

# Mobilising Wealth for Good

Philip Kunz, Head of Global Private Banking for South Asia at HSBC, shares the bank's vision for Asia and a net zero future

Photography by Darren Gabriel Leow

“Although the West may have driven many of banking’s evolutions, its future is in Asia,” says Philip Kunz, Head of Global Private Banking for South Asia at HSBC, who has spent 20 of his 35-year finance career in Asia, witnessing first hand the remarkable transformation of the region’s banking sector.

Backing Kunz’s two decades in the region are roots that stretch even deeper. “HSBC was one of the earliest banks to establish in Singapore,” he shares. The bank

opened its first branch at Collyer Quay in 1877, more than 140 years ago. “We have always been focused on helping our local clients capture opportunities—from supporting the country’s rubber exports in the 1880s to its post-war rebuild and the technology push in the 1970s. Our purpose remains true to this day, even in a new era moulded by digitisation, environmental, social and governance (ESG) adaptation, shifting trade and supply chains, and rising wealth,” Kunz asserts.

He shares HSBC’s strategies for navigating these shifts and its plans for the near future.

## LOOK NO FURTHER THAN HOME

According to McKinsey & Company’s Asia-Pacific Banking Review 2019, personal financial assets in Asia-Pacific will total US\$69 trillion by 2025. “This represents three quarters of the global total,” Kunz says, adding that “two thirds of Asian households

will move into the middle income brackets over the coming decade”.

HSBC is poised to capture this new wealth to become Asia’s leading wealth manager. The bank plans to leverage on its presence in Singapore to unlock new growth opportunities for its clients in the region. The decision to use Singapore as a launch pad was a no-brainer. As a well-established business and wealth hub, the country is attractive to investors due to its openness to trade and

its well-regulated environment. It is also favoured by companies seeking a gateway into Southeast Asia and Asia.

“To capture the opportunities across Asia, we’re adding more than 5,000 people to our retail and private banking front lines over the next three years,” Kunz reveals. “We’re also improving our digital capabilities and platform, and developing new wealth solutions, particularly for high-net-worth and ultra-high-net-worth clients.”

## GROWING AN INTERGENERATIONAL NEST EGG

With the increase in wealth in the region comes an increase in the number of family offices. “We’re seeing greater interest from Asian clients, who are turning to family offices to ensure a smooth transfer of wealth,” confirms Kunz. “The task of creating meaningful legacies for affluent families is becoming more complex and challenging.”



STYLING: JIEYI TAN; GROOMING: DOLLEI SEAH AT MAKEUP ENTOURAGE; SHIRT: MAMMOET; TIE: MAMMOET; WATCH: ROLEX; JACKET: BOSS; SHIRT, TIE, FRANK MULLER WATCH; GROOMING ASSISTANT: MANDY YEO AT MAKEUP ENTOURAGE; PHOTOGRAPHY ASSISTANT: GEA CHONG WEE



# “The new and rising generation is increasingly driven to influence the world and exert a positive social impact”

To meet this demand, HSBC set up the new Institutional Family Office in Hong Kong and Singapore last year. The service allows single-family office clients access to the bank's investment banking specialists and solutions, on top of private banking benefits.

“We believe that the enhanced coverage will better serve the growing needs and levels of sophistication of family offices, especially with the increased demand for sustainable investment solutions,” Kunz says.

There is indeed a generational change in investment attitudes, and proper management of a family's legacy cannot be achieved without bridging the gap between one generation and the next.

“Our research has shown that compared to their parents, the new and rising generation is increasingly driven to influence the world and exert a positive social impact,” Kunz shares. “Our goal is to give this unique group of individuals the support they need to plan strategically for the wealth and businesses they will come to manage or influence.”

HSBC has gone above and beyond to engage its next generation of clients through initiatives such as the Next Generation Conference and Next Generation Sustainability Leadership Programme. More than platforms for networking and exchanging ideas, these initiatives are an immersive experience. Participants have been on field trips to the jungles of Borneo to witness first hand the impact that humanity's behaviour has on nature and sustainability.

## PUTTING MONEY WHERE IT MATTERS

It's not just the younger generation who are eco warriors. Sustainability has become a hot button topic that permeates every aspect of society today. “When people think about going green, they probably don't immediately think that it has anything to do with the way they bank,” Kunz admits. “Yet, an Ernst & Young report in 2020 found that 52 per cent of banks view environmental and climate change matters as a key emerging risk over the next five years, up from 37 per cent a year ago. This shift in mindset is one that reflects demand on the investor side too.”

Going green has thus become a priority at HSBC. The bank has released ambitious plans to transform its operations and supply chain to net zero by 2030, and to do the same for financed emissions in the portfolios of its clients by 2050 or earlier, in line with goals set out in the Paris Agreement.

It's a transition that will involve an investment of between US\$750 billion and US\$1 trillion over the next 10 years. Financing of coal-fired power and thermal coal mining will also be phased out by 2030 in markets under the European Union and Organisation for Economic Cooperation and Development (OECD), and in other markets by 2040.

“Climate change is a serious concern, especially in Southeast Asia,” says Kunz. HSBC research has shown that out of the 20 cities most vulnerable to rising sea levels globally, 15 are in Asia, of which five are in the Association

of Southeast Asian Nations (Asean). “This is alarming,” he notes, “because cities are where populations and resources are concentrated. If left unmitigated, climate change can threaten to wipe out decades of hard-won economic growth in Southeast Asia.”

HSBC is certainly not about to sit back and let that happen. Among the many regional initiatives it has a hand in are Green Deposits, a programme it launched that puts investor dollars into environmentally beneficial projects and businesses; Indonesia's Green Sukuk, sharia-compliant bonds that finance climate change mitigation; and a partnership with Temasek to catalyse sustainable infrastructure projects, with an initial focus on Southeast Asia.

## FOR THE GREATER GOOD

Green investing isn't the only way wealth can be mobilised for good. For investors with more varied philanthropic interests, there's HSBC's Philanthropy service.

Simply put, it is much like an end-to-end solution for investors who wish to do good but are not quite sure how—from helping the client find a focus and drawing out a strategy to running a charitable trust and reviewing outcomes, and the provision of dedicated specialists who will provide guidance, based on sound philanthropic practices, every step of the way.

“A strategic approach, with researched, planned and directed activities built around the issues that the client supports,” says Kunz, “is likely to achieve significantly more for the causes they care about.”