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Business Brief: Wealth Management

Supporting a growing Channel Islands family office sector

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One interesting shift in the wealth management landscape in recent years has been the decision made by an increasing number of high net worth individuals to move towards a family office style set-up when it comes to managing their and their family's assets.

In a post-financial crisis era, family offices are having to adapt as the families they support are demanding increasingly complex and specialist guidance to help them steer a safe path. Having experienced a number of years of volatility and with a typical family's portfolio not offering the same returns today it did six years ago, the focus now is on minimising risk and ensuring assets are structured securely and appropriately.

Employing experts in a variety of fields to help them effectively manage their diverse array of family holdings, estate planning needs, business and personal affairs is becoming increasingly attractive to wealthy families.

Growth

We are beginning to see this phenomenon have an impact in the Channel Islands. The last couple of years have seen a subtle but steady climb in the number of single and multi-family offices relocating to Jersey and Guernsey, attracted by their sophisticated private client landscape.

In particular, the Channel Islands' sensible and proportionate approach to regulation is appealing to the family offices sector, as is their strong rule of law and court system, mature professional infrastructure and political and economic stability.

This is in contrast to certain other jurisdictions – for instance in the Caribbean - where we have become aware of family offices being motivated to move away as a result of tighter regulatory constraints, increased costs, uncertainty around disclosure of information and a susceptibility to confidential data leakage.

In addition, the make-up of the modern family is vastly different now to what it was ten years ago. A family's business today is truly international, with different generations typically living in multiple jurisdictions.

This means that an offshore solution that is used to handling cross-border transactions efficiently is much more attractive than traditional onshore family office locations in Europe, the UK and the USA – particularly when it comes to tax, estate and succession planning. Again, Guernsey and Jersey's mature approach to transparency and confidentiality, including growing networks of tax agreements, and strong established links with emerging markets around the world, such as the Middle and Far East, is attractive for family office work.

The fact that Jersey and Guernsey vehicles are widely used for cross-border investments in a wide range of jurisdictions is a comfort to family offices too. It gives them the reassurance that their families' affairs are being held or conducted in a professional, robust manner.

Complexity

This added regulatory, compliance and international complexity all adds up to a great deal more responsibility even for the highly skilled professionals typically employed by a family office. As a premium service, families expect their affairs to be handled properly and without a hitch and, for this reason, we are seeing a growing amount of interest from family offices reaching out to draw on the international reach of an organisation like Deutsche Bank.

This sort of global reach can be invaluable in meeting a family's demands. For instance, with the nature of family office changing, there is now a much firmer focus on emerging markets, such as Asia. Getting up to the minute information on anything from investment opportunities right through to cultural context in such overseas markets can be extremely useful.

Moreover, the types of families using a family office arrangement are becoming increasingly diverse, ranging from the successful single entrepreneur planning for their children's future, through to the traditional deep-rooted multi-generational family, to the internationally diverse

family with business interests across the world. No two families are the same and as a result, a family office needs to be highly flexible and offer a tailored service.

In Guernsey and Jersey, both single and multi-family offices are able to tap into Deutsche Bank's Group-wide specialist and wide ranging expertise, which includes knowledge of how family offices operate, and extends to all areas of asset management, wealth planning, trust, fund and company administration, and custody services in markets all over the world. Our independent, international family office team take an open architecture and best-in-class approach in order to meet and satisfy the best interests of individual families.

The trend for a growing family office sector in the Channel Islands looks set to continue and will form an interesting additional element to the islands' wealth management landscape. Deutsche Bank understands this market and is well placed to support this exciting segment in the Channel Islands.

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