

Global high-net-worth population and wealth back to record levels despite global instability

- *2023 market buoyancy sparks a \$3.8 trillion increase in high-net-worth-individuals' (HNWI) wealth*
- *Over 65% of HNWIs reveal emotional or cognitive biases impact their investment decisions during significant life events and majority want help to manage their unknown biases*

Paris, June 5, 2024 – The [Capgemini Research Institute's World Wealth Report 2024](#), published today, reveals the number of high-net-worth individuals¹ (HNWIs) and their wealth reached unprecedented levels in 2023, sparked by a rebound in the global economic outlook. According to the report, global HNWI wealth expanded by 4.7% in 2023 reaching \$86.8 trillion. Similarly, the HNWI population increased by 5.1% to 22.8 million globally and continues to grow despite market unpredictability. This upward trend offsets last year's decline and puts HNWI trends back on a growth trajectory.

HNWI growth soars globally

In 2023, North America registered the strongest HNWI recovery worldwide with year-on-year growth at 7.2% for wealth and 7.1% for population. According to the report, solid economic resilience, cooling inflationary pressures, and a formidable US equity market rally drove momentum. This trend continues in most markets, for both wealth and population respectively, but to a lesser extent:

- The Asia-Pacific HNWI segment (4.2% and 4.8%) and Europe (3.9% and 4.0%) experienced more modest wealth and population growth.
- Latin America and the Middle East recorded limited HNWI growth, with wealth up 2.3% and 2.9%, and population up 2.7% and 2.1%.
- In contrast, Africa was the only region where HNWI wealth (-1.0%) and population (-0.1%) fell due to falling commodity prices and declining foreign investment.

As HNWI growth thrives, asset allocations are starting to shift from wealth preservation to growth. Early 2024 data reveal a normalization of cash holdings to 25% of portfolio totals, a stark contrast to the multi-decade highs of 34% seen in January 2023. The report indicates two out of three HNWIs are planning to invest more in private equity during 2024, to leverage possible future growth opportunities.

The great wealth transfer is driving an urgent need for value-added services

Ultra-high-net-worth individuals (UHNWIs), the most concentrated among the wealth bands, hold over 34% of total HNWI wealth and make up just over 1% of the total HNWI population. It is estimated that, over the next two decades, aging generations will transfer over \$80 trillion², driving appetite for financial (investment

¹ HNWIs are high-net-worth individuals with investable assets of USD1 million or more, excluding their primary residence, collectibles, consumables, and consumer durables. HNWIs are segmented into three categories based on wealth bands: Ultra-HNWIs (USD30 million or more), Mid-Tier Millionaires (USD5-30M) and Millionaires Next Door (USD1-5M).

² Cerulli Associates, "Cerulli Anticipates \$84 Trillion in Wealth Transfers Through 2045," January 2022



management and tax planning) and non-financial (philanthropy, concierge services, passion investments³ and networking opportunities) value-added services, representing a lucrative opportunity for wealth management firms. The report reveals 78% of UHNWIs consider value-added services essential and over 77% count on their wealth management firm to support them with their inter-generational wealth transfer needs. As HNWIIs seek thoughtful guidance, 65% say they are concerned about the lack of personalized advice tailored to their changing financial situation.

“Clients are demanding more from their wealth managers and the stakes have never been higher. There are active steps firms can take to engage and retain clients for a personalized, omnichannel experience as the great wealth transfer unfolds and growth of HNWIIs continues,” said Nilesh Vaidya, Global Industry Head of Retail Banking and Wealth Management at Capgemini. *“While the traditional way of profiling clients is ubiquitous, the application of AI-powered behavioral finance tools, using psychographics, should be considered. They can offer a competitive advantage by understanding individuals’ decision-making to deliver a greater degree of client intimacy. The creation of channels for real-time communication will be crucial to manage biases that sudden, volatile market movements might trigger.”*

Majority of HNWIIs want guidance to help manage their biases

More than 65% of the HNWIIs reveal biases influence investment decisions, especially during significant life events such as marriage, divorce, and retirement. As a result, 79% of HNWIIs want guidance from relationship managers (RMs) to help them manage these unknown biases. By integrating behavioral finance with artificial intelligence, wealth management firms can assess how clients react to market fluctuations and make data-driven decisions that are less susceptible to emotional or cognitive biases. The report highlights that AI-powered systems can analyze data and detect patterns that may be difficult for humans to recognize, enabling RMs to take proactive measures in advising clients.

According to the report, UHNWIIs have increased the number of relationships they have with a wealth management firm from three in 2020 to seven in 2023. This trend signals that the industry is struggling to deliver the expected range and quality of services demanded by this segment. On the contrary, single-family offices, exclusively serving one family, have grown by 200% during the past decade⁴. To further cater to the HNWI and UHNWI segment, wealth management firms must strike the balance between competition and collaboration with family offices. One-in-two (52%) UHNWIIs want to set up a family office and want guidance from their primary firm to do so.

Report Methodology

The World Wealth Report 2024 covers 71 countries, accounting for more than 98% of global gross national income and 99% of world stock market capitalization. The Capgemini 2024 Global HNWI Insights Survey questioned 3,119 HNWIIs including 1,300+ ultra HNWIIs across 26 major wealth markets in North America, Latin America, Europe, Middle East and Asia-Pacific. The 2024 Wealth Management Executive Survey includes 75 responses across 12 markets, with representation from pure wealth management firms, universal banks, independent broker/dealer firms, and family offices across North America, Europe, and Asia-Pacific. The 2024 Relationship Manager Survey includes more than 750 responses across ten markets.

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³ Passion investments include support within luxury real estate, wine, collectibles, and art that may reflect lifestyle choices.

⁴ The Economist Intelligence Unit and DBS Private Bank, The Family Office Boom



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