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Global High-Net-Worth population sees biggest decline in size and wealth for over a decade

Equity market plunge saw HNWIs lose $3 Trillion in wealth; North America retains top wealth spot, while Africa, Latin America, and the Middle East were the only growth regions

Paris, June 1, 2023 – Capgemini's World Wealth Report, published today, reveals the global high-net-worth-individual[1] (HNWI) population dropped by 3.3% to 21.7 million in 2022, while the value of its wealth decreased by 3.6% to USD 83 trillion. According to the report, this marks the steepest drop in ten years (2013-2022) triggered by geopolitical and macroeconomic uncertainty.

North America registered the steepest wealth decline (-7.4%), followed by Europe (-3.2%) and Asia-Pacific (-2.7%). In contrast, Africa, Latin America, and the Middle East showed resilience by registering financial growth in 2022 due to strong performances in the oil and gas sectors.

ESG investments remain a priority, but wealth managers need more data on impact
Despite economic uncertainty, where only 23% of HNWIs declared having generated more returns from ESG-related assets, they still express a continued interest in ESG products with 41% of survey respondents rating investing for ESG impact as a top priority. 63% of HNWIs report they had requested ESG scores for their assets. However, not many wealth management firms see ESG data analysis (52%) and traceability (31%) as a top priority.

Of the relationship managers surveyed, 40% said they require more data to understand ESG impact, and nearly one in two said they need more ESG information to engage effectively with clients.

Wealth management firms need to fix the misalignment of the relationship manager's role
According to the report, the current lack of digital tools is limiting relationship managers from delivering timely financial advice and value-added expertise. It is also impacting their bottom line.

On average, only one in three executives ranked their firm's end-to-end digital maturity as high. Furthermore, 45% said the cost per relationship manager is rising, driven primarily by wealth value chain inefficiencies.

The report finds that lagging digital readiness and poor omnichannel platforms increase the relationship managers' time spent on non-core activities, leaving only a third of their time available for pre-sales efforts and client interaction. The strain is being felt on all sides, with 56% of HNWI respondents saying that value-added services are influencing their selection of a wealth management firm, yet only one-in-two expressed satisfaction with their relationship manager's capacity to deliver on them. Nearly 31% would likely switch wealth management providers in the next 12 months.

[1] HNWI: High Net-Worth Individual with investable assets of >USD 1 million, excluding primary residence, collectibles, consumables, consumer durables

The report highlights that to help drive revenue growth and increased client satisfaction, wealth management firms need to arm relationship managers with an integrated one-stop-shop interface and create a superior client experience. For example, a digital workstation is the way forward to enhance productivity and customer engagement, providing relationship managers with the ability to mobilize and orchestrate the right experts at the right moment to serve the client.

"Wealth management firms are at a critical inflection point as the macroenvironment is forcing a shift in mindset and business models to drive sustainable revenue growth. Agility and adaptability are going to be key for high-net-worth individuals as their attention gears towards wealth preservation. The industry will need to fortify value, empower relationship managers, and unlock new growth opportunities to remain relevant," said Nilesh Vaidya, Global Head of Banking and Capital Markets, Capgemini. *"Their success will be tied towards solving issues relating to digital immaturity in the wealth value chain."*

Unlock growth potential through the 'affluent' segment

The report also cites that expanding the pool of potential wealth management clients is now an imperative to help drive long-term growth across the industry. The affluent[2] segment now presents a new frontier as this population continues to grow in size and financial clout. Regionally, North America (46%) and Asia-Pacific (32%) hold the largest share of global affluents in wealth value and population size. Despite holding nearly USD 27 trillion in assets (almost 32% of total HNWI wealth), 34% of firms are not exploring this segment.

Affluents are overwhelmingly (71%) interested in seeking wealth advisory services from their banks in the next 12 months. To keep operational costs low while providing the expertise sought by this segment, technology-enabled customization will be the way forward. Based on the scale and scope of operations, cites the report, wealth management firms can pursue three options to build an affluent customer base:

- Leverage the existing wealth management setup by accelerating end-to-end digital transformation
- Develop a wealth-as-a-service (WaaS) proposition using third-party channels, including retail banks and independent advisors
- Build a dedicated platform for wealth services augmented with self-service tools to improve customer management

Report Methodology

The World Wealth Report 2023 covers 71 markets, accounting for more than 98% of global gross national income and 99% of world stock market capitalization. The Capgemini 2023 Global HNW Insights Survey questioned 3,171 HNWIs across 23 major wealth markets in North America, Latin America, Europe, and the Asia-Pacific region. The Capgemini 2023 Global Affluent Insights Survey questioned 3,203 Affluents across 11 major wealth markets in North America, Europe, and Asia-Pacific. To bring in the industry perspective, the 2023 Wealth Management Executive Survey covers more than 90 responses across 14 markets, with representation from pure WM firms, universal banks, independent broker/dealer firms, and family offices. The 2023 Relationship Manager Survey covers more than 800 responses across nine markets. The survey questioned relationship managers about their views on the firm's WM strategy priorities, their satisfaction with the support provided by their WM firm, and customers' increased interest in new products/offerings.

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[2] Affluent: Wealth band with investable assets typically between USD 250,000 and USD 1 million

data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2022 global revenues of €22 billion.
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