

BRITAIN'S WEALTHY TURN MORE AND MORE TO PRIVATE BANKS FOR WEALTH MANAGEMENT & ADVICE

A new report from Tulip Financial Research¹, based on a major 2007 Tulip survey of Britain's wealthiest individuals with liquid assets of £2 million plus, reveals that over half (52%) use private banks. Whilst this figure has grown quite slowly since 2005, in these two years there has been truly dramatic growth in rich people's use of private banks for wealth investment management and advice.

In 2005 most of the wealthy used private banks just to get personalised banking: now a third use private banks for wealth investment advice and management. That's an increase of 50% in two years: that's 80,000 rich new private bank clients turning to private banks for wealth management.

1Figure 1: Private Bank Services Used: 2007v2005

Base: All Private Bank clients with £2million+ in liquid assets		2005	2007	Growth 2007v2005
% Using their private bank for:				
Investment Advice	%	22	33	+50%
Investment Management	%	23	31	+35%
Savings, Deposit or Money Market Accounts		61	65	+7%
Current account banking		81	77	-5%

This remarkable growth in private banks' wealth management business results from increased professionalism. Figure 2 shows that there has been a huge improvement in private banks' ratings by the rich for investment skills and back-up as opposed to their ratings for basic banking services.

Figure 2: Why Use a Private Bank?

Base: All Private Bank clients with £2 million+ in liquid assets		2005	2007	Growth 2007v2005
% saying they use a private bank because:				
Private banks have the right skills and back-up for my investment needs	%	23	38	+65%
Private banks know about and are up to date on investment matters	%	12	23	+92%
It provides a personalised service from named individuals		38	45	+18%

The number saying their private bank now has the right skills for their personal wealth investment needs is up 65% on 2005. The number saying their private bank is knowledgeable and skilled in wealth investment is up a massive 92% since 2005. Many private banks have moved on from providing just personalized routine banking

¹ High Net Worth and Ultra High Net Worth Investment Plans 2007: Published by Tulip Financial Research: April 2007.



services to the wealthy to being their investment partners. There has been a minor revolution in the role of private banking for the rich within the past two years.

The largest private banks are still the private bank offshoots of the three major High Street banks: Barclays Private Banking, Lloyds TSB Private Banking and HSBC Private Bank! But RBS Private Banking, Coutts and NatWest Private Banking have been the fastest growing private banks for the wealthy and as all three are RBS owned, this probably puts RBS in pole position for private banking success amongst the truly rich!

John Clemens, Managing Partner of Tulip Financial Research Ltd, commenting on the new report findings said:

“ As the rich in Britain become richer and richer, so the private banking is changing its image and its skills. Private banks are now competing actively for new wealth management business – and ensuring that they offer and are seen to offer a full range of top class wealth management services. They are actively marketing themselves to new clients and becoming less dependent just on referrals from long standing clients and friendly intermediaries. As a result many rich individuals who until recently invested without professional advice or obtained advice via long standing relationships with accountants and IFAs, now conduct beauty parades with rosters of private banks. The truly successful private banks in the 21st century will be the ones hungry for wealth business and active in obtaining it.”

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