

MAKING SURE CLIENTS GET THE BEST ADVICE

For clients to be able to structure their wealth and legacy in a sustainable way, this relies on something which is easier said than done, said panellists at the Hubbis Asian Family Wealth Forum 2014 in Singapore in November – getting advice which suits their individual needs, delivered by the right service providers.

PANEL MEMBERS

YASH MISHRA

Taurus Wealth

NOOR QUEK

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PATHIK GUPTA

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It should be the goal of every adviser to help clients focus on the need to do wealth planning, engage service providers, get the most from them and maintain good relationships, and be confident that this all represents value for money.

And with wealth structuring and legacy planning increasingly front-of-mind for clients, the opportunity which will come

from winning trust and being positioned to provide this type of advice is ready to be grabbed.

WHAT'S BEST FOR CLIENTS

According to Pathik Gupta, head of wealth management for McLagan Partners in Asia Pacific, research his firm has done in conjunction with Scorpio Partnership shows that the majority of high net worth

and ultra high net worth clients are not ready yet to relinquish control over various aspects of managing their wealth.

They don't have the confidence that someone else can look after their wealth in the way they think they can do it themselves, he explains. "With many clients in Asia being entrepreneurs and running businesses, their willingness to



PANEL DISCUSSION

let go and seek professional advice is still lower than what happens in Europe,” says Gupta.

For those wealthy families who have moved to the stage where they act as more of an investor in the business, they set up a family office to manage the wealth. At that point, he adds, there is more inclination to use professional advisers.

Yet even where there is more of a role for advisers, a different approach is required.

For example, says Noor Quek, founder and managing director of NQ International, there needs to be a realisation among them that they cannot be everything to everybody. Importantly, that approach will also ensure they act in the best interests of the client, she adds.

“They must not be afraid of turning to experts and being the link between the client and specialist,” she explains. “That is the only way to gain the trust of a client.”

To know which specialist is most relevant for a specific client or situation, however, requires the adviser to know how to first listen properly to the issues the client has. “What they tell you compared with what they really need might be different at the outset,” says Quek.

In fact, many advisers under-estimate the power of listening, adds Yash Mishra, managing director and head of private



YASH MISHRA

Taurus Wealth Advisors

clients at Taurus Wealth Advisors. “Practitioners try to show off their expertise in investment markets, product knowledge, or other areas,” she explains. “They forget to sit back, ask the right questions and listen out to try to identify the solutions.”

It is also essential for advisers to be explicit so that the client is clear about what advice they are actually getting from the adviser – and what advice will be outsourced.

ADVISING ON A LEGACY

The need for legacy planning, which has become much more of a focus for families than it was before, further highlights the importance of delivering the right advice.

According to Quek, there are still taboos and superstitions in Asia about “death”. She

adds: “I have got [former] clients who were giving instructions up to the day before they died.”

While some children in Asian cultures let this happen out of respect for their father, it is necessary for advisers to understand the mentality of the family.

Depending on how open individual family members are to certain topics, the adviser must find the right time and circumstance to discuss them.

Often a catalyst will be if a client has a friend who dies unexpectedly, for example. But at that point, an adviser must be equipped with potential tailored solutions in terms of what can be done for that client, says Quek.

“No adviser can have the answers immediately to hand, as often they might not know the full story relating to a client’s assets,” she explains. “But they need to find the right time when the client is open to thinking about these issues, and approach them in a tactful but practical way.”

A client’s perception of what “long term” means is also a key factor as a part of legacy planning, adds Mishra. “I was recently with a family where the father thinks of long term as being two years, yet the son thinks of it as 10 years.”

HOW CAN A CLIENT ENSURE THEY ARE GETTING THE BEST ADVICE?

Use independent advisers



Opt for fee-for-advice models



Get advice from at least 3 different firms



Source: Hubbis Asian Family Wealth Forum 2014

NOOR QUEK

NQ International



Wealth preservation will also mean different things to each member of the family, she adds, often related to where they stand in the overall inheritance and business equation.

Advisers must therefore also factor that into their conversations.

That starts, she explains, by the adviser asking open questions of each family member so they can explain what the concepts mean to them.

At the same time, adds Gupta, creating a sense of purpose for the family can bring together the generations via some common ground.

ENGAGING SERVICE PROVIDERS

As part of getting the right advice, a family needs to make the distinction between their business and personal wealth.

Once they have done this, then Mishra says they are ready to have a conversation about who is the most relevant provider of advice for them.

According to Gupta, more than 60% of clients don't engage service providers until they see something happening within their personal space.

"It doesn't matter what the trigger is," adds Mishra. "The important thing is to evolve the conversation to focus on the relevant aspects of estate and succession planning."

It also relies on their being an established relationship, says Gupta. "Clients need to be able to trust the right adviser to bring in all the aspects they want, and then create a plan to access the specialists."

For example, says Quek, the client might be starting a new business and need to borrow some money. Or they might be starting a family or buying a house, so lending will also be important.

In Quek's opinion, it is in fact the responsibility of every adviser to start

thinking about introducing these issues from moment they take on the role as an adviser to that client.

When it comes to the adviser then managing the relationship with the professional services firm, this also all boils down to trust, from which the best interests of the client can be looked after.

GETTING VALUE FROM ADVICE GIVEN

To ensure a client is getting value for the advice being given, they first need to find out where the adviser makes their fees. That will make it clearer for the client to understand why they are being shown a particular product or solution, says Mishra.

While people will pay lawyers and doctors, they don't want to pay financial advisers, says Quek, at least until they realise their needs are being met. In reality, however, this will take a while as advisers need to earn the client's trust, she adds.

As a simple rule-of-thumb for Quek, this starts by meeting a client's basic requirements with simple solutions. For example, they might want to sell a business and the adviser knows someone who can help them.

Ultimately, advisers need to be transparent and maintain a totally unbiased approach which also delivers a best-in-class solution, she adds. ■

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