

Vistra 2020 Shines Spotlight on Threats to Globalisation and Privacy in the Trust and Corporate Services Industry

17 May 2017 — The aftershocks of a series of major world events, including Brexit and the US election result, are threatening the notion of globalisation, unsettling the trust and corporate services sector, a new report from Vistra has found.

Titled 'Vistra 2020: The Uncertainty Principal', the report has highlighted the collective impact of major events involving global geopolitics, technology and regulation. Now in its seventh year, the annual report invited respondents from a wide range of industry segments to share their experiences and views to shine a light on the current state of the industry and its future.

The Vistra 2020 survey had almost 600 respondents, close to double the number of participants from previous years, and from a wider geographical span. Globalisation, privacy and technology, and the uncertainty surrounding these factors, attracted significant attention in the Vistra 2020 report as a result of the major geopolitical, geostrategic and economic shifts the world has recently undergone.

Commenting on the key findings in the Vistra 2020 report, Jonathon Clifton, Group Managing Director of the Company Formation division of Vistra, said: "Significant shifts surrounding the industry have been witnessed globally, causing a feeling of consistency to give way to uncertainty. Globalisation has felt the effects of this considerably and is slightly under threat according to over 70% of respondents."

"Large-scale globalisation dates back to the late 19th century and has underpinned economic growth across the globe since this time. For globalisation to now be under threat inevitably unsettles the trust and corporate services industry, an industry that hinges on cross-border transactions and international supply chains, as well as free trade and investment."

The anti-globalisation sentiment has strengthened with time; the US election, Brexit and the popularity of political figures in Europe such as Geert Wilders and Marine Le Pen are all indicators of a retreat to more closed economies. The anti-globalisation sentiment not only threatens the industry, but could also lead to more regulations hindering cross-border flows.

Clifton added: "The requirement for increased regulation and transparency is sweeping across the industry. Dozens of countries will soon have to follow the Common Reporting Standard with several other regulatory changes already putting downward pressure on the industry. As new regulation is introduced with the intent to create complete transparency in the industry, we all experience an erosion of privacy. This brings into question whether privacy and transparency can co-exist, or must we forgo one to have the other in full force."

While the days when the industry could protect and assure client privacy are long gone, the report observed that privacy is still considered a leading business driver. Despite this, a systematic erosion of privacy in pursuit of tax gains is evolving across jurisdictions globally, and those who have managed to maintain a higher degree of privacy often garner suspicion.

As the regulatory environment becomes more complex, the industry has continued to become increasingly dependent on technology, the Vistra 2020 report found. Speaking on the effects of technology on the industry, Clifton said: "Technology is the dominant driver across all sectors. We experience the benefits of using it to assist with everything from business opportunities to regulation, allowing automatic exchanges of data. However, it is also technology that is now putting privacy at most risk. Close to 60% of respondents think that by 2020 technology will disrupt the industry with innovation that will lower costs and fundamentally change business models."

"The future is looking to be dominated by FinTech, Big Data and robotics. As innovation in automated technology begins to edge its way into the industry, privacy will continue to fade. More people seem to believe that privacy will be further eroded but are less perturbed by its potential impact. Perhaps they see revenue potential in embracing the inevitable and turning it to their advantage as a business driver."

Clifton said: "The industry has entered a new era, virtually unrecognisable from previous periods. Obstacles are presenting themselves, forcing us to look carefully at the advantages of transparency versus privacy whilst also questioning the uncertainty surrounding the future of globalisation. However, there are many other factors that will continue to contribute to the future of the industry, but whatever trends develop; we at Vistra will continue to conduct this research to stay abreast of the market."

To read the full Vistra 2020 Report, please visit:

www.vistra.com/sites/default/files/vistra2020_whitepaper_eng.pdf

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