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The biggest challenge to independent asset managers in Asia

By **Ishika Mookerjee** / 12 Nov, 2015



Recruiting good relationship managers is the biggest challenge facing external asset managers in the region, according to the head of portfolio management at boutique investment advisory firm Reyl Singapore.

'EAMs can grow organically mainly through RMs because they don't have much marketing muscle, unlike big private banks. It's the biggest hurdle to their expansion,' Daryl Liew told *Citywire Asia*.

The skilled personnel shortage is expected to affect the performance of less established EAMs in Asia, which could lead to consolidation within the industry.

'There is a difference in the profile of an Asian private banker compared with a European

one because of the difference in market sophistication.

'In Europe, a typical client usually has a solid relationship with one or two private bankers whereas in Asia, you probably have ten, and the client plays one against the other by bargaining rates.

'In Asia, the relationship is not that strong. So here you need to ask, how much value does the RM bring to the client?' Liew said. 'There are obviously exceptions and that there are good RMs out there who have strong relationships with their clients. But in general, the majority are unfortunately order-takers.'

The problem is exacerbated by a lack of strong investment knowledge among most RMs, he added.

Are RMs needed?

So how significant is the role of the RM in today's private banking?

'If you look at the trends in the marketplace, the big private banks are further institutionalising their processes because of several reasons, including compliance. The RM is being slowly taken out of the picture -- even by robotics.'

While he agrees that technology is necessary to keep up with the times, RMs remain important as relationships remain important to the business of private banking, especially in Asia.

'If you position yourself as somebody who can really help the client and not just regurgitate what the bank is telling them, and provide clients with a bespoke solution, there is potential there,' he added.

Reyl Singapore is part of Reyl & Co, a Swiss independent banking group. In Singapore, it operates as an external asset manager.