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Capgemini's Asia-Pacific Wealth Report 2018: HNWI wealth in region is forecast to surpass US\$42 trillion by 2025

Satisfaction with wealth managers remains considerably lower than levels in the rest of the world; hybrid-model¹ prioritization and closer customer connections are critical to wealth management firms' success as BigTech disruption looms

Paris, November 28, 2018 – Asia-Pacific confirmed its status as the current high net worth individual powerhouse, generating 41.4 percent of all new high net worth individual (HNWI) wealth globally in 2017, according to the 2018 [Asia-Pacific Wealth Report](#) (APWR) released today by [Capgemini](#). With a 12.1 percent growth in HNWI population, and a 14.8 percent rise in wealth, the region is now forecast to surpass US\$42 trillion by 2025 and has shrunk its required compounded growth rate from 9.2 percent in 2016 to 8.7 percent.

The report also finds that:

Emerging markets power Asia-Pacific growth

Emerging markets² drove more than half (52.9 percent) of regional new wealth growth, with India's growth of more than 20 percent in both wealth and population, making it the fastest growing region (earning it eleventh place in the HNWI population ranking). Mature markets like South Korea, Hong Kong, Taiwan and Singapore also saw double digital HNWI population growth, adding 88.2 thousand HNWIs collectively in 2017.

Greater personal connection needed between HNWIs and wealth managers

Though showing improvement, Asia-Pacific (excluding Japan) HNWIs' satisfaction with their wealth managers remains below 70 percent and is considerably lower than levels in the rest of the world. Ultra-HNWIs were the least satisfied investor class despite the high returns being delivered. Concerns over the lack of holistic services from wealth management firms; perceived low value-add management fees; and a low personal connection with wealth managers were top reasons for this discontent. With 95.7 percent of Asia-Pacific (excluding Japan) HNWIs – who have a strong connection to their wealth managers – saying they are likely to consolidate wealth with them, the opportunity to build greater customer intimacy is clear.

¹ Hybrid advice models allow clients to tap into life-stage and need-based wealth management and financial planning advice in a modular, personalized, pay-as-you-go manner.

² Emerging Asia-Pacific markets include China, India, Indonesia, and Thailand.



Potential BigTech entry forces accelerated hybrid-advice model transformation

Faced with strong demand, wealth management firms showed significant progress in ramping up their hybrid-advice transformation activities. According to the report however, with half of the firms surveyed saying they were still “defining” or “conceptualizing” their transformation, the pace needs to accelerate urgently. Indeed, as HNWI’s expectations continued to be shaped by positive experiences with non-financial services firms, their year-over-year satisfaction with hybrid-advice services actually fell.

Accelerated hybrid transformation is especially critical amid growing HNWI interest in BigTech players as they enter the market. Attracted by BigTechs’ highly-intuitive customer experience and low-cost business models, significant numbers of Asia-Pacific (excluding Japan) HNWI’s showed high interest in developing wealth management relationships with firms like Google (60.8 percent) and Alibaba (52.6 percent).

“Low levels of satisfaction in wealth management in a thriving market equate to a wake-up call for incumbent wealth management firms to digitally transform,” said Anirban Bose, CEO of Financial Services at Capgemini and member of the Group Executive Board. *“The direction for the industry is all about collaboration, especially with BigTechs crossing into the Asia-Pacific wealth management threshold. Wealth management firms must choose between standing still or preparing for industry transformation.”*

Report Methodology

The Asia-Pacific Wealth Report 2018 focuses on 11 core markets: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Thailand, and Taiwan. It also features the findings of the 2018 Global High Net Worth Insights Survey which queried 2,600 HNWI’s across 19 major wealth markets globally. More than 1,200 HNWI’s were surveyed in Asia-Pacific across the eight major markets of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, and Singapore.

About Capgemini

A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients’ opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2017 global revenues of EUR 12.8 billion.

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