

Guernsey and Saudi Arabia: Managing changing families together

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Guernsey has looked after the family offices of several of Jeddah's merchant families for many years now with relationships spanning multiple generations.

Good service, trust and word of mouth is at the heart of these relationships and, with the great wealth transfer now well underway, Guernsey continues to evolve and stay relevant for its next generation of clients through its investment in technology, its focus on sustainability and the constant evolution of the products, services and advisors on the island.

Thanks to the simplification of the Kingdom's visitor visa process, we have also been able to access entirely new clients who have had little or no contact with international financial centres before. The thirst for knowledge and information is palpable with over-subscription to educational events that Guernsey has sponsored or contributed to in the Kingdom in the last couple of years.

As the Saudi economy grows and diversifies, many of the Jeddah-based families have stepped forward to support inward investment partners in doing business in the region. They have also made huge philanthropic investments in the Kingdom to support growth in the third sector and to redress some of the balance between the haves and the have nots.

With the modernisation of Guernsey's Charities law in 2022, the island has been ideally placed to partner with families in implementing their philanthropic objectives robustly either through foundations, trusts or corporate vehicles.

As well as philanthropic structures, Jeddah clients also require support from international finance centres like Guernsey in preserving and passing on wealth. This can be structuring at its very simplest in an offshore trust and letter of wishes but also range through to something much more sophisticated with multiple trusts per asset class or family branch.

The island has been setting up these structures for decades and continues to do so – a key trend in recent years being the enfranchising of further generations – bringing them into the structuring at the design phase to future proof the structure from litigation.

As part of this, we have seen a resurgence in the popularity of Family Charters and Family Constitutions – elements of which are now binding under the laws of the Kingdom – and which set out the holistic big picture for the family including such things as a statement of faith, a statement of values, policies to guard against nepotism and governance measures to ensure fair treatment.

Interestingly, families have moved away from attempts to keep the family in business across multiple generations; Family Charters and Family Constitutions are now much more realistic about the entrepreneurial spirit of the next generation who return to the Kingdom from university with their own networks, their own drive and their own skills.

Gone are the days of one man excelling in one field and being the sole wealth generator – now we have families filled with talent who are keen to stay together on some aspects of life but also require freedom to pursue their own entrepreneurial projects.

Another key trend is the manner in which Shariah law is dealt with in these structures. Families from the region – particularly recently – want flexibility within the structures meaning that Shariah may come up in the investment policy or in a broad sense in a letter of wishes

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but will rarely be hard-wired into a structure's constitutional documents. Having to have drafting blessed by a scholar is rare and the direction of travel towards flexibility seems set to continue.

Guernsey's relationship with the Kingdom continues to go from strength to strength and we are on the cusp of some fantastic innovations and changes together which is hugely exciting and rewarding for the professional community in their work to help manage these changing families.

This article by Angela Calnan was first published on 12 December 2024 in [eprivateclient](#) in association with [Guernsey Finance](#). [Click here](#).

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