Achieving tech leadership in private banking

Whitepaper – November 2023

Operating models of private banks are failing to evolve to **meet changing market demand** for digital wealth services and **keep up with investor expectations**.

Is outsourcing the solution? To what extent have outsourcing models been adopted and what are the options for private banking moving forward?

Executive summary

Deloitte and FNZ have collaborated on this report to provide insights into the current state of the private banking industry and the evolving operating models, especially in Europe, along with the trends impacting the sector.

Many private banks are now contemplating adjustments to their operating models, exploring the possibility of outsourcing some or all of their non-differentiating activities and operational processes. This shift is driven by necessity, as banks encounter challenges in adapting to and capitalizing on new growth opportunities.

These challenges include:

- Meeting expectations for digital advice and relationship management;
- Achieving practical success with the economics of onshore-offshore "hub and spoke" operating models ; and
- Keeping pace with technological advancements in data connectivity, artificial intelligence (AI), and advice ecosystems.

Central to this transformation is the imperative to establish a more robust operational foundation that prioritizes cost-efficiency and agility.

This approach aims to alleviate the burden of excessively high cost-income ratios, which often fall within the range of 75% to 85%.

This report delves into the economics of private banking by analyzing financial data from more than 30 international private banks primarily operating under a dedicated universal banking model. These banks collectively oversee assets exceeding US$5 trillion.

The data underscores the challenges private banks face in expanding their franchises, primarily due to the operational and regulatory complexities involved in serving their high net worth (HNW) and ultra high net worth (UHNW) clientele. Notably, high fixed-cost components make it challenging to respond to market downturns and associated asset valuation fluctuations.

Outsourcing approaches frequently promise to mitigate this pressure by reducing costs, increasing cost variability, and enabling banks to offer specialized services with the economics of larger-scale players. However, traditional outsourcing approaches available to banks have often failed to meet expectations, resulting in limited adoption.

These approaches typically fall into two categories:

1. Partnering with larger banks.
2. Partial or functional outsourcing, such as application service providers (ASP), managed services, information technology outsourcing (ITO), business process outsourcing (BPO), business process services (BPS), and application managed services (AMS).

More comprehensive end-to-end platform operating models are now gaining prominence, encompassing the core requirements of private banks. This report explores these models and evaluates their strategic advantages and attributes. It identifies the end-to-end platform model as capable of providing a digital technology advantage by enhancing time-to-market, reducing cost-to-serve, and introducing variability into the operational cost structure. There are indications that this model presents a viable strategic option for private banking.

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Introduction

Private banking, a longstanding pillar of the wealth management market, is once again confronted with the imperative need for reinvention. Despite the continued growth of the global population of HNW and UHNW individuals, achieving operational efficiency in private banking remains an ongoing concern. New client expectations, such as the demand for digitized services, present significant challenges that many banks struggle to address.

Historically, European private banks have favored an in-house approach to their IT and operations, often motivated by the imperatives of banking secrecy and client confidentiality. Nevertheless, a series of failed projects, escalating costs, and a dearth of tangible results have fostered an atmosphere of uncertainty. Banks are increasingly hesitant to embrace change, apprehensive of repeating past missteps.

Simultaneously, two pivotal factors are steering the focus toward outsourcing as a viable operating model. On the one hand, there is a growing demand for outsourcing as banking institutions seek to enhance speed, concentrate on differentiation, and alleviate the intricacies associated with IT and operations.

On the other, the supply side is adapting, offering more advanced, data-driven technologies and flexible solutions. Several years ago, Deloitte conducted a comprehensive review of the burgeoning BPO model as a potential remedy for the sector.[1] However, what is the current state of affairs?

Against this backdrop, this collaborative initiative between Deloitte and FNZ endeavors to comprehensively understand the economic constraints within private banking, the trajectory of outsourcing, and contemplate the emergence of wealth platform-based models.

New client expectations, such as the **demand for digitized services**, present **significant challenges** that many banks struggle to address.

A tradition of re-invention

An economic break-down

Private banking, serving HNW and UHNW clients, is often characterized as a universal banking model due to its provision of a comprehensive array of services. These services encompass tailored investment portfolios, personal finance management, custom structure creation, trading, investment banking, and corporate services. This high level of concierge service is typically marked by enduring relationships and fiduciary responsibilities that extend across multiple generations of families.

While this universal banking model has traditionally thrived in offshore wealth centers like Switzerland, Hong Kong, Singapore, and Luxembourg, where it operates as stand-alone private banks, it also persists in domestic markets.[2] However, many of these banks are now part of larger retail banking groups, resulting in a different economic landscape with shared infrastructure costs and allocated overheads that skew the overall picture.

Consequently, the majority of the data presented in this analysis pertains to stand-alone private banks (e.g., full branch and booking center) where a holistic view of financial statements can be evaluated.

The imperative for change

Before delving into the economics of private banking, it is essential to examine some of the primary reasons why executives of private banks are revising their operating models. Exhibit 1 outlines key drivers, with a strong emphasis on achieving cost-effectiveness. Unfortunately, this emphasis often comes to the forefront during periods of adversity, as market downturns frequently trigger increased consolidation.

Scaling efficiently with client assets is a challenge

Estimates suggest that private banks worldwide have the potential to serve between 22 and 65 million individuals, with a combined household wealth exceeding US$220 trillion. Growth estimates in recent years have ranged from 7% to 12% annually.[4]

A **25% fluctuation in asset value** must be manageable without fundamentally compromising profitability.

Exhibit 1
Drivers of operating model change

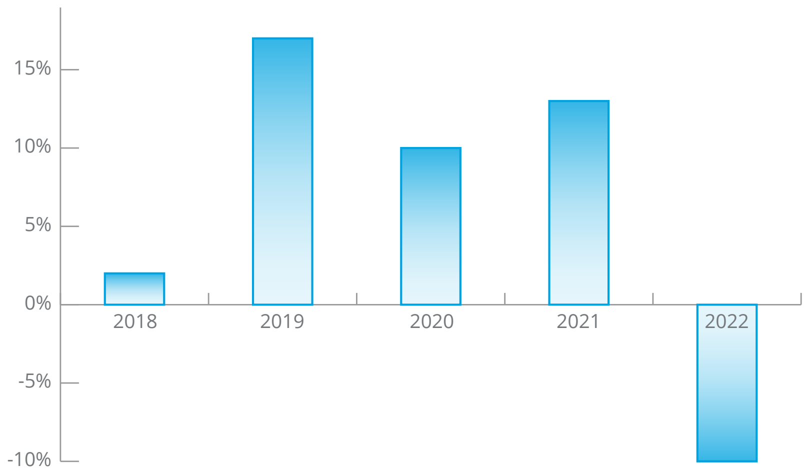
Drivers	Description
Rise of digital wealth management[3]	Service provision from lower-tier competitors is encroaching on the traditional HNW client base.
Serving new geographies and onshore wealth markets	Time-to-market, capital risk and transfer-costs associated with setting up new operations and services are inhibiting growth.
Providing client access to additional markets and services	Choice of holistic service provision is hampered by lack of scale.
Increasing regulatory scrutiny and process complexity	The regulatory burden and client processes are becoming detrimental to business activity and client services.
Realigning cost economics	Getting costs under control and aligned to revenue drivers.
Heightened security and privacy needs	Concerns around the long-term ability to recruit the right talent and implement the right capabilities to handle cyber-security, IT and AI.

Data from our research on 30 stand-alone private banks indicates that average asset growth has been at the lower end of this range, at 6% per annum over the last five years (Exhibit 2). The sharp decline of 11% in asset value in 2022 has significantly impacted the growth trajectory. It underscores the importance of operational resilience and scalability; a 25% fluctuation in asset value must be manageable without fundamentally compromising profitability.

It is evident from Exhibit 3, which illustrates the aggregated cost-income ratio (CIR) progression over the past five years, that this presents a potential challenge for many banks within the cohort.

Exhibit 2

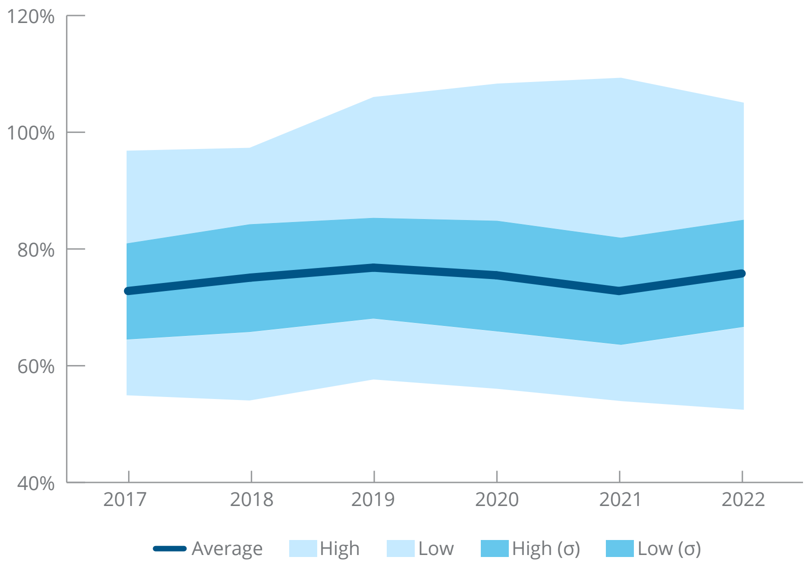
% change client assets per annum



Source: FNZ and Deloitte

Exhibit 3

Cost-income ratio progression for private banks*



Source: FNZ and Deloitte

* Selection of 30 stand-alone private banks, representing US$5 trillion of client assets (see the "Notes on data and methodology" section).

Private banks consistently maintain **CIRs that are 10% to 15% higher** than their counterparts in retail banking.

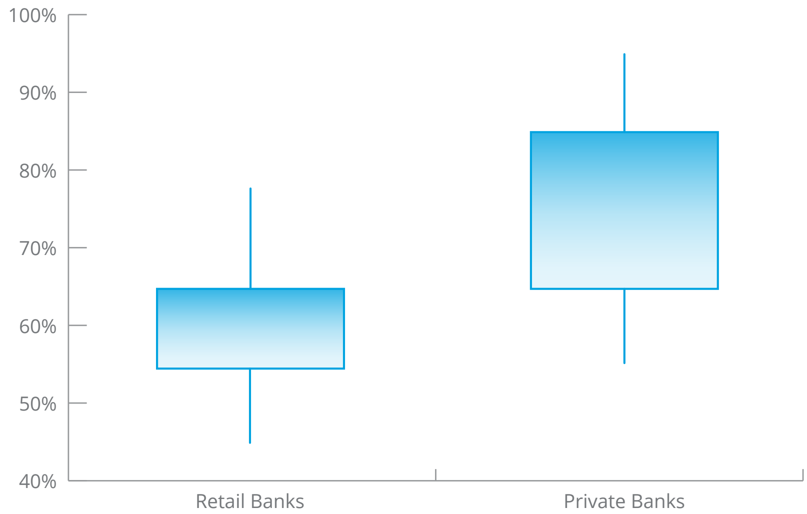
For the purpose of comparison, Exhibit 4 has been included to demonstrate how CIRs stack up against typical retail banks of similar income size. The key distinction lies in the fact that retail banks primarily rely on income generated from interest rate-related activities, whereas private banks are heavily reliant on earnings from commissions and fees associated with client assets, whether under advisement, management, or simple administration.

As Exhibit 4 shows, private banks' CIRs are 10–15% higher than their retail peers. This makes sense intuitively, as quite clearly the cost to service retail client deposits and lending is lower than that of private client investment portfolios due to the complexity of the processes and expertise required.

The relative dependency of a typical private bank on client assets is shown in Exhibit 5. On average, advisory and asset management services account for approximately 65% of total net income, while interest from client lending activity represents around 20%. Note that despite improvements in the interest rate environment over the recent period, most profit is accrued through client asset related fees.

Exhibit 4

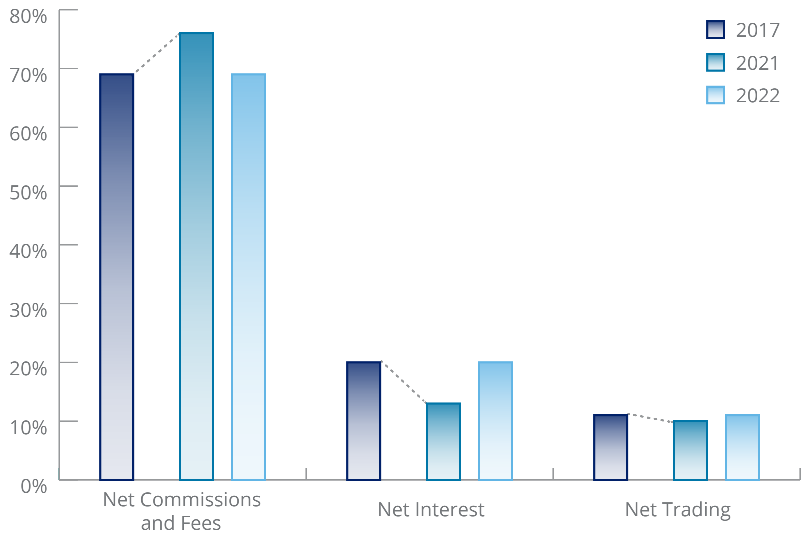
Cost-income ratios of stand-alone private banks compared to retail banks



Source: FNZ and Deloitte

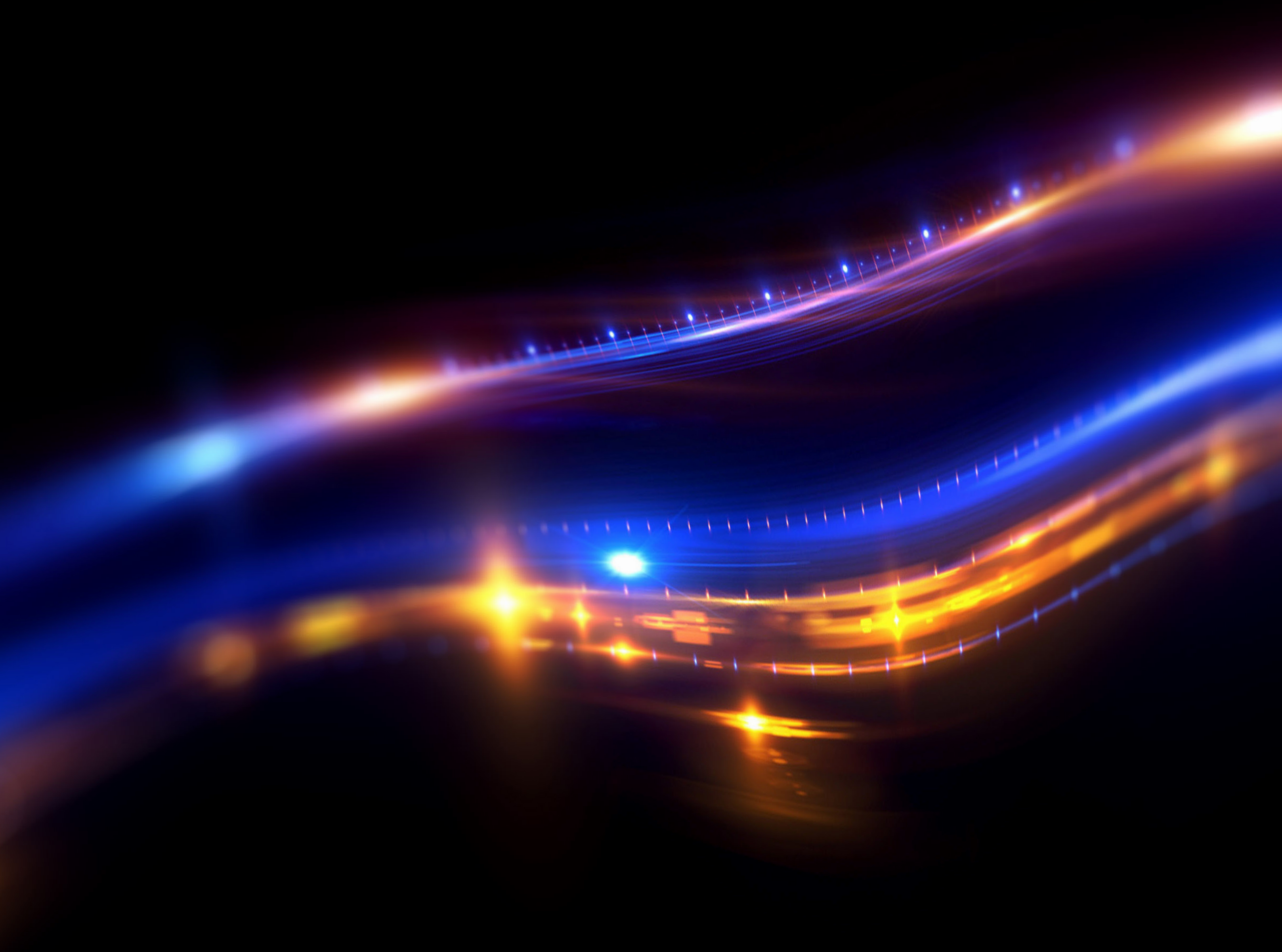
Exhibit 5

Typical private banking income model (% total net income) 2017–2022



Source: FNZ and Deloitte

Private banks are heavily reliant on **earnings from commissions and fees associated with client assets**: advisory and asset management services account for approximately 65% of net income.

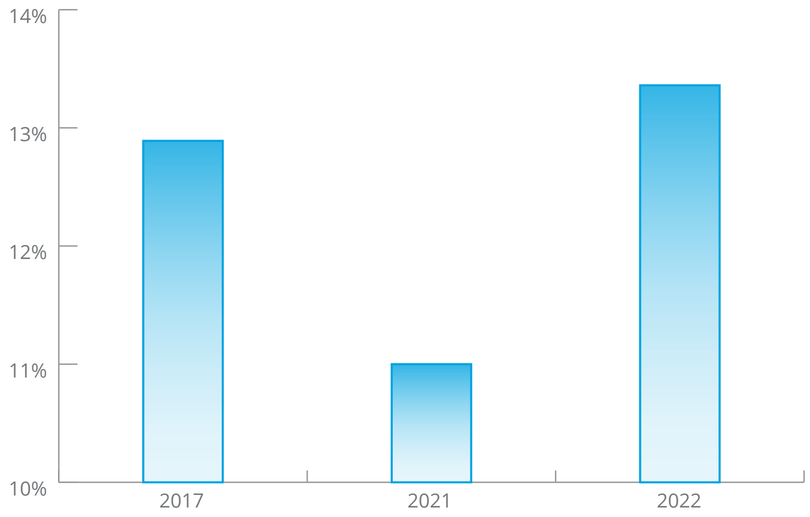


Missed opportunities to monetize client assets

Given the relative importance of invested client assets as an income determinant, it may be viewed as surprising that significant amounts are held on deposit. As shown in Exhibit 6, 11-13% are held as uninvested deposits, amounting to more than US$60 billion. While there may be good reason to hold liquidity for many, it appears high for such a category of investor. By way of comparison, the average US retail client is understood to hold only 13.9% of financial assets as cash or currency deposits.[5] Interestingly, FNZ's own data indicates that advised wealth platforms can see cash deposit rates lower than 3%. Nevertheless, the FNZ figures are mostly for non-banking platforms where investors are likely to hold cash reserves elsewhere.

Exhibit 6

Over the last five years, cash deposits have remained at approximately 13% of client assets, dipping to 11% in 2021



Source: FNZ and Deloitte

There is a growing emphasis on the advised and discretionary mandate business model.

The significance of capitalizing on client asset volumes, combined with regulatory pressures to establish clear advisory arrangements and prohibit inducements, has led to a surge in the adoption of the advisory business model in recent years. Historically, informal arrangements revolving around the execution-only model are becoming less prevalent. Relationship managers are now actively engaged in transitioning clients towards advisory and full discretionary mandates.

It is evident that discretionary mandates enhance overall fee margins by optimizing the utilization of cash and Lombard lending within portfolios that involve more sophisticated and complex instruments. These may include securitized private equity, structured products, and derivatives.

Operational agility is held back by a fixed-cost model

It is essential, at this point, to examine why costs exhibit such inflexibility within the realm of private banking. Exhibit 7 offers an illustrative breakdown of operating expenses by function for a hypothetical international private bank. In this specific scenario, we assume that the bank operates on an international scale but is relatively small in size, managing its clients through branch offices situated in several countries, with a single central booking center.

This breakdown highlights a substantial portion of fixed costs, roughly 75–80%, which are challenging to adjust in the short- to mid-term. Particularly noteworthy is the rigidity of operational resources associated with the booking center, as they are typically deeply ingrained and cannot be altered without significantly affecting the fundamental structure of the business. Even though firms periodically make adjustments to their client-facing teams as they expand or contract, more than 50% of costs remain resistant to flexibility, regardless of fluctuations in client asset volume.

Exhibit 7
An illustrative breakdown of operating expenses by function

Function	% Cost	Fixed vs. variable
Direct ordinary expenses (Commission, interest, trading, other)	20%	Variable
Operating expenses (OPEX) (staff and administrative)		
Client advisors, external asset manager (EAM) desks and assistants	22%	Fixed
Client administration	4%	Fixed
Trading	4%	Fixed
Business operations	14%	Fixed
Accounting	4%	Fixed
Investment management	5%	Fixed
CEO, COO, HR & company secretariat	8%	Fixed
Legal and compliance	3%	Fixed
IT operations	7%	Fixed
Total OPEX		
Depreciation/amortization and other (including IT license and infrastructure)	9%	Fixed

A **substantial portion of fixed costs**, roughly **75-80%**, are challenging to adjust in the short to mid-term.

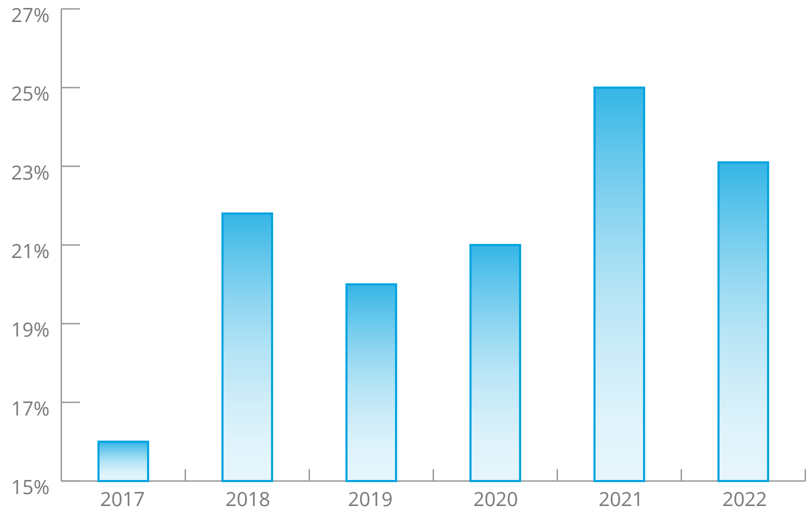
An insight into the consequences of this model is provided in Exhibit 8, which presents an overview of the average gross operating profit among our cohort of private banks. It not only illustrates relatively low operating margins but also demonstrates a notable variance of more than 10% over the past five years.

The complexity of making the hub-and-spoke model work is often underestimated

What may not be readily discerned from our dataset is the breakdown by region and country. Nevertheless, the imperative to cater to clients within their own jurisdictions, without necessitating them to relocate their legal residence to an offshore center, has compelled many private banks to adopt a hub-and-spoke operating model (Exhibit 9).

Exhibit 8

Average gross profit margin %



Source: FNZ and Deloitte

Exhibit 9

Serving clients locally through the hub-and-spoke model

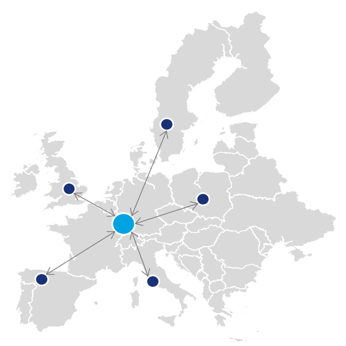
Model

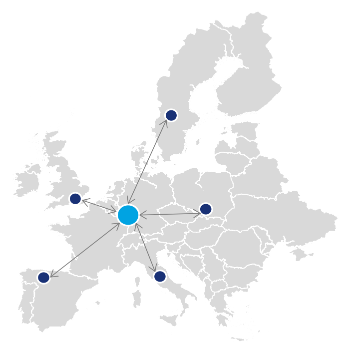
1 **Representative office model**

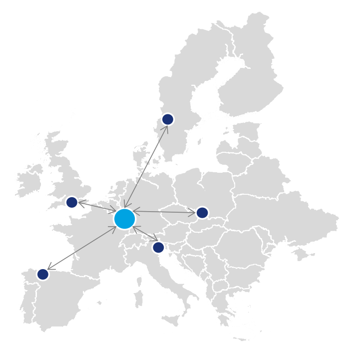
2 **Branch model**

3 **Network model**

Illustration







Description

1 Representative office model:

- **Global hub** supported by a group of **representative offices** abroad
- Hub responsible for **booking center** capabilities as well as **advisory and processing** capabilities

2 Branch model:

- **Global hub** supplemented by a network of **fully-fledged branches** in foreign countries
- Hub responsible for **booking center** capabilities as well as **advisory and processing capabilities**

3 Network model:

- **Global hub** supplemented by **independent affiliates/ subsidiaries** present in foreign markets, potentially under different local brands
- **Booking center** and **advisory and processing** capabilities available to both the hub and the affiliates

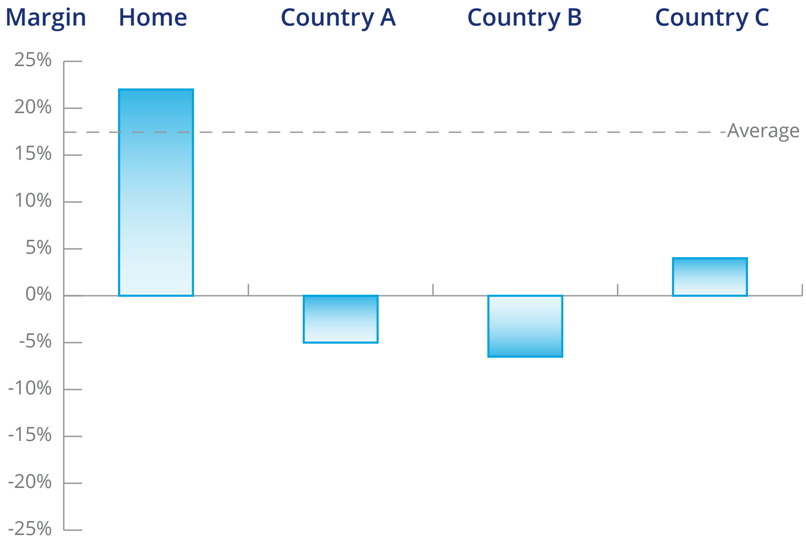
Market trends

However, the intricacies of managing this model have frequently been underestimated. Local regulations and tax provisions often pose significant obstacles to achieving profitability, even within the framework of the European Union's passporting system. The requisite investment and the size of the local client base are frequently insufficient. Based on our experience, it is quite common to find that local country operations are operating at an effective loss, with meaningful margins only realized in the central, home market (Exhibit 10).

In the context of the imperative to realign the cost model and capitalize on strategic opportunities, many banks are contemplating adjustments to their operating models. Outsourcing has emerged as a pivotal consideration in the strategic deliberations of most banks. The subsequent section delves into the current landscape of outsourcing within the market and explores innovative perspectives, approaches, and thinking on the topic.

Exhibit 10

Hub and spoke model: a typical margin contribution profile



Source: FNZ and Deloitte

Traditional outsourcing approaches

Outsourcing has increasingly become a strategic imperative in the private banking sector, aimed at enhancing focus on client relationships, operational efficiency, and business agility. It involves delegating aspects of IT infrastructure, development, or operational processes to specialized third-party providers, a decision not to be taken lightly.

Key expectations of outsourcing are often characterized as follows:

Enabling a more dedicated focus on the client's business and providing a differentiating level of services

Through outsourcing non-core business processes, private banks can redirect their attention toward revenue-generating activities, such as client acquisition and growth.

Reducing time-to-market

It empowers private banks to enhance the speed at which they bring products to market and gain market access. Additionally, it enables them to leverage advancements in digitalization for new client acquisition and growth.

Improving operational efficiency and reducing complexity

Manual operational processes can be eliminated, resulting in reduced staff and infrastructure expenses. This streamlined operation allows banks to allocate resources more effectively.

Delivering scalability

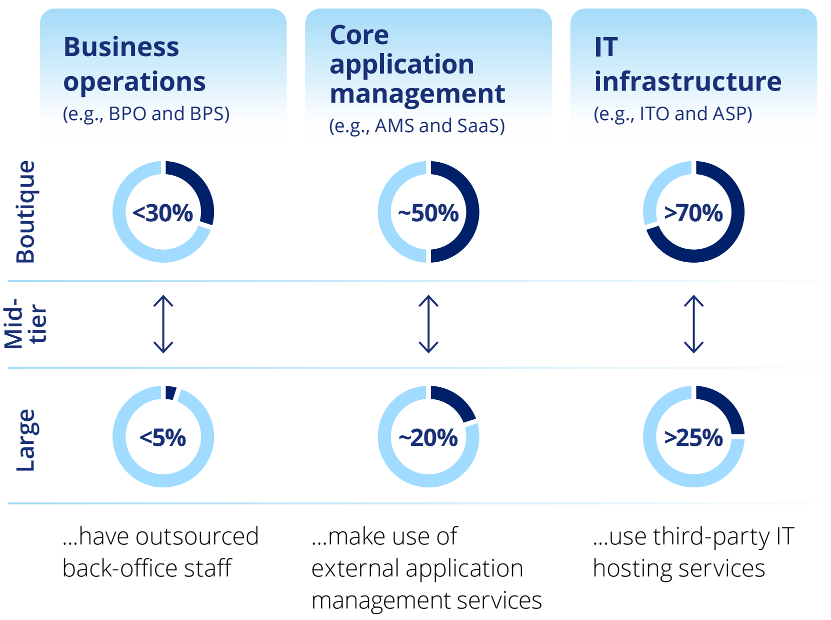
Services and product offerings can be extended to clients that may otherwise be too costly and complex to serve. Furthermore, a more flexible cost model provides organizational agility to seize strategic opportunities.

Banks have long recognized the potential **benefits of outsourcing**, with Deloitte **estimating potential cost savings of up to 30%**.[1]

Exhibit 11
Traditional forms of outsourcing

Application Service Provider (ASP)	Hosting of core applications in an external data center with licensed software, managed by the bank
IT Outsourcing (ITO)	Management of basic IT infrastructure (databases, hardware, desktops, etc.) at an external data center.
Application Managed Services (AMS)	Management of core applications by a third party. (Note: this can include software delivered "as a service", or SaaS).
Business Process Outsourcing (BPO)	Staff outsourcing for tasks, such as securities administration, corporate actions, payments, and output management.
Business Process Services (BPS)	Provision of street-side services, global custody, and global execution.

Exhibit 12
The state of play regards outsourcing in Private Banking



Adoption of full BPO remains low

A straightforward breakdown of the most prevalent forms of outsourcing in private banking is presented in Exhibit 11. Traditionally, these have been aimed at specific functions or departments, such as payments, IT networks, customer relationship management (CRM), and more.

The widespread acceptance of outsourcing in private banking has been measured, and is primarily limited to IT operations (Exhibit 12). The reluctance to fully outsource business operations can be attributed to various factors, including a preference for maintaining control, trust in support teams, concerns about staff retention, alignment and reputation of vendors, economic uncertainties, and apprehensions related to data security.

Partnering with a larger banking group: A diminishing trend

A common alternative approach in the past has been to partner with larger banks, either as providers of street-side market access or for full back-office operations and banking systems. It was considered a straightforward way to manage costs and achieve economies of scale with a partner possessing the expertise to run a banking operation. However, the lack of independence, investment, and control has resulted in mixed reviews, and we have observed fewer projects in this area.

Given the limited adoption and momentum of existing models at present, we redirect our focus to a model of outsourcing that has surfaced in recent years: the end-to-end wealth platform approach.

The new end-to-end platform approach

to operational outsourcing

The end-to-end approach centers on identifying synergistic benefits along a bank's value chain by bringing technology, processes, and people into closer alignment. Consequently, it represents a significant departure from the traditional outsourcing of staff based on location-cost arbitrage. Rather than viewing outsourcing as a cost-cutting measure primarily aimed at labor-intensive tasks, it can be seen as an opportunity to leverage the finest talent, innovative technologies, and formidable computing power.

The end-to-end wealth platform concept

End-to-end wealth platforms revolutionize the way private banks operate by overseeing all administrative mid- and back-office functions, underlying technology, and infrastructure. This yields a standardized, comprehensive, and integrated banking process (as illustrated in Exhibit 13). It brings together technology, infrastructure, and people, thereby averting data silos and fragmented workflows.

Exhibit 13

An end-to-end service platform combines business operations, with software application management and IT infrastructure along the vertical value chain.

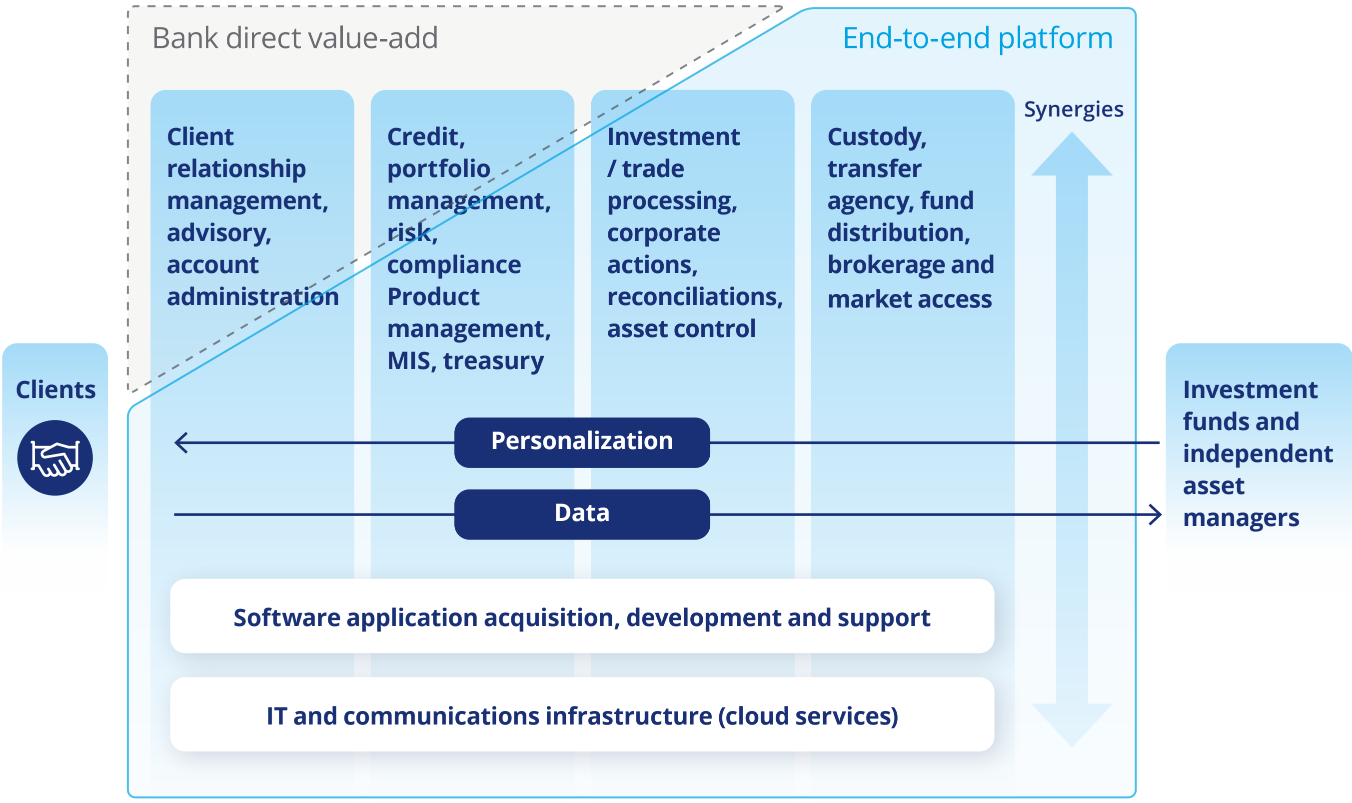


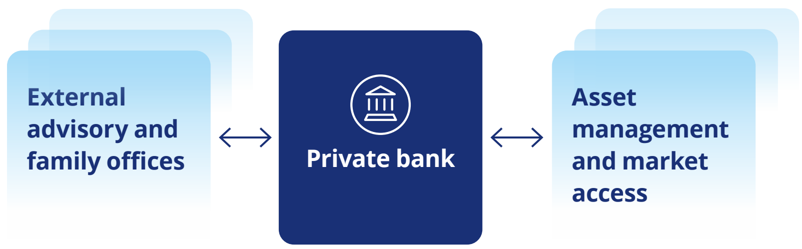
Exhibit 14
Key attribute of an end-to-end wealth platform

- Digital client, advisor and user experiences provided by default
- People, technology and infrastructure combined as single service proposition
- Vertical integration along supplier value chain (connecting external asset managers, bank, external advisory and solutions)
- Secure private cloud service delivery
- Modern application programming interface (API)-driven integration capability
- Data-driven analytics and insight by default
- Variable cost model in line with business drivers
- Locally regulated service (e.g., client data, regulations) with global efficiency and scale

Bringing the advice and asset management ecosystem closer to the banker

The end-to-end platform concept extends beyond the bank's internal landscape and bridges the gap with external stakeholders, simultaneously reducing costs and enhancing efficiency. This entails the use of modern managed APIs and data connectivity, as well as encompassing service management. For instance, in the case of mutual funds, it can encompass the administration and management of commercial terms and fees between parties.

Exhibit 15
Managing the end-to-end connectivity between industry parties



Enabling scale of personalized investment services

While each private bank has its unique ingredients for delivering customized services, technology embedded in end-to-end platforms can facilitate the creation of personalized investment portfolios at a high volume.

The use of investment hubs, seamlessly integrated into traditional portfolio management capabilities, simplifies the work of investment advisors, chief investment officers (CIOs), and portfolio managers.

This integration provides industry model portfolio allocations, direct indexing, and CIO outsourcing services directly to the desktop. The advanced analytics and AI technologies integrated into the investment process support both advisors and asset managers in delivering deeper customization and addressing personal preferences and environmental, social, and governance (ESG) factors.

The **end-to-end approach centers on identifying synergistic benefits** along a bank's value chain by bringing technology, processes, and people into closer alignment.

Distinguishing value-add from non-differentiating business processes

Central to the success of this approach is the need to differentiate between high-touch, value-added services and commoditized processes. End-to-end platforms handle numerous client administration processes, enabling bankers to allocate more of their focus to front-office client business, where their services distinctly set them apart. In such an approach, it is typical to identify what truly drives client engagement.

Exhibit 16 provides an example of the required approach to determine which processes and capabilities can be standardized when outsourcing to a platform, and which will remain custom and unique to the bank's service offering. In this example, core processes related to relationship management, investment advisory, and wealth planning are candidates for standardization and automation. A specific use case here could involve automating corporate action processes between the back office and the client, thus mitigating the need for costly relationship manager interventions.

Exhibit 16

Illustrative example of core versus differentiation products and services

Core: must have ("right to play")

- **Personalized relationship management:** building strong relationships with clients, providing dedicated relationship managers who offer personalized financial advice and solutions.
- **Investment advisory services:** providing comprehensive investment advisory services, including portfolio management, asset allocation strategies, and access to exclusive investment opportunities.
- **Wealth planning and management:** expertise in wealth planning, offering services like estate planning, tax optimization, and succession planning—or real estate advisory, art and collectibles advisory, and wealth aggregation services.

Niche services

- **Family office services:** offering specialized family office services, managing the financial affairs of affluent families across generations. This can include complex reporting, inheritance advisory, and charitable giving strategies.
- **Specialized expertise:** teams or divisions that cater to specific client segments, such as entrepreneurs, institutional investors, or individuals in sectors like healthcare or real estate, e.g., expertise in Islamic banking, ESG investing, or art and collectibles advisory.

Potential differentiators

- **Exclusive access and privileges:** exclusive access to a wide range of financial products and services, including cash management, securities, forex, commodities, structured products, and derivatives.
- **International banking and global reach:** international reputation and expertise in cross-border transactions, offering global banking capabilities, including asset servicing, financial planning, Lombard lending, and payments (with large private banks also acting as correspondent banks).
- **Technology and digital solutions:** private banks have embraced technological advancements, developing innovative digital platforms and solutions. This includes services such as robo-advisory, investment research, and the "digitalization" of processes. They may also offer crypto/non-fungible token (NFT)-related services based on their risk appetite and regulatory framework.

Strengthened data integrity and security

The approach harnesses advancements in private cloud technologies, data encryption, and local data residency to address privacy and regulatory concerns. Consequently, there are fewer concerns about the limitations of in-house computing power or capacity. Furthermore, as IT and data science talents are increasingly drawn to advanced technology providers rather than banking institutions, many of the lingering IT management challenges can be mitigated.

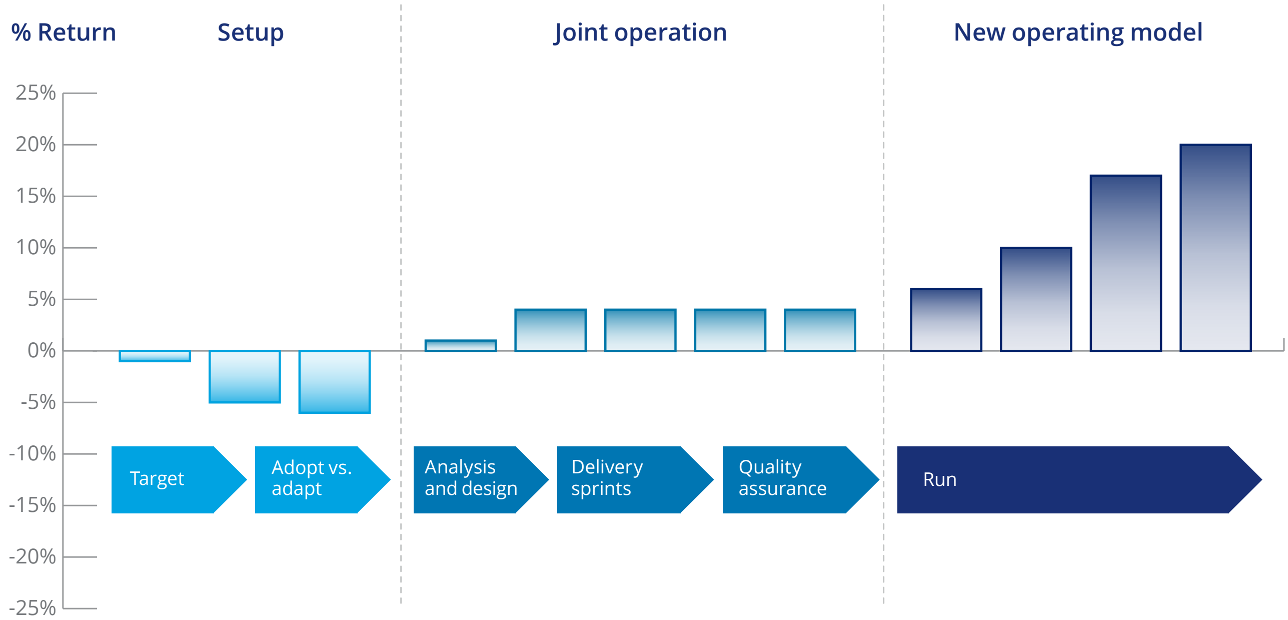
Reduced execution and delivery risk

The transition of significant portions of a bank's operation to an external platform represents a substantial transformation of the bank's operating model. It necessitates a deep partnership that spans an extended duration, as opposed to the traditional supplier-vendor relationship. The end-to-end platform model benefits from the high standardization of capabilities and processes, honed through multiple implementations. Partly, this standardization expedites implementation and minimizes complications.Additionally, the organizational setup plays a pivotal role in ensuring timely delivery.

As previously mentioned, the early scoping stages require a strong focus on identifying processes that differentiate the bank and may require customization, as well as those that can adopt standard methods (referred to as "adopt or adapt" analysis). Establishing a joint operations team comprising staff from both companies at this stage ensures clear ownership, prevents conflicting requirements, and accelerates progress. Often, this team is managed as a separate, outsourced unit, ensuring that the target bank realizes early benefits by eliminating related operational expenses. Exhibit 17 illustrates this case by showing a potential investment return profile.

Exhibit 17

Joint-venture operations team return on investment (ROI) profile



Achieving tech leadership in private banking

For a bank, the outcome of this approach is the ability to be up and running on a state-of-the-art digital platform within 6–12 months, with an economic foundation poised for growth.

> The bank can leverage technology to its advantage, including open-data APIs, advanced data analytics and AI, cloud-based computing power, and digital banking and advisory applications.

Clearly, the overall benefits of this technological advantage will hinge on the specific objectives of each bank. The crucial point is that as a specialist outsourcer for private banking and wealth management, the success of the platform provider should be inherently linked to the success or failure of the firm for which it provides capabilities; risk-sharing is essential for it to constitute a genuine partnership.

Exhibit 18 lists some of the observed benefits of the end-to-end platform approach.

Exhibit 18
Benefits of end-to-end platform approach

- Frees up the front office to focus on client business by reducing time with administration
(e.g., onboarding, orders, confirmations, corporate actions, and document management)
- Accelerates shift to latest technology, AI, data connectivity (API) and digital client services
- Enables holistic service provision by utilizing the platforms' existing scale and services
- Faster time-to-market for new products and offerings
- Stronger economic resilience
(e.g., variable cost model to scale up or down capacity)
- Reduces number of procurement and service relationships to manage
- Removes need for technological and operations expertise and talent search
- Reduces need for capital investments in technology upgrades and capacity
- Lower regulatory investment
- Overall reduced costs and complexity to manage
- Strategic flexibility: Enabler for business transformation and business model innovation

Concluding remarks

End-to-end wealth platforms — a realistic outsourcing option

The private banking industry is currently undergoing a transformation, driven by the need to cater to an expanding and diverse clientele, cope with stringent regulations, and face competition from large-scale digital wealth managers, who also offer personalized wealth solutions.

While various outsourcing models have been partially adopted by the industry, the majority of these models primarily focus on IT infrastructure and application management. Surprisingly, BPO has not found widespread adoption in private banks, despite the significant fixed costs associated with maintaining operations staff.

Automation technology and processes have evolved well beyond the initial iterations of BPO, creating a favorable environment for new approaches. Achieving synergy between technology, processes, and people has become the key factor in striking the right balance between local processes and global scalability.

An end-to-end wealth platform represents a significant shift in the overall economics of the private bank, equipping it with the latest digital technology essential for client interaction. This model should be seriously considered as a realistic option for private banks and wealth managers seeking to revamp their operating model or expand their presence into new markets.

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About FNZ

FNZ is committed to opening up wealth so that everyone, everywhere can invest in their future on their terms. We know the foundation to do that already exists in the wealth management industry, but complexity holds firms back. We created wealth's growth platform to help. We provide a global, end-to-end wealth management platform that integrates modern technology with business and investment operations. All in a regulated financial institution. We partner with over 650 financial institutions and 12,000 wealth managers, with US$1.5 trillion in assets under administration (AUA). Together with our customers, we help over 20 million people from all wealth segments to invest in their future. For more information, please visit www.FNZ.com and follow us on LinkedIn (@FNZ Group).

Notes on data and methodology

Sources: Company financial reports (public) and Deloitte Reports.

Selection criteria for 'stand-alone' private banks:

- Target 30 banks (representatives of small, medium and large), >$5tn of client assets.
- Exclude large global groups, retail or corporate focused banks with minor private banking business (i.e. avoid shared services and infrastructure skewing the analysis).
- Financial statements at group account level, or subsidiary under separate governance, with ring-fenced finances and statutory financial reporting.
- Typical Private Bank revenue profile consisting of:
  → Primary: Wealth advisory, brokerage, custody and asset servicing.
  → Secondary: Asset management, SMB/corporate and investment banking.
- Bank market segment focus HNWI/UHNWI, their businesses and families, i.e., revenue fees generated primarily from advising, servicing, and managing client assets.

Client assets used as a broad measure of assets under management or administration (double counting avoided where possible).