WORLD'S BEST BANK FOR WEALTH MANAGEMENT

JULIUS BAER

Julius Baer's strategy of commitment, investment and hiring – when many of its peers have been retreating – has made the bank a global leader in wealth management

There was a time when there were only two serious Swiss wealth managers battling it out in the global arena. That was until Boris Collardi took over the reins of Julius Baer. Since 2009, and in particular since the acquisition of Merrill Lynch's international wealth management business in 2012, the bank has doubled the value of assets under management to SFr356 billion ($347 billion) and expanded its footprint so that in the next three to four years, Swiss employees will account for less than half of the bank's total headcount.

Julius Baer is the only bank to focus solely on wealth management and to have succeeded in building and retaining a business than spans the globe, adding assets and relationship managers while others have retreated. This year Julius Baer wins Euromoney's award for world's best bank for wealth management.

Sometimes it is hard to steer Collardi away from discussions on strategy and talk about how the bank is serving clients – not because he does not want to, but rather because he seems to take it as a given that, as a pure-play wealth manager, Julius Baer is doing everything it can to serve clients.

The bank is dedicated to being the first to uncover long-term emerging trends and investment opportunities for clients through its Next Generation research business. It was also the first bank to work with Morningstar to create environmental, social and governance ratings for funds so that clients can better choose investments in line with their social and environmental criteria. It was also the first to offer impact investing.

Julius Baer has also been investing heavily in technology. In Switzerland, it started to roll out Your Wealth last year, which is similar to an advanced robo-advisory-based platform that offers holistic advice – showing just where Collardi sees the future of wealth management. Clients are asked a range of questions to build a personal profile and asset allocation, and each day advisers receive an update of whether or not client portfolios need adjusting. Initially, the platform is only for relationship managers, to ensure the advice is reliable. The bank has also invested several hundred million Swiss francs in overhauling its technology across the globe. By 2020, all booking centres will be operating on the same platform and the bank will be completely digital. "No one should be touching paper by the end of the decade," says Collardi. Asia and Europe go live this year; Switzerland will be the last.

The bank's efforts are working. Last year, Julius Baer added close to SFr12 billion in net new assets, and grew its total assets by 12%. For Collardi, strategy cannot be separated from client acquisition and retention – clients join when they know their bank is on a stable footing and is committed to serving them.

He attributes the growing momentum in client acquisition – at least in part – to a sustained long-term business strategy. Indeed, unlike several of its global peers, Julius Baer has not dipped in and out of markets, client segments or products. It has also avoided several of the large public scandals that have plagued the industry.

Boris Collardi: "When markets are stressed, you need to show your strength and commitment"

"We've been faithful to the same strategy we have always – that of a pure-play wealth manager – which has created confidence in our clients," he says. That confidence has also grown thanks to a largely contrarian view. While many of its peers have been reducing headcount, Julius Baer has instead been hiring.

"Last year when people were reducing staff, we went out and hired 120 relationship managers. Why? Because when markets are stressed, you need to show your strength and commitment, and to show that we believe in wealth management being a long-term business."

The average AuM per adviser is around SFr243 million – closer to SFr280 million if new hires were excluded – and Collardi says the bank's advisers are among the most productive in the industry: "The math is easy to work out as we don't have any other business lines. The profit per adviser is about SFr503,000 – adjusted net profit of SFr706 million divided by 1,400 relationship managers – among the highest in the industry."

As for next steps, Collardi says the focus will be on creating a collection of high-performing regional businesses. Last year, the bank reorganized itself into five markets under separate leadership: Switzerland, Europe, Asia, Latin America and emerging markets, "all of which are seeing good momentum," says Collardi.

Now each of the senior leadership in the five markets will be developing their own individual strategy for the next three years. "We are asking them how to create a more regional approach to these businesses, so that they have the independence to make their own decisions. Each region has its own idiosyncrasies, so we have to move towards a more regional model."

If it works, Julius Baer will be able to be regional thanks to the critical mass it has built up and benefit from being solely focused on one business: wealth management. That will put the bank in a unique position, says Collardi.