

International Perspectives

Your insight into the Private Wealth Industry

Helping wealthy clients navigate financial complexity

Interview with Thomas Henze, Head of Global Private Wealth

What makes wealth management so complex?

TH: Whether the decision for moving to a foreign country is based on economic opportunities, getting access to international education, or retiring to a warmer climate, a growing number of wealthy clients have lived in more than one country. As a result, they have geographically diversified portfolios and want the flexibility to move assets and wealth easily between countries. Highly mobile entrepreneurs own real estate in multiple cities and rarely have just one bank account. In this context, there is a growing demand for financial professionals who know how to set up processes between lending, investments, global markets and insurance.

As their families grow, wealthy clients think about generational planning and managing transitions. The more activities an individual has in different countries, the more complex planning becomes. While there are fewer barriers than ever before, the financial crisis has had a strong impact on regulation, audit, compliance and risk management. This has led to an increasing demand for access to high-quality, cross-border expertise. Ensuring compliance with both local and international laws has become one of the most fundamental day-to-day activities.

Why are cross-border situations a risk for wealth managers?

It has become increasingly important for private bankers, wealth managers and life insurance companies alike to ensure they conduct appropriate due diligence and ask a set of key questions: Is the product/solution design robust? Is the product fully compliant with local laws? Can it accommodate clients' mobility requirements or their international family situation?

When setting up a wealth or succession planning solution, it is essential to check the compliance and expertise of the advisers involved, including the insurance company, the intermediary and any other professional advisers.

Whether choosing to work with an insurance company directly or via an intermediary, the same points apply. If the life insurance company and/or the intermediary do not have the right level of expertise, this significantly increases the risk of the wrong advice being given to the client and potential future claims of mis-selling.

Complexity arises when the solution is to be set up for international families with a number of different nationalities and countries of residence. Today, it is more important than ever to work with financial partners who are equipped to advise clients on a full range of compliant solutions, from French to Finnish and Portuguese to Greek, hand in hand with experts who have local knowledge to structure personalised compliant solutions across borders and generations.

How can this complexity be reduced?

TH: In this environment, it is clear that wealthy clients need help to navigate their way through all of these issues to achieve their financial and other objectives. This also brings the subject of trust into sharp focus – clients need to be able to trust in their advisers, the financial plan proposed and the individual solutions recommended.

Life insurance, with its range of attractive benefits, still represents one of the most effective wealth planning and management tools available. However, in today's regulatory and tax environment, it is critical to stay ahead of developments and be able to offer solid financial solutions leveraging opportunities arising on a global level.

We have an experienced team of over 200 experts in key financial centres around the world. We currently cover more than 80 countries and continue to expand our presence. This has enabled us to create a powerhouse of cross-border knowledge and in-depth market intelligence that we can contribute to the close relationships we develop with our business partners. Each wealth planning solution needs to be fully compliant to ensure that assets are held in a secure and tax-efficient way over the long term. Our long-standing expertise allows us to offer recognised, transparent and adaptable solutions.