship or residence around the globe.

View slides

The Virtues of Alternative Residence and Citizenship

Dominic Volek,Managing Partner, Head Southeast Asia at investment migration consultancy Henley & Partners, gave a brief but very insightful presentation at the Hubbis Indonesia Wealth Management Forum to highlight the appeals of global investment migration, explaining why and how increasing numbers of Asia's wealthy are taking up alternative citizenship and residence options around the globe, and briefly mentioning some of the major programmes that his firm proposes.

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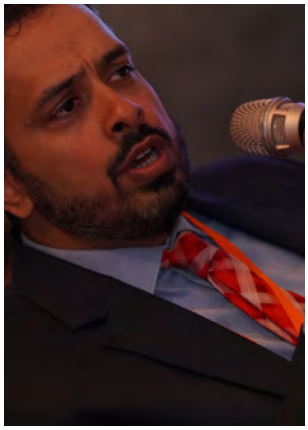
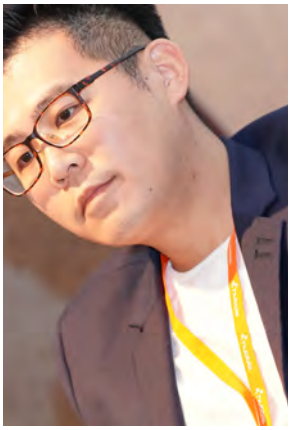

Gold – The Real Asset for the Real World that is Performing Really Well

Joshua Rotbart, Founder and Managing Partner of precious metals firm J. Rotbart & Co., is passionate about gold, real gold. He gave an animated presentation to the audience at the Hubbis Indonesia Wealth Management Forum on how through history gold has proven its sustained value, and how the longer someone keeps it, the more it will appreciate. He said that the stars are currently tidily aligned for gold and Asia's HNWIs should all keep a portion of their wealth in physical gold. And for wealth management advisers, working with his firm is an ideal way to leverage client relationships.

View slides

Private Banking in Asia at a Crossroads

Wong Kok Hoe, Wong Kok Hoe, Director, New Markets at Swiss boutique private bank Bordier & Cie, gave a fascinating insight to delegates at our Indonesia event into how boutique private banks are adapting to the demand of the market at present and anticipating the world of the future in which they will continue their growth trajectory. Bordier & Cie, which has been expanding its reach and proposition in Asia, believes that strategic partnerships with regional financial institutions are the right way forward.

Why Wealth Managers Need Effective Onboarding

Shane Meredith, Asia Director - FinTech & Wealth Advisory at Wealth Intelligence Contemi Solutions, told the audience at the Hubbis Vietnam Wealth Management Forum how effective digital client onboarding can be the key for wealth managers to reaching and servicing high net-worth individuals and the region's younger generations of clients who are inheriting and creating the next vast wave of private wealth.

View slides

Comarch Highlights How to Improve Key Touchpoints in Wealth Management through Digitalisation

IT solutions provider Comarch is one of the leaders spearheading the digitalisation of the wealth management and financial sectors in Asia. Grzegorz Prosowicz, Consulting Director and Parida Leelaniramol, Business Development Manager, combined to offer delegates a fascinating Workshop at the Hubbis Indonesia Wealth Management Forum. They turned the spotlight on how as wealth management firms evolve, well-thought-through digitalisation is more critical than ever. Improving the customer experience is not enough to stand out in the market, they told the audience and underlined how the employee experience is just as important a driver for business growth. They stressed that digital means both high tech and high touch and must achieve both a great user and provider experience to be truly effective.

DWS Reviews the Dynamic Global ETF Market and Analyses Recent Trends

Ogar Renaldi Widjaja, responsible for the distribution of Passive products in South East Asia for DWS, told the audience at the Hubbis Indonesia Wealth Management Forum why the more than USD5 trillion ETF market continues to expand and why passive strategies have been growing rapidly, despite a globally challenging market environment and a more volatile 2019. A wider than ever range of investors (including sovereign wealth funds, insurance companies, private banks, family offices) continues to adopt passive strategies and use ETFs in their portfolios. And thematic investing such as ESG and Artificial Intelligence are also gaining traction.

View slides

Indonesian Wealth Management Forum 2019 Video Highlights

At the Hubbis Indonesian Wealth Management Forum 2019 in Jakarta on October 17th, we asked leading industry experts - what are the opportunities and challenges for the year ahead?

Click here to view the video highlights.

We hope you enjoy this summary – it's packed with content from the forum. Click on the Speakers Name to view their BIO. You can also read the transcripts in this document - and click on Watch Video to view their exclusive interview.

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Who did we interview?

Kenneth Ho
Managing Partner & Founder
Carret Private Investments
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Schroders Wealth Management
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Chief Executive Officer
IMTF
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Irene Lee
Director, Head of
Business Development
Alpadis
Watch Video

Kenneth Ho
Managing Partner & Founder
Carret Private Investments
Watch Video

Indonesia presents a huge amount of opportunities right now in particular, given all the troubles that we're seeing in North Asia. But even before then, we've seen a lot of the high-tech, ultra-high net worth guys beginning to look at Indonesia. We look at it from an investment opportunity perspective. There's tons of investment and growth opportunities for investing into this particular market. As such, we've already seen the size of the ultra-high net worth market growing quite a bit. Whereas in the past, it was very much just a few families, now it's grown tremendously across the board to a new generation. Thirdly, we see a lot of interest in terms of trying to grow the market from a regulatory standpoint, and we want to be part of that. So, we've been very actively talking to a lot of the players, the regulatory guys that we ourselves have been team at with someone in Indonesia, which is Heritage Amanah.

Samdarshi Sumit
President Director & CEO
PFI Mega Life Insurance
Watch Video

There are great opportunities for the market in Indonesia. The penetration rate is still low. Overall, people are largely investing into bank deposits, and financial literacies is still low. I see huge opportunity for insurance industry to create more awareness and, as long as you have the right product and proposition, reaching out to the right set of customers, the opportunity's huge.

Edy Tuhirman
Chief Executive Officer
Generali
Watch Video

The opportunity is good because in Indonesia, the penetration is still low - you're talking about less than 5% penetration - the population that we have, the economy is growing. So, there is a great opportunity, but the challenge that we have, as you know, is that we have 17,000 islands, we have three time zones. To penetrate the market in this direction: we're talking about the challenge of our geography, the challenge of socioeconomic status, because a big gap between the have and have-nots, and also the manpower - how do you reach the number of people that we have? The quality of HR, either in the back office or in front, is something that we have to work on.

Ivan Jaya
Head of Wealth Management & Retail Digital Business
Commonwealth Bank
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Starting with the challenges: there are two or three challenges that we are seeing here. First, is that the level of the knowledge or literacy, in terms of investment. The second, of course, are the

number of the financial planners that are limited in the Indonesia: there are predicated to be only 11,000 financial planners in Indonesia. The third, of course, is the education of the regulators, and also the industry practitioners. So, those are the challenges, but the opportunities that are there are massive in terms of the number of the population of Indonesia; we understand that the number of investors is only at 1.6 million as we speak right now, so it's only 0.7% out of the total population.But, the other opportunity is that currently in Indonesia is that there are a lot of super apps, and also the competition has intensified, but the Indonesian people, especially the millennials, they are very savvy with technology. So, we believe, if we reframe the business model correctly, supported by technology, that will help delivering the exponential growth that we are expecting.

Nagaraj Prasadh
Country Head
Intellect Design Arena
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The Indonesian market is large. The number of banks that are available for us to talk to are numerous, and we also see a very positive trend in the banks willing to adopt technology specific to wealth management and private banking. That gives us an added challenge of being here all the time; we have established a local presence here with an effective team on the ground, and we are constantly mapping our prospects on the ground in Indonesia, talking to various banks at any point of time to see as to how our solutions can help them reach out to customers better.

Handry Mulyo
Managing Partner
Kolega Capital
Watch Video

The opportunity is quite obvious, is writing the macroeconomic story of Indonesia, I think, the fourth most populous country in the world: mutual fund penetration is very low, and as wealth is growing, the middle-class is increasing, then there's lot of opportunity for wealth managers, for affluent individuals to start investing. The disposable income is going to increase. Investible assets are going to increase. Now, the challenges would be to meet these demands of individuals, of product availability. Also, from talent perspective, it might be challenging to cultivate in the short-term. In my opinion, I think, it has to be done in parallel. There will be a lot of pain along the way, but Indonesia is still a young nation, so the financial industry will grow. It has to grow, otherwise the country's growth will probably be limited, as well.

Koh Keng Swee
Executive Director,
Head of Investment Product and Advisory
DBS Bank
Watch Video

There is an immense opportunity. It's not all doom and gloom. I think across the whole wealth spectrum, the government is doing a lot in terms of opening up, especially in the mass retail digital segments. I think more can be done on the high net worth side, in terms of opening up more products to those clients who are currently banking a lot in Singapore. But certainly, I think there are immense opportunities, which is why I'm here.

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Antony Dirga
Chief Executive Officer
Trimegah Asset Management
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The opportunities in (this) region's so great, because we have the AUM penetration in regions - about 3.5% of GDP - compared to our closest neighbors in Thailand and Malaysia; their AUM penetration is about 25 to 30% of GDP. So, we have a long way to go, and the industry is going to grow five-fold in the next 12 years or so.

Simon Lints
Chief Executive Officer, Singapore
Schroders Wealth Management
Watch Video

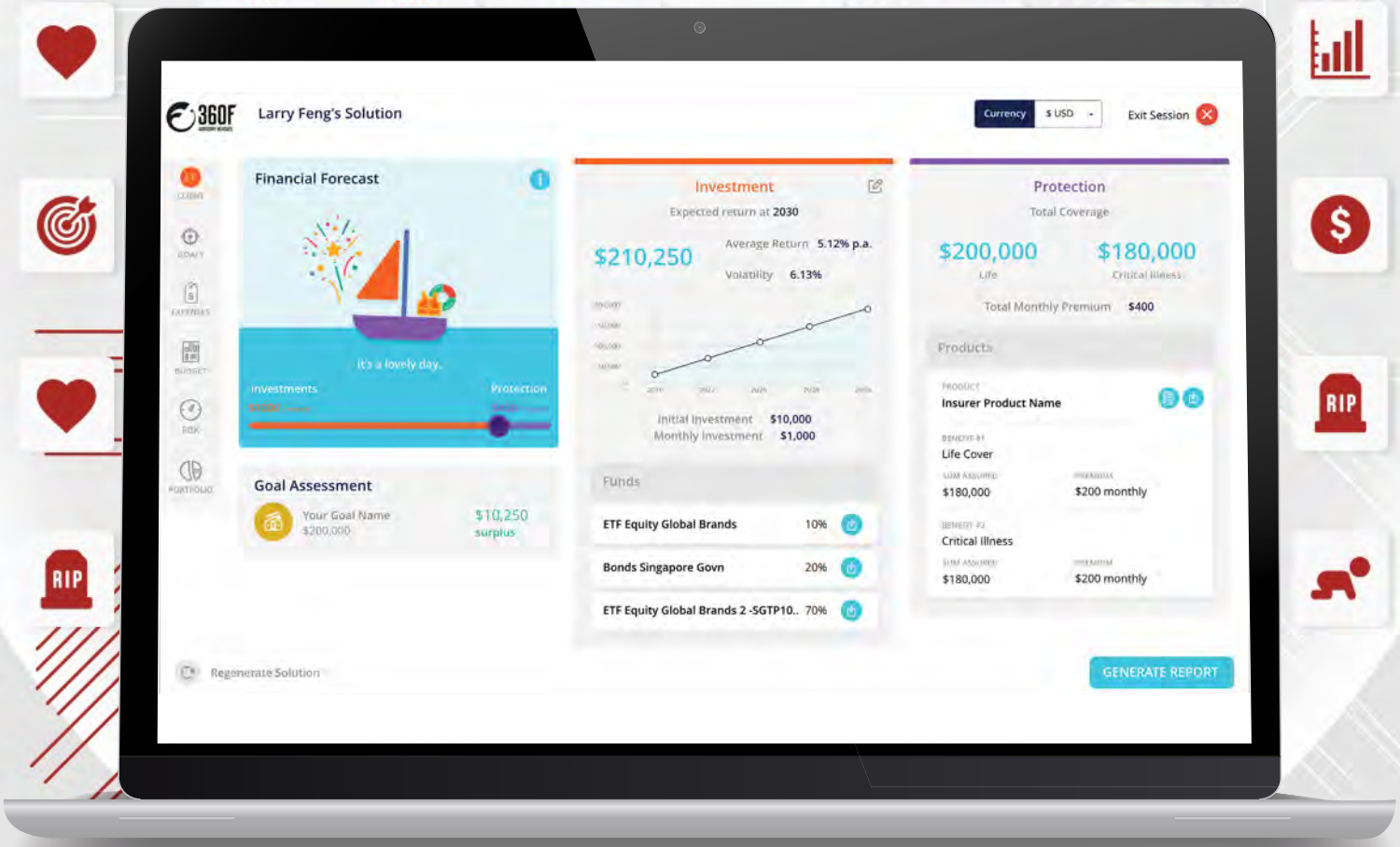
Underlying wealth is increasing very rapidly and that's brought up a lot of opportunities. I think challenges are, obviously, on the regulatory side, perhaps a lessening of the regulations, more acceptance by the regulator of incoming players into the marketplace and trying to develop the marketplace. So, the regulator's got a large role to play here, but I think the underlying market is very strong and growing very quickly.

Mark Buesser
Chief Executive Officer
IMTF
Watch Video

You can easily understand that Indonesia is such a big market with such a big population, and the degree of banking is increasing. I mean, the demand for any kind of technology in this industry is growing. We can hear and we can see, from the few exchanges we had already, that they are looking into the type of technology which is globally available.

Irene Lee
Director, Head of Business Development
Alpadis
Watch Video

Generally speaking, there's always greater growth in wealth. In today's context, there are more millionaires and billionaires worldwide. But having said that, there are also challenges whereby trade is an issue. If they have an operating company, that's where some of the challenges in today's economic context will come into play. More importantly, the second and third generation who succeed their parents will then have to take into greater consideration the tax situation and also, in terms of how they can then carefully and successfully transfer their wealth to their next generations. ■



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Indonesian Wealth Management Forum 2019

Exclusive Insights

At the Hubbis Indonesian Wealth Management Forum 2019 in Jakarta on October 17th, we asked leading industry experts for their exclusive and incisive insights

We hope you enjoy this summary – it's packed with content from the forum. Click on the Speakers Name to view their BIO. You can also read the transcripts in this document - and click on Watch Video to view their exclusive interview.

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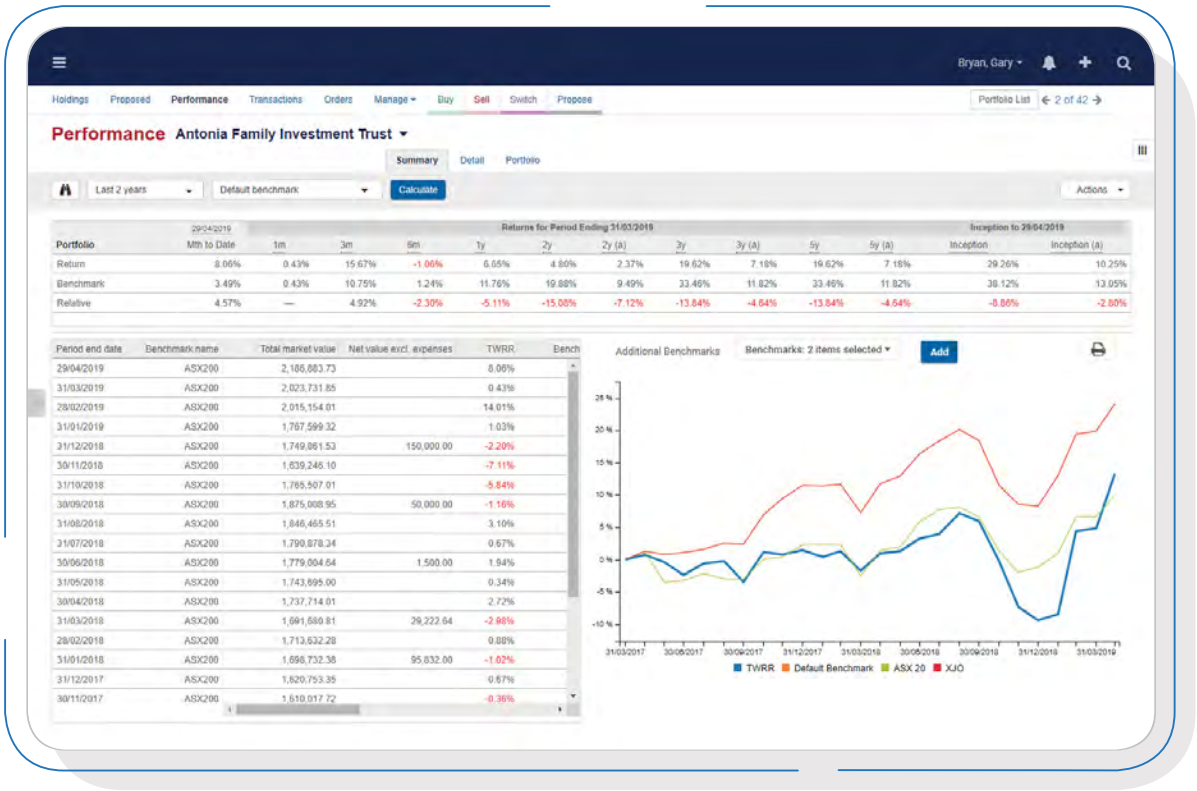

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Kenneth Ho
Managing Partner & Founder
Carret Private Investments

You (Carret Private Investments) recently merged with Lumen Capital Investors. What motivated that deal?
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We're both very excited. It made a lot of sense; the base of our business Carret (Carret Private Investments) is in Hong Kong, we had very few people based in Singapore. Lumen (Lumen Capital Investors) is based in Singapore, (but) they had no one in Hong Kong. We both felt like we needed to have a presence in both markets to service our existing client base, as well as to grow. For me, I needed to grow my North Asian client base, and having a Singapore presence, particularly in our turbulent marketplace, really expands the offering that we could give to our clients. We're very excited; both of our businesses are largely based on Swiss banking roots. Wilfried Kofmehl, the CEO of Lumen, and myself were two of the original executive board members of Julius Baer, so we're very excited to get back together to rebuild something like we thought we had at the first stages of Julius Baer, which is a boutique wealth manager with a clear value proposition across the region.

Samdarshi Sumit
President Director & CEO
PFI Mega Life Insurance

Is the Insurance offering in Indonesia evolving rapidly enough?
Watch Video

The insurance industry in Indonesia has been heavily focused on unit link, which is good and has its own opportunity, but we need a more diversified set of products. So, at PFI Mega Life, for example, to the mass market we are bringing in basic protection; products like hospital income, products like critical illness. At the same time, we are looking at a US dollar-denominated, more complex set of products - whole of life and unit linked with USD denomination for the affluent customers. So, in a nutshell, we need to broaden the range of solutions, and then we would be able to find the right audience to which this product will appeal.

Edy Tuhirman
Chief Executive Officer
Generali

What should the regulators do to help spur further development?
Watch Video

Initially, the regulators have done a lot to create something for our industry to grow from, but for sure there always will be a space to grow. We are concerned about tax, because we look at any countries in the world, from the perspective of insurance or more long-term perspective, (I think there) has to be some tax incentive. Otherwise, our people, customers, are more focused on short term. So, I think the government regulators have to work in that area, to encourage penetration to be even better.

Ivan Jaya
Head of Wealth Management & Retail Digital Business
Commonwealth Bank

What digital expectations do clients have?
Watch Video

There are actually three basic needs if we talk about the wealth management, if we would like to digitise the experience. The first one is that the client wants to know how their AUM growth; how much unrealised gain or unrealised loss they are having. So that's one, and they would like to know 24/7; anytime they would like to know it, then they need to be able to access it. The second (expectation) is that they need to be able to be updated on news, the real-time news, that (could) affect their portfolio. And then the third expectation is having the ability for them to contact their relationship manager in order to

execute the transaction or the ability to execute the transaction immediately. So if we would like to enhance our business model (with the) support the technology, those (are the) three things we need to address.

Are traditional banks attractive enough for the new wealth creators and next generation of customers?
Watch Video

Like it or not, the traditional banks, right now, they need to adapt. To adapt in terms of how technology would help them, that currently, in terms of what they lack, in terms of the talents in delivering wealth management (services). But right now, with the help of the technology, we are seeing that one, two (of the) traditional local banks right now (are) revamping their apps (or) creating (a) wealth management app, in order to tap this market, because they need to grow their fee-based income.

El Lee
Co-Founder and Chief Operating Officer
Onchain Custodian

Who is Onchain Custodian?
Watch Video

Globally, there are a lot of people who are concerned about their investment in crypto assets. We've heard of all the hacks being enacted upon exchanges, people losing their crypto asset, and we're talking about millions of dollars that have been lost. Since the start of 2011, we've counted for over USD1.5 billion worth (of crypto assets) lost due to clients or exchanges being hacked. Onchain Custodian is here to fill the gap in the market where institutions and accredited investors really need institutional grade custody for (their) digital assets, and we're here to provide that service for them so that they can invest and generate returns without worrying about the security and safety of their crypto assets.

How will we see the growth of digital asset investments grow in Asia?
Watch Video

Over in the Asia space, we're going to look at crypto assets continuing to take on a life of its own, and going forward, blockchain is here to stay, and that's my opinion; blockchain is the underlying technology that allows different types of industry and businesses to take it on, to act upon and to grow their businesses.The currency that enables blockchain to work is really crypto assets, crypto currencies, and one of the reference points is really Bitcoin. So, going forward, even though there was a tulip effect in 2017, we're going to see businesses, individuals, accredited investors, high net worth individuals, all look at this asset class and be interested in it. The question is, how do they utilise it? How do they invest and participate in a token economy? and how do they safekeep their

asset? Those will be the three key questions that people will continue to ask in the industry, and we're here to help and I trust that (people will) want to do this together with us.

Nagaraj Prasadh
Country Head
Intellect Design Arena

What does Intellect Design Arena do?
Watch Video

Intellect is in the business of providing technology solutions and products for banks and financial institutions across the globe. Specifically in Asia, we are looking at countries like Indonesia, Malaysia, Thailand, Singapore, Vietnam, to provide our customers with wealth management solutions - solutions which would reach out to the Relationship Manager (RM), make an impact with the customer, and make sure that they're equipped with the right amount of data and information to have an effective conversation, leading into (the RM) making informed decisions for the customer, balancing their portfolio, making sure that the investment is on the right track, and making sure that they are able to meet with the customer on-demand, and not with a lot of delays. So we are into the business of providing information to help RMs to make a difference in the life of a customer.

What are all the component parts you need to build a sustainable and profitable wealth management business?
Watch Video

We see that, while the customer has an investment to make, the RM has to do a lot of research on what products to recommend to a customer. This is where technology comes in; based on the right risk profile, based on the appetite that they have for investment, the RM would be effectively able to make a decision on what recommendations are required for a specific customer, and with that recommendation, an effective decision can be made on where to invest the money, and not a random gut feel-based investment. So, this is the science of investment based on facts.

Handry Mulyo
Managing Partner
Kolega Capital

What must the regulators do? Why don't they do it?
Watch Video

There are a few things that regulators should be doing and should start looking into. Number one, I think, is having segmentations between retail investors and high net worth individuals. If you keep a focus on being client-centric, then I think the mass market would need some protection from the regulators, meaning that there has to be some sort of a gate on certain products being distributed to them. That's number one. If you look at the high net worth individuals: often, these high net worth individuals have some sort of a global view or education background; I'm talking about the second, third generation. There has to be an availability of products

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sophisticated enough to meet the demand of these individuals. So, I think the regulators must look at it from both sides. Finding that balance, it might be challenging: having that opening up the market, but at the same time, regulating it to a certain degree.

Koh Keng Swee
Executive Director, Head of Investment Product and Advisory
DBS Bank

For years there have been discussions about opening international investments to Indonesia for distribution onshore, but will it ever happen?
Watch Video

It will happen, and it is slowly but surely happening. Previously, in terms of buying offshore funds, you needed to be a high net worth individual investing huge sums of money before you can go through the KBD route. Currently, I think there are upwards of close to 10 funds which have got overseas exposure, that retail clients can buy as well. Certainly more can be done, but I can understand the regulator's concerns as well, in terms of rupiah, stability, and also in terms of investor awareness. So, I guess this is where the financial institutions have got to come in to improve investor education and also awareness and understanding of such offshore assets. But in terms of portfolio diversification and choice: definitely, the offshore assets has got to be part of the portfolio. It cannot be all Indonesian. So that's what I'm advocating as well, if I were to meet the regulators

Antony Dirga
Chief Executive Officer
Trimegah Asset Management

Any interest in ETFs? And interest in ESG?
Watch Video

We've seen definitely growing interest in ETFs in the market. The ETF market within the mutual fund industry has actually grown four-fold in the last four years or so; last count, it's slightly below Indonesia Rp15 trillion; most of the interest actually comes from the institutional investors, we're seeing a lot of demand. In fact, some of our institutional clients have actually been asking us to open up to ETF products as well, to diversify their investments. Of the second point, on ESG, we are seeing some growth there, but unfortunately not as fast as the growth of ETF products. People are getting more and more interested in ESG, perhaps more on the retail side as opposed to institutional side. So, it's actually on the flip side, versus ETFs.

Simon Lints
Chief Executive Officer, Singapore
Schroders Wealth Management

What do you need to do to be a successful wealth manager today?
Watch Video

Recognising you can't be all things to all men. I think there's a certain level of specialism required, expertise, experience, and a real commitment to the marketplace. I think a lot of players spread themselves very thinly and don't have the level of expertise, knowledge, and are very much product driven, bottom line driven, rather than relationship driven; trying to build those connections for the longer-term. So, I think to be successful you have to take a longer-term view on building client relationships and less short-termism.

Mark Buesser
Chief Executive Officer
IMTF

What are the trends we are seeing globally around RegTech, KYC and onboarding?
Watch Video

To put it a bit strangely, I would say forget about the FinTechs, invest in RegTech, because (with) what is happening out there, like in

every other market, the changes in regulations - apparently there are 200 changes in regulations globally per day - is also (impacting) this market. That means that the banks are shifting away from investing into FinTechs with an uncertain outcome, or maybe investments which didn't show what they were expecting, into more down-to-earth kinds of stuff. And they see there is a big potential of automation in regulatory affairs.

Given the trends we are seeing globally around RegTech, KYC and onboarding - how is IMTF enhancing your platform?
Watch Video

The most important trend which we can see in RegTech space is that, as the name already says, it covers many different areas from KYC screening to fraud detection to transaction monitoring, obviously through the whole client life cycle, to management issues. I think that our potential customers have understood that you cannot do this though one big approach, but you have to do it in a more Lego-brick type of approach; adding (RegTech solutions to) where they have the biggest pain points in their existing infrastructure, and, most importantly, to integrate with their infrastructure which is, on many occasions, just a couple of silos which do not communicate with each other. So, the RegTech platforms have also become the platform which somehow integrates all these disparate systems, because the more information I have, the more I can consolidate this information, thus more automation, better detection and higher precision is possible.

Irene Lee
Director, Head of Business Development
Alpadis

Are we ready for the intergenerational wealth transfer?
Watch Video

Essentially, a lot of the second and third generation wealthy clients are a lot more well-versed because they have greater access to the internet and greater access to advisory (services). However, in terms of actually sitting down and planning for the transfer of wealth, a lot of them are not ready. They have certain information, but they don't really know how to maximise the use of the information. That's where organisations like ourselves, and advisors like ourselves, are important to provide greater detailed information for them to make informed decisions as to how they can better manage and protect their wealth, and then transfer it to their future generations. ■

Enormous Opportunities Great Challenges

Indonesia's huge population is growing fast, and so too is the country's private wealth. Money has flowed back onshore following the government's tax amnesty, and the regulators are keen to keep that onshore and boost the onshore proposition. A panel of experts met at the Hubbis Indonesia Wealth Management Forum to give their views on the evolution of the industry and what needs to be done for it to develop more robustly.

These were the topics discussed:

- *Is the wealth management offering in Indonesia evolving rapidly enough?*
- *What are the difficulties as well as advantages to launch a wealth management business in Indonesia?*
- *What are the catalysts to kick-start the domestic market? What are the roadblocks?*
- *Who are the players? What's their USP?*
- *Where are the biggest opportunities and challenges for insurance companies in Indonesia?*
- *Offshore/onshore. Where is the long-term opportunity?*
- *How does the wealth management market continue to develop in Asia? Big players vs bespoke firms?*
- *What should the regulators do to help spur further development?*
- *What can be done to build and retain a skilled, professional talent pool of bankers?*
- *To develop the onshore private banking/wealth management proposition, should leading local financial institutions can consider partnerships and alliances with established offshore firms, thereby leveraging their product range, expertise and talent?*

PANEL SPEAKERS

- **Jens Reisch**, President Director, Prudential Life Assurance
- **Edy Tuhirman**, Chief Executive Officer, Generali
- **Simon Lints**, Chief Executive Officer, Singapore Schroders Wealth Management
- **Kenneth Ho**, Managing Partner & Founder, Carret Private Capital
- **Samdarshi Sumit**, President Director & CEO, PFI Mega Life Insurance
- **Salina Nordin**, Founder and Group Chief Executive Officer, Heritage Amanah International

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THE KEY TAKEAWAYS

Insurance offers huge growth potential

While some markets in the region, Thailand for example, are seeing a slower take-up of life insurance and associated solutions, Indonesia's growth path is assured for the foreseeable future, so life and other insurers are keenly encouraging the regulators to open up the market, while at the same time boosting their product and distribution capabilities.

Digital enhancement of the agency forces

Digital technologies are being employed to help insurers boost their distribution capabilities, as well as the skills of their agents and the clients' experiences.

Self-regulation vital

The insurance and general wealth management markets should also self-regulate more effectively, rather than simply relying on new rules and guidance from the authorities. Better offerings, better transparency result in more customers and greater satisfaction, then, in turn, more business.

Education and communication

The industry and regulators must do more to boost client education, and to do so, communication is essential. It must be a two-way, collaborative process for private banking in particular.

Elevating the offerings

Looking at the reality of fee compression globally, an expert explained that to combat the commoditisation of fees, a greater emphasis on expert advice and high-end portfolio management will help boost fees. High levels of service, and a better client interface and regular dialogues all help.

Be client-centric rather than product or producer centric

There is a major trend towards boosting the product offerings, but banks and other wealth management firms must remember to be client-centric and to boost the expertise and quality of the relationship managers.

Understanding the client

It is vital to promote higher education amongst the clients, but the industry must also focus on obtaining a deeper sense of the client needs and then tailoring the financial product to help them achieve their goals.

"THERE IS GREAT OPPORTUNITY HERE," BEGAN AN INSURANCE MARKET EXPERT. "From an overall industry point of view Thailand today, for example, has higher product penetration of insurance and a larger number of local and foreign players for a very long time, so it is somewhat more mature. But Thailand's new business premium has either been static or weaker. While the Indonesia opportunity is huge, and the unit-linked market here is already a lot more successful than in markets like Thailand. There are regulatory challenges here, but we believe those hurdles will be overcome, for example in Thailand they have liberalised what they call the new capital regime, so accredited investors with a certain AUM size can easily invest overseas, and that is a trigger for expansion. My message is to open the market up, if the regulator tries to put a lid on it, the money will flow through Singapore and Hong Kong. You cannot artificially control these things."

Another insurance expert highlighted the growth of protection insurance, for example, health insurance and Islamic insurance, both rapidly growing segments for his firm. "Investment-linked remains our lead product," he reported, "and we are linking our conventional way of offering insurance also to the increasing opportunities with digital players. There are generally big opportunities as financial awareness rises, as greater inclusion arrives, and newer ways to access insurance are vital."

JENS REISCH
Continental Group

SIMON LINTS
Schroders Wealth Management

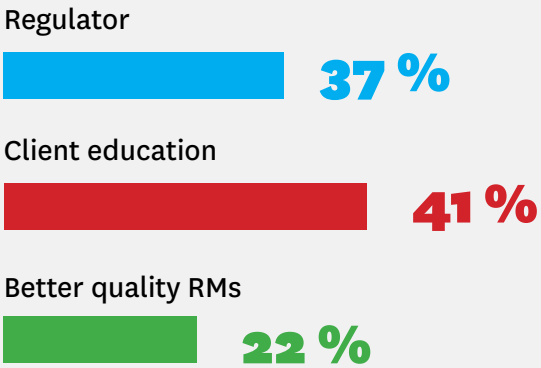
He pointed to the past three or so years as having created a huge digital transformation, noting that his firm had invested substantially to offer customers and our agents the latest tools to fulfil their sales. "We have now have most of policies delivered electronically, so it is already a great advantage in a country as huge and diverse as Indonesia. But more work is needed to ensure our numerous agents give the right advice and that we comply properly, for example we need to make sure that we as an industry are a little bit more harmonised in how to portray returns, so it is up to us to make sure we do the right thing."

Looking at the broader picture, an expert observed that Indonesians are still very deposit-centric. "But," he opined, "I think longer-term savings and protections are the products we have to sell, and that requires more education, and offer more meaningful solutions for our clients, especially in our life insurance segment," he said.

A guest highlighted the ongoing and regular discussions between the insurance industry and the regulators as a positive step to help develop professionalism and the right standard and products flow. However, he also called for greater self-regulation. He said the industry must be in control of itself and is already lagging some years behind. The pitfalls relate to the customer, partly there is a shortfall in knowledge of the investment world. Secondly, there needs to be more emphasis on

EDY TUHIRMAN
Generali

WHAT PREVENTS WEALTH MANAGEMENT DEVELOPING IN INDONESIA?



Source: Indonesian Wealth Management Forum 2019

monitoring the investments and the overall market conditions, while additionally digital needs to be embraced as a means of adjusting portfolios actively."

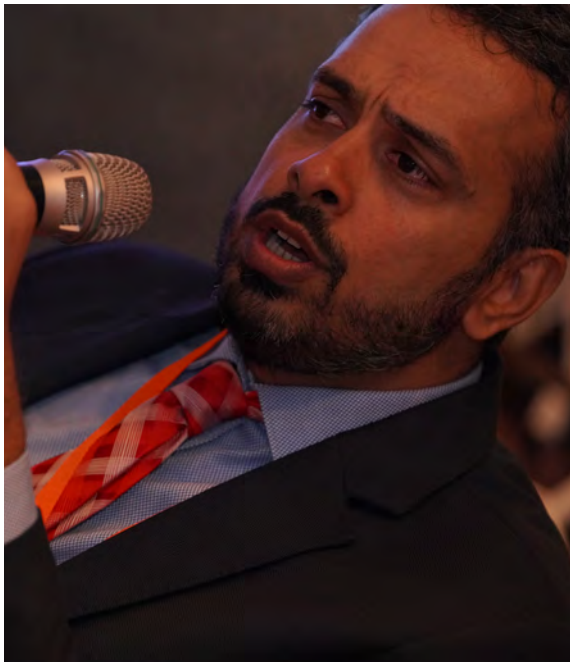
Another panellist turned the discussion to the multiple challenges facing the ageing of the HNWIs and the concerns over succession and transmission of wealth, a problem endemic to the whole of emerging Asia as well of course to Indonesia. He pointed to the need to engage these key decision-makers in discussions that they might be reluctant about, as well as the issue that many of the second and third generations do not want to manage their family businesses or money, while those who do want to, often are less than capable of handling the challenges. "We try to solve this by bringing in our family office services or high-end private banking services to these people, these families, looking at everything from trusts, insurance solutions, the setting up of wills, of foundations, even immigration solutions to figure out the solutions for a particular family."

A fellow attendee added that client education is also about client relationships, working with the client to ensure that the dialogue is open and there is a positive two-way flow of ideas and understanding. "For me," he said, "it is a collaborative process in high-end private banking."

Looking at fee compression globally, an expert explained that to combat the commoditisation of fees, expert advice and high-end portfolio management allows for reasonable fee levels to be achieved. "It is all about high levels of service," he said, "and elevated touchpoints with the client, offering the best advice and solutions and charging appropriately for that. Where we, for example, are trying to differentiate ourselves from the private banks is in the non-commoditised areas, which will include some of the family office services, including alternative investments where, for example, we believe that we can add value by clubbing together other UHNWI clients to access good deals."

Another expert explained that in terms of asset management, their business is growing apace in the Asia region." Simply," he related, "we see great potential in a lot of Southeast and South Asian countries, where private wealth is rising so fast, and with our brand, we have a strongly growing client base in Indonesia, where we consider the market is developing very positively."

SALINA NORDIN
Heritage Amanah International



SAMDARSHI SUMIT
PFI Mega Life Insurance

A leading local wealth manager explained that the market is trending towards higher-end advisory, following the lead of Singapore and other more advanced markets. "Indonesia has lacked a true focus on expert advisory," they observed. "So we see great potential for bridging this gap, bringing in high-level advisory and portfolio management, offering a global desk and perspective, being kind of the think tank for our clients."

"We are more client-centric rather than product or producer centric," this expert added. "And we are offering high-end clients a more global experience in many ways. To help the market here develop, we must improve standards, we must be more client-focused, we must have greater expertise, we must find people who believe in the relationship so the characteristics of the RMs must improve, that is very important. We must also emphasise and expand our external relationships with the global wealth management community for the benefit of our clients."

The same expert observed that the regulator in Indonesia has been more proactive in encouraging wealth management and financial advisory, for example, helping boost the number and expertise of external asset managers.

KENNETH HO
Carret Private Capital

The final word went to a panellist who reiterated the need for higher education and standards. "The financial needs analysis is essential," he said, "whether the agents, the bancassurance advisors, the wealth managers are doing that. The financial literacy of the client needs to improve, and advisers need to obtain a deeper sense of his needs and then how a financial product can help him achieve his goals. I believe that there is a huge effort every player in the industry has to make to get this right." ■

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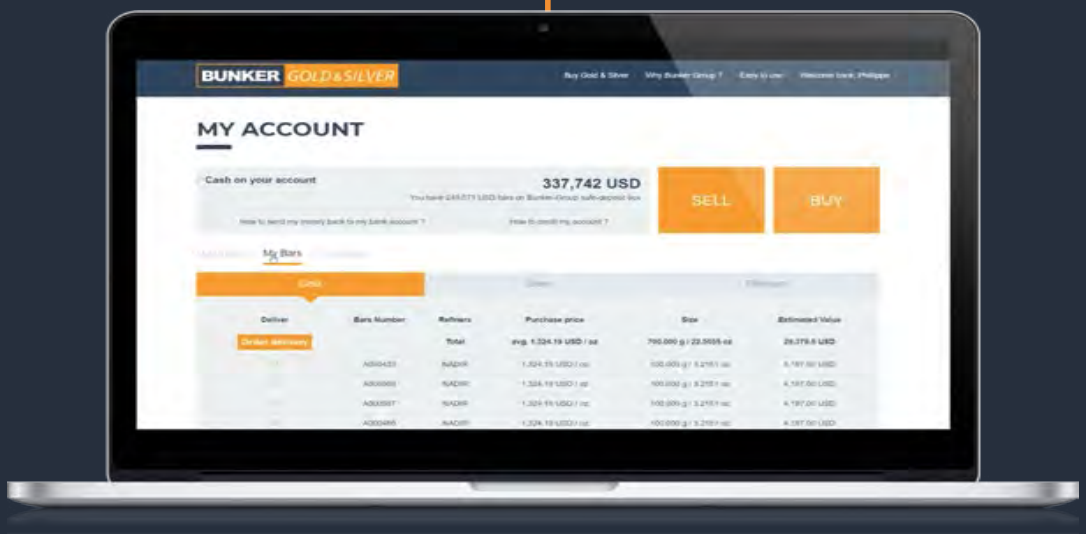

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Platforms & Technology
Digital Transformation for Wealth Management

A panel of technology and FinTech experts, as well as wealth management users/clients, discussed the need for Indonesia's wealth management firms to embrace digitalisation. They cast their eye over the challenges to be faced and gave some invaluable insights on how wealth management firms can enhance their digital platforms and systems to be both more competitive and more responsive to the needs and expectations of clients.

These were the topics discussed:

- *What are all the component parts you need to build a sustainable and profitable wealth management business?*
- *What is the Blockchain? How will it affect this industry?*
- *What is cryptocurrency and is there an investment trend?*
- *How do we safeguard digital assets like the security we get with traditional investment in shares and bonds?*
- *What digital expectations do clients have?*
- *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?*
- *What does the platform of tomorrow look like?*
- *Are traditional banks attractive enough for the new wealth creators and next generation of customers?*
- *Revenue margins per clients will decline in the future. Is digital a way to stop revenue erosion and are banks effective at monetising new digital services?*
- *What is the future role of the RM when banks get digital?*

PANEL SPEAKERS

- **Dominic Gamble,** Head of Asia Pacific, Wealth Dynamix
- **Ivan Jaya,** Head of Wealth Management & Retail Digital Business, Commonwealth Bank
- **El Lee,** Co-Founder and Chief Operating Officer, Onchain Custodian
- **Mark Buesser,** Chief Executive Officer, IMTF
- **Reto Wolf,** Head of Product, Asia Pacific Additiv

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THE KEY TAKEAWAYS

The drive for personalisation

The wealth management customer wants everything to be much faster, and they want more personalised and seamless communication.

Regulatory requirements

The proliferation of regulations means a vast amount of internal and external rules for banks and other providers, so smart RegTech solutions are the only way, realistically, to manage the scale and complexity of these issues.

Cryptos - a puzzle that must be solved

Cryptocurrencies such as Bitcoin are, one expert opined, here to say. The blockchain that enables Bitcoin, for example, as well as e-assets and tokenisation will be increasingly used in a variety of financial services areas, so people should embrace this technology or risk losing out.

The art of being Appy

In countries such as Indonesia with its huge and growing population, low wealth management penetration - less than 0.7% - and rapidly rising private wealth, the smart use of apps for all generations, especially the younger ones, will put incumbent banks and financial institutions in the optimal position to leverage their business models.

Enhance what you offer

Banks are thinking not about digital disruption, but digital enhancement of the wealth management firm's relationship with the customers, staying true to their business models, dramatically improving the client experience.

Believe in the model

Panellists debunked the thesis that in markets such as Indonesia, FinTechs and Challenger Banks would rise and conquer. Instead, they advised the incumbent institutions, which have accumulated their client bases, to employ smart technologies and digitalisation to boost their proposition, while sticking to their core beliefs and protocols of human advice but enhanced by digital.

Seeking scale through transparency

Banks in Indonesia have the scale, so the use of technology to help achieve a better customer experience and facilitate greater transparency should be keenly pursued.

Here come the micro apps

Micro apps are increasingly seen as enhancements to the apps in existence, allowing a boosting of the proposition and also even partnerships with other types of businesses to enhance client penetration of the customer experience.

EL LEE
Onchain Custodian

"TWO KEY ELEMENTS DRIVE THIS INDUSTRY," AN EXPERT BEGAN. "The customer wants everything to be much faster and in time, and they want personalised communication. Then there is the complexity of all the regulations, which are making relationship manager's life very difficult because as we know it is almost impossible to know all these things by heart. To address these two key needs, you need technology, a platform which connects everything, your different silos must communicate with each other, and with your customers and your employees."

"Our particular value proposition," he continued, "is actually a platform really can link up all these elements, it offers other services as well and is integrating your existing tools. And the platform can help manage the rules; imagine how many rules there are for a global private bank which may have 20 booking locations and perhaps 50 advisory locations. Well, the answer is far more than ten thousand, so technology is, of course, essential, to have a system of managing the complexity of these rules concerning AML and KYC, concerning suitability, concerning cross-border issues, and for this we have a RegTech platform which is working in more than 200 banks globally between London and Hong Kong."

The discussion turned to digital asset custody. The younger generations, an expert reported, are increasingly used to e-tokens, and digital assets and

MARK BUESSER
IMTF

RETO WOLF
Additiv

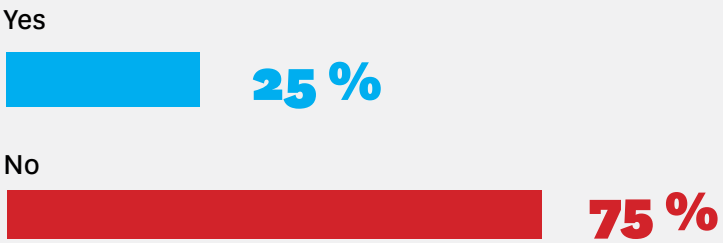
this area of expertise should be incorporated into wealth management offerings, to be competitive."

As for blockchain, which is essentially a decentralised ledger technology that is a peer to peer network where blocks of data are stored online on computers, this is also rising in prominence as a technology for recording transactions. It also supports Bitcoin. This expert offered some data, noting that by the end of 2018, there were an estimated 7.4 billion people in the world, and 4.3 billion internet users, while Bitcoin will max out at 21 million. "The question then," he said, "is whether you actually believe in Bitcoin and the use of blockchain. Well, it is here to stay in my opinion because you can see it has already been deployed across various industries. Blockchain is just not a fad or something that will pass over time. So, if you don't invest in it today or invest time in understanding how it works, I think you are going to be trouble in 5-10 years' time. You must understand how to invest in it, and then how to keep it safe through sophisticated digital custody."

Another guest pointed to the development of integrated wealth management apps, noting that these are already rolling out in Indonesia. "We understand that the trend is shifting right now from the demographic point of view, we understand that currently the baby boomers now, I think millennials and generation X are the largest contributors in terms of the number of investors in Indonesia. In the past two years we are seeing

DOMINIC GAMBLE
Wealth Dynamix

WOULD YOU TRUST THE BULK OF YOUR MONEY WITH A NEW CHALLENGER WEALTH MANAGEMENT PLATFORM?



Source: Indonesian Wealth Management Forum 2019

a surge in the number of domestic investors and 60% of that is actually from millennials. We don't think about digital disruption, we believe in enhancing the wealth management relationship with the customers, staying true to our business model, differentiating ourselves through our delivery through the app, that we as a bank worked with a leading provider to build. You will see a lot of banks in Indonesia that will copy by creating their own wealth management app. For us, we are trying to give a 'Bloomberg with Facebook' type experience to our wealth management clients, putting ourselves in the driving seat in managing their wealth, because the millennials are the emerging affluent."

Another panellist talked about onboarding, noting that in many countries in the region, there is still the general regulatory protocol of protecting the incumbent financial institutions from Challenger Banks and others. "For example, in Singapore, they don't want to suddenly allow all of the Challenger Banks to open to cannibalise some of the core banking that Singapore is famous for."

He also urged delegates to realise that robo-advisers are good at raising money, but not yet any good at making business and money. "Even the most successful robos in America, no one is making money, no one is close to being profitable, and it is a quite considerable punt on the future that the consumers of financial services will want to self-serve. So, I am extremely cautious when it comes to the FinTech revolution regarding how quickly it is going to happen in the mass affluent, and high net worth space in particular."

"I think the type of bank wealth management app we just heard about is the way forward," he continued. "I also absolutely think that the relationship manager style of approach is here to stay for the foreseeable future, not just for the older generation but also for the next generation coming through, possibly the generation after. They want to do lots of things themselves online, but for the foreseeable future they also want to talk to somebody about some more details or personal matters."

The key question, he then extrapolated, is then what tools does the relationship manager have to be able to have that intelligent conversation. "Because," he explained, "as the private banking and wealth

IVAN JAYA
Commonwealth Bank

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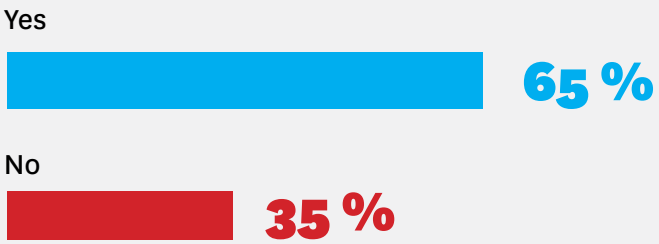

Source: Indonesian Wealth Management Forum 2019

management industries grow - here Indonesia is a fantastic case study for this over the next 10 years - where are you going to find the wealth managers from? Where are you going to hire these people from? The pool of talent simply is not there today, nor in Singapore either and you could argue even in the mature markets of Switzerland and London, for example, it is very tight as well. So, you have to have the technology to help and empower these people. That for me is sort of the two-track approach of frontend apps coming to the market, but also many more useful tech tools inside of the business to enable relationship managers to have successful conversations and better client relationships too."

Another guest observed that FinTech offerings should not be feared, he said they are not changing the world. "I fully agree with what was just said," he stated, "and in fact in Central Europe, 95% of all the FinTech providers have disappeared. For me, some of the technology is interesting, but it is more interesting if you can integrate that into a platform which can also integrate all the risk and gives the power to relationship managers, which then gives power to your customer, because they can communicate easier with you, for example through the app we just hear about. More information, greater ease means more ease of transactions."

Another expert also said he was in agreement with this thesis. "The power is with the incumbent institutions," he reported. "We read in some media about how the industry is going to be decimated, but it is you incumbents here from established institutions that have the clients, and the hardest thing for these start-ups is acquiring new clients, the cost is astronomically high, but you have the clients. Now, clients may have complaints, but if you yourselves correctly galvanise the technology revolution then I think you have an unassailable position."

A panellist observed that the search for profits is also about the need for scale. "We know that here in Indonesia the population is very big, but the penetration of wealth management is very low, roughly 0.7% from the total population, whereas it is over 11% in Thailand already. To build scale, transparency of fees is essential, we believe, as well as offering value-added to the client base, for example using technology to help with goals-based investing. And other ways of monetising our businesses in the future by offering new products and services."

The final word went to a guest who highlighted the trend for micro apps, with apps incorporating add-on micro apps to rapidly and easily boost their value proposition. "By just onboarding some of these valuable micro apps that are in the market, or creating them, you can add value, access new customers, join up in strategic partnerships, for example a bank with a telco, all integrated in your offering to create an extremely powerful tool for accessing new pockets of customers and demand." ■

"GOLD IS MONEY, EVERYTHING ELSE IS CREDIT."

- J. P. Morgan, 1912

The Drive to Boost the Onshore Investment Proposition in Indonesia

Four leading local and regional wealth management experts assembled to debate how the Indonesian market can boost its onshore proposition. After the tax amnesty and with Indonesia clearly wanting to retain as much money as possible onshore, the opportunities are increasing for local advisers and wealth solutions providers. But will the regulators move at the pace required tom liberalise domestic markets? Will the onshore providers be able to go it alone? Or will they need to partner with offshore private banks and other experts?

These were the topics discussed:

- *What are the opportunities and challenges for Indonesia's asset management industry?*
- *For years there have been discussions about opening international investments to Indonesia for distribution onshore, but will it ever happen?*
- *Tax amnesty money (with lock up period expiring) - do we assume that will head back offshore?*
- *What developments are we seeing in treasury and structured products like FX, bonds, dual currency investments etc?*
- *The domestic capital markets are relatively thin - what can be done to improve them?*
- *In Asia - how do 'funds' and 'investment products' get effectively distributed to clients? Why can't we do this in Indonesia?*
- *Has performance in the local market been lacklustre?*
- *Why are deposits still so popular?*
- *What must the regulator do? Why don't they do it?*
- *Any interest in ETFs? And interest in ESG?*

PANEL SPEAKERS

- **Antony Dirga**, President Director, Trimegah Asset Management
- **Keng Swee Koh**, Executive Director - Head of Investment Product and Advisory, DBS Bank
- **Ogar Renaldi Widjaja**, Passive Sales, Head of South East Asia and Intermediaries, DWS
- **Handry Mulyo**, Managing Partner, Kolega Capital

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THE KEY TAKEAWAYS

Indonesia follows broader ASEAN trends

Asia-wide there is a rush to boost the onshore wealth management proposition. And this is being done across all segments, from retail to mass affluent to HNWIs and the ultra-wealthy.

Repatriation of money must not be reversed

The government's tax amnesty has resulted in the repatriation of around 146 trillion Rupiah, according to one panellist. The mission now is to keep that money at home, especially in light of the country's growing infrastructure spending and current account deficit.

Regulators must encourage the industry

Growth at home should be faster in terms of the product suite and expertise on offer. However, the regulator could be more proactive, especially improving segmentation between offerings for HNWIs and the mass market to permit the speedier release of new financial solutions to the top echelons of wealth and then down over time to the mass affluent and then retail markets.

Some commendable progress, for example insurance

There are clear pockets of progress, for example, insurance companies in Indonesia are at least now able to invest offshore as to 20% of their assets, they can also launch unit-linked products that invest 100% offshore and distribute that to retail clients as long as it doesn't breach that 20% cap. Within the mutual fund industry, Sharia funds are able to invest 100% in offshore assets, although that liberalisation has not yet flowed to the conventional fund segment.

And progress is happening

An expert highlighted the growing number of SID numbers, representing the single investor IDs required in order to permit an individual to buy and trade financial instruments, such as stocks, bonds, or buying mutual funds. The SID data is, therefore, a leading indicator of coming growth.

Corporate bonds - liberalisation gradually taking place

A guest pointed to the regulator's move earlier this year on corporate bonds, allowing banks to distribute them, while previously it was only the securities firms.

Look across the region, and learn

Indonesia can work more closely with ASEAN counterparts to learn more of the development of a robust wealth management market, especially with eyes on the generations who will be holding the wealth in the next five to 30 years.

"I SEE SIMILARITIES HERE WITH THE OTHER DEVELOPING MARKETS OF THE REGION," SAID ONE GUEST, ON OPENING THE DISCUSSION. "Everyone wants a very liberalised, open industry, and everyone wants to sell fancy products. For us, we look across the full spectrum of wealth, from people with USD1 million to those with USD50 million or more to invest." And he said the bank is developing a full suite of products to cater to all these different segments, explaining that careful segregation is required to offer the right products to the right investors, with some products ringfenced only for a very selective group of clients.

Another guest explained that the tax amnesty has resulted in the repatriation of around 146 trillion Rupiah, and the feedback thus far is that the clients have targets for the money, in other words investments in mind locally in Indonesia. "Some has been moving into the market, in government bonds and other investments," he reported, "but most is being reinvested in their own companies in the forms of loans and so forth. Our clients have told us that they plan to keep the money here."

He referred then to concerns over the country's ongoing current account deficits, which are expected to remain troublesome for some time. "Until we actually solve that the country will always be worried about managing the volatility of the Rupiah, as my fellow panellist mentioned."

Another expert said his wish list starts with

HANDRY MULYO
Kolega Capital

KOH KENG SWEE
DBS Bank

the hope that the industry grows a bit faster. "For example," he observed, "the regulator can be more receptive, talent could improve, segmentation between offerings for HNWIs and the mass market should be better, product availability needs to be greater, and the industry must work better together."

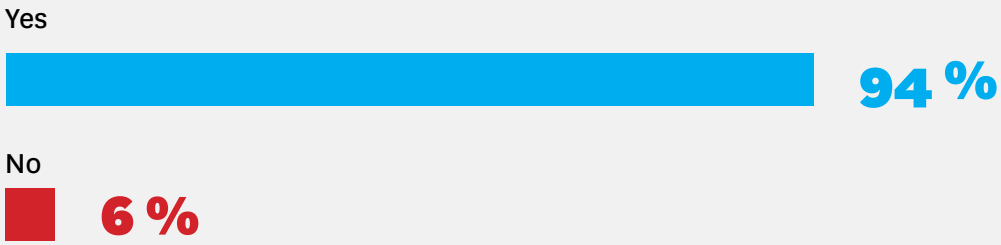
"There is some reasonable progress," came another voice. "The insurance companies in Indonesia are at least now able to invest offshore as to 20% of their assets. They can also launch unit-linked products that invest 100% offshore and distribute that to retail clients, as long as it doesn't breach that 20% cap."

"Within the mutual fund industry," he added, "Sharia funds are able to invest 100% in offshore assets, this changed some three years ago, although we are all waiting for the traditional funds to be able to do that as well. I would like to see offshore exposure opened up through ETFs, and if the major institutional clients and pension funds keep pouring money to the local domestic market, which is not so deep, that will cause problems. There needs to be more product locally, partly also to keep money onshore, or it will go offshore again."

"We understand the regulator will help improve segmentation of the clients," said another guest, "and actually depending on certain segment of clients, for example, HNWIs, they will make it easier for smaller funds to open up and bring in more flexible products. The overall wealth industry

OGAR RENALDI WIDJAJA
DWS

WOULD YOU LIKE TO SEE MORE PRODUCT DIVERSITY IN INDONESIA?



Source: Indonesian Wealth Management Forum 2019

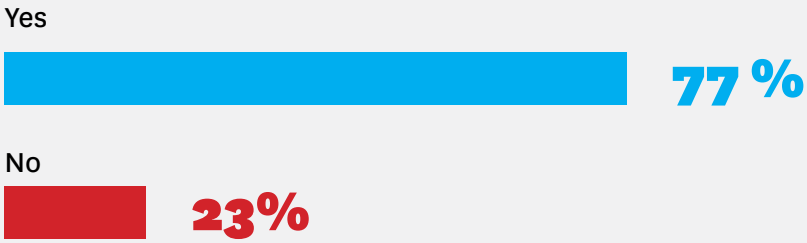
here has in fact been growing about 20% per year, which is not bad, and the market now has roughly a 3.5% AUM penetration, as a percentage of GDP, which is in line with where China was about seven years ago, so we are on track. Of course, we tend to be impatient about where we want to go, from here, but the SID number, the single investor IDs, has been hovering around between 300,000 to 400,000 a year in a country of 270 million people, low but it has in fact grown five-fold in the last four years to roughly 2 million; it is important as a data point, because you need a SID to actually trade stocks, bonds or buy mutual funds. The SID data is therefore a leading indicator of coming growth."

Another guest highlighted the regulator's move earlier this year on corporate bonds, allowing banks to distribute, while previously it was only the securities firms. "This is a positive move for opening up the market here, especially since the bond industry is growing so rapidly here, as corporate bond liberalisation is a natural step."

The final comment went to an expert who said that from his perspective, the key protagonists, the product generators need to look across to glean lessons from the neighbouring ASEAN countries and share more information and insights. "Wealth is moving from the first to the second and third generations, and many of those have a more global mindset, and that is another reason the regulatory environment here must advance; they have to open up the market, in order to allow more offshore exposure onshore. At the same time, the authorities have to protect the individuals here who are not as educated or sophisticated. ■

ANTONY DIRGA
Trimegah Asset Management

WOULD YOU LIKE TO BE ABLE TO ACCESS MORE INTERNATIONAL FUNDS?



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The Second and Third generations Await in Indonesia's Wealth Management Market

The wealth management industry must develop its proposition and communication methodologies to gain maximum traction with the second and third generations of wealth in the country, especially as these individuals are more worldly and well educated. The regulator will also want to ensure that as much of this immense and rapidly growing wealth remains onshore, and more returns to the country, so must also adapt proactively.

These were the topics discussed:

- *What challenges do wealthy families have and how is that changing?*
- *Are we ready for the intergenerational wealth transfer?*
- *How can we make the most of the opportunity that Wealth Planning and Structuring represents to us?*
- *How are the insurance products and solutions offered developing?*
- *What is the value proposition of insurance?*
- *Whats the level of interest and demand from your clients in using insurance products and solutions?*
- *When you consider all the options - UL VUL PPLI ect - what most relevant today? For you? Your clients?*
- *Curating the right solution for clients - what's thrown in the mix today?*
- *How do you maximise partnership with the right specialists?*
- *What specific trends are we seeing from Indonesian clients?*
- *Tax and transparency - problem or opportunity?*

PANEL SPEAKERS

- **Marcus Hinkley**, Head of Private Client Services - Asia, Hawksford
- **Max Ezerins**, Legal Consultant, Sovereign
- **Thomas von Rueti**, Chief Commercial Officer, Singlife
- **El Lee**, Co-Founder and Chief Operating Officer, Onchain Custodian
- **Irene Lee**, Director - Head of Business Development, Alpadis

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THE KEY TAKEAWAYS

Addressing the generational disconnect

There is all too often a major 'disconnect' between the founder or parent generations and the second and third generations. Wealth management experts must be aware of these gaps and address them as openly as possible.

Structures for preservation first

Wealthy clients too often look at structures for tax mitigation, rather than wealth protection and preservation. Paying a fair amount of tax will not erase wealth, but not having the right structures in place and the right family organisation and governance and constitutions will potentially wipe out family wealth.

Multi-generational buy-in required

People are living longer, and it is essential to organise succession planning for the family assets and businesses well in advance of the 11th hour. Effective estate planning requires buy-in from all the key family members across the generations.

The differences are significant

The second and third generations might be tending to be less ostentatious about their wealth. Private bankers need to understand what drives these generations and therefore adapt their products, services and approaches to suit those.

Being proactive

Wealth advisers need to understand their clients as well as possible in order to offer proper advice on protection of the client wealth, not just from relationship problems, but also in the event of lawsuits relating to their businesses, or other factors. Plan early, and plan well was the advice from one expert.

Leverage your capabilities

Wealth management firms should work closely with external experts, such as trust experts, lawyers or accountants, to boost their and the clients' proposition.

Governance protocols and family constitutions strongly advised

Without an appropriate family structure and governance, there is less likelihood of preserving wealth from generation to generation.

Insurance offers part of the solution

Insurance structures can often be well employed as part of smart succession planning, but they are instruments, not the solution in itself. Liquidity in the event of someone's death is vital, but this should be part of a sensibly organised and executed plan.

MAX EZERINS
Sovereign

THE DISCUSSION OPENED WITH A PANELLIST REMARKING THAT WHAT HE SEES MOST OFTEN AS AN ADVISER TO WEALTHY PEOPLE IS THE DISCONNECT BETWEEN THE GENERATION, sometimes with the founders, the holders of the wealth adopting a very inflexible view on their wealth transmission and the conditions attached. The flip side being the next generations often do not buy into the older generations' views, which are rather prescriptive. This makes it tough when advising and drafting trust and other documents for the first generation. But drafting for the second or younger generations means drafting with a more flexible perspective.

This expert cited an example of an Indonesian client who decided to take alternative citizenship in St. Kitts in the Caribbean, and then moved to Hong Kong. "He is a classic second gen," he noted, "his parents having made a lot of money here in Indonesia in business, but this individual did not want to take them over." Accordingly, this expert and his firm worked with this person to help structure his affairs on a global basis, help him with his own succession planning and advised and helped on key areas such as estate planning, tax planning and so forth.

"This is a typical type of story out here in Asia," he noted, "with very interesting clients who may be domiciled to one country, living in another country, assets around the globe and children and other family members around the world."

EL LEE
Onchain Custodian

MARCUS HINKLEY
Hawksford

Another expert highlighted how, for the typical global client they deal with, tax is the first issue to address, resulting in the key structures to be designed and created. "But it is often important to take clients away from that topic and talk about things like succession because sometimes it is easier to lose wealth through family discord, relationship crises, business problems and so forth. It is therefore important to consider multi-generational buy-in through the use of things like family charters, or family constitutions. Moreover, people are living longer, but it is not good for people to be taking over their family affairs at 60 or 65, so leaving tax aside, the family needs buy-in and structures in place earlier on."

Another guest noted that the second and third generations are less ostentatious about their wealth, something that private bankers need to be aware of. He cited the example of the founders who might want a giant yacht and huge parties, while the younger generations prefer more intimate settings and gatherings. "Bankers and advisers need to realise this and understand what drive these generations to continue to bank with them," he commented. "It is not so much about making them money, really, they are usually so rich, but they need your assurance and your validation." And to enable this, they need to be connected digitally, to embrace connectivity via new technologies.

Another guest reported that one of their clients wanted advice recently on moving cryptocurrency assets seamlessly to their offspring in the event of the deaths of either the founder, or the wife, or both.

"We are all fearful of certain things," came another voice. "Death, taxes, and the dissolution of relationships. Wealth advisers need to offer proper advice on protection of the client wealth, not just from relationship problems, but also in the event of lawsuits relating to their businesses, or other factors. So, it is very important as wealth advisors for us to actually speak with our clients, understand their needs correctly and then come to some measure of control as to what we can do to help them continue protecting, managing and growing their wealth, not just for themselves but also for the successive generations."

The same expert strongly recommended that families plan fast, plan quick, plan well. "Most clients want to do what's best for themselves and for their family. If they don't want to succeed the family their family businesses, then hire professional managers who can help them to do that. They can still continue doing what they want but they need to have in place a proper structure, proper planning, proper advice to enable them to do what they want to do. In short, don't wait, plan and act early.

IRENE LEE
Alpadis

Another guest pointed back to the importance of bringing good tax advisers into the equation. "We've had an example earlier this year where we were engaged by an individual who had a complex structure that had been set up over many years, a very successful business in Thailand, and he engaged us to sort out the structure or at least execute on a new structure so that investment could come into that business; we introduced that client to two tax advisers who we deemed would be excellent advisors. They provided very good

advice to the client for no charge at that stage, but provided some solutions that would be available that would ameliorate tax and we took the client from another adviser who took a different approach. And the client later engaged the second expert to provide the tax advice. That all really solidified our relationship with the client and added value as well."

A panellist focused on family governance, noting that without an appropriate family structure and governance, there is less likelihood of preserving wealth from generation to generation.

Turing to insurance, a guest highlighted the importance of insurance structures in succession planning. "But it is an instrument," he said, "it is not the solution in itself, it's part of the solution. The good thing is insurance is generally a relatively simple structure which generates enough liquidity to facilitate a succession plan, but it is not the succession plan itself, that needs to be handled separately."

The same expert added further insight and detail on universal life structures, and variable universal life, noting that the main difference between the two products is the investment component.

"Each of the insurance products used here comprises a protection element, which is what the insurer will pay if that person passes away, and an investment element, which is the amount we accumulate over a period of time," he explained.

THOMAS VON RUETI
Singlife

"In the traditional universal life, the insurer will give you certain guarantees that they will pay you a certain interest every year plus illustrated interest but there is a reasonable level of certainty, but of course the price and the guarantee cost money. The variable one is the whole investment risk and opportunity is with the client. So, the client basically combines an investment account with death coverage in one solution." ■

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Building the Investment Capability and Refining the Wealth Management Proposition

The pace of evolution of Indonesia's wealth management offerings is lagging behind the rest of the leading Southeast Asian countries, especially Malaysia and Thailand. How can the market improve? During the final panel discussion of the Hubbis Indonesia Wealth Management Forum, a team of experts ranged over the many areas in which the market can raise standards, enhance the range of products and services, boost expertise and enhance the customer experience.

These were the topics discussed:

- *What product knowledge and skills do you need?*
- *What 'BAD' practices from other markets must we avoid?*
- *How can learning and professional development help you add value and differentiate your offering?*
- *Why is improving skills so important?*
- *Trusted adviser - what does that even mean?*
- *What are the client's needs?*
- *Growing your AUM - client retention, existing client referrals and prospecting.*

PANEL SPEAKERS

- **Simon Lints,** Chief Executive Officer, Singapore, Schroders Wealth Management
- **Richard Piliero,** Regional Executive, Finaport

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THE KEY TAKEAWAYS

Define our focus in order to achieve success

Some of the major banks appear to currently define success in terms of assets under management, while others appear to focus more on bottom-line profitability and having fewer but more satisfied clients. An expert advised the latter route as the optimal way to achieve success for most players in this industry.

Build and sustain relationships

Wealth management professionals worth their salt thrive on client contact, so digital technologies are required to help the RMs work closely with their clients, to help regulatory issues to be solved and to enhance their capabilities and offerings.

Build your franchise, don't expect it

The panel members advised some of the younger participants in this industry to build their expertise and their client bases, and said they should not expect high financial rewards unless they build a sustainable business. Be professional, humble, empathetic, and do not take shortcuts was one noteworthy piece of advice.

Be compliant

There are no short-cuts in the world of regulation, so professionals must be aware that they must focus on these areas as a key part of their jobs. It is not only about revenue generation; it is about the adoption and the preservation of integrity for the wealth firm and the clients.

Know your value and your values

RMs should understand their value and their values should be aligned to the firms they hope to join.

Innovation required

The industry must work with the regulators to help encourage a greater diversity of products and services, as well as expertise.

See the business as a calling, not as simply a means to an end

Highly successful industry professionals see private banking and wealth management as more of a profession than simply just a job. The calling is to help clients build and preserve wealth, and the enjoyment is in the service as much as the rewards, which will then surely follow.

SIMON LINTS
Schroders Wealth Management

"THE BIG QUESTION SHOULD BE TO DEFINE SUCCESS AT THE END OF THE DAY," a panellist began. "The big banks define that in terms of assets under management, but some of the other, more niche players like us are focussing more on bottom-line profitability and having fewer but very happy clients, rather than so many clients. The major banks have been pushing products, in my view and experience; pushing for revenues, potentially to the detriment of the underlying client. But I and we are more relationship-focused, centring on building the long-term relationships with those clients, making a long-term commitment. And we believe good RMs thrive on client contact, face to face, understanding people, working with them. But in reality, there is so much regulation and compliance today that the RM's time and their satisfaction is reduced."

"Ultimately," a guest added, "our jobs are built on integrity, and you have to be trusted by your client. You have to trust them to open up. I think integrity, honesty, are absolutely paramount. We need to be humble in approaching HNW and ultra-wealthy clients, but we must not be jealous of their achievements; we must take the positives from other people's success. We do see a level of entitlement perhaps amongst younger people coming up through the ranks in this industry, but that is to be avoided. People who are going

RICHARD PILIERO
Finaport

to be successful in this business need to gain the experience, to be professional, humble, empathetic. There are absolutely no shortcuts."

Another opined that there are, however, numerous problems for RMs these days, especially around compliance. "RMs actually have a lot to contend with, in terms of regulations as well as competition, the embracing of technology, pressure from KPIs and so forth. So the younger RMs need expertise and need to learn all these areas. It is tough, actually, so we should not be too harsh on them."

"Over the years in Singapore," came another voice, "I have hired over a hundred bankers out of about 500 candidates. We always looked for the values the banker would represent and adhere to. Many of the bankers that we did not take were exceptional, but we did not see them allying their values with us and the clients; they perhaps wanted too much for themselves, too fast. Some were not so interested in the learning environment. We wanted to train people with the right selling skills because we wanted to really have a client that was sticky and would stay with us."

The panel agreed that while there is progress, there is not sufficient momentum, both in the areas of product diversification and customer access. There is notably less innovation coming from the players and the regulators in terms of financial instruments and investment products available in the wealth management sector than in peer-group ASEAN nations, such as Thailand.

The panel noted that Indonesia's poor current accounting situation, the weak Rupiah, as well as fiscal deficits, are holding back the market, as the regulators seem more intent on introducing taxes on financial instruments than boosting liberalisation.

Nevertheless, the local fund industry has grown apace in the past few years, especially in the area of Sharia funds being able to invest offshore. Opening the market for greater flexibility amongst the conventional funds to invest offshore and to allow more flexibility for the local players to partner with foreign managers will be positive and very welcome steps, but those are not yet on the horizon.

Technology can help better serve existing customers and also reach out to new customers, which is particularly tricky in a country as vast as Indonesia, spanning across thousands of islands and thousands of miles north to south, and east to west.

The final word was to look at private banking and wealth management as a profession, not just as a job. "We are in a profession where we are helping people manage their wealth, looking after their financial health and longevity," he said. "I have learned that from many years in this industry, including a seminal stint in Geneva, and it has stood me in very good stead." ■

Private Banking in Asia at a Crossroads

Wong Kok Hoe, Director, New Markets at Swiss boutique private bank Bordier & Cie, gave a fascinating insight to delegates at our Indonesia event into how boutique private banks are adapting to the demand of the market at present and anticipating the world of the future in which they will continue their growth trajectory. Bordier & Cie, which has been expanding its reach and proposition in Asia, believes that strategic partnerships with regional financial institutions are the right way forward.

THE BOUTIQUE YET INCREASINGLY GLOBAL, FAMILY-OWNED SWISS PRIVATE BANK BORDIER & CIE., is evidently a firm believer in the future of onshore wealth management in Asia. A central platform of the expansion plan in the region is the building of strategic cooperation with leading regional financial institutions in Asia to help them start, or further develop their private banking propositions.

Given the fast economic growth and the rapid expansion of private wealth in the region, the bank is convinced there will be a growing need for high level and specialised private banking services.

"We know for certain the world of private banking is changing, and we are at a crossroads," Wong shared with the audience. "It is therefore essential for us to adapt to the ever-evolving landscape, so transformation and reinvention are necessary for overcoming challenges and seizing the many opportunities out there."

"We began our Asia expansion in earnest in 2011, seeing Asia as a very key market for the bank. Managed and owned by the family's fifth generation now, and although small, we are growing our presence in Asia slowly but surely."

"In this region, we are at a crossroads, and we are therefore looking at growing our business and staying competitive. As mentioned, compliance is a major factor for this business in Asia, and cultural differences are significant when compared with Europe, so we are in tune with those differences, and working hard on our model to differentiate ourselves."

WONG KOK HOE
Bordier & Cie

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He explained that the bank has created what it calls a 'Bordier Matrix'. "We, for example, look at the traditional approach to risk and return, he added, "and layer that with the different clients' investment needs and then tailor investments directly to those needs and expectations."

Wong explained how the bank is focusing intently on the next generation, understanding who they are, how they have been educated, and what their expectations are. "We understand that the culture of the bank, the structure, as well as the positioning and the offerings must suit the market as it is developing in the high net worth segment."

"This approach has been rather successful for us here in Asia," he added. "And with this type of innovation, we are seeing a lot of opportunity for the bank both here in Indonesia and more broadly in Asia."

He then moved on to the bank's strategic cooperation strategy and rationale. Essentially, Bordier & Cie has adopted a model of working in strategic cooperation with regional banks and financial institutions to help them start or enhance their private banking operations.

Wong elaborated that the strategic cooperation route is ideal for the bank, as it is too small to compete with the larger players, but ideally suited to support the expansion into wealth management of local banks and institutions in the region.

"We bring credibility, experience, and expertise," he said. "We aim to achieve best-in-class wealth management capabilities, so the bank capitalises on our own expertise and resources to help identify key areas needed to shape the value proposition for these banks and partners."

He observed that before venturing full-on into private banking, the regional banks must first decide why and how they want to move into this business segment. The answer, he said, has mostly been determined by the immense private wealth expansion in Asia, and the fact that a large portion of private wealth today is not yet under professional management.

Moreover, the intergenerational wealth shifts he had earlier mentioned are creating seismic changes in the region, thereby opening further avenues of opportunity. Assuming the decision of the regional financial institution to move into private banking is a 'yes', the next question is whether to develop this model organically or through partnerships.

"The reality is that to build a private bank on your own takes many years," he observed, "whereas partnering will increase their efficiency and their focus, and will certainly help banks get into the market much faster than they could on their own."

The other question for these regional financial institutions, once they have decided partnering is the optimal route, is whether to opt for a big bank or a boutique bank that is perhaps more agile and adept at offering new solutions.

While there are clearly pros and cons of partnering with a smaller institution such as Bordier & Cie., the most obvious reason to choose a smaller private bank, Wong noted, rests in the virtual certainty that a boutique firm is not likely to end up as a local competitor.

"We are committed to the belief that any partnership should be very long term and mutually beneficial."

For example, the bank signed a Strategic Cooperation Agreement with MB Bank in Vietnam in October 2018. The Vietnamese bank obtained an accelerated private bank model, supported by all of Bordier & Cie's network and leveraging the bank's 175-year credibility.

"And for Bordier & Cie, the bank gains exposure to a very interesting, dynamic market in Vietnam with the possibility of new revenue streams," Wong said. "We are very receptive to similar relationships and open to discussions here in Indonesia and across the region." ■

Unmasking CLM and How it Can Help Drive Wealth Management Sales and Growth

Dominic Gamble, the Singapore-based head for Asia Pacific at FinTech Wealth Dynamix, spoke to Hubbis founder and CEO Michael Stanhope in a Head to Head Discussion at the Indonesia Wealth Management Forum. His mission was to alert the audience of the great benefits of smart technology tools available today that can make RMs more powerful. He explained how they can use data to understand clients better, and to boost their overall proposition, their firm's revenues and their own careers, while greatly enhancing the quality of their advice and the user experience.

What does Wealth Dynamix do, what do you offer?

Gamble: Wealth Dynamix is an established wealth management and asset management technology solutions company that originated in the UK. I run the Singapore operations, covering the Asia-Pacific region. We are client lifecycle management specialists, and we focus on all of the touchpoints that wealth and asset management firms have with their end-clients. We bring a technology solution integrated with one login that can help them solve all the CLM - Client Lifecycle Management - issues and challenges."

"From the very start of prospecting clients, we offer solutions to formalise and digitise the information that helps you capture, control and manage client data. Then there is the onboarding, and the account opening. As you capture more and more client data through the prospecting, as you then perform marketing campaigns through the prospecting, our solutions make on-boarding more efficient, faster and help avoid much of the duplication or re-writing that goes on. An integrated CLM protocol means that you only really have to enter data once and it's then captured throughout the process."

DOMINIC GAMBLE
Wealth Dynamix

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"Once all the onboarding is complete then all of the data from the account opening process drops into a management model, and that brings about the turbo-charged CRM - client relationship management - with 360-degree views of prospects and clients and dashboards and functionality for all the different roles and teams within the institution."

"Servicing the client is often seen as the boring part, and yet is often the most difficult part to make more efficient. Things such as handling the requests, for example if clients get divorced, or changes of names, addresses and so forth, all of these things that very often technology hasn't properly handled, again our solutions address all these key hurdles and concerns."

"And the final part, which is increasingly the flavour of the day, is addressing the areas of AI and machine learning. Here, it is all about engagement. So, our re-engagement model is all about understanding the client, building a relationship with the client and then tailoring campaigns, and product recommendations."

Can you offer the audience three key takeaways that you really think they should focus on when they leave here today?

Gamble: "The first message is that CRM is not a boring client record-keeping system anymore. The evolution of CLM is increasingly a holistic solution suite that enables you to understand clients and use that information to provide a better service. The second thing is about building client data trails; we need to understand that AI and machine learning can only be effective if you have effective CLM in place that captures and stores that data. Finally, it's about sales. All too often we are not really allowed to say that the industry should be 'selling' anymore, instead it's about holistic advice. Well, actually by using all of these tools around the CLM lifecycle, you can provide more tailored wealth management services and that will automatically enable you to sell more and to sell things that are better suited to your clients."

Will delivery be human-based or robo-based?

Gamble: "As you move up the wealth spectrum, and Indonesia is a great case study, the affluent still like, and for the foreseeable future we believe will continue to like, to be working with a real person. They like to self-serve, sure, they will trade and see their balance on their app, but they still want to engage with a relationship manager at some stage of the relationship. So, we firmly believe that what's called a bionic approach, where relationship managers are given tech tools that help them to, firstly understand clients better, and secondly provide clients with a more tailored service, is the way forward for the foreseeable future. To do any or all of that, they need to fully understand their clients. Without the right CLM approach that is very difficult." ■

Why Wealth Managers Need Effective Onboarding

Shane Meredith, Asia Director, FinTech & Wealth Advisory at Wealth Intelligence Contemi Solutions, told the audience at the Hubbis Indonesia Wealth Management Forum how effective digital client onboarding can be the key for wealth managers to reaching and servicing high net-worth individuals and the region's younger generations of clients who are inheriting and creating the next vast wave of private wealth.

INTRODUCING HIMSELF, MEREDITH EXPLAINED THAT THE CONTEMI GROUP HAS TWO MAIN PARTS TO ITS, the first being Insurance technology (InsureTech), and the second wealth management, specifically a multi-asset class, multi-currency wealth management platform that has a track record of over 25 years. He told delegates that Contemi has over 50 clients across 10 countries, is headquartered in Norway, has some 200 staff, of whom around 100 are developers, with Vietnam as one of the main development hubs.

Contemi, he reported, pointing to a slide presentation, has many big-name clients as well as smaller and regional firms in the wealth management world. The firm includes names such as Citi, UBS and Credit Suisse in its client list, as well as OCBC Bank, Nomura, Mirae Asset, JBWere and Macquarie in Asia Pacific. "This showcases the scalability of the product set," he said.

He told delegates his mission on the day was to talk about Onboarding, because, he said, the process as it is today is both slow and frustrating. "Onboarding can take up to 4-12 weeks," he reported, "this is known as a lost opportunity cost, as there is no revenue for that period. Some wealth managers are losing revenue opportunities because they don't really understand the importance of onboarding."

He also observed that onboarding done the wrong way will drive clients away. "Unfortunately," he advised, "many wealth managers make the mistake of turning the onboarding process over to administrative staff or worse a legacy platform. Most legacy platforms lose clients because onboarding processes are slow, cumbersome, complex, confusing, and frustrating. Forexample, some platforms will ask for the same data or paperwork repeatedly. It just creates a bad customer experience, like being asked for your address eight times throughout the paperwork process."

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SHANE MEREDITH
Contemi Solutions

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Under these circumstances, wealth managers lose the client before he or she is fully onboarded, Meredith reported. "Just one mistake in onboarding can and will drive a client away," he warned.

Onboarding in Asia

A good onboarding process is even more important for Asian wealth managers, Meredith maintains. "To explain," he said, "many emerging market clients are from new money; and often unfamiliar wealth management, and investment options. And even sophisticated clients will need extra help. Yet, it is often hard for wealth managers to know if a client needs help."

To make matters worse, younger clients have lived all their lives in a digital economy that often provides near instantaneous customer service. "Today's clients are used to placing orders instantly on platforms like Amazon or Alibaba, Meredith highlighted. "Therefore, an onboarding process that takes several weeks or month will definitely frustrate that client.

Something to remember, he noted, is that Chinese clients have been full participants in the digital economy for over a decade. Therefore, Chinese wealth management clients will require an onboarding process closer to WeChat Pay rather than a series of interviews or questionnaires.

"For example," he said, "what they want is an app that asks all the relevant questions once. The app only needs to ask questions so it can verify the client's identity through biometrics. Obviously, the easiest and most seamless method of verification will be fingerprint or facial recognition using the customer's phone.

Onboarding for Intergenerational Wealth Management

Intergenerational wealth transfer is moving 'old' money to 'new' money, for example, parents to children or parents to grandchildren and so forth. "In fact," he noted, "GlobalData estimates 20% of old money, meaning something like USD10 trillion, will be handed over in coming years."

He reported that GlobalData also estimates that one in four new HNWIs or holders of 'new' money will change wealth managers when they inherit the portfolio. "Thus," he advised, "new money is a great prospect for new business. I mean, who wants to stay with the same relationship manager as your parents? I suggest not a lot because they have different needs and goals to what their parents had. And as those younger clients inheriting this money live in the digital economy, they are most likely to be driven away by an outdated onboarding process."

Some Attributes of a Good Onboarding Process

Meredith then listed some attributes of an effective wealth management onboarding process. The process is simple and seamless. For example, the client only needs to enter information once. You must be able to centralise all client documentation. The client must have the ability to upload supporting evidence from their personal phone.

The process must be fast, in that a client receives a response to all inquiries within a few seconds or minutes. He also noted the response does not have to be an answer. "In fact," he explained, "an acknowledgement that somebody is working on the problem will usually suffice."

The wealth manager should receive an update on every step of the process. "Ideally," he noted, "the platform will inform the wealth manager of all problems. Thus, the manager will know of trouble the moment it starts." The process must comply with all laws and regulations, for example, Know Your Customer (KYC), Anti-Money Laundering (AML), tax reporting, privacy regulations, and others. This would be an automated service.

"And," Meredith added, "all managers and executives need to complete the onboarding process, to verify if it really works in practice."

The technology piece

"You need to utilise the latest technology such as biometric identification," Meredith reported. "the days of a wet signature in paper format to prove your identity are nearly gone. Also, incorporate technologies like artificial intelligence (AI), and robotic process automation (RPA) to process applications as quickly as possible, for example to check regulatory databases within seconds. Offer fast access via an app that gives the client full access to the wealth management platform - remember, today's client normally gets all the information he or she wants through via their phone 24 hours a day, seven days a week. To stay competitive, wealth managers must offer a similar capability."

Ideally, Meredith explained, the provider should have one team that will oversee onboarding for the entire organisation instead of different teams per asset class. The more automation the better because it will increase speed and efficiency and more importantly will reduce the number of errors significantly.

He highlighted a graph sourced to Group Futurista, noting that it shows that wealth managers have automated 40% of their onboarding process, but it also shows that the market has a long way to go in servicing and attracting new clients.

"All wealth managers need to monitor onboarding carefully and understand each aspect of the process," Meredith said, on drawing his talk to a close. "Effective onboarding can lead to good client experience that could attract more money. If you do not serve clients needs fully from the beginning, the clients will simply leave and take their money."

To summarize, Meredith said effective onboarding is the key to reaching and servicing high net-worth individuals and heirs to multigenerational wealth. "Therefore," he told delegates, "you owe to yourselves to explore the many new options for digital onboarding for wealth management and private banking." ■

Comarch – Championing Digital to Boost Both the UX and the Employee Experience

Krzysztof Maurer, Managing Director of IT solutions provider Comarch, is spearheading the firm's thrust into the wealth management and financial sectors in Asia. He told delegates at the Hubbis Indonesia Wealth Management Forum why well-honed digitalisation is more critical than ever to help improve the customer experience, but also stressed the importance of an enhanced employee experience, noting that their greater satisfaction is also a vital driver in the growth of businesses in the wealth management, or indeed any, sector.

MAURER BEGAN BY REPORTING THAT COMARCH IS A 25-YEAR PLUS, highly experienced provider of innovative IT solutions for many industries, including telecommunications, banking, airlines, resources and utilities.

Here come the new generations

Maurer began by contemplating the evolution of the customer base in wealth management. "The Millennials and Generation X are increasingly important participants in wealth management," he observed, "and we estimate that by the end of 2020 half of all the investible assets will be controlled by them. To address the needs of this specific group of clients, it is vital we understand their expectations."

He explained that these generations are highly focused on technology. He noted that Comarch, together with the European Financial Management Association (EFMA), had surveyed private banking executives globally and asked several questions regarding trends and challenges they saw in private banking and the top places were occupied by digitalisation and improving operational efficiency.

KRZYSZTOF MAURER
Comarch

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"There is no surprise that going digital was so high a priority at that time," he said, "and according to Ernst & Young, some 41% of clients were willing to change their financial services provider if the provider lacked the necessary skills and interface they expected."

"For example," he elucidated, "two-thirds use social media to check the profile of their professional advisers. HNWI millennials expect all the perks of modern technology and at least 40% of them remain actively looking for enhanced services. It is therefore essential that we all realise the importance for financial services providers of improving the customer experience through digitalisation. However, Maurer added that achieving a better employee experience is the number two priority, as it in turn drives productivity, sales and improves operational efficiency. But as I will clarify later, it is also vital to boost the employee experience, as that impacts productivity, sales, and efficiency."

The three elements of UX

With that he explained more of the customer experience from the user perspective. Customer experience, he commented, is the product of the interaction between an organisation and the customer and comprises three key components. The first element encompasses the various touchpoints such as website, the mobile app or any kind of communication, including person to person. The second is the customer journey, while the third element is the environment, which is the whole digital ecosystem where touchpoints and the digital journey are interconnected.

"In this third category," he noted, "accessibility, the advancement of technology, its adaptiveness, security and productivity all play important roles."

And three focal points for digitalisation

He turned his attention to the focal points for the digitalisation of wealth management. "We can surmise that the customer journey in wealth management can be divided into three stages - awareness, engagement and transaction. He explained that is just as vital to have top-class digital solutions and interface for every one of these three stages, not only for transactions but right from the start, as wealthy millennials greatly value seamless communication throughout.

"The most dynamic and competitive financial institutions in this wealth management space," he stated, "do not ignore any part of the customer journey in their quest for digitalisation. "For example, a couple of years ago everyone said robo-advisory would quickly replace traditional wealth management activity, but there have been many hindrances to this, and as yet only 3% of HNWIs indicate that they require robo-advisory for their selection of an adviser."

Enhanced employee experience also vital

He moved on to the importance of the employee experience and how it impacts their companies. "How many of you think about your employees as your first customers?" he asked rhetorically. "Nowadays, an estimated 90% of businesses compete primarily on the customer experience, but actually according to consultancy and research firm Gartner, developing the employee experience is just as vital."

He then referred to a report from Cognizant, which found that most facets of the touchpoints of employee experience will be automated in the future. "However," he added, "we see that even well into the foreseeable future there will be a place for the regular forms of contact with a traditional wealth management approach and this should satisfy millennials that will still prefer this high-touch protocol."

The Four Pillars of Digitalisation

Maurer concluded that to achieve the best results during digitalisation, firms need to define the optimal strategy. "This differs from firm to firm," he remarked, "but we see four major pillars as essential foundations of the best user and employee experiences."

With that, he highlighted the opti-channel pillar. This, he said, goes beyond multichannel and the omnichannel and involves communication through the optimal channels for each objective in order to be in the right place at the right time with the right delivery and interface.

The second pillar involves the automation of the activities of both the adviser and the customer. The third pillar revolves around personalisation and the understanding of and prediction of the users' needs and preferences and then adjusting the systems to address these needs effectively.

And the fourth pillar is the automation of repetitive tasks. "There are so many mundane tasks that can and should be replaced during digitalisation and both your employees and your customers will thank you for that, as they will both have more time for what's most important."

The result of this rigorous approach to user and employee experience, he said on closing his presentation, could, according to research from a 2017 report by Jacob Morgan titled The Employee Experience Advantage, result in profits as much as four times higher, revenues up to two times larger, and enhanced reputations for both innovation and satisfaction. ■

Intellect Design Arena Extols Extols the Virtues of its '2020 Advantage' Digital Solutions Suite

Nagaraj Prasadh, Country Head for Thailand at Intellect Design Arena, addressed the audience at the Hubbis Indonesia Wealth Management Forum to highlight how the firm's WealthQube gives the 2020 Advantage, describing how the digital product enhances the performance of relationship managers in the wealth management industry. He said it is possible to increase RM productivity by 20% and increase revenue by 20% at the same time, while managing the stringent regulatory requirements. All this is achieved through leveraging digitally enhanced outreach and contextualised experience, which results in actionable insights to direct the destiny of the business.

INTELLECT DESIGN ARENA LIMITED IS A GLOBAL LEADER IN FINANCIAL TECHNOLOGY FOR BANKING, Insurance and other Financial Services. With a rich suite of products across the organisation, Intellect Design Arena creates financial technologies that help banks lead businesses on the path to growth and success.

Intellect Design presents itself as an authority on vertical and integrated products that enable institutions to meet their ambition to be the principal service provider to their customers. The firm prides itself on its deep involvement in the wealth management segment. "Our key focus in that domain is on enhancing the skills and success of the relationships managers, who drive revenues," he reported.

Prasadh explained that his presentation was to address the very basic question as to what makes an RM great and how - right technology/platform can help them achieve that. He explained that RMs need the right intent, the right content and the right decision-making skills to engage with the customer in an effective way.

NAGARAJ PRASADH
Intellect Design Arena

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Touching the life of a customer and making a positive impact is what Prasadh believes technology can achieve.

"Digital will help in the transition from a relationship manager or financial adviser into a trusted adviser by enhancing productivity," he reported. "To do this you need a digital toolkit, which will help the customer plan financial goals effectively, set goals for themselves and see as to where they are vis-à-vis their priorities and targets. We can help them set goals for investments, retirement, critical illness, education for children, vacation - any of those areas that could impact the way that they earn and spend money. We can implement these with our technology."

Prasadh also explained how his firm can provide digital solutions to help clients choose and build portfolios by over 40 asset classes - equity, fixed income, mutual funds etc. - indeed by any form of investment. "The customer can choose what he is investing in and you will have the digitised view of it all. The RM can then jointly work with the customer and analyse the portfolio because the view the RM has is the same as view the customer has, so there is no confusion on what is your screen versus what is on his screen."

He then explored the business goals of the RM, the most important of which is to generate new business. To do this, he explained, the RMs need to identify and pursue cross-sell and up-sell business opportunities with new customers (New to Business) and existing customers (New to Offering).

"Just as it is important for the organisation to manage the existing book of customers," he elucidated, "it is also important to create new streams of revenue either by obtaining new customers or cross-selling and up-selling to existing customers."

The wealth management industry therefore needs to understand the needs and provide holistic advice, whatever it is, specialist solutions, for example, ESG or social impact-based investing. "We need to hear the voices of the customers," he said. "We need to fulfil their needs for a trusted adviser. We need to hear when they say that they need the right service and people to make investing easier, and thereby making their lives better."

The second goal is effective customer engagement and the objective is to provide RMs with a platform for something more meaningful beyond a sales pitch - a personalised end-to-end customer experience with great content, interactive, and real-time customer support is what it takes to gain customer's trust.

He highlighted how the third goal is planning and advisory, remarking that the goal is to be a trusted adviser. He explained that the WealthQube platform should not only help RMs with the current asset allocation, but also help align it to the model portfolio and see where it diverges, recommending buys/sells to rebalance.

"That helps the RM become more of a trusted adviser," he explained, "and as it also allows the RMs to simulate a portfolio of each customer and see how the portfolio would perform, it again boosts the RM proposition to the benefit of the client."

He reported that to ensure that is possible, the right set of information

and analytical tools are required to help the client to make informed decisions. He noted that leveraging the information from the various disparate systems the wealth management client firm can then use it effectively with Intellect Design's strong analytics helping RMs to enhance decision making capability.

With that, he delved into more detail on how analytics will help. Supported by some detailed and insightful slides from his presentation, he demonstrated how the RM can leverage the analytics to add new products and solutions the client needs and to enhance his or her up-sell or cross-sell efficiency. It is all about identifying the right product for the right customer and right customer for the right product, he reported.

To help engage the client, there is information within the system that provides a reason to meet the customer. This could be as simple as product maturity alert, for which WealthQube gives the RM an alert notification, and that is a reason to call the HNWI client, thereby helping drive more meaningful and productive conversations.

He also covered the system's monitoring performance. The system should help RMs to monitor their client portfolio and should also help to see how RMs to monitor their own performance against their peers, and at the same time enable supervisors to take corrective measures, such as coaching and mentoring, thereby helping RMs to meet their goals.

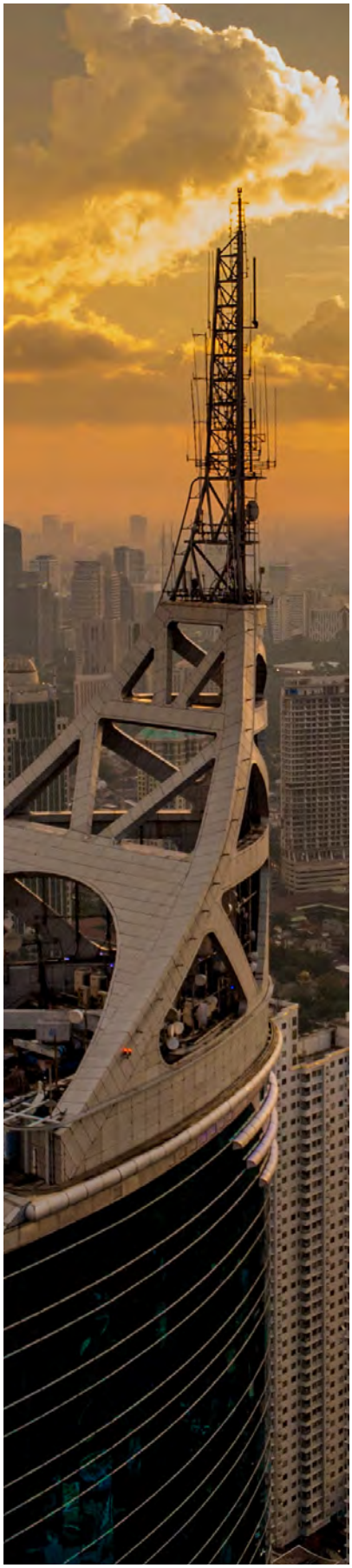
Prasadh explained that Intellect Design Arena's solutions are agnostic and therefore apply to any device, whether PC, iPad or mobile. The RM can actually be providing clear advice to improve the portfolio and make the holdings more effective, he remarked.

He also touched on compliance, which of course is an ever more vital element of the wealth management business. "What if we could help with the documentation?" he pondered. "What if you could do secure video-based onboarding or advising? Onboarding and frictionless KYC and all the documentation related to that can be enabled with our solutions. In essence, you can have all the elements of CRM seamlessly integrated in a single system that allows you in the wealth advisory industry to help protect the firm and the investor against regulatory discrepancies, allowing the customer the information and views to make their own decisions, that help with creation of what-if scenarios for their investments."

He concluded by remarking that in these ways the RM becomes the trusted advisor providing solutions, enabling decision making and participation and road-testing investment scenarios to help hone the portfolios.

"Do you as an RM know the customer well?" he asked. "Is your knowledge about that segment correct? Is your engagement with them effective enough? And are you making decisions accurately based on customer insights? You will be able to track, self-assessment and learning, resulting in happy customers and a higher wallet share. And in this line of business, customer stickiness is what is highly effective and certainly necessary. So, you as RMs will be able to monitor how you are performing and then select the course and correction that is required."

He closed by explaining that the 2020 Advantage can significantly increase the RM's productivity, by as much as 20% and increase revenue by 20% as well. "Embrace the future," he said on closing, "and you can be leaders." ■



How Physical Gold Can Make A Key Addition to Any Portfolio

Maxime Fages, Head of Strategy & Digital Assets for Global Precious Metals, spoke to Michael Stanhope, Hubbis founder and CEO at the Indonesia Wealth Management Forum. Global Precious Metals has worked with Hubbis in recent years to promote the concept of holding physical gold to offset volatility in the mainstream financial investment portfolios, as well as because gold is outside the global financial and regulatory infrastructure.

The global investment markets are challenging today, and have been since 2018, but gold has performed rather well over the course of the last year or so. Why? And why should clients buy physical gold today?

Fages: "First of all, I should say I am actually not an adviser. However, I do have a directional view on gold, I do myself hold gold, and I believe there is a strong investment rationale, especially so given both the current global financial circumstances, as well as the tendency for governments and banks to overreach. For us as a firm, we believe that gold at the very least offers some degree of wealth insurance."

"Moreover, we believe physical gold is the best route. As a futures market professional historically, I am cautious when it comes to paper gold, and strongly recommend investors to buy physical gold from a reputable provider, like ourselves obviously, and make sure that they are therefore buying something that is liquid and accessible."

"As a firm, we have serious concerns about the levels of debt in the world. The global financial crisis settled down some nine or 10 years ago, but since that time global debt has increased and we wonder frankly if the precarious nature of the financial system has in fact only worsened in the past decade. We like assets that are safe, that cannot be taken away from you, that governments

MAXIME FAGES
Global Precious Metals

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cannot expropriate. Gold is a highly confidential asset, with no formal reporting required. And for all those reasons, we have a strong preference for physical gold."

Can you explain more about the key investment differences between physical gold and paper gold?

Fages: "Paper gold is backed largely by leveraged contracts on physical gold. In ETFs, for example, if everybody is running for the door at the same time, this leverage will limit access of owners to tangible assets. Physical gold, like as in bullion or coins, can safely be stored and accessed as you require."

"Accordingly, the principal difference between paper and physical is that physical is owned directly and wholly by the investor, while paper gold belongs to another entity that has a form of relationship with the investor through shares or a contract."

Can you explain what your role is with regard to digital assets and whether Asia's HNWIs are participating in this market area?

Fages: "Actually, we see a surprisingly large amount of similarities between physical gold and cryptocurrencies, and especially Bitcoin. They are easy to transfer, and we do believe that cryptocurrencies and tokenisation will be very big in the coming years. However, for the moment, we don't necessarily see markets being ready for that right now, nor the regulators, or the courts. We are positioning ourselves for the future, but we are therefore slightly cautious now, as there is much more progress to be made in all areas, including more work to be done by the FinTechs."

And why are you here today, and what opportunities do you see in Indonesia?

Fages: "I am really excited to meet new partners. We have a very profitable story of working with advisors, lawyers and professionals working in direct contact with their end clients, and we are actually pretty good at helping these clients or these advisers building solutions for their clients. So, we welcome all discussions and hope to build new relationships and expand those we already have. We have a sensible fee arrangement protocol to ensure that there is a fair economic exchange, so there is value to be had by all the parties." ■

Challenge the Challenger Banks How to deliver digital wealth to the raising mass affluent

Reto Wolf, Head of Product for Asia Pacific at additiv, sees a bright future for the Neo and Challenger banks that serve the rising ranks of mass affluent in Southeast Asia. He addressed delegates at the Hubbis Indonesia Wealth Management Forum, focusing on the rise of the mass affluent markets, and the arrival of the 'Super Apps' and the 'Challenger Banks' that are re-shaping the wealth management landscape in the region. He offered his insights on how incumbent banks can embrace digitalisation and compete more aggressively for this fast-expanding customer base of the future.

ADDITIV IS A LEADING WEALTH MANAGEMENT PLATFORM PROVIDER IN THE REGION, offering financial institutions a platform to create and launch engaging wealth Apps, either plug and play or co-created.

"If I wanted to incorporate a start-up tomorrow that sells products and services online, then Indonesia would be on top of my list," he stated. "Indonesia is the largest and fastest growing internet economy in Southeast Asia. Its size has doubled year after year for the past 5 years and is estimated to further grow to USD133 billion over the course of the next 5 years, largely driven by travel, media, ride hailing and payments. Meanwhile, loans, wealth, investments and insurance are catching up fast. This growth is largely fuelled by the rising class of mass-affluent in Southeast Asia."

He remarked that the number of mass affluent in Southeast Asia is set to double in the next 10 years to more than 140 million people. "In Indonesia, the mass affluent today make up about 9% of the population and is estimated to grow to 21% over the course of the next 10 years. This presents a mouth-

RETO WOLF
Additiv

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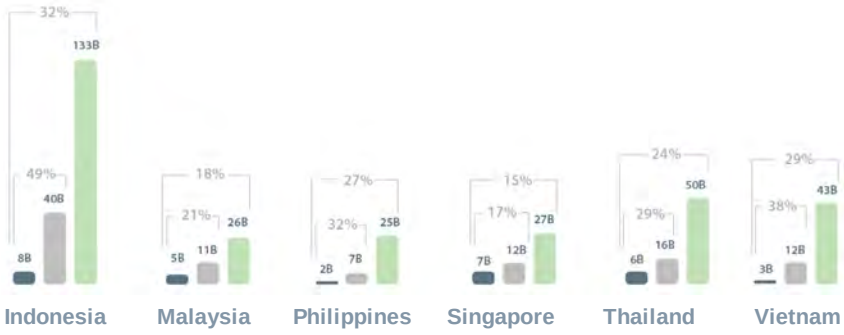
Indonesia is the Largest & Fastest Growing Internet Economy in SEA



Source: "e-Conomy SEA 2019 – Swipe up and to the right: Southeast Asia's $100 billion Internet economy", Google, Temasek and Bain & Company (October 2019)

watering pool of new consumers for all industry sectors. These are the people that graduate from the mass market; they move from having a scooter to having a car, purchasing the newest smartphone models, and buying luxury goods and services.

Wolf then walked the delegates thought the characteristics of that new-to-wealth persona. "The large majority are digital natives that spend more time in front of a screen than talking to their partners. They're well educated professionals, mostly millennials, many of whom are small business owners." Wolf added, "This persona holds disposable assets that can be spent on luxury goods and services, or be saved to achieve financial goals. This new segment of mostly digital natives needs financial education and guidance in the form of engaging and intuitive apps."

Wolf explained that intensified competition presents a wake-up call for incumbents. "Five years ago, the players in the Southeast Asian internet market, including the Financial Services sector, were laser focused on their core competences," he highlighted. "Today we see a very different picture."

Wolf then surveyed two notable takeaways "Big Tech players, sometimes referred to as 'Super Apps', have expanded sideways across sectors. Gojek, as a local example, rapidly established itself as the dominant provider in mobile payments and is further expanding into more profitable financial services. On the other hand, there are also purer FinTech competitors carving a niche."

Wolf referenced the recently published e-Conomy SEA report, that categorised financial services players into four categories: "Established FS Players, including the likes of banks, security companies, WM firms, insurance & remittance companies, are trusted and the most experienced firms in their sector," he stated. "Then, there are the Established Consumer Players including telcos and retailers. Those established companies are very interesting, as they have access to tomorrow's mass affluent, many of which today are underbanked and are located in more rural areas."

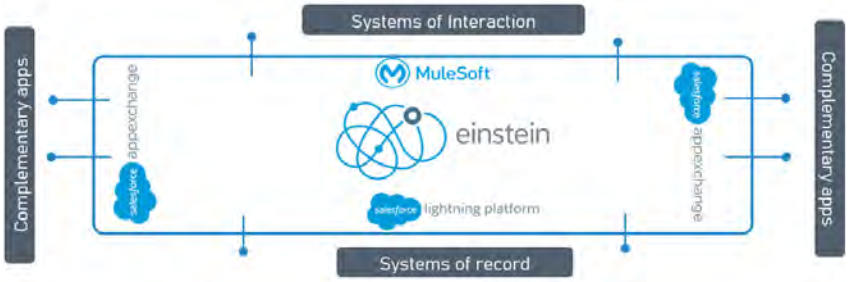
Wolf described the Consumer Tech Platforms as the third player. "This category incorporates the Big Tech companies and Super Apps including the likes of apps Gojek, Grab, Alipay or WeChat. The Big Tech companies are the elephants in the region," he stated, "and many have started to acquire virtual banking licenses in Hong Kong, Taiwan and Singapore. Those Big Tech companies are extremely well positioned to shake up and reshape the emerging affluent wealth management landscape across Southeast Asia. Those giants already serve a large amount of mass- and affluent segments and have the tech talent and the necessary balance sheet to fuel the creation of engaging user experiences and growth."

Pure FinTechs are the last category, describing local players like Bareksa, Ovo, AkuLaku and Dana, which are "Specialised FinTech companies that carve a niche or

The Rise of the Super Apps, Neo- and Challenger-banks

Source: "e-Conomy SEA 2019 – Swipe up and to the right: Southeast Asia's $100 billion Internet economy", Google, Temasek and Bain & Company (October 2019)

A Blueprint for Effective Customer Retention and Digital Agility?



Source: "Digital era banking systems" by Ben Robinson, (September 2019)

new and quickly-expanding international Neo banks."

What are the opportunities and threads for established Financial Services Players? "I think there are two major opportunities," Wolf answered. "The first one is effective customer retention. Let's look at how eCommerce platforms like Shopee or Lazada activate existing customers. The platforms create content of high customer value, then identify and distribute that content to relevant customers, measure and optimize the conversion funnel and as a result constantly maximise customer lifetime value. Their platforms have been built to cross- and up-sell at scale. As an incumbent financial institution, you want follow this example and improve your customer retention by investing in your talent pool and platform to enable effective customer engagement."

The second opportunity includes gaining access to tomorrows Mass Affluent Class by establishing strategic partnerships with established consumer players and consumer technology platforms. "One possible way is to create so called 'Micro Apps'," Wolf stated. "Micro Apps are those little App icons you see within your Gojek, Grab or WeChat App. It's like an app within an app. The functionality of such a Micro App can include a financial product or service, and can be offered and operated by 3rd parties, such as a financial institution. Incumbent banks can think of ways to create and distribute such digital products to the digital customer channels of established consumer players, such as retailers or telcos, to drive the customer acquisition of tomorrow's mass affluent."

Wolf added "I believe that a simple savings and investment proposition would resonate well with the rising mass affluent in the region, teaching customers how to invest, providing educational insight and taking small steps forward."

Wolf raised the question, "Is there any market leader in other industries that does an excellent job of enabling effective customer retention and digital agility?" He continued, "Everybody knows Salesforce, the company does an excellent job in both, achieving digital agility by allowing developers to easily create engaging apps on top of their platform and driving customer retention based on customer insights." Wolf then explained that the four components together, make up this so called 'system of intelligence'.

"The first component is called 'Lightning', a platform that orchestrates data across an underlying system of records. Examples from the financial industry include your core banking system and other back-end applications. The 2nd component is called Einstein, the AI and machine learning capability that takes data and generates more insightful data, for example, a prediction of what sort of research a customer may like to read next. The 3rd component is an API Platform, that allows the distribution of data to 3rd party apps such as WeChat. The 4th and last component is an Appstore allowing 3rd party solution providers to participate and contribute value."

make use of those insights by engaging relevant customers with the help of relevant content at the right time through the right channels."

"Such a platform also empowers your internal product teams to easily create and deploy new engaging apps and increase digital agility."

Wrapping up, Wolf said he wanted the delegates to take away three things from his talk. "First, the mass affluent opportunity in Southeast Asia, where there will soon be 140 million new-to-wealth relationships. Second, build a system of intelligence that allows you to challenge the Challenger Banks and Super Apps, thus allowing you to effectively retain customers and assets. And

A Blueprint for Effective Customer Retention and Digital Agility?

Source: "Digital era banking systems" by Ben Robinson, (September 2019)

"As an incumbent bank, you want to build that 'system of intelligence' platform, either by yourself or in collaboration with a vendor. It allows you to orchestrate data, enrich it with intelligent customer insights and effectively

the last thing, think of ways to create and distribute digital products to potential partners, through Established Consumer Players and Consumer Technology Platforms to drive the customer acquisition of tomorrow's mass affluent." ■

The Virtues of Alternative Residence and Citizenship

Dominic Volek, Managing Partner and Head of Southeast Asia at investment migration consultancy Henley & Partners, gave a brief but very insightful presentation at the Hubbis Indonesia Wealth Management Forum to highlight the appeals of global investment migration, explaining why and how increasing numbers of Asia's wealthy are taking up alternative citizenship and residence options around the globe, and briefly mentioning some of the major programmes that his firm proposes.

HENLEY & PARTNERS' ACTIVITIES SPAN THE PRIVATE CLIENT PRACTICE, which focuses on the needs of high net worth (HNW) and ultra-HNW clients who seek secondary residence or alternative citizenship through investment, as well as the government advisory practice, where Henley works with countries to design, implement and promote their individual investment migration programmes.

"Why do we follow these Hubbis Forum's all over this region?" he asked rhetorically. "Well, we do a lot of business in these countries, and we work very closely with a lot of intermediaries including private banks, investment managers, family offices, and others in the wealth management community. We can help your clients, we can add value to your existing relationships, and we also share the fees on these projects when we are introduced by advisers and intermediaries. So, we can work harmoniously together, as we only advise on residence and citizenship planning, we do not cover any of the areas you work on with your clients. Accordingly, we can all work well for mutual benefit but ultimately to assist your clients."

Volek explained that over 20 years ago, Henley pioneered the concept of residence and citizenship planning. At the time Henley was formed, this concept was hardly known of, but today it has become an integral part of wealth management and of the planning put in place by forward-thinking families.

"We are experts in residence and citizenship planning," he reported. "We advise HNWIs and ultra-HNWIs on identifying and

DOMINIC VOLEK
Henley & Partners

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obtaining alternative citizenship and we help them to get permanent residence in other countries through investment."

The other element of Henley & Partners' business is the government advisory practice, where the firm strategically advises governments on the design, set-up and implementation of their investment migration programmes.

"To date," Volek stated, "we have helped governments raise more than USD8 billion in foreign direct investment. We are the pioneers and industry leaders in both the private client and government advisory sides of the business."

The global trend towards offshore residence and citizenship is even more intense in Asia due to the phenomenal rise in the number of HNWIs and UHNWIs in the wider Asia Pacific region. According to the Credit Suisse Global Wealth Report 2019, Japan and China led the top three gainers for millionaires from 2018 to 2019, second only to the United States, while India was the seventh biggest gainer of millionaires; collectively Japan, China and India contributed to an additional 379,000 millionaires from 2018 to 2019. Among the UHNW group, China is a clear second after the United States with 18,130 UHNWIs. And the trend is set to continue.

Volek observed that Asia's HNWIs and the ultra-rich should seriously consider these options, and as they will need the best professional advice, they should consider Henley, as the reputed leader in this advisory business.

He noted that today Henley has a worldwide staff of over 300 across 32 offices, and with more than 60 of those in Asia. And added that the largest number of the Asian staff are based in the Singapore regional HQ, with other regional offices in Bangkok, Kuala Lumpur, Ho Chi Minh City, Manila and more recently Melbourne, Australia, which the firm opened in late 2018.

"Here in Indonesia, we help with many citizenship-by-investment (CBI) and residence-by-investment (RBI) applications. CBI is only offered by a handful of countries and that is actually the majority of our business, but we also help Indonesians with RBI options overseas."

RBI is the less complicated option, whereas CBI is, understandably, the more demanding and expensive option. CBI programmes confer on the successful individual, and their families, the same rights as ordinary citizens of those countries; the solution is permanent and includes voting rights and passports with little to no physical presence required. The great advantage of CBI is that it bypasses the traditional route of an HNWI and the entire family relocating to another country in order to earn citizenship.

In fact, Volek noted that CBI is a relatively new concept, explaining that there are only about 10 countries currently with specific legislation in place that allows an individual - as long as they pass the due diligence and anti-money laundering checks - to invest and become a citizen of that country.

Volek noted that Henley's role is to offer professional investment migration expertise, but the firm does not directly involve itself in any form of tax or legal advisory.

Volek also told delegates that there are various reasons why private clients take up one or more investment migration options. There might be political or economic problems in their home country, or they simply wish to have a 'Plan B', to safeguard against such issues emerging later on.

The motivation might also be more lifestyle-driven, perhaps due to education plans for their children or grandchildren, or even maybe for future retirement plans. And as investment migration can also cater to the whole family and even includes parents and more distant family members, the solutions on offer are rather comprehensive.

Another core motivation for many people in Asia is the relative weakness of their passports from a travel freedom perspective. Singapore, Japan, Korea, as well as Australia and New Zealand are very high up the ranks of the annual global Henley Passport Index, which measures how many countries a passport holder can visit without a prior visa.

While countries such as Singapore and Malaysia both have an excellent passport from a travel perspective, other passports in the region, including those from several other ASEAN countries, are far more limited in terms of their visa-free travel potential.

He explained that Indonesians are not allowed dual citizenship, so it is of course a much bigger decision for an Indonesian to take up CBI, because they would have to renounce their Indonesian citizenship if they obtained another one.

Volek also noted the typical private client is cash-rich but time-poor. He said most clients do not actually move to the new country, even if they obtained alternative citizenship, and that generally their motives are driven by additional freedom and flexibility.

He explained that the more traditional options have historically been the UK, the US and Canada and Australia, as well as New Zealand.

Some of the key programmes Henley & Partners currently recommends, for either RBI or CBI, include several countries in the Caribbean, and EU countries such as Greece and Portugal (for residence) and Malta and Cyprus (for citizenship), as well as the more recent CBI options, Montenegro, also in Europe but not currently in the EU, and the Republic of Moldova.

The Caribbean, he explained, is very much about getting a better travel document, with USD100,000 to USD200,000 as a donation to the government required, resulting within six months in a second or alternative citizenship and that passport offering visa-free access to the whole of the Schengen, Singapore, Hong Kong, the UK and other destinations.

In Europe, he explained that the top three CBI destinations are Austria, Malta and Cyprus. “They offer outstanding travel documents but the real attraction there particularly for UHNWIs is that they are members of the European Union, so not only are you getting an insurance policy and a high quality passport, but you and your family are getting settlement rights throughout the European Union, in other words 28 countries, or maybe 27 if Brexit goes ahead.”

His final point was that Henley & Partners is an advisory firm with expertise in investment migration, but it is not a tax advisory firm, that role must be sought out from other experts who can work hand in hand with the clients and in a complementary manner with Henley & Partners. “But of course, we do have more than 30 offices around the world, we do have in-house legal counsel and real estate consultants and we can help your clients from A to Z in order to achieve their investment migration objectives.” ■

Gold – The Real Asset for the Real World that is Performing Really Well

Joshua Rotbart, Founder and Managing Partner of precious metals firm J. Rotbart & Co., is passionate about gold, real gold. He gave an animated presentation to the audience at the Hubbis Indonesia Wealth Management Forum on how through history gold has proven its sustained value, and how the longer someone keeps it, the more it will appreciate. He said that the stars are currently tidily aligned for gold and Asia's HNWIs should all keep a portion of their wealth in physical gold. And for wealth management advisers, working with his firm is an ideal way to leverage client relationships.

"CENTRAL BANKS HAVE BEEN BUYING GOLD SINCE THE FINANCIAL CRISIS," opened Rotbart. "Before that they were selling gold. Around 20 central banks bought gold this year. Why? It depends on the country, of course, but reasons range from reducing reliance on the US dollar, useful if you are subject to American sanctions. And there are other political reasons for different countries. Then there is pure diversification - we know gold performs very well in times of uncertainty. Thirdly, there is financial security - governments know that their currency is only as good as the gold they have in their vault."

And finally, as he noted, the Central Bank of the Philippines had underlined in a recent conference, gold is liquid, it is even one of the easiest assets you can sell. "Sometimes our private clients do not believe how easy it is to sell, even as much as USD10 million, or more," he reported.

Gold – on the up and up

The third key development this year is the price of gold. "We know that gold in the long term appreciates an average of

JOSHUA ROTBART
J. Rotbart & Co.

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10% a year, based on past performance," he explained. "The last 10 years saw gold appreciate about 6% a year. And gold has very strong negative correlation to the market, so the deeper the dip is in the market the better gold performs."

Gold broke the important USD1500 per ounce benchmark and if viewed in UK sterling, it rose 20% in August alone. "That means that when you advise your clients," he told the audience, "that gold is also a good hedge against their domestic currency depreciation, for example a weaker Philippine peso or Indian rupee. And overall in dollar terms, gold is doing very well at 20% up this year."

He then remarked on a comment from the editor of The Financial Times, who he reported had said that journalists and gold traders like bad news. "Gold is excellent as a holding in difficult times, or in anticipation of more difficult financial and economic conditions," he stated.

Non-correlated

Rotbart clearly has an unwavering belief in the value of holding physical gold. He explained that it is non-correlated to mainstream financial assets, it is a hedge against inflation and currency depreciation, it can easily be bought, stored and insured outside the global financial system, it is highly liquid and, above all else, it has stood the test of the past several millennia as both a store and an enhancer of value.

Physical gold, he told the fascinated delegates, is not a financial product. "That means it can be held privately," he explained. "It can be held directly by the client, or at secure logistics storage facilities in different countries, and clients can then also have access to it. If clients sell, they can get same-day settlement as it is highly liquid."

He explained that the precious metals market is monitored by the London Bullion Market Association, which supervises the refiners, the logistics operators, and the entire precious metals ecosystem to ensure it is professional and sound. "As long as you stay within this ecosystem," he reported, "you are fine."

Asia's love affair with gold

Joshua observed that Asian people and investors have long had a love affair with gold. "This region has been a region of gold bugs long before that term was coined," he reported. "Wherever you go in Asia, whether Thailand, China, Vietnam or other countries, people buy gold as a gift when a child is born, for cultural or religious ceremonies such as weddings, festivals and other special occasions. They like to buy gold jewellery when they have spare money."

Rotbart explained that the precious metals investment industry has nowadays become highly professionalised in Asia, with an outstanding infrastructure of secure storage and logistics service providers, and insurance coverage, with specialists such as his firm that work in an entirely professional approach with clients who seek to buy, store and sell physical metals, especially gold bullion.

A professional industry

He told the audience that his Singapore and Hong Kong-based firm had for the past four years been helping individuals, companies and financial institutions buy, sell, transport and store physical metals such as gold, platinum, palladium and silver.

"We offer the professional level of services that investors must seek out for this type of purchase," he reported. "Clients can trade remotely, we work globally, we store gold in many top-flight locations, we offer a worldwide service across all time zones, and when clients call, we answer. We handle all logistics seamlessly, so the client can relax throughout the entire process. We are the one-stop gold-plated service provider."

Think before you leap

Rotbart then listed certain 'dos' of buying gold. He advises clients to use a professional company that can provide professional services and storage. Make sure that insurance is in place, make sure there is an insurance policy on your gold, which is itself an insurance policy. Stick to the London Bullion Market Association ecosystem: refiners that are accepted by the market. Gold must be 24-carat investment grade (99.99% pure). "Buy one-kilogram bars, which are the most acceptable in the market, and avoid working with anyone in the market that might be less than 100% professional."

"When you store gold in secure logistics facilities, he noted, it is stored privately and away from cybersecurity risk. "The risk of someone stealing from a secure storage location in Singapore or in Hong Kong and getting away with it," he commented, "is virtually zero, and if it did happen, it is fully insured."

Get real

He also explained why in his firm view, HNWIs should buy physical rather than paper gold. "Even the best gold ETFs are not backed 100% with physical gold," he reported, "Even the very best ETFs, and I won't name names, are not fully backed by the physical asset, as they use derivatives and other instruments to maintain the daily fluctuations. We therefore strongly urge clients who want to do more than simply speculate on gold prices to buy physical for medium to long term holdings. If the ETFs had to be redeemed, they simply would not have enough gold to cover that."

As to how much of any portfolio investors should hold in physical gold, Rotbart cited Ray Dalio, Founder of investment firm Bridgewater Associates, who he said had stated: "...Most people should have roughly 10% of their assets in gold, not only as a good, long-term investment but also for its effectiveness in diversifying the other 90% of assets people hold..."

Rotbart elucidated on why gold is an excellent tool for portfolio diversification. "As a guide, we believe most of our clients hold between 3% to 10% of their assets in physical metals; gold is considered a very good hedge, because historically when the market falls gold will usually fare better."

Advisers be aware...

Rotbart closed his comments with a word on why wealth management experts, such as those listening to his talk, should include gold in the suite of products and ideas for their clients.

"You are bringing in non-mainstream concepts and an additional creative solution," he remarked. "Your clients will appreciate when you offer something that is not necessarily linked to your institution, you can work safely and efficiently with professional firms such as ours, and you can make money from it, as there are transaction fees, storage fees and other recurring fees." ■

HNW Insurance in Asia: A Review of the Innovations and Market Outlook

Thomas von Rueti, Chief Commercial Officer of Singlife, gave an informative and lively presentation to the delegates at the Hubbis Indonesia Wealth Management Forum on innovations in the life insurance space for Asia's HNWIs and the wider outlook for the market, products and providers.

SINGAPORE'S DYNAMIC LIFE INSURANCE NEW ENTRANT, SINGLIFE, only enjoyed its first full year of operations in 2018 but very quickly exceeded its own expectations in terms of business generation and financial performance. The company has been further building its early success in offering a simplified digital purchase experience harnessing convenience, transparency and accessibility, while also offering more traditional distribution routes to complement this approach.

In short, Singlife has made a significant impact to the local retail and regional high-net-worth market, with clients and partners embracing the company's products, its approach and their delivery protocols. Singlife has also been successful in adding high-profile corporate investors in the form of Aflac and Aberdeen Standard Investments in early 2019, injecting USD33 million to turbo-charge the company's expansion. And Sumitomo Life of Japan invested USD90 million mid of 2019 becoming a significant shareholder. This bring the total share capital to USD154 million.

The key priorities for Singlife are now to expand the local market footprint, to maintain investment in and implementation of cutting-edge technologies and to expand out into the large neighbouring and highly populous economies of ASEAN.

Starting operations from a small office back in June 2017 with only 11 employees and dedicated first shareholder IPGL, Singlife

THOMAS VON RUETI
Singlife

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has come a long way in a short period of time. Within a few months of launching, Singlife had the opportunity to acquire the big Zurich Life book of business in Singapore, which added about 5500 clients in one go. "And now in October 2019, we moved into our new office in the middle of the city with over 70 employees, and we just initiated our licensing process in the Philippines. We are also looking at Indonesia and at some of the other Southeast Asian countries. In short, you don't need to be over 100 years old to try to enter new markets, you can do that with a great brand name and even as a start-up, driven by innovation and technology."

For Singlife, he reported, it was always digital-first. "But that doesn't mean offering digital capabilities directly to clients and bypassing advisers. Singlife offers a digital proposition to both channels," he elucidated. "Clients can buy life insurance directly from our website or buy from our wide range of third-party financial advisers through the same digital process - everyone gets immediate quotations, e-underwriting, online approvals, e-notifications, no paperwork and no printed mails. At the moment, some 80% of the business we get comes through the adviser channel and about 20% of the business is made up clients buying directly from the website."

He explained that the firm had recently launched a Universal Life plan for third party financial advisers that does not require medical examination for insurance coverage up to USD2 million, also fully digitally executed. And in November this year, the firm just launched a new life insurance savings plan, the Singlife Account, that is accompanied with a Visa debit card - a first for a life insurer in the region.

On the high-net-worth side, he explained, innovation is a bit easier because there hasn't been much innovation there, with traditional Universal Life dominating around 90% of that business for the past decade.

"But we have added a few more features such as Joint Life," he reported, "so we are the only one at the moment in Asia offering this attractive feature for Universal Life, which is very successful because it gives clients and advisers the additional planning opportunities they need. Joint Life allows couples to generate a joint legacy plan at lower costs or, where one of them is in poor health, to still have a joint life insurance to achieve their legacy objective. We are also the first in Singapore to offer Variable and traditional Universal Life from the same platform, again making more choices available to clients."

He added that Singlife is offering further comfort options and flexibility to clients. "One thing that has been welcomed is to guarantee the cost of insurance through the

whole duration of the contract. Traditionally, Universal Life always had a current cost and the maximum cost, but we decided to hedge this whole thing and give the client the comfort of guaranteed rates throughout the contract."

Singlife also offered a rate lock option, allowing the clients to lock in interest rates from between 2 to 10 years. "Nobody else has offered that feature with so much flexibility before," he reported, "and we just recently launched multi-pay versions where clients get much more flexibility as an alternative to premium financed cases. All of this is really to provide additional planning comfort, planning options, and planning flexibility."

Von Rueti moved on to his vision of the market's evolution. "The market has been good, but we see the last six months as a little bit tougher because of decreasing interest rates and the flat yield curve," he explained. "Premium financing became less attractive, and providers have come under pressure to reduce crediting rates. But despite all that, we still believe that 2020 is going to be a very good year for high net worth insurance because legacy planning will remain very important for clients, as people have real need for legacy planning whatever the yields, high or low, and whether the markets are up or down."

He reported that Universal Life will continue to play a key role, but variable Universal Life and indexed Universal Life will certainly become strong alternatives. We have as well seen a move from single premium, premium financed cases to multi-pay driven by the flat yield curve.

All in all, von Rueti said Singlife is very positive on the high-net-worth outlook. "Rising HNW numbers, particularly in Asia, drives the demand for high-net-worth insurance, and clients are becoming younger as the shift continues from the first and second generations to the third generation. Younger customers expect innovation in terms of products but also innovations in terms of delivery, for example signing the OTP with a mobile phone. Of course, the high-net-worth process still requires an adviser to engage the client personally, so we do not see the HNW space as a fully-digital-only process, but digital will help the adviser to become more effective and makes servicing the client easier and more efficient."

He also observed that over the last couple of years, the jurisdictions where the providers operate from have become more and more important. "Considering the regulatory situation," he reported, "how well the regulator is regarded, the political stability, social stability, tax treaties and the general reputation of the financial centre are all vital. Singapore has definitely done a good job, and we hope they continue to do a good job in order to compete with other financial centres."

In closing his talk, von Rueti said Singlife is confident that high-net-worth insurance will continue to grow strongly but that providers and distributors should devise more innovation and the location of the carriers will play a much more important role going forward.

"Singlife was founded on the premise that the life insurance industry has not kept pace with innovation, nor with the use of technology and also not provided the necessary customer focus," he concluded. "We are in the right location in the right region and enjoy the right market dynamics." ■

Investing in Precious Metals: Time to Add Some Shine to HNWI Portfolios

David Mitchell, Founder and Managing Partner of Indigo Precious Metals and business associate Shiv Tulsiani, Key Accounts Executive at metals logistics firm Malca Amit, double-teamed for an insightful Workshop on physical gold, active management of precious metals portfolios, and the critical logistics of storing and moving items of great value.

SHIV TULSIANI OPENED THE PROCEEDINGS BY EXPLAINING THAT HIS ROLE IN PROVIDING PRECIOUS METALS LOGISTICS MEANS MOVING GOLD OR OTHER HIGHLY VALUABLE ITEMS ACROSS BORDERS SAFELY AND THEN STORING THEM IN PLACES SUCH AS SINGAPORE, HONG KONG OR ZURICH, "We are headquartered in Hong Kong, but we operate globally of course," he reported.

He told delegates that he is a logistics expert, not a markets expert, so his mission in the Workshop was to highlight the firm's vault, which he explained is a more personalised storage solution.

"But what I will say is that these precious metals, gold, silver, palladium, platinum, these are safe-haven assets," he stated. "Accordingly, a part of your HNW client portfolios should be allocated to them, as they are a natural hedge against the capital markets, and they give you a sense of wealth preservation as well."

Malca Amit is not a trading company, it is purely a logistics company. In the storage space, for example, the firm might work with large banks working, and operate the big vaults for them. And Malca Amit also has many individual clients, investors that have safe deposit boxes. Additionally, the company works, for example, with numerous retailers, wholesalers, and others to store and ship, the company provides liability coverage, the whole array of logistics services.

Malca Amit clients might own anything from diamonds, jewellery, to art, or precious metals - basically anything that has a price tag. The company prides itself on providing peace of mind for clients. The assets handled are immensely valuable, sometimes sen

DAVID MITCHELL
IPM Group

SHIV TULSIANI
Malca Amit

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timentally precious as well as in monetary value. "Clients need the firm to keep the assets for them, to move them and to preserve them, which is why their business is so neatly affiliated with the world of wealth management.

Malca Amit offers a global team of experts, including logistics, security, customs house and special operations professionals. The company provides a smooth, expedient and professional service tailored to precise specifications and needs for the expert, efficient, secure movement of their highly valuable assets.

The company has offices and affiliates around the world and states on its website that it is committed to an "unsurpassed level of excellence" in customer service and reports that the assets for which the company is best-known include diamonds and jewellery, watches, precious metals, fine art.

Malca Amit's high security strategically located storage facilities are recognised as market leaders, Tulsiani reported. Numerous facilities are located in free trade zones, and others are strategically positioned around the globe in locations including Bangkok, Hong Kong, London, New York, Shanghai, Singapore, Toronto and Zurich.

For the wealth management community, this is a vital element in the big picture of their assets and wealth preservation. The company can collect assets from anywhere and deliver to anywhere. And liability coverage is of course, essential. Notably, a safe deposit box in the banks will not be covered for the loss or damage of the goods, but Malca Amit does itself arrange the cover for the precious items they handle, and the firm is outside the banking system.

Tulsiani explained that Malca Amit was formed in 1963 by two families that are still in the business today. The company began by shipping diamonds from Tel Aviv to Hong Kong, and the company today boasts a presence in 45 countries through 70 offices. While the company was originally Israel-based the holding-company moved to Hong Kong around 15 years ago. Malca Amit employs about 1800 people globally and the company remains privately held to this day.

The story of Malca Amit, in fact, tracks globalisation and the dramatic increase in private wealth worldwide in the past 50 or more years. In 1963, Raphael Amit established a small office in Tel Aviv, Israel, providing typing services for export papers. At the time, valuables exported from Israel were simply sent by regular mail accompanied by export documents.

The office was run by his wife, Rachel Amit, and her sister, Malca Tykocinski. When the diamond business moved from Tel Aviv and made its home in Ramat-Gan, the office began shipping valuable airfreight shipments. That was the company's first step into the world of international freight forwarding.

In 1979, the Israeli government prohibited diamond shipments via mail because many diamonds were disappearing in transit. Amit, along with his wife and sister-in-law, formally defined Malca Amit as a shipping company and opened the first Malca Amit office outside Israel in

Hong Kong. They began shipping diamonds and other valuables in a safe and secure manner. The company's rapid international growth ensued.

Offices were opened one after the other as the demand for secure, professional and expedient logistical solutions grew in tandem with the growing scope of the international diamond, jewellery, and precious cargo industries. New York, Antwerp, Los Angeles, and London soon saw the opening of new Malca Amit offices. Today, the company's network spans the globe.

"We are in a highly sensitive market and we are obviously regulated, we are held accountable," Tulsiani explained. "The governing body is LBMA (the London Bullion Market Association) and we abide by their strict regulations in everything that we do, in our operation, with regards to storage and moving. We are an accredited vaulting service and we deal with accredited billion banks, with bullion traders that also abide by the LBMA rules and regulations. We provide 100% liability coverage for all your goods."

Enhancing value via active diversification actually within precious metal

With that he handed the floor to a friend of the company, David Mitchell, who he explained has been in the investment banking industry for over 30 years and who some years ago established his own bullion trading company, Indigo Precious Metals, headquartered in Singapore.

"For some 30 years," began Mitchell, "My career has encompassed senior roles as a financial markets trader at leading banks such as HSBC, Rothschild, Bank of America, and others. I have a long association with gold and indeed today am also a director of Baird & Co, the largest gold refinery in the UK. My main objective is advising and facilitating portfolio diversification into precious metals for my clients. Today, I want to talk briefly about the importance of precious metal portfolio diversification, active portfolio diversification versus inactive or static metal holdings."

He reported that his own research and analysis points to a substantial continued upward revaluation of precious metals. "It is also my opinion that we are very early in this particular wave cycle," he stated, "so we anticipate less risk and superior returns. What is really important for HNWI clients is they are active in the space rather than being inactive and static. Clients who simply wish to invest and hold either gold or silver are missing out on huge opportunities within the precious metals, such as the platinum group metals."

He noted Ray Dalio's comments on knowledge. "Dalio reported his view that knowing how to deal well with what you don't know about is actually much more important than knowing how to handle anything you do know a lot about. So, diversifying is one of the most important things we need to do in order to invest well."

He observed that markets generally lack the knowledge of the unique long-term cycles, multiple pricing ratios, supply and demand dynamics, mine developments, the cost of production of certain metals, and also distinct trading patterns that can be recognised when analysing long term charting. "But," he explained, "we at IPM and Auctus Metal Portfolios use artificial intelligence to identify trends as they begin to emerge."

He then highlighted a slide that

showed how gold itself over 20 years to end 2018 had performed at 7.75% per annum, better even than the remarkable 7.65% per annum achieved in the same time by Warren Buffet in his Berkshire Hathaway stock price.

Mitchell then mined down into actively managed metal portfolios versus static gold holdings, showing the audience how since early 2016 these had far outperformed gold or Berkshire Hathaway.

He said the performance was dramatically enhanced by models that analyse 55 input variables and historical data. "We take the classic asset diversification managed model which is religiously followed by the most successful asset managers and incorporate the same principles and apply them to physical precious metals," he reported. "Our AI system effectively recognises price anomalies between the classic five investment metals being sold, gold, silver, platinum, palladium and rhodium and reweighs and rebalances our clients' physical portfolios when our algorithms trigger trade instructions. On average we have historically rebalanced clients' physical portfolios four to five times a year, although in some years that could just be once, and in other years up to six or seven times."

He explained that the results are outstanding, pointing to the Auctus Metals Portfolios 'Provectus' Models 1 and 2 having surged more than +36% and +52% in actual performance per annum for each of the two years 2017 and 2018, while 2019 is up +45% after fees. He also extrapolated that on the same active management protocol using audited retrospective analysis, they would be each up around +20% compound annual growth a year for the past 20 years on the same basis, had they been in existence since then.

"We have gone to great lengths to thoroughly back-test the results," he stated. "In 2019 year to date, performance has also been excellent with the actively managed portfolio 2 up over +45% while gold itself is up only +17% since January 1st."

Mitchell also highlighted the firm's storage facility within the Freeport free trade zone in Singapore, where transactions - buying or selling - are exempt from any levies, and where the identity of the beneficial owner is not disclosed.

"To summarise," he concluded, "we offer a unique solution. The clients hold their physical metals within their private storage with our vaulting custodian Malca Amit with full associated ownership, in their own fully allocated, segregated family name. Clients always have complete visibility with their metals, valuations, insurance, and independently auditing. The overall returns of our clients inclusive of all costs far exceeds a static metal holding." ■

Comarch Highlights How to Improve Key Touchpoints in Wealth Management through Digitalisation

IT solutions provider Comarch is one of the leaders spearheading the digitalisation of the wealth management and financial sectors in Asia. Grzegorz Prosowicz, Consulting Director and Parida Leelaniramol, Business Development Manager, combined to offer delegates a fascinating Workshop at the Hubbis Indonesia Wealth Management Forum. They turned the spotlight on how as wealth management firms evolve, well-thought-through digitalisation is more critical than ever. Improving the customer experience is not enough to stand out in the market, they told the audience and underlined how the employee experience is just as important a driver for business growth. They stressed that digital means both high tech and high touch and must achieve both a great user and provider experience to be truly effective.

COMARCH IS A POLISH COMPANY FOUNDED MORE THAN 25 YEARS AGO AND IS A HIGHLY EXPERIENCED PROVIDER OF INNOVATIVE IT SOLUTIONS FOR MANY INDUSTRIES, including telecommunications, banking, airlines, resources and utilities. The firm has been intently focusing on the private banking and wealth management segment in Asia, building relationships and winning valuable new clients in the region.

Prosowicz began by focusing the audience on a survey Comarch had conducted in 2017 in which the hundreds of bankers they surveyed globally said digitalisation and operational efficiency as well as optimal tools for relationship managers are the keys to their future success. He also explained that the focus on robo-advisory had diminished rapidly as firms in the wealth sector find the outcomes less than satisfactory.

"Our clients now have turned more again to educating and liaising with their customers, rather than aiming to produce some sort of 'robo' self-service, which has not been working," he reported. "Personal relationships first."

GRZEGORZ PROSOWICZ
Comarch

PARIDA LEELANIRAMOL
Comarch

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He also debunked another major hype in the market, namely chatbots. "While it could be the future, it is not much good for handling more than straightforward conversations," he said, "and as we know, the wealth business is very complex. And AI is not yet there, either. No, as things are now, the way forward is direct communication, person to person, and especially for HNWIs."

Instead, he explained, HNWI clients want to interact with their banker. "So, we built a digital application which we have delivered to many banks that serves to e digitally enhance the personal connection between the bankers and the clients. It helps with personalisation, helps tailor ideas and solutions, helps them with trading solutions, portfolio rebalancing, and is therefore certainly not limited to simply digital reporting."

With that, he gave delegates a detailed interactive demonstration of the Comarch app, highlighting the user experience and the ease of interface, as well as the range of features on offer. The ease of communication between the customer and the RM is central to the proposition, with all the simple and more subtle features embedded available at great ease for both parties.

"Our app is the core of the communication," he reported, "which is a change because before the regular communication was more usually email. The RM can so easily share the portfolio ideas, proposition and rebalancing advisories via the digital app, thereby enhancing the value of the personal meetings that will then usually ensue between that RM and their client."

And of course, the engine is based on various critical parameters of the customer, such as their financial situation, current allocation, investment behaviour in the past, available cash, his or her satisfaction with the bank, the success of past recommendations, and so forth.

But, he added that besides automated recommending, some investment proposals may be also shared with the customer directly by the RM, who may choose the product, may put individual comment to support the recommendation, may give some suggestions about value/amounts, supporting research or documents, to help tailor everything tidily and effectively to the client.

"And personalisation can come in the form of keywords the client selects to give them more relevant content or recommendations," he reported, "which of course also helps the RM focus attention on key topics that will make discussions even more relevant and personal. And we can help remove some of the more onerous tasks, and digitalise wherever possible, for example relating to documents and signing protocol, while keeping things also as personal as possible too."

"How many of you think about your employees as your first customers?" he asked rhetorically. "Nowadays, an estimated 90% of businesses compete primarily on the customer experience, but actually according to consultancy and research firm Gartner, developing the employee experience is just as vital."

He then referred to a report from Cognizant, which found that most facets of the touchpoints of employee experience will be automated in the future. "However," he added, "we see that even well into the foreseeable future there will be a place for the regular forms of contact with a traditional wealth management approach and this should satisfy millennials that will still prefer this high-touch protocol."

Parida Leelaniramol then took the microphone, focusing then more on the employee experience, and how that impacts businesses. "There is little doubt," she said, "that every business in financial services has recognised the importance of customer experience, but how many of you focus intently on how the employee experience affects your organisation? The solutions in wealth management delivered to end client must be well-designed, faster and user-friendly, with potent technologies. But you must also think of your employees as your first customers, so choose technologies that are employee-centric, where you help them and they, in turn, can better serve their customers.

She then asked delegates if they knew how many employees routinely use the non-corporate applications downloaded from the internet. She said it was over 27%, which of course poses a massive risk. "Honestly, if well thought out in this area," she stated, "this figure should be zero per cent."

She then reiterated the importance of the technology of the digital workplace in achieving optimal ecosystems. "Based originally and still today in Poland, we are global and provide our solutions worldwide," she reported, "and we have won clients today here in Indonesia and also across this region, for example in Vietnam, Malaysia, Philippines and Thailand. We build our own software and are ever more focused on the private banking and wealth management space."

In conclusion, she reiterated how Comarch's wealth management software is dedicated not only on the customer side but also on the employee side because both sides of the equation must balance ideally to create an overall optimal experience and to support the business growth of the client firm. ■

Henley & Partners Opens the Door to a World of Investment Migration Options

Dominic Volek, Managing Partner, Head Southeast Asia at investment migration consultancy Henley & Partners, and Daphne Chandra, the firm's Singapore-based Country Head for Indonesia, presented a detailed and highly informative Workshop to delegates at the Hubbis Indonesia Wealth Management Forum in Jakarta in October. Their talk highlighted just how many viable alternatives there are for Asia's HNWIs seeking alternative citizenship or residence around the globe.

VOLEK HAD OFFERED DELEGATES AN EXCELLENT OVERVIEW OF HENLEY & PARTNERS' ACTIVITIES and of investment migration earlier in the day in a lively and insightful presentation [see associated Article: Henley & Partners Extols the Virtues of Alternative Residence and Citizenship].

Chandra's mission in the Workshop, she reported, was to convey both the opportunities available and also the relationships that Henley & Partners (Henley) can strike up with the wealth management intermediaries that typically bring Henley many of their clients around the Asia-Pacific region, and to direct the discussion also towards Indonesian HNWIs.

She explained that she is Indonesian herself and based in Singapore to cover the Southeast Asia region, noting that there is continued growing demand for residency and citizenship services in countries such as the Philippines, Thailand, Vietnam and most certainly in Indonesia. She reported that Henley works closely with wealth management firms such as those assembled at the Forum.

DOMINIC VOLEK
Henley & Partners

DAPHNE CHANDRA, IMCM
Henley & Partners

A country for all reasons

Volek then reiterated some of the points he had made earlier about Henley's background and expertise, telling delegates the firm's activities span the private client business, which focuses

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on the needs of high net worth (HNW) and ultra-HNW clients who seek secondary residence or an alternative citizenship through investment, as well as the government advisory practice, where Henley works with countries to design, implement and promote their individual investment migration programmes.

Volek explained that over 20 years ago, Henley has pioneered this concept of residence and citizenship planning. At the time Henley was formed, the concept of residence and citizenship planning was hardly known of, but today it has become an integral part of wealth management and of the planning put in place by forward-thinking families.

Henley & Partners' expertise

"We are experts in residence and citizenship planning," he reported. "We advise HNWIs and ultra-HNWIs on identifying and obtaining alternative citizenship or we help them to get permanent residence in other countries." The other element of Henley & Partners' business is the government advisory practice, where the firm strategically advises governments on the design, set-up and implementation of their investment migration programmes.

"To date," Volek stated, "we have helped governments raise more than USD8 billion in foreign direct investment. We are the pioneers and industry leaders in both the private client and government advisory sides of the business."

Chandra explained that the global trend towards offshore residence and citizenship is even more intense in Asia due to the phenomenal rise in the number of HNWIs and UHNWIs in the wider Asia Pacific region. According to the Credit Suisse Global Wealth Report 2019, Japan and China led the top three gainers for millionaires from 2018 to 2019, second only to the United States, while India was the seventh biggest gainer of millionaires; collectively Japan, China and India contributed to an additional 379,000 millionaires from 2018 to 2019. Among the UHNW group, China is a clear second after the United States with 18,130 UHNWIs. And the trend is set to continue.

He noted that today Henley has a worldwide staff of over 300 across 32 offices, and with more than 60 of those in Asia. And added that the largest number of the Asian team are based in the Singapore regional HQ, with other regional offices in Bangkok, Kuala Lumpur, Ho Chi Minh City, Manila and more recently Melbourne, Australia, which the firm opened in late 2018.

"Asia's HNWIs and the ultra-rich should seriously consider these citizenship-by-investment (CBI) and residence-by-investment (RBI) options," Volek said, "and as they will need the best professional advice, they should consider Henley, as the reputed leader in this advisory business."

Tailored to Indonesians

Chandra explained that Henley has a wide variety of Indonesian clients of all ages, religions and ethnic backgrounds, all motivated by a variety of different factors, from lifestyle to political concerns, to look at these alternative residence and/or passport options.

Indonesia does not permit dual citizenship, so for any local to consider CBI, that would be a significant decision, requiring them to give up their Indonesian citizenship, which very few wish to do.

"Our business is all about tailoring solutions and guiding clients carefully through what is often a long and complex process to achieve their residence or citizenship goals," Chandra

explained. "Taking the right steps towards a new residence or citizenship must be carefully considered and the process must be professionally managed."

Visa-free travel is a core motivation compelling many clients to seek an alternative citizenship in selected countries elsewhere in the world. For Muslim clients, especially those from Muslim majority countries such as Indonesia, there are natural concerns over travel and global access.

RBI is of course the less complicated option, while CBI is, understandably, the more rigorous and more expensive option.

Chandra then ran through the leading programmes the firm promotes today, from Austria, Malta, Cyprus, in Europe to St. Kitts, Antigua, St. Lucia, Grenada, and Dominica in the Caribbean, as well as some newer options of late, such as Italy, Turkey, Moldova and Montenegro.

The Caribbean – visa-free alternatives

In the Caribbean, the main focus for clients is really on the travel freedom offered, with five countries offering CBI programmes, namely Antigua and Barbuda, St. Kitts and Nevis, Grenada, Dominica and St. Lucia.

The Caribbean model is typically one whereby the applicant has the option to either donate to a government fund or invest into real estate which then they can hold for three to seven years depending on which country they choose. The costs will range anywhere from USD100,000 to about USD300,000 in terms of the investment amount required.

The programme has the principal applicant and then his or her spouse can be included as well as any children below 18 years old, while dependent adult children (up to specific ages) can also be included, as well as dependent parents of the principal applicant and their spouse. Grenada also recently announced the main applicant can include unmarried siblings in their application, which is a first.

As to application processing times, this takes anywhere between three and six months from the date of submission. The outcome in the Caribbean is usually that clients obtain powerful passports from these Commonwealth countries, offering visa-free access to Europe, the UK, Singapore, Hong Kong and so forth.

Grenada is unique in that it is one of only about 15 countries in the world that has visa-free access to China, which is excellent for entrepreneur clients doing business there.

As to the types of investments, Chandra explained that these are often high-quality. Henley clients are typically investing into branded five-star resorts, or hotels, getting a title deed on a unit or several units that are part of the resort, which are managed by a world-renowned hotel operator, so it is a relatively simple investment.

And the flexibility of these Caribbean programmes means the clients are not required to visit the island, except in the case of Antigua and Barbuda where after obtaining citizenship, clients need to visit the island for five days within the first five years.

Europe's many appeals

Moving on to Europe now, Chandra highlighted some key opportunities there, noting that over the last 10 years the range of options on offer for either citizenship or residence has risen

from just two or three countries doing these programmes to more than 20 today.

For EU citizenship, besides Malta and Cyprus, Austria offers what is perhaps the 'Rolls Royce' of programmes, but it comes at a hefty price. Austria does not have an actual CBI programme, but if an individual significantly contributes economically to the country they can be granted citizenship and that means starting with a donation of at least EUR3 million or investment of EUR8 million. These must be into specific projects which Henley can help to identify and structure, and then show the government how this has created significant economic benefits and all going well, the client then receives citizenship in about two years.

Malta's history beckons

Malta is another good example, benefitting from significant uplift in its revenues through its Malta Individual Investor Programme (MIIP). Malta is a member of the EU and with a population of just more than 400,000 residents offers a passport with visa-free travel to 183 countries, including the US.

The MIIP was launched in 2014 and requires a donation of EUR650,000 to the government for the principal applicant, plus EUR25,000 for their spouse, as well as EUR25,000 for each applicant under 18 years old.

The applicant must also buy a property in Malta at a value of at least EUR350,000 or rent a property for at least EUR16,000 per year and must invest in a Maltese financial instrument of at least EUR150,000 and leave that money intact for at least five years. And the applicants must hold private health insurance. The all-in cost for Malta will thus typically range between EUR900,000 to EUR1.2 million depending on the size of the family, and processing times from application to getting the passport takes about 16 to 18 months. This includes a mandatory 12-month residency period, although that does not mean the applicant needs to be physically residing in Malta during that time. At the first stage of the process, which is quite quick, Henley submits the residency application, which is granted usually within a week or two. The applicants then need to hold that residence card for 12 months and establish genuine links to the country before the citizenship is approved. The resident card is very useful as it offers free movement to any Schengen country without having to get a visa. Upon citizenship, clients will then hold a European passport with settlement freedom throughout the EU.

Cyprus – a home by the sea

Chandra also focused on Cyprus, which along with Malta is the current 'go-to' programme in the EU. Cyprus requires an investment of EUR2 million, usually into real estate which must be held for five years. The applicant will also have to donate EUR75,000 to the Institution of Research and Innovation as well as another EUR75,000 to the Cyprus Land Development Organisation.

Cyprus also offers the opportunity for individuals to achieve tax residence by spending 60

days per year in the country itself as long as they are not spending more than 183 days in any other single jurisdiction and are not a tax resident elsewhere. There is a 12.5% corporate tax rate, and no inheritance or gift tax in Cyprus which is one of the most attractive tax jurisdictions in Europe. Adding further appeal to Cyprus is an upcoming casino resort development, City of Dreams Mediterranean, which will be Europe's largest casino resort, due to open in 2021, and owned and operated by the Macau-based owner of City of Dreams as principal.

The newer CBI options

The latest entrants in Europe are the recently introduced CBI programs in Moldova and Montenegro. Although not part of the EU, the Moldova Citizenship-by-Investment programme is extremely cost-competitive when compared with the Caribbean programmes and provides similar visa-free access to the Schengen region in addition to Russia and Turkey.

Moldova offers visa-free travel to 119 countries and is also a Commonwealth of Independent State country. This means that Moldovan citizens can go to Russia, Ukraine and Belarus without a visa. The citizenship programme processing is highly efficient within just 90-days and requires a donation of EUR100,000 plus incremental amounts for dependents up to a total of EUR155,000 for a family of five or more. There is also a government service fee of EUR35,000 per application.

Meanwhile the Montenegro CBI Program is limited to just 2,000 applicants and offers individuals several options in terms of investment, including a EUR450,000 investment in projects in developed areas or a EUR250,000 investment in projects in less developed regions. Applicants are also required to pay a contribution of EUR100,000 per application, which is directed to a special fund for the growth of underdeveloped areas.

As well as being a NATO member, Montenegro is a recognized candidate for future membership of the EU and is currently aligning its policies with those of the EU as part of the standard accession process. Now ranked 46th on the Henley Passport Index with a visa-free/visa-on-arrival score of 122, the country has an admirable safety record and a strong commitment to the rule of law. The World Bank has classified the country as one of the fastest-growing Balkan economies.

Chandra noted that Montenegro is the next country that is due to become an EU member, currently slated for 2025-2026.

RBI alternatives

Chandra then turned her attention to the RBI schemes, the most interesting of which currently are Greece, Portugal, Malaysia, Thailand and the UK with its Tier 1 Investor Visa, the last of which can also result in citizenship, but only after at least five years of residence.

She explained that RBI generally involves investing into a country, obtaining a residence visa for typically four to five years, and if the client spends enough time there, keeps their investment, learns the local language, they may often qualify to apply for citizenship later. The main drivers are education and lifestyle, so this route is more about physically uprooting and

moving to another country to enjoy those benefits.
The UK Tier 1 investor visa is still very popular particularly with Henley clients, especially from Commonwealth countries such as India or Malaysia that have long connections to the UK. For many in Asia, a home in London is a natural step when they are wealthy.

Chandra noted that the other two top-rated RBI options in Europe are Portugal and Greece. Portugal requires a real estate investment of a minimum of EUR350,000 while Greece involves an investment of just EUR250,000, resulting in permanent residence granted in two to three months. Both are in the EU and also in the Schengen zone.

With a Portuguese Residence Card, holders can travel to an additional 26 countries in the Schengen Area, which means Indonesians can go to 99 destinations globally without the need of a prior visa.

Greece offers RBI for just EUR250,000 through a property investment, thereby giving access to a beautiful country of numerous islands, as well as free access to public healthcare and education.

Chandra reported that Portugal has also enjoyed strong demand from Asia and requires a minimum of only EUR350,000 invested into real estate for residence, and the applicant effectively needs to spend only seven days every year in Portugal. And after the fifth year, they are also eligible to apply for citizenship subject to additional criteria.

Asia's doors are also open

And in Asia, Henley promotes programmes such as Thailand Elite. Henley has been the official global concessionaire for the residency program offered by the Thai government for nearly three years. Thailand is welcoming and geographically comfortable to reach, its residency programme has garnered a lot of interest from neighbouring countries.

Within this RBI category, Chandra explained that Thailand has enjoyed a rapid increase in demand for its Thailand Resident Card, which is available for between five and 20 years and at a cost of between the equivalent of USD16,000 to USD60,000.

She had last year informed delegates that Indonesians had been taking this up in increasing numbers as it is appealing and Thailand is a nearby SE Asian country. "It also has some attractions as from the moment you arrive in the country, you go through what they call the VIP route, sailing quickly through immigration and being offered a variety of nice limo, golf and healthcare services as part of the package," she had explained.

While Singapore has become increasingly popular, it is also ever tougher as a residence or citizenship option. A much more economically appealing option is Malaysia. For the country's second home option it offers a 10-year residency, and it is very straightforward, with applicants only needing to deposit USD75,000 in a fixed deposit, or half of that amount if the applicant is 50 years old or older.

Chandra closed the fascinating, detailed Workshop by thanking delegates and inviting them to meet with Henley and to consider working with the firm to help their Indonesian HNWI clients formulate and execute their RBI, or possibly CBI plans. ■

CLM Drives Wealth Management Sales and Growth

Dominic Gamble, the Singapore-based Head of Asia Pacific at FinTech Wealth Dynamix, gave delegates at the Hubbis Indonesia Wealth Management Forum a fascinating Workshop to alert them to key advantages and critical dangers of digital transformation, particular the great benefits of an optimal Client Lifecycle Management etiquette.

GAMBLE BEGAN BY OFFERING THE AUDIENCE SOME INFORMATION ON WEALTH DYNAMIX (see WDX overview below). He then advised them that wealth management firms should be careful not to lose track of their client and their needs. He advised that optimised data storage protocols and advanced CLM are vital. He warned that to future-proof their businesses, they must empower their sales forces with client information from a 360 view, that will help lead to bespoke, tailored solutions and ideas that will in turn boost revenues.

Private banks and wealth management firms across the globe, Gamble observed, are tuning up for a fundamental shift towards the delivery of more innovative and personalised client engagement from their advisers.

Gamble explained that the world of private wealth and wealth management is evolving fast. In Indonesia, there is a rapid expansion of wealth as more people move to middle-class incomes and aspirations. At the same time, technological advances are so well progressed now that it is possible to capture the vast bulk of information about clients in order to offer them the best products, solutions and ideas.

DOMINIC GAMBLE
Wealth Dynamix

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Gamble said that when he talks about CLM and CRM with many private banks in Asia, it soon becomes evident that this is not an area they are in control of. "We often get blank faces and murmurs," he said, "but not having this well-sorted is dangerous from a regulatory and compliance perspective and also makes the job of an RM a lot harder."

The client life cycle starts at the very beginning and throughout onboarding and KYC and there are many technological hurdles to overcome, such as slow processing, internal inefficiencies, scattered information, multiple logging, team working, the lack of a 360-degree view of any client, as well as ongoing issues once a client is onboarded, including change of address, change of marital status, and so forth. And once you have done all of these things, the biggest issue that I see in the industry is dormancy, leaving you without enough client insights to re-engage."

Gamble explained that for WDX, CLM covers five broad stages of the relationship - literally from client prospecting through even to the client leaving - all of which depend completely on data.

"According to a survey from PwC," Gamble told delegates, "Data is the 21st-century fuel businesses can use to be faster, smarter and more responsive to market conditions". And this is music to my ears, as it is indeed very true for the wealth management industry, for which data is both lifeblood and an empowering tool for the client relationship.

Armed with some excellent slides, Gamble then offered insights into how the industry can effectively use technology to strengthen client relationships. "You must collect data the right way from the beginning, secondly open accounts faster with more intelligence and third, leverage the data to power tailored solutions." And with that, he mined down into more detail for each of these requirements.

He then offered interactive demonstrations to the delegates to give them greater insight into how WDX's CLM product, called WDX1, works in practice.

He showed how it starts with prospecting. "From the very first touchpoint that an institution has with a prospect," he reported, "for example, a private banker meeting a high net worth client at an event, making the data capture robust but also really simple for the advisor is key - being able to scan that business card through his or her phone, or leaving meeting notes via speech that are then transcribed to text is an example of a user experience that advisors love. It makes their life a lot easier. But crucially, it creates a prospect record in the CRM and the data capture journey begins from there."

Every scrap of data on that prospect then gets fed into a marketing suite that is offered as a module of WDX1, including tools such as campaign management, workflow rules, email and messaging automation and lead scoring.

"Then," Gamble explained, "every interaction the prospect has with the institution whether this replies to emails and messages, accepting or rejecting event invitations, loves wine, dislikes property, is digital savvy, whatever it is then gets stored against the prospect record which then powers and nurtures more tailored marketing. In short, it means the institution will convert more of their prospects and will reduce their cost of acquisition."

One of WDX1's key advantages when it comes to boosting operational efficiency is the 'capture-once-use-many' philosophy, Gamble elucidated, explaining that the product's modular journey has huge advantages when it comes to digital onboarding.

"If those steps are handled properly from the outset," he said, "client onboarding becomes somewhat easier because it is just

another sequential and integrated step in the client lifecycle. Forms are prepopulated and the client does not need to start re-keying, which is a waste of time and resources. So, we facilitate the digital onboarding, the orchestration of all the KYC going out to third party companies, all automated, the orchestration of all the workflows internally."

Once the account opening forms are being completed, in whatever format, the information is available in the WDX system real-time, and real-time tasks are allocated across all the teams, which in turn dramatically compresses account opening times, he says.

"This is a huge pain point for private banking in Asia," he clarified. "For lower wealth segments, such as priority banking and wealth advisory, onboarding itself is less of a pain point, but the integration of onboarding to the prospect journey and client journey, thereafter, is where we make the difference.

And the next step, he reported, is about making all that information on the client productive.

"We do that by building personas using the data and that can then result in tailored recommendations to clients," he explained. "Relationship Managers can sit at their desk, get alerts from the system on what products are suitable for this client, which incidentally we call 'talking points'. It both increases conversion rates and makes clients feel happier. This client management cockpit - all of the emails, the activities, the tasks, the appointments, recommendations - for the day are all sitting in that suite."

The implications for cost efficiencies and revenue enhancement for Wealth Dynamix clients are key selling points.

"The effect is on both sides of the P&L, actually," he commented. "We drive operational efficiency, but we also drive additional revenue. We can quite drastically improve the efficiency of compliance teams because of our orchestration, because of our automation. And on the client management side, we can achieve major operational efficiency gains through CRM."

Gamble added that the power of the Wealth Dynamix system flows through to achieve tailored content based on what the client likes, delivered through a mobile app, or web portals. "This is the next most important evolution in private banking and wealth management over the next few years," he says,

"It is not just about creating efficiencies in the institution, it is creating longer relationships, happier clients, clients who are receiving better advice, more tailored advice, more motivated relationship. We want to market WDX1 very much as a productivity and efficiency tool, but interestingly one that will drive more sales too."

"namely the provision of a truly tailored service."

Gamble then focused on what he terms the final piece of the jigsaw: servicing. This involves seemingly mundane tasks such as changing a client address, updating their records, making a transfer payment request and so forth.

"This is the really simple day to day stuff that can often cause so many headaches," he observes. "We have seen a case where a client had been incorrectly marked an Austrian down rather than Australian and it took months to correct it with endless paper and original signatures being required. With WDX1, that inefficiency would just never happen. These seemingly petty changes can cost so much time, headaches and money."

Gamble explained that Wealth Dynamix delivers global solutions for many very large private and affluent banks, giving the firm a head start and a client base in Asia.

He sees great potential in Asia. "The private banking sector is maturing," he observes, "and while our product was born out of private banking, and we are now in broader wealth management sectors, for example, priority banking, insurance, the IFAs. We are also looking at cross segments now, so for a large institution to be able to show client relationships across their divisions, for example, retail and corporate, it all becomes very interesting. It is those types of conversations we are evolving here in Indonesia and across the region."

Gamble closed his Workshop by commenting that his talk had, hopefully, helped improve understanding of just how integrated and how diverse the functionality can be, how rich the functionality can be inside of a CLM system. "It is not just about creating efficiencies in the institution, it is creating longer relationships, happier clients, clients who are receiving better advice, more tailored advice, more motivated relationship. We want to market WDX1 very much as a productivity and efficiency tool, but interestingly one that will drive more sales too."

Gamble's final word was an appeal to the delegates. "Don't forget your clients, use CLM and CRM to give a better client service, more tailored solutions, keep your costs under control, unlock the revenue opportunities whilst ensuring compliance best practice." ■

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Indonesian Wealth Management Forum 2019

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Summary

We were delighted to host our 9th annual **Indonesian Wealth Management Forum** on October 17 in Jakarta.

More than 200 CEOs, COOs, Independent Asset managers and other senior practitioners attended - from a mix of local and international Private Banks, Retail Banks, Insurance Companies, Independent Firms & Family Offices, Asset Management Companies, and IFAs.

Indonesia continues to present an enticing opportunity in wealth management for domestic and foreign players alike.

For years there have been discussions about opening up international investments to Indonesia for distribution onshore, but so far there has been little to no progress. While there is modest liberalisation for insurers who can now get 20% of invested assets in overseas assets, the asset management industry remains seriously hampered.

High-quality relationship managers can easily move to Singapore to ply their trade. To build and retain a skilled, professional talent pool of bankers and advisers locally, the regulators must help diversify the product range and industry must address education, training and compensation.

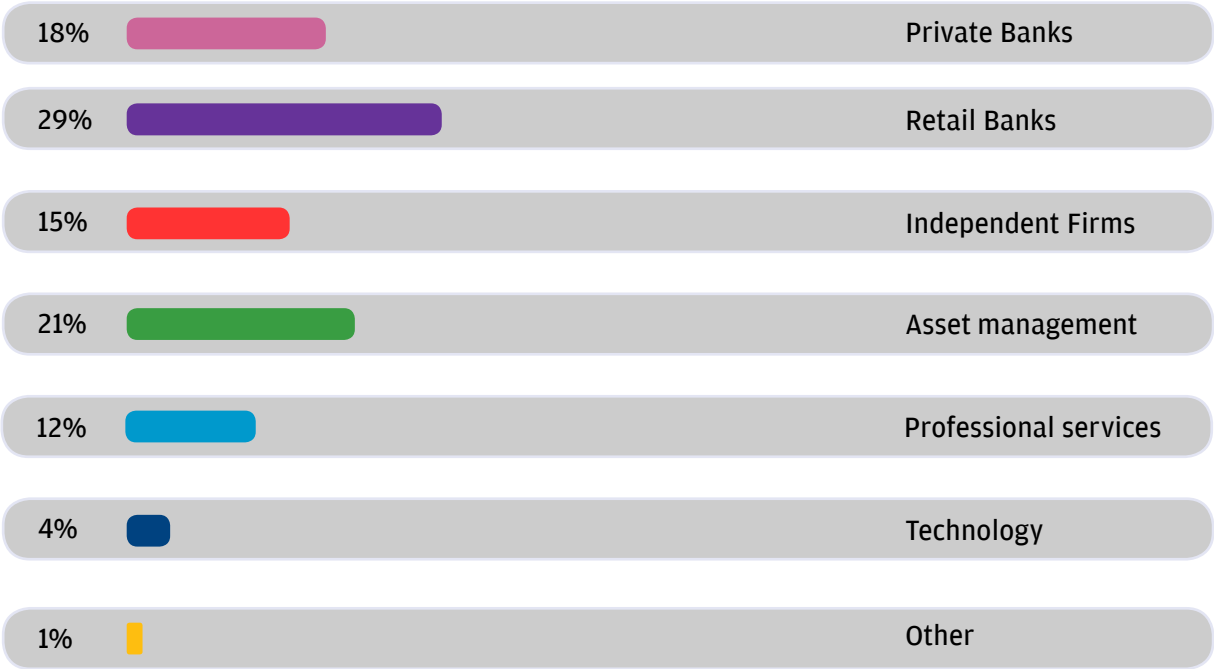
The wealth management industry must develop its proposition and communication methodologies to gain maximum traction with the second and third generations of wealth in the country, especially as these individuals are worldly and well educated from Western colleges and as some 70% of HNWI's private wealth remains onshore, and that percentage is likely to rise.

The offshore proposition is also challenged, for example in nearby Singapore, by fast-rising costs and rapidly proliferating regulation, both of which lead to margin compression. Developing the onshore product and service suites is therefore increasingly important.

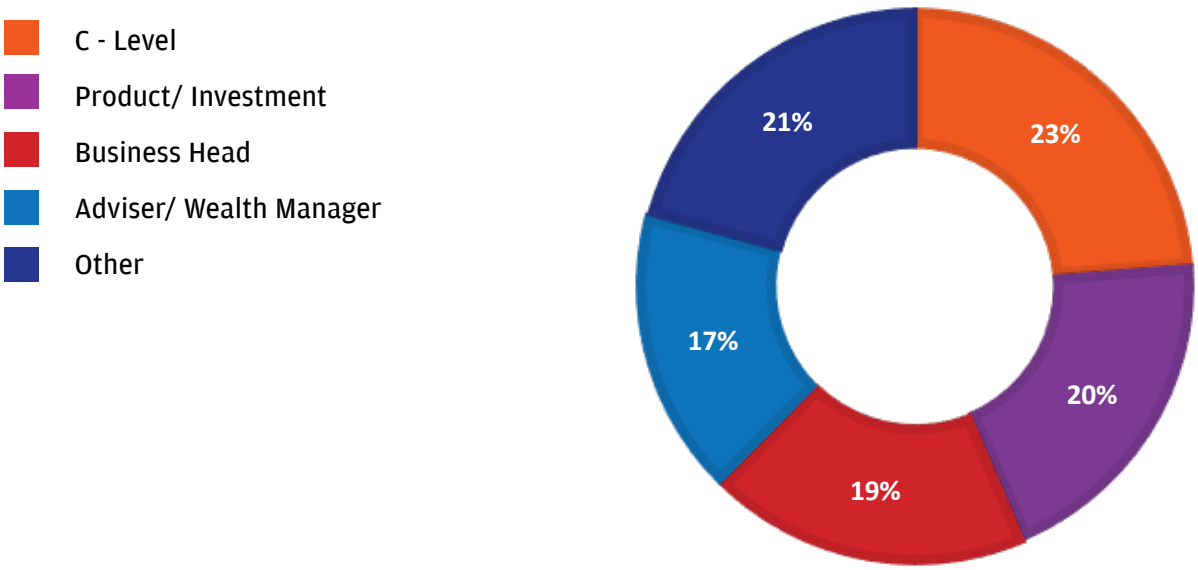
We discovered that great opportunity lies ahead for wealth management in Indonesia - but the regulators need to liberalise - and soon - and the industry must develop both its talent and its onshore proposition.

Finally, thank you to all of our event partners: **Henley & Partners, Comarch, Swissquote, Wealth Dynamix, 360F, Additiv, Bordier & Cie, DWS, Intellect Design Arena, Wealth Intelligence - Contemi Solutions, Sun Life Financial, Bunker Gold & Silver, Expersoft Systems, FNZ, Hawksford, IMTF, J O Hambro Capital Management, J. Rotbart & Co., Malca Amit, Onchain Custodian, Singlife and Sovereign Group.** ■

Attendee Profile



Job role



Attendees from these firms

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Victoria
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WYR Solution
ZWC

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Christophe Numa
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Daphne Chandra, IMCM
Henley & Partners

David Mitchell
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Dominic Volek
Henley & Partners

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Wealth Dynamix

Irene Lee
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Ivan Jaya
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Jens Reisch
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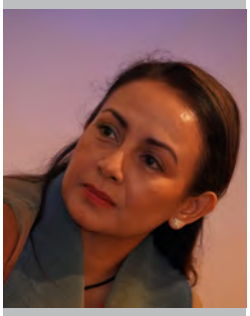
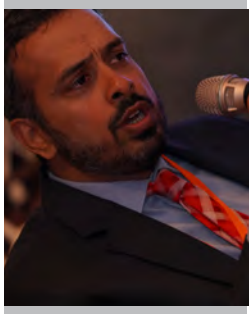


Salina Nordin
Heritage Amanah International



Samdarshi Sumit
PFI Mega Life Insurance

Shane Meredith
Contemi Solutions

Shiv Tulsiani
Malca Amit

Simon Lints
Schroders Wealth Management

Thomas von Rueti
Singlife

Key voting poll results

The Hubbis Indonesia Wealth Management Forum 2019 event in Jakarta on October 17th provided fascinating and thought-provoking discussions and talks for the assembled delegates. As usual we also polled the attendees and mined out the following nuggets. Hubbis also conducted some digital polls during the event, with the following key findings.

- Client Education and the regulator are the biggest barriers as far as development of the management developing in Indonesia
- 75% of our audience would not trust the bulk of their money with a new challenger wealth management platform
- 65% of attendees are happy with their banking experience today
- 95% want more product diversity in Indonesia
- And 80% of attendees want to be able to access more international funds

Indonesian Wealth Management Forum 2019 Testimonials

At the Hubbis Indonesian Wealth Management Forum 2019 in Jakarta on October 17th, we asked leading industry participants what they thought about our event today.

We hope you enjoy these Testimonials.
Click on the Speakers Name to view their BIO.
You can also read the transcripts in this document -
and click on Watch Video to view their exclusive interview.

Link to Content Summary page
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Who did we ask?

Kenneth Ho
Managing Partner & Founder
Carret Private Investments
Watch Video

Samdarshi Sumit
President Director & CEO
PFI Mega Life Insurance
Watch Video

Edy Tuhirman
Chief Executive Officer
Generali
Watch Video

Ivan Jaya
Head of Wealth Management & Retail Digital Business
Commonwealth Bank
Watch Video

El Lee
Co-Founder and COO
Onchain Custodian
Watch Video

Nagaraj Prasadh
Country Head
Intellect Design Arena
Watch Video

Koh Keng Swee
Executive Director, Head of Investment Product and Advisory
DBS Bank
Watch Video

Simon Lints
Chief Executive Officer, Singapore
Schroders Wealth Management
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Irene Lee
Director, Head of Business Development
Alpadis
Watch Video

Kenneth Ho
Managing Partner & Founder
Carret Private Investments
Watch Video

Hubbis always has some great events, in particular (regarding) where you are trying to focus on the local market needs, the local market problems, and the opportunities for the local market. So, from what I can see, you have got a great set of people participating in an event. The audience looks fantastic. It's already halfway through, and I think it's great.

Samdarshi Sumit
President Director & CEO
PFI Mega Life Insurance
Watch Video

Hubbis (events are) a fantastic place to meet a diverse set of people. I think the event is shaping thoughts of people on how to do things the right way; the questions (which I have) come across focusing on financial literacy, focusing on how the industry can grow. So, it is a fantastic day spent for me. Great learning.

Edy Tuhirman
Chief Executive Officer
Generali
Watch Video

This is great event. I see the energy level. I see the audience is quite diverse. I think the energy is there. It's a good event. (Hubbis have) made it one more step higher, so I think next year it will be tougher for you to make it look as good as today.

Ivan Jaya
Head of Wealth Management & Retail Digital Business
Commonwealth Bank
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This event is something that we always need. We understand that the knowledge of Indonesia, in terms of the literacy of investors, is very much needed. So, with this event, we expect that it attracts a lot of the intention (to develop), and I think this is in line with where the industry is going right now.

El Lee
Co-Founder and COO
Onchain Custodian
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People in this forum are really concerned about how to secure assets for the second generation, third generation (of) high net worths, and that has been a recurring theme. And the recurring theme comes to a point that we understand that the new generation is looking at technology, UX, EX and stuff like that. The question is really: how do you enable these kinds of experiences using technology, right? And going forward, the millennials, the younger

generation are going to look at digital payment, e-tokens and the receptivity to that, it's very, very high. So, going forward, I believe that (during) the wealth management forum, you're going to hear more topics about how digital tokens, how digital assets, are going to be a part of this whole ecosystem; how do you enable that or use technology to enable people to get access to that will be one of the key discussion topics. And I believe, in today's forum, we've covered a lot about that, that was well received, and it (garnered) a good response from the audience as well.

Nagaraj Prasadh
Country Head
Intellect Design Arena
Watch Video

The event today has been something overwhelming. We have always seen that the (Indonesian) market keeps us engaged, and today has been no different. Right from the morning, we have had a barrage of people walking to us, for us to explain what our offerings are. I think this is one market where we are going to be continuing to

invest, in terms of bringing our products and services in, and to try to see as to how we can make an impact here.

Koh Keng Swee
Executive Director, Head of Investment Product and Advisory
DBS Bank
Watch Video

Like with all other Hubbis events, it's very well organised; kudos Michael and the team, and thanks for the invitation. I would have hoped for a bigger turnout, but of course the crowds would not be the same size (here) as those in Singapore or Hong Kong. But as we can see, more and more people are coming into Indonesia, into Jakarta, so I'm sure in the future, (this event) will have a much, much bigger turnout.

Simon Lints
Chief Executive Officer, Singapore
Schroders Wealth Management
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Less numbers of attendees but certainly, from my perspective, high quality; I made a lot of very good, appropriate connections. A lot of interesting new faces around the room, which has been very good. High-quality attendees, C-level attendees., and a good buzz around the place. I think everyone's pretty positive about the opportunity. So, less numbers, but I think a lot of good things coming out of it.

Irene Lee
Director, Head of Business Development
Alpadis
Watch Video

Today's event itself is, of course, as always, very good; the attendees are good. I've actually met quite a few contacts, and more importantly, these are contacts who are wanting to know more about how they can better advise their clients. At the end of the day, it is important to be well versed, and then also to train and provide information needed for clients to make informed decisions. So, they are here to learn. They are here to absorb and contact and network, and then they can then create the relationships required to make successful introductions to their clients thereafter.

Testimonials from the audience

"The Wealth Management Forum by Hubbis is highly informational. It creates an excellent platform for practitioners to exchange ideas, network and drive new development in the wealth management industry."
El Lee, Co-founder and COO, Onchain Custodian

"It has been a great event, listening from all the subject matter experts that for sure improve my personal knowledge and sharpen the strategy of business, yet expanding the networking and meeting with some peoples that are good for us to work together with on for our business growth."
Anonymous

"It's my first time to attend this event, and I'm amazed of the vast information from global perspective of the Wealth Management Business globally, with so many ideas that might be applicable for us here"
Felix Chandra, Wealth Advisor, KEB Hana Bank

"HUBBIS provides a valuable service to the financial services development in Indonesia by hosting these events. Bringing together the key comports of the industry allows many constituencies to benefit from the cutting -edge products and services discussed."
Richard Piliero, Regional Executive, Finaport ■

Indonesian Wealth Management Forum 2020

Thursday 08th October, 2020

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