

# Steering a course towards the future of wealth structuring

*The impact of tax transparency and exchange of information will be felt not only in terms of the solutions or jurisdictions suitable for HNW and UHNW assets – but also in relation to which service providers can deliver, says Martin Crawford of Vistra.*

In today's new world of total transparency, some markets are moving quickly. Others, such as China, are playing catch-up in terms of their understanding about the implications of new regulations and standards.

Winning new business amid such uncertainty is proving a challenge for now. But once the dust has settled in the wake of automatic exchange of information (AEOI) and the Common Reporting Standard (CRS), for example, there will still be a need for structuring.

"Clients will still need advice on estate, succession and tax planning, and they will still seek out expertise in doing that," says Martin Crawford, chief executive officer of Vistra. "Those people who are using structures for the wrong reasons will stop."

Where he expects to see a change in terms of the dynamics of service providers, is in terms of the larger and more

global players becoming better equipped to handle clients' needs. "They won't have as many preconceptions as they do today," he explains.

"They will come and say 'what should I do', not 'I want to do this, please help me,'" he adds.

This is where companies like Vistra have an increasingly important role to play, believes Crawford.

For the private banks, meanwhile, in his view they will need to decide the extent of the proposition they want to offer – either a full-service one that includes trusts and other structuring advice, or just a focus on managing money.

"Some banks are divesting their trust operations, partly because of economics, and partly because clients are demanding true independence of the people managing their money," explains Crawford.



**MARTIN CRAWFORD**  
Vistra

As a result, the next few years will see more of a shake-out of bank-owned fiduciary trust companies in favour of independent firms.

## NEW DYNAMICS

A shake-up is also expected in terms of which jurisdictions are taken more seriously going forward.

In the wake of various scandals – substantiated or otherwise – those offshore jurisdictions that can portray themselves in the right light will stand out.

For many jurisdictions, it won't be a volume game anymore, in terms of the numbers of trusts or other structures they have. Instead, it will be more around picking the product category where they want to establish their name.

At the same time, Crawford also expects to see an increase in onshore business. "If you accept that the world is still globalising, people still need structures to optimise the flows of money."

Yet changes are afoot. Corporate structures will require more substance, both for fiscal and operational reasons, which could lead to using more onshore structures. Further, it may not make sense to put certain asset classes, such as UK real estate, in a structure.

The upshot, says Crawford, is that demand for BVI companies, for example, might well decline in pure volume terms.

## READYING FOR A NEW MARKETPLACE

In general, Crawford sees the opportunity in Asia as being more outbound than inbound.

This stems from countries like China and India, along with some markets in South-east Asia, which are now in a position to export ideas and capital as part of them going global. In sync with this, HNW and UHNW individuals and families are increasingly looking to follow the money and diversify their assets into foreign

markets – for example in real estate, equities, bonds and other asset classes. "As capital controls loosen, more and more people will find themselves investing in offshore assets," predicts Crawford. "Firms which can be the conduit for that and help them access those assets, will grow their business."

Vistra's buying streak in the recent years is evidence of its drive for consolidation within this sector, to be well-prepared for these expected trends.

More specifically, the firm has made over 30 acquisitions in the last four years. Most have been relatively small, intended to create a new service line or enter a new territory. Others have been more substantial, to enable Vistra to bulk up in a particular geography.

This is something Crawford believes is vital in meeting what he sees as growing client demand for multiple touch points, to give them access to solutions around the world. "Firms which don't do this are going to miss out."

His appetite for acquisitions shows little sign of abating, in line with his predictions for the broader market. "Globally, we are ranked third in the industry, yet we only have a 7% to 8% share. And the top four firms probably only have a combined 25% of the market," says Crawford. "So we think there is still a lot of consolidation to come."

Yet unlike some of the firm's global peers, Vistra remains committed to serving private clients; over 30% of its business is servicing HNW individuals, families and family offices. In line with this, he sees value in providing services like reporting that can give clients a single view of their portfolios. "We don't want to manage money but we are very keen to help clients understand

the total picture of their portfolio," explains Crawford.

Vistra's growth is also likely to come in the fund administration space in terms of product; geographically, it is eyeing new markets, especially the US.

## CLIENT EXPERIENCE COUNTS

But growth without consideration of the client experience won't lead to much success.

Vistra's goal to date has mainly been to make it easier for its clients. For example, the firm has developed a client portal in its incorporations business; where if a client has 30 BVI or Hong Kong companies, for instance, the client can go to one place to see this all online, and then order them, pay for them, and ask for certificates of good standing or other documents necessary for the good running of these structures.

Crawford says there has been an increase in the numbers of transactions via this portal. "It is an educational process, and it will definitely play an important role going forward."

The next step is to develop a similar concept across its fiduciary services business. This will enable clients to store all their documents in the cloud, ensuring they are secure. "It's not so much about lowering our own costs, but more about serving the client."

Ultimately, Crawford's mission is to create a client experience which is the same in Brazil as it is in Singapore or as in the UK. This is not just about being good in markets where it has been historically strong, he explains. "We are trying to make the links the same strength globally. Whether that fully differentiates us, it remains to be seen, but this is the direction we want to go in." ■