WHITE PAPER

BEYOND PRIORITY BANKING: HOW ASIAN BANKS ARE RETHINKING EMERGING AFFLUENT CLIENT SERVICES

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1 INTRODUCTION

Over recent years, the concepts of Priority and Privilege services have become well-established in the minds of consumers. These services, offered by banks, cater to clients in the mid-wealth segment, providing a moderate level of personalisation. Much like frequent flyer programs, they offer tiered benefits that increase with customer engagement, extending beyond standard retail offerings.

The accumulation of new wealth has surged dramatically over the past three to four decades. This is prompting banks that are not traditionally focused on private banking to recognise the need to develop comprehensive wealth management services.
This shift in services is essential for retaining emerging mass affluent clients and preventing attrition to competitors. While these individuals may not yet qualify for full private banking services in the traditional sense, they still require more personalised financial solutions.

The affluent segment is expanding rapidly, particularly in China, India, and Southeast Asia. The latter region has experienced a notable growth of wealth from mass affluent to high-net-worth individuals (HNWIs), with provisional numbers indicating a record-breaking forecast for 2025 according to the Henley Private Wealth Migration Report's 2024.

The private wealth offering in these markets still presents substantial opportunities for development. It has become increasingly important to draw insights from successful practices implemented globally, particularly in technology.
Investment in core banking and back-end platforms has emerged as a critical enabler of innovation, allowing institutions to replace outdated legacy systems that are no longer capable of supporting or integrating with modern digital front-end solutions.
This paper explores the key drivers of digital transformation, and the technology required to provide services beyond traditional priority banking, delivering a tailored experience that meets the expectations of mass affluent clients and HNWIs as wealth is rising in the region driving greater demand for wealth planning, investment diversification and international banking.

2 BUILDING REPUTABLE & EXCLUSIVE WEALTH MANAGEMENT AND INVESTMENT SERVICES

Serving the wealthy is more of an artform, than a formulaic process. Each individual or family seeks bespoke, trustworthy solutions, carefully choosing whom to entrust with their wealth. Every client's situation is unique, demanding a personalised approach and customised solutions.

In the world of wealth management, time is as valuable as expertise. Banks must offer a broad range of services, whether as investment advisors or asset managers, with a foundation of skilled professionals and diligent oversight. Mass affluent and HNWIs often diversify their banking relationships spreading their investments over several or many institutions. A bank's goal is to become their primary provider for investment services, capitalising on expertise and reputation.

What makes a private wealth management offering truly valuable?

- **A dedicated team** who understands the unique financial needs of HNWIs. This includes tailored investment strategies, dedicated 24/7 relationship managers, access to exclusive investment opportunities, low-interest loans, concierge services, and the highest level of privacy.

- **A sophisticated holistic KYC process that goes beyond compliance.** Understanding clients, their motivations, investment history, interests, and risk profile is pivotal to build trust, recognising clients as individuals, not just investors. This extends to knowing their family, key milestones, hobbies, and more.

- **Digital onboarding** is essential as it streamlines client acquisition, ensures regulatory compliance, and delivers a seamless, high-touch experience that meets the expectations of today's digitally savvy clientele.

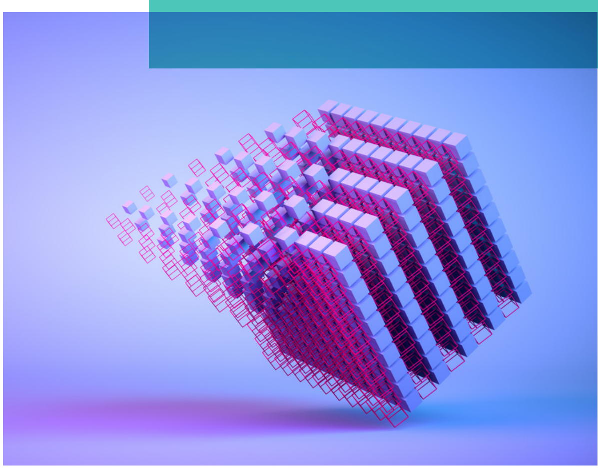
- **A broad suite of products and services with rapid time-to-market**, including global and regional investment products that can be tailored to sustainable, real-estate, and ESG investing.

- **Exclusive banking facilities and concierge services** such as low-cost efficient lending facilities, preferential rates and fees, international fund transfers, multi- currency accounts and offshore banking options including regulatory and tax advisory.

- **Personalised and data-driven investment advisory**: streamlined access to real-time data is key as high-net-worth clients monitor their portfolios analytics daily.

- **A hybrid service model**, enabled by technology, enhances both relationship managers' productivity and client engagement, particularly for clients seeking greater autonomy through self-directed investing.

- **Digital capabilities**: banks are investing to digitise the customer journey especially to reach new clients and deliver services more efficiently. This includes mobile apps and conversational platforms to interact with their relationship manager. (video chat, co-browsing, access to literature etc...).



3 AN INTEGRATED AND HOLISTIC TECHNOLOGY SOLUTION FOR PRIVATE WEALTH MANAGEMENT

The right technology solution enables financial institutions to attract new clients, enhance performance, and manage risks effectively. A modern, agile platform supports the full range of daily operations a relationship manager performs, freeing up time for value-added advisory and client services. It also fosters innovation and enables the rapid deployment of new services, all while ensuring full compliance with the latest regulations. The focus is on enabling not just a solid transaction capability, but also growth and delivery of digitalisation in terms of payments and investments.

3.1 COMPREHENSIVE PORTFOLIO MANAGEMENT

Fully integrated portfolio performance and risk analytics facilitate optimal and timely decision-making. Investment strategies can be designed to enable the automated realignment of portfolios, ensuring alignment with target asset allocations.

360 portfolio view for your account team
A unified view of the client's data across their entire relationship with the bank or wealth manager, empowers the relationship manager to support them in achieving their goals at every stage.

Gain quick access to holdings across diverse asset classes, including real-time marked-to-market valuations, multi-currency assets, cash balances, up-to-date client-identifying data (CID), and consolidated portfolio views.

Manage multiple investment strategies
A client whether an individual or a family will use multiple investment strategies spread across their portfolio. A sophisticated set of tools deployed for multiple strategies with a highly parameterisable and flexible system will deliver a truly tailored offer to each of your clients.

Portfolio performance & risk

A portfolio's performance is compared against benchmarks. Operational risks are managed from front to back with integrated workflows. Assessing risks, setting restrictions and limits, and running liquidity risk simulations, including "what if" scenarios and Value at Risk (VaR) analyses are all essential for delivering high-value-added services to customers.

The investment strategy tool should be intuitive to manage, and allocations easily adapted in line with the evolution of the market or an investment committee's requirements, creating portfolio strategies tailored to each customer segment based on asset allocation models.

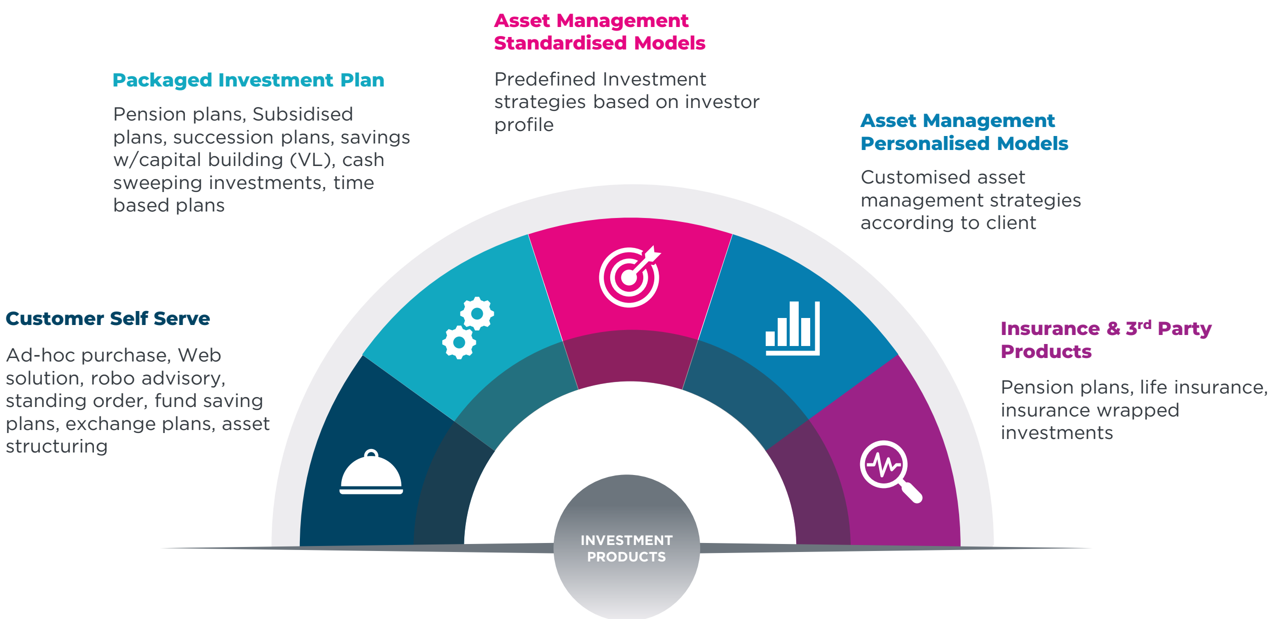
Portfolio managers calculate performance for several portfolios at position, client or portfolio level based on the CFA Institute's GIPS. Performance contribution is calculated based on asset class and sector, using various performance calculation methods: TTWR/TWR/MWR-IRR – gross/net of fees.

Accelerate investment product innovation

To meet the sophisticated needs of wealthy customers seeking diversified investment opportunities, bankers must have the capability to create and deliver complex financial products. Speed to market is crucial to staying ahead of the competition.

This requires a flexible, intuitive system that enables seamless product development, testing, and launch, without relying on core system modifications.

Enabling a holistic investment strategy through products & services



3.2 SEAMLESS ONBOARDING CAPABILITY – THE DIGITAL CHALLENGE

Shifting client expectations and behaviours have deeply impacted the way banks address their clients' needs for more convenience and personalisation. Technology is instrumental in achieving this transformation, providing services that deliver convenience and simplify daily banking activities. Moreover, capturing behavioural insights enable banks to create seamless and user-friendly digital services.

Managing CRM and customer onboarding processes is time-consuming and tedious and, if not managed properly, often drives prospects and customers to the competition. To stay ahead, banks must consolidate and analyse data to anticipate client needs, improving acquisition and retention through a seamless, efficient experience across all channels.

A streamlined, automated, and fully digital onboarding process is essential for meeting high client expectations. Banks can enhance efficiency with mandatory and user-defined documents, automated checklists (including watch lists), and validation workflows. AML and KYC compliance screenings should be embedded within client-identifying data (CID) files, ensuring smooth, automated document management throughout the client journey.

Digitising the customer journey

3.3 SECURE BANKING

Today banks need advanced client identification solutions to establish a secure and frictionless communication channel with their customers. Utilising telephone, code-based, facial, fingerprints and voice recognition technologies, significantly reduces identification time.

As cyber threats grow more sophisticated, robust security measures are essential. A modern authentication framework ensures the delivered services remain highly secure while offering clients a seamless and intuitive interaction.

Deepening client engagement through the power of data
Harness the power of data to identify behavioural patterns, life events, and investment preferences, enabling relationship managers to deliver hyper-personalised recommendations. By leveraging data effectively, banks deepen client relationships, enhance engagement, and foster long-term loyalty.

Intelligent investment selection
AI-powered analytics unlock the full potential of vast data pools, generating customised security lists that precisely match each client's needs and risk profile. This data-driven approach ensures smarter investment decisions and a more tailored wealth management experience.

4 DIGITAL EXPERIENCES FOR A NEW GENERATION

Offer state of the art digitalisation of the customer's entire journey with quick and easy access to their accounts and data on their preferred device.

4.1 DIGITISING THE CUSTOMER JOURNEY

A banking application is not solely for the bank; it is also designed for the end customer. A modern digital private banking application must be agile, adaptable, and sophisticated, providing an exceptional customer experience.

Ultimately, it should instil confidence and trust in the bank's ability to deliver world-class service and a solid return on investment for the customer's trust in the institution.

4.2 SCALABILITY A MUST IN A MODERN PRIVATE BANKING PLATFORM

For banks that have traditionally offered priority banking, shifting to true private banking requires a platform that evolves alongside both the bank and its clients. The private banking platform must be flexible enough to start with essential private banking functions and seamlessly expand into a full-scale wealth management offering.

Rather than requiring a costly and disruptive system migration as the bank grows its wealth management services, a scalable platform enables banks to develop their private banking offerings organically, adapting to their clients' evolving needs while maximising operational efficiency.

Equally important is the ability to serve mass affluent clients. A private banking 'light' model should be managed within the same platform, ensuring the bank maximises its technology investment while offering a seamless experience across different wealth tiers.

By integrating both entry-level private banking and comprehensive wealth management into a single system, banks can create a long-term, sustainable strategy that grows with their customers' evolving financial goals.

5 CONCLUSION

Attracting and retaining mass affluent and HNWIs requires more than just traditional banking services. These clients seek personalised, sophisticated solutions tailored to their unique financial goals and aspirations. As the demands of this segment evolve, financial institutions must embrace digital transformation, leveraging advanced technology platforms that offer seamless, real-time services and enable deeper insights into clients' needs.

To succeed, banks must focus on building trusted relationships with these clients, offering exclusive opportunities, transparent communication, and an unwavering commitment to confidentiality and personalised care. By prioritising agility, delivering exceptional value, and maintaining compliance in an ever-changing regulatory environment, institutions can not only meet but will exceed the expectations of mass affluent and HNWIs clients.

Ultimately, the key to long-term success in this space lies in understanding that wealth management is not a one-size-fits-all solution, it is a bespoke, dynamic process that continuously evolves to reflect both the financial and personal priorities of clients. With the right technology, expertise, and approach, banks can foster loyalty, drive sustainable growth, and secure their place as trusted advisors for this highly valuable segment.