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Capgemini
RESEARCH INSTITUTE

CUSTOMER-FIRST STRATEGY

PUTTING THE CLIENT AT THE HEART OF WEALTH MANAGEMENT



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FOREWORD

As wealth management (WM) firms navigate evolving market and industry dynamics, we believe client relationships can be a make-or-break business component. Many of the wealth executives that our teams interviewed for the World Wealth Report 2022 say they are working to enhance their firm's recognition among high net-worth individuals (HNWIs). Moreover, they are beefing up their product portfolios with relevant and convenient services through active ecosystem orchestration.

In 2021, equities remained the go-to asset class, and with healthy stock market returns, North America maintained its dominant position in HNWI wealth and population. Additionally, recovering economies helped Europe outpace Asia-Pacific in HNWI population and wealth growth to capture second place. Meanwhile, APAC, which had dominated HNWI growth throughout the last decade, slowed significantly to rank third.

Globally, HNWIs maintained the traditional asset class status-quo in their 2021 allocations but were vocal about emerging assets (ESG, cryptocurrencies, and NFTs) and their desire for better digital and personalized offerings. At the same time, central banks were actively exploring digital currencies. Our survey reveals that 70% of HNWIs have invested in digital assets, emphasizing the need for firms to create a diversified portfolio of digital offers.

Now, as the positive impact of COVID-19 stimulus packages fades and the prospect of tighter governmental restrictions stirs thoughts of corporate valuation cuts, a global tightening cycle is likely. And that means complications for investors seeking shelter and advisors contemplating healthy returns. Amid today's economic uncertainty, a tug of war between bulls and bears appears inevitable. The war in the Ukraine, sluggish economic growth, inflation, and higher interest rates dominate international headlines.

To arm WM firms throughout the months ahead, the World Wealth Report 2022 explores client segmentation as well as targeted acquisition and retention initiatives to enable innovative thinking and new ways of managing wealth. Firms can use these strategies to engage with customers and stay relevant throughout this fiercely competitive era. However, building a data-driven digital approach and a diverse talent pool will be necessary to harness actionable insights and a mindset that nurtures superior client experience.

Many WM firms are also missing the boat in capturing emerging, high-potential market segments – women, millennials, and high-wealth newcomers – that will require engaged inclusion and customized client journeys. For example, the tech boom and surge in VC-backed unicorns created a unique group of tech-wealth HNWIs flush with IPO cash. And while we believe the sizeable mass-affluent segment offers lucrative potential, only 27% of firms say they actively pursue these prospects. So, it's no surprise that family offices gain ground as they connect emotionally with clients and flexibly cater to their complex demands.

We recommend WM firms take on the challenges of combining scale with cost-effective offerings to engage emerging segments early in their life stages. Designating a Chief Customer Officer persona role that incorporates the skills of a customer strategist and engagement orchestrator is a critical first step.

As we write, stocks are falling and extending springtime losses as HNWIs digest earnings reports and weigh concerns about inflation, war, and COVID-19 variants. Therefore, to help wealth firms battle the bears, the World Wealth Report 2022 features a four-dimensional engagement strategy we hope you find useful. Read on and let us know your thoughts.



Anirban Bose
Financial Services Strategic Business Unit CEO
& Group Executive Board Member, Capgemini

EXECUTIVE STEERING COMMITTEE

The Executive Steering Committee for our World Wealth Report 2022 included CEOs, CXOs, CTOs, strategy and planning heads, family office leaders, industry influencers, and technology partners. They helped steer our report content through ideation, hypotheses refinement, validation of key findings, and sharing of best practices. Participants represent the Americas, EMEA, and APAC to ensure a mix of global perspectives and experiences.

WEALTH MANAGEMENT FIRMS



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Client Experience Director,
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Indy Reddy
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Dan Mercurio
Head of Strategic Partnerships, **SIGFIG**



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Non/executive director and Senior Advisor in Fintech/VC, **Finscale**

EXECUTIVE SUMMARY

The past year was a period of tremendous wealth accumulation around the world: recovering economies boosted by stock market gains pushed the global HNWI population and global wealth totals to grow by 7.8% and 8%, respectively.

Equity markets drive North American leadership in wealth and HNWI growth

North America continued its streak of highest HNWI population and wealth growth with 13.2% and 13.8% growth. A key contributor was the US, where a robust tech sector propelled powerful wealth performance, especially later in the year. Looking elsewhere around the globe, The Eurozone came in with next highest growth rates – 6.7% in HNWI population and 7.5% in wealth growth; as a result, growth rates in the Asia-Pacific region sat in third place, followed by the rest of the regions defined in our research.

And when looking at segments within the total HNWI population, Ultra-HNWIs led the wealth and population growth, despite a deceleration in growth rates in 2021 as compared to the earlier period.

HNWIs want new investment choices and better experiences

Globally, HNWIs maintained their traditional asset class status-quo in their 2021 asset allocations. However, they demonstrated measurable interest in emerging asset classes – especially ESG and digital – and vocalized their desire for better digital and personalized offerings from WM firms. Family offices witnessed increased demand from HNWIs due to better life-stage understanding and emotional connections.

New HNWI growth segments need focus

The rise of several new customer segments – millennials, women, tech-wealth, LGBTQ+ individuals, and the mass affluent – creates enormous growth opportunities for WM firms. But to capture this growth, firms will need new business models and new and improved ways of delivering more personalized and responsive service, augmenting overall client experience (CX). Customized journeys across financial and personal lifetimes are critical to earning and keeping the trust and confidence of these emerging client segments.

Leverage technology and customer-centric strategy to achieve stronger engagement

Firms that leverage cloud, AI/ML, and digital technologies to strengthen their core and augment capabilities will be well-positioned to personalize client experiences across channels and products. Effective engagement across the customer lifecycle – from acquisition to retention – begins with a data ecosystem and adopting a digital-first strategy.

Client engagement is pivotal to delivering superior CX and boosting clients' likelihood to recommend the WM firm and its products and services. And in another new development, WM firms are creating a Chief Customer Officer role that incorporates the skills of a customer strategist and engagement orchestrator to deliver on superior client engagement strategy, service performance, and heightened client experience expectations.

The world is moving quickly and despite wealth gains during 2021, multiple challenges, lie ahead. For success, it will be ever more important for WM firms to develop and implement a comprehensive four-dimensional engagement strategy to win, retain, and grow their client relationships:

- Embrace new business models to become a human-centric, customer-first organization.
- Build an inclusive ecosystem to capture emerging segment investors early in their life stages.
- Enhance advisor capabilities to boost productivity and deliver outstanding CX that clients will recommend.
- Adopt a one-stop-shop approach to build an ecosystem of offerings for HNWI clients.

2021: A year of strong growth for worldwide wealth

Unprecedented government stimulus packages, low-interest-rate environments, increased liquidity, stock market gains, and widespread COVID-19 vaccinations drove 2021 global economic resilience and accelerated High Net Worth Individual (HNWI) population and wealth growth. As a result, the global HNWI population expanded by 7.8% (1.7 million new HNWIs), and wealth swelled by 8% (USD6.4 trillion) in 2021.

While multiple factors contributed to the growth of wealth, bull markets around the world were a primary driver. Globally, stock markets generated healthy returns.

6,217

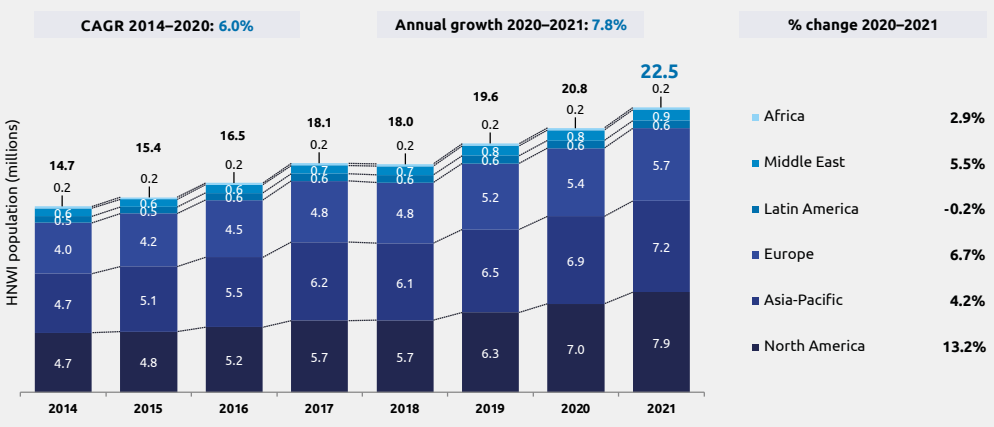
In 2021, private equity funds closed 6,217 deals valued at more than USD1 trillion.

Private equity had a banner year during 2021

Private equity funds focused on value generation, and environmental, social, and governance (ESG) standards kept negative pandemic impact in check. Additionally, significant appeal around startups led to entrepreneurial ventures generating high valuations.

In 2021, private equity funds closed 6,217 deals valued at more than USD1 trillion, led by the technology/media/telecom (TMT) sector, followed by real estate and energy.[1] After a tumultuous 2020, dealmakers put their cash to work in 2021, with year-over-year (YOY) transaction volume up 40% and value topping USD1 trillion in each quarter – a new record.[2]

Figure 1. Number of HNWIs by region



Note: Chart numbers and quoted percentages may not add up due to rounding.
Source: Capgemini Research Institute for Financial Services Analysis, 2022.

Growth was impressive globally, and regional views are also of interest. Below we summarize trends around the world, leading with the regions where wealth and HNWI increases were most substantial.

North America retains its leadership position in both HNWI and wealth growth rates

North America retained its commanding lead for High Net Worth Individual (HNWI) population growth (13.2%) and wealth (13.8%) in 2021. The region accounted for more than half of 1.7 million new global HNWIs and worldwide HNWI wealth growth (USD6.4 trillion). Similar to 2020, equities spurred growth, with North American HNWIs allocating 32% of their total investments to equities compared with the 29% global average.

US HNWI wealth grew 14% in 2021, sparked by a strong performing technology sector, especially in the fourth quarter. In early December 2021, five stocks – Microsoft (MSFT), Alphabet (GOOG), Apple (AAPL), chipmaker Nvidia (NVDA), and Tesla (TSLA) – accounted for 51% of the S&P 500's post-April rally, according to Goldman Sachs.[1] US real estate also grew significantly (11%) as investors expected e-commerce to continue its upward trajectory and drive demand for industrial warehousing.[2]

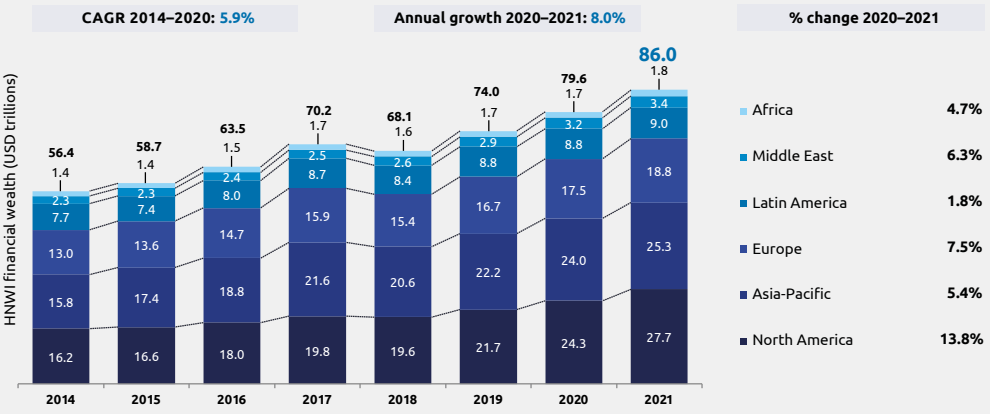
In Canada, amid a rebound in oil prices and a resurgence of the energy sector, stocks soared in 2021, with the benchmark Canadian S&P/TSX Composite Index rising by 22%.[3] Further, HNWI activity shot up with nearly 10% wealth growth and an 8.9% population increase – compared with Canada's sluggish 2020 results of 4.7% for wealth and just 2.9% population growth.

Europe outpaces Asia-Pacific in 2021 HNWI population and wealth growth

Eurozone utilities, tech stocks, and luxury goods sectors performed well, registering solid gains.[4] Meanwhile, the communication services and real estate sectors realized negative returns. In addition, volatile gas prices in Q4 2021 contributed to higher inflation. As a result, the annual inflation rate in the eurozone reached 4.9% by November 2021, compared with -0.3% a year earlier.[5]

In France, 8.5% and 9.5% increases in HNWI population and wealth, respectively, helped boost the national economy. France experienced its best year in two decades as the Paris CAC 40 index gained 29% in 2021, beating S&P500 gains of 26.9%.[6] France's gross domestic product (GDP) expanded by 7% in 2021, exceeding the eurozone's 5.2% GDP growth.

Figure 2. HNWI financial wealth by region



Note: Chart numbers and quoted percentages may not add up due to rounding.
Source: Capgemini Research Institute for Financial Services Analysis, 2022.

The land of the unicorns

Thanks to 2021 venture capital (VC) funding, the global unicorn club grew 70%, reaching 1,058 – almost double 2020's 586. FinTech was the largest category, accounting for roughly one in every five unicorns (21%), followed by internet software and services (18%), then e-commerce and direct-to-consumer (11%). The United States is home to the majority of unicorns (51%), followed by China (17%) and India (6%). [4] [5]

7.8%

The global HNWI population expanded by 7.8% and global wealth swelled by 8% in 2021.

In the United Kingdom (UK), HNWI population grew by 6.3% and wealth by 7.4% in 2021, compared with -3.0% and -1.1%, respectively, the previous year. Demand outpaced 2021 supply in the UK property market and drove up real estate prices. The UK economy recovered in 2021, growing 7.5%, rebounding from 2021's 9.4% contraction.[8]

Another market that enabled robust Europe growth was Denmark, which outperformed in HNWI wealth (11.2%) and population (10.3%).

Asia-Pacific shows lackluster HNWI growth in population and wealth

While some key markets in Asia-Pacific performed well, the biggest markets of Japan and China led to a slowdown in Asia-Pacific's HNWI population and wealth growth.

In India, HNWI population and wealth grew by 10.5% and 11.6%, respectively. Thanks to liquidity support from central banks, supportive domestic policies, and vaccination drives, wealth expanded. India's Nifty50 and BSE Sensex-30 indices were up 24% and 22%, respectively.



In Taiwan, HNWI population and wealth grew by 9.8% and 10.8%, respectively. In May 2021, the Taiwan stock market declined roughly 8% but rebounded as COVID-19 fears dissipated. Moreover, the global semiconductor sector made gains as demand for integrated circuits exceeded supply among applications such as big data, fifth-generation broadband cellular technology (5G), artificial intelligence (AI), medical technology, automotive, FinTech, and 3D virtual worlds.[9]

The HNWI population in Vietnam grew 7.6%, and wealth was up 8.6% in 2021 as the market's Equal Weight Index VN30 rose 43%, beating the S&P 500 and pan-European Stoxx 600.[10] Vietnam has aligned with the East Asian Model (practiced by Japan, South Korea, and Taiwan) to fuel growth through exporting manufactured products and diversifying from light to more complex products aided by foreign investment in medium- and high-tech industries.[11]

In Singapore, the 2021 HNWI population grew 4.2%, with wealth up 5.4%. It witnessed a real GDP growth of 7.2% in 2021 compared to a contraction of 5.4% a year earlier. However, one-year returns for the MSCI Singapore index were low at 10.8% by the end of November 2021, compared with MSCI World's 25.2% returns which meant lower than global HNWI population and wealth growth for Singapore in 2021.[12]

HNWI wealth growth in China (6.2%) and Malaysia (1.8%) markedly decelerated in 2021 compared with 2020 – when China grew by 13.5% and Malaysia by 8.7%.

Growth in China was slow in 2021 due to real estate sector challenges, weak consumer confidence, tight COVID-19 policies, low Chinese vaccination efficacy, and the Delta-variant spike in coronavirus infections.[13]

- China's regulatory crackdown on tech companies for data security and governance disclosure, imposing fines and tighter regulations, reduced the growth of gaming, education, and tech companies.
- Attempts to control Chinese companies listed in the United States, and ongoing trade disputes, wiped out more than USD1 trillion from the collective market capitalization of some of the world's largest internet groups, such as gaming and social media giant Tencent and China's e-commerce powerhouse Alibaba. The result? A decline in China's technology sector profits.[14]

Japan's HNWI population grew by 3.2%, and wealth by 4.1% in 2021. A number of factors had a roller-coaster effect on the Nikkei 225, including the pandemic, the virtual Tokyo Olympics with no on-site audience, and a change in the political leadership.[15]



Hong Kong's HNWI wealth declined by 2.0% in 2021. Regulatory changes from the People's Republic of China (PRC) (education policy, national data security, anti-trust, and others) put pressure on Hong Kong and shut down foreign capital inflows. PRC's Double Reduction policy implemented to reduce homework and after-school tutoring led to a sharp drop in Hong Kong education stocks. A plunge in the technology and internet sectors and a decline in property and financial stocks also stoked the wealth downturn.[16]

Middle East delivered average performance, while Africa and LATAM struggled

In the Middle East region, HNWI population and wealth grew by 5.5% and 6.3%, respectively. The growth was led primarily by Israel and the United Arab Emirates (UAE), which witnessed HNWI wealth and population growth higher than the global average due to their increased tech-industry focus. Recovering oil prices in 2021 helped the region's consolidated GDP grow at 2.3% compared to a 3.8% contraction the year prior.[17]

In Africa, HNWIs gained 2.9% (population) and 4.7% (wealth) in 2021, driven by South Africa, Nigeria, and Morocco, which were fueled by the resumption of tourism, increase in commodity prices, and reduction in pandemic-related restrictions.[18]

In Latin America, the HNWI population grew the least globally, registering -0.2%, and a minuscule 1.8% increase in HNWI wealth, as the region's significant economies struggled. In Argentina, Brazil, and Mexico, HNWI wealth expanded, but the decline in HNWI wealth within other LATAM regions offset the uptick. Combined, these three markets make up 71% of LATAM HNWI population and 83% of HNWI wealth and witnessed population and wealth growth of 0.3% and 2.4%, respectively. Gains were countered by weakness in other LATAM markets, which declined by 1.5% in HNWI population and 1.0% in wealth.

Having reviewed growth trends across world geography region by region, let's now take a quick look through a different lens at 2021 wealth and growth trends.

Four markets dominated HNWI population

The United States, Japan, Germany, and China retained their top-four positions in HNWI population markets. They comprised 63.6% of the global HNWI population, an increase of 0.7 percentage points from 2020, contributing to 72% of global HNWI population growth.

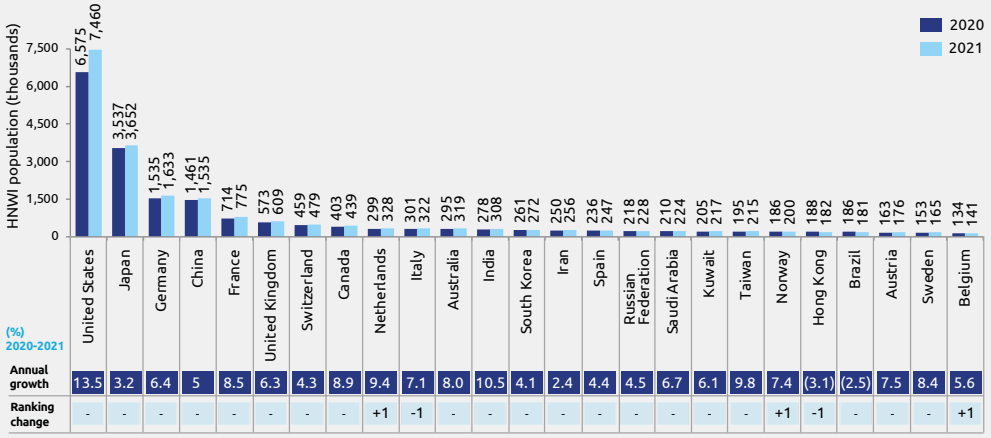
Hong Kong's weak performance resulted in a drop in ranking and paved the way for Norway to move up one position.

Rebounding Belgium gained one place to make it onto the top-25 markets list. Success factors included increased business confidence, a rallying energy sector, and 5.6% GDP growth in 2021 – a reversal from the previous year's -6.3% GDP.[19]

63.6%

All by themselves, the United States, Japan, Germany, and China comprised 63.6% of the entire global HNWI population.

Figure 3. Top 25 markets by HNWI population



Source: Capgemini Research Institute for Financial Services Analysis, 2022.

Figure 4. How wealth bands worldwide stacked up in 2021 and grew YOY



	Number of HNWIs 2021	Share of HNWI wealth 2021	HNWI Population Growth 2020-2021*	HNWI Wealth Growth 2020-2021*
Ultra-HNWIs US$30m+	220.1k (1% of total)	34%	9.6% (0PP)	8.1% (-1PP)
Mid-Tier Millionaires US$5m-US$30m	2,055.0k (9.1% of total)	22.8%	8.5% (0.7PP)	8.4% (0.5PP)
Millionaires Next Door US$1m-US$5m	20,183.9k (89.9% of total)	43.2%	7.7% (1.6PP)	7.8% (1.5PP)

*PP = Percentage Points denotes the change between 2020 & 2021
Source: Capgemini Research Institute for Financial Services Analysis, 2022.

Ultra-HNWIs drove global wealth

Ultra-HNWI population growth remained constant at 9.6% (the same as in 2020), but wealth decelerated by one percentage point to 8.1%. However, Ultra-HNWIs were still the highest growing wealth band in 2021. Meanwhile, Millionaires Next Door grew 1.6PP, and 1.5PP for population and wealth yet continued to have the lowest growth rates among HNWI wealth bands. On the other hand, Mid-Tier Millionaire population and wealth increased to 8.5% and 8.4%, respectively. The shrinking growth gap across wealth bands illustrates a leveling of the playing field thanks to better information access for investors, the democratization of asset classes, and improved communication speed.

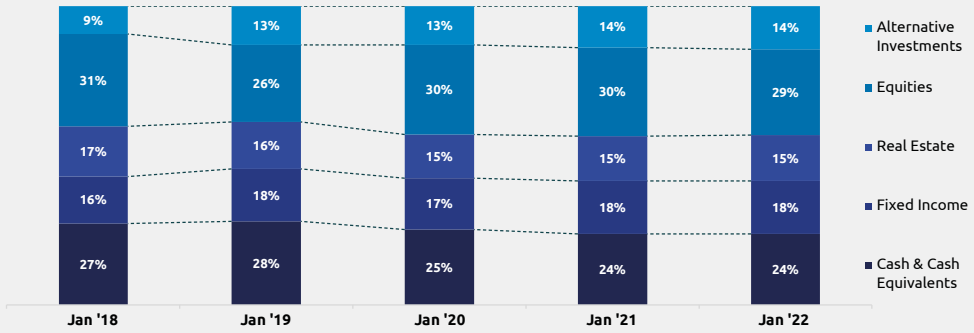
- North America experienced the highest growth in Ultra-HNWI population (14.2%) and wealth (14.8%), followed by Europe, where Ultra-HNWIs population was up 8.3% and wealth 9.1%.
- The top Asia-Pacific contributors to Ultra-HNWI population and wealth were India and Taiwan.
- In Europe, Denmark, Italy, and the Netherlands experienced the most Ultra-HNWI growth.
- In the Middle East, the UAE Ultra-HNWIs outperformed global growth rates with a 17.5% increase in population and an 18.6% increase in wealth.

Growth trends may differ in the coming year

While 2021 was a strong growth year, 2022 is already turning out to be significantly different. High inflation since the start of 2022 and talk about interest rate hikes from central banks have spurred stock market corrections that are accelerating. As a result, as of end April 2022, our estimates indicate that global HNWI wealth had declined by ~4% (versus December 31, 2021). Due to high exposure to equity, HNWI wealth in North America is expected to be most impacted, followed by Europe which also copes with the ongoing geopolitical crises.

Expectations for investment classes and client services evolve

Figure 5. No significant deviation in asset class selection before or after COVID-19 (global)



Note: Alternative investments include commodities, currencies, private equity, hedge funds, structured products and digital assets.
Chart numbers and quoted percentages may not add up due to rounding.
Source: Capgemini Financial Analysis, 2022; Capgemini Global HNWI Insights Survey, Jan 2022.

Despite headwinds asset allocations was mostly constant

COVID-19 had minimal impact on global HNWI asset class selection in 2021. Investors adopted a wait-and-watch approach and a positive mindset as growth allocation (equities and alternative investments) remained on par with January 2020 at ~43-44% (Figure 5). However, yet to be seen is whether market corrections and geopolitical crises will push HNWIs to restructure their portfolios over time. So, again, let's keep our eyes on the markets.

Although asset allocation remained static globally, regional shifts are evident. For instance, among their international peers, investors in Japan tallied the highest cash and cash equivalent allocations (34%) in January 2022 – significantly higher than 31% a year earlier. The most preferred asset class in the Land of the Rising Sun was equities at 36% – increasing four percentage points over January 2021. Japan saw the highest allocation to equities compared with other regions based on expectations that the new prime minister and political administration would introduce policies to normalize the pandemic-hit economy (Figure 6).[20]

After Japan, North America recorded the highest equity allocations despite dropping six percentage points compared with 2021. With an aggressive US Federal Reserve System rate hike looming in 2022 and capital gains tax ambiguity, US HNWIs realized equity profits and reshuffled their portfolios to include alternative investments and real estate.

In Europe and Asia-Pacific (excluding Japan), HNWIs opted for diversified portfolios and maintained a status quo because of the ambiguous environment.

In addition to the existing asset classes, HNWIs have an increasing appetite for new investment strategies and choices. The WM industry is witnessing a flux of new investment avenues, including sustainable investing (SI) and digital assets, a trend that disruptive new players have accelerated.

"There is an increasing need to define wealth management, where it starts, and how firms deliver it to customers. Firms need to focus more on the 'management' versus the 'wealth' aspect to truly put customers at the heart of wealth management."

Evy Wee
Head of Financial Planning,
Investments and Insurance Solutions
DBS Bank, Singapore

HNWIs' call for SI products drives demand for quantifiable ESG

Globally, 55% of HNWIs say investing in causes with positive environmental, social, and governmental (ESG) impact is a critical WM objective. HNWI clients focus on potential ecological threats and ethical and practical corporate governance systems, followed by socially conscious business policies and practices.

Regionally, HNWIs in Asia-Pacific (excl. Japan), Europe, and Latin America are the most interested in SI products, followed by North America. A deep dive into regions and age bands indicates that millennials are most inclined toward ESG investing. North American millennial HNWIs prioritize ESG investing the most compared to individuals older than 40 (Figure 7).

Our Global Wealth Manager Survey uncovered further insights about HNWI's enthusiasm for ESG investments.

- 28% of HNWI clients told their advisors they want theme-based investment products that support specific causes.
- 21% say they want to be able to screen out companies or industries with a negative ESG impact.
- 64% of wealth advisors say their firm offers SI products, and 20% of firms say they plan to provide sustainability options in the near term.

As ESG-linked products become more widely available, cautious investors seek evidence of measurable impact.

- 64% of HNWIs ask for an ESG score to know more about the fund's societal impact and performance.
- 78% of Ultra HNWIs and 81% of HNWIs younger than 40 are likely to request ESG scores from their WM firm.

But firms and wealth managers say they face challenges when suggesting SI options.

- 40% of wealth managers find obtaining accurate ESG impact data a complex task.
- 50% lack clarity regarding sustainable investing ROI.

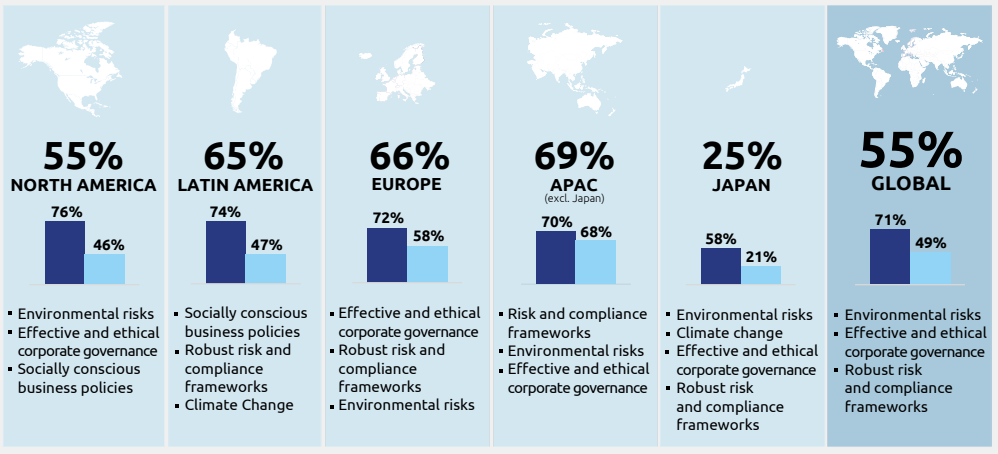
As HNWIs become more interested in ESG investment options, WM firms realize they must expand product selection, build educational support, and develop capabilities to measure and communicate ESG impact.

"Our next-generation HNWI clients are increasingly educated. They do not measure success by wealth accumulation but rather by their impact on society," said Isabelle Jacob-Nebout, Head of Wealth Management, Indosuez Wealth Management.

55%

of HNWIs say investing in causes with positive ESG impact is a critical wealth management objective.

Figure 7. ESG investment objectives and focus areas for HNWIs



Note: Numbers represent the percentage of HNWIs with ESG as an important investment objective.
Sources: Capgemini Financial Analysis, 2022; Capgemini Global HNWI Insights Survey, Jan 2022.

As ESG investments gain prominence, the most strategic WM firms add competencies to measure corporate compliance and communicate results to HNWIs. Investments that consider ESG criteria may exceed USD53 trillion by 2025.[21] While Europe accounted for half of ESG assets globally, the United States expanded substantially in 2021 and may dominate the category in 2022. Expect the next wave of growth from Asia, particularly Japan.[22]

Digital asset investments move to HNWI portfolios

Today, more than 16,000 cryptocurrencies with a market capitalization greater than USD2 trillion exist. Furthermore, advancements in enabling technologies – such as distributed ledger technology (DLT) – that make efficient digital asset transactions possible are driving an exponential rise in cryptocurrency market capitalization: 72% CAGR from 2018 to 2022.[23] The payoff from speculative investing in metaverse-related currencies will come from virtual worlds, with non-fungible tokens (NFTs) representing virtual land, digital homes, virtual art, and more.[24][25]

Our HNWI survey revealed that 71% of HNWIs globally have invested in digital assets, and 91% of HNWIs younger than 40 have investments in digital assets. Furthermore, they say cryptocurrencies are their favorite digital asset investment. Exchange-traded funds (ETFs) and metaverse investments are also sought-after digital assets.

As the adoption of digital assets (cryptocurrencies, ETFs, NFTS, metaverse-related products, and digital currencies) grows, WM firms will need capabilities around products and education. In addition, ecosystem partnerships will be necessary to create a diversified portfolio of digital offerings. However, as the ecosystem prepares to embrace digital investments, some firms are ahead of the trend with the incremental launch of digital investment products.

Joseph Gribb, Principal and Head of Advice IT at Vanguard, said: "As demand for emerging asset classes rises, firms must offer investment advice based on customer risk tolerance and provide distinctive experiences across various channels based on customer preferences."

"Creating a connected experience between wealth management and other financial services will be firms' next growth frontier."

Dan Mercurio
Head of Strategic Partnerships
SigFig, USA





Cryptocurrencies and exchange-traded funds:

- Morgan Stanley launched access to three funds that enable bitcoin ownership. High risk tolerant clients with at least USD2 million in assets can invest up to 2.5% of their net wealth in bitcoin funds.[26]
- BBVA Switzerland offers its private banking clients bitcoin trading and a custody service and may extend services to other cryptocurrencies.[27]
- Cryptocurrency custody firm NYDIG partnered with Wells Fargo and JPMorgan in 2021 to offer custodial services for two passive bitcoin funds the megabanks offer. NYDIG's regulated bitcoin platform powers the collaboration.[28]

Non-fungible tokens (NFTs): Cryptographic assets on a blockchain with unique identification codes and metadata that distinguish them from each other. They cannot be traded or exchanged at equivalency.

- Amundi, Europe's largest asset manager, announced in early 2022 that it would launch NFT products allowing clients to invest in companies operating in this space or directly in NFTs.[29]
- Wave Financial and Criptonite Asset Management have launched an NFT fund for qualified investors in Switzerland. The fund features NFT collectibles, platforms, and protocols, with ~70% of allocations to the thriving digital art and collectibles space.[30]

"The three-party relationship between the client, the asset manager, and the family office is not about competing for the client but about ensuring maximum value for the client."

François Simon
President and Co-founder
Agami Family Office, France

71%

of HNWIs globally have invested in digital assets

Metaverse: An online world of interconnected virtual communities where individuals meet, work, and play using virtual reality headsets, augmented reality glasses, smartphone apps, and other devices. Some futurists say the metaverse will eventually span digital and physical worlds and open and closed platforms.

- HSBC Holdings launched a discretionary strategy portfolio that focuses on investing within the metaverse ecosystem across five segments – interface, computing, infrastructure, virtualization, experience, and discovery.[31]
- UAE-based AI WM firm FinaMaze launched a portfolio for Emirates' citizens with a net worth of >USD500,000. For a minimum of USD2,000, investors can access stocks of companies with a presence in the metaverse space.[32]
- AXA Investment Managers (AXA IM) unveiled the AXA WF Metaverse fund in Q2 2022. The multi-cap fund will invest in long-term metaverse growth opportunities in developed and emerging markets leveraging AXA IM's experience managing disruptive technology strategies.[33]

Digital currencies: Exist only in a virtual format and in two types, centralized and decentralized. They enable transparent and secured digital payments.

- ANZ is the first Australian bank to mint stablecoin – providing it to established Australian family office Victor Smorgon Group through the Zerocap platform.[34]
- Japanese financial services firm MUFG introduced a blockchain-based system – Progmat Coin – to issue and manage stablecoins pegged on a 1:1 ratio to the Japanese yen. The platform's goal is to enable a universal digital asset payment method.[35]

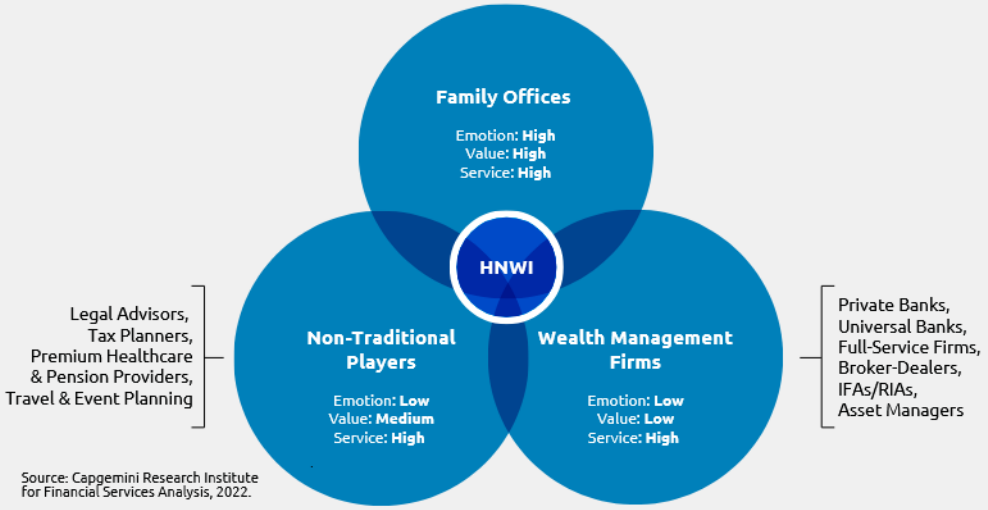
Frontrunners lead the digital initiative charge

In 2021, JP Morgan acquired Nutmeg, one of the UK's leading digital wealth managers.[36] Nutmeg may be among the most successful British digital challengers in WM, having built a 140,000+ investor customer base and amassing assets under management (AUM) of more than GBP3.5 billion (USD4.6 billion) with 70% YOY growth within 10 years.[37] With Nutmeg in the mix, JP Morgan will debut Chase in the UK, with the aim of prioritizing customer experience.

In the spring of 2020, DBS Bank launched NAV Planner, Singapore's first digital advisor, to help retail customers improve their financial wellbeing. Through NAV Planner, DBS Bank aims to democratize access to WM services to enable more people to invest in stock markets while mitigating their risk through better information.[38] DBS NAV also provides a consolidated view of a client's finances and investments across financial institutions accessible via a single platform.

In response to changing expectations, incumbents are exploring new avenues to attract clients and provide end-to-end services as banks expand value propositions through holistic banking (and even non-banking) services that include WM. For example, HSBC acquired AXA Singapore for USD529 million to provide customers with best-in-class offerings across life insurance, healthcare, wealth, and banking.[39]

Figure 8. How HNWIs work with family offices, wealth management firms and non-traditional players



Source: Capgemini Research Institute for Financial Services Analysis, 2022.

Family offices create deeper emotional connections with clients

Wealth management firms can learn from family offices (privately formed and managed wealth management entities) when it comes to providing a comprehensive suite of services. About 10,000 family offices worldwide manage nearly USD7 trillion (8%) of global HNWI wealth.[40] By revenue, the family office market is on track to ~6%. CAGR from 2021 to 2026.[41] Our survey revealed that 63% of HNWIs prefer family offices versus large banks/WM firms.

- 23% of HNWIs and 33% of Ultra HNWIs say they already use family offices to manage their wealth.
- 52% of HNWIs say they prefer family offices for one-stop-shop convenience and personalized services, while 49% said they appreciated family offices' reduced service costs.

As family offices are not subject to the same regulations as the WM firms and private banks, they are able to provide much more customization like an aggregated view/plan for wealth and other financial and non-financial needs at a lower price. They offer personalized and comprehensive services on the wealth front, including investment advice to startups and insights about venture capital and cryptocurrencies. Family offices provide a customized boutique approach by acting as the trusted partner (rather than provider) that offers the right mix of education, support, and portfolio piloting.

What's the secret to family office success? Clients told us it's an emotional connection. HNWIs say their relationships with traditional WM firms (private and universal banks) are often transactional rather than strategic through sound engagement and advice. While conventional firms meet their service needs, the overall experience lacks valued emotional connection and personal understanding. HNWIs also indicate that firms deliver low value, with one of the main catalysts being unmet expectations around fees.

- 27% of HNWIs were not comfortable with fees charged in 2021, primarily because of high rates and low transparency, and the perception of inadequate value and performance for what they paid.
- 64% want fees based on investment performance, service quality, and a pay-as-you-go model, which calls for firms to move away from AUM-based pricing to more innovative structures.

Looking at HNWIs' experience with other industries, they say relationships, service, and value with non-traditional players (legal advisors, tax planners, premium healthcare providers) are slightly better than those with WM firms. When comparing WM firms' and non-traditional players' experiences to family offices, HNWIs feel that family offices build strong emotional bonds with them by actively understanding their life-stage needs and delivering timely and appropriate value and service. HNWIs trust family offices and feel confident enough to hand off various transactional and operational responsibilities to them (Figure 8).

Family offices' main differentiator and success is the ability to move away from the traditional AUM-based fee model towards charging advice-based fees. They even go to the extent of passing on the commissions they receive from product or service providers to their clients, which bolsters HNWI trust further.

"The role of the family office surpasses strategic asset allocation," says Édouard Herbo, co-founder of Keepers, a family office. "It brings discipline, pedagogy, and intimacy to clients, whereas WM firms' main objective is to deliver transactions to clients."

Banking regulations have also opened avenues for family offices. For example, in Europe, the Markets in Financial Instruments Directive (MiFID II) obliges banks to provide access to their dynamic data previously protected in standardized reports. As a result, family offices could make better-informed investment decisions by retrieving and utilizing the data and other information sources.[42]

Family offices win customer trust and confidence through personalization and best life stage understanding. In addition, they provide a great learning opportunity to WM firms on how to best engage with customers.

> ***"Success in wealth management is increasingly about integrating services across all of the elements of managing wealth for the family – including financial wellbeing for the entire family, aligning wealth with passion and purpose, education, lifestyle services, and much more."***

Christian Sarafidis
WW FSI GTM Lead
Microsoft

HNWIs demand better client experience from their firms

HNWIs unhappy with their WM services are unlikely to recommend their firm to others. Their firm's lack of digital expertise and a diverse product portfolio are among the top reasons for dissatisfaction (Figure 9).

HNWIs are interested in digital tools and platforms, with 37% saying that a lack of digital maturity can encourage them to switch their WM firm. However, a deep dive into trends across age and wealth bands indicates that 43% of HNWIs between ages 40 and 49 are the primary drivers of interest in digital maturity, along with 42% of the Ultra-HNWI segment.

Participants in our global HNWI survey say they are interested in an attractive product portfolio, with 51% saying it influences their positive experience with their firm.

Dissatisfaction can lead to fewer recommendations and high attrition. For example, our survey found that 49% of HNWIs plan to spread their assets across wealth service providers within 12 months. And of those planning to shuffle providers, 43% say they may seek out a WealthTech firm, 33% will opt for another traditional WM firm while 19% prefer a BigTech firm.

Greater customer-centricity by competitors is a wake up call for wealth managers

Our survey of wealth managers found that clients' post-pandemic behavior leans toward digital channels and niche offerings. The pandemic caused HNWIs to reduce dependency on wealth managers and become more actively involved in investing. As a result, HNWIs now demand self-directed tools and digital capabilities from their wealth managers for advice and portfolio management.

"HNWIs still value human connection and may be willing to pay for it. And that creates a dichotomy between full-on digitization and personal advisory from the perspectives of products, services, and distribution," said Ketan Samani, Chief Digital Officer of Group Digital & Innovation Office at China Development Financial.

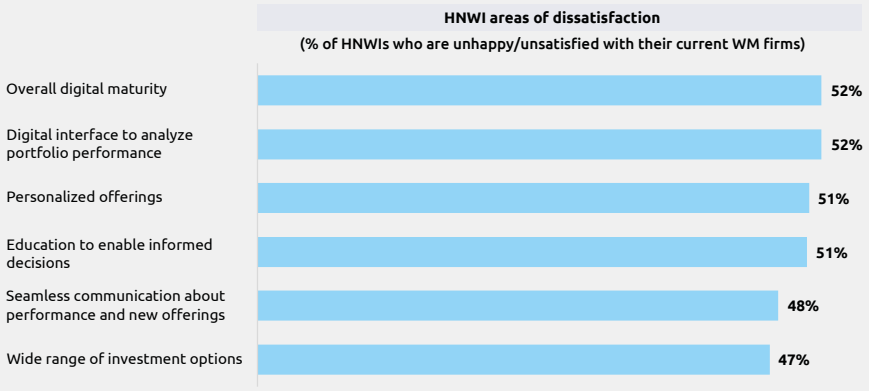
Technology advances enable wealth managers to offer personalized services while optimizing costs. For example, Morgan Stanley developed a Next Best Action (NBA) system to generate hyper-personalized recommendations that advisors can instantly present to their clients.[43]

Digital asset classes and ESG investments have increased the demand for educational capabilities for HNWI to learn and make more informed decisions.

"A customer-centric approach built using deep insights around customers' earning, spending, and life goals is critical for wealth management and private banking firms to proactively meet customer needs."

James Dunlop
General Manager, Private Banking and Advice
ANZ Private, Australia

Figure 9. HNWI pet peeves (global)



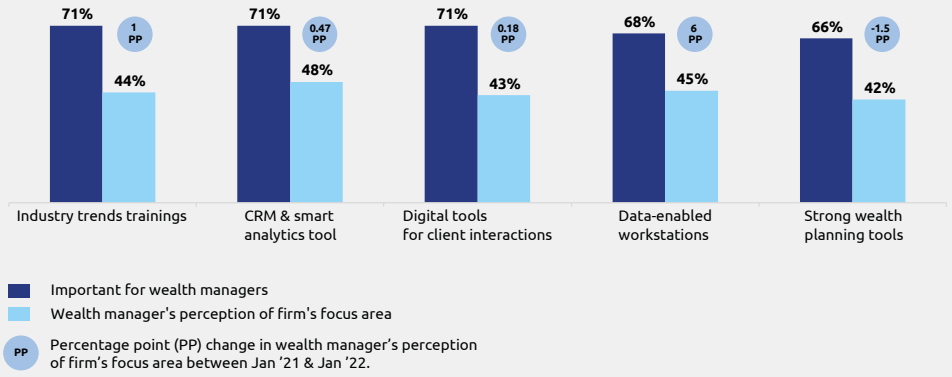
Source: Capgemini Research Institute for Financial Services Analysis, 2022; Capgemini Global HNWI Insights Survey, Jan 2022.

Wealth managers say the rise of digital has changed customer expectations and paved the way for new entrants into the WM ecosystem. However, the new paradigm creates significant challenges for wealth manager/client engagement. They say attrition is up because it is easy to switch firms (64%), competition for customer mindshare is high (59%), and demand is shooting upward for personalized services and engagement (55%).

As a result, wealth managers are expecting their firms to enable them to engage better with customers through initiatives including upskilling and training, smart tools for analytics and a consolidated client view, and digital interaction and planning tools. However, they say there is a gap between what they need and what their firm prioritizes. Although the gap for data-enabled workstations is reducing, advisors would like their firms to empower them more to help boost customer engagement (Figure 10).

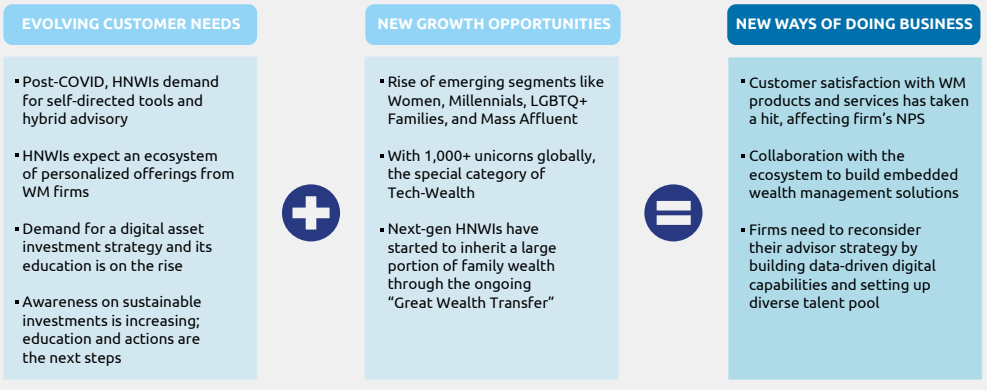
Wealth management firms will need to prioritize new business strategies such as ecosystem collaboration, comprehensive use of digital and data solutions, and recruitment of a diverse workforce. All approaches are essential to capture growth opportunities, address fast-evolving client needs, and drive up their NPS (Net Promoter Score®), which measures customer experience and predicts business growth (Figure 11).

Figure 10. What wealth managers expect from their organization and how they perceive their firm's focus



Source: Capgemini Research Institute for Financial Services Analysis, 2022; Capgemini Wealth Manager Survey, Jan 2022.

Figure 11. Firms need new business models to capture growth opportunities and address client needs



Source: Capgemini Research Institute for Financial Services Analysis, 2022.

Driving wealth management growth through new segment focus

WM providers face a disconnect with next-wave client segments

Many incumbent WM firms are not connecting with the next wave of clients because they don't have a segment-specific marketing strategy. The WM industry has undergone significant shifts. New segments are emerging, such as women in wealth, millennials, and next-gen and tech-wealth HNWIs. As a result, a need has arisen for unique services and products to meet the segment-specific demands. Unfortunately, many WM firms appear unprepared.

According to our survey of WM firm CXOs, 79% said their organization did not offer one-stop-shop convenience for client needs beyond WM, such as retail banking, payments, and insurance. Moreover, only 20% said they plan one-stop shopping for their clients within 24 months. In addition, most WM firms lack segment-specific products and services, with only 37% providing offerings for women, 22% for millennials, and 53% for tech-wealth HNWIs. What is surprising is that segment-specific acquisition strategy ranks low in CXO priorities.

A well-prepared advisor workforce is essential to capture these fast-growing segments, but firms are not doing enough to improve their talent pool. For example, only 59% upskill advisors, 55% hire a diverse talent pool, and 46% empower advisors with leading-edge digital tools for personalized engagement. This calls for an evolution in the role of the traditional advisor into a "financial coach" who can lead the end-to-end customer engagement and experience across channels.

A clear understanding of all customer segments, targeted acquisition, retention strategies, and an empowered workforce are essential for firms to stay relevant amid increased competition.

49%

of HNWIs plan to spread their assets across wealth service providers within the next 12 months.

"Enabling the advisor workforce with tailored solutions and offering personalization through data and digital strategy are critical priorities to capture customer mindshare and to drive next-level customer engagement," said Greg Gates, Managing Director, Chief Technology & Information Officer at LPL Financial.

Firms need to adopt a targeted engagement strategy that focuses on trust, convenience and experience to capture new client opportunities. Know your customer (KYC) data can help firms understand clients and prospects more thoroughly.

"Firms need to move away from wealth-based segmentation and adopt new segments based on customer needs and preferences," said Roman Reichelt, the Group CMO at Credit Suisse. "This will enable them to deliver more value and build a better emotional connection with customers."

Let's explore five emerging client segments that will drive future growth.

Women want firms to earn their trust and confidence and support their unique needs

Women across all wealth brackets will inherit 70% of global wealth over the next two generations and will likely manage two-thirds of household wealth by 2030.[44] However, our HNWI survey revealed that, compared with male investors, women are less confident in their primary wealth manager and their ability to generate or grow wealth over the next 12 months due to a lack of tools or education. Therefore, female HNWIs can benefit from investment education to improve their conviction, which will boost trust and confidence in their WM firm.

When selecting a primary WM firm, women seek quality service, transparency in fees and products, and data privacy and security. While not drastically different from the needs of their male counterparts, the women we surveyed demand value-added services around retirement (women 75% versus men 74%), inheritance planning (women 75% versus men 72%), legal support (women 71% versus men 72%), and tax consultation (women 76% versus men 79%).

Today, women seek returns as well as purpose. Rather than an exclusive focus on money, their goals include connection, meaning, a legacy for the next generation, and making a difference from an environmental and social perspective.

The growing economic power of women has made them attractive prospects for traditional players and new-age players such as Ellevest.[45] Founded in 2014, this "by women, for women" financial company had a AUM of USD1.4 billion in 2022. Its unique investment algorithm successfully considers gender differences. Ellevest had 123,000 clients with an average account size of USD8,000 in Q1 2021.[46]

To help close the gender pension gap, elleXX, a women's finance platform in Switzerland, partnered with Zürich-based private banking and investment management group Vontobel to launch a digital retirement solution for women. As a result, investors benefit from Vontobel's investment expertise and the long-term gender equality philosophy and vision of elleXX.[47]

"Female HNWI clients are highly sophisticated when managing their wealth. They want to be actively involved, closely understand investment performance, and be educated by their advisors on wealth products and services," said Veronique Aubin, President and Partner, Xelis Family Office.

Millenials and next-gen HNWIs seek digital engagement, learning, value and transparency

Millennials are tech-savvy digital natives who prefer self-directed investments with minimal guidance from wealth managers.[48] This segment likes to work with robo-advisors and new-age tech companies. The most significant intergenerational wealth transfer (more than USD30 trillion) will pass from baby boomers to Gen X and millennials throughout the next few decades.[49] So, it was no surprise that 58% of our executive survey respondents say they are already working closely with the children and beneficiaries of existing clients.

Millennials switch advisors frequently, prefer hybrid advice, are cost-sensitive, and demand transparent pricing.

- More than half (53%) of the millennials we surveyed in January 2022 said they had changed primary WM firms in the past year.
- Of those who had switched, 57% went to a firm they had done business with for more than a year. And 43% took a chance on a new provider.
- Millennials changed firms due to high fees (46%), lack of transparency (39%), and slow service (33%).

Our HNWI survey indicates that millennials prefer a hybrid advisory model for advisory services and information search but prefer self-directed transactional and educational touchpoints (Figure 12).

"Capturing the mindshare of women and next-gen customers is about developing a new communication approach, advanced engagement channels, and emotional connections."

Harsh Kumar
Head of US Citi Alliance, Citi Global Wealth Management
Citi, USA

Figure 12. What channels do millennial HNWIs prefer for client touchpoints

CUSTOMER TOUCHPOINTS	Interaction channels		
	F2F	Audio/visual interactions	Self service
Advisory and Information Search			
Firm selection/onboarding	30%	41%	29%
Receiving advice from wealth manager	28%	46%	26%
Communicating with wealth manager	26%	47%	27%
Expert interaction for specialized service	28%	44%	28%
Product, service and information search	36%	37%	27%
Transactions and Education			
Executing transactions	21%	38%	40%
Accessing portfolio information	22%	31%	47%
Receiving latest market updates	20%	38%	42%
Receiving personalized new product and service updates	22%	35%	42%

Preferred interaction channels

Source: Capgemini Research Institute for Financial Services Analysis, 2022; Capgemini Global HNWI Insights Survey, Jan 2022.

Building the right channel, fee, and experience strategy is essential to capturing the next generation of HNWIs.

Swiss multinational investment bank UBS signed an agreement to acquire Silicon Valley automated investment service Wealthfront in early 2022 for USD1.4 billion to target US millennials and Gen Z affluent investors. The transaction was the priciest robo-advice acquisition at the time.50

HSBC is enhancing its digital investment capabilities in Hong Kong to capture the market's fast-growing 18-25-year-old segment.[51] New solutions include Trade25, which offers zero commission, zero platform fee stock trading, the educational service Wealth Coach, and Flex Invest, a low-cost way to build a portfolio. As a result, HSBC Hong Kong boosted its millennial customer base by 30% in the first six months of 2021, compared with the same period in 2020, accounting for nearly half of all new customers.[52] "Wealth management firms need to build an emotional connection with emerging client segments by addressing their unique needs," suggests the CMO from Vontobel, Henry F. Detering, CFA. "It is not about telling

Nordea balances digital and physical experiences in a post-pandemic world.

Background: Oslo-based Nordea Private Banking Norway conducted a post-pandemic customer survey to understand how two years of remote meetings had affected private banking clients' inclination to replace in-person meetings with virtual engagement. Even after experiencing positive digital interaction, most clients preferred in-person meetings.

Business objective: Nordea Private Banking executives took their customers' feedback seriously, emphasizing the criticality of communication with personal advisors and the desire for physical meetings. In response, the firm embarked on a journey to offer a hybrid service model driven primarily by customer preference for both digital and physical meetings.

Strategic implementation: Nordea adopted a three-pillar approach to meet customer demands by setting up a hybrid service model, building a dedicated team of advisors, and adopting a digital-first strategy.

- **Hybrid service model:** In line with client expectations, Nordea advisors now conduct a mix of digital and physical meetings driven by customer preferences. Advisors are empowered with tools and meeting materials to better engage with clients and provide services based on expertise in legal advisory, tax planning, etc. An automated tool enables advisors to increase digital send-outs to customers, such as reports, information, and news about product launches.
- **Private banking digital advisory:** Nordea assembled a centralized team of upskilled private banking advisors to cater to digitally savvy affluent clients. The team is responsible for remote meetings – and local advisors are on hand for clients who prefer close-to-home support. Nordea assembles smaller local teams to satisfy client demand for personal advice to augment its digital advisory group. To strengthen customer engagement, the bank is also exploring ways to digitally offer actionable investment advice.
- **Digital-first services:** In support of the private banking digital advisory team, Nordea set up digital services such as remote meetings with experts (lawyers, asset managers, product experts), digital signatures for all services, and digital reporting and newsletters accessed via net banking. Nordea plans to shift from physical events to webinars for experiences such as traveling and wine tasting and to provide market and product updates.

Benefits/results: Hybrid initiatives are boosting Nordea advisor efficiency and enabling the service of more customers. Digital-first services are strengthening omnichannel customer experience and improving the efficiency of each advisor, allowing them to meet double the number of clients per day at a reduced cost. Customer engagement is expected to improve as the firm establishes a digital and a local presence to provide customers with the touchpoints they prefer.

clients what a better world will look like, but about giving them the right tools to get there."

Tech-wealth HNWIs seek active investing, personalization, and consolidated services

This segment consists of HNWIs who earned wealth through technology-related businesses (such as FoodTech, EdTech, MarTech, FinTech, and BigTech). The number of tech billionaires increased by 51.5% in 2021 compared to 2020.[53] Tech billionaires' collective net worth of USD2.5 trillion outpaces the USD1.7 trillion total of retail and fashion and USD1.5 trillion total of investments and financial fortunes.[54]

Tech-wealth HNWIs do not rely exclusively on traditional WM firms to manage their assets. Instead, they use family offices (>30%) and new-age players (>40%) for consolidated services and a better customer experience (Figure 14).

Tech-savvy HNWIs demand active investing, personalization, and consolidated services from their WM provider, and 60% of tech-wealth HNWIs prefer family offices over large banks or WM firms.

A tech-wealth HNWI who retired after an extended CIO career across Tier-1 financial firms and lucrative exits from two startups confided, "I look for a wealth manager who knows me. Someone who understands my needs and investing attitude – rather than someone focused on selling me products."

Tech-wealth HNWIs say they select a WM firm based on trust, seamless experience, and the right product portfolio. Our survey revealed that 73% of tech-wealth HNWIs switched their primary WM firm after crossing the USD1 million threshold. A granular look into the age bands indicates that 76% of HNWIs younger than 40 and 71% of those older than 40 switched their WM firm as they crossed this threshold. A lack of an attractive product portfolio and low digital maturity were the top reasons for switching firms. Tech-wealth HNWIs use, on average, five firms to manage their wealth. They support startups and want to share their expertise and experience by investing in tech innovation.

"Client demographics play an important role in the adoption of digital capabilities. Firms need to be prepared to customize touchpoints based on clients' needs and the ability to optimize the hybrid between digital interactions and their relationship manager."

Paul Richardson
Client Experience Director
HSBC Private Bank, UK

73%

of Tech-wealth HNWIs switched their primary WM firm after crossing the USD1 million threshold, primarily due to lack of an attractive product portfolio, low digital maturity, and poor customer experience.

Figure 13. Tech-wealth HNWI preferences and behaviors



Tech-Wealth HNWIs: HNWIs who have made their wealth through technology-related businesses (FinTech, EdTech, MarTech, BigTech etc).
Source: Capgemini Research Institute for Financial Services Analysis, 2022; Capgemini Global HNWI Insights Survey, Jan 2022.



LGBTQ+ HNWI clients seek inclusive advisory services that enables them to live their best financial lives

As with other segments, opportunities exist for WM firms to better meet the life-stage needs of LGBTQ+ individuals and families who often face financial and legal system complexities during pivotal events (marriage, domestic partnership, family expansion, home purchase, retirement). An inclusive approach encompasses the entire financial lives of LGBTQ+ HNWIs – from investments to tax strategies, estate planning, charitable and legacy planning, as well as risk management.

Clearly, understanding clients' unique needs is helpful, but in markets where LGBTQ+ individuals have mainstream legal rights, separate segmentation isn't necessary. Inclusive and affirming human interaction and nuanced judgment will enable service equal to that offered to other valued HNWIs.

Our wealth manager survey revealed that 30% of advisors say they don't understand LGBTQ+ client needs. Meanwhile, 30% of LGBTQ+ participants in our HNWI survey said they lack trust and confidence in their primary WM firm.

Some frontrunners have taken inclusivity to heart by creating especially inviting WM environments.

- New York Neobank Daylight is committed to building and enhancing the equitable financial life of LGBTQ+ individuals and their families via a specialized digital banking platform.[55]
- Superbia, a New York-based financial services marketplace devoted to the LGBTQ+ community, began offering member benefits in Q-3 2021 that include reduced-rate access to healthcare services and counselling – in addition to investment and other financial services.[56]
- Serving mass-affluent investors across the United States, Quiet Wealth provides comprehensive financial planning and investment management services to LGBTQ+ professionals and business owners. Clients have at least USD200,000 in household income or USD750,000 of investable assets across their brokerage and retirement accounts.[57]

Mass-affluent investors captured during their early life stages can grow within the WM ecosystem

This segment, which typically consists of clients with investable assets between USD250,000 and USD1 million, has considerable growth potential due to the rise in the number of middle-class people to the ranks of the mass affluent category. They account for around 11% of the global population, with a high proportion of digitally engaged young professionals requiring personalized offerings.[58] The US mass-affluent wealth band may account for >USD47 trillion of wealth by 2025, according to a report from Global Data Wealth Markets Analytics.[59] Therefore, WM firms need to capture this segment early in their life stages and grow them within their ecosystem. However, most firms largely ignore this wealth band.

Capgemini's executive survey revealed that only 27% of the WM firms have mass affluents as a client segment. And only 36% of firms are exploring mass-affluent services. However, we also see innovative, albeit limited until now, efforts to capture this wealth band.

- Blackstone plans to double its global private wealth team to expand its mass-affluent business in the next few years.[60]
- European digital wealth firm Moneyfarm and London global investment manager M&G partnered to launch a new UK digital investment service under the M&G Wealth brand. M&G will use Moneyfarm's platform-as-a-service to offer a robo advisory product aimed at the next generation of retail customers in the UK.[61]

The sheer scale of the segment pushes firms to address the critical challenge of combining scale with a cost-effective offering to capture market share.

DBS Bank leverages technology to democratize wealth management access for retail clients.

Singapore-based international banking and financial services firm DBS Bank offers three distinctive WM offerings – DBS Treasures, DBS Treasures Private Client, and DBS Private Bank – each with unique identities, features, and depth. DBS Bank is a leading financial services group in Asia with a presence in 18 markets, and has prioritized digital transformation since 2014. It is also Singapore's largest bank, with more than five million customers, of which more than three million are banking digitally.

Business objective: The goal to democratize access to WM services was set in 2019 to enable more broad market participation for retail investors to grow their money and prepare for retirement. The bank noticed that financial information was still held in silos even with digitalization. Those who wished to review their overall finances either had to manually consolidate their holdings or look to their financial advisors to do so for them. Others who were not subscribed to these services were inadvertently left out – and this is where DBS Bank believed it could make a difference. NAV Planner leverages the bank's digital expertise and data analytics to create a digital advisor for everyone that can not only consolidate but also analyze and recommend. DBS Bank was determined to offer its users an in-depth view of their portfolio, access to relevant insights, informational alerts, and the convenience of making transactions and investments anytime and anywhere through its digibank app.

Strategic implementation: The bank leveraged its proprietary financial planning framework – comprised of principles developed by DBS Bank's financial planning experts and benchmarks from the Financial Planning Association of Singapore – to launch its proprietary artificial intelligence-powered digital financial and retirement planning tool DBS NAV Planner in May 2020. Next, it introduced a feature-rich digital advisory solution in April 2021 that leveraged big data and AI/machine learning to help retail customers make better-informed investment decisions. The objective was to augment tailored investment advice with expertise from the DBS Bank's funds selection team while streamlining several regulatory screening processes, such as customer knowledge assessment and customer account review. Then, customers could invest in products tailored to their risk profiles. NAV Planner is available via the DBS/POSB digibank app and internet banking. It eliminates investment guesswork and bias by providing specific recommendations based on a client's risk profile. It also offers hyper-personalized customer experience in real time.

Benefits/results: As of Q4 2021, nearly 2.6 million customers (mainly from generations Y and Z) had used NAV Planner – more than double the number of retail investors during the same time in 2020. DBS Bank says that nearly half of active users achieved positive cash flow and improved their financial wellbeing – as an example, customers guided by NAV Planner fare better than non/dormant users who (on average) have a 50% higher AUM (including deposit savings). The digital advisory tool delivers actionable insights powered by more than 100 AI models, and more than 30 million financial planning insights have since been delivered. These features also contributed to a four-fold increase in customers who were able to complete their investment journeys, where the AUM of digitally managed investments (digiPortfolio, InvestSaver ETFs, and online unit trusts) also grew by 52% last year.

Having demonstrated success in designing and implementing its proprietary technology to help users cultivate positive money habits, DBS NAV Planner holds greater promise for more non-DBS retail customers, including those in markets beyond Singapore, to have access to WM and achieve financial resilience. Cognizant of the keener interest in affordable WM advisory and solutions, the bank has not ruled out unlocking the opportunity to commercialize NAV Planner.



Leveraging technology to drive deep customer engagement

WM firms are out to earn and retain the mindshare (vs. their competition) of the five emerging client segments we mentioned previously. These unique segments, which are in focus now, possess high growth potential and require specialized expertise and offerings. They say they prefer proactive WM providers who build emotional connections. They have distinct needs – financial and non-financial – and expect transparency, privacy, and a comprehensive product portfolio delivered along with superior CX.

"True personalization comes through intelligent use of customer data to drive experience, content, and choices – not just during the purchase phase but throughout the entire wealth journey."

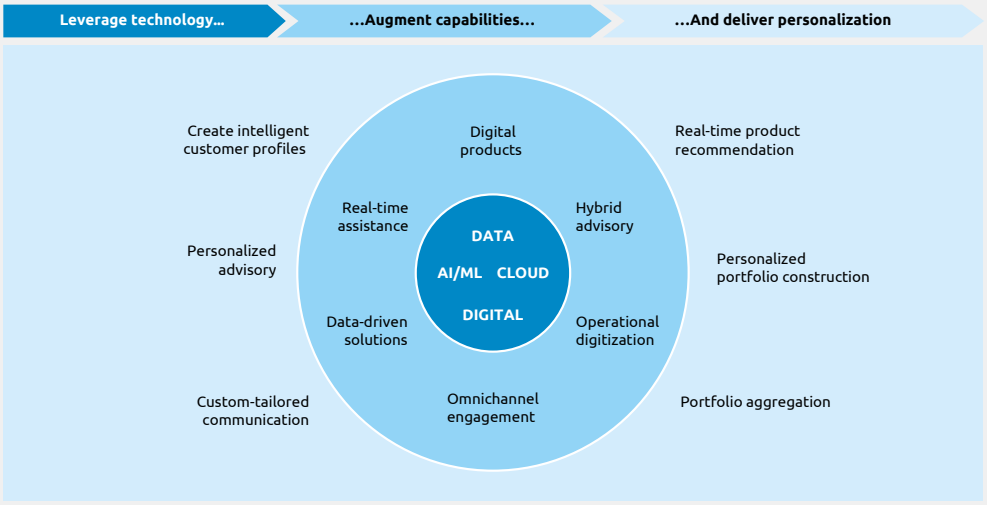
Alex Ypsilanti
CEO and Co-founder
Quantifeed, Hong Kong

A strong technology core – that leverages data, AI/machine learning, the cloud, and digitalization – is the foundation of a scalable customer-centric engagement model.

- Embrace data management to develop 360-degree client profiles, including sentiments and life-stage data.
- Move to the cloud to improve cost-effectiveness, increase scalability, and enhance accessibility.
- Use AI and machine learning to build actionable customer insights and identify next-best customer actions for proactive and intuitive service and advice.
- Build digital capabilities to enhance advisor/client communication and intimacy.

Leveraging the strengthened core, developing and augmenting an ecosystem of capabilities like data-driven and digital products, real-time omnichannel engagement and assistance, and hybrid advisory services will be critical for firms. A robust technology stack will also help a firm achieve digitization across its value chain to reduce costs and achieve scale. Better customer profiling and targeted communication can streamline engagement. Through tools

Figure 14. Personalization will help firms grow customer mindshare



Source: Capgemini Research Institute for Financial Services Analysis, 2022.

tailored to execute transactions and access advisory services, customer satisfaction will also improve.

"Thanks to technology enablers, reduced cost to serve now makes new client segments addressable with higher service quality and personalization levels," said Laurent Bodson, Head of Sales at Gambit Financial Solutions.

Create a customer-centric engagement strategy that attracts emerging segments.

A customer-centric strategy consists of a structured and measurable acquisition and retention roadmap enriched by extensive engagement to offer a superior customer experience.

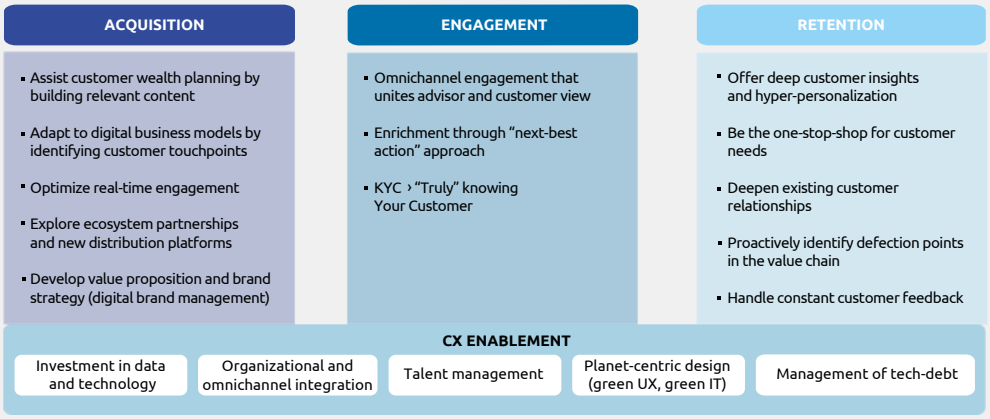
A targeted acquisition strategy bolsters engagement with prospects by building brand recall, offering the right mix of products to capture and activate lifelong customers.

- Real-time brand management is a continuous process to help firms maintain clients' top-of-mind recall and awareness. Strategic WM firms bring their brand values to life by clearly communicating their investment philosophy and weaving it through all products and services.
- Firms offering an attractive portfolio of products that are easy to understand are more likely to be picked by HNWIs, whose education is also a key component at this stage.
- Finally, onboarding a WM client seamlessly will help round out the acquisition experience effectively and set the tone for the ongoing relationship. For example, Merrill Lynch rolled out its fully-digital Collaborative On-Boarding Experience (COBE) in 2021 to streamline and automate client account opening and onboarding.[62]

A successful client retention strategy prioritizes exceptional experiences and actively listens to the voice of customers to build loyalty and advocacy.

- To provide the right experience, firms must balance advisor-driven engagements and self-service touchpoints based on each customer's needs and preferences. And to ensure success, a comprehensive and modular suite of self-directed digital tools and data-enabled advisory capabilities are needed to support seamless service from wealth managers to clients.
- Once a client enters the firm's ecosystem, upselling and cross-selling opportunities are unlocked. But to make it happen, firms need a marketplace of solutions filled with their products and those from complementary ecosystem partnerships that reflect clients' financial and non-financial life-stage needs.
- Customer loyalty can be gained by enabling hyper-personalization across the WM client lifecycle and by exceeding client expectations across products and experiences. Setting up a systematic process for synthesizing client behaviors and goals to offer timely, life stage-appropriate financial advice allows incumbents to earn customer mindshare and compete with digital-native WM firms.

Figure 15. Robust client experience is pivotal – from acquisition to retention



Source: Capgemini Research Institute for Financial Services Analysis, 2022.



"Technology and data can help wealth management firms evolve from operating in silos to offering an end-to-end communication, advice, planning, and financial product shopping experience with a 360-degree client view."

Christine Ciriani
CEO, EMEA and APAC
InvestCloud, Switzerland

Effective engagement across acquisition and retention is critical to boosting CX and referrals.

- Authentic engagement provides value in every customer interaction, thus increasing loyalty and encouraging advocacy. Therefore, a seamless, optimized, and consistent interaction between the client and the WM provider will be critical.
- Products and services that feature hyper-relevant content, real-time solutions, and customized marketing enrich and influence the customer journey and augment CX enablement.
- WM firms can evolve their engagement strategy from a standard KYC approach to accurate understanding by building 360-degree client profiles.
- Finally, clients expect financial advisors to be in tune with their dynamic lifestyle needs (financial and other services) and provide an all-in-one solution, such as a convenient, intuitive, and versatile super app. For example, HSBC Jade offers its clients with advanced wealth solutions, personal relationship management, and luxury lifestyle services.[63]

WM firms that formulate appropriate acquisition, engagement, and retention strategies can offer a captivating client experience across the customer journey.

Customer-centric engagement strategy can be strengthened by leaning into the five key pillars of client engagement.

Investment in data and technology: Superior service requires robust digital capabilities. The most strategic WM firms are beefing up their technology and data investment budgets to digitalize and scale business processes (cloud), implement big data and business intelligence (data and AI), and drive predictive analytics. Modular data and IT architectures will help the firm make smart decisions, personalize at scale, and offer an extensive product portfolio to improve customer satisfaction. A comprehensive data-driven strategy will boost client engagement across the client lifecycle as fragmented customer data prevents WM firms from looking at the larger picture to understand customers' needs, wants, and behaviors.

- US investment bank BNY Mellon built its scalable cloud-based Data Vault platform by integrating vast information from multiple client touchpoints. The bank mines data-driven insights to create solutions that quickly address evolving needs.[64]
- Credit Suisse actively boosted its data extraction capability with a time-saving and scalable approach by investing in Daloopa, an Indian data-crunching firm powered by AI-driven software.[65]
- Morgan Stanley entered a strategic partnership with Microsoft to implement Azure Cloud solutions to accelerate the firm's digital transformation and innovation.[66]
- Credit Karma (a US-based personal finance firm) collects 2,600+ data attributes per user to enable personalized advice in near real-time. Its advanced predictive analytics algorithm makes nearly eight billion predictions about the right strategy for a single customer based on their goals.[67]

Organizational and omnichannel integration: Firms must integrate their omnichannel strategy with organizational goals to streamline the client experience regardless of the platform or channel customers use. To provide the best omnichannel experience, WM firms need to focus on three essential elements: Anytime, anywhere, any device accessibility (to reduce inter-channel friction), creating a complete customer profile (to target the right customers at the right time), and offering relevant content (to add value to the customer engagement). Strategic firms are eliminating data silos and sharing insights across various departments while providing transparency to stakeholders regarding customer engagements and product offerings.

Firms that offer clients 24x7 support across channels can simultaneously identify potential value chain defection points and plug gaps with targeted offerings. A proactive approach safeguards customer stickiness and loyalty.

Bank of America enhanced its HNWI rewards and loyalty programs with a luxury metal card and exclusive benefits, including access to personalized services from third-party experts to help navigate complex issues, such as college advice, career support, and eldercare options.68

Talent management: Understanding the needs of emerging client segments will be critical and achievable through an inclusive culture. Equally essential is a diverse pool of advisors and sales associates with the right skills to offer an emotional connection with customers and understand the specific objectives of each customer segment to build trust with them.

UBS's WM division recently launched a team devoted to diversity and inclusion-related investment strategies. It offers investments that seek to advance equality, expand opportunities, and enhance outcomes for under-represented or marginalized groups to generate returns and social benefits.[69]

Beyond culture and diversity, leadership commitment to employees' skill development and providing appropriate tools is critical to arm them for better client engagement.

Planet-centric design: Aligning corporate financial objectives with sustainable investing is an increasingly crucial concern for clients before engaging with a brand. Wealth management firms can demonstrate sustainability objectives by leveraging open-source technologies, automating inefficient operational processes, engaging with customers through digital channels, and implementing planet-friendly ESG solutions.

JP Morgan pledged more than USD2.5 trillion over 10 years to fund sustainable development solutions. As part of the initiative, the bank earmarked USD1 trillion for green projects, including clean technologies focused on speeding the transition to a low-carbon economy.[70]

Tech-debt management: WM firms also must manage their tech debt by encouraging collaboration among stakeholders across the organization and third-party ecosystem specialists.[71] Majority (77%) of US- and Canada-based financial advisors reported losing business because they didn't have the appropriate digital tools to interact with clients as the pandemic reduced in-person meetings. Firms can quickly step up and enhance their technical and digital capabilities by outsourcing to third parties (mutualization), absorbing competencies (acquisition), or partnering with ecosystem players (collaboration).

Bank of America approved a USD3.6 billion tech initiative budget in 2022 – over and above the USD35 billion spent over the last 12 years – to focus on secure and scalable technology platforms. As a result, the bank's global wealth and investment arm boosted clients' digital activity and maintained a leadership position in patents for secure and scalable technology platforms.72

In addition to our five key pillars, the criticality of human and emotional connection in WM is unparalleled – and will be the leading value proposition for firms in this increasingly crowded space. Authentic connection sparks loyalty and client willingness to advocate for the firm and recommend brand solutions, services, and experiences to others.

HNWIs say that before they become loyal and advocate for a WM firm, the organization must earn their trust via an emotional connection. Clients who are comparatively new to a WM firm (zero to five years) are less sticky – and rarely believe their firm is memorable and worthy of referral.

- 47% of new WM clients have changed their firm in the last 12 months (compared with 40% in the overall survey population).
- 61% of new WM customers say they plan to switch to a new provider within the year (compared with 49% in the general survey population).

"Wealth management firms need to enhance their AI capabilities for digitizing clients' onboarding experience and help wealth managers serve existing customers and target new client segments with intelligent solutions," said Alexandre Duret, Product Director, Wealth Management at Temenos.

"The quality of the relationship with the client is absolutely key in the wealth management industry. It is about understanding customer perceptions, proactively anticipating their needs, delivering solutions with a 'human touch,' and becoming customer-oriented."

Patrick Follea
CEO
Societe Generale Private Banking, France

Customer engagement requires C-level commitment

Ensuring seamless customer engagement and offering a captivating customer experience is the key to converting customers to brand advocates and boosting NPS. But who can best drive that complex agenda of influencing customers and nudging them to promote, endorse, and champion the brand?

More and more firms are creating a new role or persona to direct client intimacy, the business, brand, and the ecosystem. This role orchestrates engagement, putting clients at the heart of the WM process. The Chief Customer Officer (CCO) is the best-suited client strategist and engagement orchestrator.

"The pandemic accelerated digital adoption and the frequency of engagement through digital channels. The differentiation for wealth management firms will come from personalization achieved by leveraging data and AI."

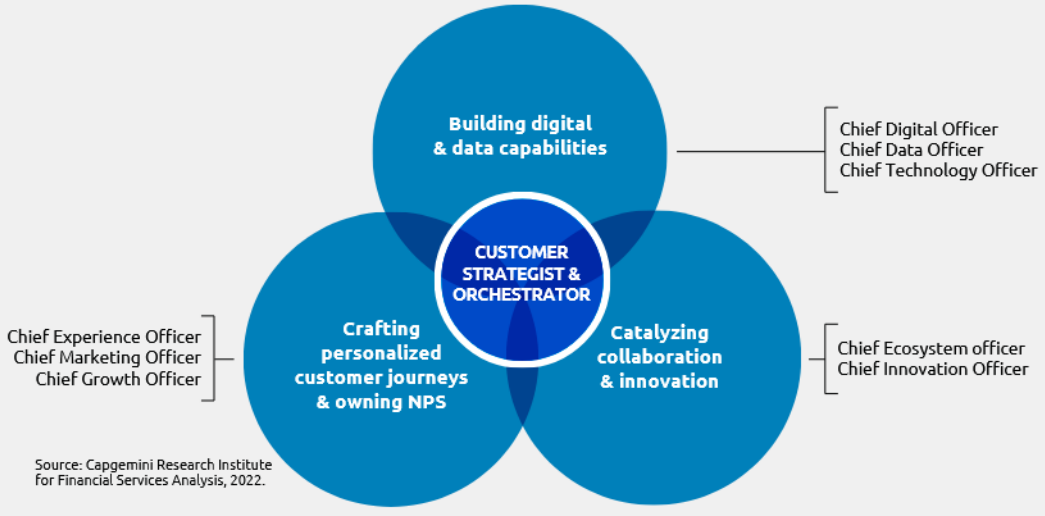
Indy Reddy
CTOO
PGIM Investments, USA

"Post pandemic, wealth firms have emerged with reimagined data-driven experiences for the front office," said Michelle Feinstein, GM & VP of Wealth Management Industry Solutions & Strategy at Salesforce. "Now they need to pivot and accelerate efforts to address middle- and back-office modernization and automation, which have remained stagnant due to competing priorities and intensified competition from digital-native firms that launch solutions to the market faster."

The CCO role personifies a customer strategist and engagement orchestrator that spearheads significant initiatives.

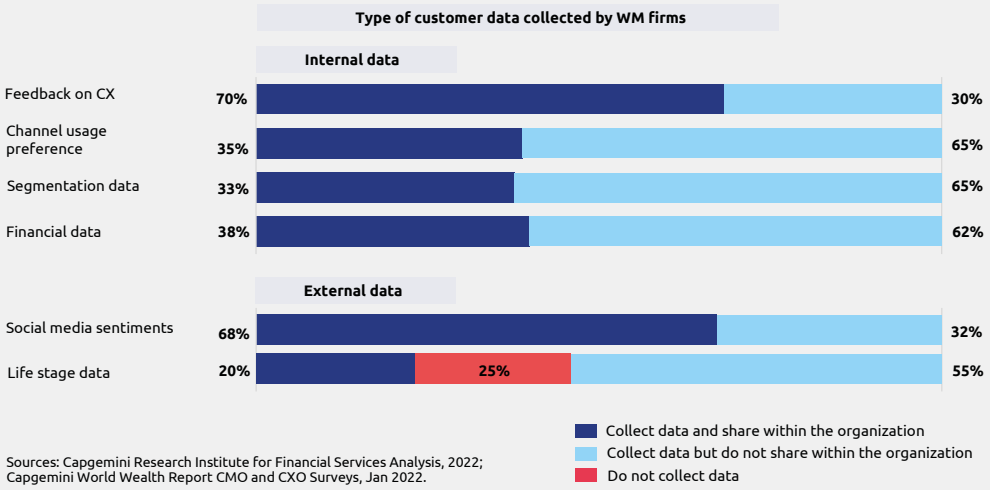
Building a solid data and digital strategy. Requirements for data prowess and digital mastery have never been more pressing as WM firms seek to offer data-powered next-gen solutions through innovative digital channels to boost customer engagement. Establishing a robust data-capturing mechanism helps create a 360-degree customer data profile around users' personal life, life stage, online presence, and finances and offers relevant solutions in real time. In addition, data agility that enhances the ability to experiment, pivot, and react to fast-moving data inputs is crucial to achieving data prowess. Yet, only one out of three WM firms share customer data about clients' channel preferences, segmentation, and financial transactions across the organization. And that means a considerable gap exists in achieving effective customer engagement, rectifying business challenges, and delivering enterprise

Figure 16. Chief Customer Officers are in a position to lead delivery of superior CX across the client journey



Source: Capgemini Research Institute for Financial Services Analysis, 2022.

Figure 17. Firms need to build a "data-driven" organization



Sources: Capgemini Research Institute for Financial Services Analysis, 2022; Capgemini World Wealth Report CMO and CXO Surveys, Jan 2022.

value to clients. Alarmingly, customer life-stage data, an essential parameter for offering hyper-personalized communication, is not shared by 55% of firms, and nearly 25% do not even collect it.

Converting legacy customer interactions to supercharged digital-first touchpoints should be the critical focus to delivering seamless, blended customer engagement. Ensuring customers' cohesive engagement in today's multi-touchpoint, multi-channel, hypercompetitive markets will boost customer stickiness. Of our WM Executive Survey respondents, 62% are keen to digitally empower touchpoints related to searching for WM products, solutions, and information.

WM firms need a robust pool of data talent and significant investments in data infrastructure, quality, and governance to scale decision-making. In addition, democratizing data across the organization by sharing it among departments enhances the decision-making of the CCO.

"There is increased demand for holistic advisory, but a heterogeneous response from the wealth management industry due to often segregated tools and teams. Service providers need to close the loop and provide integrated solutions to facilitate the work of relationship managers."

Frederic Kemp
CMO
Azqore, Switzerland



"Wealth management firms need to be inclusive in terms of demographics and diverse experience in their top leadership to ensure the evolution of new ideas about customer engagement."

Solenne Niedercorn-Desouches
Non/Executive Director and Senior Advisor in Fintech/VC
Finscale, Luxembourg

Catalyzing collaboration and innovation to ensure the firm's products and those from complementary ecosystem partners meet and exceed client expectations. The CCO is responsible for establishing a responsive and agile client approach while countering competitive threats. A challenging mandate.

They nurture a collaborative partner ecosystem to innovate fast, generate customer-ready solutions, and speed time to market. There's no doubt that external specialist partners with complementary competencies can bolster traditional WM firms with advanced capabilities.

At the same time, the CCO will orchestrate all departments within the WM firm to encourage data-oriented collaboration across the entire organization. Unlocking growth by removing silos and reducing dissonance between marketing, sales, product development, and service functions is crucial to building a united vision. Marketing, data, digital, and other executives responsible for delivering superior CX must establish a central brain mentality to prioritize collaboration for the common goal of driving customer advocacy.

Becoming empowered to orchestrate personalized client journeys. One out of two WM executives we surveyed mentioned that providing end-to-end digital service, offering innovative and customized fee options, and an authentic omnichannel experience are the key focus areas for delivering top-notch CX. This will enable firms to provide hybrid advice, hyper-personalization, and holistic services which will help them remain. And that is why the CCO's mission is to transform the firm into a client-centric organization that creates personal and human-centric experiences across moments, channels, and client life stages. Backed by an empowered CCO persona, firms can build solid trust with the client, which leads to loyalty and customer advocacy that inspires sincere recommendations.

"The wealth management firm of the future will serve its existing core client base and adapt to cater to the next generation of wealth creators who have a radically different view of what it means to be wealthy," said David Newson, Partner & CMO and Natalia Tchetchoulina, Partner at Cerity Partners, an independent financial advisors group.

Formue develops a hybrid customer experience balancing the best of digital with a personal touch

Established in 2000 and based in Oslo, Norway, Formue is an independent wealth manager serving private individuals, institutions, and organizations in Norway and Sweden with an AUM of NOK127 billion (≤USD15 billion). Formue's 350 employees offer wealth planning, portfolio and business management, family office support, and legal services.[73]

Business objective: Formue's market positioning, the Nordic way of wealth, is about balance. So, in 2017 when the firm's executives aimed to increase Formue sales, it made sense to personalize CX and balance it with better advisory efficiency and productivity. But the company needed a central platform to align data and technology to bring it to life. After evaluating the solutions on the market, the implementation team selected a variety of Salesforce solutions. Leveraging the data captured by marketing throughout the customer journey, Formue advisors could now quickly access qualified prospects, minimizing endless and costly cold calling.[74]

Strategic implementation: Formue created a Future Sales Funnel program led by the Chief Marketing Officer. First, the team implemented a marketing automation tool, Marketing Cloud, to create a personalized omnichannel experience for leads, prospects, and existing customers.
When prospective customers register on the Formue website, Salesforce captures their browsing habits and interests, generating relevant emails matching their history. Data from the Formue app, lead-gen tools, and content are gathered in a customer data platform (CDP) to analyze and create segments for targeting and retargeting.
Then, inside sales representatives bridge the gap between early funnel marketing initiatives and the handover to advisors. By implementing dashboards in Salesforce Financial Services Cloud, the reps leverage AI to predict their next-best actions.
Finally, Formue created an information-sharing process for advisors that features prospects' interests, needs, and challenges to ensure a well-prepared first meeting. The intelligence gathered from marketing also helps identify new business areas and new segments.

Benefits/results: Implementation of the Future Sales Funnel program beat timeline expectations. Once up and running, the project boosted collaboration between marketing and sales and sparked innovation in various organizational areas by leveraging data. By exploring new channels and sharing data across internal silos, Formue increased spontaneous contact requests and now generates more leads than before implementing the Salesforce solutions. Marketing leads converted to clients accounted for roughly 10% of overall 2021 acquisitions.

"As we look forward, the roadmap is about enabling multi-channel journeys and expanding the use of customer data platforms to make every customer touchpoint personalized, relevant, and engaging," said Formue Chief Marketing Officer Carl Sjöström.



IN CONCLUSION

Wealth and the numbers of HNWIs around the world were on the rise during 2021; although regional and country dynamics shifted as compared to prior years in some cases, growth was substantial in most areas driven by equity market performance, fiscal policy, and other economic and social factors.

At the same time, heightening HNWI customer interest in new investment strategies and opportunities, and broader needs for personalized service and attention, are challenging the WM industry to meet new and frankly higher expectations around what a truly excellent customer experience needs to be. And additional challenges are on the horizon:

Influential new segments (women, LGBTQ+, and mass affluent) have unique expectations and preferences. Meanwhile, clients increasingly ask for digital-first engagement and seamless experience – led by new technologies, global economic and geopolitical scenarios, and pandemic-induced behavioral changes to drive demand for hybrid advisory (digital + physical) with real-time personalization of products and services.

A challenging investment environment, rising risk costs to investors, uncertain global equity markets, diminishing interest rates, and unsteady real-estate prices make it harder for WM firms to generate superior investment performance for their clients.

Finally, increasing regulatory burdens, new business models, and overwhelming competition from non-traditional players (BigTechs, WealthTechs, and others) will further escalate the magnitude of change and upheaval in the WM industry.

With the industry on the cusp of multidimensional disruption, WM firms need a comprehensive strategy to engage customers, enhance CX, drive client loyalty, and boost their likelihood to recommend. What is the right next step to take?

A four-dimensional strategy built around customer engagement is essential for firms to capture client mindshare and measure the pulse of an expanding base of investors:

Embrace new human-centric business models that drive WM firms to become customer-first organizations. Prioritize intelligent automation, data and insights-driven culture, and hyper-personalization to meet the expectations of the new-age customers.

Build an inclusive client ecosystem to capture newly evolved customer segments. Capture emerging customer segments and cater to their unique needs by offering tailored WM solutions and seamless customer engagement, to drive future-ready business growth.

Enhance advisor capabilities through actionable data analysis, flexible technology, streamlined workflow activities, and digital tools. Boost personal relationships and customer advocacy by leveraging a data-driven, single-lens customer view. Invest in advanced digital tools for personalization and hybrid advisory offerings.

Adopt a one-stop-shop approach to cater to customers across their financial and non-financial services needs. Offer integrated solutions (such as SuperApps) to accommodate client lifestyles (financial and non-financial) by leveraging ecosystem collaboration.

Methodology

Market sizing

The World Wealth Report 2022 market-sizing model covers 71 countries, accounting for more than 98% of global gross national income and 99% of world stock market capitalization. We estimate the size and growth of wealth in various regions using the proprietary Capgemini Lorenz curve methodology. Using this methodology, we derive the macro-level value of HNWI investable wealth annually. The two-stage model estimates total wealth by country and the distribution of this wealth across the adult population in that country.

- Total wealth levels by market are estimated using national account statistics from recognized sources, such as the International Monetary Fund and the World Bank, to identify the total yearly amount of national savings. These are added over time to arrive at a total accumulated market wealth. The model captures financial assets at book value, and final figures are adjusted based on world stock indexes to reflect the market value of the equity portion of HNWI wealth.
- Wealth distribution by market is calculated by distributing income across wealth bands based on a wealth/income relationship formula. The World Bank, the Economist Intelligence Unit, and national government statistics provide data on income distribution. Then, the resulting Lorenz curves are utilized to distribute wealth across the adult population in each market.

To arrive at the investable wealth as a proportion of total wealth, we apply market data (where available) to calculate the investable wealth figures and extrapolate these findings to the rest of the world.

We enhance our macroeconomic model annually with analyses of domestic economic factors that influence wealth creation.

The investable asset figures published:

- Include the value of private equity holdings stated at book value and all forms of publicly quoted equities, bonds, funds, and cash deposits.
- Exclude collectibles, consumables, consumer durables, and real estate used for primary residences.
- Calculate offshore investments based on estimates each market provides regarding their citizens' flow of property and investments into and out of their jurisdiction.
- Account for undeclared savings.

Given exchange rate fluctuations over recent years, particularly concerning the USD, the impact of currency fluctuations is also considered. However, our analysis concludes that our methodology is robust, and exchange rate fluctuations do not significantly impact on the findings.

Finally, we actively engage Capgemini's global network of subject matter experts to best account for the impact of domestic, fiscal, and monetary policies – over time – on HNWI wealth generation.

2022 Global High Net Worth Insights Survey

The Capgemini 2022 Global HNW Insights Survey questioned 2,973 HNWIs across 24 major wealth markets in North America, Latin America, Europe, and Asia-Pacific as broken down by region, age, gender, and wealth band, respondent demographics can be seen in the paragraph below.

The Global HNW Insights Survey was administered in January 2022 in collaboration with Aon, a firm with more than 20 years of experience in conducting private client and professional advisor interviews in the wealth management industry through its global Client Insight team. The 2022 survey covered HNWI investment behavior, channel preferences, value-added services, preference for emerging asset classes such as digital assets and ESG investments, and preference for WM providers. Of the total HNWIs surveyed, 30% belonged to the Tech-Wealth HNWI category.

To arrive at global and regional values and ensure survey results represent the actual HNWI population, we use market- and region-level weightings based on the respective share of the global HNWI population.

HNWI survey had diverse representation:

- by Wealth Band - $1-5MN: 21%, $5-30MN: 34%, $30MN+: 46%
- by Age Band - Under 40yrs: 47%, 40-59yrs: 42%, 60+yrs: 11%
- by Gender - Male: 63%, Female: 37%

2022 Global Wealth Management Executive Survey

To bring in the WM industry perspective, we also conducted surveys of WM executives and wealth managers across North America, Europe, and Asia-Pacific. Surveys were administered in January 2022 in collaboration with Phronesis Partners, a cross-industry global research and analytics firm.

The 2022 Wealth Management Executive Survey covers more than 70 responses across 10 markets, with representation from pure WM firms, universal banks, independent broker/dealer firms, and family offices). The survey drew on executive insights regarding their firm's prioritization of customer engagement and evolving segments, including capturing the new Tech-Wealth segment, market trends, role of the CMO persona as an engagement orchestrator/customer strategist, and future strategy to be a one-stop-shop provider.

The executive survey witnessed representation from WM firms (39%), Universal banks (27%), Independent Broker/Dealers (18%), Family Offices (16%).

2022 Global Wealth Manager Survey

The 2022 Wealth Manager Survey covers more than 350 responses across seven markets. The survey questioned wealth managers about their views on the firm's WM strategy priorities, their satisfaction with the support provided by their WM firm, and customers' increased interest in new products/offerings.

2022 Global Wealth Management CMO Survey

The 2022 Chief Marketing Officers (CMOs) survey elicited 60 responses across the Americas, APAC, and Europe. The survey questioned CMOs and marketing heads about their views on the evolving CMO role, brand, CX management, customer lifecycle engagement, and digitalization.

The CMO survey had participants from APAC (22%), Americas (40%) and Europe (38%).

HNWI Survey Geographic Breakdown

Market	# HNWIs
AMERICAS	**793**
USA	480
Canada	103
Brazil	105
Mexico	105
EUROPE	**793**
UK	106
Germany	108
Switzerland	50
France	102
Italy	107
Spain	80
Netherlands	52
Belgium	55
Luxembourg	50
APAC	**1470**
India	156
China	348
Hong-Kong	105
Singapore	109
Australia	105
Malaysia	108
Indonesia	100
Japan	129
Thailand	101
Taiwan	105
South Korea	104
Total	**2,973**

Wealth band terms used throughout the report

Mass affluent

Wealth band with investable assets typically between USD 100,000 and USD 1 million.

HNWI

High net-worth individuals: Those with investable assets of USD 1 million or more, excluding primary residence, collectibles, consumables, and consumer durables.

Millionaire next door

Wealth band of HNWIs with investable assets between USD 1 million and USD 5 million.

Mid-tier millionaire

Wealth band of HNWIs with investable assets between USD 5 million and USD 30 million.

Ultra-HNWI

Wealth band of HNWIs with investable assets of USD 30 million or more.

Tech-wealth HNWI

HNW individuals who earned their wealth through technology-related businesses (FinTech, EdTech, MarTEch, Big Tech, and others)



Partner with Capgemini

The time to transform your business is now

New customer expectations around technology and easy access to data, and ever-higher demands for a seamless and simplified customer experience is raising the bar high for Wealth Management firms. With the added complexity of the regulatory environment, firms may face increased cost structures, while finding revenue growth at risk. As a result, it is essential that wealth managers engage in a deep transformation of their business.

Capgemini helps clients transform their wealth management business to a more efficient, sustainable, and digital business model. Our offerings help you:

Reinvent yourself: embrace a new wealth business model.

Capgemini helps financial institutions re-invent their core business model by strengthening customer experience from front to back end with innovative, digital solutions and efficient operations. Our capabilities across the wealth management value chain allow firms to meet the needs of new customer segments generating additional revenue streams and increasing profitability.

Unify the wealth client and banker experience through digital technologies.

Wealth management customers and bankers are leveraging technology to simplify processes and to provide immediate access to information in all areas across the customer life cycle.

Capgemini designs a seamless digital experience for multi-channel, multi-device, and face-to-face interactions. Our leading innovation and design agency develops best-in-class digital services, fully integrating the digital user experience for the wealth management client, the banker, and third-party partners.

Unleash intelligent advisor and augmented relationship management capabilities.

The bar is constantly being raised by high net-worth customers. Capgemini implements innovative customer relationship management and customer lifecycle management solutions that improve sales tracking, enhance customer onboarding, and make smart Know-Your-Customer and AI-driven recommendations. We help enhance your portfolio management platform through a comprehensive set of computation engines.

Embrace a new wealth management priority – sustainability.

The movement toward sustainability and ESG investing is rapidly gaining momentum, spurred on by banks and asset managers aspiring to be net zero, by the transfer of wealth to Generation Z and their ESG interests, and even regulatory changes.

Capgemini works with wealth managers to commit to a net zero strategy and ESG-aligned new business model, and enable monitoring and results reporting through a solid data foundation. To move quickly and embed sustainability along the entire investment process, we offer ready to deploy assets like ESG datahub, an inventory of use cases, and ESG dashboards and access to an ecosystem of partners across data and platform providers, blended with a dedicated regulatory watch team.

Envision user-friendly and scalable "wealth-as-a-service" for your business.

Financial services firms are looking for alternatives to costly, complex and risky technology transformation. To be competitive, they need to gain agility and shorten time-to-market.

We provide financial services institutions a better way to leverage technology enabling modularity and plug & play capabilities with micro services, API, blockchain, quantum, etc. In combination with the delivery of superior customer journeys, this service can be deployed to deliver added value to the business in quick steps, rather than over a long horizon before any benefits are realized.

Ask the experts



Nilesh Vaidya

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Nilesh has been with Capgemini for 20+ years and is an expert in managing digital journeys for clients in the areas of core banking transformation, payments, and wealth management. He works with clients to help them launch new banking products and underlying technology.



Marie Wattez

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Marie leads Capgemini Private Banking & Wealth Management capabilities globally. She has helped major banks define their strategy and transform and turn around their business, operating models, and technology platforms across HNWIs, mass affluent, and family offices.



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Roy has extensive experience working in and across retail and commercial banking, wealth and asset management, digital transformation, and FinTech startups and scale-up. Roy has a passion for leveraging technology to transform and create new businesses and deliver great products and services to customers.



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Maxime leads the Wealth & Asset Management practice in Capgemini Invent - France. He has 20 years' experience in advising major institutional investors, investment managers and private banks in their business strategy, target operating models and IT strategy from Front to Back-office functions.



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Carina has 20 years of wealth management experience, working for leading global and Swiss private banks and as a strategy advisor for wealth and asset managers. She has supported front-office transformations, developing new investment and advisory offerings and pricing, and has helped shape ESG investing approaches for private banks. At Capgemini, she works with clients to transform business models into more sustainable and innovative businesses.



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Tatiana is a leading wealth management APAC expert specializing in digital transformation and new business models. She has dedicated most of her career to helping leading retail banking and wealth management players transform their operating models, advising on their emerging needs related to growth, innovation, and digital change across Europe and Asia.



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Abhishek provides Wealth Management industry leadership for clients and brings Capgemini collaboration with industry-leading partners to provide innovative wealth management solutions for clients. He has over 20 years of financial services experience, working primarily in wealth management and corporate banking.



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Tej is a global WM industry leader and head of ESG solutions, with over 25 yeas of diverse FSI experience as a transformation leader & business driven tech executive. He partners with CxO's to establish innovation driven growth strategy and execute enterprise-wide transformation while empowering to integrate sustainability.



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Sandeep Kurne is a Digital Strategy & Business transformation executive with 22 years of global experience building, re-engineering, and positioning firms for profitability growth and shareholder value creation in the digital age.



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Elias is responsible for Capgemini's global portfolio of financial services thought leadership. He has more than 20 years of experience in FS, focusing on effective collaboration between banks and the startup ecosystem.



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Chirag leads the Banking and Capital Markets Practice in Market Intelligence. He has over 15 years of experience as a strategy and thought leadership professional with in-depth FS expertise and a WM focus for more than 10 years.



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