

A networked model for a new wealth landscape

Private banking industry veteran Lonnie Howell has taken on a new project – spearheading what he describes as a unique proposition in UCAP Asset Management. He believes this is the best way to profitably and sustainably service clients.

It would be short-sighted to not pay attention when someone of Lonnie Howell's experience and insight in private banking says that the game-changers afoot threaten to alter the industry fundamentally – and for good.

His 35-year track record gives him a unique perspective.

Before co-founding EFG International and serving as its chief executive officer until 2011, Howell's CV included running the Americas at Coutts and leading the Swiss super HNW business at Citibank.

Now, he is spearheading UCAP Asset Management in Asia.

The goal is to create investment opportunities while providing a unique private banking inter-mediation platform for clients via a network of businesses in the region.

Howell says he has been driven to set up this new type of advisory firm by what he is convinced is a "once-in-a-lifetime" opportunity. "I have been in this business since 1978, and I haven't seen anything like this ever," he proclaims, "where many of the biggest players have more or less been knocked to their knees simultaneously."

A NEW MIND-SET

As far as Howell is aware, what his team has created with UCAP is truly unique. "It doesn't exist. I haven't seen anybody take the approach that we have."

The firm's ultimate objective is to partner and collaborate with the most experienced custodian banks, investment banks, investment advisers and wealth managers within the Asian region and beyond; meaning people who truly have a good understanding of the local culture, language and regulatory requirements.



LONNIE HOWELL
UCAP Asset Management

The firm is also adamant that its partners share a similar entrepreneurial spirit and wealth management track

record, as well as offer comprehensive services to ensure clients benefit from a network of skills and capabilities that go beyond just the investments and banking side.

No longer is it particularly intellectually credible for a bank to propose to clients that their needs can be met solely with solutions sourced in-house.

As a result, Howell's objective with UCAP is to intermediate between client requirements and the most relevant solutions that exist around the world.

"We are positioning ourselves like the general practitioner of the medical universe, to diagnose a client's ills and then help identify who can best address those," he explains. He adds it is only when a client gets such help, over time, that real trust gets built.

Although there are clear similarities with the independent asset management model which has become more popular in Singapore and Hong Kong since the 2008 financial crisis, Howell isn't benchmarking himself in that way.

"Regardless of what anybody else is doing, we are here to grow globally," he says, "and to grow substantially."

So far, it's working. After launching the business in February 2014, it crossed US\$1 billion in AUM across Asia as of April 2015, and is growing at a rate of 40%-plus per year, confirms Howell.

CREATING A NETWORKED WORLD

Making the UCAP independent model work over the long term depends on a consistent, reliable and high-quality network of firms which can provide the relevant advice to clients. "The key to

the model is building a network of businesses that can actually interact across borders," says Howell.

This makes a fundamental difference in enabling the firm to be able to shop around for its clients to deal with all their matters, wherever they might be, he explains. "That's where we have a huge advantage over the competition."

It is also in line with what clients increasingly want.

Amid the shake-up underway in global private banking, the average HNW or UHNW individual is less and less happy with the service they get.

A combination of sweeping regulatory changes, tougher compliance requirements, legacy issues, tighter margins and client weariness has made it increasingly difficult for many institutions to deliver on the service proposition they claim to offer.

"It isn't realistic for banks to be all things to all people," says Howell.

With such an intense regulatory spotlight on all their activities, banks are simply unable to offer all the products and services they would need to if they wanted to compete, he adds.

Against this backdrop, it seems the best approach is to effectively stand outside of the banks to pick-and-choose which ones to work with, depending on the best solution for a client's requirements.

"This works when you can scan the marketplace and use the knowledge and pricing power that comes from acting on behalf of many clients to arrange a deal for them," explains Howell. "Our success at UCAP will con-

tinue to come from being able to provide solutions without being married to one institution," he adds.

In short, while size doesn't matter per se, getting access to the right professionals, wherever they might be, is key in today's environment.

"A fundamental problem with a traditional independent or external asset management structure is that they don't have leverage to get access to the full range of service providers in the market, mainly because they are too small," explains Howell.

"It's like a closed loop – because they are small and less well-known, they stay small and find it challenging to attract clients other than those which they know already," he adds.

STILL HIGHLY DRIVEN

Despite the opportunity he articulates with UCAP, an obvious question to put to someone like Howell is: why do it all over again?

From a professional perspective, there are two main aspects. The first relates to doing something he believes in, and working with people who are dynamic and whose company he enjoys. "It's fun to work with people who are similarly-minded and have the energy to make things happen."

The second aspect is the opportunity. No bank globally has a dominant market share within private banking, and in many cases, these firms are taking steps backwards. "With the UCAP model we hope to capitalise on the opportunity provided by the diminished number and focus of bank competitors," says Howell. Ultimately, only time will tell whether he can maintain a winning touch. ■