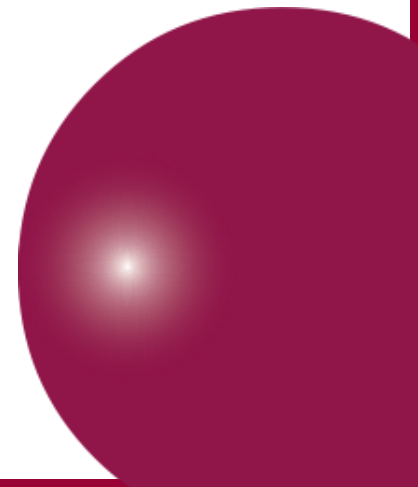


Trends shaping the future HNW Customer and their needs

Prepared for The Financial Services Forum

March 2015

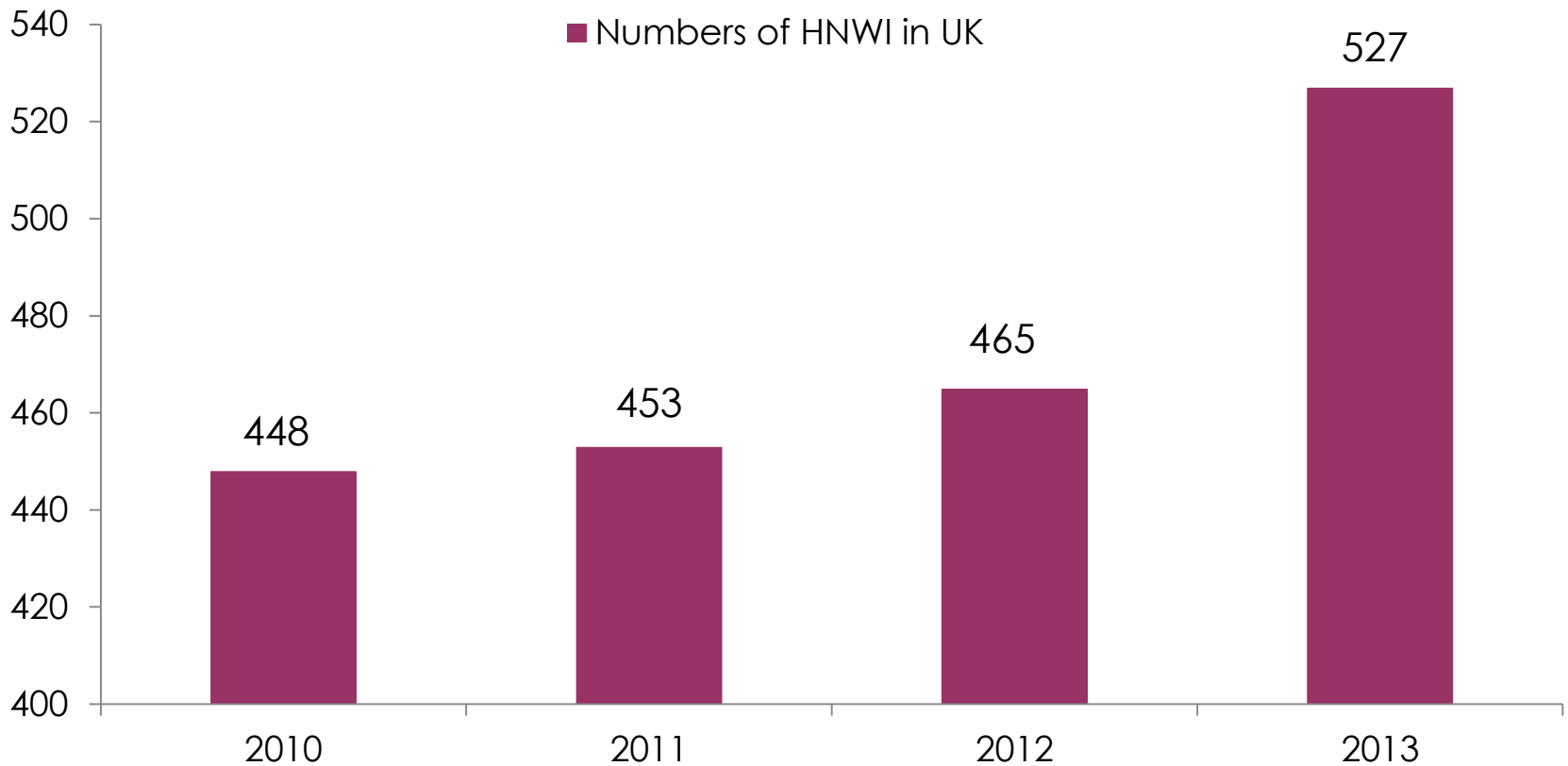


- Experts in advising organisations on changes in their external environment...
- ... and developing strategic responses to that future change
- Our core skill sets are research, forecasting and strategic consultancy
- We use a combination of primary and secondary data in our analysis
- Our financial services clients include: Axa, Barclays, BDO, Deloitte, Duncan Lawrie Private Bank, Newton Investment Management and Piper Private Equity

MARKET SIZE

How many HNWI in UK?

HNWI defined as those with more than \$1 million investible assets

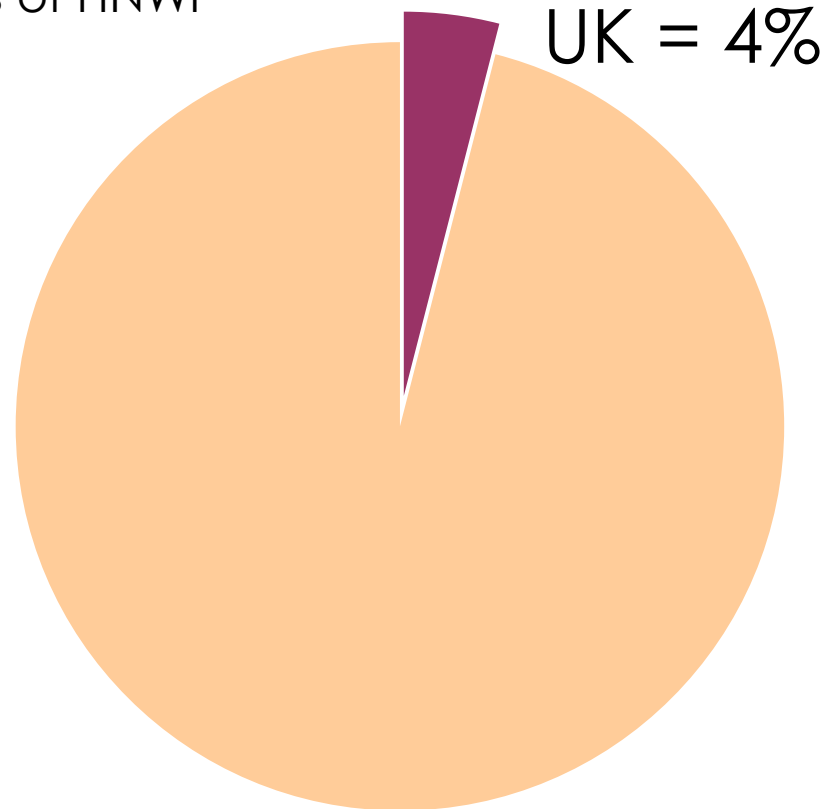


Comparison with rest of world

Global ranking – numbers of HNWI

1. US – 4 million
2. Japan – 2.3 million
3. Germany – 1.1 million
4. China – 0.76 million
5. UK – 0.53 million

Rest of
world
96%

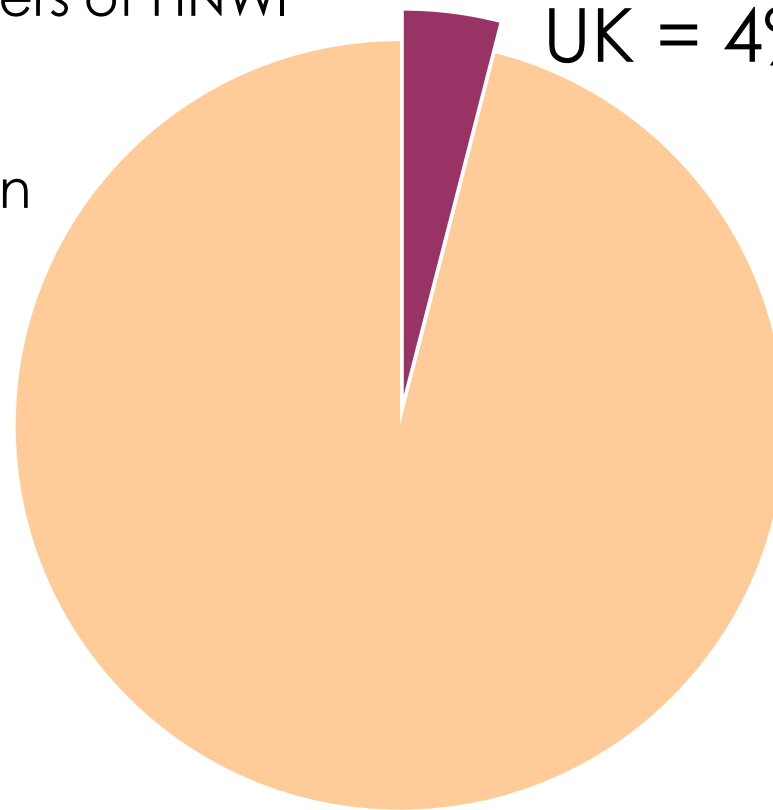


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Rest of
world
96%



UK = 4%

**At \$1.9 trillion
UK HNWIs also
account for 4%
of global HN
wealth**

MILLIONAIRES NEXT DOOR

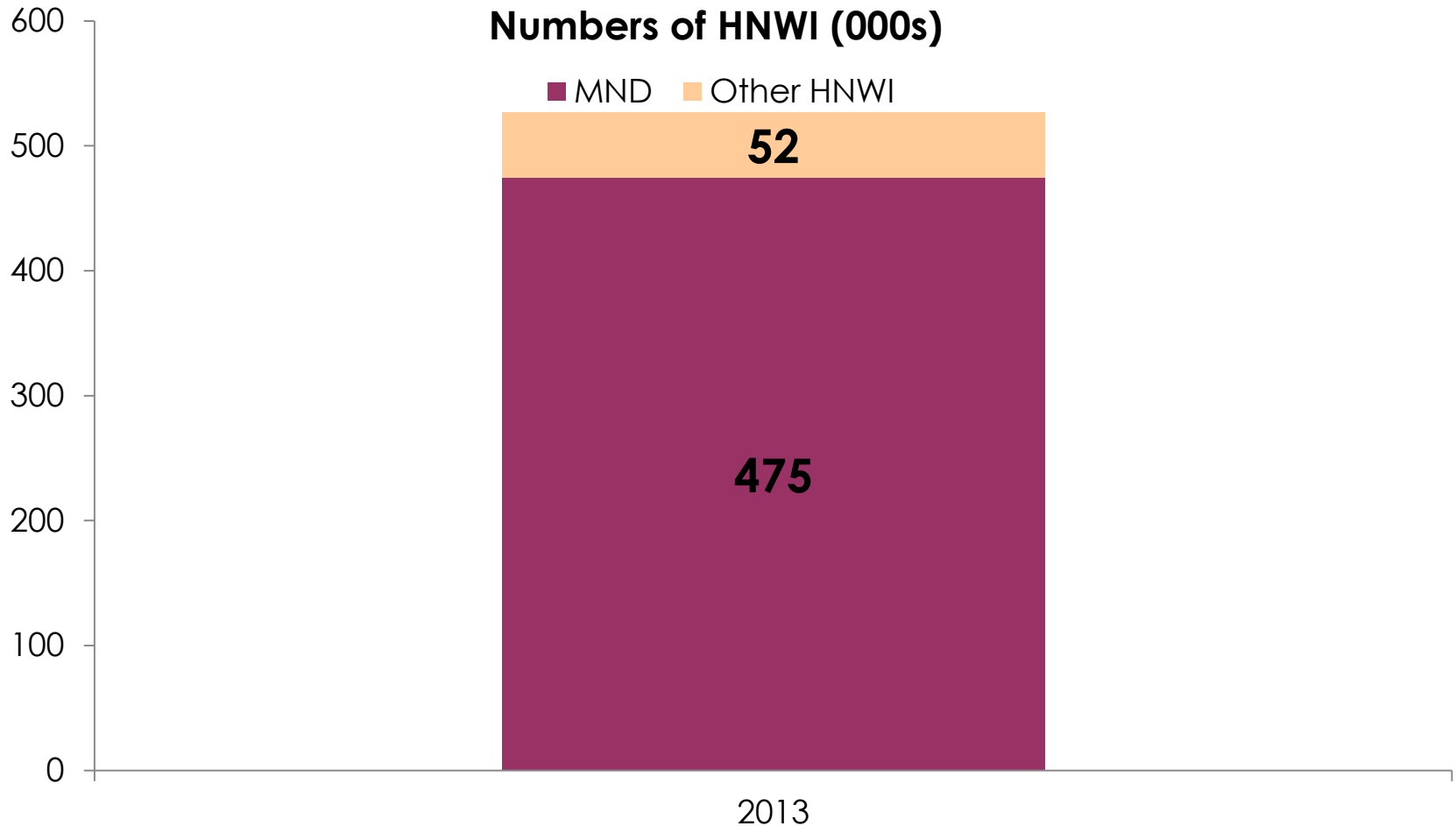
Millionaires Next Door: profile



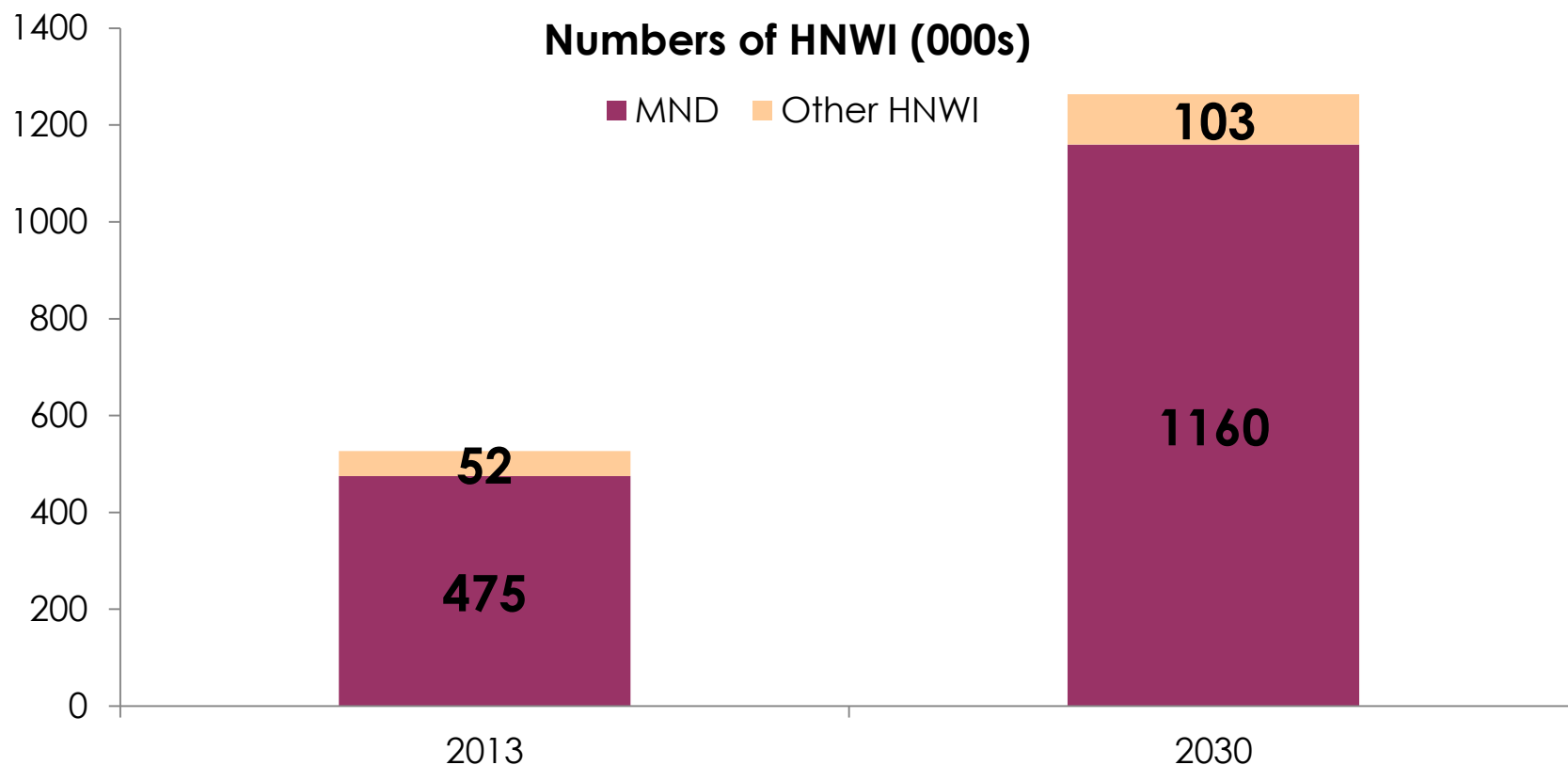
- The 'poorest' group of HNWI
- MNDs have between \$1m and \$5m USD
- Generally younger – 40s and 50s
- Inheritance and housing major sources of wealth
- Likely to still be working, and leisure and family orientated

These people cannot be millionaires! They don't look like millionaires, they don't dress like millionaires, they don't eat like millionaires, they don't act like millionaires-they don't even have millionaire names. Where are the millionaires who look like millionaires? <http://www.nytimes.com/books/first/s/stanley-millionaire.html>

MNDs account for 90.1% in 2013 – they have between \$1m and \$5m in investible assets



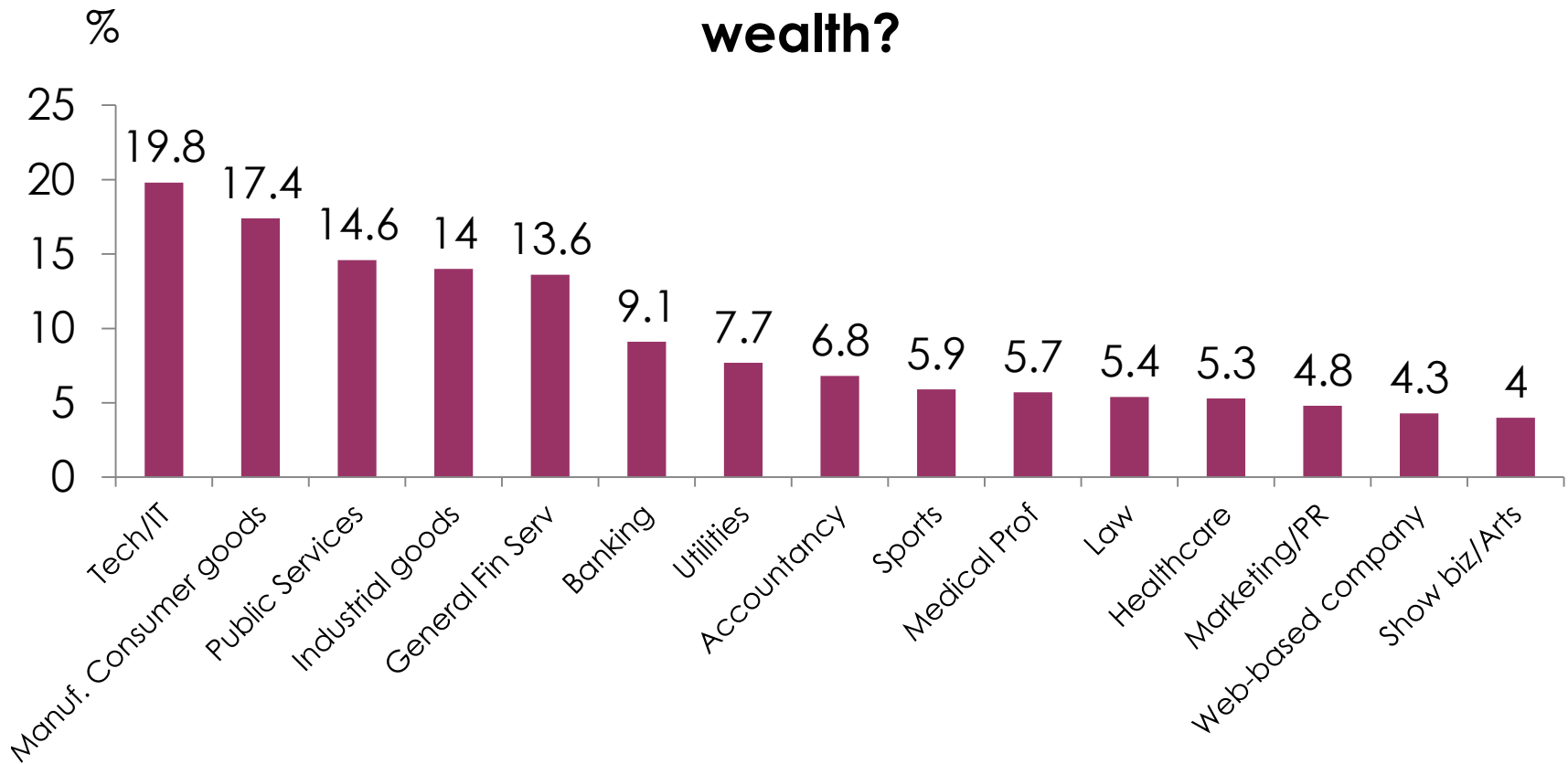
The total number of MND is set to more than double between 2013 and 2030
They will account for 91.8% of all HNWI by 2030 – up from 90.1% in 2013

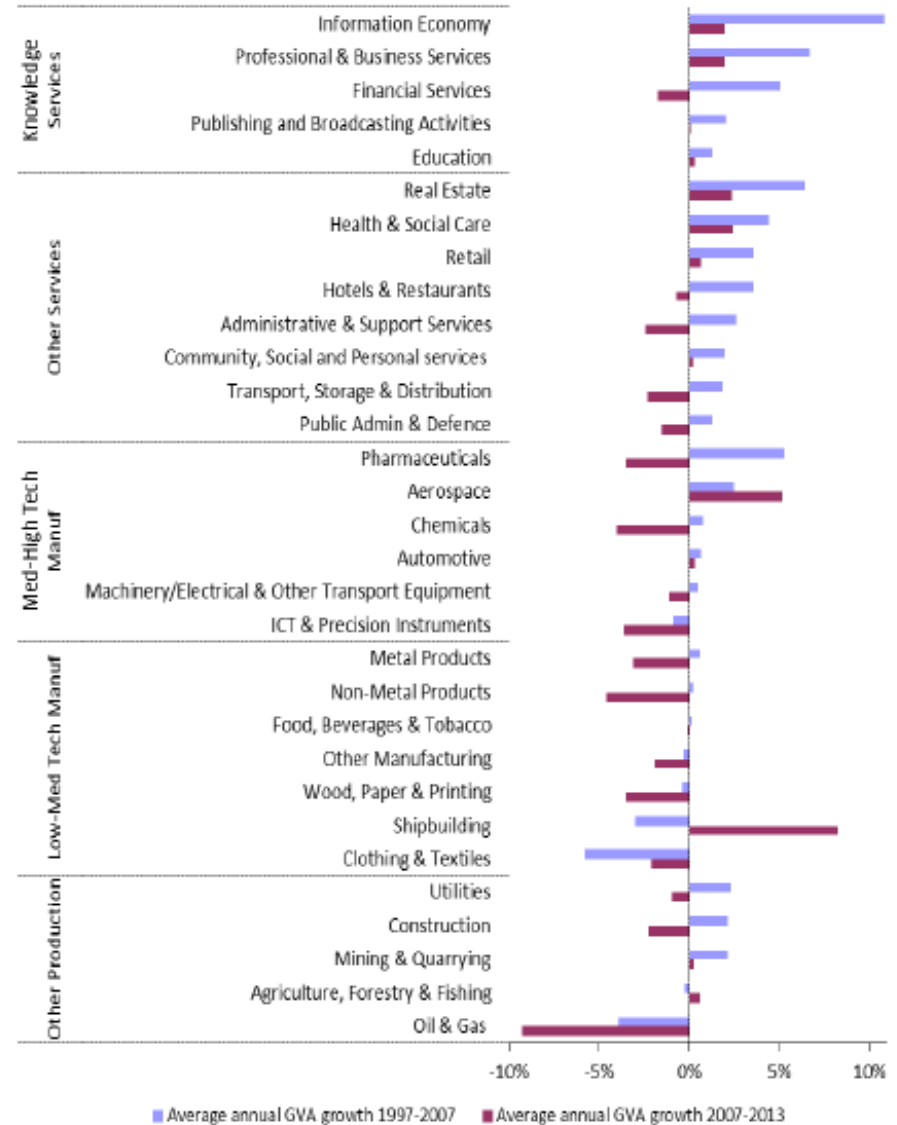
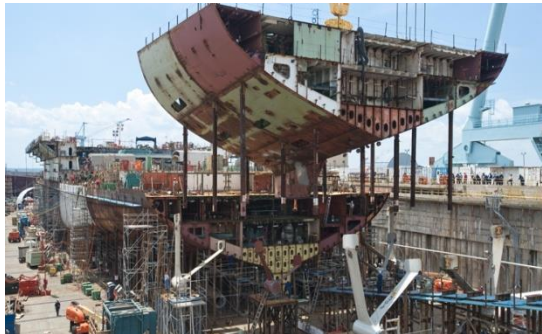


PROFILE OF FUTURE HNWIS

Which sectors created current HNWIs?

In which industry did you accumulate your wealth?





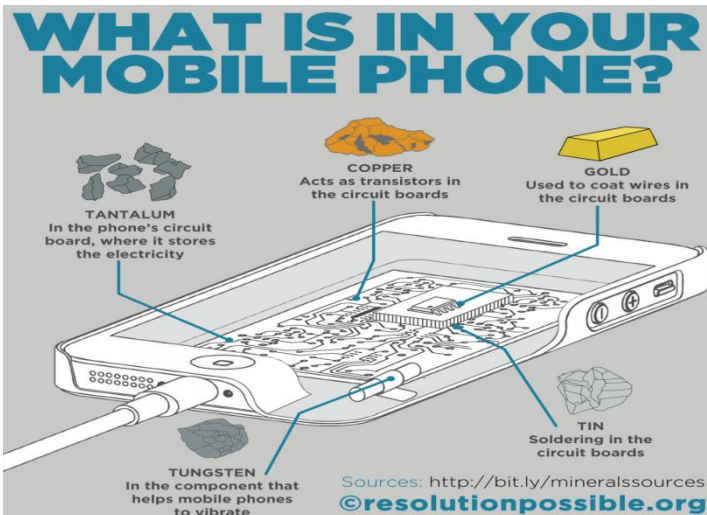
HNWI of the future



Housing market beneficiaries



Gen Y Entrepreneurs

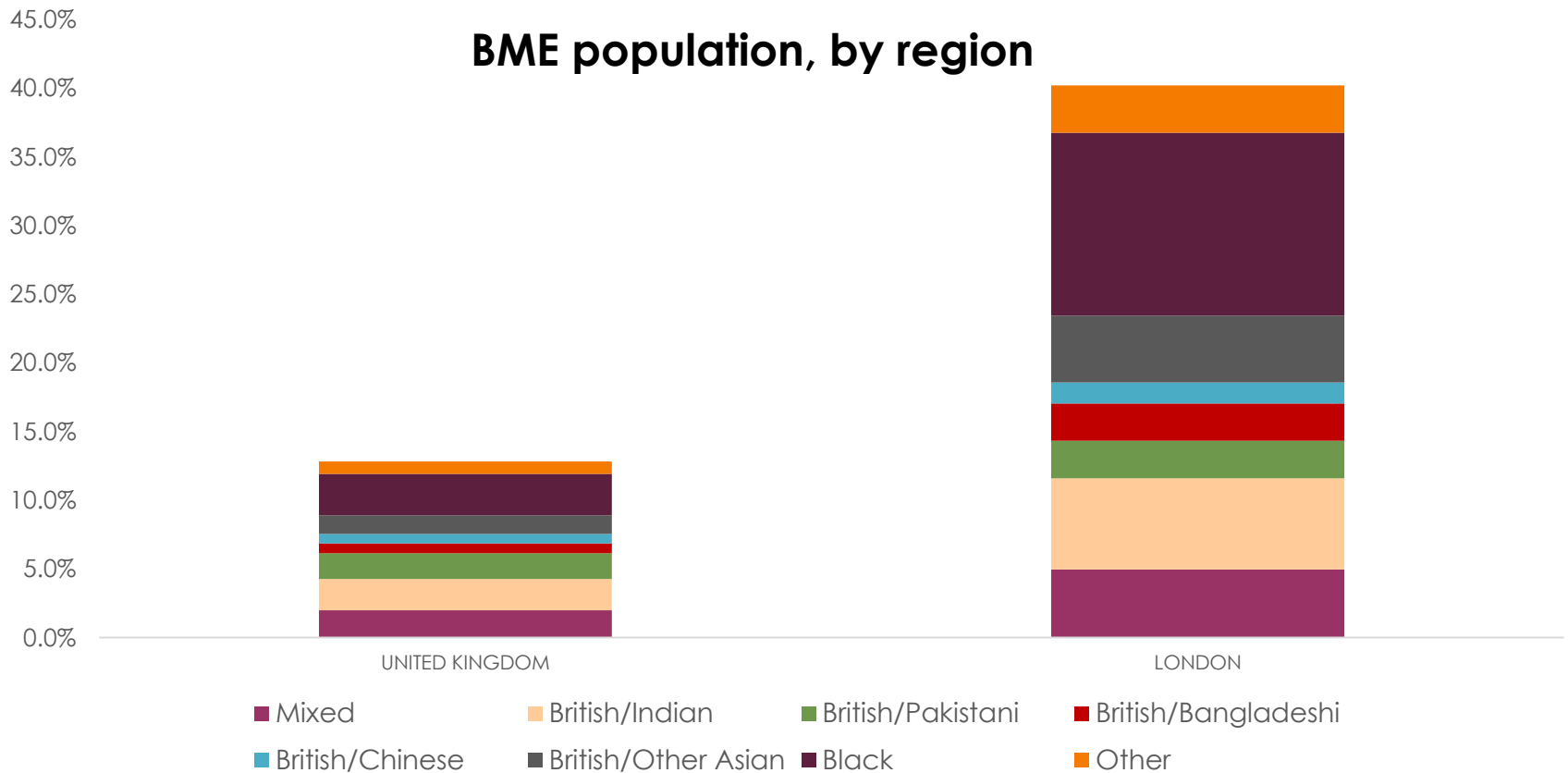


Mining (rare minerals)



Agriculture Entrepreneurs

Black and Minority ethnic group account for **40%** of London's **8 m** population where majority of UK HNWIs live

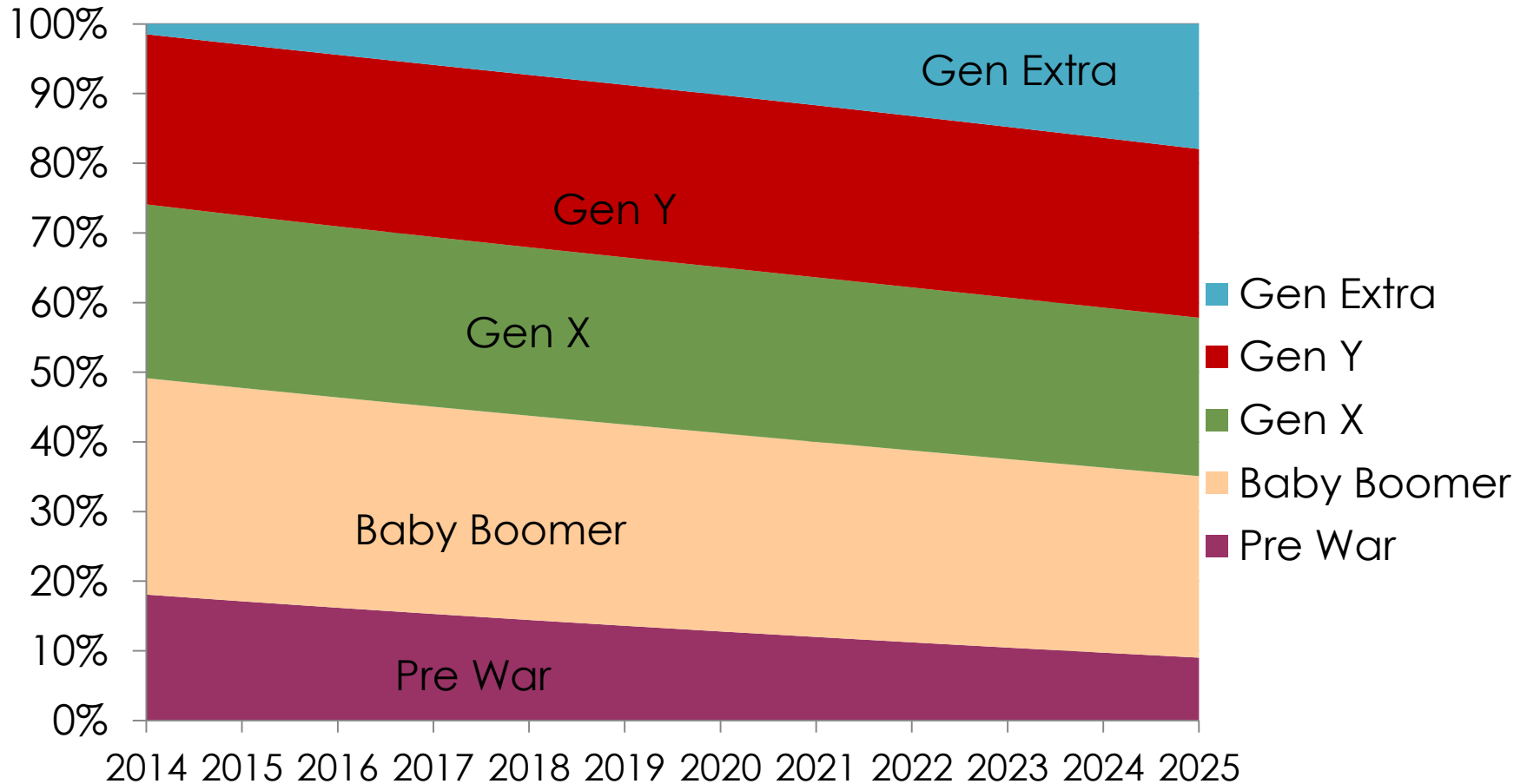


7.8m – Migrants (13%) in a total UK population of **63.1m**

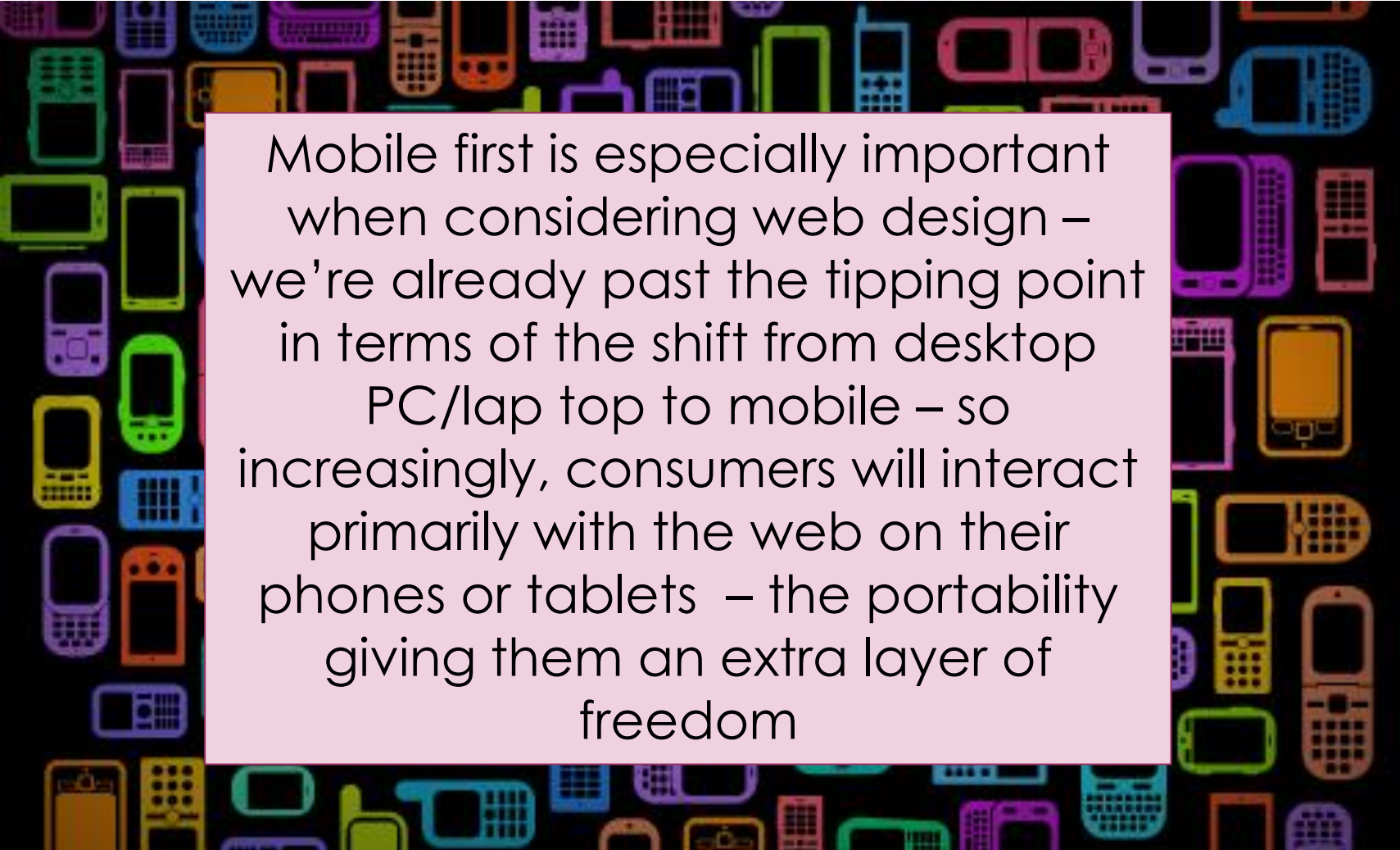
Country of origin	Number (2000)	Number (2013)	% of migrant pop
1. India	475,999	756,471	9.8%
2. Poland	60,502	661,482	8.6%
3. Pakistan	320,044	476,144	6.2%

Decline of pre-war generational groups

% of UK adult (18+) population in each generational grouping, 2014–2025



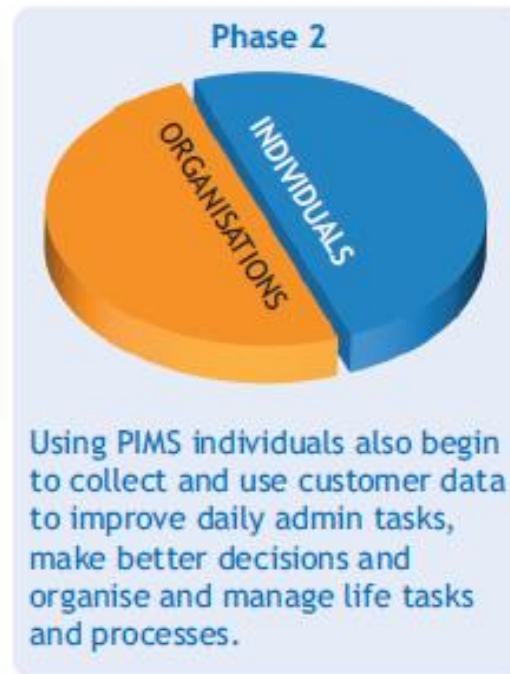
TECHNOLOGY AND CHANNELS

The background of the slide is a dense, repeating pattern of various mobile phones in different colors (red, blue, green, yellow, purple, orange) on a dark background. The phones are of various models, including flip phones and smartphones.

Mobile first is especially important when considering web design – we're already past the tipping point in terms of the shift from desktop PC/lap top to mobile – so increasingly, consumers will interact primarily with the web on their phones or tablets – the portability giving them an extra layer of freedom

“New Personal Information Management Services (PIMS) help individuals do with data what organisations have long done: use it to drive administrative efficiencies, identify patterns and trends, gain new insights, inform better decisions and plan, organise, coordinate and orchestrate complex tasks and processes.”

-- Sir Nigel Shadbolt, 2014



Critical trend for HNWIs #3 Data and privacy concerns...

Data and privacy has emerged as a major concern for individuals in recent years - and is particularly acute in relation to sensitive personal information – such as financial and health data

As services become increasingly digitised, (and other technology developments emerge) need to always be wary of losing HNWIs' trust



SUMMARY AND IMPLICATIONS

- There will be significant growth in the size of the HNW market over the next 15 years, with increases in both the number of individuals and the amount of wealth
- Demographically, HNWI increasingly comes from 'new generations', increasing ethnic diversity and new migrant populations
- The largest group within this will be the so-called Millionaires Next Door, who will account for 90% of all HNWI
- This group is likely to have specific needs and interests – and given their sources of wealth, perhaps less financial acumen than other HNWIs
- They are likely to be both more deferential to expert advice, and likely to take an active role in the management of their investments – through looking up information online
- Their needs and interests are likely to be leisure and family orientated – while also taking into account their own needs for long term care

- Technology – need to keep pace with digital service delivery expectations whilst maintaining traditional, face to face services
- Demand for totally individualised and tailored services will increase – though these can be delivered digitally
- Service expectations to increase across the board – simplicity and immediacy of service.....24/7
- Preserving trust and meeting expectations increasingly crucial to customer retention

Growing demands

Advice seeking – HNWI looking for professional advice
Customised services – willingness to pay more for this
Digital contact – more important than direct contact for accessing portfolio and transactions

Stable demands

Single firm – prefer to work with one firm that can do all
Direct contact – personal contact for advice is likely to remain more important than digital

Falling demands

Multiple firms – HNWI want one firm to cater to all needs
Standardised services – off the shelf solutions not popular
Not taking advice – HNWI happy to defer to experts in increasingly complex world

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Thank you

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