

# Thailand's Phatra at the Cutting Edge of Thrust Towards HNW Family Wealth Structuring

Premrudee Parinayok is Assistant Vice President, Family Wealth, at Phatra Securities. With an impressive background, graduating in law from Thailand's prestigious Chulalongkorn University and then LLM. in taxation from the highly-regarded King's College London, and with six years practising in Thailand as a tax lawyer with a global law firm, she is well skilled and ideally placed to help wealthy Thai families with many of the investment, structuring and legacy planning issues they face. She arrived around two years ago to help start the firm's wealth planning and structuring operation and met with Hubbis recently to offer her insights to the progress so far and the outlook for this important new initiative.



**There is little doubt** that many banks and firms involved in wealth management in Asia are diversifying their products and services, seeking new avenues to achieve revenues and also client loyalty. Phatra Wealth Management, which is effectively the private banking arm of Phatra Securities, itself owned by Kiatnakin Bank, is one such established firm that has been actively enhancing its offerings. Premrudee is right at the heart of that initiative, given her role in the growing sphere of family wealth and legacy planning.

### ADDRESSING A GROWING NEED

Our clients today have a growing need for quality advisory services, as well for transferring their wealth to the next generation as they grow older," she reports. "We therefore offer them a comprehensive suite of services to cover everything from structuring, tax planning, family governance and constitutions, family councils, and so forth. This is a relatively new service that is timely as there is indeed growing interest in, and demand for, help on these matters."

She has been with Phatra about two years already and brought to the firm considerable experience from her roughly six years at Baker & McKenzie in Bangkok, where she worked on numerous cases relating to tax advisory and planning, Thai inheritance tax and gift tax, and not only for Thai families but for foreign families who might also have been planning their family business structures and succession planning strategies, including structuring such as establishing foreign trusts for succession planning and tax optimisation.

### Key Priorities for the Wealth Planning Team at Phatra

Her first priority is more focused on building the firm's clientele in terms of boosting their interest in the service she and her one colleague in the relatively newly-formed team, which was assembled just over one year ago. "We are not looking to build numbers yet, although we hope that will follow," she reports. "We are now building the message and reaching out to more and more clients, boosting our marketing internally and externally."

A second priority is to boost the clients' understanding of some of the broad range of products and services the firm and the bank offer, from insurance solutions to specialist property financing, and loans to help clients do some restructuring of their businesses in order to help pass those enterprises on to their children.

Her third priority is to generate and coordinate more understanding of her and her team internally so that teams from compliance and administration and forward-facing product teams such as the RMs and financial consultants fully appreciate her team's message and mission. "We are structured so that these other client-facing teams are motivated to help promote us with their customers," she reports.

### A RISING TIDE OF WEALTH

Thailand's private wealth generation in the past decade has been truly remarkable, so there are growing numbers of actual and potential clients. Meanwhile, global and local regulation has been encouraging more of the wealth to stay onshore, a trend that has seen more and more competition in the onshore market, as Thailand's wealthy and mass affluent seek out more locally-denominated foreign investments. Hence the need to offer HNWIs and their families a wider range of services and greater professionalism, in order to stay ahead of the market.

Phatra is very much at the epicentre of the market's development.

Phatra Wealth Management is the Phatra Securities brand under which the firm offers its private banking services, and both are ultimately owned by Kiatnakin Bank. Phatra's drive to stay at the cutting edge of the industry is nowhere better epitomised than with the efforts the firm is making to boost its wealth planning and advisory proposition.

Premrudee offers her considerable insights to the 'Thai way' of doing things, noting that the family business often holds families together, whereas if the different generations simply have the money in hand, family unity can tend to diminish. "If there is a central business grouping focus," she observes, "Thai family



PREMRUDEE PARINAYOK  
Phatra Wealth Management

members tend to more readily follow the leaders of the family, and more unity is achieved," she adds. "Now it is the case that the younger generations are less patriarch focused than the founder generations, and these younger generations often want to do business in their own way, so the presence of a third-party advisor such as Phatra can help these families manage many of these issues."

With this service, Phatra Wealth Management can provide in-depth technical services across the scale of private wealth issues including, but not limited to, tax-efficient families business structuring, estate planning, and wealth protection. The services include advisory on the family governance issues, as well as the succession planning. These new solutions allowed Phatra Wealth Management to seamlessly and effectively provide a full range of inclusive services that beyond the financial investment to our HNW clients.

### BRINGING EMPATHY

Premrudee explains that in her

### Getting Personal with Premrudee Parinayok

Khun Premrudee hails from the lovely island of Phuket originally, and then pursued her education in Bangkok, first at the St. Joseph Convent school, then the Triam Udom Suxsa School, and later studying bachelor degree in law at Chulalongkorn University, then King's College London.

Still single, Premrudee enjoys travels in her spare time, at least in more normalised global conditions. "I have the idea in the future of that I would like to travel to some more exotic locations, for example, Cuba, or Argentina, Kenya or Tanzania. But it all needs time, and we are very busy here, with much to achieve!"

And that hectic and important job, of course, helps her with her other pastime, of enjoying leisure time in Bangkok and other major Asian cities, shopping and enjoying so many of Asia's remarkable culinary experiences.

role, there is great sensitivity required, as she and colleagues first endeavour to understand the needs and expectations of the family from a multi-generational perspective. "Once we see how things are and what they want to achieve, we can then direct them towards some sort of sensible compromise to balance the needs of the different generations, to help them communicate properly as well. It is often the case that a third party can help them focus on and discuss such delicate matters."

But it is not always simple. She cites the example of a family whose new generations do not want to work with the family. "These new generations, they wish to start a business of their own" she explains. "There might be some family members who want to come into the business, and other family members might want to develop their own businesses. In short, some type of structure is required to resolve

these issues. For example, we might propose to these younger generations that they present a proper business plan to the older family members, and then either borrow money from them or propose some sort of equity arrangement, so the family feel that this business also belongs to the family at large, that they have a reason to be interested in it."

And there are other situations where it is clear that the best step for a family might be to find a strategic partner, sell the business or to list the company. "In which case," Premrudee reports, "Phatra has a market-leading investment banking team to help these families, both in terms of advice and also execution."

### RISING AWARENESS

"When I started my career as a lawyer some years back, people were not very aware about wealth planning, wealth solutions, legacy planning, will, taxes and so forth,"

Premrudee reports. “Thai people are similar to Chinese in culture, as we don’t like to prepare for our mortality. But times are changing since inheritance tax and gift tax came into effect in 2016, Thai HNW individuals and families have raised more awareness on their wealth and estate planning. The need for these people to structure and manage the inheritance tax and gift tax creates an opportunity for foreign private bankers to introduce a solution by setting up an offshore trust as it is not allowed under Thai law to set up a Thai trust.”

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She explains that one element of the discussions Phatra has with clients leads naturally to the next. “You aim to have a big picture conversation with the key family members,” she says, “so we might start by looking at tax implications, then about the business structure and succession planning, and that might lead to introducing a lawyer who could help with the implementation of the agreed structure and management of Thai inheritance tax and gift tax, and so forth.”

This type of service is considered ancillary to the investments and execution. “Looking ahead in the coming years,” Premrudee comments, “I hope our service will be more support of the main

business of Phatra to provide better service and platform as we understand our clients more. It is part of the relationship, part of the service, part of the mutual loyalty.”

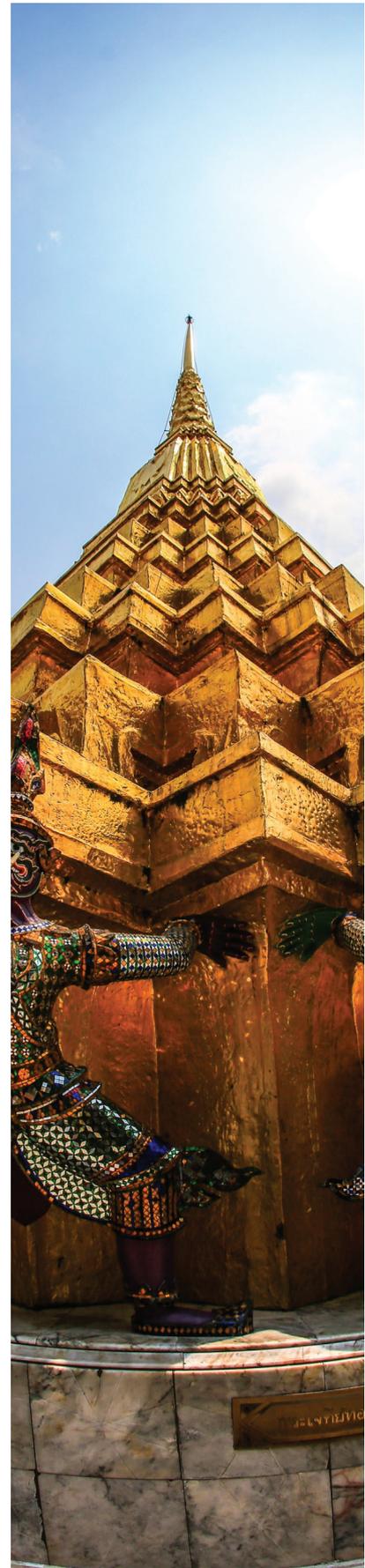
### **SERVICE FIRST, REVENUES LATER**

She explains however that it is possible to charge clients for advising on and creating the family charter or constitution and so forth, but it is a long road to get the clients to the point where they will make those steps but when they do, the reward is much greater as we can fully

understand our clients and their families’ cultures.

Of course, these clients will have to pay professional fees to lawyers or accountants to help them manage tax implications, for example, but she says so far there is no indication they will pay the financial adviser to advise about family wealth matters, or how they should pass the business to their family members. “But we usually work with the clients on these matters, even without fees, as part of our comprehensive service,” Premrudee notes.

“However,” she elucidates, “we do hope we can obtain fees in the future for the valuable work we do for example in looking at the business of the clients, advice on their structuring, perhaps



the shareholding structure, the dividend payment strategy, new investments and the most efficient structures, and so forth.”

### AN EVOLVING MARKET

She predicts that at some stage in the future there will be a new trust law in Thailand, but not for the immediate future. “And,” she adds, “tight exchange control laws in Thailand mean people cannot remit money outside Thailand to set up offshore trusts, so the steps required are to remit the money

from Thailand to set up offshore companies first, then transfer shares in the offshore companies into the offshore trust.”

But of course, this is time-consuming, unwieldy and expensive, involving tax advisers in Thailand and also in the offshore location, for example in Singapore. “Therefore, I do feel that the ability to create a trust structure in Thailand would be really helpful, especially because now we are an ageing society and people will need the best structures to help

organise for their care when they are old. It all links together.”

And that lies at the crux of her mission for Phatra – addressing the needs of the wealthy clients, some of whom have seen the need to more rigorously organise their wealth and succession planning, and the majority of whom she and her team are aiming to educate as to the great value that optimised planning and solutions can offer. “We have much work to do,” she concludes, “and we are making very positive strides forward.” ■

