

ETERNAL FINANCIAL ADVISORY

Building Lasting Relationships

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SINCE the Financial Advisers Act was passed in 2002, Singapore's nascent independent financial advisory (IFA) industry has grown steadily. From less than ten companies in 2003, there are currently more than 50 IFAs providing financial advisory services registered with the Monetary Authority of Singapore (MAS).

Despite the increasingly competitive landscape, one company has been able to set itself apart from its competitors – Eternal Financial Advisory Pte Ltd. The company was founded in August 2005 by Mr Freddy Sim and Ms Viviana Chin, who currently serve as its chairman and CEO respectively.

Better Serving the Consumer's Interest

Explaining the difference between IFAs and the traditional tied-agency model of insurance companies, Mr Sim likened IFAs to electronics megastores such as Harvey Norman or Best Denki.

"Like these stores which carry products from many different manufacturers, IFAs are able to offer consumers products from a range of insurance companies as well as fund houses but yet at the same time still remaining strictly specialised in the sales of financial products only. Representatives from insurance companies, on the other hand, are tied to the products supplied by their specific insurer. At Eternal FA, our clients have access to the products of 33 fund houses, offering 450 investment funds".



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A strong team: From left: Wilson Koe, director; Freddy Sim, chairman; Viviena Chin, CEO; and Atalie Tan, operations head of Eternal Financial Advisory.

“IFAs are therefore better able to serve the customer’s interests because they do not have to push products from a particular investment fund provider or insurance company regardless of whether it meets that customer’s needs,” explains Mr Sim. It was this belief in the ability of IFAs to better meet customers’ needs that prompted Mr Sim and Ms Chin to give up the successful million dollar agency that they had built up under the insurance arm of HSBC to set up Eternal FA in 2005.

Insurance and investments form the two key business arms at Eternal FA. Through links to leading insurance providers such as AXA, TM Asia, NTUC, Manulife, Aviva, UOB Life etc. Eternal FA provides a comprehensive range of insurance products to meet the specific needs of both individual and corporate clients – ranging from protection, critical illness, savings and retirement plans for individuals to executive bonus programmes, keyman protection and other business protection policies for companies.

Similarly, Eternal FA’s investment platform offers its clients access to a host of investment funds managed by global financial companies including Aberdeen, DWS, Fidelity, Lion Global and Superfund etc. The company had approximately \$50 million worth of assets under management before the Lehman Brother meltdown in September 2008.

Eternal FA also provides services in shares investment as well as mortgage. In spite of the company’s relatively short history, it has already achieved the accolade of being one of the top fifty local enterprises in the annual Enterprise 50 Awards 2008. – the first IFA to clinch this honour. So what makes it so successful?

Vision Matters

Much of Eternal FA’s success can be attributed to the leadership provided by the company’s two co-founders, Mr Sim and Ms Chin. Both have been inducted as life members of the prestigious Million Dollar Round Table (MDRT) and have been qualifying members of the MDRT for the past consecutive 17 and 13 years respectively.

The MDRT is an international association of financial professionals and membership is exclusive to the top 6 per cent of insurance and financial professionals in terms of annual commission and premium generated.

Both Mr Sim and Ms Chin have also achieved Court of the Table (COT) and Top of the Table (TOT) qualifications which put them amongst the top 1% to 3% of advisers in the global ranking. The criteria for achieving COT and TOT are 3 and 6 times higher respectively than the qualifying requirements for the MDRT. In other words, they have delivered outstanding results consistently, over several consecutive years.

But it is not just professional experience that has shaped them. There is also a compelling personal story.

A health-related ailment ended Ms Chin's career aspirations as an SIA flight stewardess. However as one door closed, another window of opportunity opened up when she joined Mr Sim's agency at the-then Keppel Insurance (which was subsequently acquired by HSBC).

"Soon after the company received its license from the MAS, the advisers from our former agency suddenly informed us that they would not be crossing over together with us to the new firm. We had to start the new company from scratch," recounts Mr Sim.

Two years into its inception, Eternal FA suffered a second blow when all but one of the company's twenty-two advisers crossed over to another competitor en-masse.

Meanwhile, Ms Chin who had been adopted by a single mother at birth and raised in an attap house in Malaysia discovered that her mother was suffering from third-stage breast cancer – just when she was overseeing renovations of the new office and setting up the company infrastructure.

Despite these professional and personal trials, Eternal FA reported a healthy net profit at the end of 2005 – a considerable feat for the company which had begun operations for barely three months. “I personally believe that these storms help to bring out character and Eternal FA has emerged all the stronger in spite of it,” says Mr Sim.

The rest, as they say, is history. Eternal FA continued to achieve remarkable growth figures increasing net profits by 6 and 12 folds respectively in 2007 and 2008.

Bigger Isn't Always Better

While other IFAs may be busy recruiting advisers on a large scale to increase their company's size within a short time, Mr Sim indicates that he is in no hurry: “Quality matters more.”

From a company of two when they first started, Mr Sim and Ms Chin have since gone on to build a team of 22 financial advisers. They have also begun identifying potential leaders to lead teams of their own. One such leader is Mr Wilson Koe, who is a director with Eternal FA. Through the close mentorship and support of Eternal FA's two founding partners, Mr Koe himself has also qualified for the prestigious MDRT since joining the company.

“In the long run, we hope to develop a successful franchise of agencies led by our own financial advisers under the Eternal brand,” explains Mr Sim.

Eternal FA has also stayed lean by outsourcing non-core business functions such as accounting and IT support.

Building Lasting Relationships

The recent controversies surrounding the sales of complex structured products turned the spotlight on the tactics of sales representatives from banks and other financial institutions. Many of these

representatives were accused of targeting the elderly who often did not understand the risk of the products which they were buying into.

Giving his thoughts on the matter, Mr Sim said, “We had clients coming to us wanting to invest in such products because of the enticing rate of returns promised. However, we advised them against doing so because of the risk inherent in these products. Many of these same clients who took our advice are now extremely grateful to us.”

“We seek to build lasting relationships with our clients rather than to earn their commission by pushing products,” continues Mr Sim. They also try to hire like-minded people. “Freddy and I personally interview every single potential candidate to ensure that they share the same values as the company,” says Ms Chin.

Eternal FA also has in place standard operating procedures which the company’s advisers follow to ensure that there are no delays in the processing of client transactions. Through an online administrative portal, the management team can also view transaction applications made by individual advisers to detect any potential churning activities.

“In addition, regular in-house training sessions are conducted for Eternal FA’s advisers to keep them updated on the latest MAS directives and guidelines,” explains Ms Atalie Tan who co-heads the company’s compliance department with Ms Chin.

Fortune Favours the Bold

Where many companies are resorting to pay-cuts and retrenchments to stay afloat, Eternal FA bucks the trend by increasing salary and bonuses for the company’s staff. Eternal FA also has an attractive profit-sharing scheme for the company’s team of financial advisers. All these measures are part of Eternal FA’s efforts to attract and retain the best talents within the company.

“Between Viviana and myself, we have a combined experience of almost thirty years within the financial planning industry. During this time, we have been through the oil crisis in 1987, the Asian Financial crisis in 1997, the bursting of the technology bubble in 2000, the September 11 New York terrorist attacks in 2001 and the SARS health pandemic in 2003. Fortune favours the bold and we believe there are many positive investment opportunities even in the current financial turmoil,” remarks Mr Sim confidently.

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