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SETTING UP A FAMILY OFFICE: NAVIGATING COMPLEXITIES AND UNLOCKING OPPORTUNITIES





This week, Hubbis hosted a thought-leadership discussion over lunch at the prestigious China Club in Hong Kong. Exclusively supported by Eton Solutions, the event gathered senior contacts from Single and Multi-Family Offices, professional services firms, and advisers. Led by Bryan Henning, SVP, Head of International at Eton Solutions, the discussion centred on the critical topic of setting up a family office. Key issues explored included the importance of establishing a family office, the challenges of navigating complex tax and legal structures, governance, and the growing role of AI in optimizing operations. The conversation also delved into regional differences in client expectations, highlighting the distinct challenges faced by family offices in adapting to today's rapidly changing wealth management landscape.



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Why Set Up a Family Office?

The primary motivation behind setting up a family office is to centralize and professionalize the management of wealth, which often spans multiple assets and regions. Family offices offer bespoke solutions that cater to the unique financial and personal needs of wealthy families, from investment management to estate planning, philanthropy, and governance. The lunch discussion underscored that families increasingly seek control over how their wealth is managed, ensuring that their legacy is preserved while navigating intricate tax regimes, compliance requirements, and investment strategies.

Eton Solutions' Bryan Henning opened the conversation by explaining that a well-structured family office serves not only as an investment hub but as an essential platform for wealth governance. This means overseeing everything from financial reporting and tax compliance to legal structures and generational transitions. For many UHNW families, especially those with cross-border investments, the family office becomes the engine that powers sustainable wealth management across generations.

Regional Differences in Family Office Needs

The conversation took a regional turn, with participants discussing the varying expectations and challenges faced by family offices in different parts of Asia. Families from mainland China, for instance, are more focused on ensuring the control of their assets remains within the family,

- » As family wealth continues to grow in Asia, the question of how to efficiently manage and preserve it for future generations becomes ever more pressing. Family offices are increasingly seen as the solution, offering tailored management of private wealth across various assets, structures, and jurisdictions. The discussion aimed to unpack the complexities of establishing family offices and explore how technological advances, particularly AI, are transforming their operations.

Challenges of Managing Family Offices

However, establishing and managing a family office is not without its hurdles. Participants at the lunch delved into several common challenges that can derail family office operations, especially in the context of growing wealth and increasingly complex financial landscapes.

- » **Taxation and Regulatory Complexity:** Tax efficiency is a cornerstone of family office management, but the global tax environment is becoming more convoluted. Henning emphasized the importance of navigating different jurisdictions' tax requirements, particularly in Asia, where tax laws are evolving rapidly. For example the group discussed, in India, the introduction of GIFT City which now offers a more favourable tax regime for family offices, while in Hong Kong, the Special Administrative Region's complex tax landscape demands constant attention to stay compliant.
- » **Governance and Succession Planning:** Maintaining clear governance structures within family offices is vital, particularly as wealth transitions from one generation to the next. Discussions at the event highlighted how legal structures, such as trusts, must be carefully crafted to ensure both control and flexibility. Participants noted that trustee responsibilities must be clearly delineated, and the choice of a professional trustee is essential for effective wealth management.
- » **Operationalizing Legal Advice:** A recurring theme was the challenge families face in translating complex legal advice into actionable strategies. While legal teams can advise on trust structures and tax issues, the family office must operationalize these recommendations in a way that aligns with the family's broader goals and day-to-day activities.

often opting for complex trust structures to achieve this. In contrast, families in Singapore and Hong Kong place greater emphasis on transparency and technological adoption, driven by younger generations that are more inclined to use digital platforms for investment management.

In India, the relatively recent establishment of GIFT City offers an emerging opportunity for family offices seeking tax benefits. The discussion highlighted that while GIFT City provides an attractive proposition for wealth management, the understanding of how to effectively use these structures is still developing, and families need more education on the potential advantages.

The Future Role of AI in Family Offices

One of the most forward-looking aspects of the discussion revolved around the future role of AI in family offices. Henning and other participants speculated that AI will continue to evolve, moving beyond automating basic tasks to providing deeper insights into investment strategies and risk management. AI could potentially predict market trends or recommend portfolio adjustments based on real-time data, further enhancing the value that family offices deliver.

Into the Future

The thought-leadership discussion at the China Club made it clear that while family offices offer an unparalleled level of control and personalization, they also face significant challenges, particularly in governance, legal compliance, and adapting to technological advancements. As platforms like Eton Solutions continue to evolve,

there is hope that technology will alleviate some of these burdens, enabling family offices to operate more efficiently and securely.

In the end, setting up a family office is not a one-size-fits-all solution. Each family's unique wealth management needs,

regional considerations, and generational expectations must be carefully navigated. As AI and automation become more integrated into family office operations, the industry will likely see an even greater shift toward centralized, transparent, and efficient wealth management.. ■

Technology as a Solution to Family Office Complexities

Eton Solutions, with its platform AtlasFive®, was showcased as a key player in simplifying the operational burdens that many family offices face. Henning explained how the platform was originally developed as an internal tool for a multifamily office before being spun off into a standalone solution that integrates investment reporting, accounting, and tax management.

» **Centralizing Data for Greater Transparency:** One of the biggest pain points for family offices is aggregating data from multiple sources and reporting it in a cohesive way. AtlasFive® addresses this by centralizing all financial data in one platform, offering transparency to stakeholders, from principals to CFOs. This is particularly important as family offices juggle investments across different asset classes and regions, often working with various external advisers.

» **AI and Automation:** The discussion also focused on the transformative role of AI in family office operations. As Henning pointed out, AI has the potential to streamline data extraction, automate routine tasks, and enhance reporting capabilities. In the context of family offices, AI can create operational efficiencies, such as automating the preparation of investment reports or generating organizational charts. Additionally, AI can be used for investment analysis and even charitable donation summaries, giving family offices more time to focus on strategic decision-making.

» **Security and Compliance:** With the growing use of cloud-hosted platforms, security was a major topic of discussion. Eton Solutions' platform, hosted on Microsoft Azure, emphasizes stringent data security protocols to ensure compliance with global cybersecurity standards. As family offices handle vast amounts of sensitive information, ensuring the privacy and protection of data is paramount.