

# The rush for premier customers

Priority or premium banking is increasingly becoming the focal area of growth for a number of banks in the GCC. **Ritwika Chaudhuri** reports.

**B**anks are of the opinion that the Middle East is a market with a large floating population who move to the region in the early stages of financial affluence and are keen on growing and preserving their wealth. With a 70 per cent expatriate population in the UAE, the market potential for premier banking addressing this segment is relatively higher than private banking, which caters only to a niche market consisting of ultra high net worth individuals.

Despite the pessimistic economic environment, the number of affluent individuals in the Middle East continues to rise. In fact, the affluent segment has been tipped as the second-fastest-growing segment in the world, beaten only by Asia. Research shows that the affluent segment in the Middle East is growing at an eight per cent CAGR at multiples of the rate of some of the western markets. The growth rate for the emerging affluent segment is even higher, nearly 14 per cent per annum. The definition of affluent, however, varies from country to country based on salary level, liquidity, investible assets and market dynamics.

For the majority of banks, premier banking has become an area of priority. Each bank is trying to beef up its services, providing more value propositions, giving flexible options to clients and adding more numbers to existing teams of relationship managers to manage the rising affluent client pool.

In October 2009, Standard Chartered UAE announced its plan to double the number of its priority banking relationship managers by the end of 2010 – from the existing 50 to 100



Shahid Khan Niazi

– as part of its global strategy to focus on the needs of this fast-growing customer segment. The bank is also planning to hire 850 relationship managers globally to support its new and improved priority banking service.

HSBC's premier proposition was also re-launched in 2007 with similar facilities to Standard Chartered's.

"HSBC premier is a major business for us. With no market leader for mass affluent, HSBC premier's objective is to be the most appealing brand in this category," says Mohamed Hadi, regional head of premium banking and wealth management at HSBC.

ABN Amro's Van Gogh preferred banking, launched in 2002, was rebranded as RBS royal preferred banking in September 2008. In order to upgrade its products and services, the bank is planning to add estate planning and trust services to its existing bouquet.

Shahid Khan Niazi, head of royal preferred banking and business banking at RBS, says: "Since preferred banking is a key value proposition within the overall consumer banking business in the UAE and contributes a substantial percentage to its retail offering in this market, the bank constantly monitors its product quality and reviews and fine tunes portfolios with a three-pronged approach: comprehensive, analytical and innovative."



Mohamed Hadi

Even newcomers like Barclays, which launched premier banking in the UAE in 2008, further launched premier life, which combines value-added features with lifestyle benefits, giving enhanced customer access to the dedicated team.

The bank also helps customers undertake a financial review as one of its membership entitlements. Along with the regular services like instant account opening, a dedicated toll-free telephone banking number, preferential bank charges, internet banking and NRI services, customers have access to any branch around the world.

"In addition to our specialised services, we offer traditional products such as a range of current and savings accounts, term deposits both conventional and Islamic, investment and insurance products, mortgages, platinum credit cards and personal loans," notes Zeeshan Saleem, consumer banking director at Barclays UAE and GCC.

According to Deanna Othman, general manager of premium banking at Standard Chartered UAE, the bank's new proposition, although similar to those of its peers, is the best in the industry, as it presents a total banking relationship programme – customised products and services for day-to-day transactions, borrowing, protection and investment needs. It also offers a combination of wide-ranging international services, better access and convenience for customers and priority benefits for the whole family.

The priority banking segment of Standard Chartered is expected to support





customers' priorities on three pillars of commitment: priority service, priority benefits and priority solutions. According to Othman: "Priority banking is a key segment that is growing rapidly, exceeding the industry average. By adding more to our existing team, we feel we will be in a position to appropriately serve our customers' needs."

At present, priority banking contributes 30-40 per cent towards the total retail revenue of Standard Chartered UAE. The aim, however, is to be the largest contributor to the retail segment, Othman added. The year 2008 was a good year for priority banking. In 2009, despite the financial crisis, the bank was able to maintain the same level of growth. This year is expected to be stronger.

Some of the features of Standard Chartered priority banking include priority status for the whole family, remote opening of accounts, a transfer account, a banking relationship wherever customers travel, dedicated relationship managers, free credit cards and one global view of all accounts held internationally. The new enhanced service has also ensured better facilities as



Deanna Othman

far as mortgage loans are concerned. The bank has increased its loan-to-value ratio for its clients, has introduced a refinancing facility for mortgages and has ensured a much faster turnaround time for loans.

At HSBC, one of the most exclusive features of a premier account is that a customer can view and manage all HSBC accounts around the globe through one single log-on via Internet banking and transfer funds. Premier customers also have access to HSBC's wide-ranging wealth management proposition and customised financial planning services.

HSBC also recently launched a safety net feature for premier account holders' families. In case of an emergency, a child can get access to immediate financial support of up to US\$2000 from a safe pair of hands anywhere in the world, with parents' approval.

Citibank's consumer banking division, which has been present in the Middle East for more than 40 years, offers CitiGold wealth management services for its high net worth affluent customers – a suite of both retail banking and wealth

management products that include deposit products, investments, insurance, credit cards, business banking and personal financing solutions. The key focus areas are threefold: a wealth advisory platform, lifestyle-enhancing privileges and a global executive banking facility.

The wealth advisory platform, supported by dedicated relationship managers, derives financial strategies that are customised to a client's financial needs and goals. Lifestyle enhancement services take care of additional lifestyle benefits and privileges over and above the banking and investment needs of a client.

"We looked at our clients' profiles and re-examined their lifestyles. This is something we constantly do in Citi, as we seek to innovate for our clients and anticipate their needs," says Sanjoy Sen, consumer business head for Citibank Middle East.

Sen adds that as per the global executive banking facility, the CitiGold global access service meets the specific needs of those who require cross-border services.

Although the effects of the global downturn continue to hurt businesses in the region, premier banking seems to be less affected compared to both retail and private banking. There are adjustments taking place at all segments of consumer banking, but in the short to medium term, premier banking will probably fare better than the other segments. In the UAE, United Arab Bank became the latest entrant to the segment with the launch of its Sadara wealth management programme last month. More launches are expected this year.



Sanjoy Sen

**Premier eligibility**

Standard Chartered	AED50,000 income per month; AED1.8 million investable assets, mortgage outstanding
Citibank	Minimum portfolio value of US\$100,000 in deposits and investments
HSBC	AED350,000 in deposits and/or investments
Barclays	Deposit/investment of US\$100,000 or salary of AED50,000 per month coming to Barclays account or insurance/savings plan of US\$2000 or more through Barclays
Barclays Premier Life	Salary of AED20,000 or more credited to Barclays account (charge of AED100 per month) or salary of AED20,000 or more not credited to Barclays (charge of AED150 per month) or balance of AED100,000 or more
RBS	Minimum investment of US\$75,000 or invest in regular investment plan with a premium of US\$2000 per month