

S'pore private banking rides crest of Asian boom

Europeans, non-resident Indians add to growing clientele

By SLOW LI SEN

(SINGAPORE) Private banking is growing faster in Asia than anywhere else - and Singapore is in the thick of the boom, thanks to robust regional economies and a steady inflow of European wealth.

Singapore scores with the super rich for its low taxes, banking secrecy, political stability, strong legal framework and professional workforce.

Besides coping with a growing Asian client base, several big private banks here have set up dedicated units to cater to Europeans and non-resident Indians.

Credit Suisse managing director and chief operating officer for the Asia-Pacific region, Didier von Daeniken, puts the rapid expansion in the regional private banking business down to two things.

He says: 'Economies are doing well, so wealth is growing. And the penetration of private banking is relatively low compared with the US and Europe.'

And Singapore is getting an extra kick because major fund managers for the Asia-Pacific region are based here. Europeans looking for diversification 'want their Asian investments managed by people who sit in Singapore', Mr Daeniken said.

Credit Suisse, which has been building a locally-based team for non-Asian clients since 2001, has a dedicated group of about 20 relationship managers looking after such customers, who are mainly from Europe.

Singapore is the bigger of Credit Suisse's two Asian private bank booking centres, employing about 350 people. The other, smaller centre, is Hong Kong.

Bankers estimate private wealth assets in Singapore at US\$150-170 billion, with no more than 10 per cent made up of European money.

The Monetary Authority of Singapore (MAS) said a 2003 survey showed there to be US\$142 billion of private wealth managed here. There are more than 30 private banks in Singapore.

UBS, the world's largest private bank, said in its 2004 annual report that Asia-Pacific is the world's fastest-growing wealth management market. The bank, which has 12 Asian offices and plans to open more, opened a branch in Beijing and a representative office in Kuala Lumpur last year.

Singapore is UBS's largest private banking office in Asia, with 400-500 employees.

UBS estimates that liquid assets held by individuals in the region, excluding Japan, will grow 7.6 per cent annually between 2004 and 2007, versus a global growth rate of 6 per cent.

Marcel Kreis, managing director and head of the bank's wealth management business for South Asia and the Pacific, says nowhere is the surge in private banking more evident than in Singapore.

'This is testament to the successful transformation and active marketing of Singapore's financial industry by the government,' he said.

Mr Kreis says business is surging because more Asians are keeping their wealth in the region, and there is general economic prosperity.

'The generation of wealth among our clients is at a rate in excess of the underlying rates of economic growth,' he said.

Asian clients make up 10 per cent of UBS's total client assets of 778 billion Swiss francs.

Among the fastest-growing Asian rich are non-resident Indians (NRIs).

And SG Private Banking, a unit of French Societe Generale Group, recently set up a global centre in Singapore to cater to these people.

From Singapore, this team, headed by Balakrishnan Kunnambath, will cover four other centres - Hong Kong, Dubai, London and Geneva.

By end-2006, there will be about 25 relationship managers dedicated to Indian clients, Mr Kunnambath said.

Daniel Truchi, chief executive of SG Private Banking, Asia Pacific, explained: 'Up to now, we covered in a fragmented way. We want to be organised, providing worldwide seamless coverage. The market is poised for exponential take-off.'

According to a Cap Gemini/Merrill Lynch 2004 world wealth report, there are about 20 million NRIs worldwide, of whom 150,000 are millionaires, with a total investible surplus of US\$360 billion.

SG also has a team of 10 relationship managers here serving rich Europeans. This team is headed by executive director Pierre-F Baer, who was hired in mid-2003 to develop the bank's strategy of asset diversification from Europe to Singapore.

Mr Baer said funds flowing into Singapore come from as far as the Caribbean. He added that the typical rich European who diverts a portion of his funds to Singapore is a big customer who normally has business in Asia and is familiar with the region.

The potential for European inflows to Singapore is enormous, but the process will take time, Mr Baer said. 'Money is sticky. Customers know their bankers for a long time.'

Among the three local banks, DBS has the biggest private banking business.

It offers an Asian alternative to the very rich, says DBS head of private banking Yeong Phick Fui. 'Our private banking business is doing very well. The pie is growing - for everyone.'

As an Asian bank with wide reach in the region, DBS offers co-investment opportunities for its clients, says Mrs Yeong, who has a 150-strong team.

'We understand Asia well, so we're in a good position to give clients a holistic solution, tying together their private and corporate needs, if they so wish,' she said.

Rich Asians are typically business people who consider their private and corporate needs closely intertwined, she notes.

US and European private banks operate separately from their corporate counterparts.