

# Quality above all

Bank of Singapore's Bahren Shaari believes differentiation from competitors is key to client servicing

BY GENEVIEVE CUA

**B**AHREN Shaari, chief executive of Bank of Singapore (BOS), was a relationship manager for more than 15 years, rising up the ranks to become a managing director. In servicing clients, his starting premise was this: "How do I differentiate myself to this client?" It sounded simple, but it was an issue he says he was "paranoid" about.

"I didn't want competitors to call on my clients before I called on them. I wanted to share ideas and products with them (based on) what mattered to these clients.

"There are certain clients where you are not able to differentiate yourself because he or she wants certain things you're unable to offer. You have to make the choice, although other colleagues may be able to help."

Mr Shaari was appointed BOS's chief executive in February, taking over from Renato (Bing) de Guzman who has retired. A veteran banker of more than 25 years, Mr Shaari had earlier spent more than 12 years at UBS, and was later part of the management team at ING Asia Private Bank that moved over to BOS in 2010. ING Asia was acquired by OCBC.

He tells RMs (relationship managers) at BOS – there are around 330 – to focus on the relationships that matter. After all, he believes that quality of advice is one of a number of differentiating factors for BOS.

"To give good advice, you need insight into clients – how well do you understand clients? This is a function of the competence and quality of the banker. Of the number of clients they manage, they have to make sure they are the target clients.

"I encourage bankers to select 15 to 20 clients that they want to develop a lifelong relationship with over a generation. You have to choose well because these are the key people who will define what kind of banker you are... We try to get everyone to reduce the number of relationships, and focus on the right relationships."

Another differentiating factor is the ability to leverage off the services of OCBC, which include corporate and investment banking, as well as onshore presence in the region, including China, Vietnam and the Philippines. There is also the ability to offer mortgage

financing for overseas real estate. All these appeal to an entrepreneurial client base. "We talk to clients about investments and also about their business requirements, and we train bankers to refer clients to OCBC for follow-up."

The client base ranges from the "emerging" high net worth defined as those with investible assets of at least US\$2 million, to ultra high net worth individuals. Self-directed traders are generally not within the target segment.

BOS has assets under management of around US\$54 billion as at end-June. The bank has been registering double-digit revenue growth annually. Its top three markets are South-east Asia, Singapore and Greater China.

Mr Shaari's aim is to be among the top three in markets where BOS has a presence. It says it is today among the top three in South-east Asia, and among the top 10 in Asia. "With good quality people who have the right skill set, attitude and differentiated relationships with clients, size will come around. If you target the right market, with a big enough growth in assets, and you have the right people... who add value to clients against competitors, results will be there. We want multi-generational relationships. That's the heritage of OCBC."

## Products and solutions

Meanwhile, two other areas where he believes BOS can make a difference are in products and solutions. In the product space, the bank has a renewed focus on hedge funds, for instance. "In the past hedge funds were not so good, because it was a rising market. But I think markets have reached a level where it will be more trading oriented."

Private equity is yet another area of differentiation. A fund launched by OCBC's Mezzanine Capital Unit (MCU) and its asset management arm Lion Global Investors closed successfully earlier this year with S\$550 million in assets, raised from institutions and private individuals including BOS clients. The fund aims to invest in small and medium-sized companies in Singapore, Malaysia, Indonesia and China.

In the 12 years since its inception, the

MCU has invested in 77 companies, and realised 59 of the investments, delivering an internal rate of return (IRR) of over 15 per cent. Returns for the years 2009 to 2014 were even stronger at IRR of over 20 per cent.

Mr Shaari says there are likely to be more of such opportunities. "We don't want to do what others have done. We find fund managers with knowledge of the market or segment they are strong at."

The bank has also initiated an emerging markets bond fund for clients, managed by Lion Global. It was positioned as a vehicle to help clients diversify away from single bond holdings. It has more than US\$500 million in assets.

In terms of solutions, the bank's discretionary portfolio management (DPM) service has also been warmly received by clients. Assets in DPM have hit US\$4.5 billion, growing an exponential 800 per cent since 2010.

Not surprisingly, Mr Shaari cites the search for and retention of talent as one of the biggest challenges. RMs in BOS have on the average between 10 and 15 years' experience. "We don't necessarily hire seasoned bankers unless they have a strong and deep relationship with clients. We realise that over time, clients don't switch banks so easily.

"We ask bankers – how can we help you to be successful? In the past the question was – what can you bring to the bank? Of course we want something – clients, but we also seek to support you... What we look for is bankers with a strong skill set – such as technical knowledge, relationship management, how adaptable and resourceful you are."

The bank also takes fresh graduates with the "right" profile – and not necessarily those among the 10 per cent academically. "Those who display good leadership in school, good networker, get along with people, good organisers, and are technically sound. They get things done and must be disciplined."

Fresh graduates undergo an 18 month rotational programme involving on-the-job training, after which they may be taken on as junior bankers. **W**

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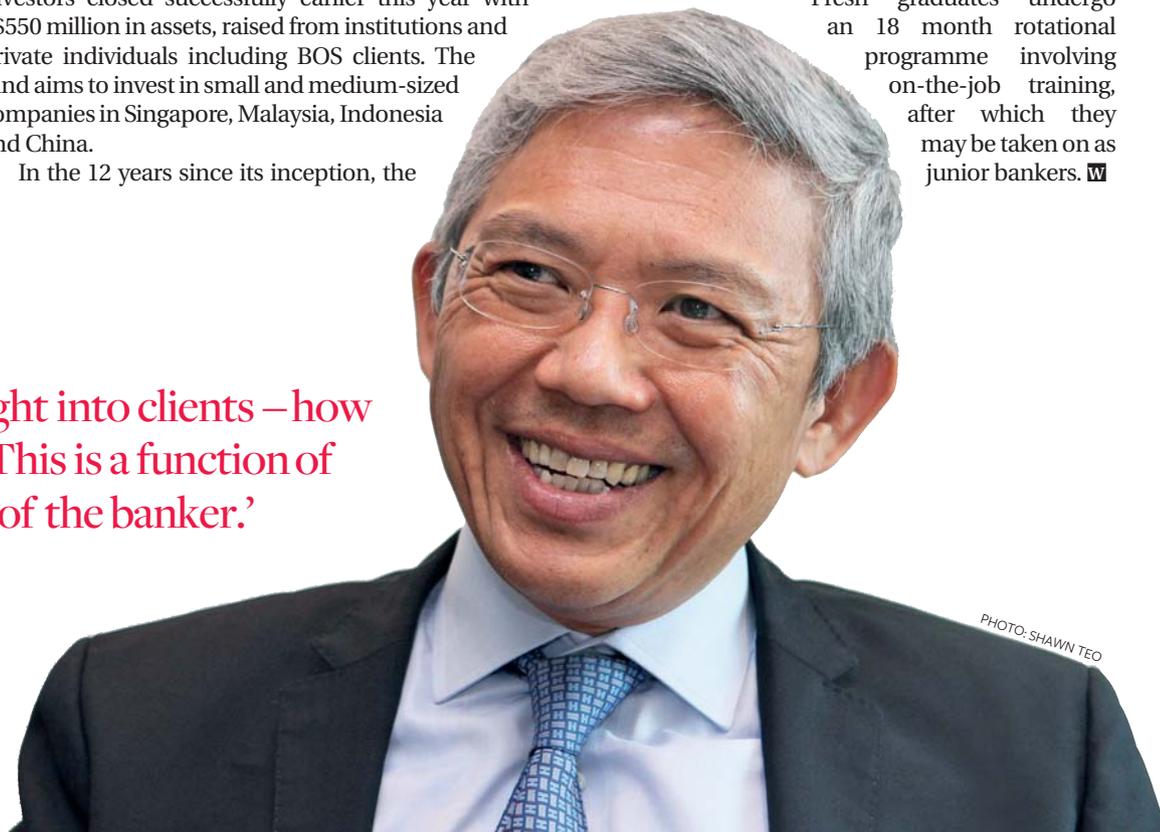


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