RICH ADVICE

With a dearth of experienced financial advisors, Mark Laudi discovers that banks are offering big salaries to poach top performers and teaming up with universities to train the next generation of professional advisors.

If you are one of several hundred thousand affluent people in Asia, you must be looking at the wealth management industry with some amusement. Private banks are falling over themselves to manage your money, but they can't hire client advisors as quickly as people are becoming wealthy. The booming economy over the last three years, boosted by explosive economic growth in China, means more people are joining the exclusive list of high net worth individuals every year. In Singapore alone, there are 55,000 people with liquid funds of more than US$1 million ($1.57 million). They and many others in Hong Kong, Indonesia, Malaysia, Taiwan and beyond rely on a trusted advisor at a private bank to manage their money. And private banks...
"We still see a certain amount of challenge hiring that hasn’t improved in the last 12 months," says Kwang Kam Shing, UBS Managing Director and Head of Singapore. "Seasoned private bankers with the relevant contacts are drying up," says Tee Fong Seng, Managing Director and Regional Market Manager for South East Asia at UBS in Singapore. It has spent "many, many millions" of dollars establishing its own Wealth Management Campus to raise standards among existing staff and to train new hires (5,000 people between 2006 and 2010). JPMorgan Private Bank, which targets ultra high net worth clients - those with liquid assets of at least US$10 million (S$15.75 million) or total assets of at least US$25 million (S$39.37 million) — also require more specialised advisors who are even more difficult to find.

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SCHOLARY PURSUITS
To bring in fresh blood, UBS, JPMorgan and other banks have been actively supporting institutions such as the Singapore Management University (SMU), which is offering a Masters of Science in Wealth Management. Professor Francis Koh, the director of this programme, says the course is structured so participants are not absent for more than two weeks at a time.

But it appears the club of client advisors is as exclusive as the people they serve. The UBS Campus, for example, is open only to existing staff so they can take just one or two modules dealing with specific subjects rather than full-time courses. Furthermore, the campus serves to inculcate the "UBS culture" in attendees.

Similarly, not everyone who applies to the SMU Masters programme is accepted. By and large, it’s attended by client advisors with at least five years’ experience seeking to upgrade their skills.

JPMorgan is listed in promotional materials as a supporter of the SMU course, but it also prefers to train staff in-house. "We recruit MBA graduates and put them on a training programme for six months," says Kwang, noting that most client advisors are hired internally. "Client advisors and associates will rotate through various areas of the private bank and learn that way," he says.
Good private bankers who relate well to clients command salaries that have risen markedly over the last two years. “It is quite rampant at the moment,” says Goh, “especially with sign-on bonuses”. “The salary increases are getting to ridiculous levels,” agrees Tee, mentioning that people with three to five years of experience can command a salary of up to US$630,000 (S$992,000) a year.

Big offers by private banks have also led to high expectations among potential staff. “I look at the numbers being asked and can see that it’s not going to be economically viable,” agrees Kwang. “It’s very hard for the bankers to pay for themselves and there’s very little expectation that additional revenue is going to be brought in right away,” she adds.

Even so, training takes years. Professor Koh describes private banking as an apprenticeship business. “Previously, relationship managers were a one-stop shop. They handled the clients, advised on products, executed trades and so on. Now, there are more products, so client advisors draw on in-house product specialists,” he explains.

The various courses on offer mean customers can anticipate a range of services. “There lacks an industry competency standard,” says Christopher Goh, the Academic Head (Finance) at the Centre for Professional Studies, which offers a Diploma in Wealth Management. “But the Institute of Banking and Finance of Singapore has identified wealth management as one of the 52 jobs that require benchmarking under the Financial Industry Competency Standards (FICS).”

**WHO CARES WINS**

Successful client advisors need more than just good product knowledge. Wealthy clients prefer to deal with people who are like them. They also often have accounts with more than one bank. To win their business, client advisors require people skills that aren’t so easily taught. “The most challenging part is not technical knowledge,” acknowledges Kwang. “The softer skills, the client management skills, are important and there’s no other way to learn than on the job.”

**STAYING HAPPY, STAYING PUT**

Both UBS and JPMorgan maintain turnover rates are in the low single digits. “There is nothing stopping client advisors from moving,” Tee acknowledges, “but there is a general reluctance for them to move after they have been with a bank for two years. So, for the first two to three years, we pay special attention to them.” To ensure clients stay even if their advisors move on, the banks try to maintain more than one point of contact. “We service clients as an integrated team,” says Kwang, “if a client advisor leaves, it doesn’t mean that we lose the client.”

Private bankers and educators caution client advisors against changing employers too often. Professor Koh contends that private banking is a business of trust. “Whenever there are changes, it doesn’t do anyone any good,” Kwang agrees. “As soon as a client is comfortable with an individual or an institution, any change is disruptive,” she says.

But what do these new measures actually mean to clients? First, there will be better service. Advisors are better equipped to deal with the increasingly sophisticated requirements of their clients. Second, there will be more choices as more banks are offering a growing suite of products and services. And third, increased competition among the banks means their rates are increasingly negotiable. This means you can ask for a lower fee, more value for the fee you’re paying, or both. 