

A challenging region for private bankers

Wealthy clients from the Gulf region place particular demands on their private bank.



▲ *LGT's private equity platform attracts significant interest from entrepreneurs, says Schaar.*

If I look out of my window at the Dubai International Financial Centre (DIFC) today, I see a financial centre and a skyline that stands up to comparison with New York, London or Tokyo. In an area where just over 20 years ago there was still desert, a very active financial centre has developed in a very short period of time.

Today, almost all of the most important global players in the financial industry are represented in the DIFC. Although the 2008 financial crisis left a significant temporary mark, the Gulf region has remained attractive for domestic and foreign financial institutions.

Dubai, Bahrain, and Qatar are targeting this business, with Abu Dhabi most recently joining the ranks of locations looking to establish itself as a further financial centre in the region.

Varying developments

In the meantime, however, even this region is showing signs that growth has its limits. Increased competition has erupted not only between the different financial centres, but also between the banks, which is resulting in margin pressure. A number of financial institutions have already reduced their local operations or have pooled their efforts with other competitors.

However, the developments in the financial sector are exhibiting disparate trends. Overbanking is manifesting itself primarily in the commercial banking business and investment banking, while the growth outlook for private banking remains intact. It goes without saying that the slowdown in investments due to the low price of oil is limiting the creation of new wealth.

But the region nevertheless remains a magnet for wealthy families and entrepreneurs, both local and from Asia, as well as for international expats in top management roles. Dubai has developed into a hub for business between East and West, and thanks to its attractive real estate offering, good service, competitive prices and exemption from taxes, attracts many successful and often very wealthy business professionals.

Sophisticated client needs

These attractive framework conditions for private banking were one of the reasons that LGT moved into the DIFC in 2012. An even more important reason, however, was the conviction that our strengths are precisely aligned with this highly sophisticated clientele.

These strengths include not only financial stability, but even more importantly, also the fact that as the family office of the Princely Family of Liechtenstein, we are extremely well acquainted with the particular needs of wealthy entrepreneur families. The bank's strengths also include multilingualism and familiarity with different cultures, which are a given for LGT.

We offer our clients five booking centres located in Hong Kong, Singapore, Switzerland, Liechtenstein and Austria, as well as trading capabilities in a variety of different time zones, and we have onsite operations in the key financial centres around the world.

This is important because our typical client wants, for example, to trade securities in Hong Kong, conduct business while on a skiing holiday in St. Moritz, or have tailored financing for a property in London.

Another key advantage is our open, best-in-class product platform and the fact that we rank among the leading global providers in the alternative investment space.

Our private equity platform in particular attracts significant interest from entrepreneurs. And last but not least, entrepreneurs appreciate that as a family-owned company, LGT takes a long-term approach and has the firm intention of establishing itself as a lasting, reliable partner in the region.



▲ *Vaduz Castle, the official residence of the Princely Family of Liechtenstein.*

***Peter Schaar (56) is a senior executive officer at LGT (Middle East) Ltd. in Dubai. He has lived and worked in Dubai for over 13 years. LGT is a leading international private banking and asset management group that has been fully controlled by the Princely Family of Liechtenstein for over 80 years. As at 30.06.2016, LGT managed assets of CHF 143.4bn (\$147.2bn) for wealthy private clients and institutional investors.**

LGT employs approximately 2,500 individuals who work out of more than 20 locations in Europe, the Americas, Asia and the Middle East. www.lgt.com/middleeast