

Key Takeaways: Jersey Finance Virtual Family Office Roundtable on Lifestyle, Technology & Infrastructure

Update prepared by Jersey Finance, September 2020

On 17 September 2020, Jersey Finance hosted the fourth in a series of five planned roundtable events focussed on family offices. These events are intended to encourage dynamic debates and explorations into what is important for private clients when it comes to establishing, redomiciling or relocating family offices around the globe. This virtual roundtable was held online and focussed on the topics lifestyle, technology and infrastructure.

The event started with a welcome note from the moderator, Robert Moore, UK Director at Jersey Finance and included brief updates from Kate Le Blond of Locate Jersey and Jessica Osman of Digital Jersey, followed by an open discussion between all attendees.

Attendees

James Ditcham, Associate Director, Standard Chartered Bank
Ravi Francis, Senior Associate, Gateley PLC
Susie Galvin, Marketing Manager, Locate Jersey
Chris Griffin, Partner, Jersey Corporate/Investment Funds/Digital Assets, Carey Olsen
Catherine Grum, Partner, Head of Family Office Services, BDO UK LLP
Nicholas Holland, Partner, McDermott Will & Emery
Tim Houghton, Global Head of Private Wealth & Family Offices, TMF
Julie Jaggin, Senior Associate, Kingsley Napley LLP
Martina Iannotti, Partner, Head of Financial Planning, James Hambro & Partners
Kate Le Blond, Inward Investment Development Manager, Locate Jersey
Kevin Lemasney, Director of High Value Residency, Locate Jersey
Robert Moore, Director – UK, Jersey Finance
Eva Moynihan, Associate, Edwin Coe LLP
Jessica Osman, Business Development Manager, Digital Jersey
Siobhan Riley, Partner - Head of Trusts and Private Wealth, Carey Olsen
Alexa Saunders, Partner – Trusts and Private Wealth, Carey Olsen

Locate Jersey update

- Locate Jersey is the dedicated in-government, inward investment team who work with both businesses and high net worth individuals who are looking at relocating to Jersey
- They work with clients from start to finish i.e. from the application process right through to aftercare service

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- Locate Jersey receives approximately 250 – 300 enquiries a year across high net worth individuals and businesses
- Despite lockdown caused by the global pandemic, Locate Jersey saw a steady flow of enquiries

“What we have seen during COVID-19 is more inquiries from some of the more exotic locations. In the past five years, we've had occasional inquiries from Hong Kong, but this year we've had four very serious inquiries; three of which have already led to applications. And we've already had two year to date relocations from Hong Kong” – Kevin Lemasney

- Clients tend to be British people who have moved out of the UK to, for example, the Caribbean
- Locate Jersey has had increased enquiries from South Africa in recent months
- For South African and Australian clients, Jersey's Island lifestyle offers a similar way of living that is an attractive alternative versus city living in the UK

“We are seeing the age profile change downwards. A lot of these families have multiple homes, but where the children are being educated is very important. As we see people in their thirties and forties coming to Jersey, Jersey does become that center of life” – Kevin Lemasney

Importance of lifestyle aspect for families/clients

- Clients who make decisions based on the tax rate are having to slightly unwind those decisions due to the lifestyle not being suitable for their families (such as schooling or education for children) or business.

“It's certainly something that we always counsel; if you're going to move, make sure firstly you've visited there, that you like the place and that you can see yourself spending a reasonable amount of time there. Because otherwise, the tax tail is going to be wagging the dog” – Catherine Grum

Digital Jersey update

- Three key focus areas for Digital Jersey are Smart Island, which covers internet of things (IoT) work; digital health and FinTech
- Similar to Locate Jersey's observations, the lockdown brought on by the global pandemic has not affected the number of inquiries to Digital Jersey a slight increase

- The make-up of Digital Jersey's clientele ranges from young people to those working in industry and want to reskill, upskill or learn something new. Digital Jersey also acts as a consultant to industry

Role of technology for family office clients

"The largest family office client I've had the chance to be involved with was actually a tech entrepreneur that came from outside of the British Isles and settled in the UK initially. He established a business structure, with our help, in the Channel Islands, and then decided to be physically based there. Lifestyle was a big draw for him.

The biggest thing that would have held him back from moving would have been technology - IT infrastructure and IT security, being a tech entrepreneur. There's clear evidence that the Islands have that infrastructure, those security capabilities, so that was the first tick in the box for him." - Ravi Francis

- Conversations with family offices have covered business continuity planning and technology is often mentioned, especially because of travel restrictions caused by the pandemic
- Location verification services will provide an opportunity for people to confirm where people are located when they are making decisions on, for example, a trust or corporation.

"Technology is making opportunities, but I think it is also developing huge new risks that people aren't aware of. They're not contemplating location verification services when working remotely" - Nicholas Holland

"One of the family offices that we've seen move to the Island in the last 18 months is being driven by data security, given the strength of the Island's legal and technical infrastructure. And that's one of the reasons they've come to Jersey" - Siobhan Riley

- Families with family offices should prioritise and be confident in using cyber security protocols such as voice authorization which can prevent data breaches
- Aside from technology and infrastructure, skills and training of employees is just as crucial to the operation of robust structures in a family office

- Virtual platforms provide a choice for families; they do not replace traditional means of communicating. Families based in certain jurisdictions are more comfortable having telephone conversations and face-to-face visits instead of video conferencing
- Technology, including specialist reporting software, is on the market and can be adapted so the interface is accessible by both generations and the family office
- Educating clients on communicating via apps such as WhatsApp is important for banking advisors because the client's location may inhibit the ability of a bank to have conversations with a client

Working across generations

- Digital transformation is occurring for older generation clients as well, following the pandemic, as they become more familiar with digital formats
- Firms should consider being able to serve clients across the generations within one family
- Aside from technology, ESG, philanthropy and impact investing are some of the topics the younger generation are educating the older generation about; a two-way discussion within families

“What we're currently doing is bringing in the up and coming advisors, in investment managers, in law firms, so that we can serve as that younger generation. But then also have the matriarch and patriarch still listened to - all of the opinions are taken on board” – Eva Moynihan

Substance position

- Families are making decisions about a jurisdiction based on lifestyle as well as employees/access to professionals

“Not only does the focus on lifestyle relate to the family themselves, it also talks to attracting and retaining the professionals that work for them, along with the infrastructure and the additional services that are needed to support the family” – Tim Houghton

- Family offices moving to Jersey typically bring their senior advisors to the Island first and build a team around their advisors