

# Getting Down to Business: How Banks and Advisers Can Help their Clients

*Asia presents wealth management advisers both an increasingly competitive and an ever more regulated environment. Clients want more value-added in return for tighter fees. Panellists at the second discussion of the Asian Wealth Management Solutions forum agreed that a race to the bottom was not going to do the industry any favours, and instead suggested a variety of approaches to survive and prosper in tomorrow's world. These include boosting expertise and specialisation, enhancing their communication with clients, offering open architecture, and dispensing objective advice.*

**These were the topics discussed:**

- *Are banks able to attract clients to fee based wealth advisory mandates? Is a bank's ability to become the "trusted advisor" dependent on its ability to have a fee based service?*
- *How much can a bank's wealth planner do directly, and how much of the role involves co-ordination with external advisors? How can the wealth planner be compensated for this?*
- *Are professional advisers (law firms, etc.) too transactional in their approach to solutions? Do they need to be more holistic in their approach to the pricing, delivery and ongoing management of solutions?*
- *How do you approach HNWI clients and their families, so they truly focus on legacy planning?*
- *Are Asian clients sufficiently organised? Or what can they do to up their game?*
- *Is the wealth management community sufficiently expert at handling the required conversations?*

**PANEL SPEAKERS**

- **Mark Smallwood,**  
CEO,  
Rapier Consulting
- **Rohit Bhuta,**  
Chief Executive Officer,  
Crossinvest
- **Ian Black,**  
Head of Financial  
Planning and Wealth  
Solutions,  
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- **Simon Lints,**  
Chief Executive Officer,  
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- **Leping Zhang,**  
Associate, Business  
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Services,  
Cone Marshall
- **Steven Weekes,**  
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## THE KEY TAKEAWAYS

### Smaller firms squeezed by shrinking margins

As boutique wealth management firms feel the squeeze brought on by fee compression and fierce competition, the best way to survive is by adding value to their service. There are no quick fixes to this - it must be achieved through diligence, expertise and a thorough understanding of the market and the needs of the client.

### Adding value through specialisation

There is no shame in admitting we do not know everything, indeed paring back to a core skill set is a positive step. The trend towards holistic wealth management can be accelerated by advisors working with third-party experts when required. A major factor in improving the quality of wealth management provision in Asia in the long term will be achieved by upping the quality and integrity of the advisers themselves.

### Do your research for in-depth client understanding

There are no viable shortcuts to understanding your clients' and their needs, wishes and idiosyncrasies, said panellists. Nobody really wants off-the-shelf products anymore; instead they are asking for tailored, personalised solutions. Taking time to understand clients and to build trust on both sides takes advisers a long way down the road to a successful wealth management relationship.

### How far can fees really fall?

There is a danger that the major banks can drive some fees ever lower in order to retain or attract clients, but panel members advised wealth management firms to hold on tight, to boost their proposition, and promote value-added advice and services. Clients, they believe, will want high-quality advice in a more complex world, and will recognise the need to pay up for that.

### Integrity above all

Transparency and independence are increasingly important when attracting clients, panellists explained. The big banks do not always play fair, with many pushing in-house products to the detriment of third-party offerings, meaning customers lack a truly wide-angle view of information and opportunities. However, clients are beginning to wake up to the need for honesty, objectivity, simplified structures and clarity, especially as regulations tighten.

### How to be the best

Panel members advised the assembly to stick in for the long game with clients and to focus on their longer-term priorities, instead of pressing for one-off sales and commissions. Clients want personalised solutions, they want to trust their adviser, they need excellent communication and transparent fee structures.



MARK SMALLWOOD  
Rapier Consulting

**P**ANELLISTS BEGAN THE DISCUSSION BY SUMMARISING HOW BANKS AND ADVISERS CAN HELP THEIR CLIENTS IN THE CURRENT FINANCIAL CLIMATE, resulting in better client attraction and retention. “Some of the private banks and smaller firms are under increasing stress as fee compression, and the arrival of robo-advisers combine to take their toll on already-shrinking margins,” an expert explained.

But through high-quality advice and thinking out of the box, these firms can fight back. One important way to justify fees, for example, is to ensure added value, for example by including philanthropic advice and introducing the concepts and practices surrounding family governance. “By understanding our customers, these extras, based on knowledge and experience, really boost our perceived value,” one expert remarked.

**Working better together**

While the big banks strive to be the best all-rounders, a panellist pointed out that smaller firms can benefit from admitting they are not the best at everything, but instead develop specialisation in certain areas. Besides, being willing and able to source other ‘best-in-class’ professionals to cover those areas of advice and service in which the smaller firm might be lacking, shows appealing adaptability. “We can honestly and viably partner with the best around us,” claimed one guest, “rather than being bound to any one particular organisation.”



ROHIT BHUTA  
Crossinvest



IAN BLACK  
AAM Advisory

Another important factor in generating that added value is to be completely independent and transparent. Indeed, when looking after other people’s money this should be a fundamental value point, agreed panellists.

The process of smart investment in the world of wealth management and planning should start with goals-based wealth planning, structuring and advisory before looking at the specifics of investment products or classes. In this way, returns will be better aligned to personal and family objectives, including retirement, intergenerational transfer, tax efficiency across jurisdictions or other missions.

“Unless we work together to boost our resources and value, we are never going to manage to deliver what the client wants in today’s market,” a panel member implored. “It is clearly no longer acceptable to offer a single off-the-shelf product solution.”

With all this in mind, there is a definite trend towards the external asset management (EAM) space in terms of client servicing. Some argue that the larger banks are increasingly hampered by internal and external compliance, making them more unwieldy and less willing to offer valuable advice, for fear of later recriminations, from within or from the outside.

And there is a move towards the holistic advice and a longer view planning perspective offered



SIMON LINTS  
Schroders Wealth Management

**DO BANK WEALTH PLANNERS HAVE SUFFICIENT FLEXIBILITY IN USING THIRD PARTY SERVICE PROVIDERS?**

Yes



No



Source: Asian Wealth Solutions Forum 2019

by EAMs and more boutique private banks, while relationship managers at the bigger banks remain under a lot of pressure to push products rather than properly connect with their clients. “Asia’s wealthy clients are seeking increased flexibility,” a panel member explained.

**Competing for Chinese clients**

The discussion moved to the idiosyncrasies of mainland Chinese clients. “They seem to prefer fixed-fee structures to paying by the hour and often need an estimate of the total cost,” a panellist explained. “They also prefer to have a solution packaged with their advice rather than paying for these separately.”

This means that clients need advisers who can translate their advice into solutions as not all advisers are also implementation specialists. “Some will simply write up a trust deed and then leave it up to the trustee to make it happen,” a panellist remarked.

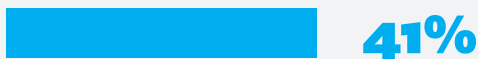
Another issue is the importance of effective communication when dealing with Chinese clients. “Sending a long email which communicates urgent, important information and receiving no reply is disheartening,” an expert elucidated, “especially when your client says they did not even see it.” The experts advised using a shorter message via a secure message app instead, favoured throughout China as it is a quick, effective, and proactive approach.



STEVEN WEEKES  
HSBC Private Banking

**ARE ASIAN CLIENTS PREPARED TO PAY FEES FOR WEALTH PLANNING?**

Yes



No



Source: Asian Wealth Solutions Forum 2019

### Specialisation in a world of commoditisation

Wealth management spans a vast spectrum, comprising global banks down to specialised boutique operators. “How are those smaller firms adding value?” an attendee asked. “We do not compete on price,” an expert answered. “If a client opens with a question about cost, we tell them the relationship is not going to work. As the saying goes, you get what you pay for, and if price is the core factor, we would, for example, only see the cheapest cars driving around Singapore.” Instead of the seemingly constant flow of luxury and supercars on the streets.

So, how to achieve these improvements? There is a real need for skilled wealth planners in Asia, panellists explained, compared with more established markets in Europe and the UK. “At present in this region there is a legacy of advisers who lack in-depth knowledge, selling basic investment products,” a panel member criticised. “We need higher quality, skilled wealth planners who know the market, who can listen to the clients and offer highly relevant advice.”

“But, let’s be real here,” a panellist interjected, “in Asia, price has been and will always be a factor, however much value is added. So we need to just ask a fair price for the best service we can offer to the client.”

The discussion then rounded upon other ways in which wealth managers can be first in line for new business. “In the past, bankers were like a jack-of-all-trades, focussed around investment products mostly,” a panellist observed. “Nowadays, the best bankers are great at relationships, focussed upon clients and their families. They source experts and third-party specialists when they need them, they offer holistic views and solutions.”

Indeed, these days one of the most important skills seems to be in knowing how far one’s expertise can stretch, and not fearing to bring in other experts in their respective fields when required. “You can be proactive, you can advise, you can attend meetings with your client and the experts, stay in the middle and manage the relationships so that your client gets the best holistic service,” an expert summarised.



LEPING ZHANG  
Cone Marshall

### Honesty is the best policy

But what of the big banks? Are they playing fair? One example of the lack of a level playing field comes in the form of a recent review of big bank practices, an expert explained. While the review found evidence of generally an open architecture and plenty of third-party products available, a closer inspection found that most products pushed for sale were, in fact, the banks’ own products. The smaller firms and boutique private banks should recognise this and play to their own strengths in order to fight back.

With increasing global and local regulation putting pressure on customers to ditch complicated structures and become more transparent, it is only natural that privacy concerns increase apace. “Clients are however beginning to accept the need to toe the line and stop looking for loopholes,” an expert clarified, “and one clear benefit for them is that with decreasing structure complexity comes decreased fees.”

The experts then summarised the most important elements for relationship managers to focus on moving forward. “RMs should focus on eliciting the goals and priorities from their clients rather than the short-term selling of products,” one panellist offered. “Clients want and need tailor-made solutions and long-term support.”

The take-home message, a panellist concluded, is to be transparent and patient with clients as it takes a long time to build trust. And they must be constantly available. “Asian clients expect their wealth manager to answer the phone, so no signing off after six,” he quipped, to end the discussion. ■