Finding security in the age of uncertainty

Speaking at Hubbis' Malaysian Wealth Management Forum 2017 in July – Elise Donovan of BVI House Asia discusses the role of international finance centres (IFCs) in Asian wealth planning, along with their merits to the global economy.

Wealth planning, the main driver for the use of offshore structures, is projected to fuel the growth of the industry for the next five to 15 years, predicts Elise Donovan, director, BVI House Asia.

This is about a desire for geographical diversity, political stability and security, she explains – at the same time stressing the fact that the BVI is not a tax haven.

While Asian countries were the largest recipients of foreign direct investments in 2016 – with payments totalling USD541 billion, an increase of 16% on the previous year – Donovan adds that what is not often understood, is the central role that is played by IFCs such as the BVI in the global economy.

In particular, they provide specialists and expert services to support businesses and the wealth management industry generally via investment structures, efficient processes and a stable legal environment.

In short, she believes IFCs provide security in the age of uncertainty in the form of jurisdictional and tax neutrality, administrative convenience and regulatory specialisation.

As a result, they can help to protect assets from potential loss or seizure due to social or political instability, or from delinquent regulatory or enforcement institutions in a particular country.

The BVI, for example, is one of the world's largest centres for the incorporation of companies, especially those that facilitate cross-border trading and investments.

As a conservative estimate, Donovan also says that the BVI mediates investments worth around USD1.5 trillion. This unlocks roughly 2.2 million jobs globally and provides net benefit to governments worldwide in terms of tax revenues, she adds. ■

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