

# Why Labuan IBFC has an edge in wealth planning for Asia

*Moritz Gubler of Alpadis Group explains the growing role that Labuan IBFC can play going forward in helping Asian clients meet their ever-complex wealth structuring goals.*

For such a 'traditional' profession, the wealth and corporate services industry continues to change as fast as it grows in Asia. More and more wealthy individuals are emerging in the region, based on their success in industries such as manufacturing, import-export and property.

In the past 10 years, for example, there has been a 121% jump in the number of Asian UHNWIs, according to The Wealth Report by Knight Frank.

"These individuals are looking for ways to protect and grow their wealth, as well as pass their wealth on – often across different jurisdictions," explains Moritz Gubler, chief operating officer of Alpadis Group.

## AN EDGE IN LABUAN

This is where he believes Labuan IBFC can play a key role. "I think Labuan's

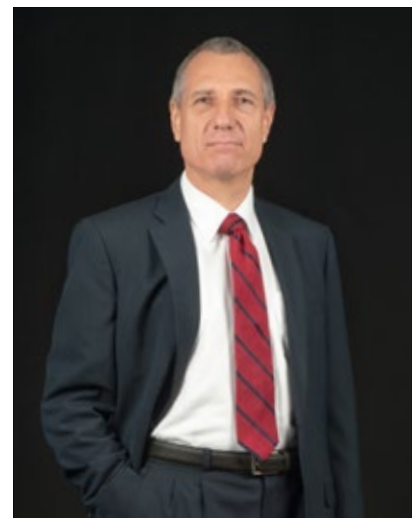
proximity to Asia's capital cities, and short distance to the two main financial centres of Singapore and Hong Kong, have certainly helped."

The federal territory of Malaysia itself is also becoming a pivotal player in ASEAN.

"I very much believe that Labuan can play a significant role in the realisation of China's One Belt One Road initiative," adds Gubler.

This has allowed it to develop its core industries over its 27 years of existence, he adds, including financial services – in particular wealth management and corporate services – and reinsurance.

Last year, for example, saw a 13.2% increase in the number of foundations established, to 188, the vast majority being from Asia Pacific.



**MORITZ GUBLER**

Alpadis Group

In addition to location though, Gubler believes that Labuan IBFC complements both Singapore and Hong Kong by pro-

viding certain functions and services that these jurisdictions do not offer.

For instance, he explains, unlike Singapore, Labuan has a Foundation Act, enabling fund managers to manage the funds in Singapore, held by a Foundation established in Labuan.

Further, Labuan companies can be listed on the Singapore or other exchanges in the region, and Labuan is the only location in Asia able to offer a private foundation structure.

### **MORE INTEREST IN WEALTH PLANNING AND MANAGEMENT**

Alpadis Group services a variety of clients from Labuan.

Where it has seen increasing enquiries more recently, is in terms of the investment fund structures that are possible and available in Labuan.

In fact, Labuan is becoming a leading mid-shore jurisdiction for succession planning vehicles, including the integration of Shariah-compliant wealth management solutions such as LIWF (Labuan International Waqf Foundation).

“Malaysians who have assets abroad use Labuan to plan and organise their wealth, and act as the vehicle holding their assets,” says Gubler.

“The interesting trend emerging here is the multi-jurisdictional nature of family offices and succession planning.”

Given the number of what Gubler calls “imponderables” from the economic environment, changes in the family situation and other factors that provide sufficient insecurity, he believes that wealth planning structures should be a

counterweight to this: providing stability and smoothing the effects of uncontrollable events.

Labuan provides the ideal location for such structures.

“HNWIs have family across many different countries and so this has made family governance much more complex, with many more moving parts,” he explains.

As a group, this is what the firm believes it excels in.

And with the recent expansion in Singapore, coupled with the forthcoming establishment of a separate family office unit, it has positioned itself to continue to provide multi-jurisdictional wealth planning for its clients.

“As a group that is present in three Asian countries and with Swiss heritage, we pride ourselves on our independence and expertise, and being located in Labuan provides additional flexibility and options for our clients,” adds Gubler.

### **EASE OF BUSINESS**

Malaysia is ranked as one of the top 20 countries in ease of doing business, and the costs of setting up a company and doing business here are decreasing.

“Labuan offers simplicity and security,” says Moritz.

“It is a well-respected and regulated international business and financial centre conforming to international best standards and practices. It is regulated by a one-stop regulator, the Labuan Financial Service Authority (LFSA) and it has a common-law framework based on the English legal system, thus widely recognised and understood.”

## **Demand for Islamic solutions**

*Labuan IBFC is also recognised as a leading Islamic Finance centre, which, he explains, is thanks both to Malaysia being a developed global Islamic Finance hub with a strong regulatory framework, and to Labuan being a good place for Shariah-compliant wealth management solutions.*

*The Labuan Islamic Financial Services and Securities Act, introduced in 2010, provided regulatory clarity on Islamic banking, as well as on issues such as Islamic trusts, fund management, retakaful and sukuks.*

*“Our tax rate also makes us very competitive and provides us with more flexibility when pricing Islamic instruments,” says Gubler. “I think Islamic wealth management is gaining traction and it is rapidly evolving.”*

He adds that most clients are looking for such a clear and easy direction.

Labuan, through smart regulations and good governance, is well-placed to grow into a relevant financial centre and service the growing demand for multi-jurisdictional family offices, he believes.

Further, with large investments and infrastructure projects requiring immense funding, and further ASEAN financial integration, it is also well-positioned for future growth. ■