



Why Benchmark Personal Wealth Management in Financial Institutions?



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Over the past few decades, financial institutions have been losing wealth management market share to wirehouses and RIAs. While some institutions have found success, upper management at other institutions have been disappointed in the profit contribution of wealth management, the growth rate, penetration of the institution's market, and client experience.

In the past few years, we've seen some alternative delivery models emerge that are restructuring who is provided different wealth management services by whom, and on which platform. Proponents of these "One Wealth" models see them eliminating redundancies and lowering the cost to serve. Proponents of the existing model that segments clients and serves them through separate businesses say that the model is fine, it is just executed poorly in many cases.

It seems that we need to start benchmarking the performance of these delivery models to start sorting out best practices.

While there are services that benchmark retail brokerage/branch-based investment services, and others that benchmark the trust business, there is no source that segregates the personal wealth management activities in the trust business and combines it with the brokerage/RIA business to provide a view of the enterprise's personal wealth management business.

We are attempting to do that.



What Are We Trying to Benchmark?

We are focusing on a few select metrics:

- ▶ Revenue and asset productivity of the staff who provide personal wealth management services
- ▶ Productivity of personal wealth management assets
- ▶ Cost to acquire
- ▶ Cost to serve
- ▶ Revenue and asset penetration of the opportunity

As the survey develops, it will evolve to meet other information needs of the participants.

What Data Do We Need?

- ▶ Total personal wealth management staffing, differentiated by:
 - Client-facing staff
 - Support staff
- ▶ Total payroll, differentiated by:
 - Client-facing staff
 - Support staff
- ▶ Total personal wealth management assets under administration
- ▶ Total personal wealth management revenue
- ▶ Measures of the institution's opportunity, i.e., total investable assets of the institution's customer base, market share of its target market, etc.

What Are Our Deliverables?

With this data we should be able to provide this information for each wealth management model:

Personal Household Assets

- Growth in AUA
- Growth in net new assets
- Growth in new assets

Client Penetration

- PWM clients/Bank households
- PWM AUA/PWM client assets
- PWM AUA/Bank customers' assets

Revenue and Expenses

- YoY revenue growth
- ROA
- Staff expenses/revenue
- YoY staff expenses

Staff Productivity

- Assets per PWM FTE
- Revenue per PWM FTE
- PWM clients per PWM FTE
- PWM accounts per PWM FTE
- Growth in PWM headcount

Client Productivity

- Assets per PWM client
- Assets per PWM Account
- Revenue per PWM client
- Revenue per PWM account

Key Management Metrics

- Cost to service
- Cost to acquire

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Together with our clients and partners, Kehrer Group moves the industry forward.

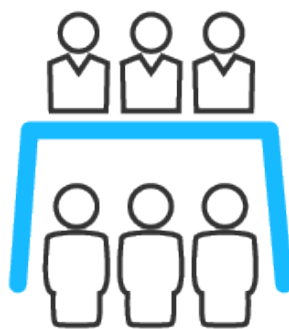
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