

PwC 2007 Private Banking/Wealth Management Survey*



*connectedthinking

PRICEWATERHOUSECOOPERS 

Bruce Weatherill

(Global Private Banking/ Wealth Management Leader)

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Background to the PwC 2007 Survey

The survey captures the views of all senior management including Chief Executives, Heads of Business, Finance Directors and Risk Officers. Furthermore, reflecting the growing importance of systems and people issues to private banks and wealth managers, we extended the survey this year to include questions completed by Chief Operating Officers, HR Managers and Relationship Managers.



Background to the PwC 2007 Survey

Global

Survey responses were received from more than 265 organizations in 43 countries.

Australia	France	Luxembourg	Slovenia
Austria	Germany	Mexico	South Africa
Belgium	Hong Kong	Netherlands	Spain
Brazil	India	Norway	Sweden
Bulgaria	Ireland	Peru	Switzerland
Canada	Isle of Man	Poland	Taiwan
Cayman Islands	Israel	Portugal	Ukraine
Channel Islands	Italy	Romania	United Arab Emirates
Czech Republic	Japan	Russia	United Kingdom
Denmark	Korea	Singapore	United States of America
Finland	Kuwait	Slovakia	

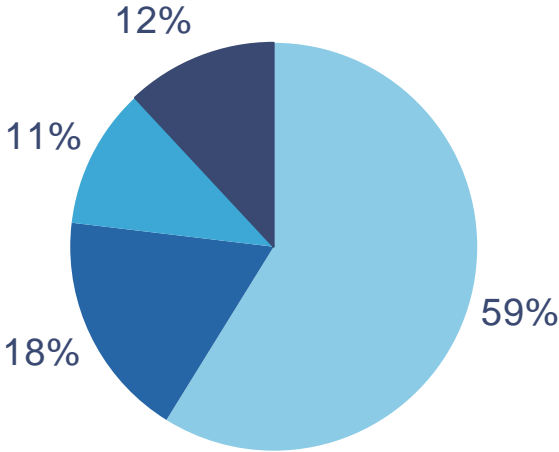
Brazil

Survey responses were received from participants representing more than 75% of the Brazilian PB/WM Market

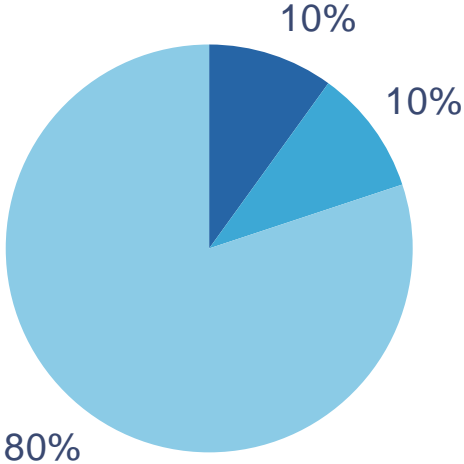
Background to the PwC 2007 Survey

How would you describe your organization?

Global



Brazil



- Private Bank / Wealth Manager, forming part of a larger financial services group with a similar brand name and some shared infrastructure
- Private Bank / Wealth Manager that is part of a larger financial services group with a separate brand name and with a limited shared infrastructure with the parent

- Asset manager
- Others

The Wealth Pyramid (US\$)



Source: PricewaterhouseCoopers

Key Survey Headlines

CEO's Views



Chief Executives (CEOs) are staggeringly optimistic about growth.

The move to a more client-centric approach continues and is driving further professionalism of client service. The ability of CEOs to develop the brand, transform IT, and to both attract and retain quality client relationship managers (CRMs) is seen as the key critical success factor.

Key Survey Headlines

Markets and clients

The realisation that client service is not just about products, but about understanding clients' needs, is changing the business model.

'Share of wallet' is the new key performance indicator as wealth managers seek to become trusted advisors and gain new clients.



Key Survey Headlines

Systems and processes



Chief Operating Officers (COOs) plan to increase information technology (IT) spending in order to transform systems and processes.

With legacy systems impeding wealth managers' ability to achieve growth, effort is being directed towards IT efficiency, especially to support the increased effectiveness of CRMs. Improving risk management and management information, as well as enabling better client service and reporting, are also high on the agenda.

Key Survey Headlines

Profitability and performance metrics

Finance Directors (FDs) are confidently looking forward to a period of extremely profitable growth, with increasing revenues and high margins.

They are focusing on supporting growth through increasing efficiency. But they face increasing costs and need to remain alert to the growing significance of regulation and corporate reporting.



Key Survey Headlines

Human resources



Wealth managers must get serious about human resources (HR).

The current client relationship manager (CRM) model is under severe strain and needs re-engineering. Talent management must be on the main board's agenda. Retaining and recruiting new CRMs is critical to success. Improving their skills and capabilities is essential for meeting clients' needs.

Key Survey Headlines

Client relationship managers

Unless wealth managers address the shortage of client relationship managers (CRMs) and improve their skills and core competencies, they will not achieve their growth expectations.

CRMs are in short supply and often insufficiently skilled. They recognise that they have more to do if they are to truly reach 'trusted advisor' status. Understanding the client more fully, as well as having an appreciation of wider family issues, is critical.



Key Survey Headlines

Risk management and compliance

Risk officers are significantly upgrading their risk management frameworks and systems.

The regulatory impact of expanding into new jurisdictions and introducing new products is a real challenge. Risk management is still not fully embedded in wealth managers, nor is it being monitored in outsourced operations. Regulators are no longer sympathetic, and fines or sanctions can be increasingly serious.



João Santos

(Brazil Private Banking/ Wealth Management Leader)

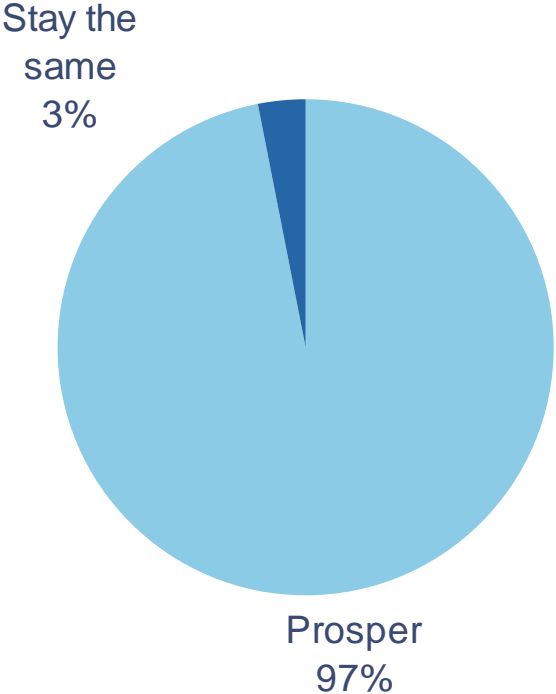
Survey Data Results

Global versus Brazil

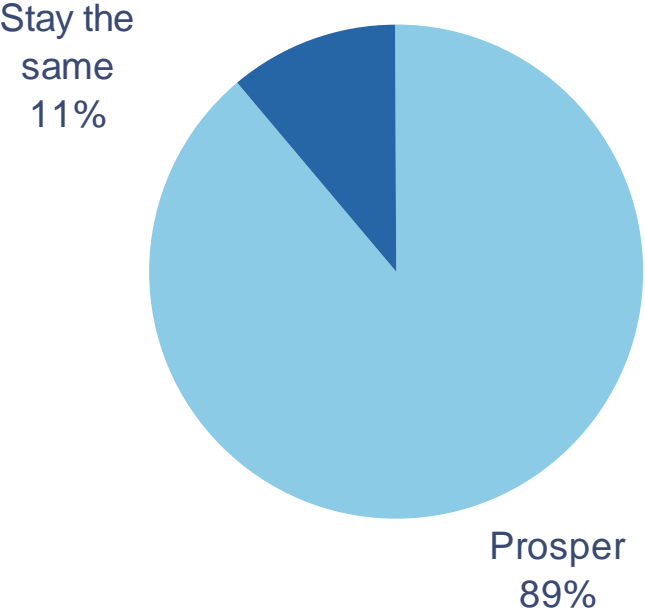
CEO's Views

Over the next 3 years, do you believe your wealth management operation will prosper, decline or stay the same?

Global



Brazil



CEO's Views

What is the expected growth for the Private Banking market over the next 3 years?

	%
Global	30
Asia Pacific	34
EMEA	28
Americas	30
Brazil	24

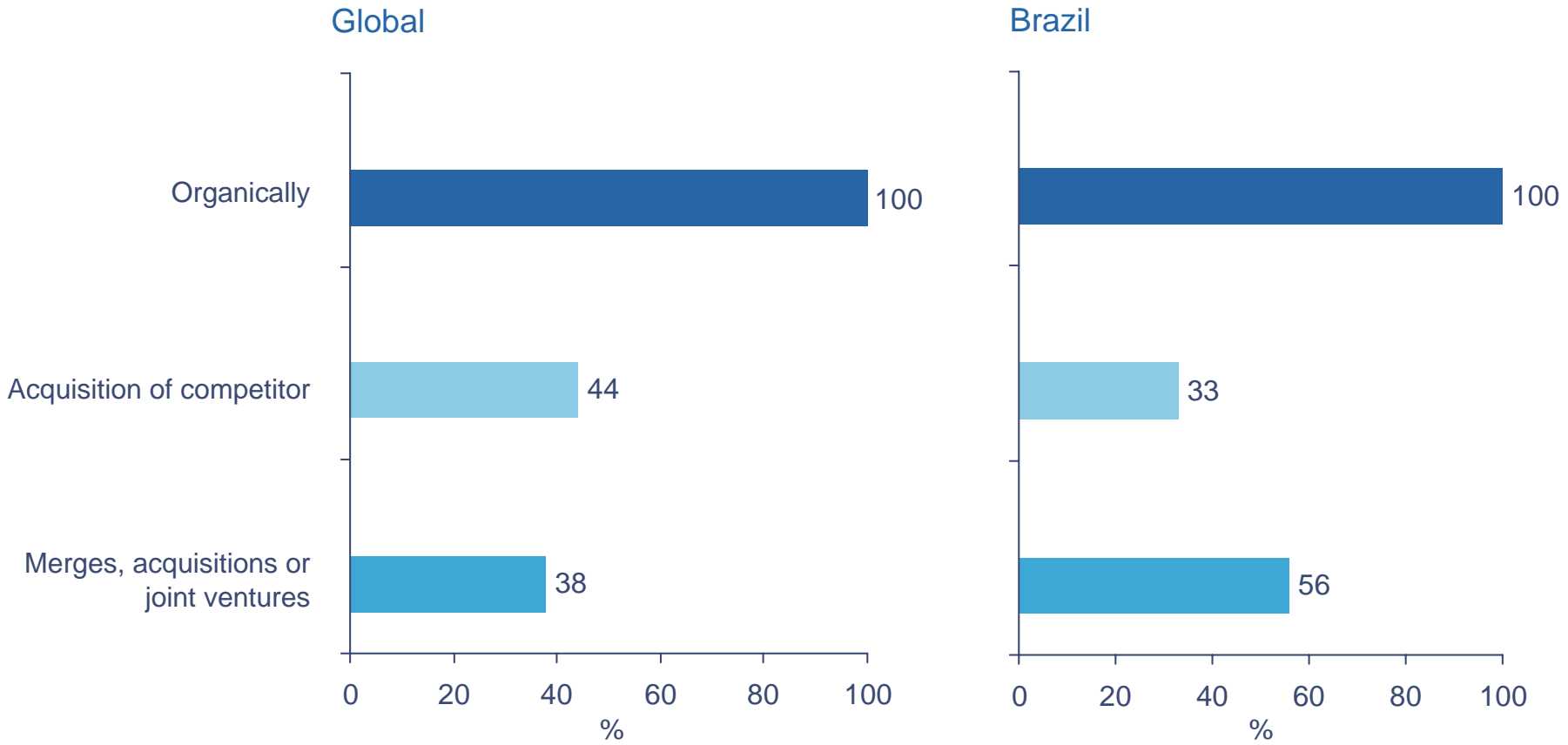
CEO's Views

What do you expect the annual percentage of revenue growth to be in your business in 3 years' time?

	%
Global	26
Asia Pacific	37
EMEA	22
Americas	30
Brazil	31

CEO's Views

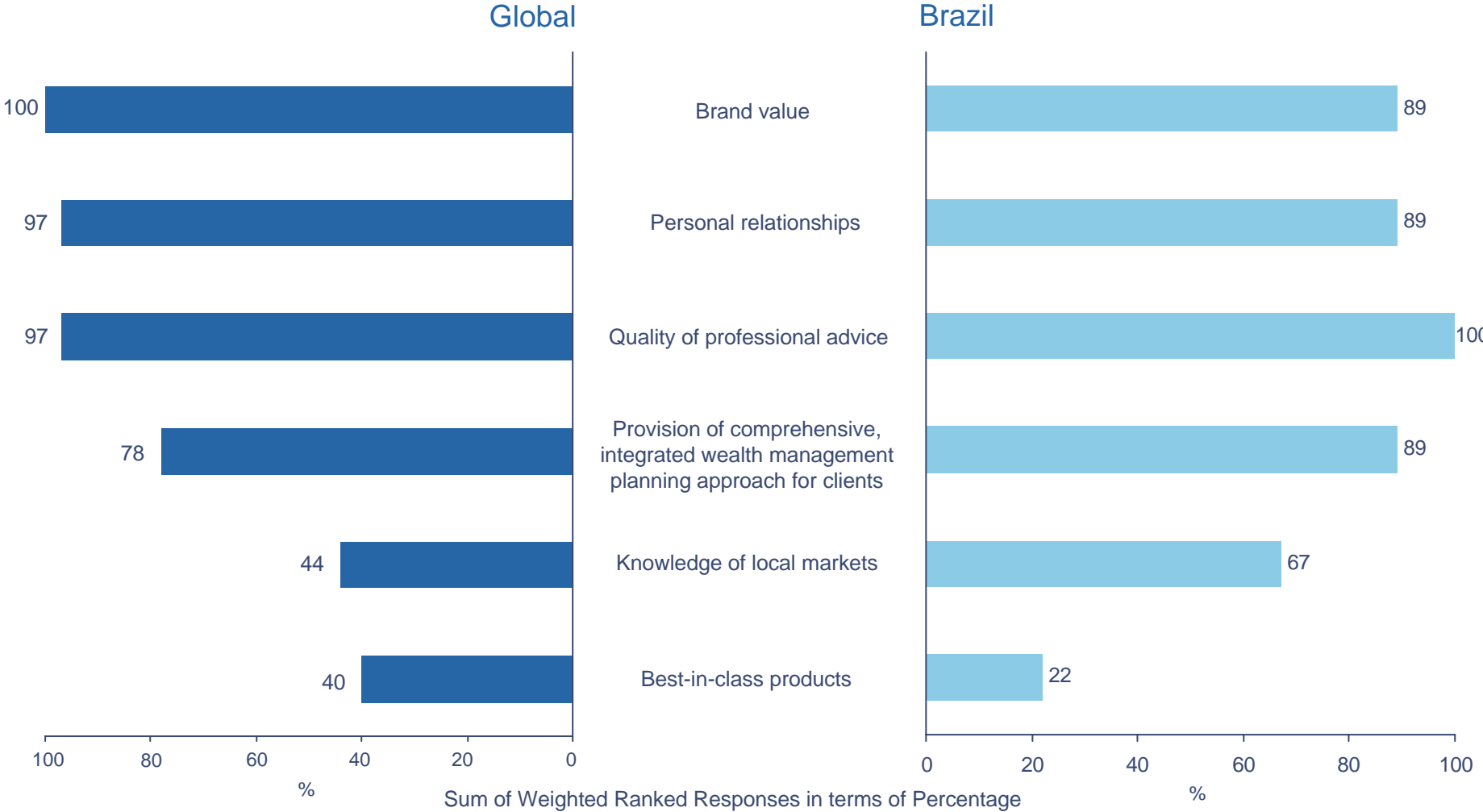
How will the growth in your organization's net AuM primarily be achieved?



Sum of Weighted Ranked Responses in terms of Percentage

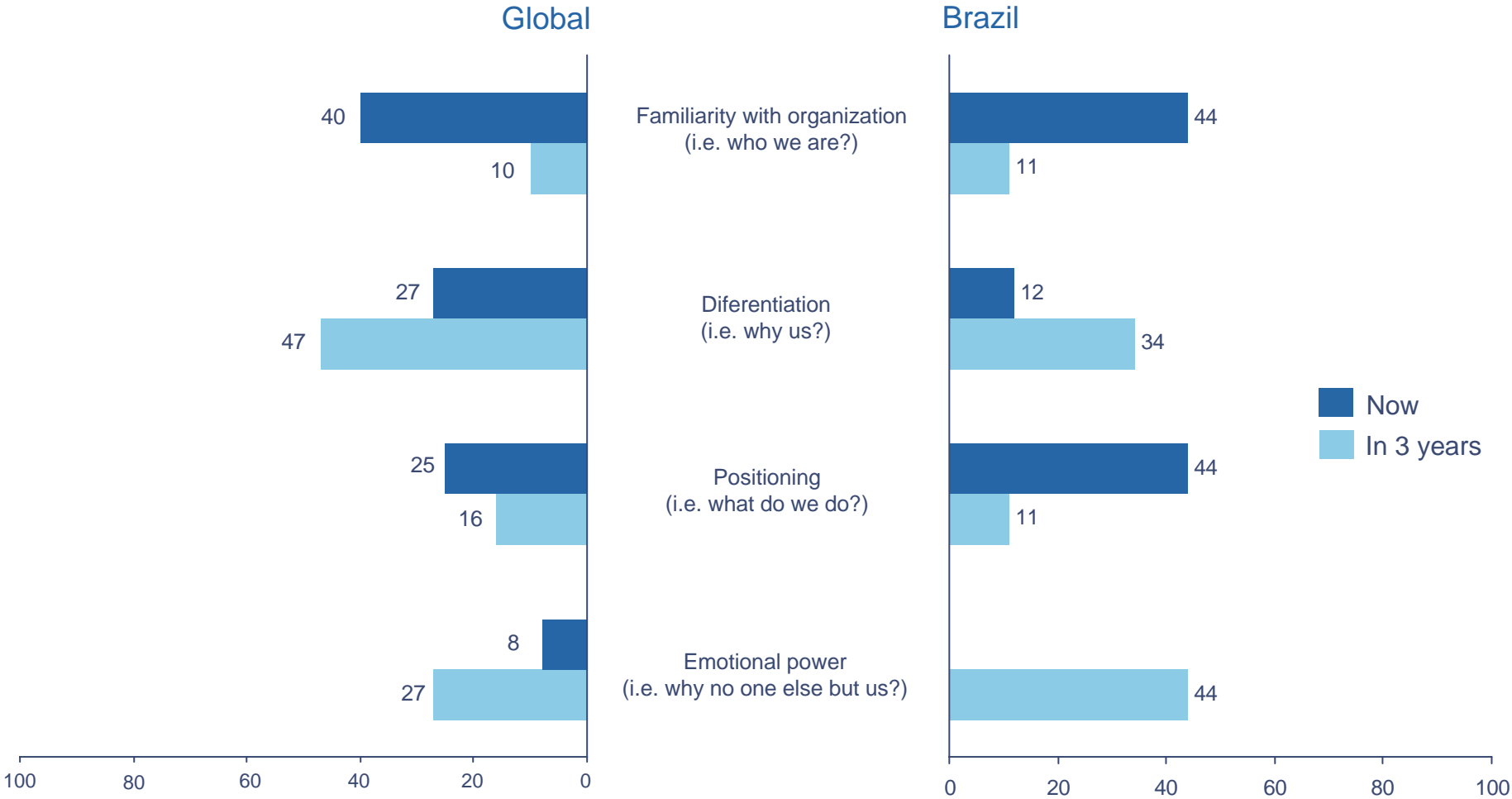
CEO's Views

How does your organization's currently differential itself?



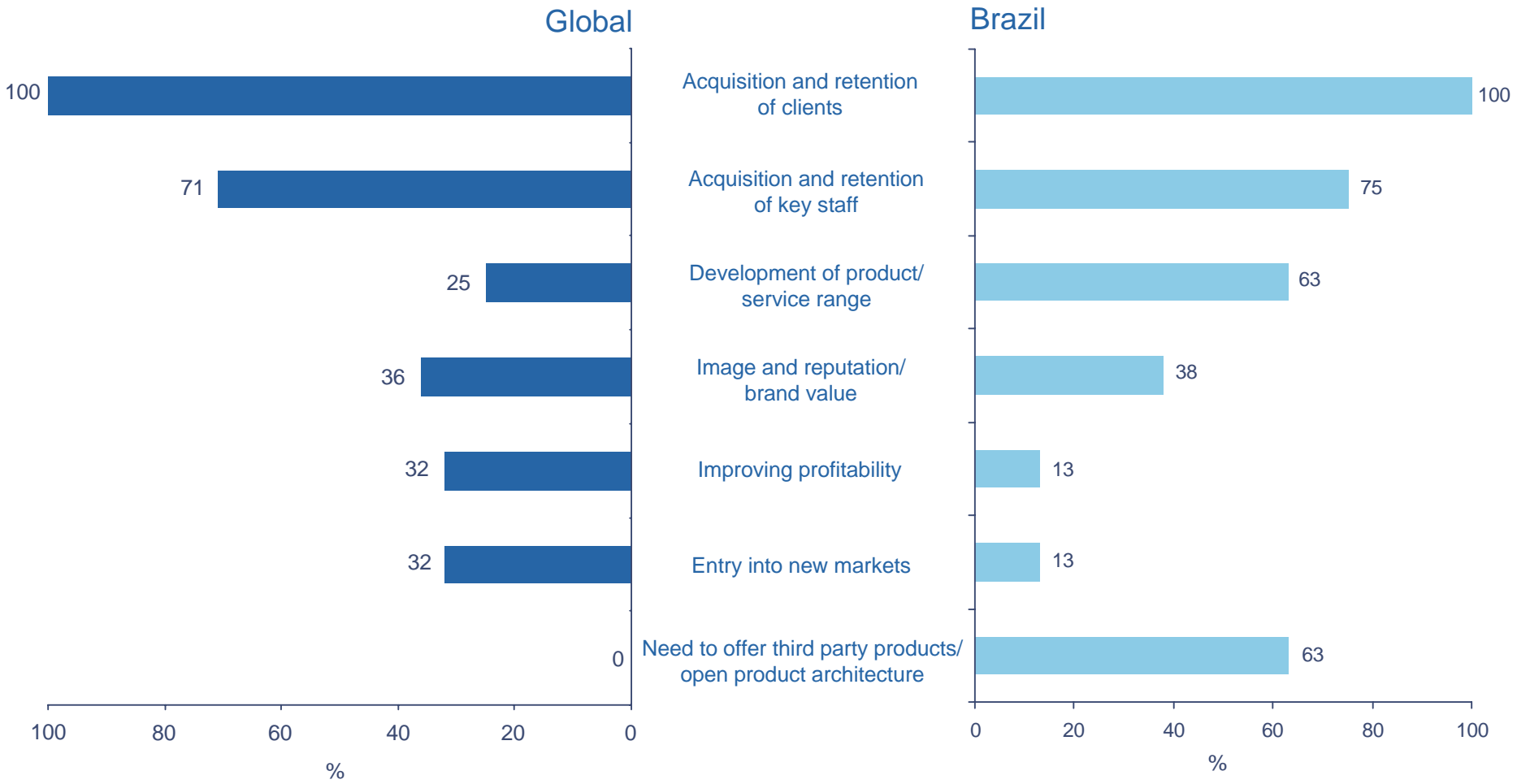
CEO's Views

What is your current and project brand position



CEO's Views

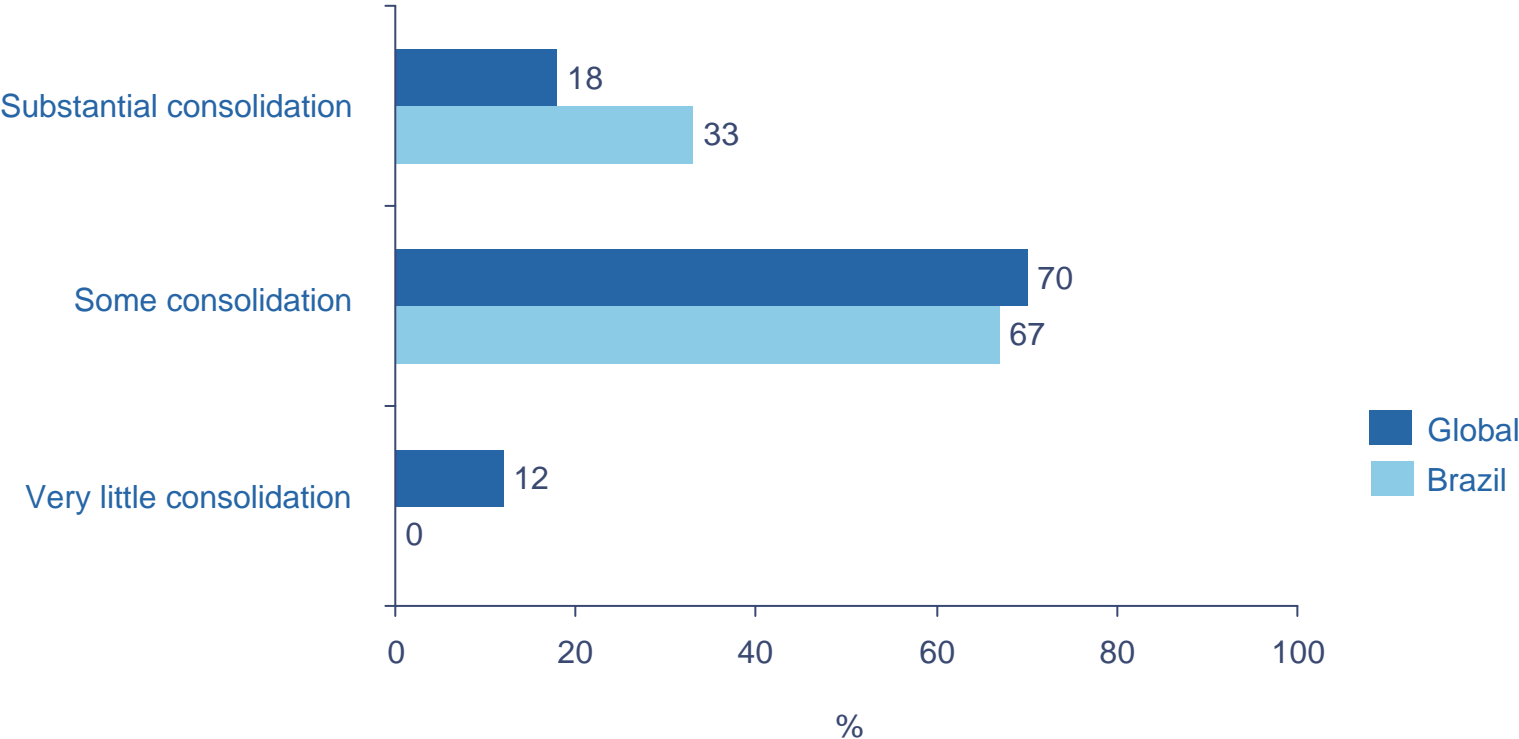
What do you think will be the top most pressing business issues in 3 years' time?



Sum of Weighted Ranked Responses in terms of Percentage

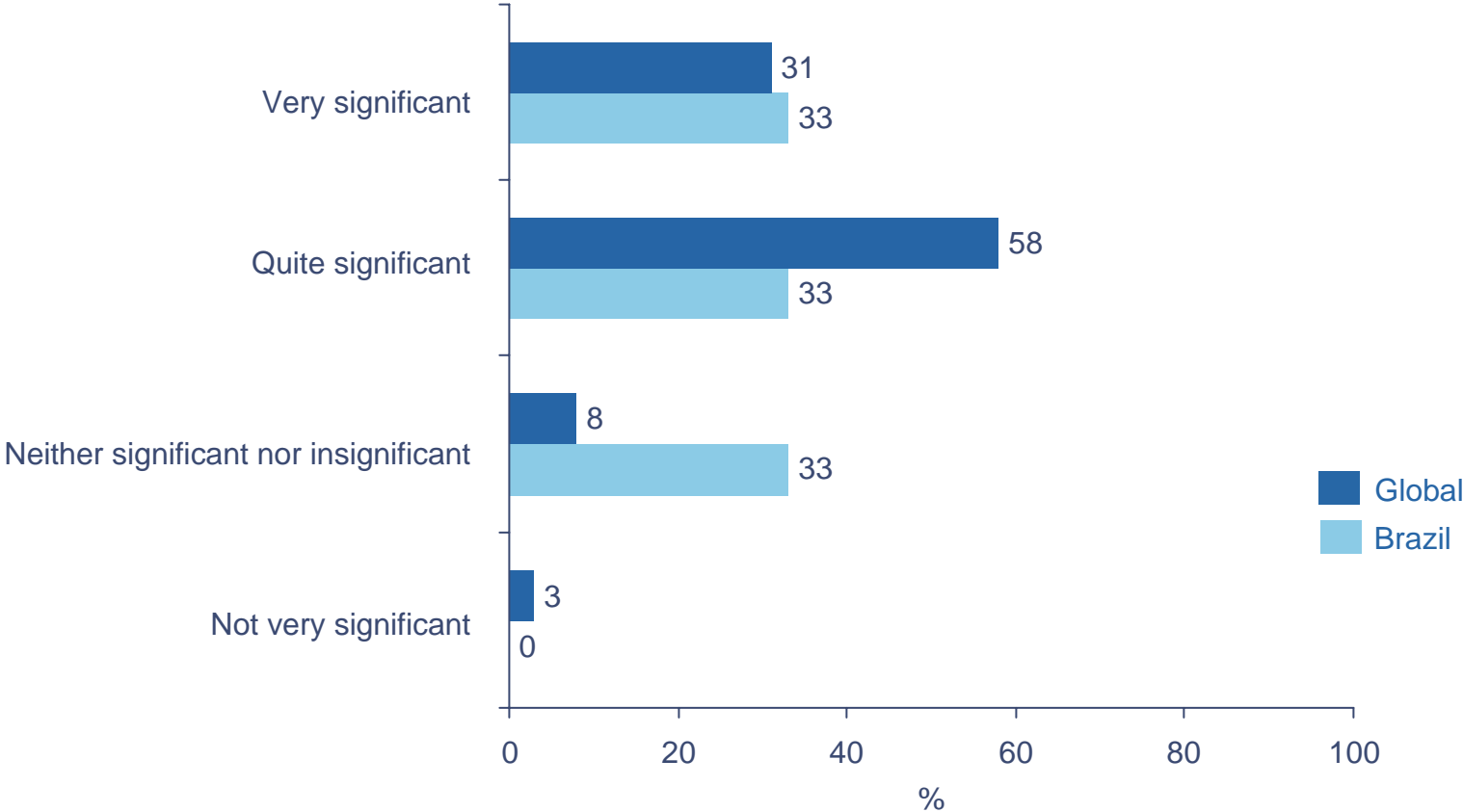
CEO's Views

In your opinion, what level of consolidation will there be in the Private Banking/Wealth Management industry over the next 2 years?



CEO's Views

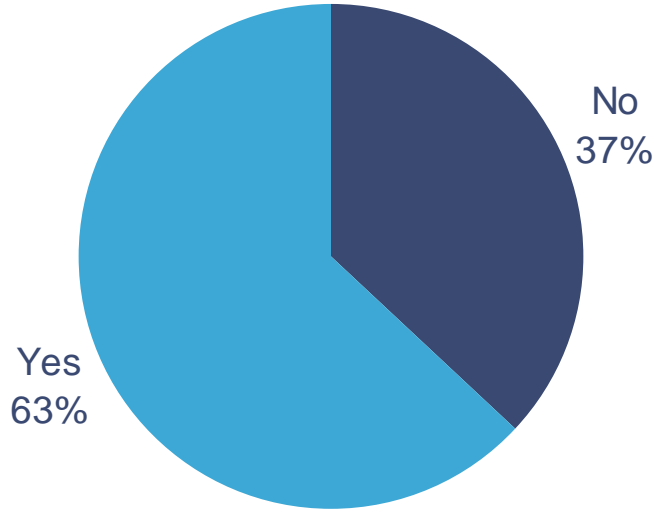
How significant, if at all, are changes in regulation on your business?



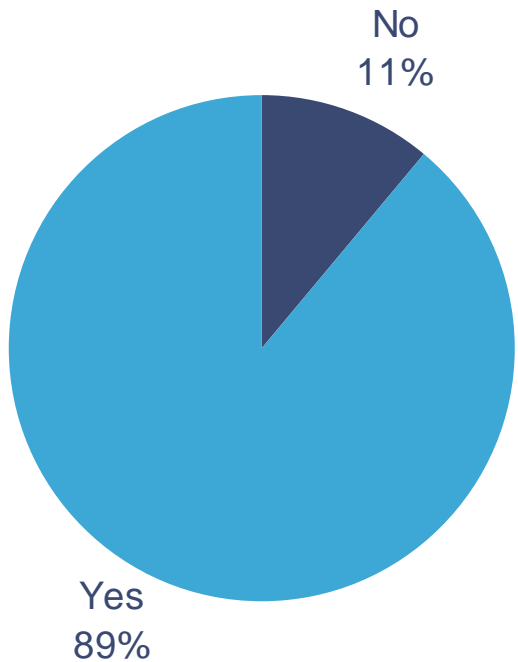
CEO's Views

Do you believe that the enhancements to regulations and compliance have enhanced the Global Private Banking/Wealth Management industry?

Global

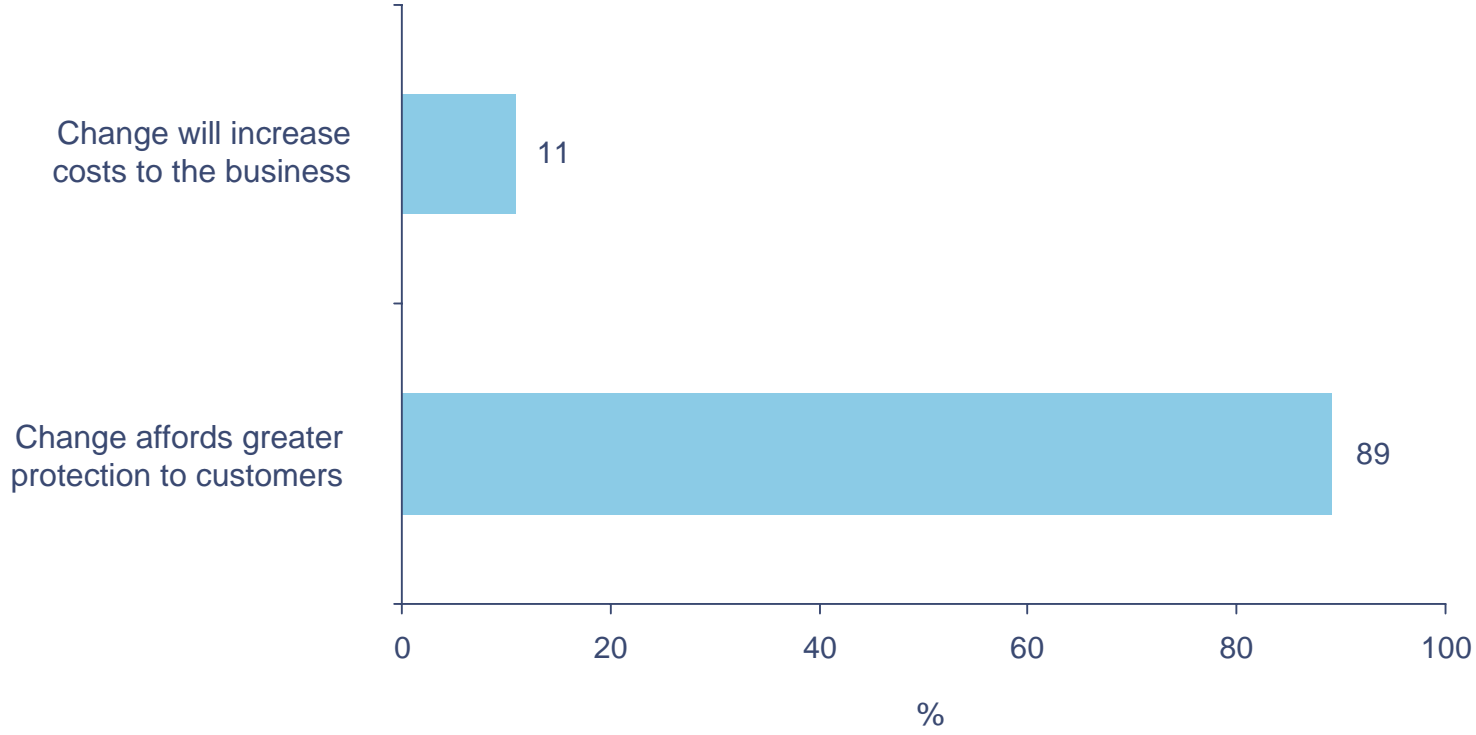


Brazil



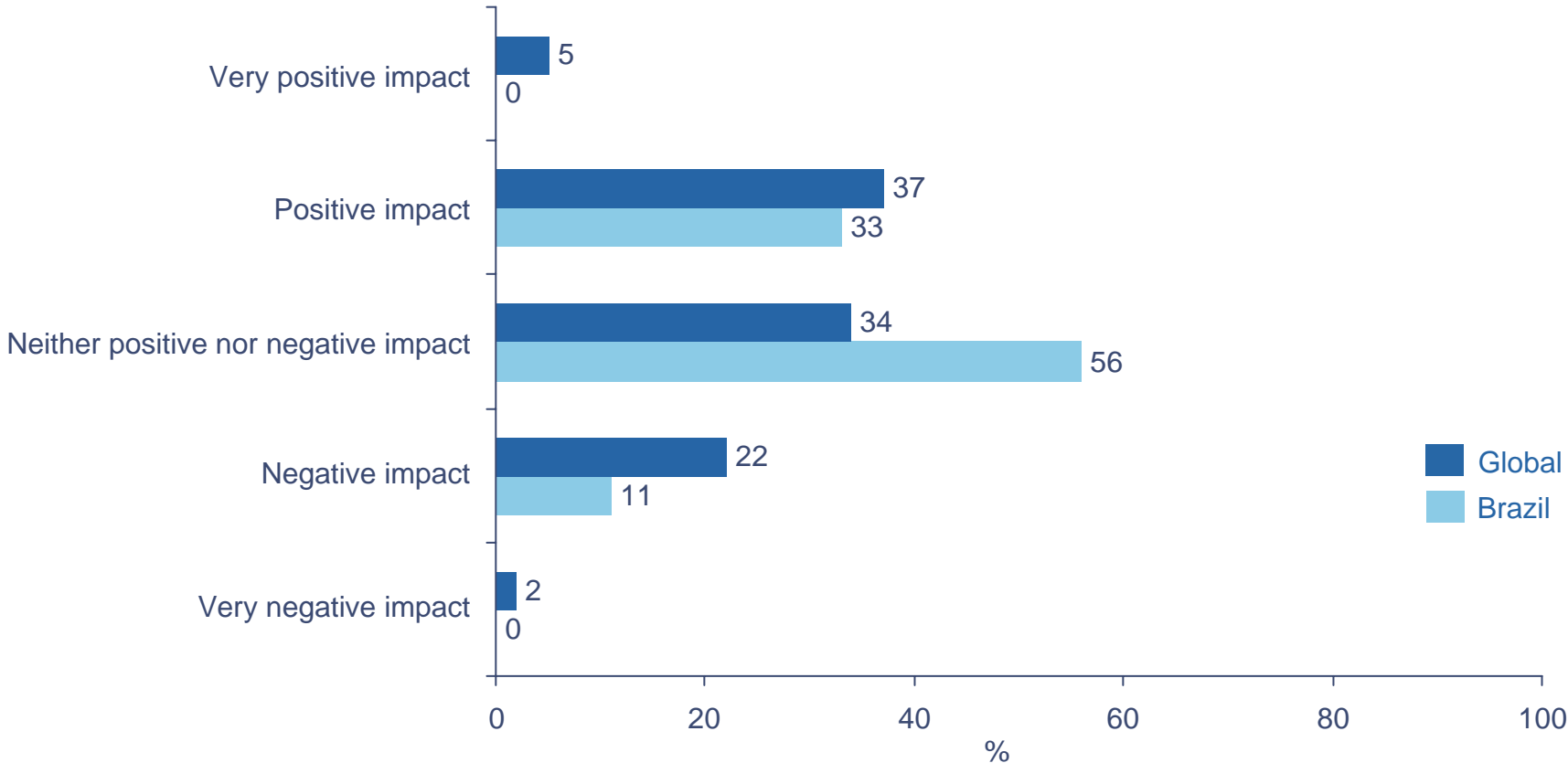
CEO's Views

Which of the following statements, if any, best describes your attitude towards regulatory change?



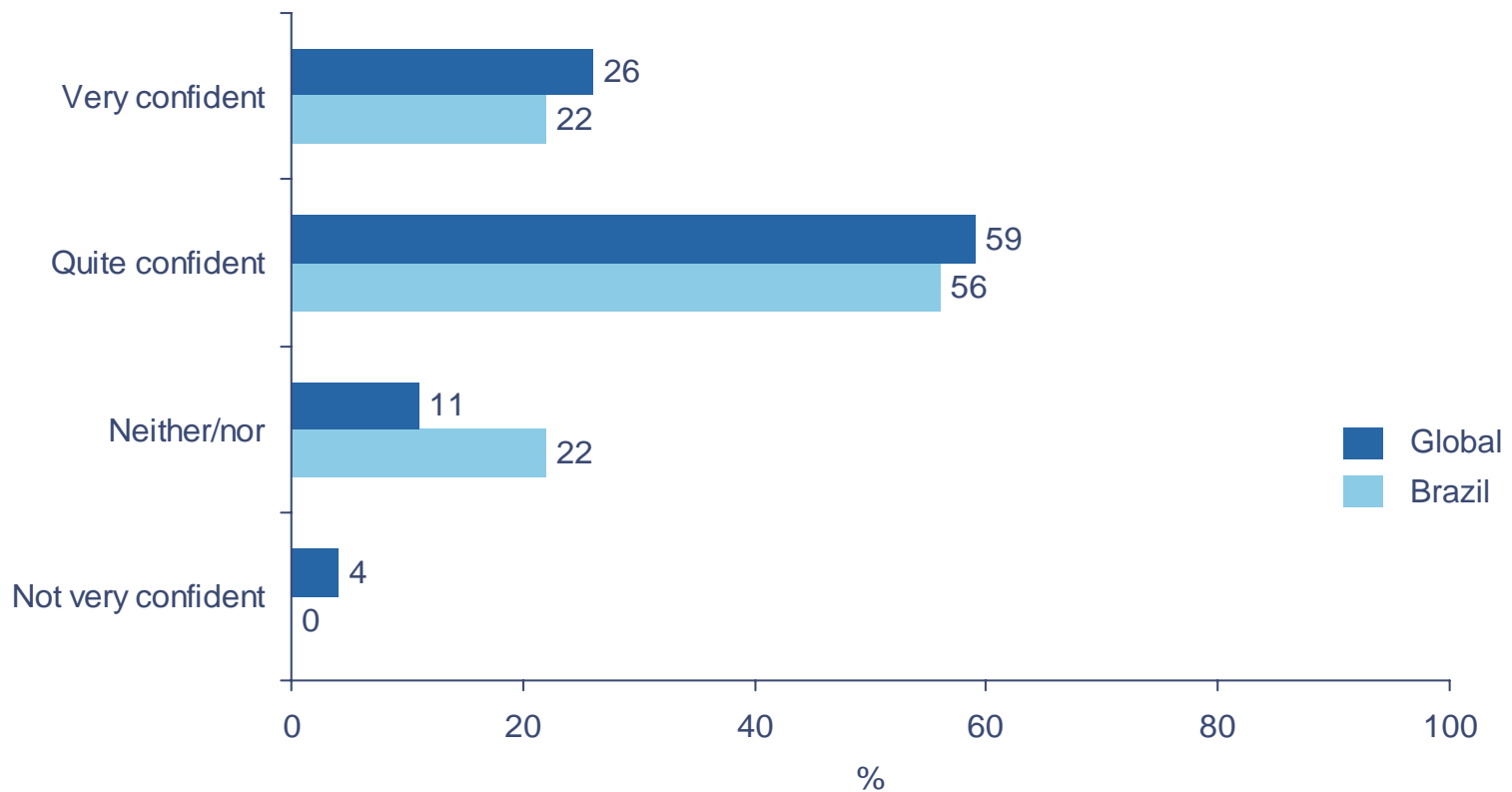
CEO's Views

In your opinion, has the industry in your territory been impacted positively or negatively by Government legislation over the last 3 years?



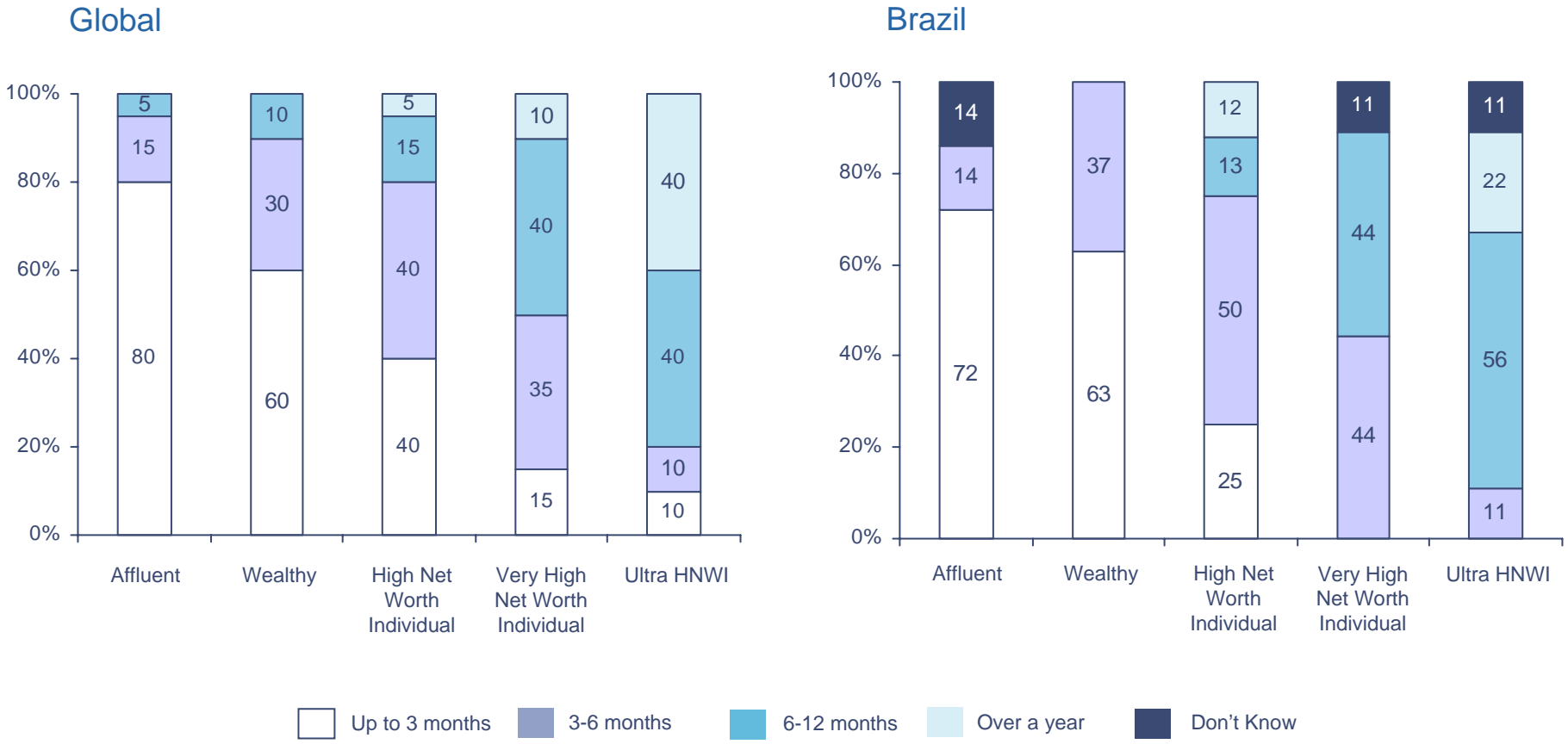
CEO's Views

How confident are you, if at all, that you have an appropriate risk framework in place?



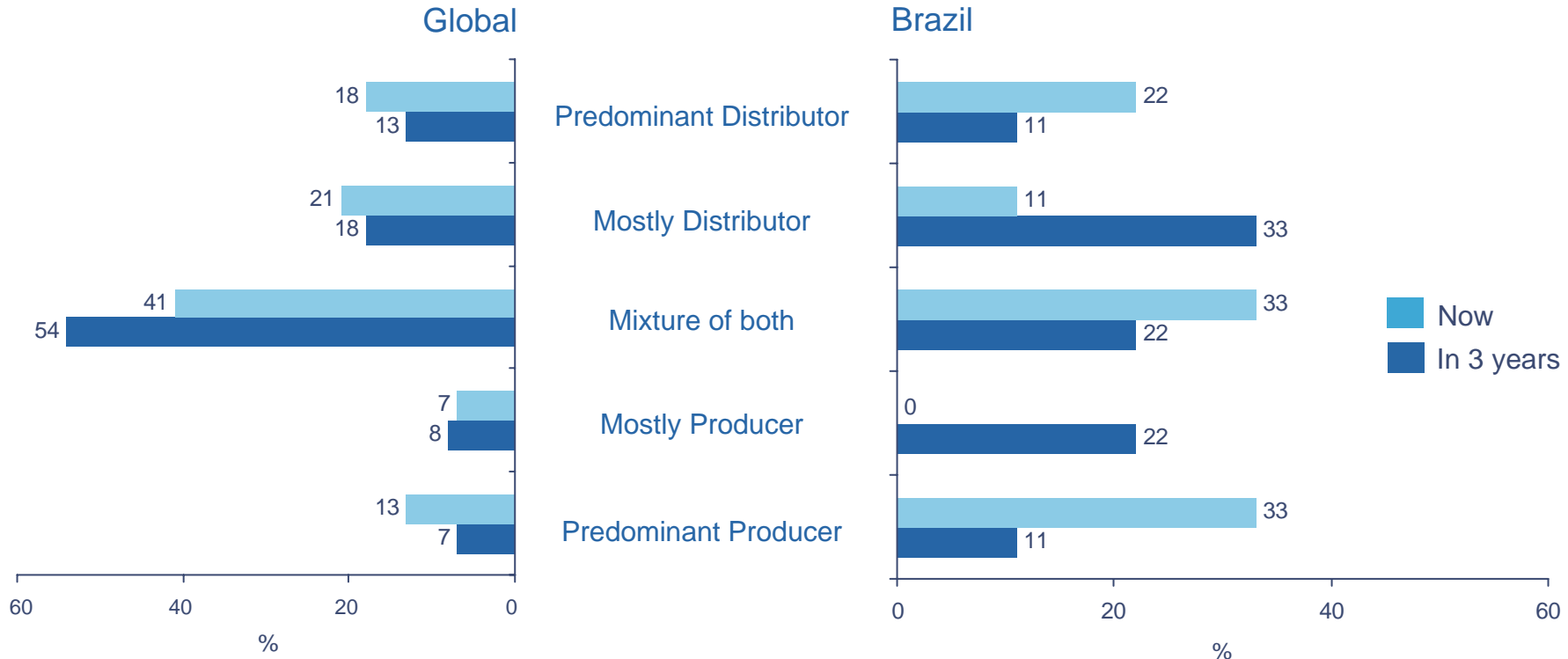
Markets and Clients

What is the average conversion time for your wealth segments?



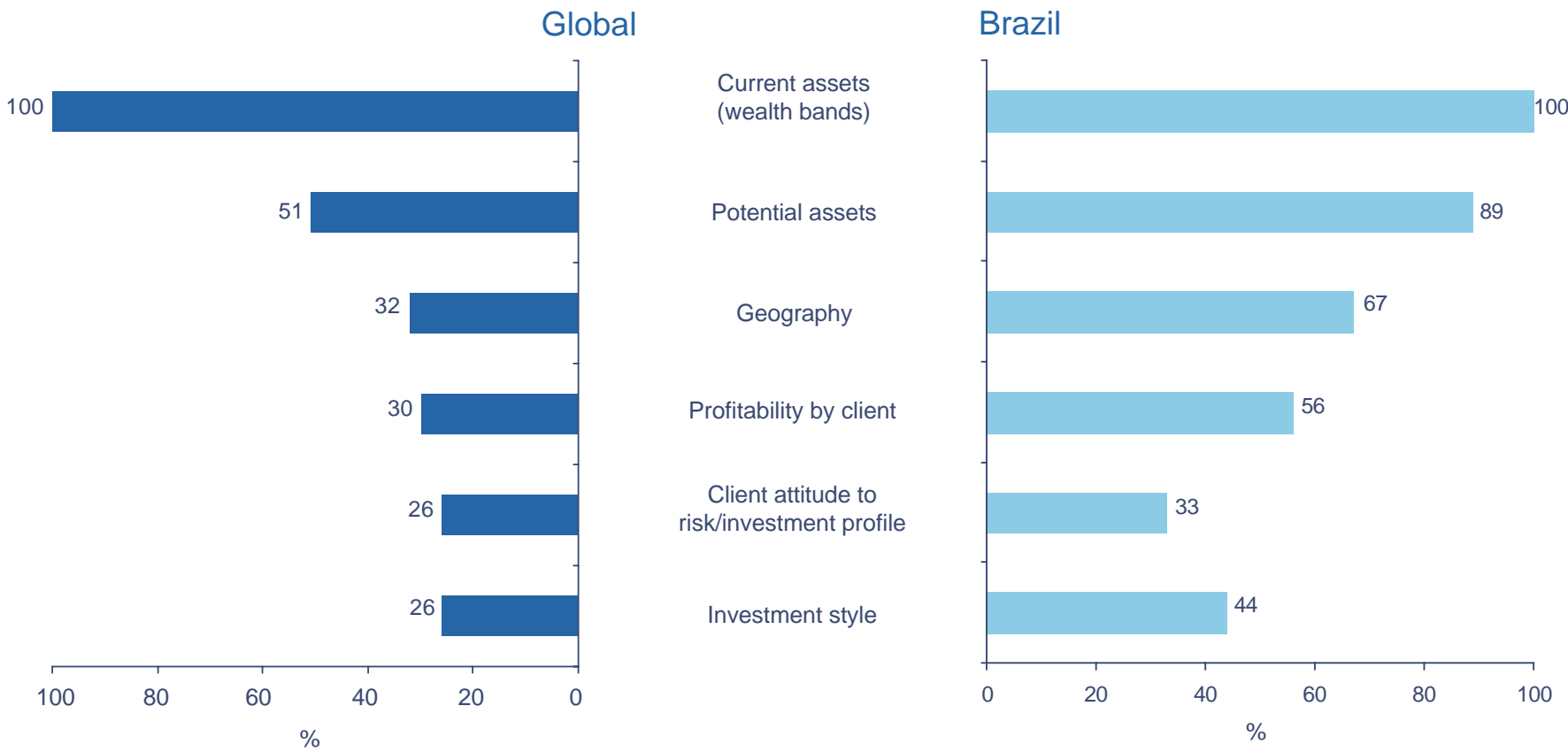
Markets and Clients

Is your organization predominantly a producer or distributor of products, now, or in 3 years time?



Markets and Clients

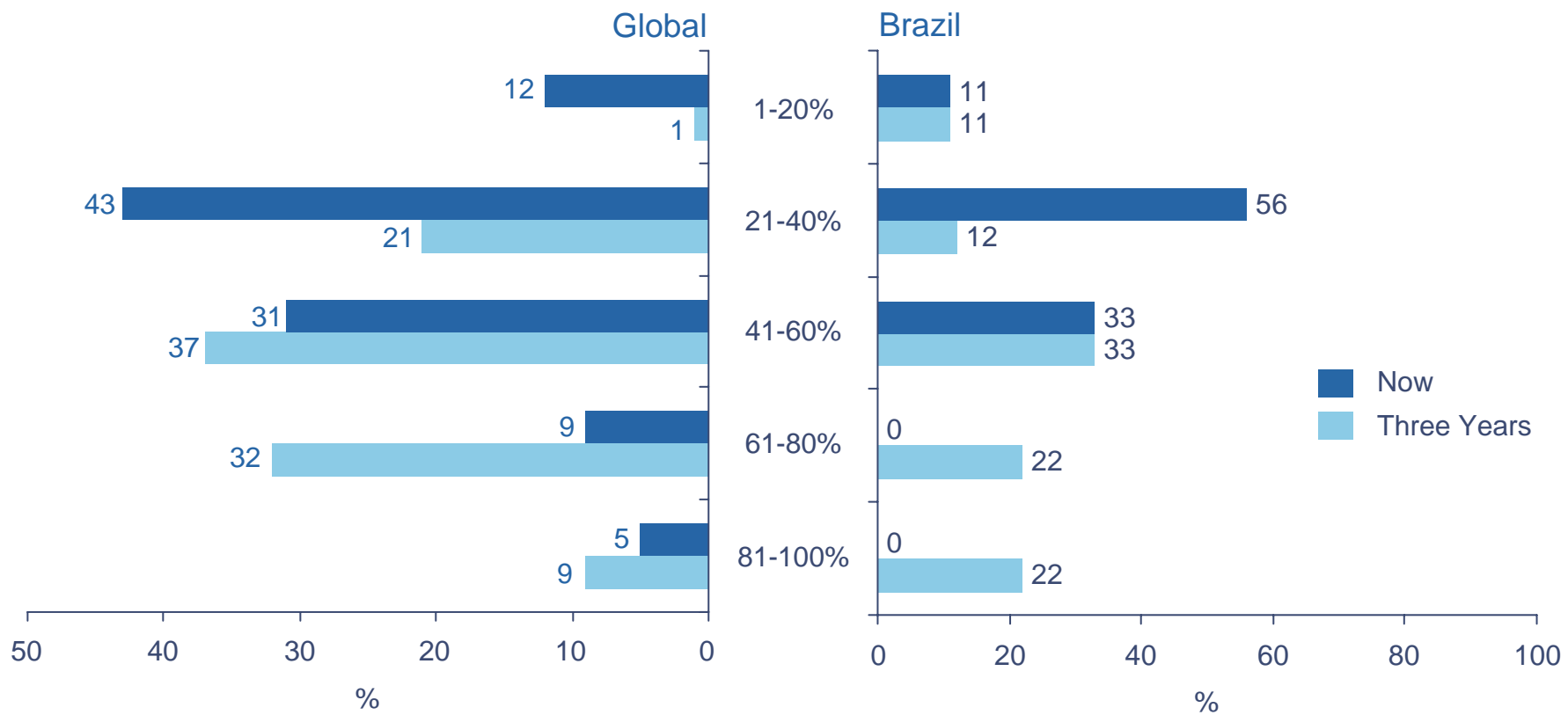
What segmentation criteria does your organization currently use?



Sum of Weighted Ranked Responses in terms of Percentage

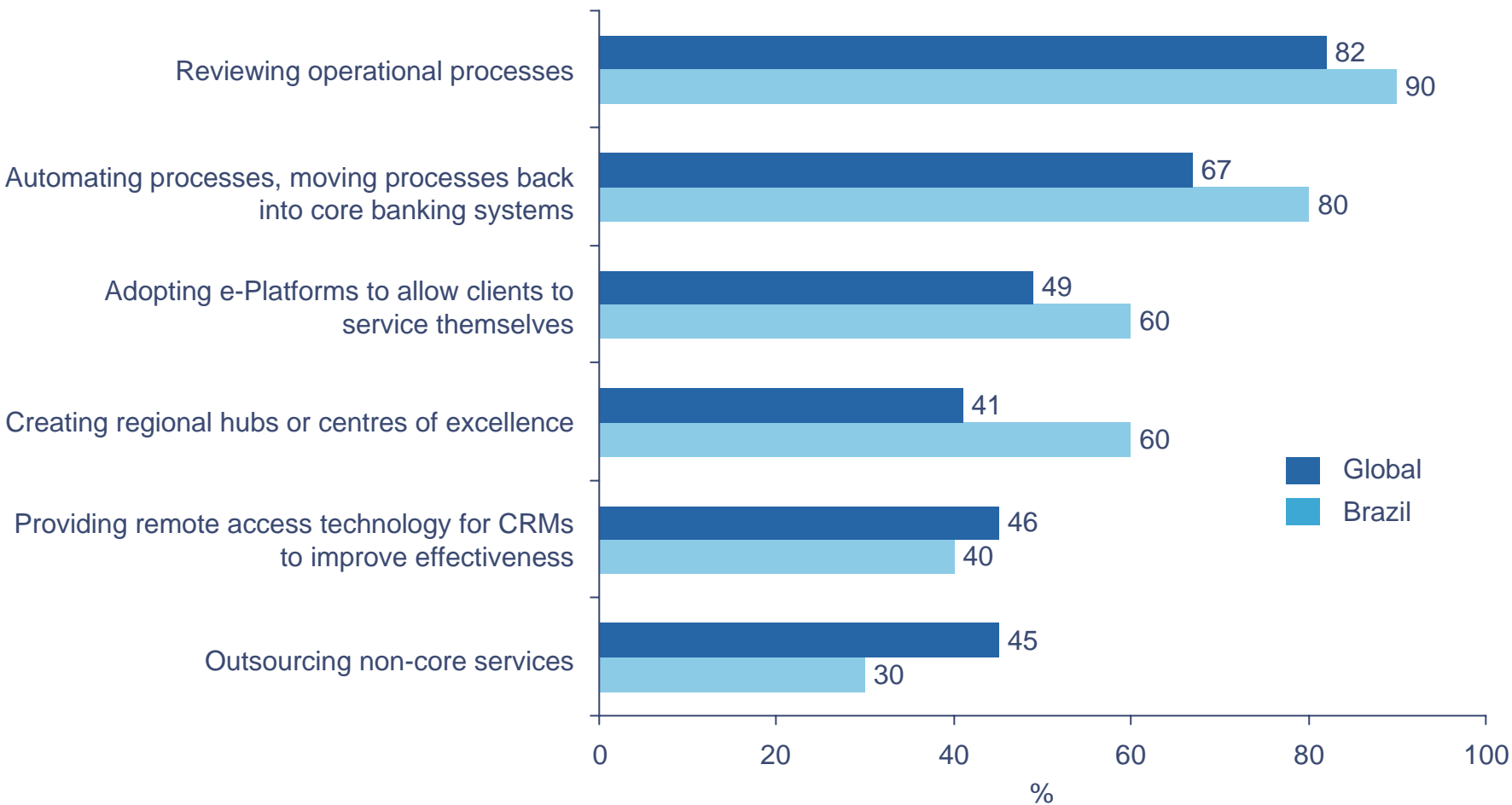
Markets and Clients

What percentage of your organization's existing clients' investable wealth would you expect to hold now and in 3 years time?



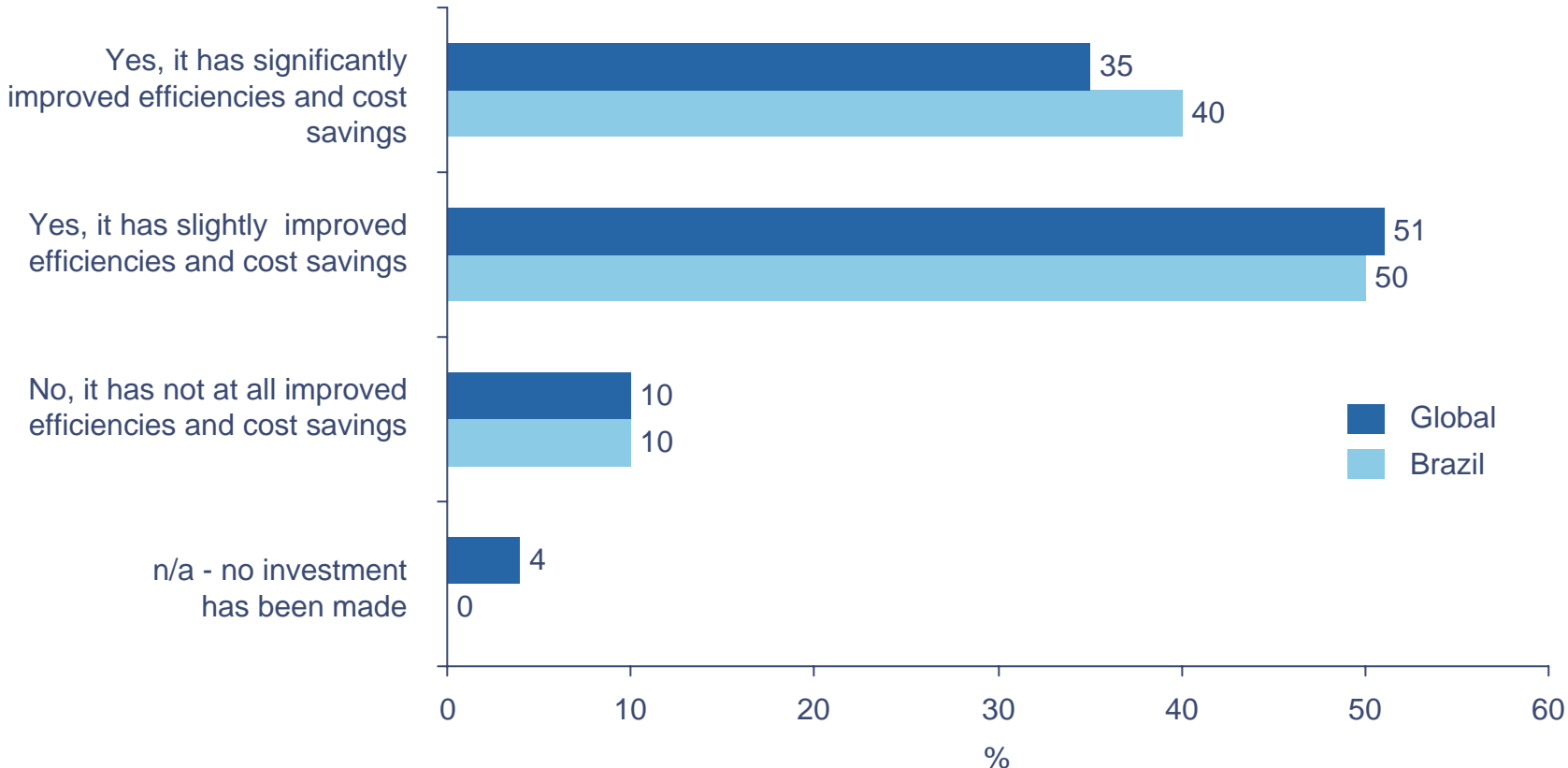
Systems and Processes

How will your organization respond to business volume change?



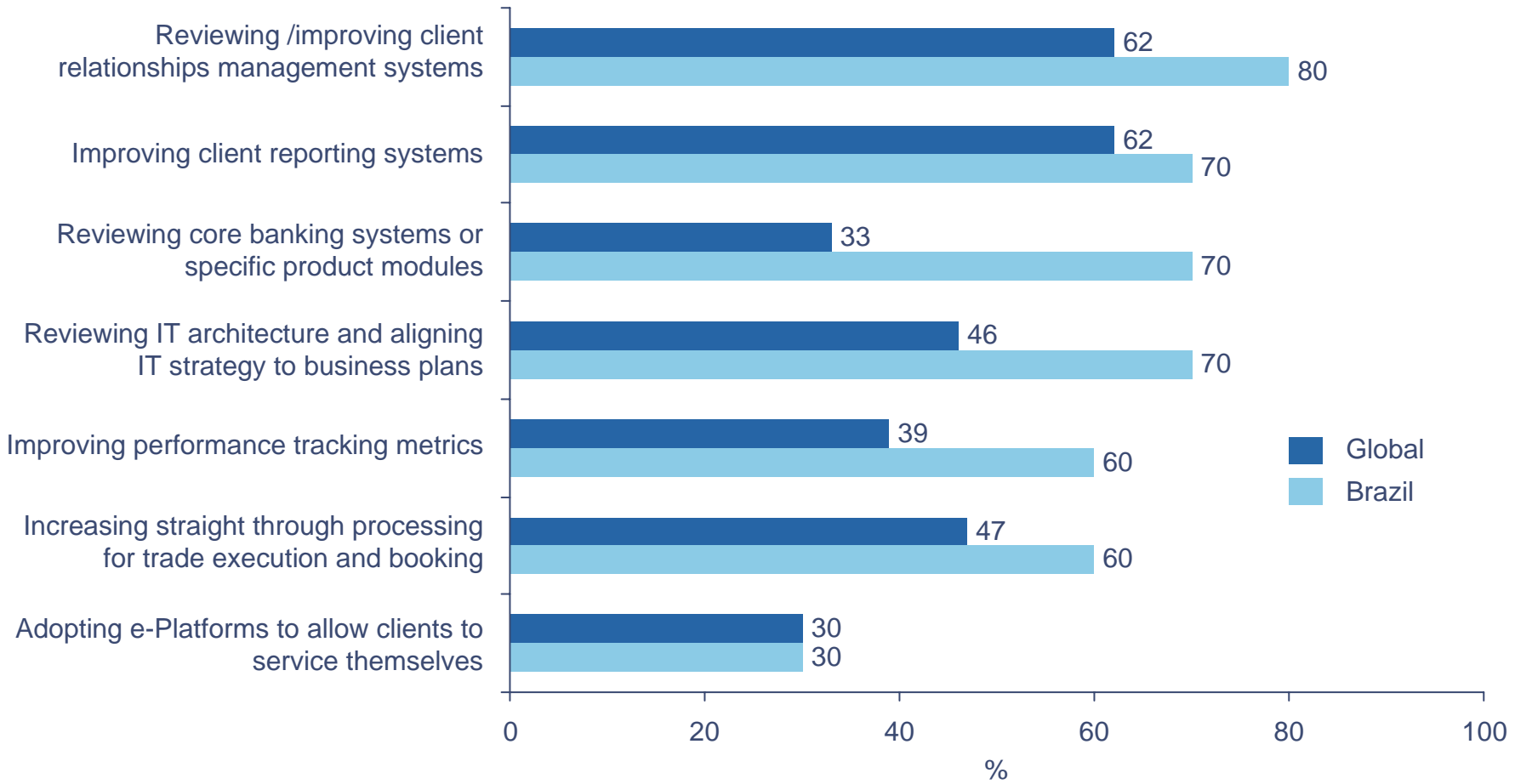
Systems and Processes

Has investment in systems led to greater efficiencies and cost savings for your organization?



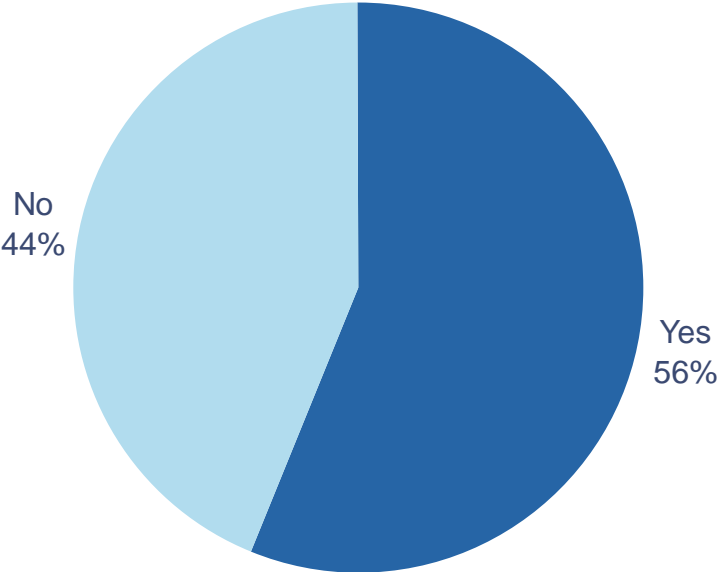
Systems and Processes

What are your organization's current key IT priorities?

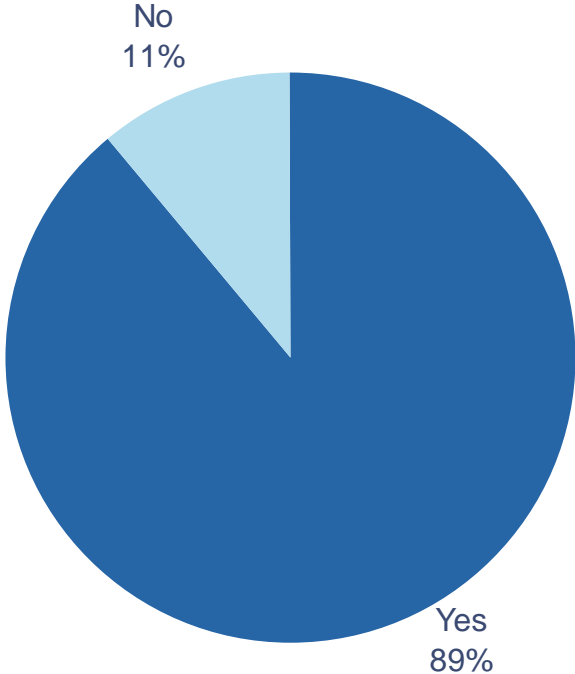


Systems and Processes

Does your organization currently offer aggregated client account statements?



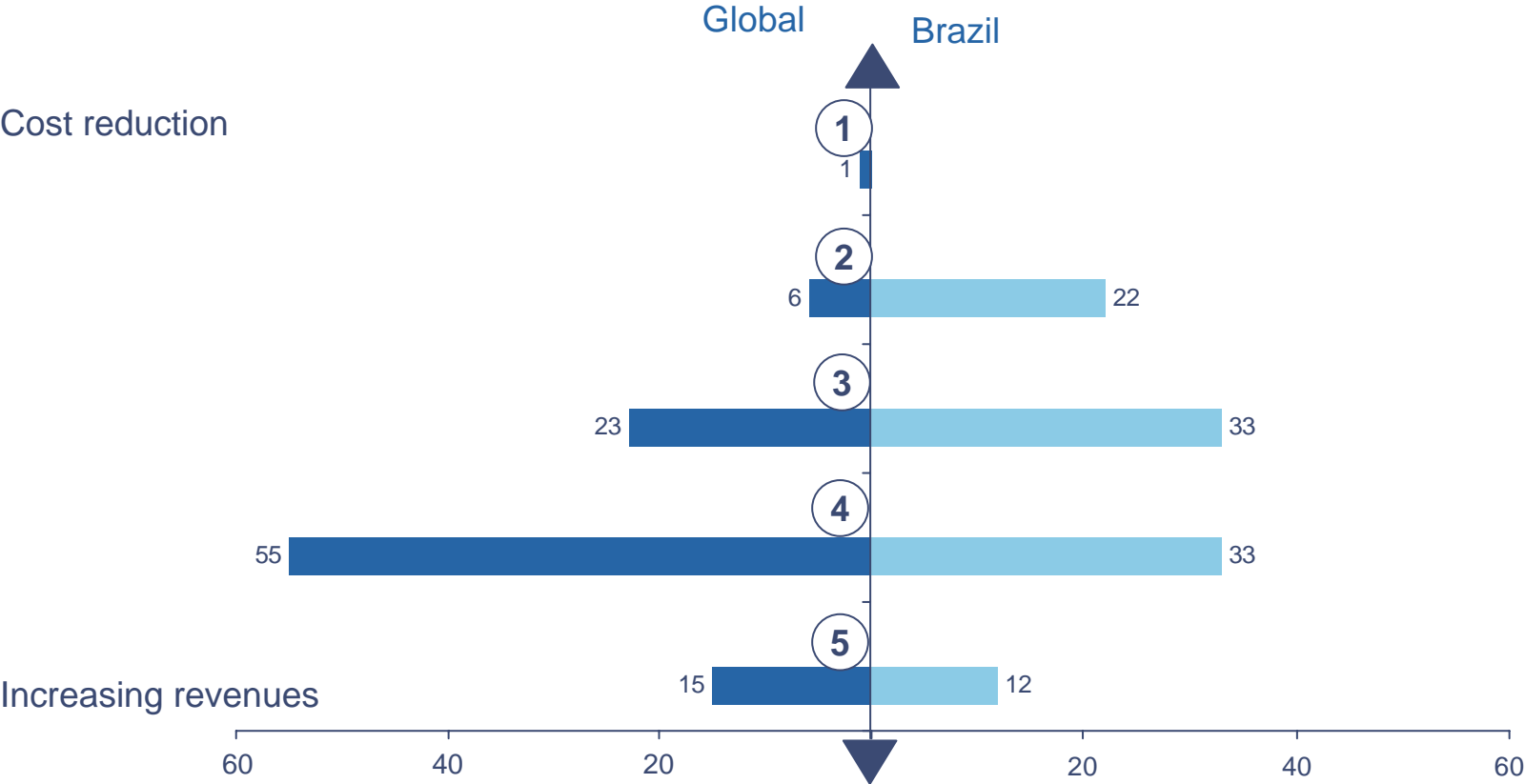
Does your organization plan to offer those statements in 3 years?



Global = Brazil

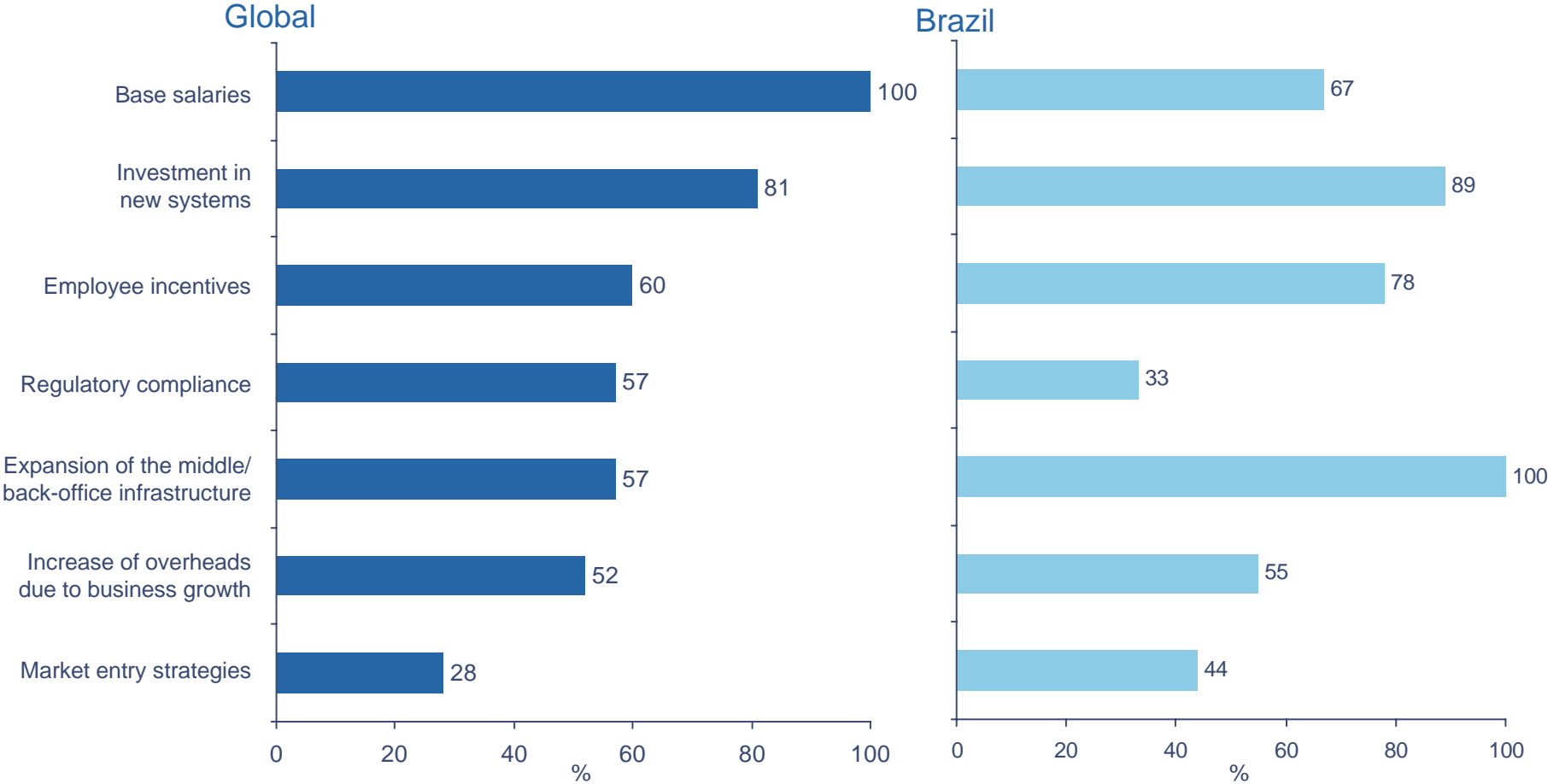
Profitability and Performance Metrics

Is the current focus of your organization more on cost reduction or increasing revenues



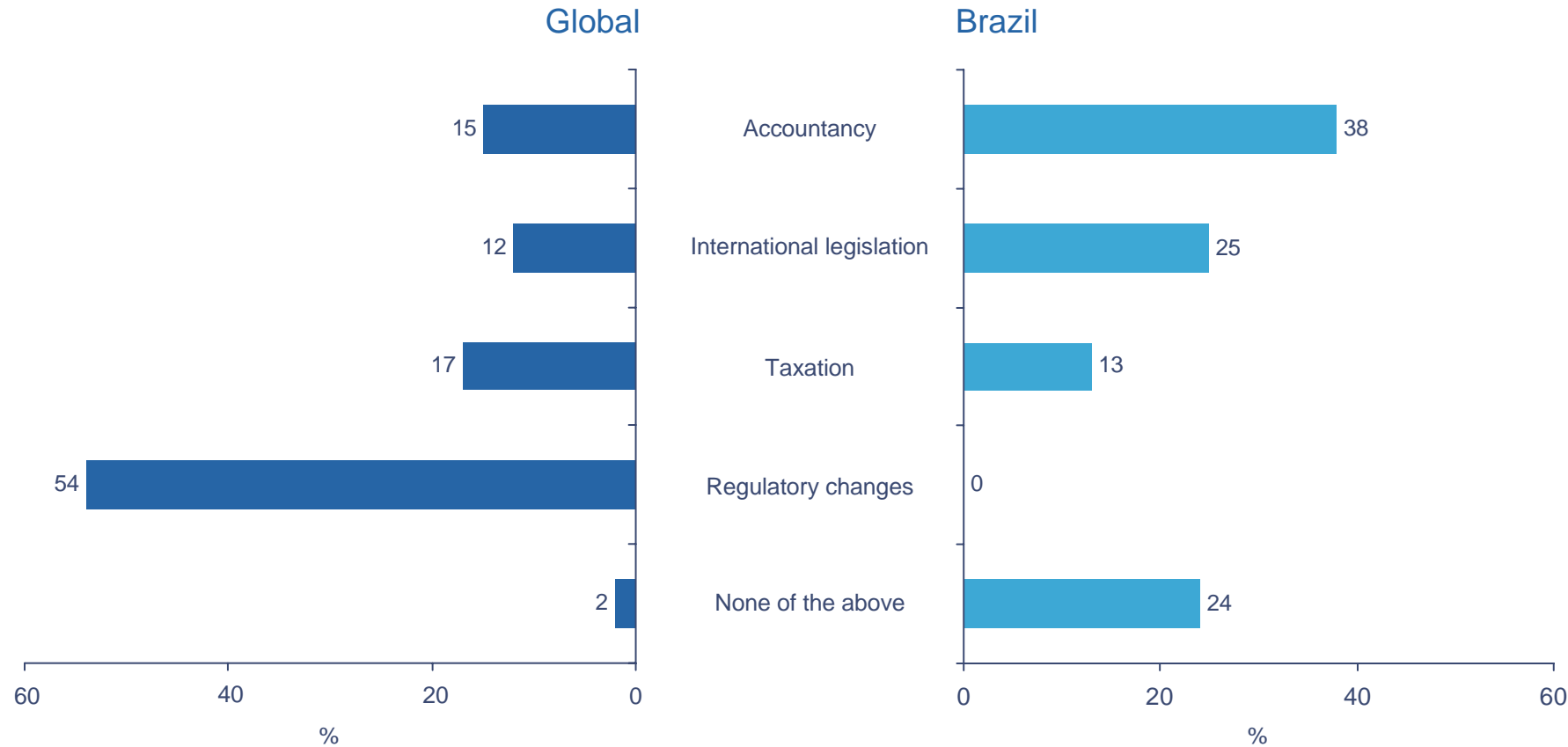
Profitability and Performance Metrics

What are the current areas of concern in controlling your organisation's cost base?



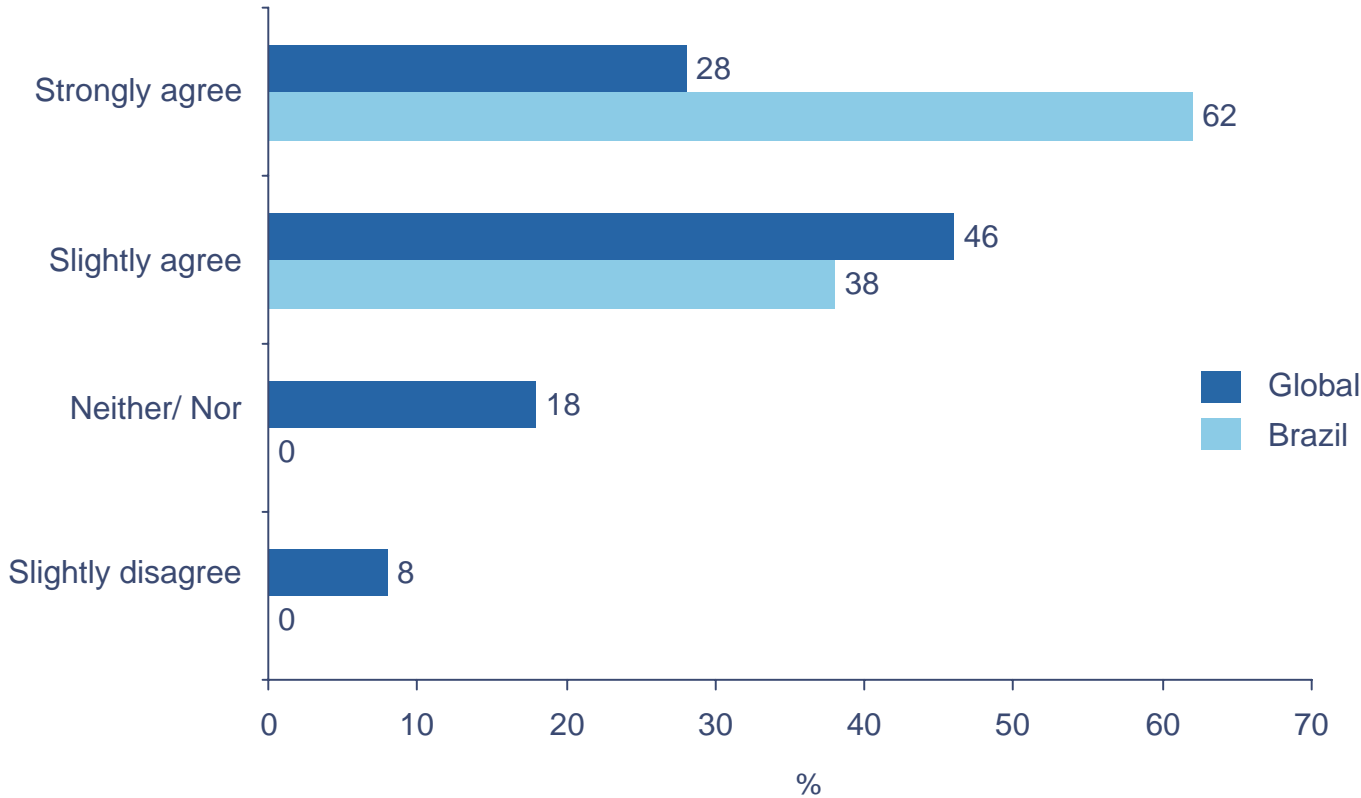
Profitability and Performance Metrics

In what areas does your finance team need the greatest additional training?



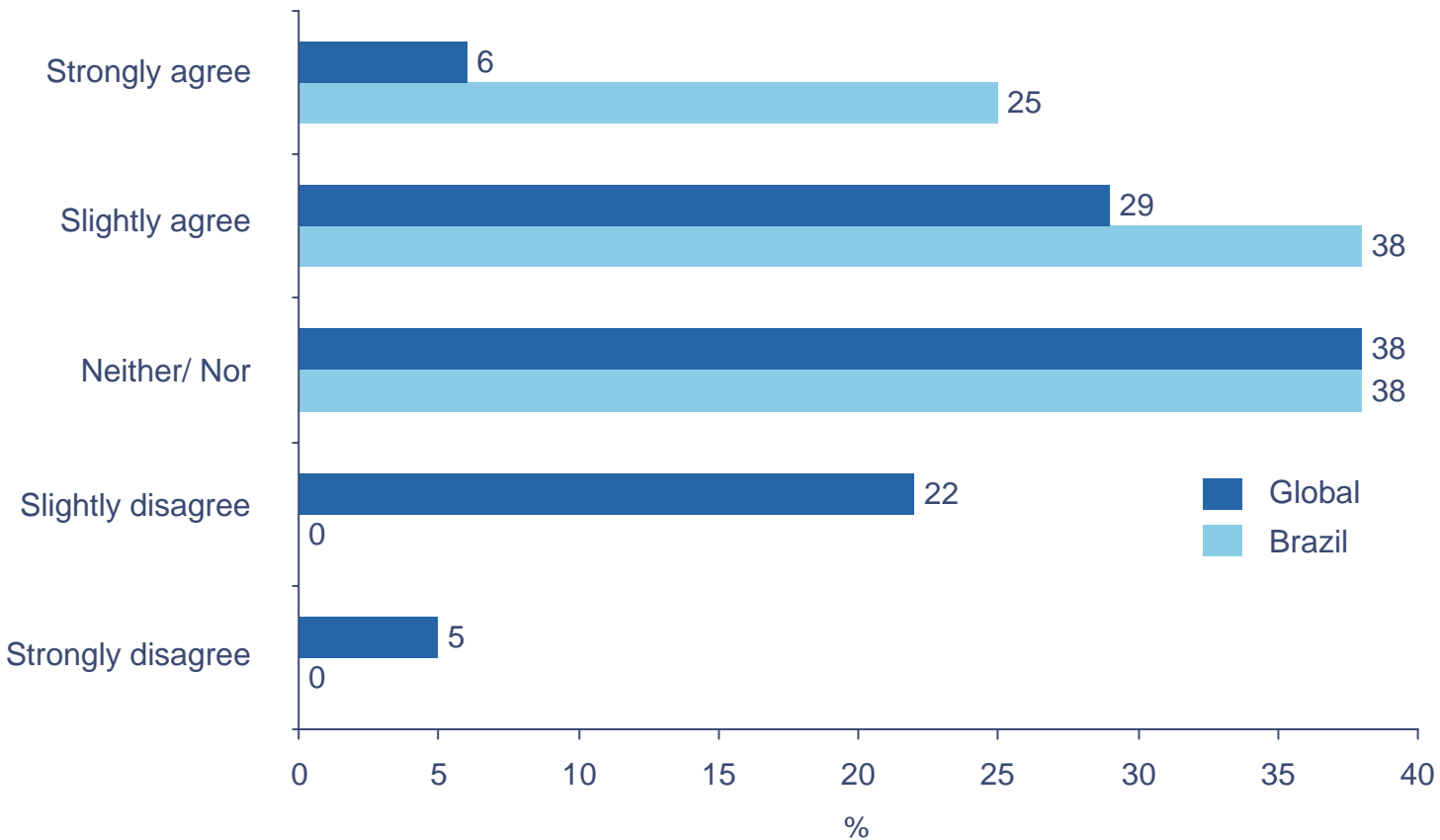
Human Resources

HR has the information available to effectively contribute to management decision making in the organization.



Human Resources

The HR function is able to demonstrate return on investment for all people-related activities



Human Resources

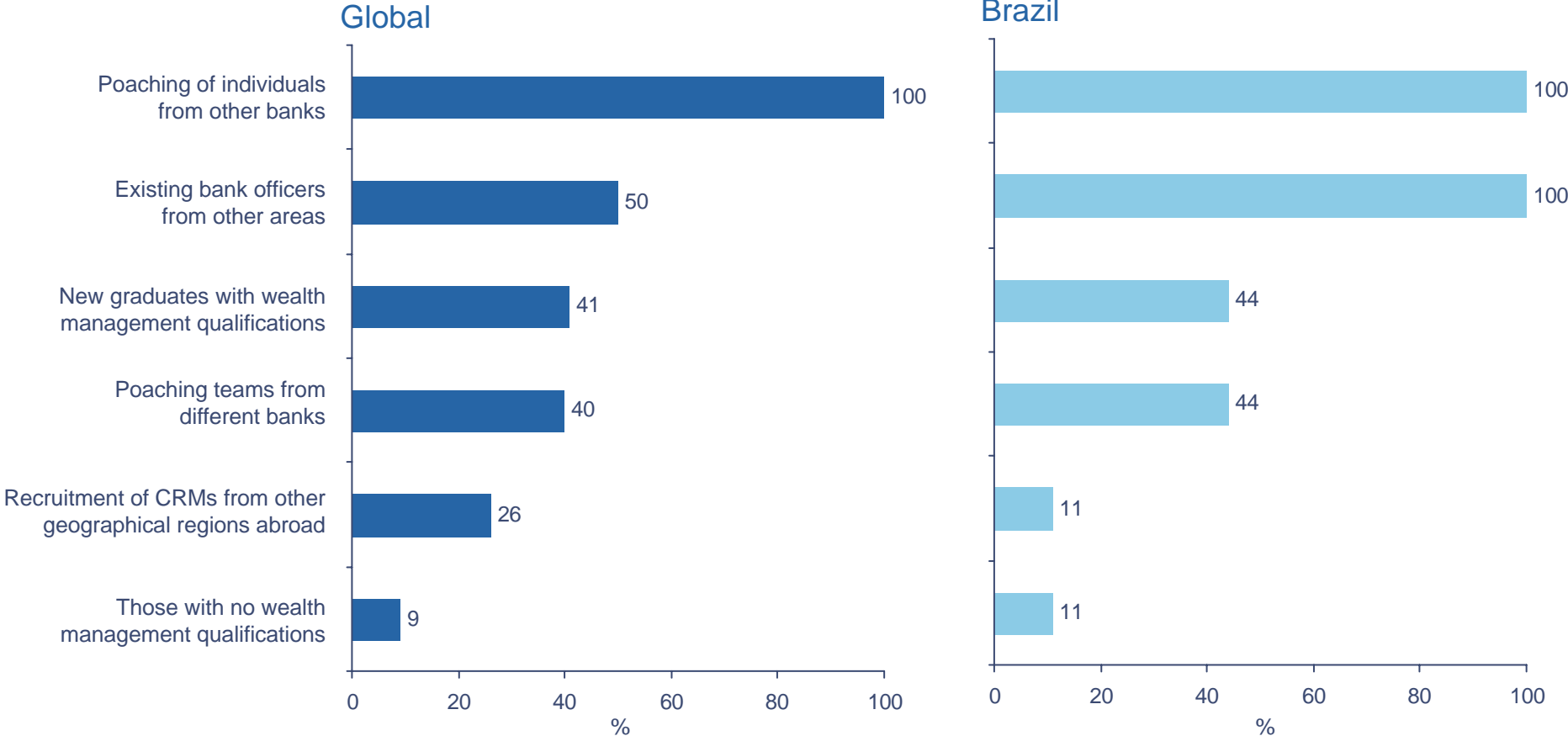
Expected increase of CRMs over the next two years.

Global	32%
Asia Pacific	57%
EMEA	25%
The Americas	17%
Brazil	22%

Source: PricewaterhouseCoopers

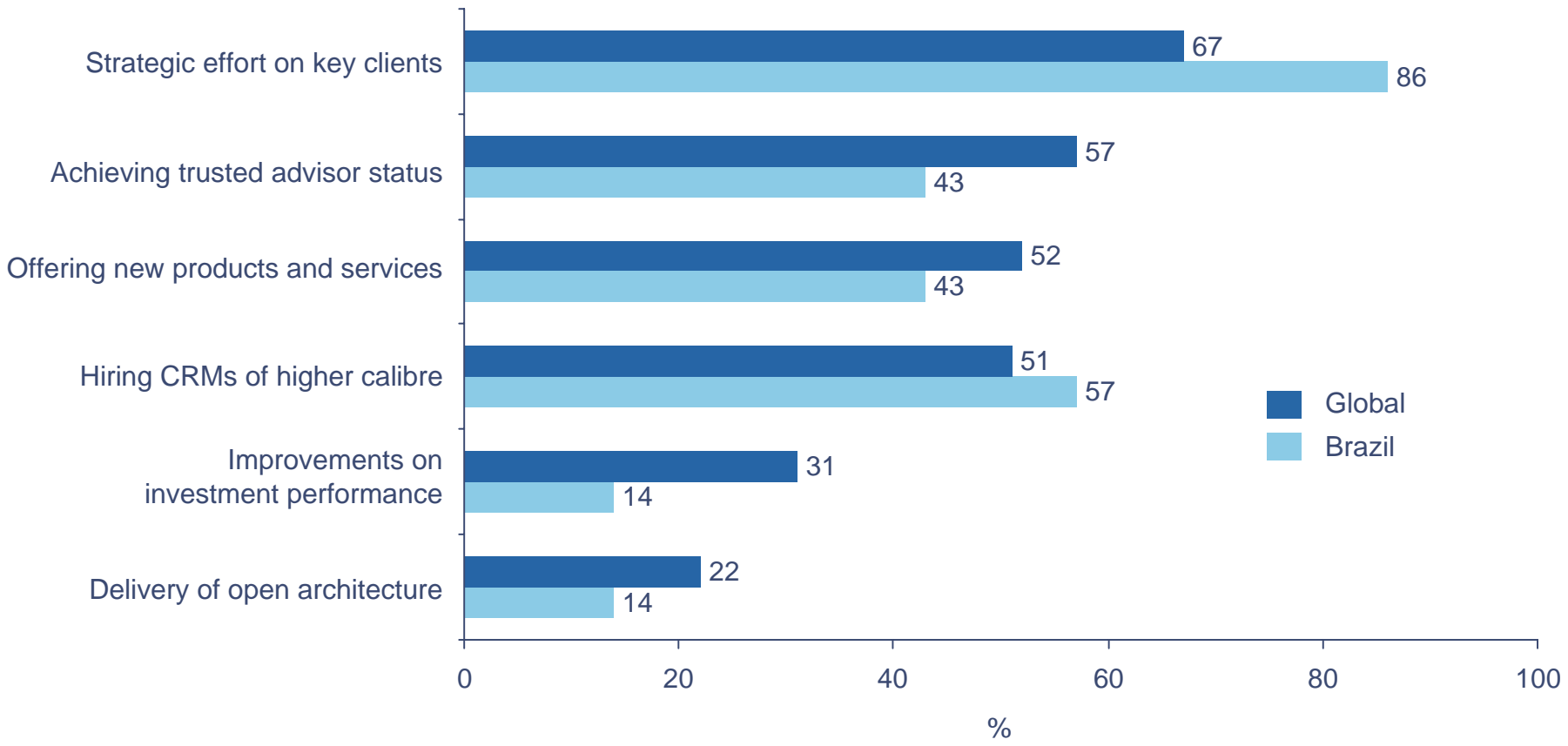
Human Resources

Where you plan to recruit CRMs from.



Client Relationship Managers

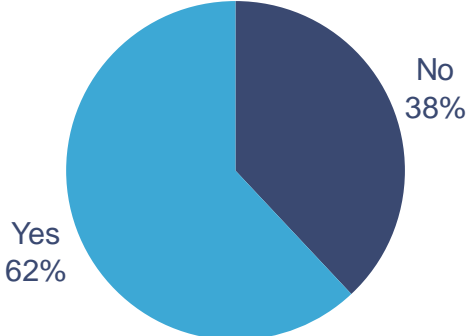
Select the three main ways you intend to increase this share of wallet



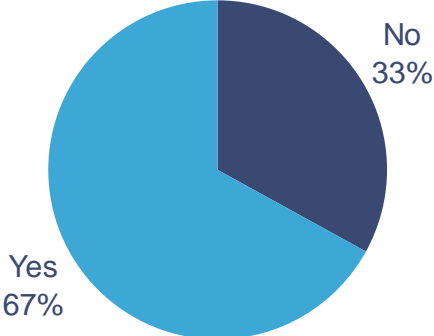
Client Relationship Managers

Do you believe the product/service range at your organisation is wide enough to meet all of your clients' needs?

Global

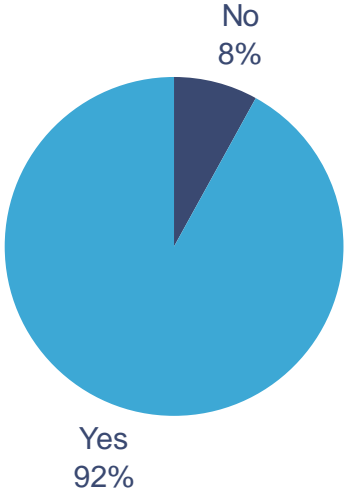


Brazil

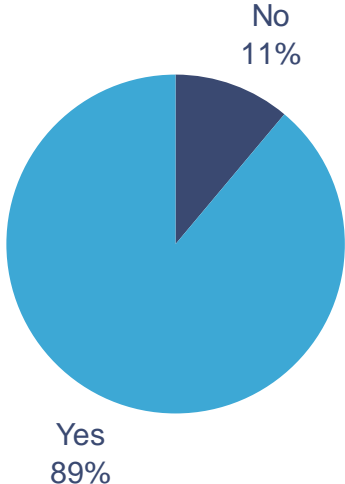


Do you plan to increase the range of products and services offered by your organization over the next 3 years?

Global



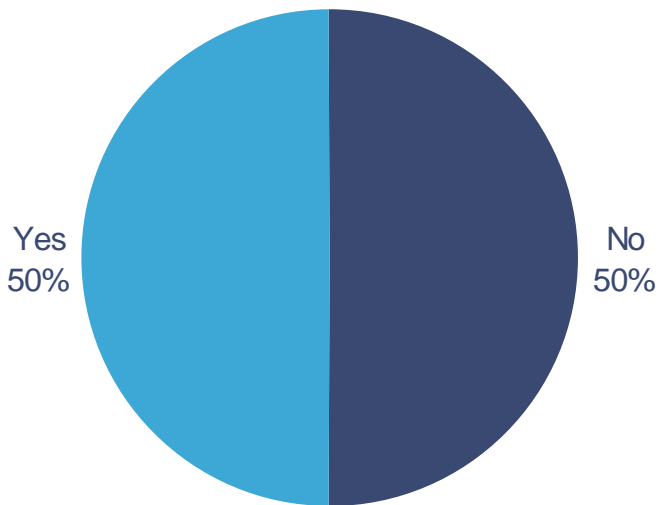
Brazil



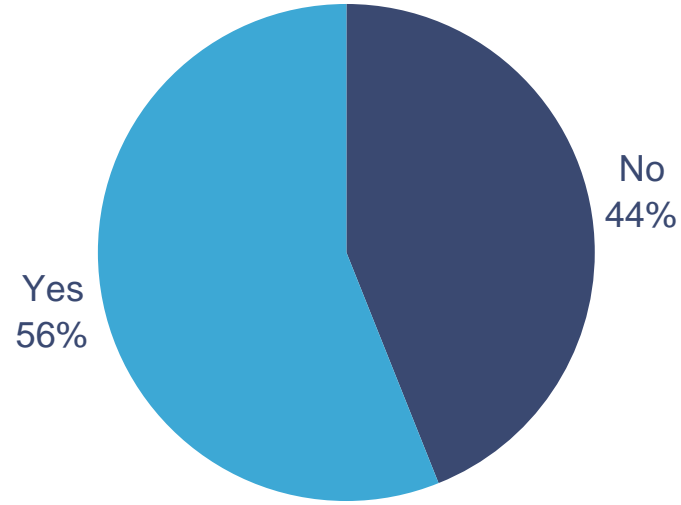
Client Relationship Managers

Does your organization have a defined retention process to monitor/maintain valued clients that are currently at risk of leaving?

Global

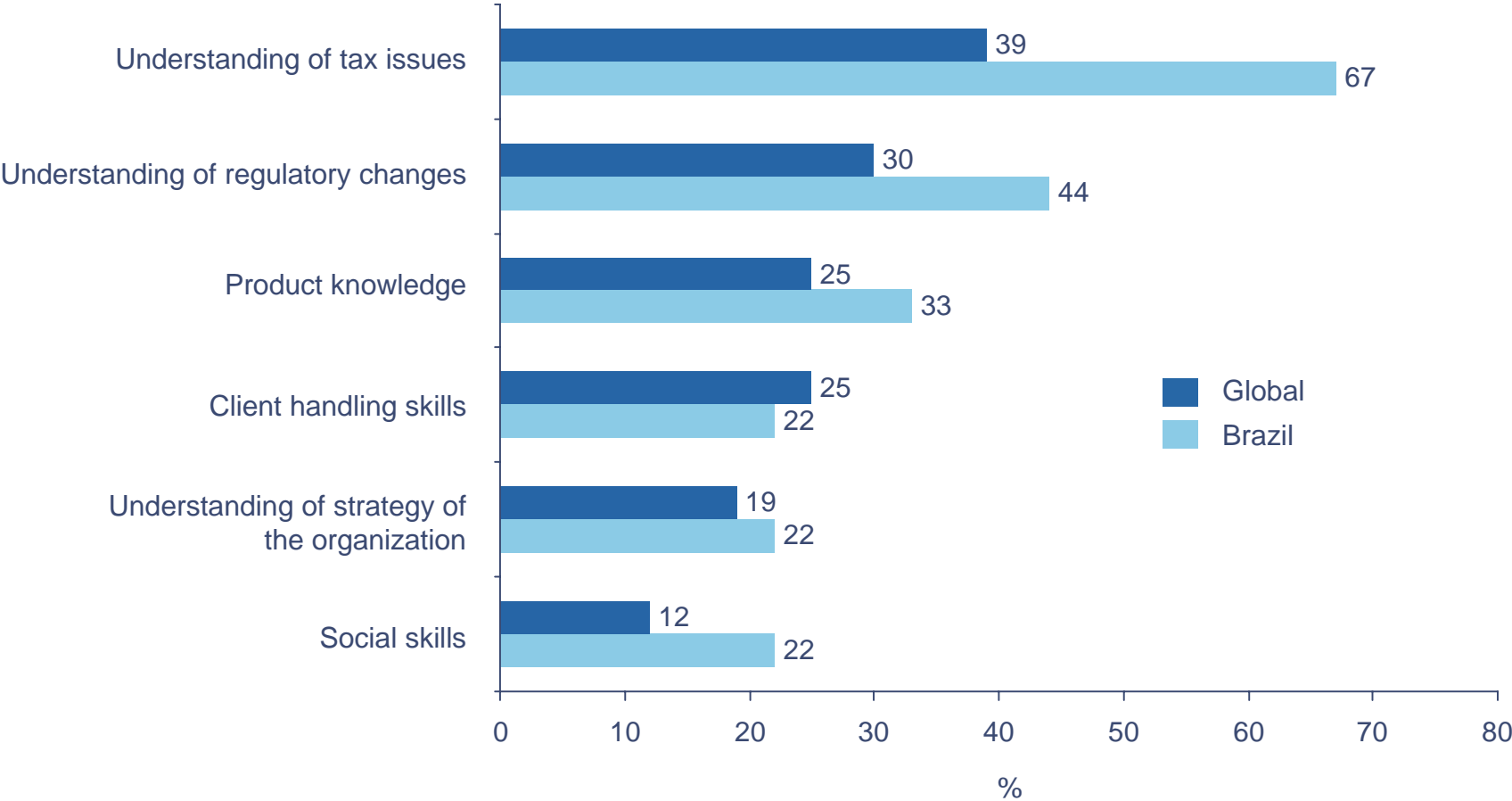


Brazil



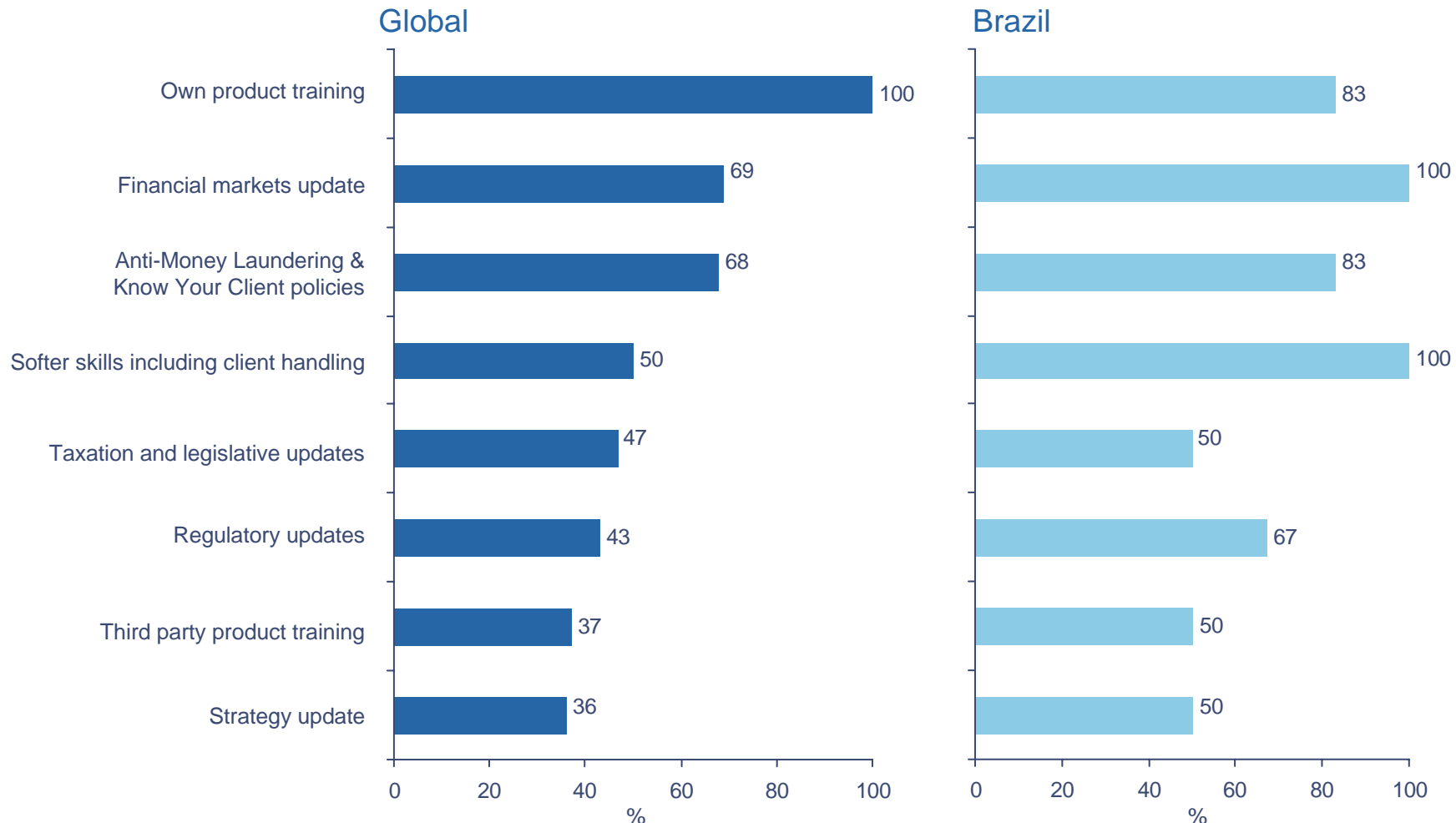
Client Relationship Managers

In your opinion, what are the areas of improvement of your CRMs?



Client Relationship Managers

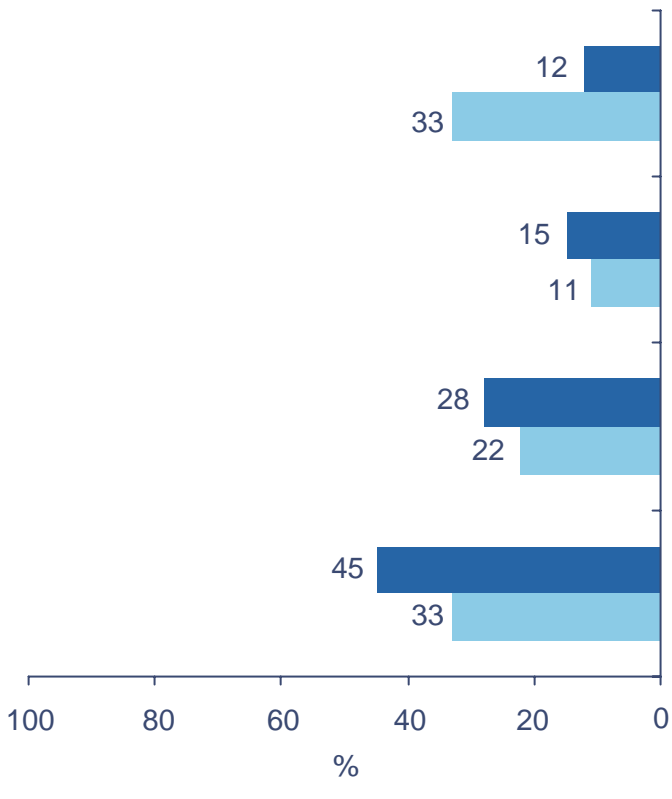
In what areas have you received the most training?



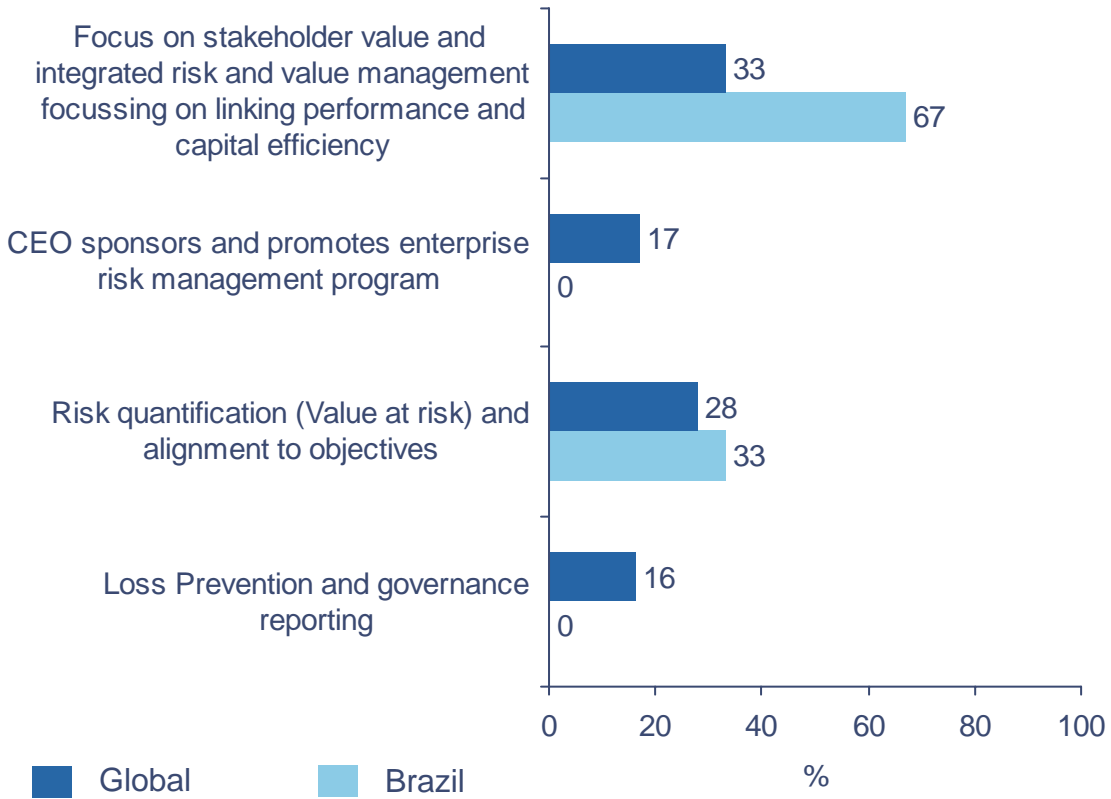
Risk Management and Compliance

What is your approach now and planned in 3 years' time?

Approach Now

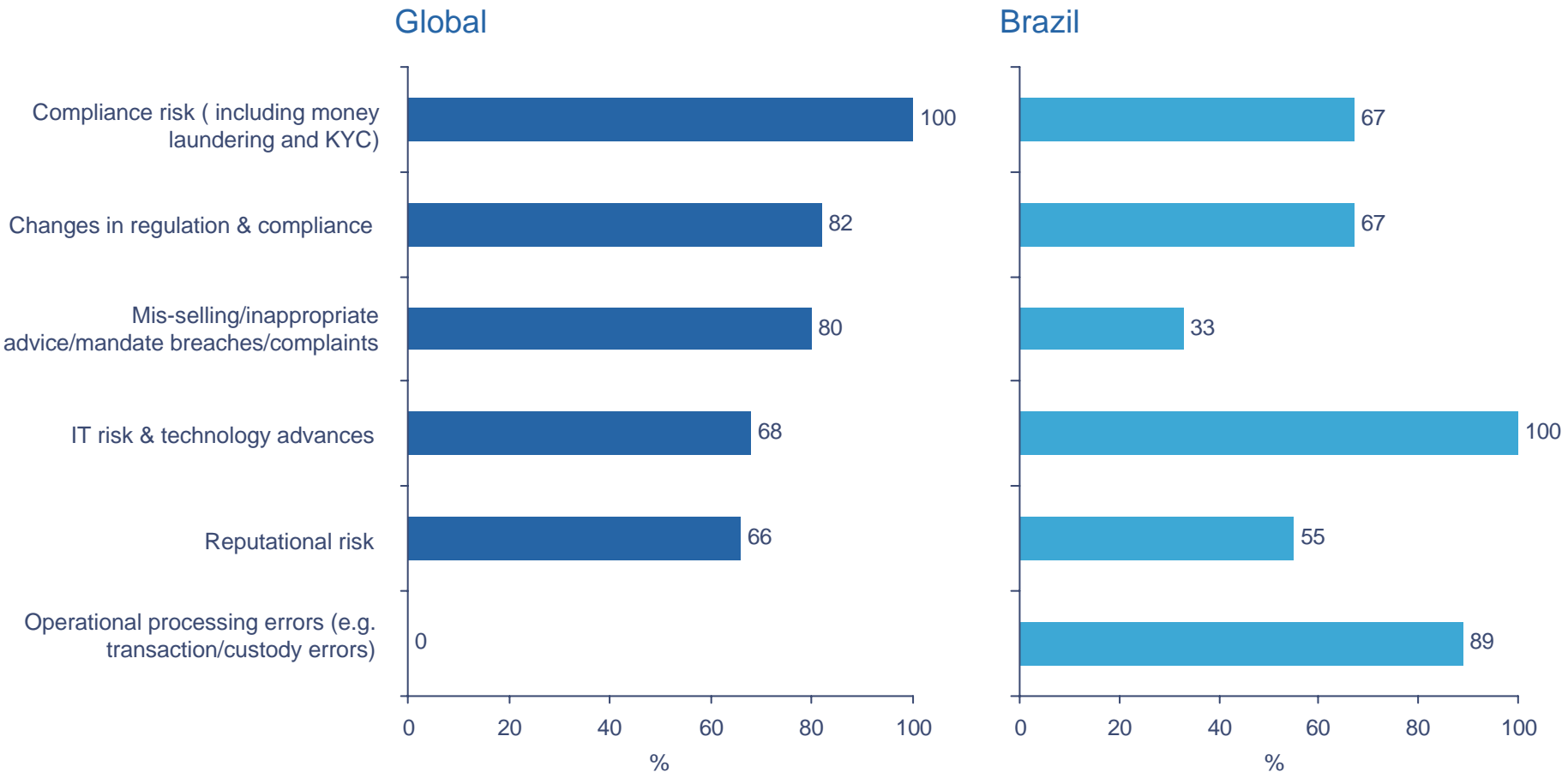


Approach in 3 years



Risk Management and Compliance

Which of the following are the key risks that will be addressed by your risk management procedures in 3 years' time?

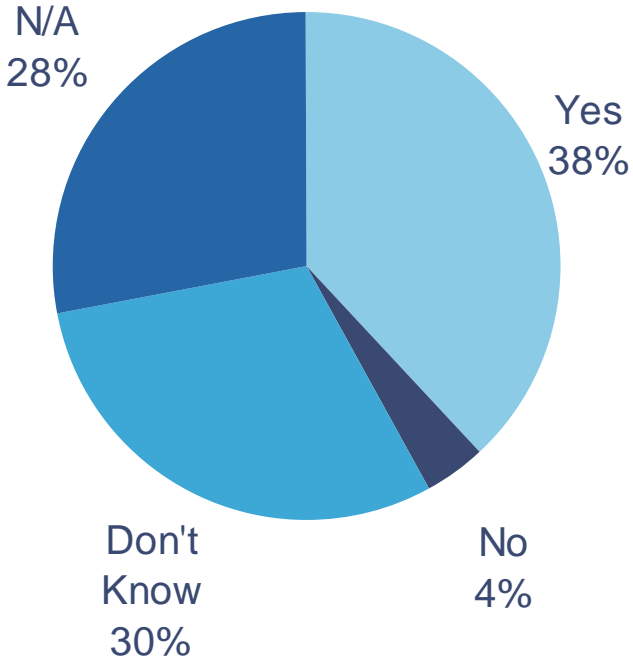


Sum of Weighted Ranked Responses in terms of Percentage

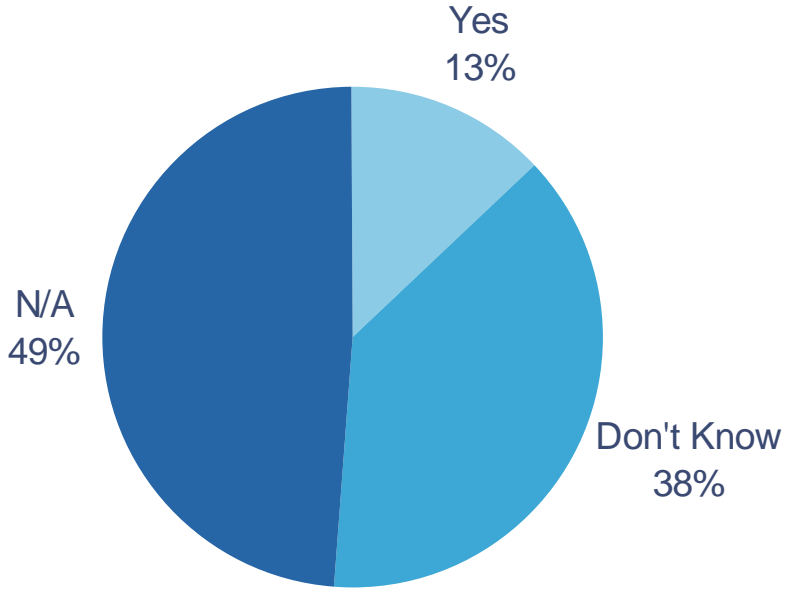
Risk Management and Compliance

Do your outsourced providers have adequate risk management frameworks in place?

Global



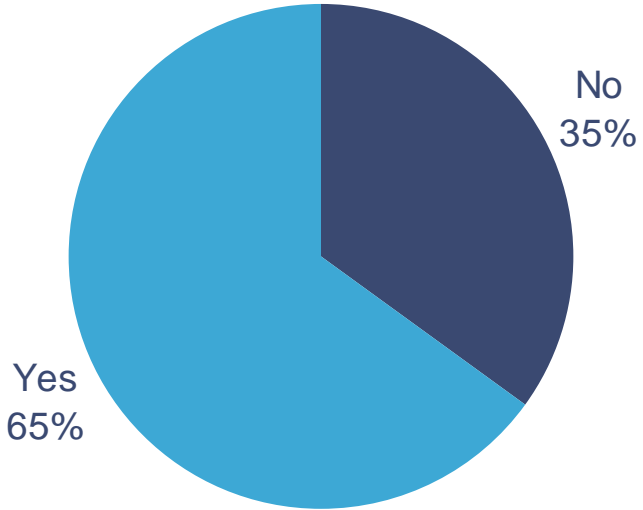
Brazil



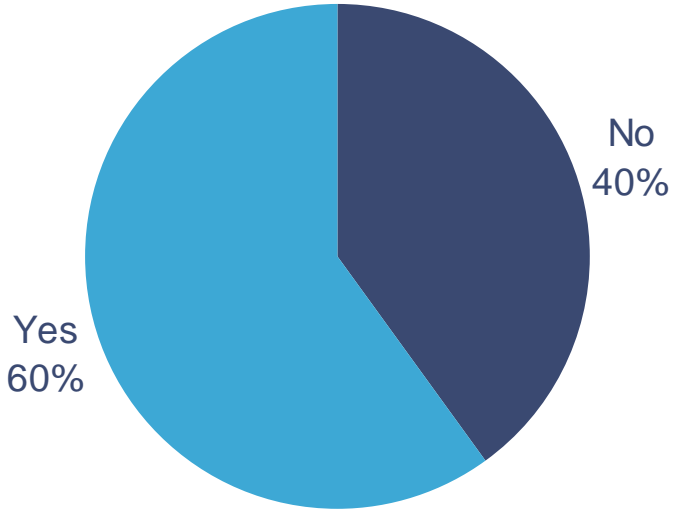
Risk Management and Compliance

Do you periodically undertake an assessment of your outsourced providers' risk management frameworks?

Global



Brazil



Contacts

PricewaterhouseCoopers Private Banking/Wealth Management network contacts

To discuss our Private Banking/Wealth Management services and capabilities, please visit our website:

www.pwc.com/wealth
www.pwc.com/br

Or contact:

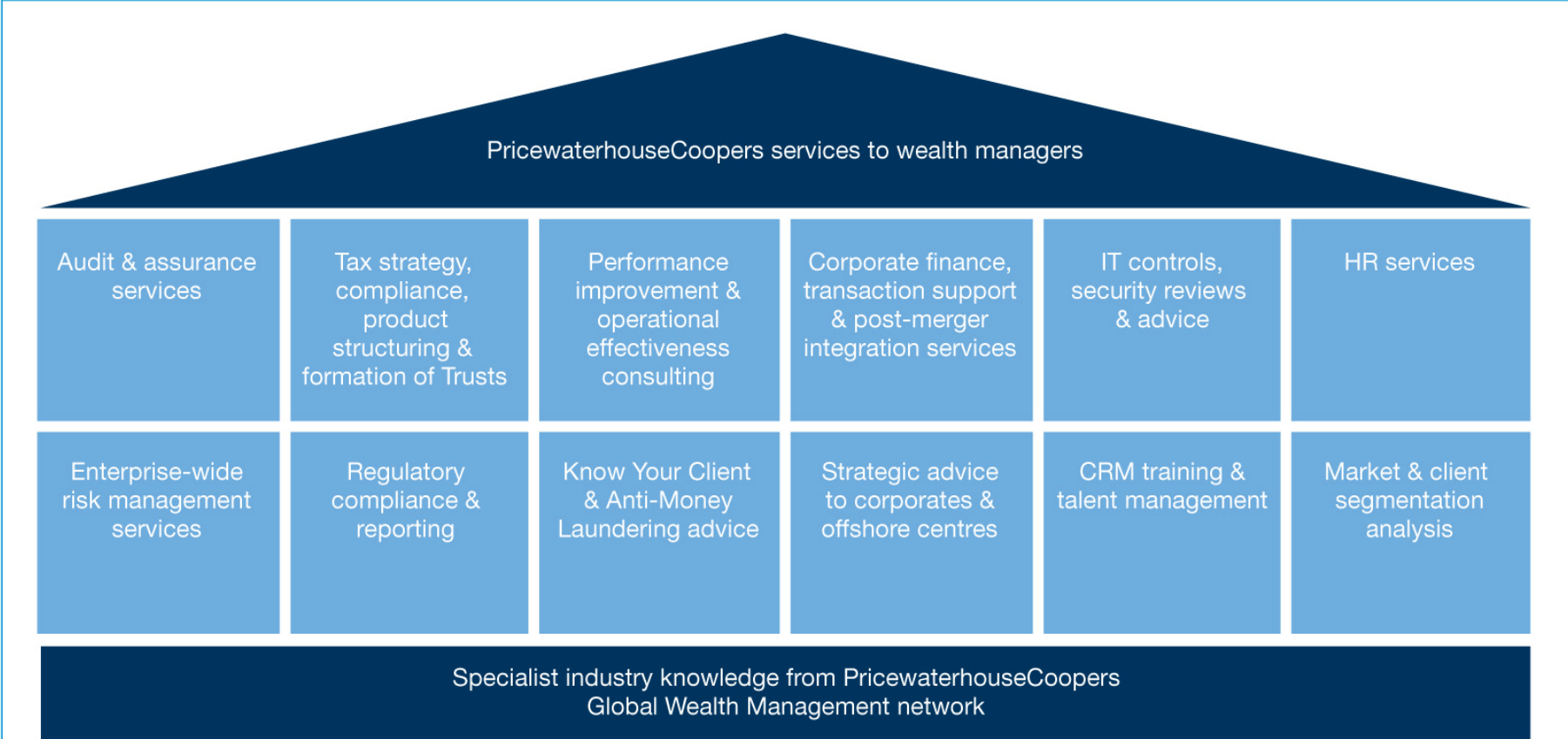
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About PricewaterhouseCoopers

PricewaterhouseCoopers (www.pwc.com) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 146,000 people in 150 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

PricewaterhouseCoopers has a global network of experts dedicated to private banking/wealth management. We are highly committed to the sector as demonstrated by the continued investment in thought leadership and in-depth research activities, which allow us to remain up to date in fully understanding the issues impacting the industry. Through our insight, understanding and involvement in current and future trend analysis we work with wealth managers to help them address the challenges facing their businesses and provide them with innovative solutions.

About PricewaterhouseCoopers



Source: PricewaterhouseCoopers

