World Report Series 2024
Wealth Management

Intelligent strategies for winning with the ultra-wealthy

Bridge wealth management and family office strengths to fuel growth

Capgemini RESEARCH INSTITUTE

Contents

Foreword

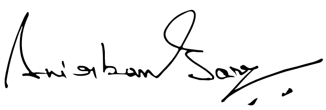
We are back in business! While researching, analyzing, and writing the World Wealth Report 2024, our 28th edition of this report, we discovered a significant investment shift: globally, high-net-worth individuals (HNWIs) are reaching unprecedented numbers and wealth levels. And, as wealth grows, HNWIs are revisiting cautious 2022 and 2023 asset preservation tendencies. Risk aversion is subsiding, and HNWIs are slowly rebalancing between safety and growth.

Despite this emerging positive trend, the global environment is not so bright, with issues ranging from geopolitics to inflation. Uncertainty is further compounded as many countries hold elections in 2024. As the market upswing unfolds, the time has come for wealth management firms to dive deep into clients' evolving behavior and expectations, and to prioritize meaningful and timely engagements. The road ahead isn't without hurdles: macroeconomic uncertainty, geopolitical tensions, regulatory agenda and a rise in operating costs are squeezing the bottom line.

Like in all other sectors, artificial intelligence (AI) is fast emerging as a transformative force to enhance client intimacy in wealth management. From creating and then regularly updating 360-degree client profiles to leveraging behavioral finance techniques, AI is promising to help relationship managers recognize psychological biases that may influence investment decision-making. Moreover, generative AI can enable hyper-personalization, allowing firms to tailor service touchpoints to clients' unique needs, preferences, and life events. The result? Moments-that-matter engagement and the foundations of solid, long-lasting relationships.

More than ever, wealth management firms seek sustained profitability, and the highly concentrated ultra-HNWI segment – individuals with more than USD 30 million in investable assets – presents a highly lucrative opportunity. However, family offices may be better prepared to play the orchestrator role and handle the multi-generational and multi-jurisdictional needs of this population, through a broad range of financial and non-financial value-added services. So the game is on: who can be the best provider of the one-stop-shop service suite needed to best serve the ultra-wealthy? While competing is one option, collaborating or servicing is another – and wealth firms that strike a competitive and collaborative balance with family offices can forge revenue-generating business partnerships supporting the family firms.

I hope our report offers a path to help you get started.



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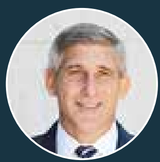

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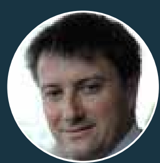

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Executive summary

The global economy continues to recover from 2022 challenges. Although interest rates remain elevated, central banks signaled an end to rate hikes in H2 2023, with prospects of rate cuts late this year or in early 2025.

Navigate HNWI wealth recovery during uncertain times

Buoyed by a resurging equity market and improving macroeconomics, global high-net-worth individual (HNWI) wealth and population rose by 4.7% and 5.1% in 2023. North America posted the most robust recovery, expanding by 7.2% in HNWI wealth and 7.1% in HNWI population. Asia-Pacific experienced 4.2% HNWI wealth growth and a 4.8% rise in HNWI population. European HNWI wealth and population grew more modestly, at 3.9% and 4.0%, respectively.

Despite ongoing market unpredictability, HNWIs are rebalancing their portfolios to meet growth goals. In January 2024, cash holdings normalized to 25%, down from multi-decade highs. Allocations to alternative assets rose to 15% from 13% in 2023, reflecting investor desire to diversify into high-return asset classes.

However, wealth management firms continue to struggle with profit uncertainty because of escalating geopolitical conflicts, elections in major economies, recession worries, evolving interest rates, and choppy stock market trading. Further, net interest income, which has been high in recent years, is expected to decline, and asset prices are unlikely to grow as rapidly as in the past decade. As a result, wealth management firms seeking to sustain business growth are focusing strategically on winning ultra-wealthy investors' mind share and share of wallet.

Leveraging behavioral finance to reconnect with HNWIs

Behavioral finance techniques come into play during market volatility as relationship managers work to balance clients' emotions and cognitive biases while at the same time offering personalized advice. More than 65% of the HNWIs we polled said biases impact their decision-making. Wealth firms are often data rich, but they struggle to fully leverage client information because of their reliance on primary sources and outdated investor profiles.

More and more, wealth management firms are integrating behavioral finance concepts with artificial intelligence to enable a data-centric approach that generates superior client experiences. Among the wealth management firms we surveyed, 49% currently use AI in some areas, and 73% of them plan to increase adoption at the enterprise level within the next one to two years. Generative AI further elevates these capabilities, paving the way for hyper-personalized engagement. Behavioral finance/AI integration has the potential to revolutionize the wealth management value chain, enhancing customer intimacy and improving advisor efficiency with intelligent capabilities.

Ultra-HNWIs: The most lucrative segment to attract and retain

With a growing population of younger, self-made ultra-high-net-worth individuals (UHNWIs), investment styles are shifting in focus to long-term wealth growth despite continued market uncertainty. As wealth grows, complexity increases, and value-added services become a crucial differentiator for UHNWI investors. 78% of surveyed ultra-HNWIs consider value-added services essential to wealth management firm relationships.

Wealth management firms typically focus on financial value-added services, while family offices enjoy an edge in non-financial value-added services. Increasingly, family offices earn client family loyalty through close interactions and generational relationships. And for incumbent wealth management firms, that means growing competition for UHNWI wallets. According to our survey, the number of UHNWI wealth management relationships increased from three in 2020 to seven in 2023.

Based on our report's research findings and analyses, we recommend that wealth management firms become one-stop shops providing a full suite of products and services. This transformation will require integrating internal teams with third-party partners to orchestrate a broad and efficient ecosystem that conveniently delivers services through clients' preferred channels.

While in-person interactions continue to be crucial, the importance of digital channels is growing, and client-centric wealth management firms need to provide omnichannel and hyper-personalized experiences. Strategic collaboration with family offices offers wealth firms a path to tailored services that can unlock new revenue streams.

Navigate HNWI wealth recovery during uncertain times

Macroeconomic uncertainty and geopolitical tensions led to significant declines in high-net-worth individual (HNWI) wealth (3.6%) and population (3.3%) in 2022. However, 2023 brought economic growth and improved fortunes for major investment sectors to reverse the falloff. Despite ongoing interest rate uncertainty and rising bond yields, equities surged along with the tech market, fueled by enthusiasm for generative AI and its potential impact on the economy.

Though interest rates remain elevated, central banks signaled an end to rate hikes in H2 2023, with prospects for rate cuts in 2024. Switzerland became the first major economy to hit the rate-cut button in March 2024, announcing a 25 basis point reduction.[1] A poll by Reuters in April 2024 showed that the majority of surveyed economists expect a maximum of two rate cuts in 2024.[2] Similarly, the European Central Bank (ECB) announced rate cuts to begin in June 2024.[3] Equity markets improved in 2023, and global indices exhibited resilience driven by better-than-expected corporate earnings, economic recovery in some key markets, and signals of more accommodating monetary policies.

The macroeconomic climate in 2023 sparked the equity market upswing, with global indices indicating a bull market.

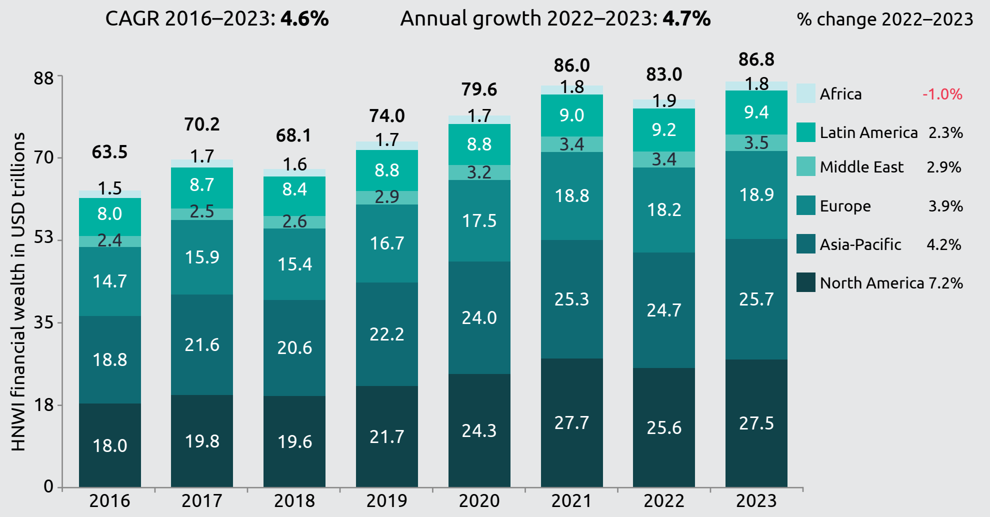
- The MSCI All Country World Index was up nearly 23% in 2023, powered by outsized contributions from the so-called US "Magnificent Seven" tech stocks (Alphabet (GOOGL), Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla). These stocks contributed nearly 40% of the total return of the MSCI All Country World index.[4] Since the beginning of 2024, some of the magnificent seven stocks have fallen, with returns in 2024 led by the so-called "Fab Four" stocks: Nvidia, Meta, Amazon, and Microsoft.[5]
- In the United States, the S&P 500 ended the year with a 24% gain, while the Nasdaq Composite was up nearly 43%, driven by revitalized tech stocks.[6] Interest in AI catalyzed the tech rally, bolstering US equities.
- In Europe, the CAC 40 in France ended the year with a nearly 17% gain, driven by strong growth in the country's luxury goods market. The luxury goods conglomerate LVMH, owner of the Louis Vuitton brand, reported over a 9% gain in revenues in 2023, and the French luxury brand Hermes saw its share price increase by 38% in 2023.[7,8,9] The UK domestic-focused FTSE 250 saw relatively modest returns, gaining only 4.5% through the year, against headwinds including a lack of tech companies, a sluggish economy, and political uncertainty.[10,11]
- The Asia-Pacific market generated mixed returns, with the Japanese Nikkei witnessing a 28% return driven by impressive returns by automotive stocks.[12] Meanwhile, in China, the Shanghai Composite declined by nearly 4%:[13] a disappointing economic recovery and a troubled property sector led to China's poor performance.

> *We have observed continued market volatility in 2024, emphasizing the need for sophisticated investment strategies to navigate uncertainties. While risks persist, opportunities remain amidst evolving market dynamics."*

Greg Gatesman
Head of International Client Development, Wealth Management Americas, UBS, USA

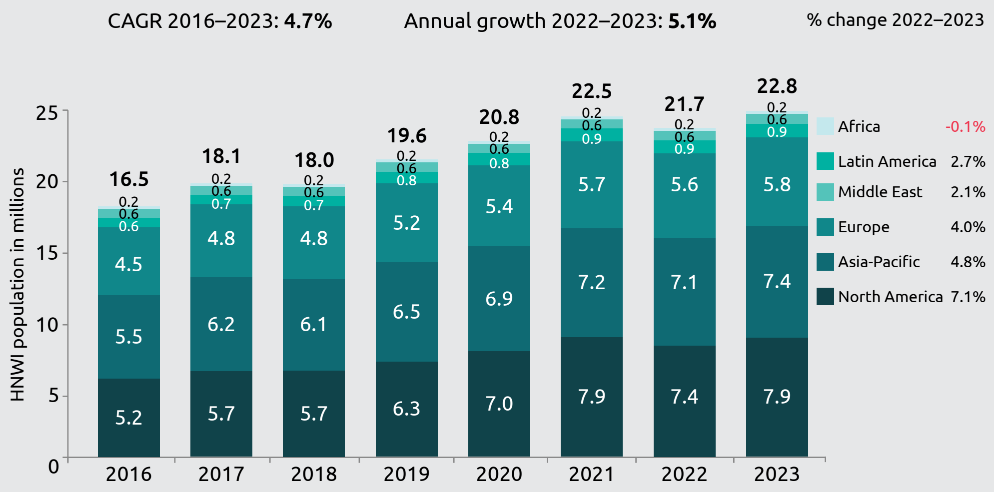
Lifted by rebounding stock markets and a brighter economic outlook, global HNWI wealth expanded by 4.7% in 2023 (Figure 1). Mirroring the wealth recovery, the HNWI population rose by 5.1% (Figure 2), erasing 2022 declines of 3.6% and 3.3%, respectively, and putting HNWI trends back on a growth path.

Figure 1. HNWI wealth recovers from 2022 losses



Source: Capgemini Research Institute for Financial Services Analysis, 2024.
Note: Chart numbers and quoted percentages may not total 100% due to rounding.

Figure 2. 2023 Global HNWI population surpasses 2021 highs



Source: Capgemini Research Institute for Financial Services Analysis, 2024.
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North America retained its top spot in HNWI wealth and population

North American HNWI statistics vigorously recovered in 2023, with year-over-year growth of 7.2% for wealth and 7.1% for population. Solid economic resilience, cooling inflationary pressures, and a formidable US equity market rally all drove upward momentum.

The US HNWI segment experienced 7.4% wealth expansion and 7.3% population growth. US equity markets registered strong returns in 2023, driven mainly by final-quarter gains: the S&P 500 posted a return of over 24% in 2023, gaining 11.2% in Q4 alone. A tech stock rally drove S&P index returns, including Nvidia (239% growth) and Meta (up 194%).[14]

- A slew of US government-led spending initiatives to boost onshore manufacturing contributed to capital growth. The CHIPS Act and the Inflation Reduction Act, announced in August 2022, led to over USD 230 billion in private-sector spending for the semiconductor manufacturing industry and USD 201 billion in construction spending.[15][16] US government spending in 2023 also spurred manufacturing investment activity in the private sector and helped augment GDP.
- The US GDP grew at an annualized rate of 3.3% in the last quarter of 2023, well above the 2% growth that economists had expected. Inflation also fell from 9% in June 2022 to 3.4% in December 2023.[17] The accommodative stance taken by the US Federal Reserve System could potentially steer the US economy to a soft landing.

In Canada, HNWI wealth grew by 3.8% and the HNWI population climbed by 3.6%. The Canadian S&P/TSX index recovered from its 2022 tumble and posted an 8% 2023 return. The tech sector led TSX gains, soaring nearly 57%.[18]
Yet the S&P/TSX index performance was modest as compared with the US S&P because of the lackluster performance in cyclical industries – including the materials sector, which dropped nearly 3% during the year.[19]

> *“In 2024, we anticipate a slight global economic slowdown, led by weakness in the US in the second half. Despite this, sentiment towards investing has been positive so far this year, with clients showing significant interest in increasing their investments, aware that interest rates have likely peaked. However, as we move into the latter half of the year, especially with various elections taking place globally, there may be increased uncertainty for clients. While the first half appears promising, the second half could bring about more unpredictability.”*
>
> **Raymond Ang**
> Global Head, Private Bank and Affluent Clients, Standard Chartered, Singapore

Moderate APAC wealth and population growth widened the gap with North America

The Asia-Pacific (APAC) HNWI segment experienced a 4.2% wealth growth and a 4.8% population growth in 2023. APAC equity market returns were mixed, with some markets reporting recoveries while others declined.

- The MSCI Asia Pacific index, which tracks Asian firms across developed and emerging countries, posted 2023 growth of about 12%, even as disappointing Chinese stocks dragged down returns.[20] China’s blue-chip CSI 300 index fell more than 11% in 2023, while Hong Kong’s Hang Seng (a barometer of the Hong Kong equity market) fell almost 14%. With many companies in the Hong Kong equity market leveraged to economic growth in China, the index returns mirrored Chinese market shortfalls. The Hong Kong Central Bank’s interest rate hike exacerbated the situation.
- Among the best performers in the APAC region were India and Australia, which recorded HNWI wealth growth of 12.4%

and 7.9%, and HNWI population growth of 12.2% and 7.8%, respectively. Wealth growth in both of these countries was driven by a resilient economy and robust performance of the equity markets: the Indian benchmark index, the Sensex, climbed by over 18% in 2023,[21] and the Australian S&P/ASX200 index gained 7.8% during the year.[22]

- Japan's HNWI wealth and population both increased in 2023, by 6.5% and 6.4%, respectively, driven by a cautious stance by the Bank of Japan, a steady flow of foreign investment into the market, and robust earnings by Japan's automotive sector. The Japanese Nikkei 225 emerged as the top Asian performer in 2023, surging over 28% to hit a 33-year high in January 2023.[23]

European growth curtailed by persistent macroeconomic challenges

European HNWI wealth and population grew modestly compared with North America and APAC in 2023. European HNWI wealth rose 3.9%, while the population grew 4.0%. High but cooling inflation, a low GDP growth rate, and declining domestic demand were limiting factors in the region's HNWI wealth and population growth. Against several headwinds, some respite was provided by equity market outperformance, steadily declining energy prices, and a pause in rate hikes by the European Central Bank (ECB).

- Despite a strong showing in the equity market, with the STOXX Europe 600 index gaining nearly 13% in 2023, the eurozone economy faces continued challenges.[24] The composite Purchasing Managers' Index (PMI), a key indicator of business activity, fell to 47.0 in December 2023, marking a seven-month decline and signaling a euro area contraction.[25]
- Notable outliers to the modest HNWI wealth and population growth in Europe were Italy, where wealth grew by 8.5% and population by 8.4%, driven by equity market returns and a tourism uptick,[26] and France, where wealth and population grew 6.5% and 6.4%, respectively, benefited from a record year for tourism, strong growth in the luxury goods industry, and an uptick in exports.[27 28]
- HNWI wealth also expanded in Switzerland (5.6%), Denmark (4.5%), the United Kingdom (2.9%), and Germany (2.2%).

Suboptimal 2023 outcomes in Africa, Latin America, and the Middle East

Latin America and the Middle East recorded limited HNWI 2023 growth, with wealth up 2.3% and 2.9%, and population up 2.7% and 2.1%, respectively. In the Middle East, falling crude futures prices, geopolitical tensions leading to supply disruptions, and weakening demand for OPEC crude in global markets drove the muted growth.[29] Year-over-year oil futures dipped 10%+ as compared with 2022.[30]

A 2023 anomaly, Africa was the only region where HNWI wealth (-1.0%) and population (-0.1%) fell – driven by falling commodity prices and declining foreign investments and exports. In South Africa, an energy crisis sparked by persistent power outages led to a falloff in manufacturing output, resulting in a meager 0.6% GDP growth.[31] With African investment and business activity closely linked with China, the Chinese slowdown rippled across African markets, too.[32]

HNWI wealth and population grew across all wealth bands

In 2022, HNWI wealth and population fell across wealth bands, with the ultra-high-net-worth individual (UHNWI) segment taking the brunt of the hit – its population was down 4.6% and its total wealth down 3.7%. However, the 2023 recovery led to a revival of wealth and population totals across all of the HNWI wealth band pyramid (Figure 3).

Growth was highest for the "millionaires next door" wealth band (individuals holding wealth of USD 1 million to 5 million), while UHNWIs (those with USD 30 million+ in assets) experienced the highest recovery in dollar terms, with 3.9% growth. UHNWIs are also the most concentrated

1%
of the total HNWI population holds 34% of global wealth

among the wealth bands, holding over 34% of total HNWI wealth and just over 1% of the total HNWI population. Therefore, UHNWIs represent potentially the most lucrative segment for wealth management firms.

HNWIs are shifting from wealth preservation to growth objectives

Our January 2024 survey of over 3,000 HNWIs across 25 markets found that their primary asset allocations had changed from preservation to growth. Two factors drove the shift:

- Governmental efforts to control inflation and rising interest rates, despite hints of potential rate cuts in the future
- Changing economic conditions along with a turn in how HNWIs view assets with high growth potential, notwithstanding ongoing market volatility

Early 2024 data reveal a normalization of cash holdings to 25% of portfolio totals, a stark contrast to the multi-decade highs of 34% seen in January 2023, when investors sought safety amid market uncertainty. HNWIs have begun to channel their cash into higher-return assets to leverage possible future growth opportunities.

Global HNWI fixed-income portfolio allocations increased to 20% in 2023, a five percentage point jump, year over year. Fixed-income assets were complicated in 2023, as high inflation diluted inflation-adjusted (real) returns from fixed-income assets even as interest rates were high, making them less lucrative for HNWI investors. However, the tide began to turn by Q4, and cooling inflation boosted fixed-income real returns. HNWI investors expect inflation to tone down further in 2024, even as elevated interest rates continue, making fixed income an attractive asset class.

> *“HNWIs, especially those with USD 10 million and above, prioritize utilizing fixed income instruments and tax optimization in their wealth management strategies. They engage in bond ladders and seek specialized advice to leverage tax rules effectively.”*
>
> **Barry Metzger**
> Managing Director, Income and Wealth Solutions, Charles Schwab, USA

Figure 3. All HNWI wealth bands experienced growth in wealth and population

	Number of individuals (as of Dec 2023)	Share of total HNWI wealth	HNWI population growth 2022-2023	HNWI wealth growth 2022-2023
Ultra-HNWI USD 30 million+	220k (1.0% of total)	34%	5.0%	3.9%
Mid-tier millionaires USD 5–30 million	2,075k (9.1% of total)	23%	5.0%	4.9%
Millionaires next door USD 1–5 million	20,533k (89.9% of total)	43%	5.2%	5.2%

Source: Capgemini Research Institute for Financial Services Analysis, 2024.
Note: Chart numbers and quoted percentages may not total 100% due to rounding.

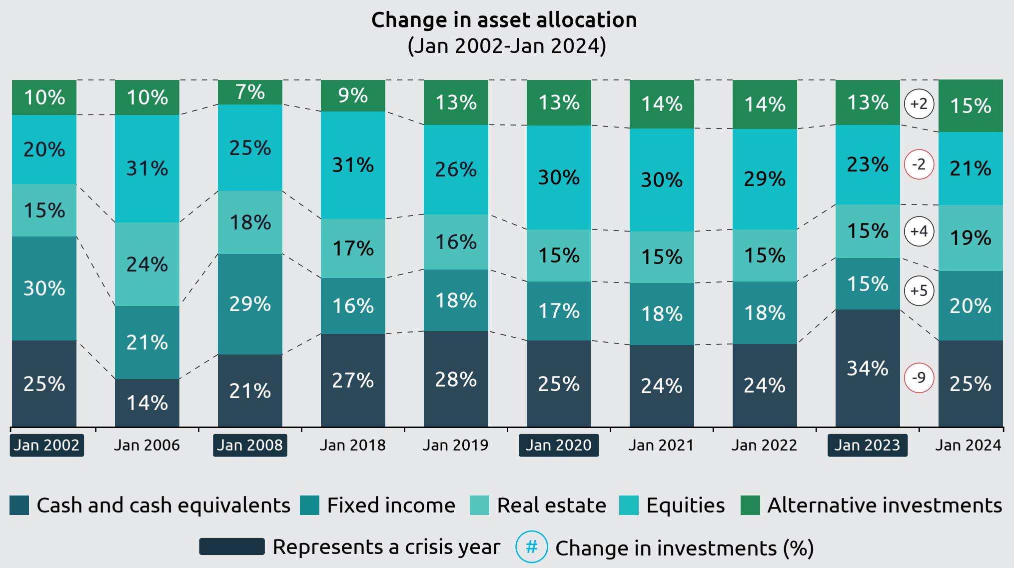
The 2023 real estate market presented a picture in contrasts. While commercial property valuations dipped, the luxury home segment thrived. Global HNWIs increased their real estate holdings by four percentage points, bringing their portfolio allocation up to 19%. Attractive valuations in commercial real estate and a renewed interest in acquiring secondary homes as a long-term investment fueled this shift.

Despite rising mortgage rates, global luxury real estate markets surged. Prime locations like London, New York, and Dubai witnessed luxury property sales averaging over USD 20 million. New York saw a solid showing with a 9% increase in high-end deals in the final quarter of 2023, compared to the same period in 2022. London experienced a 25% year-on-year increase, while Dubai doubled its sales of ultra-luxury homes.[33 34]

HNWI investors reduced equity holdings, dropping their allocation to 21% – a two percentage point decline from the previous year – doing so despite overall solid stock market performance. The reason? High borrowing costs, geopolitical tensions, and continued market volatility dampened investor enthusiasm for equities. Even as the Magnificent Seven outperformed the broader market, the S&P Index not including these stocks yielded a return of only 11.6% in 2023.[35] Rising interest rates made traditionally safe assets like bonds more attractive. Therefore, the "hurdle rate" shifted: the minimum return needed to justify equities' risk changed. As a result, fewer stocks offered returns that outweighed potential volatility.

Finally, a desire to diversify into high-return asset classes is driving increased HNWI interest in alternative investments – including commodities, currencies, private equity, hedge funds, structured products, and digital assets – with overall allocations rising to 15%, from 13% in 2022 (Figure 4).

Figure 4. 2024 HNWI asset mix is rebalancing between preservation and growth



Alternative investments include commodities, currencies, private equity, hedge funds, structured products, and digital assets
Fixed income includes bonds, fixed annuities
Cash and cash equivalents include savings deposits, money market funds
Sources: Capgemini Research Institute for Financial Services Analysis, 2024; World Wealth Report 2024 Global High Net Worth Insights Survey, N=3,119.
Note: Chart numbers and quoted percentages may not total 100% due to rounding.

68%
of HNWIs plan to increase 2024 investments in private equity

HNWIs renew interest in alternative asset classes

Nearly half of the 700+ relationship managers (RMs) we surveyed across 10 markets said their clients want to reallocate to growth assets in 2024, compared with what less than a third of RMs told us in 2023. Historically, alternatives have been the asset class of choice for higher risk-return profiles, and in 2023, HNWIs showed renewed interest in private equity and digital assets.

Private equity

Although high interest rates and worries about a recession loomed in Western economies, wealthy investors grew more interested in private equity throughout 2023. Our survey of HNWIs revealed their optimism, with two out of three planning to invest more in private equity during 2024: the potential for long-term higher returns and portfolio diversification objectives drove their enthusiasm.

There are also early signs of a surge in 2024 dealmaking. The amount of uninvested capital waiting for private-market use, known as dry powder, reached a staggering USD 4 trillion by October 2023, according to BlackRock's *2024 Private Markets Outlook*.[36] This large pool of capital suggests that private equity activity will increase further if economic conditions continue to improve throughout 2024.

"2024 is not expected as a year of huge growth, although interest rates are expected to start going down with inflation being under control. Bonds and private credit shall be attractive for preserving wealth. For growing wealth, private equity investments are bound to be more attractive than equity markets owing to their volatility."

Pierre Ramadier
CEO, Wealth Management International Markets, BNP Paribas, France

Digital assets

HNWIs are becoming more interested in digital assets, especially cryptocurrencies. Half of the relationship managers we polled reported a surge in client interest and investment in crypto. Wealth management firms are taking notice, too: our global survey of wealth management executives found that over 77% either maintained or increased digital asset investments. A significant rise in business activity within the digital asset space backs the trend. There was a 2.7x increase in inflows related to digital asset investment products in 2023 when compared with 2022 levels.[37]

The cryptocurrency market boomed in 2023, with Bitcoin leading the charge with a price increase exceeding 150%.[38] In January 2024, the US Securities and Exchange Commission (SEC) gave the green light to include cryptocurrencies in exchange-traded funds (ETFs), which allows more investors to add crypto to their portfolios.[39] Firms including Bank of America, Wells Fargo, and Morgan Stanley now offer Bitcoin ETFs. News of BlackRock launching a Bitcoin ETF further fueled investor interest, particularly among HNWIs.[40]

Hedge funds

After dismal 2022 performance, hedge funds rebounded in 2023. The world's 20 best hedge funds generated USD 67 billion, roughly tripling 2022 returns.[41] Hedge funds recovered from the volatility of 2022, as interest rates remained high but stabilized, and market turbulence subsided.

Commodities

Elevated interest rates, recession fears, and China's disappointing post-pandemic performance led to 2023 challenges. Excess oil and natural gas supplies contributed to falling prices, and despite strong global demand the cost of natural gas plunged nearly 44%, its worst year in at least a decade.[42] Base metals, including aluminum, nickel, and lead, suffered from rising interest rates in 2023, with nickel falling by over 40% on the London Metal Exchange.[43]

HNWIs are watching ESG investments' ROI

Although 39% of surveyed HNWIs said their 2023 returns from ESG-linked assets were not as robust as those from other assets, they continue to show interest in understanding ESG investment performance.

- 97% of our 2024 HNWI survey respondents said they understood their returns from ESG assets, up from 89% in 2023.
- Moreover, the percentage of HNWIs likely to request an ESG score while investing in sustainable products increased to 68% in 2024, up from 63% in 2023. In September 2023, the European Parliament proposed regulations that will authorize and monitor ESG rating agencies in the European Union, underscoring the growing importance of ESG ratings for the broader ESG asset market.[44]
- Wealth management firms are responding to HNWI interests. As part of our relationship manager survey, 50% of participants said clients are again curious about ESG-linked assets and their impact on society. Further, 64% of wealth management executives said their firms held ESG-linked assets. Even as interest in ESG-linked assets surges, investments in these assets have yet to rebound. Our 2024 executive survey found that 36% said their firms do not currently hold ESG-linked assets.

Investors worried about misleading sustainable labels (greenwashing) prompted Europe and the UK to regulate what funds could be called sustainable. In the United States, an SEC rule from September 2023 requires 80% of an ESG fund's investments to align with its stated focus (e.g., a clean-energy fund must invest mainly in clean energy companies).

This stricter rule has significantly slowed the creation of new US ESG funds, with fewer than 10 launched since the ruling (as of January 2024).[45] In the short term, ESG asset industry restructuring might hurt investments; however, over time, it will likely boost adoption. As HNWIs become more knowledgeable about ESG-linked investments, future-focused wealth management firms will embed and adopt rigorous metrics to quantify ESG considerations across asset classes.

68%

of HNWIs are likely to request ESG scores for their sustainable-product investments

ESG Lens revolutionizes global bank's ESG decision-making

Business challenge
Environmental, social, and governance (ESG) considerations are global imperatives in today's financial landscape. Yet when a US-based tier 1 global bank had to generate insights from vast amounts of alternative data on ESG metrics to make well-informed investment decisions, traditional methods lacked the depth and context to navigate effectively.

Business solution
The tier 1 global bank turned to Capgemini's ESG Lens solution that leverages cutting-edge open-source artificial intelligence models and financial services' natural language processing (NLP) techniques. Powered by generative AI, the solution analyzes ESG sentiments and news and offers historical context that enables equity researchers and wealth managers to dive deep into trends and patterns. Multiple generative AI models allow analysts to audit and trace previous investments. ESG Lens integrates trend lines with key performance indicators from the ESG reports of companies the bank considers for its investment portfolio. Alternate data sources enable comprehensive coverage of ESG factors that help the bank address future sustainability challenges and opportunities.

Business impact
ESG Lens empowered the bank's equity researchers and relationship managers with the knowledge they needed to offer clients strategic investment advice. In addition, the solution has significantly boosted the firm's operational efficiency, improving historical contextualization by 80%. Beyond investment improvement, ESG Lens supported the bank's commitment to a sustainable future by fostering trust and confidence among stakeholders and regulatory bodies.

"*The need for investors to understand their investments, particularly regarding ESG factors, is growing steadily, especially among the younger generation. This trend is significant across regions, and firms are now recognizing the importance of genuine commitment to ESG principles to avoid legal risks and accusations of greenwashing.*"

Michel Longhini
Group Head, Global Private Banking,
First Abu Dhabi Bank, United Arab Emirates

Despite robust HNWI segment growth, firms face uncertain profitability

Surveyed wealth management executives ranked the threat of recession, evolving interest rates, stock market uncertainty, and geopolitical upheaval as their top concerns for 2024. These macroeconomic headwinds are squeezing wealth management firm revenues even as HNWI wealth grows.

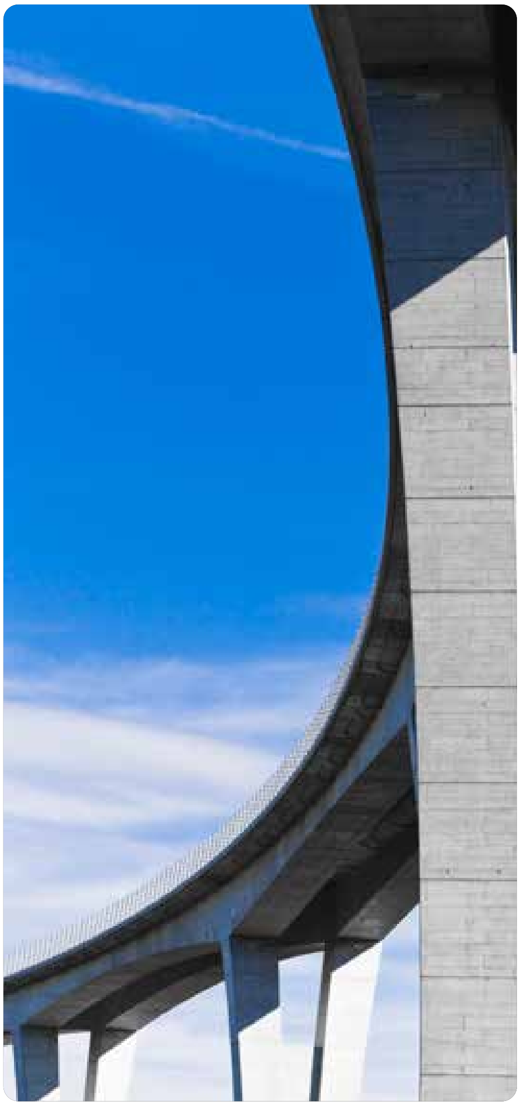
Our analysis of annual reports from leading wealth management firms uncovered that their primary revenue streams are currently facing substantial pressure. This pressure stems from external factors such as a challenging macroeconomic landscape and heightened geopolitical uncertainty in the short term.

- Management and performance-based fees comprise 55% to 70% of total revenue and will be under pressure due to slower market growth. Asset prices are unlikely to grow as high as they did during 2010-2020, exerting pressure on management fees charged as a percentage of assets under management (AUM) and performance-based fees for generating above-threshold returns. Transaction and brokerage fees, representing 15% to 25% of total revenue, will also be under pressure due to client preferences for wealth preservation during volatility. Assets managed by dedicated portfolio managers could generate up to 15 times the revenue for a typical wealth management firm compared to if the same amount were held in cash and cash equivalents, Reuters reported in Q4 2023.[46]
- Net interest income, typically 15% to 25% of total revenue, will decline in the coming years. Net interest income was very high in 2022 and 2023 because of record-high central bank interest rates. In 2024, investors have shifted their bank deposits to higher-yield products, depleting bank balances. Banks will have to increase the interest rates on their deposits to defend these balances, stressing net interest income.
- Advisory and value-added services fees, which comprise 5% to 10% of the total revenue, are under pressure from fragmented wallet share from HNWIs; these investors tend to divide their wealth between multiple wealth management firms, subscribing to only a few of each firm's value-added services.

An analysis of revenue structure and pressures on different constituents indicates that external market factors drive over 80% of a typical wealth management firm's revenue. Advisory and service fees, although driven by internal factors, cannot compensate for revenue loss from management, performance, and transaction fees.

"*Wealth management firms must always be ready to act as the markets turn. Given volatility, banks need to be prepared with their product and service factory to help the clients convert their thinking into business and growth.*"

Michelle Owen
Global Head of Distribution,
Global Private Banking, HSBC, United Kingdom



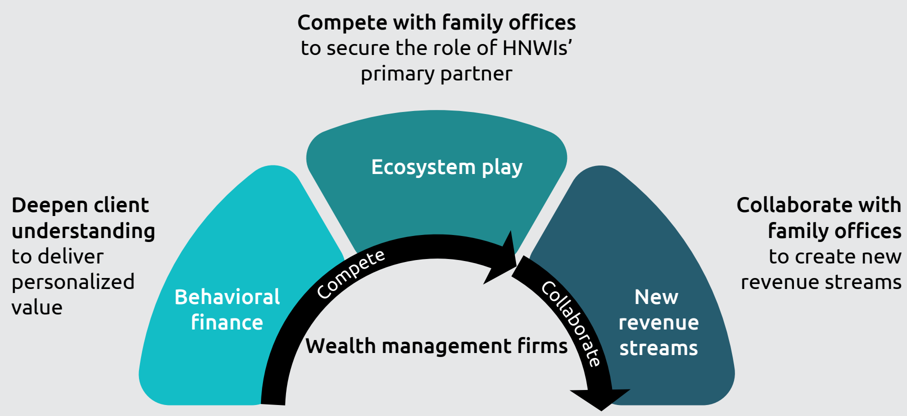
80%+
of WM firm revenues are driven by external factors

Finally, changes in regulatory frameworks and IT-related costs are putting pressure on wealth management firm margins. Gartner estimated that global banking and investment services firms' IT spending reached USD 652 billion in 2023, a more than 8% increase from 2022.[47] The SEC estimates that new rules for private funds on reporting and legal compliance will cost the wealth management industry an additional USD 1.9 billion in spending annually.[48]

With rising revenue pressures and increased IT and compliance costs, wealth management firms will face challenges on both sides of the balance sheet. Firms must find ways to maintain profitable growth during macroeconomic volatility and stock market uncertainty. The question is how best to get this done:

- Wealth management firms that deeply understand client behavior can deliver personalized value and value-added services to earn mind share that boosts wallet share among HNWIs, especially in the profitable UHNWI segment (Figure 5).
- In addition, increasing AUM can fuel growth. As competition from other players, including family offices, heats up, WM firms will find themselves competing to retain primary partner status among UHNWIs.
- Strategic WM firms will monetize their existing capabilities by offering products and services to family offices to create new, diversified revenue streams.

Figure 5. Win HNWI mind share to achieve AUM growth



Source: Capgemini Research Institute for Financial Services Analysis, 2024.

Leveraging behavioral finance to reconnect with HNWIs

The old way of thinking assumes all investors have access to the same information and will act rationally. But investors are human! Emotions and mental shortcuts cloud judgment. Behavioral finance studies this real-world behavior, and strategic relationship managers use this knowledge to understand their clients and offer them the best shot at robust return on investment (ROI).

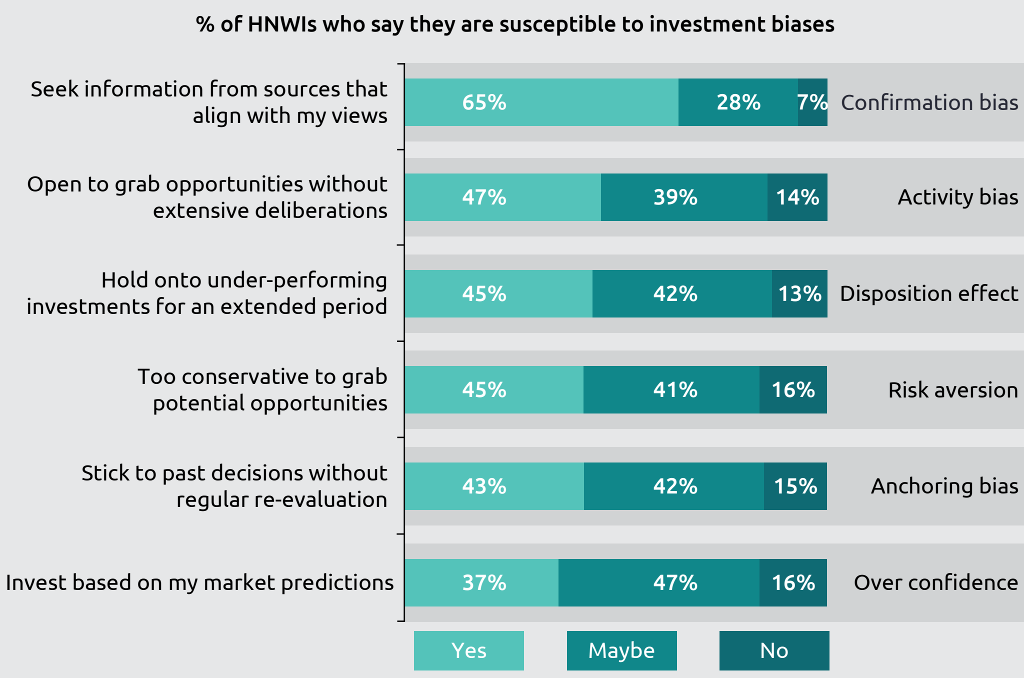
Wealth management firms can make data-driven decisions that are less susceptible to emotional or cognitive biases by leveraging artificial intelligence, as it helps minimize subjective judgments and enhances the accuracy and consistency of wealth management decisions.

More than 65% of the HNWIs we polled said biases impact their decision-making, especially during significant life events such as marriage, divorce, and retirement; geopolitical uncertainty and volatile market conditions also have an impact. Important events cause emotions to spike, leading to impulsive, irrational decisions that can harm investors' long-term financial plans (Figure 6).

Over the years, behavioral biases have sparked market bubbles, crashes, and financial losses. Let's examine some real-world market examples to understand the underlying causes.

- **GameStop mania:** The pandemic hit US-based retailer GameStop hard, resulting in the 2020 closure of 462 stores. Hedge funds saw an opportunity to profit from the company's underperformance by shorting its stock. Influenced by Reddit's Wallstreet Bets community, retail investors fueled a surge in GameStop's stock price, driven by biases like regret aversion (where previously reluctant investors joined the movement in fear of missing out on potential gains), confirmation bias, and activity bias. This frenzy led to a short squeeze, causing substantial losses for hedge funds and prompting calls for regulatory scrutiny. GameStop's stock soared over 1,600% in January 2021, reaching a peak of USD 483 from a low of USD 2.57 in April 2020.[49]

Figure 6. Biases influence HNWI investment decisions



Sources: Capgemini Research Institute for Financial Services Analysis, 2024; World Wealth Report 2024 Global High Net Worth Insights Survey, N=3,119.
Note: Chart numbers and quoted percentages may not total 100% due to rounding.

- **Bitcoin boom and bust:** Various psychological biases drove the remarkable 2021 surge in Bitcoin. Anchoring bias, for instance, led some individuals to rely heavily on initial information, fixating on the cryptocurrency's past performance to determine its future trajectory. Overconfidence was also significant as investors overestimated their abilities and predicted Bitcoin's success with unwarranted certainty. Market sentiment eventually shifted, triggering a sharp sell-off and collapse.[50]

There are many other forms of biases, including mental accounting, recency bias, familiarity bias, with some cognitive biases more prevalent than others and manifesting in social interactions, influencing memory, and impacting beliefs, decision-making, and behavior.

HNWIs recognize the potential effect of biases on investment decision-making. Of those surveyed, 79% said relationship manager (RM) guidance could help them to manage their unknown biases. Relationship managers should understand the behavioral phenomena influencing asset prices and, more importantly, their clients' behavioral biases and heuristics (reasoning strategies) to advise them effectively. Behavioral finance goes beyond traditional assessments by providing deeper insight into risk attitudes, including tolerance, stress response, market engagement, and decision-making style. With a deep understanding of behavioral finance, RMs can collaborate with clients to alleviate anxiety and prepare them for the investment journey ahead.

Wealth management firms may be data rich, yet CX poor

Exceptional client experience (CX) is central to wealth management success. Not surprisingly, our wealth management executive survey found that CXOs' top strategic priority for the next 12 months is to enhance client experience. Personalization is pivotal to client experience, as HNWIs increasingly demand tailored experiences that meet individual preferences.

A comprehensive profile – beyond basic demographics and transaction data – is the key to unlocking full client potential. However, firms must gather and analyze information to recognize client needs, preferences, financial goals, and risk tolerance. While all wealth management firms do some client profiling, many struggle to use the information effectively. Underutilization prevents a complete 360-degree client view and limits information optimization.

Traditional client profiling, which uses primary data sources such as financial statements and transaction history, is practiced industry-wide. However, the use of behavioral and client lifestyle data that provide a 360-degree and deeper picture of investors' overall attitudes, beliefs, and perceptions is less common. Typical profiles may encompass basics such as income, assets, and investment preferences but overlook critical factors like lifestyle choices, emotions, biases, and long-term financial goals (Figure 7). A complete psychographic profile, including the psychological factors affecting the client, has to rely on behavioral data collected from alternative sources.

Data collection is one aspect of the profiling challenge. But investors' emotions and cognitive biases evolve with market conditions and life events, making regular client information updates essential: knowing how to utilize data becomes irrelevant if the analysis is outdated. Accurate and up-to-date client profiles ensure impactful client conversations. WM firms that periodically review client profiles identify gaps, errors, and needed modifications to keep information relevant, accurate, and current.

Our relationship manager survey found that only 8% of wealth management firms update client profiles weekly, 52% conduct monthly or quarterly updates, and 40% update profiles annually or less frequently. As a result, firms find it challenging to keep pace with clients' evolving demands as their emotional state and broader psychographic profiles change, particularly within a volatile market.

79%
of HNWIs believe relationship manager guidance can help manage unknown biases

Unfortunately, outdated profiles cause delays in personalized investor communication and tailored advice. According to the relationship managers we polled, only 13% of wealth firms send customized communication as soon as market volatility or a significant life event disrupts the status quo. In contrast, 73% of firms distribute generic communication monthly, and 14% communicate with clients yearly.

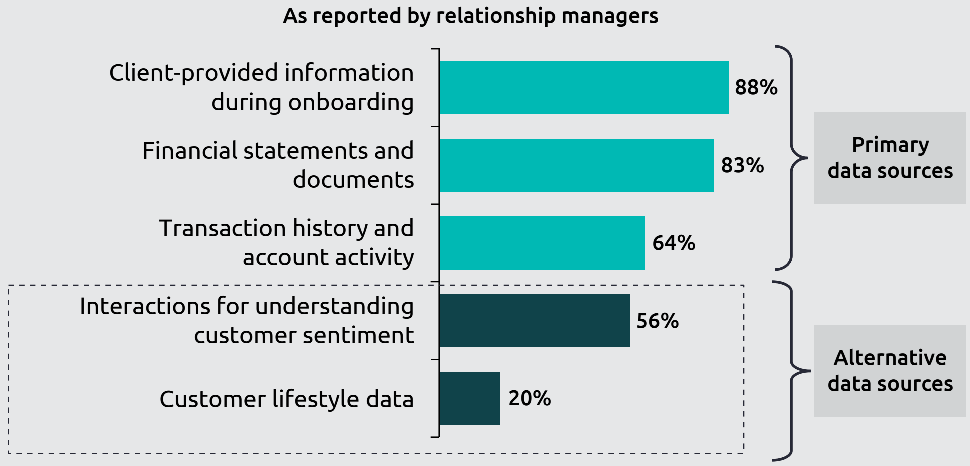
Not surprisingly, 65% of HNWIs say they are concerned about the lack of personalized advice tailored to their changing financial situation. In short, they seek guidance, especially during market volatility, to ensure they make thoughtful decisions and do not yield to biases. Real-time communication is crucial in helping clients manage biases that sudden, volatile market movements might trigger.

How can wealth management firms shift from being data rich to adopting a data-centric approach that hyper-personalizes CX?

"Clients are demanding increasing customization of information and insight from their wealth managers. At the foundation, they want accurate and timely access to holdings, transactions, aggregated portfolios and secure communication. Next, they are looking for transactional capabilities such as payments and trading to enhance client convenience. Our offer of personalized content and advice, digital engagement and customizable reporting adding data-driven insights leveraging AI helps address the evolving preferences and expectations of clients and ensures the clients remain engaged."

Christine Ciriani
Head of International Digital Wealth, InvestCloud, Switzerland

Figure 7. Data types collected by WM firms



Sources: Capgemini Research Institute for Financial Services Analysis, 2024; World Wealth Report 2024 Global Relationship Manager Survey, N=782.

Generative AI platform enables fast, tailored internal data access giving wealth advisors more time with clients

Business challenge
A leading Swiss wealth management firm struggled with administrative task inefficiency as advisors became bogged down in internal document searches and information retrieval. The slow process limited relationship managers' ability to develop personalized investment plans and build strong, strategic client relationships.

Business Solution
The wealth firm collaborated with Swiss startup Unique to co-create One.Chat, an enterprise-ready platform that leverages Microsoft Azure OpenAI Service and Retrieval-Augmented Generation (RAG), prompt chaining, and prompt-to-SQL. The solution aimed to facilitate fast access to internal data, including regulatory and compliance information, and to streamline daily tasks such as client conversations, proposal generation, and coding and summarization of large data sets.

Business Impact
The generative AI-driven platform has boosted the wealth management firm's productivity by providing advisors with augmented assistance, coaching, and useful analytics. Employee surveys indicate average weekly time savings of up to one and a half hours, which translates to substantial overall efficiency gains. One.Chat enhances client service by freeing relationship managers from administrative burdens, allowing them more time for client interaction and trust building.

Behavioral finance and AI enable data-centricity to spark client value

Superior experiences that address client biases can differentiate WM firms in the marketplace. However, CX initiatives require cutting-edge technology integration, notably transformative artificial intelligence.

75% of wealth management executives believe AI will significantly impact the industry in the next one to two years through algorithms and systems that can perform tasks that typically require human intelligence – learning, problem-solving, and decision-making. AI's analytical capabilities can help firms understand and anticipate investor behavior. According to our survey of CXOs, the top three areas where AI will impact the wealth value chain are manual process automation, generating intelligent insights for portfolio optimization, and communication personalization – but it can also help improve performance across many aspects of client service delivery (Figure 8).

Financial planning

Relationship managers who take a holistic approach to uncovering clients' diverse needs and preferences – including emotions and behavioral biases – will be better positioned to understand investors' life situations during financial planning.

- 65% of RMs surveyed find having individual profiles that include client preferences, pain points, and behavioral tendencies is critical to enable personalized advice.
- 69% of wealth management executives who incorporate behavioral finance in their practice say it contributes to a more robust client profile – and with the advent of AI, firms can efficiently build more vital client profiles.

AI algorithms can now analyze vast datasets encompassing primary data sources, such as financial transactions, and alternative data sources, including social media interactions and online behavior – enabling the creation of more comprehensive and dynamic profiles.

75%
of WM executives believe AI will significantly impact the industry within two years

This data-driven approach enhances profiling and offers insight into clients' financial transactions, behaviors, and emotions.

"Wealth management firms can leverage technology to construct comprehensive customer profiles by integrating real-time data from multiple sources. While some may perceive it as too early to adopt, staying ahead of the curve is imperative. However, the challenge lies in ensuring that AI analysis produces forward-facing insights rather than relying solely on past behavior patterns, especially in investment decision-making."

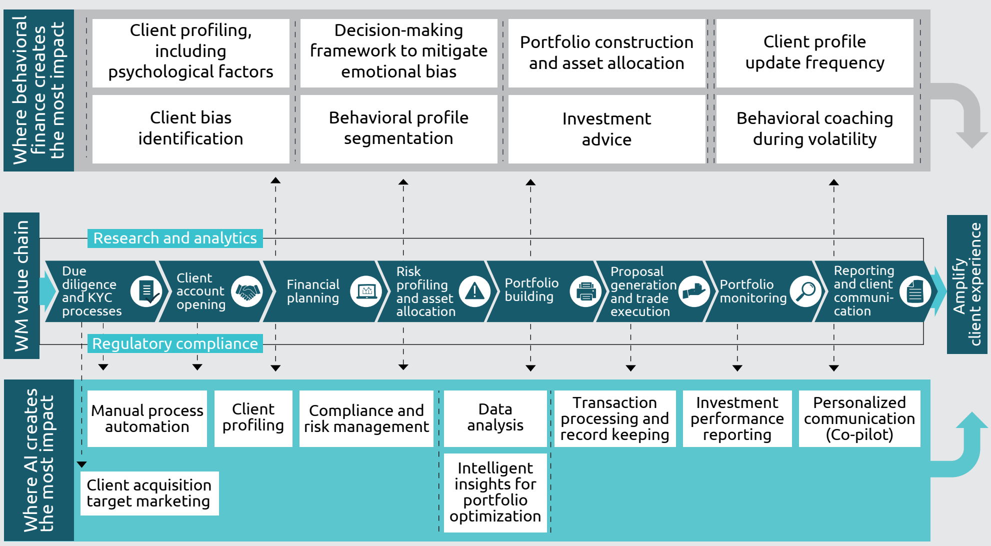
Noah Kraehenmann
Global MD Wealth Management, Temenos, Switzerland

Risk profiling and asset allocation

Segmentation using traditional demographic factors – age, location, and income – does not capture psychographic indicators such as emotions and biases. Behavioral finance assesses how clients react to market fluctuations, their involvement in decision-making, and their level of investment expertise. This behavioral segmentation approach offers a better decision-making framework by incorporating psychological insights into the financial decision process.

AI facilitates the development of client micro-segmentation, which incorporates dynamic and attitudinal behaviors to create more precise risk profiles. It also helps in risk management as wealth management firms can make informed decisions and accurately predict future risks. AI-powered systems can analyze data and detect patterns that may be difficult for humans to recognize, enabling RMs to take proactive measures in advising clients.

Figure 8. AI can fuel wealth management performance



Source: Capgemini Research Institute for Financial Services Analysis, 2024.

Portfolio building

Relationship managers can build resilient client portfolios that effectively withstand market volatility by integrating behavioral finance concepts that prioritize long-term perspectives and discourage impulsive decisions. Behavioral finance is a tool to strengthen clients' adherence to their investment strategies, which can reduce deviation from investment plans. According to our survey, 65% of relationship managers believe knowing about their clients' investment decision-making biases can help them provide sound advice. Firms can fully leverage behavioral finance when they train RMs to interpret and analyze behavioral profiles and utilize the insights for portfolio creation and targeted advice.

AI will also aid portfolio management by providing intelligent insights via advanced algorithms that monitor global markets, news, and events in 24x7 real time swift execution is particularly advantageous in fast-paced markets. While traditional data analysis relies on humans to define rules, AI autonomously discovers patterns without human intervention. Additionally, AI can help diversify and rebalance portfolios by evaluating various investment avenues, automatically identifying low-correlation assets, triggering alerts, and suggesting adjustments to align with investors' objectives – optimizing returns and mitigating risks.

From Italy, the Chief Operating Officer & Business Transformation Head for Fideuram-Intesa Sanpaolo Private Banking, Riccardo Negro said, "Our service model places the advisor at the center, with AI enhancing their capabilities by offering detailed insights, delivering personalized articles and information to clients, and conducting predictive market analysis."

As one industry example, in March 2023, HSBC launched the Artificial Intelligence Powered Global Opportunities Index, developed with EquBot, to optimize asset allocation and provide investment insights. A rule-based investment process removes discretion from day-to-day decision-making and reduces the chances of impulsive actions. HSBC rebalances the portfolio weekly to remain nimble and primed for resilient growth.[51]

Reporting and client communication

To match clients' behavioral preferences, reporting and client communication are crucial to ensuring clients' understanding and confidence in the investment process. Active communication encourages proactive adjustments to client profiles based on changes in behavior or market conditions, ensuring that profiles remain relevant and current. Ongoing engagement educates clients about behavioral finance concepts, risk management, and long-term investing to empower informed decisions. It can also help investors understand the underlying drivers behind market volatility, uncover their unknown biases, and make informed investment decisions that are not emotion-driven.

AI will help create personalized communication by offering real-time alerts of market events or life events that will signal wealth management when to reach clients, analyze communication preferences, and determine the most effective channels and messages for client interaction. From our 2024 executive survey, 59% of wealth management executives who leverage behavioral finance believe it aids in advising clients during volatile market conditions and significant life moments.

Vanguard Institutional improved its conversion rate by 16% with digital marketer Persado AI to fortify client messaging and generate a click-through rate 15.76% higher than the control message, as it helped uncover the exact phrases that resonated with customers.[52]

Wealth management firm hyper-personalizes client experience with Augmented Advisor Intelligence

Business challenge
Wealth advisors increasingly use psychographics – the study of personality, values, attitudes, interests, and lifestyles – to develop relevant products and marketing campaigns. So, when a private wealth management firm sought to integrate real-time information from varied sources to build psychographic client profiles, it needed a way to delineate client preferences to deliver custom services.

Business solution
The firm turned to Capgemini to understand clients' psychographic preferences and deliver hyper-personalized CX. It selected Capgemini's Augmented Advisor Intelligence solution, which leverages propensity models and a next-best-action client engagement approach to build comprehensive customer-segmentation models swiftly. The solution integrated real-time investor information with life events to develop a real-time model. Capgemini also implemented an automated training model that leverages previous campaigns, client product preferences, and faster triggers from behaviors and external events.

Business impact
The solution improved the wealth firm's marketing campaign promptness and relevance, and it equipped relationship managers with client insights, empowering them to deliver personalized CX.

AI can add value to wealth management in many areas, including automating manual tasks, transaction processing, and record-keeping, where it can streamline document management processes. AI can assist in risk management through real-time transaction data analysis to identify suspicious patterns or anomalies that may indicate fraud. It can also improve investment performance reporting by generating personalized reports featuring relevant performance metrics, insights, and recommendations customized for each client's portfolio composition and risk profile. Finally, AI can enhance client acquisition marketing by identifying high-potential prospects.

Chinese FinTech Ant Group unveiled a finance-specific AI model and began testing consumer and professional large language model (LLM) apps in September 2023. The apps include Zhixiaobao 2.0, an intelligent financial assistant for consumers, and Zhixiaozhu 1.0, an intelligent business assistant serving financial industry professionals. The LLM powers a range of professional services, touching wealth management in areas such as financial product evaluation, market analysis, and investor education.[53]

"Personalization at scale is the Holy Grail for growth in banking. While it's a simple concept, delivering it has been challenging due to complex, siloed data environments and manual efforts required to understand customers fully. Now, with technology like Google Cloud, firms can leverage a single data system to unify all of their structured and unstructured data, enrich it with third-party insights, and deploy AI-powered personalization models in near real time."

Toby Brown
Head of Global Banking Solutions, Google, USA

According to our relationship managers' survey, the top technology priority for improving client service is obtaining real-time insights into client preferences and behaviors, closely followed by interactive client reporting tools that can help better explain portfolio performance (e.g., summarizing meetings).

Generative AI will likely move to the forefront of the wealth management model, marking a significant shift in how services are delivered and experienced. Generative AI has taken public opinion by storm as it continuously improves based on user interactions for a more intuitive and compelling client experience, and it is poised to significantly impact the wealth management value chain. Wealth management firms need to embrace and leverage this new technology to stay competitive in an increasingly digital landscape.

Integrate, ingest, and implement AI to strengthen client relationships

Among the wealth management firms we surveyed, 49% currently use AI in some areas, and 73% of them plan to increase adoption at the enterprise level within the next one to two years. AI technologies are rapidly evolving as effective tools for enabling and supporting critical business functions; but realizing tangible business value requires a deliberate and structured approach to achieve broad adoption – rather than pursuing limited proofs of concept. The structured approach described below (Figure 9) will help achieve scalable adoption and ensure that AI initiatives deliver meaningful outcomes aligned with broad business goals.

Integrate

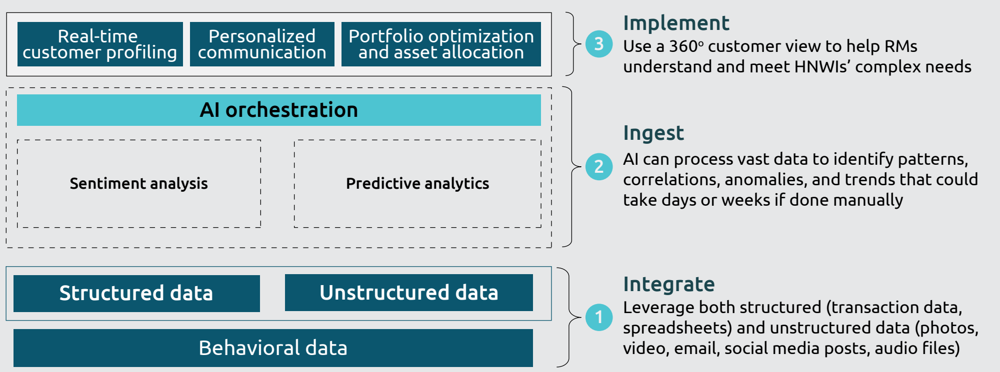
Behavioral data that uncovers investors' biases and attitudes can be present in a predefined format like transaction data. More often, however, it is found in unstructured data such as social media posts, images, videos, audio recordings, emails, and other forms of content beyond financial data. Traditionally, AI has worked with structured numerical data. Now, generative models integrate and process structured and unstructured data, primarily harnessing unstructured data to extract behavioral insights. Generative AI excels at interpreting diverse unstructured datasets to generate realistic content, enhance data for machine learning training, and simulate complex scenarios. Unstructured data fields often contain valuable information – overlooked within structured data reporting – that can uncover behavioral patterns and sentiments, thus enriching advisors' understanding of client behavior and biases.

In consumer markets, the value of generative AI for HNWIs with complex needs is significant. With access to data and research, these models can quickly generate well-structured information for client discussions. This capability allows for more informed and timely decision-making, ultimately serving customers better than ever before."

Urs Bolt
WealthTech Expert, Bolt Money, Switzerland

73%
of WM executives say their firms use AI in some areas, with enterprise-wide adoption planned within two years

Figure 9. A three-step approach to scalable AI orchestration



Source: Capgemini Research Institute for Financial Services Analysis, 2024.

Ingest

Integrated data, when ingested, can provide meaningful insights by utilizing AI-based sentimental analysis and predictive analytics to identify patterns and trends in seconds or minutes, and consistently and accurately detect behavioral attitudes. Sentiment analysis, also called opinion mining, implies the interpretation of emotions from any text-based source, be it a news article, social media post, personal blog content, etc. Interpretation of emotion is the key to enriching behavioral finance by providing a deeper understanding of the psychological factors that influence investment decisions. AI-based sentiment analysis helps financial professionals understand investors' feelings behind their investment decisions, and it can classify the customer's sentiment into broad categories like positive, negative, or neutral. Generative AI models can take the analysis one step further. When firms train generative AI on extensive datasets with labeled sentiment, it can gauge market and investor sentiment toward specific assets, industries, or market conditions, identify market trends, anticipate investor sentiment shifts, and uncover potential market opportunities or risks that merit actionable business insights in real time

Based on historical and market data, AI-based predictive analytics can forecast customer behavior, activity, preferences, and trends. With the addition of generative AI, firms can incorporate synthetic data to create additional realistic scenarios that might not be present in the historical data, offering an even broader perspective. Alternative scenarios enable predictive analytics to anticipate client responses to different investment strategies or life events.

In June 2023, Salesforce introduced Personalized Financial Engagement. The solution helps banks and financial services firms leverage artificial intelligence, real time data, and customer relationship management to oversee clients' financial plans. It empowers financial institutions with real-time signals to anticipate customers' financial behaviors and offers actionable insights at the right time. RBC Wealth Management U.S. adopted this solution to integrate disparate data systems and create unified customer profiles, enabling the delivery of automated and intelligent customer journeys at scale using generative AI.[54]

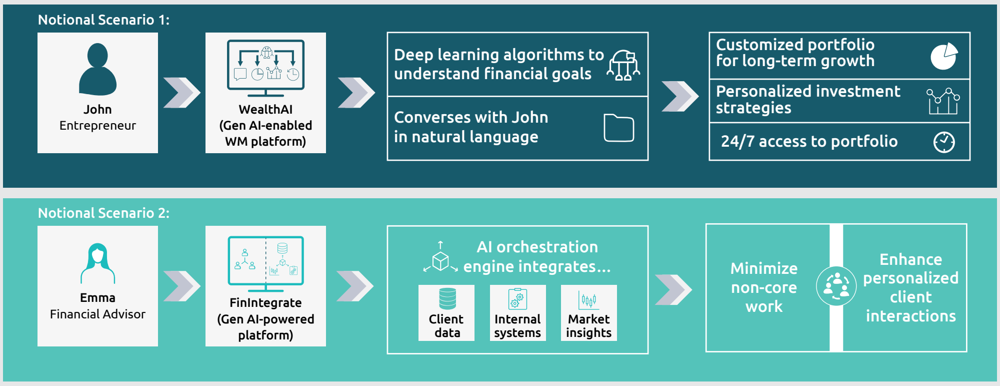
Search engine solution harnesses generative AI to redefine knowledge management for a European bank

Business challenge
Retrieving information from reliable sources for quick use is crucial in financial services. In Europe, a tier 1 bank's employees struggled with inefficient manual document retrieval, slowing productivity and risking operational error. The bank sought swift access to pertinent information and streamlined internal workflows to support operational precision and regulatory compliance.

Business solution
The bank turned to Capgemini's generative AI-powered Smart Search Engine to transform its knowledge management paradigm. Onsite architecture harnesses open-source large language models (LLMs) to deliver rapid and reliable access to vital documents. The solution offers traceable answers and a user-friendly interface that enables bank employees to access and retrieve dependable information, and significantly streamlines the organization's knowledge management processes.

Business impact
Smart Search Engine is on track to improve operational efficiency and accuracy significantly. It increases employee accuracy and productivity by reducing manual search time and enabling strategic initiatives and decision-making. The solution optimizes workflows and reinforces the bank's commitment to innovation and knowledge management.

Figure 10. Unlocking the power of generative AI in wealth management



How can a generative-AI powered wealth management platform help?
A generative AI-powered platform enhances wealth management services by providing personalized engagement for both affluent customers and advisors. It adapts to individual financial needs and goals, offering targeted insights and tools to improve decision-making. By integrating generative AI, the platform delivers a tailored experience, optimizing and aligning interactions with each user's unique financial narrative.

Source: Capgemini Research Institute for Financial Services Analysis, 2024.

Implement

Ingesting all the generative AI-powered analysis with existing CRM platforms will lead to a 360-degree customer view, which completes the understanding of the client from every possible angle, along with predictions that can be further implemented to drive real-time customer profiling and portfolio optimization (Figure 10). Creating a unique view of each client and then sending personalized communication at the right time, reflecting their behavioral attitudes and set biases, will help in achieving a greater degree of client intimacy.

AI-powered behavioral finance yields benefits across the client lifecycle

Behavioral data enables the construction of 360-degree client profiles, which, when continuously updated, can ensure accuracy. Integrating enhanced insights into individual behaviors, preferences, and financial tendencies will provide personalized investment portfolios and asset allocations that align precisely with each investor's unique profile. Moreover, targeted coaching helps clients navigate emotional biases during market volatility.

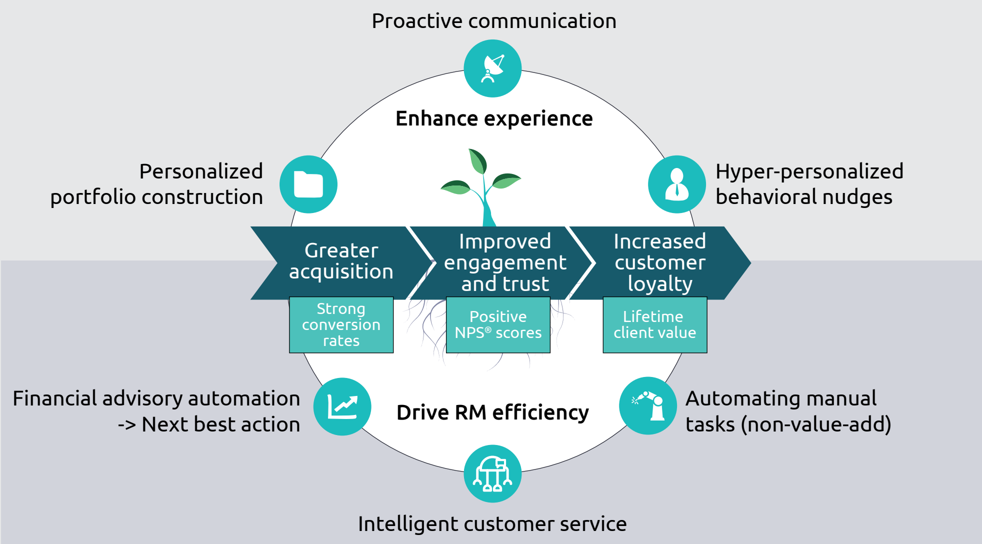
> *"In the future of wealth management, AI will play a crucial role in deepening advisor-client relationships and enhancing client experiences. By leveraging data intelligence, advisors can anticipate client needs, identify key discussion points, and proactively engage with clients."*

Kabir Sethi
Wealth Management Leader,
Ex-LPL Financial, USA

The business impact of AI affects the investment lifecycle, from enhancing CX to improving advisor efficiency. A 360-degree client view boosts experience through hyper-personalization and tailored plans that reflect real-time changes in a client's financial situation. Firms can proactively communicate by leveraging the most effective channels and client messages that build trust and rapport. Advisors can engage with clients through consistent and timely personalized nudges, fostering a positive feedback loop that strengthens relationships. Moreover, integrating AI copilots into everyday applications automates mundane tasks, optimizes time, and minimizes errors. It empowers employees to focus on strategic and creative aspects of their jobs and position them as forward-thinking experts.

Wealth management firms can achieve several key objectives by enhancing the client experience and improving relationship manager efficacy (Figure 11). They can boost new client conversion rates by delivering exceptional services tailored to individual investment needs. Personalization is a marketplace differentiator that attracts new clients and helps retain existing investors by ensuring engagement, trust, and loyalty, often enhancing Net Promoter Scores® (NPS). Firms that can cultivate stronger client relationships will further solidify their loyalty. Heightened loyalty increases customer lifetime value because loyal clients are likelier to entrust additional assets to the firm and recommend its services to others. Reconnecting with clients and harnessing the power of AI will lead the way for the future of wealth management: firms that act now to meet investors' dynamic needs can help ensure their continued value for the years ahead.

Figure 11. AI-powered behavioral finance boosts business



Source: Capgemini Research Institute for Financial Services Analysis, 2024.

Ultra-HNWIs: The most lucrative segment to attract and retain

The ultra-high-net-worth individual (UHNWI) segment is a key revenue source for wealth management firms. UHNWI population growth is solid, and new wealth hubs offering tax incentives, including Miami and Milan, are challenging long-time favorites – New York and London. Efforts to tap UHNWI opportunities are growing.

Deutsche Bank, which holds about 20% of the UHNWI market share in Germany, established regional teams to identify and serve UHNWIs beyond Frankfurt, and have introduced specialized teams to provide comprehensive services in March 2024.[56,57]

However, managing a larger pool of assets can present complexities for wealth firms, particularly as their needs evolve with the emergence of the new generation.

Entrepreneur UHNWIs look past market challenges and eye wealth growth

There is a significant shift in UHNWI population composition related to demographics and wealth. Self-made UHNWIs are outpacing those who have inherited their wealth, as the proportion of self-made UHNWIs rose to 72.6% in 2022, up from 66.5% in 2016, according to Wealth-X, a global platform for UHNWI data and insights.[58] These individuals built their wealth primarily through entrepreneurship or executive roles in the technology sector. The success of these entrepreneurs over the past decade has also boosted the number of younger UHNWIs: almost a fifth of this total population is self-made and under 40.[59]

Despite market instability, UHNWIs are on the path to grow their wealth in 2024, as revealed in our HNWI survey, where we talked to 1,300+ UHNWIs. This position contrasts with other HNWI segments that are mostly seeking to preserve their existing wealth. Why is there a difference? UHNWIs know they can weather short-term market fluctuations because of long-term investment timelines enabled by their substantial discretionary wealth. As a result, their risk tolerance tends to be higher and more flexible.

Highly knowledgeable UHNWIs spark specific demands and active involvement. Of the relationship managers we surveyed, 62% said UHNWIs are more engaged in their investment strategy than other wealth bands.

> *"For UHNWIs, prioritizing wealth management with a multi-generational focus holds paramount importance. We emphasize heavily on education and tailored solutions geared towards multi-generational wealth management. It is crucial to develop a comprehensive understanding and address the unique needs of multiple generations within families, to ensure the preservation and growth of wealth across lifetimes."*

Yann Galet
MFO Founder and Family Officer, G Consult Finances, France

- 71% of the RMs we surveyed said UHNWIs favor alternative investments more than clients from other wealth bands. Since 2023, the top 20 WM firms have unveiled new private-market funds, as 63% of UHNWIs say they may increase their 2024 allocations. Alongside investing through funds specialized in alternative investments (from Blackstone, etc.), more and more UHNWIs seek direct investment into private equity deals.[60]
- 91% of the UHNWIs we surveyed support passion investments such as luxury real estate, wine, coins, and art that may reflect lifestyle choices. Notably, UHNWIs seek returns from passion-driven investments, which they say are more than hobbies. Of those we surveyed, 57% scrutinize and track the return potential of passion-driven investments.

As the UHNWI segment continues to change, wealth firms need to proactively align products and services to meet the multi-generational and multi-jurisdiction investment needs of UHNWI clients.

> *In recent years, UHNWIs increasingly seek cross-border diversification to protect assets from geopolitical risks. Additionally, multi-generational wealth management, emphasizing on wealth transfer and after tax returns, is a top priority. Bespoke solutions, including estate planning, are necessary to meet their evolving needs beyond conventional investment management."*

Sébastien Capt
CEO, Prime Partners, Switzerland

Diverse value-added services are indispensable to solidifying UHNWI relationships

Ultra-HNWIs prioritize value-added services, as 78% consider them essential to wealth management firm relationships. Complex UHNWI lifestyles and needs put financial and non-financial value-added services at the center of the relationships (Figure 12).

Financial value-added services

Ultra-HNWI investment styles emphasize up-to-date market insights and investment assessment methodology for informed decision-making. Not surprisingly, they say investment management – comprising portfolio allocation across diversified asset classes, and comprehensive budgeting, insurance, and lending solutions – is their most important financial value-added service.

Over three-quarters (77%) of UHNWIs count on their WM firms to support them in their inter-generational wealth transfer needs. This requirement will continue to grow, driven by the ongoing great wealth transfer: according to an estimate by Cerulli Associates, nearly USD 36 trillion, or 42% of overall transfer volumes, will be passed on to Gen X, millennials, and Gen Z by 2045 across HNWI and UHNWI wealth segments.[61] During wealth transfer, UHNWIs need support in navigating regulatory and tax barriers. For instance, the United States is expected to double its estate tax by 2026.[62] For WM firms, it is crucial to engage with the next-generation beneficiaries, failing which they risk losing them as customers.

Figure 12. Value-added services influence ultra-HNWI WM firm selection

Financial value-added services	As ranked by UHNWIs	Non-financial value-added services
Investment management (private equity, life insurance, lending, ESG)	1	Concierge services
Inheritance advice (inter-generational wealth transfer)	2	Networking opportunities
Tax planning	3	Legal consultation
Retirement planning	4	Lifestyle advice
Real-estate investment advice	5	Aggregated view of investments across multiple jurisdictions

Sources: Capgemini Research Institute for Financial Services Analysis, 2024; World Wealth Report 2024 Global High Net Worth Insights Survey, N=3,119.

Despite uncertainty around central bank interest rates, UHNWIs are showing increasing interest in illiquid asset classes – homes and other real estate, collectibles and art, and debt instruments. A growing appetite for luxury second homes has pushed real-estate advice into the top five of UHNWIs' service requirements. London-based investment data company Preqin estimates that the private credit market (which invests in businesses least impacted by economic cycles – healthcare and non-discretionary consumer goods) will nearly double by 2028, reaching USD 2.8 trillion.[63] Private credit solutions are highly sought by UHNWIs to meet their long-term return expectations while overcoming short-term market fluctuations.

"An important value proposition for the ultra-wealthy is the multi-juridisdictional availability of capital. It's not just about having money when they need it but also where they want it. Wealth management firms must understand the needs of their customer to make sure they can anticipate where their client will need the money, and make it available there."

Arnaud Picut
CEO, Aixigo, Germany

93%
of UHNWIs utilize family offices for value-added services

Non-financial value-added services

Our HNWI survey results put concierge services at the top of the non-financial list. These sophisticated services are driven by personalized assistance, recommendations, and priority access to exclusive events, fine-dining experience upgrades, and other lifestyle management solutions. Family offices secure access to these services through third-party platforms. For instance, US-based concierge community Myria offers a luxury services marketplace.[64] Half of the survey respondents said family offices excel at providing UHNWIs' top four non-financial value-added services concierge services, networking opportunities, legal consultation, and lifestyle advice – a critical differentiator.

Family offices stay close to clients to understand their objectives and assist in decision-making. As a result, they are a step ahead in breaking down family dynamics and establishing a bird's-eye view of client wealth positions, including non-bankable assets. An aggregated view of investments across jurisdictions is critical because UHNWIs invest across geographies and asset classes. Family offices can feed portfolio management tools with data from multiple banks to facilitate a consolidated view. For example, Germany-based HQ Trust developed HQT One, a device-independent platform that provides UHNWIs with asset reporting and controlling services.[65]

When we asked UHNWIs why they prefer family offices over WM firms, their number one reason was the availability of more non-financial value-added services, followed by greater decision-making agility and control, and personalized services at higher speed and low cost. Of the more than 1,300+ UHNWIs we surveyed, 93% said they utilize single- or multi-family offices as an orchestrator for one or more value-added services.

Meanwhile, incumbent WM firms provide family offices with primary financial services like custody, access to diverse investment opportunities, and other investment-related activities.

With family offices seeking support from wealth management firms for investment opportunities, UHNWIs said they prefer incumbent wealth firms for financial value-added services (Figure 13). In fact, 85% of WM executives said WM firms provide robust investment opportunities and consider primary financial services essential to engaging UHNWIs. But there are expectations beyond investment opportunities: UHNWIs are turning to different providers to meet separate needs. Amid increasing competition, it is challenging for incumbent WM firms to retain wallet share without providing a full suite of services.

Competition for ultra-HNWI wallet share intensifies as family offices gain influence

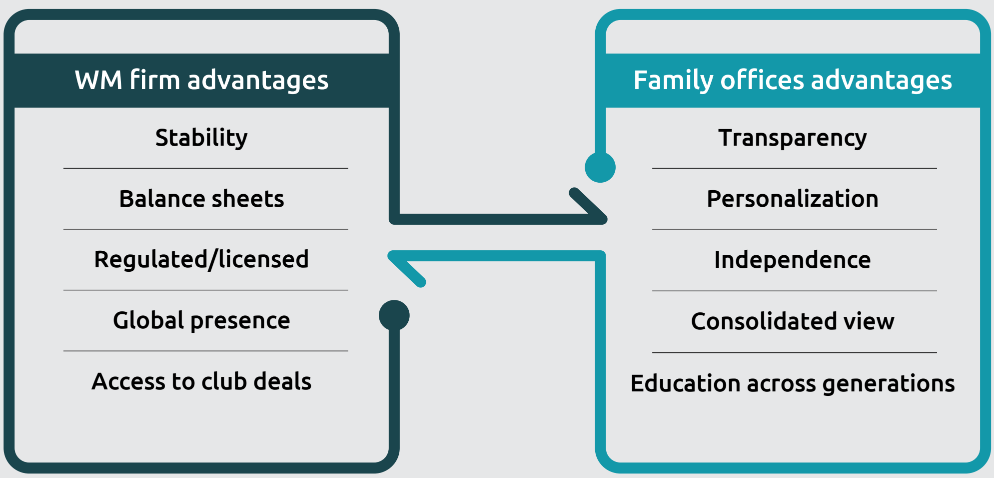
Ultra-HNWIs seek financial and non-financial services with personalized attention, so they turn to multiple service providers. According to our survey, the number of UHNWI wealth management relationships increased from three in 2020 to seven in 2023. Additionally, 78% of UHNWIs indicated they are likely to switch their primary wealth management firm in 2024. This trend may indicate that WM firms are struggling to deliver the expected range and quality of services.

On the other side, family offices successfully cater to ultra-HNWIs non-financial needs and are expanding their reach. A Preqin study found that 37% of all family offices are in North America, 32% in Europe, 15% in Asia-Pacific, and the remaining 17% spread worldwide, with Asia-Pacific region growing the fastest.[66] With the sustained growth of the UHNWI population, 40% of Asia-Pacific family offices were launched in the last decade alone: family offices in Singapore grew from 400 in 2020 to 1,100 in 2022.[67]

With their diverse operating models fully aligned with the objectives of the families they serve, family offices are becoming more visible and are significantly challenging traditional WM firms.

Single-family offices, exclusively serving one family, are set up by hiring a team of specialists from banking, wealth management, or industry bodies. These offices provide a greater level of control and greater agility than multi-family offices and are viable only to a select group of UHNWIs with a sizeable amount of wealth. Their growing prominence led to a 200% increase during the past decade, reaching a total of 10,000+ single-family offices by 2022.[68] On the other end of the spectrum are relatively cost-effective, multi-family offices that serve multiple families. Families with investable assets of USD 150 million or less often employ these offices.[69] Yet, multi-family offices follow a personalized approach and offer greater flexibility than most incumbent wealth management firms.

Figure 13. Traditional WM firms and family offices have unique selling propositions



Source: Capgemini Research Institute for Financial Services Analysis, 2024.

78%
of UHNWIs are likely to switch their primary wealth management firm in 2024

Apart from the most prominent family offices that often perform core and non-core functions internally, many family offices offer only a few services internally and then become facilitators by partnering with independent advisors, lenders, technology providers, and WM firms. Costs, frequency, and complexity typically drive the percentage of in-house services.

According to Campden Research, 14% of family offices in North America provide all services in-house, and 4% act as orchestrators with external support; the remaining 82% of North American family offices use a mixed approach, combining in-house capabilities with third-party support, to serve UHNWIs.[70] Family offices in Asia-Pacific follow a similar pattern, with 13% of family offices serving entirely in-house, 7% acting as facilitators, and 80% adopting a mixed approach.[71] In Europe, 18% of family offices work exclusively in-house, 15% act as service facilitators, and 67% use a mixed approach.[72] Through effective resource planning, most family offices also dedicate time and effort to fostering close client relationships.

> *"Family office clients prioritize transparency, trust, and independent advice. The focus is on advising the clients to identify the best investment opportunities and asset management firms aligned with their strategic objectives. This holistic approach builds a strong relationship founded not only on financial performance, but also on a deep level of trust."*
>
> **Christian Stadtmüller**
> Managing Director, HQ Trust, Germany

As more UHNWIs seek family offices to manage their wealth, WM firms are slowly but surely losing visibility and direct interaction with UHNWIs and risk diminishing client intimacy and engagement, with the family office acting as an intermediary between the firm and the client. To address this challenge, a few frontrunner banks have built in-house, multi-family offices. Barcelona-based Víctor Manuel Allende, Director of Private Banking for Caixabank, said, "In response to heightened competition, we have launched a multi-family office focused on the UHNWI segment, shattering the glass ceiling that once limited large banks from competing with family offices."

- Spanish multinational CaixaBank launched OpenWealth, a multi-family office serving those with investable assets above EUR 50 million. Asset advisory services include personalized solutions through collaboration with other WM firms.[73]
- Singapore's DBS Bank built a Multi-Family Office Foundry to offer clients wealth management investment services through a single integrated platform. This structure enables UHNWIs to choose an agent/fund manager from the DBS team, a family member, or an external investment advisor.[74]

Winning UHNWIs wallet share is critical to boost WM firm's AUM, leading to higher management fees, which is their largest revenue driver. In response, WM firms need to figure out how to both compete and collaborate with family offices.

A one-stop shop model gives WM firms tools to compete

To compete, WM firms will need to strengthen their one-stop shop ecosystem of services, as it is critical to retaining UHNWI clients and helping WM firms' consolidate UHNWI wallet share. In response to the increasing fragmentation of providers across wealth management, it is crucial for WM firms to build capabilities that allow them to become a one-stop shop meeting their clients' needs. From Belgium, Geert Roosen, head of Client Services and Business Development for Degroof Petercam, said, "To successfully engage UHNWIs, the true differentiator lies in bespoke services and the client's connection with their relationship manager. Discerning clients scrutinize the additional services you provide that other banks do not offer."

Traditionally, WM firms have strong capabilities in investment management and are trusted to provide financial value-added services. By leveraging all internal capabilities and combining them with external partnerships for non-financial value-added services – offering a full suite of services as a one-stop shop (Figure 14) – WM firms will increase client engagement and enhance UHNWI mind share. Jessica Douieb, Head of Wealth Partners at J.P. Morgan Wealth Management said, "Ultra-HNWIs present a myriad of complex needs, amplified by the intricacies that accompany greater wealth. Seeking a streamlined approach, they gravitate towards a one-stop solution to simplify their lives. Establishing an ecosystem of third-party providers offering value-added services is paramount in meeting their multifaceted requirements effectively."

> *"Ultra-HNWIs seek diverse asset allocations, including alternatives, and demand multi-jurisdictional support. Non-financial services like exclusive networking and sustainable investment opportunities are increasingly crucial. Clients expect deep expertise and sought-after insights to navigate complex global markets."*
>
> **Nic Dreckmann**
> CEO a.i., Julius Baer, Switzerland

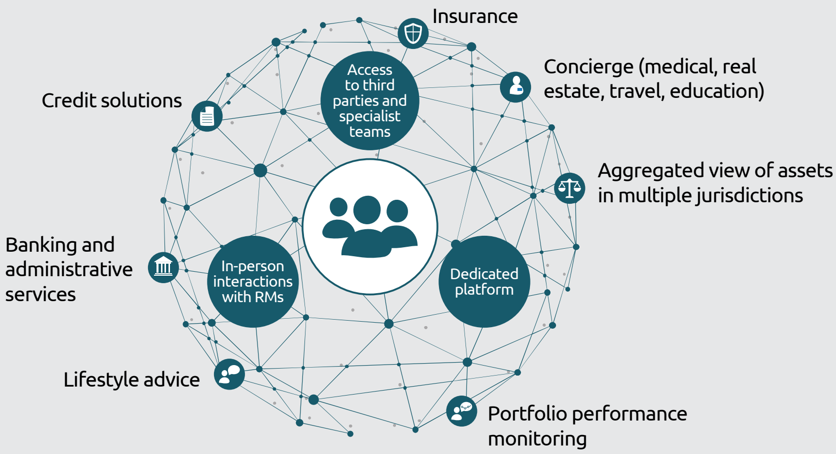
The initial step to building a support ecosystem is establishing both appropriate internal capabilities and external collaborators, including third-party providers. For internally sourced services, identify the specialists and teams functioning on them within the firm to establish service centricity; this process will streamline improvement efforts and ensure that any service sourced internally is aligned with individual client demands.

From Norway, Per-Christian Thorsen, Executive Advisor, Nordea Private Banking, said, "We assemble a dedicated team of specialists for each UHNWI client, ensuring comprehensive service and access to our full suite of offerings." In another example, J.P. Morgan provides M&A services for passion investments, including sports. It launched a dedicated sports financing franchise to underwrite sports teams and serve elite clients in March 2024.[75]

With internal teams in place, WM firms can leverage third parties and a network of partnerships to enable ancillary value-added services. HSBC partners with concierge service provider Quintessentially to offer UHNWI clients personalized assistance and luxury experiences including booking a private island, private aviation, fine-dining establishments, or exclusive access to events worldwide.[76]

77%
of UHNWIs say 24/7 access through digital channels is essential

Figure 14. Build and orchestrate an ecosystem with strategically integrated touchpoints



Source: Capgemini Research Institute for Financial Services Analysis, 2024.

With the ecosystem set up, delivering services through clients' preferred channels is crucial: while in-person interaction remains significant, digital channels are increasingly vital. More than three-quarters (77%) of surveyed UHNWIs say 24/7 access through preferred digital channels is an essential capability when selecting a WM firm. Moreover, some UHNWIs want a hands-on, digital-channel approach for DIY investing and to explore offerings and invest at their own pace. Ultimately, an omnichannel-based ecosystem, including digital platforms, will be necessary; this device-agnostic dedicated platform must provide flexible data access anytime, while allowing the scheduling of interactions among desired touchpoints (relationship managers, third-party partners, and other specialists).

Weaving together primary financial services and a suite of value-added services by building and orchestrating a one-stop shop ecosystem for their most valuable clients will enable WM firms to become a trusted partner and not just a service provider.

> *Given the diverse portfolio holdings of ultra-HNWI clients, sometimes across multiple financial institutions, there is a demand for aggregated views of their assets. We focus on delivering clients a comprehensive view of their portfolio, empowering them to effectively align their investment strategies with their financial life goals and legacy aspirations."*
>
> **Ranjit S Samra**
> Head of Product & Experience, J.P. Morgan Wealth Management, USA

Digital solution offers convenience and transparency to clients with complex asset structures

Business challenge

German multi-family office HQ Trust manages the wealth of private individuals, families, churches, foundations, and institutional investors. It specializes in assisting those with complex assets and prioritizes quick response and meeting client requirements on a case-by-case basis, particularly for estates or trusts. Because client assets extend beyond typical classes – equities, bonds, and gold – the firm sought to offer convenience and transparency to all clients, including those with complex structures and alternative investments, such as art.

Business solution

The firm's digital gateway, HQT One, offers unrestricted client access to assets, individual asset structures, documents, reports, and exclusive analysis. The platform coordinates, structures, monitors, and evaluates asset information and documentation from banks, tax advisors, and auditors. It evaluates asset positions and annual performances via benchmarks and historical data that cover liquid and illiquid assets. Clients have 24/7 access via the HQT app to review portfolio developments and change rationale. Analyzing stocks by sector or region can reveal trends such as regional outperformance and stock-specific highlights.

Business impact

HQT One's centralized information portal boosts client satisfaction through transparency and easy access. Clients make informed decisions and proactive adjustments while performing strategic evaluations, strengthening their bonds with HQ Trust, and fostering long-lasting relationships. HQT One features, such as multi-asset consideration, performance metrics, and accessibility, distinguish HQ Trust in the market. As a result, the firm is broadening its client base from those initially interested in reporting solutions to clients exploring areas such as alternative investments.

Monetize WM firm capabilities to create family office revenue streams

Family offices typically partner with large banks and WM firms to leverage their balance sheets and access global deals. Undoubtedly, WM firms have a cybersecurity advantage over family offices based on robust IT budgets and dedicated security teams. Of the UHNWIs we surveyed, 80% mentioned data privacy as crucial when selecting a WM relationship. As-a-service cybersecurity tools offer family offices data transparency and privacy safeguards through multi-factor authentication, role-based access controls, andencrypted networks.

> *"Family offices and banks, while they may compete for some clients, also function as partners in serving the needs of high-net-worth individuals. A family office relies on banks for custody and other financial services, while banks benefit from the relationships and trust established by family office representatives with their clients. Ultimately, it is a symbiotic relationship and clients appreciate the collaboration between their family office and bank, ensuring their investments are well-managed and secure."*

Philippe Perles
Committee Member, Association of Swiss Asset and Wealth Management Banks; Senior Partner, Noveo Conseil, Switzerland

By utilizing the breadth and depth of solutions already in place, traditional WM firms can increase their revenue and retain AUM share, despite resulting in a less direct relationship with UHNWI clients with the family office acting as an intermediary. As UHNWIs global needs increase, WM firms are placed to support the establishment of family offices across multi-jurisdictions.

Our HNWI survey results uncovered that 52% of UHNWIs want to set up a family office and want guidance from their primary WM firm in doing so. WM firms can support clients in establishing their family office by understanding family dynamics through conducting deep dives with next-generation beneficiaries to help merge their priorities and define the family objectives. Further, they can help establish a governance system: WM firms can offer goal-setting support and protocols to define investment objectives, and performance-monitoring parameters to help equip the new family office for growth.

Another revenue stream includes service-offering expansion and support for existing family offices (Figure 15), by providing investment management and banking services to existing family offices. 39% of wealth management executives said their firms are already offering custody services to family offices, and 51% said they provide tailored lending solutions.

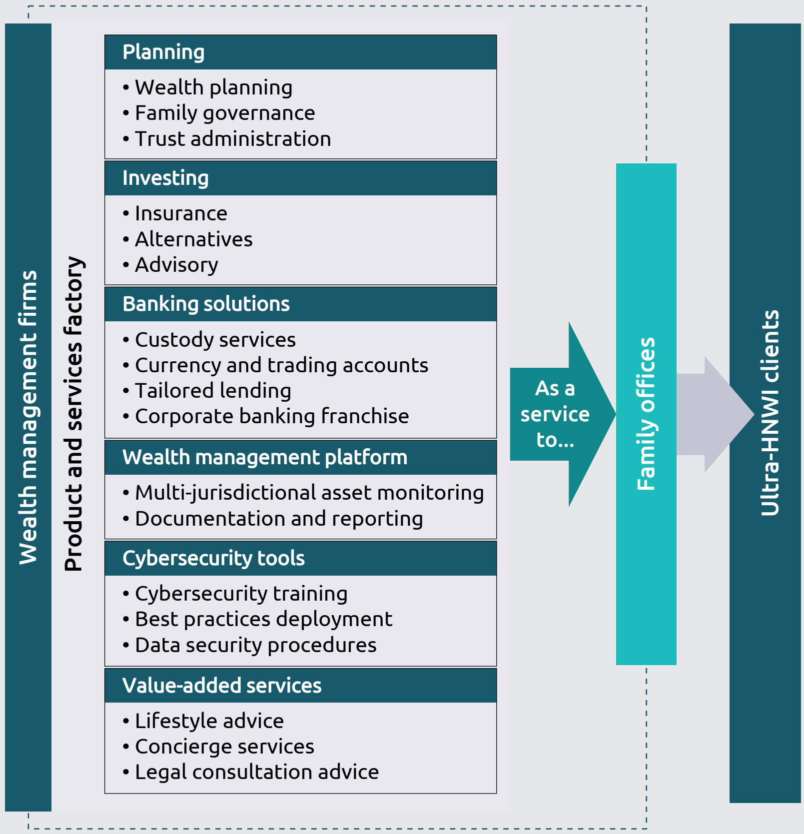
Family offices demand sophistication in products and services, and WM firms are responding by providing targeted offerings to meet their needs.

- The Ultra High Net Worth Solutions Group at HSBC offers elite clientele direct access to global markets and investment banking services, cementing strategic partnerships with UHNWIs and family offices.[77]
- Citi Private Bank focuses on intergenerational wealth transfer through its Citi Latitude program, serving 1,500 family offices.[78]
- Lombard Odier's Global Asset+ offers operational, investment, and banking capabilities to 200+ clients across single- and multi-family offices while providing services directly to UHNWIs.[79]
- Northern Trust's Global Family Office (GFO) Technology suite offers the Wealth Passport platform to provide consolidation and greater sophistication for 500+ clients across single-family offices alongside delivering services directly to UHNWIs.[80]

52%
of UHNWIs want to set up a family office with assistance from their WM firm

WM firms need a full range of financial and non-financial services to retain primary-partner relationships with clients – and especially with the UHNWI segment. Firms can use their technological capabilities as enablers by streamlining internal capabilities and exploring third-party partnerships. As a result, they can grow their AUM organically through greater client engagement. Capabilities developed internally will further pave the way for increased revenue from additional services and unlock family office-as-a-service revenues.

Figure 15. Servicing family office offers new streams of revenue while securing indirect relationships with ultra-HNWIs



Source: Capgemini Research Institute for Financial Services Analysis, 2024.

Conclusion

During current volatile times, divisive geopolitical conflicts, a longer-than-expected high interest rate environment, looming election nervousness, and more keep wealth management executives awake at night. In an increasingly unpredictable 2024 environment, winning and retaining the lucrative ultra-HNWI wealth band has become essential to profitable growth.

However, this segment is undergoing a behavioral shift as youthful beneficiaries and tech entrepreneurs massively join the very small UHNWI segment. These investors are stepping away from exclusive primary WM firm relationships to find advisory expertise that meets their complex and very specific requirements. Family offices are seizing the opportunity to secure UHNWI business and loyalty through an aggregator and orchestrator role for client-centricity and a range of convenient value-added services.

Therefore, strategic and future-focused wealth management firms need to set their sights on retaining and winning UHNWI client mind share to boost their wallet share. But where should they begin?

A threefold enabling initiative might help wealth management firms sustain current business while creating new revenue opportunities:

- **Ignite engagement with HNWIs as market trends evolve during high instability.** As the market emerges from unprecedented turbulence, be prepared to provide robust and tailored investment opportunities and ensure the right dynamic between wealth preservation and growth goals.
- **Turbocharge AI-powered behavioral finance to enhance personalization and customer relationships.** Update and augment client understanding by integrating behavioral finance with AI to deliver tailored value.
- **Focus on the highly concentrated and profitable UHNWI segment, and strike the right balance between competition and collaboration with family offices.** Strive to become a one-stop shop through ecosystem partnerships with top-notch third-party specialists and collaboration with family offices to unlock new revenue streams.

Methodology

Market sizing

The World Wealth Report 2024 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 market, and the distribution of this wealth across the adult population in that market.

- 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 in this report:

- 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 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.

2024 Global High Net Worth Insights Survey

The Capgemini 2024 Global HNW Insights Survey questioned 3,119 HNWIs including 1,300+ UHNWIs across 26 major wealth markets in North America, Latin America, Europe, Middle East, and Asia-Pacific. The survey was administered in January 2024 in collaboration with the Invent India Strategic Research (SRES) team (Part of COE), which has more than 20 years of experience conducting research through private client and professional advisor interviews, in partnership with global sample providers through strategic tie-ups. The 2024 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.

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.

Our 2024 HNWI survey had diverse representation:

- Wealth band – USD 1–5 million: 21%, USD 5–30 million: 37%, USD 30 million+: 42%
- Age band – under 40 years: 41%, 40-59 years: 53%, 60+ years: 6%
- Gender – male: 65%, female: 35%

HNWI Survey Geographic Breakdown

Market	#HNWIs
Americas	**790**
US	475
Canada	111
Brazil	102
Mexico	102
Europe	**698**
UK	100
Germany	105
Luxembourg	50
Switzerland	50
France	113
Italy	101
Netherlands	50
Belgium	52
Spain	77
APAC	**1,430**
China	329
India	161
Australia	103
Japan	125
Malaysia	101
Indonesia	100
Thailand	100
Taiwan	100
Singapore	101
Hong-Kong	103
South Korea	107
Middle East	**201**
UAE	100
Saudi Arabia	101

2024 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. This survey was administered in January 2024 in collaboration with Phronesis Partners, a cross-industry global research and analytics firm. The 2024 Wealth Management Executive Survey includes 75 responses across 12 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 the UHNWI wealth band, market trends, and strategies to empower relationship managers. The executive survey has representation from WM firms (56%), universal banks (16%), independent brokers/dealers (17%), and family offices (11%).

2024 Global Relationship Manager Survey

The 2024 Relationship Manager Survey, executed by Phronesis Partners, includes more than 750 responses across ten markets. The survey questioned relationship managers about their views on their firms' WM strategy priorities, their satisfaction with the support provided by their WM firm, and customers' increased interest in new products/offerings.
The relationship manager survey has representation from North America (24%), Europe (61%), and Asia Pacific (15%).

Partner with Capgemini

Family Office Advisory Services

Today's family offices are grappling with shifting asset allocation preferences, growing interest in alternatives and new investment avenues, and the need for greater global diversification. At the same time, family offices are becoming more interested in sustainable investing, upgrading their governance and investment functions, and implementing sound succession-planning strategies to accommodate client requirements around great wealth transfer requirements. Capgemini's Family Office Advisory Services help wealth management firms and commercial banks provide tailored solutions to meet the evolving needs of their family office clients. Support areas span from strategy to technology and cyber resilience. Family offices seek bank support to lower operational costs, improve profitability with a global reach, and expand value-added services portfolios. Financial firms that position themselves strategically can boost wallet share by providing products and services that family offices seek.

Client and Banker Digital Wealth UX

In today's competitive marketplace – where client expectations are ever-increasing and new players are introducing low-cost niche digital offerings – wealth managers must retain investors and acquire new clients by offering a superior customer experience. At the same time, they must provide advisors with productivity-enabling tools and systems to offer clients the best possible advice.

Capgemini helps banks and wealth management firms unite their client and banker digital wealth user experience.

- We design optimal client journeys by weaving together the most relevant client-advisor touchpoints.
- We deploy omnichannel tools, enabling digital interactions between client and advisor that investors can seamlessly initiate and continue from any preferred channel.
- We provide digital document and e-signature solutions to minimize manual paperwork.

Intelligent Advisor and Augmented RM

High-net-worth clients demand personalized, focused solutions. Winning means competing on experiences and reimagining engagement across channels during high-impact moments that matter. The key to success is to put relationship managers at the center, armed with tools to work smarter and focused on helping clients achieve their goals.

With years of designing powerful human experiences and drawing from lessons learned, Capgemini's Intelligent Advisor and Augmented RM solution enables relationship managers and advisors to personalize interactions based on a 360-degree view of their clients. Technology-enabled advisors can treat their clients as a "segment of one," providing the most relevant advice based on their life stage and personal goals. Consequently, they can retain the client and maximize wallet share by cross-selling and up-selling the most appropriate offerings. Intelligently enabled advisors can add new clients while improving advice quality, relevance, and frequency.

Wealth Ecosystem

Wealth management firms work with several different technology systems and data sources. Very often, not all systems can talk to each other, and consistency in data is also a challenge.

We have developed a fully modular and composable end-to-end, full-service wealth stack with handpicked best-in-class FinTechs to help wealth management firms build differentiated capabilities without impacting their core systems. The wealth stack can be operated on-premises or on cloud and is compatible with all major hyperscalers. Clients have the option to outsource IT and operations on cloud.

Ask the experts

Nilesh Vaidya

Global Head of Banking and Capital Markets

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

Marie Wattez

Global Head of Wealth Management

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Marie leads Capgemini 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.

Ian Campos

Global Head of Financial Services Applications Business Line

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Ian has over 25 years of experience in helping the leading banks and insurance companies operationalize their strategic intent through technology-enabled transformation programs. He is passionate about helping clients achieve step-change improvements in their operational effectiveness and efficiency, while delivering superior experiences.

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Global Head of Banking and Capital Markets Practice

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Carlos comes with extensive experience and skills sets focused around transformation planning and management, solution definition and complex solution delivery disciplines. He has a strong background in digital led core modernization/replacement and has experience in driving transformations that span front end and back end functions.

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Sandeep is a Digital Strategy and 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. His forte lies in collaborating with traditional and FinTech firms across banking, wealth management and capital markets to drive strategic, complex digital core initiatives leveraging global alliances.

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Kavita has been with Capgemini for 4 years and has 18+ years of financial services experience. She is an expert in digital strategy and transformation across Wealth Management and Capital Markets.

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Catherine leads the Banking Practice in Financial Services in France. She is a seasoned professional with 25 years' experience in the banking industry where she was involved in major operational and digital transformation programs in Wealth, Asset Management and CIB sectors.

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Maxime leads the Wealth and Asset Management practice in Capgemini Invent in Continental Europe (France, Germany, Spain, Italy, the Netherlands, Belgium, Switzerland). 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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Shefali is a senior leader in financial services and consulting with 24 years of experience across Asia, Europe and USA. She has led large-scale transformation initiatives in wealth management and retail banking, building strong revenue streams and digital value while delivering quality customer experiences. She leverages customer insights and ecosystems to help financial institutions become future-ready.

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James leads the Wealth and Asset Management practice in Capgemini Invent in Asia (Singapore, Hong Kong). With publications in the future of wealth, James is a recognized thought leader in the APAC region. He has over 20 years of experience in financial services and has designed and built some of the latest cutting-edge digital solutions in the market.

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