



# Don't give your clients everything they ask for

*Rather than get swept along by what clients think are the most important features of a wealth management service – performance, products and low fees, it is our job as wealth managers to show that we can help them achieve their life goals. By Kees Stoute*

One of the key themes I feel I need to continually emphasise is that as an industry we will have to be much more concerned about adding true value to the lives of HNW individuals.

Or am I wrong here? According to a recent PwC report, Asia's wealthy don't at all expect their wealth managers to contribute to an improvement in the quality of their lives. When asked, these clients indicate that they expect the following from their wealth manager (in this order):

1. Investment performance
2. Range of products and services
3. Reasonable fees
4. A good reputation
5. A good rapport

Based on this, it has to be concluded that many wealth management firms already do a great job; they are focused on selling 'promising' products and - considering the low levels of profitability in the sector - all for reasonable fees.

What am I talking about? Peace of mind? Financial security? These are clearly not the things HNW individuals expect from their wealth manager. So why bother to try to deliver something they don't expect from us?

This seems a good moment to reflect on a famous quote attributed to Steve Jobs: "A lot of times, people don't know what they want until you show it to them."

When we ask HNW individuals an open question such as 'what do you value most in a wealth manager', they will most likely answer this question in the context of their personal experiences. If in their experience wealth managers try to sell well-performing products, then they will expect and judge them on precisely that: performance and products. And as long as we can't guarantee top returns, then we better make sure that the fees are reasonable.

## SEEING IT FROM BOTH SIDES

Fortunately, the same PwC report presents four other salient observations:

- Achieving financial security and stability is a key life goal for 87% of the respondent HNW individuals
- Only around 33% of HNW individuals are confident about reaching their life goals
- Only 37% of HNW individuals believe their wealth manager takes their life goals into consideration
- Less than 33% of HNW individuals are pleased with their existing wealth management services

This seems contradictory. Traditionally, the industry focused on what HNW clients expect from us and what they claim to value most (ie. performance and products), but trying to deliver what they expect from us does not seem to bring us much success:

- It has so far not really led to satisfied clients
- It will most likely never show much improvement in levels of client satisfaction (as we may never expect to gain control over what we promise, ie. performance)
- It won't do anything to address the common concern amongst HNW individuals about them not being able to reach their life goals

For that reason, I am sticking to my mission: don't get fooled by clients' demand for performance, products and low fees.

We have to find a way to educate HNW clients that their stated top priorities are close to irrelevant in light of the much more meaningful contribution that we are capable of promising: a better and transparent alignment of their wealth with their overall life goals.

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