

Lombard Odier: UAE should bolster its status as a local custodian for private wealth

While private banking is managed in the region, the custodian bank is mostly located in offshore locations such as Zurich, London, Hong Kong or Singapore. It is therefore important for a country such as the UAE to boost its status as a local custodian or booking centre for wealth management, given the large concentration of high-net-worth individuals (HNWI) and ultra-high-net-worth individuals (UHNWI) in the country, a senior official of a Swiss bank has said.

‘It is increasingly important for a country that is growing and attracting private wealth to have a thriving wealth management centre— like Singapore, London and Switzerland for example,’ said Arnaud Leclercq, Partner Holding Privé and Head of New Markets, Lombard Odier, to Citywire Middle East. ‘I believe that proceeding in this direction is an important strategic move for the future of the UAE.’

However, Leclercq admitted, it’s not easy for a country to establish itself as a booking centre.

‘It is a long process that requires wide-ranging changes in the region’s regulatory structure,’ he said. ‘Usually, the evolution of a local custodian is a function of the partnership between the government, and the private sector. The government’s tight regulations and rule of law mean that clients feel comfortable keeping their assets here for the long term.’

Leclercq said the UAE has successfully taken a first step in this direction through its golden visa programme, which aims to attract more HNWIs from across the world to live in the country.

As a second step, the UAE must ensure that more wealth management activity takes place therein the years to come. ‘This could be a joint effort between the private sector and the government, and it is a positive sign that there is goodwill on both sides,’ Leclercq maintained.

He said, however, that Lombard Odier does not have concrete plans to open a booking centre in the region, even though its offices are in Dubai and ADGM.

‘That said, if our clients want us to proceed in this direction and are ready to commit more assets with us, we will consider it seriously,’ he added.

Almost half of the assets under management of Lombard Odier’s clients in the Middle East are within a discretionary mandate, while the other half sits within the UAE’s advisory offering.

‘Wealthy investors in the region typically tend to be more conservative with their own money, and they want to keep their private assets with a safe custodian.,’ he explained. ‘In contrast, they have a high-risk appetite when it comes to their own businesses.’

Talking about investment trends among the bank’s Middle East clients, he said that clients are increasingly open to exploring private market investment opportunities.

‘Investing in private assets is a robust diversification strategy and has proved very successful, as long as it is approached carefully,’ Leclercq concluded. ‘Whereas previously they would only consider private equity opportunities within the region, they are now more open to investing outside of it.’



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