

Is the UAE Developing into a World-Class Wealth Management and Wealth Structuring Centre?



Where does the UAE stand on the world stage as a private wealth management and structuring centre? What particular competitive advantages does the UAE offer private clients compared to other major offshore centres? Is the UAE relevant to both local Middle Eastern and also to a broad array of international private clients? These and other questions were put to a panel of experts at the Hubbis Wealth Solutions Forum in Dubai on September 20. In a nutshell, the story coming through from their deliberations is that the UAE is making many of the right moves – at the governmental and regulatory levels, as well as amongst the expanding private wealth management ecosystem, but also there is much more work to be done. Tim Denton, Executive Vice President and Head of Wealth Structuring in Dubai for Habib Bank AG Zurich, was one of the experts. He also sits as the Chairman of STEP Arabia, adding weight to his insights. He is remarkably positive about the market's developments, especially around the expansion of the on-the-ground wealth, structuring, investment advisory and professional services ecosystem. And he is also cognisant of the reality that the UAE is not yet a mature market, but is emerging and maturing at pace and along the right lines.

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TIM DENTON (FIRST FROM RIGHT)

Executive Vice President and Head of Wealth Structuring in Dubai
Habib Bank AG Zurich

Tim was first asked to characterise what he had been seeing in terms of the evolution of the UAE as a wealth planning and structuring centre and explained

properly structure UAE assets for residents and non-residents, so that very important development is typical of the acceleration in the offerings here, with the regulatory environment gradually catching up

with the dynamism of the market. The result is significant growth.”

Tim was asked to drill down further into the regulatory landscape. He replied that, in general, he considers regulation in the UAE to be tracking the market but noted that it is still an emerging market whose infrastructure and ecosystem are not yet developed but are evolving apace and along the right lines.

“As this is an emerging market, you will always find mismatches between the regulation and the activity that is taking place on the ground, but overall, I consider the regulators here are doing a phenomenal job of actually building that regulatory framework. I have been here for more than

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that progress had been rapid and very positive in recent years, about which nobody who lives and works in the region is surprised.

“There have been massive changes, certainly on the structuring side, with a major shift coming about three years ago when foundations in the DIFC and ADGM became working options, crystallising the planning in the MOUs that the market had been aware of,” he told delegates. “And since then, we have seen more and more foundations; the growth has literally been exponential. What it means is you can now actually



20 years, and have seen dramatic developments, for example, in the corporate services landscape where the market for free zone companies and other corporate entities has mushroomed over the years.”

He observed that as well as evolving structures and regulations, there is also the need for higher standards amongst those working in the industry, with a call for minimum training standards, and minimum levels of qualifications. “Those are on the way, as I understand it, and that will really help the market’s growth and produce higher standards of professionalism for clients,” he reported. And of course, the skill sets for people working in the DIFC or ADGM must be at the higher end of the spectrum, so that clients are being offered both the right solutions, but also the right advice alongside those.”

He noted that on the investments side, regulations have been reining in some of the older practices, especially around high commissions, and aimed at producing better outcomes for the end clients. “Are things perfect, or

exactly where they could be?” he pondered. “No, but great progress is being made and I expect regulatory developments to keep moving at the right pace and in the right directions.”

Tim also addressed the challenges around communicating the new alternatives and new regulations to the client base in such a fast-moving environment. He said a key development is the arrival of minimum corporate taxation. “We cannot yet determine all the ramifications, but we can advise clients to make sure they are registered by the end of the year, so they are ready to make the necessary filings,” he remarked. “The detail will emerge later, as further clarifications emerge, but for now, we all need to make sure we and the client are aware.”

Tim also addressed the historical image of Dubai and the UAE being a fly-in fly-out market with all the real expertise sitting mostly in London. “Those days are long gone,” he stated. “The depth of the professional advisory ecosystem has grown dramatically in the last

five to 10 years. The flying is from here to expand connectivity in the wider region, and as we all know the logistics and connections from the UAE are outstanding now, so the expertise is here now, and the wider region and beyond is the marketplace served from the UAE.”

Tim explained that his bank used to have all its expertise and booking capabilities in Switzerland but two years ago opened their private banking office in Dubai based on client demand. “They said they are still fine with booking out of Zurich, and the evolution of local booking has a long way to go, but clients said they want to see advisors and experts on the ground here full time. This is one example of the wider trend of having the right people on the ground and the right levels of expertise, and the result is that local operations like ours can deliver best-in-class services and advice. The market has really moved dramatically, and we expect this to continue for many years to come.” ■

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