

Capturing wallet share: delivering on the UHNWI top 10 list

How banks unlock significant revenue streams with strategic family office partnerships



In brief

- With the percentage of UHNWIs utilizing family offices topping 90%, banks can capitalize on their products, services, and technology estates, to fill gaps in family office capabilities.
- As most UHNWIs view financial and non-financial value-added services as essential, banks can develop both white-label and as-a-service offerings in multiple categories to generate a variety of revenue streams.
- Regardless of which services and solutions banks provide to family offices, completing five key deployment steps can help assure collaboration success.

With the ultra-high-net-worth individual (UHNWI) segment holding nearly USD 30 billion in wealth, according to the Capgemini [World Wealth Report 2024](#), it's no secret that this is a lucrative wealth management market.

In response, the prevalence of family offices has increased significantly. In fact, the Capgemini World Wealth Report 2024, revealed that 93% of more than 1,300 UHNWIs surveyed say they utilize family offices.¹



Yet, catering to this segment creates complexities for family offices, as the overwhelming majority (78%) of UHNWIs individuals consider both financial and non-financial value-added services essential.² This expectation is generating significant opportunities for banks because family offices most often serve as an orchestrator, coordinating services for the UHNWI.

In this article we'll explore family office services requirements and how banks can fulfill them by capitalizing on their product, service, and technology strengths.

Rapid growth signals revenue opportunities ahead



As family offices closely engage with UHNWIs, they excel in deciphering family dynamics, gaining a comprehensive wealth overview, and steering clients adeptly toward wealth creation and preservation options.

The resulting appeal of family offices is reflected in the nearly 100% expansion in the number of such entities over a decade³ and the sheer volume of these entities worldwide.

Serving just one family with a sizeable amount of wealth, single family offices (SFOs) have grown to total over 10,000 entities worldwide.⁴ Multi-family offices (MFOs), which serve multiple unrelated families, are ideal for those with up to USD 150 million in investable assets and now number 5,000 globally.⁵

Regionally, a Preqin study showed that 37% of family offices are located in North America, 32% in Europe, and 15% in Asia-Pacific, with the remainder spread globally.⁶

Also, while growth is strong in all geographies, other surveys suggest the Asia-Pacific region is experiencing the fastest rise. For instance, Singapore's family offices grew from 400 in 2020 to 1,100 in 2022, a 275% increase.⁷

No matter where an SFO or MFO is located, family offices most often partner with other providers, like banks, to provide services. According to Campden Research, only 14% of North American, 13% of Asia-Pacific, and 18% of European family offices handle all services inhouse, which means more than 80% of all family offices worldwide rely on external providers.^{8, 9, 10}

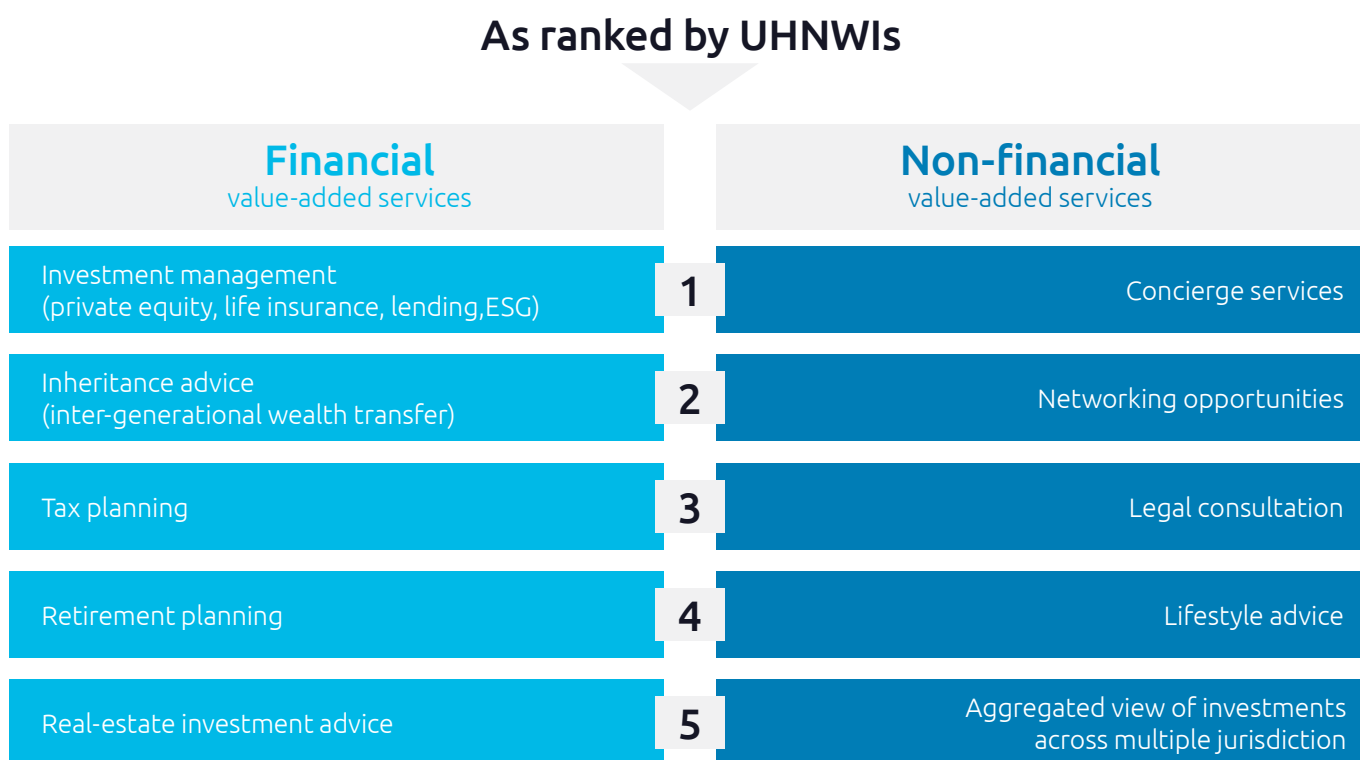
Notable examples of global bank offerings for family offices that serve UHNWIs include Santander Private Banking, serving over 3,090 families globally, and Citi serving over 1,700 family offices.¹¹ In addition, J.P. Morgan Private Bank recently launched its U.S. Family Office Practice.¹²

Providing the top 10 services UHNWIs expect

Although family offices frequently can orchestrate the basic elements of UHNWI's top 10 value-added service requests (Figure 1), they are typically challenged to provide the depth of capabilities required.

In general, MFOs have the greatest dependence upon banks, although many SFOs will have similar needs. Regardless, banks can benefit from providing family offices with both financial and non-financial value-added services.

Figure 1: Value-added services essential to UHNWIs



Source: Capgemini Research Institute for Financial Services Analysis, 2024; World Wealth Report 2024 Global High Net Worth Insights Survey, N=3119.

Financial value-added services

Global transactions

Banks can assist family offices with completing complex global transactions where a family office lacks geographic capabilities or with the right type of structured transaction, such as one involving complicated derivatives. Other bank opportunities include participation in exclusive private equity, venture capital, and real estate deals.

Example: HSBC's Ultra High Net Worth Solutions Group. It offers elite clientele direct access to global markets and investment banking services.¹³

Tax planning and compliance

Banks can recruit highly sought after, and thus expensive, advisors to guide family offices through the intricacies of tax regulations and obligations. This can include devising tax-efficient investment structures, implementing strategic tax planning initiatives, and providing assistance with optimizing tax positions and minimizing liabilities.

Example: Morgan Stanley offers Total Tax 365, a full spectrum of tax-efficient solutions.¹⁴

Custody and core services

Banks are vital cash management partners to provide liquidity for family offices. Additionally, escrow services provided by banks secure funds for transactions such as real estate purchases, mergers, and litigations until completion.

Banks also supply comprehensive management, settlement services, and regulatory reporting for multi-jurisdictional investments, allowing families to leverage their investment portfolios for loans, lines of credit, and access to international funds.

According to the [World Wealth Report 2024](#), only 39% of large banks currently offer custody services and only 51% provide customized lending solutions targeted towards family offices. This demonstrates a significant opportunity gap that at least half of banks have yet to fill.

Example: HSBC Global Private Banking offers family office solutions that include custody, via the Global Custody Platform, credit, investment management, and more.¹⁵

Inheritance advice

Banks extend their support to encompass estate planning and trust services, facilitating seamless inter-generational asset protection, succession planning, and wealth transfer. Services often include trust administration, estate settlement, strategic tax planning, and the implementation of philanthropic strategies for ensuring a lasting legacy.

Example: Merrill Lynch's Strategic Wealth Advisory Group which provides guidance on wealth transfer, tax planning, estate planning, and other aspects of aligning financial and estate goals.¹⁶

Technology applications and infrastructure

With over three-quarters (77%) of UHNWIs surveyed for the [World Wealth Report 2024](#) expecting 24/7 access to sophisticated insights through preferred digital channels, it's imperative that family offices demonstrate technology proficiency. However, building the necessary infrastructure, processes, and compliance systems is frequently cost-prohibitive. This makes banks, with their significant technology estates, uniquely suited to supply family offices with critical capabilities such as:

- Customer experience solutions, including white-labeled digital platforms that enable family offices to offer a robust and secure omnichannel experience.
- Advanced AI-powered algorithms capable of leading-edge, innovative modeling for generating alpha.
- Instant cloud scalability to handle short-duration, exponential spikes in computing demand when running AI and data analytics applications.
- Risk management applications to help mitigate hazards in today's increasingly complex risk environment.
- Comprehensive data protection and cybersecurity frameworks that can be delivered as-a-service for real-time security monitoring.

Examples: Morgan Stanley offers the Morgan Stanley Family Office platform to alleviate operational burdens and provide aggregated view of investments,¹⁷ while J.P. Morgan Private Bank offers its cybersecurity and fraud prevention hub that includes detection, monitoring, and educational services.¹⁸



Non-financial value-added services

Concierge services

With UHNWI expecting highly-curated travel, dining, entertainment, and shopping experiences, banks can leverage their partnerships with luxury travel and lifestyle suppliers to these services for family office clients.

Example: Morgan Stanley's The Blue Stone Group offers lifestyle advisory services via its Family Office Services platform.¹⁹

Networking opportunities

As UHNWIs are concerned with ensuring the next generation's personal and professional relationships are strong, banks can offer networking services to help prepare participants for leadership and success while simultaneously showcasing the bank's capabilities and enhancing brand loyalty.

Example: Citi Private Bank focuses on intergenerational wealth transfer by engaging with next-generation beneficiaries via networking events through its Citi Latitude program, serving 1,500 family offices.²⁰

Philanthropy services

As younger investors demonstrate a growing interest in ESG-focused assets, banks can provide philanthropic services and strategies that enable meeting current UHNWI goals while attracting heirs to preserve wealth and client relationships across generations.

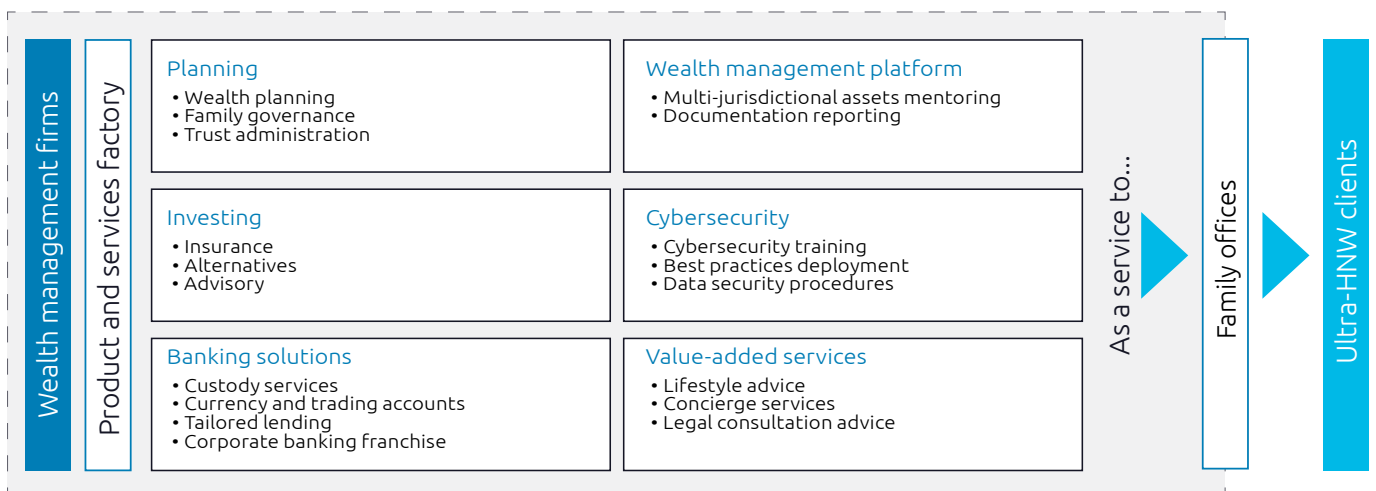
Example: UBS Philanthropy offer comprehensive advice, shared insights, and execution services.²¹

5 key steps to getting family office deployments right

No matter which services and solutions banks provide to family offices, the process of integrating those offerings is no small task. To assure success, initiatives should include the following steps:

- 1. Leverage appropriate expertise** – Designing and implementing a successful strategy for partnering with SFOs and MFOs requires deep understanding and experience across all three of the associated relationships: UHNWIs, family offices, and banking. When assembling expertise, banks should ensure they include resources with experience developing and integrating both financial and non-financial value-added services.
- 2. Develop flexible, tailored solutions** – To stay competitive, family offices will look for banking solutions that are tailored to their needs and can be rapidly evolved to meet the changing expectations of their UHNWI clients.
- 3. Design simplified, streamlined deployments** – As family offices lack necessary integration resources, they look to banks that can make product, service, and technology adoptions smooth, easy, and secure.
- 4. Foresee technical and data complexities** – Like any complex technology-centric program, working with family offices requires developing comprehensive technology, architecture, and security requirements and executing them correctly.
- 5. Supply global capabilities** – As family offices have a global reach, they need banking partnerships with robust localized deployment resources in every significant geography.

Figure 2: Partnerships increase revenues and indirect UHNWI wallet share

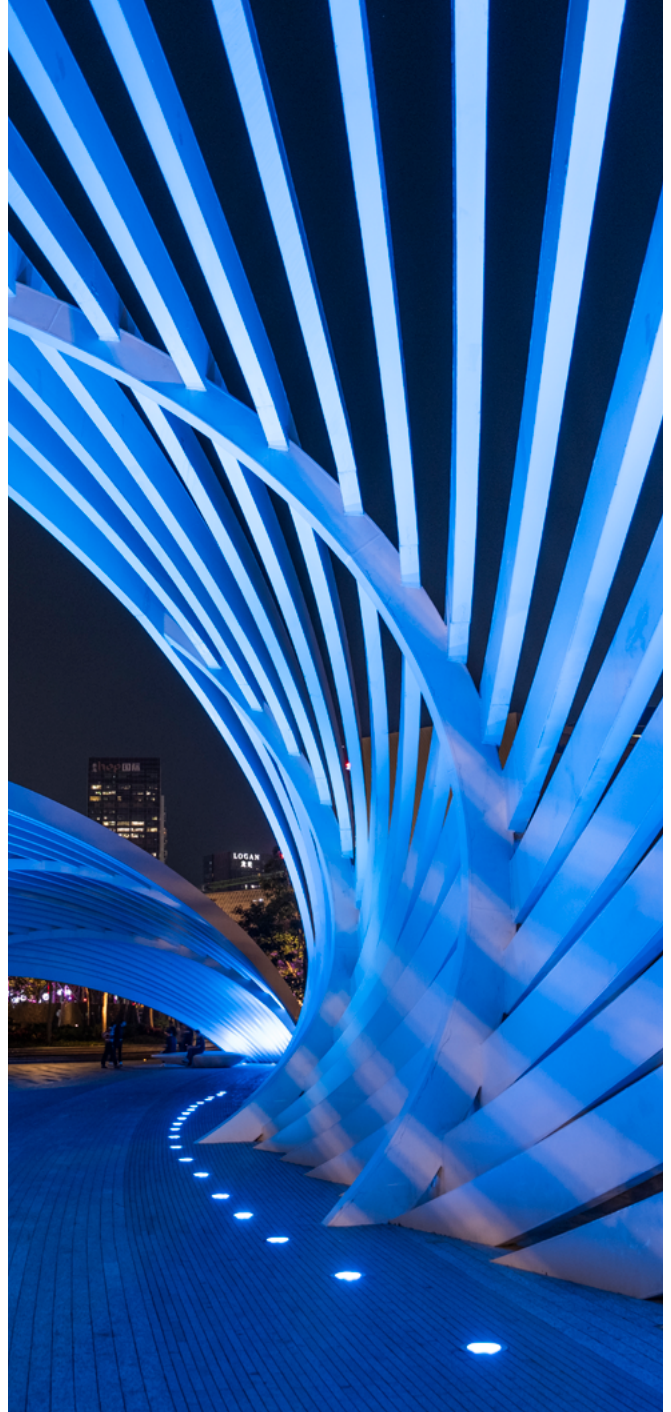


Source: Capgemini World Wealth Report 2024.

In conclusion

Collaboration grows UHNWI revenues and wallet share

With the increasing appeal of family offices among UHNWIs, banks have an opportunity to capitalize on their existing products, services, and technology estates. Banks are uniquely qualified to supply family offices with the capabilities to offer the financial and non-financial value-added services that UHNWIs expect. This includes white-labeling the latest associated innovations and features, such as AI, omnichannel customer experiences, and intelligent cybersecurity. By strategically collaborating with family offices, banks open new revenue streams while simultaneously boosting UHNWI wallet share.



¹Capgemini, "[World Wealth Report 2024](#)," 28th Edition; June 5, 2024.

²Ibid.

³[Forbes](#), "The Rise and rise of the family office – an analysis;" January 11, 2024.

⁴Ibid.

⁵Ibid.

⁶[Preqin](#), "Number of family offices triples in four years;" March 04, 2024.

⁷[Singapore EDB](#), "Singapore – Global Family Office Hub of Asia;" Accessed May 2024.

⁸[Campden Research](#), "The North American Family Office Report – 2023 edition;" November 28, 2023.

⁹[Campden Research](#), "The Asia-Pacific Family Office Report - 2023 edition;" December 12, 2023.

¹⁰[Campden Research](#), "The European Family Office Report - 2023 edition;" December 4, 2023.

¹¹[Global Finance](#), "World's Best Private Banks 2024 – Global Winners;" December 4, 2023.

¹²[PR Newswire](#), "J.P. Morgan Private Bank announces new U.S. Family Office Practice;" July 26, 2023.

¹³[HSBC](#), "Best Private bank for family offices in Asia;" November 10, 2023.

¹⁴[Morgan Stanley](#), "Total Tax 365;" Accessed May 2024

¹⁵[HSBC Global Private Banking](#), "Family Offices;" Accessed May 2024

¹⁶[Merrill Private Wealth Management](#), "Strategic Wealth Advisory Group;" Accessed May 2024

¹⁷[Morgan Stanley](#), "Morgan Stanley Family Office;" Accessed May 2024

¹⁸[J.P. Morgan Private Bank](#), "Cybersecurity and fraud prevention hub;" Accessed May 2024

¹⁹[Morgan Stanley](#), "The Bluestone Group/Family Office Services;" Accessed May 2024

²⁰[Citi Private Bank](#), "Next generation wealth program;" Accessed May 2024.

²¹[UBS](#), "UBS Philanthropy;" Accessed May 2024.

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