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Private banks roll out special units targeting mega-rich

Individuals with over US\$30m in investible assets are moving more wealth to Singapore

By Grace Ng

MORE private banks in Singapore are rolling out new special units to cater to Asia's super wealthy - a lucrative but largely under-served segment.

Banks observe that the region's mega-rich, who have well over US\$30 million (S\$41 million) in investible assets each, are moving more wealth to Singapore.

They do this to diversify their wealth beyond traditional ultra-high net worth banking hubs like Switzerland and Hong Kong.

The super wealthy grew in number to well over 17,500 in 2006 across the Asia-Pacific region, up 12 per cent from the previous year, according to a Capgemini/Merrill Lynch report.

While there is no official data for the amount of assets ultra-rich clients booked in Singapore, one senior banker reckons growth rates may be anywhere from 10 per cent to 25 per cent for some banks last year.

Ultra-high net worth clients in Asia who book assets in Singapore are largely entrepreneurs from Indonesia, the Philippines, Thailand, China and India. Banks say this is a particularly lucrative segment as the clients require a wide range of services, from investment banking to asset management.

They also tap the banks' expertise in key areas such as setting up a family office, a private company that manages investments and trusts for a wealthy family, as well as in specialised lending, private equity and philanthropic advisory service, said Mr Rajesh Malkani, head of Standard Chartered Bank's (Stanchart's) private bank in South-east Asia.

Singapore trusts are becoming popular, with many ultra-high net worth clients using these for estate planning, he added.

One sign that Singapore is increasingly becoming popular as a booking centre for the super wealthy is that banks here are setting up dedicated units and teams to serve them.

New players, such as Australia-based Macquarie, which is purely focused on clients with at least US\$30 million in investible assets, recently made Singapore its regional wealth management base.

Other niche players already in the country, such as Pictet & Cie, mostly serve clients with at least US\$100 million already with the bank.

Just a few months ago, Stanchart, which set up its private banking headquarters in Singapore in July last year, saw the need to set up a 'specific ultra-high net worth proposition', said Mr Malkani.

He said the growth of this segment had 'exceeded expectations', as Stanchart's private bank was able to tap its large base of relationships with entrepreneurs who had been using its expertise and network in Asia, Africa and the Middle East for decades.

Major banks acknowledge that they have not focused enough resources on Asian clients in the past, so this segment is still under-served in Singapore.

Citi Private Bank relocated Mr Akbar Shah to Singapore less than a year ago to head its mega-wealth

division in the Asia-Pacific, setting up a new team to serve clients with a net worth of more than US\$250 million each.

The team had been operating in Hong Kong for many years, but Citi decided it was time to use Singapore as another base.

'Many of these clients are from Indonesia and other South-east Asian countries, but there are also several Middle Eastern and European investors who are more keen to explore business opportunities in Asia and are also looking to place part of their liquid assets here,' said Mr Shah.

Citi's rivals are matching its moves.

UBS has a dedicated 'competency centre' in Singapore to create services and products just for its ultra-rich clients.

Credit Suisse is on the lookout for senior bankers to help it 'sharpen its penetration for ultra-high net worth clients', said Dr Francois Monnet, the head of private banking for South-east Asia and Australasia.

The margins earned from serving ultra-rich clients may be thin - thinner than for those in the high net worth segment, say bankers.

The average size of each transaction or trade, however, is considerably larger, said Citi's Mr Shah. So banks stand to earn hefty revenues from just one transaction for an ultra-high net worth client.

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WHERE THE WEALTHY COME FROM

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