

HKTA MEMBERS' FORUM

8 DECEMBER 2016

HKTA/KPMG Hong Kong Trust Industry Survey 2016 **– Preliminary Results & Findings**

Background

Following the release of the Inaugural Report on the Hong Kong Trust Industry jointly produced by HKTA and KPMG in June 2013. We are pleased to be collaborating with KPMG again to produce the 2016 Report on the Hong Kong Trust Industry. The Report will offer insights and challenges to the trust industry where it is today, how it might look in the near future as well as ways to drive the industry forward.

Preliminary Results & Findings

1. A total of 48 respondents:
 - 54% from independent trust companies
 - 35% from bank, insurance companies or their subsidiaries
 - 11% others

2. Only 13% of the respondents consider charities a significant customer segment

3. 70% of respondents have more than half of their customers reside in or based in Hong Kong

4. 84% of respondents regard Hong Kong as a very significant place for trust domiciliation; other significant places include:
 - BVI (33% of respondents regard it as significant)
 - Singapore (24% of respondents regard it as significant)
 - Cayman Islands (18% of respondents regard it as significant)

Interestingly, 52% of respondents think that Singapore is the biggest competitor to Hong Kong trust industry, followed by BVI (14%), Cayman Islands (8%) and Jersey (8%)

5. Top reasons for managing trusts using jurisdictions outside Hong Kong are:
 - Trust support / developed legal system for trusts
 - Customer demand preference

6. Trend in the proportion of asset value held by trusts domiciled in Hong Kong as compared to offshore trusts in the past 3 years:

a. Increasing	57%
b. Relatively static	36%
c. Decreasing	7%

7. 95% of respondents' organizations had increased time / effort spent on compliance and regulatory matters in the past 12 months; of which 73% had increased time / effort by more than 15%
8. AML, KYC and AEOI / CRS are the top issues faced by the respondents
9. While 93% of respondents consider the Hong Kong Trustee Ordinance has some to significant impact in shaping the Hong Kong trust industry, 39% consider the amendments in 2013 have made little to no contributions to the growth of business in the past a couple of years

10. 87% of the respondents believe that the government should do more to encourage the growth of trust industry in Hong Kong. The most effective actions to grow the trust industry in Hong Kong:
- Regulation of trust companies (30%)
 - Government support, training and incentive programs (19%)
 - Tax law amendments (16%)
 - Relaxation of investment requirements set by regulators (16%)
 - Others (19%)