

**F**EW Singaporeans may know that ABN AMRO's roots in Singapore date back to 1856, making it virtually the oldest bank here at nearly 160 years old.

Hans Hanegraaf, chief executive of ABN AMRO Private Banking Asia and Middle East, says the bank has served 17 generations of clients. "In our NextGen programme which we frequently organise, people tell me – 'My grandfather was banking with ABN.'

"Recently in Hong Kong, a client said he was banking with us since 1968. If you were in business in 1968 you will have a private banking relationship if you are successful. So the presence of ABN AMRO in this part of the world is huge."

The Netherlands-based banking group has identified private banking as a key growth area in its home market and overseas. This segment of business has assets under management globally of nearly 200 billion euros (\$304 billion) as at end-December 2015. Of that the Netherlands accounts for 92 billion euros, and international client assets account for 99 billion euros. Of the latter, client assets in the Asia-Pacific including the Middle East stood at about 16 billion euros.

Mr Hanegraaf himself has had over two decades of banking experience, all of which he says were client related. His expertise spans the global transportation sector where he helped to originate and grow debt portfolios in the shipping, transportation and telecommunication sectors for Meespierson/Fortis Bank then.

At Fortis Bank in 2003 he also looked after the commodities and global commodities businesses.

ABN AMRO and some businesses of Fortis have merged since the 2008 financial crisis forced a restructure of the banks. Mr Hanegraaf's experience stands him in good stead today as ABN AMRO's core business globally focuses on the energy, commodity and transportation sectors. "Many of our clients are in that segment and have private banking relationships with us. We understand that business and to clients, it's a differentiator."

He adds: "Every position I've had since 1991 was client related. To me that involves growing the business commercially, but also risk management and compliance. It makes life interesting that you work on the good things, and also on 'control' related things. The good news about banking is that when things go well, both the client and you are happy; that's what I like."

In Singapore, the core businesses comprise financial services for clients in the ECT (energy, commodities and transportation) sector, clearing services and private banking.

He says the bank's European base and expertise are pluses for clients seeking to diversify their assets and bank accounts. Asian clients typically have two to three banks, or more. "We have been in Asia since 1957 but we also offer an angle into the rest of the world. We have very good research on European countries. For clients looking for asset diversification, we offer a lot of market intelligence about Europe."

He adds: "There is still a lot of money to be invested in the world... Our bank has the size to invest a lot in knowledge. Clients value that."

Long-term client relationships mean that a relationship manager may deal with two generations of a single family. He says the bank is nimble enough to handle issues that may arise when dealing with younger generation clients. "Young people have different needs; they're more tech

savvy, more globalised. Many of our relationship managers have long-term relationships with clients, and that is a big positive because you want to gain their trust through cycles. But if two parties don't click because of age, we should not feel shy to say maybe someone else should handle this relationship. We should bring the knowledge of the bank to clients. You may also see that younger clients prefer to speak to specialists. That's also a way to broaden the businesses, to give more points of access."

In terms of services, he says one of the bank's strengths is its discretionary portfolio management (DPM) capability. This is a service where the client authorises the bank to make all investment decisions in a portfolio. Penetration of the service among Asian clients is over 5 per cent, but "still too low". "Our clients here still tend to invest themselves, so our role is as adviser. But clients realise more and more that you can't always be right. It's wise to have part of your portfolio managed (professionally) and it can serve as a comparison against how you do yourself."

"It's something we feel that on the average clients can use more of it. Many of our clients are very savvy... But it also fits in a portfolio as a hedge for your own decisions."

The bank's "global classic mandate" is a diversified portfolio of stocks and bonds with a European tilt and balanced risk. It has generated annualised returns of 6 per cent since inception in 1996. The minimum amount for a discretionary portfolio is 500,000 euros. In Europe, the bank has rolled out "single manager mandates" under its DPM services, and plans to introduce this in Asia. This involves making available the model portfolios of top fund managers, who are typically open only to large pension funds. Client portfolios will mimic the model portfolios and all subsequent shifts in allocations.

#### Major challenges

Meanwhile, he sees at least two major challenges going forward. One is enhanced regulation, which is expected to raise the cost of business. Private clients face increasing scrutiny on their source of funds. "Clients and staff have to understand that new regulations demand additional information. It's not easy to ask clients their source of wealth if they have banked with us for 10 years."

"But these discussions have to happen... Our bank has a firm view on this; we can't run any reputational risk. We have the highest level of integrity and will deal with the information in the most confidential way, but we need to have the information."

A second challenge is the need to step up investments in information technology. "You need to have a certain scale to pay for this. Scale is of course relative. You can have 1,000 clients of one million euro each, or 100 clients, each with 10 million euro accounts."

The aim is to develop "an integrated blend of digital capabilities and personal contact". These capabilities are rolled out progressively across markets and include a new website design and mobile capabilities. **W**

# Standing in good stead

With decades-long client-related experience under his belt, ABN AMRO's Hans Hanegraaf says the bank is nimble enough to service NextGen clients

BY GENEVIEVE CUA