Financial Services Practice

Asia–Pacific’s family office boom: Opportunity knocks

Banks, insurers, multi-family offices, and WealthTechs can serve the many family offices in Hong Kong and Singapore by using a framework focused on solutions, service, scalability, and security.

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According to McKinsey analysis, between 2023 and 2030, ultra-high-net-worth[1] (UHNW) and high-net-worth[2] (HNW) families in the Asia–Pacific region are set to experience an intergenerational wealth transfer estimated at $5.8 trillion. UHNW families are expected to account for about 60 percent of the total wealth transfer (Exhibit 1), and many are setting up family offices to facilitate the process. Accordingly, the number of single-family offices in Hong Kong and Singapore, the hubs for such entities in Asia–Pacific, has quadrupled since 2020 to about 4,000 across both jurisdictions.[3]

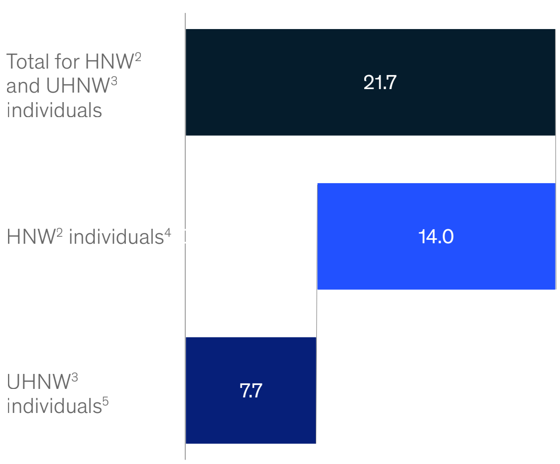
The growth trend presents a substantial opportunity for banks, insurers, multi-family offices (MFOs), asset managers, and WealthTechs (technology-enabled wealth fintechs that offer low-cost, personalized, automated advice), all of which can offer differentiated services to new and established family offices.[4] Family offices manage a family's or individual's financial portfolio, including estate planning, investments, philanthropy, taxes, and more. The employee base varies significantly across the single-family offices, with the largest employing dozens of people. The smallest might have one or two investment specialists, outsourcing to third parties various tasks such as investment management, custody and security services, and family office setup and governance—which can be customized for each family.

[1] Having personal financial assets of more than $50 million.
[2] Having personal financial assets of $1 million to $50 million.
[3] Based on McKinsey analysis of Monetary Authority of Singapore data for numbers of family offices in Singapore and on *Forbes* and Nikkei data for number of family offices in Hong Kong, both accessed August 27, 2024.
[4] "WealthTech in Asia–Pacific: The next frontier in financial innovation," McKinsey, October 18, 2023.

Exhibit 1

High- and ultra-high-net-worth individuals in Asia–Pacific are set to transfer about $5.8 trillion in assets to the next generation by 2030.

Estimated PFA[1] in Asia–Pacific (APAC), 2023, $ trillion



	Intergenerational wealth to be transferred by 2030, $ trillion	**Approximate share of estimated PFA[1] to be transferred by 2030,** %
Total for HNW[2] and UHNW[3] individuals	**5.8**	~30
HNW[2] individuals[4]	**2.4 (~40% of transfers)**	~20
UHNW[3] individuals[5]	**3.4 (~60% of transfers)**	~45

[1]Personal financial assets.
[2]High-net-worth.
[3]Ultra-high-net-worth.
[4]Total APAC PFA of individuals with PFA of $1 million to $50 million.
[5]Total APAC PFA of individuals with PFA of more than $50 million.
Source: McKinsey Global Wealth Pools; McKinsey analysis

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Banks and MFOs have been at the forefront of serving Asia–Pacific's wealthy families. However, other types of providers are expanding into the family office space to target the needs of wealthy families in line with consumer demand. Insurers, in particular, are setting up teams to directly engage with family offices to provide highly customized solutions with a focus on estate planning; asset managers often receive direct mandates from family offices for traditional and alternative investments; and WealthTechs are gaining traction in the family offices ecosystem. This results not only in innovation for customers but also in the opportunity for providers such as banks and insurers to collaborate and expand their offerings to meet this segment's needs.

To understand this evolving business, we have analyzed and assessed intergenerational wealth transfers based on our proprietary wealth pools data, initial results from our proprietary family office survey, and interviews with representatives of multiple family offices, leading private banks, insurers, and WealthTechs.

The article covers an examination of Hong Kong and Singapore's dual status as magnets for family offices. We also explore key ways in which Asia–Pacific's family offices and their Western counterparts differ (see sidebar, "Key differences between family offices in Asia–Pacific and the West"). Next, we analyze the various archetypes of family offices in the region, detail their unmet needs, and present ways for various providers to address these issues through a framework focused on solutions, service, scalability, and security. Finally, we detail granular ideas for providers to

Key differences between family offices in Asia–Pacific and the West

Asia–Pacific's family offices differ in some significant ways from their Western counterparts, offering new opportunities. 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. Family offices in Asia–Pacific, meanwhile, tend to have a heavier influence from the principal on investment strategies, which sometimes leads to a lack of synchronization.

Here are some other contrasts between Asia–Pacific's family offices and their Western counterparts:

Who made the money. Based on McKinsey analysis, 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 Asian 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.[1]

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. Asian 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.

[1] McKinsey Global Wealth Pools 2024 data.

consider as they build targeted operating models to serve and partner with family offices.

Hong Kong and Singapore as family office hubs

When thinking about the Asia–Pacific region's family offices, two key jurisdictions play an outsize role. Although they are relatively small in population, Hong Kong and Singapore punch far above their economic weight as financial hubs, and that distinction extends to family offices. According to McKinsey analysis, the two cities together are home to approximately 15 percent of the world's single-family offices, with authorities there having made it a point to attract more of them—including by providing tax benefits and clear regulations.

Other attractive attributes of these two jurisdictions include mature financial ecosystems with access to traditional and nontraditional investment avenues, paths to residency for investors who meet certain criteria, and access to talent. In 2023, Hong Kong and Singapore each managed roughly $1.3 trillion in offshore assets—trailing only Switzerland's $2.5 trillion total—affirming their importance in the global financial ecosystem.[5]

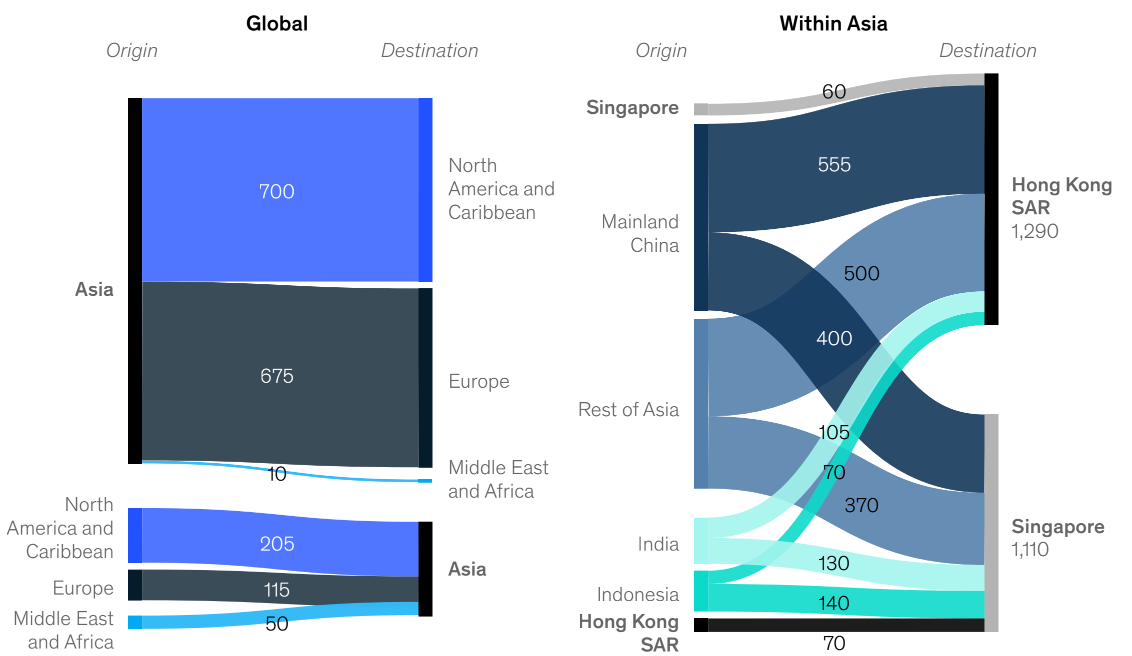
Wealth flowing into Hong Kong and Singapore is primarily coming from within the Asia–Pacific region (led by mainland China, India, and Indonesia, followed by other countries in Southeast Asia) (Exhibit 2). However, we expect increased wealth flows from Europe and North America as many global investors see Asia–Pacific as a third safe

[5] McKinsey Global Wealth Pools 2024 data.

Exhibit 2

Asia–Pacific is the biggest source of wealth flowing into Hong Kong SAR and Singapore.

Personal financial asset holdings movement between jurisdictions as of 2023, $ billion



Source: McKinsey Global Wealth Pools 2024

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Family office archetypes

The region's single-family offices fall into four main archetypes, all of which have different needs and preferences (Exhibit 3). In summary, they are the following:

— *Visionary entrepreneur family offices.* These family offices were established by entrepreneurs, mainly in the tech industry, who have exited their ventures. They pursue bold investment strategies, focusing on high-risk, high-reward direct investments in start-ups. They use their industry connections and access investment opportunities through service providers such as banks, MFOs, and others to discover the next unicorn.

— *Traditional business owner family offices.* Typically formed by first-generation business owners, these family offices favor low-risk investment strategies. They rely heavily on banks, MFOs, and word-of-mouth advice rather than their own formalized investment thesis.

— *Embedded family offices.* These bare-bones family offices are integrated into a wealthy individual's established business operations. These family offices favor passive direct investments into businesses similar or complementary to the wealthy individual's core operating business. The capital is managed by the operating company and deployed in line with the investment opportunities.

— *Professionalized family offices.* These are sophisticated setups with in-house chief investment officers and higher assets under management (AUM) than the other archetypes. They follow a clear portfolio strategy, aiming for wealth preservation with conservative returns (5 to 6 percent) or growth-oriented strategies seeking higher returns (approximately 15 percent). This archetype accounts for the largest proportion of family offices (based on AUM), although its comparative share is decreasing as other types gain ground.

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Consolidation is expected among smaller single-family offices given the rising costs of operating. Our analysis indicates that single-family offices in the Asia–Pacific region require at least $100 million in AUM to be viable, considering their expenses and the average risk-adjusted ROI of 5 percent. Some single-family offices are expected to come together to build MFO structures to lower their operating costs.

For each family office archetype, providers need to create a differentiated value proposition to effectively meet their clients’ diverse needs.

Family offices’ needs and challenges

Many UHNW individuals and business owners in Asia–Pacific have diverse needs and challenges that service providers to family offices could meet in more comprehensive and effective ways. Our interviews with representatives of family offices revealed five common challenges. Below, we detail those challenges and offer insights on how service providers could address those needs.

Challenge 1: Weak governance

Many family offices have relatively weak governance structures, lacking formal decision-making processes and clear guidelines for information sharing. Lee Wong, head of family services, Asia at Lombard Odier, says, “Governance is a crucial

Exhibit 3

Single-family offices in the Asia–Pacific region fall into four key archetypes.

Equity | Fixed income | Real estate | Alternatives | Others

	Visionary entrepreneur family offices	Traditional business owner family offices	Embedded family offices	Professionalized family offices
Overview and setup	Set up by start-up founders and young tech entrepreneurs	Typically formed by first-generation business owners; gradual involvement of younger generations with principal retaining significant control	Set up as bare-bones SFOs, where resources are pulled from operating company and hence integrated into established business operations	Set up in a highly professionalized manner, with in-house CIO and asset-class-specific experts
Average assets under management (AUM)	$30 million to $40 million	Minimum of $30 million	Highly variable, with minimum of $20 million; balance sheet shared with operating business	Minimum of $100 million
Source of wealth	Money from full or partial start-up exits	Money from the previous generation, mainly generated by accumulated profits from traditional cash flow businesses	Money from the previous generation or earlier that is invested in the operating company; for investments, family office setup is used	Money from the previous generation or earlier; accumulated profits from traditional cash flow businesses
Investment preference	Direct investment into start-ups, with a focus on finding the next unicorn	Favor low-risk investment strategies, and rely heavily on banks, multifamily offices, or word-of-mouth advice rather than in-house formalized investment thesis	Passive direct investment strategy into businesses complementary to operating business	Clear portfolio strategy with either wealth preservation (5–6% return) or growth (~15% return) target
Asset allocation, %	100	~45 ~45 ~10	~25 ~75	~35 ~35 10–15 15–20
	Heavily invested in start-ups and early-stage companies	Split between equities and fixed income dependent on market conditions; growing interest in private assets	Primarily direct investments into complementary businesses and those similar to operating business	Dependent on market conditions, with growing interest in private assets
Operating model	In-house deal sourcing and portfolio management, with outsourcing of administrative tasks	Minimal in-house operations; strong support from banks and multi-family offices	Managed by operating business CFO, with other functions also shared	Strong sell-side support, such as private banking and asset management
% of total single-family office (SFO) AUM	~25	~20	10–15	~40–45

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‘Governance is a crucial topic. Establishing family offices with the proper structures is essential to ensure transparency and efficient decision making. Softer areas of focus, such as governance, communication, and conflict resolution, are gaining increasing importance within families. As family offices scale, they will need comprehensive support in these crucial areas to ensure effective management, unity, and long-term success.’

–Lee Wong, head of family services, Asia, Lombard Odier

topic. Establishing family offices with the proper structures is essential to ensure transparency and efficient decision making. Softer areas of focus, such as governance, communication, and conflict resolution, are gaining increasing importance within families. As family offices scale, they will need comprehensive support in these crucial areas to ensure effective management, unity, and long-term success.” This challenge is particularly relevant for family offices that haven’t professionalized their setup and operational model. Chi-man Kwan, group chief executive officer of Raffles Family Office, says, “Managing family interests goes beyond preserving wealth; it’s about fostering unity and communication. A well-crafted family constitution can mitigate conflicts, ensuring that even in financial losses, the family remains happier together.”

Potential solution. Service providers could help by doing the following:

— providing advisory services on governance structures, including tapping fiduciary specialists to support governance in multiple jurisdictions

— assisting in setting up an efficient operating model with open and transparent communication flow within a family aligned to their investment thesis

— acting as a mediator to ensure proper balance and control within the family office to facilitate the smooth transfer of wealth to the next generation while defining clear rules of engagement between the service provider and the family

Challenge 2: Rising operational costs

According to McKinsey analysis, personnel costs are typically the largest expense category for a family office, accounting for about 45 to 65 percent of operating expenses for a single-family office with $15 million to $500 million in AUM. At the same time, McKinsey analysis suggests that competition for financial talent is intense in both Hong Kong and Singapore, and top talent is often drawn to hedge funds and investment banks, where the remuneration is higher than family offices typically offer. Aik-Ping Ng, head of family office advisory,

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Asia Pacific at HSBC, and Edith Ang, head of family advisory, Asia Pacific at HSBC Global Private Banking, say, “There is increased attrition in talent, especially in less professionalized family offices. Greater efforts are needed to improve retention because when professionals are removed from structured environments like banks, they lose access to critical information, knowledge bases, and networks, which may prompt them to seek new employment opportunities.”

Potential solution. On this front, service providers can help family offices find the right talent by advising them on target recruitment profiles to consider, helping them decide whether to hire talent in-house or outsource, and connecting them with top recruitment firms. Although this is not the core expertise of family office service providers such as banks, insurers, and others, supporting family offices on their talent hunt can be a much appreciated value-added service.

Challenge 3: Limited access to bespoke alternative solutions for portfolio diversification

Family offices in the Asia–Pacific region interviewed by McKinsey say they have limited access to tailored alternative investment solutions such as access to early-stage start-ups, pre-IPOs, and institutional-grade infrastructure solutions, despite strong interest. “Access to the private market and alternative investments represents a massive white space. Adoption in the APAC region is still in its early stages, primarily due to access issues. Additionally, proper advisory services and education are essential to enable family offices to invest in this area effectively,” says Samuel Rhee, cofounder and chairman of Endowus, a digital wealth platform headquartered in Singapore that offers financial advice and customized investing services. Additionally, representatives of family offices say they would like advisory services that are more personalized and that many service providers are still focusing more on selling products than on adopting a true advisory approach to understand their multijurisdictional personal and business needs.

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Potential solution. Service providers have the potential to source top deals in alternative investments in line with family office needs (for example, creating exclusive “founders’ clubs” across multiple geographies where start-up founders can connect and co-invest in deals). Providers can also support families in conducting independent due diligence on deals being considered. Collaboration between banks, MFOs, insurers, WealthTechs, and asset managers (with their bespoke manufacturing capabilities) is critical for delivering tailored solutions in line with customer needs.

Challenge 4: Limited understanding of insurance products and adjacent value-added services

Despite the vast potential for bespoke insurance products that can help with wealth transfers and estate planning as well as multijurisdictional needs, Asia–Pacific’s family offices currently have limited engagement with insurers. Family offices may not realize the potential solutions insurers can offer. One reason for this is that single-family offices, often led by former bankers, are typically more comfortable formulating investment strategies than working with insurers on a comprehensive plan that includes wealth transfer and succession planning. Karim Gilani, Sun Life’s president of Greater China, Singapore, and international high net worth (HNW), says that “there is a need for the industry to engage and educate families on the potential of insurance to enable families in their wealth transfer and preservation process, such as insurance policies covering multiple generations of beneficiaries across the globe, or policies providing liquidity during estate transfers.”

Wong Sze Keed, CEO of AIA Singapore, says that “providers need to go in with a more holistic approach, with a full suite of products to holistically serve families. For instance, insurers cannot just go in and pitch insurance solutions; they also need to collaborate with other professionals, such as tax advisers and legal advisers.”

Potential solution. Insurers can consider educating family offices about the benefits of insurance solutions beyond life coverage, which extends to succession planning. In addition, there is a clear need to collaborate. Insurers can build an ecosystem for value-added services including tax

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advisory, immigration support while serving families in multiple jurisdictions, legal support, and so forth. Core questions for insurers and other service providers include what can be built and offered in-house versus being outsourced and which provider will take the fiduciary responsibility for the customer relationship. Rather than the current fragmented delivery of services from multiple providers, family offices interviewed by McKinsey say they would like a one-stop shop that caters to their needs.

Challenge 5: Out-of-date technology

Single-family offices often have large amounts of data, but they lack the expertise to consolidate it and derive meaningful insights from it, a challenge that could be remedied by effective use of generative AI (gen AI). Joseph Poon, managing director and group head of DBS Private Bank, points out, “Technology capabilities for family offices are critical for effective management of its various mandates—for the family. Real-time data processing, investment execution and aggregation are costly. However, without scale, investing in and continuously upgrading technology tools are costly and time-consuming. On the other hand, not investing in technology results in family offices getting bogged down with administrative tasks rather than advancing the strategic goals of the family they serve.”

In addition, technology integration across service providers is tedious and time-consuming—particularly when it comes to onboarding processes involving multiple manual steps such as faxing documents and mailing hand-filled forms. According to McKinsey analysis, depending on the size of a family office’s AUM, technology costs can range from 3 to 7 percent of total expenditures, not an insignificant share. Family offices therefore have a need for efficient data management and operational execution, which they may not have the resources and expertise to build. In addition, service providers need to streamline processes and the onboarding experience while enabling the front line with data-driven insights for better customer engagement.

Potential solution. Given that family offices have limited resources in building their own technology, service providers can offer solutions such as portfolio performance and analytics, data aggregation on investment, and automated financial reporting. This is a core area for collaboration between providers where WealthTechs can play a critical role in enabling the family office technology infrastructure either directly or in partnerships with other providers.

Five types of providers serving family offices

Five broad types of providers have emerged to cater to the varying needs of family offices and of wealthy families that choose not to set up their own family offices. While banks dominate the landscape, new provider types are entering the family office space, including insurers, MFOs, and WealthTechs.

Banks with an integrated approach

These institutions use their extensive banking infrastructure to offer single-family offices integrated financial services, including access to research and various credit and investment products. They set up family fund structures in-house, providing single-family offices with comprehensive services at competitive costs. As an example, DBS Private Bank has launched the DBS Multi Family Office Foundry VCC (DBS MFO), which is, in DBS's words, "the world's first bank-backed multi family office that leverages Singapore's Variable Capital Company (VCC) structure. It offers an alternative option for affluent families to manage their wealth in Singapore, without having to establish their own Single Family Office. Through DBS MFO, clients will be able to access a full suite of investment services—from investment management, trade execution, to custody solutions—via a single integrated platform."[6]

Banks with an à la carte approach

Banks have varying approaches to serving family offices. Some are very institutionalized, with a focus on the full value chain, from advisory on governance setup to tailored bespoke investment solutions and custodial services. Others offer a narrower range of services, concentrating primarily on financial transactions rather than comprehensive solutions. This structure is unique due to its focus on transactional efficiency and lower costs, catering to families seeking specific financial products rather than comprehensive management.

[6] "DBS launches world's first bank-backed multi family office VCC for wealthy families," DBS, June 12, 2023.

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For both bank-driven approaches, fee structures typically include a combination of management fees (ranging from 25 to 50 basis points of AUM) and smaller fees for financial products and solutions. Custodian fees usually range from one to two basis points of AUM, with product-related commissions varying.

Scott Charlton, head of client development for Northern Trust's Global Family and Private Investment Offices (GFO) business in Asia–Pacific, says "Asian families are increasingly focused on having a defined purpose for the strategic and investment direction of their family office. They are looking for partners who can demonstrate the expertise and knowledge in working with family offices and offer differentiated capabilities, including technology and consolidated reporting for operational efficiencies, with data serving as the single source of truth; bring a consultative and advisory approach for their portfolio; build a globally connected peer group to network; and trade experiences to help answer the question 'what are other family offices like mine doing.'"

Insurers

Insurers are increasingly developing strategies to serve family offices, recognizing the demand for tailored insurance solutions. They gain traction with bespoke policies underwritten on a case-by-case basis. For instance, an Asian insurer recently underwrote a master policy for a family office with several individual beneficiaries, a highly bespoke process involving substantial premiums and large sums assured. Harpreet Bindra, CEO of HSBC Life Singapore, notes that "family office needs and requirements are highly bespoke, far from standard off-the-shelf products. More work needs to be done to structure products that address specific needs, particularly from the perspective of sum assured across the family. Multijurisdiction and multigeneration nuances offer challenges and opportunities with sophisticated holding structures involved." The fee structure for insurers typically involves high premiums for these highly customized policies.

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Multi-family offices

MFOs offer highly customized investment strategies, often charging performance-based fees to ensure solutions are tailored to each family's needs. They act as gateways to essential services such as custodial services and tax and legal advisory, providing a broad spectrum of tailored services. MFOs' fee structures are primarily performance-based, with about 50 to 60 percent of their total fees derived from performance fees. Banks may charge fees for referring business, such as custodial services and trade execution, which must be disclosed to clients.

WealthTechs

WealthTechs use technology, including artificial intelligence, to transform investment management, and they are moving into the family office space. These companies set up chief investment officer–like functions to oversee family assets across various asset classes, including public and private markets. Their niche investment strategies align closely with single-family office needs, making them a competitive alternative to banks and MFOs. WealthTech firms typically charge a combination of management and performance fees, offering rates that are more attractive due to their scalable technology solutions and commission fee structures.

Danny Toe, founder and group CEO of ADDX, says, "The economic growth in western countries was mainly driven by the public market, with pension reforms, MFs and ETFs providing the catalysts. Rising wealth effect and economy dynamism will continue to fuel family offices and asset management growth in Asia–Pacific. The key difference for the Asia–Pacific region will be growth driven not just by public but also private capital markets. ADDX's ecosystem, built on a scalable and institutional grade infrastructure, provides not just private market access but also ecosystem innovations as an important channel for family offices and asset managers to build their business."

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A framework for serving Asia–Pacific's family offices

Providers should consider the following framework to achieve success in serving family offices: scalability, solutions, service, and security (Exhibit 4).

Here are some ways that banks and insurers in particular can strengthen their operating models and value proposition for serving family offices.

Scalability. To enhance scalability, banks can adopt a pricing model that balances performance and management fees to better align with families' interests, such as implementing fees only above a certain performance hurdle rate. In addition, banks should consider building a presence across multiple jurisdictions, giving careful consideration to organic versus inorganic scalability options. Making strategic use of resources and implementing a cost-effective talent strategy are also key steps toward scalability.

Solutions. On the solutions front, banks can use partnerships to offer a diverse range of investment products, including an open architecture system for sourcing top investment opportunities and partnerships with asset managers (traditional and alternative investment firms) for structured fund investments and direct co-investment opportunities.

Furthermore, offerings can be enhanced through collaboration and integration. For example, within a bank, private banking infrastructure can be used to build in-house family advisory services on governance. Technology can be used to enhance

Exhibit 4

Providers can use the following framework to effectively serve single-family offices in the Asia–Pacific region.

● Key building blocks ● Enablers

Scalability
- Presence across multiple jurisdictions
- Performance-linked pricing to enhance volumes
- Strategic use of resources in house
- Cost-effective talent strategy

Solutions
- Broad and bespoke investment solutions, with exclusive access to private assets
- Custodial services and tailored banking solutions for operating businesses
- Augmented offerings, such as philanthropy; investing per an environmental, social, and governance theme; and family governance counseling

Service
- White-glove, personalized services across generations, with heavy focus on educating next generation
- Tech-enabled operational efficiencies and seamless digital onboarding
- Enhanced value-added services, such as governance or multijurisdiction support (tax and residency)
- Global network for peer group connectivity

Security
- Financial stability anchored on robust capital management
- Strong cybersecurity measures to safeguard personal information
- Trust that perpetuates across generations (family engagement)

Partnerships
- Effective collaboration between various businesses in the financial services ecosystem

Integration
- Unified approach across banking, investment, insurance, and value-added services through one platform across business units

Technology
- Data and analytics to enable efficiency and customer engagement

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services and offerings to families, such as equipping relationship managers with data to gain deeper insights into family office needs based on past investment behavior.

Insurers, meanwhile, can boost engagement with family offices by collaborating with other service providers to educate them about tailored insurance solutions. By investing resources and improving their distribution strategies—such as training existing teams, creating new channels with direct service teams for family offices, and partnering with banks (beyond brokers)—insurers can serve family offices more effectively. This approach would help insurers meet the unique needs of these clients through both direct efforts and collaborations.

Insurers can also enhance family office solutions by leveraging their networks and partnerships, offering services beyond insurance such as tax and legal advisory as well as governance structuring.

Service. Insurers should also consider enhancing post-policy-issuance services, such as regular check-ins with families, white-glove services with a focus on educating the next generation, and perks such as fast-track access to top hospitals as part of a combined health and insurance infrastructure. Lastly, insurers could ensure their infrastructure is ready to serve family offices by improving risk models using data and analytics to minimize losses from large sums assured—an avenue for exclusive collaboration with reinsurers.

Banks could think about clear referral and revenue recognition rules across business units to enable collaboration and provision of products through a unified platform—for example, referral KPIs and shadow revenue for successful referrals; they could also think about partnerships with private equity firms for direct or co-funded investment opportunities.

Security. Wealthy families greatly value security and privacy. Providers to family offices can offer them financial stability through robust capital management and strong cybersecurity programs to keep personal information safe, all the while building trust that resonates across generations.

Key enablers of these four building blocks include strong collaboration with other businesses in the family office ecosystem to ensure that various needs are met. Banks, for instance, can use the “one bank” approach to build synergies across the bank ecosystem and serve customers on one integrated platform. By establishing clear referral and revenue-recognition rules for business units, banks can foster collaboration and provide comprehensive solutions for family offices through this unified platform covering credit, daily banking, investment, and insurance solutions.

Insurers, meanwhile, can expand into value-added services by focusing on wealth planning and succession advisory, while WealthTechs can use technology solutions to address pain points across the customer journey, complementing their investment expertise.

With these building blocks and the key enablers detailed above, service providers can create a solid strategy for achieving success with family office clients. Here are four key questions that service providers can use to jump-start their discussions of how to best serve Asia–Pacific’s family offices:

Scalability. How can we adopt a pricing model that aligns with the performance goals of family offices while ensuring mutual benefits?

Solutions. How can we tap our existing partnerships to offer a broader range of bespoke investment opportunities to family offices?

Service. How can we utilize data and AI to gain deeper insights into the investment behaviors and needs of family offices?

Security. What measures can we put in place to ensure the highest level of data security and privacy for our family office clients?

The growth of family offices in Asia–Pacific presents new opportunities for providers such as banks, insurers, MFOs, WealthTechs, and asset managers to provide differentiated services and fulfill unmet needs. Family offices are looking for trusted partners that can complement their capabilities, and their requirements vary significantly, reflecting the complexity and individuality of the families they serve. Financial firms with the right know-how and approach can help these families achieve their financial goals by offering bespoke investment solutions, value-added services, and more, setting each family up for success for generations to come.

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