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TOP PRIVATE BANKS AND WEALTH MANAGERS 2016

Media Partner



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Q&A

WHAT?

Intellidex launched the Top Private Bank & Wealth Manager awards in 2012, based on an institutional questionnaire. In 2013 we added a survey of clients and the People's Choice award. This is the fifth edition of what we believe is the only comprehensive public analysis of the industry.

WHEN?

The research phase was conducted between May and June 2016. The results were published on Moneyweb on 9 July 2016.

HOW?

Intellidex, which conducts a range of different research across financial services in South Africa, designed two comprehensive questionnaires, one for private banks and wealth managers and another for their clients.

WHY?

A comprehensive survey provides important insight into the competitiveness of South Africa's private banks and wealth managers. The survey is structured in such a way so as to guide potential clients as to which institution is best placed to serve their individual needs. It also generates substantial statistical analysis that can be useful to firms looking to improve their products and services.

WHO IS INTELLIDEX?

Intellidex is a leading research house focused on South Africa's capital markets and financial services. We also undertake major research projects in stockbroking, institutional research analysts, retail banking, business banking and other areas. You can find out more at www.intellidex.co.za

WANT TO KNOW MORE?

The research process gathered substantial insight and information from clients. This includes demographic information and rankings from clients on their specific institutions on various aspects of service, products and costs, among others.

We are able to provide detailed reports for private banks and wealth managers, with benchmarking against industry averages. If you are interested in such a detailed report, please contact Stuart Theobald, email stheobald@intellidex.co.za, telephone 011 083 5114.

GET READY FOR 2017

We will be undertaking the project again in the first half of 2017. Stay in touch with us through social media so you don't miss this and other information about research we undertake.



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1. INTRODUCTION

The Top Private Banks and Wealth Managers survey has established itself as SA’s leading assessment of the industry. This year’s survey marks the fifth anniversary of this rigorous review of private banking and wealth management services in SA. The results stem from a comprehensive questionnaire completed by the institutions and feedback from clients via an online questionnaire. This year 2,732 clients began the client survey.

We consider the sample size to be a meaningful reflection of the views of the universe of clients of South African private banks and wealth managers.

This publication is a summary of the main findings from the 2016 survey. It also contains, under the general market dynamics section on page 10, a selection of responses to the People’s Choice survey to provide some insight into the thinking of clients on various issues.

Please see Moneyweb for the full, detailed report of the findings.

2. OVERALL WINNERS

1. Top Wealth Managers

	Rank	Lump-sum investor	Up-and-coming professional	Successful entrepreneur	Wealthy executive	Internationally wealthy family	Total weighted scores
Institution		Weighted scores					Out of 10
Sanlam Private Wealth	1	0.74	1.14	1.86	1.85	1.88	7.47
PSG Wealth	2	1.47	1.39	1.86	1.91	0.68	7.31
Nedbank Private Wealth	3	1.70	0.22	2.61	2.49	0.29	7.30
Standard Bank: Wealth & Investment	4	1.19	1.22	1.19	1.79	1.88	7.27
Galileo Capital	5	2.95	0.72	2.08	1.34	0.00	7.09

While we merged the overall award so that every firm competes for the top prize, we introduced two new awards to recognise the best of the smaller, boutique wealth managers and the private bank that provides the best transactional banking for wealth management purposes.

2. Top Wealth Manager Boutique

	Rank	Lump-sum investor	Up-and-coming professional	Successful entrepreneur	Wealthy executive	Internationally wealthy family	Total weighted scores
Institution		Weighted scores					Out of 10
Galileo Capital	1	2.95	0.72	2.08	1.34	-	7.09
NFB Financial Services	2	1.78	1.69	1.78	1.79	-	7.04
Gradidge-Mahura Investments	3	1.69	2.42	2.77	-	-	6.88
Brenthurst Wealth Management	4	3.96	1.30	1.15	0.31	0.13	6.84
Brantam Financial Services	5	3.56	0.50	-	-	-	4.06

Galileo Capital is the Top Wealth Manager Boutique for 2016. It displayed all-round strength in its core market segments, with a second-placed ranking in the lump-sum investor archetype beating off many of its much larger competitors.

We were particularly impressed by the two newcomers to the survey, NFB Financial Services and Gradidge-Mahura Investments, which ranked second and third respectively in this category. Our experience has shown that past debutants have underestimated the depth of our interrogation but the submissions by both NFB and Gradidge more than held their own against the established competitors and we suspect they'll both be a force in future surveys.

3. Top Banking Firm for Banking Services

Rank		Transactional banking	Savings products	Loan products	Corporate banking	Structured finance products	Securities trading	Insurance products	Score (Out of 5)
1	Investec Private Bank	4.77	4.41	4.36	4.04	4.10	4.06	3.36	4.16
2	Standard Bank Private Bank	4.37	3.94	3.89	3.78	3.67	4.03	3.33	3.86
3	FNB Private Wealth/RMB Private Bank	4.39	3.93	3.70	3.92	3.65	3.69	3.32	3.80
4	Nedbank Private Wealth	4.32	4.10	3.80	3.54	3.39	3.42	3.53	3.73
5	Absa Private Bank	3.90	3.36	3.50	2.90	3.00	3.25	2.96	3.27

Investec is a major force in the wealth market and uses its international muscle well. It boasts in-house expertise in the full range of services required by the wealthy and is very strong in international banking operations.

The table reflects how the firms scored in each of the subcategories assessed for this award, based on client rankings for each.

3. WINNERS PER ARCHETYPE

These results reflect the judges' points, based primarily on an assessment of institutions' questionnaires and a consideration of the public source study and client responses.

Rank	Lump-sum investor	Score/10
1	Sanlam Private Wealth	7.40
2	Galileo Capital	7.38
2	Nedbank Private Wealth	7.38
4	PSG Wealth	7.35
5	Brenthurst Wealth Management	7.20

Rank	Up and coming professional	Score/10
1	Sanlam Private Wealth	7.58
2	Nedbank Private Wealth	7.43
3	Standard Bank Wealth & Investment	7.35
4	Galileo Capital	7.24
5	PSG Wealth	6.95

Rank	Successful entrepreneur	Score/10
1	Nedbank Private Wealth	7.45
1	Sanlam Private Wealth	7.45
3	PSG Wealth	7.43
4	Standard Bank Wealth & Investment	7.18
5	NFB Financial Services	7.13

Rank	Wealthy executive	Score/10
1	PSG Wealth	7.65
2	Absa Wealth Management	7.45
3	Sanlam Private Wealth	7.40
4	Investec	7.23
5	Standard Bank Wealth & Investment	7.18

Rank	Internationally wealth family	Score/10
1	Stonehage	7.86
2	Absa Wealth Management	7.56
3	Sanlam Private Wealth	7.51
4	Standard Bank Wealth & Investment	7.50
5	Maitland	7.49

Sanlam Private Wealth ranked first in the lump-sum investor and up-and-coming professional archetypes and tied for first with Nedbank Private Wealth in the successful entrepreneur category. It finished third in the other two – a dominant performance across all archetypes, making them worthy overall winners.

PSG Wealth is the top-ranked firm in the wealthy executive category and, with strength through all the archetypes, takes second place overall.

Nedbank Private Wealth, in third place overall, performed strongly in the first three categories, winning the successful entrepreneur archetype in a tie with Sanlam Private Wealth.

Stonehage Fleming, which focuses purely on the family office market segment, wins the internationally wealthy family archetype by a relatively comfortable margin.

4. PEOPLE'S CHOICE

This is based purely on feedback received from the client survey.

Rank		Overall satisfaction level (out of 5)	Likelihood of referral (out of 5)	Weighted score (out of 5)
1	Investec Private Bank	4.45	4.45	4.45
2	Standard Bank Private Bank	4.08	3.96	4.02
3	FNB Private Wealth/RMB Private Bank	3.87	3.89	3.88
4	Nedbank Private Wealth	3.93	3.74	3.83
5	Absa Private Bank	3.37	3.03	3.20

Rank		Overall satisfaction level (out of 5)	Likelihood of referral (out of 5)	Weighted score (out of 5)
1	Galileo Capital	4.79	4.88	4.83
2	Gradidge-Mahura Investments	4.65	4.882	4.765
3	PSG Wealth	4.70	4.816	4.759
4	NFB Financial Services	4.71	4.79	4.75
5	Sanlam Private Wealth	4.62	4.67	4.65

Investec has dominated the People's Choice, winning the private bank category every year since its introduction to the survey in 2013. Clearly it is second to none when it comes to satisfying clients, an impressive feat given its size.

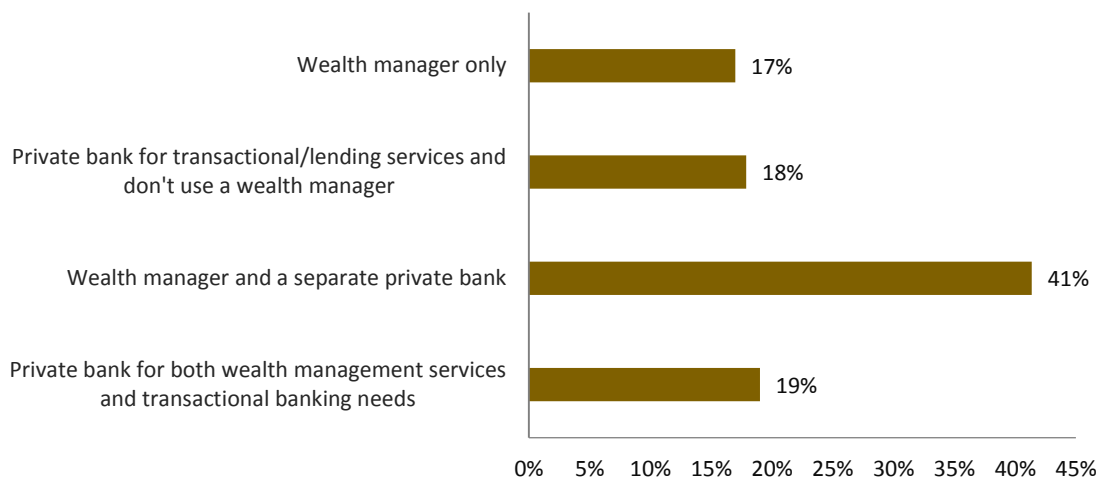
Incredibly, every Galileo respondent rated overall service levels as either good (21.1%) or excellent (78.9%). And the same occurred for the question on whether clients would recommend the firm to friends or family: 100% answered in the affirmative. A first in our survey.

5. GENERAL MARKET DYNAMICS

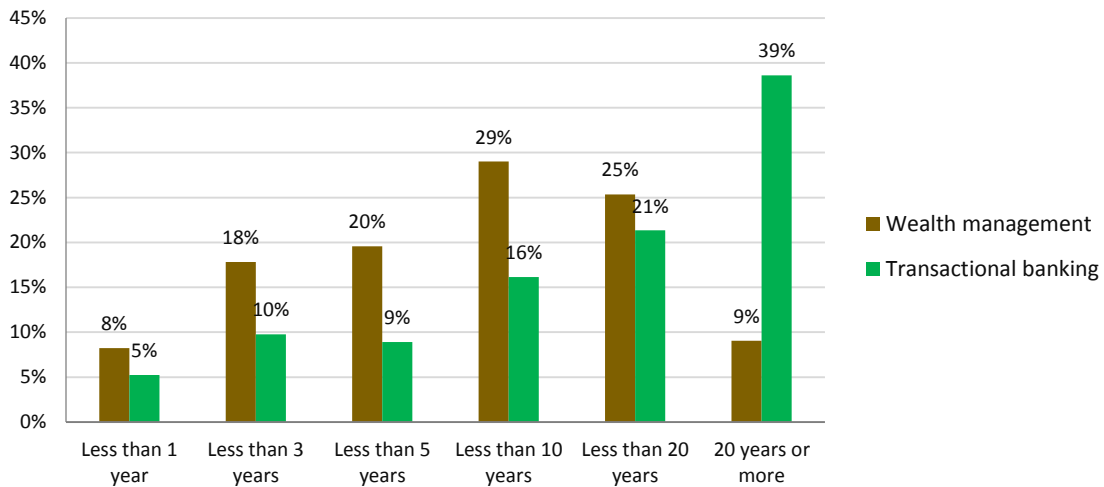
We provide some insight into general market dynamics in the following. We are able to provide a wide range of analysis to clients. Please contact us if you are interested in discussing further

Question: Which of the following best describes the service providers you use in the wealth management/private banking market?

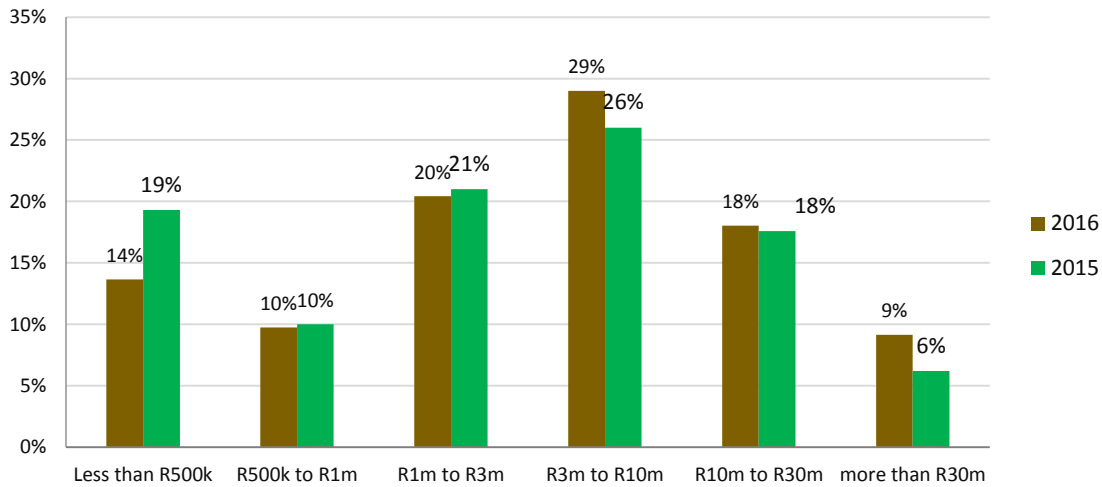
i. Service providers used



iii. Duration of relationships



iv. Average assets under management

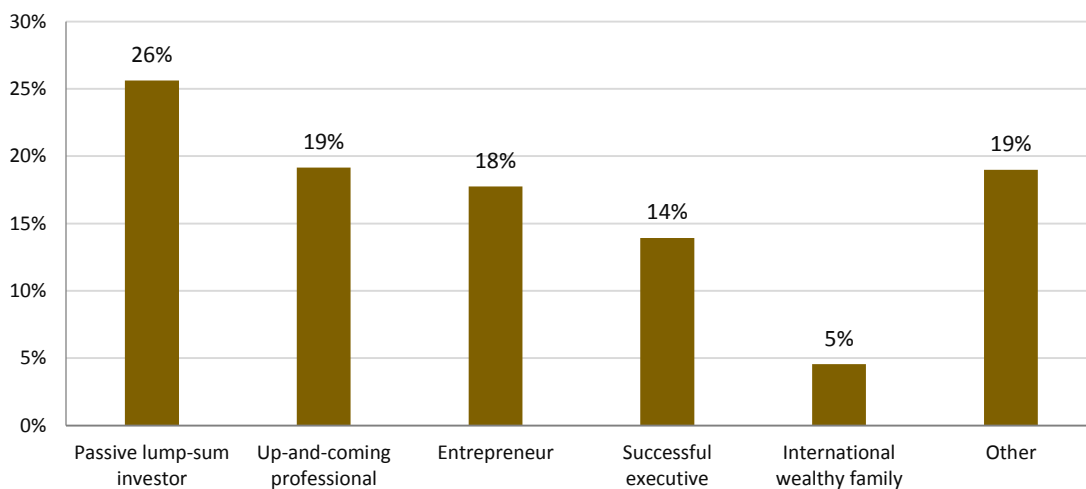


The majority of clients use separate wealth managers and private banks. Most wealth management clients have been with their firms between five and 20 years, while there is a big base of banking clients (39%) who have been with their bankers for more than 20 years. The bulge in assets under management for both groups of clients is R1m to R30m.

Specific client needs for wealth management and private banking

Question: Which of the following best describes the financial needs that your private bank/wealth manager fulfils?

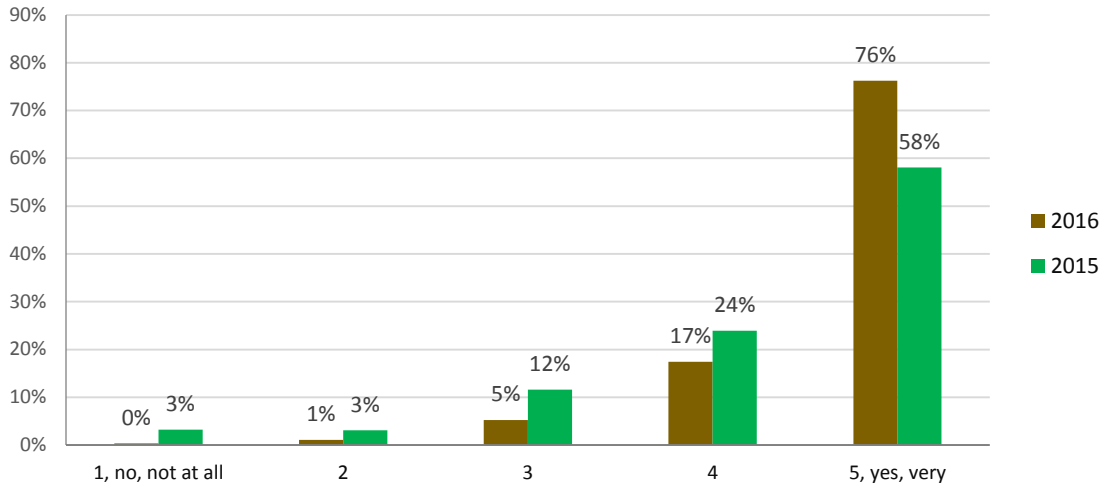
i. Client archetypes



Passive lump-sum investors make up the bulk of the overall market with fewer clients in each archetype as you move up the wealth scale.

Question: *Would you say that your private bank/wealth manager specialises in clients who have the needs you have outlined above? (Score 5 for "yes, very" and 1 for "no, not at all")*

ii. Client perception on ability of providers in meeting their needs



There has been a dramatic improvement this year, possibly a reflection of the constant striving by wealth managers to improve their offerings so as to better meet client needs.

6. GENERAL FEEDBACK FROM CLIENTS ON WEALTH MANAGEMENT AND PRIVATE BANKING SERVICES

i. Rating of the quality of service received by clients (1 is very poor, 5 is excellent)

Wealth management services	1	2	3	4	5
General advice on managing your wealth	2%	2%	9%	30%	58%
Managing your wealth using in-house products	2%	2%	13%	33%	51%
Investment products from 3rd parties	4%	4%	13%	30%	48%
Fiduciary services	3%	4%	13%	28%	53%
Structured finance products	4%	6%	13%	27%	50%
Share/derivatives trading	3%	5%	11%	26%	54%
Services for your company such as employee benefits	7%	10%	21%	25%	36%
Transactional banking services					
Transactional banking	1%	3%	11%	34%	52%
Savings products	3%	7%	21%	34%	36%
Loan products	6%	9%	17%	32%	36%
Corporate banking and other services for your company	7%	11%	25%	27%	30%
Structured finance	8%	12%	24%	29%	27%
Insurance products	12%	14%	29%	24%	21%

The majority of clients give their firms high rankings on the quality of service on various specific products and services, a reflection of the overall high standards set by SA's wealth management sector. And (below), quality of service is also the primary reason clients choose their specific firms, followed by quality of advice.

Question: Which of the following factors were most important to you when choosing your service provider? Please rank in importance from 1 – 5, with number one being the most important.

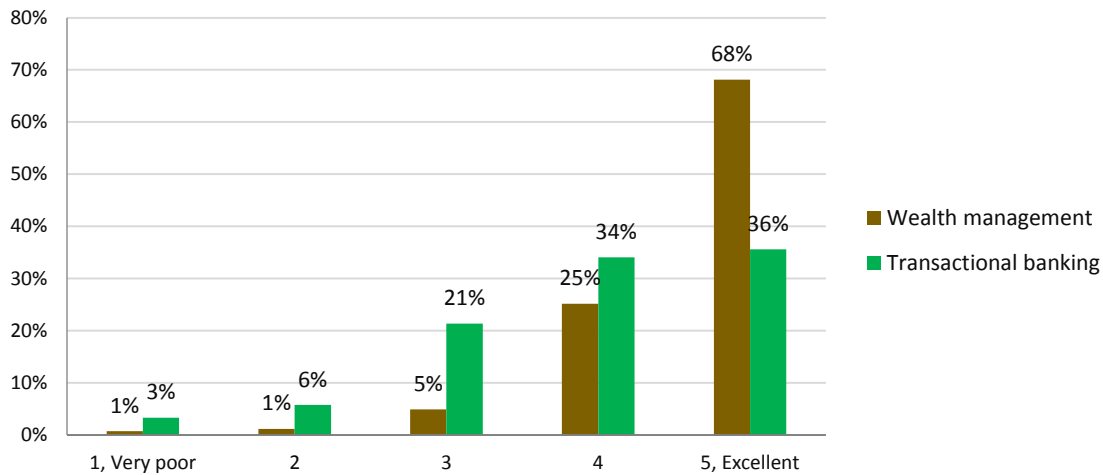
ii. Ranking of most important factors considered when choosing a service provider (1 is most important, 5 least important)

Wealth management services	1	2	3	4	5
The quality of service I receive	70%	10%	3%	5%	11%
Prestige/exclusivity	30%	16%	16%	15%	22%
Competitive pricing	28%	22%	22%	14%	14%
Excellent advice	59%	16%	7%	7%	10%
The fringe benefits	9%	9%	15%	13%	54%
Transactional banking services					
The quality of service I receive	67%	15%	4%	6%	8%
The prestige/exclusivity	10%	16%	20%	27%	28%
Competitive pricing	21%	29%	27%	14%	9%
The excellent advice I feel I get	23%	22%	26%	19%	10%

The fringe benefits	10%	15%	21%	16%	37%
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Question: How do you rate the overall service levels you receive from your primary private bank or wealth manager? (On a scale of 1 to 5, with 5 being excellent.)

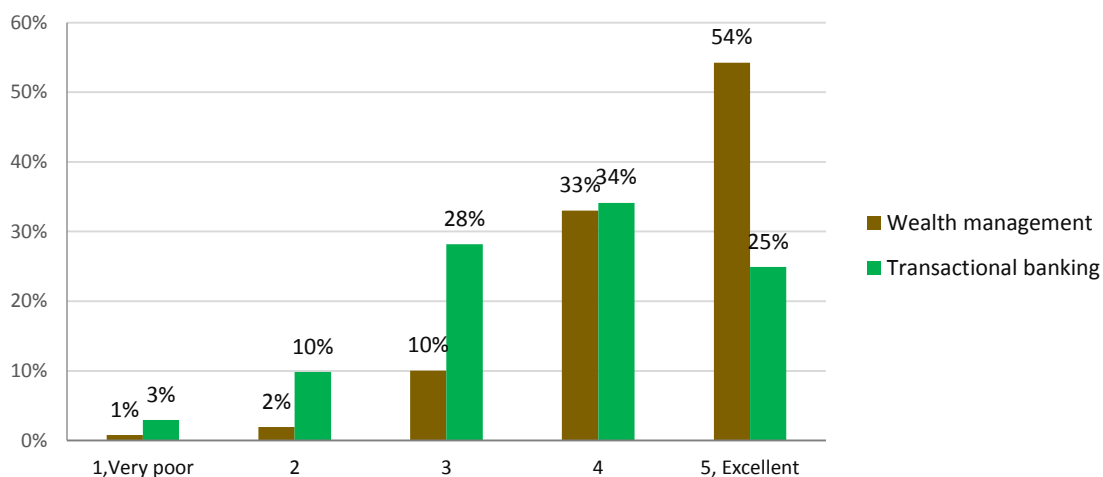
iii. Perception of overall service levels in the market



Responses to this question contribute considerably to the People’s Choice awards. Wealth management gets exceptionally high ratings, a factor that gives us the confidence to dish out high praise to SA’s wealth management industry. We believe it can hold its own against the world’s best.

Question: How do you rate the overall value for money you feel you receive from your service provider?

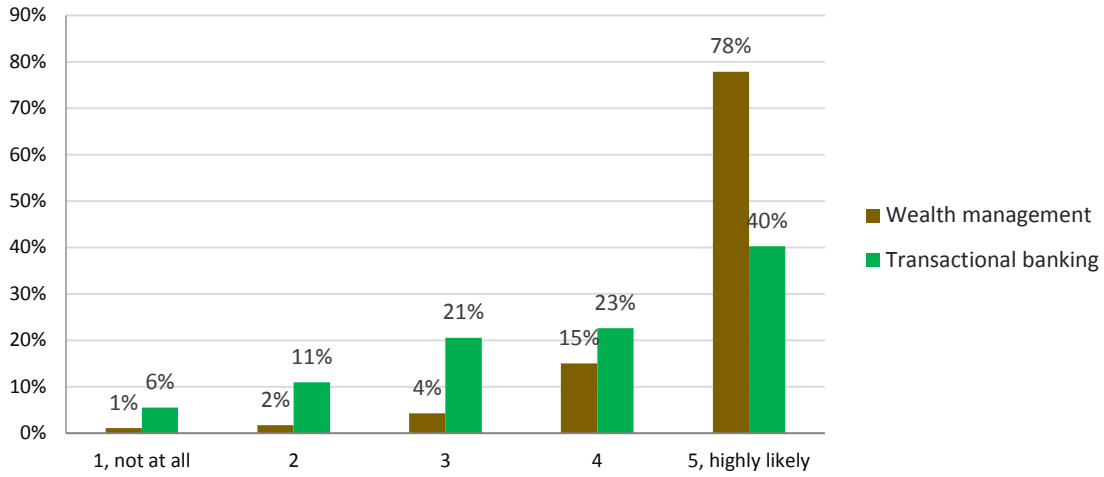
iv. Overall value for money



The high satisfaction levels of wealth clients extends to their perceptions of value for money. Banking clients are largely happy with the value they’re getting, but not nearly as much as for wealth management.

Question: What is the likelihood of you recommending the services of your current provider to family or friends?

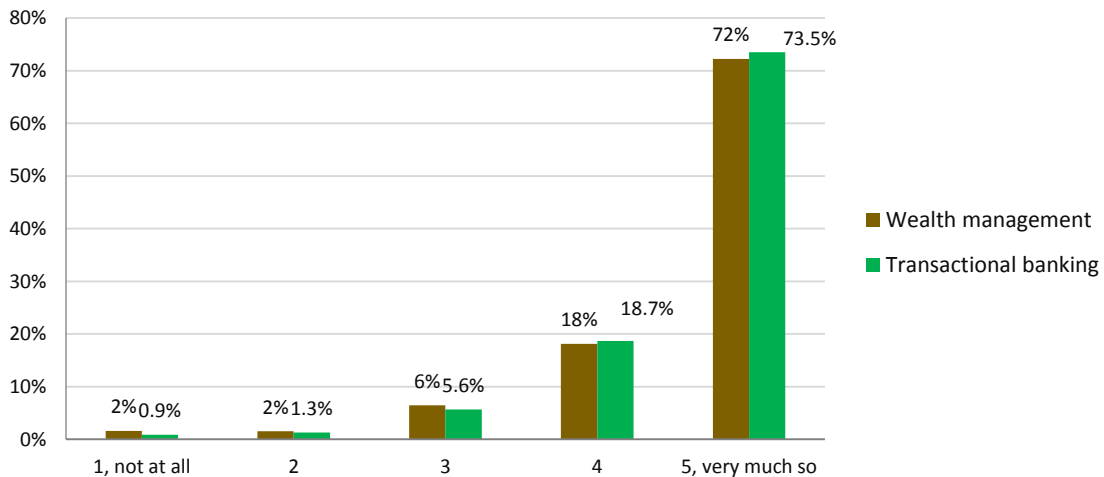
v. Likelihood of recommending services



This question also contributes significantly to the People’s Choice awards. We believe referrals are a very important indication of client satisfaction and many of the smaller wealth management boutiques in particular say they do not do any marketing or client acquisition drives, but rely on word of mouth.

Question: In thinking about your most recent interaction with your private bank or wealth manager, would you say it was a positive experience in terms of how your needs were met and the professionalism of the interactions?

vi. Assessment of interactions



7. ISSUES INTERROGATED IN THE CLIENT SURVEY

We are able to provide analysis of client feedback on a list of particular categories to individual institutions, comparing how they performed against the general market. The following is a list of the questions asked that indicates the kind of information we gathered. Note that in the case of some institutions, insufficient numbers of clients completed the questionnaire for the data to be meaningful.

1. Demographics
 - a. Age
 - b. Gender
 - c. Highest educational qualification
 - d. Marital status
 - e. City/town
 - f. Annual income before deductions

2. Private bank/wealth manager relationship features
 - a. Client archetype
 - b. Perceived level of specialisation of institution for client type
 - c. Perception of whether institution could improve offering for specific needs
 - d. Whether client uses other institutions beyond main one

3. Service provider
 - a. Which private bank or wealth manager is used
 - b. Length of client relationship
 - c. Whether planning to change primary private bank or wealth manager in the next few years
 - d. Why client would change
 - e. Which institutions are used apart from primary one
 - f. Reasons if client is multi-banked
 - g. Total value of assets that private bank advises/manages on client behalf

4. Assessment of services used
 - a. Which services and products are used (from a list of 11)
 - b. Rating of quality of service for each service/product used
 - c. Whether private bank/wealth manager has discretion in managing assets

5. Overall service and fees
 - a. What factors were important in choosing private bank/wealth manager
 - b. Rating of overall service levels
 - c. Ease of client understanding of fee structures
 - d. Whether performance fees are charged
 - e. Perception of whether investment returns are above/below the market
 - f. Rating of value for money
 - g. Likelihood of recommending to friends or family

6. Institution/client communication
 - a. Whether single or multiple points of contact
 - b. Turnover of primary relationship managers
 - c. Frequency of face-to-face meetings with representatives
 - d. Frequency of electronic interaction with representatives
 - e. In the case of most recent interaction, rating of experience

7. Freeform comments on experiences with the institution

8. METHODOLOGY

This is the fifth year we have undertaken the survey and we develop it every year better to reflect the dynamics of the wealth management industry and to ensure we are delivering a product that meets the needs of our readers. This year we made some substantial amendments to the awards.

The main change is that we no longer split private banks (firms with transactional banking) from wealth managers in all categories. We thus have one overall winner, the best wealth manager, with two supplementary awards to recognise other segments. We also acknowledge the best institutions for five different client archetypes.

Two-pronged research process

Our research process has two main elements.

The first is a comprehensive questionnaire that the firms complete. The main part of this is five typical client archetypes with specific needs outlined, for which we ask the firms to develop a service proposal. The intention is to clarify just what areas of the market the firms specialise in and their own capabilities. The archetypes are: the passive lump-sum investor, the up-and-coming professional, the successful entrepreneur, the wealthy executive and the internationally wealthy family. We also interrogate the decision-making processes at the firms and their costs, and obtain details about staffing levels, offices and the size of the businesses. The responses form the core part of the scoring process undertaken by the judges.

The second prong is the online client survey from which the People's Choice awards are determined. The questions are wide-ranging and designed to assess the different strengths and weaknesses of the private banks and wealth managers. The main areas of focus, though, are on satisfaction levels with products and services and whether clients believe they are getting value for money for fees charged. We also ask questions relating to why clients use particular private banks and wealth managers and whether their specific needs are being met. Clients also add comments on aspects not covered by our multiple choice format of questions. Here we received some valuable insights and these were used to inform the judging process. This year a record 2,732 clients started the survey, with 1,780 completing it.

Judging

In terms of the overall judging, we understand that firms have different areas of focus. Thus, in our minds, the individual archetype winners are at least as important as the overall awards. If a firm is the best in the industry in its specific area of focus and does not pretend to be all things to all people, it deserves recognition for that area of excellence. However, the nature of such a survey does reward the all-rounder – those firms with comprehensive offerings across all categories – when it comes to the overall award. If a firm does not compete in a particular market segment, we did not penalise it for not having an offering for that archetype.

This year Prem Govender joined the judging panel as an independent assessor. Govender is former chair of the Financial Planning Institute and chairs the board of the South African Savings Institute. The other judges were Intellidex chairman Stuart Theobald; financial analyst Orin Tambo and project editor Colin Anthony.

Overall rankings

The overall rankings are based on the weighted scores each institution receives for each archetype.

The People's Choice winners are based purely on the feedback received through the client survey. To calculate scores, client responses to two questions were averaged. These were: "How do you rate your institution's overall service levels", and "How likely are you to recommend your institution to friends and family".

Find out more

Intellidex produces detailed reports on the performance of individual private banks and wealth managers based on the client feedback we have collected. If you would like to commission such a report, please contact Stuart Theobald, email stheobald@intellidex.co.za or tel 011 082 5114.

Give us feedback

We would like to know what you think of the Private Banks & Wealth Managers survey process. If you have any thoughts or feedback, please email topprivatebanks@intellidex.co.za



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