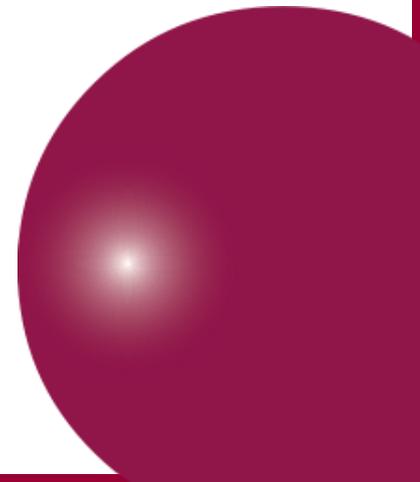


# Trends shaping the future HNW Customer and their needs

**Prepared for The Financial Services Forum**

March 2015

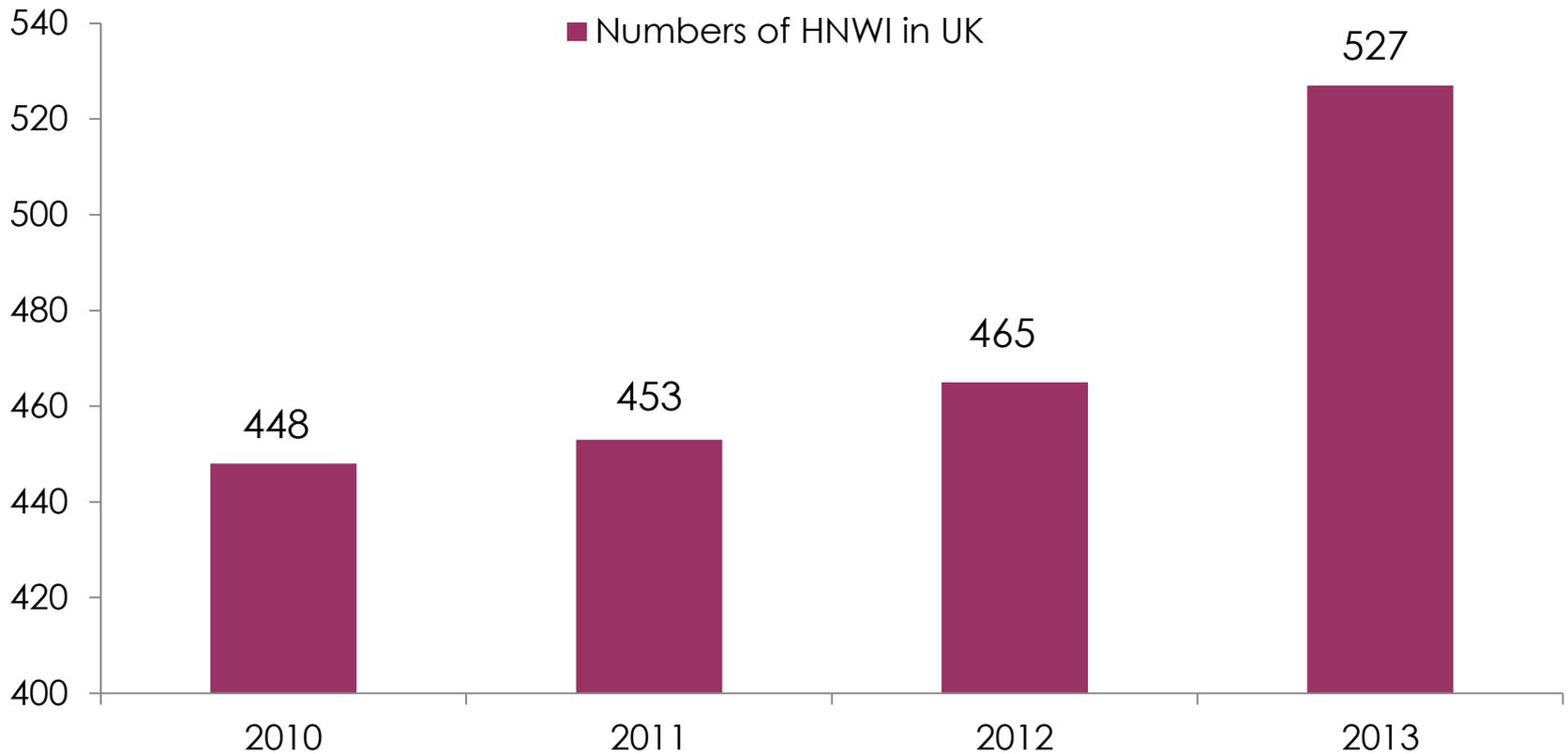


- Experts in advising organisations on changes in their external environment...
- ... and developing strategic responses to that future change
- Our core skill sets are research, forecasting and strategic consultancy
- We use a combination of primary and secondary data in our analysis
- Our financial 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

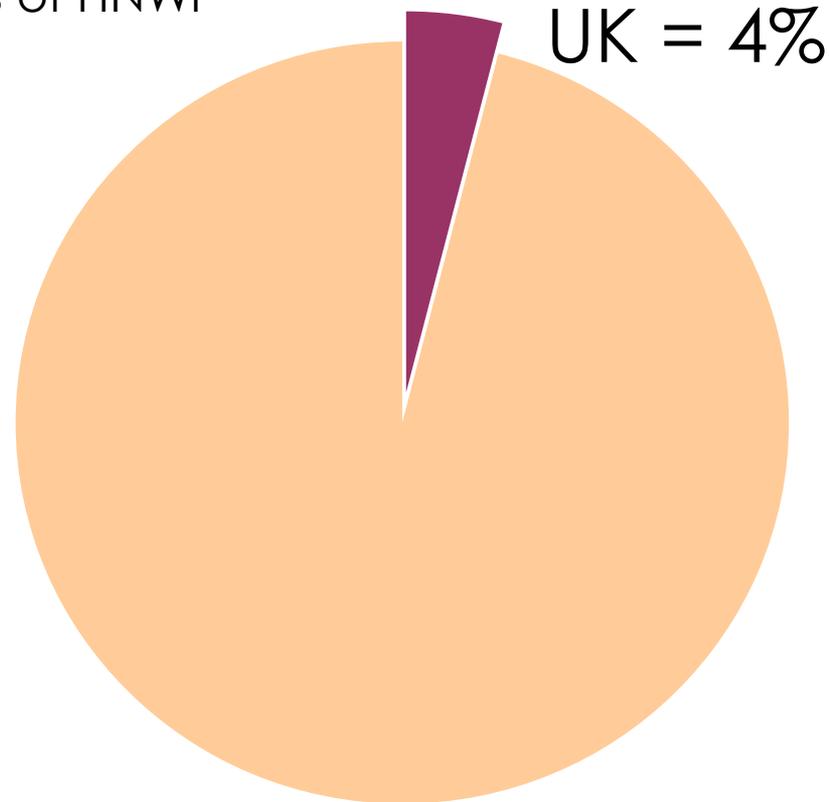


# Comparison with rest of world

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%

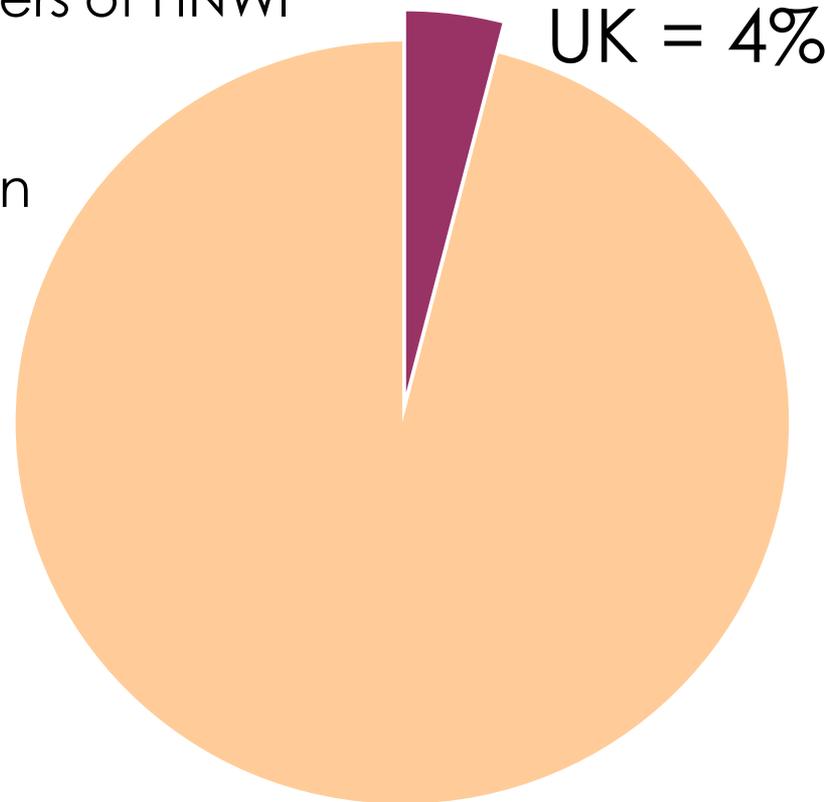


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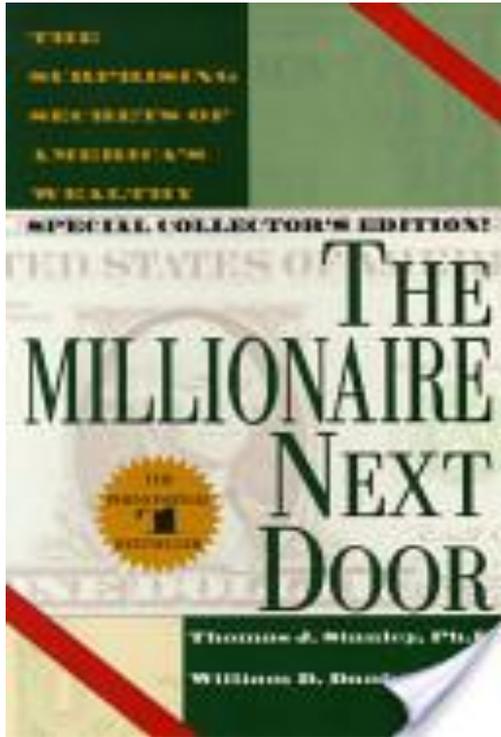
Rest of  
world  
96%



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

# MILLIONAIRES NEXT DOOR

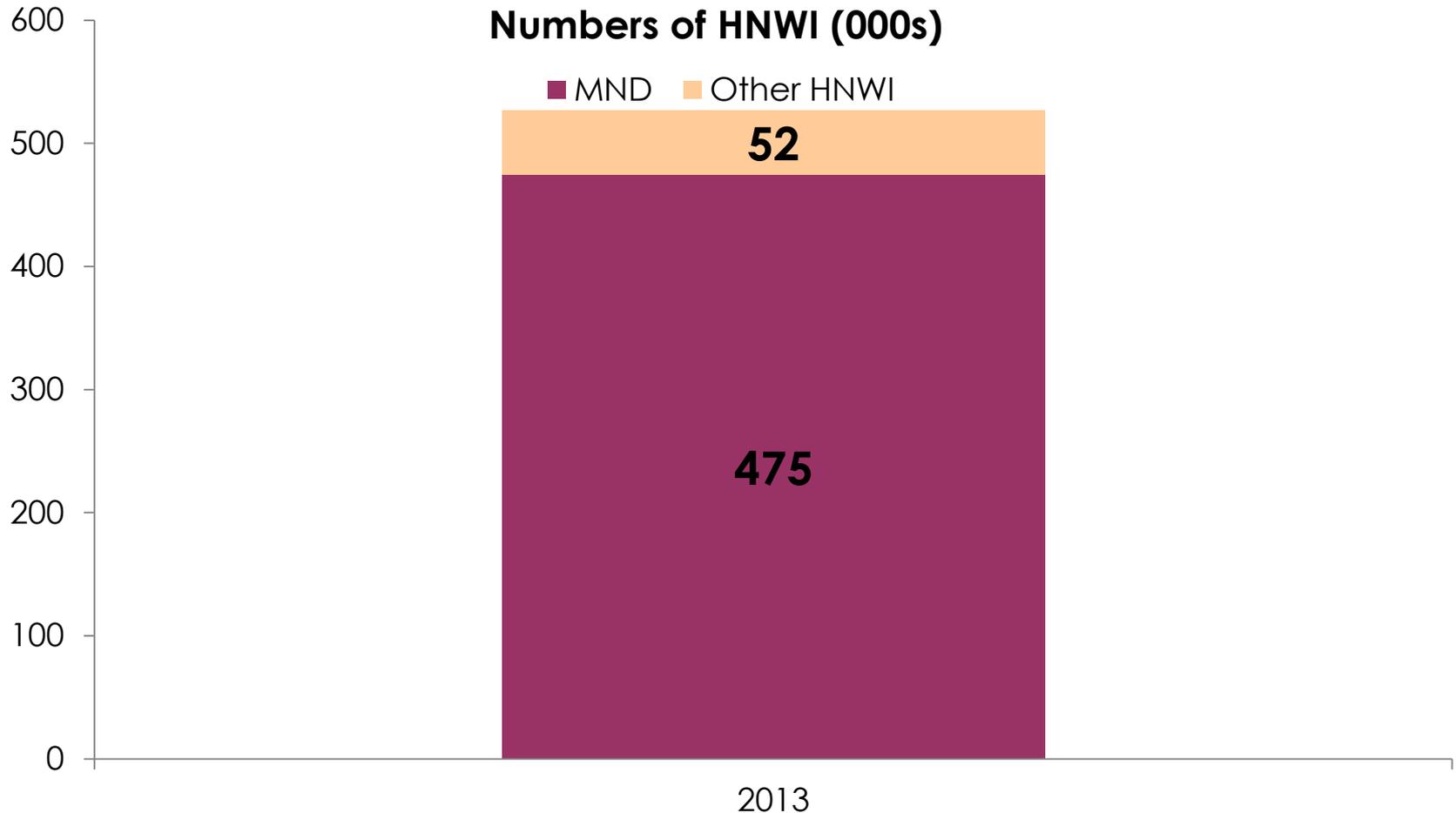
# Millionaires Next Door: profile



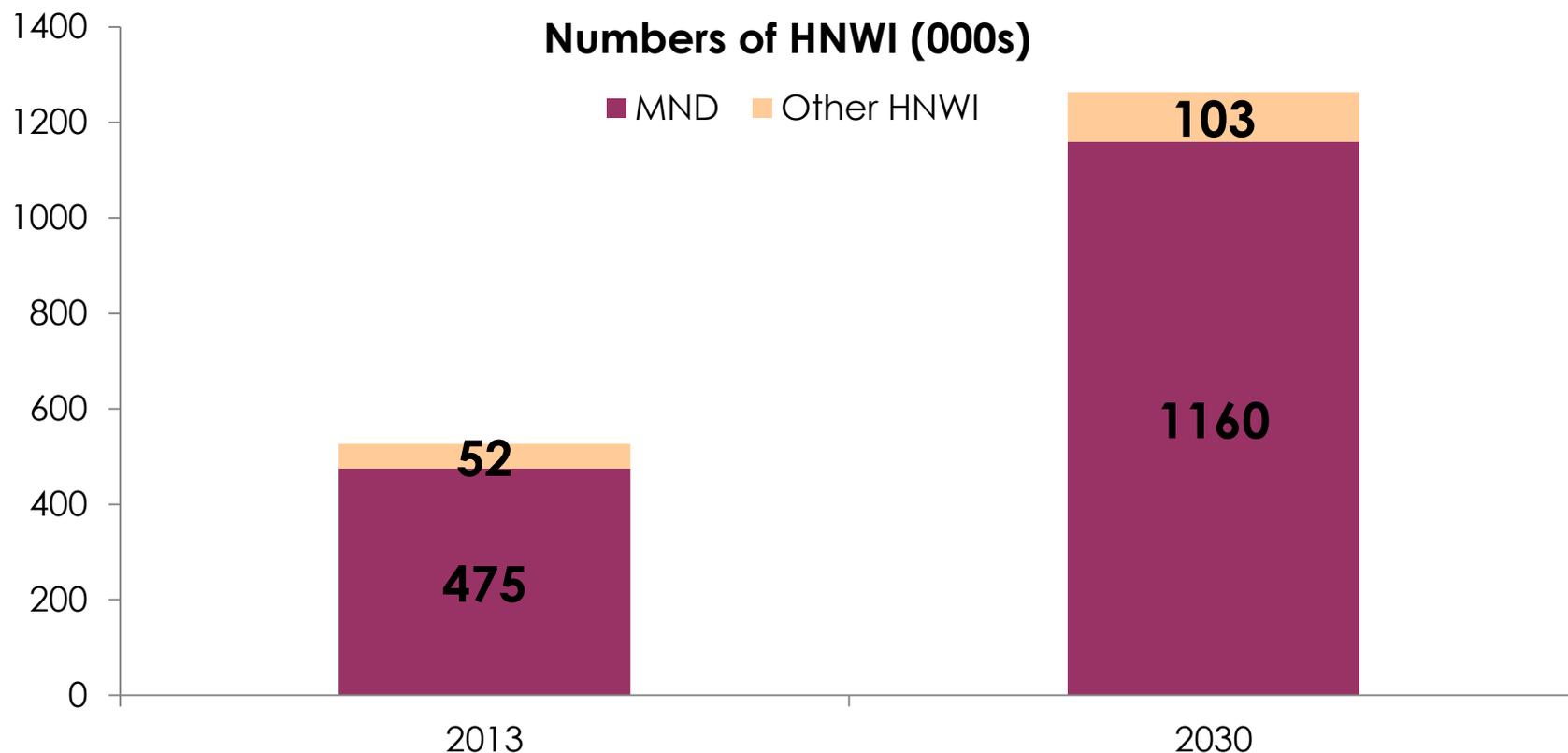
- The 'poorest' group of HNWI
- MNDs have between \$1m and \$5m USD
- Generally younger – 40s and 50s
- Inheritance and housing major sources of wealth
- Likely to still be working, and leisure and family orientated

***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**



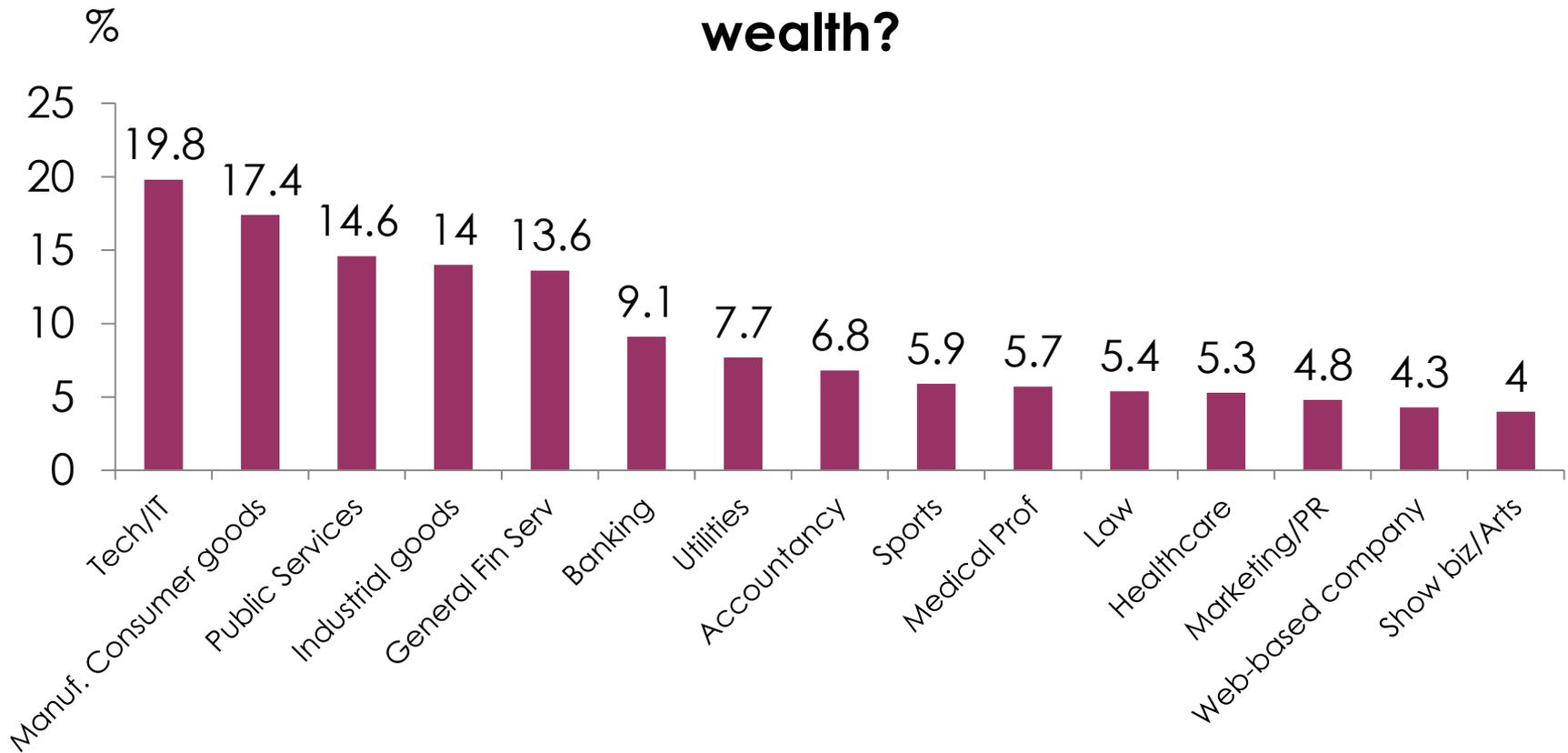
The total number of MND is set to more than double between 2013 and 2030  
They will account for 91.8% of all HNWI by 2030 – up from 90.1% in 2013

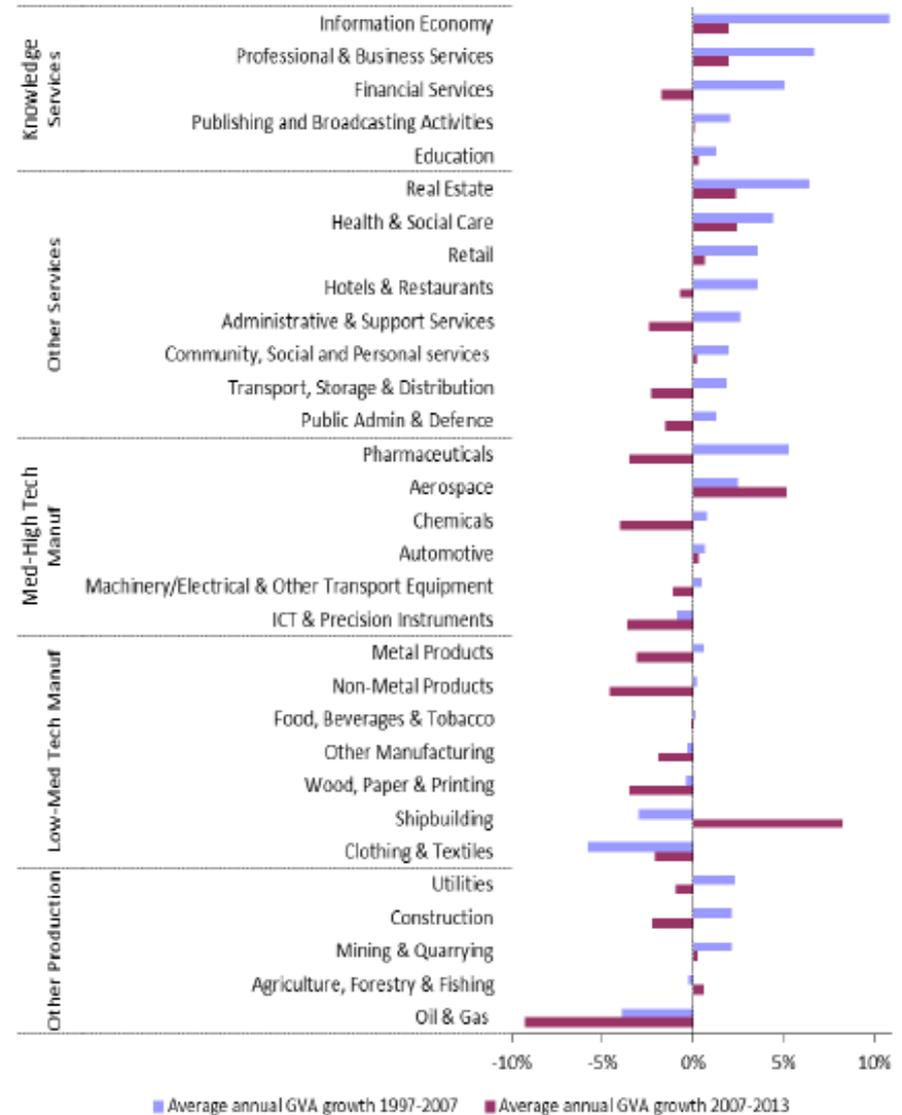
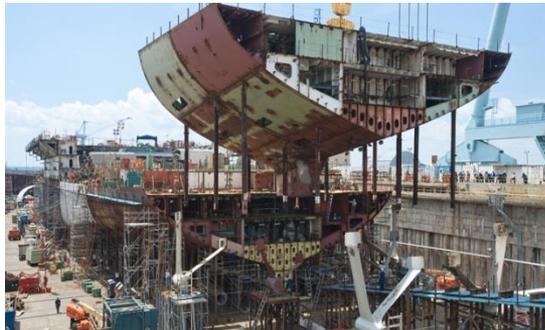


# PROFILE OF FUTURE HNWIS

# Which sectors created current HNWIs?

## In which industry did you accumulate your wealth?





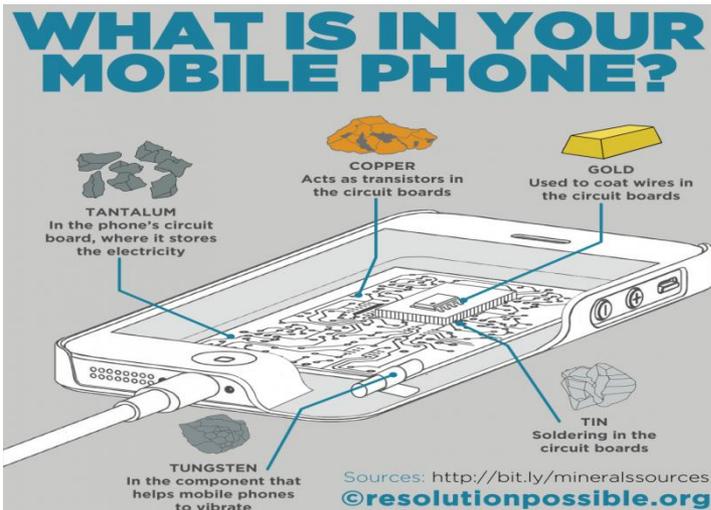
# HNWI of the future



**Housing market beneficiaries**



**Gen Y Entrepreneurs**

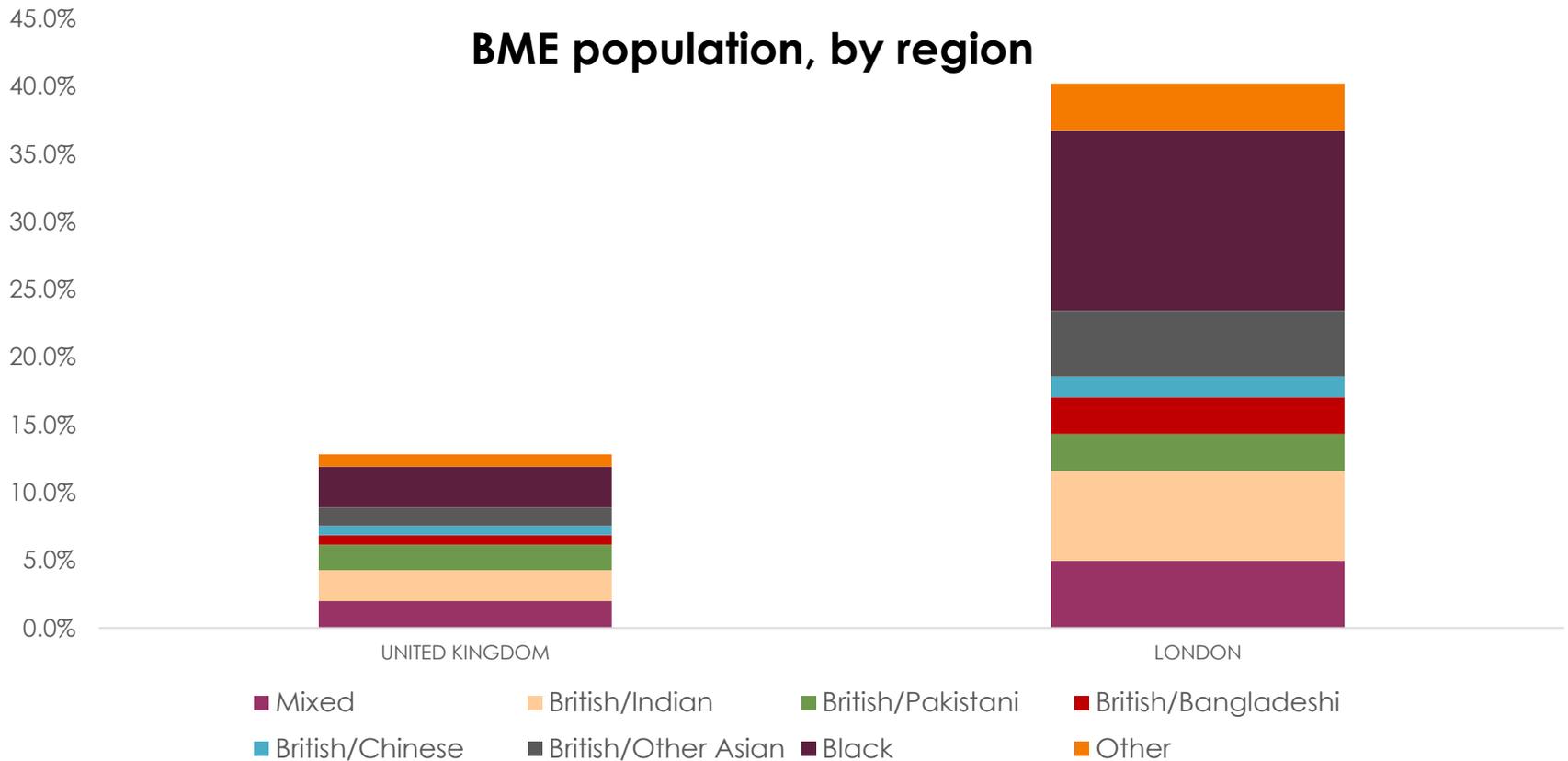


**Mining (rare minerals)**



**Agriculture Entrepreneurs**

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

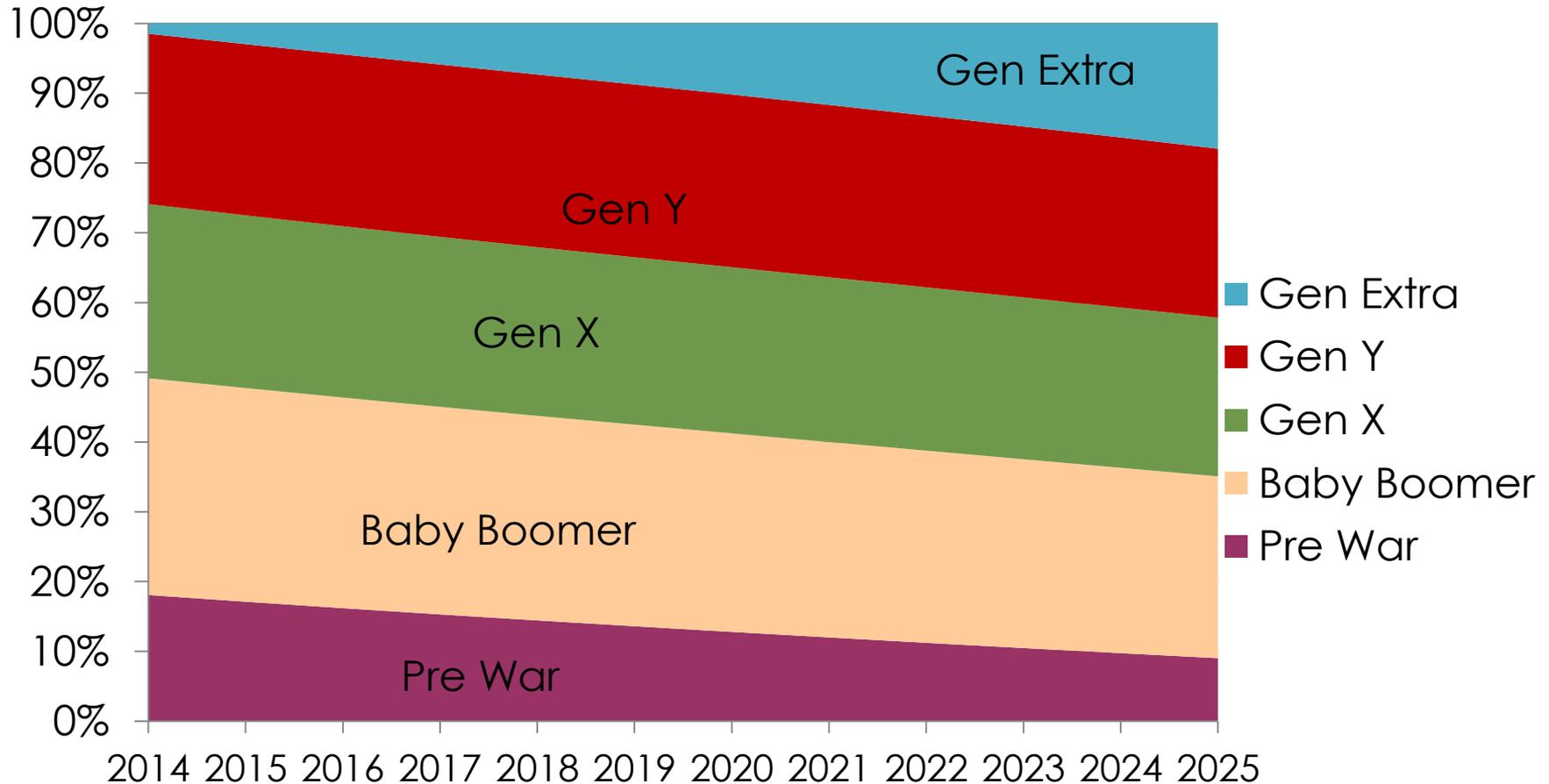


**7.8m** – Migrants (13%) in a total UK population of **63.1m**

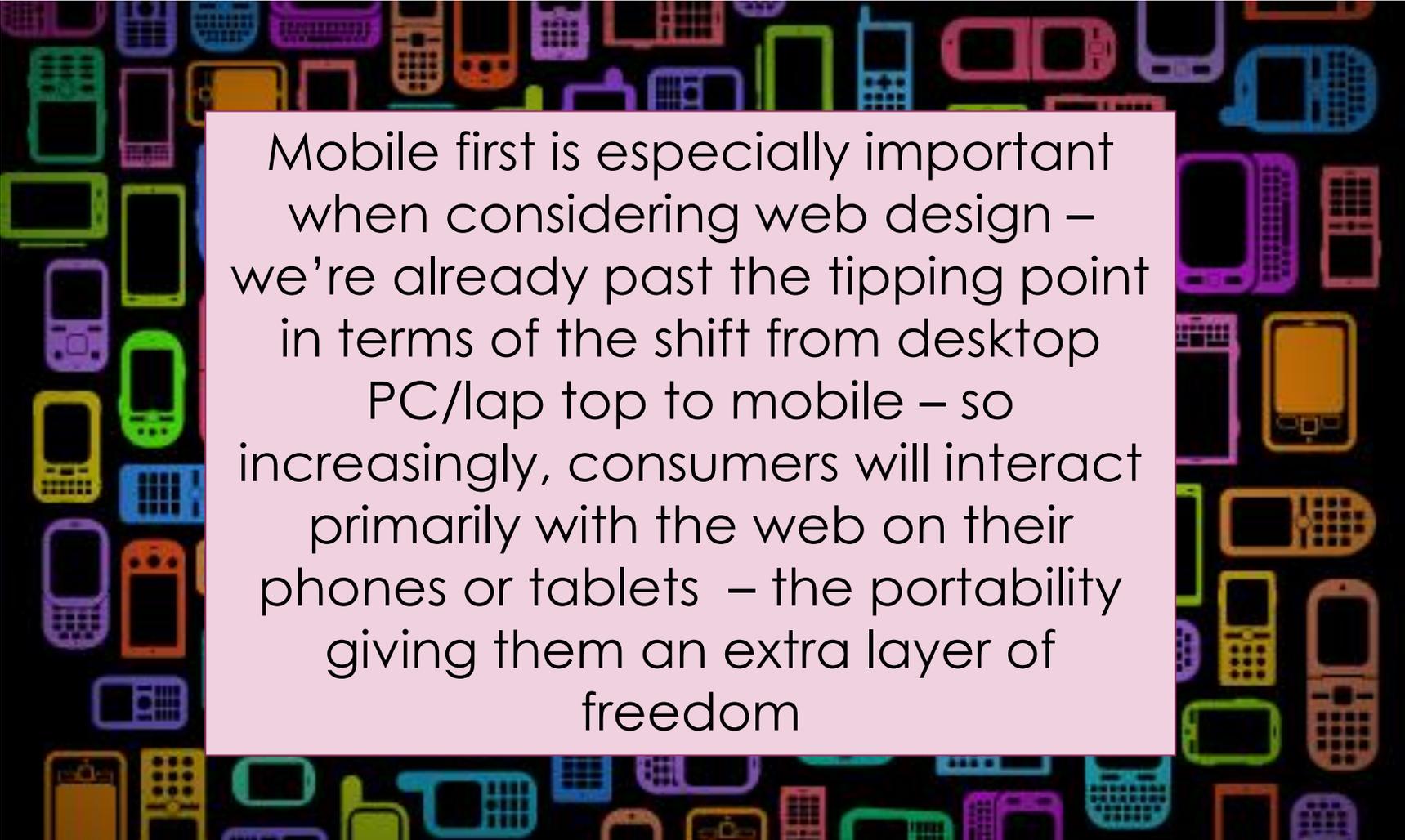
Country of origin	Number (2000)	Number (2013)	% of migrant pop
<b>1. India</b>	<b>475,999</b>	<b>756,471</b>	<b>9.8%</b>
<b>2. Poland</b>	<b>60,502</b>	<b>661,482</b>	<b>8.6%</b>
<b>3. Pakistan</b>	<b>320,044</b>	<b>476,144</b>	<b>6.2%</b>

# Decline of pre-war generational groups

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



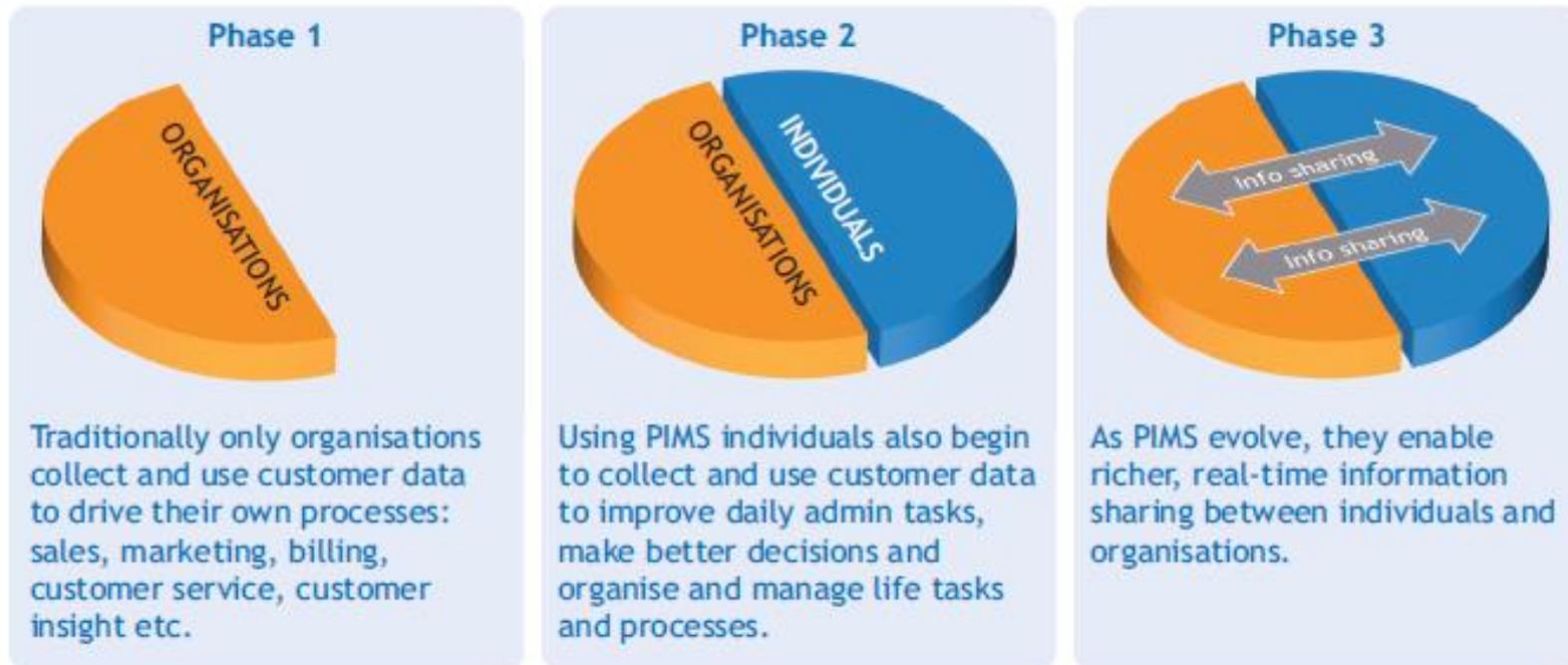
# TECHNOLOGY AND CHANNELS

A background pattern of various mobile phones in different colors (red, blue, green, yellow, purple, orange) scattered across a dark background.

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

[www.trajectorypartnership.com](http://www.trajectorypartnership.com)

Thank you

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