

# TOP PRIVATE BANKS & WEALTH MANAGERS 2018



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**intellidex**<sup>i</sup>  
Top Private Banks &  
Wealth Managers

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# Q&A

## WHAT?

Intellidex launched the Top Private Banks & Wealth Managers awards in 2012, based on an institutional questionnaire. In 2013 we added the People's Choice awards, based on an online survey completed by clients. This is the seventh edition of what we believe is the only comprehensive public analysis of the industry.

## WHEN?

The fieldwork was conducted between March and May 2018. The results were published in FM Investors Monthly on 26 June 2018.

## HOW?

Intellidex, which conducts a range of different research projects 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 designed as a guide for potential clients to establish which institution will serve their individual needs the best. It also generates substantial statistical analysis of clients' opinions that can be useful to firms that want 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 into stockbroking, institutional research analysts, retail banking, business banking, black economic empowerment, tax-free savings and other areas. You can find out more at [www.intellidex.co.za](http://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 products, services 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 Colin Anthony on [canthony@intellidex.co.za](mailto:canthony@intellidex.co.za) or 010 072 0470.

## GET READY FOR 2019

We will be undertaking the project again in the first half of 2019. 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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# CONTENTS

- CONTENTS .....3
- 1. INTRODUCTION .....4
- 2. OVERALL WINNERS.....5
  - 1. Top Wealth Managers.....5
  - 2. Top Wealth Manager Boutiques .....5
  - 3. Top Banking Services Firm .....6
  - 4. Winners per Archetype .....6
  - 5. People’s Choice .....8
- 3. GENERAL MARKET DYNAMICS .....9
- 4. GENERAL FEEDBACK FROM CLIENTS ON WEALTH MANAGEMENT AND PRIVATE BANKING SERVICES ..... 12
- 5. ISSUES INTERROGATED IN THE CLIENT SURVEY ..... 17
- 6. METHODOLOGY ..... 18
  - Find out more..... 20
  - Give us feedback ..... 20

# 1. INTRODUCTION

The Top Private Banks & Wealth Managers survey has established itself as SA's leading assessment of the industry. This year's survey marks the seventh 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 as well as feedback from their clients via an online questionnaire. This year a record number of 7,758 clients participated in 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 year, the number of client responses increased substantially when compared with last year. Such a large pool increases the credibility of the survey findings.

This publication is a summary of the main findings from the 2018 survey. It also contains, under the general market dynamics section on page 9, a selection of responses to the People's Choice survey to provide some insight into the thinking of clients on various issues.

This brief report provides some insights from the client research survey as well as an overview of the overall winners. The winners are chosen by a panel of judges which this year included:

Dr Stuart Theobald, CFA (chairperson)

Orin Tambo, CFA (lead analyst)

Colin Anthony (Intellidex general manager)

Heidi Dietzsch, (market research manager)

***Please see the June 2018 issue of FM Investors Monthly for the full, detailed report of the findings.***

## 2. OVERALL WINNERS

### 1. Top Wealth Managers

Institution	Rank	Out of 10 (Weighted)
Gradidge-Mahura Investments	1	9.35
Standard Private Bank/Wealth & Investment	2	9.34
PSG Wealth	3	9.30
Sanlam Private Wealth	4	9.10
NFB Private Wealth Management	5	8.88

Gradidge-Mahura, this year's top wealth manager, delivered a stellar performance, also winning two archetype awards, lump-sum investor and young professional archetypes, as well as the People's Choice award. Last year's winner, Standard Bank, is close on its heels in second position overall, while it wins the wealthy executive archetype. PSG Wealth is third (up from fourth last year) and wins the successful entrepreneur archetype.

### 2. Top Wealth Manager Boutiques

Institution	Rank	Out of 10 (Weighted)
NFB Private Wealth Management	1	8.88
Brenthurst Wealth Management	2	8.64
Carrick Wealth	3	8.30
Alexander Forbes Private Client Wealth	4	7.46

NFB secures first position among the boutique wealth managers, moving up from third position last year. Last year's winner, Brenthurst, takes second place with newcomer Carrick in third. Gradidge-Mahura, which also qualifies as a boutique, was not eligible having won the overall award.

### 3. Top Banking Services Firm

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

Rank	Institution	Transactional banking	Savings products	Loan products	Corporate banking	Structured finance products	Securities trading	Insurance products	Weighted score (out of 10)
1	Standard Private Bank	9,14	8,32	8,44	7,56	7,58	7,48	6,60	7,95
2	Investec Private Bank	8,66	7,82	8,02	7,98	8,00	8,14	7,00	7,87
3	FNB Private Wealth/RMB Private Bank	8,50	7,74	7,42	7,68	7,30	7,12	7,02	7,55
4	Nedbank Private Wealth	8,18	7,60	7,36	6,88	6,64	7,28	6,70	7,23
5	Absa Private Bank	7,98	7,30	7,40	6,78	6,60	6,72	6,56	7,05

Standard Bank is this year's top private bank, while last year's winner, Investec, takes second place. The other three banks' performance is on par with last year. All the banks perform well in their transactional banking activities, while clients are the least satisfied with the banks' insurance products.

### 4. Winners per Archetype

These results reflect the judges' scoring, based primarily on an assessment of the responses of institutions to our archetype clients and from client responses.

Rank	Lump-sum investor	Score/10
1	Gradidge-Mahura Investments	9.80
2	Brenthurst Wealth Management	9.20
3	PSG Wealth	9.00
4	Standard Private Bank/Wealth & Investment	8.90
5	Absa Private Bank/Absa Wealth Management	8.80

Rank	Young professional	Score/10
1	Gradidge-Mahura Investments	9.90
2	Sanlam Private Wealth	9.10
3	Brenthurst Wealth Management	9.00
3	NFB Private Wealth Management	9.00
5	PSG Wealth	8.90

Rank	Successful entrepreneur	Score/10
1	PSG Wealth	9.80
2	Standard Private Bank/Wealth & Investment	9.70
3	FNB Private Wealth/RMB Private Bank	9.30
4	Gradidge-Mahura Investments	8.80
5	Sanlam Private Wealth	8.80

Rank	Wealthy executive	Score/10
1	Standard Private Bank/Wealth & Investment	9.90
2	NFB Private Wealth Management	9.40
2	Sanlam Private Wealth	9.30
4	FNB Private Wealth/RMB Private Bank	9.20
4	PSG Wealth	9.10

Rank	Internationally wealthy family	Score/10
1	Sanlam Private Wealth	9.80
2	PSG Wealth	9.70
3	Standard Private Bank/Wealth & Investment	9.40
4	FNB Private Wealth/RMB Private Bank	9.20
5	Absa Private Bank/Absa Wealth Management	9.00

Gradidge-Mahura's performance in the archetypes is impressive and the firm wins both the lump-sum investor and the young professional archetypes. PSG wins the successful entrepreneur archetype and is among the top five in all five archetypes. Standard Banks and Sanlam deliver exceptional performances in the wealthy executive and wealthy family archetypes respectively.

## 5. People's Choice

The data in the tables below are based purely on feedback from the client survey. Firms with fewer than 30 responses are excluded.

### Top Private Banks:

Rank	Institution	Overall satisfaction level	Value for money	Likelihood of referral	Weighted score (out of 10)
1	Investec Private Bank	8.68	7.53	8.30	8.18
2	Standard Private Bank	8.28	7.55	7.80	7.87
3	FNB Private Wealth/RMB Private Bank	6.30	7.24	7.16	7.23
4	Nedbank Private Wealth	7.52	7.02	7.13	6.91
5	Absa Private Bank	7.12	6.63	6.53	6.73

Investec once again wins the People's Choice Award for private banks. The bank's clients are very satisfied and more than 80% rate the overall service levels as excellent or very good. More than 90% state that they will, in all probability, recommend Investec to acquaintances. Standard Bank also keeps its clients happy – 74% believe that the overall service levels are excellent or very good.

### Top Wealth Managers:

Rank	Institution	Quality of service	Overall satisfaction level	Value for money	Trustworthiness	Likelihood of referral	Weighted score (out of 10)
1	Gradidge-Mahura Investments	9.18	9.11	8.89	9.32	9.42	9.21
2	NFB Private Wealth Management	8.66	9.22	8.57	9.71	9.46	9.17
3	Brenthurst Wealth Management	8.88	9.26	8.63	9.59	9.32	9.16
4	PSG Wealth	8.52	9.04	8.37	9.59	9.13	8.96
5	Standard Bank Wealth & Investment	8.27	9.12	8.46	8.46	9.06	8.72

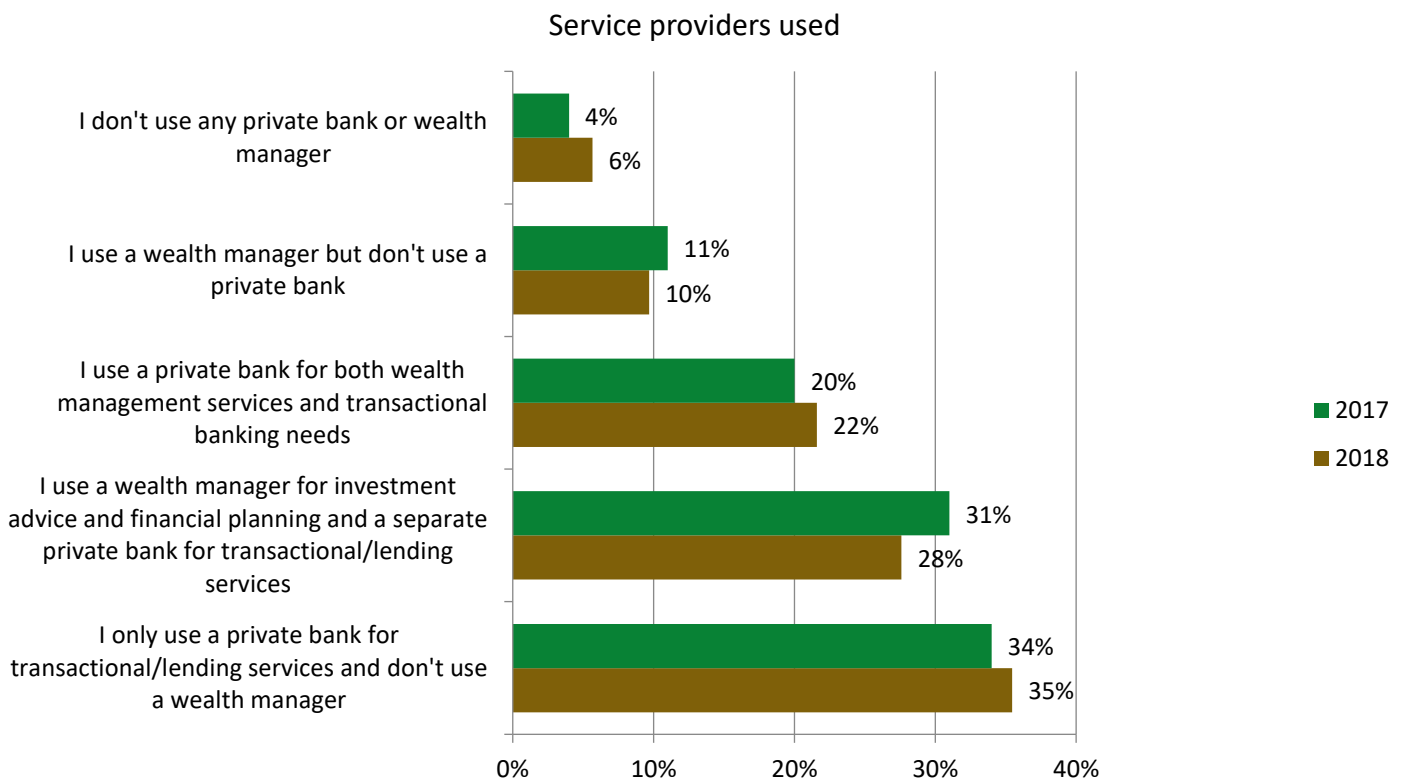
Gradidge-Mahura wins the People's Choice Award for wealth managers, followed by NFB, holding onto last years' place. Brenthurst moves up from last year's fourth position into third this year. The high scores in this category show that clients are highly satisfied and also place a great deal of trust in their wealth managers.



### 3. GENERAL MARKET DYNAMICS

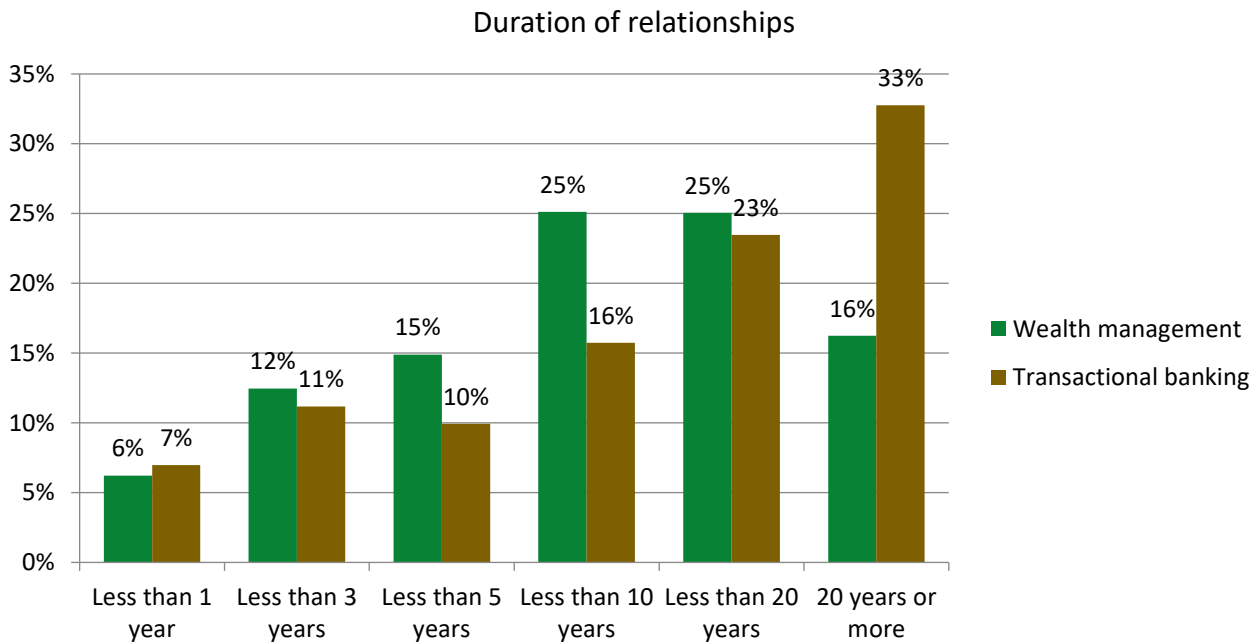
In this section we provide some insight into general market dynamics. We are able to provide a wide range of analysis to clients, comparing the scores of individual firms with the market aggregate. Please contact us if you are interested in our in-depth analysis.

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



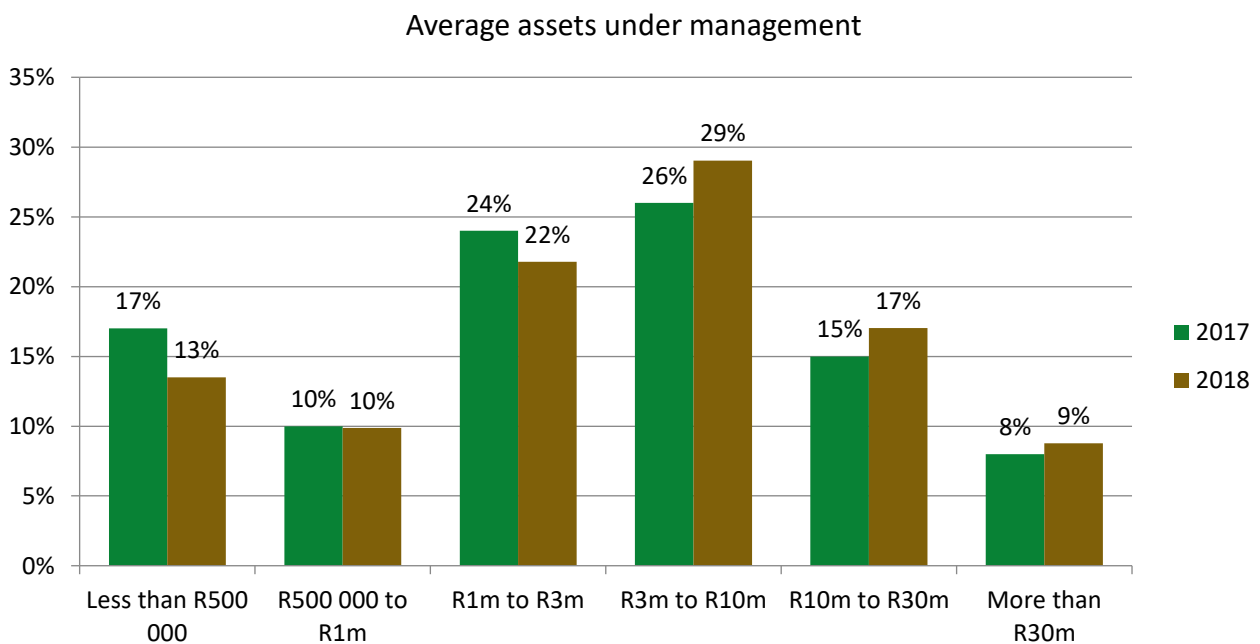
More than 35% of clients indicate that they don't use a wealth manager at all, while 28% do use a wealth manager, but a separate private bank for transactional and lending services.

Question: How long have you been a client of your institution?



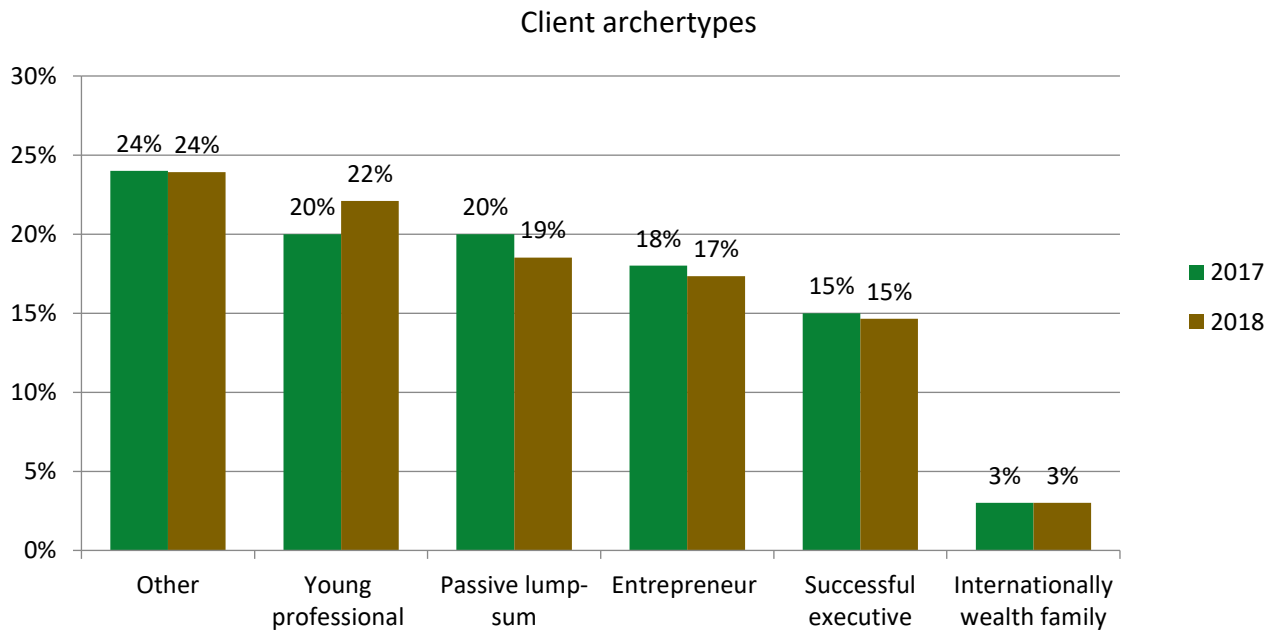
The majority of wealth management clients have been with their institution for more than five years. The relationship with private banks appears to be more durable, with 33% having been with the same bank for more than 20 years.

Question: What is the approximate total value of the assets that your institution advises you on or manages on your behalf?



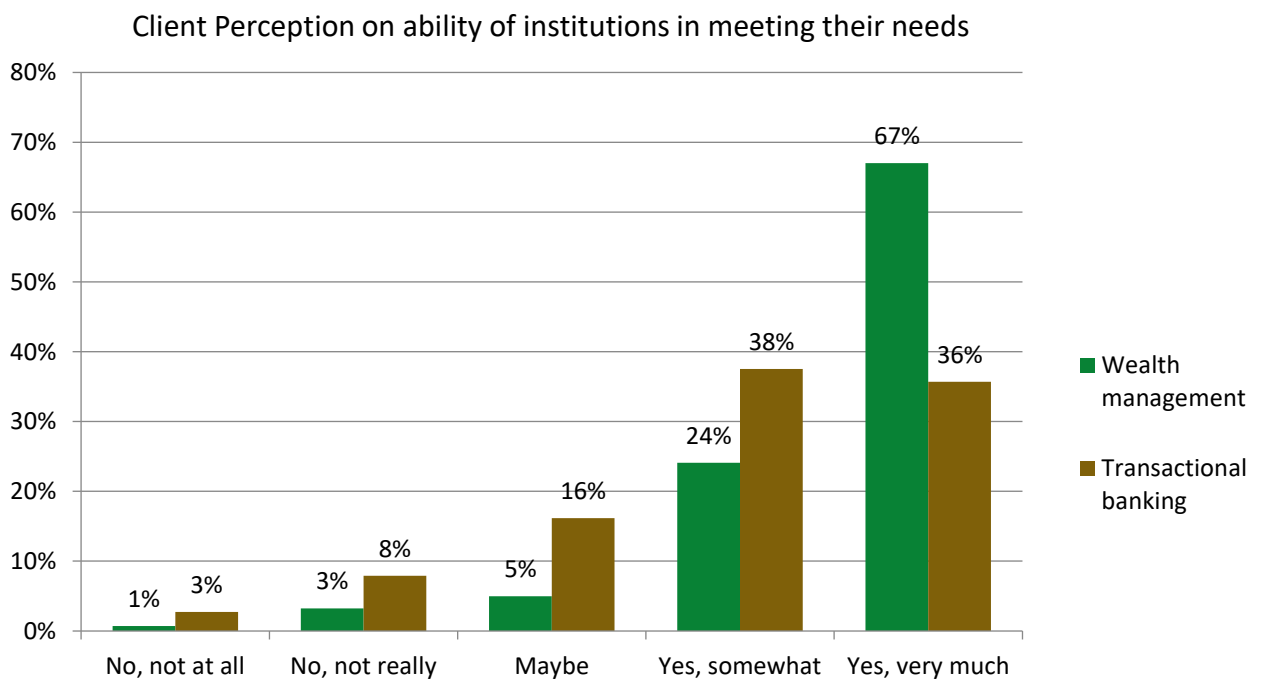
This year, as well as in 2017, the bulk of clients have assets under management of between R3m and R10m. A small percentage have assets under management of more than R30m.

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



Most clients consider themselves to be young professionals and lump-sum investors, while only 3% come from families with multi-generational wealth.

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 much" and 1 for "no, not at all")



Wealth management clients are very confident that their needs are being met (67%). Private banks, however, generally have scope to improve on their ability to meet specific client needs.

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

*Question: Please rate the quality of the services listed below that you receive from your institution:*

	Very poor	Poor	Good	Very good	Excellent
<b>Wealth management services</b>					
General advice on managing your wealth	1%	4%	19%	36%	39%
Managing your wealth using its own products	2%	4%	24%	38%	33%
Investment products from 3rd parties	4%	9%	23%	34%	31%
<b>Fiduciary services</b>					
Structured finance products	4%	7%	23%	30%	36%
Share/derivatives trading	4%	7%	22%	30%	37%
Services for your company such as employee benefits	9%	9%	27%	23%	32%
<b>Transactional banking services</b>					
Transactional banking	1%	2%	21%	35%	41%
Savings products	2%	6%	30%	35%	27%
Loan products	4%	7%	26%	33%	30%
Corporate banking and other services for your company	7%	8%	30%	29%	26%
Structured finance	6%	10%	31%	30%	23%
Share/derivatives trading	6%	8%	29%	30%	27%
Insurance products	9%	13%	32%	26%	19%

Wealth management and private banking clients are generally satisfied with the quality of services they receive. Wealth management clients are particularly happy with the general advice they receive, while private banking clients are pleased with the transactional banking services offered.

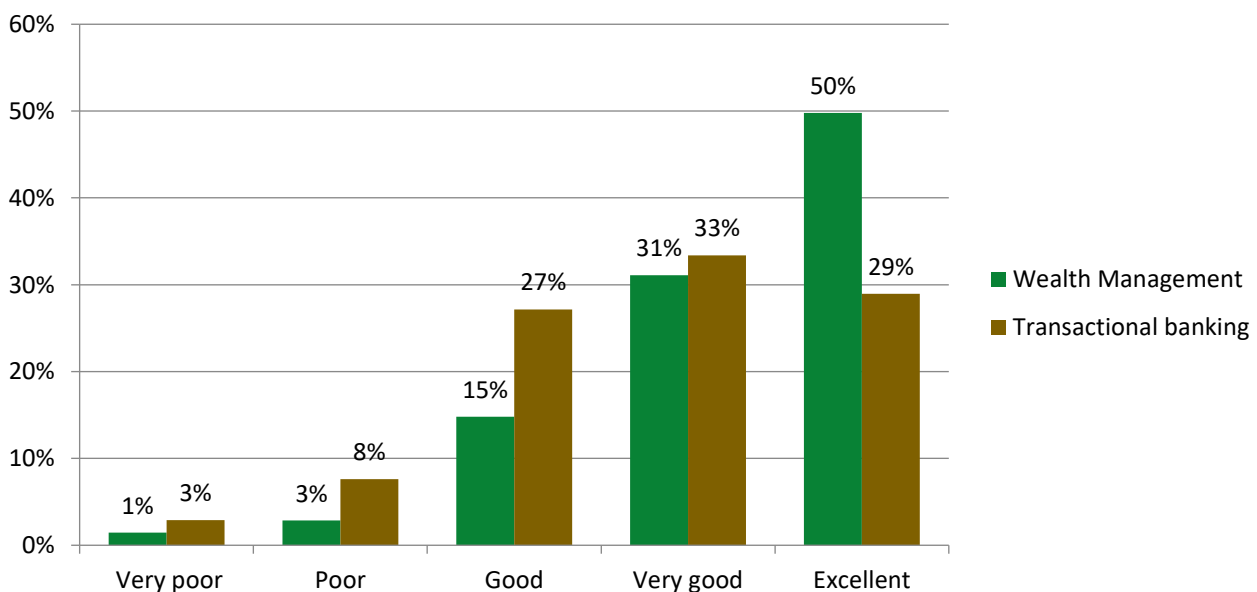
Question: Rank the following factors in terms of importance when you were choosing your institution.

	First	Second	Third	Fourth	Fifth
<b>Wealth management services</b>					
The quality of service I receive	57%	28%	11%	3%	1%
Prestige/exclusivity	10%	16%	22%	30%	21%
Competitive pricing	6%	21%	36%	28%	9%
Excellent advice	33%	30%	21%	13%	4%
The fringe benefits	5%	5%	9%	20%	61%
<b>Transactional banking services</b>					
The quality of service I receive	69%	19%	7%	3%	2%
The prestige/exclusivity	6%	18%	17%	24%	35%
Competitive pricing	13%	32%	31%	15%	8%
Excellent advice	10%	23%	29%	26%	12%
The fringe benefits	7%	10%	16%	27%	39%

All clients place a high premium on the quality of service they receive. This factor is held in much higher regard than competitive pricing. Excellent advice is also important to wealth management clients. Clients in both groups do not really consider factors such as prestige, exclusivity and fringe benefits when they decide which institution to use.

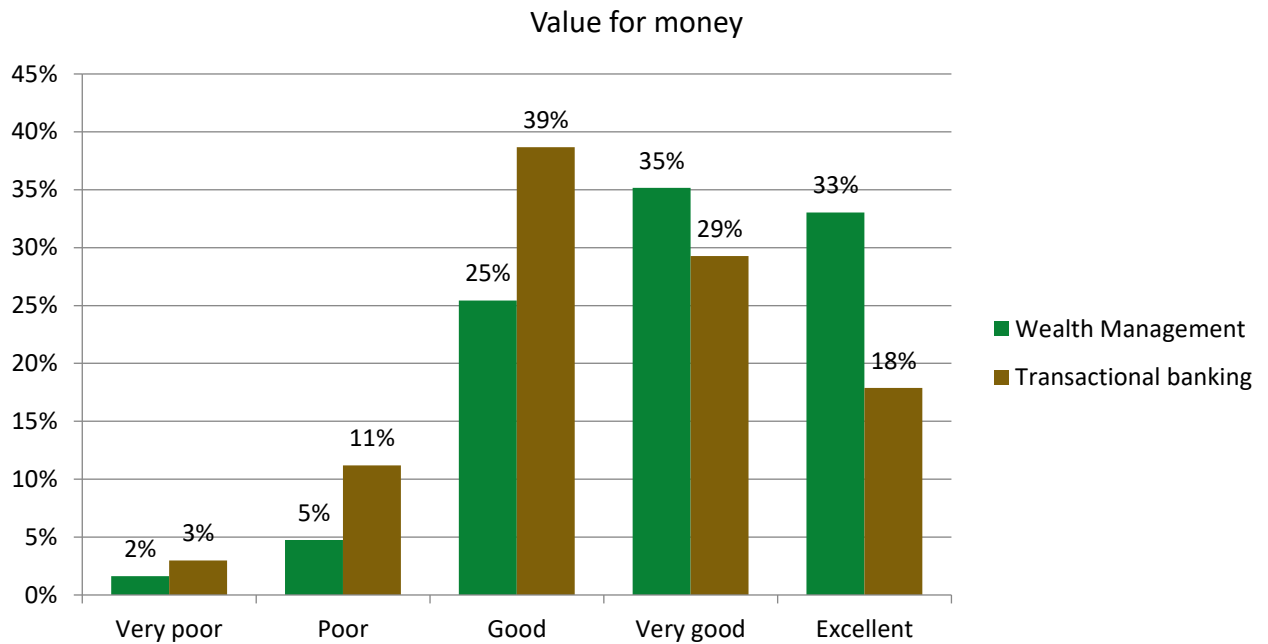
Question: How do you rate the overall service levels you receive from your primary private bank or wealth manager? (On a scale of 1 to 5, with 5 being excellent.)

Perception of overall service levels in the market



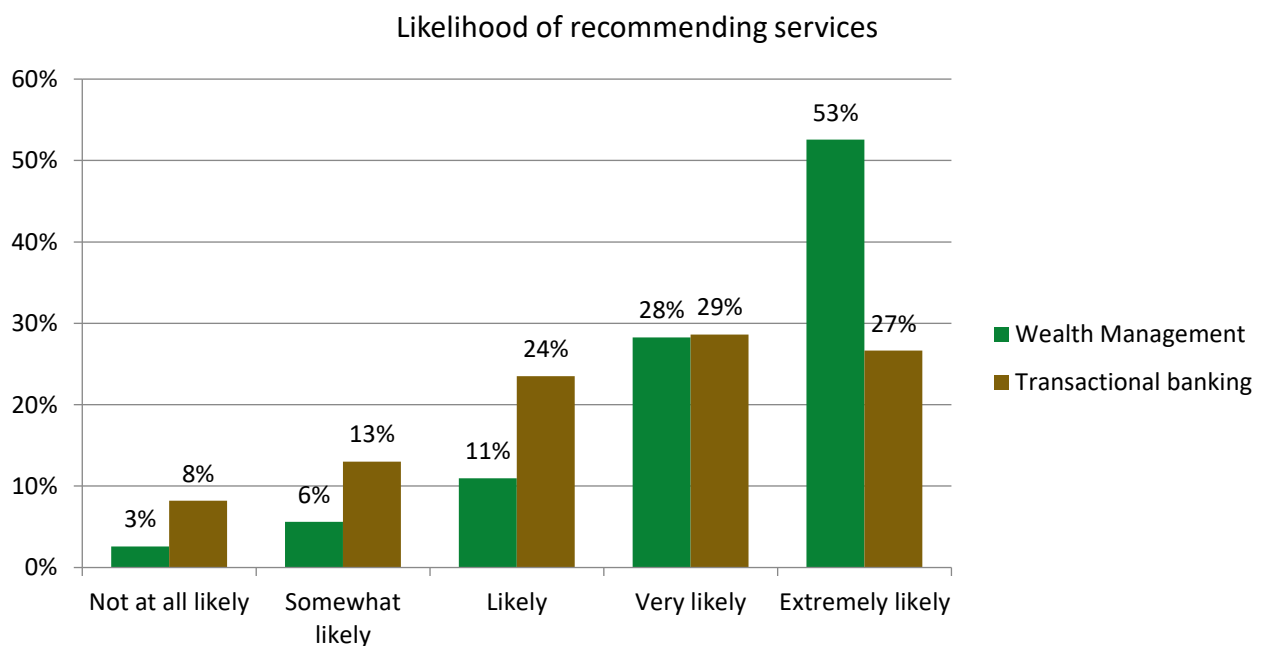
Half of wealth management clients rate the services they receive as excellent. Private banking clients are considerably less satisfied than wealth management clients. These figures are on par with last year's results.

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



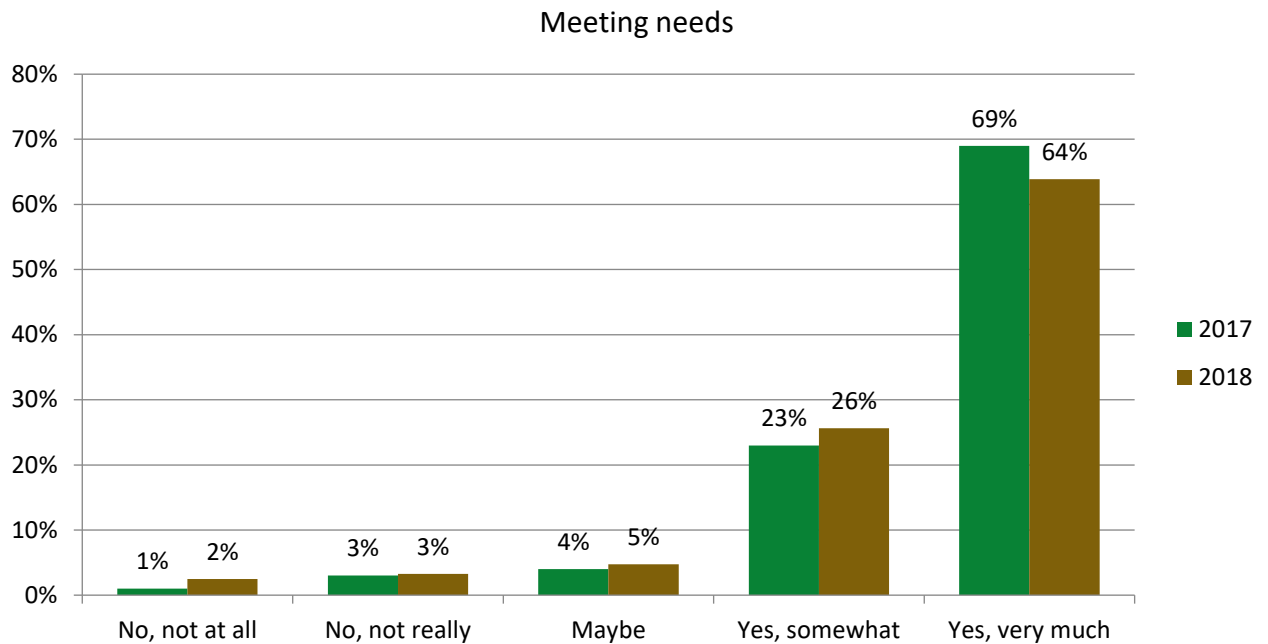
A third of wealth management clients believe that the overall value of money they receive from their firms is excellent, while 18% of private banking clients share the same sentiment. Almost 40% of private banking clients say that the overall value for money they receive from their firms is good.

Question: How likely would you be to recommend the services of your institution to friends or family?



Referrals are a very significant indication of client satisfaction. Wealth management clients are more inclined to recommend their institution than private banking clients – more than half state that they are extremely likely to do so. This is on par with last year’s findings.

Question: When thinking about your most recent interaction with your institution, would you say your needs were met? (This question is only asked to wealth management clients).



The majority of wealth management clients are highly satisfied with the manner in which their needs are met, albeit less so when compared with last year. Clients had the following to say about their wealth managers:

*“Our current wealth manager has been advising us for more than 10 years and has a very good understanding of our investment needs.”*

*“My wealth manager always invites me to regular customer sessions highlighting new opportunities which they believe would be suitable to my needs.”*

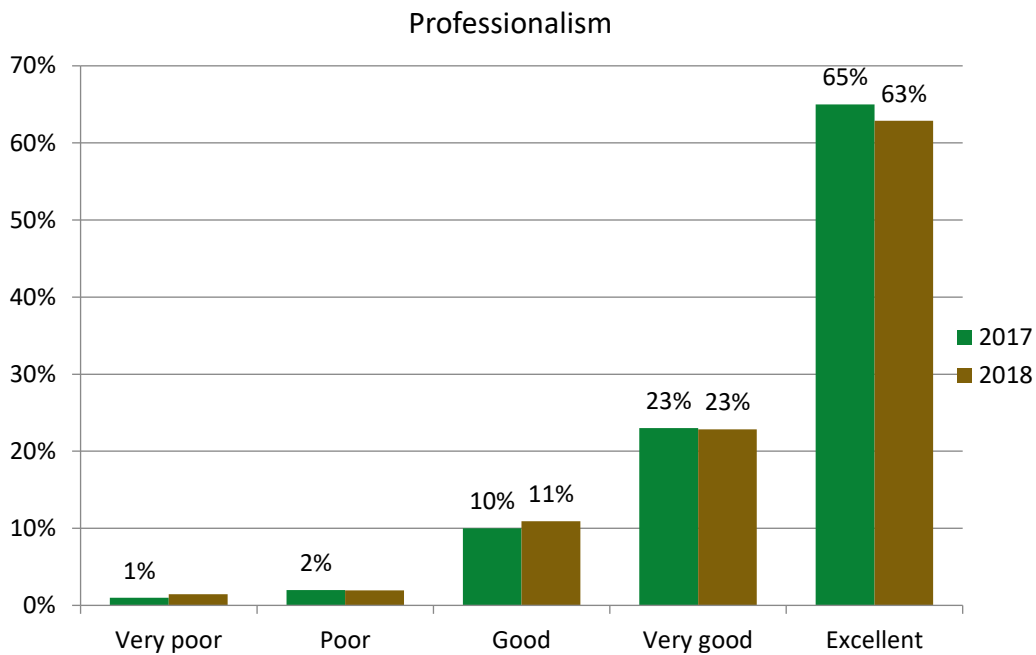
*“It is a long-term relationship built on trust and an understanding of my needs and aspirations.”*

*“They always assist with any requirements or needs.”*

*“My wealth manager has saved me a lot of money and has invested my funds wisely. He goes out of his way to meet my needs and has never let me down.”*

*“My wealth manager knows his story and the products that could meet my needs.”*

Question: When thinking about your most recent interaction with your institution, how would you rate the professionalism of the interaction? (This question is only asked to wealth management clients).



It is clear that wealth managers conduct themselves in a very professional manner with 97% of clients rating the professionalism of their wealth managers as good, very good or excellent. Clients also said:

*"Their assistance has always been fast and professional."*

*"Professional and polite. Have answers at their fingertips."*

*"Professional, knowledgeable and trustworthy."*

*"I feel totally confident with the service and over the years I have always been attended to immediately and professionally."*

*"Interaction is always professional and helpful. My wealth manager is exceptional."*

*"My interactions are always to the point and very professionally addressed. Closed out with urgency."*



## 5. ISSUES INTERROGATED IN THE CLIENT SURVEY

We are able to provide individual institutions an in-depth analysis report of client feedback on a wide range of particular categories, 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. 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
  - e. AUM of client
  
2. 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. Which institutions are used apart from primary one
  - e. Total value of assets that private bank advises/manages on client behalf
  
3. 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
  
4. 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 market average
  - f. Rating of value for money
  - g. Likelihood of recommending to friends or family
  - h. Innovativeness of technology
  - i. Comprehensive product range
  
5. Institution/client communication/relationship
  - 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
  - f. Trustworthiness
  - g. Reputation of wealth manager
  
6. Verbatim comments on experiences with the institution

## 6. METHODOLOGY

This is the seventh year we have undertaken the survey and we improve it every year to reflect the dynamics of the wealth management industry and to ensure we are delivering a product that meets the needs of our readers.

### **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: passive lump-sum investor, young professional, successful entrepreneur, wealthy executive and 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.

### **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.

The panel of judges was Intellidex chairperson Dr Stuart Theobald, senior financial analyst Orin Tambo, project editor Colin Anthony and market research manager Heidi Dietzsch.

### **Overall rankings**

The overall rankings are based on the average of the scores each institution receives for each archetype. The archetype scores are unweighted. The People's Choice winners are based purely on the feedback received through the client survey.



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### 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 Colin Anthony, email [canthony@intellidex.co.za](mailto:canthony@intellidex.co.za) or telephone 010 072 0470.

### 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 [canthony@intellidex.co.za](mailto:canthony@intellidex.co.za).



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