

Middle East Wealth Management on track for Growth and Evolution

The Hubbis Middle East Wealth Management Forum on January 24 proved an enormous success with sponsors, speakers and delegates. The discussions ranged from wealth management strategies to legacy planning to compliance to technology to investment opportunities.

THE UAE IS SAFE, HAS NEGLIGIBLE PERSONAL OR CORPORATE TAX offers offers high living standards and has an excellent position geographically. The financial sector is well established and growing in depth and sophistication. This should be an ideal recipe for it to become a highly respected and credible centre for wealth management and attracting HNW and UHNW families. But can the UAE indeed develop into a world-class wealth management centre?

The wealth management industry is certainly evolving. The regulator is 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.

Old money is largely staying in the region and new money is coming into the UAE from Africa, Asia, the Middle East of course, and even from new avenues in Europe. A speaker at the event told the audience that the UAE is also the fifth destination in the world, for high net worth individuals looking to move residence.

The broader prospects of the economy, the lifestyle, the low taxes and the accessibility are all excellent fundamentals for both continued economic expansion and diversification, as well as for the wealth industry.





Many multi-family offices and single-family offices are establishing in the UAE, rather than just going to London or Switzerland as they might have done in the past. That further helps the circulation of money and the diversification of investments and asset classes, further consolidating the prospects for the wealth sector.

A Hubbis poll conducted during the event showed that 88% of the audience felt client financial literacy improved over the last 10 years.

The prospects for Islamic wealth management are immense. One expert noted that Islamic wealth management around the globe is worth an estimated USD65 billion out of a total of the figure quoted for Islamic finance of closer to USD2 trillion. In other words, Islamic wealth management is but a drop in a vast ocean and even today the Islamic banks are still not particularly focused on wealth management. The opportunity is not to be missed.

Succession planning is another core growth market highlighted during the event. Due to its quite short and recent history, the UAE does not yet have

a lot of experience at wealth transition. A lot of wealth that has been generated in the region is, typically, first generation and only recently moving into the second generation. Again, there are immense opportunities for structuring wealth preservation, succession planning and intergenerational wealth transfer.

Regulatory and compliance issues are of considerable concern to the older and newer competitors in the wealth sector. Institutions in the region are getting to grip with the investment in people and infrastructure that the ever-tighter global regulatory regimes are demanding. The challenges of introducing seamless IT interface for clients is another key focus and opportunity.

The wealth industry in the region recognises that people skills must also be upgraded through education and ongoing training. Whatever the technological revolution lying in wait, wealth management is a people business, especially in a region such as the Middle East. Experts at the event agreed that a balance of both personal and technical skills will be ever more essential for relationship managers and other front-of-client roles. ■

