

Will Dubai's wealth industry benefit from Expo 2020?

By Robbie Lawther, 1 Oct 19

It is expected to attract millions of visitors, but will that translate into a boost for advice firms?



The UAE will play host to the World Expo from 20 October 2020, an extravaganza that is expected to cost AED53bn (£11.8bn, \$14.4bn ,€13.2bn).

The exhibition can last up to six months and will bring businesses from all over the world to the Middle East in a bid to spark innovation across a vast array of industries.

The Expo site itself is expected to house approximately one million residents.

So, what does it mean for the wealth sector in the region?

What it can bring

“The fast-approaching Expo 2020 will enable Dubai to capitalise on yet another opportunity to showcase itself to the world,” William Reichert, partner at law firm Charles Russell Speechlys, Dubai office, told *International Adviser*.

He described it as “an opportunity to further raise its profile globally”.

“Expo 2020 is serving as an engine for growth in the UAE and the wider region well into the future.”

And he is not alone in his positive outlook.

Samira Nodjoumi, marketing director of life company Nexus Group, agrees: “The UAE has pulled out all the stops to enhance the wealth sector with the establishment of the Securities and Commodities Authority, Insurance Authority, Abu Dhabi Global Markets and Dubai International Finance Centre, and continues to make a huge investment in ongoing innovations.

“An event such as Expo is an opportunity to show how far the wealth sector has come in the UAE, and how much we have to offer as a market.”

Corporate opportunities

Stuart McCulloch, market head of The Fry Group Middle East, added: “With around 170 nations taking part, it is an opportunity to attract new investment and jobs from overseas, which also would boost the financial services sector.

“It is hoped that the existing financial services sector, including the DIFC, and the investment in infrastructure across Dubai and the UAE will help position Dubai as a great option for companies looking to expand into the region.”

Abacus Financial Consultants’ David MacLaren believes Expo 2020 will also help companies “to fuel their own initiatives for possible further growth, as well as to try and collaborate and learn from new businesses entering the market”.

Services for expats

Aside from agreements and partnerships, one area that could be of interest to financial advisers and wealth professionals will expats eyeing a move to the UAE.

The Fry Group’s McCulloch expects that the Expo will give “exposure to more high net worth individuals who may be experiencing Dubai for the first time as a place to holiday, start a business or a place to own property”.

Sam Instone, chief executive of advice firm AES International, told *IA*: “The Expo is expected to attract a wave of new expats to the region.

“Many of these expats will likely benefit from attractive salaries and will be looking for ways to grow and protect their wealth.

“This in turn will boost the financial services firms in the region.”

Products needed

If advice firms are able to attract individual and corporate clients following the Expo, they will need to make sure they are able to offer the necessary products and services.

William Burrows, partner at Harrison Rowe Private Wealth, said to *IA*: “With a large influx of new companies and new employee’s (new residents), this will only lead to an increase in business for firms alike.

“The need for corporate financial advice around corporate insurances and pension schemes will be a must, as the rules and regulations here operate differently than other locations globally.

“We are also planning for a steep increase in the requirement for personal financial advice and cross border tax planning requirements due the increasing expat population, driven mainly by the Expo.”

He added that this will coincide with the increased awareness of companies in regards “end of service gratuity liabilities and look to seek advice and structures to help them plan effectively towards this”.

Instone added: “I imagine there’ll be some healthy competition among firms, which is always great for consumers.

“Financial firms will need to look at ways to make their products and services more attractive to investors – hopefully that means we’ll be seeing more client-centred financial solutions like lower fees, more flexibility, comprehensive products, and so on.”

Attracting talent

As well as clients, the Expo may bring talent to the wealth management sector.

The advice industry recruitment crisis is a global problem, but could it be solved in the UAE?

“Expo 2020 is a globally inclusive event which will dazzle every visitor,” Nexus’ Nodjoumi added.

“Businesses in the Middle East should use this opportunity for growth, consolidation and perhaps attracting business partners that currently have little or no presence in the Middle East.”

Abacus’s MacLaren said that the sector “can also benefit from the worldwide exposure, as this could be beneficial in the long run to attract world renowned talent and thus further strengthening the region as a financial hub”.

How it has already helped

Expo 2020 may be just 12 months away, but it has been six years since Dubai was awarded the exhibition.

Has it already impacted the wealth space in the Middle East?

“We believe it’s awaited arrival has been a catalyst for the changes we’ve already seen take place over the last few years; with higher levels of compliance, a higher implementation of regulation, and more comprehensive, transparent advice being delivered,” said Harrison Rowe Private Wealth’s Burrows.

“We, as a business, have already seen year-on-year growth in the region, largely due to the Expo.”

MacLaren added that around “14,700 new business licences have been registered in the UAE, many as a direct result of the build up to Expo 2020”.

Lasting impact

Things may have already changed, but not everyone agrees that the Expo will have a lasting impact on the advice industry in the UAE.

“While the wealth sector will be enriched and impacted positively as a result of the Expo and the visitors it brings; as a deep, mature and established market it will not change fundamentally,” Nodjoumi said.

AES International’s Instone added: “I anticipate the Expo will promote technological advances across all industries – this will only improve the way we reduce costs and improve the returns for those who invest their capital by enhancing their overall planning experience.”

The reputation of the wealth management industry in the Middle East has, at times, left much to be desired, but Burrows believes, “in recent years, mainly in part to large efforts from the regulators and firms alike, this has changed substantially and the sector has become far more robust than it once was”.

“The Expo undoubtedly provides a great opportunity to showcase these developments and improvements in the region to the rest of the world.”