

Citizenship and Residence – Opportunities and Trends Ahead for Asia's Wealthy Seeking Domicile Diversification

Rory McDaid is Director Private Clients at investment migration advisory Henley & Partners. He knows that the world today remains unstable and challenging in so many ways. Here we are in 2023, and just in the past few years, we have all had to confront the global pandemic, the war in Ukraine, surging inflation, rising interest rates, falling markets, and to top it all, numerous other geopolitical crises are bubbling under, potentially ready to boil over. But amidst all these troubles, high-net-worth (HNW) and ultra-high-net-worth (UHNW) clients are lucky as they have the financial wherewithal, and often the time and the connections, to diversify their residence or even citizenship options, not just for themselves and their spouses, but potentially for their children, and their grandchildren. Global investment migration advisory Henley & Partners has for nearly three decades been at the very leading edge of advice and expertise in this field, and in fact has developed into a worldwide operation with over 40 offices globally, including three new offices in the US, which has become a major source of clients in recent years. Rory offered delegates at the Hubbis Malaysia Wealth Management Forum on April 12 some valuable advice on investment migration options, explaining that amidst the many ongoing uncertainties and amidst the globalisation of wealthy families, interest in investment migration continues to surge. Malaysia might have one of the better passports in the Asia region – Japan and Singapore are at the top of the visa-free travel lists – but that does not mean there are not a host of reasons why HNW and UHNW clients are looking into and taking up investment migration alternatives around the globe.

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Rory McDaid
Henley & Partners

Rory opened with a brief introduction to Henley & Partners and noted that the firm had been publishing its Henley Passport Index for the past 17 years, with Japan, Singapore, and South Korea currently at or very near the top as their passports give visa-free access to 193 countries. Rory stated that viewing the Henley Passport Index from 10–15 years ago, the US and UK would have been battling it out for top spot, but with Asian countries ranking so high it is demonstrative of the shift in economic momentum from West to East.

Strong private wealth growth in Asia

He highlighted the very strong growth in HNWI numbers in Asia in the past decade, with growth rates from 11% for Malaysia to 42% for Singapore and even 98% for Vietnam. He explained that future growth rates are projected to be even more robust for the coming decade.

He added that Henley & Partners has two key parts to its business. Number one is private client advisory, with clients and families ultimately coming through that

process being granted new citizenship or residence.

The second part of the business is really what makes the firm unique, working with governments around the world to help them devise and then implement and market their own investment migration programmes. He said that this began in the late 1990s with the Swiss Government and helping them set up the Swiss tax residency code. In 2010, Henley & Partners advised the UK Home Office in its creation of the Tier 1 investor visa, and in 2013, the firm helped establish what became the most successful programme globally in Malta.

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Malaysia — a robust passport

Malaysia’s passport is in fact 14th in the Henley & Partners global rankings, courtesy of the nation’s strong regulatory environment and travel freedom that gives visa-free travel access to 180 countries globally. As to those countries in Europe with inward investment migration solutions that Henley & Partners promotes, names such as Austria, Cyprus, and Malta head the list, as they also offer full access to the EU’s Schengen area countries.

Rory reported that there are over 35 countries globally that offer a pathway to citizenship or residence through investment. Each country really has its own pros and cons, depending on each client’s requirements, he explained.

The whys and wherefores

“Our job on the private client advisory side is to sit down with clients and find out their motivations and their end goal,” he elucidated. “Are they planning to relocate? Are they planning to expand their business interests outside of their home country? Do they want to increase global

mobility? Is it for their children – children’s education or job opportunities after that? Or could it also be a plan B?”

Rory explained that in 2022, the UAE managed to draw in the highest net inflow of millionaires from around the globe. The country has benefited from its open Covid policies during the pandemic. Australia is number two in terms of net inflow of millionaires, and is especially popular with wealthy Malaysians, followed by Singapore, Israel,

and Switzerland. Among those countries with the highest net outflows of millionaires, Russia ranked top of that list, with China second, India third, and Hong Kong fourth.

Rory also highlighted the forecast for the 10 years ahead, with HNW populations set to grow apace in Southeast Asia, led by Vietnam and with strong growth in Malaysia at around 30%, similar to the forecast for Thailand, but somewhat lower than the Philippines at 40% growth of its HNW population.

Don't put all your eggs in one basket

He explained that clients now focus increasingly on domicile diversification, which is tantamount to not putting all their jurisdictional eggs in one basket. "This is not just for those from the developing world," he added. "We have European, Canadian,

and Australian clients concerned that within the next few decades, their countries may implement a citizenship-based taxation system like that prevailing in the US, so they are already planning an alternative citizenship. It's about being proactive, not reactive."

Ticking all the boxes

He offered the example of a multiple-generation family who obtained residence in the US, Canada, Australia, and Spain, with different generations opting for different jurisdictions, but through the process obtaining domicile diversification across North America, Europe, and Australia for the entire family. He highlighted the Spanish Golden Visa as very interesting but noted that there are viable options across Greece, Malta, Turkey, as well as in the Caribbean, and Africa, with many programmes offering access through real estate investment

options. "Through this one property investment, it gives them three major benefits — the core value of the asset, the return on investment, of course, and global access to the individual citizenship or residence," he explained.

Access through real estate

He then pointed to the Henley & Partners ranking of the best investment migration real estate index, which ranks the real estate linked programmes on over 30 parameters, including reputation, quality of life, GDP, the investment required, processing efficiency, saleability of the asset, and various other factors.

The UAE came out on top in Henley & Partner's latest annual ranking, but European programmes also rank highly and can offer pathways to citizenship within the European Union. ■

