3 steps to growing your share of a client's wallet

Attracting more HNW wealth to professionals seems to remain a challenge for the private banking industry. Three ways to help include: knowing and articulating your value, educating your target market, and breaking down emotional barriers. By Kees Stoute

I want to continue investigating some of the key take-aways from CapGemini's recent 20th *World Wealth Report*. Another one which I think warrants some further consideration is the finding that, in general, HNW individuals tend to keep one-third of their overall wealth with retail banks, or even in physical cash.

That is a significant portion; it goes way beyond what they need to pay for daily expenses. It is even more than what these individuals keep with their private wealth managers.

MIS-MATCH

Wealth managers are trained to help their clients in various ways, such as to:

- Gain clarity about the function wealth has in the clients' lives
- Professionally – and unemotionally – invest money in accordance with clearly expressed goals and objectives
- Provide peace of mind (eg. "*Do I have enough to continue my lifestyle?*", "*How can I keep my wealth confidential?*", "*Are my children well taken care off?*", etc)
- Smoothly transfer wealth and family businesses from one generation to the next
- Protect assets against predators and incidents
- Assist them in realising their philanthropic ambitions

In short, professional wealth managers have the knowledge, expertise and skills needed to add significant value to the lives of their clients.

So why, then, don't more HNW individuals welcome this ability and willingness with open arms?

In my opinion, two main factors explain this phenomenon:

1. Many wealthy individuals are ignorant about the value-adding potential of the wealth management industry. Unfortunately, this is to a large extent self-inflicted by wealth managers, and worsened by the narrow product-focused behaviour of many of them. The result is that many wealthy individuals believe it is a wealth manager's primary objective to generate revenue at their expense.

2. Money matters are fraught with emotions. Many people do not realise how their emotions affect their ability to take rational wealth-related decisions. This is usually caused by a lack of clarity about the purpose of money. People spend, save, invest and protect their money. But why? What are they trying to achieve in life? The less clear an individual is in this respect, the more likely that emotions will drive their wealth-related decisions – and therefore the less likely they will be open to learning more about what professional wealth management could mean for them.

ARTICULATING VALUE

What can we do to address this situation, and in turn attract more wealth to professional wealth managers? Three immediate ways to help are:

1. Making sure you are fully aware of – and convinced about – the true value that you can deliver to your clients (ie. be a professional)
2. Significantly increasing your client education efforts
3. Ridding emotions out from your clients' wealth-related decisions, by mastering the skill to recognise such emotional barriers and helping them to explicitly clarify the purpose of their wealth ■

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