

MONEY

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EXCLUSIVE

Conversation
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**HOW I WISH
TO OWN MY
PRIVATE &
INVESTMENT
BANK**



**18 IDEAS TO OWNING
YOUR OWN BANK**

**How I Wish
To Own An
International
Investment &
Private Banking
Business**

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Chapter 1

Pipe Dream

“How I Wish to Own An International Investment & Private Banking Business?”

Some of us would not even dare of dreaming to own a business, let alone a banking business that is represented internationally. More so a banking business that handles business investments and family wealth.

Personally, most of us are not dead broke and not that super rich that we can own a bank.

The fact that we are all influenced by our society that when we hear the word bank it must be the one that has all, if not most, of the money to “lend” it to businesses and individuals.

The world’s largest bank, JP Morgan, has a market capitalization of US \$434 billion and this has no impact on us until we can get money from them for our business and/or personal use. The traditional banking system relies on people putting money into the banks and then the bankers lend it out and make the spread. In short, the bankers take your money, then lend it to the borrowers

and make the difference in what the banks pay you for your deposit and what they charge the borrower for lending your money. Traditional banks make a spread of basis points up to 4% at most. But the dollar size makes up for the meagre interest gain.

This preconceived notion that you need to have huge sums to lend out that makes you a bank and to do that you need to have plenty of bricks and mortar banking halls to make it convenient to absorb peoples' money. But the new economy has disrupted and changed the banking landscape.

In Hong Kong, a new virtual bank (internet based with no physical banking halls) is now offering people HK \$100 just to open an account with them. The great disruption in banking is getting into momentum.

UBS also announced that they are setting aside funds to invest in new financial technology firms (fintech) so as to speed up on-boarding of new customers and give them e-wallets to put their fiat and e-currencies. If new fintech firms can get into the banking business without the legacy requirements of a traditional bank, our pipe dream of having a banking business is now a reality.

Imagine you have a platform where there are investors (customers) who are willing to put their money to get better, safer, faster returns and match those businesses who need funds to grow and expand, the investment banking business come into play in this new format. The platform (modern bank) makes money in fees, spread and investment returns. Who knows, the fintech platforms may make relatively more money, than the traditional banks whom have to bear the huge costs in

legacy compliance requirements, branches, staffing, facade of stability and bloated management structure.

There is a glimpse of hope for us to have a banking business after all.

Napoleon Hill said it best: "What the mind can conceive you can achieve" and I would add in italics "What the mind can conceive, *and what your heart believes*, you can achieve".

Chapter 2

Difficult, Dangerous, Dirty

"How I Wish to Own An International Investment & Private Banking Business?"

It is fine to dream and has no responsibility to make it a reality - owning a banking business.

There are just too many issues to manage in a banking business if not well handled, it will turn out to be a nightmare.

Dealing with "peoples' money" is never an easy task. There are fiduciary responsibilities and moral obligation. You can lose your money, but never other peoples' money. That is the golden standard that all bankers should strive to meet. Alas, we have too many dirty tricks practised by greedy people in the banking business. The Lehman Brothers collapse in 2008 became an epidemic globally and many people lost their jobs, savings and even lives. The US \$600 billion held by Lehman Brothers vaporized.

This unfortunate saga gave rise to more regulations and compliance requirements that affected many traditional banks. They are now so scared that instead of thinking of how to do business and serving the customers, these conservative bankers are doing so much of KYC, AML, F&G tasks before putting customers' needs as a priority. Instead, they try very hard to upset the customers with all these so called compliance procedures that they make these customers look like *persona non grata* or terrorists like. These bankers reckon we are in dangerous times, their jobs are becoming more difficult and no one is above the law for any dirty deeds. The bad and old need to give way to the new and good.

If we can have a modern bank that makes it easy for customers to sign up and on-board a banking relationship in three simple steps. One: download the app, two: scan your face and three: hold your ID up to your chin and upload the picture and you are set. Within minutes, the new bank welcomes you on board and gives you an e-wallet for you to transfer into it your fiat, e-currencies, digital depository receipts (such as bonds, options, shares, structured notes, REITS).

China is leading the crypto world in issuing e-RMB so that people can transact easily, safely and cleanly, and it will re-shape the way customers think of banking. Is Wechat a messaging system or a new banking system? Our lives and behaviours have changed with the advent of these newfangled banking methods.

You, too, can have a piece of this new banking business by contributing better, safer, faster, cheaper, cleaner and newer applications in private and investment banking.

Now companies can list their loan applications or fund raising schemes on portals in countries with low or negative interest rates. In essence, anyone raising funds to grow their business can list their bond offering documents on such portals. In the past, you had to list such schemes on recognized stock exchanges and engage the traditional investment bankers to get the issue done.

Now, you can contribute your expertise and business network to help companies raise money the new way and become a modern banking business player.

Shakespeare said “Sweet are the uses of adversity”, some see the thorns and only a few see the roses.

Chapter 3

Need Money

“How I Wish to Own An International Investment & Private Banking Business?”

Bank of America handles US \$ 1.35 trillion of other peoples' money that is called AUM (Assets Under Management). 2% management fee on the \$1.35 trillion translates into \$27 billion fee income. Imagine the bank did a great job and get another 1% for a performance fee and that is another \$13.5 billion income making a total fee income of \$40.5 billion. The bank made \$28 billion profits in 2018.

So you see, you make money by managing peoples' money and you need not have so much money to be able to earn so much.

Many of us believe in the myth that a bank needs to have lots of money in order to be a bank.

The truth is that the worth of a bank is the amount of money that the bank manages for others.

Yes, you need the basic amount of money to get going like recruiting capable asset/fund managers, effective

relationship managers (sales specialists) and risk mitigation experts to get started.

The true value of a bank is the loyal base of customers that are willing to let you manage their money. You need more than a relationship. You need proven capability to deliver exceptional returns for the customers. The customers need to feel that their funds are safe and sound with you. You have to show that their money and you are working really hard for the customers. In short, make money for the customers.

If you cannot get customers to park their money with you, you can just stop thinking of having a banking business. We need their funds as much as they need our expertise to make money for them.

Instead of depositing money with you (*this gives rise to capital adequacy requirement*), your monetary institution can be a match-maker (broker) linking the customers with the borrowers or to the exchange platform to let them transact among themselves with the caveat emptor stated clearly. All these can be done without the bricks-and-mortar in traditional settings. Of course, with high tech and high-touch, it could add flavour to the whole transaction.

With changing customer expectations and technology disruption, you can get into the banking business by deploying whatever platforms and applications that are available. What you really need are customers who are willing to back you and have trust in you that you can do a much better job than the traditionalists.

Like Warren Buffet says “Rule No. 1 : Never lose money.
Rule No. 2 : Never forget Rule No. 1.”

You do not need plenty of money to be in the banking business. You need to deliver results and not lose a penny of your customers’ money.

Chapter 4

Need Fit & Proper People

"How I Wish to Own An International Investment & Private Banking Business?"

The Monetary Authority of Singapore (MAS) requires all financial services and related businesses must have people who are fit and proper to run them. There is no compromise if Singapore wants to become Asia's largest financial centre whereby peoples' wealth and lives are placed in their safe custody.

In essence, the relevant person is expected to be competent, honest, to have integrity and to be of sound financial standing.

Warren Buffett says integrity is far more important than intelligence. A smart but crooked person can take away everything from you. An honest person that may not be very intelligent can at least not think of ways to rip you off your money.

MAS wants disclosure on the person's reputation such as being investigated, sued, fined, jailed or sanctioned on matters affecting one's standing and reputation in the handling of financial matters. The strict vetting processes

make people with doubtful characters be barred from running banking related businesses.

People who may be competent but with conflict of interests are also frowned upon in running banking businesses. There are people who are so competent that they can dip their hands in every side of the deals. Recently an independent director was accused of bribery for having a consulting fee for a merger transaction that his company was involved in. There was a lapse of disclosure as there was a perceived conflict of interest. The poor director may not even qualify to act as director of companies let alone running a financial business.

Anyone running a banking business must have financial soundness and does not have any blemishes of bankruptcies, winding-up, insolvencies, delinquent credit records or legal suits. There are no perfect business people with perfect track record and thus being able to get approved as a fit and proper person to run a financial business is a compliment on its own.

Thus, the younger you are, your likelihood of getting approved as a person suitable to run a banking business is very much higher. And of course, you got to have the skills to be suitable. Therefore the faster you step into this business, you can amass all the skills as required earlier.

Napoleon Bonaparte said "In war, there is but one favorable moment; the great art is to *seize* it."

With the current great disruption, let us all seize the moment to get ourselves into the new banking industry.

There is no better time than now to own that new banking business.

Chapter 5

Need Licensing

"How I Wish to Own An International Investment & Private Banking Business?"

The digital banking opportunity in Singapore was so hot that several big names already got burnt before even submitting their application. The minimum paid up capital is SG \$100 million for the starting phase and they need to up their capital to at least SG \$1.5 billion in the subsequent phase.

The irony of it all, these digital banks, can only offer simple credit and investment products. Assuming the entire adult Singapore population take up this new idea, at most these new players would have 2.5 million new accounts. That means these new banks need to invest \$600 capital to service an account. With competition and cannibalization by the 5 new competitors, they would be spending in total \$3000 to hook one new account.

If each of the new account cannot secure more than \$30,000 AUM (Asset Under Management), the digital bank concerned would find it hard to recover their capital let alone making money.

Is there a silver lining in these so called opportunity?

If we are serious about getting a banking licence that befits the time now and beyond, the European wide EMI (Electronic Monetary Institution) licence is the possibly the right answer. This EMI approval allows the institution to handle all fiat and e-currencies for individuals and companies. Instead of accounts, customers are issued with e-wallets to hold their e-assets be it crypto tokens, coins, loyalty miles, depository receipts and anything everything that is valuable but in electronic form.

The EMI can first serve the 747 million people over 27 European Union countries and there is nothing to stop serving the rest of the world that has dealings with Europe. The minimum capital needed for an EMI is 350,000 euros and 5 million euros for an upgraded EMI called Specialized Bank (SB) that perform all functions of a typical bank but without the physical banking halls.

The EMI adopts SEPA (Single Euro Payments Area) making cross border payments (bank transfers) seamlessly between the 27 European countries and the United Kingdom even though they left the EU.

Let us all not forget Switzerland. They sit right in the heart of Europe and manage an estimated US \$ 7 trillion AUM of global cross-border assets. They are still the champion in the world of private and investment banking.

There are no rules or restrictions for a Zug, Switzerland incorporated company to hold an EMI or SB licence of Estonia to offer banking services to customers throughout Europe and then the rest of the world.

Zug may be a small canton of Switzerland but it is the largest crypto-currency capital of the world. Many block chain and crypto big players are headquartered there not only for its low tax regime, but its leadership in accepting and using e-currencies there.

Countries and companies are going to issue many forms of crypto-currencies and it is imperative e-wallets are there to hold these e-assets.

You and I can provide the convenience and let customers use our e-wallets easily, quickly and safely.

Chapter 6

Need Branding & Recognition

"How I Wish to Own An International Investment & Private Banking Business?"

Lehman Brothers was founded in 1850 and collapsed in 2008 - some 158 years life span.

Bear Stearns was acquired by JP Morgan in 2008 after 85 years in business.

JP Morgan Chase is considered the largest bank today after in business for 220 years.

European independent and largest investment bank, Lazard, is 172 years old.

These banks are named after their founders hundreds of years ago.

Citibank, one of the more popular branded bank, started in 1812, nearly collapsed in 2008 and was rescued by the

US government as *it was too big to fail*. It is a bank brand that does not name after the founders or key persons.

The above mentioned branded banks can only survive by doing well and good in their core banking business. Doing good, that is to serve customers with time-tested solutions and not get-rich schemes, is the only panacea for longevity.

Anyone starting a banking business needs to rely on certain recognized names or brands to give customers the confidence first, in order to get their patronage. So it is very hard for anyone who is new and new to the banking industry to make it. That is why many parents find ways and means to send their children to work in renowned banks as interns or analyst when they graduate. So that these children get a jump-start with these branded banks and can open many doors.

As for the banks, they leverage on these interns' parentage to seek the connections and business. But the authorities are frowning at such mutual exploitation.

So to avoid these complications and to reduce the headcounts and overheads, many banks are adopting alternative distribution strategies. Experienced working bankers are encouraged to go out of their banks and open shop as external asset managers (EAM). In short, these EAM perform the role of the traditional relationship managers (RM) and the banks to handle the compliance, execution and product/solution strategies. They split their fees. The EAM imagine they are still working for the banks while the banks enjoy the plus business without the fixed costs and HR-related superannuation costs.

The evolution of the EAM arrangement will grow with the fragmentation of the financial services industry whereby silos of specific financial services are being offered by certain type of approved banking service providers. Now, we have platform providers that need to have payment services licence, digital payment token service and so on.

This offers the opportunity for one who has no branding and recognition in a particular service to ride on the branded ones to provide the needed services to their customers. For instance, a fund manager who may not be able to provide a custodian banking service for their customers can link up with a full service bank to do so.

A boutique modern bank can perform the role of a doctor by identifying the needs of the customers, prescribing the solutions objectively and referring the clients to work with the legacy banks. It will come a day, the standing and reputation of the boutique banks may overtake that of the legacy banks in terms of cost-effectiveness, customer satisfaction, high-tech with high touch.

You can start small, focused and work with the renowned banks to get the head start.

Who knows, your name may be on the doors of top banks for next few hundred years.

Chapter7

Need local offices, staffs, network linked internationally

"How I Wish to Own An International Investment & Private Banking Business?"

Before the covid-19 pandemic, many companies do not see the advantages of working at home and off-sites other than for the obvious health reason of safe distancing.

Many years ago, we were working for Citibank and American International Group (AIG) and we were summoned to be in Philadelphia for a Bancassurance strategy session. I remembered vividly when we were told that we cannot fly together on the same flight with our banking colleagues. We could not understand that logic. We were told our hotels and offices had to be in different buildings further away from each other. After 911, we then truly understand the meaning of COB - Continuity of Business.

Today, it is a requirement and becoming a trend to have satellite offices all over the key money market centers of the world. In banking today, you have to be in Sydney,

Singapore, Shenzhen/Hong Kong, Shanghai, Switzerland, San Francisco, New York, Toronto, and Frankfurt.

It is almost impossible for a new banking business to have so many offices and staff, all over the world and link them internationally.

For example, a Shanghai-based banker today works at 6am once the Australian opens; 930am the Singapore, Shanghai, Shenzhen, and Hong Kong markets open; 3pm London, and Frankfurt markets open; 930pm the New York, and Toronto markets open and finally at 12 midnight the Vancouver market opens. This banker will not have the time to sleep, eat, rest or go to the toilet, if he is not supported by colleagues in these locations.

The world is actually very big and modern virtual technology cannot overcome that no matter what. As an example, in China alone there are 30 provinces and it is bad customer service for a banker that is not readily available to address a local customer's needs. There is a dilemma between saving cost verses effective customer service.

The modern banking business needs to be represented at locations where the customers are and linked with their colleagues who are at the center of the key markets of the world.

For instance, a Dalian client who is seeking a public listing on the New York Stock Exchange cannot wait for the US banker to call him at 9pm to clear certain doubts. A local representative based in Shenyang can easily answer all the questions on behalf of his US colleagues. In the event of a very technical question, a local specialist

can hook up with his international colleagues to get the answers. This neural network, with local and international networks, is designed to learn about the customers' pain points and ways to satisfy them.

Having satellite offices internationally and locally manned by staff of different specializations protect the continuity of the banking business while satisfying the customers cost-effectively.

The opportunity lies in one to get into one of these nodes and become an integral part of a global business banking network. No matter what role you play, where you are located, you can be an important factor in this big masterpiece of a new banking business network.

Leverage on your existing experience, expertise and connections, you can join the banking business as a service provider, connector, specialist, adviser, investor, distributor, technologist, or media pro.

Chapter 8

Need experience and expertise

"How I Wish to Own An International Investment & Private Banking Business?"

"No man is an island" quoted in a poem by John Donne. It simply means no one is truly self-sufficient and everyone must rely on each other in order to thrive. The business of banking is the same.

Many years ago, I was given the task to interview a candidate for a senior post at Citibank. The shortlisted person has zero banking experience except being a customer. He has no financial and even accounting educational background. He was from Unilever, a fast moving consumer goods leader, and was their senior management staff. He was selected because of his consumer goods marketing experience and expertise. He really changed the way a bank was supposed to operate. He stepped up jazzy advertising, market penetrating selling strategies, pre-approved credit facilities, zero guarantors and multi-generation mortgage.

With the success of this new VP, Citibank went on to recruit another heavy weight. This time from Procter and Gamble, another leader in the fast moving consumer goods. He went on to institutionalise the concept of product innovation, branding, imagery, customer service

touch points, cycle time and alternative distribution deploying direct and in-indirect outsourced selling agents. It was very different from the various banks I had served before.

After 30 years, the alumni of Citibank are still the most sought after bankers in the world of banking. Many banking leaders of today were former staffs of Citibank. These managers were not trained in the technicalities of banking, but the way the customers should be served and satisfied. How many of the top posts in banking go to those techies or quants (rocket scientist of banking). Few, far and in between.

The experiences and expertise in the banking business are about putting the skills in helping people to grow their worth in a safe and sound way. Regardless, if you are serving a credit card customer or a company going for public listing. The principle is the same. That is, using our skills and dedication to improve the wealth of their company, their family or an individual personal portfolio.

If you have the experience in satisfying the customers and have the expertise to repeat this into a new landscape - banking - the world is your oyster.

My family, myself and my current colleagues had no banking experience before we put our toes into the banking world. With less than 10 years of banking experiences, my sister ran one of the largest foreign banks in China. I became an adviser for Citibank and many other leading banks in Asia. I helped to launch the first credit card campaign for China Merchants Bank. I advised China Construction Bank on how to set up their high-net worth private banking business in China. In

2001, Ping An Insurance received my advice on multi-channel sales strategy. China Galaxy Securities received my inputs on how to serve their customers with wealth management investment products. My team and I, have listed many Chinese companies on major stock exchanges around the world.

Looking back, my 32 years in the banking business, the core competency needed to succeed in this arena, is the very basic principle of making your customers win. You need to have the skills to serve the customers with innovative and profitable solutions; you need the support and patience of the entire local and international network of colleagues to fully dedicate themselves to make customers succeed. It takes a global village to win the customers.

If you have the attitude and aptitude to help your customers win, the banking business awaits the next superstar.

Chapter 9

Need mentors to guide the inexperience

"How I Wish to Own An International Investment & Private Banking Business?"

Justin Sun, the Crypto Champion, donated US \$4.6 million to have lunch with Warren Buffett with the goal of learning from the guru of investment. The money is considered well-spent, in terms of a donation to help others while helping Justin himself, because he found a mentor to guide him to bigger things. Justin knows the importance of having a superstar mentor and the impact it will create.

Many say choosing the right career is vital to life's success and having a mentor is most important.

One of the key success factors, among the alumni of Citibank bankers, is that they spent considerable amount of time and resources to train and guide their staff (*even those picked from the top universities and companies*). Young associates have the freedom to choose their mentors even though they are assigned one. Citibank believes

everyone has the right to excel in the way they want and prefer.

My first mentor was my boss. He was guiding me almost daily, spending time to go through issues with me and allowed me to try new things (*even he knew they would fail*). I owe him my lifetime of gratitude. He showed me the way to climb, *correctly*. He even supported me to start my own business and appointed me as a consultant to the company as a way to help me during my business formative years. I left for China, he retired and our relationship had to stop.

I found a new mentor from Beijing, China. He was instrumental in my investment success in China. He guided me on the intricacies of formulating the appropriate financial solution for our investee targets. He mentored me the way to do business with Chinese entrepreneurs. He introduced me to the various key decision makers. He found many good deals for us. With his guidance, my team and I benefited and made money. For that my team and I are forever grateful.

As a Singaporean, I have observed how Singapore has developed from a fishing village to become an important financial center of Asia. I studied and researched on how Temasek invest; I looked into how the Central Provident Fund were built up and how the members can benefit for a lifetime; I became a fan of Singapore's founding father, Mr Lee Kuan Yew, on how his political and economic strategies enhanced the lives of Singaporeans. These are my virtual mentors for my betterment of the banking business.

Recently, I watched a TVB drama, Another Era, and I was intrigued by the superb dialogues and learned many

new ideas and ways to avoid the pitfalls in the world of finance. It was an edutainment for me.

I make it a point to meet various bankers and new fintech players, to learn from them the things that they were doing. Recently, I asked a cryptocurrency player on how we can incorporate REITS into a token form and have them sold and distributed on the various crypto exchanges. I asked a gold dealer on how to turn that kilogram of gold bar into e-receipts so that the investors can “loan” out these receipts for rental income. I asked a payment platform player on how to use the SG QR code to convert my air miles into cryptos so that I can use it like a fiat currency. There are just too many new things to learn. We definitely need guidance from those who know.

As players in the banking business, you can never be too old or shy to learn from others. There is always a newer, better, cheaper, and faster way to serve the customers. We got to unlearn and relearn from those who know and all we need to do is to ask for counsel. The price of ignorance is way too expensive in this fast changing circumstances.

Like the Bible Matthew 7:7 says “Ask you will be given. Seek you will find. Knock it will open.”

Chapter 10

Need professional partners

“How I Wish to Own An International Investment & Private Banking Business?”

We have been using our law firm in Singapore for almost 20 years and would continue to do so. The various sponsors, brokers, auditors, valuers, tax advisers, fund houses, and independent directors have been working with us for many years. Loyalty is a two-way street. You cannot expect loyalty from these professionals when you are not loyal to them.

Years of working together with the professionals give rise to expediency in our service delivery to our investment banking clients. We need not search the world for the suitable professionals and negotiate their fees. You do not have to second guess who they will send to handle your case. You know very well you have the attention of the most senior of partners.

Recently, we have a client who wanted to know about the legality of certain bond instruments and our wechat call to our 20-year business relationship lawyer gave us the answer pronto. We needed to know the estimated

value of a building and an email to our long-term valuer gave us the estimation within a day.

Banking, like any other business, relies heavily on long term relationships to succeed. To build up the network of professionals who had working relationships with you, is a strategic task that must be executed from day one when you are in the business.

Many of my many younger colleagues benefited from this long term loyal partnership. This advantage is then passed on to our clients, so that they get value for their money and the proven expertise that are needed for their cases.

Our recent public listing of our own financial services company in Canada allowed us to build new relationships with the lawyers, auditors, tax specialists, brokers and investor relations experts there. There will always be hiccups and misunderstandings along the way, but we are constantly reminded to treasure the working relationships for the benefit of our clients. We are proud to say we have good localised professional support and relationships in Sydney, Singapore, Shanghai, Shenzhen/HK, San Francisco, Vancouver and slowly building up in both Switzerland and Frankfurt.

Anyone who is new to the banking business must tap into such established relationships and contribute by being humble and the willingness to learn from them.

Chapter 11

Need clients and investors

“How I Wish to Own An International Investment & Private Banking Business?”

The most critical success factor for all banks is to have clients who deposit money with them and/or readily, willingly and financially able to take up investments offered to them.

On 24 March 2020, for 32 minutes no one bought or sold the Reserve Bank of India's US \$790 billion sovereign bond. It sent shock waves not only to the India market, but markets around the world. Imagine when leading banks are unable to get customers to take up the financial offerings they diligently created, it is a serious failure in customer management. The basic tenet of banking is KYC - know your customers - *especially what they want*.

Despite political unrests and recession, the largest IPO of 2019 in Hong Kong was Chinese tech giant Alibaba. It placed out US \$11.2 billion of new shares underwritten by China International Capital Corporation and Credit Suisse. Citigroup, JP Morgan Chase, and Morgan Stanley were also roped in to sell these shares. It was also reported that the shares were oversubscribed by investors taking up share margin financing offered by

banks and the order books were closed half a day earlier. It was no easy feat for the banks in view that the economic and general conditions in Hong Kong then, were not at its best.

The success factor is that the banks have ready, willing and able customers to buy the said shares.

Anyone who desires to open a banking business, or work in one, or venture into one, must have customers or have plans to get customers. Like any other businesses, banking needs money from customers either been deposited or on call whenever the investment opportunities are presented.

Last weekend, I received a call from a very successful private bank VP and she was exploring the possibility of joining our financial group. One of the glittering moment of that discussion was that she has a client base with about US \$1 billion AUM and at least half are prepared to go where-ever she was going. My mind did a quick calculation. Suppose the net management fee is just 1% and a performance fee of another 1%, she can bring along an annual income of \$20 million. Assuming only 25% crossed over, the income of \$5 million that she could bring into our group is not bad. Which bank does not like to have people who can bring customers and money to the table? The key question is would this VP bring the customers to another bank that was willing to pay her price. I checked and she had only 1 job change, which was after a 2 years of service. She served for more than 12 years with her current employer. I am sure my board can accept her joining us after the usual due diligence.

The key question is what you are doing to build up your net worth. I do not mean the amount of money you have

to be considered as your wealth. Other than health, I believe our true worth, as a banker, is the number of loyal customers who will follow you wherever you may go. As long as you do your KYC well and package the appropriate financial offerings to them, your customers will give you the business.

Start building your banking business and net worth today by knowing your customers - *especially what they want*. Never, ever offer them lemons. If not, they will give you lemonade. You give them pots of gold, likewise they will give you gold and all the glitter.

Chapter 12

Need proven methods and procedures

"How I Wish to Own An International Investment & Private Banking Business?"

When AIG wanted to start their credit card business in Taiwan, they recruited a Citibank banker as their CEO and he in turn recruited many Citibank alumni members who no longer worked for Citibank. I was one of them to lead the campaign to secure credit card customers and their outstanding balances. It was a feeling of deja vu - we knew exactly what to do, how to do it, the steps and skills to get it done. And we did it.

It was almost like clockwork. It was like we were going back for a national service reservist training. We knew exactly what needs to be accomplished, and the steps and methods were all there at the back of our minds. In military terms, it is called SOP - Standing Operating Procedures. Standing means by rule, it has to be carried as per order. Only in later years, the term changed to Standard Operating Procedures. Standard means the desired quality or effect that must be met. With the ISO 9000 popularity, companies started to document their procedures and quality standards so that the SOP

becomes a management practice. Bankers were the first to implement SOP in all aspects of their business.

There was nothing new for the AIG team to ponder. We recruited staff and vendors based on successful criteria we last used. We rolled out the business plan like we have done it many times at AIG. The staff were trained and oriented to comply with a specific set of standards. The procedures were clear and had been used in many similar situations. Even the script on what to say was recalled verbatim for the marketing staff to use. The risks and assessments were implemented like they were used hundred times in this new place. In less than one year, AIG secured more than 30% of the credit card rollover balance financing market share. We believe the contributing factor for that success was not only on the robust team, but how the team made full use of the proven methods and procedures.

If you were to start a new banking business today, you need to put in time-tested successful methods and procedures, so that you have a better chance of satisfying the customer cost-effectively. Many novices tried to adopt the “blind men and the elephant” method that caused confusion, costly mistakes and customer dissatisfaction. In banking, you have only one chance to make it right. If you damage the customer, you are damaged.

This is why the very reason at our financial services firm, our emphasis is on training and certification of our staff and partners. So that they know exactly how to comply with our SOP and our style of working. They are to be oriented and trained to be skillful to execute the tasks in clear defined steps and with precise standards. Even the clients’ applications and assessments are systems and algorithm based. But we still rely on human judgmental

evaluation as we believe the collective experience and wisdom of the team cannot be substituted by technology, for now.

Many new fintech start-ups have great ideas but lacked organisational maturity and capability, in terms of proven procedures and successful methods. We believe these fintech players would recruit people with the skills, the SOP and to motivate all to work towards a common goal. With these, they can have a much better chance to succeed.

So what are you doing to build up your depository of proven methods and effective procedures to create successful business relationships? Which organisations do you think have them? How can you ride on them? What must you do for them to let you learn and use their gems?

Chapter 13

Need opportunities

“How I Wish to Own An International Investment & Private Banking Business?”

Bruce Lee said *“To hell with circumstances, I create opportunities”*. Indeed! He punched and kicked his way to success and created a legend for Chinese Kung Fu which made every Chinese proud. The price he paid for his prize was a very expensive one. He had to go against the toughest, the biggest, and the cruelest in order to win every step of the way. It was really painful for him but he persevered.

This is the type of Bruce Lee attitude we should have to win big in the world of banking.

There are super sumo size banking competitors in the world, whereby their assets and resources can simply drown any financial start-ups or boutiques.

Remember David and Goliath, as described in the Bible. No matter how big your enemy may be, there are always opportunities for you to sling your stone at the right place to succeed. You got to look at the gap, practice your sling and get ready that small stone.

There are many gaps of opportunities in the financial market. For example, the air miles frequent flyer programs are giving the airlines a big headache. If these miles are not claimed, they had to be provided for in their accounts as liabilities. If someone can “buy” them off the airlines, the airlines do not have to carry these liabilities in their books. The accumulated air miles of high-value customers are reported to in the billions. If these billions are parked into your bank’s e-wallets as AUM, you have plenty of fee income to start with. Should these miles be converted to crypto, fiat currencies or used for purchases, the income from these transactions and exchanges can be very handsome.

The USD \$ 20 trillion mobile payment market in China is going to shoot up to the sky with the launch of the e-RMB. Facebook’s Libra crypto-coin is now being tested in India using Whatsapp as the payment carrier. If the 400 million Whatsapp users are happy with it, you can imagine the 2 billion daily users of Whatsapp start to transmit not only messages but Libra coins to each other. Just \$1 per user, per day translates into \$2 billion and a year means \$730 billion in volume. A 1% carrier fee will give Facebook a \$7.3 billion income.

What stones have you got to sling at this humongous market opportunity? Do you have the e-wallets to contain all these coins? Do you have the reasons for your customers to remit these e-money? Have you found companies that you can sponsor to issue more coins to more customers? Any ideas for this blue sky opportunity?

Nothing is left to chance. The fact that you are reading this up to now, you are investing your time and thoughts

to seize the day. You got to find your sling, start to get it tuned up and practice your swings. You only get one chance!

In 2019, the funds for global IPO was US \$200 billion and the global debt market was US \$100 trillion. There is so much money chasing after good deals. The sling is to dive deep into the markets, to look for stones and polish them into diamonds. No bankers know more and intimately about how great a company can be, other than a local.

Can you be the local? If so, the Goliath is waiting for your sling and stone.

Chapter 14

Need a system for making money

“How I Wish to Own An International Investment & Private Banking Business?”

I had lunch with my ex-colleague, Durai after 3 months of scheduling and rescheduling. He was busy travelling to meet his CEOs in the Asian region and I around China. He is the head honcho for distribution strategy in a very large life insurance company. He has been at it for almost 20 years. I asked him if there has been any changes in his industry and his quick reply was, there were plenty of changes but one thing remained the same all these years - the direct sales force. That, is still the number one source of business for the life insurance companies.

His explanation is that the system, the agency and remuneration schemes, do not allow it to change. One insurance company tried to change the system and the backlash from the sales force was so great that the authorities intervened to reset it to what was agreed in the past.

The beauty of this system of making money, is that the earlier you start in this business and build up your business of having agents and customers, you will win in the long run. What you sow is what you reap. You plant bad seeds, you get no harvest. You train and nurture

good and productive agents, you get recurrent income. In simple terms, you find good people to work with you in the long haul; you train and motivate them to serve customers effectively; the end result is that you get persistent and recurrent business and income. This is the system of making money. There are no short cuts.

Many people confused the pyramid system with this. The pyramid system is illegal and it runs on the premise of selling to the “downlines”, the right to recruit and sell to others further down the line. The rip off comes to a standstill when that person right at the bottom of the line cannot sell to anybody. Then the system begins to disintegrate and cannot repair or reboot itself because nobody was actually selling a product to a customer. This is a Ponzi scheme and not a system to make money.

On reflection, many banks suffer serious attrition rate. In my 40 years with my local bank, I have to update my relationship manager (RM)’s contact details almost every year. Now, I do not bother as the bank statement will indicate who are my RMs, even though, I have never seen anyone of these RM for the past 30 years. The minute I opened my private banking account with Asia’s largest bank, I was told my RM had been changed and till this day, I have not seen him. Junior bankers come and go within 24 months while senior ones hang around for 15 to 25 years.

The new player must evolve a system that rewards staff and customers for their loyalty. Banking business needs the persistency and consistency of recurrent businesses. The family office and family trust, fund management and custodian banking services offer a glimmer of a banking system that makes money for all.

How can you get into this system early?

Chapter 15

Need to be listed in key markets

"How I Wish to Own An International Investment & Private Banking Business?"

Many of my friends asked me why we had our 1.5 year old financial services company, Raffles Financial, listed on the Canadian Securities Exchange, Frankfurt Stock Exchange and on the OTC USA. They commented that we could make money quietly without disclosing our financial performance and trade secrets. Now that it is an open book, it may disadvantage us. They are quite right.

On the other hand, if we are not publicly listed, talents and partners may not join us for fear it may be a family business or business they have no interest in. Our goal is to allow every talented and capable partner to own a piece of the company. In addition, allowing the stronger and better persons to run our financial group. We can use our shares as currencies to acquire complementary fintech firms. Such acquisition will lead us strategically as a modern full service financial group. There are opportunities to acquire banks in Europe; we like to secure the services of experienced bankers that handle large AUM; many would like to join us as local partners and want to own part of the group; we have to use integrative growth strategy instead of organic growth. The window of opportunity closes very fast in the rapidly changing financial services landscape.

Why list in Canada? It was an opportunity to reverse takeover a mining company there. The Raffles Financial Group is in the CSE25 index ranked top 6 and Number 1 of the diversified industry namely financial services. With a C\$300 million market capitalization, the group can easily raise another C\$100 million or issue shares up to C\$ 300 million for acquisitions. The group may apply for a direct listing on the NYSE. A market capitalization of US \$ 1 billion would sound like a pipe dream today.*

The current trying relationship between China and America is forcing as many as 150 US-listed Chinese companies to consider relocating to other stock exchanges. Hong Kong is a natural choice but with the current disquiet, many may re-think parking the bulk of their wealth there. Australia and Germany are two likely choices, but the latter offers cheap euros for those seeking to raise money in Europe. In order for Raffles Financial to become conversant with the German stock market, a listing there gives you a steep learning curve and our experience there can benefit greatly Asian companies seeking IPO on the Frankfurt Stock Exchange. London used to be the destination of choice. But with Brexit and the Hong Kong legacy, it may take a while for Chinese companies listing there. For those mid-size companies and REITS, a listing on the Singapore Stock Exchange makes economic sense, despite its tough regulatory requirements. It is a safe harbour to park one's wealth without the volatility of a punting market. Australia and Canada are natural choices for listing of mining, oil and gas companies. Medical cannabis companies are growing wild on these exchanges. We have hands-on experienced teams in these two markets.

We have to be ready for our customers' diversified needs - be it listing and raising money in North America or

south of Australia; selling bonds for negative interest rate yen or euros; park the family heirloom in safe and sound Singapore; place out high PER shares for the Hong Kong punters.

It is tough for us to set up this global network and we do not want it to go to waste.

We invite you to be our guest, to partake and tap onto our network and to provide customers with localised expertise, linked with global capabilities to address their complex banking needs.

**The writer is not giving forward forecasting statement on behalf of the group. It is his characterisation of his daydream and takes no responsibility for the effect of the readers' imaginations. Anyone reading this blog, please consult your legal and financial specialists before committing any investments in the group mentioned above or any other companies for that matter. The writer is not responsible for your investment decisions.*

Chapter 16

Need time, resources, abilities to set it up and make it successful

"How I Wish to Own An International Investment & Private Banking Business?"

"You cannot produce a baby in one month by getting nine women pregnant." **Warren Buffett**

Every enterprise takes time to gestate, grow and to bear fruit. Some take longer and some may achieve success faster with the right resources (*especially experienced expertise*) and customers.

I had a meeting with a Shanghai group of entrepreneurs and they wanted to raise money for their new venture - whatever that you need in your kitchen, it is delivered from the gate to the plate. The idea is to deliver fresh produce from the farms to the customers by cutting off the middlemen and carbon footprint. For instance, about 50% of the vegetables that we buy are cut off and thrown away as waste. Imagine the cost to truck 100 tons of vegetables from the farm to the homes and we throw away 50 tons of the parts that cannot be put on the table. If this 50 ton waste is not treated properly, it can cause a series of unhealthy environmental consequences. Imagine the 50% parts are cut off at the farm and used as

compost for fertilizer or use it for energy production. The benefits are great.

The farmers can increase their income by providing a “value-added” service in the form of ready to cook or eat packages; the carbon footprint is reduced significantly; the soil get richer with the compost; the logistic cost is reduced by half; the energy used to automate the farm is from the waste.

By so doing, the gross margin of this business becomes very attractive and the value proposition to the farmers and customers are appealing. They need the people who have the expertise and experience in farming, logistic and central kitchen management. They need people to go the households to sell the package and collect the pre-payments. They need a fund manager to grow the cash float and strategise the cash flow to make the business model cash-flow positive. They need to get the farmers to agree to sell them the off-take. They need farming technologists to provide the farmers with advanced farming technologies. They need seed suppliers to supply the farmers with the right seeds and extend them the credit that they need. The resources needed for this venture is not so simple as they imagined it to be. They need money and a persuasive proposition to get them.

This applies to the banking business. You need resources, support and time to get going. The only shortcut you can think of is to talent-scout for experienced expertise to join the team. It was like when Steve Job of Apple tried to recruit John Scully. He tried many ways, including big pay packages. It did not work. John finally gave in and joined Apple when Steve asked him this *“Do you want to spend the rest of your life selling sugar water or change the world?”* You need a compelling mission.

You want to spend the rest of your life helping others to count their money or *to create wealth for them and yourself?*

If the latter, the new banking business cannot wait to have you.

Chapter 17

Need to be in tune with the times

"How I Wish to Own An International Investment & Private Banking Business?"

A taxi driver in Hong Kong commented that there are more banks than shops selling rice.

With the Covid-19 pandemic, it is accelerating the death of the brick-and-mortar banking halls. For the past couple of months, it is proven beyond doubt, you need not go to the bank and still can get on with our lives.

Companies applied for loans via the banks' websites. We got our government subsidies via direct deposit. We paid for our online purchases by scanning QR codes. We flashed our phones at the supermarket checkouts. Our salaries, dividends, gains were all automatically deposited into our bank accounts. We paid for our Netflix, Spotify, iTunes via Apple Pay. I even opened a company bank account without going to the bank. More dramatically, I opened an account online with Interactive Broker within 40 minutes, giving me many multiples of margin financing without seeing me.

Oh I forgot, even my heart surgeon is providing me with online consultation and emailed me my medical report for my life insurance. I paid simply by scanning a QR code. Why would you put money to rent expensive space, spend money to dress up the banking outlet and manned it by costly staff doing clerical and receptionist functions. I think you will make more money opening a cafe that serve banking loans, mortgages, credit cards. Instead of the bank trying to serve you free coffee.

We got to change with the times or should we say, it is time for us to be the change.

In June 2007 Apple launched its first iPhone and it changed the entire world. By July 2008, the first iPhone was discontinued and they have been doing that ever since. They called it creative destruction. In product strategy, it is called cannibalisation - that is killing your own product when a new product is introduced. This destruction brings forth the android-enabled phones and they are emulating Apple. A brand new eco-system of applications, interfaces, components, standards is created. A new industry was created.

Ask yourself, how many new banking products or solutions have the mega banks introduced in the last 50 years? Crypto-currencies, payment platforms, messaging payment systems, NFC payments, facial and thumb print recognition, store value cards, electronic signatures are not innovations of the banks. Online fund supermarkets, online stock transactions, online forex remittance, and online factoring are not inventions of the banks. The Davids of the world are the ones who created all these.

It is time for us to bring forth change in the banking landscape.

Be it a new delivery, new application, new touch, new style, new effectiveness, new rewards, new model, new Just get it changed and let the customers be the judge.

Chapter 18

Need God's help

"How I Wish to Own An International Investment & Private Banking Business?"

Many people asked me why the rich becomes richer while the poor gets poorer.

My short reply is: The Matthew Effect.

The explanation is this. According to the Bible, Matthew 13: 12 *"Whoever has will be given more, and they will have an abundance. Whoever does not have, even what they have will be taken from them."*

In simple terms, it is like this: God will not allocate His assets to be managed by someone who cannot grow and multiply it so that more people can benefit from it. If the person took whatever he has gained for his selfish indulgence, God will take it back from him and allocate to those who can be good stewards of His assets. Thus the rich get richer and carry a heavy responsibility to be good stewards of God's resources and deploy them so that more people can benefit from it.

In banking, this is very true. No customers would leave money with you if you cannot grow his wealth. If you come up with ideas to make money for yourself instead of the customers, he will move his assets to those who could grow and multiply them.

The poor gets poorer because they are not skillful and not respectful of God's resources. You can see people squander away their hard-earned money on sinful acts of gambling, drinking, womanizing, addictions, gluttony, wasteful lifestyle and vanity. They are not grateful for whatever they were given and do not put in effort to sow their seeds for a bountiful harvest in the future. They have a mindset of limitation. Whereas the rich has the abundance belief.

God did not create the world with shortages and He has provided us with abundance.

"With man this is impossible, but with God all things are possible." **Matthew 19:26**

We believe that we are here to serve people in the areas that we are talented to do. We are here to deploy our talents and resources to help people achieve more so that they can provide for more people, especially those who are in dire needs.

We have a role to play in this new banking business and with God's blessings we know all things are possible.

You can have your international investment and private banking business, when you want it.

Pray to God and He will guide you.

PS: The Raffles Financial Group organises monthly Wellness Afternoon Tea to share the Gospel and God's Financial Teachings. You are welcome to join us at the local Raffles Financial Representative office.

Author



Dr Charlie In, vast experiences covers sales, marketing, operations, finance, restructuring, mergers + acquisitions, capital sourcing, investments, divestment, IPO and RTO. He was instrumental in investing and arranging the public listing of several PRC companies outside China.

He was the Chairman of Direct Marketing Association of Singapore, advisor to Asia Pacific Management Institute, Sapphire Corporation, Sky China Petroleum and Ying Li Property.

He was Chairman of the Board of Sino-Environment Technology Ltd, Asia Fashion Holdings Ltd and Cedar Strategic Holdings Ltd, all listed on the Singapore Stock Exchange. He was also Chairman of Raffles Capital Ltd and Sinox Energy Ltd, all listed on the Australian Stock Exchange.

He was also an adjunct faculty member of Singapore Institute of Management for 20 years and 17 years at University of South Australia. He was the advisor to Talent Advisory Panel of the People's Association in Singapore for 10 years.

Charlie is the first Singaporean to be honored as the Most Respected Financial Writer of the Year Award at the 2010 Golden Mulberry Award (*Business/Finance*) of The Big Ben Award, organized by the British Chinese Youth Federation. His "Family Financial Freedom" book was published in Chinese by Tsinghua University Press in 2010. His latest Chinese book "The A to Z of Achieving Abundance For Financial Freedom" hit the China top chart within months of release in September 2017.

Charlie holds a marketing diploma from the UK Chartered Institute of Marketing, MBA from University of East Asia, Macau and post-graduate qualification from ADMA/Macquarie University of Australia.

He is now Chairman of Raffles Financial Group.

Raffles Financial Group Limited

(“RAFFLES” and/or “the Company”)

First Singapore Company listed on Canada Securities Exchange

Raffles is the very first Singapore Company to list on the Canadian Securities Exchange (the "CSE"). Raffles has acted as corporate finance advisor and generally not as a provider of capital. With this listing, Raffles can now provide clients with pre-IPO investments and mezzanine funds for corporate restructuring of public-listed companies. With proprietary funding, Raffles can lead investors in various transactions with a view to exit via an IPO or RTO within a 12-18 months investment horizon.

Raffles has a wholly-owned subsidiary Raffles Financial Pte. Ltd (“Raffles Financial”) an exempt corporate finance advisory firm, registered with the Monetary Authority of Singapore, which provides public listing advisory and arrangement services. Raffles Financial serves as advisor for family trusts, family offices and investment funds. Together as a group, Raffles’ resources and professional service offerings allow Raffles to be a near full-service provider.

Raffles shares are traded on CSE with symbol (RICH:CSE) and on the Frankfurt Stock Exchange with symbol (4VO:GR).

“Congratulations on the listing of Raffles Financial Group on the CSE. We are super excited to have our first Singaporean company list with the CSE.” said Mr Phillip Shum, Director of Listings Development, Canadian Securities Exchange.

Raffles is expanding their representation in 30 regions in Asia-Pacific and has lined up many initiatives and target to release the announcements in the coming weeks. These moves will strengthen our service offerings and improve our bottom line.

Please visit www.rafflesfinancial.co for more information.