Reuters Wealth Management Summit
Take a look
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TAKE A LOOK - Reuters Wealth Management Summit

Wealth management has become one of the fastest growing financial sectors as millionaires and billionaires around the world abound. But clouds are appearing, with financial markets in turmoil, and the risk of a downturn casting doubt over future income.

The Reuters Wealth Management Summit, held in Boston, Geneva and Tokyo on October 8-10, generated exclusive interviews and articles from our reporters.

To access the stories on the Reuters 3000 Xtra terminal, hit F9, and type “look-wealth” and hit enter. To access the stories on Reuters.com, call up: http://www.reuters.com/summit/WealthManagement07

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Reuters Summit-U.S. wealth managers' margins seen rising
By Svea Herbst-Bayliss

BOSTON, Oct 10 (Reuters) - Profit margins in the U.S. wealth management industry are expected to keep climbing as big banks and boutique firms both offer more expensive products, cut costs, and discard some lower-yielding business, an industry consultant predicted.

"The margins in the United States will go up as players in the industry are managing their business much better," Bruce Holley, partner at The Boston Consulting Group, told the Reuters Wealth Management Summit in Boston on Wednesday.

Over the past six years, margins for firms offering mostly brokerage products have climbed to about 11 percent from about 4 percent in 2000. They also grew to roughly 30 percent now for firms offering more fee-based products from around 20 percent seven years ago, he said.

Even as the industry is expected to swell to roughly $100 trillion in assets under management this year, Holley said it is still a cottage industry where a lot of professional management techniques have not yet been applied.

But this means there is a great opportunity to raise profitability by offering more higher fee-based products, increasing cost management and outsourcing certain services, he said.

"Right now a lot of players are broadening their models and the lines between trust banks and asset management and other things are becoming slightly more blurred. But over time, I think you'll find the industry coming to a more focused model," he said.

Currently one of the problems is that many firms may say they are targeting a certain segment of the market, perhaps the very wealthy, but in reality most of their clients don't fit the bill, Holley said.

(svea.herbst.reuters.com@reuters.net; 617 367 4171; editing by Deborah Cohen)
GENEVA, Oct 8 (Reuters) - A global credit crunch in financial markets has given many of the world's wealthy a lingering distrust of new-fangled "structured" investment products, even though many are no worse off.

Private bankers attending a Reuters Wealth management Summit in Geneva, said they believed the legacy of a liquidity crisis which seized up lending between banks and spooked investors would be to make the wealthy even more reluctant to put their money in instruments they could not readily understand.

The credit crisis was triggered by a meltdown in the U.S. market for subprime mortgage loans -- extended to borrowers with shaky credit histories -- which many banks packaged into complex bundles of securities and then sold on to investors.

"To the extent that things are called exotic, I think there is going to be less appetite for those," said Peter Flavel, Global head of private banking at Standard Chartered Plc.

Demand for mortgage-backed securities, many of which received triple-A ratings from leading credit risk agencies, dried up over fears that exposure to subprime loans had undermined their intrinsic worth.

"My general rule is that if you cannot understand it in the first minute or two it's probably too complex to be selling and we tend to keep to the simpler structures," said Flavel.

One of the features of the credit crunch, which caused outright panic in markets in August, has been the complexity of the financial structures which set it in motion.

Many investors realised belatedly that they had put their money into investments they simply did not fully understand.

**Simplicity**

Other private bankers agreed that there were virtues in simplicity even in the often rarified world of advising the world’s wealthy on how to manage their money.

"We certainly wouldn't be buying or promoting investments we didn't understand or thought they (clients) didn't have sufficient time to understand," said Mark Cunningham, Managing Director private banking at Bank of Ireland.

For many of their more sophisticated clients, the recent market ructions may even provide them with fresh opportunities to make money. "We spoke very regularly to our clients, informing them what was going on. Hopefully with such disruption taking place there will be more opportunities going forward," said Jan Erik Frogg, head of the alternative investments business at Union Bancaire Privee.

Frogg said the market shakedown was a salutary correction after years of cheap credit steadily eroded risk premia and induced a false sense of security among many investors.

Clients who were prepared to sit out the crisis in financial markets were likely to reap rewards before long.

"What we are living today is simply that reality has caught up with everyone," said Frogg.

"It's classic, it's this recreation of risk premia. You should be holding on to what you have and in the next three to six months we will have much better opportunities," he said.

Fears of a recession in the United States, which could trigger a global slowdown, were very much alive and weighing on investors, said Standard Chartered's Flavel.
"Our advice to clients is ... have a heightened sense of awareness about the future but don't make any particular big changes if you're investing for the long term," said Flavel. "If you're a trader that's a different position all together."

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**Reuters Summit-Credit woes stir some wealth management worry**

By Douwe Miedema, European Wealth Management Correspondent

GENEVA, Oct 5 (Reuters) - The wealth management industry's normally impeccable attire is gaining a few creases, as fears grow that wealthy clients hit by recent credit market turmoil have become less keen to buy high-margin products.

Rapidly growing wealth management firms have also created a potentially troublesome expense burden by pumping up wages to attract scarce private bankers, which could start hurting should a protracted downturn in equity markets depress fee income.

"Private banks are capable of engineering products for every market situation. But the questions is, are clients willing to buy? That will be very interesting to see," said Javier Lodeiro, an equity analyst at Sal. Oppenheim.

Private bankers will discuss these questions and other issues facing the industry, which manages more than $37 trillion in client assets, at the Reuters Wealth Management Summit in Tokyo, Geneva and Boston Oct 8-10.

The credit crisis has so far has had little impact on wealth managers, who do not take their client's financial risks on their books, making their balance sheets relatively immune to market gyrations.

But their millionaire clients could be hit harder and banks have told them to build up cash until stock markets settle. In the current climate, clients may also be more wary of some of the industry's more complex products on which fees are highest.

That may change the picture of lavish growth in the industry, driven by the rapid increase in the numbers of millionaires in Asia and elsewhere in the world, as well as buoyant global stock markets and solid inflows of petrodollars.

Wealth managers such as UBS <UBSN.VX> and Credit Suisse <CSGN.VX>, private banking units of banks such as Citigroup <C.N> and Deutsche Bank <DBKGn.DE>, and hoards of smaller players have all partied on buoyant business in recent years.

**HIGHER COSTS**

The annual world wealth report by Capgemini and Merrill Lynch <MER.N>, often used as an industry benchmark, estimates global wealth assets will rise to more than $50 trillion by 2011, assuming 6.8 percent annual growth.

But bottlenecks including staff shortages and possible slowdowns in asset prices -- and slower global economic growth -- were all reasons why the industry's outlook may have to be toned down, studies by other consultancies have said.

For years, wealth managers have been facing higher costs as regulators crack down on tax evasion and criminal money, while increasingly financially savvy clients are demanding better services. Rising automation and compliance costs add to the burden.
Banks have also been forced to set up costly operations in Asia and across Europe to cater for clients in their own countries, in what is known as the on-shore business.

At the same time, the rapidly rising number of millionaires and billionaires is luring retail banks to the often-secretive industry, causing competition to intensify. Analysts say historically fat margins might start narrowing.

"I do see that as a risk, though you have to keep in mind there has been no major pressure on gross margins in the last seven years, other than for cyclical reasons," said Sal. Oppenheim's Lodeiro.

Margin pressure might even see the return of consolidation in an industry that remains fragmented. Even Switzerland's UBS, the largest player, holds only an estimated 3 percent of the total market.

Virtually all major wealth managers have said they want to boost revenues by acquiring others, but high prices have prevented any major deals in recent years as few owners see a reason to sell out.

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**Reuters Summit-Shrinking bank secrecy puts focus on tax gains**

By Lisa Jucca

GENEVA, Oct 10 (Reuters) - Increasing demands from tax authorities around the world are challenging traditional private bankers while opening opportunities for niche players who can help rich clients pay less taxes in a legal way.

Managing off-shore, often undeclared funds in bank secrecy strongholds such as Switzerland and Luxembourg has been a traditional activity of many private banks.

But a global movement towards more stringent tax and transparency requirements is challenging this approach.

"It is becoming very difficult for clients of private banks and trust companies to hide their money from the tax man, which they have maybe been able to do in the past," Stephanie Jarrett, from law firm Baker & McKenzie, told the Reuters Wealth Management Summit in Geneva.

"I don't think banking secrecy is at an end but certainly the tax frontiers are being pushed and thinking you can carry on simply relying on banking secrecy is short term."

The European Union's savings directive, introduced in 2005, dealt the first blow to bank secrecy in Europe by forcing European wealth management centres such as Switzerland and Luxembourg to apply a withholding tax on savings from undeclared EU income.

U.S. tax legislation is equally stringent and experts predict new efforts in the fight against tax evasion also in relatively loosely regulated emerging countries.

Yet, this appears to be an opportunity for small players who offer ad-hoc tax solutions to allow wealthy individuals to pay as little tax as possible without breaking the law.

"In the next five to 10 years it will remain complex. That plays in favour of niche players," said Lombard International Assurance's CEO David Steinegger.

"It's not a negative. It's an opportunity," Steinegger, whose company designs insurance-based solutions to help rich clients to legally reduce their tax burden.

**TAX-DRIVEN**
Changes in tax laws can spur new business for wealth managers, who like to say they increasingly focus on what the industry now calls "fiscal optimisation".

A tax amnesty in Italy in 2001-2002 prompted UBS <UBSN.VX> and Credit Suisse <CSGN.VX> to enter the local on-shore market as billions of euros of off-shore funds returned home and a similar move in Belgium attracted foreign private bank players.

At the same time, the appointment of centre-left Italian Prime Minister Romano Prodi, who has the fight against tax evasion on his agenda, in 2006 brought new business for tax engineers such as Lombard International Assurance.

"Before the Italian elections, when people thought Prodi would take over and, as opposed to the (former prime minister Silvio) Berlusconi government, would be tough on tax, we saw a high wave in business," said Steinegger.

With tax laws tightening up, private bankers agree that on-shore business will gain a higher and higher share of wealth management business as opposed to off-shore activities.

"Off-shore will always exist. In the long-term on-shore is growing," said Bernard Coucke, Head of Europe and Deputy Global CEO of ING Private Banking.

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**Reuters Summmit-Staff shortages may hold back wealth managers**

By Douwe Miedema, European Wealth Management Correspondent

GENEVA, Oct 10 (Reuters) - A lack of staff may dent the growth outlook for wealth managers and those banks which fail to satisfy increasingly demanding clients could feel the pinch the most, industry participants said.

A healthy global economy and the rise of wealthy middle classes in emerging economies still meant a rosy outlook for the industry servicing the world’s richest customers -- but not every bank would benefit equally.

"We have stood on the crest of the wealth management growth wave and the issue preventing the market from expanding is how can you get enough sales people to tap the assets," Seb Dovey, at the Scorpio Partnership consultancy group said.

Dovey was speaking at the Reuters Wealth Management Summit taking place in Geneva, Boston and Asia.

Wealth management is one of the fastest growing financial sectors and has been largely immune to recent turmoil in financial markets that has shaken other banks, because private banks do not take risks for clients onto their books.

But the sector has struggled to keep pace with soaring global wealth, which is estimated to keep growing at a 6.8 percent annual rate to reach $51.6 trillion in 2011, according to the Cap Gemini world wealth report.

Those banks best able to attract staff would have an edge over their rivals, private bankers said, as wages in the sector soar and bankers are setting up training programmes to tap new sources of professionals.

"It is a challenge, but it's a manageable challenge for us," said Samir Raslan, head of Citi Global Wealth Management's <C.N> Central and Eastern Europe, Middle East and Africa region.
"Today, everyone is trying to recruit. If you are a good banker, you can be choosy as to who you work with."

**CLIENTS BECOME INTELLIGENT**

Wealth managers increasingly have to work harder to win business, with younger clients now more financially savvy and demanding sophisticated tools to minimise tax and plan wealth succession.

"Pressure on the service providers is principally around investment performance (and) treating the client as an intelligent, proactive counterparty rather than assuming he is loyal," said Ray Soudah at Millenium Associates, a consultancy advising on private banking mergers and acquisitions.

The traditional private banking model has sometimes been criticised for relying on banking secrecy in jurisdictions such as Switzerland and Luxembourg, where clients would hide their money and be satisfied with moderate returns.

Banks that had stuck to that traditional model would find it increasingly hard to tap new clients even if the global wealth pool kept expanding as rapidly as it has done.

"One thing we often despair of is that with private banks there is sometimes a lack of strategy ... The typical small Swiss bank doesn't realise the world has changed," said Stephanie Jarret at law firm Baker & McKenzie.

Intesa Sanpaolo <ISP.MI> said it would profit from its extended retail network to tap more private banking clients and that it saw growth of between 6 and 8 percent for the sector as it uses its extended retail network.

Other bankers mentioned much higher numbers, with Citigroup's Raslan saying he expected between 25 and 30 percent growth in assets in its growth regions, a pace that he called "sustainable".

And Reinhard Krafft, Sal. Oppenheim's head of private banking said he expected the group's assets under management to grow by up to 20 percent, defying a notion that the mature markets it operates in are throttling growth.

Market growth assumptions are often unrealistic, a recent study by PWC said, with wealth managers expecting global assets to rise by 23 percent in the next three years, and those handled by their own banks to grow even faster, by 30 percent.

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**Reuters Summit-Networks not opera: private banks lure Gen X**

By Jane Barrett

**GENEVA, Oct 10 (Reuters) -** As the world’s wealth pumps into the pockets of a new generation of heirs and entrepreneurs, private banks are looking for new ways to attract a clientele worlds away from the stuffy image of wealth management.

"Younger clients are looking for something different from the cocktail parties and the opera," said Sebastian Dovey, a consultant at Scorpio Partners.

"Their interests are more in networking and education and banks haven't been educators," he said at the Reuters Wealth Management Summit in Geneva.

Banks like Julius Baer <BAER.VX> and Citi <C.N> have gathered future mega-heirs from around the world to talk about protecting their wealth as well as to network and have fun with millionaires their own age.
Baer's "Generation X" and Citi's "The Next Gen" programmes have both have set up alumnus groups to keep the contacts going.

"Succession planning isn't just setting up trust funds but it's making sure the next generation is aware of the issues and knows how to look after the assets," said Samir Raslan at Citi Global Wealth Management.

"It's a critical part of focusing on our clients' needs."

Stephanie Jarrett, a partner at Baker & McKenzie law firm advising on wealth management tax issues, said banks were also holding seminars for families to discuss issues the new generation will face.

"The issues run from whereabouts to invest to legal issues like divorce laws in different countries -- anything you can do to protect the family money," she said.

Julius Baer is also hiring younger private bankers who are closer in age and interests to the Generation X millionaires to build relationships with them.

NEW MONEY

Private bankers are also touting for business among young millionaires who have made their own money rather than inherited it, particularly in the fast-booming economies in Asia.

Recent studies suggest that the total wealth of high net worth individuals is around $37 trillion, of which only about $12.5 trillion are being managed by banks and boutiques.

"Of the rest, about half is held by young people so banks have to work out how to reach out. If you do it cleverly, you can get to somebody who doesn't have much time and once they sign up they'll be booked," said Scorpio's Dovey.

Bigger banks, particularly those with retail and corporate banking arms around the world, said they had ways of scouting out the new money.

"The bank is tracking business owners and what they're up to. Once we hear something's happening and somebody has cash available, the teams run," said Bernard Coucke, deputy head of ING Private Banking.

Wealth managers are also broadening their product spectrum to appeal to young millionaires who have a more business-savvy approach to wealth, offering structured products and tailored projects in new markets and sectors like renewable energy.

However, private bankers were still unwilling to move too far away from the traditional face-to-face approach.

"They're still relying on a limited sales force to get to clients rather than using Internet tools the young use like Facebook and YouTube," said Scorpio's Dovey.

"It's like trying to reach a shelf with short arms."

(Reporting by Jane Barrett, editing by Erica Billingham; email: jane.barrett@reuters.com; Tel: +34 91 585 8340)
Reuters Summit—Regulation seen burdening small private banks
By Lisa Jucca

GENEVA, Oct 9 (Reuters) - Small players in the private banking sector will suffer from an increase in transparency requirements that is expected to follow the recent financial markets crisis, bankers said on Tuesday.

The credit crunch, triggered by defaults on U.S. subprime mortgages, prompted regulatory calls for increased financial disclosure, especially in Europe.

"In the next 12 to 15 months we will see regulation coming in everywhere in the world," said Nicolas Cagi Nicolau, Global Head of Structured Products at SG Private Banking.

"This will clean the market."

Earlier on Tuesday, European Union finance ministers agreed to review a slew of financial rules to address a need for more clarity on investments in structured vehicles, conduits and other products that have been at the centre of the credit crisis.

In the United States, the Federal Reserve and the Securities and Exchange Commission met banks to look at their books.

Cagi Nicolau said only the larger private banks would be able to absorb the costs of providing additional information on complex financial products.

"Small banks, family offices will not be able to respond to all the constraints," he said.

"You really need to give more information and expertise."

Sophisticated instruments such as structured products have come under fire during the volatile summer markets.

Some central banks, like the Bank of Italy, had to reiterate a request for more bank transparency given the complexity of some of the financial instruments involved.

"As sophistication increases, you wish to have more transparency. There are some pretty complex products out there and it's only fair to for clients to have more transparency," said Boris Collardi, Chief Operating Officer for Private Banking at Bank Julius Baer.

SOME SKEPTICISM REMAINS

Some bankers did not, however, see a need for more transparency in the world of wealth management, where clients are traditionally more sophisticated and financially educated than the average retail client.

"Once you get above a certain level, the market is plenty self regulating, and there is no need for more regulation," said Mark Cunningham, Managing Director of Private Banking at Bank of Ireland.

Others did not expect regulation to change their normal way of doing business and predicted a shift toward more loosely regulated regions of the world for segments of the banking industry such as hedge funds.

"I don't think regulation changes anything. This is an industry that pays well. What you'll see is that these funds will move around, it will be difficult to pin them down," said Jan Erik Frogg, head of UBP Alternative Investments.

(Editing by Erica Billingham, Email: zurich.newsroom@news.reuters.com
Telephone: +41 (0) 44 631 7354)
BOSTON, Oct 11 (Reuters) - As the battle over managing assets of the rich heats up, experts see room for both boutique bankers who offer personalized service like arranging home repairs and big private banks that make million-dollar loans and offer access to exclusive hedge funds.

"Size does not dictate profitability," said Bruce Holley, a partner at Boston Consulting Group, a specialist in the wealth management industry.

"There will always be the all-singing and all-dancing large players, but there is room for smaller players too, as long as they have a well-defined model," he told the Reuters Wealth Management Summit in Boston this week.

A strong stock market and growth in personal savings have helped mint a new crop of millionaires, and with assets nearing $100 trillion, the wealth management industry is expected to remain robust for years.

"No one is bumping against a market share problem," David Lamere, chief executive of Bank of New York Mellon Corp's <BK.N> wealth management unit, told the Reuters Summit. The unit invests $164 billion in private client assets and ranks among the top 10 U.S. players.

Al Piscopo, president and chief executive of Glenmede Trust Co, with $20 billion under management, agreed. "I used to characterize this industry as highly competitive, then intensely competitive, and now I would call it insanely competitive," he told Reuters.

**LEAKY ROOF**

Big players woo clients with global reach and promises of getting access to exclusive hedge funds and seven-figure loans in a hurry to clients traveling abroad.

"Wealthy people want to know what the largest financial institution in the world is thinking, and by being in 106 countries, we have something to say," said Richard Ditizio, who runs the High Net Worth unit for Citigroup Inc's <C.N> Citi Private Bank in North America.

In a bid to keep generations of clients, many smaller players say they offer more personalized service like finding someone to repair a leaky roof or a broken furnace, or feed the family dog, executives attending the summit said.

But the big players are betting their size help them beat rivals and retain high profit margins -- in the 30 percent range for firms with fee-based services.

"There will always be some of everything, but we will win market share against all of them," Brian Moynihan, president of Bank of America Corp's <BAC.N> Global Wealth and Investment Management unit told Reuters. The bank bought U.S. Trust this summer to better serve ultrawealthy clients.

While going after the super-rich, Bank of America is also aggressively courting the larger demographic of those with $100,000 to $3 million to invest and is hiring more bankers to serve them.

Takeovers may also be in BNY Mellon's future. Lamere said he is talking to several possible prospects. And Citi's Ditizio said he would not rule out making a takeover, either.

"Right now, there are a lot of players who are broadening their models to include more products, and the lines are more blurred between asset management, trust banks and private banks," Boston Consulting's Holley said.
But trying to be all things to all people may backfire, some experts warned, noting that not all clients -- or even bankers -- like working with very big institutions.
And the outlook for mergers may be exaggerated.
"Consolidation in this industry really is a big myth," Glenmede's Piscopo said.
"Big firms buy small firms that end up fragmenting into even smaller firms," he added.
"I will bet money that there will soon be half a dozen new firms in New York soon because of the all the takeovers going on right now."

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**Reuters Summit-Global wealth managers face Euro challenge**
By Andrew Hurst, European Banking Correspondent

**GENEVA, Oct 9 (Reuters) -** Wealth managers with global ambitions face a challenge cracking the dominance of national banking champions serving rich clients on their own turf in countries like Italy, France, Spain and Ireland.

Private bankers attending a Reuters wealth summit in Geneva said global players in wealth management such as Credit Suisse <CSGN.VX>, UBS <UBSN.VX>, Deutsche Bank <DBKGn.DE> and Citigroup <C.N> can expand rapidly in Asia and eastern Europe, where there is less of a tradition of looking after richer clients.

But competing with retail giants like Societe Generale <SOGN.PA> or BNP Paribas <BNPP.PA> in France, UniCredit <CRDI.MI> or Intesa SanPaolo <SPI.MI> in Italy and BBVA <BBVA.MC> or Santander <SAN.MC> in Spain is proving a tougher proposition.

"It's very difficult to take market share in countries where you are not a national institution," said Ray Soudah, founder of Millennium Associates, which advises the wealth management industry.

Global wealth management specialists like UBS can call on massive resources to devise highly sophisticated financial products and provide advice on matters from setting up a charitable foundation to amassing a fine art collection.

But European retail banks believe they can capitalise on business relationships going back years to steer local clients towards private banking services as their wealth grows and they seek increasingly sophisticated financial investments.

"Our clients find that a global model does not suit them," said Nicolas Cagi Nicolau, global head of structured products at Societe Generale.

He said many well-heeled French clients like the technical know-how that a large bank with an international network such as Societe Generale can call on but also crave the detailed local knowledge that, as a big local player, it can provide.

"They want a combination of the bank's strike force but they also want it to take into account the specificity of local markets," said Cagi Nicolau.

The head of private banking at Italy's Intesa SanPaolo, with 73 billion euros in assets under management, said he felt he had little to fear from foreign competitors such as UBS whose Italian unit has attracted 16 billion euros in assets from Italian clients.

"I'm not particularly afraid of UBS," said Intesa's SanPaolo Molesini, whose open architecture model of doing business allows it to offer 1,500 financial products developed by other banks to its own clients.

Other countries, such as Spain and Ireland, where fast growth over the past decade has led to rapid accumulation of wealth and created a class of newly rich families, pose a different kind of challenge to global wealth managers.
"There are problems for banks coming in to Ireland," said Mark Cunningham, managing director of private banking at Bank of Ireland.

"They need to try and understand the market which is different to an established private banking market," he said, adding that there was a huge shortage of qualified staff. "It's very difficult to come in if they can't find people to head up their operations."

Ireland has seen family wealth more than quadruple in a decade to 687 billion euros.

Some wealth management specialists say that powerful retail banks ignore at their peril the competitive edge that a private bank with decades of experience advising the rich can wield.

"We see other (foreign private banks) have made progress in the very tough German market," said Reinhard Krafft, head of private banking at Germany's Sal Oppenheim, which was founded in 1789. "You have to be top in your service."

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**Reuters Summit-Wealth management consolidation stalls**
By Thomas Atkins

GENEVA, Oct 10 (Reuters) - Consolidation may have taken off in European banking but will likely leave the specialised world of wealth management -- exclusive banking for the rich -- standing still, bankers and industry experts say.

High prices and poor-quality assets have kept buyers on the sidelines and bankers now predict, in sharp contrast to previous years, that wealth management may prove immune to the pressures that have driven consolidation elsewhere in financial services.

Even Citigroup <C.N>, whose private bank ranks number two worldwide by assets, has abandoned its bullish takeover rhetoric and will focus now on organic expansion, according to Samir Raslan, head of private banking in various key emerging markets.

"We will always be open for any opportunities but we will continue to focus on organic growth and building our business in a very serious and controlled environment," Raslan said at the Reuters Wealth Management Summit.

Prices for wealth management assets are at a five- to six-year cyclical peak, experts say, the ideal time to sell from the seller's point of view but a bit off-putting for buyers.

Once you add the peculiarities of the rich -- some bankers refuse to abandon ship, even if their client base is shrinking -- and concerns about transparency, then the overall picture of consolidation in wealth management looks fairly bleak.

Only two years ago, experts thought consolidation would sweep the hundreds of privately owned specialist banks that dot Switzerland's mountainsides and the back streets of London's City financial district, as regulatory costs rose and global scale became more important.

**DIDN'T BARK**
"Past predictions that there would be a large volume of consolidation -- which has not happened, especially in the offshore market -- were based on rational thinking and now consolidation is not taking place based on irrational thinking," said specialist mergers advisor Ray Soudah.

Even banks that would like to expand internationally, such as France's Societe Generale <SOGN.VX>, are left few affordable opportunities.
"It's tough to have good acquisitions because prices are very high," said Nicolas Cagi Nicolau, a leading private banker and head of structured products at Societe Generale. Structural peculiarities to wealth managers -- whose fortunes often turn on a few, lavishly paid relationship managers with contacts in moneyed circles -- may also play a role, said Sebastian Dovey, head of specialist consultancy to the wealth management industry, Scorpio Partnership.

Frequently, the most talented bankers and relationship managers simply walk out the door when one wealth manager acquires another, making buyers increasingly shy, he said. "It's really easy to set up your own shop. You could do it tomorrow in Switzerland, in the UK and in other countries like Singapore," he said.

Small players in the atomised sector, which includes hundreds just in Switzerland, the world's largest center for cross-border investments, often face their own peculiarities that take the shine off.

"Those you want are not for sale and those you don't want are for sale," said Bernard Coucke, deputy head of private banking at bancassurance group ING <ING.AS>.

"Either they have a lot of trouble getting physical mass or their activities are so specialised they cannot grow, or they have a social issue, and these are things we do not like."

(Reporting by Thomas Atkins, editing by Erica Billingham; Email: thomas.atkins@reuters.com, Telephone: +41.44.631.7311)

**Reuters Summit-Private banks exploit power of networking**

By Andrew Hurst

GENEVA, Oct 10 (Reuters) - Private bankers are using their networks of contacts to help rich clients strike business deals in countries they might never have imagined investing in, as the industry goes increasingly global.

Wealth management has traditionally focused on advising rich people how to increase their wealth during their working lives, then protect it in their declining years as they prepare to pass on their possessions to their descendants.

But as the industry grows and clients become more demanding, private bankers are devising new services beyond simply managing a portfolio of assets on clients' behalf.

Private bankers attending the Reuters Wealth Summit in Geneva said the power of networking could be used to give them an extra edge in the competitive business of managing the money of the wealthy.

"A lot of our clients look at us to help them to be introduced to the right people," said Samir Raslan, who heads Citi Global Wealth Management in central Europe, Middle East and Africa.

And meeting the right people often means enabling wealthy clients to connect with business entrepreneurs in parts of the world they are not familiar with, rather than have the private bank manage the whole investment process.

"Our clients are very global, whether they are Asian, Middle Eastern or European," Raslan added. "They look not only for wealth management but for networking and help for them to meet other people like them."

Citigroup recently held a client event in China, which the bank said had opened the eyes of many to the possibilities of pursuing their business interests there.
Spain's second-largest bank BBVA <BBVA.MC>, which has expanded strongly over the past decade in Latin America, the United States and, more recently, Asia, has also found it can use global contacts to give its clients a leg up.

The Spanish bank, which gets about a third of its profits from its Bancomer subsidiary in Mexico, discovered a shortage of private capital going into residential property development in the central American country.

"At a lunch conversation (in Mexico) we talked about the surplus of houses built in Spain and they (the Mexicans) talked about a deficit of houses in Mexico," said Daniel de Fernando, head of asset management and private banking at BBVA.

The result was a fund allowing BBVA's richer clients to invest in Mexico's real estate market. "They lacked the capital to grow more," said de Fernando, referring to a Mexico housebuilding venture, "so we talked to people in Spain."

(Reporting by Andrew Hurst, Editing by David Holmes, Email: zurich.newsroom@news.reuters.com, Telephone: +41 (0) 44 631 7354)

**Reuters Summit-No asset-switch panic seen among Europe's rich**

By Steve Slater

GENEVA, Oct 9 (Reuters) - Private bankers have seen little sign of panic among the world's rich after the bout of financial market turmoil, but assets have shifted to cash and other safer havens and managers are urging clients to be more vigilant.

This summer's turbulence could also increase the pressure on private bankers to improve their investment advice, attendees at Reuters' Wealth Management Summit said.

"Certainly there are some clients moving to cash and away from what they were in, but only some," said Peter Flavel, head of Standard Chartered's <STAN.L> private banking business.

"Our advice to clients is ... have a heightened sense of awareness about the future, but it's not necessary to make any big changes now if you're investing for the long term," Flavel told the summit held at Reuters offices in Geneva.

Senior wealth management executives at other banks also indicated there had not been a knee-jerk reaction -- partly as they were already promoting a diversified portfolio -- but clients needed to avoid illiquid investments.

"We advised clients who had been over-leveraged to reduce a little bit and take a more prudent approach, because ... there will be volatility," said Samir Raslan from Citigroup's <C.N> global wealth management arm.

**DELAYED REACTION?**

Sebastian Dovey, partner at wealth management consultancy Scorpio, said there had been a repositioning of assets but it was too early to quantify and often there was a slow reaction to such shocks, as seen after the stock market decline of 2000 through 2002.

"It took a lot longer than the banks were hoping for the clients to become comfortable to come back into the markets ... there is always is a delayed reaction," Dovey said.

The turmoil exposed shortcomings of investment advice provided by some private bankers, according to Ray Soudah, founder of Millenium Associates.

"There are several hundred investment managers and client advisers, maybe even a thousand ... who are in the process of restructuring client portfolios messed up by the recent market turmoil."
"That exposed the lack of professionalism and the lack of expertise at the client-facing end in selling products and investments to clients," Soudah said.

Managing the assets of the world's rich is the fastest growing area of financial services. Their wealth rose 11 percent last year to $37 trillion, according to the 2007 World Wealth Report by Capgemini and Merrill Lynch. There were 9.5 million people with liquid assets of over $1 million.

Equities are typically the most popular asset class for the world's rich, attracting almost a third of portfolios in 2006, while about 14 percent was held in cash, the report estimated.

A shift to simpler and safer products and a more balanced portfolio may slow the growth of alternative investments, but where some saw risk, others saw opportunity.

Jan Erik Frogg, head of alternative investments at Union Bancaire Privee, predicted better opportunities for hedge funds in the next three to five years than in the last half decade.

"We're not telling them you really have to put money in the next 12 days or you're going to miss the best opportunity of your life. No, you should be holding onto what you have and in the next three to six months we will have much better opportunities for you," Frogg said.

(Editing by David Holmes; e-mail: steve.slater@reuters.com; +44 207 542 4367)

**Reuters Summit-Poaching talent seen critical to private banking**

By Svea Herbst-Bayliss

BOSTON, Oct 9 (Reuters) - Large U.S. banks are poised to win at least one battle in the private banking war because they can afford to pay higher compensation to poach relationship managers considered critical to keeping picky, wealthy clients happy.

"Somebody who is good in this space is highly sought after," John Stadtler, a partner at Pricewaterhouse Coopers, told the Reuters Wealth Management Summit in Boston on Tuesday. "Some of the poaching may involve getting people who are looking to move up the ranks."

PwC polled hundreds of wealth managers and issued a report this summer that found the war for talented relationship managers will likely intensify.

So far these professionals, who offer wealthy clients services from investment advice, to tax planning, to an entree to exclusive clubs and ways to handle more mundane tasks like walking the dog, have not hit the rock-star status bestowed on investment bankers or hedge fund managers.

But as ever more Americans join the ranks of the ultra wealthy with $50 million or more to invest, relationship managers might soon move into those leagues, Stadtler said.

No matter how good the company’s brand, "it is the individual who delivers the firm and they are in high demand," Stadtler said, noting that salaries are rising quickly and that companies are using bigger bonuses to woo and keep managers.

Part of the problem may be that the pool of qualified relationship managers is not large and it is tough to train them quickly in house, Stadtler explained.

Indeed only about one fifth of polled chief executives told PwC they believe their organizations are good at attracting and retaining the best client relationship managers.
The CEOs gave only middling marks to most of the people who manage relationships with the rich, telling PwC that only about 17 percent of these managers have a "very high ability."

Indeed only about 39 percent of the respondents feel that enough money is being spent on making sure that employees are trained properly to do their jobs well.

"This is a business where you are learning with the smaller people and top quality people probably don't move as quickly as they would like to," Stadtler said.

This raises the stakes for everyone, PwC found, and more than two-thirds of the companies polled said they are interested in poaching talent from rivals.

As just one example, Bank of America <BAC.N>, already one of the top players in the U.S. market but eager to build its wealth management division aggressively in the years ahead, recently wooed an executive from Fidelity Investments to run its retirement services unit.

(Editing by Tim Dobbyn; svea.herbst.reuters.com@reuters.net; 617 367 4171)

**Reuters Summit—World's wealthy still hungry for property**

By Paul Hoskins

GENEVA, Oct 10 (Reuters) - The wealthy have lost none of their appetite for property despite the market turmoil triggered by the sale of risky subprime mortgages in the United States, according to some of the world's top private bankers.

Clients of wealth managers are, however, on the lookout for the next big areas of growth and want products that will enable them to reduce their exposure to any one property or market.

"We're seeing heavy levels of investment in property in Hong Kong (and) throughout Asia," said Peter Flavel, global head of private banking at Standard Chartered <STAN.L>. "You can't get office space in Singapore, you can't get it in Dubai."

Speaking at the Reuters Wealth Management Summit, Flavel said there was a "group of Asians that love real estate" and that their ardour showed no sign of fading. "They'd see the situation in America as specific to America and the situation in the UK as specific to the UK," he added.

Samir Raslan, head of Citibank's <C.N> wealth management operations in central & eastern Europe, Middle East and Africa, said his clients also remained alive to potential opportunities in world real estate markets.

"We haven't seen any change in our clients," he told the summit held at Reuters offices in Geneva.

Nicolas Cagi Nicolau, global head of structured product solutions at SG Private Banking, said demand so far in 2007 had been particularly strong.

In Ireland, where fortunes have been made on the back of the country's decade-long property boom, a fast-cooling domestic market and recent global market turmoil may have had a short-term impact, but investors' love of property is intact.

"All that we may be seeing is that people are just waiting to see what may well happen either domestically or internationally, but the appetite for further investment is undoubtedly there," said Mark Cunningham, managing director of Bank of Ireland Private Banking <BKIR.I><BKIR.L>
FIRST LOVE

Cunningham said his main problem was persuading Ireland's growing ranks of self-made millionaires to diversify into assets other than real estate. "The first love has always been property and will continue to be property for a lot of these people."

In Spain, which like Ireland is experiencing a rapid cooling in its property market, the wealthy remain committed to real estate, although not necessarily in their own country.

Daniel de Fernando, head of asset management and private banking at Spain's BBVA <BBVA.MC>, said a new product offering clients a chance to invest in the Mexican property market had proved particularly popular.

"People are asking us for more ideas on that front," De Fernando said of a fund bought into by 60 people within two weeks of its launch at a minimum investment of 2.5 million euros ($3.5 million) each.

In the Netherlands property also continues to be popular, according to Bernard Coucke, deputy chief of private banking at ING Groep <ING.AS>.

"On the contrary, more and more programmes are being set up, not only in residential but also commercial. Why? Because, for instance in the Netherlands, demand is high ... and I think it will continue to go up."

For some rich investors, however, there is a growing belief that other assets can offer better returns.

"I think that the appetite for real estate is decreasing a lot," Paolo Molesini, head of private banking at Italy's Intesa Sanpaolo <ISP.I> said of a country where up until now the wealthy have held about 70 percent of their assets in property.

"Property costs a lot and gives you a very, very low revenue ... There is no equilibrium from the price of the asset and the earnings that you can get out of it."

Molesini said his clients were looking to invest in foreign property, particularly in Germany, eastern Europe and Paris.

"Paris (prices) are maybe equal or lower than Milan and of course there is no reason because Paris is a place with an international appeal," said Molesini, adding: "I would never buy a house in Milan if I wouldn't work here."

(Editing by David Holmes; email: dublin.newsroom@reuters.com)

Reuters Summit-Women make headway in private banks' male world

By Lisa Jucca

GENEVA, Oct 10 (Reuters) - The high-powered world of looking after money for the ultra-rich remains dominated by men, but women are playing an increasingly bigger role, both as bankers and clients.

The vast majority of private banks' clients remains male, but female customers are becoming more actively involved in investment decisions at family level, private bankers told Reuters Wealth Management Summits in Geneva and Boston.

"It's still more male than female, more patriarchs than matriarchs but that has certainly changed," said Reinhard Krafft, head of private banking at Sal Oppenheim jr. & Cie.

"If we service a family, you not only have a patriarch, you have the mother, daughter, son at the table. Whom are you talking to? Whole families."
Mark Cunningham, managing director of private banking at Bank of Ireland <BKIR.I><BKIR.L>, said less than 10 percent of the private bank's clients were female. But such figures can be misleading as family accounts may not reflect the involvement of other family members.

As men get older we see more couple decisions and family decisions, Cunningham said. Rich women, often widows or heirs, are seen as taking a larger role, but their involvement varies across countries.

"In places like South-East Asia or Latin America many decisions are still made by men," said Maximilian Martin, global head of philanthropy services for Swiss bank UBS <UBSN.VX>.

**FEMALE TOUCH**

Although the majority of clients are middle-aged and male, wealth managers do not notice a reluctance in dealing with female bankers, whose numbers are increasing to reflect the staggering growth of the industry.

Female clients tend to request female bank advisers, bankers say, but the opposite rarely happens. "I don't think I have heard of one situation where a male client had a problem with a female adviser," Dean Junkans, chief investment officer at Wells Fargo's private client services division, told a Reuters Wealth Management Summit in Boston.

And women bankers can sometimes be more perceptive when dealing with couples. "In some cases what we find ... (that) if you have a couple a male adviser will oftentimes look to the male and have the whole discussion with the male and it could be that the female is the decision maker around this area or it could be even their (her) wealth that we are talking about," Junkans said. Typically a female adviser will not make that mistake."

Despite their growing presence, estimates of the percentage of women employed by private banks are hard to find. Women appear to be playing an increasing role as relationship manager, with Bank of Ireland saying they now represent 40 percent of its workforce in this area.

But Stephanie Jarrett, a lawyer with Baker & McKenzy, says the number of female investment managers is still quite low.

However low the proportion of female private bankers may look now, the numbers are set to rise as women appear to be gaining ground against men in the private banks' fight to attract the best talent.

"I'm being more active in putting women into advisory positions and investment positions. Women say 'We had to try harder' and it shows. They are very good," said Krafft.

(with additional reporting from the Reuters Wealth Management Summit in Boston) (Editing by Erica Billingham; email: zurich.newsroom@news.reuters.com Telephone: +41 (0) 44 631 7354)
Summit-Private banks target family offices

By Sudip Kar-Gupta

GENEVA, Oct 10 (Reuters) - Private bankers see little threat from "family office" practices -- units set up to typically manage money for one wealthy family or a small group of them -- and instead regard them as opportunities to win more business.

"Family offices are very close to our heart," Reinhard Krafft, head of private banking at German bank Sal Oppenheim, told the Reuters Wealth Management Summit.

"It's about taking care of family finances and being as neutral as possible about selecting the right products and right managers," he added.

The idea of a family office goes back to the 19th century when U.S. billionaire John D. Rockefeller in the 1890s employed Frederick Gates to handle many of his personal investments, family-wealth issues and philanthropy.

Over the past century, family offices have become more diversified, handling tasks ranging from financial investments and estate planning to domestic issues such as hiring maids, paying school fees and organising family vacations.

Sal Oppenheim's Krafft said private bankers have to take into account scenarios where for instance a rich German might retire to Marbella, have heirs living in Paris or Milan, and need a private bank to cater for various bits of family business in different countries.

"We have to prove we can give independent advice. If we don't, the client might leave us. Some families are now cross-border so we have to extend reach of the family office into Switzerland," he told the summit taking place at Reuters offices in Geneva.

Paolo Molesini, head of private banking at Italian bank Intesa Sanpaolo <ISP.MI>, said family offices might end up being customers of private banks.

"Family offices are growing but you know, we can serve a family office. We serve the family office so it's just another intermediary, but at least ... the family office needs always a bank to serve the client. Family offices are good clients for us," he said.

Boris Collardi, chief operating officer at the private banking unit of Bank Julius Baer <BAER.VX>, agreed.

"This has been a segment that exists but has not affected us too much. On the contrary some of them like to work with us."

Sal Oppenheim's Krafft said, however, that the increasing importance of the family office practice might lead to some price pressures.

"The family office as clients is a very institutional business. They obviously will put pressure on prices where they can."

(Editing by Alexander Smith and David Holmes)

Reuters Summit-Private banking margins remain rich

By Joseph A. Giannone

GENEVA, Oct 10 (Reuters) - While profit margins have been squeezed in every corner of the financial services industry, private banking services for the world’s ultra-rich remain a reliably lucrative business.

Still, the rising cost of good wealth advisors and fierce competition for assets pose challenges, senior private bankers told Reuters.
Wealthy individuals commanding a million or more dollars in investable assets have shown they are willing to pay up for firms that can deliver market-beating performance and protect assets from the occasional storm.

And with the ranks of the world's millionaires growing rapidly, many wealth managers are scrambling to keep up with demand.

"There isn't pressure on the high net worth individuals space. Most people value quality more than fees," Daniel de Fernando Garcia, head of private banking at Grupo BBVA <BBVA.MC>, said at the Reuters Wealth Management Summit in Geneva.

The Spanish bank generates about a 0.6 percent return on private banking assets, where the average client has 7 million euros, de Fernando said. Other bankers at the Summit cited ROAs as high as 1 percent, depending on region.

While there are lots of banks and money managers eager to take in the assets of wealthy families, the pool of clients is growing faster than the ranks of bankers to serve them. Cap Gemini and Merrill Lynch report that high net worth family assets worldwide rose 11 percent to $37 trillion last year.

That growth in assets has helped sustain expanding profits for private banking, said Paolo Molesini, head of private banking at Italy's Intesa Sanpaolo <ISP.MI>.

On average, Intesa is generating 0.7 percent returns on its managed private banking assets, he said, though the largest clients can negotiate lower fee rates.

"The economics are still very sound because the assets are higher," Molesini said. That said, margins and profit remain very attractive. Private banking is a relationship business that does not require a lot of capital and generates steady revenue.

"We have a cost base which is very thin. Our cost-income ratio which is something like 40 percent. We have a return on equity which is more than 60 percent," Molesini said.

Ray Soudah, founder of private bank advisory firm Millenium Associates, argues firms can add new clients assets to their business without having to boost costs. That has helped increase profitability.

"It's complete nonsense that margins are going down, complete nonsense," Soudah said. "The cost-to-income ratio right now in Switzerland is slightly under 65 percent. It was 85 to 90 percent in 2002. You don't need a Ph.D. in nuclear science to tell you that that's an improvement in margins."

Some bankers, though, warn that the business has evolved and that the days of keeping clients for a lifetime may be ending.

While hefty hedge fund fees have held steady, there's been pressure on the fees charged by the broad group of people surrounding the investment managers.

"We used to easily generate 5 to 6 percent on assets in fees. That's probably 50 to 60 basis points today. The big drop in price has been there," said Union Bancaire Privee head of alternative investments Jan Erik Frogg.

Other bankers warned that the business has evolved. Clients are sophisticated and demand a wide variety of services and investment options. The days of keeping clients for a lifetime with hand holding and gold-plated service are over.

"The trust is gone. We've become a commodity," said Bernhard Coucke, deputy global CEO of ING Private Banking. "It's become difficult to capitalize on loyal clients."

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Reuters Summit-Hedge fund fees to stay high despite pressure

By Svea Herbst-Bayliss

BOSTON, Oct 9 (Reuters) - Hedge funds' hefty fees are likely to remain high even as institutional investors try to chip away at them for their clients, a top Bank of America <BAC.N> executive said on Tuesday.

"It would be an overstatement to say there is a threat to the (hedge funds') fee structure," Brian Moynihan, president of Bank of America's Global Wealth and Investment Management Division, told the Reuters Wealth Management Summit in Boston. But "there will be constant downward pressure overall," he added.

Hedge funds, unlike mutual funds, traditionally charge a performance fee which is usually about 20 percent of the gains a manager makes. They also charge a management fee of about 2 percent. At some of the industry's most exclusive hedge funds, the performance fee is as high as 50 percent.

While the loosely regulated $1.9 trillion industry's fees have long been criticized as being too high, clients have mostly ended up paying them for access to a red-hot asset class where top fund managers routinely delivered double digit returns. And Moynihan said that top managers will continue to be able to command those types of fees.

But now that overall industry returns are more modest -- the average hedge fund has lagged behind blue chip stocks and technology stocks this year -- big players like Bank of America are working hard at pushing down some fees for clients.

Bank of America is aggressively expanding its wealth management business and offers clients with more than $3 million in investible assets the option of investing in individual hedge funds or in funds of funds, which buy into an array of hedge funds.

"We have long relationships with a lot of providers," Moynihan said, adding that this allows the bank to pressure managers on fees. "There are good managers out there who are looking to have steady flows from good customers like us," he said.

While providing access to independently managed hedge funds, Bank of America's money management arm Columbia Management is also creating its own hedge fund products, Moynihan said.

(Editing by Leslie Gevirtz; Reuters Messaging:svea.herbst.reuters.com@reuters.net;617 367 4171)

Reuters Summit-Private bankers may witness more lawsuits

GENEVA, Oct 9 (Reuters) - The private banking and wealth management sector may witness more lawsuits from clients angry about the poor performance of their assets, a leading European lawyer in the sector told the Reuters Wealth Management Summit.

"I think we will see an increasing amount of litigation for poor performance," said Baker & McKenzie partner Stephanie Jarrett.

The financial sector is still recovering from credit market turmoil during August and September which saw the value of many funds decline.

Amid such market uncertainty, Jarrett said private bankers might have to get training on how to deal with unsatisfied clients.

"One of the biggest challenges is training people up to a suitable level, not just to do with investments but to do with clients. They have to be able to do a lot more, recognise issues and bring in outside advice."
She said wealth management trustees might also have to tackle such legal quandaries in the near future, although she added that the threat of litigation for poor performance had not yet been a factor in the Swiss private banking market.

"It's something we haven't seen a lot of in Switzerland because a lot of the money has been undeclared in the past."

In July, Swiss bank UBS <UBSN.VX> agreed to pay $23.3 million to resolve accusations that it had steered thousands of inappropriate customers into fee-based accounts.

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Reuters Summit-Private bankers face talent competition
By Sudip Kar-Gupta

GENEVA, Oct 8 (Reuters) - Competition to hire the best wealth managers is driving up wages and forcing private bankers to recruit from outside conventional circles, with one bank looking to hotel managers to help bolster its ranks.

Boris Collardi, chief operating officer of Julius Baer's <BAER.VX> private banking division, said the Swiss bank had targeted students at Lausanne's prestigious hotel management training academy, due to their smart appearance and customer service skills.

"We have people who are 23 and speak four languages," Collardi told the Reuters Wealth Management Summit in Geneva.

"Everyone has to wear a suit, men and ladies. They already have a different maturity."

Collardi also said Julius Baer had recently hired a top executive from luxury goods group Richemont <CFR.VX>.

"Eventually, I'm sure they will become bankers. These are highly talented people."

Analysts estimate the wealth management and private banking industries are the fastest-growing part of the world's financial services sector.

Delegates at the summit said this particular area of financial services generally had fewer appropriately qualified people, thereby putting a premium on their salaries which could run into several millions of dollars a year.

Collardi said Julius Baer had increased its private bankers from around 400 last year to more than 500 now.

"The fact is that private bankers are making more and more (money) every year over the last five years," he said.

DO THE YOUNG MAKE GOOD PRIVATE BANKERS?
Bank of Ireland <BKIR.L> private banking managing director Mark Cunningham said the Irish financial group had started a programme with Dublin's prestigious Trinity College.

"There's some pressure on talent and there's some pressure on remuneration. The people just aren't there," said Cunningham.

But in contrast to Julius Baer targeting 20-something Lausanne students, Cunningham said Bank of Ireland's programme at Trinity College targeted older people already in a career.

Cunningham said Bank of Ireland looked to put between 10 and 12 trainees a year on its programme at Trinity College.

"You don't want somebody at 24 or 25 years old telling you what to do with their money," he said.
"You're looking for an educated salesperson. It was always felt that boys at back of class were sent off to be salesmen and boys at the front went off to be bankers, accountants, lawyers etc."

Peter Flavel, global head of private banking at Standard Chartered Plc <STAN.L>, said the booming economies in Asia were creating lucrative job opportunities in the private banking and wealth management sectors.

"Because it's so competitive there's actually good remuneration for people to switch between banks and we're seeing a reasonable amount of that across Asia."

Flavel said that along with trying to hire talent from outside, Standard Chartered also often sought to redeploy existing staff working in other areas of the bank, such as traders looking for a less frantic but still well-paid career.

"We get ex-traders, who are getting into their 30s or 40s, their life is changing, they've got kids."

Jan Erik Frogg, head of alternative investments at Swiss bank Union Bancaire Privee, said the pool of talent in the private banking and wealth management industry was becoming increasingly diverse.

Frogg, who often invests clients' money in hedge funds, said more and more hedge fund managers were coming from places such as India, compared with the dominant hedge fund centres of New York and London.

Flavel said those in the wealth management industry might have to resign themselves to the fact that the cost of getting the best private bankers and fund managers would inevitably cause margins to fall.

"In my experience, there's only one way in which margins go, and that's down," he said.

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**Reuters Summit-UBP exec says turmoil prompts fund shakeout**

By Joseph A. Giannone

GENEVA, Oct 8 (Reuters) - Turmoil this summer in financial markets will drive out the weaker hedge fund managers, but it has also created opportunities for affluent investors to deploy new money into the market, Jan Erik Frogg, head of alternative investments for Union Bancaire Privee, said.

The pull-back in debt markets and volatile stock movement generated losses for many fund managers and pushed individuals to the sidelines.

Yet Frogg, who oversees the investment of 55 billion Swiss francs ($46.49 billion) into hedge funds and other alternatives, says his bank has encouraged clients to overcome their worries about risk and take advantage of lower prices.

"This is where the sophisticated investor will have the best opportunities that he's had in five years," Frogg said at the Reuters Wealth Management Summit.

"Why? Because nobody wants to take that risk and earn those risk premia, which are much bigger than they were. The risk/reward is better because the risk has taken place. That's a great opportunity set for hedge funds."

Frogg predicts markets will remain difficult for maybe six more months, but then improve for investors willing to ride out the storm. UBP's affluent clientele have responded to this message by shifting more of their money to hedge funds, he said.
"The result of that is we haven't actually lost any client assets in the hedge funds business and we had one of our best months ever in asset raising in August."

Frogg said the hedge fund industry had one of its best performance years ever in 1999, in the wake of the global debt crisis of 1998.

Investors still have some time to respond to the crisis, he added. "We're not telling clients you have to get in within the next 12 days or they miss the best opportunity of your life. You should be holding on to what you have and in the next three to six months we will have a much better opportunity set."

Frogg cautioned, however, the easy money era of recent years will yield more credit problems, like the U.S. subprime mortgage crisis, for some time. "There's more (trouble) to come," he said. "Credit was given at ridiculous terms. I mean look at subprime. Should this thing even exist? Of course it shouldn't."

One result is a number of funds with weaker managers will be driven out of business. "Higher margins attract new entrants. Those margins have attracted a lot of people who want those margins. Well you're getting a lot of people who shouldn't be there in the first place. They will be cleaned out. It's extremely healthy for our industry."

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Reuters Summit-Banks in Japan need better services for new rich

TOKYO, Oct 10 (Reuters) - Banks looking to tap growing demand for private banking services from Japan's "new rich" will need to offer a more sophisticated service as they are savvy about finance, an industry consultancy firm said on Wednesday.

People who hold more than 100 million yen ($852,100) in financial assets represent only 2 percent of all households in Japan. But this segment grew at a compound annual rate of 4.1 percent in the last three years to 1.47 million in 2006.

The newly rich represent about 30 to 40 percent of this wealthy group and are looking for professional financial advisors to build up their fortunes. But Soichiro Takaoka, chief executive officer of Abraham Group Holdings, a private consulting firm, said some banks have failed to capture this demand, offering mis-matched services or products.

"Some banks basically use the methods that target the old rich. I think they are facing some difficulties," Takaoka said.

"The new rich are self-made people like lawyers or business owners who have taken various risks."

Local and foreign banks are crowding into Japan's wealth management sector looking for lucrative returns as the number of wealthy households expands, helped by the growth in initial public offerings, which were at the second highest ever last year, and the rise in corporate profits.

The new rich include the business elite, professionals like doctors, those who made money from online trading, double income couples and new entrepreneurs, and they will be the fastest demographic segment among the wealthy in Japan, Takaoka said.

He said the new rich are willing to buy risky assets such as commodity-related bonds, overseas assets, and alternative investments, and thus financial advisors will need to offer expert knowledge on investments.
"There are people who are interested in investing in a development project in India or a highly-leveraged project in Dubai," he said. "People in their 50s or 60s are defensive and they prefer fixed income products ... the new rich are the one who look to grow their money."

Japanese banks have the potential to be market leaders in the wealth management market as they are already providing services to rich people, but Takaoka said the new rich seem to have high hopes for foreign private banks, especially Citigroup Inc <C.N> and HSBC <HSBA.L>..

Citigroup recently agreed to buy Japan's third-biggest brokerage Nikko Cordial Corp <8603.T> for $12.6 billion, its biggest ever Asian acquisition. HSBC has been in Japan's wealth business for 11 years and plans to soon roll out a retail banking business to reach a broader spectrum of the wealthy.

"Expectations are high that the foreign institutions could offer state-of-art solutions for them," he said.

(Reporting by Eriko Amaha; editing by Richard Hubbard; Reuters Messaging: eriko.amaha.reuters.com@reuters.net; +81-3-3432-8969; eriko.amaha@reuters.com)

**Reuters Summit-Private banks gird for Asia onshore push**

By Saeed Azhar and Jeffrey Hodgson

SINGAPORE/HONG KONG, Oct 10 (Reuters) - Global private banks, used to serving Asia's wealthy from Hong Kong and Singapore, are increasingly jumping directly into the region's local markets, betting that tougher restrictions there will be offset by a bounty of new millionaire clients.

Capital controls and limits on what products they can offer are just some of the constraints these international players are prepared to accept as they enter new markets like China, India, Japan and South Korea.

Banks are looking to drum up business from newly-minted wealthy in those countries who are unfamiliar with or reluctant to deal with foreign banks in more liberal offshore financial centres like Hong Kong or Dubai.

This will mark a challenge for institutions used to the offshore model pioneered by Switzerland and adopted with relish by Singapore -- where tough bank secrecy laws are paramount to attracting investors' money from all over the world and bankers are free to offer a wider range of products.

"The biggest problem is because your hands are tied it makes you, as a big international real private bank, look like your domestic competitors," said Roman Scott, managing director of Calamander Group and a consultant to the private banking industry in Asia for the past decade.

"If you truly allowed them to go into the market with the full range of what they are capable doing ... they would just kill the domestic competition."

Private banks' hunger to tap Asian markets directly was highlighted this week when Wall Street giant Morgan Stanley <MS.N> told the Reuters Wealth Management Summit it would make a major drive into India next year, hiring 100 private bankers in a bid to manage $1 billion in assets by the end of 2010.

The head of Asia-Pacific private banking for Credit Suisse <CSGN.VX> told the event it was preparing to enter Japan's private banking market next year.

BNP Paribas <BNPP.PA>, France's biggest bank, said it is doubling its team in China next year and looking to make a 30 percent boost to staff in India and Taiwan.
"Our approach is to be onshore in all the key markets in this region," said Michel Longhini, head of BNP Paribas private banking Asia-Pacific.
"We expect in the coming three years we would start to have the same type of flows in both onshore and offshore markets."

BOOMING GROWTH, BUT TIGHT RULES
The allure of Asia's domestic markets lies in their high growth and massive potential. The number of wealthy individuals in Asia -- people with more than $1 million in financial assets excluding their homes -- grew 8.6 percent to 2.6 million in 2006, according to a report by Merrill Lynch and consultants Capgemini.

Asia's wealthy saw the value of their assets rise 10.5 percent last year to $8.4 trillion, topping a growth rate of 10.3 percent in North America and 7.8 percent in Europe.
By comparison, Scott estimated the private banking industry in Hong Kong and Singapore manages a combined $600 billion.

"The wealth creation is happening in the domestic market," said Marcel Kreis, Credit Suisse's head of private banking for Asia-Pacific, who added that China and Japan were the region's most compelling, and challenging, markets.
Past forays into restrictive Asian markets have proven difficult.
Three years ago, Japan's Financial Services Agency ordered Citigroup <C.N> to close its private banking operation because of a series of rules violations, a reflection of the regulatory scrutiny players face in the market.
International firms must also fight to win market share from deeply entrenched Japanese financial institutions.
In mainland China, challenges include limited product offerings and the country's tightly controlled capital account, as well as a lack of local expertise and distribution.
In many Asian markets, uncertainty still surrounds exactly which products and services global private banks can and cannot offer.
"Regulations are not necessarily clear, and client confidentiality, privacy, anti-money laundering procedures and ownership rules are not clearly defined," said Justin Ong, a partner at PricewaterhouseCoopers in Singapore.
"This can cause problems if banks are simply bringing an offshore servicing mentality to the onshore marketplace. People and products are also areas of concern -- hiring the right talent who have the requisite knowledge ... is extremely challenging."
Given those challenges, some firms such as JPMorgan Private Bank and Switzerland's Bank Sarasin & Co <BSAN.S> told the Reuters Summit that they are content to remain focused for the time being on Singapore and Hong Kong.
But many private banks will find the potential opportunities too tempting to ignore.
"If I was a major private bank, I would be spending all of my time thinking about going onshore in India and China," said Calamander's Scott.
"It's going to be frustrating for the next three or four years ... but you’re building the future. Those who don’t build that now will be left behind. In 10 year's time, that's where the market is going to be."
(For more exclusive news from the Reuters Wealth Summit, click on [ID:nSP41120])
(Editing by Kim Coghill; Reuters Messaging: jeffrey.hodgson.reuters.com@reuters.net; (852) 2843 6314)
Reuters Summit-Wealthy brace for higher U.S. taxes
By Muralikumar Anantharaman

BOSTON, Oct 9 (Reuters) - Rich Americans expecting to face an era of higher taxes are starting to change their investment strategies to soften the blow.
But wealth managers told the Reuters Wealth Management Summit that the well-off are more reconciled than rebellious about a change in the fiscal climate.
They are preparing to reap capital gains and are likely to show less interest in high-dividend paying stocks before a possible tax increase in 2010. High-growth companies may benefit as could hedge funds and municipal bonds, the managers said.
"There was so much negativity from our clients earlier about the tax rate, but as I speak now with our clients about the taxes going up, I think there's a feeling that it's inevitable," said Gail Cohen, head of global wealth management at Fiduciary Trust Company International.
Many of the tax breaks given to the wealthy under the Republican administration of U.S. President George Bush are set to expire in the next few years and Democrats, who control Congress and are seen as front-runners in the 2008 presidential elections, are seen as more likely to raise taxes.
In 2010, the long-term capital gains tax on securities is slated to go up to 20 percent from the current 15 percent and tax on qualifying dividend income would go up to 35 percent from 15 percent.
"Anybody following the political landscape sees that there is a sort of sea-change coming. And there's going to be some more taxes," Dean Junkans, chief investment officer of Wells Fargo's wealth management division, told the summit.
"Tax rates are as low as they are going to go, right now. So if you are sitting on concentrated positions, you should be taking some capital gains now because I don't think those taxes are going lower, and the risk is they are going higher," he said.
Estate planning will also be a big focus as the chances of a repeal of the estate tax on inheritances have dimmed in recent years.
Cohen of Fiduciary Trust, part of asset manager Franklin Resources <BEN.N>, has $11 billion in wealthy clients' assets. She said dividend-paying stocks will lose their luster as the favorable tax treatment for dividend income goes, but tax-exempt municipal bonds might win more admirers.
"Hedge funds look a little bit more attractive as well, because right now from a tax perspective, hedge funds are pretty unattractive for most of our clients," Cohen added.
Brian Moynihan, president of global wealth and investment management at Bank of America Corp <BAC.N>, said while his wealthy clients were concerned about the likelihood of higher taxes, the issue was not a "preoccupying thing" for them.
"The people who worried about it before worry about it a lot more now," Moynihan said.
(Editing by Martin Howell/Leslie Gevirtz; Reuters Messaging: murali.anantharaman.reuters.com@reuters.net; +1 617 367 4199)
TOKYO, Oct 10 (Reuters) - Japanese developers are homing in on a brash new breed of young professionals willing to flaunt their new-found wealth by buying plush apartments.

Traditionally wary of the residential market because of an ageing and declining population, industry giants Mitsubishi Real Estate Co Ltd <8802.T> and Mitsui Fudosan Co Ltd <8801.T> are now setting up salon-style offices to cater for clients, who are typically looking to spend more than US$855,000 on an apartment.

Firms that had concentrated on building offices now realise that Tokyo's population is growing at 1 percent a year, as young professionals move away from provincial towns still struggling from 15 years of economic inertia.

Developer Urban Corp <8868.T>, for example, has sealed a deal with U.S. firm Realogy Corp and Sotheby's in which it will try to use the auctioneer's network to lure affluent and increasingly brand-conscious home buyers.

"Rich people in Japan used to be discreet. It was impossible to do services like private banking in Japan but that has changed," said Shinji Nakamura, general manager and head of business development for Urban Corp.

"Now, we have a different kind of wealthy people. They're not shy about spending money."

People who hold more than 100 million yen ($855,000) in financial assets represent only 2 percent of the overall households in Japan.

But that demographic segment grew at a compound annual rate of 4.1 percent in the last three years to 1.47 million in 2006, according to consultancy firm Abraham Holdings Group.

Local and foreign investment banks have been crowding into Japan and other expanding major economies in Asia hoping to cash in on the growing ranks of the rich by managing their investments in stocks, bonds and other assets such as property.

Many private bankers speaking at the Reuters Wealth Management Summit this week have predicted double-digit growth for their businesses in the next few years.

Picking up on the theme, many Japanese securities funds have been touting condominium builders such as Goldcrest Co. Ltd. <8871.T> and Japan General Estate Co. Ltd. <8878.T>. Urban's share price has risen nearly 30 percent over the last year.

**WOONING THE RICH**

Mitsubishi Real Estate Services Co. Ltd, a unit of Mitsubishi Estate Co Ltd <8802.T>, has created hotel-like lounges with seasoned sales clerks called "butlers", to offer advice on real estate deals.

The company is aiming for an annual fee revenue of 500 million yen within the next two to three years.

Mitsui Real Estate Sales Co Ltd, a subsidiary of Mitsui Fudosan Co Ltd, has launched an"overseas assets concierge desk" service in June to help the wealthy diversify their portfolios and to buy real estate abroad, with Hawaii particularly popular.

"More and more rich people are becoming aggressive about their money rather than being defensive of their fortune," said Masaki Yasumura, manager at Mitsui Real Estate Sales' urban business development division.

"There are people who have earned big money for whatever reasons in the past few years and these people can be our important customers."
LOOKING FOR STATUS
Illustrating the hunger for bigger apartments in prime locations, homes measuring more than 90 square metres in Tokyo’s three central wards have seen their rents rise 12 percent in the last three years. A typical 100 square metre apartment in central Tokyo now costs $4,300 to rent.

Mitsuyo Masumoto, operating officer of NILE's Communications which publishes a monthly magazine targetting the rich, said resort hotels and high-end nursing homes are also in demand from its readers.
"Unlike the old rich, the new rich people may have vague anxiety about their success ... they buy apartments and brand goods as a symbol of their status," Masumoto said.

The developers hope that a boom in middle class homes will follow, as Japan's masses break more than a decade of abstinence and also become confident enough to spend their wages, which are rising at slightly faster than consumer prices.

Although mortgage rates are set to climb as Japan moves away from its ultra-easy monetary policy, Merrill Lynch estimates a 1-percentage-point rise in benchmark interest rates would put 1.2 trillion yen into people's pockets because of interest paid on fat bank deposits.
"If you can be successful in the upper class, you can apply that strategy to the middle class since they are the ones who always look at what rich people are doing," Urban's Nakamura said.

(For exclusive news from the Reuters Wealth Summit, click on [ID:nSP41120])
(Reporting by Eriko Amaha; editing by Kim Coghill & Dominic Whiting; Reuters messaging: eriko.amaha.reuters.com@reuters.net; +81-3-3432-8969)

Reuter Summit-Hedge fund managers fancy Italian getaways
By Svea Herbst-Bayliss

BOSTON, Oct 8 (Reuters) - The Italian countryside is the vacation destination of choice for high-flying hedge fund managers who are willing to pay $2,000 to $4,000 per person a day to just chill out, said a travel adviser for the wealthy.

Although managers of hedge funds, the private investment pools for the wealthy, are known for lavish spending and often extravagant tastes, they prefer vacations where they are not fussed over, said Gregory Patrick, who arranges about 35 vacations a year for wealthy clients.
"They like the private estates," Patrick told the Reuters Wealth Management Summit in Boston on Monday, referring to managers, investors and analysts, who often log hundreds of hours on jets to meet with clients and attend conferences.

For the most part, people who work in the $1.9 trillion hedge fund industry and often earn millions of dollars themselves prefer Tuscany and other areas of the Italian countryside to the Caribbean, where many industry conferences are held, said Patrick.
"When they finally take a week or 10 days vacation, they want to get away and get back to basics. They want the quiet of it all, and Tuscany has been very popular," said Patrick, chief executive of Houston, Texas-based Dreammaker International.
"They don't want the hotel or the cruise," he said.

Private aircraft are a preferred mode of transport and many of his clients eschew conventions, he added.
"'Let's do it, let it ride and anything goes'," he said, quoting what he often hears hedge fund managers tell him when planning vacations.
SINGAPORE, Oct 8 (Reuters) - Swiss wealth manager Julius Baer <BAER.VX>, which set up its Asian operations just a year ago, expects the region to account for 10-20 percent of its global business in three to five years, a senior executive said on Monday.

The growth in Asia's private banking business has been "north of 30 percent," Wilfried Kofmehl, Julius Baer's chief executive of private banking for Southeast Asia, said at the Reuters Wealth Management Summit.

"All the relationship managers have performed above our expectations," he added.

Kofmehl also said Julius Baer, which currently has 240 employees in Singapore and Hong Kong, expects to add another 100 staff by 2010-2011.

Julius Baer opened offices in Singapore, Hong Kong and Dubai last year to expand its business outside of Europe. Singapore, which acts as the bank's regional centre for Southeast Asia, also functions as the booking centre for Asia.

The bank is considering opening a second Asian booking centre in Hong Kong, Kofmehl said.

Private bankers manage assets out of many cities but often "book" the business only in jurisdictions where their clients are protected by tough banking secrecy laws.

Julius Baer's move to expand beyond its European base began in 2005 when a new management team came abroad. Kofmehl, 41, joined the bank from UBS <UBSN.VX> about a year ago.

Kofmehl said the profile of Asian private banking clients may change in coming years as the region's tycoons hand over the reins of their businesses to their children, many of whom were educated in top universities in the West.

The younger generation may be open to new forms of investments, unlike their parents who have a trading bias and prefer investing in foreign exchange and equities and equity-linked structured products.

Julius Baer competes with global giants, including Swiss rival UBS -- the world's biggest wealth manager -- as well as Credit Suisse <CSGN.VX>, Citigroup <C.N> and HSBC <HSBA.L> <0005.HK>.

Julius Baer currently has about 170 billion Swiss francs of private banking assets under management, Kofmehl said.

Singapore, which has a population of 4.7 million people, saw the fastest increase globally in the number of high-net-worth individuals last year, according to the annual World Wealth Report by Merrill Lynch and Capgemini.

According to the report, the number of people in the city-state with more than $1 million in financial assets excluding their homes rose 21.2 percent in 2006 to 66,660.

Shares of Julius Baer have gained nearly 15 percent in the last month amid a recovery in financial stocks as investors bet that the worst of a global credit crunch was over. (Editing by Kim Coghill; kevin.lim@reuters.com; Reuters Messaging: kevin.lim.reuters.com@reuters.net; +65 64035663)
Reuters Summit-UBS targets wealthy elite in Japan
By Alison Tudor and Yuka Obayashi

TOKYO, Oct 9 (Reuters) - Swiss bank UBS <UBSN.VX> is expanding its wealth management business in Japan, bringing its brand of tailored banking to the rich of the world's second-biggest economy.

UBS, the world's biggest wealth manager, is in its third year of operation in Japan and is busy pulling in new clients.

"We have been opening accounts on a daily basis" said Jean-Claude Humair, head of wealth management at UBS Japan.

The task has been made easier by a greater sense of adventure amongst Japanese investors, famed in the past for hoarding cash and property. Humair added the recent crisis in credit markets created opportunities for his clients to enter new fields at discount prices.

"Japanese investors are more open to diversifying their wealth across products, asset classes and geographies," he said.

Japan's new Financial Instruments and Exchange Law (FIEL) has also made his life easier.

"The FIEL is positive for the development of the wealth management industry in Japan as it sets proper guidelines for all financial institutions to follow and it will increase investors' confidence in financial institutions."

Globally, UBS has a 3.5 percent market share in wealth management and said it had 862 billion Swiss francs ($726.8 billion) under management at end 2006.

About $124 billion of that pie is invested in the Asia Pacific, taking it to pole position amongst the banks. UBS is keen to nurture this growing area of its business which has half the world's population but contributes only a quarter of its GDP.

Japan is key to its strategy in the region, where the wealthy are sitting on about 300 trillion yen ($2,573 billion), according to its own research.

The Swiss bank is courting the cream of the wealthy in Japan; high-net-worth individuals with financial assets in excess of 200 million yen ($1.7 million), and the super wealthy with more than 5 billion yen ($43 million) at their disposal.

This elite comprises just 500,000 households, less than 1 percent of the Japan's population, fitting the rarefied billing of private banking.

Managing such wealth for a fee is a glittering prize, but convincing investors renowned for their conservatism to hand over their assets is proving slow work.

"In Japan the concept of wealth management is relatively new," said Humair.

UBS is particularly targeting entrepreneurs in the import-export business whom they have found more open to dealing with a foreign bank and more adventurous in their investments.

FINISHING SCHOOL FOR BANKERS
UBS has encountered another obstacle in its drive to husband the money of Asia's wealthy: a dearth of private bankers.

In Switzerland, Humair's home, the concept of bankers fluent in finance, able to hobnob with the rich, while emanating an air of discretion is well entrenched. But in Asia, UBS has had to widen its head-hunting network into other fields such as corporate finance.

UBS has also set up a campus in Singapore during April this year to groom its future bankers in Asia. In Japan, a similar one-year finishing school started in May.
UBS wealth management employees about 200 people in Japan, roughly a third of whom are client facing. It opened its head office in Tokyo in 2004, then in Osaka in 2006 and most recently an office in Nagoya in July this year.

Humair said he plans to spread UBS's reach out from these three centres, whose spheres of influence cover roughly 70 percent of the rich in Japan.

"It takes a number of years to be profitable. We can arrive at that conclusion drawing upon the experience of our wealth management initiative in Europe where it took about five years to become profitable."

(For more exclusive news from the Reuters Wealth Summit, click on [ID:nSP41120])

(Reporting by Alison Tudor, editing by Kim Coghill; Reuters messaging: alison.tudor.reuters.com@reuters.net; +81-3-3432-9998, alison.tudor@reuters.com)

Reuters Summit-SG Private Banking turns profit in Japan

By Alison Tudor

TOKYO, Oct 10 (Reuters) - The private banking arm of France's Societe Generale <SOGN.PA> said on Wednesday it has started to make profits in Japan after establishing a presence in the world's second-largest economy five years ago.

Foreign private bankers are keen to woo Japan's wealthy, but they have accepted that it takes time to win these conservative investors.

"We need to be seen as trusted advisers for these clients, so it takes time, but it is also very rewarding," said Alain Simon, president and chief executive of SG Private Banking Japan.

SG Private Banking entered Japan in 2002 by buying the Japanese operations of Chase Trust Bank. Its patience is now starting to bear fruit.

"This calendar year we are doing better than expected and we should exceed the budgeted profit for 2007," Simon told the Reuters Wealth Management Summit in Tokyo on Wednesday.

SG Private Banking Japan Ltd is increasing assets under management at a rate of 30 percent a year, and they should hit 650 billion yen ($5.55 billion) by the end of 2007.

Private banking is a relatively new concept in Japan, where clients have traditionally hoarded their assets in cash or property. So raising the resources to provide a service tailored to clients' needs may also take longer than elsewhere.

Staffing is a key issue in Japan, as few bankers are equipped to hobnob with the wealthy about high finance.

SG Private Banking has been gradually building up its staff and expects to have about 123 employees by the end of 2007. It has budgeted for 145 by the end of 2008.

Societe Generale, France's second-biggest listed bank, is renowned for its expertise in structured finance, an area buffeted by the recent crunch in global credit markets. However, private banking in Japan seems to have weathered the storm.

"For a couple of weeks there was a slight decrease in assets, but there was a pick-up again in September," Simon said.

RICH PICKINGS

A wave of retirements by Japanese baby-boomers, starting this year, has bankers jockeying to manage their nest eggs.

SG Private Banking targets mainly business owners but also legal and medical professionals and those who have inherited wealth.
So far it has 1,100 clients with average assets under management of 350 million yen ($3 million). It has had notable success among the super-rich in Japan. Of the 50 wealthiest families in the country, about 20 percent have accounts with SG.

Two-thirds of its clients are based in and around the greater Tokyo area, but SG Private Banking aims to open representative offices outside the capital during 2008 to support its expanding clientele.

The firm is also building bridges with Japan's regional banks, to offer clients in other locations ways of investing tailored to their profile.

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Reuters Summit-Wealth managers in style battle-clubby or slick?

By Toni Clarke

BOSTON, Oct. 11 (Reuters) - Plush carpets, oak-paneled walls, numbered accounts, hidden vaults, and bankers whose impeccable manners are exceeded only by their unparalleled discretion, are all part of the private banking folklore.

These days, however, the very wealthy are just as likely to be ushered into modern, minimalist offices with designer furniture and matching modern art as they are to sink into a velvet armchair surrounded by old masters.

"Our clients have enough oak paneling and fresh flowers in their own homes," said Richard Ditizio, head of the high net worth unit at Citi Private Bank, who described his offices as "contemporary" and "avant-garde." "We are first and foremost a business, not a club."

Citibank's <C.N> style, said Ditizio, speaks to the kind of wealthy clients the bank attracts - entrepreneurs with a minimum of $25 million who have been with the firm on average 12 to 15 years. These are people who have not only made a fortune but are continuing to borrow and invest in new businesses.

"The view of the single fortune being managed in oak-paneled rooms is anachronistic," he said.

Well, not quite.

Guards usher the supremely rich to JPMorgan's <JPM.N> executive Park Avenue offices in New York via private elevator; the reception desk is redolent of the concierge desk at a luxury hotel and art from the company's private collection hangs on the walls. The firm prides itself on its exclusivity.

"Our business model has never been to be all things to all people," said Catherine Keating, chief executive of JPMorgan Private Bank. "Families with more than $25 million are probably most suited to us."

Much of that wealth is old money, going back a century or more, with roughly 40 percent of the firm's new clients coming from what Keating calls "corporate transition events" such as initial public offerings or the sales of businesses.

"The needs of the very wealthy and the needs of the simply affluent are very different," she said. "The very wealthy have very long term investment time horizons because they know their wealth will outlive them."

At stake in this battle over style are the high fees commanded for managing such wealth. According to the Boston Consulting Group, global wealth is expected to top $100.
trillion this year, and the United States has by far the highest number of millionaire households.

For the big banking institutions, the challenge is to create a sense of intimacy for private clients within a big corporation.

"Our goal is not to act big," said David Lamere, chief executive of the wealth management business at BNY Mellon.

At a time when retaining wealthy clients is a challenge, especially as wealth changes hands from one generation to the next, Lamere said one of his firm's goals is to ensure that clients are loyal to the firm, rather than to specific individuals, or "relationship managers," who in a prior era acted as man Fridays to their clients.

"We want the client bond to be with the company not the individual they work with," he said. "Walking the dog is outdated."

But not everyone agrees. Northern Trust Bank specifically ensures it has dog biscuits on hand, according to Lee Woolley, president of personal financial services in Boston.

The company, which has fired clients for using foul language, leans towards the old school style, even though it provides all the power of modern investing techniques, Woolley said.

And for Northern, personal service is one of its defining features. When a client in Florida was caught away from home during a hurricane, a senior manager from a local branch boarded up the house.

"We consider that sort of thing a courtesy," Woolley said.

(Reporting by Toni Clarke, Reuters Messaging, toni.clarke.reuters.com@reuters.net, 617-367-4165; editing by Deborah Cohen)

**Reuters Summit-Ultra-wealthy want experiences above all**

By Dan Wilchins

BOSTON, Oct 8 (Reuters) - When you have huge sums of money to spend, merely staying at a Ritz-Carlton is far from enough.

Top hedge fund managers and chief executives instead prefer to hire someone like Gregory Patrick to create a holiday experience at a private villa that they will never forget -- and money is no object. You want five of the world's best chefs flown in? It will happen. Butlers? No problem.

One American investor, who was on such a trip to Italy, was whisked away by chartered jet for the evening to Vienna with a group of friends to a Sting concert, and after the show, they partied all night with the band.

His wife went on a shopping trip with Italian entrepreneur Laura Gucci, and he and his friends raced a Ferrari, a Lamborghini and several Porsches from Florence to Portofino.

The couple were part of a new generation of wealthy tourists. They want luxurious accommodations and tip-top service but they want something much more -- an experience.

Patrick, founder of travel firm DreamMaker International, creates unusual vacation experiences for the rich for a living.

So what is it that the ultra wealthy want when they travel? They may not know it, but often they are looking for experiences they can tell their friends about, Patrick told the Reuters Wealth Management Summit in Boston.

"They are fixated on the story -- there's a lust for the ability to tell their friends what they did," Patrick said.
They may want adventure, be it skydiving, bungee jumping, or surfing. "You have to take them out of their element. They want something to take their minds out of the marketplace," Patrick said.

Having personal staff is key, too. A client visited Spain with friends, and Patrick arranged for several butlers to staff the home at which they were staying. The client and a friend went jogging one afternoon, and when they returned, a butler was at the end of the driveway with a decanter of cold water and glasses on a tray. "If they had had to go to the kitchen themselves to get the water, it would not have been nearly the same experience," Patrick said.

Sometimes the experience is staged. A couple was dining at a restaurant in Rome. The woman dropped her napkin underneath the table, and took an unusually long amount of time to surface. The man at the table seemed inordinately happy during and after the experience.

Sitting next to the couple were a group of Patrick's clients, who saw the whole pas de deux unfold, and couldn't stop talking about it for the rest of the trip. They didn't know that the couple were actors and that Patrick had arranged the whole scenario. "What they perceived to be happening, wasn't really happening. There's no limit to what I'll do to make someone happy, so long as it's legal," Patrick said.

One thing the ultra-wealthy do not want when they travel is to rub shoulders with the hoi polloi. Riding on a cruise ship is "out of the question," Patrick said. "They'd rather have a red hot poker shoved in their eye."

All that uniqueness costs money. The experiences typically cost between $2,000 and $4,000 a day per person, but demand is so strong that Patrick is looking at growing rapidly over the next few years to annual revenues of $40 million from $3 million to $5 million currently.

He intends to rent villas in places like Tuscany for longer periods and to hire butlers, chefs and other personal staff on a monthly wage rather than a daily rate. That will allow him to reduce costs and also offer similar experiences to a number of clients.

That may make the experience less unusual, but if the service is good enough, clients may not care, Patrick said. (For summit blog: http://summitnotebook.reuters.com/)

(Reporting by Dan Wilchins, editing by Jeffrey Benkoe)

**Reuter Summit-Yachts, planes still in demand among US wealthy**

By Svea Herbst-Bayliss

BOSTON, Oct 8 (Reuters) - Private yachts, personal jets and mega-mansions costing more than $5 million are still in hot demand despite turmoil in global credit markets, according to private bankers whose companies finance these purchases.

"Aircraft and yacht financing is a fast-growing segment in our credit group," Stan Gregor, president of the Wealth Markets division of Wachovia Wealth Management, told the Reuters Wealth Management Summit in Boston on Monday.

"The transportation space is growing at an unbelievable clip from a percentage standpoint. It's also a tight market. There's not a lot of inventory out there," he said.

General Dynamics Corp's <GD.N> Gulfstream's G550, which can hold more than 20 people and can cost nearly $50 million, is among those in hottest demand, he said.
"From what I have seen, if a Gulfstream 550 goes up for sale, the people that are in the space to buy, they don't know about it. It's very quick. We've seen nothing but strong demand for that as opposed to people pulling back," he said.

Similarly, demand for real estate among his wealthy clients, with $5 million to $50 million in investible assets, has mostly defied the two-year slide in prices and the surge in foreclosures that have roiled the broader property market.

"We haven't seen the bearishness. We haven't seen people come to us panic stricken," he said. "Their personal homes are fine, from what I'm hearing.

Charlotte, North Carolina-based Wachovia, the fifth-biggest U.S. wealth management company, expects the number of U.S. households with $5 million or more in investable assets to grow 55 percent from 2005 to 2010.

"We are in the top stratosphere," said Gregor, who joined the group in August.

Wells Fargo is seeing a similar pickup in demand for help in buying or leasing personal jets and yachts, said Dean Junkans, chief investment officer of the bank's wealth management division.

"It is a growing area, and we do make aircraft and yacht loans," Junkans told the Reuters Summit, adding, however, that the bank, well known for its loans to home buyers, finances yachts and aircraft "very carefully" and only for people who already have a large chunk of money with the bank.

Gregor said Wachovia's relationship managers and investment specialists offer a variety of services to clients, and even help some investors find a plane or boat to buy.

But Gregor said clients are now calling more often for updates on the markets. "We don't see clients becoming more conservative but they are becoming more engaged. There isn't a shift out of equities to short-duration bond products, but there is a lot more dialogue now," he said.

(Additional reporting by Jason Szep, editing by Jeffrey Benkoe)

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**Reuters Summit-Millionaires turn to psychologists**

By Muralikumar Anantharaman

BOSTON, Oct 8 (Reuters) - The surge in the number of millionaires in the world is spawning a fast-growing industry -- wealth psychology.

U.S. wealth managers are adding services such as psychological counseling for wealthy clients to set them apart from the competition, experts said.

Some of these psychologists handle clients who feel guilty about inheriting wealth. Others help with problems such as how to raise children in an environment where almost anything can be bought, or intervene when spouses fight over money.

"One of the biggest concerns when people become significantly wealthy is ... 'How am I going to raise my kids responsibly with all this money'," psychologist and consultant James Grubman told the Reuters Wealth Management Summit in Boston.

Grubman, who works with rich clients of Wachovia Corp <WB.N>, the fifth-biggest U.S. wealth management company, predicted that within 10 years most financial management firms will offer psychological services.

"The more cutting-edge wealth management firms and banks are beginning to realize they need to get people available and in house," said Grubman.
The wealth management division of Wells Fargo recently hired two psychologists to meet with its clients, and is seeing demand for another new service for the wealthy -- catering to the aging parents of millionaires.

"A growing need for a lot of business executives, entrepreneurs and other people of wealth is somebody to handle some of their parents' needs," Dean Junkans, chief investment officer of Wells Fargo's wealth management division, told the Reuters Summit.

Junkans said the U.S. bank's Elder Services group offers asset management, housing, medical care, "family communication and dynamics", and banking services to the elderly.

"It's growing very fast, and it tends not to be price sensitive," said Junkans, who oversees $250 billion in client assets, referring to the Elder Services group.

The United States is the world's biggest wealth market but many players find it hard to achieve and sustain profitability in part because they cannot differentiate themselves, according to a recent study by Boston Consulting Group. ( Editing by Jason Szep/Jeffrey Benkoe) (Reuters Messaging: murali.anantharaman.reuters.com@reuters.net)

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**Reuters Summit-Bear market scarred some people for life**

By Svea Herbst-Bayliss

BOSTON, Oct 8 (Reuters) - The rupturing of the tech bubble in 2000 has left a deep psychological scar on some investors, forever changing the way they invest, a psychologist who counsels wealthy families said on Monday.

Some clients still get sweaty palms and feel their hearts race when they think back to the recent bear market, said James Grubman, a clinical psychologist who has worked with several of the Top 100 independent U.S. wealth management advisory firms.

"Some people were so fundamentally scarred that they never went back to investing the way they did it before," the psychologist told the Reuters Wealth Management Summit in Boston. "They went through such pain, they never want to go through that."

Plummeting stocks wiped away billions of dollars in U.S. retirement and college savings after the dot.com crash. While the market has largely recovered, memories of the steep slide still torment a handful of investors, Grubman said.

Years later, some people who invested large chunks of earned or inherited wealth in technology or Internet stocks have vowed to never touch those stocks again, Grubman said, recalling some client stories.

"They became much more conservative, and now they see bubbles everywhere," Grubman explained, adding "An entire class of investments has been so contaminated."

While those are the extreme cases that Grubman has seen after being retained by wealth management advisers, the psychologist also works with clients who have other fears related to the markets, such as selling stocks.

As the wealth management industry grows, driven by a surge in the numbers of millionaires in the world, many firms are trying to differentiate themselves through extra services such as providing access to a psychologist who can help work through problems such as feeling guilty about inherited wealth.

For some people, it is critical to untangle emotions from investing, Grubman said, describing one client who clung to her shares of Lucent Technologies, even as they were sinking fast because she related the stock to a person who had bought it.

"People get so personally wrapped up in their investments," he said. (Editing by Jason Szep/Jeffrey Benkoe) (svea.herbst.reuters.com@reuters.net; 617 367 4171)
Reuters Summit-Julius Baer hits the slopes to serve clients

GENEVA, Oct 8 (Reuters) - Swiss private bank Julius Baer <BAER.VX> has started fighting on a new front in the battle to bag new clients -- the ski slopes.

The Zurich-based bank is launching small offices called "White Spots" in swanky Swiss resorts such as Verbier and Crans Montana to reach out to the super-rich who want to manage their money while skiing or have bought holiday homes in the Alps.

"Looking around Europe, we saw we had certain gaps. We weren't in the most prestigious ski resorts," Chief Operating Officer Boris Collardi told the Reuters Wealth Management Summit in Geneva.

"We're reaching out to our off-shore clientele who like to be doing banking on their ski trip or long-term residents who live there a month a year," he said.

While some major Swiss retail banks have branches in the mountains for people's everyday money needs, Julius Baer is opening smaller offices with three or four staff each and the capacity to serve about 200 wealthy clients.

"We'll open up more as the opportunities arise," Collardi said. "It's a nice business but it isn't a strategic cornerstone."

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Reuters Summit-Wealthy investing more in environment

By Reed Stevenson

GENEVA, Oct 10 (Reuters) - Green -- not greed -- is good these days, especially if you're rich and want to be seen to care.

Some clients are increasingly seeking environmentally friendly investments and ways to minimize their impact on the environment, their private bankers said at the Reuters Wealth Management Summit in Geneva.

"I think more and more we're seeing more interest in that area, whether its green environment or whether its climate change," said Samir Raslan, who is in charge of Citigroup's <C.N> wealth management operations in central and eastern Europe, the Middle East and Africa.

"There's more interest to participate not just because of wanting to be green but also there are opportunities as the world starts focusing on climatic change and starts focusing on alternative energy sources because there will be companies that will benefit from that because governments will have to spend money to get things done."

Wealth managers help rich customers -- typically those with assets of $5 million or more -- manage their fortunes and their services include investment advice, estate planning and various other tailored services.

The most common way that the wealthy participate is by investing part of their assets in clean energy or sustainable businesses.

Daniel de Fernando Garcia, head of asset management and private banking at Grupo BBVA <BBVA.MC>, said that some of their clients were actively involved in seeking green investments, such as a solar panel factory in Mexico.

"The response was fantastic," Fernando said.

Al Gore, the former U.S. vice president who has pushed for greater awareness of environment issues, is involved in running a fund that seeks to invest in clean energy and
environment-friendly businesses, while aiming for high investment returns. It's these kinds of funds where the rich seek to put their assets.

Philanthropy is also an area where the rich are shifting their attention, as wealth managers are already becoming more involved in how their clients give to charities.

"There is increasing concern about the environment," said Maximilian Martin, head of philanthropy services at UBS <UBSN.VX>, adding that he has organised seven initiatives for wealthy donors to give for climate change issues.

Some are also beginning to recognise that their lifestyles can have a bigger impact on the environment, whether by using private jets or maintaining large estates.

On a per-passenger basis, private jets spew out 10 to 20 times the carbon emissions compared with commercial flights, according to various industry estimates.

That's why the wealthy are also spending money on carbon offsets, which has become a booming industry by allowing people and businesses to pay to neutralise the impact that they have on carbon emissions.

"What you see is that the rich are offsetting their carbon footprints in a very strategic way," said Eric Carlson, executive director of the Carbon Fund, a group that encourages individuals and businesses to neutralise their carbon impact through reduction and carbon offsets.

Carlson says that the rich are likely the pioneers, as they are willing to spend money at the early stage of a product or technology before its becomes more affordable for the masses, drawing an analogy with the early use of mobile phones by the wealthy.

"The rich are subsidising the market now and some day it will transform the clean energy market," he said.

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**China No.2 in billionaires as assets boom-researcher**

SHANGHAI, Oct 10 (Reuters) - China has more billionaires than any country except the United States, as soaring stock and property prices helped to boost wealth among the country's super-rich, researcher Rupert Hoogewerf said on Wednesday.

The number of Chinese worth $1 billion or more jumped to 108, from 15 last year, growing much faster than in western countries, Hoogewerf said in his 2007 China "rich list", which ranks the 800 wealthiest individuals in the country.

The average wealth of those on the list doubled from a year earlier to $562 million.

"There's still plenty of growth opportunity as China's top entrepreneurs turn their sights to the vast underdeveloped and largely unregulated economic hinterland," Hoogewerf said.

Yang Huiyan, 25, tops the list after receiving $17.5 billion from her property developer father, the report said, echoing another China rich list published by Forbes magazine on Tuesday.

Last year's champion, Zhang Yin, fell to second place even as her wealth tripled to $10 billion after a surge in the share price of Nine Dragons Paper (Holdings) Ltd <2689.HK>, in which she holds a 72 percent stake.

Zhang, the world's richest self-made woman, continues to widen the wealth gap with western counterparts such as U.S. television host Oprah Winfrey, eBay Inc <EBAY.O> founder Margaret Whitman and Harry Potter author J.K. Rowling, according to the report.

In a sign that China's economic growth is largely driven by construction and manufacturing, rather than by science and technology, seven of China's 10 richest people are mainly or partly in the real estate business.
Xu Rongmao, owner of Shimao Property Holdings Ltd <0813.HK>, ranked number three with $7.5 billion in wealth.

Huang Guangyu, who founded GOME Electrical Appliances Holdings <0493.HK> and owns unlisted property businesses, is China's fourth wealthiest person with $6 billion.

Surging share prices created much of the wealth of those on Hoogewerf's list.

Nine made the list due to shareholdings in Minsheng Banking Corp <600016.SS> -- the most prominent creator of super-rich of any Chinese company.

Ping An Insurance (Group) Co <601318.SS><2318.HK>, China's second-largest life insurer, and Western Mining Co <601168.SS>, a zinc and lead miner in China's far-flung western region, were each responsible for the wealth of seven on the list.

(Reporting by Samuel Shen, editing by Edmund Klamann; samuel.shen@reuters.com; Reuters Messaging: samuel.shen.reuters.com@reuters.net; +86 21 6104 1789)

**Reuters Summit-Banks advise wealthy -- on giving cash away**

By Laura MacInnis

GENEVA, Oct 9 (Reuters) - A recent boom in charitable giving has created new business for the world's leading banks, who are now competing to help their wealthiest clients give away money.

Maximilian Martin, the head of philanthropy services at UBS <UBSN.VX>, said more and more prosperous people were interested in setting up foundations and arranging big gifts, mainly in education and health.

"The ambition level in philanthropy is really rising," he told the Reuters Wealth Management Summit in Geneva.

Bankers to the very rich, who have long offered their customers personalised advice in areas ranging from artwork to yachts, see the rising demand for philanthropic advice as a new way to engage with wealthy clients.

They also stand to win fees from managing endowed funds.

"If you're serious about providing value-added services for your clients, this is quite attractive," Martin said, estimating that wealthy clients channel 10 to 17 percent of their money to charitable endeavours. "As a financial institution we think we can add value on the management side."

UBS' big-bank rivals including Citibank <C.N> and Merrill Lynch <MER.N> have also expanded their philanthropic offerings to meet growing interest from America and Europe, inspired in large part by multi-billion-dollar donations from business moguls Bill Gates and Warren Buffett.

Smaller wealth management players have also stepped into the ring. Boris Collardi of Switzerland's Julius Baer <BAER.VX> told the Reuters summit that philanthropy had become a key part of their services, and would likely continue to grow.

And Reinhard Krafft at the German-based Sal. Oppenheim referred to an "astonishing" increase in European giving in recent years, said it was now critical to be able to offer clients philanthropic advice.

"It is not only a competitive prerequisite but also a means of good service. I cannot say 'I'm treating you from A to Z' but then not have a philanthropic service," he said, describing the sums involved as "an awful lot of money."

Asian clients have also made some overtures on charitable giving, Peter Flavel of Standard Chartered Bank <STAN.L> said.
"It's a relatively new market for philanthropy in Asia," Flavel, who heads Standard Chartered's private banking operations, told the Reuters summit.

"It's something that's growing and there's a growing demand for it. Part of the demand will be pushed in a way by supply, by the fact that the private banks coming in from the OECD have these services," he said.

But some questioned whether financial advisors are actually best placed to provide such advice.

"It's questionable," said Sebastian Dovey of Scorpio Partnership, a London-based consultancy that advises the wealth management sector.

A Scorpio study released last week concluded that many rich philanthropists were unsatisfied with their experiences in the field, saying wealth managers "are not sufficiently meeting their clients' philanthropy needs."

"The banks don't really have an embedded knowledge in the area," Dovey said. (Reporting by Laura MacInnis; Editing by Alexander Smith; Tel. +41 79 240 9036; laura.macinnis@reuters.com; geneva.newsroom@reuters.com)

**Reuters Summit—Give rich clients three choices, says BBVA**

GENEVA, Oct 9 (Reuters) - The head of private banking at Spain's BBVA <BBVA.MC> has a simple formula for helping rich clients decide how to invest their wealth.

"We think there's only three reasons that they want their money for -- one is to stay rich, one is get richer, and another is to enjoy it," Daniel de Fernando Garcia, head of asset management and private banking at Banco Bilbao Vizcaya Argentaria, said at the Reuters Wealth Management Summit in Geneva on Tuesday.

Fernando said choosing only one form of investment strategy proved to be most effective for wealthy clients.

"You can only allocate among one of them," he said. "You cannot pretend to stay rich and get richer. You cannot pretend to get richer and enjoy."

Clients who try to choose two of those strategies run into trouble, for example buying a painting for enjoyment and one as an investment were entirely different ways of spending money, Fernando said.

(Reporting by Reed Stevenson; editing by Erica Billingham; Reuters Messaging: reed.stevenson.reuters.com@reuters.net; +31 20 504 5002)

**Reuters Summit—Aozora sees private bank unearthing gold in Japan**

By Alison Tudor

TOKYO, Oct 10 (Reuters) - Japanese lender Aozora Bank Ltd <8304.T> plans to use its private banking arm to cement ties with Japanese companies, by helping executives nurture their nest eggs.

Aozora's private banking business provides a fraction of the group's funding, but is seen as important for the long-term relationships it forges with its 2,500 corporate clients.

"One of the great opportunities in Japan is going to be the creation of wealth from small and medium-sized companies," Federico Sacasa, president of Aozora, told the Reuters Wealth Management Summit in Tokyo on Wednesday.

"We are targeting the owner-operators for private banking."
Capital can be released from financially conservative Japanese businesses as corporate advisers introduce such ideas as a stock market listing, selling real estate or raising debt. To meld corporate advisory and wealth management functions, Aozora has started to supplement its 50-strong private banking team with corporate bankers -- a task made easier by the changing perception of wealth management in Japan.

"When I was younger, if you went into private banking it was because you had failed," he said. "That is not the case now. Now it's real money."

**WOОING THE WEALTHY**

A wave of retirements by Japanese baby-boomers starting this year has bankers jockeying to manage their savings. Many foreign banks are looking for ways to reach Japanese clients without rolling out the expensive infrastructure of a private bank or investing the time to build relationships from scratch.

"You have to come into this market with a long-term view," Sacasa said. "Flashy products and high-power sales don't work."

Aozora can act as an intermediary between the foreigners and Japanese regional banks whose clients are becoming more interested in international financial products. Sacasa said one such foreign institution could potentially be GMAC, formerly the finance arm of General Motors Corp <GM.N>. Aozora invested $500 million in GMAC last year, alongside its own largest shareholder, U.S. private equity firm Cerberus [CBS.UL].

The 50-year-old Aozora Bank has relationships with more than 500 Japanese regional banks, many of which were clients of its predecessor, Nippon Credit Bank, a long-term credit bank that was nationalised in December 1998, during Japan's banking crisis.

**NEST EGGS**

Aozora's private banking business dates from the search for new areas of business in the wake of nationalisation. Aozora was keen to find niche areas where it could distinguish itself from its larger competitors, the mega-banks of Japan.

Private banking became a sub-section of Aozora's retail banking operation. The network is relatively small, with only 19 branches, but it hopes to offer a more tailored approach and gradually offer more sophisticated products to its mass affluent clients.

"Private banking will become a profit centre as it pervades all of our retail bank," Sacasa said.

Aozora has about 200,000 retail customers, and its nascent private banking business numbers clients in the hundreds.

A core private banking client would typically be nearing retirement and have a net worth of about $3 million. He would probably be running a small or medium-sized company and might know Aozora as a lender bank or through a referral. (+81-3-3432-9998, alison.tudor@reuters.com)
Reuters Summit - Bank of America to beef up staff

BOSTON, Oct 9 (Reuters) - Bank of America <BAC.N> plans to hire roughly 1,000 bankers, brokers and client managers by the end of 2008 in an aggressive push to attract more affluent clients, a top executive said on Tuesday.

"We will hire people from competitors and we will hire from other parts of the company, we do it every day and we know how to get it done," Brian Moynihan, president of Bank of America's Global Wealth and Investment Management unit, said at the Reuters Wealth Management Summit in Boston.

Moynihan said the Charlotte, North Carolina-based bank plans to hire 1,000 associates in its Premier Banking and Investments Division, which serves clients with between $100,000 and $3 million in investible assets.

These employees will work as client managers, financial advisers and in other client facing capacities and will be based throughout the United States, Moynihan said. Currently the division, which oversees $195.8 billion in total client assets, employs 2,500 client managers and 2,000 financial advisers.

Competition is heating up in the wealth management industry as more Americans earn fortunes or inherit them.

The bank is also beefing up staff at its U.S. Trust, Bank of America Private Wealth Management unit which caters to people with more than $3 million to invest. That unit oversees $350.9 billion in client assets.

Bank of America acquired U.S. Trust from discount brokerage Charles Schwab Corp <SCHW.O> in July.

Since the start of the year, Bank of America has hired more than 200 new associates to work with wealthy clients, boosting the overall number to 4,600 associates.

(Reporting by Svea Herbst-Bayliss, editing by Leslie Gevirtz; Reuters Messaging:svea.herbst.reuters.com@reuters.net;617 367 4171)

REUTERS SUMMIT-Bank of Ireland private banking ready for rivals

By Paul Hoskins

GENEVA, Oct 8 (Reuters) - Bank of Ireland <BKIR.I> sees plenty of room for new entrants in the fast-growing Irish wealth management market given vast amounts of capital tied up in fixed assets, it's private banking chief said on Monday.

Established players in the rarefied world of wealth management will have to adapt, however, if they are to access new money held by the swelling ranks of Irish millionaires, Mark Cunningham, Managing Director of Bank of Ireland Private Banking, said at the Reuters Wealth Management Summit.

"HSBC have come in, Barclays, RBS, Goldmans and Deutsche are in and the two Swiss banks UBS and Credit Suisse are looking to come in, but I suppose there's two problems for banks coming into the market," Cunningham said.

Newcomers may struggle to understand a market where there was no wealth in Ireland 10 years ago and where many have made their fortunes themselves. These clients want to continue growing their wealth and have very strong ideas about how it should be done.

"It is really very, very new money and unlike other countries ... Ireland is still very much in the wealth creation phase, as opposed wealth preservation," Cunningham said.
"When you're dealing with first-generation wealth, they're people who have made the money themselves and actually think they know what they want to invest in to make money."

Cunningham said the other stumbling block for new entrants would be finding staff in Ireland's tight labour market.

"There's a huge shortage of qualified people. Let's say there's a 1,000 professionals needed, well there's probably only three or four hundred in the market," he said.

**RISK & RETURN**

With much wealth tied up in family businesses, land and property -- which may be monetised down the road -- there was still plenty of room for growth. Therefore there's room for competition in Ireland's wealth management market even if recent rapid rates of economic growth moderate.

"We're seeing pressure on talent, undoubtedly, and we're seeing pressure on the whole question of remuneration but not yet pressure on the margin front," he said.

"The key reason for the optimism relates not just to the growth in the Irish economy but the monetisation opportunity that exists ... that's the hidden opportunity that's perhaps what the international banks are seeing and recognising."

Another problem in handling new money was the need for private bankers to contend with higher risk appetites and less diversified pools of assets than they might be used to.

Cunningham said Irish wealth was "hugely exposed" to property following a decade-long domestic real estate boom.

Investors had also fallen victim to "significant turmoil" in Irish equity markets in recent months as the credit crunch compounded jitters over a fast cooling property market. The response, though, has been mixed.

"There's one bunch of clients who literally said we've seen all this before and we'll ride out the storm," he said. "Then there's another bunch of clients who, given the wealth creation attitude, were fairly heavily exposed to the Irish equity market but exposed in a very aggressive, leveraged manner."

The recent market volatility may even encourage more clients to accept more of the private bank's asset allocation advice.

"Our hope would be that because of that volatility ... that may well accelerate the move towards more traditional wealth preservation and wealth diversification."

Longer-term, Bank of Ireland would seek to expand its own private banking activities into the UK, Cunningham said.

"You're seeing lots of (UK) players at very much the ultra-high worth end, the top end, you've seen lots of players trying to play more the lower end, the mass affluent end, but the bit in the middle still has lots of room."

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Reuters Summit-C Suisse to double Asia private banking
By Saeed Azhar

SINGAPORE, Oct 8 (Reuters) - The private banking arm of Credit Suisse <CSGN.VX> plans to double its revenue and staff in Asia in two years, and aims to launch a private banking operation in Japan late next year, an executive told Reuters.

"We will try and double the size of the business," said Marcel Kreis, head of private banking Asia Pacific, speaking at the Reuters Wealth Management Summit in Singapore.

"Possibly the number of relationship managers and the size of the business in general." Kreis said the Asian private banking assets have grown at an annual pace of 20-25 percent in the last three to four years.

"I am comfortable that we are gonna be able to grow at that pace i.e. 20-25 percent. That is the medium-term goal," he said.

The private banking arm of the Swiss bank, which operates in Singapore and Hong Kong, employed 229 private bankers last year and was managing 56 billion Swiss francs ($48 billion) of Asian client assets.

JAPAN AND CHINA
Kreis, who joined Credit Suisse from UBS <UBSN.VX> in February, said that the bank plans to launch its private banking business in Japan late next year and is looking for a chief executive, relationship managers and product specialists.

He said that the bank has already hired a chief operating officer for the Japan business as it looks to expand its business in Asia beyond the offshore centres in Singapore and Hong Kong.

"If you look at the Asian wealth demographics, currently we are looking at $7.6 trillion of assets (with the wealthy), 65 percent of that $7.6 trillion are in Japan and China."

"In Japan for example we have an established investment banking and asset management franchise. The challenge is how do we translate the wealth management to private banking expertise into a local Japanese context," he said.

Foreign banks suffered a setback when regulators shut down Citigroup's <C.N> private bank in 2004, citing insufficient precautions against money laundering. Since then, domestic and foreign firms have rushed to fill the void.

Kreis said the bank can start with a small number of relationship managers, who should have Japanese-language skills with experience in investment advisory so that they can serve entrepreneurs.

Kreis said that Credit Suisse’s private banking unit would also look at developing a wider presence in China as its investment banking and asset management divisions further expand their positions there.

(Reporting by Saeed Azhar, editing by Erica Billingham; saeed.azhar@reuters.com)
Reuters Summit-BBVA dreams up ideas for private bank clients
By Jane Barrett

GENEVA, Oct 9 (Reuters) - Private banking tends to have an aura of safe but dull, so BBVA <BBVA.MC> is offering young, newly rich Spanish entrepreneurs something different, from Mexican property to solar power.

BBVA has beefed up its private banking service to cater to hundreds of Spaniards who have shot into the multimillionaire ranks as the country's economy burgeoned over the past decade.

Because many of them are entrepreneurs who have made their own millions rather than inherited family treasures, investors are looking for more interesting opportunities than the portfolios private banks have traditionally offered, said Daniel de Fernando of BBVA.

"Spain has gone through a dramatic change in investment appetite," de Fernando, BBVA's head of asset management and private banking, told the Reuters Wealth Management Summit.

"Investors are looking for innovative products. They're a bit bored with the financial markets or they became active in markets before 2000 and got hit twice and scared off," he said.

BBVA, Spain's second-largest bank, has used its increasing global reach to link up clients and contacts to create new projects.

For example, on a trip to Mexico, where BBVA owns the largest bank, Bancomer, De Fernando was intrigued by the story of how the real estate market was developing.

A trip with clients out to a building site led to a meeting with some private banking clients who guided BBVA in tailoring a product to suit their investment requirements, complete with currency hedging and diversification across the property spectrum.

Within two weeks, 60 people had bought into the fund at a minimum investment of 2.5 million euros each.

REAL ECONOMY PRODUCTS

"People are asking us for more ideas on that front," De Fernando said. "We call them structured entrepreneurial products, real economy products packaged for private clients."

BBVA has also offered private investors "club deals" like buying into photovoltaic plants in Spain and is considering setting up a hotel development and management project.

The bank has 12 billion euros of assets under management in Spain, where local consultancy Tatum reckons the overall private banking market is worth 223 billion euros.

BBVA is also boosting its wealth management business in Latin America, where it has banks from Colombia to Chile and where economic growth and the commodities boom has created a new group of super rich.

De Fernando said the strength of BBVA's brand and network meant it was well placed to serve clients with $5 million to $10 million. Clients with more than that tended to opt for big international private banking names.

BBVA has also bought banks in the United States and a stake in Chinese bank CITIC.

De Fernando said BBVA was in talks with CITIC and another group about setting up a private banking venture in Asia while it would wait until the U.S. acquisitions were integrated before thinking of starting a wealth management offering there.

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BNP Paribas grows Asia onshore private banking

SINGAPORE, Oct 8 (Reuters) - BNP Paribas, France's biggest bank, is building up its onshore private banking presence in China, India and Taiwan and expects total assets under management in Asia to grow by 20 percent a year in the next few years, the head of its Asia private banking operation said.

Michel Longhini, Chief Executive Officer - Asia of BNP Paribas Private Bank, told Reuters that the bank now has 30 staff in its onshore private banking operation in Shanghai and plans to double that to 60 by next year.

"China now has more millionaires than France, and soon it will have more millionaires than Germany too. This is where the growth is," Longhini told Reuters in an interview on Monday.

At the end of 2006, China had 345,000 people with investable assets of more than $1 million each, according to the Capgemini Merrill Lynch 2007 World Wealth Report. Germany had 798,000.

In India, BNP Paribas' onshore private banking unit -- which sells rupee-based products and services to domestic clients -- employs 60 people in six cities. In Taiwan, the bank employs 30 people in two cities.

"We want to have an onshore presence in these key markets," Longhini said.

Global banks, keen to cash in on Asia's growing wealth, are increasingly keen to set up onshore wealth management centres in order to capture funds of high-net-worth individuals who do not make use of leading offshore centres such as Singapore, Hong Kong or Dubai.

Morgan Stanley told Reuters on Monday it plans to start an India onshore private wealth business by the middle of next year. (To see story, click on [ID:nSP30539])

The French banking giant also has major onshore private banking centres in Singapore and Hong Kong, which employ 300 and 250 people respectively.

In total, BNP Paribas has about $26-$27 billion in assets under management in Asia and expects that to grow by around 20 percent per year in the next few years.

Longhini said the bank's private banking clients typically have $5 million or more in investable assets, as the private banking unit builds on BNP Paribas' corporate and investment banking activities in Asia.

"We work with the business owners. We have strong links with the local tycoons," Longhini said.

(For more exclusive news from the Reuters Wealth Summit, click on [ID:nSP41120])

Reuters Summit-BNY Mellon wealth unit to boost staff

BOSTON, Oct 10 (Reuters) - BNY Mellon's wealth management division is planning to increase its sales force by as much as 100 percent in the next few years as it aggressively expands in the fast-growing $100 trillion industry, a top executive said.

"We are adding on the sales side right now and I would imagine we will increase the numbers by 50 percent to 100 percent over the next years," David Lamere, chief executive
officer at BNY Mellon Wealth Management, told the Reuters Wealth Management Summit on Wednesday.

BNY Mellon, which was created this year when the Bank of New York acquired Mellon Financial, expects to employ over 100 full-time sales people by the end of 2007, raising the number from about 90 sales people now.

While the company has been historically strong in the United States, Lamere said it also wants to flex its muscle overseas. "Over the next three to four years, I see us adding people internationally," Lamere said.

BNY Mellon, like its rivals, faces the challenge of hiring from a limited industry talent pool but Lamere said the focus at BNY Mellon is more on grooming its internal staff and looking to alternate industries instead of poaching other bank's wealth management teams.

"We are less aggressive in trying to lift out individuals who can bring a boat load of clients with them," Lamere said.

(Reporting by Svea Herbst-Bayliss)
(Editing by Tim Dobbyn; Reuters Messaging:svea.herbst.reuters.com@reuters.net;617 367 4171)

Bank of NY Mellon expects more acquisitions

BOSTON, Oct 10 (Reuters) - BNY Mellon Wealth Management plans to acquire more wealth managers as it expands its business in the United States, the company's chief executive said on Wednesday.

Most clients of Bank of New York Mellon Corp's <BK.N> private bank are based on the U.S. East or West Coasts now, so expanding into the Midwest, Texas, and states like Arizona present a good growth opportunity over the next few years, the unit's CEO, David Lamere, said at the Reuters Wealth Management Summit.

Building new businesses from scratch is much harder than acquiring good ones, Lamere said. Mellon historically focused on acquiring wealth managers who oversee around $1 billion of assets or less. But as a bigger company, acquiring larger wealth managers -- typically those responsible for multiple billions of dollars under management -- makes sense, Lamere said.

The private bank is developing a plan to expand in Europe and Asia as well, but those businesses may take more time to grow, Lamere said.

The number of businesses that the company acquires will depend on valuations, Lamere said. It often passes on deals because the prices are too high. Acquiring a firm with the right people is key as well, he added.

Bank of New York Co completed the acquisition of Mellon Financial Corp in July.
(Reporting by Dan Wilchins, additional reporting by Toni Clarke and Muralikumar Anantharaman, editing by Jeffery Benkoe/Tim Dobbyn)
(Reuters Messaging: dan.wilchins.reuters.com@reuters.net; +1 646 223 6320)
SINGAPORE, Oct 5 (Reuters) - Citigroup's <C.N> newly created unit to serve Asia's super-rich plans to hire 10 high profile bankers and aims for annual revenue growth faster than its wealth business in Asia, the head of the unit told Reuters on Friday.

The mega-wealth unit has been created to advise clients on investments, business alliances and wealth preservation. Many of those customers would be billionaires in key centres such as Singapore, Hong Kong, Taiwan and Indonesia, said Akbar Shah, head of Citigroup's mega-wealth unit for Asia-Pacific.

"Ideally, I would have a team of 10 senior private bankers, with each banker managing 10 to 15 client relationships representing $2.5 billion in assets and earning $25 million in revenue each," Shah said, speaking ahead of the Reuters Wealth Management Summit on Oct 8-10.

The unit caters to people with at least $250 million in tangible net worth -- such as businesses -- including at least $50 million in investable assets.

Shah said his unit aims to beat the growth Citi's wealth management unit has seen in the last five years.

Citi's wealth management business in Asia has seen its revenue, net income and client assets grow at an average annual rate of 15-25 percent in the last five years, the bank said.

Citi's private banking arm, which targets clients who have $10 million in investable assets, says its private banking clients in the region included half of Asia's billionaires.

ASIA'S RICHEST

The mega-wealth unit would base its bankers in Hong Kong and Singapore, where some of the wealthiest in Asia live, such as Asia's richest man Li Ka-shing.

Investment banks Goldman Sachs <GS.N> and Morgan Stanley <MS.N> also target super-rich clients who have at least $20 million in investable assets.

The private banking arm of UBS <UBSN.VX>, the biggest wealth manager in the world, has a lower base, starting at clients with $1 million in assets.

Several new players have jumped into Asia, with an eye on the region's 2.6 million "high-net-worth individuals" who according to a Merrill Lynch/Capgemini report had $8.4 trillion of assets at the end of 2006.

Shah said there were tremendous opportunities because the super rich have become more wealthy in the last three years.

"The larger families have made a lot of money, they have done well from a liquidity standpoint," he said.

"The question is really can you find enough stuff to give them that add values to them rather than just investing in their own business. Once they take that off the table, then you need to find them stuff."

Shah, a Citi veteran of more than two decades' service, was previously chief executive of Citi's Global Wealth Management business for the Middle East.

He said the bank is also arranging several meetings between prospective investors in Asia and the Middle East that may lead to future investments in the two regions.

"We have clients from Asia to travel to Abu Dhabi to see if there is anything in real estate," he said, while Middle Eastern families were also visiting Asia looking for opportunities in China and India.
Reuters Summit-Daiwa sees big potential in mutual fund wraps
By Yuko Inoue and Emi Emoto

TOKYO, Oct 10 (Reuters) - Daiwa Securities Group Inc <8601.T>, Japan's second-biggest brokerage, said it aims to sell $8.5 billion worth of its new mutual fund wrap accounts in the first year as millions of Japanese retirees shift to investments from savings.

Daiwa, which dominates Japan's consulting wrap market called separately managed accounts (SMAs) for the wealthy, launched mutual fund wraps with a minimum account size of 5 million yen ($43,000) this month, one-tenth of that of its current wraps targeting the rich with 300-500 million yen in financial assets.

"We hope retirees will jump into the market with a significant portion of their funds," Koshiro Taniguchi, Daiwa's managing director, told the Reuters Wealth Management Summit in Tokyo.

Daiwa is the leader in Japan's increasingly crowded market for SMAs, accounts that typically wrap management, administrative and transaction costs for all financial products in the customer's portfolio into one asset-based fee.

SMAs offer tailor-made portfolios for individual customers through consultancies with fund managers, while mutual fund wraps are based on investment trusts featuring a fee of 1.5 percent of total assets a year.

Daiwa in the past year has boosted its SMA assets by 40 percent to 251 billion yen, spread over 2,700 accounts, making up 35 percent of Japan's total SMA market.

But Taniguchi said that fell short of its aggressive target of increasing the assets to 300 billion yen by March due in part to unexpectedly slow demand for Japanese stock-based portfolios in Asia's competitive private banking market early this year.

"Our strategy is to expand the scope of our clients through the sale of mutual fund wraps," the 30-year Daiwa veteran said. "We expect some of these clients to move into higher-end SMAs."

In a three-month campaign, Daiwa will hold seminars on mutual fund wraps at all its branches in Japan starting in October, he said.

Asset management is expanding in Japan as the economy rebounds and deregulation allows financial institutions to sell a broader mix of investment products. A looming wave of retirements by Japanese baby boomers, expected to begin this year, has bankers jockeying to manage their nest eggs.

While potential clients are prosperous, they are relatively few in number. Only 865,000 households in Japan had assets of 100 million yen or more, according to a 2006 report from Nomura Research Institute Ltd.

Financial assets held by this group totalled about 213 trillion yen as of 2006. While foreign private bankers are making inroads into Japan's wealth management market, touting their expertise and global reach, Taniguchi said he is closely watching the moves of Citigroup <C.N> and HSBC <HSBA.L> <0005.HK>.

Citigroup recently agreed to buy Japan's third-biggest brokerage Nikko Cordial Corp <8603.T> for $12.6 billion, its biggest-ever Asian acquisition. HSBC has been in Japan's
wealth business for 11 years and plans to soon roll out a retail banking business to reach a broader spectrum of the wealthy.

"Offensives from foreign banks are a threat, and we may be targeting the same market," Taniguchi said. "But global competition is a good thing."

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Reuters Summit-HSBC to boost private banking by 20 pct

By David Dolan and Michiko Iwasaki

TOKYO, Oct 10 (Reuters) - The Japanese private banking arm of HSBC <HSBA.L> <0005.HK> aims to boost its customer base by 20 percent or more and open at least two more offices as the bank, Europe's largest, strengthens its push to win wealthy Japanese.

HSBC Holdings Plc, which entered the private banking business in Japan 11 years ago, touts a "tailor-made" approach, where clients with assets of 300 million yen ($2.6 million) or more are paired up with a private banker.

"We'd like to see growth of 20 percent or more," Fumio Matsushima, head of private banking at HSBC in Japan, told the Reuters Wealth Summit on Wednesday.

"Growth of our customer base will be, of course, the first thing," he said. "How much our assets under management will increase from that is another factor."

To cast a wider net, HSBC would like to open at least two more private banking offices - one in Osaka and one in Nagoya -- to supplement its current business in Tokyo, Matsushima said.

While the London-based bank has been doing business in Japan for about 140 years, it has largely been a niche player.

Recruitment remains a challenge for its private banking business, said Matsushima, who joined the bank in 2005 after more than 20 years with Citigroup Inc <C.N> in Japan and the United States.

"As a business, private banking doesn't have a long history in Japan," he said. "One challenge we face is being able to gather top-notch bankers."

Matsushima declined to give the number of private banking staff in Japan but said the number had doubled over the past two years.

While potential clients are prosperous, they are relatively few in number. Only 865,000 households in Japan had assets of 100 million yen or more, according to a 2006 report from Nomura Research Institute Ltd.

Financial assets held by this group totalled about 213 trillion yen as of 2006, according to the latest data available from Nomura Research.

Matsushima declined to give specific figures about the size of HSBC's private bank in Japan. Worldwide, its private banking business had $408 billion in assets under management and a staff of 6,500 by the end of 2006.

Worldwide assets at least doubled in the previous five years, with Japan largely mirroring that trend, he said.

RETAIL BUSINESS

To reach a broader spectrum of the wealthy, HSBC plans to roll out a separate retail banking business in Japan starting in January.
The bank will target the millions of "mass affluent" Japanese, those with at least 10 million yen in liquid financial assets, but less than the 300 million required for private banking.

HSBC reckons 6.3 million people in the Tokyo and Osaka areas alone will be eligible for its mass affluent services. The bank could open as many as 35 of its "HSBC Premier" branches in Japan, HSBC Chairman Stephen Green said at a Tokyo news conference last month.

Matsushima said there could be some eventual cooperation between the private bank and the HSBC Premier business in Japan.

"HSBC Premier is already in business in other countries, so there has been some synergy between it and and private bank."

"I expect there will be a similar synergy here in Japan as well."

(Editing by Mike Miller; Reuters Messaging: david.dolan.reuters.com@reuters.net; +81 3 3432 9911)

**Reuters Summit-ING sticks to growth goals, eyes acquisitions**

By Reed Stevenson

GENEVA, Oct 10 (Reuters) - ING Groep NV's <ING.AS> private banking business is on track to reach 100 billion euros ($141 billion) in assets under management by 2009, the deputy chief of the unit said on Wednesday.

ING, whose assets managed for wealthy clients grew 4.4 percent year-on-year to 66 billion euros by mid-2007, has seen strong private banking growth in Asia and is still seeking acquisitions, Bernard Coucke, ING's deputy chief of private banking, told the Reuters Wealth Management Summit.

"There is no acquisition yet ... The one rule is the one we want to take over has to be smaller," Coucke said, adding that one possible scenario would be to acquire a private banking business as part of a larger acquisition.

"We are counting on the strength of the group. The group bought a bank in Turkey recently, a retail bank. We'll generate more domestic private banking, we will be there and that's the kind of acquisition that we like," he said, referring to ING's summer acquisition of Oyak Bank in Turkey for $2.7 billion.

There were 65 mergers and acquisitions within the private banking industry last year, a record and a trend that seems to be increasing, according to Bear Stearns. Apart from deals between large players, the average deal size is shrinking as the industry consolidates among smaller players, the brokerage said.

Asked about the competitive landscape -- particularly in the Benelux region as Fortis <FOR.BR> appears set to clinch ABN AMRO's <AAH.AS> Dutch retail and private banking operations after a long and contentious takeover battle -- Coucke said the merger would create opportunities.

"They'll be in an another league, with assets of about 200 to 250 billion euros ... they'll become a top player," Coucke told the summit, held at Reuters offices in Geneva. "But one player disappears so it's an opportunity because for whatever reasons clients can be unhappy and we can capitalise on that."

"NO MORE TRUST"

Coucke said greater demands from clients on performance and lower fees, as well the higher costs in attracting talented private bankers, were adding pressure to the business.
"More and more, banks are documenting everything in every relationship that they have," Coucke said, "In the domestic, more mature markets, private banking is becoming a commodity."

Coucke said the risk of litigation was an increasing concern. "There's no more trust," he said, adding: "There's only one direction on the fee side and it's down."

In terms of costs, Coucke said that the private banking group was continuing to aim for lower spending after the business was consolidated into a single group from various parts of the company in recent years.

ING, which had a cost/income ratio of around 61 percent at the end of the second quarter, is still aiming to drive that number down to 55 percent, Coucke said.

Coucke said ING was still considering adapting its highly successful ING Direct business -- the world's largest Internet bank -- for wealthy clients.

Any integration was still a few years off, though initial trials showed clients would accept private banking services including Web-based services.

"It's a thing that strategically we are looking at," Coucke said, adding ING Direct was already being used by some wealthy clients -- many of whom banked elsewhere -- as a way to manage their cash.

ING Direct would be a good model for the "mass affluent" segment of the wealth management market -- those with assets in the 1 million euros to 5 million range -- because that is also the segment that Coucke's unit is targeting.

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**Reuters Summit-ING Asia fund CEO expects robust growth**

By Jeffrey Hodgson

HONG KONG, Oct 9 (Reuters) - ING Groep NV's <ING.AS> Asia Pacific fund arm expects further double-digit growth over the next 3 to 5 years, driven by sales of products tailored to its 13 markets in the region, its top executive said on Tuesday.

The division of the Dutch financial service group also is interested in additional acquisitions in those markets, added Christopher Ryan, chief executive of ING Investment Management Asia Pacific, which manages more than $100 billion.

"Having the broad footprint, and being local -- local funds for local people -- is what's critical in this phase of growth," he told the Reuters Wealth Management Summit in Hong Kong.

ING's Asia Pacific fund arm operates in Japan, Australia, South Korea, Taiwan, Hong Kong, mainland China, Singapore, India, Thailand, the Philippines, Malaysia, New Zealand and Dubai.

In June it announced it would buy South Korean asset manager Landmark Investment Management, beefing up its existing fund operations there. Last year it also agreed to buy ABN AMRO's <AAH.AS> domestic asset management business in Taiwan.

"We consider that we're in the right markets for ING <ING.N> at the moment, so we would be very interested in appropriate acquisitions in the markets that we're in," he said. "Assets under management actually isn't what's important (in potential acquisitions). It's the business mix and the strength of the distribution."

The Hong Kong-based executive said the firm would be most keen to buy in a market where it is not yet in the top 5, but could get there via an acquisition.
"We want to be in the top five in each country that we're in. That's our longer-term objective. We think that's the way you've got to play," he said.

GEARED TO ASIAN GROWTH
Ryan, who was formerly with HSBC and Deutsche Asset management, said the firm had also looked at entering Indonesia and Vietnam, but didn't feel that for ING "at the moment, we can make a sufficient business case to enter."

The fund executive said the division expected to continue the pattern of double-digit growth in new assets and revenues it had seen since the start of the decade.

The firm operates in the high growth mainland Chinese market through its 33.3 percent stake in Shenzhen-based China Merchants Fund.

But Ryan said smaller growth markets such as Malaysia and Thailand would also help drive results.
"These are markets that a lot of people have ignored, but they're good markets for ING," he said.
"The story for early next year, or next year, is going to be markets like the Philippines which the world has not taken hold of for a long time."

In terms of products, the Australian executive said it was looking to provide investors with assets correlated to Asia's booming economic growth. He said Asian local currency bonds, resources and Asian real estate were likely to be its big themes in 2008.
"We already have a local currency bond fund, but watch that space because we'll have more product. It'll be into next year that we'll have more products in that space," he said.

(For more exclusive news from the Reuters Wealth Summit, click on [ID:nSP41120])

Reuters Summit-Intesa sees Italy private banking growth
By Lisa Jucca

GENEVA, Oct 9 (Reuters) - Intesa Sanpaolo <ISP.MI>, Italy's largest retail bank and a domestic leader in wealth management, expects the private banking segment to continue grow by 6 to 8 percent yearly, the head of its private banking division said.
"In the long run we can experience a rate of growth between 6 and 8 percent (for the sector)," Paolo Molesini, chief executive officer for IntesaSanpaolo Private Banking, told the Reuters Wealth Management Summit in Geneva on Tuesday.
"We think we will continue to grow above the average because we have a competitive advantage which is the synergy with the corporate side of the bank."

Molesini, whose side of the bank manages 73 billion euros ($102.5 billion) of onshore assets and a further 10 billion euros abroad, said he would like to expand the offshore business to serve Italian clients in Switzerland and new clients in eastern Europe.
About 9 billion euros of the private bank's off shore assets are in Luxembourg and only 0.6 billion euros in Switzerland, a presence that Molesini said was too marginal compared with its sizeable on shore activities.
"To build up an offshore private bank in Switzerland and to serve those customers (in eastern Europe) is for us a very important opportunity," said Molesini.
"We are building a platform but of course we would be delighted to find a bank in order to save time," he said, adding he had not yet found a suitable target.
Intesa Sanpaolo has bought various lenders in the high-growth markets of eastern Europe and has now about 7 million retail clients in the area.

**FAST-DEVELOPING SEGMENT**

Assets of private banking clients in Italy are expected to grow to about 890 billion euros in 2007, preliminary data from the country's private banking association AIPB showed.

IntesaSanpaolo Private Banking shares a large portion of this segment, thanks to its large retail and corporate banking networks.

"Italian private banking clients tend to be entrepreneurs. We have enormous opportunity there. We have contact with more than 95 percent of Italian entrepreneurs," said Molesini.

Molesini said the lack of an extensive network meant foreign private banks were not particularly strong in Italy, with the exception of Swiss bank UBS <UBSN.VX>, the world's largest wealth manager.

But since foreign banks, which control about 17 percent of Italy's wealth management market, were recruiting aggressively, this could push up IntesaSanpaolo Private Banking's costs in the long term.

"The 40 percent (cost-to-income ratio) I don't think is sustainable in the long run," Molesini said, noting this compared with a ratio of more than 60 percent at UBS. "I think we will have pressure on costs but we will be able to remain under 50 percent."

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**Reuters Summit-JPMorgan says to add private bankers**

BOSTON, Oct 10 (Reuters) - JPMorgan Private Bank expects to increase the number of its U.S. bankers by about 10 percent annually over the next few years, the head of its U.S. business said on Wednesday.

"Over the last couple of years, we've tried to grow high single digits to about 10 percent a year in terms of private bankers, and we think that's about the right pace. So we will probably continue to grow at about that pace," Catherine Keating, chief executive of the private bank, said.

The private banking arm of JPMorgan Chase & Co <JPM.N> has already raised the number of advisers to about 370 from 325 about a year ago to bolster its presence in such regions as the West Coast, Keating told the Reuters Wealth Management Summit.

JPMorgan Private Bank's moves come amid rising competition in the $100 trillion wealth management industry.

Bank of New York Mellon Corp's <BK.N> wealth management division plans to roughly double its sales force in the next few years, a top executive told the Reuters Summit earlier Wednesday.

JPMorgan's Keating said both external hires and internally trained staff will contribute to the rise in payrolls at the private bank, which has $270 billion in assets under management.

She played down the possibility of JPMorgan Chase doing any immediate mergers or acquisitions in the wealth industry.

"We have a full-scale securities firm, we are one of the largest asset managers in the industry, and we are part of the third biggest bank in the country. We don't need to be
driven to consolidate with anybody because we really have the basics of what we need," Keating said.
(Reporting by Muralikumar Anantharaman, editing by Jeffrey Benkoe)
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**Reuters Summit-JPMorgan setting up distressed debt fund**

BOSTON, Oct 10 (Reuters) - JPMorgan Chase & Co<JPM.N> is creating a distressed debt fund which will be offered to the No. 3 U.S. bank's deep-pocketed clients, the head of its U.S private bank said on Wednesday.
"It's actually in process right now," JP Morgan Private Bank Chief Executive Catherine Keating told the Reuters Wealth Management Summit, declining to provide additional details of the fund.
The fund is being created as the private bank encourages its clients to lessen their exposure to M&A arbitrage funds, which posted big returns amid the takeover boom of recent years, and consider various forms of investing in credit, Keating said.
"We're talking about corporate bonds, mezzanine investing, distressed investing, either outright or most likely through funds that do that," she said. "Our clients will have a variety of things to choose from, some managed by JPMorgan and some managed by other managers on the street."

Still, Keating acknowledged that caution was the watchword with regard to such funds, after the recent subprime meltdown caused steep declines in the prices of collateralized debt obligations and leveraged loans in recent months.
"It's all about being careful about the sectors you invest in," she said. "It comes down to securities selection."

JPMorgan already has a fund called the Special Situations Investing fund, which trades distressed bank and high-yield debt. One of its partners, Jonathan Katz, left the bank earlier this month to set up a new distressed debt hedge fund outside the bank.
(Reporting by Christian Plumb)
(Editing by Leslie Gevirtz; Reuters Messaging: christian.plumb.reuters.com@reuters.net +1 646 223 6134)

**Reuters Summit-JPMorgan manager sees new record highs for stocks**

By Ian Chua

HONG KONG, Oct 9 (Reuters) - Investors should remain bullish on stocks even after the recent run to record highs, with the Federal Reserve likely to cut U.S interest rates again, said a fund manager at JPMorgan Asset Management.
The best opportunities lie in Asian stocks, natural resources and technology shares, said London-based Jonathan Lowe, head of a fund of funds team that manages about $8 billion in assets.
Lowe said an aggressive rate cut by the Fed in September had been a very positive signal and was likely to help steer the U.S. economy away from a possible recession.
The U.S. central bank on Sept. 18 slashed both the benchmark fed funds rate and discount rate by 50 basis points to 4.75 percent and 5.25 percent respectively to help cushion the U.S. economy from a housing slump and financial turbulence.
"That aggression they demonstrated in cutting rates suggest to us there is still further upside in equity markets," Lowe told the Reuters Wealth Management Summit on Tuesday in Hong Kong.

Since the rate action, global equity markets have rallied to record highs. The MSCI's All-Country World Index <.MIWD00000PUS> jumped more than 10 percent from the August trough to an all-time peak on Monday.

Lowe, who manages the JPMorgan Evergreen Fund, a vehicle which places bets on other JPMorgan equity, fixed-income and alternative investment funds, increased equity exposure to 55 percent from 40 percent immediately after the Fed move.

The increased equity weighting included a Southeast Asian equity fund, a natural resource fund and a U.S. technology fund.

He lowered the cash position to 15 percent from 25 percent.

"We've raised our equity positions, we've not cut back as yet. Obviously markets don't go up in a straight line and I have to say I'm nervous about the reaction of some markets like the Asian markets. But I don't think it's over yet."

The Evergreen fund uses tactical asset allocation to try to maximise gains in a rising market and limit the downside in a falling market, while keeping volatility down.

The fund seeks to deliver absolute returns in all market conditions and is not benchmarked to any index.

It rose 17 percent in the past 12 months to end-September, compared with a 25 percent rise for global equities.

But Lowe noted its 200-day volatility was just 7-½ percent versus 12.3 percent for global equities.

The US$40 million fund currently holds about 15 funds, with a U.S. dollar bond fund, an Asian equity fund and a market neutral U.S. equity hedge fund among the top three holdings.

The fund charges a 50 basis point asset allocation fee on top of the fees of the underlying funds. He said this gave it a total expense ratio of about 2 percent.

Lowe said he thinks some Asian markets are still likely to outperform and that U.S. stocks look set fare better than their European peers over the next 12 months, with a weak dollar helping boost profits for some firms.

Within the U.S. market, the tech-heavy Nasdaq was also worth looking at because "the technology bust has lasted now for seven years and I think that is long enough," he said.

But ultimately, Lowe said the likelihood that the Fed will cut borrowing costs by another 25 basis points at the next policy-setting meeting later in October is one of the main factors making him bullish on equities.

"From that point of view we want to maintain a fully invested position," he said.

"The bias is definitely towards equities and within that there is a relative high beta concentration with Asia, Southeast Asia, natural resources and technology."

(For more exclusive news from the Reuters Wealth Summit, click on [ID:nSP41120])

(Editing by Kim Coghill; ian.chua@reuters.com; Reuters Messaging: ian.chua.reuters.com@reuters.net; +852 2843-6540)
JPMorgan Asia private bank to ramp up hiring
By Jeffrey Hodgson

HONG KONG, Oct 5 (Reuters) - JPMorgan Private Bank is looking to increase front-line staff in Asia by up to 50 percent in the coming year, as it battles to win more business from the region's new wealthy, its Asia chairman said on Friday.

The unit of JPMorgan Chase & Co. <JPM.N>, which focuses on customers worth US$25 million or more, could expand its team of private bankers and investment advisers to 180 from 120 as it seeks out newly minted entrepreneurs, added Michael Fung, who heads the firm's Asian private banking operations.

"With Asian markets now expanding so much and becoming much more mature, we decided to notch it up and expand a little bit faster," he told Reuters ahead of the Reuters Wealth Management Summit on Oct 8-10.

"The tycoons are our clients. But the next couple of levels, some of them (are) very low key, we don't know who they are. Some of them are in manufacturing. They're not listed companies. I think we're not there. I want to be there."

Fung said much of that hiring is likely to be done at business schools rather than from rivals.

The number of wealthy individuals in Asia -- people with more than $1 million in financial assets excluding their homes -- grew 8.6 percent to 2.6 million in 2006, according to a report by Merrill Lynch and consultants Capgemini.

The wealth of this group grew 10.5 percent last year to $8.4 trillion, topping a growth rate of 10.3 percent in North America and 7.8 percent in Europe.

JPMorgan Private Bank has taken aim at the top tier of this market and estimates it has relationships with about 70 percent of the individuals on the most recent Forbes list of the 40 richest people in Hong Kong, Macau and Taiwan.

JPMorgan is the world's fifth largest wealth management firm, according to the most recent ranking by Scorpio Partnership.

DOUBLE-DIGIT SALES GROWTH

Powered by the region's booming economies and soaring markets, Fung said the Asian operation has seen stronger-than-expected revenue growth of 30 percent this year.

But the private banking veteran is forecasting more modest 15 to 20 percent rise in sales next year because he does not want to bank on a repeat of the big boost the firm has received from the Asian equity market rally.

"This year the wind is behind us. The economy is doing well. China is a big story," he said.

"Whether we can do more next year, it's possible, but I don't want to count on it," he said, adding that the firm had advised clients to lighten risk in their portfolios in recent months.

Fung, who previously ran Morgan Stanley's Asia Pacific private wealth management business, said the banking sector was also the most competitive he had ever seen it.

As a result, staff turnover has risen to around 20 percent. But he said there has been little leakage of assets because clients are managed on a more sophisticated team model.

"A lot of the major relationships, they are very much institutionalised. That means that the client, the relationship, belongs to the bank, not necessarily belongs to the banker," he said.
The Asian operation, based in Hong Kong and Singapore, accounted for just under a fifth of the US$440 billion of JPMorgan Private Bank's total client assets under management at the end of August.

Fung said that percentage should increase, but is unlikely to rise above 25 percent for some time. While Asia's economies are booming, he said this means many of the region's wealthy are pumping capital back into their businesses rather than hand it over to professional managers.

The "age" of Asia's wealth is also much younger than in developed markets, where the chances of families coming into a windfall by selling off businesses they've owned for generations is greater, he said.

"I still do not see in Asia there's that much opportunity where that quickly you can bring in billions of dollars of new money from a relationship. But I see that quite commonly in Europe, in America," he said.

(Reporting by Jeffrey Hodgson, editing by Kim Coghill; Reuters Messaging: jeffrey.hodgson.reuters.com@reuters.net; (852) 2843 6314)

**Reuters Summit-LIM Advisors plans Asia property fund**

By Dominic Whiting

HONG KONG, Oct 9 (Reuters) - Lim Advisors plans to launch an Asia property fund initially worth up to $200 million and probably listed on a European exchange, according to veteran Hong Kong property analyst Peter Churchouse, who will run it.

Speaking at the Reuters Wealth Management Summit in Hong Kong on Tuesday, Churchouse said the fund was mostly aimed at European family offices and private banks keen to invest in residential development and offices in Asia's thriving property markets.

Unlike during the Asian economic boom of the mid-1990s, developers have been holding back because they were badly burnt by the 1997-98 economic crisis, Churchouse said.

So most commercial markets are undersupplied, while residential supply is just meeting demand.

"Normally at this point in an economic recovery, you'd see cranes everywhere," he said. "But there's not a city out there where you can say there's massive oversupply. Maybe only in Beijing can you argue there's a supply bubble problem."

Tokyo and Singapore offices are the most attractive in the region, while commercial markets in Southeast Asian capitals Bangkok, Kuala Lumpur and Manila are also likely to rise, said Churchouse, who now runs two property securities hedge funds.

He hoped the new fund, which could be listed on London's Alternative Investment Market or in Dublin or Luxembourg, would grow to $1 billion in three to four years from an initial US$100 million to US$200 million. A term sheet for the fund is already out, and Churchouse has been talking to seed investors.

"It will have a fairly opportunistic approach and we'll look at value-add situations," he said. "There are lots of opportunities for smaller deal sizes, in the range of US$50 million, because the big funds just can't do that."

Several giant funds have been raised this year with a strong focus on Asian property at a time when some European markets are seen as expensive and the U.S. office market is suffering from a credit squeeze stemming from the subprime crisis.

Private equity firm Blackstone Group, for example, has raised a $10 billion fund and is opening a real estate investment office in Tokyo. Morgan Stanley, which is investing in
Japan, China and India, has raised $8 billion, and LaSalle Investment Managers plan to spend $15 billion in Asia in the next five years.

Lim is launching the new fund because clients of its open-ended "long-short" Alternative Asia Real Estate Fund were keen to invest in physical property.

After 16 years as a Morgan Stanley analyst, in which he earned a "property guru" tag in the Hong Kong media, Churchouse set up the hedge fund in 2004 and it now manages $150 million of assets.

Once again sporting a moustache to match his famous bushy eyebrows, Churchouse said he favoured Japanese real estate investment trusts (REITs), especially after a sell-off in July and August, which hurt his funds' holdings.

"Last year was sterling, but this year hasn't been as good as I'd have liked," he said. "That's attributable to the performance in Japan."

With some REITs trading at dividend yields as high as 6 percent, while 10-year bonds are yielding 1.71 percent, Churchouse picked out DA Office Investment Corp <8976.T> and Creed Corp <8888.T> as good value.

"Japanese REITs have been crushed in the last three months," he said. "But with Tokyo office market vacancies so low, there's only one way rents are going to go, and that's up."

In Singapore, Churchouse liked office landlords such as K-REIT Asia <KASA.SI>, Singapore Land Ltd <SLND.SI>, CapitaCommercial <CACT.SI> and Keppel Land <KLAN.SI>.

(For more exclusive news from the Reuters Wealth Summit, click on [ID:nSP41120])

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**Reuters Summit-Lombard sees strong niche growth continuing**

GENEVA, Oct 9 (Reuters) - Lombard International, the life assurance firm advising the wealthy, said it expects to maintain its strong pace of growth as the world's rich seek the most tax-efficient ways to pass on their wealth.

David Steinegger, chief executive of Lombard -- owned by British insurer Friends Provident <FP.L> -- said Lombard could maintain its compound annual growth of 28 percent in assets under management since he took over in 2001.

"We've seen a development in our business that we feel will continue for the medium term and beyond," Steinegger said at the Reuters Wealth Management Summit on Tuesday.

Steinegger said the company could potentially target a large portion of the vast amounts of wealth available globally, estimated at more than $30 trillion.

"Lombard is just a drop in a vast ocean and continuing something along the current growth rate is realistic in light of the opportunities that are out there," he said.

Luxembourg-based Lombard specialises on advising clients of private banks on how to pass on most tax efficiently assets to the next generation. It has about 12 billion euros ($16.85 billion) in assets under management.

"There's real momentum in this segment of the market ... we feel there's a fantastic opportunity to continue to grow successfully provided we get things right and aren't complacent," Steinegger said.

Its model is based on "privatbancassurance" -- a concept combining private banking and investment management services using life assurance as a financial planning structure.
Lombard also expects growth to come through from Asia, where it launched five years ago.
"While there's lots of wealth starting to be generated we see the real opportunities more realistically more like three or five years down the road," he said in regard to Asia.

Friends Provident is in the process of merging with closed life insurer Resolution <RSL.L>, although UK rivals Pearl and Standard Life <SL.L> have threatened to gatecrash the deal, which could lead Friends out in the cold.

The planned merger made strategic sense and was unlikely to affect Lombard, Steinegger said.
"I see it as at worst it's neutral, at best it's positive in that it provides some additional resources if we need that going forward. Certainly there's no threat or no change to the Lombard strategy," he said.

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Reuters Summit-Merrill-MUFG Japan venture assets grow 20 pct

TOKYO, Oct 10 (Reuters) - Assets at the Japanese wealth management venture between Merrill Lynch <MER.N> and Mitsubishi UFJ Financial Group <8306.T> grew 20 percent in 17 months on an influx of MUFG account holders, its CEO said on Wednesday.

Mitsubishi UFJ Merrill Lynch PB Securities Co., a 50-50 venture, managed 1.75 trillion yen ($14.9 billion) in assets at the end of September, up from 1.45 trillion at its launch in May 2006.

"We expect steep growth from here on," Chief Executive Junji Okabayashi told the Reuters Wealth Summit in Tokyo. "There's a lot of untapped and lucrative potential (through MUFG)."

Of the 6,000 new accounts the venture has won since it opened for business, about 5,500 came from introductions from MUFG, Okabayashi said.

Several hundred thousand of account-holders at MUFG, Japan's largest bank, have assets worth 100 million yen or more, and this is the pool of wealth the firm is targeting, he said.

Most of the growth in Merrill's private banking business was outside the United States last year, and the firm is eyeing wealthy people in Japan, who have been shy about investing since the bubble economy burst in the early 1990s.

"More people are conscious that pensions alone will not feed them," Okabayashi said.
"An invisible psychological barrier is being lifted, allowing us to be more aggressive."

Japanese with more than $1 million in financial assets excluding their homes numbered 1.48 million in 2006, up 5.1 percent from the previous year, according to a June survey by Merrill and IT services firm Capgemini.

Asset management is on the rise in Japan, and retiring baby boomers and their nest eggs have bankers vying with each other for some of Japan's household wealth, 55 percent of which is held in cash.

Merrill's and MUFG's private banking firm started operations with 10,000 accounts inherited from Merrill's local retail business. The venture managed 16,000 accounts in September.

The company aims to lift its asset volume by several hundred billion yen every year and hit a profit of billions of yen in a few years.
Some 865,000 Japanese households have assets of at least 100 million yen, according to Nomura Research, and financial assets held by this group stood at 213 trillion yen as of March 2006.

(For more exclusive news from the Reuters Wealth Summit, click on [ID:nSP41120])
(Reporting by Mayumi Negishi, editing by Mike Miller; Reuters Messaging: mayumi.negishi.reuters.com@reuters.net; +81-3-3432-8618; mayumi.negishi@reuters.com)

($1=117.09 Yen)

**Reuters Summit-Oppenheim sees 20 pct annual client asset growth**

By Douwe Miedema, European Wealth Management Correspondent

GENEVA, Oct 9 (Reuters) - German private bank Sal. Oppenheim expects client assets to grow by up to 20 percent each year, a senior executive said, defying a notion that the mature markets it operates in are throttling growth.

Oppenheim, which had 148 billion euros ($209 billion) of assets under management at the end of June, might even grow more rapidly when taking into account cooperation with other banks, the group's private banking head said at the Reuters Wealth Management Summit in Geneva.

"We try to grow the franchise through adding advisors to the existing network by some 15-20 pct a year," Reinhard Krafft said.

"We have in the last years reached that number or even surpassed the number, and cooperations with others could boost the rate even higher," he said.

Oppenheim, which was founded in 1789, is following its clients as they branch out across Europe and was looking to expand in Switzerland, Austria, Luxembourg, France, Belgium, the Netherlands and possibly Italy.

"By adding new relationships, new cooperations, by establishing new offices I would say that would give us an additional 5 percent, but it is not the major source of our growth," Krafft said.

Large wealth managers like UBS <UBSN.VX> have invested heavily in emerging markets, but mid-sized private banks like Sal. Oppenheim lack the huge spending power of their larger rivals.

But targeting the same entrepreneurs that also make up a large part of clients in its German home market, the bank still had plenty of opportunities to grow even if avoiding wealth management hot spots such as Russia and Asia.

"If I have the choice between employing a business model in Antwerp or Warsaw, I'd find more Mittelstand clients in Antwerp," Krafft said, using the German word for small and medium-sized enterprises.

In looking for growth, Oppenheim would not rule out making acquisitions, but favoured more cautious forms of cooperation like buying a stake in another business, or setting up a joint-venture to win new clients.

"If we have an opportunistic situation and we can make a good purchase, we would obviously analyse that... buying participations is far more our business model. You have to prove you work effectively together," Krafft said.
Oppenheim, which also runs an investment banking unit, has made a spate of minor acquisitions recently including a stake in alternative asset manager GLG Partners and a stake in U.S. mergers and acquisition specialist Miller Buckfire.

In April, Oppenheim also announced it had set up a joint venture with Belgian investment company NPM/CNP.

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Reuters Summit-Overseas Indians drive Sarasin Asia growth
By Tony Munroe

HONG KONG, Oct 9 (Reuters) - Swiss asset manager Bank Sarasin & Co <BSAN.S> aims to expand staff in Asia by up to 20 percent over the next three years, driven partly by customer growth among Indians living abroad, its regional chief said on Tuesday.

While not ruling out acquisitions, Kenneth Sit, Asia chief executive officer at Sarasin Rabo Investment Management Ltd, said the company is focused on organic growth for now.

In Asia, the bank employs 200 and expects to grow that by between 20 and 40 people over the next three years, he said. It had nearly 1,200 staff globally at the end of the first half.

"A lot of it depends on the kind of quality people we can get from the market," said Sit, who has himself been a part of the rampant turnover seen in recent years in Asia's fiercely competitive wealth management sector, having joined Sarasin in December after 16 years at HSBC Holdings <HSBA.L> <0005.HK>.

Globally, overseas Indians have an estimated US$1 trillion in assets, and wealth managers in Singapore, Dubai, Hong Kong and elsewhere have been stepping up efforts to help manage it.

Sarasin has had a team for 10 years in Hong Kong serving the non-resident Indian (NRI) community, and is building a similar group in Singapore, Sit told the Reuters Wealth Management Summit on Tuesday. Sarasin also manages NRI funds from Dubai.

"It's growing faster than the average," Sit said of the bank's NRI business.

Globally, Sarasin's assets under management totalled 84.4 billion Swiss francs (US$71.1 billion) at the end of the first half. It aims to manage 100 billion francs by the end of 2010.

"The NRIs in Singapore belong to the new rich, I would say -- they're people who are younger, entrepreneurs, maybe from IPOs," Sit said. "The NRIs in Hong Kong belong to the older rich type of people who have been very well-established."

"Part of the real estate boom in Singapore is because of the money that has been brought out from India," he added.

Dutch cooperative bank Rabobank [RABN.UL] acquired a controlling stake in Basel-based Sarasin early this year.

The bank's Asia business is split evenly between Hong Kong and Singapore. The Hong Kong office serves mostly local clients, while Indonesians make up the biggest customer base in Singapore.
RICH AND RICHER
Like its private banking rivals, Sarasin typically requires that its clients invest at least US$1 million -- with the expectation that they will add a further US$3 million over the next 12 to 18 months -- but also targets wealthier customers.

"The most optimal size, if I can could put it that way, is between $5 and $25 million," Sit said. "These are the people who are more than happy to try to look at interesting ideas, who can diversify a little bit into hedge funds."

Sarasin will continue to serve Asian customers from Hong Kong and Singapore, and has no immediate plans to try and penetrate restrictive local markets elsewhere in the region, Sit said.

"Singapore and Hong Kong will remain the focus of our Asian strategy," he said. "We probably will look at the onshore banking centres at a later stage."

He said the bank is expanding its teams to cover Singapore, Malaysia, Thailand and Indonesia, and eventually may look to serve Vietnam and the Philippines.

"Vietnam is growing very quickly. The Philippines has a lot of wealthy people there," he said.

The number of wealthy people in Asia -- people with more than US$1 million in financial assets excluding their homes -- grew 8.6 percent to 2.6 million in 2006, according to a report by Merrill Lynch and consultants Capgemini.

Of the four countries with the fastest-growing populations of high-net-worth individuals last year, three -- Singapore, India and Indonesia -- were in Asia, the report said.

Robust wealth creation in the region has seen newcomers such as Swiss rival Julius Baer set up shop in Asia, while established players like UBS <UBSN.VX>, Citigroup <C.N> and HSBC have been beefing up regional private banking operations.

(US$1=1.1862 Swiss francs)

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Reuters Summit-SG to expand structured products despite crunch
By Sudip Kar-Gupta

GENEVA, Oct 9 (Reuters) - Societe Generale <SOGN.PA> said it plans to expand its structured products unit and added that demand for such complex financial instruments remained robust despite problems during the recent global credit crisis.

"The goal is to extend the organisation and this model," Nicolas Cagi Nicolau, SG global head of structured products solutions, told the Reuters Wealth Management Summit.

"The trends in SG private banking are definitely good," he added.

The structured products offered by SocGen, France's second-biggest listed bank, give clients exposure to several asset classes, such as equities, commodities, cash, bonds and real estate.

Cagi Nicolau said these could take the form of an EMTN (European Medium Term Note) or products that allow customers to bet on prospects of the Japanese real estate market compared to the American property market.

However, such complex financial instruments were at the forefront of the recent stock market slump as losses in the U.S. subprime mortgage market spilled over into other areas such as collateralised debt obligations (CDOs).
Cagi Nicolau said his business had suffered along with the rest of the sector during the market turmoil of August and September, but not as much as SocGen’s rivals.
"Of course we suffered. I will not say the opposite. But we didn’t suffer so much when compared to the benchmark."
"We had some products which went down, definitely. But when it has been well sold, clients feel comfortable with that."

**BACKING CALL FOR MORE REGULATION**

Cagi Nicolau said SocGen had kept in regular touch with clients during the third quarter’s market turbulence and supported calls from many of the world’s top politicians for better regulation in the industry.
"During all of this period, we sent a lot of alerts, a lot of information notes to the clients. On more than 500 products, we sent a paper document of information to the clients."

Cagi Nicolau said that within the Societe Generale group, private banking and wealth management remained one of the bank’s main priority areas.
"We launched 8 billion euros worth of structured products this year and 50 billion euros worth of options. Twenty thousand orders were executed through our structured products desk."

Last month, SocGen announced it had bought the London-based private banking business of Dutch bank ABN AMRO <AAH.AS> for an undisclosed sum.

Cagi Nicolau said good acquisitions were rare within the private banking sector but added that SocGen was open to other opportunities.
"I know our top management is working hard to find good opportunities."

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**REUTERS SUMMIT-Japan's SMFG to boost private banking clients**

TOKYO, Oct 10 (Reuters) - Sumitomo Mitsui Financial Group Inc <8316.T> aims to boost the number of its private banking clients by two-thirds to 5,000 by the end of March as the bank, Japan's third largest, extends its reach beyond the ultra-wealthy.

SMFG, which launched its private banking business in 1999, originally concentrated on those with at least 2 billion yen ($17 million) in assets -- the very richest of Japan’s wealthy, many of whom wanted advice on corporate succession or taxes.

While the bank has about 1,000 such customers, it has added another 2,000 clients since the spring by focusing on a wider slice of the market, those with investable assets of 500 million yen or more.
"Right now we have about 2,000 (new) customers and we’d like to hit 4,000 this year and keep increasing from there," Masahiro Kume, head of SMFG’s private banking division, said at the Reuters Wealth Management Summit on Wednesday.

About 52,000 households in the world’s second-largest economy had net assets of 500 million yen or more, according to a 2006 report by Nomura Research Institute Ltd.

The race to do business with wealthy Japanese is increasingly competitive, due in part to the entry of large foreign banks. But Kume said SMFG’s product line-up was not outmatched by those of foreign firms.
"If you look at Japanese and foreign banks involved in investment banking, there is little
difference between the products they offer," Kume said.
(Reporting by David Dolan and Taro Fuse, editing by Mike Miller; Reuters
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9911;david.dolan@reuters.com)

**Reuters Summit-M.Stanley to launch India wealth push**
By Saeed Azhar

SINGAPORE, Oct 8 (Reuters) - Morgan Stanley <MS.N> is unleashing a major drive to
tap India's domestic wealth next year, hiring 100 private bankers in a bid to manage $1
billion in assets by the end of 2010.

The Wall Street bank, which has offshore private banking operations in Singapore and
Hong Kong, is making a push into the Indian domestic wealth market where Citigroup
<C.N> and Merrill Lynch <MER.N> already have huge plans.

"That will be our first buildout on an onshore private wealth business in Asia," said
Leslie Menkes, a Singapore-based managing director for the Wall Street bank's private
wealth management arm, while speaking at the Reuters Wealth Management Summit.

Morgan would be competing against Citigroup <C.N> and Merrill Lynch <MER.N> as the
three U.S. banks aggressively try to tap India's fast-growing private banking market. India
had 100,000 millionaires in 2006, up 21 percent from a year earlier, according to a Merrill
Lynch/Capgemini report.

Merrill said in March it plans to expand to cover at least 10 Indian cities in the next
two years, from five cities now.

A senior Citigroup executive told Reuters in February that the bank plans to double the
number of bankers dealing with wealthy non-resident and resident Indians from about
100, by the end of 2008.

Citi's Smith Barney broking unit, which handles clients with assets of at least $1 million,
plans to expand from one office now to a presence in 12 Indian cities.

Menkes said Morgan Stanley's focus in India would be mainly on rupee-based business
targeting wealthy clients who have $5 million in assets. That group makes up 40 percent
of India's 100,000 millionaires.

Internationally it targets clients who have $25 million in assets.
"We will open for business in the middle of next year. We will certainly open in Mumbai,
Delhi and Calcutta and probably in Bangalore," he said, adding by the end of 2010 it wants
to be in eight locations in India.

Menkes said the bank already has hired four senior executives from Merrill Lynch to
setup the private banking business.

Earlier this year Morgan Stanley split from its Indian partner to develop a wholly-owned,
full-service Indian business.

**TAPPING DOMESTIC WEALTH**

Menkes said that it was difficult to tap India's domestic wealth outside of the country,
unlike in China where international banks could attract clients doing business in Hong Kong
where a lot of Chinese firms list.
"In India you don't have the H-share market where wealthy individuals are monetising
their assets," he said.
He said regulations also restrict the range of products that investment banks can offer to clients based in India.

But Menkes said that the attractiveness of the Indian market was the huge wealth in the hands of retail investors and the low cost of doing business in the country.

He said once the Indian onshore operation is active, the bank would launch a similar business in China.

Menkes, who is head of the private banking unit that covers Southeast Asia, Australia/New Zealand and India, said that its Asian private wealth business has seen over 50 percent growth this year, led by China, Hong Kong and Taiwan.

He said that the bank's Asian private banking assets were expected to grow by about 50 percent this year from around $25 billion at the end of 2006.

"New client assets would make up the majority of the growth."

(For more exclusive news from the Reuters Wealth Summit, click on [ID:nSP41120]
(Reporting by Saeed Azhar; editing by Kim Coghill; saeed.azhar@reuters.com; Reuters Messaging: saeed.azhar.reuters.com@reuters.net; +65 6403-5664)

**REUTERS SUMMIT-StanChart's AEB deal speeds private bank plan**

GENEVA, Oct 8 (Reuters) - Asia-focused bank Standard Chartered <STAN.L> said its recent purchase of American Express Bank (AEB) speeds up its wealth management rollout by about three years as it aims to employ about 450 private bankers.

"We'll have to execute well but if you look at the two organisations it's an incredibly good fit," Peter Flavel, head of Standard Chartered's private banking business, said at the Reuters Wealth Management Summit.

The AEB deal meets most of the bank's "phase 2" objectives, such as providing booking centres, discretionary portfolio management and trustee companies, he said.

Standard Chartered launched its private banking business in 10 locations in seven countries in Asia and the Middle East earlier this year. It is targeting a pool of high net worth individuals (HNWIs) estimated at about 3 million, about a third of the global total.

The private banking launch, one of the biggest ever globally, gave the bank 150 relationship managers. The AEB deal adds another 120, taking the unit closer to its goal of 350-450 relationship managers in three to four years, Flavel said.

Standard Chartered announced last month it was buying AEB for about $860 million. AEB's private bank arm has over 10,000 customers and had $22.5 billion in assets under management at the end of last year.

Standard Chartered and many of its rivals have pinpointed private banking for expansion as it has been the fastest-growing area of financial services in recent years.

Flavel said the bank would consider more deals, but it wasn't a focus so soon after the AEB acquisition.

"We look at inorganic options and we're disciplined about that. They need to be strategically and financially compelling, add geographic expansion or people or product capabilities," he said.

Industry growth prospects remain strong despite competition to hire bankers in Asia and the impact of the credit crunch in global financial markets in August and September, Flavel said.
"Certainly there are some clients moving to cash and away from what they were in, but only some," he said, adding the bank was "cautiously optimistic" about markets but advising clients to prepare for increased volatility.

"Our advice to clients is watch it, be aware of it, have a heightened sense of awareness about the future, but it's not necessary to make any big changes now if you're investing for the long term," Flavel said.

Longer-term growth should be underpinned by the need for people to "save now for consumption later".

What drives the wealth management market? Well, you've got demographics working for you, people know they have to save more for themselves than in the past.

"Saving now for consumption later is generally a trend that will continue," he said. HNWIs have over $1 million each in investable assets.

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GENEVA, Oct 9 (Reuters) - Intesa Sanpaolo <ISP.MI>, Italy's largest retail bank and a domestic leader in wealth management, expects the private banking segment to continue grow by 6 to 8 percent yearly, the head of its private banking division said.

"In the long run we can experience a rate of growth between 6 and 8 percent (for the sector)," Paolo Molesini, chief executive officer for IntesaSanpaolo Private Banking, told the Reuters Wealth Management Summit in Geneva.

"We think we will continue to grow above the average because we have a competitive advantage which is the synergy with the corporate side of the bank."

Molesini, whose side of the bank manages 73 billion euros ($102.5 billion) of onshore assets and a further 10 billion euros abroad, said he would like to expand the offshore business to serve Italian clients in Switzerland and new clients in eastern Europe.

"To build up an offshore private bank in Switzerland and to serve those customers (in eastern Europe) is for us a very important opportunity," said Molesini.

"We are building a platform but of course we would be delighted to find a bank in order to save time," he said, but added he had not yet found a suitable target.

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FACTBOX-Reuters Summit-Top 10 global wealth managers

(For other news from the Reuters Wealth Management Summit, click on http://www.reuters.com/summit/WealthManagement07?pid=500)

Oct 8 (Reuters) - The Oct 8-10 Reuters Wealth Management Summit will feature interviews with most of the world's largest providers of private banking services to the very rich.

Below is a list of the world's 10 largest wealth managers ranked by assets under management (AUM) at the end of 2006, according to London-based consultancy Scorpio Partnership:
Institution | AUM BLN USD | P | CT CHANGE IN USD
---|---|---|---
UBS <UBSN.VX> | $1,608 | 22.0 |
Citigroup <C.N> | $1,438 | 9.8 |
Merrill Lynch <MER.N> | $1,209 | 10.4 |
Credit Suisse <CSGN.VX> | $ 642 | 21.9 |
JP Morgan <JPM.N> | $ 465 | 10.7 |
Morgan Stanley <MS.N> | $ 450 | 20.7 |
HSBC <HSBA.L> | $ 408 | 17.2 |
Deutsche Bank <DBKGn.DE> | $ 249 | 29.2 |
Wachovia <WB.N> | $ 206 | 19.8 |
Pictet | $ 192 | 40.7 |

(Note: AUM figures are for the high net worth wealth management divisions of these institutions)
(Compiled by Jeffrey Hodgson; editing by Kim Coghill; Reuters Messaging: jeffrey.hodgson.reuters.com@reuters.net; (852) 2843 6314)

**FACTBOX-Reuters Summit-Asia's growing wealth management market**

(For other news from the Reuters Wealth Management Summit, click on [http://www.reuters.com/summit/WealthManagement07?pid=500](http://www.reuters.com/summit/WealthManagement07?pid=500))

Oct 8 (Reuters) - The Oct 8-10 Reuters Wealth Management Summit will feature interviews with most of the world's largest providers of private banking services to the very rich.

These include executives with the Asian operations of UBS <UBSN.VX>, Citigroup <C.N>, HSBC <HSBA.L>, Morgan Stanley <MS.N>, Credit Suisse <CSGN.VX> and JP Morgan <JPM.N>.

Below are some facts about Asia's wealth management market:

**THE WEALTHY IN NUMBERS**

-- The number of wealthy individuals in Asia -- people with more than $1 million in financial assets excluding their homes -- grew 8.6 percent to 2.6 million in 2006, according to a report by Merrill Lynch and consultants Capgemini.

The report said 9.5 million people globally hold more than US$1 million in financial assets, an increase of 8.3 percent over 2005.

-- The high-net-worth individual (HNWI) populations of Singapore and India both rose more than 20 percent last year. Indonesia, South Korea, Hong Kong and Taiwan also enjoyed double-digit growth in 2006.

-- Asia's wealthy saw the value of their assets rise 10.5 percent last year to $8.4 trillion, topping a growth rate of 10.3 percent in North America and 7.8 percent in Europe.

Globally, the combined wealth of the world's HNWIs totals US$37.2 trillion, representing an 11.4 percent gain since 2005.

-- The wealth of millionaires in the Asia-Pacific is expected to grow by 8.5 percent a year through 2011, compared with a global average of 6.8 percent.
By 2011, the combined value of Asia’s wealthy is expected to be $12.7 trillion, greater than $12.5 billion for Europe and second only to $15.8 billion for North America.

Source: Merrill/Capgemini survey

BILLIONAIRES

-- According to Forbes magazine, Japan has 24 billionaires worth a combined $64 billion, compared with 36 Indian billionaires worth $191 billion.

-- The 40 wealthiest people in Greater China -- billionaires all -- saw their combined fortunes soar by $28 billion in the past year on the wings of rising stock markets, Forbes said in January. Their combined net worth -- $154 billion.

Hong Kong’s mega-wealthy snagged all but three of the top 10 slots, with tycoon Li Ka-shing in pole position with $22 billion.

With a net worth of $16.5 billion, the second-wealthiest person in Greater China was Lee Shau Kee, another Hong Konger, and founder of property heavyweight Henderson Land <0012.HK>.

In third place were the brothers Raymond, Thomas and Walter Kwok, who run Sun Hung Kai Properties <0016.HK>, another of Hong Kong’s property development giants, with $14 billion.

The first Taiwanese on the list is Tsai Hong-tu at No.5 with $7.1 billion, Forbes said. Terry Gou and Y.C. Wang, also from Taiwan, took the eighth and ninth spots respectively.

ASSET ALLOCATION

- The wealthy of the Asia-Pacific region nearly doubled their allocations to real estate, from 16 percent in 2005 to 29 percent in 2006. Direct commercial real estate investment in Asia-Pacific was US$94 billion in 2006, up 42 percent from 2005.

Source: Merrill/Capgemini survey
(Compiled by Jeffrey Hodgson; Reuters Messaging: jeffrey.hodgson.reuters.com@reuters.net; (852) 2843 6314)

FACTBOX-Reuters Summit-Japan’s wealth management market

(For other news from the Reuters Wealth Management Summit, click on http://www.reuters.com/summit/WealthManagement07?pid=500)

TOKYO, Oct 9 (Reuters) - Japan's asset management market is growing as the economy expands, baby boomers gear up for retirement and the government raises incentives to invest.

Local and foreign banks are crowding into the wealth management sector looking for lucrative returns, but the country’s low birth rate and declining overall household savings rate mean the long-term outlook is cloudy, according to Nomura Research Institute Ltd. (NRI) <4307.T>.
Below are some facts about Japan's asset management market (from a NRI report in 2006, unless otherwise noted)

**MARKET SIZE BY SEGMENT**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Total financial assets</th>
<th>Number of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super-wealthy</td>
<td>46 trillion yen</td>
<td>52,000</td>
</tr>
<tr>
<td>-- net financial assets of 500 million yen ($4.26 million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More Wealthy</td>
<td>167 trillion yen</td>
<td>813,000</td>
</tr>
<tr>
<td>-- 100-500 million yen ($852,000 to $4.26 million)</td>
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<td></td>
</tr>
<tr>
<td>Semi-wealthy</td>
<td>182 trillion yen</td>
<td>2.80 million</td>
</tr>
<tr>
<td>-- 50-100 million yen ($426,000 to $852,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper mass market</td>
<td>246 trillion yen</td>
<td>7.02 million</td>
</tr>
<tr>
<td>-- 30-50 million yen ($256,000 to $426,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass Market</td>
<td>512 trillion yen</td>
<td>38.32 million</td>
</tr>
<tr>
<td>-- under 30 million yen ($256,000)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**'WEALTHY' MARKET – BREAKDOWN PORTFOLIO ALLOCATION**

1. Bank deposits -- 34 percent  
2. Stocks -- 29 percent  
3. Investment trusts -- 10 percent  
4. Bonds -- 10 percent  
5. Foreign savings, Multi Currency MMF -- 7 percent  
6. Life insurance, pensions -- 6 percent  
7. Other -- 3 percent  
8. Alternative products -- 2 percent  
9. Wrap accounts (SMAs) -- 1 percent

**PORTFOLIOS BY GENERATION**

**Under 60 years old**

1. Bank deposits -- 39 percent  
2. Stocks -- 24 percent  
3. Investment trust -- 9 percent  
4. Bond -- 9 percent  
5. Foreign savings, Multi Currency MMF -- 8 percent  
6. Life insurance, pension -- 4 percent  
7. Alternative products -- 4 percent  
8. Others -- 2 percent  
9. Wrap accounts (SMAs) -- 1 percent
60 years old and over
1. Stocks -- 31 percent
2. Bank deposits -- 30 percent
3. Investment trusts -- 11 percent
4. Bonds -- 11 percent
5. Life insurance, pension -- 7 percent
6. Foreign savings, Multi Currency MMF -- 6 percent
7. Other -- 3 percent
8. Alternative products -- 1 percent
9. Wrap accounts (SMAs) -- 0 percent

WEALTH MARKET IN JAPAN
-- Stocks and investment trusts are the most popular risk investments.
-- The more financial assets a wealthy client has, the bigger the percentage of risk assets in his or her portfolio.
-- Risk assets account for 61 percent of outstanding financial assets of wealthy people under age 60, compared with 70 percent of assets for those aged 60 and over.
-- But a closer look at risk asset breakdowns shows younger investors prefer relatively new, alternative products such as hedge funds, commodity funds and structured bonds.
-- The wealthy market segment is likely to expand in the next several years, led by the baby boomers as they start retiring en masse in 2007, and as individual inheritances grow amid an ageing population and a low fertility rate, NRI says.
-- Between 2007 and 2009, retiring baby boomers are expected to receive a total of 50 trillion yen ($425 billion) in retirement bonuses, according to Dai-Ichi Life Research.

HOT PRODUCT
-- Separately managed accounts (SMAs), also called wrap accounts, which allow transactions and other services for an annual fee over the account's assets, are growing in Japan.
-- Total wrap assets stood at 691 billion yen, spread over 28,836 accounts as of June, according to the Japan Securities Investment Advisers Association. That marked an increase of 347 billion yen and 5,286 new accounts from March 2006.
-- If Japan's SMA market grew to match U.S. levels, or 7 percent of all investment trust funds, it would be worth 4-5 trillion yen, according to NRI.
Source: Nomura Research Institute, Dai-Ichi Life Research, Japan Securities Investment Advisers Association
(Tokyo Equities Desk +81-3 3432 9404; tokyo.equities.newsroom@reuters.com)
($1=117.34 Yen)

Reuters Summit-Quotes from Wealth Management Summit in Europe

(For more news on the Reuters Wealth Management Summit, please click on http://www.reuters.com/summit/WealthManagement07)

GENEVA, Oct 10 (Reuters) - The following are selected quotes from speakers at the Reuters Wealth Management Summit in Europe over the past three days:
ON CLIENTS ACCEPTING RISK:
Bernard Coucke, deputy CEO of ING Private Bank:
"Asian investors, especially Chinese investors, accept the risk profile they have, and if they lose money they relatively well accept it. In Europe we see that as a bank you have to be very careful. When they (clients) lose money, they will sue you. It's a shift from the past. More and more, banks are documenting everything in every relationship that they have. There's no more trust."

ON HAVING CLEAR PLANS FOR WEALTH:
Daniel de Fernando Garcia, head of asset management and private banking at Grupo BBVA:
"We think there’s only three reasons that they want their money for -- one is to stay rich, one is get richer, and another is to enjoy it...You can only allocate among one of them."
"You cannot pretend to stay rich and get richer. You cannot pretend to get richer and enjoy it."

ON THE DESTRUCTIVE POWER OF WEALTH:
Maximilian Martin, head of philanthropy services at UBS:
"There is increasing concern not just about the enabling power of wealth but also that there is a destructive power of wealth. They (rich people) don't want the work ethic of their children compromised. These individuals made wealth and say I've done it myself through superior effort and superior capability and I don't want them to do nothing."

ON ATTRACTING THE YOUNG RICH:
Sebastian Dovey, a consultant at Scorpio Partners:
"Younger clients are looking for something different from the cocktail parties and the opera. Their interests are more in networking and education and banks haven't been educators."

ON BANKING SECRECY:
Stephanie Jarrett, from law firm Baker & McKenzie:
"It is becoming very difficult for clients of private banks and trust companies to hide their money from the tax man, which they have maybe been able to do in the past."
"I don't think banking secrecy is at an end but certainly the tax frontiers are being pushed and thinking you can carry on simply relying on banking secrecy is short term."

ON WHY THERE HAS NOT BEEN MORE PRIVATE BANK M&A:
Ray Soudah, founder of private bank M&A advisor Millenium Associates:
"Past predictions where there would be a large volume of consolidation, which has not happened, especially in the offshore market, were based on rational thinking and now we have to base them on irrational thinking."
"Irrational thinking in the sense that it's human, human beings, management and owners, basically are not inclined to dispose of their assets when they are making money. They're more inclined to do that when they are losing money or not making so much."

ON THE FIGHT FOR BANKING TALENT:
David Steinegger, chief executive of Lombard International:
"There's this so-called war for talent. We're not out there in the middle of the battlefield with huge artillery, our war on talent is more about guerrilla warfare. Lombard is an entrepreneurial business (and) there's things we can do to attract talent."

Boris Collardi, chief operating officer of private banking at Julius Baer: "We are starting to recruit people from the hotel school in Lausanne. We need to bring in people with a service culture. They come as trainees ...eventually they will become bankers, in 5 to 10 years."

**ON THE HUNT FOR NEW CLIENTS:**
Julius Baer's Collardi: "Looking around Europe, we saw we had certain gaps. We weren't in the most prestigious ski resorts. We're reaching out to our off-shore clientele who like to be doing banking on their ski trip or long-term residents who live there a month a year."

**ON WOMEN AS PRIVATE BANKERS AND CLIENTS:**
Reinhard Krafft, head of private banking, Sal. Oppenheim: "You see daughters coming in charge, very well educated, and getting into the position of leading corporations as well. It's still more male than female, more patriarchs than matriarchs, but that has certainly changed."

**ON THE NEED FOR MORE REGULATION:**
Baker & McKenzie's Jarrett: "I personally would like to see a little bit more regulation...Switzerland could have problems in the future due to the lack of regulation of certain parts of the wealth management industry...That leaves Switzerland open for a number of potential scandals in the future. There are people in the market perhaps not qualified to be doing what they are doing."

**ON INDUSTRY GROWTH PROSPECTS:**
Peter Flavel, head of private banking at Standard Chartered: "What drives the wealth management market? Well, you've got demographics working for you. People know they have to save more for themselves than in the past. Saving now for consumption later is generally a trend that will continue."

**ON A SHAKE-OUT FOR HEDGE FUND INDUSTRY:**
Jan Erik Frogg, head of alternative investments for Union Bancaire Privee: "After some years of easy money, even my 10 year-old son can make money in that sort of market. Now all of a sudden we will have less entrants into the market because the barrier to entry has gone up again."

(Compiled by Steve Slater and Joseph Giannone Telephone: +44 207 542 4367)

**Reuters Summit-Europe wealth management quotes of the day**
(For more news on the Reuters Wealth Management Summit, please click on http://www.reuters.com/summit/WealthManagement07)

**IMPACT OF MARKET TURBULENCE**
Ray Soudah, founder of Millenium Associates, which advises private banks on M&A: "It's complete rubbish (that the industry has not been impacted). "How can you have the world hedge fund index, in which there are $2.5 trillion invested, most of which is private money, showing a negative 2 percent on average and therefore say there is no impact."

ON HAVING CLEAR PLANS FOR WEALTH
Daniel de Fernando Garcia, head of asset management and private banking at Grupo BBVA: "What do you want your money for? One choice is to stay rich, one is to get richer and the other is to enjoy it.
"What is important is that every time, every investment decision they allocate money to only one of these decisions. You cannot pretend to stay rich and become richer with the same investment decision. If you want a piece of art, get the piece and then go about your business. But don't try to combine those things."

ON WHY THERE HAS NOT BEEN MORE PRIVATE BANK M&A
Ray Soudah, founder of private bank M&A advisor Millenium Associates: "Past predictions where there would be a large volume of consolidation, which has not happened, especially in the offshore market, were based on rational thinking and now we have to base them on irrational thinking. Irrational thinking in the sense that it's human, human beings, management and owners, basically are not inclined to dispose of their assets when they are making money. They're more inclined to do that when they are losing money or not making so much."

ON THE DANGER OF UNDECLARED MONEY IN SWISS BANKS
Stephanie Jarret, partner at Baker & McKenzie "The typical small Swiss bank doesn't realise the world has changed, because others have realised the change and are making adjustments. (Banks from other countries) have gone the other way."

ON FIGHT FOR BANKING TALENT
David Steinegger, chief executive of Lombard International. "There's this so-called war for talent. We're not out there in the middle of the battlefield with huge artillery, our war on talent is more about guerilla warfare. Lombard is an entrepreneurial business (and) there's things we can do to attract talent."

ON WOMEN AS PRIVATE BANKERS AND AS CLIENTS
Reinhard Krafft, head of private banking, Sal. Oppenheim Jr. & Cie: "You see daughters coming in charge, very well educated, and getting into the position of leading corporations as well. It's still more male than female, more patriarchs than matriarchs, but that has certainly changed.
"We've recently hired very good (female) professionals in the private banking field and I must say I'm being more active in putting women into advisory positions and investment positions. Women say 'We had to try harder' and it shows. They are very good."

ON EVOLUTION OF LATIN AMERICAN MARKETS
Daniel de Fernando Garcia, head of asset management and private banking at Grupo BBVA:
"What we're seeing is the starting of a private banking industry onshore. Until very recently, most Latin American countries still the dominant factor is the offshore. But over the last few years, what we have seen is a substantial exchange in the macro-economic and stability of the major countries. Mexico, Brazil, Chile, Peru and even Colombia are undergoing extremely positive substantial change."

**ON WHY MORE MONEY MANAGEMENT REGULATION ISN'T SO BAD**
Baker & McKenzie's Jarret:
"I personally would like to see a little bit more regulation...Switzerland could have problems in the future due to the lack of regulation of certain parts of the wealth management industry...That leaves Switzerland open for a number of potential scandals in the future. There are people in the market perhaps not qualified to be doing what they are doing."

**ON HOW STRUCTURED PRODUCTS PERFORMED AMID SUMMER TURMOIL:**
Nicolas Cagi Nicolau, Societe General Private Bank's global head of structured products solutions:
"Of course we suffered. I will not say the opposite. But we didn't suffer so much when compared to the benchmark."
"We had some products which went down, definitely. But when it has been well sold, clients feel comfortable with that."

**ON INTESA SANPAOLO PROSPECTS**
Paolo Molesini, chief executive officer for IntesaSanpaolo Private Banking:
"We think we will continue to grow above the average because we have a competitive advantage, which is the synergy with the corporate side of the bank.

**ON INTESA SANPAOLO EXPANSION**
Molesini, IntesaSanpaolo
"To build up an offshore private bank in Switzerland and to serve those customers (in eastern Europe) is for us a very important opportunity.
"We are building a platform but of course we would be delighted to find a bank in order to save time,"

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