

# APAC Family Office Study

Challenges and perspectives  
across the ecosystem

In association with





# Introduction

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Singapore has seen an influx of new family offices being set up in the country over the last few years. The number of family offices multiplied fivefold from 2017 to 2019, with around 700 single-family offices (SFOs) establishing a presence in Singapore by the end of 2021. This figure is expected to more than double to 1,500 by the end of 2023.

The influx of family offices reflects the perceived stability of Singapore as a wealth hub in the region and the growing interest of the wealthy to manage their assets better. Yet not all family offices are successful in achieving their investment goals and ambitions. New and existing family offices often face perennial challenges and issues across the entire family office lifecycle, from incorporation to day-to-day operations.

Our research aims to dive deeper into the Singapore family office ecosystem across four key areas:

- 1) Geographical ties of Single-Family Office (SFO) sponsors
- 2) Pain points of setting up an SFO in Singapore
- 3) Challenges in day-to-day operations
- 4) How ecosystem players can better serve family offices

## Methodology

We conducted an in-depth market study which included a quantitative survey and qualitative expert interviews between January to September 2023. To incorporate holistic perspectives across the family office ecosystem, we engaged over 70 experts across a diverse range of organizations, such as:

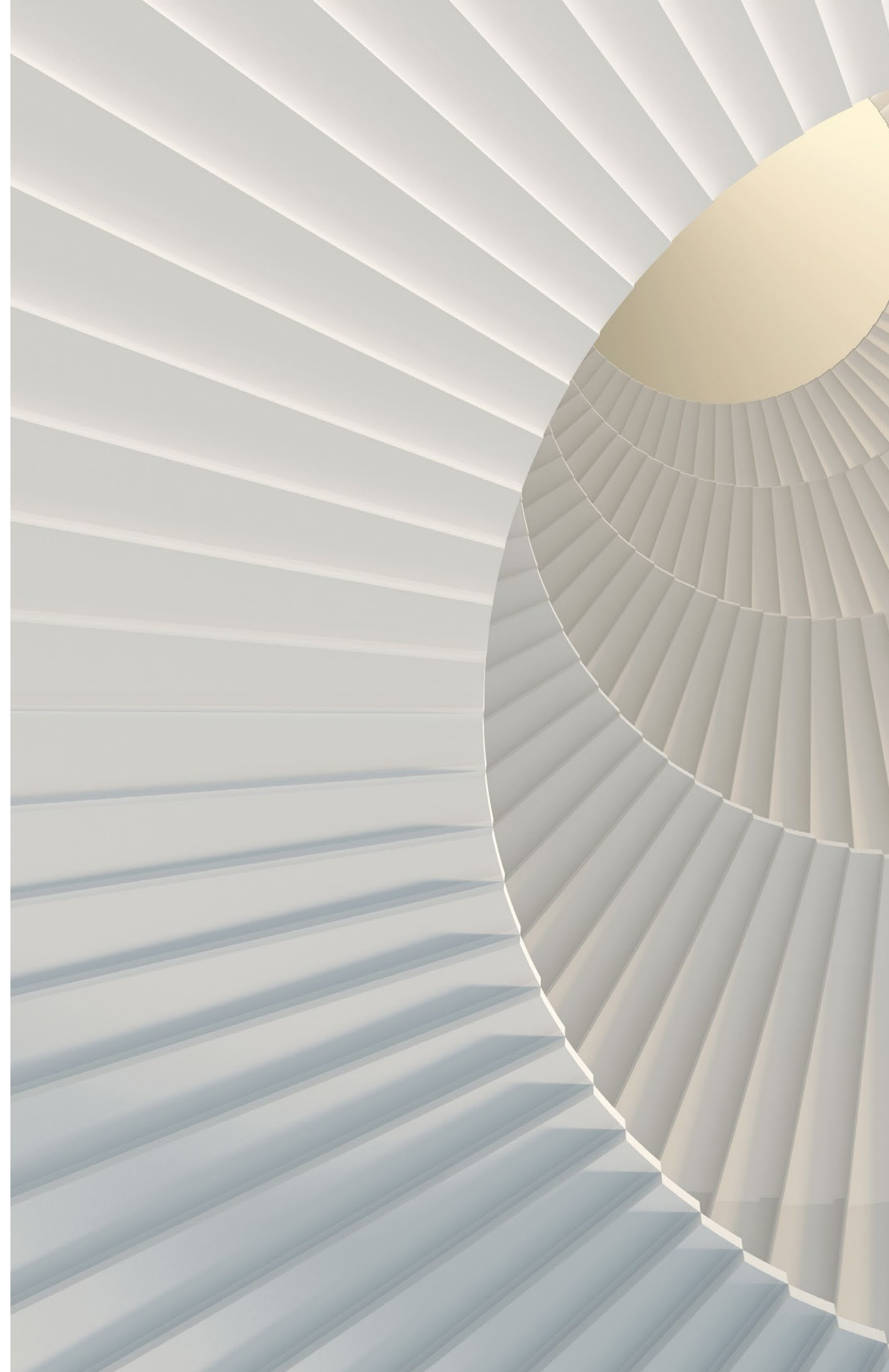
- Family office sponsors
- Single Family Offices (SFO)
- Multi Family Offices (MFO)
- Private banks
- External assets managers
- Law firms
- Tax advisory firms
- Government agencies
- IT solutions service providers

Our gratitude goes to the industry experts for their invaluable contributions of deep knowledge and expertise to this publication, as well as for their long-standing partnership with Simon-Kucher. We believe their insights will spark meaningful conversations within family offices about planning for long-term success.

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# Singapore family office landscape

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## Ranking of geographical ties of new Singapore-based SFO sponsors

Based on % of responses indicating sponsor domiciles in the past 12 months



# We observed diversity in SFO needs, operations, and their interactions with experts

## Why Singapore?

Besides the favorable regulatory and tax conditions in Singapore, sponsors often have pre-existing personal or business ties to the country. These originate from business relationships with Singaporean businesses, prior local investments, personal ties through graduating from a local university, or social/family networks. As a result, objectives are often multifaceted, focusing not only on wealth preservation and growth, but also on personal goals in a familiar environment.

## Operations across multiple jurisdictions

The family wealth often spreads across different jurisdictions, asset types, entities, custodians, and perhaps not surprisingly, multi-generational beneficiaries. The intricate setup gives rise to highly complex accounting and tax reporting obligations necessary for compliance with regulatory and tax requirements across jurisdictions.

## Multiple ecosystem players involved

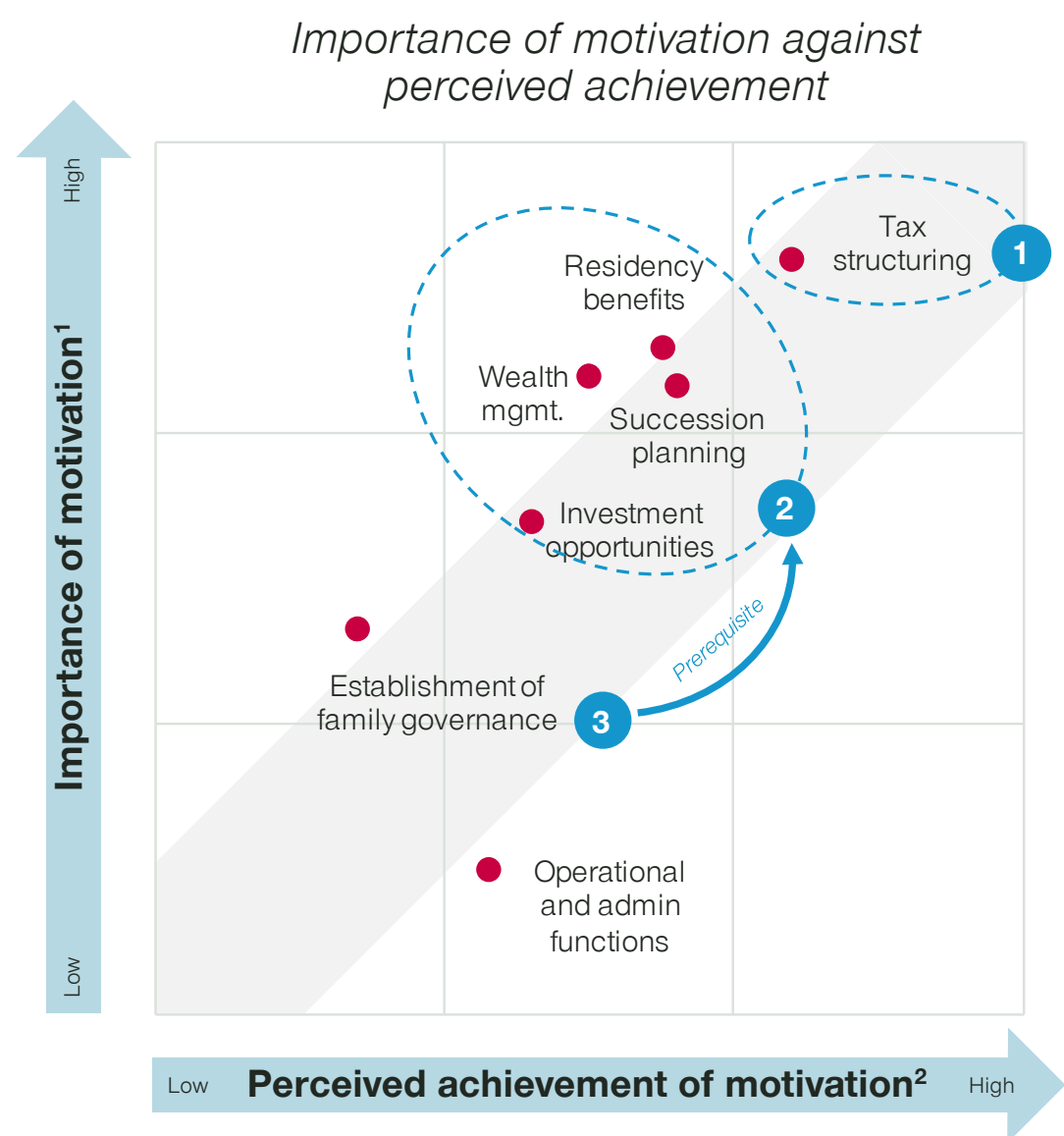
In order to set up a family office, sponsors need to coordinate activities and services with multiple partners in the ecosystem – typically at the same time. The main points of interaction are lawyers, accounting firms, tax advisory firms, immigration agencies, and both local and international private banks.



It is hard to identify a single need or objective to set up a Family Office in Singapore. For many of these families, they want to set up a “backup” base to their home country, but at the same time aspire to build a wealth foundation for the long-term in Singapore.

Survey respondent

# Family governance and efficient operations are critical for success in the long-term – yet often overlooked



1

## Setup of efficient entity and tax structures are top priorities for SFOs

In the early stages, new family offices usually prioritize objectives, such as entity formation and tax structuring, which represent tangible, quick wins (e.g. tax benefits) within the first year. The focus on ownership structures underscores the desire for holistic control and protection of family wealth through Singapore's tax incentive schemes (e.g. 130, 13U, etc.). However, an unwavering focus on such topics can be detrimental for other important areas.

2

## Achievement of investment goals yet to be realized

Longer-term objectives such as wealth management and succession planning remain core objectives of family offices but are perceived as difficult to achieve. Through in-depth interviews with the families, we observed common themes that impede success. These included lack of strategic foresight (e.g., time-delayed decision-making, poor risk management, etc.), operational inefficiencies (e.g., lack of or manual processes especially pertaining data), and management conflicts within the family or with external advisors. Cited reasons hinted at challenges with operation and governance of a family office.

3

## Limited focus on operational excellence and governance

New SFO sponsors underestimate the complexity of running an SFO and do not fully recognize the importance of operational excellence and governance for long term-success. Invariably, family goals and ambitions are achieved only partially. Strategic direction and operational management of the wealth of the family is complex - requiring well defined operating models combined with effective governance.

1. Importance is based on the percentage of respondents who rated the motivation to set up a new FO as 'important' or 'very important';  
 2. Perceived achievement is based on the percentage of respondents who rated the respective goal as 'achieved' or 'fully achieved'



The background is a dark, moody architectural space. It features curved, layered concrete walls that create a sense of depth and shadow. A bright, circular light source is positioned on the floor in the lower-left quadrant, casting a strong glow. The overall aesthetic is modern and minimalist.

# **Pain points of setting up an SFO in Singapore**

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# When starting a family office, plan for success on Day 2 and not on Day 1

## Sponsors lack know-how

Often, new family office sponsors lack awareness of the operational scope and complexity of setting up a family office. They are also not familiar with the legal and regulatory requirements which vary across jurisdictions. As such, new sponsors engage and rely heavily on advisors along the value chain (bankers, lawyers, tax advisors, etc.). These ecosystem participants play a key role in building and professionalizing the industry as they remain the main point of contact and source of knowledge for new family offices.

## In-house vs. outsourced functions

Family offices must balance the initial costs and benefits of hiring staff versus outsourcing certain functions to third-party providers. Recruiting staff can be challenging in the current job market, particularly with the updated regulations for employment of Singaporean tax residents in family offices. Therefore, outsourcing can be an attractive option, especially for smaller family offices.

## Scalable and secure infrastructure

Family offices often purchase software and systems without considering the full scope of their data and infrastructure needs. For example, they may opt for a low-cost solution that lacks proper security features. Another possibility is that they invest in a system that cannot scale or adjust to their evolving needs. This leads to inefficient setups with effort-intensive manual data management, proliferation of errors, and various vulnerabilities. Consequently, there is a greater risk to the family's assets and reputation.




**It's hard to find and retain the right talent. We try to outsource as much as we can to reduce our headcount and staff costs.**

Singapore-based SFO


## Top pain points related to incorporation


Based on % of responses indicating the specific pain point

**1**  **Access to knowledge – how to start an SFO**

**2**  **Recruitment of the right talent**

**3**  **Initial infrastructure setup**

 **Most new single family offices** in Singapore have ...

**Up to 250m**  **and employ**

Assets under Management (USD)      3-5 total resources excluding family members



# Challenges in day-to-day family office operations

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# Don't underestimate what it takes to run an efficient SFO

## Top challenges in day-to-day operations

Based on % of responses indicating the specific challenge

-  On-going fulfillment of **regulatory requirements**
-  **Staff management and hiring**
-  Manual **data consolidation** (banks, custodians)
-  **Data gathering** for tax and accounting reporting
-  Management of **multiple vendors** and outsourcing partners

### High effort for regulatory compliance

Ongoing compliance with regulations and reporting obligations remains a challenge for family offices, especially for smaller ones as they tend to have no dedicated compliance staff. In recent years, the Monetary Authority of Singapore has tightened Family Office related regulations (Section 13U and 13O).

### Talent acquisition and retention

As with any organization, staff turnover and the correlating knowledge drain is a challenge for family offices. In addition, rising labor cost in Singapore can make it difficult to attract and retain the right people. Family offices have to compete with larger financial institutions or other employers, which often provide attractive financial incentives.

### Better data governance

Family offices handle a significant amount of sensitive financial and personal data. Data is often stored in disparate systems in different formats. Information needs to be aggregated manually for specific purposes. Additionally, the lack of formalized data governance, policies, and procedures heightens the risk of data breaches and other security incidents.

### High coordination costs

Family offices rely on a variety of services for day-to-day operations. Usually, these are provided and maintained by different vendors and partners. Coordination and management of these relationships (including procurement, contracts, payments, etc.) consumes more time and incurs higher costs with the number of vendors and partners involved.



# Outsourcing remains the norm for majority of family offices

## Tech-savvy solutions for family offices

Most of the family offices outsource their IT. We observe an emergence of technology vendors in Singapore offering innovative managed service packages to support the administration of the family office. These packages typically include support in areas such as cybersecurity, data aggregation, and portfolio analytics.

## Outsourcing HR and tax functions

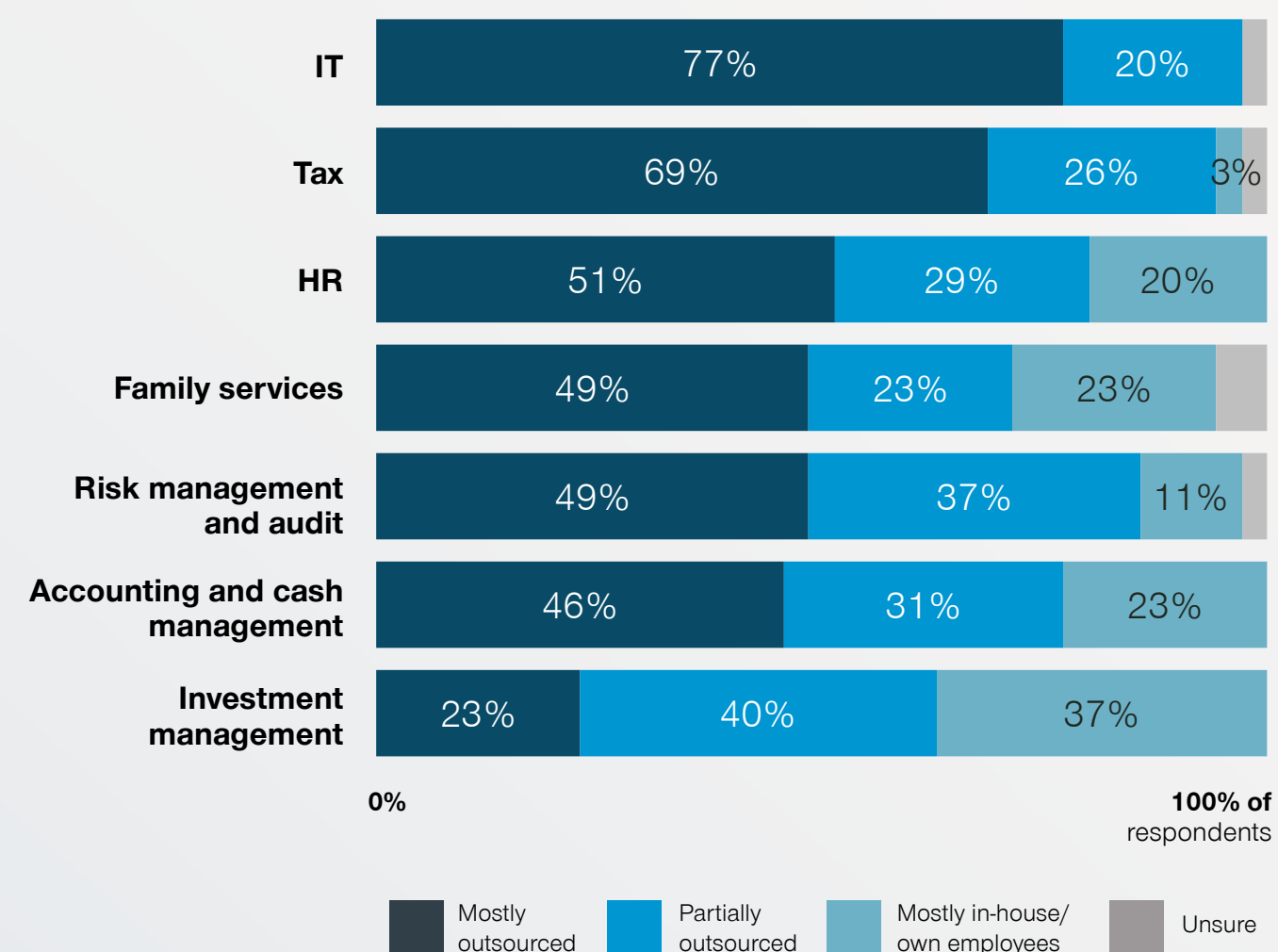
Smaller family offices especially prefer to outsource HR and tax to niche providers. Most cited reasons were seasonality of business activities and cost efficiency of outsourcing. For example, tax reporting is done periodically, and it's more practical to outsource payroll and recruitment activities annually instead of hiring dedicated HR staff.

## Internal vs. external investment management

Investment management is the least outsourced function which reflects its high priority for family offices, i.e. management and protection of the family wealth. As assets are viewed as jointly owned and managed to express the family's core values, it is not surprising that family offices exhibit a higher degree of trust in hired investment managers than third party service providers. Selecting the right individual for this role remains one of the top priorities for family offices.

## Degree of outsourcing across business functions

Based on % of responses indicating the degree of outsourcing





# Ways to better serve family offices

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# Family offices need better digitalized and interconnected solutions

## Top needs of SFOs

Based on % of responses indicating that the value driver is important

While the needs of family offices are different across segments and motivations, foundational needs remain constant.

 <p><b>Single view of all assets across entities</b> <b>94%</b></p>	<p>Family offices manage a diverse range of assets across various jurisdictions, entity structures, and family members. To facilitate better estate planning and investment decision-making, <b>family offices need a comprehensive view of the total wealth at their fingertips.</b></p>
 <p><b>Overview of total costs and fees</b> <b>93%</b></p>	<p>Family office sponsors often lack a complete overview of their running costs, including bank fees. <b>Aggregating and tracking total costs are essential</b> to allow family offices to manage their expenses and optimize operations.</p>
 <p><b>Automated data feeds to banks and custodians</b> <b>86%</b></p>	<p>Banks and custodians are often slow to provide automated data feeds, making it difficult for family offices to make timely decisions, manage risks, and capture investment opportunities. <b>Family offices value real-time data that can be quickly integrated</b> and used in their current systems.</p>
 <p><b>Secure infrastructure and IT security</b> <b>84%</b></p>	<p>Spreadsheet-driven manual processes and tasks are error-prone and can result in data leaks. Coupled with increasing cybersecurity threats, <b>family offices need digital solutions which protect their data and minimize the risk of data breaches.</b></p>
 <p><b>One service provider for all important functions</b> <b>82%</b></p>	<p>A multitude of different service providers increase the operational overhead on the family office's side. <b>A thoughtful selection of one or very few service providers avoids unnecessary costs</b> and inefficient operations.</p>



# Conclusion

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The future is bright for the family office sector in the region. Family offices recognize the prominence of Singapore as a regional wealth hub and one of the top destinations to invest and establish businesses in. We believe that there are three key takeaways for the family ecosystem from our research.



## Plan for long-term success

Family sponsors (especially new ones) need to **look beyond incorporation and initial setup**. Day-to-day operational considerations should be part of the evaluation when procuring third party solutions and systems.

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BETTER PLANNING



## The power of partnerships

Collaboration between ecosystem partners is essential to build **integrated and interconnected solutions and services** that can deliver real value to family offices.

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BETTER COLLABORATION



## The future is now, and it is digital

Technology has been a game changer for family offices. **Digitizing manual processes** and streamlining operational functions helps free up time for what really matters: **capitalizing on investment opportunities and family planning**.

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BETTER GROWTH





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Silvio Struebi heads the Simon-Kucher banking business in APAC. With 15+ years of consulting experience, Silvio has advised numerous financial institutions and wealth managers across many jurisdictions on growth strategies, value proposition design, and monetization. He also assists clients in market-specific implementation of growth strategies as well regulatory pricing topics. Prior to joining Simon-Kucher, Silvio worked for an international private bank in Zurich. Silvio is also a regular speaker at conferences, roundtable discussions, and talk shows. He has been featured in multiple publications in leading business magazines across Asia.

Simon-Kucher is a global consultancy with over 2,000 people in 30+ countries focused on unlocking better growth that drives measurable revenue and profit growth for our clients. With 37 years of experience in monetization topics of all kinds – we are regarded as the world’s leading pricing and growth specialist.



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Bryan Henning is a wealth management specialist with over 30 years of experience. He represents Eton Solutions as Senior Vice President, Head of International. Bryan is based in Singapore, where he leads sales, business development and marketing throughout Asia Pacific, Middle East and Europe, and supports all company operations in Singapore.

Eton Solutions is a software and services company founded to handle the complexities of servicing ultra-high-net-worth families. The company is based in the US, with its International HQ in Singapore. The flagship product AtlasFive® manages over US\$737 billion on its integrated platform with comprehensive investment and accounting reporting capabilities, incorporating over 270 workflow processes. With one source of truth, Eton Solutions leads family offices into the future, by maximising efficiency and minimising errors and risk, on a fully digitalised platform.





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