

Residency and Mobility Choices for Wealthy Filipinos



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What changed and evolved during COVID?

In 2019, there are 1.5 billion arrivals around the world. This is the highest number ever recorded. There were 275 million people classified as international migrants. And then of course, this stopped in 2020 with the lockdown.

So, mobility was greatly affected and of course this affected our Filipino clients in a very acute way. Health security became a primary concern in the height of the pandemic. Hospitals were completely full. And if you, or a loved one, had an ailment that perhaps had nothing even to do with COVID, that normally would be easy to solve. This became a huge issue.

So, our clients started viewing mobility in terms of access to healthcare as a primary concern. So, for clients that only had one passport in this time, a Filipino passport, they were unable to travel to address their health concerns. But if you had a European citizenship, for example, you would've had access to this first world healthcare. So having assured access to markets that have first world and developed healthcare systems, became of primary concern during COVID

What are the main reasons that clients engage you in The Philippines?

Building upon what I mentioned in terms of health security, there's also a large amount of political insecurity in the Philippines. We have been in a period of populism with the previous administration and moving on to the new administration. So, without going into too much detail about the local political situation, I think I can characterise it by giving you an example. In the United States, when the Republicans win, we get the Democrats as clients and vice versa, if the Democrats win, we get the Republicans as clients. So, with a polarising election result, no matter where it is in the world, people are going to feel unsure about the future.

So given that there's a five-year term for the current ruling party, people are looking at a plan B, they want an insurance policy, in a way, to ensure they have security for their family. They have mobility, they have access to greener pastures in case they need it.

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And this plan B extends far beyond, let's say, whatever administration may be in power, because families in the Philippines want to ensure that the next generation has access to education, has access to other markets to work in. And of course, if we're talking about a family with teenage children, these children have another 90 years on this earth, they haven't even had their children yet. So, we're talking about unborn grandchildren. This is planning for the next more than a century. We don't even know what's going to happen in the world within the next five years.

So, with succession planning, it's a crucial part to not only pass down cash, assets, properties, a business, but also pass down access to ensure that the family has a plan B, to ensure that they have security, and to ensure that they have options.

What are the most popular programmes for your Filipino clients?

Portugal has made up a large portion of our business over the past, I'd say over a decade, because it provides the most palatable pathway towards citizenship. There's no other residence program that requires you to spend just, essentially, a holiday to naturalise and get the passport.

When we're talking about naturalisation, usually you need to move. So, if we're talking about Canada, where I'm from, first of all, you need access to live there. And then you would have to stay there for three out of five years. So, if you have your business in the Philippines, you have your family there, that pretty much turns your life upside down. It's difficult, logistically.

In Portugal, you just need to effectively spend seven days per year for five years, pass an

elementary Portuguese language exam, and then you can apply for the citizenship. So, our clients are looking for ways where they can get that plan B, get that insurance policy for their families. Get better global access without having to turn their lives upside down. Everybody can handle the logistics of a holiday. Not everybody can handle the logistics of uprooting their entire family, serving time in a country to earn the status.

Spain is also a very popular program for Filipino clients. They need to naturalise for just two years. They do need to live there full-time for two years, but that is a significantly shortened amount of time. Me, as a Canadian, I would have to live there for 10 years. So that's quite a big difference.

Both Spain and Portugal, these options allow a recoverable investment. So, you can buy real estate, for example. This can earn you income. And of course, once you earn the citizenship status, you can liquidate your asset. Hopefully you'll have some gains on it. So, these are very unique programs, Michael, in that you can actually make money while you're on the pathway towards citizenship for you and your family.

How are you working with onshore partners in The Philippines?

We've been working very hard to create meaningful partnerships with onshore banks in the Philippines. This started with BDO Private Bank. And now we have partnerships with BPI Private Bank, Metrobank Private Bank, and Union Bank Private Bank. And this really allows us to give the best advice to their clients based on what their family situation is. And based on what their end goal is.

At the end of the day, there's not one size that fits all in our industry. Advice will always depend on the

ages of your children. For example, if your kids are already in their 20s, Portugal wouldn't necessarily be the best option, because they would need an independent application. So, then we may look towards a citizenship option perhaps in Malta or in one of the Caribbean countries. And our partnerships with these banks just allows them to have the peace of mind, to know that their clients are getting the best advice.

What are the incentives for intermediaries in the Philippines to work with you?

So, at the end of the day, it's a very competitive landscape in wealth management. And relationship managers need as many tools as possible in their toolkit to win business from clients. If they're only offering what the bank has to offer, then they're not really deepening the relationship with the client. What they need to do is solve problems for the client that perhaps the client doesn't know that they have, or they need to think outside the box and offer them something that their other bankers are not. This is how they really gain the trust of the clients. And of course, this is how you win more assets under management.

And we've seen the development of the platforms of the international private banks in Singapore, both the Swiss private banks, the American private banks, the ones from Lichtenstein. And they have such a wide array of services that they can offer to the clients. And what we're seeing now, with the onset of private banking in the Philippines, is they're catching up and quite quick to be able to offer their clients these services onshore. ■