

Opportunities and challenges amidst Asia's wealth explosion

The Hubbis Asian Wealth Management Forum of February 27 produced much lively discussion on the state of the Asian wealth industry, as well as plenty of fascinating insights into global and Asian markets, both mainstream and alternative.

NUMEROUS CHALLENGES FACE THE WEALTH MANAGEMENT industry in Asia. Regulatory tightening, competition from fintech companies, the growing threat from Big Tech, and the rise of family offices are a few such challenges.

The S&P index was 670 on March 9, 2009. By February 26, a day before the Hubbis Asian Wealth Management Forum in Hong Kong, it was trading four times higher. But while market indices have surged since 2009 the wealth industry in Asia has not enjoyed a concomitant boom.

Consolidation might need to take place in the industry, according to some experts. Fees and commissions are being compressed by transparency driven by the regulators, and also by external competition such as from the fintechs. However, with the huge growth in Asia's wealth, there is room for the big and boutique players, but there is a broad consensus that the whole industry must become more professional and invest in more technology.

The massively growing HNW wealth in China represents a world of opportunity for Chinese banks, net home-grown competitors, as well as for foreign firms that are well-established in Hong Kong. There is now great interest in whether foreign banks complete effectively in China against the expanding wealth arms of the major Chinese banks and other local entrants.

The widespread impact of new and ever tighter regulations and associated compliance is placing





more and more demands - and cost - on banks and other wealth providers.

The whole industry needs to be extremely careful in their advice and the products they promote. Ironically, these demands are occurring at precisely the same time as wealth advisory providers are trying to increase their percentage of active asset management and increase advisory fee income in general.

To do so, wealth providers need to increase their focus on long-term wealth preservation and creation for their clients, rather than focusing, as has often been the case, on selling clients what is either easiest, or most profitable, for the distributors. And with mainstream asset markets still trading at or near 10-year highs, there is a major question whether HNW portfolios should err more

on the side of caution or should remain structured largely for continuing growth.

The eight presentations and four workshops during the event focused on a variety of fascinating topics and opportunities. Amongst other subjects these included: the growing wealth of women globally and the relevance for wealth advisers; the captivating value story for technology stocks; the attractions of overseas residence and citizenship; the regulatory impetus behind the \$4.5 trillion global ETF industry; the inherent value of Asia and China's compelling metrics; the convergence of West and East in Asia's family offices; and the appeals of hybrid CoCos securities.

And four workshops - newly introduced and now staple components of the typical Hubbis forum - added further detail to some of the presentation topics above. ■

