

# Taking wealth management in China to the next level

*Our annual event for the wealth management community in China came at an exciting time for the industry – given the increasing scope for offshoring and greater appetite for international diversification.*

China has witnessed rapid growth in the onshore wealth management market – both in terms of numbers of HNW and UHNW individuals, plus more sophistication in the form of greater demand for wealth preservation, planning and inter-generational transfer.

Driving this trend towards estate planning is the increasing number of clients entering their mid-50s and early-60s. They are therefore thinking about how to transfer wealth in a tax-efficient manner, plus in a way that helps with the transition to the next generation.

With these developments has come a bit more penetration of managed wealth offerings within the country. This has been on the back of innovation by local wealth managers in China, which has effectively attracted local wealth.

For the time being, Chinese markets remain the major investment focus and allocation for wealthy Chinese, despite the growing internationalisation of their investment strategy. But various factors that have included RMB depreciation, stock market fluctuations and internationalisation of families are leading to higher offshore allocations in the hunt for diversification.

In line with all these trends, the product and service aspects of China's wealth management market need to evolve in several key ways. For example, the offering has historically been delivered via a 'push' model – meaning selling attractive products with higher investment returns to appeal to customers.

To tap these opportunities, the customer experience needs to improve. This

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requires more high-touch advisory services, to ensure relationships.

There is also significant scope to increase the penetration of private banking services; at the moment, around 80% to 85% of the domestic HNW population are currently still using their retail bank. Digital and social media tools are another important goal.

This all presents a tangible way to build a longer-lasting business – assuming the industry can address the inevitable challenge of creating and sustaining the resources and talent required to offer a professional and efficient service. ■





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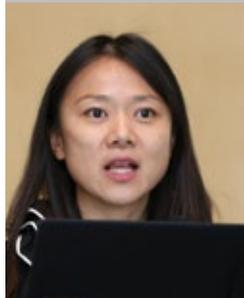
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