

Reyl & Cie: The Entrepreneurial Focus

As private banks struggle to differentiate their service offering in an increasingly competitive marketplace, Reyl & Cie are targeting a specific client segment - entrepreneurs. In a bid to extend its offering beyond wealth management, the bank is offering a corporate advisory service to entice new clients. **John Schaffer** speaks with Christian Fringhian to discuss this strategy

Entrepreneurs are, currently, a significant client segment for the vast majority of private banks and wealth managers, and thus it is unsurprising that bespoke offerings are increasingly being served up to this clientele.

Swiss private bank, Reyl & Cie is, in fact, prioritising its corporate advisory service in a bid to attract entrepreneurs, alongside its wealth management service.

According to Christian Fringhian, partner at Reyl & Cie, the bank's key differentiating factor is the services that it offers its entrepreneurial clients. He tells PBI: "We think of ourselves more as financial entrepreneurs rather than private bankers."

Reyl launched its corporate advisory service three years ago, continuing the trend to diversify into different service offerings outside of wealth management. Since Francois Reyl (founder Dominic Reyl's son) took over the reins in 2002, the bank has ventured into asset management as well as providing a family office service, which is focussed on the needs of entrepreneurs' families.

Fringhian believes that the relationship between corporate advisory and wealth management is "symbiotic", and allows Reyl to present a stronger value proposition.

Alongside being a vehicle to attract clients to the wealth management side of its business, Reyl is implementing corporate advisory services as a way of diversifying its revenue stream. The wealth management and private banking space is certainly a competitive area, especially in the crowded Swiss market.

Fringhian says: "The value proposition of private banks is becoming increasingly the same. 'Banks are going to have a hard time finding growth just by looking at wealth management and asset management.'"

A key focus of Reyl's interaction with entrepreneurs is its involvement with capital markets - helping entrepreneurs to raise money through debt or equity. Fringhian suggests that many entrepreneurs have to move out of the "comfort zone" of relying on commercial loans and that Reyl is assisting entrepreneurs in issuing bonds through private placement and high yield instruments.

Fringhian feels that Reyl's proposition is sat-

isfying a gap in the market where both commercial and investment banks are not able to assist entrepreneurs when they want to raise between \$20-\$200m.

"Commercial banks are not lending anymore and investment banks are telling entrepreneurs that they are too small. Whether it is to fund capex or to buy a competitor, this is where we come in. Because we already know the client well, we have access to the owner of the business through the wealth management angle and therefore we can integrate very well with the problem that the client is trying to solve through their company."

However, Fringhian admits that Reyl continues to face fierce competition. He says: "Especially in London, you have a number of advisory boutiques that would propose the same value creation instruments for entrepreneurs."

He also forecasts that large investment banks, which have wealth management arms,

■ REYL GROUP AUM (IN BILLION)		
2012	2013	2014
CHF 7.3	CHF 9.1	CHF 10.7
*AuM includes assets for both wealth management and asset management business		

will migrate into this space and integrate a greater proposition for entrepreneurial clients. Therefore suggesting that Reyl's differentiating factor will be short lived. "It's difficult for me to say how long - maybe five, maybe 10 years. Until then we have a true opportunity of where we really want to go and make a difference."

Unlike a number of private banks, which require vast sums of investable assets to qualify, Fringhian says that there is "no target in terms of wealth" for potential Reyl clients.

"Some clients are entrepreneurs who have little investable wealth, which could be invested into the wealth management side of our business. But because they will create wealth within a few years, we're thinking of them as future prospects for the wealth management side."

One limitation from the bank's perspective in offering such a bespoke offering is the amount of clients that it can potentially service.

Although Fringhian will not discuss the number of clients that Reyl has, he tells PBI:

"There is a limit to the amount of transactions that we can execute at the same time or during a given period of time. We make sure that we never over-promise something, especially in terms of results."

Reyl is also focussed on keeping as much of its processes in house, including most of the legal structuring that is involved with the corporate advisory process.

"We don't want to rely too much on external providers. We do the due diligence ourselves, we do the financial and legal structuring ourselves but this does not exclude the fact that we may use an external law firm to assist in the legal structuring of an instrument."

Fringhian says that Reyl's entrepreneurial clients have a unique investment appetite, which can cause certain issues.

"You'll be surprised that most of entrepreneurs' money is invested in their companies. It is therefore useful sometimes to have a very open discussion with the individuals, in saying may be there is a need to diversify."

With the majority of wealth management clients looking to have diversified portfolios, a primarily entrepreneurial client base that is focussed on their businesses could cause the bank to be exposed to a greater amount of risk. October 2015 marked the opening of Reyl new Dubai office. The bank views the expansion as a key move to attract entrepreneurs in the Gulf Cooperation Council (GCC) region. Although the GCC private banking market is heavily dominated on local banks, Fringhian feels that Reyl is still attractive, especially for the incumbent cross border entrepreneurs.

"The high net worth individuals (HNWIs) are overly banked by local banks, but this is not the main reason why we are in Dubai. We're there for wealth management but we're also there to develop an institutional business as well as corporate advisory opportunities."

"I can't say a global bank, but a small private bank with international reach based in Dubai is quite attractive to the cross border entrepreneurs who happen to physically be in Dubai."

Reyl is also planning to use the Dubai office as a launch platform for African business opportunities as well as target entrepreneurs in Iran. ■