

Wealth Management in Singapore 2009

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Abstracts

Introduction

The global economic crisis has had a major effect on Singapore's onshore wealthy population, potentially causing them to lose faith in their wealth managers. To keep clients, wealth managers need to know what this lucrative customer wants from them, in terms of products, services and interaction.

Scope

*HNW demographic and attitudinal attributes based on our Wealth Management Market Leaders Survey 2009

*Extensive primary research from 17 wealth management companies **Highlights** their strategies for revenue growth, acquiring and keeping clients

Highlights

For the wealthy population living in Singapore, 2008 was a particularly tough period to bear. Business owners faced weak operating conditions, the equity market fell and properties lost value. After the first nine months of 2009, global economies are starting to appear more stabilized and a growing expectation of recovery is starting to emerge.

Datamonitor believes that Singaporean HNWs will return to risky assets over the short-term as economic conditions improve and investment assets increase in value.

Clients in Singapore have superior financial product knowledge compared to their Asia Pacific counterparts, however they struggled to fully understand how market conditions impacted on their portfolio. This presents an opportunity for wealth managers to add

some real value to their offering by providing educational services for clients if needed.

Reasons to Purchase

*Understand the HNW population's investments by sector and geography, appetite for risk, and reasons for choosing/leaving their wealth service

*Assess the threats and opportunities for wealth managers by understanding how peers are planning to grow revenues, acquire and keep clients

Contents

OVERVIEW

Catalyst

Summary

Methodology

Executive Summary

The wealth of Singaporean investors suffered at the hands of the global financial crisis HNWs become more defensive at the start of 2009, however as economic conditions continue to improve the expectation is that they will return to real estate investments and equities

While personal relationships and increased face to face contact from wealth managers are vital at this time, wealthy clients are also viewing financial stability as a key provider attribute

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Singapore's Wealth

Singapore produced strong growth in the lead up to the financial crisis, however 2008 was a tough time for investors

Labor market conditions weakened for Singaporean workers in 2008

Entrepreneurs struggled to grow their wealth as business conditions deteriorated in Singapore

Events in the global economy sparked selling pressure in the local stock market

Singaporean house prices declined for the first time in four years in Q3 2008

The wealth data in 2009

The Singaporean HNW Investor

Singaporean HNWs became more defensive in 2009, reducing their property fund exposure and investing heavily in cash

Cash and near cash represent an important asset class for Singaporean HNWs

Wealth management service implication: provide clients with regular market commentary and offer forward-looking opinions on the Singaporean and offshore investment markets

Innovative example from the US: Pyxis mobile is providing a complete mobile communications interface to allow wealth managers to contact their clients while on the move

Singaporean HNWs are expected to increase their investment in real estate funds and reduce their exposure to cash

Wealth management service implication: help investors position themselves for the global economic recovery

Innovative example from Singapore: SG Private Banking creates global centre of expertise for real estate products

Singaporean HNWs have superior knowledge of investments, however client contact is still vitally important

HNWs are risk seeking individuals and exhibit higher-than-average knowledge of financial products

Wealth management service implication: providers should be focused on furthering their clients' financial education

Innovative example from Switzerland: UBS is investing resources in its clients

Innovative example from China: Standard Chartered aims to educate second generation wealth holders

Singaporean HNWs place high importance on personal relationships when doing business, however they are less demanding for face to face relationship management than the regional average

Wealth management service implication: wealth managers need to increase contact with their clients through the most appropriate avenues

Innovative example in Singapore: Standard Chartered enhances relationship management access and convenience for its wealthy clients

The global downturn has shifted the demands of Singaporean investors

Due to uncertainty in the markets, the majority of HNWs want investments that they can easily understand

Wealth management service implication: wealth managers must look to develop simple, transparent products to preserve their clients' wealth

Innovative global example: Deutsche Bank has been listing innovative exchange traded funds around the world

The Singaporean Wealth Manager's View

Over the next two years, HNWs will be demanding protected products, advisory asset management and exchange traded funds

The majority of HNW clients will be demanding capital protected products and advisory asset management over the next two years

Wealth managers expect to focus their resources on foreign currency investments over the next two years

While personal relationships are still key in HNWs' choice of wealth managers, they are focusing more on the financial stability of providers in today's market

Financial stability is very important to HNWs in Singapore

Singaporean wealth managers see personal relationships and technology as their biggest strength

Offering financial planning is seen as the best method for increasing share of wallet

Financial planning has increased in importance this year

Singaporean wealth managers have less frequent contact with their clients compared to the Asia Pacific average

Singaporean wealth managers contact their clients over the phone less frequently than their Asia Pacific counterparts

Singaporean wealth managers are behind their Asia Pacific counterparts at getting in front of their clients

The overall performance of the portfolio and specific news events are what HNWs most want to talk about when they speak to their wealth manager

Appendix

The drivers of growth in the wealthy population

Income growth (combined with inflation, changes in GDP by sector, household savings rates and debt levels)

Investment returns (market capitalization, interest rates and bond yields)

The following measures are not, in themselves, drivers of wealthy population growth

Market capitalization

GDP

The following measures are not drivers of wealthy population growth except under very restricted circumstances

Primary residence value growth

Inheritance

Methodology

Wealth Management Market Leaders Survey 2009

Global Wealth Model

The UK sub-model

Global sub model (for all other countries)

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