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Middle East Wealth Management Forum 2020

Post event Supplement

Middle East Wealth Management Forum 2020 Post Event Supplement

The wealth management industry is certainly evolving. The regulators are helping improve practices and standards of professionalism. And institutions in the Middle East are assessing and reacting to the ever greater regulatory and compliance requirements from across the globe.

Its exclusively designed for CEOs, senior management, product gatekeepers and relationship managers – from the leading local Private Banks, Securities Firms. Asset Management Companies, Retail Banks, IFAs, Family Offices, Insurance Companies and Wealth Management Firms.

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Middle East Wealth Management Forum 2020 - Event Summary

Hubbis was delighted to host our 5th annual Middle East Wealth Management Forum on January 21st in Dubai.

THE GCC CONTINUES TO PRESENT AN ENTICING OPPORTUNITY IN WEALTH MANAGEMENT FOR DOMESTIC AND FOREIGN PLAYERS ALIKE. As the compliance and regulatory continues to evolve, the family office proposition advances, and as the options available for high net worth individuals' wealth planning and trust structure needs broaden, the Hubbis Middle East Wealth Management Forum played host to an array in insightful and timely discussions.

The event was exclusively designed for CEOs, senior management, product gatekeepers and relationship managers from the leading local Private Banks, Securities Firms, Asset Management Companies, Retail Banks, IFAs, Family Offices, Insurance Companies and various Wealth Management Firms.

As the wealth management industry continues to evolve in the UAE, the expansion of the family office concept across the globe has not been missed on wealth management advisers and wealthy families in the Middle East. With the Independent Asset Manager (IAM) model similarly on the rise, delegates were treated to insights on the appeal of IAMs and family offices, as well as the importance of highlighting the strengths of a fledgling firm, and the progress being made by the DIFC in terms of regulations, the availability of structures, and the diversity of service providers.

Panellist also elucidated the need to improve the quality of advice on investments, wealth structuring, and estate planning to ensure the flourishing of the wealth management industry in the region. Discussing the segmentation of the industry, both domestically and abroad, the importance of client-centric

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innovation and technology solutions, the place of diversification, and the setting of the stage for IAMs and MFOs to offer best-in-class services.

Can the GCC region compete with Singapore, Switzerland, London and the Channel Islands? Experts shared their perspective on the single-family office and the multi-family office offering in the UAE, and whether the Middle East client base interested in creating SFOs or using the services of MFOs in their own region, or if many HNIs are still looking further afield.

With the recent availability of common-law trust structuring through the DIFC, experts discussed whether there has been a boost in the number of GCC-based clients utilising the UAE as a jurisdiction. And with the arrival of the CRS, economic substance and soon Mandatory Disclosure Rules, how will older structures fare? Delegates were treated to insights on the above, as the new decade brings with it a doubling-down on ever-important compliance and regulation discussion.

Throughout the day, our over 300+ delegates were treated to an array of presentations, spanning from insights on the value-add proposition of the Family Office, to the importance of choosing trustees and jurisdictions wisely, discussion regarding the EoSB programme, advice on how wealth management professionals in the region can boost their proposition, the potential impact of the worldwide rollout of CRS and AEOI, and the cruciality of good governance in the foundations of family structure and a family office.

We hope that you enjoy the output of the insights accumulated across an array of talks, presentations, workshops and panel discussions that made January 21 such a positive and informative day. It was a privilege to hear from our discerning speakers, and we very much look forward to the privilege of hosting the event in 2021. ■

You can view all the content from the day.
Click here to view the content highlights page.

We asked leading industry experts - what are the opportunities and challenges for the year ahead? Click here to view the combined video highlights, or click on the links below to view the individual videos.

Or you can click on the links below and just listen to specific comments from the following individuals who are in the complete video;

VIDEO HIGHLIGHTS

- Link to Event Homepage
- Link to Content Summary page
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- Link to Video Highlights
- I love Wealth Management
- Ayesha Abbas, VCGM, Head of Priority and Premium Segments, Standard Chartered Bank
- Prashant Tandon, CEO, Managing Director, Lighthouse Canton
- Fadi Barakat, Chief Investment Officer
- Madhavan Sivashankar, Founder, CEO & Member of The Board of Directors, Gulf
- Tomasz Bortnik, Head of Wealth Management Product - UAE & Bahrain, Citi
- Asad Khairi, Regional Head Investment & Insurance, Middle East, North Africa & Turkey, HSBC Bank
- Laurence Black, Regional Director, Client Solutions, EMEA, Asiaciti Trust
- Ismael Hajjar, Director, MENA Private Client Services, Family Enterprise, Family Office
- Nirav Dinesh Kumar Shah, Founder and Managing Director, FAME Advisory
- Vinod Krishnan, Managing Director, Arch Corporation
- Sunita Singh Dalal, Of Counsel, Stephenson Harwood
- Oliver Muggli, Chief Executive Officer 1291 Private Office, 1291 Group
- Deepak Malhotra, Chief Executive Officer, Mayfair Private
- Anand Rai, Presales Lead, Intellect Design Arena
- Martyn Crespel, Director, PraxisIFM

PANEL DISCUSSIONS

The UAE Wealth Management Market: A Diamond in the Raw for Providers and Clients Both

The state of the wealth management industry in the GCC was debated by an erudite panel of experts during the first panel discussion of experts at the Hubbis Middle East Wealth Management Forum. These professionals concluded that although dramatic strides forward had been made by both the authorities in the region and the private sector, there is still much work to be done before the industry can realise anywhere near its full potential.

Panel Members

- *Muneer Khan*, Partner, Financial Markets, Simmons & Simmons
- *Ashok Sardana*, Managing Director, Continental Group
- *Ayesha Abbas*, VCGM, Head of Priority and Premium Segments, Standard Chartered Bank
- *Paul Cox*, Regional Head of Wealth Development, MENA and Turkey, HSBC Bank
- *Saif Al Keem*, Head of Priority Banking, Wealth Management, and Liabilities, Abu Dhabi Islamic Bank

The Middle East and the Multi-Family Office (MFO) – New Horizons for the Region's HNWIs

The expansion of the family office concept across the globe has not been missed on wealth management advisers and wealthy families in the Middle East. The independent asset management model has been gaining greater traction in recent years as the region aims to develop its financial centres, especially in Dubai, Abu Dhabi and Bahrain. And the Multi-Family Office (MFO) is a natural extension of that phenomenon. Hubbis invited a panel of experts to offer their views at the Middle East Wealth Management Forum.

Panel Members

- *Madhavan Sivashankar*, CEO & Founder, Gulf International Finance
- *Prashant Tandon*, CEO, Managing Director, Lighthouse Canton
- *Fadi Barakat*, Chief Investment Officer

The Evolution of the Advisory Landscape for Wealth Management in the GCC

For wealth management to thrive in the Middle East, the quality of advice on investments, wealth structuring, and estate planning must improve. A panel of experts at the Hubbis Middle East Wealth Management Forum gathered to debate the state of the industry, and just how far the protagonists have come in their efforts to professionalise and expand their industry.

Panel Members

- *Tomasz Bortnik*, Head of Wealth Management Product – UAE & Bahrain, Citi
- *Asad Khairi*, Regional Head Investment & Insurance, Middle East, North Africa & Turkey, HSBC Bank
- *Malik S. Sarwar*, CEO, K2 Leaders

Opportunities Aplenty in the Growing Market for Family Offices in the UAE

Is the UAE yet offering a competitive service in the single-family office and the multi-family office segments, both of which are seeing a rapid expansion globally and especially in recent years in Asia? Can the GCC region compete with Singapore, Switzerland, London and the Channel Islands? And is the Middle East client base interested in creating SFOs or using the services of MFOs in their own region, or do they prefer to keep these at some distance? A panel of experts deliberated these matters at the Hubbis Middle East Wealth Management Forum.

Panel Members

- *Nirav Dinesh Kumar Shah*, Founder and Managing Director, FAME Advisory
- *Ewald Scherrer*, Managing Director, Alpadis Switzerland, Alpadis Group
- *Laurence Black*, Regional Director, Client Solutions, EMEA, Asiaciti Trust
- *Ismael Hajjar*, Director, MENA Private Client Services, Family Enterprise, Family Office Advisory, EY
- *Vinod Krishnan*, Managing Director, Arch Corporation

Estate and Succession Planning Solutions for GCC's Wealth Market Clients

Which jurisdictions do GCC based clients prefer to utilise for their wealth planning and trust structures? Is the recent availability of common-law trust structuring through the DIFC resulting in a boost for business there? Are wealthy clients remediating older structures, with the arrival of the CRS, economic substance and soon Mandatory Disclosure Rules? How does life insurance fit into wealth and succession planning in the region these days? A panel of experts debated these matters at the Hubbis Middle East Wealth Management Forum in January 2020.

Panel Members

- *Sunita Singh Dalal*, Of Counsel, Stephenson Harwood
- *Ahmad Chahidi*, Executive Director - Wealth Planning, Advisory International, Bank Julius Baer
- *Karim Ghandour*, Founder & Chief Executive Officer, Legacy Line
- *Oliver Muggli*, Chief Executive Officer 1291 Private Office, 1291 Group
- *David Varley*, Chief High Net Worth Officer, Hong Kong, Sun Life Financial
- *Deepak Malhotra*, Chief Executive Officer, Mayfair Private

PRESENTATIONS & WORKSHOPS

Value-added Family Office Services beyond Asset Management: A World Awaits

Oliver Muggli, Managing Partner of 1291 Private Office, which is part of the Swiss boutique advisory firm **1291 Group**, addressed delegates at the Hubbis Middle East Wealth Management Forum to highlight how a Family Office can add far more value to wealthy families than simply managing their assets and helping them invest. He advised delegates to help wealthy Middle Eastern families take a more holistic view, and consider the advantages such as succession planning, sophisticated wealth planning, and tailor-made financing solutions for illiquid assets ranging from blocks of listed stock to private jets and even historic Italian castles.

View slide

Selecting the Right Fiduciary and Jurisdiction – Key Benefits and Considerations

Laurence Black, Regional Director, Client Solutions, EMEA at **Asiaciti Trust**, has more than 25 years of experience in wealth structuring for HNW clients in the GCC region. He told the audience at the Hubbis Middle East Wealth Management Forum how important it is to choose trustees and jurisdictions wisely, advising them to opt for an independent trustee based in a reputable, accessible jurisdiction.

View slide

PraxisIFM Trust on the Value of the Employee Benefit Trust in Abu Dhabi and Wider UAE

Martyn Crespel, Director of **PraxisIFM Trust**, gave a noteworthy presentation at the Hubbis Middle East Wealth Management Forum to highlight his firm's ring-fenced employee benefit trust solution, which aims to resolve some of the practical shortcomings in the country's EoSB programme, which stands for End of Service Benefit. He explained that this is a great step in formalising and protecting employee pension and other benefits, and the PraxisIFM solution is also helping to enhance the reputation and therefore future of the ADGM financial centre itself.

View slide

From Success to Significance - How to Excel Professionally in Wealth Management

Malik S. Sarwar, CEO of wealth management firm **K2 Leaders**, never disappoints the audiences at Hubbis events, and again this year at the Middle East Wealth Management Forum he lived up to his billing and gave a lively and engaging presentation full of invaluable insights into how wealth management professionals in the region can boost their proposition, and thereby become the trusted advisors for their high-net-worth and ultra-wealthy clients. He explained his three tenets for excellence - integrity, competence, and compassion, and he advised delegates that success is only complete with significance.

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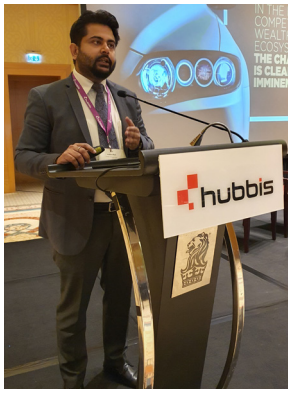

The State of Play – RGN Offers Updates on the Rollout of CRS & AEOI Worldwide

Ivan Pelle,an expert in international taxation and Executive Director and one of the Founders at **Recontam Global Network (RGN)** is on a mission to make its clients and partners aware of the rollout of CRS and AEOI worldwide, and how this might affect tax planning and investment strategies. He addressed the audience at the Hubbis Middle East Wealth Management Forum in Dubai to update them on practicalities around the Common Reporting Standard, as pertaining to participating and permanent non-reciprocal jurisdictions. Supported throughout by an excellent slide presentation, he also talked about the practical implications of the Automatic Exchange of Information. He explained the difference between territorial and worldwide income taxation. And lastly, he pointed to some practical examples of the rollout of CRS and AEOI as pertaining to the United Arab Emirates.

View slide

Family Governance and the role of the Family Office in the Middle East

Ewald J. Scherrer, Managing Director of **Alpadis Switzerland**, is a firm believer that the foundations of a family structure and a family office must be embedded in good governance. He addressed delegates at the Hubbis Middle East Wealth Management Forum to articulate how family governance is so essential for family cohesion and stability, across the generations. And to explain why good governance in the family office will help ensure well-managed wealth preservation and estate succession.

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15 ANNIVERSARY

ALPADIS

FORWARD LOOKING SOLUTIONS

Alpadis Group is an independent, Swiss-based group that provides bespoke corporate and wealth preservation services.

With offices in key jurisdictions, we are able to help companies and private clients navigate through increasingly complex and regulated global markets.

Our **Corporate services** include:

- Company formation
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- Accounting & Tax services
- Regulatory compliance

Our **Private Client services** include:

- Family office services
- Wealth planning
- Succession planning
- Trusts & Foundations

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Middle East Wealth Management Forum 2020

Video Highlights

At the Middle East Wealth Management Forum 2020 in UAE on January 21th, we asked leading industry experts - what are the opportunities and challenges for the year ahead?

Click here to view the video highlights.

We hope you enjoy this summary – it's packed with content from the forum.
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.

Link to Event Homepage

Who did we interview?

Ayesha Abbas
VCGM, Head of Priority and Premium Segments
Standard Chartered Bank
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Prashant Tandon
CEO, Managing Director
Lighthouse Canton
Watch Video

Fadi Barakat
Chief Investment Officer
Watch Video

Madhavan Sivashankar
Founder, CEO & Member of The Board of Directors
Gulf International Finance
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Tomasz Bortnik
Head of Wealth Management Product - UAE & Bahrain
Citi
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Regional Head Investment & Insurance, Middle East, North Africa & Turkey
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Presales Lead
Intellect Design Arena
Watch Video

Martyn Crespel
Director
PraxisIFM
Watch Video

Ayesha Abbas
VCGM, Head of Priority and Premium Segments
Standard Chartered Bank
Watch Video

In my view, the opportunities and the challenges are equal. A lot of what has happened in the past is that we've seen the regulator coming in. We've seen the property market being hampered. We've seen a lot of mergers and acquisitions. It's put the client in a lot of curiosity, and therefore nerves started to kick in, especially with the geopolitics as well.

Having said that, that also beckons opportunity. So with the Expo 2020 coming through, with the property prices now becoming more stable, with the regulator becoming ever-more aware, and the banks responding to that and complying to that, serves us with a good opportunity to march ahead.

Prashant Tandon
CEO, Managing Director
Lighthouse Canton
Watch Video

The wealth management industry is very ripe for transformation right now. We see opportunities at Lighthouse Canton in the fact that there'll be consolidation in the industry. A lot of smaller family offices might not be able to sustain or might look to scale up, which is where we are very cognisant of inorganic growth, actively looking at expanding westwards into Switzerland and maybe the UK.

Obviously, there are challenges ahead, the biggest challenge being regulatory framework. The regulators are increasingly scrutinising this industry very, very carefully and closely, simply because of conduct issues. We've had, unfortunately, some instances in the past in the region as well as in Asia, where regulators have become extremely concerned about the state of the industry.

Fadi Barakat
Chief Investment Officer
Watch Video

Opportunities are really to capture the wealth of the region to try to service the smaller accounts, I would say; those that are underserviced by the larger banks. And by that, I mean the USD1 to USD5 million account where they still have a decent portfolio, need investment advice, but because they're too small in the JPs of this world or Credit Suisse, are being slightly left out. So for the smaller

setups, like the multi-family office, independent asset managers, there's a good bunch of wealth to get these clients onboarded and give them a service.

Madhavan Sivashankar
Founder, CEO & Member of The Board of Directors
Gulf International Finance
Watch Video

So the key opportunity, in my opinion, is growing wealth across the globe. And the other key opportunity for us is that we are very bullish about what is happening in the KSA (Kingdom of Saudi Arabia), the opening up of the KSA. There are sweeping cultural, financial and regulatory changes that are happening. We see that as quite a opportunity for us, and we will be focusing on that.

Tomasz Bortnik
Head of Wealth Management Product - UAE & Bahrain
Citi
Watch Video

The wealth management industry for us as a bank, obviously, has two components. One is the banking side and one is what we would call the investment side.

The banking side, of course, is a little bit challenged generally by the low interest rates versus the expectation on the higher interest rates which existed over 2018 and 2019. What you will see is neither can we offer the type of time deposit rates, if you will, to the clients, and that's the general industry as a whole. And then, linked to that, the bond yields, which is a little bit switching to the investment side of the business, are at the, kind of, all-time low. That, put together, construes a bit of a challenge for us, because the customers are not getting very high yields on their deposits, and they're not getting very high yields on their investments.

Basically, the challenge here that I'm trying to picture is that to get into a higher yielding instrument or investment, the customer needs to put in a little bit more risk. And that, I think, presents a challenge for the general industry as a whole; the expectation for a yield versus what the industry at large can offer with the available instruments out there, given that the bond yields are where they are.

Asad Khairi
Regional Head Investment & Insurance, Middle East, North Africa & Turkey
HSBC Bank
Watch Video

One of the big opportunities that we are seeing is enhancing platforms and new customer touch points. How we interact with customers and how customer wants to interact with us. In the age of digital, customers are becoming extremely different in the way they approach their relationship managers. Some of them like getting engaged with you digitally. Some of them would want a face to face relationship manager to manage the banking as well as investment needs. So, focusing on enhancing your platforms will definitely be a key focus area for multiple wealth managers in the year ahead.

Laurence Black
Regional Director, Client Solutions, EMEA
Asiaciti Trust
Watch Video

The opportunities, I think, for this year continue to be assisting families with their cross border and estate planning, essentially asset protection needs, in an ever-increasing and complex regulatory environment.

Ismael Hajjar
Director, MENA Private Client Services, Family Enterprise, Family Office Advisory
EY
Watch Video

The main challenge, and this is something I mentioned on the panel, is really connected to the transition of generation within the family. Because most families are still generation one or generation two within the region. These generation one or generation two individuals are reaching an advanced age, so they're reaching 60, 65, 70, 75, sometimes 80 years old. And so,

wealth is going to change hands, and it's about basically how can the family manage that transfer in the most efficient way, and in a way that ensures that the wealth is protected. And therefore there is obviously the legal and tax and regulatory structuring element of it, but there's also the intangible, which is probably the most important, about passing on values and sending a framework that will bind all the family members, and particularly the next gen so that, like I said, the risk that they have, bad behaviours, will be minimised.

Nirav Dinesh Kumar Shah
Founder and Managing Director
FAME Advisory
Watch Video

Today we are in the industry where we are advising clients on structures. And therefore with growing compliance everywhere, they're the biggest opportunity for us to look at educating client on how they should be complying with all the compliances which are there, and also to help them choose the right locations and jurisdiction for the activity that they're doing.

Vinod Krishnan
Managing Director
Arch Corporation
Watch Video

The opportunities are, a lot of families now realise that they need to plan ahead in terms of succession. With the challenges of managing, operating companies, and with the potential taxation rate coming through, they need to be well prepared for organised management of family businesses and plan towards succession.
The challenges are, given the economies in the region, which include, I manage Saudi, most of the GCC, given where the oil prices are, most of the families are long on assets, but short on liquidity. Their focus is primarily to resolve the liquidity issues now, so most of the other soft issues get postponed. So, that's a challenge. It's timing.

Sunita Singh Dalal
Of Counsel
Stephenson Harwood
Watch Video

I would say, I'll start with the challenges first. And the challenges for managing clients in this region are educating people as to the options that we do really have to offer families in the region, in the GCC, that are sustainable, robust solutions, without them having to now continue to look to offshore destinations. And that in itself leads into an opportunity of sitting down with large families, sitting down with clients and putting together structures that really are viable, operational and robust wealth planning and wealth management structures for them.

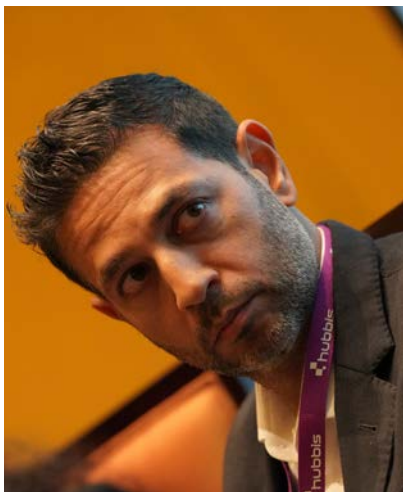
Oliver Muggli
Chief Executive Officer, 1291 Private Office
1291 Group
Watch Video

In general, challenges, there are quite a number. Regulatory certainly, a significant challenge. Investment wise, I think the year ahead to is going to be slightly more challenging than maybe the very positive performance of last year, but I think this also offers a lot of opportunities, especially the regulatory changes.
People become more aware of structuring their wealth properly.

Asset protection, confidentiality of privacy become more important topics, and I think this opens up a lot of opportunities for estate planning services, wealth planning structures. And we're very optimistic, especially in this region here, that this is a growing market with more interesting developments.

Deepak Malhotra
Chief Executive Officer
Mayfair Private
Watch Video

So in terms of opportunities, the world is moving towards a much more transparent regime, a transparent environment where information is disclosed, information is available on clients, beneficial ownership and registers around that are becoming more and more relevant in different jurisdictions. So the theme, I would say, to in 2020 is transparency. And that's manifesting itself both in onshore and offshore jurisdictions. In terms of an opportunity, it's an opportunity for advisors to ensure that clients are compliant, clients are doing what they need to do in the right jurisdiction. And I think the opportunity is for families



now, and their advisors, to ensure that they get the proper advice in the right jurisdiction and do things in an appropriate way.

I think the days of taking shortcuts, the days of not doing a proper job, the days of not having substance in whatever they do are numbered. Now, that's an opportunity as well as a challenge because I think the opportunity's more for advisors, and I think the challenge is more for the families. The challenge for the families is they are faced with a morass and a huge influx of regulations, CRS, economic substance, and other related matters. So I think there's a big burden on families to ensure compliance, and that is the challenge for them.

Anand Rai
Presales Lead
Intellect Design Arena
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The challenges, of course, are how do we increase RM productivity? How do we cater to the stringent regulation and changing regulation? At the same time, how do we meet our revenue where net interest income is going down? Definitely in terms of opportunity, we can talk about democratisation of AUM wherein the movement from red ocean to blue ocean is what a technology platform should do. The strategy in terms of red ocean is always to exploit the demand and compete with the competitors. Wherein the blue ocean it is different, wherein we look for the market opportunity and we make competitors irrelevant.

Martyn Crespel
Director
PraxisIFM
Watch Video

Opportunity wise, the region is growing. We have 2020 Expo, which will, I think, be quite interesting for the companies and individuals here. I think that on the asset management side, that's going to be more of a challenge. We've seen some incredible performance last year, but I think that is going to be challenged. In terms of my business and the end of service gratuity, the issue we have and remains to be that companies are largely underfunded in terms of their scheme and the current economic conditions for the growth will be a challenge for them. ■

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VARIABLE UNIVERSAL LIFE

UNIVERSAL LIFE

INTERNATIONAL PENSION PLAN & ADMINISTRATION

Middle East Wealth Management Forum 2020

Exclusive Insights

At the Hubbis Middle East Wealth Management Forum 2020 in UAE on January 21th, we asked leading industry experts for their exclusive and incisive insights

We hope you enjoy this summary – it's packed with content from the forum. 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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Martyn Crespel
Director
PraxisIFM

Ayesha Abbas
VCGM, Head of Priority and Premium Segments
Standard Chartered Bank

How is the legal and regulatory landscape developing?
Watch Video

I think what the regulator is trying to do is to ensure that they bring standardisation in the market, just to ensure that whether there are local players or international players, they all have a level playing field, and they all act in the best interest of the consumer. So, may it be doing with the pricing, or with the certification of the relationship managers, or the transparency in the product, it's all done in the best interest of the client. And more and more banks, including local players, are complying.

Does the quality of talent fall short in comparison to Singapore, London and New York?
Watch Video

So I believe the quality of talent does not fall short here in the UAE. We have many talented individuals, considering the UAE has a population of about 9.2, 9.5 million people, 70% of which are expats, the market is acquiring talent from everywhere, therefore. So whether experts are coming into the country, but increasingly, we've seen a humongous growth of talent in our Emirati population. And we're ever so proud to have more Emiratis coming forward as bankers, investment bankers for that matter, as well.

How can you transition clients to the next generation of bankers?
Watch Video

I think, I wouldn't want to call it a factory belt here, that we've got to transition people from one place to another. But I think what we need to be able to do is to ensure that we are there for the clients through good times and bad, and there for them in terms of how they wish to be served, whether digitally or face-to-face or through the voice channel. So, we just have to be relevant.

Prashant Tandon
CEO, Managing Director
Lighthouse Canton

What are some of the common challenges for the IAMs/MFOs today?
Watch Video

We can look at this question in two or three different perspectives. The first challenge is, how does one remain relevant? As the industry becomes more and more competitive, clients become more sophisticated in their requirements and spoiled for choice. Clearly the first challenge is how does one maintain the USP and remain relevant for clients? That is where having a cutting-edge offering, a differentiated product advisory suite, and obviously having a very, very transparent and client-driven culture becomes very, very important. That is the first challenge that the MFOs will face.

The second challenge we face in the industry is going to be commercial. As the early entrants focus more on the sustainability and cashflow, and hence fall into, so-called, the easy way out of going through a commission or retrocession-driven route. The more evolved model has to be a fee-driven model, which is regulatorily more acceptable. This is reflected even outside the financial services industry. As you see, the valuation of Tesla compared to industry peers is far higher, simply because they are in the right direction. So, I believe industry peers who align with the future and become a more transparent client-centric offering with a fee-driven mandate will tend to do well.

Are the majority of MFOs firms truly independent? How should clients decide which firm is best to use?
Watch Video

I'll start with the second part of the question first. Yes, the clients will have a tough time deciding which MFOs to go with, which is why having two elements in the client's favour would work. One, having a very transparent client-centric model. Putting the client in the front and centre of everything that you do is going to be very important, and then to have a

bespoke offering, being a thought leader in the industry, and having a differentiated platform and the offering for client will definitely be key, which I guess would be the key ingredients on deciding which MFO the client appoints as their trusted advisor.

Fadi Barakat
Chief Investment Officer

How will Private Banks and Independent Firms collaborate or compete in the future?
Watch Video

The private bank will compete with the independent asset manager, and they don't like to see their ultra-high net worth clients leaving and setting up family offices because that's their bread and butter. What I've seen though over the past three to four years is how they're trying to capture this market is a set-up of external asset manager desks and services.

There's more presence, especially by the Swiss banks. They're coming here looking at independent asset managers, family office to give them the service and offer them discounted rates, institutionalised service, that you would not be able to get as a private client. So, we've had visits from all the big banks, the Swiss banks, coming here, competing with the local private bank offering that they have to get those clients that are escaping from their hands. So they're trying to close that gap by offering external asset manager solutions.

Where is the most robust and organised financial centre for UHNW wealth?
Watch Video

The most recognised and the best financial centres remain in Europe, Switzerland, London. And in Asia, you have Singapore. These are uncontested in terms of history, credibility, talent, all the offering. However, the UAE is getting up there. The regulation is changing. It's getting more stringent, more credible. The Centre is still young - don't forget, it's about 15 years old - compared to other jurisdictions that have been there for much longer. So the pace of catching up is quite interesting. They're attracting a lot of talent. You have a lot of expats coming to work here and they love working here. So I think this Centre has big promises in the years to come.

Madhavan Sivashankar
Founder, CEO & Member of The Board of Directors
Gulf International Finance

Why start a Multi Family Office in the GCC?
Watch Video

Starting an MFO, my question would be why not? Because I think the jurisdiction that we are is amongst the top 10 in the world. The regulator is very well respected across the world. We are very well connected, thanks to a brilliant airline network. The physical quality of life is good. The tax regimes are friendly. We are surrounded by rich neighbours. So my question would be why not?

The vast majority of AUM remains with private banks and bankers - with investment decisions still driven by the client on an advisory basis. Will this change? What's the value that an MFO brings? How do you compete?
Watch Video

I think culturally speaking, a lot of investment decisions have been driven by the clients themselves in the past and the private banks have actually collaborated with the client in making sure that investment happens, but now with the next generation who are more focused on business, have availed international education, they have now left it to the professionals to run it. As far as the private banks are concerned, per se, high cost overheads are forcing them to shrink. And we believe that that is leading to introspection, and we believe that that is going to then change the impetus to MFOs. Because MFOs are lean and mean. They're able to cover more efficiently from a cost perspective, and that will bring the real opportunity for MFOs in the years to come, in my opinion.

Tomasz Bortnik
Head of Wealth Management Product - UAE & Bahrain
Citi

Delivering investment products and advice to clients - time to re-think everything?
Watch Video

See, contrary to the common belief, for instance, we thought that the machines are going to completely take over, and robot advisory will become the theme. I think the answer to the question whether it's time to rethink everything is yes and no.

No, because we do seem to see the traditional model still work. We see the role of the advisor as still being crucial to the high net worth individuals and the ultra-net worth individuals; they are not going to log in and listen to a machine. Also, because the machines, despite all the technological development, cannot judge the personality of the client, and a whole bunch of other personal characteristics, and his preferences. It's very difficult to put them into a machine code. That is one thing. I would say, no, as in some of the things that we traditionally have been doing as an industry, they still keep on working.

Yes, because there is a lot of innovation and, yes, because there are disruptors. There are FinTech companies, there are all sorts of people that are kind of entering the market, making it more exciting, more diverse. I think pretty soon, you will have to have the, especially, the technology. In the technology space, you will have to complement the traditional advice with a lot of technological advancements, be it portfolio tracking, penetration, portfolio stress testing, et cetera. Those things, I think, to name a few, would be key to answer that question.

What innovative investment solutions are HNW clients looking for?
Watch Video

That one I think is a little bit cyclical, if you think about the answer to this. I mean, it's not that there is one type of product that the investors want. What they do want is products that address the current economic cycle a little bit, and what they think might be coming next. To give you two very good examples is the fixed maturity plans, especially in this market, have been very popular over the period of the last two years. Fixed maturity plans is basically like it's like a bond; it's a fund that has many bonds backed into it with a fixed maturity. That has been very, very popular and there are good reasons for that, I believe, in the current kind of microeconomic cycle.

The next thing, if we look at the cycle, would be principal protection ideas, which, given where we are in the cycle, there is always some theme that investors are kind of looking for to address their perception of the market and what they think might be coming next or the general industry at large thinks what might be coming next.

So now what we are seeing, for instance, is a little bit of a trend to first of all multi-asset and secondly, principal protection, I would say are the type of two themes of innovation where customers are expecting us to structure products or offer third-party products around these particular themes. And I think that that trend will keep on developing. As in it's not that it's always this particular product type the customers want. It is what is currently happening in the market and what you think might best address that particular situation that is the driver.

Asad Khairi
Regional Head Investment & Insurance, Middle East, North Africa & Turkey
HSBC Bank

How are clients looking to diversity in 2020?
Watch Video

A lot of clients we have seen in this region are looking for income. Income has been a big theme for the region for the past many years, and we continue to see clients looking for higher income-yielding products. And that remains one of the key asks from clients in this region to diversify their portfolios. For example, in mutual funds that pay out regular income, fixed income products, fixed maturity

plans, a lot of sophisticated clients are also looking for leveraging fixed-maturity plans or fixed income solutions to enhance yields as yields get tougher in the bond market.

What innovative investment solutions are HNW clients looking for?
Watch Video

The ultra-high net worth clients are generally looking for tailor-made solutions. Structured products are one that we see a lot of demand, clients are asking for. Apart from that, we have seen a theme of technology over the last 12 months, that continues. So clients are asking for solutions linked to technology. And investment financing is becoming a big theme within the ultra-high net worth customers, as well as fixed income yields are going down, so leveraging solutions to increase your returns for customers remains a very popular theme in the region.

Laurence Black
Regional Director, Client Solutions, EMEA
Asiaciti Trust

How does the UAE compare to Singapore, Switzerland, London and the Channel Islands?
Watch Video

Yeah. The UAE's very well positioned, obviously, geographically, and as a travel hub, as a place for high net worth individuals and families and businesses to be located. That's always been a key value proposition, which is comparable, and sometimes even better than, some of the more mature jurisdictions. But it is still continuing to develop from a reliable legal centre, and more firms are continuing to come here to develop that.

With economic substance tests and CRS, are mid-shore financial centres such as Singapore and Switzerland at a competitive disadvantage with the UAE?
Watch Video

The UAE, from a substance perspective, is a very user-friendly, cost-effective centre for that. Compared to, I would say the mid shore, it's comparable now with places like Switzerland, Singapore, obviously even the UK. But from ease of doing business and establishing here and residency, possibly has a bit of an edge.

Are the leading private banks and asset management platforms in these booking centres sufficiently focused on the UAE and delivering appropriate levels of custody, product and transaction related services? What could be improved?
Watch Video

Certainly the development of the Dubai Financial Centre, Abu Dhabi Global Markets, and other financial centres within the region has attracted, I would say, the right players to the market. They continue to remain committed in developing and hiring again.

What could be committed? Again, yeah, the legal system, I think continues to develop for people to increasingly take the jurisdiction seriously, particularly on an institutional level. Then their confidence levels need to be improved potentially in the reliability of the legal system here.

Ismael Hajjar
Director, MENA Private Client Services, Family Enterprise, Family Office Advisory
EY

How should a Single or Multi Family Office be set up properly?
Watch Video

Starting with the single-family office then: a single-family office should be modelled based on the needs and requirements of the family, right? The more complex the family is, the more complex the family office should be. It's not just the product. It should really be bespoke and modelled as per what the family wants, and who the family is really.

Speaking of multi-family office here, it's a bit different, and generally you have two types. You have let's say the non-commercial multifamily office, and that would typically be a multifamily office which started as a single family office, and which evolved in becoming a multi-family office by accepting maybe friends, or maybe the distant family ,or business partners possibly.

Then, you have the commercial multifamily office. This commercial multifamily office, yes, it's a long journey for them to, I think, to go beyond the current perception that the market has of them. In most instances, they're very focused on either asset management or trust services, and they label themselves as 'family office'. What are they missing really? I think they're missing, they're relying too much on standard product, I'd say, and they probably miss what is required to create a single-family office and what makes it so special, which is, like I said, the tailor made element and the ability to really adjust the menu of services of such multi-family office to their clients.

Are GCC based families open to outsourced services or do they prefer to keep it all inhouse?
Watch Video

Look traditionally - no, right? They prefer to do everything in-house because it's more confidential. Now, the world is such today that if you do it in-house and you do it with the wrong people, you end up being way less confidential, let's say, or you protect your privacy much less than relying on let's say, highly competent and professional, let's say, third parties. So, my view on that is that no family can actually do everything in-house. And therefore, we work with families on establishing a bespoke menu of services for their family office. And in a second step, deciding, okay, what needs to be done internally and what needs to be done outsourced, right? And all the families that I work with are outsourcing.

Nirav Dinesh Kumar Shah
Founder and Managing Director
FAME Advisory

With economic substance tests and CRS, are mid-shore financial centres such as Singapore and Switzerland at a competitive disadvantage with the UAE?
Watch Video

There is no question of being (at) a competitive disadvantage, because actually the exchange of information, the CRS and the economic substance rules are all putting all the centres at par. And therefore, one has to differentiate in the level of those being administered. So I don't think that Singapore is necessarily at a competitive disadvantage, but at the same time they are at par with UAE. But you UAE will learn to then promote itself on its own advantag

es and not just on the ease of non-compliance. Compliance is there everywhere now, and that's a given factor. And therefore, UAE will learn to step up to meet the same level of professionalism, convenience, and ease of doing the transaction which was Switzerland or Singapore offers. And that's where I think one needs to focus, and not on the ease of compliance or not. Because compliance is there everywhere.

For Families utilising the UAE as a FO/MFO location where are the optimal booking centres for liquid assets - are we observing changes to the traditional booking centres (London and Switzerland) in favour of other centres (Singapore or Hong Kong)?
Watch Video

UAE is comparatively a fairly new centre for hosting or locating a family offices or multifamily offices. The London all have been there for years. Singapore and all have already started catching up, and they are much more advanced in terms of locating families, mostly from the Asian side. When it comes to booking centre for investment, in fact Singapore is much more preferred even though clients could be in the west or in the UAE. And most of the banks here also offer both the booking centres, being Singapore or Switzerland. So booking centre wise, they both are at par, and UAE has not been preferred for various reasons, which needs to change if the IFC wants to get to that level of being a financial centre.

But as a location for a family office or a multi-family office, UAE is picking up, particularly for the African and the Arab families, because of the ease of hosting them here. And then from here, all the professionals being available to manage their investments across the globe, wherever they like.

Vinod Krishnan
Managing Director
Arch Corporation

What trends do you see in GCC families being prepared to pay fees for services and advice?
Watch Video

Traditionally it's been the banks that have been advising these clients on structuring their portfolios and their wealth, for which the fees were included in all the other services that would have been otherwise paid for. So with independent advices coming through, and with the ecosystem in and around the financial centres developing, most of the service providers are realising that there's a resistance to pay actual fees. So the way we have done it over the years is we broken down deliverables into components, and instead of a broad based fee for the entire solution we charge them or quote for specific components of the overall services that we'd like to provide. And most often than not, the families are willing to pay for the specific components because they see the clear deliverables.

How is the UAE positioned competitively to attract FO/MFO family members to establish residency? What are the pros and cons and what are the competitive advantages of UAE over other jurisdictions?
Watch Video

I think over the years there's been a shift in the financial centres in the Middle East, from Beirut to Bahrain to the UAE; over the past 15 years, UAE has grown to be one of the preferred locations because of its neutrality, but more importantly because of the choices they have between Abu Dhabi, even within the UAE, it's the DIFC and the DMCC. Now the ecosystem of professional service providers in the UAE has kind of developed over the number of years, so they're able to offer a much more in-depth analysis of what the families define and the outsourcing opportunities are there for the advisors to access these professional service providers. So obviously UAE is an ideally located centre because it's in the crossroads of the subcontinent, the CIS, Africa and the MENA region. So that's one.

In terms of residency, I think the UAE authorities are trying to address those, but then much needs to be done. For example, there were talks of the permanent residency initially, but that's been scaled down to five years and 10 years. So, if there's more clarity on permanent residency, and I think the authorities are working

towards it, this could be a potential strong point for UAE becoming a centre for the family office and multifamily offices across the region I spoke about.

Sunita Singh Dalal
Of Counsel
Stephenson Harwood

Which jurisdictions do GCC based clients prefer to utilise for their wealth planning / trust structures? Is there any evidence of movement from traditional centres to new locations?
Watch Video

Traditionally, GCC families have segregated their wealth between jurisdictions and geographical location. Traditionally, GCC families have also looked at the more tried-and-tested jurisdictions, such as the Channel Islands or the BVI and Cayman. However, I think what is very important to bring to everyone's attention now is that in terms of their asset portfolio that is actually geographically located in the GCC, we are able to provide them with, if you like, domestic solutions that do work for succession planning purposes, for the preservation of wealth purposes, for good family governance and

family constitution purposes, and most importantly, to ensure smooth continuity of operational businesses that have been created, perhaps, three to four decades ago.

For some GCC based clients Common-Law Trusts may not be a suitable solution for their wealth transfers needs - what alternative structures are being utilised by which client segments?
Watch Video

Interestingly, I actually cover the regions of not just the GCC, but Southwest Asia and Africa. And you would find that the same trends, and the same concerns, and previously tried and tested formulae are touted around all of the geographies, whereas these aren't actually real robust solutions. So, what we have at the moment is educating clients in relation to what we have available for them for their local portfolios.

Common law trusts do not work for families in this region for their domestic assets, and the main reason is, of course, the location of their assets, some of them being intangible assets and not capable of being legally transferred into common law trust structures. That's a fundamental point that people have to get to grips with. The question is therefore, if you are truly putting a succession plan in place, so you're preserving wealth of a family where you have a mixture of assets, be they operational assets, be they real estate assets, what do you do? Do you break up the portfolio? Or, ideally, which is what we do, is we try to provide them with a holistic solution. Therefore, if you dig deep and look at the foundation structures that are available now, the foundation structures actually work beautifully for families in the geographies that we cover, be they Muslim or non-Muslim.

A common misconception that a lot of people grapple with is the application of Sharia law. And the point is Sharia law does not come into place or does not get taken into account if, at the end of the day, the patriarch has already devolved himself of his portfolio of assets. So, by depersonalising a portfolio, housing it in a robust, sustainable structure that truly is viable for operational purposes and also succession purposes, the personal elements of Sharia law shouldn't even be taken into consideration.

We've seen now families from the GCC, predominantly Muslim families from the GCC, large

business families from the GCC, using the foundation structure exactly for these purposes.

Oliver Muggli
Chief Executive Officer, 1291 Private Office
1291 Group

How can a Family Office add more value to its wealthy clients?
Watch Video

So, if you look at the market over the last couple of years, we have seen a lot of family offices being established in Asia and the Middle East. I wouldn't really call them 'typical family offices' like we have gotten to know them in Europe and in the US. They're more purely focusing on investment management. And we believe there are a lot more elements to it, to a proper family office. And if you look at this situation of wealthy families, they live in a very complex world. Wealth is being passed on to the next generation, the regulatory environment, investment challenges, et cetera.

They need assistance in a lot of areas, and I think a family office should position itself as a one-stop shop for these wealthy families to assist them and to support them in other elements than just investment management. So I believe this offers a lot of opportunities for a family office to really guide these wealthy families through these challenges.

I see wealth planning, estate planning, as an important element where a family office can add value. Investment controlling, strategic asset allocation, and here, maybe less so, the asset management being done in-house, but more sort of as an independent platform in governing this whole thing. And then it goes on to other things like specialty financing solutions, immigration advice, et cetera. So a lot to add.

How can you get succession planning right?
Watch Video

How to get succession planning right depends very much on the individual situation of every family. There are more complex situations and some less difficult situations. So I think it's very important to assess the situation of each family and to understand more about their needs, their expectations, their family set up, the internal relationships. I think succession planning should involve all family members with their needs and requirements, and hence communication is very important.

So, create first a platform where the family can exchange and give their input to have a good understanding of really what the family's all about, and (what) the family's plans are, and then structure the wealth around it to come up with a succession plan that really works for this specific situation.

Deepak Malhotra
Chief Executive Officer
Mayfair Private

Which jurisdictions do GCC based clients prefer to utilise for their wealth planning / trust structures? Is there any evidence of movement from traditional centres to new locations?
Watch Video

The first thing I would say in this regard is GCC-based clients are not homogenous. So one talks about GCC-based clients, I would broadly categorise, in terms of my professional experience, into three sub-segments. One would be families who moved from jurisdictions such as the UK to the UAE, looking at this as a place to live, have their families and run their businesses. The second group I would talk about would be the long-standing expat communities, been here 30, 40, 50 years plus, which often can be of Indian or Pakistani extraction. And the third community I think are relevant are GCC Arab, often GCC national clients.

So let's talk about the first group, the families who've come from the UK. I would say there is a reticence to use perhaps jurisdictions that they perceive, rightly or wrongly, to be very close to the UK. And the ones that would spring to mind would be Jersey, Guernsey, and maybe the Isle of Man. And there's perhaps a shift away, if one would

label those as more traditional jurisdictions, to other jurisdictions away from that. But I would still say they have a comfort with common law. So perhaps if they're moving from Jersey, Guernsey or Isle of Man, they may be more comfortable with Cayman, even though it's a dependent territory. But I would say there's a move away from the Channel Islands.

If one talks about the long-term expat community here, I would say that they are families who've traditionally not used structures, traditionally not been comfortable with constructions, mainly because of reasons of living all their life in a civil law jurisdiction and reasons of control. But from their perspective, I think simplicity is key and are more agnostic in terms of jurisdiction. What they want is simplicity and what they want is control.

If I then talk about GCC nationals, I would say that they are still, their preference would still be the traditional, longstanding, robust offshore centres, for example, Jersey, for example, Guernsey. And I wouldn't say there's been a move away from those kinds of clients, from those traditional jurisdictions.

For older structures, with the development of economic substance / CRS etc. is there sufficient focus on reviewing and remediating these structures? What are the opportunities here?
Watch Video

I think economic substance, in particular, is a big opportunity for the UAE. Traditionally, many families around the world would have companies in jurisdictions, for example, like the BVI, or Cayman, or otherwise, where they may have trading activities, holding company activities, or others. But in today's age would not meet the test for having substance.

Now, one of the carve-out for that is to be a tax resident in another jurisdiction. The UAE is a jurisdiction where these entities could be tax resident and then it's about having the economic substance. Given the environment here in terms of availability of staff, office, business infrastructure, what we are seeing, and an opportunity for this jurisdiction, is for families to create substance here, given from a practical perspective, it's very difficult to do that in a jurisdiction like the BVI. And given that this is a low or nil tax regime, this can work very well, but it's all down to substance. But this jurisdiction does lend itself well.

If one then talks about CRS, I don't like to use the word "remediation". I'll use the word "review". What's happening now is families are now conscious, and their advisors are working with them, for them to understand what does CRS actually mean? Particularly in the context of a structure. So one takes a trust structure. What does it mean if you're the settlor? What does it mean for a beneficiary? What does it mean if you're a protector? Often, when we're setting up structures now, there's a great emphasis in, "Well, where is the protector resident?" So if I make my protectors resident in, for example, the UK. Does that mean the UK is going to have access information even though there's very little other nexus with the UK?

I think there's great thoughts to set up new structures. I think there's certainly opportunities for reviewing existing structures and understanding the information flow. So when you have bank accounts - Where does the information go? Who is disclosing what to which jurisdiction? And making sure that there is not over-disclosure, making sure whichever institution the trust has an account with, for example, is following exactly what they need to do in terms of what they disclose. Who's the controlling person? What happens when the settler is not around? There is complex issues here. But, I think review is certainly happening, and I think there's an awareness of this. But remediation, I would say, no. It's more about reviewing these structures.

Anand Rai
Presales Lead
Intellect Design Arena

How can wealth management firms reduce operational costs?
Watch Video

The wealth management firms definitely can reduce the operational costs by getting rid of most of the manual processes. So if we have automated processes, like let's say a simple example of aggregation of information. So most of the time we have seen that it is a manual thing, wherein the data from various legacy system need to be first need to be uploaded in the system to come up with up complete portfolio 360 degree view. But if that can be automated by using APIs or the microservices, and the data can be fetched at single place and can be presented in a more meaningful manner, that is what we need to do.

How can Relationship Managers increase productivity?
Watch Video

RMs in a typical day, they have to do lot many stuff. They need to service their customer, they need to do sales, they also need to take decision on behalf of their customers. Now the only way we can empower relationship managers or help relationship managers is by empowering them with the right set of tools. So when I say right set of tools, those should enable relationship managers to have effective conversation and take informed decisions on the behalf of the customer. So when I say that, mobility is just the starting point, and if we provide relationship managers information anywhere on the go, anytime, and as well as the complete portfolio 360 degree view, while keeping compliance in the periphery and the boundary, I think that is going to help relationship managers.

Martyn Crespel
Director
PraxisIFM

End of Service Benefit within ADGM/Abu Dhabi: What are the main considerations?
Watch Video

For the end of service gratuity scheme, we're lucky to have a government entity as our anchor client. It is quite clear that they want to do the right thing for their employees. We think that the government of the UAE are also quite keen, having seen some rather high-profile bankruptcies where employees have been left with largely nothing in the scheme because there is no legal requirement to separate the fund from the balance sheet. We are aiming to re-educate companies to help them in reorganising, helping them to identify the risk, and to identify how we can get them to where they need to be, at the same time protecting the employees' rights. ■

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The UAE Wealth Management Market: A Diamond in the Raw for Providers and Clients Both

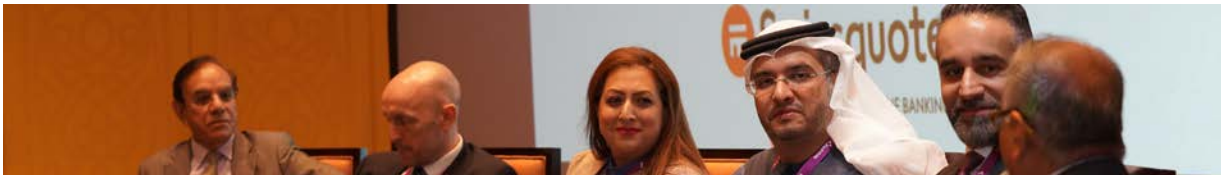
The state of the wealth management industry in the GCC was debated by an erudite panel of experts during the first panel discussion of experts at the Hubbis Middle East Wealth Management Forum. These professionals concluded that although dramatic strides forward had been made by both the authorities in the region and the private sector, there is still much work to be done before the industry can realise anywhere near its full potential.

These were the topics discussed:

- *What's your best and worst possible scenario for this industry in the next three years?*
- *What's your USP?*
- *Which clients are the focus? What segments are the focus?*
- *Long-term success in the UAE is based on what?*
- *What's the evolution of AI, data and digital in banking?*
- *How is the legal and regulatory landscape developing?*
- *It's been a tough few years - when will the market bounce back?*
- *What are the developing regional opportunities you can service from Dubai?*
- *Does the quality of talent fall short in comparison to Singapore, London and New York?*
- *How are you dealing with the hunt for talent?*
- *How can you transition clients to the next generation of bankers?*

PANEL SPEAKERS

- **Malik S. Sarwar,** CEO, K2 Leaders
- **Muneer Khan,** Partner, Financial Markets, Simmons & Simmons
- **Ashok Sardana,** Managing Director, Continental Financial Services
- **Ayesha Abbas,** VCGM, Head of Priority and Premium Segments, Standard Chartered Bank
- **Paul Cox,** Regional Head of Wealth Development, MENA and Turkey, HSBC Bank
- **Saif Al Keem,** Head of Priority Banking, Wealth Management, and Liabilities, Abu Dhabi Islamic Bank



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THE KEY OBSERVATIONS

There is huge potential in the UAE

The penetration of clients by wealth management firms in the UAE is estimated to be less than 5%. Although there is considerable potential in the wider region, one banker suggested mining the diamonds at home first, before spending too much time on more difficult markets, including Africa.

Legacy planning is a key area of interest

As more HNW clients understand the appeals of wealth management, more of them are organising their legacy and succession planning more professionally. There is both a great opportunity for the industry in this area and also a responsibility for the providers to concentrate clients' minds on this.

Good advice is no longer a luxury, it is essential, as is professionalism

As the wealth management industry expands, it is becoming gradually more professional, and for the industry to survive and prosper, the quality of its personnel and their expertise are vital. The local banks in the UAE are well regarded by the locals, and they can leverage that trust to boost their penetration in the wealth management market.

In a global world, greater expertise is required

Relationship managers need to be increasingly well versed in cross-border matters, to help cater to the needs of their increasingly globalised HNW clientele.

Good governance and conduct are vital

Governance must pervade all areas of the institutions in their wealth management offerings, and the top management must embrace this and instil these robust good practices as the cornerstones of their firms' cultures. This can no longer be considered simply a box-ticking exercise.

Self-certification and regulatory oversight

Better standards must come about through improved training and practices, as well as from tighter supervision from the regulators. In other words, the drive towards excellence must be from within and further propelled from the regulators who are increasingly following the conduct and accountability initiatives of the European and leading Asian regulators.

Talent should be nurtured and encouraged

To success, the firms plying their wealth management trade in the UAE must bring in talent, nurture that talent, then retain those people in order to boost the client experience and to maximise returns for the firms.

Remuneration should be fit for purpose

The appropriate remuneration structures for client-facing RMs and advisers should be in place in order to align the interests of the RMs, their firms and their clients, and to encourage best practices and greater client centricity.

Pricing and transparency must be improved

In all areas of commissions and advisory fees, there is room for greater pricing transparency for the clients. This is not just something the regulators the world over are focusing on, this must also come from the wealth management firms themselves under their wider drive towards rectitude and quality.

MALIK S. SARWAR
K2 Leaders

THE DISCUSSION BEGAN WITH AN EXPERT FOCUSING ON SOME OF THE POSITIVE DEVELOPMENTS that have been taking place in the UAE. He first looked at some of the key areas the bank is focusing on, including legacy planning, noting that as an industry, the professionals operating for their clients should be making this as easy as possible. "I think we even have a duty in this regard," he remarked. A fellow panellist concurred, adding that many of those working in the UAE are also expatriates, so this drive towards legacy planning is not directed only at the HNW clients and families, but also the well-to-do expats who need to organise themselves efficiently.

Good advice core to the proposition

Another panellist agreed that good advice is essential for the market to progress and commented that the personal touch is essential. "There is a strong degree of trust amongst locals in the region for the banks here, actually," he remarked, "and that augurs well for the many opportunities out there in this market."

And another panel member agreed, adding that the banks and advisors must be well versed in cross-border matters, in order to be able to cater to the needs of an increasingly global clientele, as well as highly focused on governance, which he said must be core to how providers run their business, and of course how they deal with clients. "I am pleased to see that banks and institutions are paying real attention to this nowadays, it is no longer just a box-ticking exercise.

MUNEER KHAN
Simmons & Simmons

ASHOK SARDANA
Continental Financial Services

Many positive, great opportunities

There was a broad consensus that the positive conditions for the wealth management industry in the region - where many panellists said they have been enjoying record trading conditions - will continue, barring unforeseen events. "The key," said one guest, "is for the players to service our clients to the best of our abilities, and this is certainly an area we can all improve on. I myself am very bullish, but we have to improve standards, we cannot just wait for the regulators to impose their demands."

"Yes," agreed another panellist, "and the regulator is actually there to protect the consumer and to protect the banks as well, so, for example, the drive for the certification of relationship manager will help ensure they are well-equipped for the role, knowledgeable about investments, insurance and everything related to wealth management, and generally better placed to advise clients in their best interest."

Governance must be prioritised

Another guest added that there is also much more to do in this area. "Actually, if we look at the regulatory regimes across Europe, we are still scratching the surface here," he observed. "However difficult we think it might be, bringing in the tighter regulation improves customer transparency, improves customer protection and must absolutely be embraced by the industry."

AYESHA ABBAS
Standard Chartered Bank

Invest in your talent

One guest pointed to the need to invest in talent, then nurture that talent and retain them for the health of the business. "We must ensure that end to end, they

WHAT ARE YOUR BIGGEST REGULATORY AND COMPLIANCE CHALLENGES FOR THE YEAR AHEAD?

Price, Fees and Transparency

Conduct, Governance and Accountability

Technology and Cyber-security

Source: Middle East Wealth Management Forum 2020

are aware of the products, the proposition, the regulations, risks and the whole range of areas in the wealth management arena," they said. "And making sure that we have the right remuneration structures in place is also essential, as that helps to then ensure that they are doing what is right for the client and hence also what is right for the bank. The right people will always be core to the success of our businesses, so we pursue a lot of internal training on our internal processes and sometimes products, and then we bring industry experts from across the world, whether they are in other parts of our bank, or other competitor banks sometimes, essentially people who are subject matter experts in each of their field. It is all about the best practices from the rest of the world."

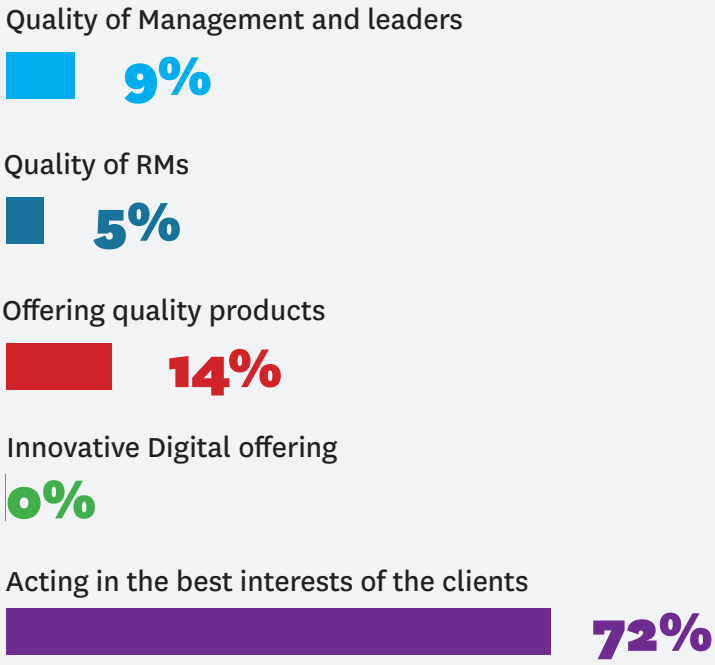
PAUL COX
HSBC Bank

From the top down

"And it must absolutely come from the top of each institution," added another expert, "with the top management fully committed to this, not just in word but in practice." The Chair concurred, noting the saying that ice melts from the top. "Leaders change cultures and cultures change organisations," he remarked. And with that, he asked the panel to highlight any key areas they had been working on to enhance transparency and client experiences.

A banker highlighted just one area their bank had been focusing on in the past year. "Onboarding," they commented, "is a key touchpoint for clients. How

LONG-TERM - WHICH ARE THE MOST IMPORTANT DRIVERS OF A SUCCESSFUL WEALTH MANAGAMENT BUSINESS



Source: Middle East Wealth Management Forum 2020

smooth, how transparent, how efficient it is. This is vital as this is the first step after the marketing that has brought that client to the bank, and it can leave a bad taste in the mouth, and that can set the tone for the later relationship, it can be difficult to repair. So, one of the things we have seen, not just here in the Middle East but also particularly in Europe as well, is the large financial institutions acquiring technology firms, Fintechs, RegTechs and so forth. Remember that more and more of the next generation of clients do not actually want to go into branches, they want digital connectivity."

He added that the Dubai International Financial Centre (DIFC) has been developing the FinTech Hive to promote startups in the area of digital solutions, including KYC. "This is clearly a really important area," he commented, "and they need to make sure it works, and it needs to span UAE Federal law here for AML, DFSA regulations, and also the Abu Dhabi rules as well."

SAIF AL KEEM
Abu Dhabi Islamic Bank

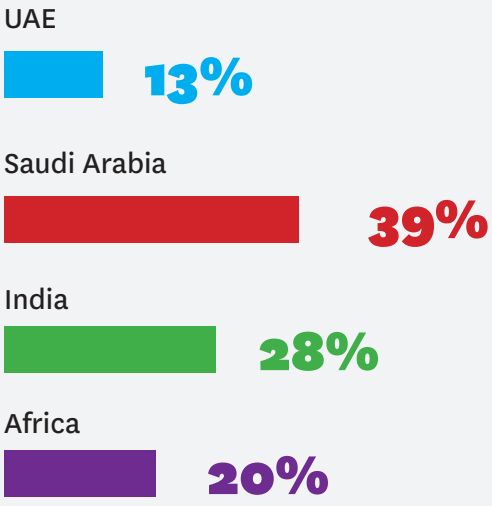
Client centric behaviour

A fellow banker highlighted initiatives to target their 100 plus RMs in the region more directly to the client needs and expectations. "It is all about client centricity," he comments.

The discussion then adjusted somewhat to take a wider-angle perspective, with a guest highlighting opportunities in Saudi Arabia, where he indicated the authorities were keen to develop the wealth management proposition, and where they were also moving to improve the regulatory practices.

"We see them taking more action, privately and quietly, on cross-border activity relating to some of the larger institutions," he noted. "The basic rule of thumb they are focusing on is if you are promoting

YOU'RE BASED IN DUBAI – AND WHEN LOOKING AT MENASA – WHERE IS THE BIGGEST GROWTH OPPORTUNITY FOR WEALTH MANAGEMENT IN THE NEXT 3 YEARS?



Source: Middle East Wealth Management Forum 2020

financial services in a jurisdiction, you need to be regulated and licensed in that jurisdiction by the relevant regulator. I just wanted to flag this."

"Times have changed," said another guest. "Some of the previous practices which were tolerated are today no longer tolerated. I think there are various drivers, for example, the economies of scale they need to create their own viable financial system, so they are trying to encourage the growth of the firms on the ground and jobs, they have their own financial centres and they have their own economic visions and economic plans, and clearly, the growth of their domestic financial markets is core to that, so the regulators are tuned into that strategy. In short, just because something has been done in the past, it doesn't mean that you can carry on doing that in the future."

Diamonds in the raw

"Realistically," came another voice, "let us focus on the UAE, where penetration of clients in the wealth management market remains at less than 5%. There are diamonds sitting in our backyard and so let's focus on those first, and not worry about Saudi Arabia so much, or Africa. In fact, it is easy to get lost in Africa, and we have so much to do here first, there is so much opportunity."

Another expert, whose bank covers Sub-Saharan Africa, the Middle East and all the way to Pakistan, said that nevertheless, Africa is an important market for the bank for the future, but each market is so different there, for example, what will work for Ghana will likely not work for other countries. "With the right approach," he observed, "we have been enjoying tremendous growth in those markets in the last three years, and we actually remain very bullish."

The discussion shifted to pricing and transparency, with a guest highlighting the importance of the client understanding what they are buying and also understand how the price relates to value.

"And in the world of Syariah finance," another expert added, "it is absolutely essential to be fully transparent, with no hidden charges, and with bankers giving the right advice to the customer. We ourselves strive to be very transparent and to make our recommendations very clear. Moreover, even once we make a deal with the client, there is a call-back notification, to make sure that all terms and conditions are fully clear to the client and he accepts that."

Another banker closed the panel discussion by remarking that the regulator will become more persistently involved in this whole area of pricing and transparency. "If you look at other markets and action regarding trailer fees and share classes, we will likely see their introduction here in the future," he predicted. ■

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The Middle East and the Multi - Family Office (MFO) - New Horizons for the Region's HNWIs

The expansion of the family office concept across the globe has not been missed on wealth management advisers and wealthy families in the Middle East. The independent asset management model has been gaining greater traction in recent years as the region aims to develop its financial centres, especially in Dubai, Abu Dhabi and Bahrain. And the Multi-Family Office (MFO) is a natural extension of that phenomenon. Hubbis invited a panel of experts to offer their views at the Middle East Wealth Management Forum.

These were the topics discussed:

- *Why start a MFO in the GCC?*
- *The vast majority of AUM remains with private banks and bankers - with investment decisions still driven by the client on an advisory basis. Will this change? What's thevalue that a MFO brings? How do you compete?*
- *How will Private Banks and Independent Firms collaborate or compete in the future?*
- *What are some of the common challenges for the IAMs/MFOs today? IT, HR, Ops, Compliance?*
- *How are you improving your platform from an investment and operational perspective?*
- *What is your target segment of clients?*
- *How are you evolving your client service?*
- *Where will new clients come from? UAE, Bahrain, Abu Dhabi, Europe, Eastern Africa?*
- *Are the majority of MFOs firms truly independent? How should clients decide which firm is best to use?*

PANEL SPEAKERS

- **Malik S. Sarwar,** CEO, K2 Leaders
- **Madhavan Sivashankar,** Founder, CEO & Member of The Board of Directors, Gulf International Finance
- **Prashant Tandon,** CEO, Managing Director, Lighthouse Canton
- **Fadi Barakat,** Portfolio Management and Advisory

Link to Event Homepage

THE KEY OBSERVATIONS

Independents on the rise, so too family offices

As the independent asset management model increases in prominence in Dubai and Abu Dhabi, so too is the family office concept gaining greater traction, mirroring to some extent the dramatic rise of the single-family office (SFO) and multi-family office (MFO) across the globe.

More private bankers taking the plunge

There is an increasing number of private bankers migrating to the IAMs and family offices in the region, attracted by the relative independence and perhaps the opportunity to be even more client centric.

The MFO can provide a broader array of services and offerings

A full-service MFO can combine asset management of mainstream financial assets, with the ability to offer family clients access to a broader range of private investments, and real estate, even help with major lifestyle investments such as luxury yachts, art and also 'concierge' style services to help the families with education for their family members, travel logistics and so forth.

Migrating IAM and MFO models back to the Middle East

Wealth management firms operating in Singapore and Hong Kong, or those from the UK or Switzerland, often have a conservable base of Middle Eastern clients. It is a natural step then to establish operations in Dubai or Abu Dhabi to further serve those clients and then to build up more clients locally.

Dubai making solid progress

The Dubai International Financial Centre (DIFC) has been making substantial progress as a regional financial centre, in terms of regulations, the availability of structures, and the diversity of service providers.

The IAM and MFO models must prove their sustainability

While there are more bankers willing to take the jump from their private banks to the IAM or MFO space, the industry must ensure that they stay long enough to properly service the clients. Assuming these arrivals have bought into the concept, well-tuned remuneration structures are essential to retaining this talent.

The MFO offers broad access to best-in-class

The MFO can offer clients a range of private banking custody solutions at perhaps better prices than those clients could obtain themselves. And the MFO can access the broadest range of transaction services from the online platforms or private banks, as well as obtaining research from best-in-class providers.

Outside the pressure-dome

Away from the private banks, relationship managers are not pressured in IAMs or MFOs to offer in-house product, and can, therefore, present and promote a more objective, comprehensive, and global picture of opportunities for their clients.

Control your costs

Whatever the advantages of the MFO - and there are clearly many - the founders must be very cautious about racking up unnecessary costs, especially in the early days.

Highlight your key strengths

To survive and prosper, the MFOs must highlight all of their key strengths and must place a continual emphasis on transparency and quality.

MALIK S. SARWAR
K2 Leaders

THE COMBINATION OF EX-PRIVATE BANKERS ACTING AS RELATIONSHIP MANAGERS, custody remaining with the private banks and product/execution conducted through the several major digital platforms is a compelling and relatively low-cost proposition for IAMs and MFOs. Is this type of business model gaining traction in the Middle East markets?

One particular model, a guest explained, is to operate out of Asia as a full-service MFO and asset management business. "For example," he explained, "on one hand we provide advice to clients, especially ultra-HNWIs, single-family offices (SFOs) and institutions on managing their investment portfolios and also on their requirements which are outside the realm of conventional private banking, be it providing consolidated reporting, analytics, bookkeeping, accounting, providing concierge services, and so forth. And expanding into the GCC is natural, to build on existing relationships and leverage our unique service delivery and framework. Dubai is an ideal location, as from there, we can also service even Asian clients."

He explained further that in Singapore the firm operates through a capital market services license, and in the Dubai International Financial Centre (DIFC) with a Category 3C license, allowing for advisory on investments, custody, credit and for asset management. "We are independent and work with a network of private banks, thereby offering bespoke solutions," he reported. "And

MADHAVAN SIVASHANKAR
Gulf International Finance

PRASHANT TANDON
Lighthouse Canton

with a very strong investment banking capability, we can offer solutions through to clients on an institutional scale."

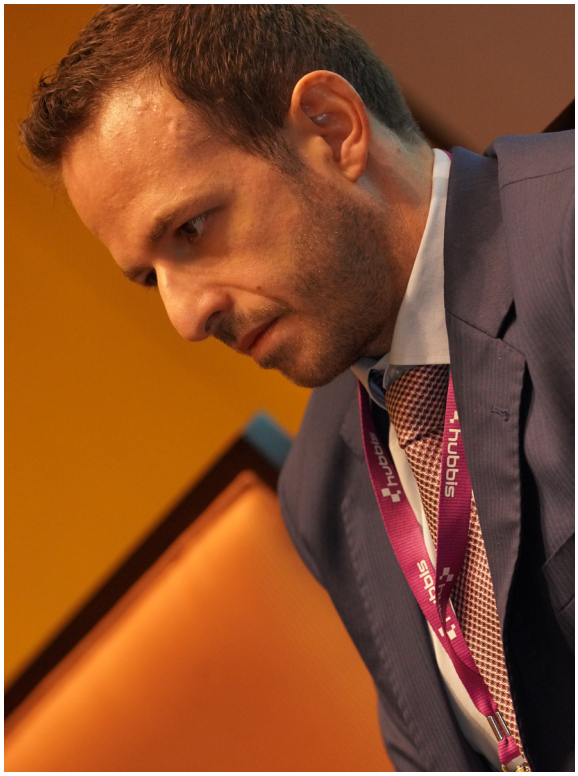
The DIFC shines

Another expert picked up on the role of the DIFC and progress to date. The DIFC, he commented, is the regional centre that can perhaps be most compared to Singapore in Asia, and that has been progressing steadily, with considerable growth in the IAM space and family offices in recent years, with different business models, but all based on greater transparency and quality of advice and service.

"The MFO concept is just slightly different," he noted. "It is not really a business per-se leading to a commercial business needing to generate revenue, as it supports a group of families. There is talent available, as people are getting tired of the bigger institutions in terms of compliance, the lack of flexibility to do business, and so forth, so the family office is definitely gaining traction."

Sustaining the model

Another guest observed that attracting talent is not so difficult, but retaining that talent is more problematic. "There are plenty of senior bankers wanting to move to the independent space, but it is tough," he remarked, "so often it is necessary to start with the old models of retrocessions and commissions, before evolving to a more acceptable and transparent fee building business. The key challenge is, therefore, sustainability, working with a credible platform which follows the concept of transparency, and at the same offering an institutional-grade platform and a solid network of banks behind. That means the senior bankers moving over will look for platforms which are evolved in this space, offer the kind of the breadth and the depth that sophisticated clients need before they might head to a family office."

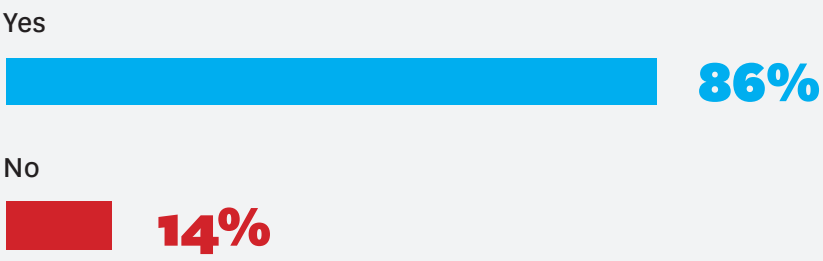


FADI BARAKAT
Chief Investment Officer

Keeping the talent

The discussion moved on to revenue sharing, in other words, the split between the RMs and the

DO YOU EXPECT MFOS TO GROW IN UAE IN THE NEXT THREE YEARS?



Source: Middle East Wealth Management Forum 2020

MFOs or IAMs. "Revenue sharing is part of the issue," said one expert, "but it is more about the sustainability of the business, so the bankers which genuinely add value to the life of a client would tend to thrive in an independent advisory model, no matter what the pay-outs are initially. The pay-outs are generally higher in the IAM and MFO model, compared to private banks, but there is a lot more heavy lifting required to generate the revenues." And of course, outside the cosiness of a major brand name bank, there is less security.

"The key," came another voice, "is the relationship. If the bankers leaving the private banks believe they have close relationships and can build more of such, that is where they can be successful."

A new arrival

Turning to the current situation in the GCC, a guest observed that the first MFO was in the US more than 200 years ago, whereas the early family offices in the region date back less than a decade. "The concept is new, and that has a direct correlation with the talent you can attract," he observed. "The talent still largely wants to pursue a private banking role, even though with open architecture on offer through the MFO, there is a really exciting opportunity both for the bankers and the smarter clients."

The panel then looked further into the advantages for clients of working with an MFO. "By working for an MFO you are dealing with quite a number of private banks, brokerage firms, and other service providers," one expert noted. "So you are able to aggregate ideas, expertise and research as well and select out the best in class for your clients. As an individual within one institution, you often have to promote the house view, whereas through an MFO or IAM you can present and promote a comprehensive, global picture."

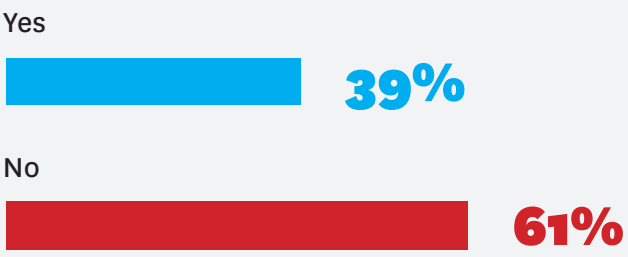
Multi-faceted

Another guest explained that the MFO banker can work with clients across multiple disciplines and asset classes, across the whole matrix of investments, rather than being siloed. "You can work across the client's financial portfolio, or private equity, or a host of other assets and opportunities and be the link to promote the other experts and link the whole matrix to fit within the family circumstances, within the footprint, and take on board cross-border issues, tax efficiency, and so forth. It is a more comprehensive offering."

"The key is the relationship. If the bankers leaving the private banks believe they have close relationships and can build more of such, that is where they can be successful."

Another expert added that the different banks have different strengths, some better in fixed income, some better in the equity markets, some expert on certain markets and geographies. "Our job through the MFO," he said, "is to identify and select which are the best offerings and then filter them for the clients. We are not obliged to sell a product of the month, there is no pushing of specific ideas because the bank is issuing a big-ticket deal and we need to spread it across clients. We can be much more focused and personalised for the clients."

ARE INDEPENDENT WEALTH MANAGERS REALLY INDEPENDENT?



Source: Middle East Wealth Management Forum 2020

Staying private for custody

As to custody, the panel considered that the private banks still have the upper hand over digital platforms as they have a reputation for stability, the credit ratings, investment banking arms, the corporate business side, and of course the lending capacity. "Even for execution some clients will prefer the classic banks because of credibility, history, and so forth," he commented. "Moreover, the banks also produce bespoke research, which the clients like."

"The successful banker who joins an MFO or IAM will be a banker who has clients who are multi-banked, and moving to a family office which has a network of relationship with private banks already established will then help them literally plug and play."

Another expert observed that at present, while the private banks remain the forefront for clients to provide custody and execution, and most importantly for the clients balance sheet, for a certain segment of clients when they have large enough wealth, the MFO and IAM can offer more institutional type asset management and strategies, while still retaining custody with the banks. "Looking ahead," he added, "the trend favours technology, so traditional financial investments will tend toward the digital and online platforms."

Collaboration

"I think in the future, the private banks and MFOs will have to collaborate," another guest remarked.

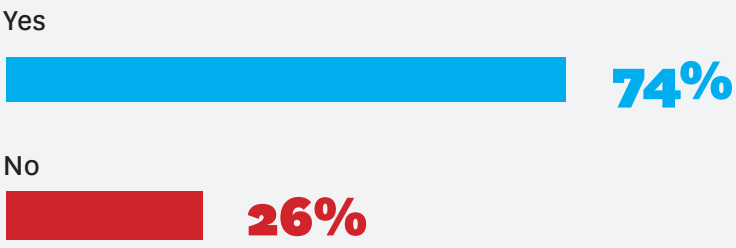
A panellist commented that his MFO operation has been growing rapidly in Asia and the Middle East, boosting AUM from just USD30 million in 2014 to almost USD1.5 billion today, and present in three different geographies and five different locations. Moreover, with no external debt and as an employee-owned firm, the business is extremely focused on how they invest in infrastructure, technology and people.

"We are very cognizant of profitability, but not profitability at the expense of the client," he remarked. "We must be fully transparent in order to have a sustainable revenue stream, which we have achieved, and which sustains us in any difficult market conditions."

Another panel member observed that when establishing an MFO or IAM, cost control is essential. "There are also many hidden costs," he reported, "so just budget carefully, look two to three years ahead and be aware of surprises. And choose people very carefully, take a deep dive when choosing bankers, understand their plans and what sort of time frame they can really deliver on. You must look carefully at both the cost and the revenue stream and really try to balance both in the best way."

"The successful banker who joins an MFO or IAM will be a banker who has clients who are multi-banked, and moving to a family office which has a network of relationship with private banks already established will then help them literally plug and play."

DO YOU THINK WE WILL SEE CONSOLIDATION IN PRIVATE WEALTH MANAGEMENT IN UAE IN 2020?



Source: Middle East Wealth Management Forum 2020

Plenty of advantages

The panel then reviewed some of the key advantages for clients of working with MFOs, including a more personalised service, a more deep-dive analysis of their needs, greater flexibility, a broader range of ideas and opportunities from multiple sources, greater product or asset agnosticism away from the pressures of 'product pushing' less hierarchy, fewer politics, and greater collective identity and direction, an agile investment committee to help seize opportunities, greater product diversity and differentiation, and additional focus on risk management.

The final word went to experts who conceded that the MFOs are not immune from the widespread pressure on costs and revenues in wealth management. "We need to be nimble, and we might also need to consolidate, that scenario is actually already playing out," one guest observed.

The final word went to an expert who said that the MFO and IAM model must be all about transparency, as it is that which is required to win over and retain clients who are seeking a more personal, more transparent and higher-quality offering. ■

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The Evolution of the Advisory Landscape for Wealth Management in the GCC

For wealth management to thrive in the Middle East, the quality of advice on investments, wealth structuring, and estate planning must improve. A panel of experts at the Hubbis Middle East Wealth Management Forum gathered to debate the state of the industry, and just how far the protagonists have come in their efforts to professionalise and expand their industry.

These were the topics discussed:

- *What developments are we seeing in Islamic Wealth and Asset Management?*
- *Delivering investment products and advice to clients - time to re-think everything?*
- *Quality of advice - what's different in the GCC vs Europe and Asia?*
- *How are clients looking to diversity into -*
  - Managed Investments
  - Non-correlated assets
  - Private Assets - Debt and Equity
  - Income generating assets
- *What innovative investment solutions are UHNW clients looking for?*
- *What new structured product solutions are clients eager to engage?*
- *Is it likely that clients will be more interested in discretionary?*
- *How will we move to a fee for service and deliver advice?*
- *How do we justify that fee?*
- *What are the services we are charging and what do clients get?*

PANEL SPEAKERS

- **Tomasz Bortnik,** Head of Wealth Management Product – UAE & Bahrain, Citi
- **Asad Khairi,** Regional Head Investment & Insurance, Middle East, North Africa & Turkey, HSBC Bank
- **Malik S. Sarwar,** CEO, K2 Leaders

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THE KEY OBSERVATIONS

Segmentation essential to targeted wealth management

Segmentation is on the lips of private banks and wealth management businesses across the globe, as providers seek to tailor their offerings to the client's wealth and sophistication. This is increasingly evident in the GCC as not only is the private wealth of the HNWIs and ultra-wealthy rising rapidly, so too are the middle classes expanding their wealth and their outlooks.

The GCC is a more traditional market

There was agreement amongst the panel that the GCC as a region is perhaps more conservative in its approach and therefore digital tools are better employed in the background, not client-facing in the form of robo-advisories and other digital interfaces. In short, the traditional delivery methodologies for wealth management look set to prevail for the foreseeable future.

Innovation can add value, but the human touch is required

Adding further insight, panellists advised firms to focus their innovation and technology efforts to make the journey smoother for their clients, while boosting the quality and expertise of their client facing RMs and other team members.

The GCC is receptive to ideas, but again traditional will win over the clients

The GCC market's more traditional client base will be attracted by variations on traditional products but is wary of more esoteric offerings. For example, there has been considerable demand for fixed maturity products, which is wealth management parlance for a variation on traditional fixed-income investments, and as they offer diversification, predictable yield, and very diversified credit risk.

Diversification a watchword

With the US and other markets having performed so unexpectedly well in 2019, many investors and analysts are unsure of their next moves. The panel therefore strongly advised diversification across different countries, and different regions, as well as staying invested and disciplined.

Gain access to best-in-class

The IAM and MFO models, both of which are on the rise in the GCC, offer clients access to a broader range of best-in-class services from those private banks, digital platforms and asset management firms they deal with.

Not fully ready for thematic investing

As noted, the GCC is a traditional market, and while the concept of ESG-driven investment is on the rise globally, the panel felt that growth in the region will be modest for the time being. Later, when ESG truly proves itself to offer better returns, as well as a better ethical stance, the market might migrate more towards it.

Going private - best for the very wealthy

The HNWI market and the mass affluent segment will tend to stick to mainstream public financial investments and lower-entry-cost products, while the very wealthy and the super-wealthy families will migrate more towards private equity, private debt, and commercial or super-luxury property.

Discretionary management will catch on

As more IAMs arrive on its shores, as more MFOs are launched, and as private banks seek more sustainable revenues, the discretionary portfolio management (DPM) model will gain more sway.

Reaching out to all and in all ways

Omnichannel is essential for the future, especially as the younger generations inherit or build their wealth.

Planning for your legacy

And for the older clients, legacy planning is a key element of the wealth management offering that is gaining greater sway in the region.

TOMASZ BORTNIK
Citi

SEGMENTATION WAS THE FIRST TOPIC FOR REVIEW, with a banker explaining that the level of advice and the type of customer service must, of course, be driven by the relative wealth of the client.

"But the first point I would make," he said, "is that digital advice and robo-advisory and its potential disruption has not impacted the traditional way of delivering advice to our client. Some of the technological innovations do actually help us, but not to the detriment of the traditional business model. The traditional RM role, the traditional wealth management adviser, remains at the very centre of what we do."

The human touch

He added that the key focus is on the quality of advice, high-quality research, and advice delivered to the client by the RM, who is supported behind the scenes by the portfolio counsellor. "In short, innovation complements the traditional model of advisory and for us, and the clients like it."

An expert on the US market remarked that the wirehouses such as Merrill and Morgan Stanley dominate the wealth management market, with AUM he estimated of about USD2 trillion each, and increasingly by the discount brokers such as Fidelity and Charles Schwab, all of which are leading the way in terms of products, delivery and pricing.

A bias to traditional

The Middle East market has seen a rise in the

ASAD KHAIRI
HSBC Bank

MALIK S. SARWAR
K2 Leaders

popularity of fixed maturity products, which is wealth management parlance for a variation on traditional fixed-income investments. "These have become quite popular in the last 1-1/2 years," a guest reported. "They have the characteristics of a bond, but they represent many bonds packaged into one instrument, so what the customers are receiving is basically a very diversified fixed income bond fund with a fixed maturity which is predictable. I myself like these instruments for the diversification, predictable yield, and very diversified credit risk. From a management fee perspective, these do not produce such high returns for the banks, and from the client's perspective, they offer good value."

"Some of the technological innovations do actually help us, but not to the detriment of the traditional business model. The traditional RM role, the traditional wealth management adviser, remains at the very centre of what we do."

Focusing on market volatilities, an expert remarked that few, if any, had expected the S&P 500 in the US to perform so well in 2019, and so many other indices to produce double-digit gains. "Diversification across different countries, different regions have been a key element of advice," one guest reported, "and to stay invested, as well as staying disciplined."

Obtain a wide-angle view

A panellist pointed to a slide that showed the S&P 500 at 666 on March 9, 2009. "Who would have imagined it would drop as low as that and then rise as far as it has today," he remarked. "And if we look at what leading banks have said along the years, we see they get some predictions right and some wrong, so a very mixed record really. For example, a year or so ago many thought the 10-year US Treasury yield today would be nearer 3%, and it is nearer 1.7%, which is why it is really advisable to take research and advice from multiple sources, which is where the family office scores highly."

"No fund managers perform well consistently," he added, "which is why we need asset allocation, rebalancing, and changing of managers from time to time, so this is an art and science business, not a science. And don't try to time the market, that is almost impossible to do."

ESG? Maybe, but slowly...

ESG investing is a theme that is catching on in the UAE, although it is very early days. "There is a lack of awareness in this region when it comes to ESG," a guest observed, "but there is a lot of effort being made to spread the concept, as the next decade should indeed be dominated by this theme, and will become integral in the investment business."

Another view came from a panellist who said that if a client is offered a fixed income product yielding 3% and compliant with ESG principles, or a non-ESG bond offering 4%, they will likely still buy the latter. "Yes, the ESG theme is building, but I don't necessarily see that is a major factor determining customer behaviour. Having said that, awareness is rising, and we can all see the vast sea of plastic in the oceans, for example, so I think we

DO YOUR CLIENTS SHOW ANY REAL INTEREST IN ESG?

Source: Middle East Wealth Management Forum 2020

Another guest pointed to studies highlighting that more ESG-centric portfolios can often result in outperformance. "And I think that in fact some of the younger generations, the Millennials for example, like my own children, will actually sacrifice some return in exchange for more principled type investments. In short, there is a greater change ahead."

Go private, ultra-HNWIs

Turning to the balance of public versus private investments, a senior banker explained that private investments, whether equity or debt, are better suited to the very wealthy investors, while the average HNWI is still focused on public markets and lower entry-cost products. "The availability of private products to the mass segment is usually limited," he explained, "as the minimum investment and liquidity constrains, so this is determined very much by client segment and the size of the portfolio."

Another perspective was offered by a panellist who noted that there is today an estimated one trillion dollars, or more, sitting waiting for PE opportunities, as these investments have generally been outperforming most public markets, but there are not enough deals to go around.

The same guest pointed to the USD5 trillion-plus ETF phenomenon in the US, which is much more suited to the mass affluent space and HNWIs. "ETFs are arriving in the Middle East, but this is very early stage, so there is huge opportunity," he remarked. "It is important to recognise what the tsunamis are that might come this way and how you position yourself ahead of time to make yourselves relevant for clients, and for ETFs the entry costs are very, very low. Then you need to think about how you package it to also make it worthwhile for the bank as well as for the clients."

Will self-directed investment at very low trading costs win out over advisory-led or DPM mandates at fees of 1.5% or perhaps more? One expert indicated that it depends greatly on how much the investor actually knows and whether he trusts his judgement, or prefers to go to a professional who is accredited and licensed. Another panellist observed that those customers who want a more complete relationship with their wealth managers prefer to work closely with them. And for those who are more sophisticated and more knowledgeable, perhaps they will prefer self-directed, or perhaps to work with the robo-advisory and digital platform solutions.

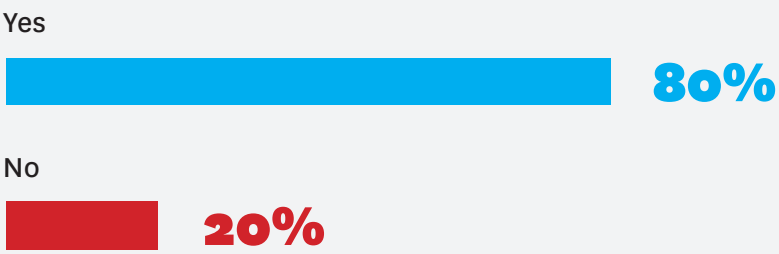
"Generally, the competition is becoming fierce nowadays and customers are getting more and more cost-conscious, but for those who really want to engage with their banks, it is less price-driven."

"Generally," said a panel member, "the competition is becoming fierce nowadays and customers are getting more and more cost-conscious, but for those who really want to engage with their banks, it is less price-driven."

Omni-channel and relevant

The banks must offer all solutions to prosper, another

DO YOU THINK YOU CAN MAKE MONEY OUT OF NEXT GEN CLIENTS?



Source: Middle East Wealth Management Forum 2020

explained, "so whichever way the customer touches you, at whatever time of day or night, the connection must be seamless. And you need to charge appropriately for the extension to this, which is discretionary, advisory and transaction."

The effort to appeal to the younger generations can be boosted with any number of incentives. One expert explained that his bank offers a free premier account for any immediate family members, thereby helping to win over or retain the younger generations. "The other piece we are trying to work on is legacy planning," he reported, "which is a complex topic for clients to work through, and that also helps boost the continuity of our bank's relationship with our clients and the next generation."

"But remember that the life expectations of the baby boomer generation are lengthening," said another guest, "so you must also recognise that these clients will remain with you for many years to come. Stay with the oldies, because these well-off elderlies are not going away any time soon, so actually this vast wealth transfer we hear of, trillions of dollars globally, will be slower than perhaps anticipated."

The final word went to a panellist who highlighted the two key trends towards digitalisation in the wealth management firms, and the greater focus on delivering products and solutions targeted to the relevant segments of actual or potential clients. ■

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Opportunities Aplenty in the Growing Market for Family Offices in the UAE

Is the UAE yet offering a competitive service in the single-family office and the multi-family office segments, both of which are seeing a rapid expansion globally and especially in recent years in Asia? Can the GCC region compete with Singapore, Switzerland, London and the Channel Islands? And is the Middle East client base interested in creating SFOs or using the services of MFOs in their own region, or do they prefer to keep these at some distance? A panel of experts deliberated these matters at the Hubbis Middle East Wealth Management Forum.

These were the topics discussed:

- *How is the UAE competing in the Family Office and Multi-Family Office segment?*
- *How does the UAE compare to Singapore, Switzerland, London and the Channel Islands?*
- *Family's from which countries are optimal targets for UAE FO/MFO's - what is the current experience and are their new developing trends?*
- *With economic substance tests and CRS, are mid-shore financial centres such as Singapore and Switzerland at a competitive disadvantage with the UAE?*
- *For Families utilising the UAE as a FO/MFO location where are the optimal booking centres for liquid assets - are we observing changes to the traditional booking centres (London and Switzerland) in favour of other centres (Singapore or Hong Kong)?*
- *Are the leading private banks and asset management platforms in these booking centres sufficiently focused on the UAE and delivering appropriate levels of custody, product and transaction related services? What could be improved?*

PANEL SPEAKERS

- **Ewald J. Scherrer,** Managing Director, Alpadis Switzerland, Alpadis Group
- **Laurence Black,** Regional Director, Client Solutions, EMEA, Asiaciti Trust
- **Ismael Hajjar,** Director, MENA Private Client Services, Family Enterprise, Family Office Advisory, EY
- **Nirav Dinesh Kumar Shah,** Founder and Managing Director, FAME Advisory
- **Vinod Krishnan,** Managing Director, Arch Corporation

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THE KEY OBSERVATIONS

Dubai making the right steps towards developing the DIFC

The Dubai government and the Dubai International Financial Centre (DIFC) have been working energetically and with true purpose to encourage and to develop the wealth management community, including a relatively easy residency process for those wanting to open or staff their firms.

DIFC starts to be comparable on various levels

The DIFC is increasingly able to offer a range of products, services and even quality of advice and execution that can compete with other international centres, including Singapore.

But more can be achieved to make the region's appeal broader

But the DIFC and also other centres in Abu Dhabi and Bahrain can think further about emulating some of the structures available in other markets. For example, Singapore's incentives for single-family offices, and new entities such as the Singapore Variable Capital Company are enticing more and more super-wealthy families to its shores. The GCC can offer a wider range of entities and incentives.

There are some negatives, but the location is in many ways ideal

Geopolitics in the region will always an issue, but the GCC is ideal for appealing to clients from the region, from Lebanon to the north, to African countries to the south and south-west, and even to India to the east.

Plenty of drivers for the family office space

Aside from the rapid expansion of private wealth, there is a great need for formalisation of family wealth, for preservation and for succession planning. The family office concept is an ideal structure for centralising and formalising all these vital areas.

The trust regime has improved, helped by common law

As some of the simpler structures in some of the more esoteric jurisdictions around the world lose their appeal due to global regulation and reputational issues, the trust and trust services sector in the GCC has improved significantly, both in quality and relative appeal. The availability of common law is another vital element, as this provides access to precedent based largely on British and also US law, and therefore offering clients both transparency and greater predictability of judgement.

Some are starting out, some are moving back to the region

Clients for the family offices in the region are both HNWIs and their families that are new to the concept of the family office but which have sufficient wealth to merit working through an MFO, and also other Middle Eastern families that have been working through offshore MFOs but which are happy to move some or all of their assets or structures back to the region.

Remember - every situation is unique

There is no one-size-fits-all for the family office space, as every family has different situations, needs and expectations. All services must be tailored to them, with providers making sure they fully understand the remit required.

Building the capital - from all aspects

The rise of the family office is not solely driven by financial capital preservation and management. It is also about family social capital, family governance and family values, all of which are vital to the longevity of the family's wealth and its integrity.

The inter-generational wealth shift is playing a major part

The growth of the family office market growth can be seen in the context of the massive inter-generational wealth transfer taking place globally, and also most certainly in the GCC and wide Muslim countries. Structures for holding, preserving, growing and later transferring wealth are therefore ever more essential.

Keep the lines of communication open

The issues wealthy families face are not new, even if each family's situation is unique. The vital element for all families and the wealth management experts who service their needs is to build and retain the most open and positive communication possible.

EWALD J. SCHERRER
Alpadis Group

THE HIGHLY TIMELY AND TOPICAL DISCUSSION BEGAN WITH AN EXPERT OBSERVING THAT THE DUBAI GOVERNMENT AND THE DUBAI INTERNATIONAL FINANCIAL CENTRE (DIFC) had been working energetically and with purpose to encourage and to develop the wealth management community. He noted that from a planning perspective, and from an economic substance viewpoint, residency in Dubai is as competitive, if not more so, than many other jurisdictions today.

"When you compare Singapore to UAE, we now have almost all the possible sophisticated options for structures available, but at the same time, we still need to catch up further. So for example Singapore has the new variable capital company option, and setting up a unit trust there is rather a long and expensive proposition. Residency is certainly much easier here than in Singapore, so creating substance here is easier. There are some solid advantages that the UAE has today."

Another panellist highlighted how within the region there is also plenty of competition to be the best international financial centre, as well as to be competitive with other centres around the world. "And this combined with relative ease of residence here is greatly helping the UAE position itself as a hub for family offices. However, the geopolitical situation of the region will always have an influence, although relative to some of the other countries in the region, for example Lebanon, it is more appealing, and Dubai, for

LAURENCE BLACK
Asiaciti Trust

ISMAEL HAJJAR
EY

example, is a great base for overseeing business and other interests in the region, rather than going further afield."

Drivers for growth

A panellist put his finger on the drivers for the growth of the family office space in the region. Aside from the rapid expansion of private wealth, there is a great need for formalisation of family wealth, for preservation and for succession planning, with principals/founders/patriarchs often needing to be dragged into this partly by the younger generations, or truly recognising those needs. And there is the need in the region for deleveraging, where many families have long-term assets, but suffer from short-term illiquidity pressures.

An expert reported that his firm was working currently on the creation of eight family offices, starting from the concept and vision, and then working through the infrastructure and legalities. "Actually," he explained, "all these family offices are for Saudi families and will not actually touch their international investments from the UAE, those will all be handled through Switzerland or London, or even Singapore."

"As the provider of trust services," came another voice, "from my point of view Dubai has all the ingredients to become an important venue for family offices, and if we look at the success of London, Liechtenstein, or Switzerland, clients are looking for stable banks, for good lawyers, good trust companies and for good accountants who are really used to work with international players. In short, Dubai has many of the right ingredients to be successful in this area today."

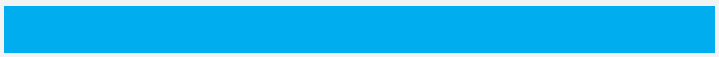
NIRAV DINESH KUMAR SHAH
FAME Advisory

More appeals in the GCC

Another view came from a panellist who noted that he had brought the first family office to Dubai, from Saudi Arabia, when the DIFC was first working to attract such operations. "At that time," he recalled, "our trusts were in the Channel Islands, our global custodian was in Switzerland, but we moved here because it is very close to the region where the family was based, and secondly

ARE MOST FAMILY OFFICES IN UAE A MARKETING GIMMICK, NOT A FULLY FUNCTIONING GENUINE ENTITY?

Yes



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No

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Source: Middle East Wealth Management Forum 2020

it was providing us common law protection which was being offered by the other jurisdictions."

He continued, adding that DIFC had been making some further commendable strides forward, and along with the rapid rise of private wealth in the region in the past 15 years, the stage is well set for further growth.

"As we see this," he explained, "there are two elements to the originators. First, there are those families with existing family offices in other well-known jurisdictions, and then there are those who are establishing anew. While there has been considerable progress in terms of regulations and incentives, we see nevertheless that most of the established family offices prefer to stay in those established centres, those established jurisdictions, so we still have a long way to go."

Another perspective came from a panel member who observed that not all the family offices being set up are actually family offices in the true sense of the term, as many of them have neither the intention to become a fully-fledged family office, nor the skills or people internally to do so.

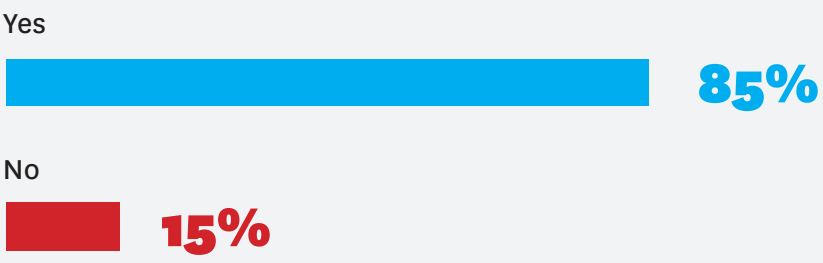
In the eye of the beholder

"Every family and their situation are unique," he remarked, "and the family office they create tends to reflect that. What we see is that the families setting up here want to do much more than just manage; they want to support family businesses, support their next generations, including for education, express and support the family through the family constitution, supporting the family on strategic matters which go far beyond wealth management, and offer a range of other concierge-style services to family members. We know there is a large amount of wealth in the region that is not well managed, and the family office helps tremendously to give the confidence to the family that these things are being professionally managed and consolidated through these operations."

VINOD KRISHNAN
Arch Corporation

A fellow panellist agreed that there are many manifestations under the broad term 'family office', including independent investment advisories, trust companies, private equity boutiques, and others, but there needs to be additional impetus on the creation of what, in more developed jurisdictions, would really be called family offices in the more accepted sense. That development will help the market expand and help families with a broader and better range of solutions through the family office entity.

DO YOU CONSIDER THE TRANSFER OF WEALTH TO THE NEXT GENERATION TO BE A BIG OPPORTUNITY FOR YOU?



Source: Middle East Wealth Management Forum 2020

Family capital, social capital

When considering the mission and advantages of establishing a family office, one expert observed that it is not all about financial capital, it is also much about the family social and human capital. At the top of the tree here is the SFO, he remarked, for which he estimated the family needs more than USD100 million of wealth, but the MFO is very viable for many families if it is a genuine MFO offering that is essentially a club of families served by the entity, which can act as a hub for the exchange of ideas and experiences for those families as well.

And he explained that to help convince new families that are new to the world of family offices, and who are also keenly trying to break away from the traditional patriarchal management of assets, he had helped create a not-for-profit family alliance. He brought families together, especially the next generations of the large families to highlight all of the key areas of social and human capital, the 'soft' side of family wealth management, including inheritance, succession planning, and other areas such as the challenges of working within the family businesses, the challenges of bringing non-family members into the businesses, and so forth.

"We were helped by some of the larger banks who spoke to these family members on a specific and broad range of skill sets that are required for the family offices," he reported. "These initiatives will, we expect, help develop the family office market commercially for us and for the broader market, which will hopefully benefit the region in the long run."

Another guest commented that the family office market growth can be seen in the context of the massive intergenerational wealth transfer taking place and that will accelerate in the years ahead. "All the challenges are connected with that overarching challenge such as getting the future generations to be responsible wealth owners, having the right legal structures and tackling this whole challenge professionally, in a more structured manner."

"Actually," said another guest, "none of these challenges are new, these have been the same for many families for many centuries, in fact, we can read about it in Shakespeare and other authors. "Since time in memoriam," he said, "people, families do not communicate well, they do not address the many key issues. As we see in the drama of Shakespeare, it all comes down to human character." ■

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Which jurisdictions do GCC based clients prefer to utilise for their wealth planning and trust structures? Is the recent availability of common-law trust structuring through the DIFC resulting in a boost for business there? Are wealthy clients remediating older structures, with the arrival of the CRS, economic substance and soon Mandatory Disclosure Rules? How does life insurance fit into wealth and succession planning in the region these days? A panel of experts debated these matters at the Hubbis Middle East Wealth Management Forum in January 2020.

These were the topics discussed:

- *Which jurisdictions do GCC based clients prefer to utilise for their wealth planning / trust structures? Is there any evidence of movement from traditional centres to new locations?*
- *Is the availability of common-law trust structuring through the DIFC seeing traction?*
- *For older structures, with the development of economic substance / CRS etc. is there sufficient focus on reviewing and remediating these structures? What are the opportunities here?*
- *For non-Muslims the DIFC Wills process is relatively expensive, in particular for Mass Affluent and lower segment High Net Worth clients - what is the process and cost implications and what are the options and pitfalls for alternatives to the DIFC Will for onshore assets?*
- *For some GCC based clients Common-Law Trusts may not be a suitable solution for their wealth transfers needs - what alternative structures are being utilised by which client segments?*
- *What are the trends in the utilisation of life insurance by GCC based clients? Is there a move from single payment to multi-pay UL? What about indexed UL over traditional UL? What about PPLI and VUL?*

PANEL SPEAKERS

- **Ahmad Chahidi,** Wealth Planning, Advisory International, Bank Julius Baer
- **Karim Ghandour,** Founder & Chief Executive Officer, Legacy Line
- **Oliver Muggli,** Chief Executive Officer 1291 Private Office, 1291 Group
- **David Varley,** Chief High Net Worth Officer, Hong Kong, Sun Life Financial
- **Sunita Singh Dalal,** Of Counsel, Stephenson Harwood
- **Deepak Malhotra,** Chief Executive Officer, Mayfair Private

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hubbis

THE KEY OBSERVATIONS

Life insurance a growing solution for estate and succession planning

Life insurance is growing in importance, as clients in the Middle East increasingly appreciate its role in liquidity and estate planning for individuals and their families. For private banks and other wealth management firms, it can also offer a significant and valuable extra source of revenue.

Newer insurance solutions on offer in the region gain traction

The buyers of the policies today have a wide range of choice, anything from the most basic term life insurance, to more interesting and tailored solutions such as Private Placement Life Insurance (PPLI), which offers policyholders more control of the assets during their lives, and also Whole of Life, while the Universal Life solution, popular since the global financial crisis, is less prevalent today due to such low crediting rates.

Plan ahead and get your house in order

The panel advised that well-devised wealth, business and broad-based succession planning averts a plethora of potential conflicts and problems within the families later on. These are increasingly valuable solutions in a market that is increasingly concerned with ageing patriarchs and estate transition to the younger generations.

Wealth management professionals must build the dialogue and trust

The private bankers and other professionals plying their trade in the region must build their relationships with their clients in order to develop a viable dialogue and the requisite trust to open the door to discussions that are often rather personal and delicate.

Tax planning to the fore in the region

The GCC's client base is now much more focused on taxation planning, as tax rules at home are changing and as global regulation tightens in its range and scope. As this takes place, and as more high-profile families in the region structure their wealth more assiduously, this also enhances the trend towards estate and succession planning.

Work with the gatekeepers, some of whom are preventing change

Many wealthy families have long had traditional advisers, in the form of lawyers, accountants, or local advisers who act as gatekeepers, often perhaps selfishly keeping other professionals at arm's length from these families. They often do not appreciate how much the global landscape has changed, so the wealth management market must work with them, and work through them.

Common Law appeals as solutions in the region diversify

As the region's financial centres develop their range of products, structures and solutions, Common Law is a facilitator that helps open the door ever wider, especially important as many of the second and third generations of the families live in London or in the US and need solutions and resolutions that straddle many borders.

Knowledge and expertise are vital

Professionals in the region must keep pace with the world of investments and the regulatory changes, in order to be able to offer their clients the first line of ideas. Conversations need to be maintained on a regular basis, to keep products, structures and even family governance up to date and relevant.

Many opportunities abound

The panel concluded the discussion by all agreeing just how much growth potential there is in the GCC today, reiterating that the professionals must enhance their expertise and their diligence to ensure that clients are serviced with as much quality as in some of the larger or more established international financial centres.

AHMAD CHAHIDI
Bank Julius Baer

THE PANEL MEMBERS FIRST FOCUSED THEIR ATTENTIONS ON THE GROWING ROLE OF LIFE INSURANCE, with an expert advising that in all situations, even for the very wealthy, who have plenty of assets and investments, insurance provides liquidity planning and a large chunk of liquidity exactly when the family might need it most. "And for the banks, it is an extra source of revenue that should not be missed out on," he added.

Another panellist noted, for example, the UK inheritance tax obligations as one such reason for requiring liquidity. "A Middle Eastern investor might have a significant London property, and suddenly if he passes away, there is a 40% cheque to write to the government. Insurance for tax planning obligations is valuable, and in my world of estate planning and wealth planning I advise these families how to structure the insurance, and how to wrap assets in those structures to mitigate these concerns."

More solutions

Insurance solutions are also increasingly prevalent, often in combination with trust and foundation structures, another expert noted. "Life insurance is a worldwide legal and robust way to manage and structure your wealth, and when the life insured passes away the proceeds paid to the beneficiaries chosen by the policy owner are paid out generally capital gains tax-free, income tax-free, withholding tax-free anywhere in the world, and the structure also helps avoid probate as well," he explained.

KARIM GHANDOUR
Legacy Line

OLIVER MUGGLI
1291 Group

The buyers of the policies today have a wide range of choice, anything from the most basic term life insurance, to more interesting and tailored solutions such as PPLI and Whole of Life, both increasingly popular with wealthy investors, and the Universal Life solution, popular since the global financial crisis but less so now with such low crediting rates. And then there is the hybrid in the form of Variable Universal Life.

An expert explained that an excellent combination is to have a trust as a beneficiary of a Private Placement Life Insurance (PPLI) policy, which allows the principal during his or her life to have access to the assets, and even maintain control and then on their death, the trust is the beneficiary of the life insurance policy, and the principal can define in advance how the assets should be managed and distributed after their passing.

"These concerns increasingly resonate with families in the GCC, as they contemplate how they want the body of their businesses and wealth managed and distributed as they face the inevitability of growing older"

Avoid problems

Another guest commented that well-devised wealth, business and broad-based succession planning averts a plethora of potential conflicts and problems within the family later on.

"These concerns increasingly resonate with families in the GCC, as they contemplate how they want the body of their businesses and wealth managed and distributed as they face the inevitability of growing older," he observed.

"It is up to the trusted advisers to bring these discussions to the fore, well in advance of any crises," he added. "So, it is not a question of what age to do this, it is a question of intent, and I see a lot more families in the region willing and able to talk about succession planning. This is also true in India, where traditionally these have been difficult issues to address. So first of all, as wealth management professionals, we must build the requisite trust. And it is worth noting that for the older generation to relinquish control, it helps to understand that they are actually thereby helping preserve their assets and businesses for the future."

DAVID VARLEY
Sun Life Financial

Tax planning

The same guest added that tax planning is also ever more important. "A decade ago," he remarked, "the word 'taxation' was almost non-existent in the GCC until the VAT was introduced in 2018. Coupled with what's happening globally with the Common Reporting Standard (CRS), and then Economic Substance, there is ever greater focus on structures and planning out here, including the realisation that these offshore structures in exotic locations are not fit for purpose now, so we have seen many people moving those structures, mostly to Europe."

He expanded on this, noting that family governance is also in far greater focus than ever before. "Many simply do not understand the concept, but with some high-profile transformations taking place in the region. For example in Saudi Arabia, it is now easier to explain and for these families to grasp," he explained. "And it is also all about identifying the right family members within the younger generations to take control, well in advance. We

polish it, it will stay a rock, but take a diamond and polish it and it will shine ever brighter. Additionally, families are worried about the confidentiality of their information, and again governance and planning help greatly. All these issues will become ever more important in the decade ahead."

Gatekeepers

A stumbling block, said another guest, is sometimes the 'gatekeepers' that advise these wealthy, important families in the region. They often do not appreciate how much the global landscape has changed, and therefore getting them engaged and on board with all these issues is often the key to converting clients to the right decisions and structures.

A banker observed that the traditional, reputable trust centres such as in the Channel Islands, even Singapore, are less in favour, as clients are increasingly wanting to consolidate trust and booking centres in one location, partly due to privacy issues, not wanting to spread information too widely. "We are these days mainly booking our clients in Switzerland, and we have one trust company in Switzerland and most of our clients want to set up a trust because assets are booked in Switzerland, they want to book with the trust established by this trustee, not by another trustee in other jurisdictions, because they worry their information will be too widely spread. Nowadays, I think the name of the game is really to limit the exposures to one or very few jurisdictions."

Pricing issues

The discussion moved to how advisers and banks price their services with regard to wealth and succession planning, with a panellist noting that a fixed fee is most common as they are neither lawyers charging by the hour, nor bankers or brokers charging by the product or transaction.

"At the end of the day," said another guest, "we cannot put a clock on having these conversations with the family, and it takes considerable and often indeterminable time to sort out these matters properly for the core family members. From my experience, it could take one conversation of five hours, or it could take 10 conversations of five hours, it really depends, and we must all understand that in this business. If you really do have the best interests of your clients at the front of mind, then charging by the hour simply does not work."

SUNITA SINGH DALAL
Stephenson Harwood

Common Law works

The discussion shifted from motivations and the core challenges to the suite of solutions available today, with an expert noting that the DIFC and ADGM have more structures and solutions available today than ever before, including access to Common Law options.

"Common Law trust works well where the underlying assets are truly capable of being transferred into a trust structure, or if trusts are prohibited, into foundations."

"Common Law trust works well where the underlying assets are truly capable of being transferred into a trust structure," he said, "or if trusts are prohibited, into foundations. Many families want to ring-fence businesses and assets, and today you do have plenty of solutions for GCC families in the region, whether they want to be Sharia-compliant, or are driven by secrecy, or the quest for tax efficiency, or just from a wealth preservation perspective. There are many more options here on the ground now."

A guest remarked that in his experience, most

Sharia-compliance, so, for example, the Channel Islands where families from the region have had a long history. "And they like large-name players to act as trustees and also they are also increasingly keen on the separation of their onshore and offshore assets. As many of the second and third generations live in London or in the US and so forth, Common Law structures help handle the many tax complexities that usually arise."

Another guest noted that there have been changes in recent years to corporate law in the UAE and in Saudi Arabia, resulting in a shift from trusts to foundations, which are often better understood in the region than trusts. "And we see a shift mostly to continental Europe for the assets within Europe, due to relevant Economic Substance rules, and then using the new corporate entities here in the GCC to regulate the governance elements. And they are shifting structures from exotic locations such as the BVI and Caymans due to all the regulatory changes."

DEEPAK MALHOTRA
Mayfair Private

Adding value

"The most important factor for us as wealth management professionals," one guest commented, "is that if we really want to add value as a relationship manager or as an adviser, then we need to be having these conversations with your clients on a continual basis, and we need to be knowledgeable and relevant. Structures and even governance and family constitutions need reviewing regularly, so you need to keep up to date and keep on top of all these matters, rather than just arrive at your client seeking fees."

"We have a great opportunity ahead," another expert noted, drawing the discussion towards a close. "By 2040 in the GCC, there is an estimated USD2.1 trillion which will exchange hands between generations, and by some estimates, the vast bulk, perhaps even 90% plus, is unorganised in terms of governance, structures and so forth. So, helping organise these estates on the operating level and international level is paramount and there is a lot of value add, you can create a lot of value for the clients and for yourselves and your firms."

The final word went to a guest who said his key message is that there is an opportunity with every client, for all types of structuring and all types of insurance. "I want to share three things with you today," he said. "We have heard about the opportunities and challenges, we have heard about the solutions and structures, and we know that as we are in the wealth care business, we can take the best from around the world and help truly improve the clients' outcomes in the region." ■

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PraxisIFM Trust on the Value of the Employee Benefit Trust in Abu Dhabi and Wider UAE

Martyn Crespel, Director of PraxisIFM Trust, gave a noteworthy presentation at the Hubbis Middle East Wealth Management Forum to highlight his firm's ring-fenced employee benefit trust solution, which aims to resolve some of the practical shortcomings in the country's EoSB programme, which stands for End of Service Benefit. He explained that this is a great step in formalising and protecting employee pension and other benefits, and the PraxisIFM solution is also helping to enhance the reputation and therefore future of the ADGM financial centre itself.

GULF STATES' LAWS DETERMINE THAT ANY EMPLOYEES who have provided more than one year's continuous service to an employer are entitled to a lump sum payable at the end of their service. But all too often, the companies required to provide this either do not ringfence or fund these obligations properly, or they sometimes scurrilously use the money for their shareholders and management's personal ends.

"The objective we have," Crespel explained, "is, therefore, to help significantly improve the practices here, and for that, we are supported by the government, through entities we are working closely with."

He explained that the structure is designed so that the EoSB is properly funded and held for those employees in trust, legally separated from employers' operational assets and balance sheet.

"We are thereby firstly doing the right thing for employees, and also providing security, and moreover, we are actually helping with employee retention and even recruitment," he clarified. "Moreover, as to the big picture, this helps support the development of ADGM as a reputable financial centre."

MARTYN CRESPEL
PraxisIFM Trust

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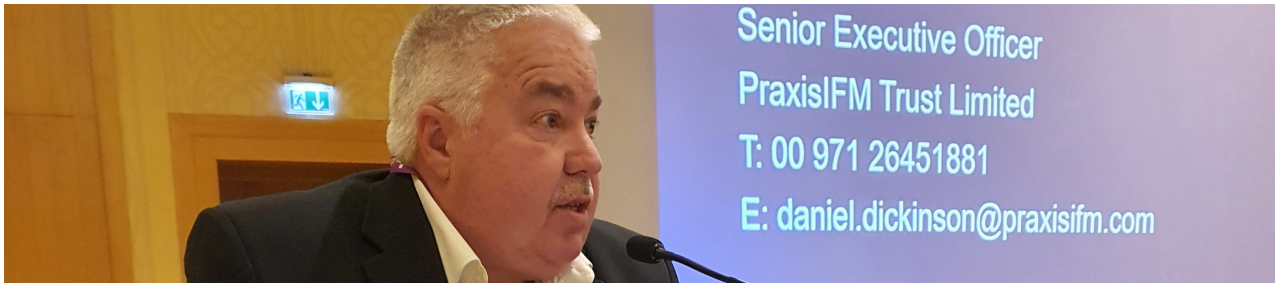

Dubious behaviour

Crespel set the scene for why the PraxisIFM solution for the EoSB has come about. "The problem," he explained, "has been, and indeed continues to be, the large number of UAE companies who perhaps accept that they have this obligation, but which have not necessarily provided it, or at least retained this obligation separately from their operational assets and balance sheet."

"And at worst," he added, "it could mean that you may have a situation where the chairman of the company you work for is driving around in your pension fund."

Accordingly, he said there have been some rather high-profile cases where people have literally taken the fund and gone off somewhere with it. "In fact," Crespel reported, "in one case recently it was reported in the media that an employer with some 50 staff wanted to buy a new property, so he took the pension fund and invested it in that real estate, all for himself. This is, of course, awful, but it is in the process of changing."

Crespel then highlighted how his firm is taking the liability off the company's balance sheet and putting it into the employee benefit trust vehicle, which represents the companies' EoSB obligations.

There is a widespread reluctance to do this amongst companies in the UAE, he reported, because so many businesses are underfunded there. "Accordingly," he elucidated, "our solution helps them distance themselves and to do the right thing for their employees, and thereby helping them deal with their liabilities in this regard, and also address any potential shortfall that has built up."

Building the proposition

This, he extrapolated, translates to more positive reputations that help firms operating in Abu Dhabi and in the ADGM attract and retain key staff. He explained that eligible employees include those who are not enrolled in the Abu Dhabi Retirement Pensions and Benefits Fund, or any GCC country Pension Fund.

And he then offered delegates a flow chart slide of how this actually works. "It is quite simple," he reported, "so our role is to get the monthly payroll data and contributions information and then we will provide the trusteeship and the administration and obviously safeguard the assets. The money then goes into a separate bank account in the name of Praxis as the trustee, with a designated bank in the UAE, and then from that, the investment is made, mostly right now in cash deposits. And we have excellent technology to support all this, so, for example, we offer every eligible employee access to a portal where their specific fund is available for them to view."

Blue-chip partners

Crespel explained that his firm is more than bona fide, as it has partnered on this venture with an Abu Dhabi Government entity. "They wanted to plant a flag in the ground on this issue, you might say," he explained. "And further giving us credibility, our anchor client is an Abu Dhabi government entity that has a vast number of subsidiaries, so we are fortunate to be in a great position of onboarding all of those subsidiaries into our scheme."

There are, of course, challenges in advancing this to the world of other business entities out there. "A key issue has been the understanding of how a trust is structured and how it works," Crespel reported. "But we help companies with financial modelling so they can see what we are aiming for and how we can help them."

He closed his talk by telling delegates that PraxisIFM is now launching its own public relations initiative to expand awareness of the firm and this solution. "We need to get that message across to employees, individuals and companies to help them to do the right thing. We already administering schemes of some USD100 million dollars, and we have clear oversight on schemes totalling USD250 million. And then the next phase after we build further here is to extend this to other countries, including Saudi Arabia." ■

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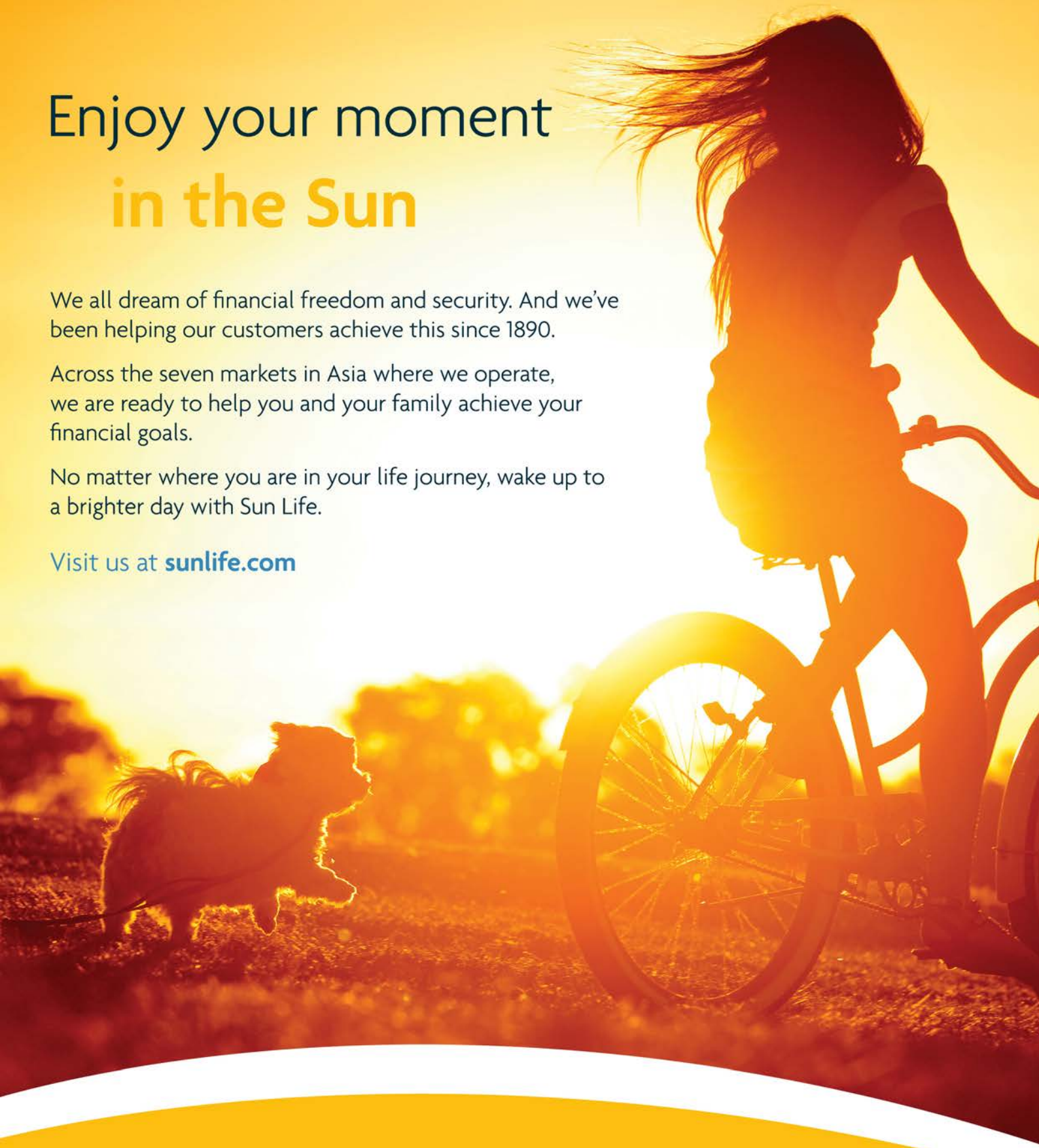

Life's brighter under the sun

Sun Life Financial

The State of Play – RGN Offers Updates on the Rollout of CRS & AEOI Worldwide

Ivan Pelle, an expert in international taxation and Executive Director and one of the Founders at Recontam Global Network (RGN) is on a mission to make its clients and partners aware of the rollout of CRS and AEOI worldwide, and how this might affect tax planning and investment strategies. He addressed the audience at the Hubbis Middle East Wealth Management Forum in Dubai to update them on practicalities around the Common Reporting Standard, as pertaining to participating and permanent non-reciprocal jurisdictions. Supported throughout by an excellent slide presentation, he also talked about the practical implications of the Automatic Exchange of Information. He explained the difference between territorial and worldwide income taxation. And lastly, he pointed to some practical examples of the rollout of CRS and AEOI as pertaining to the United Arab Emirates.

PELLE FIRST OFFERED SOME BACKGROUND ON RGN, which he explained houses a specialist team of senior practitioners who craft bespoke solutions derived from a deep understanding of clients' needs and ongoing objectives.

"Whether you are a high-net-worth individual, family office or an international corporation," he explained, "our goal is to understand client priorities, now and for the future."

RGN's expertise

He reported that RGN's expertise covers multi-disciplinary consultancy services for the international needs of family offices, worldwide tax planning and advisory, global residence and citizenship by investment programs, and retirement planning. It also covers the construction and administration of structures for unique purposes (such as a company, trust, or foundation), and the firm offers support for establishing and maintaining banking relationships in many different jurisdictions.

IVAN PELLE
RGN

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He then explained that he would cover three key topics and focus on their relevance to the Middle East markets. And he referred delegates throughout to slides that highlighted and clarified certain of the points he would make.

Three key topics

The first topic is the position of participating and permanent non-reciprocal jurisdictions as this pertains to CRS and AEOI. Secondly, he would look at the mismatch of territorial and worldwide income taxation. And thirdly, he would glance at practical experiences taken from the OECD, Global Forum report of 2018 and their impact on and implications for the United Arab Emirates (UAE).

Turning to his first topic of the day. "My mission today," Pelle he explained, "is to look at regulation concerning taxation, as this is a vital area any asset manager needs to know about in order to properly look after their clients. To do so, we need to clarify what a participating jurisdiction under CRS means, as well as what a permanent non-reciprocal jurisdiction is."

To participate...or not

A CRS participating jurisdiction is a jurisdiction with which an agreement is in place, pursuant to which there is an obligation to automatically exchange information on reportable accounts which are identified in a published OECD list. Meanwhile, a permanent non-reciprocal jurisdiction might be a country that is engaged in participating in AEOI, but that does not seek a similar reciprocal inflow of such information.

"As soon as that jurisdiction declares themselves to be a permanent non-reciprocal jurisdiction, they will supply information, but they will not seek to receive such data in return," Pelle clarified.

Normally, he elucidated, the choice to be a permanent non-reciprocal country is driven by the fact that in that jurisdiction there might be minimal or zero taxation. With that, he listed countries including Anguilla, the Bahamas, Bermuda, Bahrain, the British Virgin Islands, Kuwait, Marshall Island, Nauru, Qatar, Turks and Caicos Islands and, notably, the UAE.

Who has signed up, with whom?

He explained that the OECD portal gives readers information on how the countries around the world have decided to sign up with other jurisdictions. It is not always a two-way street. In the case of the UAE, they might automatically send information on a Swiss resident's banking in the UAE to Switzerland, but the UAE would not require information from Switzerland on a resident of the UAE who is banking in Switzerland.

"As you will appreciate," Pelle observed, "this has major implications. If the Swiss resident, for example, has not fully declared income on that foreign account the resident would likely suffer tax litigation and penalties, and possibly going back some 10 years, all unpaid taxes and interest will be requested depending on the domestic tax of each country."

One-way traffic

The opposite applies in the case of a resident individual in a permanent non-reciprocal jurisdiction. The UAE resident will not have their bank account information transmitted, so their Swiss bank accounts will not be exposed to the UAE authorities. "Wealthy individuals today, based on our experience, greatly value their privacy and knowing that their information will not be exchanged cross-border is very relevant indeed," Pelle observed. "The UAE is not interested in getting financial data from Switzerland, or anywhere else."

He gave delegates a practical example to highlight such a situation. A resident and taxpayer in Country A, Singapore, for example, also banks in Dubai, for this example Country B.

The Dubai financial institution will provide the information to the government of the Emirates, and the government of Emirates will provide the cross-border information to Singapore. "So," he clarified, "as you can see here, it is not a matter of taxation, it is just a matter of information transmitted. The key here is that most wealthy clients would like, if possible, to get organised in a way where their data is well protected and of course not released cross-border."

He then offered the example with a non-participant jurisdiction involved. "We switch this round, and the resident is now from Dubai and banking in Singapore, but now the UAE/Dubai has chosen not to receive information based on the MCAA Model chosen, so the information is not transmitted cross-border from Singapore to Dubai. It is a major difference."

Territorial or WWI?

He then moved on his second topic of the day, namely territorial and worldwide income taxation. "Around the world," he noted, "countries have to choose what they really want to maximise. The three main objectives of international tax rules aim at national wealth maximisation, tax fairness, as well as economic efficiency."

He explained that this is especially relevant in relation to the capital import neutrality (CIN), or capital export neutrality (CEN) tax policies.

"Tax is claimed by tax authorities using resident-based taxation, territorial taxation, zero income taxation and citizenship-based taxation," he explained. "Resident-based taxation is, of course, the most significant worldwide, in other words taxing the people resident in a country. But nowadays, countries tend to implement tax policies mixing the CIN and CEN concepts. Capital export neutrality implies that from a tax perspective, the investor is placed on an equal footing regardless of whether they choose to invest at home or abroad."

By way of example, Mr X might invest in State S (source), pay 20% tax there, then receive a tax credit (credit method) for that 20% in State R (resident) and pay an additional 20% in State R to reach the standard 40% rate of State R his home country. "The capital export neutrality is based on the concept," says Pelle, "that Mr X will be able to invest worldwide but charged at the same level as if he were investing at home. The result from State R point of view is that State R contributed with CEN tax policy to promote investments abroad of its resident; therefore State S collects 20%, and State R collects 20% (providing also a tax credit)"

On the other hand, capital import neutrality policy might be chosen by those countries that want to bring capital into their country.

Capital import neutrality (CIN) implies that Mr X, resident in State R, investing in a foreign country State S, and Mr Y resident in State S investing also in State S, should be placed on an equal footing from a tax perspective with respect to income sourced in the same State (State S).

Via a full exemption method State R will not collect taxes on the foreign investments made by Mr X, but State S will collect 20% taxes from Mr X and 20% taxes from Mr Y, therefore under CIN tax policy from State R point of view, State S collects 40% of taxes and State R 0% of taxes. Therefore, for Mr X, this fact of not being taxed in State R is an advantage, and for State R, is an attractive tax policy.

Pelle commented that the taxpayer and asset manager of today should be fully aware of how the tax system works where they operate. "Territorial taxation is a source-based tax system," he commented, "meaning that income sourced in the country will be subject to tax, meanwhile, if sourced abroad, it may not be taxed, under the CIN tax policy."

Nowadays, worldwide income taxation (CEN tax policy) is the most widely spread around the globe, because it is a residence-based tax system. "Despite this," Pelle elucidated, "the current trend of the tax policymaker is to apply both two tax policies in the local tax law."

Where are we now?

He then turned to his last topic, the 2018 OECD report, which as he had mentioned covers three years from April 2014 onwards. He explained that Singapore, for example, is entirely compliant with other countries under the AEOI and noted that in the period reviewed in the report Singapore received around 1000 requests of information from third countries about tax payments. "And as you can imagine, being so compliant under the CRS, Singapore replied to 76% of those requests within 90 days. Very impressive."

Spotlight on the UAE

He then pointed to the Global Forum's review on the UAE to highlight which are the deficiencies and what has been advised in respect of the 2016 peer review made.

"As you can see today," he told delegates, "the Emirates are largely compliant under the Automatic Exchange of Information. During the period of the review goes from April 2015 to end-March 2018, the Emirates received 1400 access actions from jurisdiction to collect information on key areas. As to the availability of ownership information, availability of accounting information, availability of banking information, in the first round of report in 2016, the Emirates were rated partially compliant and now they are rated largely compliant. And by 30 June 2020, there will be another review to update the progress here."

He mined down into further detail, noting that improvements are still expected in ownership and beneficial ownership information, book-keeping/accounting records, and banking information on accounts and their ownership.

"Another point that came up from the OECD report," he added, "was that the competent authority should have the power to obtain and provide information that is subject of a request under exchange of information arrangement from any person within that territory or jurisdiction. In short, they found that there were some areas where some privilege was blocking the authorities to get the information they wanted and in addition to that the authorities did not push so hard to get information and this is not in line with the standards. Interesting, we think."

He layered on another noteworthy point in regard to the obligation for exchange of information mechanisms to respect the rights and safeguards of taxpayers and third parties, consistent with international standards. "It appears that information that the Emirates is obtaining was used not only for tax purposes but also for other purposes, which is not appropriate," Pelle commented. "Moreover, the UAE needs to act more rapidly, the OECD reported. The UAE under the period in review, received 1419 requests and among those, 479 requests were still pending at the date of the review and only 300 requests were replied to in 90 days. That is very slow indeed. But the OECD is pressing hard, so be prepared and be aware of complying with the information you have in the files."

Don't ignore these issues

"For all those here today," Pelle said on closing his detailed and insightful talk, "working in the private banking and wealth management arenas, all this whole area of CRS, AEOI, legal ownership, beneficial ownership, and overall compliance are vital topics to understand and for all of you doing business in this industry, make your clients aware of these major issues, play it safe yourselves and advise your clients to do the same. In short, be informed and be compliant." ■

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From Success to Significance - How to Excel Professionally in Wealth Management

Malik S. Sarwar, CEO of wealth management firm K2 Leaders, never disappoints the audiences at Hubbis events, and again this year at the Middle East Wealth Management Forum he lived up to his billing and gave a lively and engaging presentation full of invaluable insights into how wealth management professionals in the region can boost their proposition, and thereby become the trusted advisors for their high-net-worth and ultra-wealthy clients. He explained his three tenets for excellence - integrity, competence, and compassion, and he advised delegates that success is only complete with significance.

SARWAR HAS A WEALTH OF EXPERIENCE IN THE WEALTH MANAGEMENT INDUSTRY. In recent years, he has explained to audiences at selected Hubbis events in some detail how they can boost their expertise, their service quality and client-responsiveness, and thereby win the role as the primary adviser to their clients. The keys, he believes, are continuous self-enhancement, being empathetic with their clients and then offering ideas and simple, relevant solutions for their needs.

"Free at last, free at last", Sarwar began. "That was Martin Luther King Jr., and as we know, his words helped change the history of the United States. And that is one of the things I wish to share today. Words, and how you deliver them, truly matter. And I also want to share my vision of how you can constantly enhance your own abilities and achieve greater impact for yourself, the teams you lead, and of course, your clients. And at the end of this Forum, I want you to take away the three things you will do differently to achieve these goals and the one thing you will commence right as part of your drive to become better."

To elucidate the ethical framework of the adviser's role, Sarwar used the acronym ICC, standing for integrity, competence, and

MALIK S. SARWAR
K2 Leaders

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compassion. He explained that integrity is all about doing the right thing for the client. Competence involves continuous knowledge-building, such as achieving new certifications, becoming more digitally enabled, honing more effective communication skills, and taking advantage of a variety of free resources, such as TED Talks, Khan Academy, and Open University courses. And compassion entails understanding and being mindful of the client's life goals and mission, anticipating and reacting accordingly, employing good communication, and leveraging information, data, and artificial intelligence adeptly.

Mining down into the detail

Success is not complete without significance, Sarwar explained. "When Mother Teresa was asked if she had been successful in her life, she replied that her objective was actually to be significant to others' lives. And I think we can agree she became exactly that type of role model."

But to achieve those aims, Sarwar offered delegates more detail on the three core elements required, namely the components of integrity, competence, compassion. To explain how these factors combine, Sarwar referred the audience to an excellent, easy to comprehend, slide show.

Integrity, he explained in greater detail, relates to how we behave when nobody else is watching. It could, for example, be some advice or action for a client that improves their outcomes and demonstrates that the advisor is acting truly in their best interests.

"And," Sarwar elaborated, "you should also consider where you have not met those standards, where you have behaved in a way that makes your sleep a little less easy. We all have those moments; we are after all, only human. But the most important factor is to recognise those moments, and to improve."

The second element is competence, the drive to enhance skills to help improve personally, and to help the clients. "To communicate this effectively, I like to refer to an old movie with the actor David Niven, Around the World in 80 Days," Sarwar explained. "We can use what I call the 4x20 rule, which comes to 80. Read and obtain information in short spurts throughout the day to ensure that you are on top of the key news and information you need to be competent, to be informed. Read the best and most reputable media, whether it is the Financial Times, the Economist, or other quality journals. But be selective and be focused in order to efficiently extract the key information and ideas."

Rise to the challenges

He then remarked that the 20-80 rule applies to challenges too, with 20% of people saying they can't rise to a challenge, the middle 40% somewhat unsure and with the top 20% always positioning themselves as 'I can do' people who immediately set about rising to the challenges and getting things done.

When people enhance their skills, their competence, Sarwar indicated, they are therefore building robustly towards both success and significance. They can then help their teams, helping them see their weaknesses, and helping to give them the drive and confidence to achieve to their best abilities. "You can thereby become a smarter leader, a smarter coach, and have more impact," he advised.

Sarwar also recommended that successful individuals remember to connect and keep connected with mentors who help nurture them, who are genuinely interested in their career development, and who can offer the time and insights to genuinely

help them on their chosen paths. "I have just such a person who first hired me over from Merrill to Citibank, and even today we are in touch," he reported, "and actually we both help each other when the time or need arises. So, my message here is for you to try to help people, even those more experienced than you, it is a two-way street, what goes around, comes around."

And be compassionate

Sarwar's third key element, as we strive towards success and significance, is compassion. He advised that people should, first of all, not be too rigid - like an oak tree in a storm - but more flexible like a bamboo tree that will bend with the winds. "Life is full of compromise," Sarwar observed, "so be flexible, and take a flexible attitude, it makes a big difference."

He then advised that compassion in wealth management relates directly to helping clients with their life goals, from wealth protection and growth, through family initiatives such as education and on through to retirement planning and legacy structuring. "Before you consider any of these areas," Sarwar advised, "think of yourself as the client too, and make sure that the ideas and solutions are up to date given changes in personal needs, market changes, regulation changes, tax changes, residency, jurisdiction changes, in short, all the key areas, as we live in a continuously changing, dynamic world."

Building your Qs

Sarwar then zoomed in on EQ, or emotional intelligence, stating that those bankers and wealth managers that do not listen empathetically will not succeed to their best abilities. "Active and interested listening is vital," he advised, "and Bill Clinton and Barack Obama are both outstanding examples of that ability. I met them early on, and I am not surprised they later achieved their great successes. The common thing is when they are listening, they are looking only at you as opposed to looking past you. These might appear small matters, but they are immensely important."

He also said that IQ is similarly just as essential, as it is the ability to connect all the dots. "How do you connect the dots and help build a vision of tomorrow for yourself and your clients?" Sarwar pondered. "If you connect those strings of information into a pearl of strings, you create value, you offer insight and knowledge as opposed to being simply an information carrier."

SQ is mindfulness and another vital skill. "Like Siddhartha when he went into the jungle to contemplate, we need to step back on a regular basis and remember the big picture, step back from all the busy and urgent priorities, and remember what you are trying to achieve for yourself and the clients, and why. Like Martin Luther King, you should have a plan, a dream, and articulate that in words."

HQ, he then explained, stands for health quotient. Health, he explained, is not simply the individual, it is family, community health and also global health, the very future and continuity of our planet.

And then he pointed to DQ, which he explained is mastering your own 'brand' using all the digital tools at your disposal today, including social media sites and other media. "How you package yourself is vital," he said, "because people are looking for something from you, and how

they discover you is important and indeed something the younger generations can help us a lot with these days."

And finally, he highlighted AQ, which he said stands for the adaptability quotient. "Whatever field you are in today," he advised, "you must be adaptable in order to be successful. But don't just connect with people who reinforce your views, get outside your comfort zone, be less biased by our own views and experiences, become more flexible in approach, more adaptive, and therefore nimbler for today's world and for tomorrow."

Eliminate the bias

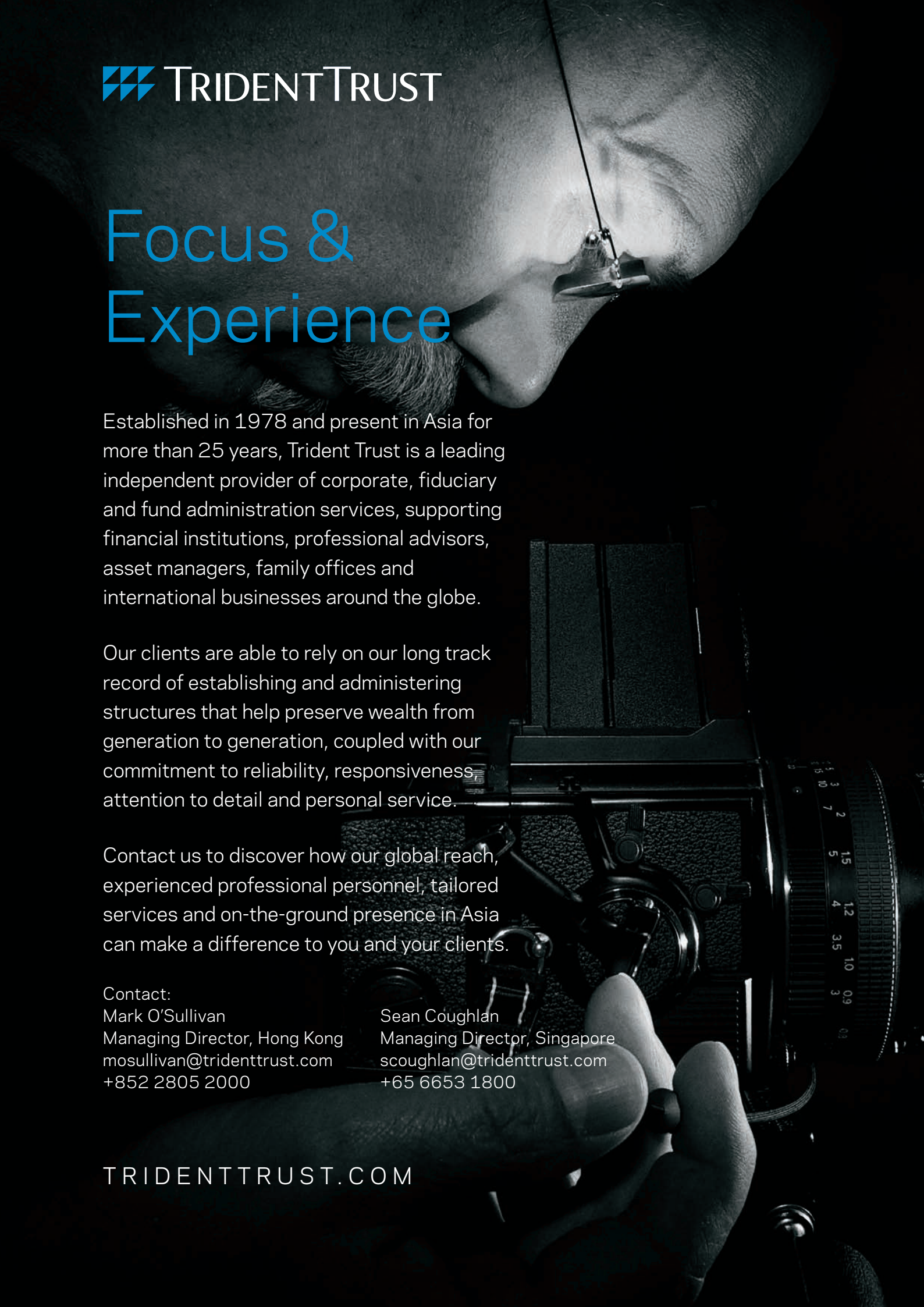
Expanding further on the predilection for 'bias', Sarwar warned that this can be especially detrimental in the field of investments. "We must make sure that our biases are kept in check, we must strive to be open-minded, to absorb more disparate views, and always be adaptable."

He drew his enlightening talk towards a close with reference to the 'GROW' model for excellence. This, he elucidated, is all about setting goals on a shorter, medium-term and longer-term view, understanding the reality of your particular situation, and then plotting the best way forward.

"If you do this, and I myself do this every three months," Sarwar reported, "you can set goals and then be adaptable as we all need to learn constantly, especially if you want to be leaders and coaches of people, in wealth management or in any field of endeavour. By following a structured approach, you have accountability, and you can grow. And the first step is to choose one area, one golden nugget, that you will first focus on to improve yourself and to help you improve those around you."

Success that endures

His final word was to paraphrase from the book 'Success that Lasts' by Nash and Stevenson dated circa 2004. "Success," Sarwar explained, "involves more than a heart-pounding race to the finish line. The research they conducted uncovered four essential components of enduring success. Happiness is the feeling of pleasure or contentment about our life. Achievement relates to our accomplishments. Significance is the realisation that you have made a positive impact on people you care about. And the legacy is the way in which your values or accomplishments help others find future success. And remember, you are all successful 'one-percenters', and as you go through life, so go out and become givers, become more fulfilled, more impactful, and more empowered." ■



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Family Governance and the role of the Family Office in the Middle East

Ewald J. Scherrer, Managing Director of Alpadis Switzerland, is a firm believer that the foundations of a family structure and a family office must be embedded in good governance. He addressed delegates at the Hubbis Middle East Wealth Management Forum to articulate how family governance is so essential for family cohesion and stability, across the generations. And to explain why good governance in the family office will help ensure well-managed wealth preservation and estate succession.

FAMILY GOVERNANCE, SCHERRER BEGAN, IS ESSENTIAL FOR ANY FAMILY THAT WANTS ITS ASSETS AND ITS SOLIDITY TO ENDURE. Family governance is essentially a policy or etiquette that helps determine, communicate and execute how decisions are made related to the family business, their assets and also to help and to guide the family members for their future.

Good governance, he explained, can help circumvent many of the obvious challenges a family faces, including poor communication, divergent views leading to internal feuds and a lack of unity, as well as the inability to manage the family wealth transition between generations.

Be proactive

Families with the right practices and approaches can engage proactively, and before conflict arises, to articulate and codify family principles. They can help keep multiple generations and different family members unified, maintain financial and fiscal discipline, provide broad levels of support, and help preserve wealth and build upon it for the future

Scherrer explained that the family should create a family constitution to house the key principles of mission, vision and shared values, as well as articulating the individual and collective family goals. It should define the family assemblies,

EWALD J. SCHERRER
Alpadis

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and committee, the family council and the role of the family office. It should lay out the policies and protocols for actioning any and all of these areas, as well as helping align the actions and views of the principals/decision-makers with the broadest elements of the family.

Each situation is unique

"It has been said that family governance is not only a policy, but is also primarily a process, a change process, keeping in mind that each family is different," Scherrer observed. "I actually used to work for a successful family office, fifth-generation, with more than 150 family members living all over the world. Alternatively, another very different model might be a young IT entrepreneur we know who is married with two younger children, who sold his business, and he too needs governance for his much smaller family unit now that he has significant wealth."

Scherrer added that he always advises clients to establish family governance well before conflicts arises. "And remember," he said, "that there are many valid objectives behind the organisation of families, from wealth and asset preservation, the support of family members in their projects, tax optimisation, inheritance planning, privacy and confidentiality. On the investment side, risk diversification. With the right approach, these families can achieve unified objectives and a family that is unified for generations."

Empathy required

Scherrer advised delegates that anyone seeking to achieve or maintain their role as trusted adviser must assess and understand the family clients and their broad situations. "You need a lot of empathy and much patience," he remarked. "And you have to be sensitive as you will need to address issues such as death, divorce, the giving of power, and help integrate children into the family office and the family business. As we know, it is not always very easy for the families and the patriarch to address these issues, so sometimes you have to be more of a psychologist than a banker, lawyer or accountant."

He explained that the process of establishing family governance usually begins with the assessment of the present situation, starting with ownership. "First understand who the current leaders or owners are, the decision-makers, how decisions are taken, and whether the current legal ownership and decision-making process have taken the estate planning into consideration."

Secondly, he advised looking into the legal structures, including the types of structures in which jurisdictions that best suit the client, the percentage ownership, and so forth. And understand who is delegated with power to execute the decisions, whether the trustees, or company directors, attorneys, accountants, or different family members. And of course, what authorisation policies are in place and who the signatories are.

Capital allocation must then be assessed to understand what information is used to decide where to allocate capital, what evaluation methods are used, how this relates to the consolidated family and business cash flows and budgets, and so forth. "And the next step," he said, "is the strategic wealth allocations of the family, and how investments are managed, including risk assessment and risk management."

The final stage is to review how investments are reported, how performance is measured, attributed and monitored, how cash flows are consolidated and how investments and cash transactions are monitored and reported.

SFO: a snapshot

Scherrer also looked briefly at the family office itself and how it can function, supported by the appropriate protocol of family governance.

He defined the single-family office (SFO) as a holistic, full-balance-sheet, wealth management solution for an affluent individual or family, with family members owning the entity, as well as managing and controlling the assets of their family, aided by professionals drafted in as experts in their respective fields.

"The family office model provides a much-needed structure for managing wealth and all of the important services that are used by exceptional affluent families," Scherrer elucidated. "The SFO is focused, holistic and aligned to the family needs and expectations, and as each family is unique, the SFO's services are highly tailored to take into account the holistic view of the many different generations of the family, their situations, their hopes and aims."

Scherrer then very succinctly took the audience through the multiple valuable tasks the SFO can perform for the family, from investment planning, asset allocation, due diligence, then through administration, accounting and reporting, including not just to the family, but tax authorities as well. Estate planning and wills, as well as the broad range of concierge services, which may include property, travel, accommodation, citizenship/residency planning, and even education for family members.

Swiss expertise

Scherrer also offered the delegates some brief background on Alpadis, reporting that the firm currently has over 65 employees across jurisictions with cross-functional and jurisdictional experience; including certified public accountants, chartered company secretaries, lawyers and tax advisers.

The company provides corporate fiduciary services from company formation to HR & payroll, regulatory and tax services. The Group offers private client advisory and execution services including family office services, family governance, wealth planning services, trusts and private foundations, charities and philanthropy.

Alpadis has operations in Switzerland, Singapore, Hong Kong, Malaysia, and Labuan. The firm is regulated by the Accounting and Corporate Regulatory Authority (Singapore), the Trustee Ordinance (Hong Kong), the Companies Registry (Hong Kong), and the Labuan Finance Services Authority (Malaysia). Alpadis is a Member of the self-regulatory organisations VQF Zug in Switzerland.

Scherrer reported that Alpadis today has over 1,000 private and corporate clients from APAC and Europe and has been independently owned since its formation in Switzerland in 2005. Currently, the firm has some USD5 billion of assets under administration.

Don't prevaricate

He closed his brief talk by reiterating the need to address these many issues before a crisis emerges. "My mantra is that each family is uniquely different," he said, "so understand them and engage them in the concept of family governance to prevent challenges later on and to embrace the best practices today." ■

Selecting the Right Fiduciary and Jurisdiction – Key Benefits and Considerations

Laurence Black, Regional Director, Client Solutions, EMEA at Asiaciti Trust, has more than 25 years of experience in wealth structuring for HNW clients in the GCC region. He told the audience at the Hubbis Middle East Wealth Management Forum how important it is to choose trustees and jurisdictions wisely, advising them to opt for an independent trustee based in a reputable, accessible jurisdiction.

BLACK IS AN EXPERT IN THE ARENA OF STRUCTURING FAMILY WEALTH FOR PRESERVATION, growth and for ease of transition to family members and younger generations, the last of these being increasingly important as the Middle East founder-patriarchs begin to pass on their wealth to the second and younger generations.

Black first explained that Asiaciti Trust is an international trust and corporate services provider that works with private clients, corporate clients and intermediaries across multiple jurisdictions. Black, with over 25 years of experience working in the GCC region, is very well-placed to help clients navigate the ever-changing market conditions and rigorous regulatory requirements to tailor the most appropriate solution for each client.

Asiaciti Trust advises private clients on structuring, establishing and administering trusts, foundations, funds and corporate vehicles for the purposes of estate planning, succession planning, wealth protection and philanthropic endeavours. Solutions for private clients include cross-border structures and Sharia-compliant trust deeds or foundations.

The firm is also able to leverage its network of offices in Singapore, Hong Kong, the Cook Islands, Dubai, Nevis, New Zealand, Panama and Samoa to bring specialised wealth structuring and asset preservation services exclusively to high net worth individuals and their families.

LAURENCE BLACK
Asiaciti Trust

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Armed with an excellent slide presentation, Black observed that the first step for any good adviser seeking to offer optimal solutions to family offices and HNWIs is to understand what they are and what they expect to achieve, and of course to listen to their core concerns. "The selection of the trustee and jurisdiction are both vital," he explained. "Do your homewo rk to come up with the best solutions."

He explained that as to the choice of trustee, clients and their wealth management advisers need to consider the history and ownership of the trustee firm, the jurisdictional/geographical reach, the differentiation from competitors, the relevant experience and expertise, the level of service provider involvement, for example board representation on chosen structures, the terms of service, safeguards such as professional indemnity insurance, and the relationship management, or like-mindedness.

As to the choice of jurisdiction, Black also listed key considerations such as whether the laws of a particular jurisdiction are most appropriate, the experience and expertise in relevant structures, the regulatory environment and reputation, and of course personal preference.

He added that the chosen trustee in that chosen jurisdiction should be able to work across multiple jurisdictions, to be nimble and adaptable between the onshore, offshore, and mid-shore jurisdictions, with the relevant contacts and specialists to work with across those jurisdictions and to handle all the areas the client will seek expertise on.

"The choice of jurisdiction," Black commented, "must be tailored to what the client wants to achieve and in a world of intensifying regulation it is increasingly important to get this decision right, so for example taking into account double-taxation agreements, reputation and the solutions on offer in those locations."

He then focused on a slide highlighting the regulation of service providers and trustees. "The regulators around the world are actually doing a pretty good job of holding the industry to higher standards than ever, but when it comes to the jurisdiction you choose, you might find that some of the more established jurisdictions, whether the Channel Islands, Singapore, or Switzerland, those more mature jurisdictions, might have an edge over the newer jurisdictions, including the UAE, as they offer more stability geopolitically and in terms of the service provider support base and reliability."

His closing remarks focused on the benefits of selecting an independent trustee that is free from any conflicts of interest. "What has changed in recent times," Black elucidated, "is that trustees today can be divided into private and independent, private and controlled by private equity groups, and bank owned and controlled. We at Asiaciti Trust are truly independent, and non-conflicted. That is one of our key value propositions, and we are very proud of it, it is certainly a key reason I am at Asiaciti Trust."

He added that Asiaciti Trust prides itself on being very flexible, highly client-centric and distanced from the need to report back to controlling shareholders. "we believe we can therefore empower our executives to offer the best advice and execution and all of course within the clear regulatory boundaries," Black told the delegates.

Black's final comment was that Asiaciti Trust has at its heart the mission to help families and businesses deal with continuity across generations and to ensure that wealth is managed optimally.

"In the Middle East region," he said, "there are many unique and central client concerns surrounding dynastic planning, and there is a huge amount of work to be done in this area," he said. "With over 40 years of operating history as fiduciaries and confidantes of our clients' wealth, we offer the in-depth knowledge and expertise required to help clients better resolve their concerns and truly achieve their goals or aspirations." ■

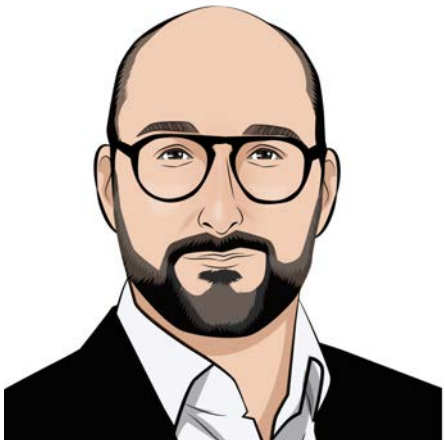
Value-added Family Office Services beyond Asset Management: A World Awaits

Oliver Muggli, Managing Partner of 1291 Private Office, which is part of the Swiss boutique advisory firm 1291 Group, addressed delegates at the Hubbis Middle East Wealth Management Forum to highlight how a Family Office can add far more value to wealthy families than simply managing their assets and helping them invest. He advised delegates to help wealthy Middle Eastern families take a more holistic view, and consider the advantages such as succession planning, sophisticated wealth planning, and tailor-made financing solutions for illiquid assets ranging from blocks of listed stock to private jets and even historic Italian castles.

THE 1291 GROUP IS A SWISS WEALTH MANAGEMENT ADVISORY BOUTIQUE and a new name which firm insiders explain came about from the historic year in which Switzerland was founded. It was back in 1291 when three Swiss cantons combined to protect themselves against their enemies and became a more formidable defensive force, after which other cantons joined what is Switzerland today.

The 1291 Group offers private wealth solutions for families in today's newly transparent world. Clients have never needed wealth planning advice more than they do today, the firm's literature states, as traditional wealth planning tools are all facing challenges.

"I think we all know exactly what a family office is," Muggli began, "so what I want to do is to zero in on our experiences of the additional value-added services a family office could, and indeed should, provide to the wealthy and super-wealthy clients they are looking after."



OLIVER MUGGLI
1291 Group

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A rising tide of private wealth

He then offered an introduction to the Middle East private wealth market, noting that according to data from the CapGemini World Wealth Report 2019, there had been rapid growth in the past decade, and that continues today.

"This rising tide of wealth has led to a significant increase in the creation of family offices, with most of these purely concentrated on investment management, so perhaps often considered more like independent asset management firms. Yet we see there are considerably more services the family office can offer."

An ideal vehicle

He observed that whatever the intentions, a family office is an ideal vehicle through which wealthy families can navigate the great and deepening complexities of today's world. "We live in a complex world, and even more so for very wealthy families," he said. "Passing on the family wealth to the next generation, regulatory constraints, a challenging investment universe, and a host of other challenges can be addressed through a family office and help the family coordinate many of the vital wealth matters that concern the family in a centralised and consistent way."

Pointing to an informative slide presentation, he also remarked how an event relating to one family member, or assets, can impact all the other members of the family, such is the intertwined nature of the various elements involved in a family office. "That is why having a central point that looks after these different stakeholders, and all these aspects is so helpful," he said. "And to be fully effective, the family office needs the widest view of the family wealth and situation, in order to take the right holistic approach."

Take a holistic view

He explained that a holistic family office model in his view is a model that covers all elements of family wealth and in the most comprehensive way possible. The family office, he said, can look after wealth planning, estate planning, tax services, family governance, strategic asset allocation and so forth.

"Actually," he added, "I would even say that ideally a typical family office should probably even delegate the asset management externally and focus on strategic asset allocation, on manager selection, managing those mandates and focus on risk management, consolidated reporting, and other key initiatives. No objective advise can be given under the pressure to obtain investment performance."

That frees the family office somewhat to also offer other help on areas such as entrepreneurial investments, real estate, art, philanthropy, and even the 'concierge' services that might include education for the family members, travel logistics and a host of other areas.

PPLI solves many issues

He then gave a few examples of additional family office services, which a family office can offer to its principal under such a holistic approach. In the key area of wealth planning, life insurance solutions could add a lot of value to wealthy families. He said that some of the traditional tools such as trusts and foundations might have lost a bit of appeal over the last 10 to 15 years, as the world's regulators and authorities push for greater transparency.

"And that," he said, "is why we are especially positive about Private Placement Life Insurance (PPLI), which is an attractive wealth planning structure that is effectively an alternative to a trust, as it is a holding structure for all kinds of assets, both bankable and non-bankable, but at the same time offering a lot of advantages compared to classic asset structuring tools, such as

confidentiality, asset protection and preservation of influence over the assets."

He explained further that PPLI as a structure is completely tax compliant in almost all jurisdictions around the world, and therefore has great international portability. "It is so tax efficient," he clarified, "because it offers a full tax deferral on all capital income generated by the assets held within the policy, so there is no ongoing taxation on capital gains, dividends, interest income during the lifetime of the insurance policy."

Additionally, the PPLI solution realises a 'true' transfer of wealth from the clients to the insurance policy, and as such all the assets are held in the name of the insurance company. Accordingly, at the level of the assets and the investments there is no disclosure of the identity of the client.

And at the insurance company level, there is of course KYC required and identification of the client, but Muggli advised that the transfer of wealth that is effected has the additional advantage of asset protection because assets are held in the name of the insurance company.

"Perhaps the main advantage compared to other wealth planning tools," Muggli elaborated, "is that the client does not actually lose the power of control, as he continues to have influence over the assets, thanks to this contractual relationship he has with the insurance company."

Consolidated reporting

He also highlighted the value that PPLI offers in terms of consolidated reporting. "Most wealthy families," he remarked, "bank with several banks, and consolidating these different accounts into one overview via the PPLI structure delivers a lot of advantage, giving a really global view of all types of financial assets, real estate, private equity, collectables, and so forth. This also greatly helps with risk management, which is another area the family office should be surveying and advising on for the family."

Forward planning is also facilitated with this type of structure and the holistic view of family wealth afforded. "Perhaps the family might even consider alternative residence and citizenship due to wanting to manage other risks such as geopolitical instabilities or concerns," he noted. "This can add a lot of flexibility and freedom, it can also open up opportunities for the offspring to study overseas. But be warned, you must seek professional advice in these matters and their tax implications."

Adding yet more value

Switching back from PPLI directly to other areas in which the family office can add value. One such area is specialty financing solutions for more esoteric assets, for example, the family private jet, the ocean-going luxury yacht, all of which can provide liquidity if used as collateral for funding other investments that perhaps offer high returns. Another area might be highly specialised property finance, for example for a historic palazzo in Tuscany, for which most banks would not lend, but also for which the family office can identify and work with the few specialty lenders in that market.

And Muggli closed his list of value-added ideas with financing for single stocks, for example where a wealthy family owns a significant position in a listed company but where they do not want to dispose of the stock, or indeed any of it. "Many banks are reluctant to lend against these share positions," he remarked, "and if they do, they might only offer a very small LTV of 20% to 30%. So the family office can work with some specialty lenders that will be able to help the family redeploy this illiquid wealth for some other exciting projects."

He closed his lively and insightful presentation by reiterating how the family office can add value in some many areas, including of course wealth planning through the preferred PPLI solution. "This type of holistic approach delivers a lot of benefit to all the parties involved," he concluded, "so I strongly recommend you to extend these ideas to your wealthy clients, and of course work with the various experts to offer them the optimal solutions and expertise." ■

hubbis

Middle East Wealth Management Forum 2020

21 January I UAE

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Summary

We were delighted to host our annual event in UAE for the **Middle East Wealth Management Forum 2020.**

GCC continues to present an enticing opportunity in wealth management for domestic and foreign players alike.

The agenda is designed to include presentations, workshops, case studies and panel discussions - to look at where the market is at today, the opportunities and challenges it faces, and where it needs to go to move it to the next level.

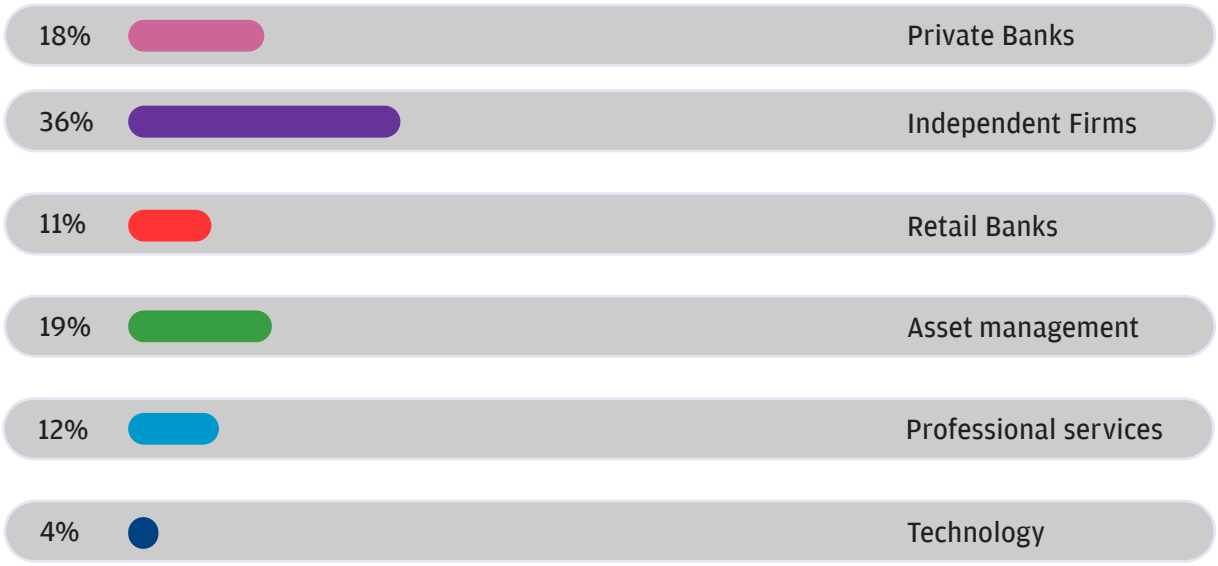
Thank you to all of our event partners: 1291 Group, Alpadis Group, Intellect Design Arena, Sun Life Financial, Asiaciti Trust, ERI Banking, RGN, Swissquote, PraxisIFM, and Invest Samoa.

Its exclusively designed for CEOs, senior management, product gatekeepers and relationship managers -from the leading local Private Banks, Securities Firms. Asset Management Companies, Retail Banks, IFAs, Family Offices, Insurance Companies and Wealth Management Firms.

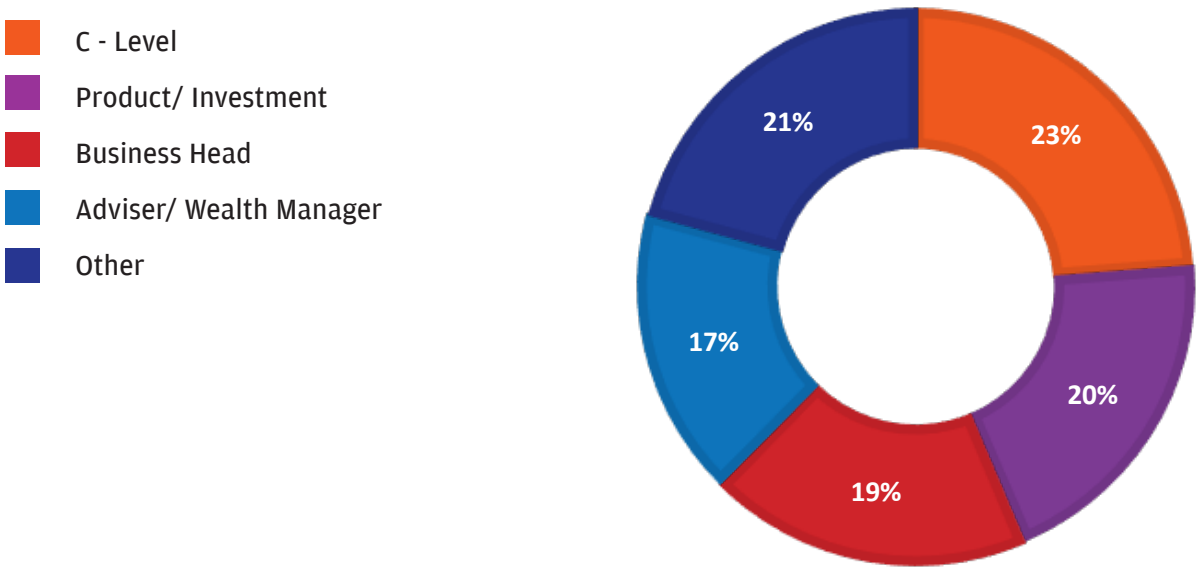
Key to the content at this event is also providing insights from experts in overseas markets - sharing best practices, the components of successful businesses, and lessons learned from developing wealth management offerings elsewhere.

The wealth management industry is certainly evolving. The regulators are helping improve practices and standards of professionalism. And institutions in the Middle East are assessing and reacting to the ever greater regulatory and compliance requirements from across the globe. ■

Attendee Profile



Job role



Attendees from these firms

1291 Group
Abu Dhabi Global Market
Abu Dhabi Islamic Bank
ADCB
Ahli United Bank
Al Bashayer Investments
Al Tamimi & Company
Allfunds
Alpadis Group
Arbuthnot Latham
Arch Corporation
Arendt and Medernach
Aria
Arlo Wealth
Asiaciti Trust
Aspire Cap
Assetfort Wealth Management
Bank Julius Baer
Bank of Sharjah
Bank of Singapore
Banque Havilland
BCG
BIL
Black Stone Insurance Consultancy
BNP Paribas Wealth Management
BNY Mellon
Bo Fric Associates
BPE Law Firm
Bryan Cave Leighton Paisner
Chartered Insurance Institute
Citi
Compass
Continental Financial Services
Credit Suisse
Delio
Deutsche Bank
DFSA
DIFC
Emirates Capital
Emirates Investment Bank
Emirates NBD
Equiom Group
Ethics Plus Consulting
Etihad Capital
Exotix Partners
EY
Falcon Private Wealth
FAME Advisory
Fiduchi
Financial Risk Solutions
Fincasa Capital
First Abu Dhabi Bank
First Eastern Capital
Foot Anstey
Gateway Insurance Brokers
Growmore Group
Gulf International Finance
Halwyn
HedgeACT
Henley & Partners
Holborn Assets
Howden
HSBC Bank
HSBC Global Asset Management
HSBC Private Banking
Impieego Capital
Index & Cie
Infinity Global Capital
Intellect Design Arena
Invest Samoa
IPH Financial Servies
K2 Leaders
Kotak Mahindra Financial Services
Legacy Line
LGT Bank
Lighthouse Canton
LMCMENA
M/HQ
Mabledon Capital
MAC Capital Advisors
Maples Group
Mayfair Private
Mercury Hamlin & Associates
MetLife
Mondial
Multi-Act Equity Consultancy
New Street Management
Nexus
Nine Rivers Capital
NJ India Invest
Noor Takaful
Ocorian
Oddo BHF
Petra Insurance Brokers
Physical Gold Fund
Pioneer
PKF Chartered Accountants
PraxisIFM
Privity
RAK ICC
RCC
RGN
Rif Trust Investments
Ritossa Family Office
Rusd Capital
Saxo Bank
Schubert Commodities
Seguro Private Wealth
Shuaa
Simmons & Simmons
Sovereign Group

Standard Chartered Bank
Stephenson Harwood
Sun Life Financial
Swissquote
Tata International
The Global CIO Office
The MFO
Thornwood Capital
Trident Trust
Valuefy
Vanquish Holding
Vita International Insurance Brokers
WAG
Wealth Element
Wehbe
ZTI Account Services
Zurich

Speakers

Ahmad Chahidi
Bank Julius Baer

Anand Rai
Intellect Design Arena

Asad Khairi
HSBC Bank

Ashok Sardana
Continental Financial Services

Ayesha Abbas
Standard Chartered Bank

Daffer Faroq Luqman
Abu Dhabi Islamic Bank

David Varley
Sun Life Financial

Deepak Malhotra
Mayfair Private

Ewald J. Scherrer
Alpadis Group

Fadi Barakat
Chief Investment Officer

Ismael Hajjar
EY

Ivan Pelle
RGN

Karim Ghandour
Legacy Line

Laurence Black
Asiaciti Trust

Madhavan Sivashankar
Gulf International Finance

Malik S. Sarwar
K2 Leaders

Muneer Khan
Simmons & Simmons

Nirav Dinesh Kumar Shah
FAME Advisory

Oliver Muggli
1291 Group

Paul A Cox
HSBC Bank

Prashant Tandon
Lighthouse Canton

Saif Al Keem
Abu Dhabi Islamic Bank

Sunita Singh Dalal
Stephenson Harwood

Tomasz Bortnik
Citi

Vinod Krishnan
Arch Corporation

Martyn Crespel
PraxisIFM

Key voting poll results

The Hubbis Digital Community in Wealth Management 2019 event in Hong Kong on November 28th provided fascinating and thought-provoking discussions and talks for the assembled delegates. As usual we also polled the attendees and mined out the following nuggets. Hubbis also conducted some digital polls during the event, with the following key findings.

- 88% of our attendees think that digital tools are making their role much more efficient today
- 76% of the audience said there is no evidence in their organisation that data is intelligently used
- 72% of attendees believe that the role of the RM in the future will become LESS important
- Over 90% would NOT trust a new Virtual Bank with the BULK or their money
- 93% do not see any new virtual bank making a profit in the next 3 years
- Only one third of our audience really understand the impact of AI and big data analytics on wealth management
- Only 19% of attendees are happy that their information is used and shared on social media
- 67% of the audience said they and their clients do not invest in crypto or digital assets
- Only 33% of attendees really understand how the blockchain will influence wealth management
- 60% of the audience think crypto and digital assets will have a dramatic influence on traditional wealth managers in the next three years

Middle East Wealth Management Forum 2020

Testimonials

At the Hubbis Middle East Wealth Management Forum 2020 in UAE on January 21th, we asked leading industry participants what they thought about our event today.

We hope you enjoy these Testimonials.
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.

Link to Event Homepage

Who did we ask?

Ayesha Abbas
VCGM, Head of Priority and Premium Segments
Standard Chartered Bank
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Prashant Tandon
CEO, Managing Director
Lighthouse Canton
Watch Video

Fadi Barakat
Chief Investment Officer
Madhavan Sivashankar
Founder, CEO & Member of The Board of Directors
Gulf International Finance
Watch Video

Madhavan Sivashankar
Founder, CEO & Member of The Board of Directors
Gulf International Finance
Watch Video

Asad Khairi
Regional Head Investment & Insurance, Middle East, North Africa & Turkey
HSBC Bank
Watch Video

Laurence Black
Regional Director, Client Solutions, EMEA
Asiaciti Trust
Watch Video

Ismael Hajjar
Director, MENA Private Client Services, Family Enterprise, Family Office Advisory
EY
Watch Video

Nirav Dinesh Kumar Shah
Founder and Managing Director
FAME Advisory
Watch Video

Vinod Krishnan
Managing Director
Arch Corporation
Watch Video

Sunita Singh Dalal
Of Counsel
Stephenson Harwood
Watch Video

Oliver Muggli
Chief Executive Officer, 1291 Private Office
1291 Group
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Deepak Malhotra
Chief Executive Officer
Mayfair Private
Watch Video

Anand Rai
Presales Lead
Intellect Design Arena
Watch Video

Martyn Crespel
Director
PraxisIFM
Watch Video

Ayesha Abbas
VCGM, Head of Priority and Premium Segments
Standard Chartered Bank
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I am very excited about the event today. For the first time, after a series of events that I've been attending, I saw a huge turnout from different players in the industry, maybe bankers or regulators or lawyers or asset managers, for that matter. A - the turnout skewed. The diversity of people who are here is fantastic. So very excited to be here and looking forward to come back again.

Prashant Tandon
CEO, Managing Director
Lighthouse Canton
Watch Video

I think Hubbis does a great job of organising these networking events. You get to have access to many thought-provoking conversations. You get to meet industry leaders. Of course, share some success stories. And definitely, definitely enjoy the hospitality that Hubbis provides. Thank you so much.

Fadi Barakat
Chief Investment Officer
Madhavan Sivashankar
Founder, CEO & Member of The Board of Directors
Gulf International Finance
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Very good. I really liked your, a bit of element of surprise that came from your questions and the back and forth. Yes, we had a bit of a taste of what the topics might be, but it comes in relevant on the back of the previous discussion on what's been said. It's challenging. It's not like, 'okay, just really, you want to spit out the question and hear the answer' and know what the discussion is going to be. I thought that that was interesting, and it gives the attendees added value, more insight, and they can hear from the industry experts that are sitting there. A great event, I must say.

Madhavan Sivashankar
Founder, CEO & Member of The Board of Directors
Gulf International Finance
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I think this was an amazing experience for me to interact with my peers, to understand the way that they're thinking. I'm glad that forums like this get together and share ideas. I think the audience is also educated with what the panel members have to offer. Overall, well done.

Asad Khairi
Regional Head Investment & Insurance, Middle East, North Africa & Turkey
HSBC Bank
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No, I think very, very well-arranged. I was impressed with the attendance. Generally, these events, it's very difficult to get a full house. So I think you guys are doing a pretty good job that's why we can see the attendance.

Laurence Black
Regional Director, Client Solutions, EMEA
Asiaciti Trust
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Always delighted to be part of the Hubbis event globally, not just

here in Dubai. And Asiaciti Trust continue to support this because of the quality of our speakers, the topics, and an extremely well run and attended event.

Ismael Hajjar
Director, MENA Private Client Services, Family Enterprise, Family Office Advisory
EY
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Overall, the event was really good, really useful. And you've managed clearly to attract a big crowd and very diversified crowd from within the asset management industry and all the service providers that, let's say, provide service to the wealth owners too. So I think the diversity and the quality of the people was very good. I couldn't attend the whole day and listen to all the presentation, but generally, again, there was a consistency in the level of quality of the speakers and the presentation. And I'd say that unlike some of your competitors' event, most of the presentation were not commercial, so people trying to share knowledge and not trying to sell something, which I personally appreciate.

Nirav Dinesh Kumar Shah
Founder and Managing Director
FAME Advisory
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I'm feeling happy because a lot of neighbours, a set of people are coming in and participating. And of course, on the subject and the content is very, very relevant for today's time. And I must say that because Hubbis been organising it across the centre, they also get quite a bit view of the sector across the locations in which brings a lot of different flavour to the discussions as well, which is very, very important.

Vinod Krishnan
Managing Director
Arch Corporation
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All good. I think on one side you have the service providers whom you target, but then if you could include some of the larger client base, I know there are the family office conferences that are happening. So one of the initiatives I do, I run a not-for-profit family alliance, and the whole point is for me to encourage families to think of this hard and the soft side of family business or family wealth management.

Increasingly a number of families are looking at, especially the next gen, are looking at ways to establish family offices, but the problem is establishing a single-family office is very expensive. And there's also a trust element and your cooperation element in a family sharing information about themselves amongst the larger groups, so multi-family office becomes a problem. In order to get those barriers broken is when I've started this not-for-profit family alliance where we are able to get together these families, speak to them about the various parts of the soft and the hard sides of wealth management, encouraged by some of the banks, like JPMorgan, they help me by allowing some of their key professional investment advisors to address these family alliance whenever the time tables coincide. So that's been a big help. But then I think that's the only way to improve participation from the investors or the family offices into events like this. So I think that's something which I'd been wanting to tell you since the year before, but I know it's more focused on service providers.

Sunita Singh Dalal
Of Counsel
Stephenson Harwood
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I think the calibre of speakers at today's event has been exceptional. Without a doubt. It's been very interesting listening to a lot of the speakers. However, I would say that a lot of the speakers are still grappling with archaic stereotypes that we in the region, on the ground, knowing the reality and knowing what solutions are available, do not grapple with because those are indeed archaic and obsolete stereotypes.

So that's something that concerns me quite a bit. And again,

people are not really digging deep enough to understand what does the local GCC family need and advising them on what their needs should be. And that's the whole point of being a trusted advisor is getting into a family, knowing them, understanding them, understanding the dynamics of a family, and then telling them what they should be doing fearlessly. And doing their job independently.

And I think a lot of the panellists that have been here today, those that do fly into the region, haven't still got to grips with that. And that is something that is a very deep-rooted cultural issue. So it's wonderful being polite and very politically correct, but actually you're not doing your clients any justice.

Oliver Muggli
Chief Executive Officer, 1291 Private Office
1291 Group
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It was very good, very interesting. I especially liked the panel discussions. I think they were extremely well moderated, gave everyone the platform to speak out and mention their opinions. It wasn't product-placing like maybe in some other conferences, so it was a lot of content. I liked also the different, broad range of topics from different speakers. I think it's a very good format and I'm very happy to be a part of it.

Deepak Malhotra
Chief Executive Officer
Mayfair Private
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The good thing about the event today is you've got people across, although this is the wealth management type space, you have people from all sorts of backgrounds. You have single-family offices, you have private bankers, you've got people on a more of an advisory capacity, like our organisation. So I think it's quite a mixed group and it's a great forum to share ideas, because people come from a very different background and perspective.

I think the level of networking and interaction has been excellent. And I think there is definitely the theme around the CRS, the substance, was very apparent today as well. So I think there is a gap in knowledge, people do want to learn. This is a great forum for learning, networking and sharing ideas across disciplines.

Anand Rai
Presales Lead
Intellect Design Arena
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I can see a lot many people who have come here. So I believe the attendees should be 300 plus, if I'm not wrong. I found it to be very exciting to engage with the various people from across GCC. And definitely your business is doing a great job in terms of bringing everyone to the common platform and helping each other to understand how we can help the wealth management industry.

Martyn Crespel
Director
PraxisIFM
Watch Video

Seems to be a very good range of interests from people attending from different parts of the world. So for me, that's quite attractive.

Testimonials from the audience

Never going to miss the Hubbis events. So many intellectuals together at one place. very enlightening and informative **- Priscilla Oliver**

My time at the Middle East Wealth Management Forum was a complete pleasure. I had my reservations with attending this event as I have a busy schedule and I had to postpone my meetings for the next day, but clearly NO regrets. I got to learn so many wonderful facts and ideas on personal and professional enhancement from industry leaders. Looking forward to attending the next event in 2021. I've marked the date in my diary **- Shakir Hussain, Financial Consultant, Petra Insurance Brokers.**

Hubbis did an excellent job in conducting and educating the next generation IFAs. It gives an idea to think optimistic about the market and industry we belong to. Also gave an opportunity to meet senior management people of leading financial organisations. Thanks again and looking forward to being a part of future events, too.

The Hubbis team are committed to producing real content to serve a defined community. I admire and appreciate their efforts. They encourage honest and transparent debate. ■

Middle East Wealth Management Forum 2021

Tuesday 19th January, 2021

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