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## Independent firms to play pivotal role in Singapore wealth industry

Competitive edge lies in ability to provide bespoke solutions and adapt to fast-changing market environment

12 May 2021 | Tom King

The Association of Independent Asset Managers in Singapore recently



Independent Wealth Managers (Singapore), AIWM. The representative industry body in the city state now boasts over 80 active member firms from leading banks, external asset managers, family offices and service providers.

Lucie Hulme, a founding member of TriLake Partners and president of AIWM Singapore, and Jolene Tan, a co-founder of SingAlliance and vice president of AIWM Singapore, recently spoke with The Asset to share their thoughts on the growth, evolution and the future of the independent wealth management industry in Singapore.

Does the rise of digital wealth managers pose a threat to independent asset managers (IAMs)?

AIWM: Pure-play digital wealth managers are fast gaining popularity for low fees and automated, accessible platforms where investors can directly manage their own investments. However, there are still some gaps in this model that independent wealth managers can address.



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Notably, many digital wealth managers or robo-advisers do not provide full personalized advice or holistic wealth management. This is an especially important consideration for high net worth (HNW) investors who have broader concerns on money management and may have issues which would require more grounded expertise beyond a generic, one-size-fits-all digital wealth platform.

Independent wealth managers, on the other hand, are better able to provide bespoke solutions that are tailor-made to the needs of their diverse client base, especially in a fast-changing and volatile market. This is underscored by a recent survey from EY which found that wealth management clients are happy to trade personal data for a more personalized service in return.

Experts have further noted that wealth managers who can provide niche investments or customized protection will also become more popular amidst rising demand. That said, the rise of digital players has also highlighted the importance of digital transformation in the independent model as clients and the talent pool become younger and more digitally savvy.

In this post-Covid-19 environment, there has been a boom in digital adoption across the IAM industry and wealth management ecosystem in Singapore and across the region.

Rather than being a threat, digitization provides a lot of inspiration to the industry with IAMs able to leverage technology to gain competitive advantages. They can build on scale, cut down on costs, and improve the client offering. Some use cases include the digital onboarding of clients and leveraging mobile technology for transactions to provide a new layer of advisory and client experience.



**Are you seeing increased interest in cryptocurrency investments and how do you manage that?**

**AIWM:** Singapore is gaining traction as a leading global hub for blockchain-based exchanges. However, as with all other asset classes and investments, we advise clients to invest only after carefully examining the associated risks, their risk tolerance and investment appetite.

The Monetary Authority of Singapore (MAS), for instance, has ramped up surveillance of the cryptocurrency sector to spot suspicious networks and risk activities. Having said that, an increase of regulation would increase the confidence of investors in this “new” asset class.

Today, we have existing members who have launched cryptocurrencies or digital assets investment products to give access to this new asset class to their clients and to continue improving their niche offerings.

The decrease of trust in fiat currencies and low-yield environment interest rates have also pushed investors to hedge their assets with cryptocurrencies.



## Does the AIWM (Singapore) have enough clout to access private investment deals as a group?

**AIWM:** AIWM is the representative body for independent wealth managers in Singapore, who themselves have different business models and individual needs. We do have enough clout to access private investment deals and are seeing more companies trying to provide secondary market deals to increase their access and provide liquidity on private deals.

However, it would be ideal if there was an independent non-profitable external advisory firm which AIWM members can source and receive ideas from. This helps them access those deals as a pool and it also opens doors to all types of private investment deals.

## Do high-profile incoming family offices (such as the family office of Google co-founder Sergey Brin) pose any threat to local IAMs due to their huge asset sizes?

**AIWM:** While local boutique wealth managers may not possess similar asset sizes as high-profile family offices, they are also recognized as valued players in Singapore's financial ecosystem.

Their independence is not measured necessarily in the size of funds under management, but how they are structured to provide wealth management services to their clients on an open infrastructure.

Smaller, leaner and more agile, independent wealth managers serve only the interests of their clients and their independence is a strong selling point as an alternative model of wealth and asset management.



recognizing the flexible and bespoke investment advice that independent wealth managers offer. This is underscored by the world's highest number of ultra-high-net-worth residents that Singapore possesses. Total deposits of residents outside Singapore have also risen 20% year-on-year since January 2020.

## Is there a shortage of qualified talent for IAMs or do restless private bankers offer a steady pipeline?

**AIWM:** While the independent wealth management sector is more established in countries like Switzerland or the US than Asia, the independent wealth management model is fast gaining increasing traction in the region.

Since AIWM's inception a decade ago, we have grown from strength to strength, and we now have over 80 active member firms in Singapore, including key industry players. Alongside the growing sector, we expect a



rising demand for talent, one that is not dependent solely on private bankers, but also taps on other professionals in law, actuary and accountancy, in order to provide a holistic wealth management service.

Moreover, Singapore serves as a great market for talent in the IAM industry. The country attracts many seasoned executives and financial professionals from abroad and boasts a highly educated and skilled local workforce. The best talent in the region is centralized here and this helps position Singapore as a thriving market for clients and advisors in the ecosystem.

### Where do you see the Singapore IAM industry in five years' time?

**AIWM:** With the number of independent wealth managers growing in Singapore and across Asia, they are increasingly recognized for being essential players in Singapore's sophisticated financial ecosystem. As a leading global financial hub, Singapore also continues to introduce policies that better accommodate and drive wealth managers and family offices to locate here.

Based on this favourable backdrop, the region's IAMs are positioned well for future growth, especially as more awareness is generated on the benefits and synergies that HNW investors can reap by working with both private banks and IAMs.

Independence, alignment of interests, ability to provide bespoke solutions and adaptability to fast-changing market environments make the IAM firms very well placed for the future.

With independent wealth managers forming a growing community within Singapore's wealth management and banking space, we foresee they will play a pivotal role in driving future diversification and maturity in the industry.

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