

Title : Managing wealth - within the family

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SINGAPORE: Move over, private banking. Enter the so-called family office service - a growing arm of banking dedicated to family businesses which are reportedly outperforming other business structures.

Family businesses with a market cap exceeding US\$50 million represent more than 50 per cent of all listed companies in most Asian countries, according to Credit Suisse.

And as Asia's affluence continues to rise, family businesses have displayed an inclination for managing their wealth in-house.

Chew Kwee San, executive director of the Tecity Group, said: "Increasingly, a lot of the rich families in Singapore have set up their own private offices or corporate structures where they can do their own private investment."

This could be a challenge for traditional private banking services, where competition to capture Asian wealth has never been greater. But private banks with family office services said the two are not mutually exclusive.

Marcel Kreis, managing director and head of private banking (Asia Pacific) with Credit Suisse, said: "They are very complementary. Family office is usually designated to managing the financial assets of a family. They will need, in order to do that competently, a lot of help from private banking and financial institutions.

"We can be very instrumental in helping the family office articulate an investment policy based on their investment expectation and risk profile. I believe that if we can add value in the setting up of family offices, that will [create] trust."

Still, "old-money" veterans said nothing beats keeping it within the family.

Mr Chew said: "The family office services of banks can provide that degree of interaction and reporting, but it's simply not the same as hiring someone full time, looking after your portfolio, being on top of your investments, being able to be accountable to you for information on where markets are going, where markets are not going, at the drop of a hat."

According to a Credit Suisse study, family businesses in Singapore, China and South Korea achieved the strongest outperformance against their local benchmarks.

This could be attributed to family offices being more conservative, and therefore having the firepower to exploit highly attractive investment opportunities - a good weapon to have in these times of market volatility.

-CNA/ac