

Meet the Head

Islamic Finance news talks to leading players in the industry



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Could you provide a brief journey of how you arrived where you are today?

I moved to Abu Dhabi with my family in early 1975, the beginning of the first oil boom. Being a kid from California in those early days of the Arabian Peninsula's oil-driven growth was a real eye opener. I witnessed an ancient culture discovering the modern world overnight, and was proud of how the local people not only survived but adapted in a fashion that didn't erase some of their most important traditions. Later in my life I worked in the US Senate and then as a lobbyist in Washington, both of which taught me the importance of compromise and negotiation. Since I was a teen my passion has been banking. Now I can combine my strong interests in the Arabian region and wider Muslim world (with over 31 years' direct involvement) with Islamic banking and finance via a professional career as an Islamic asset manager.

What does your role involve?

I speak and write frequently for professional conferences and magazines about the critical role played by financial intermediaries in all economies, but most importantly in emerging markets. Asset managers channel money from savers to users of capital, playing an amazingly important role in economic growth. The more efficient we are, the more efficient is economic development. To perform this we must try to perfectly match a client's long-term savings needs with the abundant supply of investment products available in the world today. Unfortunately there are a lot of amateurs in this industry, and even more unfortunately many savers don't go to professionals for investment guidance. Only professional asset managers can do this job.

What is your greatest achievement to date?

I'd like to think my greatest achievements are still ahead of me. During my political years I met and worked with some amazing world leaders, men such as King Hussein, Yasser Arafat, and many talented diplomats from Saudi Arabia and the Gulf. But those are small achievements compared to my own company's upcoming Sukuk fund. This investment security will revolutionize how Arabs invest, pure and simple.

Which of your products/services deliver the best results?

There is nothing more important in our industry than being humble. You can't imagine how overly proud some wealth managers get when they land a few big accounts. They think their client's success is their own success. But success in our business is measured in net profits to customers over time, and all within the context of acceptable levels of risk. Being humble is key: one cannot pretend to know all things at all times, and the world of investment is so vast that there is no person on earth with sufficient knowledge to be everywhere, all the time. Plain, straightforward investing and holding good assets for a long time is the key to successfully giving clients what they want.

What are the strengths of your business?

Growing up in Northern California, I grew up understanding the concept of service. We all served hamburgers and washed dishes, regardless of our social or economic backgrounds. Banking around the world tends to be snobbish and remote. Bankers sometimes forget humility. They don't give service with a smile, tirelessly and without interruption. This is our company's greatest asset, I think. We are service oriented in every aspect.

What are the factors contributing to the success of your company?

Good question. When we created Encore there were already several hundred independent asset managers in Geneva, not to mention the asset management services at the big banks. How can anyone survive with that kind of competition? We did it by sticking to basics: humility, service and plain-old investing.

What are the obstacles faced in running your business today?

As Encore expands its Islamic wealth management business, we are witnessing a very heterogeneous market. Common standards don't exist. The Islamic banking asset suppliers – whether they are big international banks or regional Islamic investment companies – are putting out an amazing array of low-quality, high-fee investments. Because Muslims are hungry for Shariah compliant assets, they seemingly buy anything that becomes available, regardless of the appropriateness or quality of the investment for their own portfolios. This will be cured over time, but meanwhile we can expect some very big scandals surfacing in the Islamic banking space pretty soon.

Where do you see the Islamic finance industry, maybe in the next five years?

Commonality is key. Standardization is key. That is finally coming with the recent creation of Islamic ratings and accounting organizations. Vastly greater regulatory supervision is critical, as we are witnessing some very serious abuses of unwitting customers now. My pet complaint has been the woeful lack of Sukuk. It is shameful that both major global money center banks and Islamic banks outside of Malaysia have neglected this critical area of development because they make more money with gimmicks and "flavor of the month" products. Some time in the next five years there will be a substantial shake out, forcing everyone in the Islamic banking space to learn more humility, and causing them to deliver products that the market wants, not what the banks want to deliver.

Name one thing you would like to see change in the world of Islamic finance?

I want more standardization in all aspects of the industry. I'd like to see standardized Shariah guidelines used throughout the Muslim world, ending the oligopoly of a few Shariah scholars. I'd like to see standardized credit analysis, ending years of confusion on what constitutes good versus bad credits. I'd like to see standardized Sukuk issued across broad categories according to risk and reward, not a hodge-podge of opaque securities. I know that's more than one thing to change, but I think you get my message.



Encore is an independent Swiss asset management company, based in Geneva but with clients worldwide. Independent asset managers in Switzerland are there for important reasons: Quality, Cost & Performance.

To deliver these features, Encore has partnered with the biggest and best known Swiss banks to give private wealth management & investment services that no big bank could begin to provide for most private clients.