



ATTRACTING HIGH NET WORTH CLIENTS: WOMEN AND WEALTH MANAGEMENT

Wealth-X

The significance of women to the wealth management sector is exponential. Now more than ever, women create and control a massive amount of wealth globally, making them an essential target for wealth managers interested in attracting high net worth clients.

A 2017 Ernst & Young (EY) report, *“Women and wealth – The case for a customised approach,”* states that: “The Chartered Financial Analyst (CFA) Institute expects the global income of women to increase from US\$13 trillion to US\$18 trillion in the next five years. More women than ever before are pursuing higher education, increasing their future earnings power. This is not only true in developing economies, but also in the most advanced markets. In the US, women now account for more than 50% of both undergraduate and graduate program enrolment.”

While women are generating more wealth and taking a more active role in economic life than ever before, their lifestyles are not necessarily synonymous to those of their male counterparts, an important concept to remember when attracting high net worth clients. Women are more likely to have breaks in their career or multiphase careers, as they try to reconcile their professional goals with their caring com-

mitments, whether that be for their children, or for looking after parents or other elderly relatives. Lastly, women live longer than men on average and thus often take on additional financial responsibilities comparatively late in life.

Wealth managers interested in attracting high net worth clients recognise these key differences between men and women, and many have developed client engagement programs that specifically cater to each. One example is Janus Henderson, which has a modular approach to address pivotal life events, nuanced to improve social and emotional intelligence around the strategies best suited for female clients as compared to their male counterparts.

Pivotal life events aside, do these lifestyle differences necessarily mean that wealth managers need to treat women differently when attracting high net worth clients? Opinions differ with some saying that the wealth management industry needs to do much more to engage women, and others holding the firm belief that wealth management services should be standard when attracting high net worth clients, regardless of gender.

Roopalee Dave, a director in the wealth management practice at EY, says: “The long-held view is that we need to segment and tailor our approach to ‘women.’ But actually this is not a homogenous group at all. So we think that there should be a strong element of be-



The quote

Fulfilling personal goals is seen as the most important investment priority by wealthy women (40%), significantly ahead of market outperformance (31%).

behavioural profiling to identify the client needs. This may include elements of a client's personal life, for example; parenthood or divorce, how their wealth is generated, and other lifestyle factors, as well as what the client's financial goals are. It's about getting underneath the surface and really trying to understand the client."

Michelle Andrews, head of premier and wealth at HSBC, concurs: "Our research hasn't shown that there are significant differences in what women and men want. Both place significant value on the relationship with the advisor. Both men and women also want to make their money work for them, especially in a low interest rate environment. This is especially the case where women have made their own wealth and enjoyed a successful career. They are reaching out and seeking advice as they move up the wealth spectrum. Women are now in control of their financial future," she says.

One common misperception is that women tend to be more risk averse, when in actuality women tend to be more goal oriented than purely investment performance oriented. Louise Hartley, director & team leader, Citi Private Bank, and Madeline Seddon, director and senior private banker, Law Firm Group, Citi Private Bank, point out that in the case of entrepreneurial wealth, "if a woman has built up a business and then had a liquidity event to realise wealth then usually they have taken a significant level of risk to get there. The assumption that the female risk appetite, for example, is always lower than that of a male is not always right."

Attracting high net worth clients through service delivery

The issue, if there is one, seems to be around the delivery of services. The EY report found that: "Globally, 67% of female investors feel their wealth manager or private banker misunderstands their goals or cannot empathise with their lifestyle."

However, banks are starting to adjust to this with many adding to their general service proposition. UBS, for example, launched a five year top to bottom program aimed at refocusing its advisory services to better serve women. The changes range from training advisers to reviewing the gender policy of its suppliers. It has an advisory board with business leaders, philanthropists, and entrepreneurs all represented, including tennis star Maria Sharapova who is also an entrepreneur and investor and liaises closely with UBS' senior wealth management executives.

Female representation

The opportunity to work directly with women in the wealth management field is also of great appeal to female investors. Hartley and Seddon comment: "One thing that we have recognised is that our female clients in particular like to have a female advisor somewhere within the team; be that the primary relationship manager, the investment specialist or elsewhere in the team."

And Dave comments: "Having more female advisors can be really powerful tool to connect with this segment. Women's investment goals differ from those of men's. Fulfilling personal goals is seen as the most important investment priority by wealthy women (40%), significantly ahead of market outperformance (31%). In contrast, male investors see pure performance as their leading objective (37%) and consider personal goals as a lesser priority (34%). As such the nuance of the conversation is different."

Even if the end result is the same, the approach often varies. HSBC is another bank that has taken this approach on board, Andrew's comments: "We are running a pilot that makes some subtle changes such as making a follow up appointment rather than just one appointment. This allows people to take a break, assess what they have learned and make a decision over a longer period of time and with the time to consult others. We are also making internal changes and coaching our staff in how to make the advice they give as jargon-free as possible and check that the customer has understood them." HSBC's own research shows that over a third (35%) of women said they found financial jargon off-putting, compared with a quarter (26%) of men.

The EY report echoed these sentiments: "Women have distinctive preferences in many areas of client experience. These include more emphasis on security, accuracy and privacy; greater appreciation of high-quality human interactions; more openness toward digital technology; and a greater willingness to share their experiences online. Women see transparency and clarity as particularly important drivers of trust. They also place more value than men on advocacy or referrals from family and friends."

Networking

One method wealth managers can use when attracting high net worth clients lies in networking. Traditionally, corporate and networking events have addressed male preferences in terms of subject matter, activity, and even the times the events occur.

Hartley and Seddon say, "within our EMEA initiative, we aim to deliver insightful content and customised commentary on topics that appeal to our female clients. Sessions where our clients will feel some affinity both with the subject matter and the other people in the room help the relationship and help to build trust. We always try and hold these events at times that work with our clients busy schedules, our female clients commitments may differ to those of our male clients. For example, we hosted a lunch to coincide with International Women's Day where we had Tina Fordham, our chief political analyst present on the impact of female productivity on Gross Domestic Product (GDP), the event combined a networking opportunity for our clients with a discussion topic that was important to them."

HSBC has also taken this approach and combines a

subject of interest with an opportunity to network. Andrews says, “We’ve recently been hosting investment events that give information about the investment horizon in general and the economic backdrop but where networking is both possible and encouraged.” The fact that banks are focusing on making their approaches more appealing to women, and in doing so are updating their service proposition is positive.

Given the growth in wealth that women now generate it would be foolish not to present a strong offering to 50% of the world’s population, even if a trial and error approach is necessary to find the right solution for attracting high net worth clients. The EY report sums this up: “The wealth management industry could do much more to connect with this vital group and provide them with truly valuable experiences. Firms not only need to avoid putting off women investors — they must actively attract and retain this increasingly important client segment. That requires much more than grouping female investors into simplistic groups, such as ‘careerists,’ ‘divorcees’ or ‘widows.’”**FS**

Ed note: This whitepaper was sourced from the US and applies to the family office model in the region. While the regulatory framework is different here in Australia, the paper has been published here for general information and industry comparison purposes.