

The Growth of Offshore Private banking

By Nigel Gautrey, Banking Director, Duncan Lawrie, Isle of Man

Private banking has been around for over three hundred years, but as the concept becomes more fashionable amongst institutions better known for retail banking the face of private banking is rapidly changing. As part of this trend, the growth in 'offshore' private banks is increasingly notable.

Previously the preserve of the rich private banks has been focus upon high quality traditional banking services and the preservation of their clients' wealth between generations. However, growth in the global marketplace (resulting from increasing international trade and mobility, together with the opening of new markets and business opportunities) has seen a seismic shift away from 'traditional' towards new or 'entrepreneurial' wealth. With this trend has arrived a new generation of owner/proprietors, whose wealth may have derived from a number of business opportunities in different jurisdictions and who may own property or other assets in more than one country.

With the increasing international complexity of client wealth, the need to provide solutions that may transcend borders becomes more desirable. And it is in this niche market that offshore private banks find themselves well placed. With experience of domestic wealth management already in place they are ideally placed to internationalise client solutions. In addition, their natural focus upon providing a client led (as opposed to a 'product led') solution ensures that their services complement, rather than detract from, those offered by the client's own professional advisers.

The desire of some clients to "gear up" their wealth also provides the offshore private bank with the chance to offer a convenient single source of finance, negating the need for the client to maintain multiple borrowing arrangements across jurisdictions. To an extent this also sits well with the desire of the typical client (largely unchanged over the years) to maintain a constructive and interactive relationship with their private bankers – something offered with increasing rarity by their onshore retail banking cousins.

With an offshore presence in the Isle of Man (as well as offices in London, Kent and Bristol) Duncan Lawrie Private Bankers are one example of a growing breed of offshore private bank. Specialising in international and UK resident, but non-UK domiciled, clients they provide a 'best of breed' approach to finding client solutions, working closely with their clients' professional advisers. Having a presence in the Isle of Man also has its benefits. The jurisdiction enjoys the benefits of a triple A rating and of being well-regulated international finance centre, together with the familiarity of a legal system based closely on English law. This, they find, provides added comfort to many of their clients – who demand and expect financial solutions that fully comply with both UK and Isle of Man law.

Notes:

1. Duncan Lawrie Private Bankers' origins lie in British East India, where Victorian merchants and traders flourished in the latter half of the nineteenth century. The actual name Duncan Lawrie originated from two Scotsmen,

Walter Duncan and Alex Lawrie, both of whom travelled to Calcutta to make their fortunes in about 1860, managing tea estates as well as other commercial enterprises.

2. Duncan Lawrie Private Bankers are based in Belgravia, London and Wrotham Place in Kent (onshore) and in Douglas, Isle of Man (offshore). A banking office will also be opened in Bristol during 2007.
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