

INDEPENDENT ASSET MANAGER

## 'You will be surprised how often banks overcharge by mistake'

Anthonia Hui chooses custodian banks based on their capabilities to deliver clients' needs. Branding is not so relevant but size matters, for the co-founder and CEO.

by **SHU LE HAN, NICHOLAS NGHAI**

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AL Wealth Partners is working with four custodian banks. Two of them are chosen mutually by clients and the firm, while the other two are a legacy of the clients.

Anthonia Hui chooses custodian banks based on their capabilities to deliver clients' needs. Branding is not so relevant but size matters for the co-founder and CEO.

**Q: Can you describe your firm in a nutshell?**

**A:** We are a specialist firm focusing on clients seeking the kind of service we believe we are strong in delivering. How do you manage the potential risk that can create a permanent erosion of wealth, and how do you manage the emotion attached to this fear? It is our job to solve this problem.

We have 12 people managing an AUM of over \$1bn (£780m). We do this by optimising the use of custodian banks and service providers. Using a human as an analogy, we are the brain. The service providers are the hands and the legs. The body cannot move without the brain telling them how to move. We are the control center but our energy comes from the heart - the heart is our clients.

**Q: How do you select your custodian bank?**

**A:** Having too many banks is operationally taxing. Having less partners would also mean we will have more bargaining power.

The majority of our clients are already banking with someone. We typically look at where the money is being held and evaluate if it is in line with the kind of framework that we design for our clients. If the bank cannot meet their needs, the client will have to make a choice whether to stay with a bank that compromises their own outcome. We make sure that the bank charges fairly and it is justifiable with their service level.

We negotiate with banks in such a way that all the bank platforms we are working with have the same fee structure, this will reduce bank hopping by clients due to pricing. We choose custodian banks based on their capabilities to deliver clients' needs. Branding is not so relevant but size matters. The jurisdiction they are in is also important. Pricing has to be reasonable and the platform is efficient.

What are the biggest problems when working with custodian banks?

You may be surprised how often banks overcharge by mistake. As a clients' gate-keeper, we monitor and check every single transaction the client processes. If we don't pick up their mistakes, the client will be charged and nobody will know. Our job is to pick it up and tell the bank to fix it. The banks need to know that there are consequences to their reputation and branding.

**Q: What are your thoughts on the VCC regulations?**

**A:** The Singapore government has the right plan in mind. But because it is new, we don't know what teething problems that may come. We are keen to see how we can use and optimise VCC to efficiently manage our client assets, but we don't want to jump the gun and let our clients be guinea pigs.

The provision of grant schemes have resulted in other professional advisers overcharging to take full advantage of that. A typical fund set up cost will be around \$30,000 to \$60,000. To re-domicile your fund

from one jurisdiction to the VCC structure in Singapore, it will cost minimally \$90,000 to \$150,000.

**Q: What regulations are you watching?**

**A:** Cybersecurity is one thing MAS is looking at. The best thing that small firms can do to safeguard themselves is to go to the Cloud. We are looking at moving IT infrastructure to the cloud. MAS is initiating consultations with smaller boutique firms like us to see how we can digitalise our work processes and use IT infrastructure smartly. I am quite positive on this and look forward to hearing how this is going to work out.

**Q: Do you see younger bankers in this industry?**

**A:** Not meaning to undervalue their ability, most of them do not have enough life experience to be mature enough to handle emotional issues of the banker-client relationship. They may be good at selling, number-crunching or may even have Ivy League university qualifications, but they often don't know how to connect the dots. There may be keen, enthusiastic, and energetic people who want to do this job but if you don't have the key qualities, their enthusiasm will be wasted, and they won't get the gratification they seek. Then, they get unmotivated and demoralised very quickly. Too many of them have what the Taiwanese call the 'bruised strawberry' syndrome. They need to have a different mindset and toughen it out.

At a small firm, every talent needs to deliver to make a difference. The young will take more resources than they can deliver. There are a few young people who have their heart and brain in the right place, but there are not too many around.

**Q: Tell us an interesting fact about yourself?**

**A:** I grew up very poor with low education. I walked into a factory at six to put myself and my sister through school. Luckily at that time, child labour was acceptable. Some people today are complaining about child labour. They have no idea how this income would mean a million in their lives. As long as this child labour is not slavery or damaging to the child's health, they shouldn't have a right to say anything. At that time, I worked at a fair wage. The most important thing I learnt is that I can control my destiny. If I want to do something, no one can take it away from me.

**Q: Most used app on your phone?**

**A:** WhatsApp is the only application I use. I don't use social media at all.