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Schweizer Private Banking Kunden - Eine Kundenbefragung mit speziellem Fokus auf die Kundenberatung im Internet

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Swiss Private Banking Clients

A survey on the role of the Internet and the client advisor from a client's perspective

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1.0

Key findings

One third of private banking clients can imagine conducting all banking transactions online: 37% of respondents can imagine carrying out all banking transactions online. Younger investors are particularly open to this option: 59% of 30-39 year olds and 54% of 40-49 year olds. When asked for their reasons, 44% answered that their financial knowledge was sufficient for comprehensive online transactions.

Frequent use of the Internet to gather information by young private banking clients: The Internet is frequently used to gather information on investment subjects by 30-39, 40-49 and 50-59 year olds. In the first two age groups, the Internet is used by more than three quarters of respondents (75.3% and 81.9% respectively) and in the 50-59 age group, 64.4% use this medium. The press and investment advisors are the information sources used most often.

The Internet is important for information and carrying out transactions: 22% of respondents use the Internet frequently, using it to gather information and carry out transactions. 28% refer to the Internet for information but choose another medium to submit their stock exchange orders. Just under half the private banking clients use the Internet for neither information or for carrying out transactions.

Private banking clients have only marginally better investment know-how than the average client: Almost all private banking clients know the difference between a share and a bond (98.4%) and nine out of ten respondents know the performance of a share (88.1%). Every second client knows what a derivative instrument is (50.3%) and one in three private banking clients also knows the significance of a P/E ratio (35.0%). The figures for the total population are lower for all four aspects.

Eight out of ten private banking clients are direct equity owners: 68% of private banking clients own equities with direct investments and a further 11% have employee stock option plans only, resulting in a total of 79.5% direct equity owners. If those 3.4% respondents who invest solely in

pure equity funds on the stock market are also considered, this figure increases to 82.9% direct and indirect equity owners.

Structured products and derivatives are widespread: 19% of private banking clients own structured products and 12% derivatives. For the total population these figures are 2% and 3% respectively. Real estate (83% compared to 41%), investment funds (65% compared to 28%) and money market papers and bonds (48% compared to 12%) are significantly more widespread in the private banking segment.

Private banking clients are clearly under-diversified: The asset portfolio of 71.3% of Swiss investors is focuses on equities. 18.4% are invested in stocks from the EU and 6.3% in US stocks. There are no significant differences in the geographical distribution of assets between the private banking segment and the total population.

Client advisor feedback is the biggest advantage of advisory services: 68% of respondents use personal advisory services in connection with the management of their assets. Client advisor feedback was cited by 80% of investors as an advantage. Frequently mentioned was also a better understanding of information due to the advisor's explanations (78%) and a wider spectrum of services in comparison to online offers (77%).

86% of private banking clients consider their investment knowledge to be less than that of the advisor: Approximately one in eight private banking clients (8.1%) consider their own investment knowledge to be as good as that of their advisor. 2.2% of respondents rate their knowledge better than that of their advisor.

2.0

Conclusions

"The Internet and private banking don't mix." This is a wide-spread opinion within the wealth management sector. Most attempts by private banking providers to make online services attractive to their exclusive clientele have been rather unsuccessful. These initial attempts appear to confirm the prevailing view within the sector. Marketing online offers in a sector where exclusivity, individuality and trust are of utmost importance is certainly no easy task.

This notwithstanding, results of the current study show that significant changes to client behavior in private banking can be expected in the near future. In the coming years, Internet-affined clients will make up an increasing percentage of wealth management clientele. For the majority of today's private banking clients the press and the client advisor are the central sources for investment information. However, for the younger and currently less dominant group of private banking clients (the 30-49 year olds), it is the press and the Internet which are the prevalent sources of investment information. The Internet is also gaining ground in transaction processing. Already more than one quarter of private banking clients carry out their transactions online. Particularly younger client groups use this method. Additionally, more than one third of private banking clients – again predominantly younger respondents – can imagine carrying out all their banking activities online. This opens up new opportunities to providers who react early and expand their range of products (also) in private banking to include online services.

Things looked different at the turn of the millennium: The Internet was regarded as revolutionary and everyone was convinced that it would shake the very foundations of private banking. The results of the current study speak in favor of a continuation of traditional services. Clients view the feedback and explanations of client advisors as the biggest advantages of advisory services. As a result, the client advisor will certainly not become "redundant" in the future. Rather his or her role will become central in a world of information overload. Value generation will be seen in filtering information and client advisor feedback as well as the ability to cater to the individual financial situation of each client. Emphasis from the client's perspective is also on the wide spectrum of services offered through personal advisory services.

Expected changes in client behavior will open up new opportunities to innovative financial service providers who position themselves in private banking. Traditional wealth management services will continue to exist but private banking clients will exhibit an increasing change in behavior in their search for information (and therefore also in their search for an appropriate private banking provider) and transaction processing. Thus the client advisor role will continue to change. Clients will place higher demands on the level of education and knowledge of their advisors who will in turn have to adapt to "informed" clients. However, "informed" cannot be equated with "knowledgeable". Additionally, most private banking clients rate their own knowledge as inferior to that of their client advisor.

Thus for many private banking providers it will be an entrepreneurial decision whether they reach the growing client segment of wealthy Internet users with a modern online offer or whether they continue to focus on more "traditional" clients. One can assume that in the future there will also be a client segment which uses the Internet neither for information nor for transaction processing. This holds true for the majority of clients at the moment. However, this segment is currently decreasing significantly. Missing such fundamental changes could have serious implications for the success of the business. Distinctly client-oriented banks cannot disregard the changes in communication and demand behavior induced by new technology. The results of this study provide at least partial answers to questions arising in connection with the acquisition of the heirs of today's private banking clients.

As well-known examples of successful online strategies prove, the Internet should not be viewed as an alternative to personal advisory services. Rather it is the medium that can be used to strengthen the personal relationship between clients and client advisors, thus generating added value for both the client and the bank. Wealth management will remain a people's business in the new digital world – albeit with an increasingly first class online product range.

3.0

Demographic distribution

Asset distribution in Switzerland

Figure 01

Asset distribution

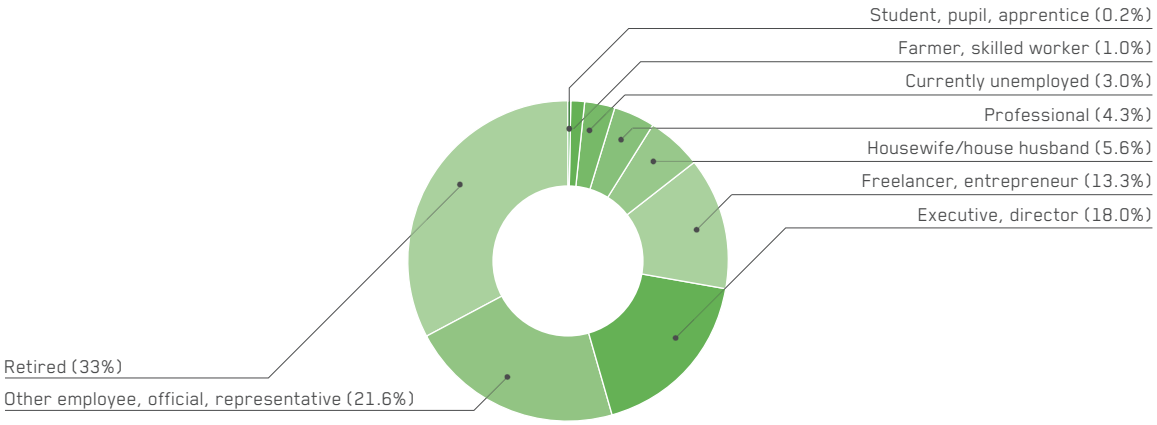
Less than CHF 100,000	62.8%
CHF 100,001 to 500,000	29.7%
CHF 500,001 to 1 million	4.9%
More than CHF 1 million	2.6%

Figure 1 presents the private asset distribution for respondents of the Equity Ownership in Switzerland 2008[1] survey[2]. According to this survey, 7.5% of the Swiss population have assets over CHF 500,000. Much more than half the population (62.8%) have assets under CHF 100,000 and another 29.7% own assets of between CHF 100,000 and CHF 500,000. The following analysis concentrates on the wealthiest 7.5% – individuals with assets of more than CHF 500,000. In this study, these clients are referred to as "private banking clients" and form the private banking segment.

1 Equity Ownership in Switzerland 2008, Swiss Banking Institute, University of Zurich.
2 Assets are defined here as the value of all bank accounts, securities and insurance products with investment character.

Figure 02

Professional background of Swiss private banking clients



One third of Swiss private banking clients are retired (cf. Figure 2). Employees, officials and directors (18.0%) follow, as do independent contractors (13.3%). A smaller percentage of the private banking segment is made up of housewives and househusbands (5.6%), professionals (4.3%), those currently not in gainful employment (3.0%), farmers and skilled workers (1%) as well as students and apprentices (0.2%).

4.0

Asset allocation

Number of custody account relationships

Figure 03

With how many different banks do you have a custody account?

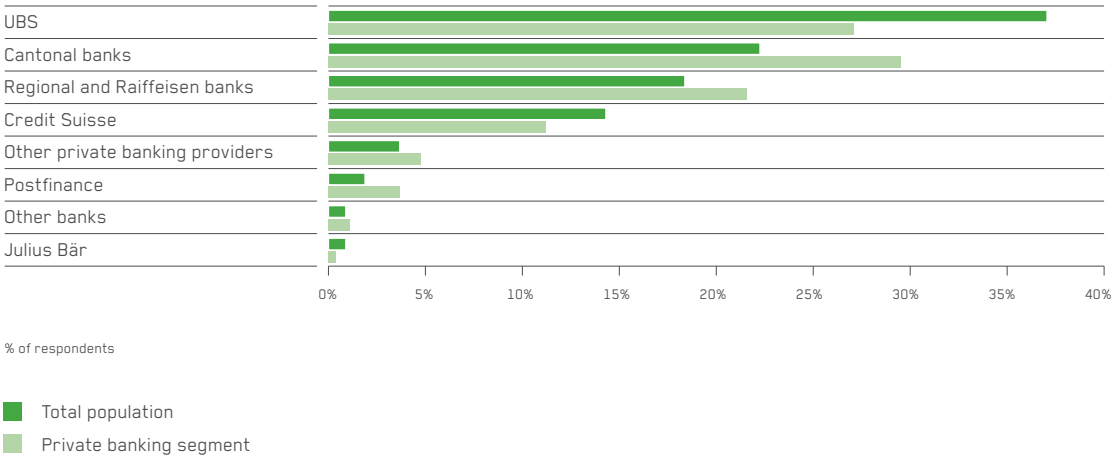
			Age		Assets	
Number	Total population	Private banking segment	18 – 49	50 – 74	CHF 0.5 – 1 million	over CHF 1 million
1 – 2	82%	72%	88%	67%	81%	58%
3 – 4	16%	26%	12%	29%	17%	37%
5 – 6	2%	3%	0%	4%	1%	5%

% of respondents

Comparing the private banking segment with the total population, it can be observed that the former has a higher percentage of investors with more than two banking relationships (cf. Figure 3). 29% of private banking clients have at least three banking relationships whereas this figure is considerably lower for the total population (18%). From the perspective of age, a significant difference can be observed between younger clients (18-49) and older clients (50-74) within the private banking segment. 33% of respondents in the 50-74 age group have three or more banking relationships, the corresponding figure for the 18-49 year olds is a mere 12%. If one differentiates between the asset classes CHF 500,000 to 1 million and more than CHF 1 million, one can see that in the higher asset classes a much larger percentage of respondents have more than two banking relationships (42% compared to 18%).

Figure 04

Principal bank of Swiss private banking clients



Number one in Swiss private banking is the UBS (cf. Figure 4). 37% of Swiss private banking clients cite the UBS as their principal bank. In second place are the cantonal banks (22%), followed by the regional and Raiffeisen banks (18%) and Credit Suisse (14%). Of interest is a comparison to the figures for the total population. The figures for both the UBS and Credit Suisse are considerably higher in the private banking segment. The opposite is the case for the cantonal banks and the regional and Raiffeisen banks. These banks play a more important role in the total population than in the private banking segment. Future development will prove interesting as many traditional retail banking providers increasingly aim to generate growth private banking activities. Besides, it will be interesting to see how smaller banks, pure private banking players and retail banks can benefit from the troubles the two big banks in Switzerland went through during the last few months.

Figure 05

Number of direct and indirect equity owners

% respondents	Private banking segment	Total population
Direct equity investors	68.1%	18.3%
+ only ESOPs	11.4%	1.8%
Total, direct equity ownership	**79.5%**	**20.1%**
+ investors with pure equity funds	3.4%	1.1%
Total, direct/indirect equity ownership	**82.9%**	**21.1%**

Figure 5 shows the percentage of direct and indirect equity owners in the private banking segment compared to the total population. 68.1% of private banking clients are equity owners with direct investments. A further 11.4% own employee stock ownership plans (ESOPs) only. Together this results in almost 80% direct equity owners. If one also considers those 3.4% who invest solely in pure equity funds on the stock market, this figure increases to almost 83% direct and indirect equity owners, a result approximately four times higher than for the total population.

Investment portfolio – Comparison: Private banking segment and total population

Figure 06

Of the following investment instruments, which do you own?

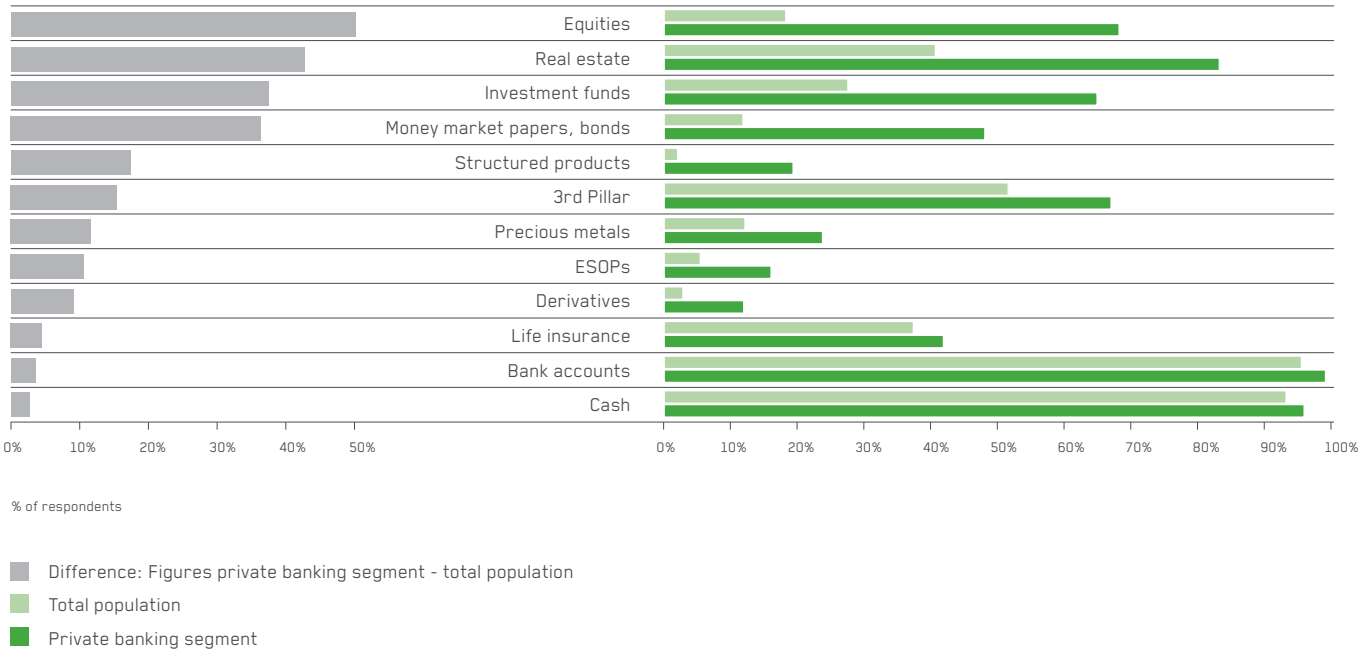


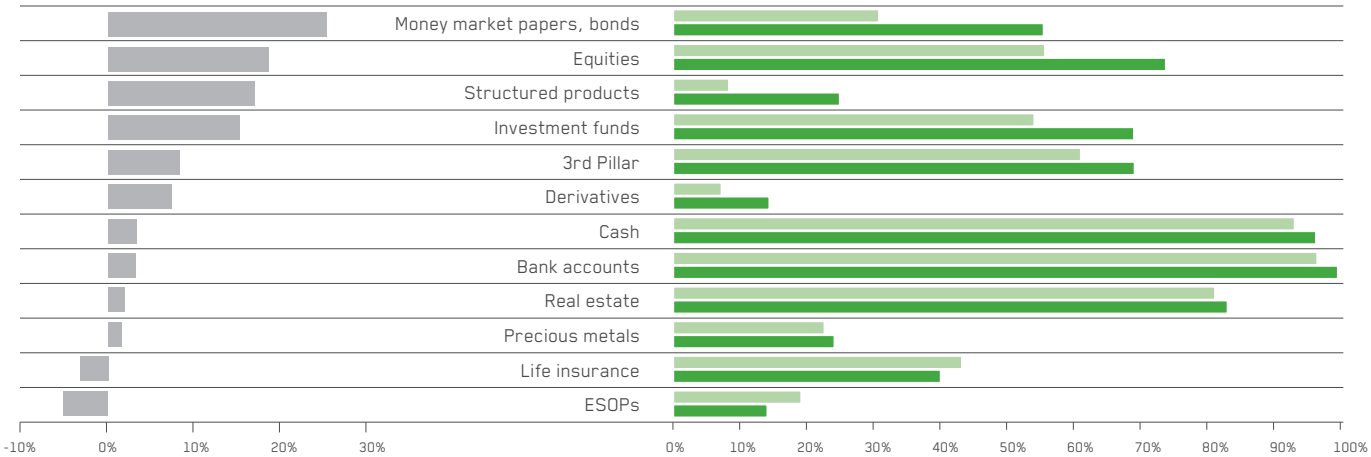
Figure 6 compares the investment portfolios of respondents in the private banking segment with those of the total population. Figures here do not represent the percentage of respondents' assets but frequencies of occurrence. Investment classes are sorted in descending order according to the absolute difference in percentage points of both segments considered. Striking is that the figures for the private banking segment are considerably higher than those for the total population. This can be interpreted as a higher number of private banking clients investing in different investment classes. Of particular interest are the differences for equities, real estate, investment funds and money market papers as well as bonds. These investment classes are

considerably more widespread in private banking clients. If one considers the relative difference (that is the difference in percentage points in comparison to frequency of answers), it is structured products and derivatives that stand out.

Figure 07

Investment portfolio of private banking clients – Comparison: With and without advisory services

Of the following investment instruments, which do you own?



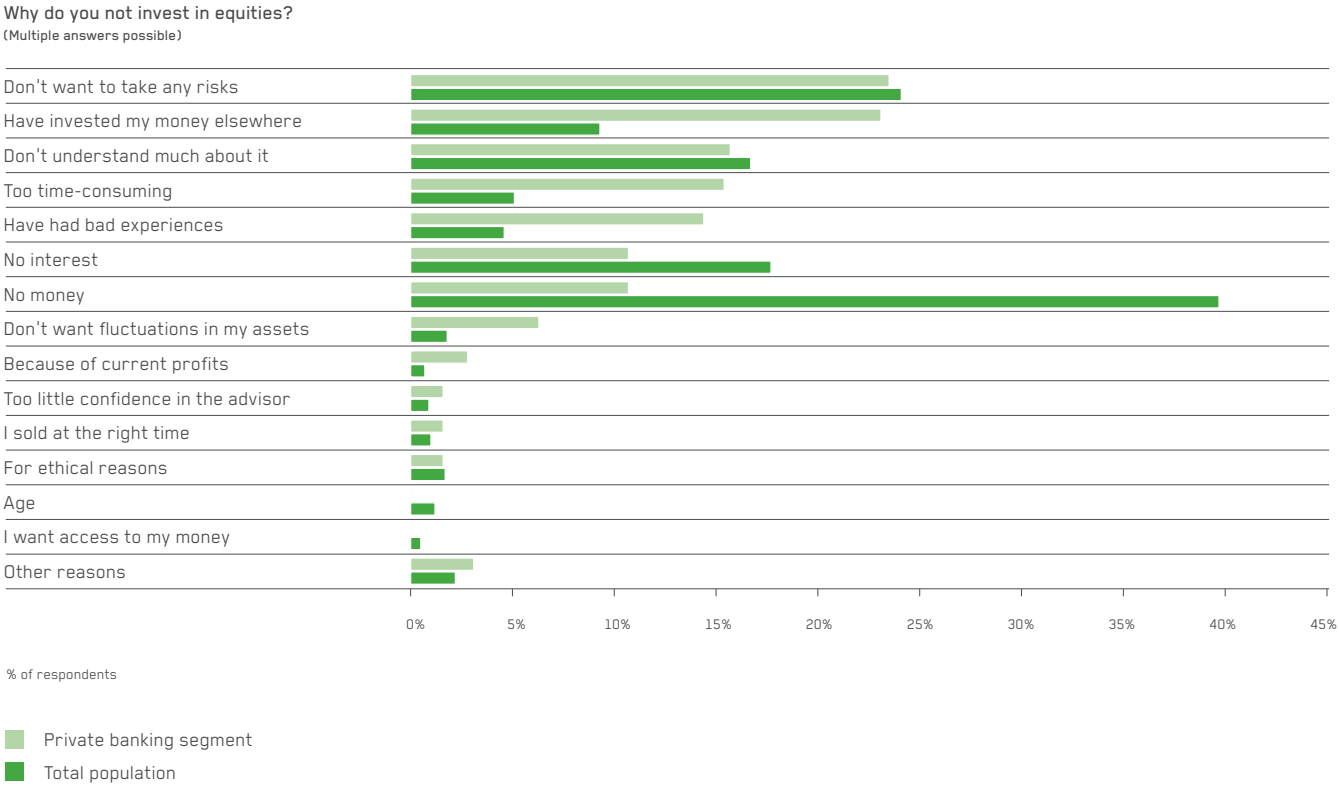
% of respondents

Difference: Figures "With advisory services" - "Without advisory services"
Without advisory services
With advisory services

Figure 7 presents the distribution of the various investment classes. The population of this table is composed of private banking clients. Here a comparison is made between those respondents using and those not using advisory services. The bars on the left-hand side indicate the difference in percentage points between the two sub-groups. Only life insurance and ESOPs are more widespread with those respondents who do not make use of advisory services. The most significant differences can be observed with money market papers and bonds, equities, structured products and investment funds.

Reasons for not investing in equities

Figure 08



In both the private banking segment and the total population, the principal reason for not investing in equities is risk aversion (cf. Figure 8). Of much more importance for private banking clients than for the total population is that their money is invested elsewhere. Insufficient knowledge of investment issues is similarly important for both segments. With more than and almost 15% respectively, two further reasons relevant to the private banking segment are that investing in equities is too time-consuming and that respondents have had bad experiences in the past. Both reasons are significantly less important for the total population.

Figure 09

Geographical breakdown of assets

Mean values, in %	Private banking			Total population
	With advisory services	Without advisory services	Total	
Switzerland	71.2%	70.1%	71.3%	75.1%
Europe	19.0%	17.5%	18.4%	16.0%
USA	6.1%	7.5%	6.3%	5.7%
Rest of the World	4.0%	4.4%	4.0%	3.9%

% respondents	Private Banking			Total population
	With advisory services	Without advisory services	Total	
Switzerland only	31.8%	40.5%	34.4%	47.8%
Europe only	1.1%	4.8%	2.1%	5.0%
USA only	< 1%	< 1%	< 1%	0.5%

As can be seen in Figure 9, no important differences can be observed in the geographical distribution between the private banking segment and the total population. On average, private banking clients invest over 70% of their assets in Swiss equities, independent of whether respondents use advisory services or not. However, clear differences can be seen in connection with the exclusive investment in equities in the regions and countries listed (cf. lower section of the table). The percentage of respondents invested solely in Swiss equities is high for the total population (47.8%), whereas it is significantly lower for private banking clients (34.4%). Here one can observe the effects of advisory services: Of clients in the private banking segment who use them, the percentage investing exclusively in Swiss equities is 31.8%, and of those not using them, 40.5%.

Although the differences in the geographical breakdown are slight, they are more significant for the number of different shares. On average (median) an investor in the total population owns shares from three different companies (mean: 4.8). In the private banking segment this is significantly higher with investors here owning shares in six different companies (mean: 8.8).

5.0

Information phase

Stock market knowledge

Figure 10

% of respondents	Private banking segment	Total population
I know the difference between a share and a bond.	98.4%	94.3%
I know what the performance of a share is.	88.1%	76.7%
I know what a derivative is.	50.3%	43.9%
I know what a P/E ratio is.	35.0%	30.3%

Figure 10 presents knowledge of central market concepts expressed by private banking clients and the total population. Respondents in the private banking segment have higher figures in all aspects regarding knowledge: They claim to know the difference between a share and a bond, the performance of a share, and what a derivative instrument or a P/E ratio is. Measured in percentage points, the largest difference between the two segments is to be found in the responses given to what the performance of a share is. Also of importance is the difference in the knowledge of derivative instruments; however, if one considers how widespread derivatives are in the private banking segment (cf. Figure 6), one could expect a much more pronounced difference.

Information medium by age

Figure 11

	Total population	Private banking				
% respondents		Alle	30 – 39	40 – 49	50 – 59	60 –74
Press	66.2%	74.7%	84.3%	87.0%	62.5%	74.2%
Investment advisor	47.7%	69.1%	52.8%	57.2%	74.3%	72.4%
Internet	65.5%	54.9%	75.3%	81.9%	64.4%	40.3%
Annual reports	36.5%	44.3%	68.5%	62.3%	44.6%	38.9%
Friends and acquaintances	42.6%	38.3%	75.3%	50.7%	35.8%	28.6%
Television	33.6%	29.9%	12.4%	24.7%	21.5%	36.1%

Respondents from the private banking segment cite the press as their principal source of information on investment issues (cf. Figure 11). In second place comes the investment advisor with 69.1%, followed by the Internet (54%). One gets a hint of the future significance of the Internet as an information source if one observes its importance for younger private banking clients or for the total population. The former respondents use the Internet significantly more for investment information than older clients, suggesting that the Internet will continue its advance.

Striking are the differences between the age groups when the role of the investment advisor or that of friends and acquaintances or the television are examined. The investment advisor and television are considerably more important to older than to younger private banking clients. On the other hand, discussions with friends and acquaintances are much more frequent with the 30-49 year olds than with older respondents.

Figure 12

Newspapers, Internet and television programs

Newspapers and magazines (Multiple answers possible)

% respondents	Private banking	Total population
Neue Zürcher Zeitung (NZZ)	36.0%	28.1%
Tages-Anzeiger	26.2%	22.0%
Finanz und Wirtschaft	17.7%	13.0%
CASHdaily	12.0%	10.6%
Sonntagszeitung	9.8%	4.1%
Le Temps	9.4%	5.7%
Handelszeitung	9.2%	7.8%
NZZ am Sonntag	8.7%	2.6%
BILANZ	5.9%	4.8%
Stocks	4.4%	5.1%
24 heures	3.9%	3.4%

Internet (Multiple answers possible)

% respondents	Private banking	Total population
Newspaper and magazine websites	29.3%	21.4%
UBS	24.9%	22.4%
Credit Suisse	14.8%	9.9%
Cantonal banks	13.9%	15.1%
CASH.ch / borsalino.ch	10.4%	7.1%
Regional and Raiffeisen banks	10.1%	10.9%
Internet search engines *	9.8%	9.8%
Swissquote	8.9%	15.4%
Finance and business sites **	8.6%	5.0%
Private banks	7.1%	6.8%
Television channel sites ***	5.9%	3.7%
Intranet	1.8%	1.1%

* Google, Yahoo etc.
** NZZ, Financial Times, etc.
*** CNN, CBS, Bloomberg, NTV etc.

Television programs (Multiple answers possible)

% respondents	Private banking	Total population
Tagesschau / 10 vor 10	55.4%	55.5%
SF Börse	30.0%	25.0%
CASH-TV	13.0%	15.6%
Teletext / TXT	13.0%	12.5%
n-tv	10.9%	7.0%
ECO	10.3%	7.8%
German channels *	8.2%	4.7%
Rundschau	2.7%	10.2%
Tele Züri Börsentrend	2.7%	3.9%
English-language channels **	2.1%	7.8%
French channels	< 1%	1.6%

* ARD, ZDF etc.
** CNN. BBC etc.

Figure 12 presents the most important newspapers, magazines, Internet sites and television programs for private banking clients. As with the total population, the NZZ plays a central role in information gathered from the press (36.0%). The Tages Anzeiger follows in second place – even if at some distance – in both the private banking segment and the total population (26.2% and 22.0% respectively). In third place is Finanz und Wirtschaft with 17.7%. The Internet sites of newspapers and magazines (29.3%) and that of the UBS (24.9%) are also held in high regard. The Credit Suisse Internet site (14.8%), the CASHdaily and Borsalino sites (10.4%), finance and business sites (8.6%) and TV programs (5.9%) are given more attention by the private banking segment than by the total population.

The most important TV programs for financial information-gathering are the news programs Tagesschau and 10vor10 (55.4%), and SF Börse (30.0%). These programs are all produced by the Swiss television network Schweizer Fernsehen.

Sources for checking share price information

Figure 13

(Multiple answers possible)

% respondents	Private banking	Total population
Newspapers	63.3%	51.2%
Internet / E-banking	49.4%	51.9%
TV / Teletext	25.3%	23.7%
Personal visits to the bank	13.8%	7.9%
Via monitors in banks	4.7%	3.6%
By telephone to the bank	3.9%	3.6%
Reuters, Bloomberg	2.3%	2.5%
Acquaintances, friends, family	1.5%	4.8%
Mobile phone (WAP)	<1%	<1%

Swiss private banking clients gather stock exchange share price information principally from newspapers (cf. Figure 13). The Internet and E-banking, which have caught up with newspapers in the total population, also play an important role in the private banking segment (49.4%). Over time, this segment will probably develop similarly to the total population where the gap between newspapers and the Internet/E-banking has closed.[3] Television and Teletext (23.7%) also play an important role, albeit with considerably less importance than the above-mentioned media.

Figure 14

Who usually takes the investment decision?

% respondents	Private banking	Total population
You alone	38.5%	49.7%
You in consultation with friends/acquaintances	22.9%	27.0%
You together with a bank investment advisor	20.6%	14.7%
The investment advisor	10.1%	3.2%
You together with a non-bank investment advisor	6.3%	4.4%

Approximately four out of ten respondents in the private banking segment take the investment decision alone (cf. Figure 14). Discussions with friends and acquaintances (22.9%) or a bank investment advisor (20.6%) are also common. 10.1% of respondents leave the decision entirely up to the investment advisor. In comparison with the total population, the percentage of respondents not taking the decision alone is considerably higher (61.5% compared to 50.3%).

3 Cf. Equity Ownership in Switzerland 2008, Swiss Banking Institute, University of Zurich.

6.0

Trading phase

Placing a stock exchange order

Figure 15

% respondents	Private banking segement	Total population
By telephone / cell phone	40.5%	27.8%
Directly through the bank (in person)	34.5%	38.8%
Via the Internet / E-banking	26.5%	31.8%
In writing by email	7.0%	5.1%
In writing by post	0.6%	2.3%
In writing by fax	< 1%	< 1%

Figure 15 illustrates that in the private banking segment, placing a stock exchange order is done predominantly by telephone. Still a popular option is placing the order personally and directly with the bank (34.5%) or conducting the transaction via the Internet or E-banking (26.5%).

Most respondents state that they have their orders executed by a major bank (51.8%). The cantonal banks are also used often (29.3%), as are the regional and Raiffeisen banks (20.0%). Private banks (11.9%) and discount or online brokers (4.7%) play only a minor role.[4]

With private banking clients, the size of an order is comparatively larger, much as one would expect. More than one third (34.2%) of transactions are between CHF 25,000 and CHF 1 million. In the total population this figure is considerably lower at 15.3%. At the other end of the scale one can observe significant differences too. 38% of respondents from the total population usually carry out transactions of up to CHF 5,000. In the private banking segment this figure is merely 17.0%.

Private banking clients differ to the total population as regards the number of transactions: The percentage of those who do not carry out transactions is significantly lower (25.6%) than those of the total population (33.9%). Additionally, the percentage of private banking respondents who carry out at least three transactions per year is higher (81.5% compared to 69.9%).

4 Note: multiple answers were possible.

Figure 16

Returns 2007

	Average profit	Percentage of investors with profits	Average losses	Percentage of investors with losses	Average returns
Total population	12.2%	66.5%	19.2%	33.5%	1.6%
Private banking segment	8.9%	67.1%	16.1%	32.9%	0.5%

In the private banking segment, average returns are given at 0.5% (cf. Figure 16), those for the total population 1.6%, a figure which is 1.1 percentage points higher.[5] In both the total population and the private banking segment, two thirds of investors made a profit in 2007. Thus one third sustained losses on their investments. Of interest appears that investors' average relative profit (loss) in 2007 in the total population was higher than the profit (loss) of private banking clients. An explanation for this can be found in the poorer diversification of investors in general (cf. Figure 9) in comparison with private banking clients, which led to higher fluctuations in performance. Of interest appears that investors' average relative profit (loss) in 2007 in the total population was higher than the profit (loss) of private banking clients. An explanation for this can be found in the poorer diversification of investors in general (cf. Figure 9) in comparison with private banking clients, which led to higher fluctuations in performance and an increased downside risk.

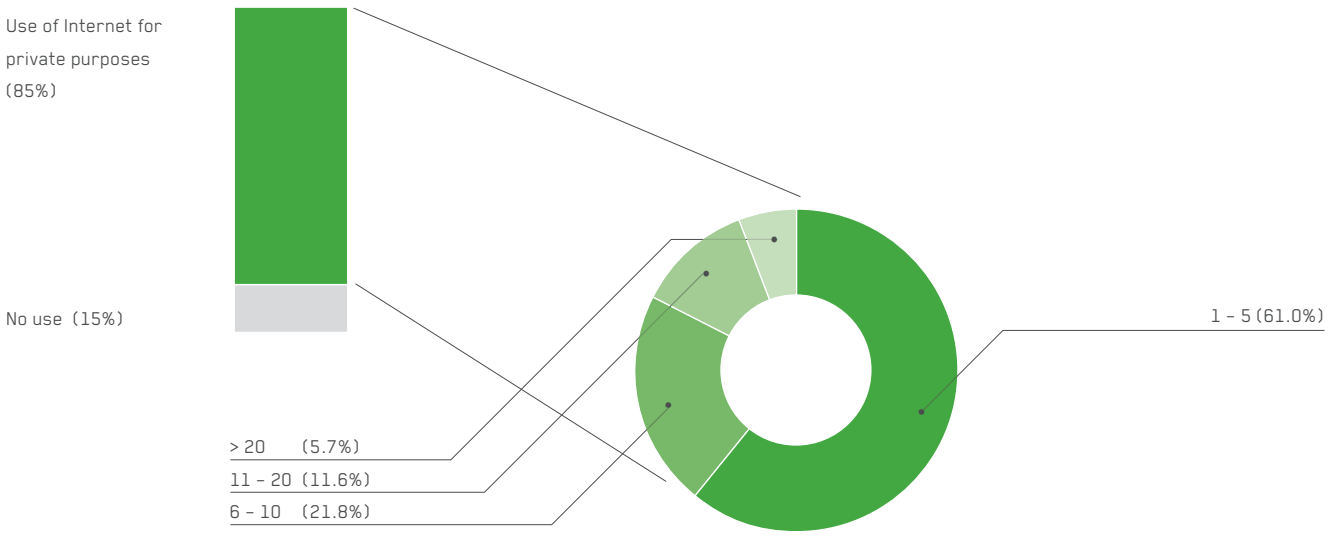
5 This data was provided by respondents. Thus the figures are not objectively ascertained.

7.0

The role of the Internet in private banking

Internet use for private purposes (In hours p/w)

Figure 17



85.3% of private banking clients use the Internet for private purposes (cf. Figure 17). The majority (61%) spends up to five hours a week surfing the Internet for non work-related reasons, the remaining 39% use it more. If one calculates the average for the latter, private use of the Internet is one hour or more per day.

Figure 18

Importance of the Internet for information and carrying out transactions by age group

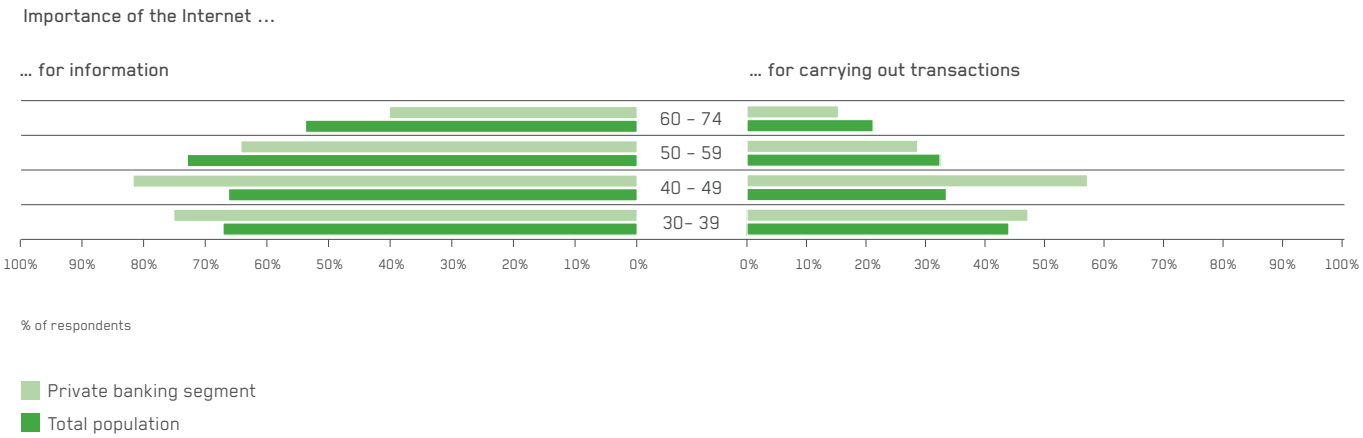


Figure 18 illustrates the importance of the Internet for information on investment subjects and for carrying out transactions. Striking is the frequent use of the Internet by younger private banking clients (age groups 30-39 and 40-49) in comparison to those of the same age in the total population. On the other hand, the same can be observed in the other age groups. This allows for the conclusion that in the near future the Internet will gain importance for the private banking sector. However, the main client age group in the private banking segment, the 60-74 year olds, still uses the Internet infrequently.

Carrying out transactions online

Figure 19

Can you imagine carrying out all your bank transactions online?

% of respondents		Yes	No
All		**37%**	**63%**
	30 – 39	59%	41%
	40 – 49	54%	46%
	50 – 59	42%	58%
	60 – 74	28%	72%
Women	**All**	**31%**	**69%**
	30 – 39	78%	22%
	40 – 49	33%	67%
	50 – 59	41%	59%
	60 – 74	17%	83%
Men	**All**	**42%**	**58%**
	30 – 39	44%	56%
	40 – 49	70%	30%
	50 – 59	42%	58%
	60 – 74	34%	66%
Investment decision			
	Alone	61%	39%
	Not alone	23%	77%

37% of private banking clients can imagine carrying out their transactions online (cf. Figure 19). Whilst this figure is only 28% in the proportionally dominant 60-74 year olds, it is over 50% in the 30-49 year olds. Of those private banking clients who take the investment decision alone, this figure is over 60%. It is only 23% in those respondents who discuss investments with friends and acquaintances, with a professional investment advisor, or delegate the decision entirely.

Figure 20

Using the Internet for information and transactions

A division of respondents using two dimensions into four areas (quadrants according to Figure 20) gives the following picture for private banking clients:

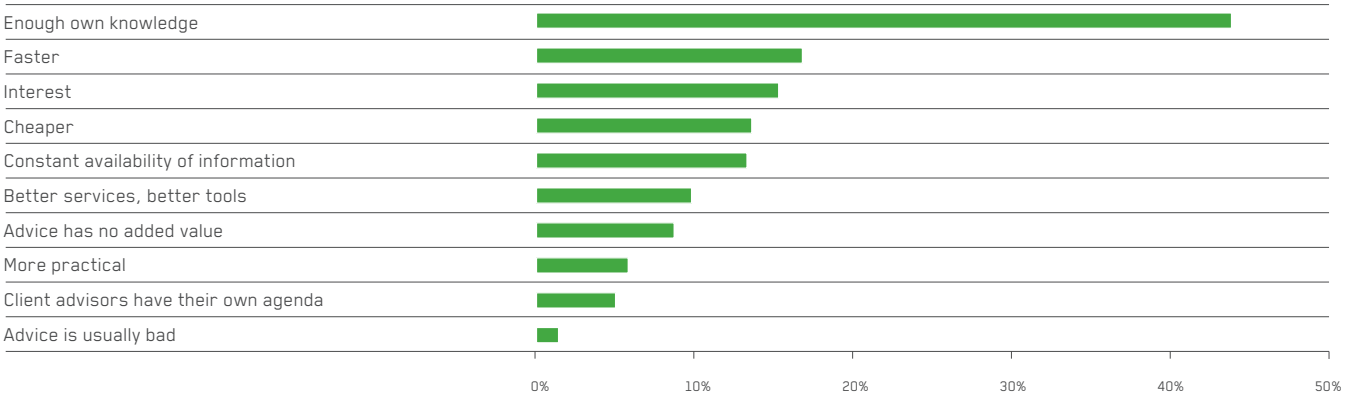
- 46% of private banking clients do not use the Internet for carrying out transactions or for gathering information.
- 28% get information from the Internet but carry out transactions using different channels.
- 4% use the Internet for carrying out transactions but not for gathering information.
- 22% use the Internet comprehensively, that is for gathering information as well as for carrying out transactions.

As regards the total population one can observe almost the same distribution – and this despite the fact that the two groups have considerably different age structures.

Reasons for carrying out transactions online

Figure 21

For which reasons can you imagine carrying out your bank transactions online?



Questioned on their motives for carrying out their transactions online, 44% of private banking clients responded that they have sufficient knowledge to do so and could therefore well imagine consistently using the Internet (cf. Figure 21). In the meantime, having adequate knowledge is no doubt a prerequisite for carrying out banking transactions entirely via the Internet. However, it cannot be the only reason. Potentially decisive aspects such as saving time (17%), interest (15%), costs (14%) as well as the constant availability of information (13%) were cited much more infrequently. This indicates that Swiss private banking clients remain skeptical to increased use of the Internet for transactions. The latter is surprising taking into account that almost half the respondents admit having sufficient knowledge to do so.

Figure 22

Reasons for carrying out transactions online: Comparison of age groups 18-49 and 50-74

For which reasons could you imagine carrying out all your bank transactions online without a client advisor?

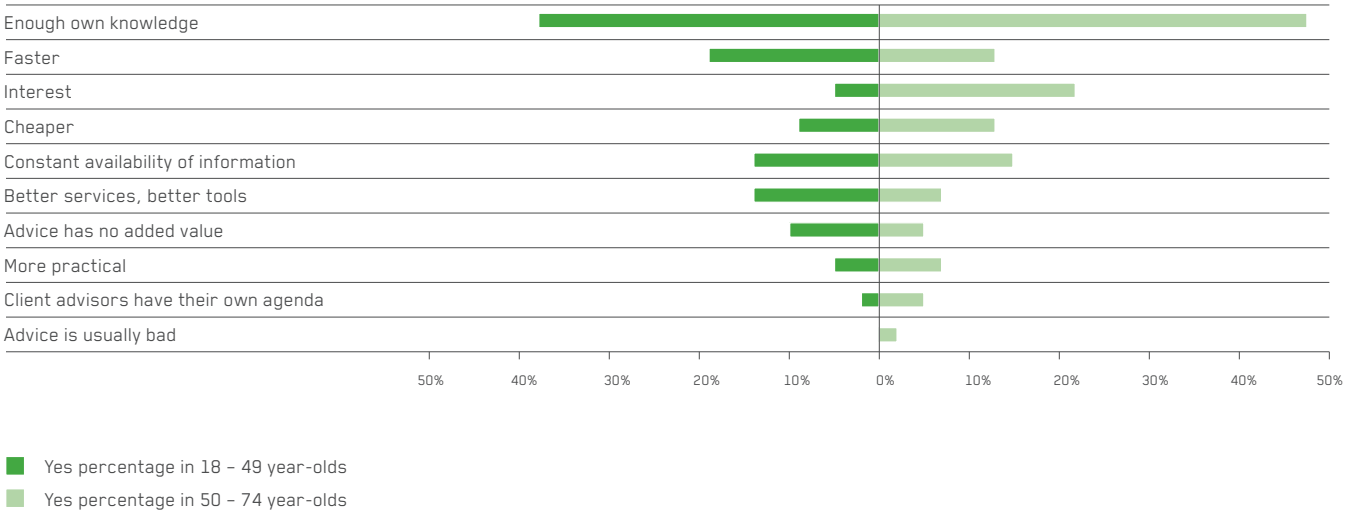
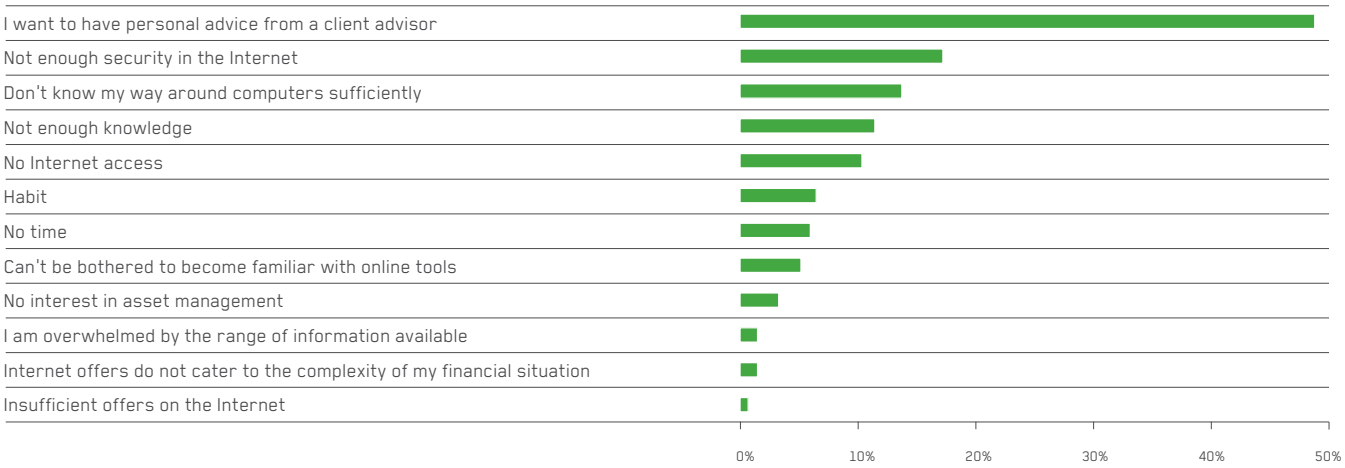


Figure 22 compares age groups 18-49 and 50-74 as regards the number of responses for reasons for carrying out bank transactions via the Internet. Of notice is that younger private banking clients consider saving time (19% compared to 13%) and the better quality of services and tools more important (14% compared to 7%). More frequently than older clients, younger investors think that advisory services have no added value (10% compared to 5%). A widespread opinion among older clients is that they would have sufficient knowledge to carry out their banking transactions online (48% compared to 38%). Striking is that this group – more than younger investors – consider interest in investment issues a reason for increased use of online tools (22% compared to 5%). Additionally, they give more weight to the argument that the Internet allows money to be saved (13% compared to 9%).

Reasons for not carrying out transactions online

Figure 23

For which reasons could you not imagine carrying out all your transactions online?

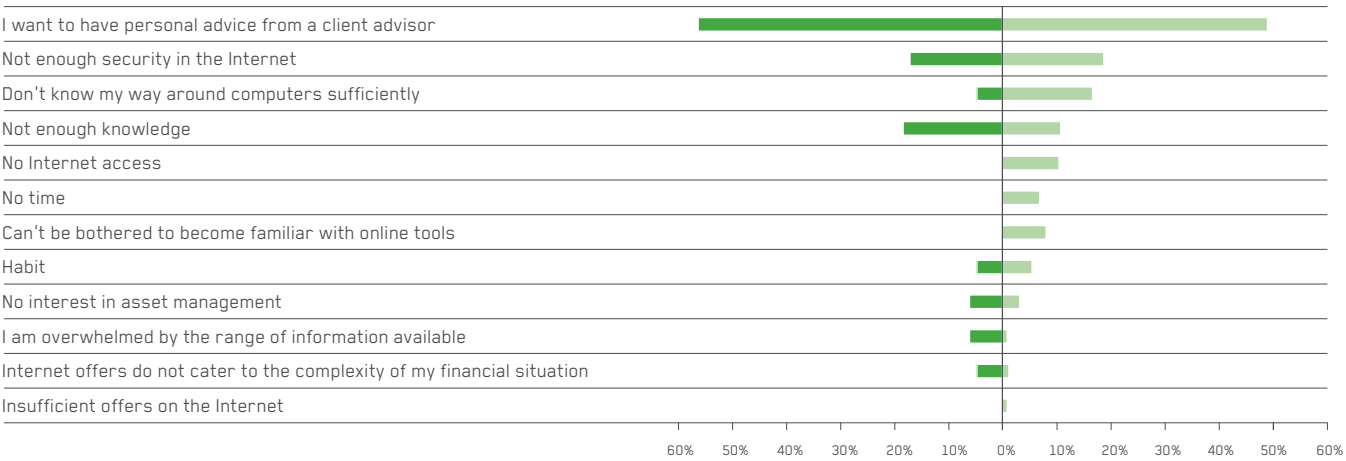


The main reason why private banking clients are against always carrying out banking transactions online is their desire for personal investment advice from an advisor (cf. Figure 23). Considerably less important is the aspect of security; only 17% have reservations about the security of online services. Other important reasons are a lack in computer (14%) and investment knowledge (12%) as well as not having access to the Internet (10%).

Figure 24

Reasons for not carrying out transactions online: Comparison of age groups 18-49 and 50-74

For what reasons could you not imagine carrying out all your transactions online without a client advisor?



Yes percentage in 18 – 49 year-olds

Yes percentage in 50 – 74 year-olds

The desire to have personal advisory services provided by a client advisor is of similar importance to younger (18-49 year old) and older (50-74 years old) private banking clients (cf. Figure 24). Generally speaking, a lack of computer expertise and no access to the Internet affect older clients. Time restrictions and low motivation to become familiar with online tools are less important. Of interest is, however, that all responses to the latter question were given by the 50-74 year olds.

One in five clients in the age group 18-49 considers his or her knowledge to be insufficient. This figure is considerably higher than for the 50-74 year olds (19% compared to 11%). Younger investors are more overwhelmed by the amount of information than older clients (6% compared to 1%). They also believe that the complexity of their financial situation is not catered to with an Internet solution (5% compared to 1%). However, neither of these aspects is of great importance if one considers the whole picture.

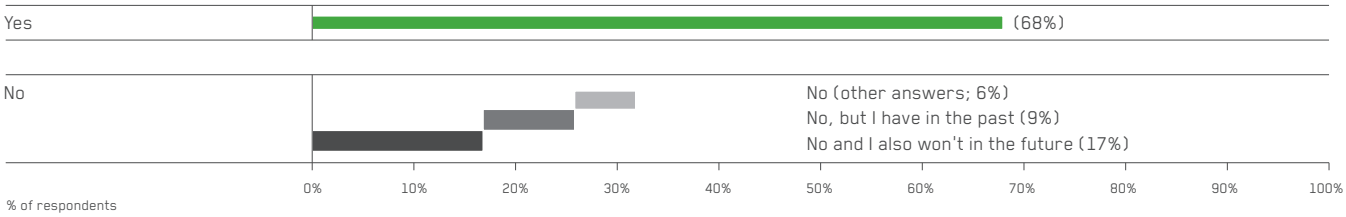
8.0

Personal client relationship

Personal advisory services

Figure 25

Do you use the services of a personal advisor in connection with the management of your assets?



68% of private banking clients use the services of a personal advisor to manage their wealth (cf. Figure 25). 9% have used such services in the past but no longer do so, and 17% have never used advisory services and will also not use them in the future.

Personal advisory services - By gender

Figure 26

Do you use the services of a personal advisor in connection with the management of your assets?

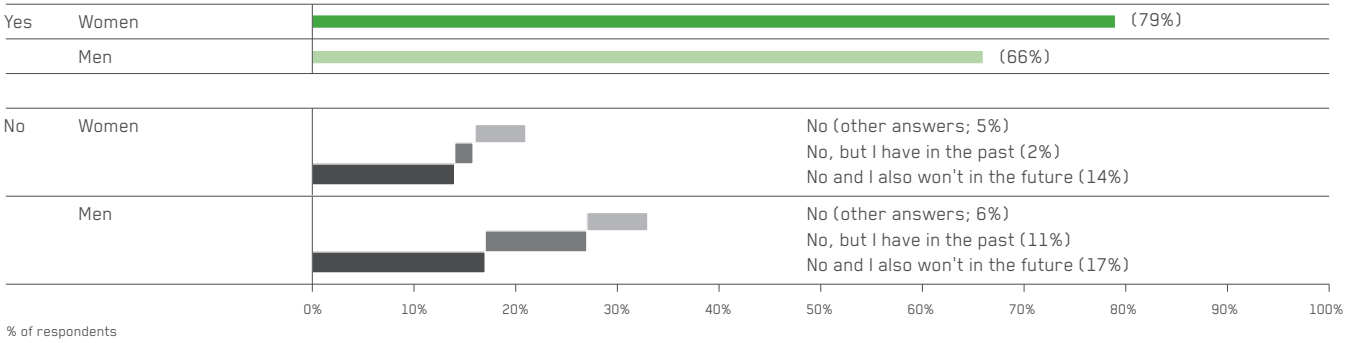
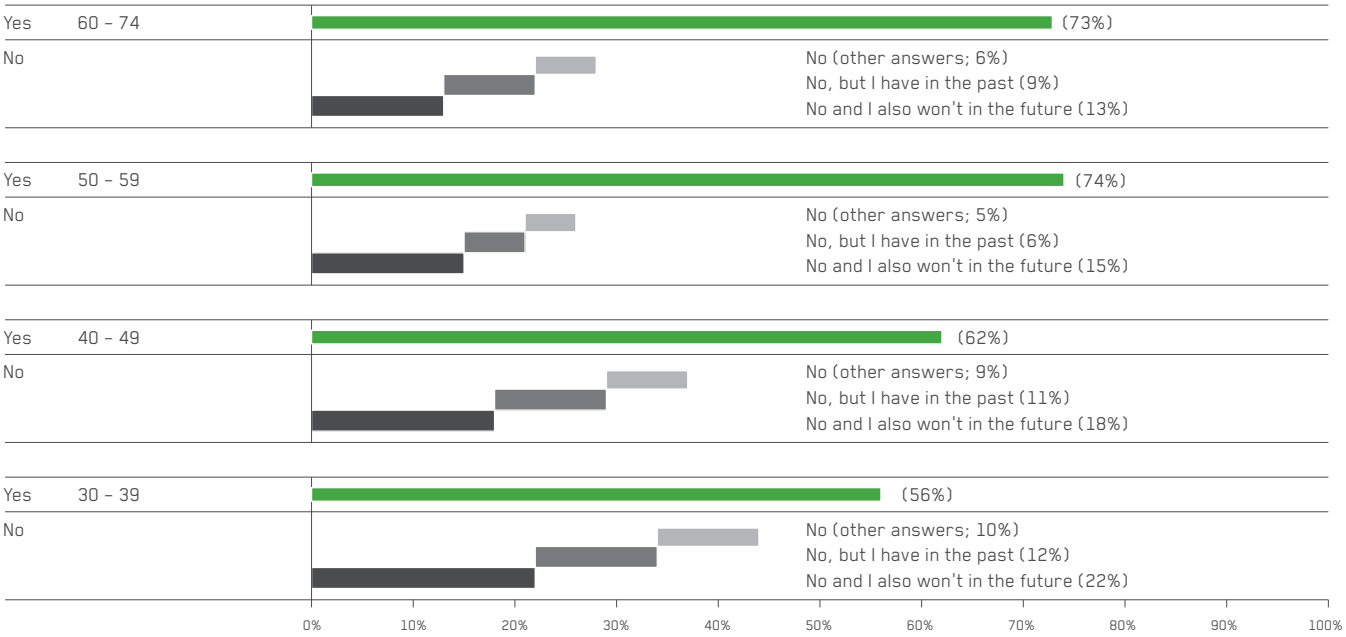


Figure 26 illustrates the differences between men and women using personal advisory services. 79% of female respondents use such services whilst the figure for male respondents remains low at 66%. Also striking is that many more male investors have used advisory services in the past but no longer do so (11% compared to 2%).

Figure 27

Personal advisory services - By age group

Do you use the services of a personal advisor in connection with the management of your assets?



% of respondents

One can observe that the percentage of clients within the private banking segment using advisory services rises with age (cf. Figure 26). In the main client segment of Swiss private banks – the 60-74 year olds – 73% of respondents use advisory services. This could be due to the increasing complexity of the financial situation of older clients. However, this may also be connected to new problems arising in later phases of life.

Advantages of advisory services

Figure 28

How important to you are the following advantages that personal advisory services might bring in connection with the management of your assets?

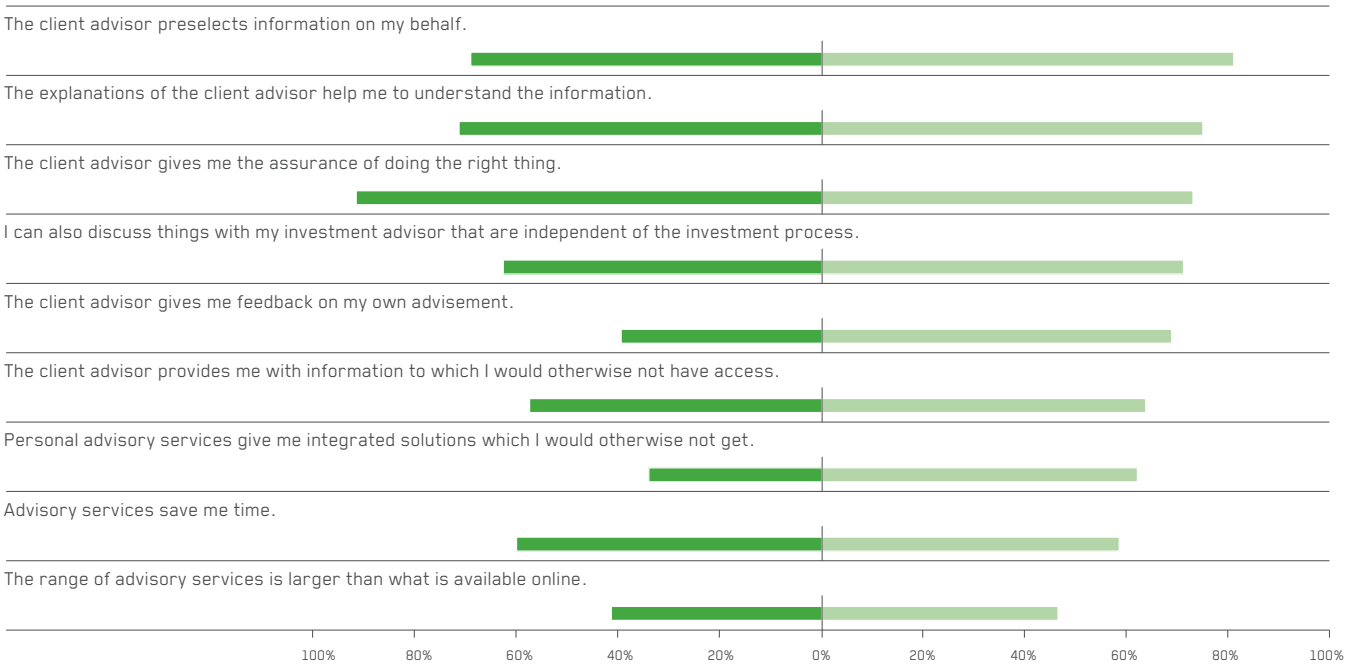
% of respondents who rate the aspect "rather important" to "very important"

From respondents' perspectives, the most important advantage of personal advisory services is the feedback client advisors give clients on their own advisement (cf. Figure 28). Client advisors are therefore not primarily deliverers of information but much more a sparring partner for clients, someone with whom to discuss thoughts and deliberations. Also important for private banking clients are the explanations provided by the advisor which lead to a better understanding of the information (78%). A clear advantage over Internet services is the larger spectrum of services within a personal client relationship (77% of respondents). Combining this advantage with another reason – integrated solutions – it can be seen that a grasp of a complex financial situation and catering to each client as an individual are very important. These aspects can be offered by a personal client advisor, a fact that will continue to protect private banking from standardized services in the future. Saving time through advisory services (58%) and a pre-selection of information (56%) are less important. A smaller role of the advisor is also the opportunity of discussing non-financial subjects (44%).

Figure 29

Advantages of advisory services: Comparison of age groups 18-49 and 50-74

How important to you are the following advantages that personal advisory services might bring in connection with the management of your assets?



% of respondents who rate the aspect "rather important" to "very important"

Figure 29 also comments on the advantages of client advisory services. However, the focus here is on the age groups 18-49 and 50-74. The advantages are ordered according to their importance to the 50-74 year-old respondents. It is apparent that the latter regard the feedback of the client advisor as the most important aspect of personal advisory services (82%). Also of particular relevance are the advantages of a wide range of services (76%) and receiving an integrated solution (72%). Additionally, the client advisor contributes considerably to a better understanding of information (74%).

Having the opportunity of discussing non-financial issues is of little importance to both age groups. A better understanding of information is the principal aspect of advisory services for younger private banking clients (92%). At the opposite end of the scale are the pre-selection of information (34%) and the assurance of doing the right thing (40%). As with older clients, feedback from the client advisor is very important (69%), as are the range of services (72%) and receiving an integrated solution (63%).

Change of principal banking relationship

Figure 30

Have your changed your principal bank in the last six months or considered doing so?

	Do you use personal advisory services in the management of your assets?	
	Yes	No
Yes, I have changed my principal bank.	3.4%	3.1%
Yes, I have considered changing my principal bank but have not (yet) done so.	11.7%	23.9%
No and I also haven't considered it.	84.9%	73.0%

Wealthy individuals using personal advisory services are less willing to change their principal bank (cf. Figure 30). Whilst 27% of those who do not use advisory services have changed their bank within the last six months or have thought about doing so, this figure is significantly lower in those with personal advisory services (15.1%).

Figure 31

Knowledge ratio between the client and the client advisor

Compare your knowledge in investment questions with that of your client advisor. How do you assess the ratio? Are you…

*Percentage of men/women

The majority of respondents (85.6%) assess their own knowledge as less than that of their client advisor (cf. Figure 31). 12.1% rate their knowledge as the same as their advisor and just 2.2% credit themselves with superior knowledge.

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