

Singapore: Asia's Switzerland for millionaires

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Got at least five million US dollars? A private banker is at your service in Singapore, which is fast gaining a reputation as the Switzerland of Asia for the world's growing ranks of multi-millionaires.

The tiny, tropical island-state, Southeast Asia's most advanced economy, has emerged as a centre for the wealth management industry which caters to an elite breed called high net worth individuals, or HNWI's.

Banks have beefed up their wealth management services, taking up swank offices in the business district as well as recruiting and training staff in the fine art of dealing with this moneyed class.

"Typically, a client should have a financial net worth of between five to 10 million US dollars, excluding the house, car and wine collection -- just money available to invest," said Marcel Kreis, head of private banking for the Asia Pacific region at Credit Suisse, the Swiss banking giant.

Years of strong economic growth and an indomitable entrepreneurial spirit have swelled the Asia Pacific region's list of HNWI's -- defined as those with more than one million dollars in investible assets, industry players said.

An industry report by consultancy Capgemini and US investment bank Merrill Lynch said the financial wealth held by Asian HNWI's could reach a staggering 12.7 trillion dollars by 2011, growing at an annual rate of 8.5 percent, above the global rate of 6.8 percent.

This compares with the 8.4 trillion dollars in financial assets held by Asian HNWI's in 2006 -- nearly eight times the combined gross domestic product of all 10 Southeast Asian states, including oil-rich Brunei, Singapore, Indonesia, Malaysia, the Philippines and Thailand.

China and Japan accounted for more than 64 percent of the regional wealth, while Singapore, India and Indonesia produced the highest number of millionaires that year, the report said.

As of 2006, the Asia Pacific region had 2.6 million HNWI's or 27.1 percent of the global total, it said. Only a small percentage of this number had a wealth manager, meaning the opportunities are vast, private bankers said.

While most of Asia's HNWI's hold between one million and five million dollars in net worth, there was a noticeably sharp rise in "ultra-HNWI's," or people with more than 30 million dollars to invest, the report said.

Of the region's 17,500 ultra-HNWI's in 2006, more than 28 percent were from China, it said.

"Singapore is an attractive location because it continually produces top graduates in all disciplines that matter to the industry. There are several similarities Singapore shares with Switzerland and you can probably call it the Switzerland of Asia," said Kreis.

Other industry players cited Singapore's tough banking secrecy laws, reliable legal system, well-regulated financial sector, world-class facilities and political stability.

Singapore has defended its banking secrecy laws from criticism, saying it has strong safeguards against money laundering.

Private bankers said self-policing by the industry, reinforced by strict government regulations, ensures that dirty money is screened out.

"At Credit Suisse, there is a very rigorous due diligence process and 'know your client' procedure in place that vets the type of clients when they come in. There are rules and regulations in place that supervise the transactions that we do when the client is on board," Kreis said.

Despite private banks setting up offices in key markets like China, India and Indonesia, "still Singapore is the private banking, wealth management centre in the Asia Pacific, without doubt," he said.

Joseph Poon, head of the Macquarie Group's newly-launched Asian private wealth business based in Singapore, said the city-state is the world's fastest-growing private banking and wealth management centre.

In future, Singapore "will be one of only two global private banking and wealth management hubs, the other being Switzerland," he added.

Asia's HNWIs are generally self-made, second-generation entrepreneurs, who want a more hands-on role in how their finances are managed, private bankers said.

This compares with Europe, where a higher percentage of HNWIs have inherited their wealth and are likely to be more hands-off.

Singapore's de facto central bank said that, compared with the rapid expansion over the past six years, the wealth management industry is likely to slow this year due to global financial turmoil.

But the pause should be mild compared with the equity markets, the Monetary Authority of Singapore said in an April report.

Overall, Asia's economic growth remains strong, and conducive for millionaires to flourish, wealth managers say.

"Not only are we seeing unprecedented wealth creation in Asia but the structure of the region's economies have fundamentally changed," said Didier von Daeniken, regional chief executive of Barclays Wealth.

"Education, technology and globalisation are driving wealth creation, resulting in a shift of economic power to the East."

Wealth managed out of Singapore comes from clients worldwide, including China, Hong Kong and Taiwan, and as far away as Russia and Europe. Japan's wealth is largely serviced domestically, industry figures said.

While rich Middle Easterners are traditionally served out of London and Switzerland, they are increasingly looking at investments in Asia as revenues from soaring oil prices fill their coffers, said Kreis of Credit Suisse.

An industry source, who asked not to be named, said the European Union's moves to step up scrutiny of European tax havens could prompt wealthy Europeans to increasingly look at offshore banking centres in Asia such as Singapore and Hong Kong.

Source: Agence France Press



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