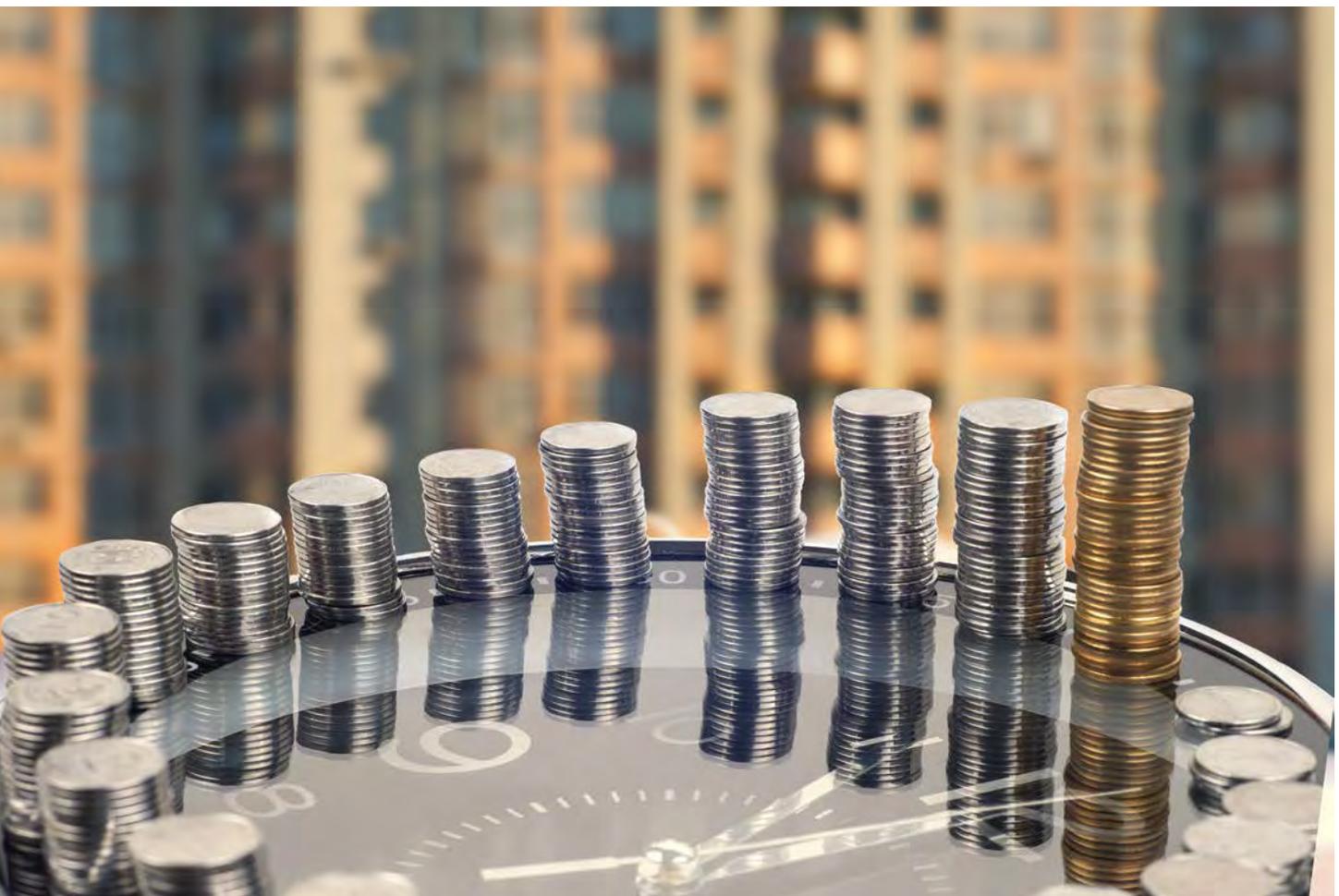


Changes in the industry

Interview with Peter Triggs, DBS Private Bank



Michael Stanhope: What are some of the biggest challenges that you think wealthy families face today in Asia?

Peter Triggs: I think the challenges are many. Some of them vary by country. If you are sitting in China then exchange controls would be fairly front of mind. The Indonesians may be more focussed on tax and CRS, but if you look at Southeast Asia as a whole, to me the really big challenge, the tsunami that is heading this way, is really the wealth transfer that is going to happen within the next 10-15 years. Some estimates show that about \$1.7 trillion of wealth is going to move from one generation to the next, and a lot of this wealth is represented by family businesses where a smooth succession of the business to the next generation is critical for wealth and business preservation.

In 2013, research by the National University of Singapore (sponsored by DBS) concluded that about 60% of SGX listed companies could still really be considered to be family businesses, and only 5.7% of those had been through a succession from one generation to the next. If you realise that most family businesses do not survive 3 generations, that is food for thought.

Another survey was done two years later, in 2015, by the Singapore Management University and the Family Business Institute, and they surveyed 290 family businesses, mainly across Asia,

asking them what they most needed help and advice on? Only 10% said they needed advice on investments. 39% said they needed good advice on succession planning, and 40% said they needed advice on corporate governance and family governance. So, we have banks talking to clients about investments and loans and the family businesses needing something quite different. There is a gap here that wealth planners can fill.

The final survey that I found interesting was one done by a financial institution who surveyed a number of their clients across many geographies to ask them how many had got a legacy plan in place? In the US the answer was 64%, in Asia it was only 31% and Singapore was 19%. Asians may be leaving their estate planning very late.

Michael Stanhope: Do the wealth planners today, based in Singapore or across the region, need to change their act?

Peter Triggs: That's interesting. Many years ago, in the 70s and 80s, estate planning in Asia revolved around BVI companies and trusts. Then in 1997, Universal Life Insurance came to Asia, and this became central to estate planning conversations for about 20 years. Then came the biggest change to the offshore world that I have ever seen. It is called CRS.

So, interest in insurance is still there but clients'



PETER TRIGGS
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concerns now have changed and are becoming much more sophisticated. Clients want to know what is CRS, how does it affect me? Should I set up a family office and how do I do it? I can see succession coming into my business, can you talk to me about family governance and corporate governance? Tell me about tax as this is now very important. Can you help me understand the tax and legal issues in the different jurisdictions around the world where I have properties and family members? What happens when my common law trust is reported back to a country that doesn't recognise trusts? How do the conflicts between Civil Law, Common Law and Sharia Law impact my legacy? The questions are many. I think this is a fantastic opportunity for wealth planners. Wealth planning



needs to become front and central in client conversations, whereas in the past it was often an afterthought.

But what this means is that wealth planners need to step up and ensure they have appropriate expertise. If you are purely a trust sales person or an insurance sales person, when it comes to the holistic discussion around very wealthy families you will quickly become irrelevant. You do not need to be giving tax advice or legal advice but at least be the general practitioner. You need to be a person who understands the issues and can really be the quarterback to help the clients

get absolutely the best advice in complex situations. So, it's a challenge, but a huge opportunity.

Michael Stanhope: You have worked in Europe, Middle East and Asia. Have you noticed in the past, or today, differences in the concerns that wealthy clients have and therefore how advisers need to address those concerns?

Peter Triggs: Human nature doesn't seem to vary that much. What clients really want, deep down, tends to be similar but the environment and culture they are in can be very different. Europe has always been tax driven from a wealth planning perspective

and the wealth is very often third or fourth generation. Middle East and Asian comparisons are interesting, because they have lot of similarities but also a couple of big differences. The similarities are that wealth is typically first and second-generation and sitting mainly in family businesses, with a very strong role played by the patriarch and where, historically, tax has not been a major concern.

But there are also some key differences. Firstly, tax is now highly relevant in Asian planning. The other two things that are very different are the family sizes and the relevant law. The Asian family may have

one, two or three children, whereas I have seen wealthy Middle Eastern families with twenty or thirty children from four wives. If you add to that complexity the fact that Sharia Law can be prescriptive about how the estate gets divided, a company's shares (for example) could potentially be spread very widely within one or two generations. So, planning in Asia is slightly easier but I do worry that the planning has been left pretty late.

Michael Stanhope: What are some of the biggest changes that you have seen in the industry over the last 30 years?

Peter Triggs: The biggest single change I have seen in 30 years without a doubt is CRS. It's taken the whole industry from being one that is rather shrouded in secrecy to moving towards a completely transparent world, and I think that's a good thing. It is a good thing from a social point of view, but I think it's also a very good thing for this industry. Clients realise that they need advice. So, the question really is who do they go to? They are probably

not going to go to somebody who is trying to sell them a product. They will want to go to a competent, trusted adviser who takes the time to get to know them and does not have a vested interest.

I think there is going to be an evolution in the industry. Coming from the wealth planning side, I think the challenge for all of us is to upgrade our capability. We have an opportunity to get much closer to our clients, and I think that's a great thing.

Michael Stanhope: Are there good opportunities in wealth structuring and wealth planning type roles for young people?

Peter Triggs: Within the private banking world I think wealth planning is one area where the opportunities are really increasing. It may be one of the last areas to be challenged by automation and, as we have discussed, the need for good wealth planners is growing.

It is also, in my opinion, the most interesting area, as it's the human side of banking. It spans family offices, philanthropy, and impact investment, so there

is a big doing-good element to it. You can really solve problems for families who may have difficult situations with children, whether it's disabled children or dysfunctional families or divorce situations, and many other of life's difficulties. To be able to help families deal with these is really a wonderful thing. So I think I would encourage anybody who is interested to definitely look at this. If you are seeking wealth and power this won't be the fast track, but it can be very rewarding in other ways.

You do need to have a background in some technical areas and tax is increasingly important. To have some tax, legal, trust or insurance background is good, and be prepared for a lifetime of continuing professional development, but I think it ranks very highly for job satisfaction.

Michael Stanhope: Thank you so much. I am extremely grateful for your time and participation and also thank you for the support you have given me over the course of the last 10 years. ■

