

DR JUERG STEFFEN, CEO OF HENLEY & PARTNERS

Investment Migration: The New Normal

With 30 years of experience in financial services and as a former private banker, Juerg Steffen knows what effect regulation can have on the dynamics of a sector. The new CEO of Henley & Partners believes that consolidation will be inevitable, but that it will also drive sub-standard operators out of the market and help normalise the investment migration industry in the minds of international institutions and the public at large.

As the newly appointed CEO of Henley & Partners, Dr Juerg Steffen certainly has big shoes to fill, following Dr Christian H. Kälin, who was previously at the helm of the firm. Kälin, who retains his position as Group Chairman, has transformed a small firm of wealth advisers into one of the top investment migration firms in the world. Steffen has ambitious growth targets, however. He has set his sights on further developing the firm by entering new markets, including a move into Latin America, and shaping the entire investment migration industry by playing an active role in realising regulatory standards both for agents and for government programmes.

Next Stage of Growth

After more than 20 years in the private banking sector, Steffen joined Henley & Partners to set up its Singapore office in 2013 and quickly made his presence felt in the investment migration world. "At that time, we were the first firm to look at Southeast Asia, which then became one of our most important markets," says Steffen. Once he had established the office in Singapore, offices in Malaysia, Vietnam, Thailand and the Philippines followed. In 2016, he moved back to Vienna to take on the role of COO before eventually becoming CEO at the beginning of 2019.

Steffen is taking the lead at Henley & Partners at an exciting time in the industry's development. "Investment migration is entering a new phase, emerging from its niche and some-

times misconstrued position and establishing its place in the mainstream.” Investment migration as a whole has experienced extraordinary development over the past 10 years. Henley & Partners estimates that today there are over 60 active programmes around the world, with about 30 of those being relevant and successful. “This remarkable forward momentum gives no indication of slowing down. Indeed, investment migration programmes are growing in popularity both for investors and for states looking to strengthen and diversify their economies and create new opportunities for their people,” Steffen says.

The figures speak for themselves. Investment migration is widely credited with having brought approximately €25 billion in foreign direct investment into EU countries alone since 2010, and “residence- and citizenship-by-investment programmes have been fundamental to several of these countries’ economic recoveries following both the global financial crisis and the European sovereign debt crisis,” Steffen mentions.

He has no doubt that more countries will launch investment migration programmes, and that the industry will gain even wider acceptance. “When the first programmes were launched in the Caribbean, there was strong opposition. However, over the years, people have come to recognise the benefits of the programmes, and their existence has become the new normal. I believe the same will happen in Europe, and that we are likely to see the introduction of many more European programmes in the coming years.”

Resetting a Reputation

Although it occupies an increasingly established place in the mainstream, investment migration continues to be somewhat misunderstood in some circles, as the sector’s increased visibility has attracted a higher level of scrutiny by the media, policy-makers and the wider public. “This heightened focus, and a number of recently published reports drawing attention to investment migration in general, has in some cases resulted in an unwarranted negative perception of the industry,” Steffen says. As an industry leader, Henley & Partners is playing an active role in addressing this “largely unfounded perception”.

Steffen explains that over the past 20 years, Henley & Partners has invested significant time and capital in creating a corporate structure that is wedded to best practice governance and the highest levels of due diligence, even before passing a client over for the consideration of a sovereign state. “We have always advocated making these strict standards of security and due diligence compulsory in order to further improve business practices in investment migration,” Steffen clarifies. He notes that despite Henley & Partners’ numerous calls for constructive dialogue with all stakeholders, limited communication, particularly with institutions such as the European Commission, is one of the reasons the

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industry has historically been misunderstood. As Steffen observes however, the situation is changing, as communication with all relevant stakeholders improves.

Regulation and Consolidation

In addition to setting up its own due diligence procedures and processes, Henley & Partners has repeatedly called for regulation of the sector and will continue to do so. Steffen reiterates that “the time has come to implement a regulatory framework that will ensure that only those committed to the highest standards of governance and due diligence can operate within the industry”. He is convinced that this will drive many sub-standard operators out of business and fuel the consolidation of the industry.

“I am pretty sure the investment migration industry will follow the asset management sector in this aspect. When I started in private banking at the age of 19, there were many small operators in the industry, staffed by just two or three people. However, as regulations were progressively implemented, it became almost impossible to run a small-scale operation. Today, any asset management operation needs at least 10 to 20 people to ensure proper compliance,” Steffen explains.



BIO

Dr Juerg Steffen is the Chief Executive Officer of Henley & Partners. Juerg has over 30 years’ experience in the financial services industry and is widely regarded as a leader of the investment migration industry.

After joining Henley & Partners in 2013 to set up the firm’s Singapore office, Juerg went on to establish Henley & Partners as a key player in what has become one of the industry’s key regions. Later appointed Chief Operating Officer of the group, Juerg has played a pivotal role in growing the firm and, indeed, the investment migration industry at large, improving Henley & Partners’ operational standing and developing key structures and processes that enable the firm to keep the industry-leading position it enjoys today.

Before joining Henley & Partners, Juerg was a personal advisor in the family office of one of Europe’s wealthiest families. Prior roles include serving as a member of the management board and head of the Wealth Planning department of a leading private bank in Austria. Juerg has also been a Director in the Cross-Border Wealth Planning department of UBS in Zürich, where he advised high-net-worth individuals and key clients in complex matters regarding financial, tax, succession, and residence and citizenship planning. He has also established and developed a private bank operation for one of the leading banks in Switzerland and is the editor of the definitive books on HNW relocation to Austria and Switzerland.

Open to Opportunity

While Henley & Partners is looking for takeover targets, the firm is not yet acting as an active consolidator. Steffen mentions that Henley & Partners established an M&A department two years ago, hoping that further growth could be achieved by finding firms that it could cooperate or merge with. However, only a handful of firms were identified that were of interest to Henley & Partners, and the owners of those firms did not want to sell. “For the time being, we realised that it is better for us to open new offices to get into new markets. We are obviously still looking around,” Steffen says.

Henley & Partners has enjoyed years of constant growth, and today has offices in some 30 countries around the globe. “Because our clients wish to have a point of contact once they arrive in a new country, we have offices in all countries whose programmes we promote,” Steffen says.

In terms of future expansion, Steffen notes that Africa is an interesting growth market. Henley & Partners already has two thriving offices in South Africa, and the firm is in the advanced stages of opening fully fledged offices in two additional key markets on the continent. Steffen’s other big plans relate to Latin America. “This is the only region where we are not yet active. We are definitely planning to change that in the coming years,” he says.

Advancing the Global Discourse

As the CEO of one of the leading firms in the sector, Steffen is also keen to shape the discourse on issues of global importance and to continue to play a role in contributing to a more interconnected and more tolerant world. “We have a shared global responsibility to address the imbalances created by deepening globalisation. It is increasingly clear that we must find innovative ways of approaching sovereign funding and public finance. For countries trapped in a pattern of negative debt, the near impossibility of breaking the cycle via traditional methods means that the problem is sometimes met with defeat or resignation,” he explains. Steffen observes that the investment migration model is a highly effective and revolutionary means of addressing this pervasive issue.

Steffen argues that the industry has an unmatched capacity to expand a state’s ‘sovereign equity’ by enlarging the number of citizens who actively contribute to its future well-being and insulate it from the ramifications of external debt restructuring. “From the Caribbean to Malta, there is mounting evidence that sovereign equity, made possible through investment migration, is a ground-breaking approach to ensuring ongoing economic growth and prosperity, and a long-term positive solution to the persistently destructive problems caused by bad debt cycles and limited inbound investment,” he says.

It is a solution, Steffen says, that injects new liquidity into an economy, creates sustainable income streams that can support public finan-



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cial needs, attracts much-needed foreign direct investment, and provides greater national autonomy and prosperity for all citizens. According to Steffen, investment migration has the potential to transform the way sovereign states and the wider geopolitical and financial communities conceptualise sovereign funding, foreign direct investment, and public finance. “We look forward to supporting countries around the world as they adopt this innovative sovereign funding model,” he says.

Towards the Future

Steffen points out that the recent launches of citizenship-by-investment programmes in Montenegro and Moldova are the latest in a string of examples illustrating that sovereign states around the world increasingly view these programmes as a sustainable and vital form of foreign direct investment, one that results in greater long-term prosperity for countries and their people. “I have no doubt that more countries will soon follow suit, and that the investment migration industry’s performance will continue to exceed all expectations in the year ahead,” Steffen says.

He is certain that the industry will continue to change, evolve, and transform itself to meet the needs and demands of global investors and sovereign states and their people. “Investment migration is a multi-billion-dollar industry that drives significant liquidity streams and creates real societal value. We believe that its continuing growth will drive the industry towards regulation, and that this should be welcomed. Persistent growth will also result in an increasing number of states around the world experiencing the significant benefits that are derived from hosting prudently managed citizenship- or residence-by-investment programmes that drive investment without adding to the burden of debt.” ■