

The rise of global mobility

The demand for residency and citizenship programmes has never been greater – and it is not just China, Vietnam and other traditional markets that are showing an interest. Countries such as Nepal, Yemen, Sri Lanka, and Bangladesh are also looking to alternate residence and/or citizenship solutions. For Henley & Partners, the timing could not be better. With over 20 years’ of experience, the firm is finding it is perfectly positioned to expand its footprint in residence and citizenship planning for both governments and wealthy clients.

IN ASIA, **HAVING THE FREEDOM TO TRAVEL** remains the biggest driver for demand in the investment migration industry. “Singapore, Japan, and Malaysia have very strong passports from a visa-free access perspective, but the rest of Asia has very restrictive travel documents,” says Dominic Volek, Managing Partner and Head Southeast Asia for Henley & Partners based in

Singapore and responsible for their offices across the region. A second passport equates to more travel freedom to desirable countries and regions.

For many, obtaining a European passport represents the ultimate in flexibility – particularly in places like Malta and Cyprus that offer direct to citizenship-by-investment programs. A key motivator is that European citizens have the freedom to settle in any of the 28 European Union countries. This is increasingly important for families, as it gives their children the opportunity to study and work throughout Europe without having to worry about work permits or travel visas.

Others, meanwhile, are looking for the security that a second citizenship provides. Clients want to be prepared and have options when all around they see unsettling global events ranging from terrorism to political uncertainty. They need that sense of safety for their family and for future generations.

Growing visa-free access Whilst Germany has access to the highest number of countries visa-free, Singapore is firmly in second position – the strongest performing Asian citizenship from a travel perspective. Generally, the trend in Southeast Asia in terms of visa free access that each countries passport provides, is stable to positive, with Indonesia adding more visa-free countries to their list than any other.

“The overall change is good,” says Volek. “Our clients are always concerned about what if I get citizenship in



DOMINIC VOLEK
Henley & Partners

the Caribbean and then that country loses visa-free access, so the whole process has then been a waste of money. But we've been compiling our passport index now for over 10 years and every year the trend is that the countries that offer a citizenship-by-investment program enjoy visa-free access to a growing number of other countries" he continues. With bilateral relations generally improving, governments are allowing for greater mobility.

From its more than 25 offices around the world, the firm employs over 300 staff specialising in advising private clients as well as governments, including Grenada and Malta. Last year, it signed a partnership deal with the Thai government as part of its growth plans in the Middle East and Asia and early this year they were also mandated by the government in Kazakhstan to develop a residence-by-investment program there.

Attracting clients This global freedom is helping to fuel Henley & Partners' continued and aggressive growth. The firm is experiencing tremendous success not only with private clients seeking to apply to these citizenship-by-investment programs but also on the supply side where more and more governments are seeking their advice on the design and implementation of such programs.

Indeed, the firm is in the enviable position of not having to actively seek out clients. Most wealthy individuals are referred to the firm through intermediary

relationships such as private banks, trust companies and other law firms - a benefit of having major offices in Hong Kong, Singapore, Dubai, London and Zurich.

Henley & Partners is very thorough when it comes to AML risks. All necessary compliance and due diligence checks are carried out before the organisation will on-board a client.

In an unregulated industry with low barriers to entry for service providers, prospective clients need to carry out their own due diligence too, advises Volek. Clients should dig deep to understand the track record of any firm that they intend to work with. How long has it been in this area of business? How successful are they? What is its global footprint? Asking the right questions is key to finding a reliable firm that is trustworthy.

"Our clients and the trusted intermediaries that we work with like the fact that we have been around for a long time and that we have an office in every country that we offer a programme in with a team on the ground. The reason we do that is to manage the process from A to Z and ensure the confidentiality of the information of our clients. Anyone who wants to acquire a second citizenship or residence has to provide a lot of very personal and financial information. The confidentiality and protection of this information is critical."

Working with governments as well as clients means Henley & Partners is very familiar with both sides of



the equation, giving it unique insights. With a range of citizenship-by-investment and residence-by-investment programmes, the firm has no vested interest, making it well-positioned to help guide clients on the best options available based on their individual motives.

Volek comments, “We start by asking the client what they want, what are their objectives. Then based on budget - which is usually around time as opposed to money - and their family circumstances, we can then advise them and guide them on the most suitable programme for their individual needs. We then hold their hand through the process in order to ensure a successful outcome at the end.”

Strict processes The reality is that applying for residency and citizenship is far from easy.

“There is definitely a requirement for the industry players and various stakeholders to educate the public. The public don’t realise the due diligence that is done before accepting any client by a government. They think a wealthy person comes in with €2 million, buys a house in Cyprus and gets a passport. It is certainly not the case.”

Malta is a perfect example of the complexity associated with gaining citizenship. It has the strictest due diligence processes in the world. Alongside Cyprus, it is one of only two countries in the EU that offer pure citizenship-by-investment.

While the industry is a sensitive topic for some critics, the reality is that the number of people gaining access via this route is incredibly small in comparison to the larger picture. In the EU, for example, the number of naturalizations processed annually hovers between 800,000 and one million people. By contrast, only a couple of thousand applications are received each year by the few EU countries that offer citizenship-by-investment programmes, and only a select percentage of these are eventually accepted - that’s less than 0.01%.

“The very few individuals and families that have obtained passports through an investment programme, I can guarantee have gone through significantly more due diligence checks than anyone who’s just lived in a certain European country for enough time to be eligible for citizenship. Our clients must provide police clearance certificates, source of wealth and source of funds checks. These countries also go to external due diligence providers such as Thomson Reuters and Kroll that run their own enhanced due diligence checks.” With Government processing of applications taking anywhere from three to six months, there is no denying that the process is a lengthy and rigorous one.”

The rise of self-regulation With the aim of bringing together the foremost stakeholders within the investor migration field and to give the industry a voice, the Investment Migration Council (IMC) was constituted as a not-for-profit association under Swiss law. Major players in the market were concerned that some firms were giving the industry a bad name, not doing justice to the clients or delivering successful results for them.

The IMC, of which Henley & Partners is a founding member together with other major industry leaders such as Fragomen LLP, BDO and KPMG, has introduced very strict membership requirements, including a code of ethics and best practice guidelines. The aim is to improve public understanding of the issues faced by clients and governments in this area, promote education and demand the highest professional standards and ethics among its members.

“It’s an attempt to get some level of regulation, compliance, ethics, and standards into the industry. It’s not a compulsory body yet, but it’s certainly the most active and most promising entity in our industry,” concludes Volek. For those that care about the industry and the clients they serve, there is a definite desire to drive this message home. ■

