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Alvin Lee
Head of Group
Wealth Management
Maybank

Maybank Singapore's strategy to drive down wealth management costs

The bank is enhancing its digital capabilities beyond portfolio reviews to support more online transactions.

With over 48,000 individuals worth over US\$30m calling Asia home, Maybank Singapore is intensifying efforts to capture the opportunities arising from the rapid pace of wealth creation in the region and hold firm against rising costs and more established Western rivals. In an exclusive interview with *Asian Banking & Finance*, **Alvin Lee**, head of group wealth management and head of community financial services Singapore at Maybank outlines the bank's strategy to bring Asian wealth management strategy to the spotlight.

In a 2018 report, Deloitte hails Singapore as the region's leading WM hub but notes slight weakness in provider capability. How can banks in Singapore respond to this pain point and does Maybank have any specific initiatives in place to improve provider capabilities?

European and US banks have a longer history of private banking, with several Swiss banks going back 200 years when they first started providing such a service. Wealth Management in Asia effectively took root in the 90's and in less than 30 years has grown to be the second wealthiest region after North America. This rapid growth has put a strain on the talent pool, which in turn has an impact on service delivery to clients.

Many things are happening at the collective industry level to address this issue. For instance, The Association of Banks in Singapore and the Institute of Banking and Finance are leading various initiatives to enhance the competency of financial advisers. These initiatives include organising courses which banks can send their advisers to or providing a curriculum which banks can incorporate into their own in-house trainings. At least two universities are now offering Wealth Management post-graduate courses.

At Maybank, we define provider capabilities as giving the right solutions and the right service. This needs to be put together with an appropriate platform that allows them to have a clear and timely view of their portfolio and performance. We have been continually enhancing our product offerings to cover all market conditions and asset classes, as well as implementing a technology platform that puts everything together for our clients.

We believe delivering the right service boils down to hiring the right people. To help us achieve this talent management objective, we have launched a customised training curriculum at Maybank Wealth Management Academy. This programme is a combination of the best of what our strategic partner, NTU Wealth Management Institute, offers along with Maybank's own training philosophy in sales culture. Central to this philosophy is about always doing the right things for our clients.

For us at Maybank, wealth management is an important cog in our universal banking model. We are therefore making investments in platforms, people and processes to make this service delivery as effective and efficient as

possible. We have also rolled out a Wealth Management Academy to ensure our Relationship Managers are proficient and up to speed on the latest developments.

Cost margins in Singapore WM centres have grown at 66 bps which makes it as the world's third highest in 2017. For Maybank Singapore, where has these pool of investment gone to?

The higher cost margins here are due mainly to personnel and platform, and more recently also compliance costs. Because of the rapid growth of the industry, there is an intense competition for talent. It has been common for banks to reward higher remuneration packages in their quest for talent, especially for the relationship managers.

The average vintage of RMs in Asia is shorter than that in Europe and the US. They are typically also younger which means that their natural propensity to explore with a new employer is higher. However, I expect this "musical chair" game to eventually slow down because the stricter Know-Your-Customer (KYC) requirement makes it ever more tedious for the RM to onboard clients with a new bank. There is also an element of client fatigue when the client is required to follow the RM to a new bank every few years. I expect the slower staff turnover coupled with bigger AUMs across the board to help lower costs margins to a more sustainable level.

At Maybank, we have effectively been investing in people, platforms and products. As we continue building up our capabilities, we have been increasing our bench strength across front, middle and back-offices here in Singapore, Malaysia and Hong Kong. I believe that our people are the key differentiator and therefore we invest heavily in bringing aboard people who believe in our mission and credo. Another area is technology. Having a strong core platform to support products and portfolio is the prerequisite and over time we will also enhance our digital capabilities beyond portfolio review to support more online transactions. As for products, whilst an open-architecture allows us to source for the best of breed solutions, we are diligently working with our in-house product partners in Maybank Global Markets, Maybank Asset Management, Maybank Kim Eng and Etiqa Insurance on differentiated products.

What I believe we are doing differently from most WM players is in the area of performance assessment and remuneration. Because of our belief that we need to sell based on client needs and not to meet a revenue target, and that performance must be appraised with market conditions in mind, we take a longer-term view of staff performance instead of a monthly or quarterly view. This gives our RMs the confidence to do what is right for our clients. With this practice, we find that our staff turnover is lower than the industry average and staff engagement is much higher.



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