

Asia's Rapid Growth in Wealth Turbo-Charges Demand for Investment Migration

Dominic Volek is Managing Partner and Head for Southeast Asia at global citizenship and residency consultancy Henley & Partners. He met with Hubbis in April to explain the remarkable increase in demand within Asia for alternative residence and citizenship, to highlight how the investment migration industry has entered the mainstream of private wealth management services, and to emphasise Henley's strategy to stay ahead of the game.



“**D**EMAND FOR ALTERNATIVE RESIDENCE and citizenship is now driving thousands of individuals to investment migration programmes each year. Today, citizenship-by-investment has grown into a roughly USD3 billion industry worldwide, while residence-by-investment exceeds tens of billions of dollars each year.

Where luxury meets practicality

Having multiple passports, nationalities, or residence permits has become another luxury item for today's HNWIs and their families. But it is far more than a luxury item, as on a more practical level these programmes have, many would argue, become virtually indispensable for those seeking to grow their businesses worldwide, maintain their global wealth and increase opportunities for their families in today's far more globalised economy. The optionality on offer therefore significantly improves international mobility, tax planning, and family security.

“More and more financially independent people are looking at a broader positioning in terms of the family planning and wealth structuring,” Volek reports. “One very key element of that now is having an alternative citizenship, or a permanent residence in one or multiple other jurisdictions. At Henley, we are experts in advising on the various options available, so that our clients' final decisions meet their own and their family's needs.”

The global trend towards offshore residence and citizenship is even more intense in Asia due to the phenomenal rise in the number of HNWIs and UHNWIs in the wider Asia Pacific region, which last year set a new record of

Key Priorities

“My first mission is to keep going along the same trajectory,” he reports. “This is a great region for our business. China has always been the number one market and remains a major driver for us. We have grown very fast over the last three to four years particularly, because of China and also huge markets like the Philippines, Bangladesh, and Thailand. We want to keep the pace of growth up.”

Volek notes that the firm has a splendid new office in Singapore. “With bigger operations come bigger expectations,” he reports, “so a second priority is to keep up the pace of fostering relationships with the various intermediaries and banks and law firms that we work with.”

And his third mission is to maintain the high standards the firm has set. “The team is growing significantly from the front office to back office, and we must ensure we keep the service levels at the level that our clients expect of us.”

Finally, Volek wants to make sure that the right message is getting out about the industry. “This is a very sensitive industry,” he observes. “There has been a lot of pushback from the European Commission around the programmes, as they are seeing this as a backdoor to Europe. The guidelines that have come out have been very good, but unfortunately there are countries where the level of due diligence is just not good enough and therefore not at all endorsed by Henley and not offered as a solution to our clients, so I think we need a concerted effort around the messaging on why clients are actually doing this.”

Volek adds that it is important to demonstrate that this is not a tax evasion play and that the motives for clients exploring these programs is much more about increasing mobility and optionality for families. Henley and other reputable migration experts are now actively engaging in constructive dialogue in Brussels, and through the Investment Migration Council are encouraging those critics to come and look at the industry. “Malta,” he says, “is a good example of the right approach to quality and to the due diligence required to get these programmes and the perception thereof aligned.”

6.2 million HNWIs worth USD21.6 trillion, according to Capgemini's World Wealth Report 2018.

Henley's history

Volek explains that Henley has built a global presence over the last two



DOMINIC VOLEK
Henley & Partners

decades with unparalleled experience advising HNWI's and the ultra-rich on obtaining either citizenship by investment or residence by investment. Volek's central message is that anyone in Asia considering an alternative residence or citizenship needs the best professional advice and that Henley & Partners is the proven expert. "We are leaders in this sector," he reports. "Henley has a history of more than 20 years and 300 staff across the world in 32 offices, with more than 60 people here in Asia."

Henley & Partners offers professional residency and citizenship advice to their clients. The company has also been involved in strategic consulting and the design, set-up and operation of the world's most successful residence and citizenship programmes, advising the governments of a number of countries, including Antigua & Barbuda, Malta, St. Kitts & Nevis, Thailand and most recently the Republic of Moldova.

Henley's two platforms

Henley has two core businesses, government advisory and the private client advisory business. In the first category, Henley has, for more than two decades, helped certain

Getting Personal

Volek lives in Singapore but spends very week in some other country growing the business. He comes from Johannesburg in South Africa, where he also studied and after a brief stint in the US moved to the Lion City. "I was almost a professional student for a while," he quips, "as I did a marketing and corporate communications degree, and then moved into accounting with honours. I am a Chartered Accountant by qualification, ex-Big Four and then found the opportunity through a bit of luck to join Henley."

He arrived in Singapore almost 5 years ago when he worked primarily in project and corporate finance and was part of a team advising the Singapore Government on the high-speed rail project between Singapore and Kuala Lumpur. "I was responsible for building the financial model that was going to inform the government on how to procure and fund the project. I also worked on some capital raising and feasibility projects in Myanmar, Vietnam and Indonesia, which gave me a deeper initial experience in Southeast Asia. And then through a mutual contact and globe-trotting interview process that saw me travel to Dubai, London, Paris and St Kitts & Nevis in the Caribbean, I moved over to Henley and have really enjoyed a very busy but also very successful three years since then."

Married with two daughters of eight and six years old, Volek loves his work (which he regards more as an exciting hobby) and family life in Singapore. "The girls take up most of my time on the weekends, and I am an avid sports enthusiast across all codes. Rugby is my number one sport being a big fan of the Lions from Johannesburg and of course the Springboks who I'll be going to Japan later in the year to watch at the World Cup."

Volek has fond memories of his childhood in South Africa. "I very much grew up in the bush in South Africa," he recalls. "On game farms, running around with zebras and giraffes and that type of thing, which I suppose is quite unusual for someone from Singapore. It was a wonderful time back then."

governments around the world to structure and promote their residence and citizenship programmes.

The second category involves Henley working with HNWI's to advise them on the different

programme options around the world, tailoring solutions and guiding clients carefully through what is often a long and complex process to achieve their residence or citizenship goals.

Residence by investment is a less complex option, whereas citizenship by investment is, understandably, the more demanding and expensive option. Citizenship programmes confer on the successful individual, and potentially their families, the same rights as ordinary citizens of those countries; the solution is permanent and includes voting rights and passports. The great advantage of citizenship by investment is that it bypasses the traditional route of a HNWI and the entire family relocating to another country in order to earn citizenship.

Government programmes boosting coffers

Returning to the subject of Henley's first core business, the government advisory, Volek also notes

Malta is a good example, as it is benefitting from significant uplift in its revenues through its Malta Individual Investor Program (MIIP), which thus far totals approximately 1,600 applicants. Malta is a member of the EU and with a population of about only 400,000 residents, offers a passport with visa-free travel to 182 countries, including the US.

The MIIP was launched in 2014 and requires a donation of EUR650,000 to the government for the main applicant, plus EUR25,000 for their spouse, as well as EUR25,000 for each applicant under 18 years old.

The applicant must also buy a property in Malta at a value of more than EUR350,000 or rent a property at more than EUR16,000 per year, as well as invest in a

and that generally their motives are driven by additional freedom and flexibility. "For example," he comments, "someone from the Philippines, one of our biggest markets in this region, has a passport that gives them visa-free access to only about 60 countries, which markedly limits them, their family, their business, their leisure, and their general freedom."

A second motivation, he explains, is political or economic uncertainty. "Most of our clients, probably around 95%, do not in fact move, although the industry at large is called investment migration," he notes. "They view the alternative arrangements effectively as an insurance policy to use if something goes wrong, to get themselves and their family out temporarily or permanently."

A considerable portion of the Henley private client business is generated through relationships with private banks, independent asset managers, family offices, law firms and other advisory businesses. "Working with private banks and the wealth management community at large is a vital source of actual and future clients," Volek reports. "These days, clients in this region are looking for a more holistic approach to wealth planning. Accordingly, we work with many of these wealth management firms, particularly in the major financial centres such as Hong Kong, Dubai, Zurich, London, and Singapore."

Shining a light on Henley's track record

As to differentiation of service and style, Volek concedes that competition is tough, but that Henley's pre-eminent position and history speak for themselves. "We have by far the biggest global footprint and that means we can offer more programmes than anyone else,"

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that more countries see this route as a means of obtaining additional foreign direct investment.

"In Europe, over the last 10 years the range of options on offer has risen from two or three countries offering these programmes to 20 or 30 of them today," he reports. "Supply is, therefore, meeting demand. For example, Moldova introduced citizenship by investment in 2018, Montenegro will probably launch its programme in the coming months and countries such as Portugal and Greece (for residence) and Cyprus and Malta (for citizenship) have emerged in the past five to 10 years."

national bond fund or purchase government bond of at least EUR150,000 and leave that money in for at least five years. And the applicants must hold private health insurance.

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Valid reasons to seek alternatives

And on the private advisory side of the Henley business, Volek notes that most clients do not actually move to the new country, even if they obtain alternative citizenship,

he comments. “We also have local offices in every single jurisdiction. And because we are in fact based out of the European Union, we are fully GDPR compliant and we have very advanced IT infrastructure, so clients can be assured that confidentiality is paramount.”

In the Asia region, Singapore acts as the main hub. “It is an ideal location because so many of our Asian clients visit or come to us through the various financial intermediaries here,” Volek reports. “If you are wealthy and from this region, you generally have a bank account here in Singapore. And we have satellite offices in Bangkok, Kuala Lumpur, Ho Chi Minh City, Hanoi, Manila and late last year opened up in Melbourne, Australia.”

Australia still beckons

He explains that Australia has a very well-known residence by investment programme and today is still the number one destination for HNWIs looking to relocate.

“If you look at all the research available on this topic, you will see that about 10,000 HNWIs and their families are moving into Australia each year,” he notes. “The country offers outstanding education, lifestyle, healthcare, transport and so forth. New Zealand is also very high on that list now, with more and more individuals looking to relocate there. Both countries were

sometimes negatively perceived as being too far away from everything, but today that has become the attraction.”

Keeping ahead of the game

A challenge for Henley is that there are no real barriers to entry for service providers looking to enter the industry. “Anyone can create a website and post a picture of Antigua and Barbuda and set up to do business” Volek observes. “But the nature of our clients is they are usually very high profile and very wealthy and they want to deal with companies that have very robust processes and integrity in place, whether it’s around IT infrastructure, data protection and the knowledge because these programmes are always changing. Clients must realise this is a life-changing decision that impacts future generations of their family as well - therefore they need to do their own due diligence on any company they decide to deal with and really assess their ability to deliver.”

Volek also comments that Henley’s government advisory business adds weight to the firm’s standing. “What also sets us apart from the competition is the work we do with governments in strategically advising on these programmes,” he reports. “Our

government advisory team is based out of Europe but I also get quite involved for that in certain jurisdictions here, for example we are currently engaged by Thailand and in this region there are at least three or four other countries we are talking to that are considering either enhancing what they have, or developing something new.”

He adds that with Henley’s 20-year track record of working with multiple governments around the globe designing and implementing the world’s leading investment migration programmes, the firm has plenty of case studies to help new government clients decide the best options. “It is certainly a big priority for Henley to continue that pre-eminent position on the government advisory side.”

Volek closes by again highlighting Henley’s 60-plus team in Asia and the firm’s global presence. “And in many of these countries that offer the best residence or citizenship programmes, the adviser has to be registered with the government as an agent that can deliver,” he reports. “Many of the smaller players are not, and they, therefore, have to work with other local agents, then the dissipation of data is seriously compromised. And to achieve success in the applications, each step must be taken carefully and professionally, with due diligence properly applied.” ■

