ASIA-PACIFIC’S HIGH NET WORTH INDIVIDUALS INCREASINGLY TURNING TO REGION’S OFFSHORE WEALTH CENTERS

Asia-Pacific Wealth Report 2012 Finds Talent Gap Biggest Hurdle to Regional Expansion by Wealth Management Firms

Singapore, Hong Kong, Paris, September 19, 2012 – Asia-Pacific offshore wealth centers, led by Hong Kong and Singapore, are becoming increasingly favored destinations by high net worth individuals (HNWI)¹ finds the Asia-Pacific Wealth Report 2012, released today by Capgemini and RBC Wealth Management.

The past few years have presented a major growth opportunity for Asia-Pacific offshore centers as the region has seen its HNWI population increase to 3.37 million in 2011, making it home to the largest HNWI population in the world. The Asia-Pacific Wealth Report 2012 finds that this increase in population has helped contribute to the growth of Singapore and Hong Kong as centers of offshore wealth. These centers are attractive to Asia-Pacific HNWIs because of their proximity, cultural and linguistic alignment, proactive and transparent regulatory authorities, and the access they provide to investments in developing but highly regulated Asian markets such as India and China. However, the biggest driver for the growth of these offshore centers is the diversification of country risk prevalent in many markets in Asia-Pacific.

“At present, the perceived benefits offered by Singapore overall slightly outweigh those of Hong Kong, but the authorities in Hong Kong are taking steps to bridge any gaps. Firms have a significant opportunity to leverage the benefits both offshore centers offer HNWIs,” said Jean Lassignardie, Corporate Vice President, Head of Sales and Marketing, Capgemini Global Financial Services. “To be successful long term and satisfy all stakeholders, be they clients, regulators or the businesses themselves, firms need to continue their open dialogue with regulators to better anticipate and implement changes in regulatory requirements and drive market developments.”

¹ HNWI are defined as those having investable assets of US$1 million or more, excluding primary residence, collectibles, consumables and consumer durables. HNWIs are categorized into three wealth bands; US$1 million to US$5 million in investable assets (so-called “millionaires next door”); those with US$5 million to US$30 million (so-called “mid-tier millionaires”); and those with US$30 million or more (“Ultra-HNWIs).
Shortage of Skilled Talent Remains Biggest Challenge
As offshore wealth centers in Asia-Pacific grow, wealth management firms face a number of challenges in order effectively to meet client needs. A scarcity of skilled talent is identified by the report as the most pressing issue for firms operating in the region, highlighting that a shortage of experienced wealth managers could undermine the capability of firms to effectively serve large numbers of clients. The report also shows that firms need to invest in additional training to maintain relevance with and demonstrate value to clients in order to attract additional assets.

“Clients often prefer to invest in markets closer to home, making Singapore and Hong Kong naturally attractive centers for those in the Asia-Pacific region,” said George Lewis, Group Head, RBC Wealth Management. “However, HNWIs have a variety of locations around the globe where they can book their assets. While Singapore and Hong Kong have the advantage of proximity, their future growth as offshore wealth centers will be dependent on their ability to offer full service wealth management advice and service underpinned by a transparent and compliant regulatory environment.”

Ingredients for Growth: Local Markets and Core Competencies
In order to thrive in Asia-Pacific offshore wealth centers, the report finds that wealth management firms will need to deliberate in their decision-making about how best to establish and expand their presence in these markets. It will be important for firms to focus on and invest in several key areas, including advisory, legal and fiduciary expertise, product offerings, risk and compliance measures, and IT infrastructure. At the same time, as wealth management firms plot a path to growth in Asia-Pacific offshore centers, they will need to leverage the strengths of the jurisdictions in which they are operating, while making sure not to compromise their own core competencies.

The Asia-Pacific Wealth Report 2012
The Asia-Pacific Wealth Report, now in its seventh year, is a product of Capgemini and RBC Wealth Management working to better understand the needs of the high net worth marketplace. Accounting for 91.5 percent of the region’s gross domestic product, the report focuses on 10 core countries and territories: Australia, China, Hong Kong, India, Indonesia, Thailand, Japan, Singapore, South Korea, and Taiwan. To download the full report, please visit www.capgemini.com/apwr12.

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