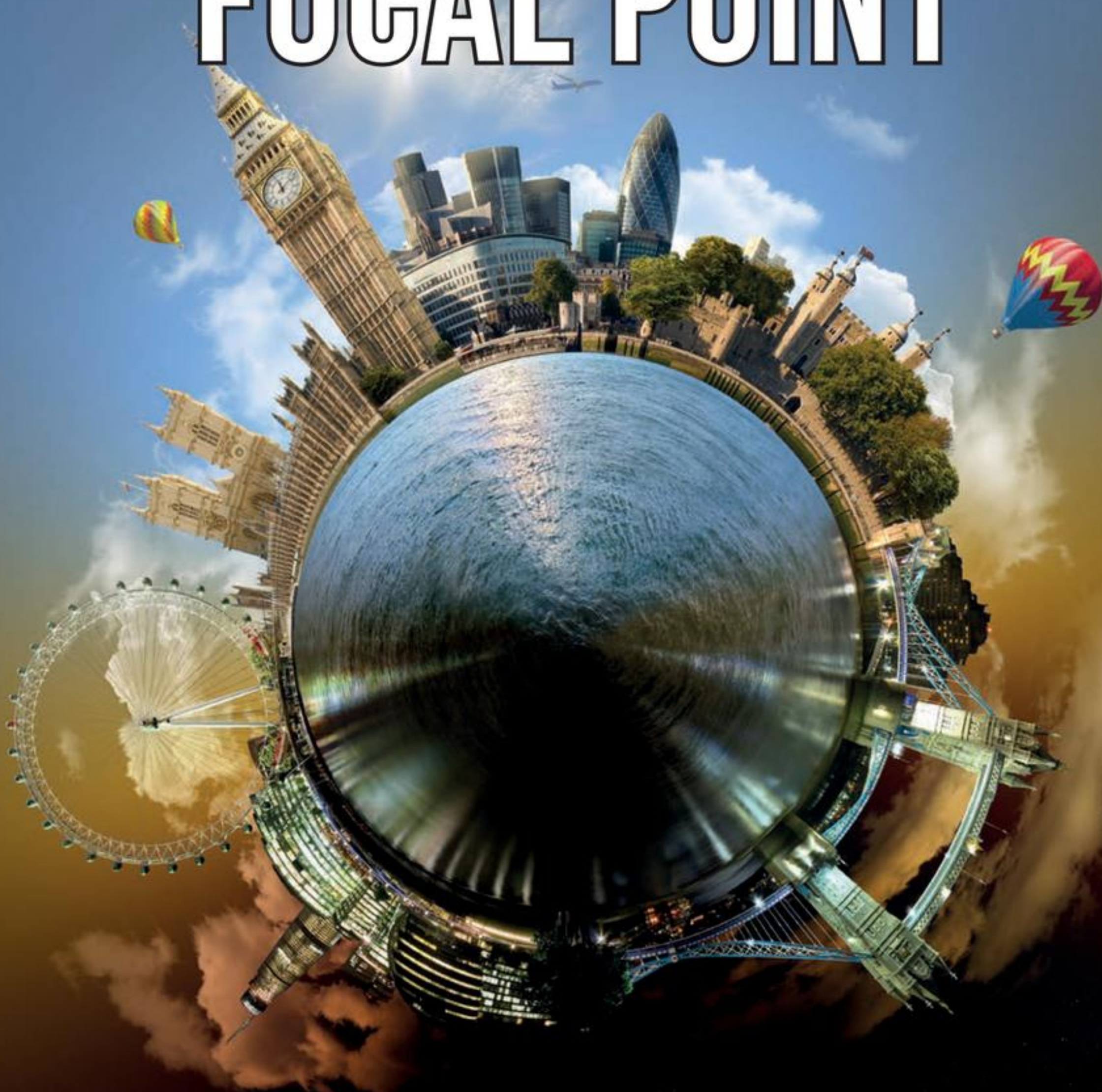


PRIVATE BANKER

INTERNATIONAL

FOCAL POINT



PBI HOSTS ITS ANNUAL CONFERENCE AND AWARDS IN LONDON'S WEST END

FEATURE

Family offices are building new processes to measure ESG investment success

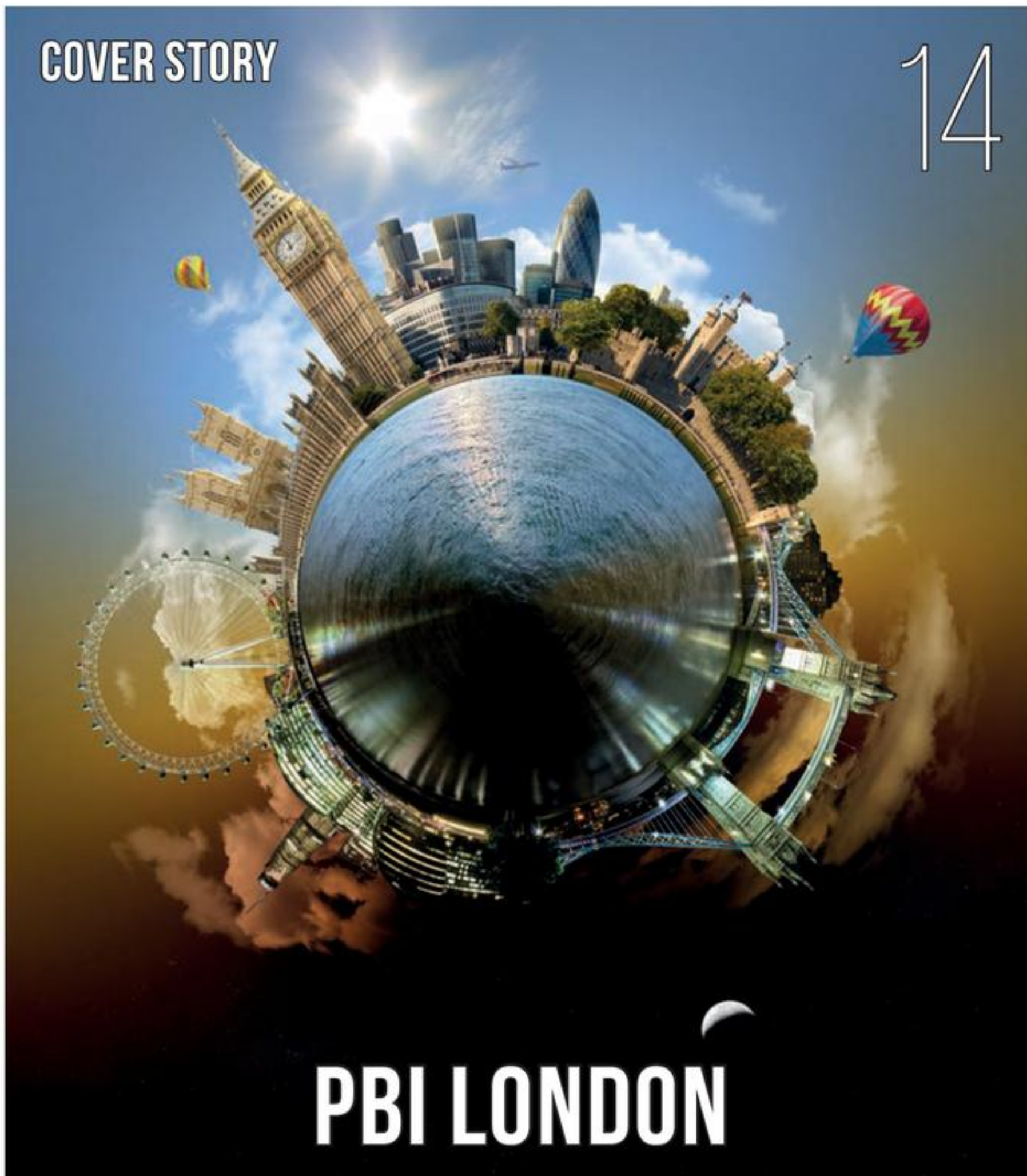
OPINION

Options for HNWIs when standard lending criteria leave them stranded

BUSINESS PROFILE

How Fineco went from an online trading platform to 1.3 million banking clients

THIS MONTH



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PBI LONDON

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Financial News Publishing, 2012. Registered in the UK No 6931627. ISSN 0953-7031

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Launched 20 years ago as an online trading service, Fineco moved into banking a year and a half later, and now boasts around 1.3 million clients. *Jamie Crawley* speaks to head of global business Paolo di Grazia



European Banking Forum

Digital Transformation in Retail Banking

14-15 May 2019, London



The European Banking Forum will be returning for its seventeenth year in May 2019. This event will seek to uphold its reputation as a forum which is distinctively designed for leaders to meet, engage and discuss the key issues affecting the retail banking industry in Europe.

The event brings together up to 200 leaders from across retail banking to discuss the biggest challenges currently facing their market, including digital transformation, changing consumer demands, the rise of Fintechs, and new technologies.

Key Agenda Highlights

- **Developing Omni-Channel Services to Remain Relevant in the Face of New Competition** - Tammy Martin, Global Omni-Channel Director, Barclays
- **Data as the New Gold: Exploring the Most Effective Methods of Utilising Data Analytics to Improve the Customer Experience, Increase Efficiency & Reduce Cost** - Cedric Puel, Head of Data & Analytics, Retail Banking & Services, BNP Paribas
- **Tradition vs Innovation: RBI's transformation path in CEE** - Christian Wolf, Head of Group Transformation, Raiffeisen Bank
- **Spotlight Session: Exploring the Next step for Digital Banking: UBS's Approach to Transforming Complex Digital Offerings** - Lukasz Opoka, Head of Digital Banking Innovation and Development, UBS

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ROUND-UP

THE BIGGEST STORIES IMPACTING THE PRIVATE BANKING AND WEALTH MANAGEMENT INDUSTRY OVER THE PAST MONTH. READ THEM IN FULL AT [PRIVATEBANKERINTERNATIONAL.COM](https://www.privatebankerinternational.com)

TIE-UPS

UBS targets Japanese wealth with Sumitomo Mitsui Trust

Swiss banking group UBS and Japan's Sumitomo Mitsui Trust have announced plans to launch a new wealth management joint venture targeting the affluent in Japan.

The Swiss bank, which operates in Japan through branches in Tokyo, Osaka and Nagoya, will be the majority stakeholder in the venture with a 51% holding.

SINGAPORE'S GIC TAKES STAKE IN JULIUS BAER

Singaporean state fund GIC has taken a 3.09% stake in Swiss private banking group Julius Baer. With the move, GIC joins the ranks of top Julius Baer shareholders including Blackrock, Wellington Management and UBS Fund Management.

Morgan Stanley eyes stake in Chinese joint venture

US-based investment bank Morgan Stanley intends to acquire a majority stake in its Chinese joint venture, CEO James Gorman was quoted as saying at the *International Economic Forum of the Americas* in Montreal.

Gorman commented: "China is, I think, the only country in the world where we do business (and) don't have 50% or more ownership of our business. That is unacceptable."

FOSTER DENOVO BUYS LONDON & CAPITAL'S UK WEALTH UNIT

Advisory business Foster Denovo has bought part of London & Capital's UK wealth unit as part of its growth strategy.

Foster Denovo will take over the servicing of London & Capital's UK wealth clients' portfolios.

UBP strikes private equity deal with Rothschild & Co.

UBP has entered a partnership with independent family group Rothschild & Co. to enable private and institutional clients to diversify their portfolios in private equity.

The partnership will give UBP access to Rothschild & Co.'s private equity experience and provide further opportunities for clients to invest in unlisted companies, a statement from the Swiss bank said.

WEALTH ENHANCEMENT ACQUIRES PLANNING SOLUTIONS GROUP

Wealth Enhancement Group has agreed to buy Planning Solutions Group, a Maryland-based IFA, for an undisclosed sum.

HIRES AND FIRES

HSBC to increase Asian headcounts



UK banking group HSBC is set to hire around 300 employees for its Asian retail wealth management unit by the end of 2019, with a focus on Singapore, where the bank will hire 50 wealth staff.

HSBC is also reportedly planning to bolster the headcount at its technology development centres in China by more than 1,000. The move is part of the bank's plan to focus on improving digital technology to deliver faster retail banking and wealth management services.

LEGG MASON TRIMS STAFF HEADCOUNT BY 120

US-based asset management business Legg Mason is set to cut 120 jobs in a cost-cutting drive. The job losses equate to 12% of the firm's workforce.

FAMILY OFFICES

Credit Suisse creates family office unit for rich Chinese

Swiss private bank Credit Suisse has created a family office services unit at its Hong Kong offices to serve rich Chinese families. The new unit will provide coverage for customers in Greater China, including Hong Kong.

PRIVATE INVESTMENT ALLOCATIONS ON THE RISE BY FAMILY OFFICES

Family offices are increasing allocations to private investments, especially private equity and real estate, according to a survey by Family Office Exchange, a peer-to-peer network for affluent families.

According to the study, family offices allocate a third of their total portfolios to private equity and real assets.

BIG BRANDS

UBS loses \$1bn Chinese bond deal over 'pig' comment

UBS has lost its role in a \$1bn bond deal in China, four days after a furore sparked by a comment by chief economist Paul Donovan.

Haitong International Securities in Hong Kong cut business relations with UBS, while the Chinese Securities Association demanded that Paul Donovan be sacked.

DEUTSCHE BANK TO OVERHAUL INVESTMENT BANK

Deutsche Bank is set to overhaul its trading operations, in an attempt to arrest the slide of its market value and share price.

The German bank is reportedly planning to downsize its equity and interest rate derivatives businesses outside Europe, and create a 'bad bank' to hold or sell up to €50bn (\$56bn) of non-core assets.

Julius Baer commits to UN responsibility principles

Swiss wealth manager Julius Baer has endorsed the UN's Principles for Responsible Banking, becoming the first Swiss bank to do so. ■

AUM RANKINGS: FALLS FOR THE WORLD'S LARGEST PRIVATE BANKS

PBI has joined forces with GlobalData to produce its second annual *Global Private Wealth Managers AuM* ranking

The top 25 global private banks have seen a decrease in AuM by 1%, according to the latest research by GlobalData and *PBI*.

When *PBI* last conducted the study one year ago, AuM had grown by 14% over the 12 months to May 2017. However, this year's results show a turnaround in the fortunes of the world's largest private banks.

"AuM is down among the world's largest private wealth managers despite continued net inflows," said Andrew Haslip, head of content for Asia-Pacific at GlobalData Financial.

THE TOP THREE

1: UBS

Once again, UBS holds number one position in the *Global Private Wealth Managers AuM* ranking. This is despite its global AuM declining by 6%.

"UBS continued to tower over its closest rivals, despite a reduction in its wealth management division's AuM," commented Sergel Woldemichael, a wealth management analyst at GlobalData.

"Equally important, it managed to increase revenue despite a lower base and kept growing its profit in what was a challenging year."

2. Morgan Stanley

Morgan Stanley wins its major rivalry over Bank of America, coming second in this year's ranking; however, the lead was more down to Bank of America's 6% fall in AuM than Morgan Stanley's increase.

3. Bank of America

The rivalry between the US's two wealth management giants is not over, however, with 'just' \$25bn between the assets they manage.

By comparison, UBS manages more than both Morgan Stanley and Bank of America combined.

VERSUS THE REST...

Data from the *Global Private Wealth Managers* study shows that the top five global private banks saw their collective AuM decrease by 3%, whereas the rest in the ranking

grew theirs by 2%. This is a reversal of last year's study, where the top five competitors increased their AuM faster than the rest.

Some of those catching up on the top five include Raymond James, which grew its AuM by 24% in one year. Bank of China pushed its AuM up by 17%, allowing it to move up five places and overtake rival ICBC in the rankings.

Bank of China represents something of a catch-up among the Asian private banks. Currently, none of the top five players are Asian; in fact, there are only five Asian firms in the entire ranking.

"The benefits of a geographically diversified wealth management business were also apparent in 2018, as the US majors generally struggled while Asia banks were still seeing strong growth," said Haslip.

IN NEXT YEAR'S RANKING

Should the top five private banks' AuM fall faster than the rest, next year's ranking is likely to be flatter, with smaller players increasing managed assets at the expense of larger firms.

However, geopolitics could will play an increased role, according to Haslip. "Given the uncertainty spreading around the world in 2019, geography is likely to be less of a shield, with all wealth managers needing to work harder at attracting new inflows and investing defensively," he said.

As client assets becomes tougher to win, rivalries between the top 25 private banks will become less important. All eyes will be on those that see a significant increase in AuM in years ahead. ■



CONCIERGE: PRIVATE BANKS AT YOUR SERVICE

Clients making use of private banks' concierge services can book the hottest concert tickets and finest restaurant tables in town, but what goodies can banks expect from providing these luxury offerings? *David Craik* finds out

Last summer, HSBC launched a global concierge service for its HNW Jade clients. In addition to offering personalised relationship management and wealth solutions, the new offering promised “hands-on service” from 600 lifestyle managers working around the globe.

At the time, HSBC said clients could utilise the service via a desktop computer, mobile or tablet to “get reservations at the most sought-after restaurants and hard-to-get tickets for sport music and arts”.

“With HSBC Jade, we are bringing some of the features and services traditionally associated with private banks to a wider range of clients,” says Pablo Sanchez, HSBC’s regional head of retail banking and wealth management for North America.

The service is operated by Ten Lifestyle Group, which runs similar concierge offerings for private banks in the Americas, Europe and, increasingly, the Far East, including China.

Ten Lifestyle also runs Coutts’s online concierge service, which helps clients “secure bespoke discounts and money-can’t-buy red-carpet experiences across travel, entertainment and dining at the click of a button”.

Its other banking customers include Merrill Lynch in the US, Royal Bank of Canada, Scotiabank and China Merchants Bank.

“The private banks provide our complimentary services under their brand, and they tell friends and family that they booked this table or that ticket through Coutts or Jade, but they are managed and delivered by us,” explains Ten Lifestyle Group chief executive Alex Cheatle.



RICH PEOPLE ARE FAR MORE INTERESTED IN WHERE THEY EAT OUT THEN 20 YEARS AGO

“They use us mainly for dining and eating out in their home cities or when travelling. We guarantee access to the world’s top restaurants, organise tickets for sports and theatre, organise travel to get people upgrades, and we help them buy things such as a bunch of flowers for their PA’s birthday, or a luxury car.”

He says tastes and demands sometimes differ from culture to culture, but there are many common areas of agreement.

“Our Chinese members are more likely to want us to source luxury handbags from Europe, but dining is big everywhere. Rich people are far more interested about where they eat out than they ever were 20 years ago,” he notes.

IN-HOUSE VS OUTSOURCED

Cheatle explains that Ten Lifestyle is a market leader in private banking concierge services, along with other third-party operators in this space, which include Quintessentially and Bon Vivant.

Some banks prefer to directly manage concierge services, such as BBVA Compass’s Global Wealth Client Program, which, among other perks, offers a free Christie’s arts and collectibles service.

“Private bank concierge services used to have a dodgy reputation in terms of quality of service,” says Accenture’s managing director of financial services, Daniel Kobler. “Now the operating model has changed, and what used to be done directly by private banks is now being carried out via an eco-system-based approach using third parties.”

“You need to first determine which client segment will be interested in these services. Who are the clients? Who wants more than help with their investments? And [who] wants you to organise their private life? Maybe they don’t have a family office to do this role, and see the private bank as a little bit like their personal assistant.”

Given this level of trust and engagement, it is vital that the services are of high quality. “You have to do proper due diligence before you onboard a specialist provider, because it is your brand associated with it,” notes Kobler. “Part of this is ensuring that their cybersecurity systems are of the same level as yours, because they will be handling your client’s personal data.”

Cheatle adds: “If you have average-quality service and a list of complaints, then a private bank wants you nowhere near their client base. If something goes wrong, they will hear about it – a lot! But private banks doing this themselves is a real nightmare; they won’t be as good at it as a specialist, because we have teams of experts. Our theatre experts, for example, know exactly where the best seat in any theatre for any show is.”

But does this level of detail really matter to private banks? What benefits does running a quality concierge service bring to them?

COSTS OF CONCIERGE

“The first clear benefit is that banks see an increase in client acquisition. Take a business owner who has just sold up for £20m. They will be inundated by recommendations from lawyers, accountants and bankers about which private bank they should join,” says Cheatle.

“That business owner does not know which bank to choose, because they all sound pretty similar. They all have a charming private banker telling you they are the best. Very often, having a great concierge service will ensure that your bank gets its place on that potential customer’s shortlist.”

Existing users of concierge services also help customer acquisition by praising the benefits to their friends, family and peers.

“When wealthy people talk to each other, they don’t talk about how much money they have transferred or taken out of one account or another. In fact, they don’t normally talk about whom they bank with at all,” Cheatle says. “But when asked how they managed to get tickets to an exclusive Jay-Z concert, they will mention the private banking brand by name. Their companions are impressed, and are intrigued about the service.”



Cheatle also notes improvements in customer retention. “They don’t want to leave if they love their concierge service,” he says. “It’s never a great time to leave in January because we are busy sorting out your summer holiday, and it’s never great to leave in June because we are organising your entertainment at Christmas. We become part of how you get things done in your life.”

Kobler says another benefit is enhanced customer service. “It doesn’t only strengthen the relationship between bank and client, but can be used as an upsell strategy to generate extra income. It improves customer loyalty with a bank’s most important customers, and figures suggest that a 1% increase in customer

loyalty is equivalent to a 10% reduction in costs,” he states.

“As the economy becomes tighter and margin pressures focus attention on reducing costs, then customer retention becomes even more important. It is a revenue and cost gain, and in the current climate the need for these services has become heightened.”

As such, he says concierge services can, if handled correctly, be profitable for private banks. “They need to manage the volume of the business properly,” he explains. “It is high margin, low volume, and you need to ensure that there is an economic case behind it, but you can make money out of it if the services are offered to clients through the right channel and are of the right quality.

DIGITAL CONCIERGE

As more private banking services become digitised and delivered through a platform or app, private banks need to think about the future of the concierge services they offer.

“Take the fresh money coming out from Asia-Pacific,” continues Kobler. “Those concierge services need to be fully digital, because wealthy people there are very much into using electronic devices for areas such as trading.”

Cheatle also sees more future demand for digital options such as apps and emerging market growth. “Increasingly, wealthy Chinese people are travelling abroad, and we can offer

“ ASKED HOW THEY MANAGED TO GET TICKETS TO AN EXCLUSIVE JAY-Z CONCERT, PEOPLE WILL MENTION THE PRIVATE BANKING BRAND BY NAME

services when they do so,” he says. “We are also looking at more personalised services using customer and location data.”

As well as digital, education is key to the delivery of good concierge services. Ten Lifestyle is spending more time training private bankers in the services it offers.

“If they know more about the service and recognise its value, then they can have more engaged and richer conversations with their clients. They can help sort out getting a rare music gig ticket, which will give the banker a halo effect!” Cheatle says.

“Concierge is no longer associated with just the credit card. It is now part of the whole wealth management and banking relationship.” ■



PERSONNEL BRIEFING: PEOPLE MOVES

PBI lists the month's key career developments by the movers and shakers in private banking and wealth management

AREA	NAME	MOVED FROM	OLD POSITION	MOVED TO	NEW POSITION
Singapore	David Fowler	PwC Singapore	Director - venture hub	Sanne	Head - Singapore
UK	Jamie Banks	Julius Baer	-	Julius Baer	Head - wealth planning, UK
Australia	Alison Wallis	Brookvine	Director	GAM Investment	Director - institutional business
UK	Rory Tapner	-	-	Brown Shipley	Chair
UK	Rob Suss	-	-	Kingswood Holdings	Non-executive director
USA	Nico Marais	Wells Fargo	Head - multi-asset solutions	Wells Fargo	CEO
Italy	Davide Lombardo	JP Morgan	MD - European market	UniCredit	Head - investment advisory and key clients
Australia	Matthew Johnson	Wealthtrac	CEO	Spitfire	CEO
Asia-Pacific	Angela Bow	Julius Baer	MD	EFG	Deputy head - Asia Pacific
China	Tang Zhenyi	CLSA	Chair	Credit Suisse	CEO - China
UK	Peter Arnold	Citi	Head - international fund distribution	Schroders	Head - senior private assets distribution
Switzerland	Stephen Kamp	Julius Baer	Deputy regional head - Europe	Lombard Odier	COO
EMEA	Barbara Rupf Bee	UBS	Head - wealth management, Germany	Allianz Global Investors	Head - EMEA
France	Rob Gambi	Henderson Global Investors	CIO	BNP Paribas Asset Management	Global head - investments

NEWS ROUND-UP: TECH AND REGULATION

The latest technology and regulation news to impact private banking and wealth management. Read the stories in full at privatebankerinternational.com

EFG RAMPS UP BUSINESS FOR INDEPENDENT ASSET MANAGERS

Swiss private bank EFG International has collaborated with Expersoft Systems unit AM-One to launch a multi-custody platform for independent asset managers.

UK DECLARED WORLD'S BEST FOR FINTECH AS ALLIANCE LAUNCHES



The FinTech Alliance launched at the start of London Tech Week, with chair Alastair Lukies saying it “comes at a crucial time for our industry, and it’s an opportunity to further cement our country’s leading role in the global fintech ecosystem.”

FIDELITY TO LAUNCH NEW MANAGED ACCOUNTS PLATFORM

Fidelity is set to roll out a new wealth management platform, Fidelity Managed Account Xchange, to support rising demand for managed accounts.

CREDIT SUISSE PROVIDES DIGITAL SUPPORT WITH PRIVÉ TIE UP

Credit Suisse has teamed up with Hong Kong-based digital wealth manager Privé Technologies to facilitate the digital transformation of external asset managers.



VONTOBEL UNVEILS NEW WEALTH MANAGEMENT APP, VOLT

Swiss asset manager Vontobel has launched a digital wealth management app called Volt. The app enables clients to define individual investment priorities and invest in a diversified portfolio matched to their risk profile.

DYNASTY UNVEILS NEW PLATFORM TO FACILITATE M&A INITIATIVES

Dynasty Financial Partners has launched a new platform, Dynasty Connect, that will support registered investment advisors with M&A programmes.

CITI VENTURES, SMU TEAM UP TO OFFER FINTECH COURSES

Citi Ventures has signed a memorandum of understanding with Singapore Management University (SMU) to offer courses in evolving financial technology.

WEALTHTEC ELINVAR RECEIVES GOLDMAN SACHS INVESTMENT

Germany-based wealthtech startup Elinvar has raised an undisclosed sum in its latest funding round, led by Goldman Sachs.

ETORO EXPANDS DIGITAL ASSET OFFERING WITH COMMODITIES

Social trading platform, eToro, has

added stablecoins linked to gold and silver to its digital assets available on eToroX, Russian ruble and Chinese yuan.

Citi faces action in Japan over surveillance failures



The Financial Services Agency in Japan has taken action against the securities arm of Citi for violations in trade surveillance.

The decision followed an inspection of Citigroup Global Markets Japan by the Securities and Exchange Surveillance Commission, which found that the firm had failed to deliver certain transaction data related to trade surveillance.

EU drops three offshore centres from blacklist

The EU has dropped the Caribbean islands of Bermuda, Aruba and Barbados from its tax haven blacklist.

The three offshore centres were added to the black list from the ‘grey list’ in March this year, as their tax rules did not meet EU requirements.



German authorities raid asset managers over tax evasion

German tax investigators have raided 11 banks, six asset management companies and four tax consultancies in connection with eight wealthy individuals suspected of tax evasion.

The raids, which are linked to the Panama Papers scandal, began at dawn on 16 May and went on into the afternoon. The authorities searched the homes of eight people in the towns of Bad Tölz, Erkrath, Hamburg, Konz, Simmerath and Sylt. ■

PRIVATE BANKER INTERNATIONAL

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