

WORLD WEALTH REPORT 2020

The wealth management industry is in uncharted waters.

How should firms navigate?

Global HNWI population and wealth growth **↑ 9%**

North America topped traditional leader Asia-Pacific

Regional monetary policy accommodation and tech sector performance optimism drove **growth**

United States
Japan
Germany
China

more than 67% of global HNWI¹ population growth

North America HNWI Population and Wealth Growth **↑ 11%**

Europe HNWI Population and Wealth Growth **↑ 9%**

Asia-Pacific HNWI Population and Wealth Growth **↑ 8%**

Robust equity markets and financial stimulus drove **equity** to become the top asset class

30%

Equity allocation

25%

Cash/cash equivalents allocation

17%

Fixed income allocation

Global pandemic brings unpredictability in 2020

And further accelerates



Rising demand for sustainable investing

Environmental, social and governance (ESG) fund investing is on the rise

49% of younger ultra-HNWIs² are interested in sustainable investing

55% of HNWI's consider environmental risks and climate change as key focus areas



Higher client expectations with advisory fees

33% of HNWI's are uncomfortable with their fees

A top reason for HNWI's considering a switch to a new firm in 2019 was high fees

HNWI's are looking for investment performance and service-based fees over asset-based fees

To meet HNWI needs, firms can



Plan investment strategies for life events such as

- Wealth transfer from older to younger generations
- Young investors entering HNWI segment through wealth creation



Leverage technologies such as AI, ML and analytics to provide hyper-personalized offerings

- Portfolios with tailored advice
- Accurate risk profiles
- Customized and interactive client reporting

To stay strong in uncertain times, firms need to optimize their operating models to focus on critical touchpoints in the client journey

Opportunities exist for firms to improve personalized information/services touchpoints where HNWI's report lowest customer experience...

...and HNWI's have high hopes of BigTech³

BigTech	Who would do a better job?	Wealth management firm
29%	Receiving value-added services	11%
29%	Receiving educational market information	11%
29%	Personalized updates about new products/services	12%

Nearly 90% of HNWI's younger than 40 are willing to adopt BigTech offerings

Firms should focus on 3 client journey stages that are most vulnerable to BigTech



Client acquisition



Client advisory



Value-added services

Technologies such as AI, data analytics and open APIs can be enablers

A strategy based on the right mix of build, buy and partner approaches within an Open X⁴ ecosystem can help wealth management firms boost competitive advantage in uncertain times

Footnotes

1. High Net Worth Individuals (HNWI's) have investable assets of USD1 million or more, excluding primary residence, collectibles, consumables, and consumer durables
2. Ultra-HNWIs are those with USD30 million or more
3. BigTechs are technology giants that dominate their respective sectors such as Amazon, Ant Financial, Apple, Facebook, Google, and Tencent
4. Open X represents an enhanced approach to open banking characterized by a seamless eXchange of data and resources to eXpedite product innovation for excellent customer eXperience

For more information, download the report at www.worldwealthreport.com, follow #WWR20 or contact us at wealth@capgemini.com

