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Generation D Europe Research
Serving the
High Net Worth Investor



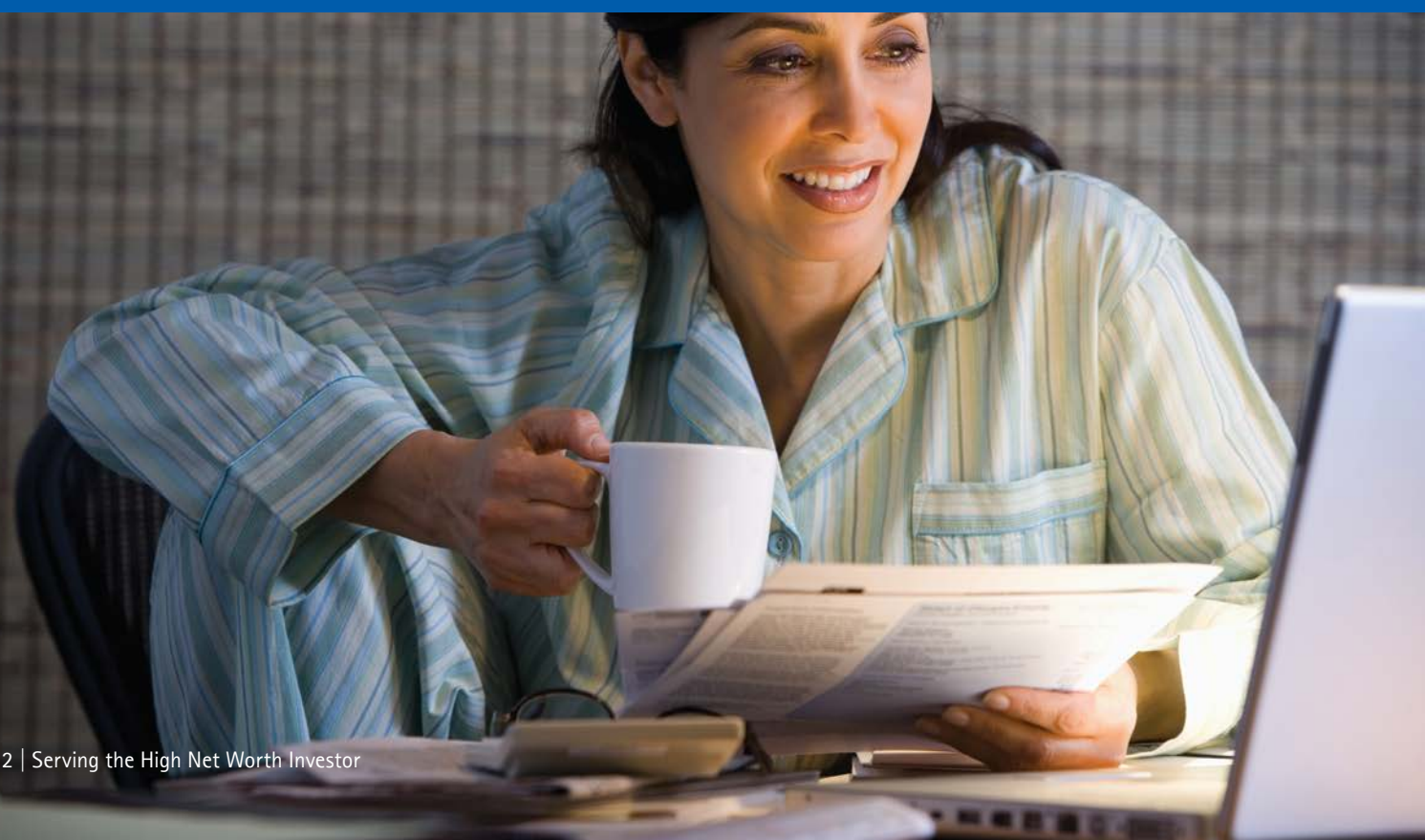
Accenture surveyed 1,200 individuals across seven European markets to help wealth management firms understand how investors are managing their finances digitally. This paper, the second in a three-part series, addresses the unique characteristics and needs of the high net worth individuals surveyed, and the opportunities presented for institutions through these investors' use of digital technology.

Traits of a Logged-on Generation

The survey examined a cross-section of educated, active, and engaged investors across France, Germany, Italy, Spain, Switzerland, Turkey, and the United Kingdom. The digital generation reflected in this data set — "Generation D" — are always on and always accessible, including in their investing lives.

Seventy-seven percent of the individuals surveyed currently use social media more than once daily, and 80 percent log on routinely for simple services such as online bill pay and other banking services. For these consumers and the \$22 trillion market opportunity they represent,¹ technology is already ingrained into their financial lives.

The spectrum of respondents included high net worth individuals (30 percent), mass market (33 percent), and affluent (38 percent), ranging from those relatively new to wealth management to those in long-standing relationships with wealth managers. All respondents currently use a financial advisor or wealth manager, or plan to utilize one in the future. Individuals surveyed spanned the ages of 22 and 65; Millennials comprised 37 percent of respondents, Generation X accounted for 31 percent and Baby Boomers 33 percent.²



Revisiting Valuable Conclusions

Accenture's survey was conducted to determine investors' attitudes, behaviors, and preferences for digital in their existing relationships, as well as their expectations for the future.

Seeking to understand where and how digital may be best incorporated into existing service models, we also tested several industry assumptions about digital technology in wealth management: that digital means convenience, not value; that digital threatens the existing traditional

service model in wealth management; and that older investors will not be receptive to digital technology.

Survey results indicate otherwise, however, as illustrated in Accenture's 2015 release, *Generation D Europe Investor Survey: Understanding Expectations of Wealth Management in the Digital World*. Conclusions reached in that paper reveal significant opportunity for institutions that offer digital technology. Digital service is an important component in the

emerging value proposition, both on its own merit and as an ancillary investment resource. Today's digital investor expects personalized service delivered efficiently. Digital's emergence demands that institutions take action to foster investor engagement and comfort, ensure top tier online experiences, and educate consumers on offerings.

About High Net Worth Investors

High net worth (HNW) investors are a smaller, yet significant segment of Generation D (see Fig. 1). Representing 30 percent of all individuals surveyed, HNW investors naturally tend to align with older age cohorts: only 15 percent are Millennials, 39 percent are Generation Xers, and 56 percent are Baby Boomers.

These investors' net worth totals eclipse a threshold of \$750,000.

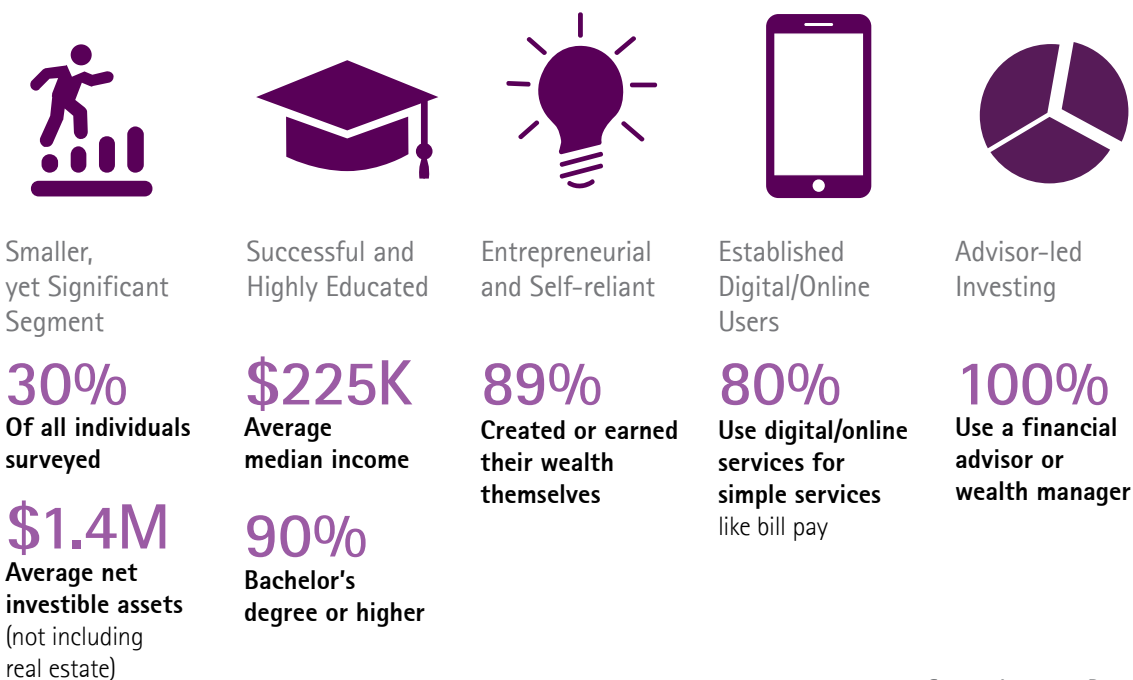
Advanced education is a common thread among the HNW investors surveyed: 90 percent have attained at least a Bachelor's degree, compared to 82 percent observed across all of Generation D. HNW respondents also largely created or earned

their own wealth, rather than inheriting it; 89 percent reported having done so.

The HNW individuals surveyed reported average net investible assets (not including real estate) of \$1.4M. Not surprisingly, all of these investors currently utilize a financial advisor or wealth manager.

FIGURE 1. **Generation D High Net Worth Investor Profile**

HNW investors are well educated, highly digital, and currently utilize a financial advisor or wealth manager.



Source: Accenture Research

A New Thought Process

As part of Generation D, HNW individuals are naturally digital – but the extent to which, as uncovered by Accenture’s survey, does not necessarily align with conventional wisdom. As investors who are generally older in age and who possess more wealth to transact, accepted thinking paints HNW types as merely casual users of digital, generally reluctant to invest digitally, and quite reliant on advisors for wealth management.

Survey data indicate otherwise: 83 percent of HNW respondents already use digital for financial services, and 67 percent are weekly users of social media. Further, 41 percent consider themselves as early adopters in technology. These percentages closely mirror responses from other age segments within Generation D, indicating that, like their younger counterparts,

not only are HNW individuals active and engaged users of digital, they also are motivated by new technology and are willing to explore its newest offerings.

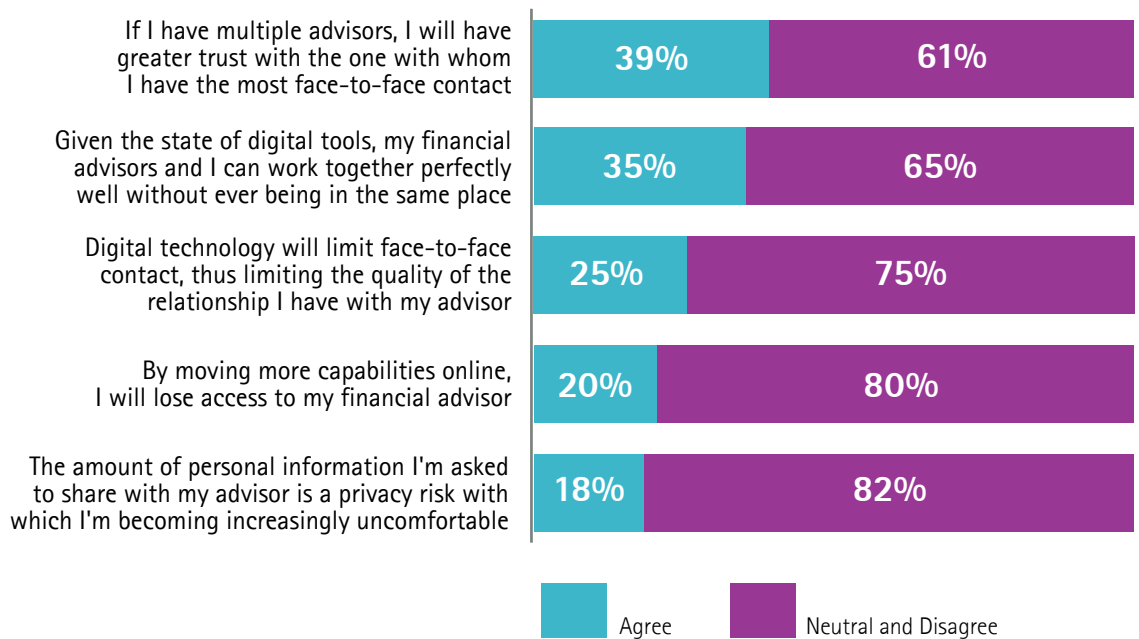
In their wealth management relationships, HNW investors are similarly open to digital involvement, and consider it to be an essential part of their institutions’ offerings. While they do still prefer face-to-face interaction (see Fig. 2), 35 percent of these individuals feel as though they could work exclusively with their financial advisor, using only digital tools, and not see that relationship suffer. Further illustrating HNW investors’ comfort with technology, only 25 percent fear that digital could damage their investor-advisor relationship; just 20 percent foresee digital as limiting access to their advisor; and 18 percent

harbor privacy concerns about online investment practices.

HNW investors’ survey responses also illustrated a high level of comfort with the digital execution of myriad investment tasks. While data show that activities such as long-term planning and future-focused discussions were preferred to be done in person, functions like account transfers, product research, and scenario analyses were largely digital endeavors for HNW types. Of the channels used for these activities, online/PC use was widely preferred over mobile, tablet and social media (see Fig. 3). This is likely due to investors’ familiarity with web portals compared to tablet apps, which have only recently begun to attract higher levels of investment from wealth management firms.

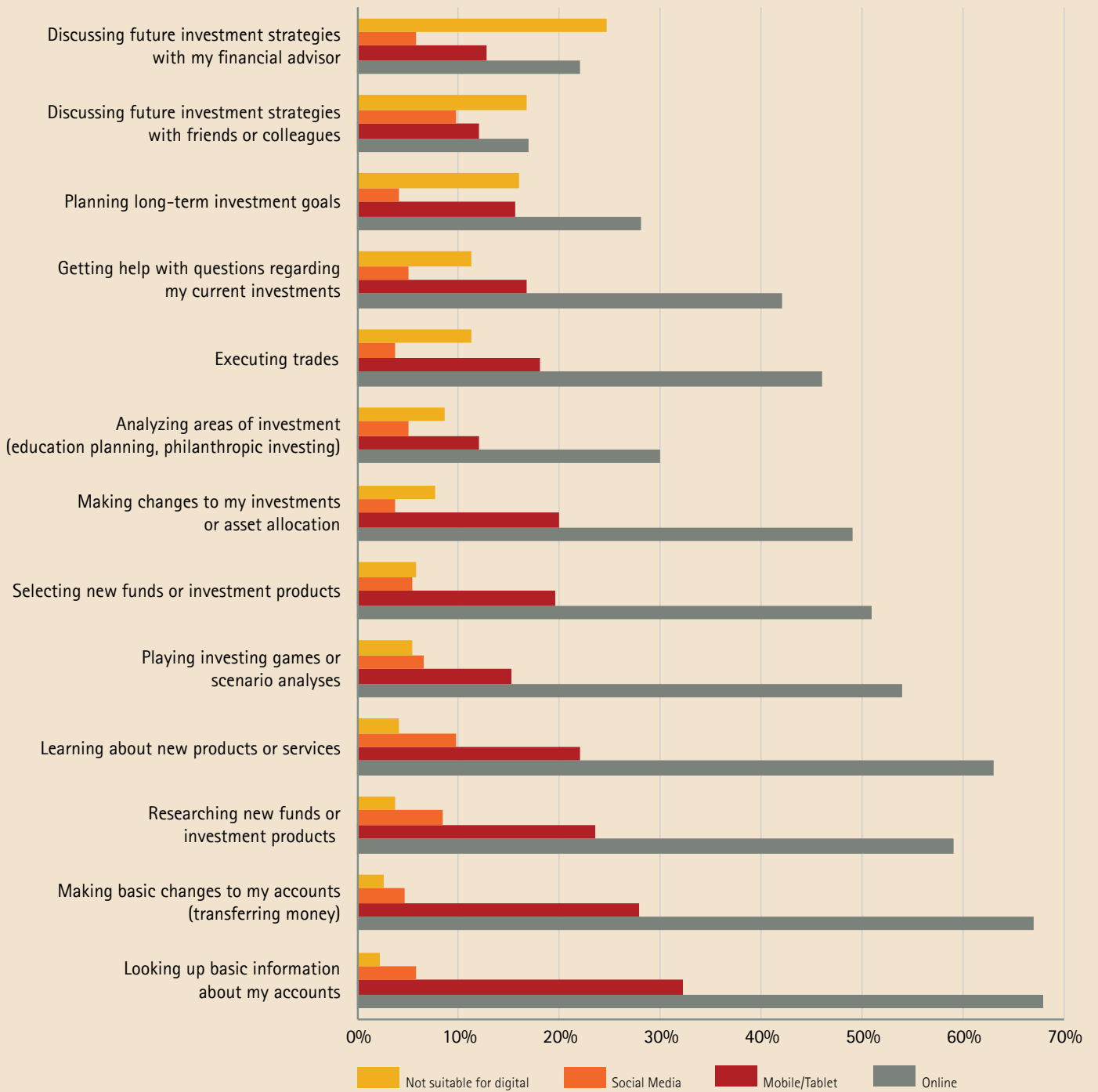
FIGURE 2. Digital Will Complement, Not Replace, Their Advisor

HNW Investors prefer face-to-face contact, but do not consider digital technology to be a threat to their current relationships.



Source: Accenture Research

FIGURE 3. Digital is Suitable for Many Investment Activities
 HNW investors still prefer online/PC based experience.



Source: Accenture Research

A Different Breed of Investor

That HNW individuals' investor experience generally outpaces that of other wealth segments within Generation D should come as no surprise: 44 percent of HNW respondents consider themselves to be knowledgeable investors. Those numbers drop to 39 and 29 percent, respectively, for affluent and mass market survey subjects (see Fig. 4).

A revealing hallmark of the HNW individuals polled, however, is their desire to keep gaining investment experience. Fifty-five percent of HNW investors are interested in furthering their investing knowledge, putting them ahead of their affluent and mass market counterparts (see Fig. 4). The HNW investor is knowledgeable and desires greater knowledge, still. These factors, paired

with high levels of education and a sizeable digital presence, combine to create a unique and sophisticated investor.

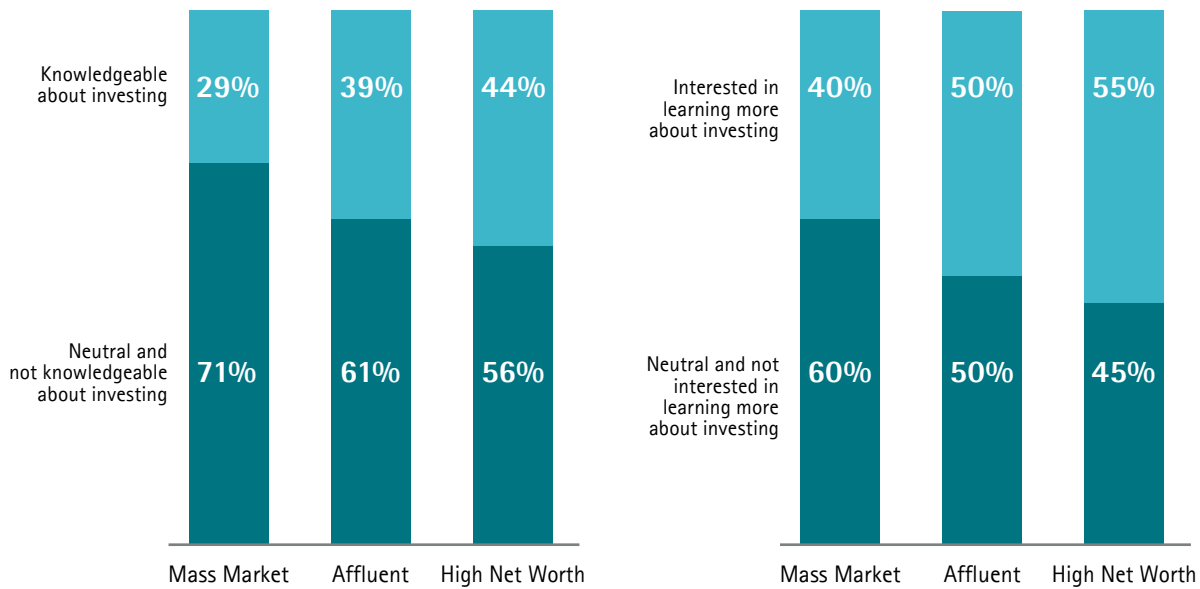
This investor in turn seeks a unique, sophisticated experience from his advisor. To wit: Survey data reveal stark differences in tool and service desires between Generation D wealth cohorts. While other wealth segments place higher value on channel options or online features, HNW investors see educational and planning tools and services as true difference makers. In fact, HNW respondents listed 10 unique tools as difference makers – all of which support long-term investing. This underscores their focus on learning, planning and outcomes – while other segments listed only five tools as most critical (see Fig. 5).

HNW individuals reported themselves to be more likely than their counterparts to use social media for business, through platforms such as LinkedIn. Simultaneously, they are less likely than other wealth segments to use Facebook, although their engagement with that service (more than 75 percent attest to regular use) remains quite high.

These investors also place higher value than their peers on socialization avenues such as online communities, groups and seminars. This underscores the need for firms to place a heavier emphasis on social media which can help HNW investors not only learn investing habits and techniques from peers, but share their experiences.

FIGURE 4. **More Knowledgeable, but They Thirst for More**

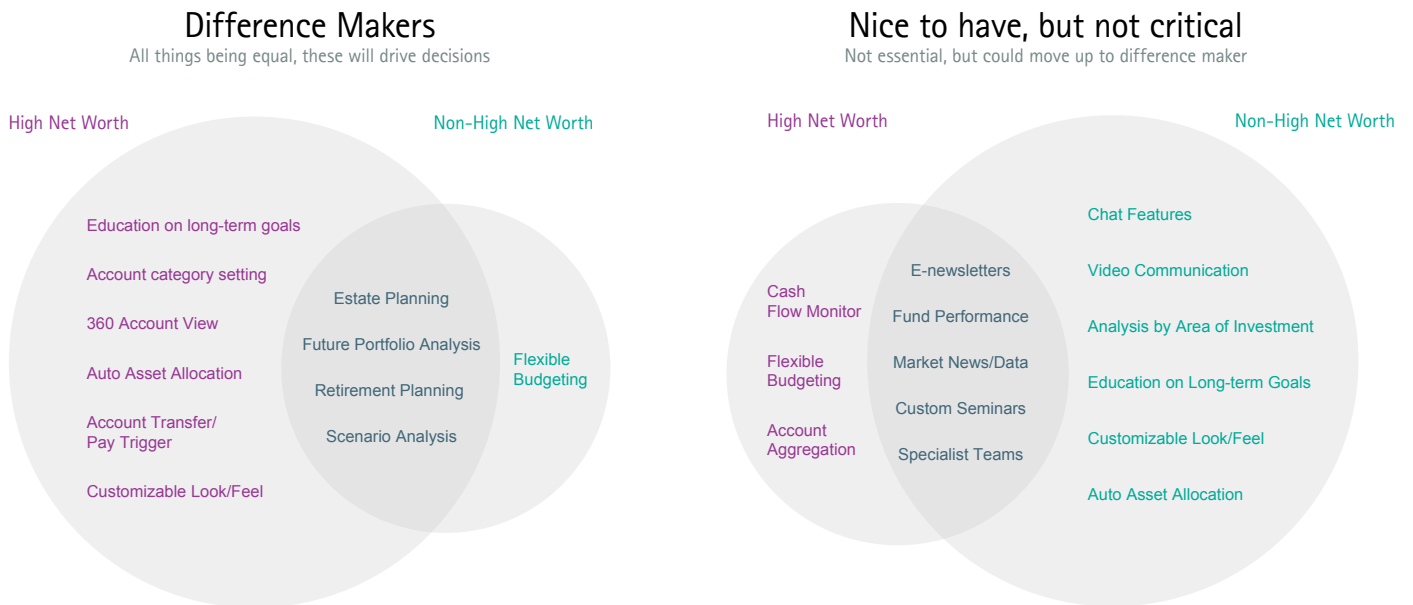
HNW investors are more likely to consider themselves knowledgeable about investing, but also more likely to want to learn about investing.



Source: Accenture Research

FIGURE 5. Valued Tools and Services

The difference makers listed by HNW respondents underscore their focus on learning, planning and outcomes.



Source: Accenture Research

Actionable Insights

Firms have only just begun to focus on digital tools and services that are specifically tailored to the complex needs of high net worth clients. Many institutions still provide this unique group of investors with the same set of offerings they utilize for their mass market and affluent clients, and as a result, they risk losing clientele and market share. As firms consider a digital strategy for high net worth individuals, they should consider the following questions:

Do you offer digital as part of a differentiated experience to high net worth clients?

Differentiation does not mean lowering fees on higher-AUM clients and providing access to an advisor. There is perceived and actual value in the tools themselves: enough to potentially drive a decision to select a firm or advisor, and to increase satisfaction and loyalty.

Are you providing the means for investors to learn about investing?

The high net worth client experience places more importance on learning – not only understanding the portfolio, but investing in general. This means deeper research on markets and funds, alternative investment strategies and liability management, and a wider array of additional information from third parties.

Is your platform helping investors understand long-term objectives?

The client experience is increasingly investor-driven, not dictated by the firm or advisor-driven. High net worth investors are more outcome-oriented and expect to receive support for financial planning and long-term goal alignment from both their wealth manager and online sources. This will enable a fully integrated and interactive experience.

Are you leveraging the wealth of information within your existing client bases?

Social media has emerged as a valuable platform for shared experience, with discussions led by investors and advisors alike. This can provide the firm with a new channel for understanding the trends and expectations of today's investors.



References

¹ Population estimates and projections are the product of publicly available population estimates from the Eurostat Reports (2013 data), Internet World Stats Reports estimates of the online population (2012-13), and the conditional incidence rates observed in the quantitative study. European population data were used to estimate the size of the population that falls within the Millennial, Generation X, and Baby Boomer age ranges. The resulting population estimate was multiplied by the midpoint of the proportional estimates of online households from the 6-24-2014 updates to Eurostat Tables "people by age group" tables study to arrive at an estimate of the online Millennial, Generation X, and Baby Boomer population. The resulting figure was, in turn, multiplied by the conditional qualifying incidence figures from Accenture's Generation D Investor Survey. This survey required respondents to participate or fully control financial decision-making in their households (which disproportionately affected Millennials), required incomes of no less than USD\$30k for Millennials and USD\$75k for Baby Boomer and Generation X-ers, and either some form of current investment (including 401k, any stock or bond) without regard for amount, or (for Millennials) a stated intent to begin investing in the next three years. Asset projections were the product of median self-reported total asset levels taken from the survey and the population estimates. Medians were used to mitigate the impact of disproportionately wealthy respondents whose asset levels would have skewed the projections upwards.

² Age range estimates:
22-32 years old - Millennial candidate
33-45 years old - Generation X candidate
46-70 years old - Baby Boomer candidate

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Contacts

Alfredo Avila
Managing Director
Lead, Wealth and Asset Management Services, EALA
alfredo.avila@accenture.com

Silvia Agnelli
Managing Director
Lead, Distribution & Marketing Services – Wealth Management, EALA
silvia.agnelli@accenture.com

Edward Blomquist
Senior Manager
Accenture Research, Wealth and Asset Management
edward.a.blomquist@accenture.com

David Heindl
Senior Manager
Lead, Wealth and Asset Management Services, ASG
david.heindl@accenture.com

James Howell
Senior Manager
Lead, Wealth and Asset Management Services, UKI
james.howell@accenture.com

Mateus Mota
Senior Manager
Lead, Wealth and Asset Management Services, LATAM
mateus.mota@accenture.com

Marta San Sebastian
Manager
Wealth and Asset Management Services, SPAI
marta.san.sebastian@accenture.com

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