

Opinion Article

Women breaking down barriers professionally but remains conservative in managing personal wealth

Michelle Lau, Regional Head of Wealth Planning, Asia, Private Wealth Solutions, HSBC Private Bank

Female entrepreneurs are rewriting the rules of the business world and breaking down gender barriers along the way. Nowhere is this more acute than in Singapore.

The HSBC Essence of Enterprise research, involving a survey of more than 2800 business globally including those in Singapore, found 35% of the owners were female. However, when we narrow the research findings to those under 35s, nearly half (47%) of all millennial entrepreneurs were female, compared to 26% of over-55s.

Gender equality is an economic imperative, and in Singapore, the gender gap is closing.

In Singapore, a sizeable 36% of entrepreneurs surveyed were female, with 40% of them still under the age of 35. Given that majority of these women entrepreneurs are still in their prime and likely to continue focusing on growing their business, the gender gap is expected to narrow further.

The survey also found a greater proportion of women are higher up on the wealth scale in Singapore and Asia than elsewhere.

According to the research, 50% of the Singapore respondents with a net worth of over US\$15 million were female, compared to just 33% in the West.

What this shows is that when Singapore women find the right business, they really make it successful which, in turn, translates into larger personal wealth.

Today, Asian women in general have become more empowered and independent.

While business acumen, self-belief and drive are key ingredients to commercial success, the wider environment has been improved through more progressive government policies, industry support and collaboration networks.

Female entrepreneurs are also receiving more recognition for their success and the role they play in driving Singapore's economic activity.

PUBLIC

Issued by The Hongkong and Shanghai Banking Corporation Limited

While ascending the business and wealth ladder has many trappings, it also comes with its fair share of traps and successful women entrepreneurs are finding they are no less immune to these snares.

Recent cases of high profile legal battles involving successful women entrepreneurs in Asia highlight how businesswomen's wealth are just as vulnerable to unforeseen circumstances like divorce and illness as their male entrepreneurial peers.

The importance of having the right wealth planning structures in place is pertinent to neutralising some of the common threats that women entrepreneurs will encounter given their wealth. By starting the conversation early, one can avoid public legal disputes that may have a detrimental impact on both professional reputation and business performance, which eventually will lead to possible erosion of wealth.

Much closer to home, Singaporeans were captivated by a high-profile legal suit in 2014 concerning a wealthy widow suffering from dementia, and a former tour guide she had met and granted a lasting power-of-attorney in favour of. The effect of this arrangement was to grant authority to the tour guide to make decisions about the widow's property and financial matters in the event of her mental incapacity. While the lasting power-of-attorney was in place, a will was executed by the widow in which the tour guide was made the sole beneficiary and a substantial sum of money was "gifted" to the tour guide by the widow. Given the widow's medical condition, her family members challenged the validity of the will and gifts granted by the widow.

The case illustrates the importance of getting the necessary legal documents or plans such as a Will, Lasting Power of Attorney, Medical Directives or a Trust, in place while one is still healthy and of sound mind. These have to be planned and executed in advance for unexpected situations. By starting early, you can avoid costly and lengthy legal suits that may arise as a result of differences between family members or beneficiaries. It would also ensure that dependents, be it young children or elderly parents or those in your care, are looked after.

While it is universally acknowledged that wealth and business planning should be managed in lock-step, sadly it is often more honoured in the breach than the observance.

As more women entrepreneurs increasingly swell the ranks of Singapore's business community, let us hope that many are leaders in charting their wealth strategy.

Early planning would reduce risk exposures that may dilute women entrepreneurs' personal assets, but more importantly, prevent unpleasant legal disputes between family members or business partners.