

# The art and science of wealth solutions

*In the largest panel of the forum, a group of seven experts deliberated on the key trends that are affecting and that will likely influence the wealth management industry. The focus of course was on Asia, but the touchstone was the global wealth market.*

*These were the topics discussed:*

- *What are the trends we are seeing in wealth solutions globally?*
- *Back to Basics - do we need to simplify the structures we use?*
- *What's the role of international financial centres today?*
- *Offshore vs mid-shore*
- *The challenges for family succession*
- *How can RMs have a proactive, sensible and sensitive conversation around wealth solutions with clients?*
- *What's the role of insurance?*
- *How will clients diversify their assets?*
- *How will clients approach their legacy planning today?*
- *How can you participate in the increasing offshoring of Chinese wealth?*
- *Update on CRS and AEOI*

**T**HE DISCUSSION TOOK PLACE AT THE HUBBIS Asian Wealth Management Forum in Singapore on May 10. It was designed to cover vital topics such as evolutionary trends in global wealth solutions, simplification of structures, the role of international financial centres (IFCs), offshore versus onshore and mid-shore, family succession planning, the development of relationship manager (RM) skills, diversification of investment portfolios as the end-of-cycle scenario looms, and how wealth managers can penetrate the Chinese market.

## **Keeping it client-centric**

Although there are many developments taking place, especially surrounding regulation and technology, most wealth firms still focus on the core client dialogue, namely to identify their objectives, their starting points

## **PANEL SPEAKERS**

- **Lee Wong**, Head of Family Services, Asia, Lombard Odier
- **Keith Harrison**, Chief Executive Officer, Abacare
- **Zac Lucas**, Founder, Centenal
- **Karen O'Hanlon**, Managing Director, First Names Group
- **An Kelles**, Business Development Director, Greater China, Jersey Finance
- **David Varley**, Chief High Net Worth Officer, Sun Life Hong Kong, Sun Life Financial
- **Peter Tsih**, Chief Executive Officer, Asia Pacific & EMEA, International Planning Group

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AN KELLES  
Jersey Finance

and where they would like to be, and how they might prefer to arrive there. “The question today for us,” explained one private banker, “is what solutions we present and how do we deal with the regulatory complexities. Accordingly, we talk more about disclosures, the impact on the families and whether the clients need to adjust their mindset and their practices.”

As to onshore and offshore discussions, the financial markets of Asia are liberalising and gaining in sophistication, so more and more can be achieved onshore today.

However, as a private banker noted, the offshore world remains a centre of expertise for diversification and for the creation of sophisticated structures. “Nevertheless,” he said, “nowadays we must all be careful that what we propose is compliant and matches the original client needs.”

### **A new Golden Age of insurance in Asia**

The discussion turned to insurance and its role for Asia’s high net worth (HNW) individuals. “Although the market has been dominated by Universal Life (UL) policies in recent years, this is now changing,” reported one expert.

“While UL will continue to be a great solution for the right HNW clients and their families, we will see a diversified range of solutions, for example whole

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Lombard Odier

life, products where assets are wrapped in insurance for wealth structuring and planning, and so forth. I believe we are now entering a golden age for insurance in these markets.”

Insurance is all about putting protection and what-if scenarios in place in a world today that no longer has any privacy. Insurance is a worldwide, legally robust way of holding, managing and structuring wealth and that is driving the growth. “Every client has an insurance solution that can match up with their needs,” said one expert, “so that creates opportunities for great business and client relationships.”

Another panellist recalled the period of around 2010 when the first whole life product appeared in Singapore. “That was predicated on the disappearance of many guaranteed products, so there was a gap and now we are seeing the same happen in Hong Kong, where we now see more savings plans, income plans and annuity plans, also driven by market demand. The market is robust, client needs have not changed, and we must ensure that we continue to put innovative and exciting products out there to suit their needs.”

**IFCs – survival of the smartest... and most transparent**

The discussion then turned to the role of international financial centres (IFCs), which one attendee cynically said used to be referred to as tax havens.

“IFCs still have credibility and cater to specific client needs,” said one expert, “whether it is Jersey, Guernsey, the Isle of Man, Singapore, Hong Kong and



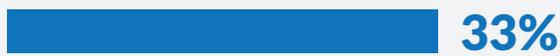
KEITH HARRISON  
Abacare



PETER TSIH  
International Planning Group

**DO YOU AVOID GIVING ADVICE TO CLIENTS IN THIS AREA OF WEALTH SOLUTIONS?**

Yes



No



Source: Hubbis Asian Wealth Management Forum 2018

so forth. But we are always these days very aware to match client needs to compliance requirements.”

“Stability is key for an IFC,” said another guest. “IFCs need to house experience, expertise and the ability to deal with multi-jurisdictional structures and clients, as well as offering a solid legal and regulatory framework as well as transparency.”

And one expert highlighted the excessive complexity of structures that still exist, which he said should either be collapsed or, at the least, simplified. “It is not oversimplifying to say that we should nowadays create something simple,” he explained.

“Actually, we all need to take the simplest route to a particular solution to a particular need and while there are times when that involves complexity, it should not be for the purpose of opaque practices.”

He added that clients have assets in multiple jurisdictions, the world is global today, clients and their families are global. “We do not need to avoid complexity completely, we need to try to make solutions as sophisticated and at the same time transparent as possible.”

Another expert highlighted the end of tax evasion structures. “In this environment if we close shop to all the non-compliant clients, either by way of amnesty or because they simply retrench, we end up



ZAC LUCAS  
Centenal

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## DO YOU FEEL COMFORTABLE TALKING TO CLIENTS ABOUT THEIR FAMILY PROBLEMS?

Yes



No



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Source: Hubbis Asian Wealth Management Forum 2018

with a core functional client base of very sophisticated clients, family offices, and so forth. In that scenario the IFCs that are well skilled, that are invested in for infrastructure building and capacity building, they will reap the rewards. In this region, Singapore and Hong Kong are well-placed, but some of the Caribbean jurisdictions will not be because they have not developed their human capital.”

IFCs such as Jersey, Guernsey and others are pushing their brand and expertise beyond traditional markets such as Europe and the middle east and further into Asia. Asia traditionally worked on simple privacy structures in the Cayman or Caribbean jurisdictions.

While those venues still have credibility for certain IFC solutions, jurisdictions such as the Channel Islands - Guernsey and Jersey in particular - offer a depth of regulatory credibility and structuring expertise that is enjoying greater appeal amongst Asian HNWIs and their families seeking often global, enduring solutions rather than one-off, quick fixes.

“The Asian market, especially China, is not so familiar with Channel Islands jurisdictions, but the solutions provided through them are highly relevant to the needs of HNWIs and their families today.”

**Tailoring products for clients, not pushing clients to products**

Turning to the role of the banks and advisers and how they cater to client needs, one guest said that there has been a strong tendency for the industry to lead with a product and try to drive the client towards that.

“But, I think the emphasis today must be to start with the outcomes, to be very crystal clear what is a client outcome, what do they actually want to achieve. Then we can track back from that outcome and see whether or not your product or your particular service can match that.” ■



KAREN O'HANLON  
First Names Group

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DAVID VARLEY  
Sun Life Financial