Asian Families More Involved in Managing Family Offices

Business families in Asia manage their family offices with a more hands-on approach. They rely more on internal resources than on outsourcing services, in comparison to their counterparts in Europe and North America. This was revealed in the Global Family Office Report 2014. The report finds that Asian family offices spent 46% of their budget on external services compared to 63% and 70% spent by family offices in North America and Europe respectively. The report found that families in Asia-Pacific had highest degree of involvement in their family offices, most specifically in strategic or planning activities. Taxation and regulatory matters were the only areas where they took services of outside specialists.

While higher degree of family involvement meant stronger family control over their family offices, the report found that it adversely impacted the efficiency of its investments. According to the report Asia-Pacific family offices earned 8% return on their investment portfolio compared to the 9% global average. Simon Foster, chief financial officer at the family office of Nigerian shipping magnate, TY Danjuma, found the results unsurprising. *"There are many chief financial officers that run successful trading companies and at the same time manage personal assets for the family members. All too often these individuals are too wrapped up in the operating business to realize that they have become a family office,"* said Foster. He opines that Asian family offices will become more transparent and professionalized as regulation improves in the region. The report also found that family offices' philanthropic outflow grew by 10% over that registered for previous year - a trend that is likely to continue in future.

Source: CampdenFB.com, December 8, 2014