

# Navigating the Future: Shaping the Independent Wealth Ecosystem in the UAE

What are the best directions for the independent wealth management industry in the UAE, and how should the market participants work together to help realise the huge potential that lies ahead? That was the core question for an erudite set of experts at a panel discussion during the Hubbis Independent Wealth Forum in Dubai on March 6. The panellists concurred that the wealth management industry is increasingly diverse, complex and interconnected, shedding light on the pressing need for collaboration, robust governance, greater client centricity and increased innovation within the sector. As the industry grapples with rapid changes and the integration of digital solutions, the conversation underscored a collective ambition to refine and strengthen the independent wealth ecosystem.

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## AT A GLANCE

### The Need for the Unifying Presence of an Independent Wealth Management Association

The panel strongly agreed on the potential benefits of establishing a new wealth management-focused association, with lessons learned from Asian markets, especially Singapore. The association would aim to foster dialogue with regulators, establish minimum industry standards, enhance the visibility of independent asset managers, build dialogue and consensus, improve collaboration, and raise the independent sector's profile.

### Addressing the Challenges of Rapid Expansion and the Articulation of Higher Industry Standards

The experts emphasised the importance of such organisations in advocating for the industry's needs, setting standards, and promoting ethical practices. Governance is vital to show the best practices and the best client focus. The discussion highlighted the practical challenges faced by family offices and wealth managers as they navigate rapid expansion alongside better governance and sidestepping ethical dilemmas.

### The Critical Role of People and Processes

A recurring theme throughout the conversation was the paramount importance of investing in people and refining processes. Panellists pointed to the importance of governance at

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##### » Sunita Singh-Dalal

Partner, Private Wealth & Family Offices  
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##### » Biju Thomas

Senior Director & Head of Family Office for Mashreq  
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##### » Noor Quek

Founder, Chief Executive Director  
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##### » Jyoti Nangrani

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multiple levels, the importance of finding and retaining the right talent and client commitment, the necessity and great value of personal touch in client relationships, and the evolving expectations of clients, particularly in the context of relevance, suitability, digital solutions and sensitivity to cultural nuances. The experts acknowledged the challenges of finding and keeping the best people in a high-growth and relatively less mature market, suggesting that providers enhance internal contracts for better protection of their propriety products and services and helping to foster a culture of loyalty and team spirit among employees to sustain and grow the independent wealth ecosystem effectively.

### **Vision for the Future: Unified Perspective, Collaboration and Self-Governance**

Looking ahead, panellists expressed positivity and focused on their wish list for the industry's future, ranging from the creation of an industry association, the consolidation of EAMs and MFOs for better presence and stronger ethical and operational alignment, higher governance standards amongst peers and competitors, a more complete realisation of the commitment to the clients, and a deeper ecosystem of bankers who buy into the independent proposition along with enhanced education and communication to better make the independents' case. The shared vision underscored a commitment to elevating the standards and integrity of the wealth management industry.

#### *Expert Opinion*

##### **SUNITA SINGH-DALAL:**

"Having engaged in forums across Hong Kong, Singapore, and the UAE, I've observed the unique interplay between these regions. The proposal of a wealth management-centric association in the UAE, inspired by our Far Eastern corresponding jurisdictions, is timely and, in my view, also essential. The prospect of establishing a wealth management association within our region isn't merely an ambitious endeavour—it's a necessary step towards harmonising our practices with global standards. Given our unique position, the potential for synergising our wealth management practices with lessons learnt from the more developed Far Eastern wealth management centres is immense. This isn't about competition between the regions; it's about learning from each other and collectively elevating our regional industry."

"In light of recent challenges, it's evident that despite the UAE's dynamic market, the multiplicity of regulators presents a unique hurdle. Nonetheless, I am optimistic about our collective capacity to navigate these waters and establish a framework beneficial to all."

"Reflecting on the discussions today, it is clear that our industry is at a pivotal juncture. The enthusiasm for a wealth management association, underscored by the show of hands amongst our delegates today, speaks volumes about our collective desire for progress. We are not just participants in this industry; we are the architects of its future. As we consider the path forward, it is imperative that we focus on inclusivity, ethics, and innovation. The association would represent more than a supportive body; it would embody our commitment to excellence and integrity in wealth management."



## THE DISCUSSION

### The Drive Towards Elevating the Independent Wealth Proposition, Greater Collaboration and More Cohesion

In the last few years, there has been a strong theme running through many discussions that the UAE and the Far East wealth centres are both competitive but also complementary, each with unique characteristics. There are growing calls for the introduction of a new independent wealth management association in the UAE to help bolster achievements to date and accelerate further progress.

A speaker shared the journey of establishing an association for independent asset managers in Singapore around 2010/11, during the nascent stages of the External Asset Manager (EAM) industry. The association aimed to engage in dialogue with the Monetary Authority of Singapore (MAS) to both educate the regulator on the industry's needs and operational dynamics and to advocate for the establishment of minimum industry standards to guard against malpractices.

Additionally, the Singapore association sought to enhance the visibility and recognition of the independent asset manager segment within the broader wealth management sector. Approaching 15 years later, he acknowledged that although some progress has been made in raising the profile of this industry segment, the goal of obtaining a dedicated regulatory framework for independents remains unfulfilled in Singapore. He expressed optimism that Dubai,

#### Expert Opinion

#### NOOR QUEK:

"Having navigated the wealth industry and family office market for over four decades in Asia, I have witnessed it grow significantly. Today's market demands not just skill but ethical commitment and a deep understanding of the diverse needs of family offices in order to provide them with the right level of advice and the best proposition."

"Investing in people development and leadership is paramount in today's complex environment. It is about safeguarding the organisation's reputation by broadening our skill sets and fostering a collaborative spirit to help drive the best and most client-centric offering we can deliver."



with its youthful dynamism, could potentially succeed in establishing such an association and engaging with regulators to develop a bespoke regulatory framework tailored to the unique needs of the independent asset management industry.

Another expert agreed, and paralleled the challenges faced in the UAE, but noted that the UAE contends with multiple regulators, complicating the effort to unify them for defining industry standards. However, she expressed readiness to tackle this challenge.

Another guest delved into the early discussions about forming an association similar to the one in Singapore, noting that these conversations began in earnest in 2022 among a small group of incumbents. The idea was inspired by the Singaporean model, with a desire to adapt or extend it to address wealth management issues and trends specific to the UAE. The motivation behind creating an association stemmed from recognizing the nascent stage of the local market, despite the presence of numerous players, and the need for establishing ethical business practices, fostering collaboration, and managing the challenges of a transient market and wealth management dynamics.

They remarked that although there was enthusiasm for setting up an association based on fundamental principles, doubts about the market's readiness and the extent of regulatory support in a fluid environment led to the idea being temporarily sidelined, although the appetite remains strong.

A veteran of the wealth industry from Singapore highlighted the early role of such associations in fostering a community among those types of financial institutions, emphasising the importance of sharing best practices and fostering team spirit. She observed the significant growth and expansion in the industry but stressed that growth must align with building and maintaining a good reputation. She praised the recent developments in the Middle East, advocating for enhanced and complementary skill sets to enhance the industry.

### Expert Opinion

#### URS BRUTSCH:

"Starting an association in Singapore was a pivotal step towards engaging with the Monetary Authority of Singapore for the betterment of our industry. Despite facing challenges, such as the fairly recent unfortunate money-laundering scandal, our aim to raise the independent asset manager segment's profile has seen significant progress. The potential for a similar association in the UAE excites and interests me. Given the wealth market's relatively youthful dynamism, there is a unique opportunity to craft a tailored discussion and support forum that will help with the development of the regulatory framework that addresses the specific needs of our industry."

"Wealth management, in essence, is about delivering the best possible client outcomes and doing so with openness and transparency. Our own approach, being entirely free from retrocessions, focuses solely on the client's situations and best interests, and we hope, in doing so, setting an example for transparency and integrity."



### The Evolution of the Family Office Model in the UAE

A speaker shared his enthusiasm for the discussion on family offices, a subject he is passionate about. He highlighted the strategic shift initiated in 2020 towards a more focused approach within the wealth sector, noting the absence of such direction in the market previously, which was dominated by international banks and large families. Pointing out the significant role families play in the Middle East's economy - holding 70% of private business and providing 80% of employment - he underscored the lack of a consolidated, focused

approach from banks and wealth management towards HNW and UHNW families.

He shared insights gained over the last three years, stressing the need for better governance and accounting standards within family office and other family operations. He noted that some families have started to adopt constitutions for their family offices as they expand their businesses. He concluded that, while the banking sector supports wealthy families with a variety of relevant services, there's still much to learn and room for growth in managing family wealth and helping their businesses in the region.



Expert Opinion

**BIJU THOMAS:**

“The family offices and EAM sectors face a common issue with RMs moving and taking their portfolios with them. This highlights the need for better governance and contractual agreements to protect the interests of all parties involved.”

“Our approach has been to implement governance at multiple levels—accounting, practices, policies, and recruitment. These standards are crucial for sustaining HNW and UHNW family wealth and ensuring its growth. For the sake of improving outcomes and the advice we offer, we have had to impose strict governance measures, even requiring one royal family to overhaul their structures to meet our standards. This underscores the critical role of governance in fostering trust and value in client relationships.”



He outlined the evolution of family offices as they expand and diversify geographically, using the example of a family with a central team in Dubai and offices in Australia, Singapore, the US, and other locations. This type of globalisation necessitates the

management of assets across different regions, bringing custodians, banking partners, and managing partners into significant roles.

He remarked that despite the world becoming more

interconnected and the advent of advanced digital platforms in wealth management, there also remains a crucial need for a personal touch in dealing with families’ wealth. The integration of wealth, from its accumulation within the family to its growth through the financial system, was highlighted as a key area where the personal and digital aspects of wealth management must be harmoniously blended.

Another guest also touched on the generational shift within family offices, noting the more inquisitive nature of millennials compared to their predecessors and stressing the need to understand cultural and generational nuances across regions. She emphasised the need not just for paper credentials amongst industry players, but also the right experience and ethical commitment.

A speaker highlighted the importance of understanding the true function of a family office - protecting and growing the family’s wealth across generations and calling on industry leaders to take responsibility for training and inspiring their teams, fostering loyalty and a sense of ownership, and integrating clients into multiple services to ensure sustainable relationships.

**Client Expectations and Nuances Must be Understood and Addressed, Transparency is Vital**

A Singapore-based expert emphasised his open-minded approach to exploring wealth management opportunities in regions like Dubai. He noted the great potential for growth

in Dubai's wealth management sector and highlighted the distinctive investing behaviour of clients in this region, particularly their affinity for leverage and structured products.

He also touched on the practice of not accepting retrocessions from banks, a method he adheres to by only charging direct management and advisory fees to clients. This approach, albeit not yet common in both Dubai or even Singapore, aims to ensure alignment with client interests. He said this is a stark contrast to the prevalent practice where hidden commissions could misalign wealth managers' incentives with their clients' best interests. He advocated for a value proposition that genuinely aligns with client needs.

Another specialist discussed the challenges faced by the wealth management industry in bringing new talent to their businesses. They said that for firms and bankers transitioning to EAMs or MFOs it must go beyond mere structural changes; this necessitates a profound shift in their professional ethos. They cautioned that for far too long, the industry has been oriented towards banking for profit, where the primary focus has been on the bottom line rather than the actual needs and long-term interests of clients. This approach, while profitable in the short term, fails to build sustainable relationships or trust.

To truly serve the client's interest, professionals must adopt a mindset that prioritises advising for value over generating immediate returns. This means understanding the client's comprehensive financial picture and their life goals and tailoring advice to help them achieve these objectives. She explained that it is all about becoming a trusted advisor whom clients can rely on for honest, unbiased guidance.

This systemic change in mindset from transactional interactions to value-driven relationships is essential for the evolution and integrity of the wealth management industry. It is a transformation that requires not just individual commitment but also collective action and support from the entire ecosystem, including regulatory bodies, to foster a culture that values ethical practices and long-term client well-being above short-term gains.

Referring back to the concept of developing an industry association, they observed that this conversation underscores the complexity of managing relationships and ethical standards within the wealth management sector, underlining the importance of structural and contractual safeguards to maintain stability and trust.

Another guest speaker discussed the industry-wide issue of client relationships and portfolios being impacted by RMs moving between

firms. He noted that contracts restricting RMs from taking clients to new firms are common, but their effectiveness varies. He suggested that an association could facilitate understanding and address these practices, acknowledging regulatory interest in mitigating such challenges.

Looking towards the future, a guest expressed a desire for some consolidation amongst EAMs and smaller MFOs under one leadership to achieve ethical and operational alignment.

### **Conclusion: Striving towards A Unified Path Forward**

In concluding the discussion, the experts stressed the importance of investing in people to mitigate inevitable attrition, particularly in developing economies and industries searching for their identity. The panel closed the discussion on an optimistic note, with a collective recognition of the challenges ahead and the immense opportunities for growth and improvement in the independent wealth ecosystem. As the industry continues to evolve, the insights shared underscore the importance of collaboration, ethical practice, and leadership in shaping a more robust and client-focused wealth management landscape. The journey towards achieving these goals may be complex, but the dialogue laid out some of the key points to remember along the way. ■

