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MEDIA RELEASE

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A majority of Middle East HNWI's do not have a wealth succession plan in place for their family businesses, Lombard Odier's exclusive survey reveals

- Out of 300 established HNWI's in the Middle East, almost 90% think that their family business is set up for an efficient wealth transfer to the next generation. Yet only 24% have a full estate plan in place.
- Having a succession plan that complies with Sharia principles is important to more than two thirds of respondents, and of particular importance to older and wealthier respondents.
- Nine-in-ten HNWI's hold their wealth in the Middle East and expect to do so over the next few years. However, almost a quarter of respondents are rethinking the geographical set-up of their family business.

Lombard Odier, a leading global wealth and asset manager with a 50-year legacy in the Middle East providing wealth planning solutions, today revealed results from the second instalment of its Middle East Investment Survey, which focusses on succession planning among high-net-worth individuals (HNWI's) in the region. Key findings reveal that HNWI's are aware of the importance of effective succession planning, but less certainty lies in whether wealthy families have implemented the succession plans required to meet the varied needs of their complex family structures.

Given the outsized economic contribution of family-run businesses in the Middle East, strong family governance is critical for the region's continued economic success. However, whilst 87% of the 300 HNWI's surveyed believe their family business is structured to allow for efficient intergenerational wealth transfer, only 24% say they already have an estate plan in place for all of their private assets. The difference between younger and older business owners is significant. Over half of older respondents (55%) say they have a full estate plan in place, compared to just 9% of younger respondents. Conversely, more than one third of younger respondents (36%) do not have any kind of estate plan in place at all but are interested in it, while a further 26% expressed no interest. The remaining respondents have a partial estate plan in place.

In a region where family is the dominant social institution, the wealth of HNWI individuals is often intertwined with their family business, its governance and Islamic values. This topic of family governance reveals a discrepancy between younger and older HNWI's: 66% of older business owners said they had a formal and rigid system of governance in place, compared to 50% of younger respondents. Younger HNWI's

also show a greater degree of openness to change: nearly half (45% vs. 28% older respondents) say they have a formal and flexible system of governance, evolving over time to reflect their family's values.

A lesser degree of divergence is found in HNWIs' views on Islamic values. Having a succession plan that complies with Sharia principles is important for two thirds (67%) of respondents, with a tilt towards older respondents (74% vs. 62% younger respondents). This was also found to increase with wealth: 79% of those with more than USD 10 million in assets say that Sharia principles are important to them, versus 61% of those with assets between USD 1 million – USD 3 million.

Yet a consensus was revealed between the respondents on the geographical placement of family wealth. The overwhelming majority (90%) intend to keep their wealth in the region for the foreseeable future.

Commenting on the findings, **Arnaud Leclercq, Partner Holding Privé and Head of New Markets at Lombard Odier**, said:

“The results of our survey reveal several important factors in the realm of succession planning amongst HNWIs in the Middle East. Chief among them is a consensus that intergenerational wealth transfer is of great importance, yet an absence of estate planning across both older and younger respondents is also present. The findings around geographical wealth placement are encouraging though, with a majority of respondents planning to preserve their wealth in the region, reflecting positively on the Middle East’s investment environment. At Lombard Odier, we will continue to encourage wealthy individuals to prepare for their family’s future by delivering tailored wealth planning solutions structured around their specific objectives. As our 50-year legacy in the region has demonstrated, we have an ongoing commitment to providing Middle East families with trusted banking and wealth planning solutions.”

You can access the full report on [Lombard Odier’s insights page](#).

This report is the second in our four-part survey, ‘Middle East investor views 2022’. The survey included 300 high-net-worth (HNW) investors and business owners from the United Arab Emirates, Saudi Arabia, Kuwait, Oman, Qatar, Bahrain, Egypt and Lebanon, and respondents included both younger investors (aged 18-40) and older generation investors (aged 40 and upwards). Topics include: how Islamic values guide planning decisions, family governance, and the internationalisation of wealth, among others.

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About Lombard Odier

Lombard Odier is a global wealth and asset manager, and a leader in sustainable investing. For over 225 years and through more than 40 financial crises, the Group has combined innovation and prudence to align itself with the long-term interests of private and institutional clients. The Group is solely owned by its Managing Partners and has a strong, liquid and conservatively invested balance sheet with a CET1 ratio of 28.5% and a Fitch rating of AA-.

Lombard Odier provides a comprehensive offering of wealth services, including succession planning, discretionary and advisory portfolio management, and custody. Asset management services are offered through Lombard Odier Investment Managers (LOIM). The Group has created cutting-edge banking technology, which is also leveraged by other Swiss and European-based private banks and financial institutions.

The Group had total client assets of CHF 358 billion at 31 December 2021. Headquartered in Geneva since 1796, at end-December the Group had 26 offices in 21 jurisdictions and employed 2,650 people.

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