



**FOR IMMEDIATE RELEASE**

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**MANY HIGH NET WORTH INDIVIDUALS CLAIM THEY LACK THE TOOLS AND RESOURCES  
TO EFFECTIVELY MANAGE THEIR WEALTH**

*The Merrill Lynch / Capgemini World Wealth Report 2005 defines new model for financial institutions to capitalize on growing needs of the emerging segment of Mid-Tier Millionaires*

**NEW YORK, NY (June 13, 2005)** – According to the World Wealth Report 2005, a significant part of high net worth individuals (HNWIs) are increasingly concerned with the management of their wealth and want a simpler, more coordinated process to protect and grow their assets. This group, called the “Mid-Tier Millionaires” (MTMs), has between \$US 5-30 million in investable assets and feels increasingly overwhelmed with “managing their wealth managers.” This year, approximately 9% of the world’s HNWIs fit the MTM profile and they are continuing to grow in number. While the total HNWI population grew at 7.3% from 2003 to 2004, the number of MTMs grew 7.9%. These individuals tended to be corporate executives or small- and mid-sized business owners, who are usually the first in their respective families to have become wealthy. Generally, earned income represents the largest portion of their financial assets.

“These MTM’s are adversely affected due to the fact they are a “tweener” wealth band. “The majority of HNWIs have between US\$1 million – US\$5 million, and while their financial lives are by no means simple, they have not achieved the level of wealth that triggers a geometric increase in the complexity of managing their assets and liabilities,” stated Petrina Dolby from Capgemini’s Wealth Management Practice. Ms. Dolby continued, “at the other end of the spectrum, the ultra-high-net-worth set, has access to and can afford the cost of running a family or private office to which they can comfortably delegate nearly all of their wealth management activities.”

While MTMs need products and services that often are as complex as those of much wealthier individuals, they lack the financial resources needed to access a family office, and, as a result, MTMs often turn to a fragmented group of specialist advisors instead of a single source, which presents significant challenges in managing their wealth.

Financial services firms that work towards connecting these fragmented advisor groups to the MTMs will have a competitive advantage. “One of the keys,” says Capgemini’s Donie Lochan, Vice President of Capgemini’s Wealth Management Practice “is the adoption of a Virtual Service Network (VSN) model which enables this segment to be served more cost efficiently and effectively by combining the benefits of an online advisory environment with standardized processes, allowing geographically disbursed service providers to connect and collaborate to serve a MTMs’ interests.”

According the Merrill Lynch / Capgemini World Wealth Report 2005, in order for financial institutions to adopt the VSN model, companies need to invest in three key technologies:

- 1. Account data aggregation**
- 2. Secure online collaboration**
- 3. Workflow-based wealth management**

“A VSN like model can allow for financial service firms to cost effectively offer family office type services to the MTM,,” says Mr. Lochan. He adds: “While some firms such as Merrill Lynch are investing in the kind of flexible, online technology that is required, there is still a way to go to tie all the components together. This aggregation will be crucial in the long term for financial institutions to meet the growing client demands and the competitive pressures.”

Investing in VSN like technology can offer clear benefits. For the MTM, the ability to push the responsibility of managing their wealth on their advisor and provides transparency around the process. For the financial services company, the right technology tools to position themselves as the primary financial advisor while being able to service a larger amount of clients due to streamlined processes and increased efficiencies.

“Through our highly qualified teams of Private Wealth Advisors, we are uniquely focused on becoming the primary advisor to our ultra-high net worth clients. Innovative uses of technology will continue to be critical to winning market share,” said James Hays, Managing Director of Merrill Lynch’s Private Banking and Investment Group.

“The VSN requires a paradigm shift in the financial services model and the challenge of collaboration between external parties is not to be underestimated”, says Donie Lochan. “No longer would firms be simply looking at share of wallet, but also how best to *share* the wallet.”

A complete copy of the 2005 World Wealth Report is available online at [www.capgemini.com/worldwealthreport](http://www.capgemini.com/worldwealthreport) or at [www.ml.com](http://www.ml.com).

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