

BEST GLOBAL WEALTH MANAGER

UBS WEALTH MANAGEMENT

Jürg Zeltner has transformed UBS Wealth Management into an innovative and client-centric firm, helping boost its status as the global private bank of choice

UBS Wealth Management has shown that overhauling the business works. Last year it produced its biggest profit since 2008, while the first quarter this year was also its best since 2008.

In 2014 the bank had the highest net inflows in Asia Pacific since 2007. And in the first quarter there were large inflows from Europe, where some ground had been lost. In the Americas it achieved record profits of over \$1 billion last year and continued its record-breaking earnings into the first quarter.

“Our problems back in the crisis were not the kind that can be ignored,” says Jürg Zeltner, who has led UBS Wealth Management since 2009. “We needed to change strategy quickly and put wealth management at our core. While others were muddling through, we were able to invest for growth, and you see that payback now.”

If you look back at what Zeltner promised when he was promoted, you can see he has been steadfast in his strategy. “My roadmap was clear,” he says. “I said we would be in Asia and focus on ultra-high-net-worth clients. I said we would restructure in Europe and go digital. The roadmap worked. Asia is AuM’s biggest contributor and our most profitable region, and UHNW is the largest client segment. Europe has been restructured, it’s our second-largest market and we have a digital plan in action.”

Perhaps the biggest difference between the UBS Wealth Management that existed before the credit crisis and the UBS Wealth Management that emerged from the flames is the shift in focus towards clients. Chasing assets under management was a game that many in the wealth management industry pursued. Driven by AuM, private banks would offer products and open in regions without thinking clearly about what the client truly needed and whether it was sustainable, or even legal.

Under Zeltner it is clear that shift was made, and over the last 12 months the Swiss bank has continued on a trajectory where providing clients with an evolving level of high service drives all the business decisions. “Clients don’t want to be relegated to a black box where they hand over the keys and don’t see what’s happening,” he says. “They need the expert advice we provide.”

Zeltner’s insistence is on remaining agile. Despite UBS WM’s enormous size, with some \$2 trillion in AuM, he says there is no allowance for being slow. “There is no time to wait around or form committees. If you don’t capture volatility as it happens, you and your clients miss out. We have invested in our capabilities so that instead of being slow or lagging behind, we are dynamic and responsive.”

Zeltner leads with service and advice and the training he sees as key to that strategy. Last year the firm launched a two-year degree programme for its senior advisers in conjunction with Rochester-Bern University. It also launched a six-month programme for senior leaders around the firm’s strategy and execution within leadership.

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tors,” says Zeltner. “We demand high standards, and the only way to guarantee it is by setting up a formal education structure. We promise clients truly expert advice that is aligned with their interests, and I want to make sure it isn’t just lip service. UBS must be a place where employees want to learn and are on the cutting edge of the industry.”

In innovation, impact investing is high on the bank’s agenda. Impact investing was listed as one of the key focuses of wealth managers in Euromoney’s 2015 private banking survey. Over 20% of UBS’s total investment assets use sustainable investment criteria, and it offers funds to clients in sectors with a social impact – a fund around oncology, for example.

Relative to some of its retail peers, UBS could be seen to have been slow to move in digital.

“Certainly we struggled at the start,” says Zeltner. “Everyone was focused on apps. But it is easy to develop an interface – the part that matters. What we took time on is making the execution engine responsive to client needs.”

He is cautious about the digital wave. “Fintechs have their place and they challenge the industry to innovate and offer better services, but they’ll struggle to make it a valuable business model,” he says. “My average client [wallet] is in the millions, and people do not shift millions to be run by a fintech firm. So I’m seeing fintechs who want me to buy them because they want our platform and brand to allow them to achieve scale.”

Over the last 12 months, the bank has launched email and text alerts for customers, as well as a portfolio app in Asia.

Zeltner says it has never been more challenging to be in wealth management. “In terms of managing money, we are in a place where central banks drive markets and information is everywhere,” he says. “Add to that the desire from clients for a digital interaction and the shift to advice and you start to see just how different a market we’re in. But as our earnings show, this is an attractive industry and I’m excited to be a leader in it.”