



Centre for
Family Business

FO Ecosystem 2.0

Deepening Hong Kong's
Position as a Leading Hub
for Family Offices



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This whitepaper was made possible through the generous and candid contributions of stakeholders across Hong Kong's family office ecosystem. We extend our sincere thanks to:

- Ultra-high-net-worth Individuals (UHNWIs)
- Ultra-high-net-worth Families (UHNWFs)
- Single Family Offices (SFOs)
- Senior private bankers and professionals
- Trusted service providers and advisors
- Family Office Association Hong Kong (FOAHK)
- HK4FAMILIES (HK4F) and its collaborating and supporting organisations

Their insights, gathered through a series of in-depth interviews, follow-ups, and collaborative discussions, form the core of this report. These conversations were not only frank and constructive but also reflective of a shared desire to see Hong Kong's family office sector evolve with purpose and ambition.

We are especially grateful to the many interviewees who spoke off the record, providing us with the context, depth, and texture necessary for meaningful analysis. Their openness enabled us to surface both the sector's potential and its present challenges.

We also acknowledge the contributions of recent publications and whitepapers on family office development. These reports provided a solid foundation as we assessed both local dynamics and global benchmarks. A list of references is included in Appendix B.

We are grateful for the trust placed in us and hope this report contributes meaningfully to the ongoing dialogue on strengthening Hong Kong's family office hub.



Executive Summary

In 2025 the Family Office sector stands at a crossroads.

As Hong Kong strengthens its position as a global Family Office (FO) hub, this report examines the potential role of Multi-Family Offices (MFOs) in deepening the ecosystem's maturity. While Hong Kong has made significant progress in attracting single-family offices, the structured scalability and professionalized services of MFOs present an underexplored opportunity to enhance the city's competitiveness. Rather than advocating for MFOs as a singular solution, the analysis identifies strategic gaps where their integration could complement existing strengths, so to address current limitations such as fragmented branding and underdeveloped institutional support, and serve as one of the key pillars of sustained growth in the city.

The FO sector attracts capital, creates jobs, and fosters entrepreneurship and financial innovation. In Hong Kong, it is becoming increasingly essential for managing multiple ultra-high-net-worth families, supporting their wealth, legacy, growth, and resilience. However, the sector urgently needs regulatory clarity, institutional support, talent development, professionalism, and a strong brand identity to compete with other global FO hubs.

MFOs have remained in the shadow of Single-Family Offices (SFOs), which received significant support in the 2022 Policy Address aimed at boosting economic growth and establishing Hong Kong as a family office hub. Meanwhile, MFOs have quietly grown in sophistication, diversity, purpose, and number. Despite their potential to address complex financial needs, MFOs still lack the infrastructure and support that their SFO counterparts enjoy.

In response, this study examines the potential to complement Hong Kong's existing strengths: its role as a gateway for Asian and global families, robust corporate governance, low corruption, tax efficiency, and currency convertibility – where the city's unique cultural assets, from its rich Chinese heritage to international philanthropy and culinary prestige, further enhance its appeal.

By assessing MFOs as part of a diversified strategy, our recommendation identifies opportunities to strengthen Hong Kong's value proposition without overshadowing its holistic advantages, which aims to foster a more mature, competitive, and sustainable FO landscape, aligned with the national push for innovation and financial leadership.



Moving Forward – Insights for a Successful FO Hub

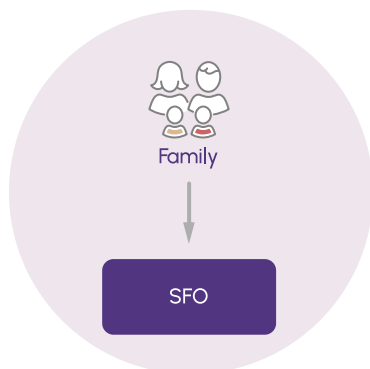
Families do not grow by bread alone, nor focus solely on preserving wealth, harmony, and legacy. Many wealthy Chinese families evolve and adapt to an increasingly complex world, hence the need for a revitalized Hong Kong FO platform with professionals that can address and grow together. The time is right for the sector because the FamilyOfficeHK has done a great job in implementing its strategic plan and can further extend the strategy.

Some initial ideas include strengthening institutional trust, and setting competency standards for professional family advisors. This report presents additional proposals, beginning with deeper research and sector engagement. Notably, for the FO sector, professionals should aim to:

- Raise institutional trust to global standards
- Attract and retain top talent
- Improve service quality and expand offerings
- Embrace innovation, technology, and digitalisation
- Rebrand, promote and benchmark internationally

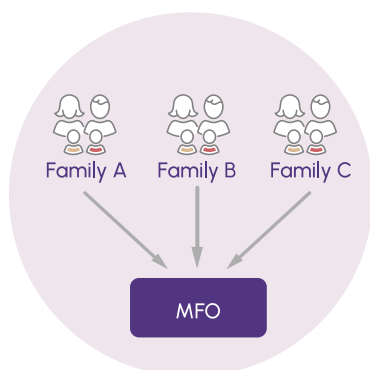
These initiatives will further position Hong Kong's FO as a hub on the global stage, helping to create a sustainable succession engine for the city's economic future.

Quick Comparison of Family Offices



Single Family Office (SFO)

- Distinct legal entity serving one family
- Family owns and controls the office
- Professionally manages assets and is separate from family enterprise



Multi Family Office (MFO)

- Distinct legal entity serving multiple families that pools their wealth; addresses the operating costs of an FO through economies of scale
- Some evolved from a successful SFO prompted by other families to access the services and/or directed by the “lead” family that initiated the office
- Some are set up by experienced FO professionals to operate on commercial terms, providing services to multiple families



Embedded Family Office (EFO)

- Usually an informal structure embedded within a business owned by an individual or family
- Low level of separation between the family and its assets

Adapted from: InvestHK (2023) Setting up a family office in Hong Kong. Hong Kong: Family Office HK Team, Hong Kong Special Administrative Region Government.

UHNWI Preferences



For SFOs

- High privacy and total discretion.
- Complete alignment with family values, vision, and long-term goals.
- Low or no conflict of interest between operators and owners.
- Higher setup and running costs.
- SFOs eventually outsource some services as the needs of the family change over time.



For MFOs

- Best value in economy, efficiency, and effectiveness as compared with an SFO.
- Lower conflict of interest if operators are compensated on a fee basis.
- Easier to find and leverage “shared” professional advisors when these professionals are rare.
- Perceived lower level of privacy and confidentiality.

Source: Thematic analysis of interview responses yielded several key observations



Objectives

To understand the industry, structure, organisation, interconnected systems, and business models of MFOs in Hong Kong as perceived by the operators and relevant stakeholders;

To review the range and perceived quality of services offered by MFOs in Hong Kong and note new trends in service provision;

To study the literature and ongoing market demand set against the current regulatory environment and policies governing MFOs;

To review the impact of MFOs of the broader wealth management landscape in Hong Kong on the service providers, at present and for the future; and at a high level, propose some steps and follow-up research that the industry may consider in the next few years.

Research Approach

Purpose:

Explore development activities that can further position Hong Kong as the best FO centre for Asian families, and one of the best FO centres in the world, while contributing to more substantial and diverse economic development for other adjacent sectors in Hong Kong.

Research Methodology:

This report is a qualitative in-depth interview study comprising over 30 interviews with people in the family office ecosystem. Key issues were first collected from a dozen families and FO operators; then, these issues were triangulated with stakeholders in the industry for a second round of interviews. These ideas were fielded to other individuals where contradictions were identified for their expansion and reactions.

Given the context of MFOs, which have been in flux since late 2024, it is essential to note that this is a snapshot only. Nonetheless, the rich information gathered and analysed provides a meaningful framework for further study.

Scope of the Study:

This research report aims to investigate and understand how the FO industry may be further strengthened with the work that the Government of Hong Kong has already completed. We hope the insights generated from this qualitative research report will provide recommendations for further research, developing sensible ideas for policies and support mechanisms tailored explicitly to the FO sector within the Hong Kong financial landscape.



Desk Research and Literature Review

The literature review considered the recent research on multi-family offices, focusing on studies relevant to Hong Kong.

- The institutional arrangements, historical development, and global proliferation of multi-family offices;
- The range of services offered by MFOs, including investment management, tax planning, estate planning, and family governance;
- The regulatory framework governing MFOs in Hong Kong, including licensing requirements and compliance standards;
- Case studies of prominent MFOs operating in Hong Kong;
- The role of MFOs in preserving and growing wealth for high-net-worth families.



Stakeholders engagement

Building on a good set of literature already written on the subjects of the family office, the research team canvassed a small selection of stakeholders for in-depth discussions.

-  Members of the FOAHK, including non-members starting MFO businesses in 2025;
-  SFO owners and managers;
-  FOHK representatives and the Hong Kong Academy for Wealth Legacy (HKAWL);
-  Professionals and providers of elite services to family offices; and
-  Private equity and venture capitalists who work with FOs.

Research Project Team



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The study was conducted during the fourth quarter of 2024 and the first quarter of 2025.

Introduction

The concept of family offices has gained increasing prominence in Hong Kong alongside the significant growth of the investment industry, especially wealth management and financial services.

A recent October 2024 research report about Hong Kong's wealth management outlook by Bloomberg Intelligence reported that Hong Kong's family office assets under management (AUM) could double to \$387 billion by 2030. This growth would be led by Chinese and Asian ultra-rich (Wong, S, 2024). The family-office space in Asia is still in its infancy, compared to the US and Europe, as most wealth in the region is self-made and concentrated in the first or second generation. Despite this, Hong Kong's current lead position of SFOs is expected to widen.

While policies and structural support for MFOs are getting increasingly established in international financial centres like Singapore, London, and New York, the same level of attention is not apparent for MFOs in Hong Kong.



Assumptions on Market Size in Hong Kong:

Deloitte market study (Deloitte, 2024) reveals that by end of 2023, there are

 **2,700+**
single-family offices
in Hong Kong.

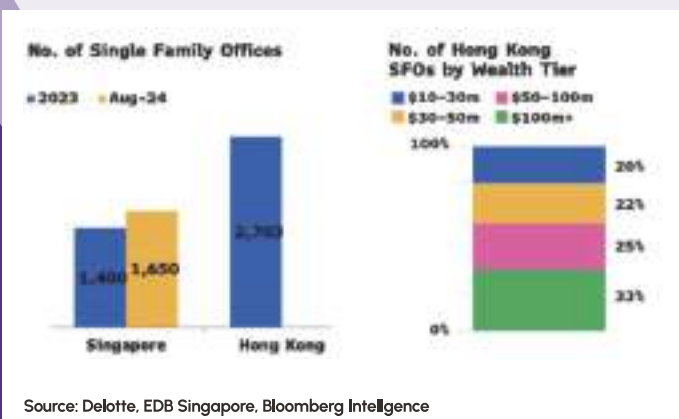
Although this does not explicitly highlight multi-family offices, we believe there are at least a couple of hundred MFOs.

In another study by McKinsey, it was founded that

In 2023, Hong Kong and Singapore each managed roughly \$1.3 trillion in offshore assets.

Trailing only Switzerland's

\$2.5 trillion total.



Wealth flowing into Hong Kong and Singapore is primarily coming from within the Asia-Pacific region, led by mainland China, India, and Indonesia, followed by other countries in Southeast Asia.

We expect an increase in wealth flows from Europe and North America as many global investors see Asia-Pacific as a third haven for portfolio diversification.

A Snapshot of the Hong Kong FO Ecosystem in 2024



Family Offices

Single Family Offices (SFOs)

are set up by families with wealth to handle the affairs of the family, which may outsource parts of the operations to MFO or trusted professionals for specific expertise.

Multi Family Offices (MFOs)

provide comprehensive wealth management services for managing investments, estate planning, tax advisory, and philanthropy. MFOs & Boutique MFOs: Raffles, Topaz, Carret, Wisdom. Smaller, specialized firms focused on personalized services – Endowus, and Leo Wealth.



Banks & Investment Firms

Private Banks & Institutions

such as Hang Seng Private Banking, UBS, and J.P. Morgan offer tailored banking and investment services to MFOs and their UHNWI clients.

Private Equity Firms

partner with MFOs for private investment opportunities.

Angels and Venture Capital Firms

facilitate early-stage investments for family office portfolios.

Asset Managers and Hedge Funds

provide investment opportunities. Notable firms include BlackRock, Man Group, and local firms like Value Partners.

Real Estate Developers and Agents

provide investment in properties.



Professional & Other Providers

Legal and Mediation Advisors

help families with legal structuring, trust law, and estate planning. Examples include Baker McKenzie and Deacons.

Tax Advisors

such as the Big 4 which offer guidance on tax strategies, cross-border tax issues, compliance, inheritance, estate, and gift tax planning.

Insurance Providers

like AIA, Sun Life, and Zurich offer products tailored for wealth protection and wealth transfer through policies.

Technology Providers and Fintech Firms

offer wealth management solutions and reporting tools, as well as cybersecurity, privacy compliance and penetration tests.

Art and Luxury Asset Advisors

helps families diversify investment portfolios and curate prestigious collections. Notable firms and advisors include Christie's Hong Kong and Sotheby's Hong Kong. Appraisers and labs would be included.



Regulatory & Others

Regulatory Bodies

comprising the Financial Reporting Council, Financial Services and the Treasury Bureau, InvestHK, Securities and Futures Commission (SFC), and The Hong Kong Monetary Authority (HKMA) regulate financial practices, impacting how family offices operate.

Industry Associations

like Family Office Association Hong Kong (FOAHK), CFA Institute, ACCA, The Law Society Hong Kong, STEP, The Hong Kong Institute of Directors and more facilitate networking, knowledge sharing and best practice for family offices and practitioners who work with or in family offices.

Universities and Institutions

offer workshops, trainings and certified programmes in family wealth and asset management, including CUHK, HKUST, HKU and Hong Kong Academy for Wealth Legacy (HKAWL).

Charities, Foundations and NGOs

address social, environmental, and community needs through advocacy, services, and funding support.

Family Affairs Advisors

are independent professionals that advise families on matters beyond money such as governance, mentorships and education.

Chronology of Key Events

List of significant events in Hong Kong that support family offices from 2020 to 2025:

2020

January

Inaugural Family Office Symposium at the Asian Financial Forum, organised by Private Wealth Management Association (PWMA) and Hong Kong Trade Development Council.

2021

June

Official establishment of the Family Office HK (FOHK) under InvestHK. Launch of the Hong Kong Financial Services Development Council's Family Office Services Working Group.

September

Introduction of the Wealth Management Connect (WMC) scheme, facilitating cross-border investments between Guangdong - Hong Kong - Macao Greater Bay Area.

2022

September/October

Hong Kong's participation in the Global Financial Innovation Network (GFIN).

2023

January

Implementation of a new tax regime for family offices, providing tax incentives for family-owned businesses known as Family-Owned Investment Holding Vehicles (FIHVs) as part of a SFO in Hong Kong.

March

Financial Services and the Treasury Bureau (FSTB) and InvestHK organised the inaugural Wealth for Good in Hong Kong Summit (WGHK). Dedicated to promoting technology, philanthropy, green finance, and art in family office businesses. Attracted some of the most influential global family offices based out of Hong Kong and worldwide.

FSTB issued a policy statement on developing a vibrant ecosystem for global family offices and asset owners in Hong Kong, comprising eight key initiatives.

The Commerce and Economic Development Bureau (CEDB)'s PASS Fund awarded funding to CUHK to develop a skill map for professionals within Hong Kong's family office ecosystem. The initiative, titled HK4FAMILIES (HK4F), aims to support talent development in the sector.

November

Establishment of HKAWL, a subsidiary under Financial Services Development Council (FSDC), dedicated to provide a comprehensive talent training platform for the family office sector, asset owners and wealth inheritors, and to facilitate the development of family offices in Hong Kong.

2024

January

Introduction of the Enhanced Professional Investor Fund (PIF) regime, allowing family offices to invest in a broader range of financial products.

February

Enhancement to WMC 2.0, includes expanding the scheme to include security firms, increasing the individual investor quota and relaxing the scope of eligible products.

March

Second Wealth for Good Hong Kong Summit brought together more than 400 influential decision makers and professionals from the world's leading family offices, significantly larger than last year's inaugural summit.

Hong Kong's new Capital Investment Entrant Scheme (CIES) was launched, an applicant with a minimum HK\$30 million in investment assets may be eligible for residency.

May

The Hong Kong Council of Social Service (HKCSS) and FSDC hosted a dialogue on "Emerging Trends in Asian Philanthropy and Impact Investment" at the "S+ Summit cum Expo." Participants discussed Hong Kong's potential as a regional philanthropic hub, emphasising thought leadership and the integration of innovation and technology for sustained impact.

InvestHK & HKAWL organised a Summit on "Mobilizing Family Legacy Powers from Philanthropic to Impact Investing."

June

The Network of Family Office Service Providers (the Network) launched to promote Hong Kong as a preferred destination for global family offices. This new network covered private banks, accounting and legal firms, trusts and other professional services firms to provide comprehensive services to family offices.

October

FSTB announced the establishment of the Hong Kong Family Office Nexus, a strategic collaboration between the FSTB and Bloomberg L.P. to attract family offices from around the world to establish or expand their presence in Hong Kong and reinforce the city's status as a leading global asset and wealth management hub.

November

Consultation paper raised to show that Hong Kong plans to waive tax on investment gains from cryptocurrencies and other alternative assets for hedge funds, private equity funds and certain family offices, as the city strives to enhance its appeal as a wealth management hub.

2025

January

HK4F, together with its collaborating and supporting organizations, hosted a two-day conference that trained over 700 professionals from Hong Kong's family office ecosystem. In the two years leading up to the event, CUHK and HK4F conducted a series of workshops and seminars, which engaged over 2,000 professionals to facilitate knowledge transfer and capacity building for the family office sector.

Key Findings



Distractions and Attractions

Hong Kong's Unique History and Its Disconnects

Several UHNWIs mentioned that Hong Kong has downplayed its value considerably by not looking at the totality of the engagement and connecting its history, in which somehow their families and ancestry had played a part. Between Hong Kong, Macau, and the GBA, a family with roots from this part of the world wants to make this place their hub.

The Hong Kong Jockey Club, the Tung Wah Group of Hospitals, the pawn shops, and the diverse religious sites, such as Parsee to Jews, were cited as jewels that are neglected and forgotten. Through rituals and events, the returning families would seek meaning but find such local rituals and engagement superficial and difficult to understand, while others no longer understand their past and history.

“ Hong Kong doesn't know how to promote its treasures.” Family hubs are about weddings, funerals, worship, churches, parties, and shared experiences. It is about both living and dying. Extended families are grounded in a diverse set of religions. Few families know of Hong Kong's rich history and places of worship – the Hindu Temple, Tung Lin Kok Yuen Buddhist Nunnery, St. Margaret's Church, Khalsa Diwan Sikh Temple, Tam Kung Taoist Temple for example.

“ We don't want to set up a family office without a soul. A family office hub means a place that most, if not all of our extended family members, can identify with and want to visit. They come back for nostalgia. They do not want to visit a place without soul and fun. Would you go to a party that only a few would join?

“ The most important thing for a family office to exist is the warmth and welcome, the laughter and crying, that draw families into a place. Hong Kong has it all, but you guys are selling hardware, not software.

Distractions for UHNWIs?

- “Getting a berth to park my big yacht or a parking space for my private jet is not easy. This is not Corsica or Porto Vecchio, where we can park our mega-yachts.”
- “Hong Kong has so many pieces of the puzzle, but they are disconnected. No tax on wines, art fairs, Christie's and Sotheby, and those museums in West Kowloon, but how to connect them?”

Possible Attractions for UHNWIs?

- “HKID Card: Getting a Hong Kong ID or faster access into Mainland is a policy no other place can offer. The HKID is a fantastic insurance policy. A family would need at least two IDs because you don't expect just one person to come to Hong Kong from a family.”
- “CBDC: Can Hong Kong become a portal for us to help diversify our risks, hedge our bets, or join the Chinese digital Yuan financial superhighway?”
- “Qianhai Office: If somehow we can have an office in Qianhai, that would help our family move into China much more easily and extend our presence.”

Hong Kong should be promoted as a special “Club” for the UHNWIs to join, but it is not. The promotion cannot be all things to all people.

Key Finding A

Major Market Uncertainties Perceived

Through extensive interviews, twelve recurring concerns emerged regarding Hong Kong's FO environment. These concerns are not universally held but reflect a broad range of perceptions, which, if unaddressed, may hinder the sector's development. Perception, especially among UHNWIs, often shapes their reality.

| Issues | Elaborations |
|---|--|
| Unclear Future: Uncertainty around Hong Kong's status post-2047 under One Country, Two Systems raises concern. | Sovereignty isn't the real issue - we want clarity. Investors can book transactions elsewhere, but they need a definitive view of Hong Kong's long-term positioning. |
| Limited Privacy: Concerns exist that personal data may be accessed by authorities in Hong Kong, China, or home countries, especially under the National Security Law. | Although Hong Kong aligns with older EU-style privacy laws, China's PIPL is even stricter. Hong Kong should do more to promote and reassure around its privacy standards. |
| Limited Understanding of Chinese Culture of Service Providers: UHNWIs feel service providers don't fully understand Chinese family dynamics or priorities. | Many assume Western governance tools like family constitutions work universally. But what matters most is valuing time, reducing unnecessary compliance, and supporting families seeking growth, not just preservation. |
| Cybersecurity Vulnerability: Rising cybercrime and lack of standardised protections make families wary. This inconsistency is especially concerning to older, less tech-savvy clients and don't want to expose their families to lax controls in Hong Kong. | Few MFOs would consider this an issue because the better MFOs would impose the latest cybersecurity protection at their firm. However, no industry standard is currently being endorsed. |
| Cracks in the Respect for the Rule of Law and Implications of Sanctions: The National Security Law undermines confidence in Hong Kong's stability and asset safety as foreigners, said one UHNWI. | Authorities must reaffirm Hong Kong's full commitment to the rule of law. Better public relations are needed, along with FOHK. On the issue of sanctions, some clients prefer to hold and wait because their assets in Hong Kong might be frozen. |
| Alignment of Interest Can Be Better and More Transparent: Fee structures are often commission-based, unlike global fee-only models. | Hong Kong's hybrid approach depends on client sophistication. Both models may coexist, but gradual evolution is preferred by local fund houses and MFOs. Currently the market needs both types. Why not let the market decide? |
| Quantity and Not Quality of Family Offices Being Promoted: Current policies emphasize number of FOs over quality. Number of family offices is an important KPI for FOHK, but quality is more important. | The aim should be for quality and not quantity. Focusing on the first will bring the second. We want good, clean clients, and not to attract all types of clients. |
| Quality of Asset Management, Above All Else: MFOs should prioritise wealth management above all else. Since private bankers are regulated by an additional regulator, the private bankers should provide better quality in asset management. | Asset management is essential, but not enough. Families come for the ecosystem - fun, culture, food, safety, and connection. MFOs and banks can complement each other; MFOs offer personalisation and higher touch, while banks ensure regulatory compliance. The allure of Hong Kong and the whole ecosystem works as an integrated model to attract clients. |
| Tax Concessions: Any new tax concessions for SFOs should also apply for MFOs. SFOs naturally would migrate into MFOs to reduce costs and spread risks. If tax concessions are only for SFOs, such benefits would not transfer. | In reality, it is comparatively more manageable for a family to set up an account and deal with tax issues in Hong Kong than in Singapore. The teams based in Hong Kong are more culturally attuned to the overseas Chinese in general. |
| Clarity on Tax Residence Needed: As more and more families are coming from abroad, UHNWIs could use advice on demystifying tax residence. The Common Reporting Standard (CRS) is a hurdle for many newcomers. | |
| Hong Kong FOs Do Not Understand the Needs of Arabs. Which university in Hong Kong offers a course or diploma on Middle Eastern culture? None. Conversely, we Arabs do not understand the Chinese, although we want to. Why not instead focus on the Asian Muslims with whom you have a deeper affinity? | There is hardly any reason why the Arabs want to set up a family office in Hong Kong, cited one respondent. Perhaps the opportunity to "engage" in innovation and projects, seek out distressed assets or validate some political posturing. Targeting Southeast Asian Muslim families (e.g., Indonesia, Malaysia) with historical ties to Hong Kong may offer stronger opportunities. |
| UHNWIs Do Not Establish Their Family Office Just to Preserve Wealth, Harmony, and Legacy. We want our wealth, besides just financial wealth, to grow. Growth is the real issue, and MFOs should help us grow our network, our resilience, and our spiritual and intellectual wealth. | MFOs should support broader growth - business, intellectual, spiritual. We keep business and privacy as simple and as closely guarded as possible. Many families remained unconvinced of the cost/benefits of simplicity, privacy, risk management, and tax savings that the MFOs would bring. |
| Hong Kong MFOs and FOs Generally are NOT Sophisticated Users of Modern Risk Management, Cybersecurity, or Privacy Tools. Risk management practices vary significantly across different types of MFOs. | Only a few meet world-class standards. Promoting Chief Risk Officers and ILS financial instruments should be encouraged, further enriching the financial markets and bringing more jobs. |



Key Finding B

Perception of Institutional Trust

Hong Kong has strong corporate governance practices, and most respondents were concerned with the overall institutional trust level in Hong Kong for MFOs, rather than firm-level governance. In the MFO industry, institutional trust has been undermined by lack of transparency, regulations, certifications of professionals, dedicated channels for complaints, and open declaration of service standards. MFOs need help in building trust at an institutional level as trusted concierges and gatekeepers of family wealth. Clients from abroad do not understand Hong Kong and come with some distorted views needing more assurances.

- The Hong Kong market needs a clear definition of an MFO. The lack of clear regulatory distinction between legitimate MFOs and less credible actors dilutes overall trust.
- Increasing and unregulated competition amongst MFOs without collaborative efforts to grow the overall market together is unhealthy for the industry.
- Lack of general institutionalisation of good practices at many firms, affecting client trust.
- Hong Kong should build an endorsed list of MFO vendor databases (including audit and tax) similar to Dubai to facilitate conversations for families unfamiliar with firms.
- Lack of alignment in industry fee models requires transition from commission-based to fee-paying models.
- No indemnity insurance scheme is required to serve end clients.
- Governance and succession planning remain underdeveloped for Asian families, but not all MFOs can provide such advice at good quality.
- We have a fragmented Hong Kong ecosystem with multiple regulatory bodies.
- There needs to be greater transparency of MFOs by the number of SFC licensees per firm.

Key Finding C

Perception of MFOs to Some UHNWIs

Following the imposition of the National Security Law (NSL) in June 2020, Hong Kong's international perception as a destination of choice for UHNWIs has declined. Foreign press continue to suggest weaknesses in Hong Kong's Rule of Law, institutions, respect for Human Rights, and political proximity with China. Few independent parties have stood up and countered such negative press. A perception that Hong Kong is not a viable and stable alternative currently permeates the market, according to many interviewees in this study:

- The quantity of FOs is being promoted, not quality. There's an assumption that more is better. "We should not be in the quantity game, but one of quality, service, and privacy." "We have some clients asking me to avoid paying taxes and creating loopholes. Those should not be the type of clients Hong Kong should attract."
- There is no set definition of an MFO, just an SFO. Since MFO is targeted at the retail market, quantity is the game. "The firms can be more efficient and should run like a machine. But we are not."
- Uncoordinated. "The government has done a decent job promoting and attracting UHNWIs into Hong Kong, but we must complement and substantiate that push together with the government. But the government doesn't talk to us."
- Hong Kong has weak data and privacy protection. "There's a false perception that our data protection policy is not as good as GDPR, and the Press has done irreparable damage to our reputation for upholding the Rule of Law. This [sanity of the Rule of Law] can never be questioned."
- "What happens to Hong Kong after 2047? Unless there's some certainty, we can't assess our risk and place our wealth in Hong Kong."



Key Finding D

Perception of Family Office Talent

Next to institutional trust, an often cited and emphasised deal breaker for UHNWIs is the variation in quality of the service providers. In general, the professionals in Hong Kong are well recognised, there are excellent providers, but there are also many chasers. Recognised certifications and qualifications in law, finance, and accounting contributed to a perception of higher quality. However, the industry lacks such for family advisors. Hong Kong has more overseas-educated people with global perspectives who have lived and/or worked overseas and are culturally astute at doing business for the East and West. Hong Kong offers a more enjoyable and diverse lifestyle, and many professionals rate living here highly. But how would unsophisticated buyers and overseas UHNWIs evaluate the quality of our local professionals?

- There is a general lack of good and competent FO talent in Hong Kong:
 - On providing a wider range of investment needs;
 - On compliance, legal, KYC and coding (IT) support;
 - On estate planning, tax, cash flow, etc. who can truly understand family
- Training and Professionalism:
 - Insufficient training programs and certification standards tailored for MFO professionals.
 - There is a need for a more structured training regime and ecosystem development to enhance professionalism in the industry. The current one at HKU is a good start but more is needed.
- HK has a good talent pool - resourceful, able to get things done well. You can find more talent in Hong Kong than Singapore.
- Only FOAHK and a few large MFOs are offering internships, it should be the norm to help train young undergrads. The Government should and can do more.
- There should be a conversion programme for mid-career people who want to join the industry. Those with transferable skills of at least 10 – 15 years of senior experience (in their 40s and 50s) are ideal candidates.
- We need more independent and academic consortiums to join forces and serve as a focused group to train talent.

Key Finding E

Perception of Range and Diversity of Service Offerings

The type, level, range, and diversity of service offerings by MFOs have contributed to the MFO quality perception, according to respondents. MFOs offer various services, from asset management to family office setup to trust advisory (working with partners). The diversity of service types is not an issue, the quality of some offerings is.

Helping families understand growth and become more adaptive appears to be in demand. Assisting families to enhance privacy, cybersecurity, and risk management were cited. Helping them set up family governance architecture and family governing committees is also an art often cited by clients as difficult to advise well. ESG and Green certifications further improve relevance and alignment with clients. The overall impression of quality on the range and service types offered has been relatively high.

- Each type of service should have some reference standards of quality. Currently, various certified industry programmes are not transferable, e.g., the Henley Inflection Point Intelligence (IPI) program, HKU Master of Family Wealth Management, STEP, TEP, CFP and CFA.
- We are in line with ESG disclosures here and in Singapore, as should family offices would be with their family businesses.
- Limited government focus and incentives for MFO growth compared to SFOs don't help the industry.
- Need for a Centralized Ecosystem:
 - A robust ecosystem supported by public-private partnerships (PPP) can enhance service quality and stakeholder collaboration.
- Competition with Private Banks: MFOs must differentiate their offerings from private banks by providing unique, high-yield investment opportunities and personalised services.
- Varying levels of sophistication and expectations among first and second generation wealth holders.
- Clients' reluctance to embrace transparency and tax compliance.
- The primary focus on not losing money over generating high returns could limit the appeal to specific client segments.

Key Finding F

Perception of Innovation, Digitalisation and Technology of the Service Providers

An MFO with a strong backbone in technology and an understanding of digitalisation and AI would appeal more to UHNWIs operating at this level of sophistication. Clients often select a service provider who can also upgrade their quality of operations. However, people and the quality of relationships still trump all. Technology is thus an enabler, allowing and enabling service providers to offer higher-quality support. The number one rule is being client-centric and keeping updated with the times. A few MFOs have already incorporated AI into their operations.



Innovation

- MFO's should use more AI to innovate, gain efficiency, and enhance the client experience.
- The MFO without AI will lose to the MFO with AI.
- Family offices can be much more innovative and cutting-edge. The current level of understanding and practices in cybersecurity, privacy, and risk management is below par.



Digitalisation

- Few MFOs have adopted AI to serve clients.
- To be world-class, Advisory AI is required, not just relying on Relationship Managers.
- For cost efficiency, an MFO can use AI to support admin and automate families' queries.
- Human beings still long for the personal human touch. AI can replace low-level tasks but cannot 100% replace humans. Humans are still needed for our business and relation-building tasks.



Technology

- Enable secure wealth reporting, risk assessment, and portfolio tracking.
- Data access and availability to understand client behaviours, and needs real-time cybersecurity for data protection.
- MFOs need advanced systems to improve transparency and communication with families.
- Do not need many people involved to serve clients, heavy lifting can be handled by the platform.
- Technology has enabled cost savings, which are passed on to clients with lower fees.

Key Finding G

Perception of Branding, Marketing & Promotion

The image of Hong Kong MFOs is non-distinct, weak, and unfocused. Excellent firms are based in Hong Kong, and also a few with weak integrity. Private bankers are highly regulated and highly respected, MFOs are less regulated, which has attracted non-professionals and service providers who may not abide by any Code of Conduct. A few bad apples can destroy a vibrant and quality ecosystem. The lack of government financial support also means the industry must confront such issues alone.

Feedback

- Better marketing and branding: showcase HK's success as a place to do business and create more wealth opportunities. Singapore Government does this better.
- Not enough government funding for marketing and branding: market Hong Kong not only as a financial centre but also as a commercial centre.
- OHK doesn't talk with us. We tried.
- Hong Kong government needs to develop 3-4 concrete focus activities to raise the bar as the premier centre for family offices and investment, and do them very well.
- The industry should be about: How we can work together and face challenges together, working in tandem with solution partners
- A common platform for its people, including training plus an ecosystem
- MFO can also play a core role in the growth of other commercial industries
- Hong Kong people have innate good values for the FO industry, and promising talents which are very good at what they do.
- Very efficient with work productivity about 30 – 50% higher than their peers in the region
- Culturally astute to the needs of the regional clients: able to understand them plus serve as a bridge for the East and West
- High integrity in doing business.
- HK people are resourceful and able to get things done

Summary

These market misconceptions and uncertainties exist largely because a more straightforward positioning, unique global identity, and a clear set of benefits do not exist. In general, this is expected as the family office ecosystem is still evolving. For example, FOHK and HKAWL have just been established. This is the backdrop for why we chose to study and provide our view for recommendations in the first place.

Therefore, the currently weak brand identity presents an opportunity for Hong Kong to establish a new and unique brand for its MFOs. The positioning should be distinct, professional, and reflective of best practices in innovation and risk management - building on Hong Kong's uniqueness.

Analyses and Reframing



Analyses and Reframing

Family Office integration and the MFO Blue Ocean

We believe there is a strong argument for reframing the overall FO strategy. Hong Kong sits at a crossroads - moving forward to 2026, we face massive geopolitical uncertainties and huge economic restructuring and challenges globally. Strong technological adoption brought on by AI and Cybersecurity, with a prediction of another pandemic to come, the UHNWIs are looking for safe havens to park their wealth and grow their businesses with family value proposition along.

SFOs and MFOs hold substantial access of private capital for renewal and innovation, which are contributors to jobs, and engines for financial sophistication and growth. If Hong Kong needs to compete with Singapore, Switzerland, the Bahamas and many wealth hubs for talent qualities and investment dollars, perhaps then one way is for Hong Kong to stop competing in competitive markets and create uncontested market spaces by focusing on innovation, value creation and cost reduction. Is it time we create our own Blue Ocean?

Creating a New Blue Ocean

The first step is to narrow down and clearly define our target segments. The second is to realign our strategy to focus on these segments with precision. We must avoid trying to be everything to everyone or spreading our resources too thin. Once the target segments are identified, the next step, which is beyond the scope of this report, is to understand what motivates users to act and what key factors influence their decision to adopt a solution. For any chosen segment, Hong Kong must first establish a toehold, then gain a foothold, and ultimately set the standard for leadership within that space.

Clearer Target Segments

Compared to SFOs with just one client, MFOs are selling to a larger, highly demanding and sophisticated retail market. This translates to having a more efficient and more uncomplicated touch-points, cheaper fees, and higher selections grounded on a professionally-run platform. Technology, strong branding, and a robust institutional architecture should help to reduce costs and improve the MFO's value proposition. Human relationship and connectivity with Hong Kong remains the thread.

- Primary market: clientele outside Hong Kong with roots in China
- Next: Clientele in Asia
- Worthwhile Sub-segment: Muslims in Asia

Bring home those with Chinese roots, living overseas:

These clients have more preference for cultural and familial familiarities. How should one speak with a parent? How not to conduct business purely for profit? What is the Chinese set of family idioms that would be shared by the family members? Conduct a "Homecoming" campaign and help bring these outsiders back to their roots, but through Hong Kong?

Each MFO would have its own clientele and the only commonality across the MFOs is their degree of association and relationship with their Asian clients. Relationship, reliability, and returns remain the critical success factors for MFOs.

Strategic Refocusing for the Industry

Given the strong business forecast for MFOs and their support in Hong Kong, the industry might want to consider the following strategic refocusing to stay competitive vis-à-vis our primary competitors. How can Hong Kong always be the first choice whenever there is a need to set up a family office? Below are five strategic directions that the industry might consider in sequence or in combination.



| Strategic Drivers | Why? |
|--|--|
| Raise Institutional Trust to the Global Equivalent, then Set New Standards | The industry must demonstrate and pride itself on quality, unquestioned integrity, and delivery. Outsiders should trust our institutions instinctively because we have an international level of corporate governance, risk management, and innovation. Once we have achieved parity, we should set new and higher standards to distance ourselves. |
| Strive to Attract and Retain Unsurpassed Talent | The industry needs a healthy profit to attract the best and brightest, which will attract and retain good family clients. Talent must be appropriately compensated, nurtured, tested, and continually challenged. A more substantial talent pool benefits all stakeholders in the ecosystem. Talent also needs to be validated. |
| Improve Quality by Raising Service Levels and Continue to Expand Service Offerings | Quality in services that matter needs to be measured and continually improved, ideally for the overall industry but definitely for each operator. The range of services must be more comprehensive, while the essential ones should be world-class. What gets measured gets done. Industry targets in timeliness, accuracy, and responsiveness must be agreed upon and then promoted. Perhaps a more substantial service offering in family governance, philanthropy (global), and estate planning which could reinforce the Hong Kong MFO brand. Introduce Lean Six Sigma and UX. |
| Empower Innovation, Technology, and Digitalisation | Encourage the development and installation of AI, WealthTech, cybersecurity, privacy, and risk management solutions to enhance service quality, safety, efficiency, and diversity in the service offering. The government should invest in digital infrastructure to support adopting such technologies which would further enable new financial instruments into UHNWIs' portfolios. As a result, we may see emerging use cases in captives, ILS, CBDCs, catastrophe bonds, and even space as a new asset class. |
| Rebrand | Hong Kong cannot start as all things to all families. Refocus our brand to leverage our cultural advantage, which is our international positioning, Asian heritage, and our Chinese connections, in that order. We need to identify core values and a more potent Unique Selling Proposition (USP), clearly delineating Hong Kong's MFOs from other global hubs. |
| Market and Promote the New Brand | Government/industry to launch marketing campaigns to promote Hong Kong as a premier MFO destination. Host international events and support more academic universities in family offices, Chinese culture, and the Arts. |
| Benchmark and Adjust | Hong Kong continues refining and promoting the regulatory framework to attract more family offices (while politically tied to China.) We must compare effectively with Singapore's strong rule of law, robust family office ecosystem, infrastructure, and Switzerland's long-standing reputation and privacy in wealth management. Singapore and Switzerland are politically neutral, while we are not. We need to further reinforce the image of One-Country-Two-Systems, Rule of Law, financial independence and fiscal prudence. |

Suggested Action Steps



Suggested Action Steps

In deepening Hong Kong as a Leading Hub for Family Offices. Based on our analyses, the following five initiatives should be considered individually or in combination:

01

Raise Institutional Trust of MFOs to Global Equivalent (strategy consultants) and provide them with tax incentives;

02

Strive to Attract and Retain Talent (Human resources development consultants);

03

Improve Quality by Raising Service Levels and Continue to Expand Service Offerings (Management consultants);

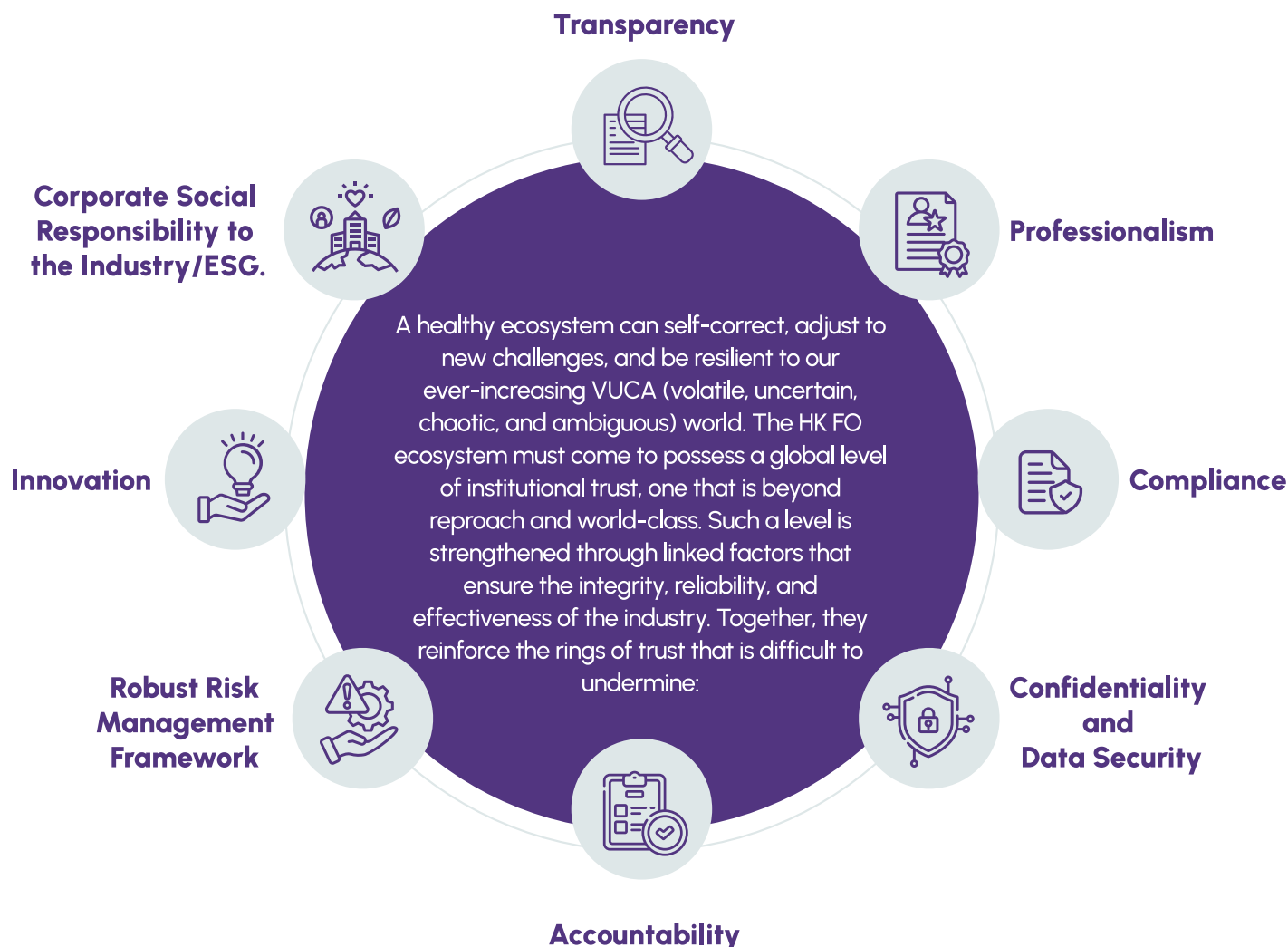
04

Empower Innovation, Technology, and Digitalisation (Management and IT consultants);

05

Rebrand, Promote, and Benchmark (UX survey, branding, and marketing experts).

A. Raise Institutional Trust to Global Equivalent



Perhaps by implementing some or all of the following additional institutional arrangements, we believe Hong Kong can increase its institutional trust, helping strengthen the overall market and enhance its global competitiveness. The type, pace, and extent of these arrangements would need to be debated in the overall context, agreed upon, and then put in place:

1. Match Singapore and Switzerland in providing flexible legal entity and tax concessions for international philanthropists.
2. Install professional standards and set up a certification process for family advisors, where all advisors must accept and practice the industry's own Code of Practice. Complementary training would be made available by FOAHK, HKAWL, and HK4F or its affiliates.
3. Raise transparency by sharing dispute-resolution cases from FDRC, eBRAM, AALCO, on an unnamed basis with family advisors and industry members. Establish an independent complaint handling party where clients can address their displeasure discreetly and fairly.
4. Raise independent oversight and management quality by establishing and encouraging global and robust risk management and innovation programs (e.g. Enterprise-wide Risk Management systems, Captives for family offices, etc) for industry members and by adopting, establishing, and promoting compliance with some international quality standards such as the ISO55000 for asset management for example (see Appendix C).
5. Establish and report on industry service level standards for key service areas.

Discretion and privacy remain non-negotiable for many UHNWIs. The Young President's Organisation (YPO), as an example, would work with PR professionals to downplay or remove any news about activities of their members when they are outside which would attract news reporters.

B. Strive to Attract and Retain Talent

The crux of many issues for UHNWIs is the quality of professional staff. The majority of recent independent reports are forecasting a bumper year. Some firms, such as Standard Chartered and OCBC, reportedly are looking to expand their teams (source: SCMP, 2025).

Respondents told us seeking quality and experienced staff remains a significant challenge, set against a rapidly rising demand for good staff and a strong forecast of a substantial influx of AUM.

Manpower forecasts are rarely accurate, but the need for faster and better training and development programmes was raised. Great clients are demanding clients, and through their high expectations, they raise the quality of professionals. Conversely, less sophisticated clients would favour a downward spiral in quality for the industry. Everyone is theoretically talented in his or her ways; bringing out that talent requires a solid academic foundation, followed by the proper exposure, the right challenge, and the right development path.

Possible Ways to Train and Develop MFO Talent

1. Certification:

Competency-based certification, linked to Hong Kong's Qualification Framework. A set of competencies for Family Affairs Advisors would be needed, following which an examination can be designed. Licensing family advisors operating on a fiduciary relationship would further raise institutional trust.

2. Continuous Development:

Typically, 30 hours of CPD units per year are required for most professionals, where 1 CPD unit is equivalent to one hour of coursework.

3. Executive Training by Universities and Industry Association:

Experiential and action-learning programmes must be designed and implemented based on demand. The industry may consider cascaded types of training, train-the-trainer workshops and more topical family advisory topics partnering with the many associations in Hong Kong.

4. Problem-based Learning Through Project Engagements:

Training can include learning to plan and deliver family annual events that are memorable and hassle-free.

5. Academic Preference:

Create and support a dedicated certification or even a Master's Degree in Family Office Advisory for UAE professionals.

6. Prenticeships and Internships:

MFOs will provide and work with universities to offer such in-house learning journeys. Similar to lawyers, they will require mandatory apprenticeships.

7. Mentoring and Coaching:

Working with Executive Coaching to provide dedicated and tailored development to high potentials. In-house internships supplied by a few MFOs in town have already set good examples.

8. Cross-fertilisation:

Cross-fertilisation: Encourage the path to becoming a professional from outside the industry. The nature of the advisory typically requires someone more seasoned and experienced in his or her ways. In the past, those aged between 40 and 50 outside the industry would make good relationship managers with skills. Eventually, the right experience counts more than any certification.

Depending on budget, any combination of these will contribute to better staff quality and quantity. The frequency of course offerings by qualified teachers should further enhance output. A training and development strategy is much more than attending courses or taking exams to confirm their competency.























Competency Framework for Family Advisors

In Singapore, financial sector professionals are expected to possess a level of technical skills and competence (TSC). The competency framework, first developed in the UK and now used globally, is well established, and participating firms can use the framework for hiring, upskilling, promotion, and certification. Hong Kong needs its own competency sets, and over time, these would become standards for others to follow. The following is an example with a focus on risk management from Singapore.

Family Office Goals

Family Office Goals serve as the cornerstone for building and sustaining long-term family wealth, legacy, and governance. These goals guide strategic planning, decision-making, and operational alignment within family offices, ensuring a balance between financial objectives, philanthropy, and familial values. Hong Kong had already developed its own roadmap for families with wealth and professionals through the HK4FAMILIES (HK4F), a government funded initiative by the PASS fund of Commerce and Economic Development Bureau (CEDB).

| | | | |
|--|---|--|--|
|  Investment Policy |  Philanthropy (Project & Monitoring) |  Family Education |  Family Event Management |
|  Estate & Family Trust |  Social Gathering |  Family Values and Heritage |  Succession Planning |
|  Startup Fund |  Crisis Management |  Family Branding & Reputation Management |  Philanthropy (Principals & Policies) |
|  Lifestyle Concierge |  Family Communication |  Family Structure & Organization |  Accounting, Taxation & Bookkeeping |
|  Family History |  Alternative Investment |  Public Affairs |  Wealth Management |

C. Improve Quality by Raising Service Levels and Continue to Expand Service Offerings

Raising Service Levels

Key service levels that are critical for UHNWIs should be noted first and identified, and potentially reported, best measured by an independent party. Remedial actions are set in the system for urgent and essential measures:

- Service levels can be structured for customer satisfaction, processes, days of training, and referrals.
- Areas where disputes might arise with clients are given higher attention.
- Special attention is paid to how quickly resolutions are resolved.
- Tracking is done via automation and AI as much as possible.

Expand Service Offerings

Continue to expand the breadth and depth of service offerings, paying attention to those that can complement the HK MFO brand, for example;

- Risk Management, cybersecurity, and privacy.
- Dispute resolution for large multicultural families.
- Succession planning.
- Development of entrepreneurs, new ventures, and alternative investment classes for families.

What gets measured gets done. This also applies to quality measures. Quality is determined by your customers.

Philanthropy as a Global Service

Philanthropy has an impact on strengthening family cohesiveness and dialogues, and a global philanthropy advisory is a service area that may be worth pursuing. It is one of the keys to better family governance as each family finds its way to pay back to the communities that nurtured them. Giving stands as a missing piece of the puzzle for Hong Kong that needs further refinement.

1. Hong Kong has not been known as a global philanthropy hub for donors, although individual billionaire donors have provided some of the most considerable gifts in the world, giving to society and some of the largest foundations like the Hong Kong Jockey Club. Large wealth centres often develop vital philanthropy hubs for mutual reinforcement. Hong Kong has the highest philanthropy asset base in the region. (source: CAPS, 2022)
2. Tung Wah Group of Hospitals (TWGHs), probably the most established charity group in Asia, was founded on the concept of homecoming or returning the deceased's body to China for burial. But this fact is less known to many service providers.
3. Currently, giving back to the community through green or environmental initiatives is a dominant type of giving by the younger UHNWIs, according to private bankers interviewed.
4. Further support and push HKAWL's effort for "Impact Link" operationally, encouraging overseas donors to donate into Chinese charities is made easier through Hong Kong.

The case to further strengthen Hong Kong as a philanthropy hub of the world has been well articulated by the Centre for Asian Philanthropy and Society (CAPS). We would suggest first positioning Hong Kong as the dominant hub for Asian cultures and societies for UHNWIs and clients in Mainland China, local and global overseas Chinese bamboo network, followed perhaps with the ASEAN and Middle East coverage. A good start would be matching Singapore's offering of a 250% tax deduction for domestic charities.



D. Empower Innovation, Technology, and Digitalisation

As MFOs are a relationship-based and servicing industry, technology can be made to complement and reinforce such services. Ways to encourage the development and application of AI, risk management, privacy, cybersecurity, and WealthTech solutions to enhance service quality, safety, protection, and efficiency should be found. Government and MFOs should invest in digital infrastructure to support adopting such technologies and best practices. These solutions can be in hardware, software, or even in methodologies. One expert suggested asking each family office to conduct a risk maturity assessment every year or after each major family event. Each family office should define its own risk appetite and balance that with their need for innovation and growth. Higher cybersecurity protection for MFOs and their family clients can only be good.

Continual Improvement in Enhancing Risk Management for Family Offices



Appoint a Chief Risk Officer



Purchase a minimum level of Professional Indemnity Insurance



Consider establishing a captive for the family



Set up a Risk Committee under the Family Governing Council



Conduct annual Risk Health Check



Embed Risk Intelligence Warning into the decision-making process for the FOs

Introduce Innovation and Improve Privacy and Cybersecurity for Family Offices



Introduce Zero-Trust as a way to enhance Cybersecurity protection



Help clients to protect the privacy of their family members, particularly the elderly and the youth



The FO who understands and uses AI will be much better off than those who do not. Help FOs understand the power and risk of introducing AI into their FOs

E. Rebrand, Promote, and Benchmark

Hong Kong’s MFO brand must be reinvented, as the underlying values are non-distinct, confusing, and vague. The ideal FO positioning outcome for the target audience is to see HK as a must-consider alternative. There are two clear possible directions for refocusing the new brand:

1. Build on the Switzerland aura but with a twist
Focus on reinforcing trustworthiness, efficiency, innovation, and technology, with a can-do spirit. Switzerland has a culture of secrecy, privacy, reliability, and precision that is easily recognisable. What would this be for Hong Kong? How would Hong Kong build on these?

2. Centre on the Chinese/Asian culture and roots
Inculcate that ethical link to the Chinese/Asian culture that other overseas family office hubs cannot claim or differentiate. The Chinese or Asian family culture and values – appeal to harmony, collectivism, compassion, and relationships across the extended family, for example.

A good brand is an emotional appeal for action, focusing on wayward thoughts and helps suspects to concentrate on a purchase decision. There are distinctive elements of Chinese culture that need to be identified and linked to family offices. Further research would need to be conducted on how best to flush out such elements.

Possible Ways to Rebrand and Promote

Hong Kong cannot start as being all things to all UHNWI families. For a Unique Selling Proposition (USP), start with an explicit focus and positioning. One way to refocus the brand is to leverage our cultural advantage, which is our Chinese-ness, our Asian heritage, and our international-ness. Initial suggestions on ways forward:

- 1. Research:** Conduct a thorough user experience research with the UHNWIs by cultural segments
- 2. Rebrand with that information,** begin a rebranding exercise to gather momentum and create an urgency for change. Create a new brand that integrates Hong Kong’s true MFOs and reinforce that with crucial elements of colour, values, slogans and explicit emotional appeals. Perhaps associate it with known Hong Kong brands (working with and riding with ICAC’s image, for example)
- 3. Report:** Protect the new brand with trademarks or service marks, remind or begin litigation on anyone abusing it.
- 4. Reinforce:** Get global acceptance of the brand by working with global parties like the UN, the World Bank, or International philanthropies and charities by helping local clients to place funds and monitor their conformance.
- 5. Raise Awareness:** Promote and set standards and guidelines on advertising and language for industry players to promote the brand.
- 6. Represent:** Identify a cohort of family spokesperson, both local and overseas, speak up on matters of public concern whenever clarity is needed or the image and brand of the FO industry is questioned.
- 7. Affirm:** Work with existing advocates to continue to promote such brands, like FOHK, HKAWL, FOAHK and HK4F.

Possible Ways to Benchmark

Benchmarking is a powerful tool that can be used for communication, tracking, reporting, and receiving updates on brand positioning. Benchmarks are set against some agreed service level standards by the industry participants, and can be done once a year and updated once every three years. Typically, the system and processes would resemble something like this:

Develop at most 16 Key Service Indicators on type, standards, and frequency of tracking for a Balanced Scorecard:

| | |
|-----------|---|
| Type | The service indicators should be on timeliness (eg; how long should someone take to open an account), accuracy (acceptable level of mistakes in key servicing processes), and responsiveness (how should a client be notified). |
| Standards | Standards are identified through surveys to current customers. On timeliness, it would be in hours or days. On accuracy, the percentage not meeting 100%. On responsiveness, percentage within 24 hours for example. |
| Frequency | How frequently should the indicator be tracked, reported, and deviations from allowable standards? For example, missing a standard three times in three months would automatically trigger a warning. |

Further research would need to be conducted on how best to flush out such elements.

Conclusion and Next Steps



Conclusion and Next Steps

Hong Kong's international perception as a destination of choice for UHNWIs has been challenged following the imposition of the National Security Law in June 2020.

However in reality, this presented us with a golden opportunity to rebrand with the integration of MFOs. We would suggest deepening Hong Kong as a Leading Hub for Family Offices by integrating MFOs at the highest level of wealth hub for Chinese families from mainland China and around the world.

The MFO sector is increasingly looking to be a vital stream of capital for an eager and growing economy. **Five suggestions have been brought to the table** and it only require a small financial investment. Alongside with a properly structured, governed and nurtured process, the MFO sector can become a strong pillar and source of vital capital to power further growth and innovative activities in Hong Kong.

01

Higher level of institutional trust: Consider how the industry on the whole can raise this level of trust across the board.

02

A stronger brand: Consider engaging a branding consultant and highlighting the key elements distinguishing the new MFO brand. (Reference efforts at Cathay and at the Hong Kong Post.)

03

A deeper understanding: Consider conducting deep UX research with each of the target segments. Note the emotional appeals in establishing an MFO in Hong Kong, then reinforce those elements with clear benefits and features.

04

Benchmarking: Keep tabs by benchmarking key service indicators and levels with other family health hubs. This process is known as competitive benchmarking, and well-documented methodologies are in place.

05

A more vigorous marketing campaign: Don't be all things to all people, and begin to go after niche markets through focused promotion. Expand once a niche has been established. Perhaps using the homecoming theme for Hong Kong.

Appendices



Appendix A1 - Individuals and Respondents

We would like to express our sincere appreciation to the following individuals in the next two pages who participated in our interviews and provided valuable input for this whitepaper (listed in alphabetical order by first name) :

1. Cherie Liu, Head of Marketing and Communications, Raffles Family Office
2. Charmie Leung, Chief Operating Officer, Wisdom Group
3. Chi-Man Kwan, Group CEO & Founder, Raffles Family Office
4. Gisele Tung, General Manager, Lifestyle Services, Asia Pacific, Quintessentially
5. Grant Ko, Chairman/Founding Partner, Wisdom Group
6. Kathy Gallagher, CEO, Asia Pacific, Quintessentially
7. Jessica Cutrera, President of Leo Wealth
8. Jim Kwok, Chief Executive Officer, Topaz Family Office
9. Kenny Ho, Managing Partner, Carret Private
10. Sophie Walker, Client Services Director, Quintessentially
11. Steffanie Yuen, Managing Director, Head of Hong Kong, Endowus
12. Tracy Leung, Head of Public Relations and Partnerships, Raffles Family Office

Appendix A2 - Individuals Interviewed (Anonymity Requested)

1. CEO of a Hong Kong Single Family Office
2. Partner of a Singapore Family Business in Accounting and Tax Services
3. Founder of an Asian regional Family Endowment Office, Singapore
4. A veteran of a Global Private Bank with HQ in Canada
5. A veteran and retiree of UBS China
6. Hong Kong-based Regional Managing Director of a Global Family-owned Private Bank
7. The Founder of a Hong Kong Single Family Office who works with many private bankers simultaneously
8. China and Hong Kong Managing Partner of a Global Law Firm
9. Hong Kong-based Lawyer of a Global Law Firm who mainly advises family offices
10. A well-connected art and culture expert in Hong Kong
11. Head of Family Offices in Boutique Global Private Bank in Singapore
12. Managing Director of an MFO in Singapore
13. Recently retired Counsel of a Middle Eastern country
14. A professional and global risk consultant with over 25 years of risk intelligence experience
15. A head of a family office who is thinking of starting her own family office. Family business in the Middle East
16. A head of a family office who is not interested in starting a formal family office. From San Francisco
17. A head of a new MFO with over 40 years of private banking experience
18. A concierge service provider for family offices and UHNWIs in Thailand
19. Executive Director of a recognized Hong Kong Institution that advocates family development in Hong Kong
20. Senior Executive of an International Trade and Investment Promotion Agency
21. Family-facing Executive of a Family Office Division of an Investment Promotion Agency in Hong Kong

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Appendix C – ISO 55000 Series of Standards for Asset Management

Foreword

ISO (the International Organisation for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

Introduction

ISO has developed several standards to guide organisations in managing their assets effectively. ISO 55000 is the foundational standard in the ISO 55000 series, providing an overview of asset management, its principles, and terminology. This standard sets the stage for understanding the subsequent standards in the series.

ISO 55001 specifies requirements for the establishment, implementation, operation, maintenance and improvement of a management system for asset management, referred to as an "asset management system". It can be used by any organisation of any size and type. The organisation determines to which of its assets will apply, considering its legal, regulatory and contractual requirements. It can be applied to all types of assets both physical and non-physical. ISO 55002 provides guidelines for applying ISO 55001, offering practical advice and examples to help organisations implement an effective asset management system.

Additional guidance on specific elements of the asset management system is provided in

- ISO/TS 55010 (alignment between financial and non-financial functions of the organisation)
- ISO 55012 (people involvement and competence)
- ISO 55013 (management of asset data).

Source: Guidance on development of public policy to enable asset management is provided in ISO 55011.

Source : <https://www.iso.org/obp/ui/en/#iso:std:iso:55001:ed-2:v1:en>

Appendix D – A Brief History of MFOs

Summarising a rich tapestry of information from the industry, we highlighted certain key information for the reader below. All are from publications cited in the reference:

The State of Affairs of MFOs in 2024

The global investment industry has been undergoing multiple economic headwinds in recent years. Higher interest rates and ongoing geopolitical risks, such as the war in Ukraine, trade tensions between the U.S. and China, and instability in the Middle East, had injected volatility into global markets. In addition with aging populations, especially in developed countries, this has reshaped long-term investment strategies, as pension funds and insurance companies adjust their portfolios to meet growing demand for stable, income-generating assets. According to a global report by Landytech, 2023 saw many family offices continue in the professionalisation of the investment function (Landytech, 2024). Harnessing technology has been a way to promote efficiency and cost-effectiveness. However, the threat of a cyberattack has become a very real concern for family offices, posing a critical risk to the business (Landytech, 2024, p3).



Evolution of the MFOs

A multi-family office (MFO) is an independent organisation supporting multiple families to manage their wealth. Many family offices have started their business as a single family office, where the family owns the family office and serves only the owner family. Instead of covering all the operational costs, many owners of single-family offices decided to offer their services to other families as well. Only a few multi-family offices have founded their business independently, without a large family backing it. Globally, there is a growing trend of more multi-family offices (MFOs) being formed. Several factors are driving this trend:

1.

Rising Number of Very High-Net-Worth Individuals (VHNWIs) and Ultra HNWIs (UHNWIs)

The global increase in the number of very high-net-worth individuals (those with a net worth of \$5m - \$30m) and ultra high-net-worth individuals (those with a net worth of \$30m+) (Altrata, 2024, p5) has led to greater demand for specialised wealth management services.

2.

Desire for Tailored, Holistic Wealth Management

MFOs offer a broad range of services, including investment management, tax optimisation, estate planning, philanthropy, and concierge services. MFOs provide an integrated approach, as opposed to traditional banks or wealth managers, who may focus solely on investments.

3.

Cost Efficiency

Setting up a single-family office can be prohibitively expensive, requiring infrastructure, staff, and regulatory compliance. By pooling resources with other wealthy families, MFOs provide similar services at a fraction of the cost. Many publications have cited operating cost figures in the millions of US\$ needed for running FOs.

4.

Increased Complexity of Wealth Management

Wealth management is becoming more complex due to globalised investments, changing tax regulations, and the need for risk management across various jurisdictions. Families with wealth distributed across multiple countries benefit from the expertise and global network that MFOs can offer, mainly when dealing with cross-border wealth, legal systems, and estate planning.

5.

Intergenerational Wealth Transfer

With significant wealth being transferred from older to younger generations, MFOs are increasingly being utilised to manage this transition. Whenever there are triggers for wealth transfer, businesses for MFOs would escalate correspondingly.

6.

Demand for Privacy and Independence

Many wealthy families are concerned about the potential conflicts of interest or sanctions that can arise with traditional financial institutions, such as banks or large asset managers. MFOs are viewed as more independent, less regulated, and client-focused, often offering greater transparency and alignment with the family's objectives.

7.

Global Wealth Migration

With wealthy individuals moving across borders — either for lifestyle reasons or in response to political and regulatory changes — there is growing demand for family offices that can operate globally. MFOs are well-positioned to serve internationally mobile families by managing cross-border assets, residency issues, tax implications, and multi-jurisdictional estate planning.

Context – Hong Kong Comparatives

According to the 2024 Hong Kong's Wealth Management Outlook Report by Bloomberg (Wong, S., et al., 2024, pp 27 – 29):

Singapore and Hong Kong are Asia's key financial hubs. Singapore could have an edge with ultra-high-net-worth (UHNW) individuals in Southeast Asia, Islamic finance and those wary of Beijing's influence over Hong Kong. Yet Hong Kong offers advantages in terms of the size of the asset management industry, the pool of cross-border wealth, a lower tax burden for corporations and wealthy individuals, a larger IPO and private equity market, established capital markets infrastructure connected with mainland China, and closer proximity to the mainland. The Greater Bay Area is among the wealthiest regions in China. The Hong Kong government's preferential policies and tax breaks for single family offices (SFOs) and the new Capital Investment Entrant Scheme (CIES) launched in March 2024 to attract ultra-high-net worth individuals, contrasts with Singapore's tighter anti-money laundering and tax rules. (Bloomberg, 2024, p27)

Singapore banks that serve SFOs need to adhere to more-detailed know-your-client checks and tighter residency requirements. Tougher anti-money-laundering controls which went live in April 2024 are part of the Monetary Authority of Singapore's wider plan to close legal loopholes after the island-state's S\$3 billion money-laundering scandal linked to illicit online gambling in China. (Bloomberg, 2024, p28)

Hong Kong had about 2,700 SFOs in 2023, according to a Deloitte survey commissioned by the Hong Kong government. About a third of SFOs in Hong Kong were set up by ultra-high-net-worth individuals with more than \$100 million and another 25% with \$50-\$100 million in assets. In Singapore, there were 1,650 SFOs at the end of August 2024, up from 1,400 in 2023. Hong Kong numbers are estimates because no regulatory pre-approval is required to set up an SFO, unlike in Singapore where SFOs need approval from the Monetary Authority. (Bloomberg, 2024, p28)

Hong Kong has comparatively less-stringent requirements than Singapore on local business spending and the number of investment professionals required for larger-sized family offices to be eligible for tax concessions. Family-owned investment holding vehicles managed by SFOs in Hong Kong with a capital of over HK\$240 million are exempt from profit tax. (Bloomberg, 2024, p29)

The main differences between the tax concession in Hong Kong and tax exemption scheme in Singapore for family offices are:

| | Singapore | | Hong Kong |
|---|--|---|---|
| | I3O | I3U | |
| Minimum Asset under Management (AUM) | SGS 20 M (or USS 14.8M) | SGS 20 M (or USS 14.8M) | HKS 240M (or USS 30.7M) |
| Professional Investment Managers required | Minimum 2 investment professionals who are also Singapore local resident, with at least 1 non-family member | Minimum 2 investment professionals who are also Singapore local resident, with at least 1 non-family member | Minimum 2 qualified full time employees |
| Minimum annual business expenditures | Minimum SG\$200,000 (or USS 148K) | Minimum SGS500,000 (or US\$ 370K) | Minimum HKS 2M (or USS 255K) |
| Minmmum local investment | Minimum 10% of AUM or SG\$10M (or USS1.48). whichever is lower, should be invested in Qualifying Local Investment | | No such requirement |
| Application and approval | A formal application and approval with the Monetary Authority of Singapore (MAS) is required. | | No prior approval or application is required |
| Visa application | Available to sponsor work visa | | Apply under various schemes such as Capital Investment Entrant Scheme or Quality Migrant Admission Scheme based on applicants' profile only |

Context – Asia Pacific vs Europe and North America

A recent study by McKinsey pointed to some fascinating similarities and contrast (Kotanko et. al, 2024, pages 2 to 4):

Family offices have been slower to catch on in Asia-Pacific than in Europe and North America; about 5 percent of Asia-Pacific's ultra-high-net-worth (UHNW) households have single-family offices, while in Europe and North America, the share is greater than 15 percent, according to McKinsey analysis. The core difference is the professionalization of the family office governance model, which is well established in the West. Here are some other contrasts between Asia-Pacific's family offices and their Western counterparts:

Who made the money. In the Asia-Pacific region, wealth transfers typically involve first- or second-generation wealth holders, while in Europe and North America, families that have been prosperous for many generations are more common. In line with this generational contrast, McKinsey research has found that UHNW people in Asia-Pacific have a strong preference for single-family offices that allow them to maintain tighter control over their wealth, while in regions such as Europe, wealthy families are also open to multi-family offices that offer consolidated services at a lower cost.

How to invest. Wealthy Asia-Pacific families show a rising interest in alternative investments, although the allocation is lower than in the West. About 30 percent of family office investments in Asia-Pacific are allocated to alternatives (with a focus on exclusive deals such as pre-IPO, access to start-ups, private credit, and evergreen funds). In Europe, about 50 percent of family office investments are in alternatives.

Where to invest. McKinsey analysis suggests that families in Europe and North America typically prefer to invest in their home countries or regions, with increasing allocation to Asia-Pacific as the third global safe haven for diversification. Asia-Pacific families, on the other hand, show a keen interest in investing overseas, given the global nature of their businesses.

Operating costs. In Asia-Pacific, the costs of running a single-family office tend to be a bit higher than in the West due to the complexities of operating across multiple jurisdictions and the resulting need for highly skilled professionals and sophisticated compliance frameworks. According to McKinsey analysis, in the West, a single-family office typically has annual expenses of 1 to 2 percent of the family's total active assets under management. In the Asia-Pacific region, these costs can range from 1 to 3 percent for family offices with assets under management of \$100 million or more. Below this threshold, operating cost ratios tend to be 4 to 6 percent.

Context – Family Office Primary challenges

| | |
|---------------|---|
| Global View | According to the 2024 Global Family Office Survey Insights report by Citi (Hofmann, H, et. al, 2024, p 77), Meeting the needs and expectations of family members emerged as the top challenge cited by family offices (54%). Adapting to market conditions was mentioned second by 47%. Respondents' next two most prominent concerns are implementing technology solutions (40%) and managing costs (38%). The latter figures are about one-and-a-half times higher than last year, perhaps driven by cybersecurity threats and inflationary pressures. The remote location of many family offices – often near or in the headquarters of business that generated the family's original wealth – has historically created a hiring challenge. The widespread embrace of flexible working arrangements since the COVID pandemic most likely contributed to the lesser difficulty cited of attracting and retaining talent compared to last year (29% vs 39%). |
| AUM View | According to the 2024 Global Family Office Survey Insights report by Citi (Hofmann, H, et. al, 2024, p 77), while the primary challenges cited are similar for family offices of all sizes, attracting and retaining talent seems a more frequent issue among those with AUM of more than \$500 million compared to below that level (33% vs 24%). After all, such entities will generally have more positions to fill. Conversely, family offices with less than \$500 million in AUM expressed greater concern about managing costs than their larger counterparts (41% vs 34%). |
| Regional View | <p>According to the 2024 Global Family Office Survey Insights report by Citi (Hofmann, H, et. al, 2024, p 79), Latin American family offices felt the most challenged when it came to meeting the needs and expectations of family members (74%). The difficulty of implementing technology solutions was most acute in North America (52%), where family offices seek to boost productivity and professionalise their operations.</p> <p>Family offices in Asia Pacific (45%) and North America (40%) were more preoccupied with costs than those elsewhere. Both are growing family office markets, where demand for talent – the main driver of costs – is outpacing supply. Finally, navigating regulatory compliance was of greatest concern in Asia Pacific (48%), more than twice as much as the average for the rest of the world (23%). The industry has evolved faster in that region than the regulations that apply to it. But as this changes, it creates a challenge to keep up with new rules.</p> |

Context – Hong Kong

According to Bloomberg Intelligence cited earlier (Wong, S, 2024),

Hong Kong's private-wealth AUM could nearly double over seven years to reach \$2.3 trillion by 2030. Hong Kong's private-wealth inflows have been fueled by easier cross-border market access, higher interest rates in the city than mainland China and the government's push to attract wealthy migrants and family offices. We assume inflows accelerate to an average of 6% of opening AUM in 2024-30, more than the 5.3% average in 2018-23. The city has had annual net inflows since 2018 according to the Securities Future Commission (SFC), despite fears of capital flight amid anti-government protests, emigration during the pandemic and the stock-market slump.

According to the UBS Billionaire Ambitions Report 2024, Asia Pacific saw the slowest growth in wealth in 2024 despite being the fastest worldwide from 2015 to 2024, reflecting the challenging post-COVID markets in Asia, notably China. However, firms like Standard Chartered are not sitting still and will recruit more wealth managers by 2028.

Context – Prominent Business Models in Hong Kong

The Fiduciary Model

The family office charges a fee, usually a flat fee, hourly rate, or a percentage of assets under management (AUM). There are apparently no hidden incentives or commissions from third-party financial products.

The Commission Model

In this model, the family office earns a commission for selling financial products or facilitating transactions. The family office earns income from third-party providers of financial products, such as insurance policies, mutual funds, or alternative investments. Commissions are typically a percentage of the product's value or transaction amount.

Comparison

| Feature | Fiduciary Model | Commission-Based Model |
|----------------------|---------------------------------|----------------------------|
| Compensation | Fee-based(flat, hourly, or AUM) | Product commissions |
| Conflict of Interest | Minimal | Higher risk |
| Transparency | High | Variable |
| Focus | Long-term client goals | Product sales |
| Cost | Perceived as higher upfront | Perceived as lower upfront |

The Yale Model

Also known as the Endowment Model, it is an investment strategy pioneered by Yale University's Chief Investment Officer, David Swensen. This model is characterized by its emphasis on diversification, active asset allocation, and alternative investments. By incorporating a wide array of assets such as equities, fixed income, real assets, and alternatives like private equity, the Yale Model aims to reduce risk and enhance returns through exposure to various uncorrelated markets.

The fee structure for implementing the Yale Model typically depends on the investment strategies employed, the types of asset managers chosen, and the complexity of the portfolio. It could be blended fees comprising management fees + performance fees + other charges such as custodial fees, consultant advisory fees and admin fees.

The Hybrid Model

While Ultra-high-net-worth families may lean towards the fiduciary model for its focus on trust and bespoke service, a hybrid approach is also common, where elements of different models are integrated based on specific needs.

Appendix E - On Enhancing Cybersecurity for FOs

| | Basic / Minimumt | Preferred | Best |
|--|--|--|---|
| Risk Assessment | Ad-hoc security assessment covering some key aspects of cybersecurity protection - Assessment conducted by a non-independent party (e.g. IT team) | Periodic independent cybersecurity assessment conducted by external experts - Assessment according to industry leading frameworks (e.g. NIST) | Obtaining external cybersecurity certification (e.g. ISO 27001) |
| Cybersecurity Policies and Procedures | Basic cybersecurity controls embedded in simple IT policies | Complete set of cybersecurity policies and procedures (PnP) specifically designed for the organization | PnP drafted and/or reviewed by external experts to ensure adequate protection |
| Security Tools | Limited to basic firewall, and anti-virus | Deploying tools to protect against the organization's key cybersecurity exposures and risks | Full suite of security tools, including Security Information and Event Management (SIEM), Data Loss Prevention (DLP), and Endpoint Detection and Response (EDR) |
| Security Operations | - Security operations handled by the same IT team - without role segregation | Clearly defined security operations with separate internal team handling the security tasks | Combination of external Security Operations Centre (SOC) and internal security operations |
| Threat Monitoring | No active threat monitoring | Utilising SIEM to collect and analyse security events in order to monitor incoming attacks and threats | Deploying of both security event monitoring as well as external threat intelligence monitoring services |

Cybersecurity protection is typically the last consideration for many family offices. We suggest that MFOs work with Cybersecurity experts to provide these five areas for review (courtesy of Protiviti, an international Cybersecurity Expert).

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