



Leaders' debate: the future of wealth

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Amid a period of great disruption and transition in the private wealth sector, Business Life invited partner Catherine Moore and four other thought leaders in the Channel Islands to discuss the key issues facing wealth players today - and what the future might look like.

In this article, we share Catherine's insights from this interview. These insights cover topics such as the Great Wealth Transfer, the suspected trajectory of wealth patterns, the potential of technology to disrupt and revolutionise the sector, the geographical shifts we are witnessing, the legal and regulatory outlook, and more.

The full interview can be read in Business Life's February/March 2023 edition - [In the balance: the impact of changing wealth holder priorities](#)

The wealth sector is seeing all manner of shifts and changes. What do you, as a leader in this sector, see as the single biggest trend or disruption facing you right now?

I would say the biggest single issue right now is a genuine shift in focus for many clients, particularly the next generation of wealth holders. More clients are looking to different, non-traditional forms of investment and seeing the purpose of investing and structuring differently. Due to this, the sector will need to be alive to client's developing and changing interests, including keeping an eye on growth areas such as ESG and impact investing, cryptocurrency, and other growing markets.

We are hearing an awful lot about the Great Wealth Transfer at present. Just how big an impact do you expect that will have on the sector - and how will firms need to adapt accordingly.

The Great Wealth Transfer will form a significant portion of wealth advisers' work because it impacts many different areas - from changes in investment criteria and objectives, to increased mobility and multi-jurisdictional issues arising, and an increase in divorced or unmarried family members' involvement in structures. Practitioners working in this sphere must be aware of the next

generation's thoughts and concerns as well as the risks and issues that may arise from the cross-generational transfer of wealth.

This will lead to the revisiting, consolidation, reconciliation or restructuring of structures and potential divisions between families where the "glue that held the family together" is no longer there, be that a family member or members, a business or a common attitude.

Do you feel the current economic turbulence and macroeconomic disruption will alter wealth patterns - and if so, how?

What's interesting for me is that while disruptive times can significantly and negatively impact many clients' wealth and risk appetite, others will see it as a time of real opportunity. For example, the pandemic was a time of real growth, unprecedented in fact, for some ultra-high net worth individuals.

However, it will be interesting to see the correlation between macroeconomic disruption and volatility and the growth or reduction in investments in alternative or emerging asset classes. We expect an increase in these asset classes, an increase in investment within these, and a different attitude to risk and investment.

If this is the case, it remains to be seen how these factors will work alongside the impact of a possibly volatile environment on these relatively young sectors.

The potential of technology to disrupt and revolutionise the wealth space has been touted for some time. How do you feel the influence of technology is changing - and will it increasingly alter the sector moving forward?

Technology has changed the world in so many ways, no less evidently than during the pandemic. Accessibility to information and opportunity has opened up thanks to technology, with many investors now monitoring and dealing with investments themselves.

Particularly as the next generation becomes involved, I think their desire for fast and direct communication and action will continue to change the offerings of investment and private wealth service providers.

However, with greater access can come greater risk. The accessibility for clients and the increases seen in the disclosure of information through tech-based applications will need to be kept in mind as the world we operate in becomes ever more technology based.

What interesting geographical shifts/patterns are we witnessing at the moment in terms of wealth?

It is not surprising that we have seen growth in Asian markets, many of which were previously not connected to financial centres such as Guernsey. The markets where we have seen significant development, including China and India, have some of the fastest growing numbers of multi-

millionaires and billionaires in the world, with an increasing connection to the west - be that through education, investment or simply greater access. In turn, due to these thriving connections, the interest in investing in these countries continues to grow.

Can you share your views on the legal and regulatory outlook for the sector in the coming years - what are the key issues that may shape future trends?

The disclosure and transfer of data and personal information will continue to be a key factor for clients, service providers and advisers. The volume and complexity of legislation introduced in this area over the past decade is unprecedented.

The ultimate objective of the regimes introduced is client protection and the avoidance of money laundering, terrorist financing and tax evasion. These are all essential objectives, but they have potentially come at the cost of individual privacy.

Do you expect the Channel Islands to continue to thrive as an international financial centre of choice for wealth holders, investors and managers - and why?

The playing field for international finance centres has been levelling out over the past decade. Changes in jurisdictions' legislation, external authorities prescribing transparency and information exchange standards, and globalisation of workforce and clients alike have helped this balance.

However, the standards reflected across all areas of the finance and private wealth sector set Guernsey apart and are intrinsic to the island's reputation and success.

From the standards implemented and enforced by the island's regulator to the high calibre of professional advisers and service providers, together with the internationally renowned court system and judicial decision-making in the jurisdiction - these are the core elements of Guernsey's offering as an international finance centre. These are not easily achieved.

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