

Vietnam: Tracking the Concerns of HNW Families as Private Wealth Expands Apace

As Vietnam's economy and private wealth, and indeed population all expand rapidly, are the country's HNW families embracing the future appropriately, and is the nascent wealth management industry catering to their needs appropriately? These and other vital matters were discussed in the third panel of the Vietnam Wealth Management Forum.

These were the topics discussed:

- What are the challenges of dealing with wealthy clients?
- Curating the right solution for clients - what's thrown in the mix today?
- What is wealth structuring and planning?
- Finding the best advisory services and solutions - how do you maximise partnership with the right specialists?
- What specific trends are we seeing from Vietnamese clients?
- Are we ready for the intergenerational wealth transfer?
- Tax and transparency - problem or oppoportunity?



PANEL SPEAKERS

- **Kenneth Atkinson**, Founder & Senior Board Adviser, Grant Thornton
- **Marcus Hinkley**, Head of Private Client Services - Asia, Hawksford
- **Dominic Volek**, Managing Partner, Head Southeast Asia, Henley & Partners
- **Nguyen Ha Quyen Hoang**, Founding Partner, LNT & Partners
- **Simon Lints**, Chief Executive Officer, Singapore, Schroders Wealth Management

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THE KEY TAKEAWAYS

Wealth is relatively young

Compared to the founders of many of the region's leading businesses, corporate life in Vietnam is fairly young, with most private enterprises created in the past 15 to 20 years. Founders of the first generation remain in control and have firm ideas about how they want their businesses to be run in the future and by which family members.

Conversations need to be earlier and more open

Conversations on business and wealth succession often take place too late. Although there is some noticeable progress in this regard, the pace of change is still too slow.

Vietnam's HNW families increasingly complex

As wealth increases, as the generations unfurl, and as the younger family members increasingly study and live overseas, there are many different needs for the families, all of which should be addressed in more professional ways.

Understanding families is the first step

To cater to these families, the financial advisory community first needs to engage in discussions and better understand their potential clients.

Planning for life onshore or offshore

As wealth grows, families can plan for the many decades ahead by facilitating overseas residence and citizenship through investment migration.

In a more globalised market, onshore opportunities must expand

If Vietnam wants to keep its brightest and wealthiest in the country to drive the nation's future prosperity, the regulators and the market players must open more products and services onshore.

Family governance vital

Family governance and professionalisation of estate planning is a key area for the future. Again, panellists called for better regulations and more educated Vietnamese to return to the country from overseas.

Education and training essential

Local banks are creating priority banking for wealthy individuals, and the international banks are training their staff, but a panel member called for greater local development of expertise and training to improve the general level of wealth management advice.





MARCUS HINKLEY
Hawksford

“WHAT I FIND HERE IN THIS PART OF THE WORLD IS really that the family patriarchs have very strong ideas about how they want their family business to be run, and they typically want to run it themselves until they are very old,” reported one guest. “This means that conversations on business and wealth succession often take place too late.”

But he also noted that things are evolving, and conversations are beginning to take place earlier. “We definitely see a move towards at least a conversation, and that at least is a starting point,” he remarked, “even if the solutions remain complex.”

Another panellist noted how families are becoming more complex, more diverse, more of the younger generations are being educated overseas, there are more businesses to consider, more assets. “What we hear today are so many different solutions out there,” he noted, “and it is all very confusing for them. I don’t think any particular solution fits all and I think it really comes down to the quality of the relationship managers, the organisation behind it, the time they are taking to developing a really deep relationship and understanding across the whole family members.”

Another panel member highlighted the importance of residence and citizenship planning as Vietnamese families become more globally



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diversified. “The whole discussion around wealth planning for successful UHNWIs and families,” he noted, “must be to focus on many decades ahead, 50 or more years, and using citizenship and residency by investment programmes they can move family individuals around in order to plan around that.”

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Another panel member observed that most significant businesses in Vietnam are in the first generation and started less than 20 years ago. “They want their offspring to return home to manage the businesses if they have been educated overseas,” he noted, “but many of them who are educated in the US and perhaps live there either don’t want to come back or will return overseas once the first generation passes away. We also need to legitimise a lot of wealth, and I hear one statistic that there is literally USD60 billion of gold and cash literally under the mattress.” And he concluded that all this and other family wealth needs professionalising.

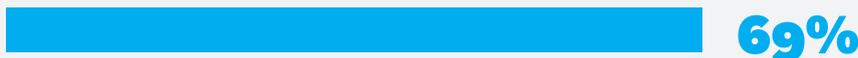


NGUYEN HA QUYEN HOANG
LNT & Partners

“There is more and more appetite here to invest overseas,” came another voice. “Regulations are becoming easier for moving funds offshore, assuming you follow the rules properly, but the authorities need to make it considerably simpler. At the same time, we must significantly enhance the quality and range of investment opportunities onshore.”

ARE THE NEXT GENERATION IN VIETNAM INTERESTED IN RUNNING THE FAMILY BUSINESS?

Yes



No



Source: Vietnam Wealth Management Forum 2019

Family governance and professionalisation of estate planning is a key area for the future, said another expert. “Family charters,” he explained, “are very important, and although not legally binding, they usually impose a moral imperative on the families once the founder passes away, so his or her wishes are followed. A family constitution is often an excellent step forward.”

Professionalism in the market, agreed another guest, is a key to unlocking the potential in Vietnam. To help achieve that goal, panellists called for better regulations and more educated Vietnamese to return to the country from overseas.

“I think it is all about building a profession,” came one opinion. There are a lot of, let’s say, unqualified wealth advisers in Vietnam who are not really regulated. At the moment a lot of the banks are creating priority banking for wealthy individuals and the international banks are training their staff but we need to see more local development of expertise and training to improve



SIMON LINTS
Schroders Wealth Management

the general level of wealth management advice. We need to build it into a recognised profession with proper regulation and monitoring and training.” ■

