

## Snowden Lane Perspectives: Why Advisors with International Clients are Departing Wirehouses for Independent Boutiques

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With growth of the world's wealthiest individuals exceeding that of wealthy persons in the U.S. by 2020, many in the advisory community understand the opportunity in serving non-resident clients (NRCs). Despite this, some of the industry's largest players seem to be walking away from international business for reasons that include lack of business scalability, and the costs of complying with restrictive regulations. While this may make sense to big banks, it does little to appease sophisticated advisors who have, over years, developed a unique niche among NRCs. As wirehouses close up their international shops, advisors are seeking new opportunities with boutiques.

The "retrenchment phenomena" is converging nicely with another trend that's been at work for some time: that of advisors breaking away to the independent world. Today, advisors to NRCs have even more reasons to move to independence:

- **Size:** The best wealth advisory boutiques run with greater speed and agility, and with more efficient cost structures. Wirehouses are rarely described in those words. Boutique advisors can better collaborate with clients' other professional advisors (e.g., lawyers, accountants) and act without layered bureaucracy. Boutiques don't have teams of advisors competing for clients in a given market. Small size can also benefit internal controls in areas like anti-money laundering, foreign corrupt practices, and improper sales practices, as senior level oversight at boutiques is closer to the business. With fewer advisors, and experienced leadership, independent firms can actually be a more risk-averse home for advisors serving NRCs.
- **Tech:** Thanks to ever-expanding technology offerings, being a boutique is no longer a barrier to doing business. Small firms have access to robust, state-of-the-art platforms that have multi-currency capabilities, access to international borrowing and lending, FX solutions, and complex international trust and estate planning capabilities.
- **Accountable Ownership:** Since leadership and advisors at most boutiques have ownership in the business, boutiques tend to operate with greater focus. Wealth advisory is their only business and as such, decisions, such as whether to enter new markets, are weighed carefully. Boutique advisors can make forward looking decisions that benefit their clients without worrying about their business being arbitrarily shut down because it doesn't meet the scale threshold of a large institution.
- **Clients First:** Wealth advisors in boutiques can also focus on what they do best: providing superior advice and solutions to their clients' unique financial needs. Their clients are not subject to cross selling of banking and proprietary products or conflicts with other business units.
- **Experienced Leadership:** Experience is perhaps the most important enabling attribute of successful boutiques, and one that can't be easily replicated. Boutiques typically only hire select experienced advisors, and senior leadership can evaluate issues and make decisions far more quickly than at large firms. Such decisions also tend to be more informed because leaders are closer to the business.

Since writing, "The World Is Flat," author Thomas Friedman said "flat" doesn't mean "equal." He meant there are more people with more power, and by that measure, more people with more wealth. Smart advisors serving NRCs understand the better way to service that wealth is to think "smaller."

### Article Written By

#### Rob Mooney

*Managing Partner, Co-Founder & CEO*

Rob spent 22 years at Merrill Lynch, in New York, Singapore, Hong Kong, and London. He was General Counsel and Chief Business Risk Officer of Global Wealth Management (GWM) and a member of the GWM Executive and Operating Committees. He previously held senior executive positions in International Private

Client and the Asia Pacific Region. Rob started at Merrill Lynch in London (Europe, Middle East and Africa Region) and before that worked at the U.S. Securities and Exchange Commission. He has a BA from Franklin and Marshall College and a JD from George Washington University. He is a Board member of Centurion Ministries, the oldest organization in the U.S. dedicated to freeing the wrongly convicted, a former Chairman of the Board of the American Red Cross of Central New Jersey and a founding Board member of the Christina Seix Academy, a residential school for underprivileged inner city children. Rob and his wife reside in Princeton, NJ and have four children.

#### About Snowden Lane Partners

Snowden Lane is a client-focused, financial advisor-owned, and national branded independent wealth advisory firm. Through its open-architecture platform, Snowden Lane delivers wealth advisory services to high net worth individuals, families and foundations. For more information about Snowden Lane, please visit [www.snowdenlane.com](http://www.snowdenlane.com).

#### Questions or Comments?

*Please direct them to:*

Snowden Perspectives  
540 Madison Avenue, 9<sup>th</sup> Floor  
New York, NY 10022  
[www.snowdenlane.com](http://www.snowdenlane.com)

Chanell Lewis  
[Clewis@snowdenlane.com](mailto:Clewis@snowdenlane.com)