

Middle East Wealth Management Forum 2019 Video Highlights



At the Hubbis Middle East Wealth Management Forum 2019 in Dubai on January 22nd, we asked leading industry experts - what are the opportunities and challenges for the year ahead?

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We hope you enjoy this summary – it’s packed with content from the forum. You can click on the speakers Name to view their BIO. You can also read the transcripts in this document - and click on Watch Video to view their exclusive interview.

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Who did we interview?

[Bart Kendall](#)

Director of Wealth Management
Globaleye

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[Christian Cameron](#)

Associate Director, Supervision
Dubai Financial Services Authority

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[Damian Hitchen](#)

Chief Executive Officer,
Middle East & Asia
Swissquote

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[F. Edward Lopez](#)

Chief Revenue Officer
JHC Systems

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[Fahad Versey](#)

Head of Distribution
Union Insurance

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[James Pollard](#)

Tax Partner
PwC

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[Kimberley Wilks](#)

Senior Manager,
Tax - Consulting Services
PwC

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[Laurence Black](#)

Regional Director,
Client Solutions, EMEA
Asiaciti Trust

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[Malik Sarwar](#)

CEO
K2 Leaders

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[Nick Savastano](#)

Head of Offshore Global Life
Groups and Middle East
Financial Institutions
Invesco

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[Nirav Dinesh Kumar Shah](#)

Director
FAME Advisory

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[Nisarg Trivedi](#)

Middle East Sales Director
Schroders

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[Peter Huber](#)

Chief Executive Officer
Zurich International

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[Philip Story](#)

Head of Distribution, EMEA
Investors Trust

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[Sean Kelleher](#)

Chief Executive Officer
Mondial

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[Shiraz Habib](#)

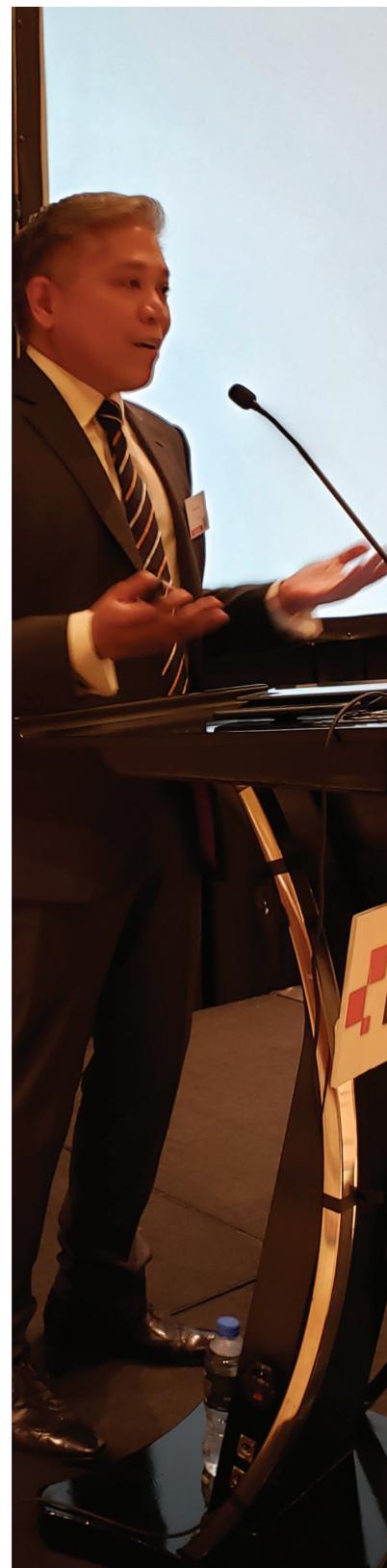
Managing Director & Head of
Investment Solutions
First Abu Dhabi Bank

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[Yann Mrazek](#)

Managing Partner
M/HQ

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[Bart Kendall](#)
Director of Wealth Management
Globeeye
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I think that one of the challenges is moving to a fee-based model, rather than what we would traditionally call a commission-based model. The transition from going one to the other is not overnight, it is a gradual one. And it is aligning the people working within the organisation, but also from a regulatory point of view that will determine how smooth that process is. But I would say that's one challenge. I think a huge opportunity is actually putting a suite of products onto the market that have a lower cost base, because a lot of clients here potentially are overpaying on fees, not in whole, but in part. And if you can grasp a portfolio that has a lower cost base, you have the ability to attract more clients in on that level.

[Christian Cameron](#)
Associate Director, Supervision
Dubai Financial Services Authority
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I think there are some fantastic opportunities for firms that are already in the centre and those firms that are seeking to come to the centre. We have streamlined a lot of the regime in terms of documentation required. The cost is being reduced not just by the DFSA, but also by the Registrar of Companies and the DIFC Authority, to enable businesses to come into the centre, and what we are finding predominantly there, the Qualified Investor Fund regime, is enabling growth in that sector. It really appealed to a wide variety of firms in the wealth

management sector, both from a perspective of managing, but also marketing funds as well.

[Damian Hitchen](#)
Chief Executive Officer,
Middle East & Asia
Swissquote
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I think the opportunity globally, and particularly in the Middle East region, is that we are starting from a very low base when it comes to technology and digital sophistication. The clients here typically have a relatively low education level [with regard to digital technologies] and I think the opportunities moving through the life cycle and the education process represent a large opportunity here for those who get out into that race and ahead of the queue.

[F. Edward Lopez](#)
Chief Revenue Officer
JHC Systems
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So, the challenges that we have in this region I think are that we have a lot of different types of firms here. We have the very small, the very active. We have the very mature wealth management organisations. And it's really trying to understand the needs of each of those segments. Where we are going into quite mature, quite large organisations and really helping from a technology perspective, allowing them to enhance and digitize their sort of legacy and larger operations. But at the same time, speaking to small and medium-sized firms that are rather resource-strapped, cash-strapped, but are really having to try to compete in that digital space.



So, it's really us, really trying to service both ends of the market, by bringing our expertise to help both sides of that equation.

[Fahad Versey](#)
Head of Distribution
Union Insurance
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The challenges that we are seeing here are many. Obviously, the regulations are coming in, the changing regulations, and then there are market slowdowns, which have happened over the last few years, which hopefully will change soon, and things will come back on track. Within that, you have the opportunities. The opportunity to service your client, to be close to your clients, to get even closer to your clients, and to make sure that you hold their hand. The objective of a client hasn't changed. They still have to save for their retirement. They still have to save for their child's education, and those basic fundamental details haven't changed, so the entire piece is pretty much geared towards that. It's how do you service your clients and create opportunity from there.

[James Pollard](#)
Tax Partner
PwC
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The obvious challenges are, I think, the succession. Basically, we all know that there's a huge transition between first generation of wealth here, and the second generation, and it's even jumping to the third generation now. So, that's the opportunity, actually getting to know those people, helping them. Their objectives have changed significantly, and the world that we are in has changed significantly, so that's part of the challenge.



[Kimberley Wilks](#)
Senior Manager,
Tax - Consulting Services
PwC
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I think not just for this year, but for the next few years, one of the biggest opportunities is going to be around the inter-generational wealth shift we see happening right now in the GCC, and in particular the UAE. We have lots of family businesses and families with huge amounts of wealth now transitioning that to the next generations. And the vast majority of them, although they concede this is an important issue, don't actually have a plan. So, our priority as advisers has got to be to speak to clients. Now, the priority to the families has got to be to consider this [matter], and to make sure they have an adequate plan in place for the succession of their wealth and for the next generation to take over.

[Laurence Black](#)
Regional Director,
Client Solutions, EMEA
Asiaciti Trust
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A challenge and the opportunity for us at the moment in the region is the number of families that are still ill-prepared for the transition of their wealth and their businesses from one generation to the next. Our role in the region is to continue to educate them and engage them in that. And assist them in the appropriate structures and to allow the smooth transition from one generation to the next.

[Malik Sarwar](#)
CEO
K2 Leaders
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The most heartening thing is that there is a relentless focus on the end-client, how we help them achieve their dreams and goals

as opposed to internal; however, it's also focused internally. Are we adjusted the right way to help clients achieve their goals? That, over and over, is the theme. The second one is there is a relatively optimistic view of the markets, which I was actually somewhat surprised by.

[Nick Savastano](#)
Head of Offshore Global Life Groups and Middle East Financial Institutions

Invesco
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Some of the interesting takeaways from today - it will be interesting to watch how fintech plays out and whether that eats into the traditional wealth management business. Going forward into 2019, do we see any challenges? Generically, I would say it will be interesting to watch how the macroeconomic overlay within the region actually filters down tough credit conditions. [There is a] much harder regulatory environment for that distribution space within wealth management.



[Nirav Dinesh Kumar Shah](#)
Director
FAME Advisory
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For 2019 particularly, we see three things. One is VAT And tax audits starting. Second is onshore structures with a lot of local families now realising that they need to start structuring their wealth. Third is new VAT introductions across the GCC.

[Nisarg Trivedi](#)
Middle East Sales Director
Schroders
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Well I think 2019 is definitely going to be more challenging than [more] opportunities. But we always say that. You know, with all challenges come opportunities. And I think this is one of those years where I think investors and advisers, both will be tested quite a bit. We as investors in the market will have to work in an environment where obviously the volatility will increase. Markets are becoming more and more



uncertain. The central banks and government policies are sort of favouring. We have got a lot of tensions around trade war, geopolitical issues and so on and so forth. And that means investors are very nervous. And you obviously could see that towards the end of last year. Not sure whether you got to see the Morningstar numbers, but the flows into funds had drastically dropped. And one of the reasons is obviously the clients are feeling a bit under pressure given the performances. 2018 was the first year, actually the third year in the last 100 years, where both equities and bonds produced negative returns. The other two times it happened was, first at the start of Great Depression and the other time was the Vietnam War. I hope nothing of that sort happens this time. However, I think this is a time to be cautious. But there are opportunities and the opportunities lie in some of the non-traditional asset classes. I mean, one of the things we assurers are doing currently is trying to educate clients a



bit more about some liquid alternatives. Absolute return strategy. And some of more sort of long-term investments like private equity and infrastructure. I think that's the space where the investors should clearly start looking at. Perhaps towards the middle of this year, we will get some opportunities around fixed income where the interest rates have peaked, and we feel that there won't be further interest rates hikes happening, and that could be an interesting opportunity for clients to lock in their long term money into bonds, etcetera, to get long term returns on bond markets as well. So those are some opportunities we see coming into next year.

[Peter Huber](#)

Chief Executive Officer

Zurich International

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I think this region, obviously, is going through a lot of change. I think driven by economic downturn, the country has to reinvent itself, or the region has to reinvent itself. I think we have seen, or we are starting to see, this economy and this region become less transient. People want to stay here for a much longer period of time. And initiatives by the government are really geared towards that, to create a new society here that is to last. And I think with that, the services are changing, the needs are changing, and Zurich obviously is very much prepared to do so. Because we have been [here] for 30 years, and we are here to stay. And so, by investing more into that new society that's being created, we can obviously help the government to drive the sustainability of the country.

[Philip Story](#)

Head of Distribution, EMEA

Investors Trust

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The opportunity is that it is a big growth region. People are saying, the UAE has had a tough time, but if you look at the official stats, population growth's still there. There are more clients moving here, different types of client definitely. But that again opens more opportunities, if they are from different nationalities, etc. Challenges, as always, here are the regulatory matters. You have got to be able to adapt to that and wait to see what happens. We are still waiting for the final building blocks to go in place, that's probably the biggest challenge.

[Sean Kelleher](#)

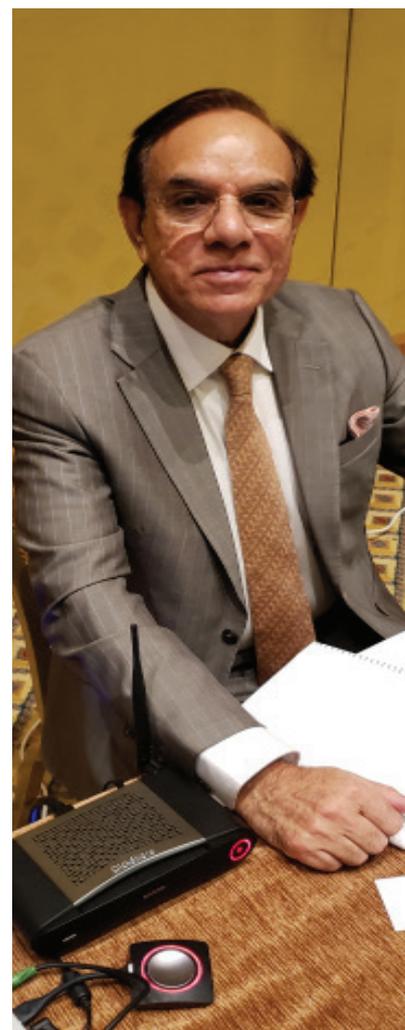
Chief Executive Officer

Mondial

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The opportunities first. I think there are two very, very significant ones. Number one is the country has to change, the region has to change. We all know oil isn't as powerful as it was as a leverage for creating money. The new leverage is all to do with the fourth industrial revolution, mainly to attract talent. Part of attracting talent is improving employee benefits, so we see corporate planning, corporate pension planning ... well the word pension may not be right, but the corporate severance pay planning, that's definitely going to change. As the country reforms to the challenges of the fourth industrial revolution, I think we'll also see more people staying here. The government have created longer-term visas. That means if you go down to

Ras Al Khaimah on the weekend you'll see a bunch of people my age enjoying the sun who have lived here earning tax-free money, now they're staying in Ras Al Khaimah drawing down on tax-free money. That's got to be an attraction. So, there is money to be had in these tough times. So, as to opportunities, those are two big ones. Challenges, we have still got five different regulators. We are expecting those regulators to become tougher and tougher. The opportunities can't come without tough regulations, so I see that as the biggest and stiffest challenge.



Shiraz Habib

**Managing Director &
Head of Investment Solutions**

First Abu Dhabi Bank

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I think in terms of challenges with the volatility that is there today, there will be great opportunities. We think the US will be a great opportunistic place. We still believe there is some momentum and appetite and interest from investors both in high yield and investment grade bonds. We believe emerging markets should be an excellent place and there will continue to be opportunity, as long as you have the stomach to ride the wave.

Yann Mrazek

Managing Partner

M/HQ

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One challenge that we have witnessed is that many families have faced trouble with VAT implementation, they have not been used to having their investment office or family office VAT compatible. So that's what we are very busy with, educating them about the process, compliance checking their VAT and then restructuring them. But from challenges comes opportunity. Domestically there is huge, huge momentum among merchant families to restructure their assets using domestic structures. ■

