

A portrait of a woman with long dark hair, smiling, wearing a dark pinstriped shirt. The background is a warm, blurred indoor setting with a red curved object in the foreground.

Entrepreneurs have vision & embrace challenges

Starting your own business can be a daunting task, but for people like MS VIVIENA CHIN, the entrepreneur in her proved too strong a force to stifle, and she is now the CEO of a new independent financial advisory firm, Eternal Financial Advisory Pte Ltd.

By Jean Paul Wong . Photography Stacey Ong

Imagine you joined the financial industry nine years ago.

Learning the ropes quickly, you qualify every year without fail for the exclusive Million Dollar Round Table (MDRT), which recognizes the best in the industry. And you created quite a ripple in the industry when you closed the largest ever endowment case (worth a whopping S\$300,000 in annual premium) at your company last year.

Would you have the heart to leave all this behind? Ms Viviana Chin had no qualms to do exactly that. Having enjoyed an outstanding career at HSBC Insurance (which took over Keppel Insurance in 2003), she has now decided to leave all the accolades and monetary perks behind to embark on a risky venture: start her own independent financial advisory firm. Eternal Financial Advisory Pte Ltd saw the day in August this year. Then again, taking the road less traveled is something Viviana is familiar with. With no financial background, she joined the ranks of Keppel Insurance in 1995. In fact, she enjoyed tremendous success as she managed to qualify for the exclusive MDRT every year. She was also an ex-council member of Insurance and Financial Practitioners Association of Singapore (IFPAS) in year 2000.

At the peak of her career, one would wonder why she has decided to take the plunge to join the nascent financial advisory (FA) industry. Starting one's own business involves capital, planning and risk, so why go through all the hassle? In the tug-of-war between the status quo and taking the risk to strike out on her own, it was the latter course that she chose. The entrepreneur in her was simply too strong a force to stifle: "starting my own company definitely is a challenge, but entrepreneurs thrive on challenges." She's guided by a belief that her clients are what made her succeed throughout all these years in the business and she is determined to offer the best possible financial planning options to them. And this is not something she can continue doing at a tied agency. As she succinctly puts it: "if my clients wear a shoe size number 7, but I can offer size 8, how am I going to meet their needs? Do I ask them to fit a piece of cloth into their shoes? So if I apply this analogy to financial planning, to offer the best services, I must be able to offer a wide range of products which can suit clients with different financial needs."

In this interview, she explains in more detail why she is confident that the path she has chosen, namely

to start her own financial advisory (FA) company, is something which will reap rewards. She also touches on the financial landscape in Singapore and says that tied agencies in Singapore will follow the path of their counterparts in more developed markets like the UK and Australia, and lose market share to the FA industry. "As clients become increasingly aware of their financial planning options, they will know that tied agencies can only offer products linked to one company only. FAs, on the other hand, represent various principals, and are thus not restricted in their choice of financial products for their clients. This can only be of benefit to them."

JEAN PAUL WONG: WHY DID YOU DECIDE TO JOIN AN INSURANCE AGENCY NINE YEARS AGO?

VIVIENA CHIN: I joined the industry on 24 April 1995 at HSBC Insurance, previously known as Keppel Insurance. HSBC Insurance bought over Keppel Insurance in 2003. Prior to that, I worked in the hotel industry for four and a half years. Why did I leave the hotel industry? I had been working very hard, but the reward is not commensurate with the effort. You work 12-16 hours a day, but to me I wanted to do something more challenging. So I decided to move on and I joined the financial industry despite my lack of financial experience. The important thing was that I was willing to learn. I owe it to my mentor Mr Freddy Sim. He was the one who guided and coached me and many others to be consistent MDRT producers. After 5 years as an agent, I was promoted to a Unit Manager. I was thus able to share my experience with my team. I also qualified for the MDRT every single year I was in the industry. I believe that my success was made possible thanks to the trust I built up with my clients and guidance from my mentor. As a result, a lot of my business comes from my clients' referrals.

JPW: AND WHY DID YOU DECIDE TO LEAVE ALL THIS BEHIND? AFTER ALL, STARTING YOUR OWN BUSINESS INVOLVES RISK.

VC: It was not an easy decision to take, because when I left I was at the peak of my career at HSBC Insurance. I closed the biggest case ever there with an endowment plan worth S\$300,000 in annual premium. The simple reason on why I decided to leave is because I want to give the best to my clients. Previously, whenever I do my

reviews with them, I can only recommend products from one umbrella group. To be able to offer complete and unbiased financial planning to them, we need to have the option of recommending products from different principals. If you go to a shoe shop and it only offers one shoe size, for example size 7, but if my client wears size 8, I can't possibly tell him to try putting some cloth in his shoes for a more comfortable fit. There's no such thing as one size fits all. Also at tied agencies, we cannot offer unit trusts. In terms of investment options, we had investment-linked products (ILPs), but they are not true blue investments. So we can't offer the best possible options to our clients. The decision to start my own firm became even more pressing.

JPW: ARE YOU WORRIED THAT YOUR ADVISERS WILL FIND IT TOUGH IN THE INITIAL STAGES IN DOING THE INVESTMENT PLANNING PART SINCE THEY ARE MORE FAMILIAR WITH INSURANCE AND ILPS ONLY?

VC: I would like to point out 2 things. First, it's regarding skills and knowledge. One must know how to do risk profiling and provide proper recommendations to the clients. We put a lot of emphasis on this. We do not want our advisers to pluck a product out of thin air and recommend it to anyone out there. It's not because this fund is good that everyone should have it. A good narrowly focused fund may not suit a client who is risk averse. So only when my advisers are comfortable with these processes can they start drafting an investment plan for their clients.

Second, I want to highlight that clients doing investments on our platform will benefit compared to banks. We place utmost importance on building a strong relationship with our clients. That's how trust is built. If you go to banks, your banker is likely gone before you know it. Who will do the follow up with your investments? It is crucial to have someone who can monitor your investments and suggest profit-taking or rebalancing when market conditions change. Clients who use the wrap account on our platform can also enjoy free switching and savings using their CPF monies for investments.



So my point is that we are here for the long haul. And after putting a huge amount of paid up capital into the business to meet Monetary Authority of Singapore (MAS) regulations, we got our full license. It shows that we have met stringent regulations, and we do mean serious business for our clients.

JPW: TALKING ABOUT REGULATIONS, CAN YOU SHARE MORE WITH US ON WHAT WAS THE PROCESS OF STARTING YOUR OWN BUSINESS LIKE? THIS WOULD BE OF INTEREST TO PEOPLE OUT THERE WHO MAY HAVE A DREAM OF STARTING THEIR OWN FA FIRM.

VC: These things are necessary: capital, skills, track record, and also an entrepreneurial mind. Not everyone can be an entrepreneur. Let's talk about the size of the company. You can be big, but where is the volume? You can have volume, but is it profitable? You can have 100 people who bring in S\$1 million, but you can also have just 10 advisers, each doing \$100,000. So the biggest jewel is not always the brightest. It's quality which matters. Within our second week at Eternal Financial Advisory, we got quality and quantity businesses coming in. And in our fifth week, we received our first paycheck from our principal despite having to cope with so many things in a new set up. Our clients range from ordinary people to tycoons and ministers. The MAS ensures that you beef up your backroom, and be compliant and solvent. Not everyone wants to go through the hassle and start their own business. But being the architect of the FA firm means you are serious about your business and customers.

JPW: CAN YOU TOUCH MORE ON THE ENTREPRENEURIAL MIND YOU MENTIONED?

VC: To be an entrepreneur, the first thing is you must be able to take calculated risks. It means that in order to get hold of something higher, you must let go of something lower. You cannot afford to be in a comfort zone. Many people dare not take that risk. But if you don't take that risk, you are not an entrepreneur.

Every obstacle is a stepping stone to success. It's not something that can be taught in a classroom, it's something that you must learn on the field. Running your own FA firm, you are an entrepreneur. You plan for your firm's renovation, your business model, your recruitment and so on. But you own the business and that gives you pride. It's tough, but if it isn't, it's not for us. As they say, no venture, no gain. So entrepreneurship is not just about hard work, many people can be hard working, but they still never succeed. It's about vision and perseverance.

JPW: LET'S TALK MORE ABOUT THE FA INDUSTRY ITSELF. IT HAS SHOWN LOTS OF PROMISE SINCE THE INCEPTION OF THE FINANCIAL ADVISERS ACT, BUT THE GENERAL PUBLIC MAY NOT BE SO FAMILIAR ABOUT THIS OPTION WHEN IT COMES TO THEIR FINANCIAL PLANNING. WHAT MORE DO YOU THINK CAN BE DONE TO RAISE THE PROFILE OF THE FA INDUSTRY AS OPPOSED TO THE TIED AGENCY?

VC: If you ask me, I'd sound a death knell for the tied agency. If you look at developed countries like Australia, they had at one time 30,000 tied agents. Then it dropped to 27,000, 24,000, 20,000, but tied agents kept hanging on. When it hit almost 15,000, their numbers started dropping quickly: to 2,000-3,000, then to zero. Now the financial industry in Australia is dominated by FAs. It took them almost 15 years to dominate the market. In the UK, the FA industry began in 1989. Same thing happened in the US and Canada, but they call FAs the multi principal as they can represent various principals.

If we look at the tied agency in Singapore, their share of insurance is about 66%. The rest goes to bancassurance and the FA market. But even some tied insurance companies have set up their own FA platform! That's surely because they believe in their potential. The media and the government play an important role here. One example concerns the ILP case mentioned in the media. It was only when the media went at length to mention the potential pitfalls of ILPs that the general public know the risks.

JPW: THE NUMBER OF FA COMPANIES HAS GROWN, SO WHAT IS YOUR STRATEGY TO DISTINGUISH ETERNAL FINANCIAL ADVISORY FROM THE REST OF THE CROWD?

VC: The structure is important. If the FA company runs just like a tied agency, it won't succeed. You have too many levels. And remember, the margin is very thin in a FA firm. You have to pay for everything yourself. So for us at Eternal, we want people to join us and be our partners. 60-70% of our advisers have qualified for MDRT. We saw them grow. We are working on getting write ups in the press.

JPW: HOW ABOUT DOING ROAD-SHOWS? SOME BANKS AND TIED AGENCIES LOVE TO REACH OUT TO THE PUBLIC AND OFFER A WIDE RANGE OF GIFTS AT THESE ROAD-SHOWS.

VC: I think it's important we raise awareness among the public. For example, we can organise talks and seminars for the public to know more about their financial planning choices. But I'm not so keen on gifts. As professionals, we don't lure them because of gifts, but because of our advice. In my 10 years in the industry, we never did offer gifts to lure clients to purchase a financial plan.

JPW: ARE SINGAPOREANS MORE OPEN TO THE CONCEPT OF PAYING A FEE FOR FINANCIAL ADVICE?

VC: Yes, based on our own clients, we see that they are willing to pay for investment advice. In fact, about 95% of our clients do not mind paying for investments, but not for insurance. But if the financial adviser charges a flat fee which encompasses investment, insurance and other aspects of financial planning, I'm not so sure how people will respond to that. In the US and Canada, paying a flat fee for financial advice is very acceptable. For Asians, however, it's quite different, but that may change in 5 to 10 years' time. **FSM**