

# intellidex<sup>®</sup>

Researching Capital Markets & Financial Services

RESEARCH  
REPORT  
June 2017

## TOP PRIVATE BANKS & WEALTH MANAGERS 2017



Media Partner

**fm**  
**investors**  
**MONTHLY**

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Top Private Banks &  
Wealth Managers

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Independent judge: Prem Govender

# Q&A

## WHAT?

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

## WHEN?

The fieldwork was conducted between March and May 2017. The results were published in Investors Monthly on 29 June 2017.

## HOW?

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

## WHY?

A comprehensive survey provides important insight into the competitiveness of South Africa's private banks and wealth managers. The survey is designed as a guide for potential clients to establish which institution will serve their individual needs the best. It also generates substantial statistical analysis of clients' opinions that can be useful to firms that want to improve their products and services.

## WHO IS INTELLIDEX?

Intellidex is a leading research house focused on South Africa's capital markets and financial services. We also undertake major research projects into stockbroking, institutional research analysts, retail banking, business banking, black economic empowerment, tax-free savings and other areas. You can find out more at [www.intellidex.co.za](http://www.intellidex.co.za)

## WANT TO KNOW MORE?

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

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

## GET READY FOR 2018

We will be undertaking the project again in the first half of 2018. Stay in touch with us through social media so you don't miss this and other information about research we undertake.



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# 1. INTRODUCTION

The Top Private Banks and Wealth Managers survey has established itself as SA's leading assessment of the industry. This year's survey marks the sixth anniversary of this rigorous review of private banking and wealth management services in SA. The results stem from a comprehensive questionnaire completed by the institutions, as well as feedback from their clients via an online questionnaire. This year 5,977 clients participated in the client survey.

We consider the sample size to be a meaningful reflection of the views of the universe of clients of South African private banks and wealth managers. This year, the number of client responses to the survey more than doubled when compared with last year. Such a large pool increases the credibility of the survey findings.

This publication is a summary of the main findings from the 2017 survey. It also contains, under the general market dynamics section on page 9, a selection of responses to the People's Choice survey to provide some insight into the thinking of clients on various issues.

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

Stuart Theobald, CFA (chairperson)

Prem Govender, CFP (independent judge)

Orin Tambo, CFA (lead analyst)

Colin Anthony (Intellidex general manager)

***Please see the June 2017 issue of FM Investors Monthly for the full, detailed report of the findings.***

## 2. OVERALL WINNERS

### 1. Top Wealth Managers

Institution	Rank	Out of 10 (Weighted)
Standard Bank Private Banking/Wealth & Investment	1	9.36
Sanlam Private Wealth	2	9.19
Nedbank Private Wealth	3	8.94
PSG Wealth	4	8.41
Brenthurst Wealth Management	5	7.44

This year Standard Bank Private Banking/Wealth & Investment surged up the rankings from fourth to first, with last year's winner, Sanlam Private Wealth, taking second. Nedbank Private Wealth holds onto third place from last year while PSG Wealth drops from second to fourth. Brenthurst Wealth Management is the only boutique operation to make the top five.

### 2. Top Wealth Manager Boutique

Institution	Rank	Out of 10 (Weighted)
Brenthurst Wealth Management	1	7.44
Gradidge-Mahura Investments	2	7.07
NFB Financial Services	3	6.83
Verso Wealth	4	6.03

Brenthurst Wealth Management secures first position among the boutique wealth managers, with a solid performance in the wealthy executive and lump-sum archetypes. Gradidge-Mahura Investments is the top-ranked firm in handling the financial affairs of up-and-coming professionals and successful entrepreneurs.

### 3. Top Banking Services Firm

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

Rank	Firm	Transactional banking	Savings products	Loan products	Corporate banking	Structured finance products	Securities trading	Insurance products	Score (Out of 5)
1	Investec Private Bank	4.58	4.33	4.23	3.69	3.69	3.88	3.21	3.94
2	Standard Bank Private Bank	4.31	3.95	4.01	3.86	3.88	4.08	3.42	3.93
3	FNB Private Wealth/RMB Private Bank	4.24	3.86	3.83	3.78	3.72	3.61	3.54	3.80
4	Nedbank Private Wealth	4.20	3.88	3.83	3.72	3.63	3.80	3.40	3.78
5	Absa Private Bank	4.02	3.60	3.71	3.39	3.21	3.31	3.22	3.49

The ranked performance of the five banks corresponds with last year. However, the gap in performance between Investec and Standard Bank has diminished quite a bit. All the banks perform well in transactional and corporate banking, according to clients, while insurance products need attention.

#### 4. Winners per Archetype

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

Rank	Lump-sum investor	Score/10
1	Sanlam Private Wealth	9.67
2	Nedbank Private Wealth	9.17
3	Standard Bank Private Banking/Wealth & Investment	9.00
4	PSG Wealth	8.17
5	Brenthurst Wealth Management	8.00

Rank	Up-and-coming professional	Score/10
1	Nedbank Private Wealth	9.83
2	Gradidge-Mahura Investments	9.17
3	Standard Bank Private Banking/Wealth & Investment	9.00
4	Sanlam Private Wealth	8.67
5	PSG Wealth	8.00

Rank	Successful entrepreneur	Score/10
1	Sanlam Private Wealth	9.33 (tied 1st)
1	Standard Bank Private Banking/Wealth & Investment	9.33 (tied 1st)
3	PSG Wealth	9.00
4	Maitland	8.50
5	Nedbank Private Wealth	8.33

Rank	Wealthy executive	Score/10
1	Nedbank Private Wealth	9.33
2	Standard Bank Private Banking/Wealth & Investment	9.17 tied 2 <sup>nd</sup>
2	Sanlam Private Wealth	9.17 tied 2 <sup>nd</sup>
4	PSG Wealth	8.17 (tied 4 <sup>th</sup> )
4	Brenthurst Wealth Management	8.17 (tied 4 <sup>th</sup> )

Rank	Internationally wealthy family	Score/10
1	Standard Bank Private Banking/Wealth & Investment	10.00
2	Sanlam Private Wealth	9.17
3	PSG Wealth	8.83
4	Nedbank Private Wealth	8.67
5	Stonehage Fleming Financial Services	8.17

Standard, Sanlam and PSG were very strong contenders, ranking in the top five across all archetypes. Standard was among the top three performers in all five archetypes, making it a worthy overall winner. The bank's wealth offering delivered an exceptionally stellar performance in the internationally wealthy family archetype.

## 5. People's Choice

The data in the tables below are based purely on feedback from the client survey. Firms with fewer than 20 responses are excluded.

### Top Private Banks:

Rank	Firm	Overall satisfaction level (out of 5)	Likelihood of referral (out of 5)	Weighted score (out of 5)
1	<b>Investec Private Bank</b>	4.33	4.12	4.23
2	<b>Nedbank Private Wealth</b>	4.08	3.83	3.96
3	<b>Standard Bank Private Bank</b>	4.08	3.80	3.94
4	<b>RMB Private Bank</b>	3.67	3.59	3.63
5	<b>Absa Private Bank</b>	3.56	3.23	3.40

Investec has been the People's Choice in the private bank category every year since 2013. While all firms in this table received excellent client satisfaction scores, Investec remains a cut above: more than 80% of clients ranked its service as "very good" or "excellent", and more than 90% state that they will, in all probability, recommend Investec to family and friends.

### Top Wealth Managers:

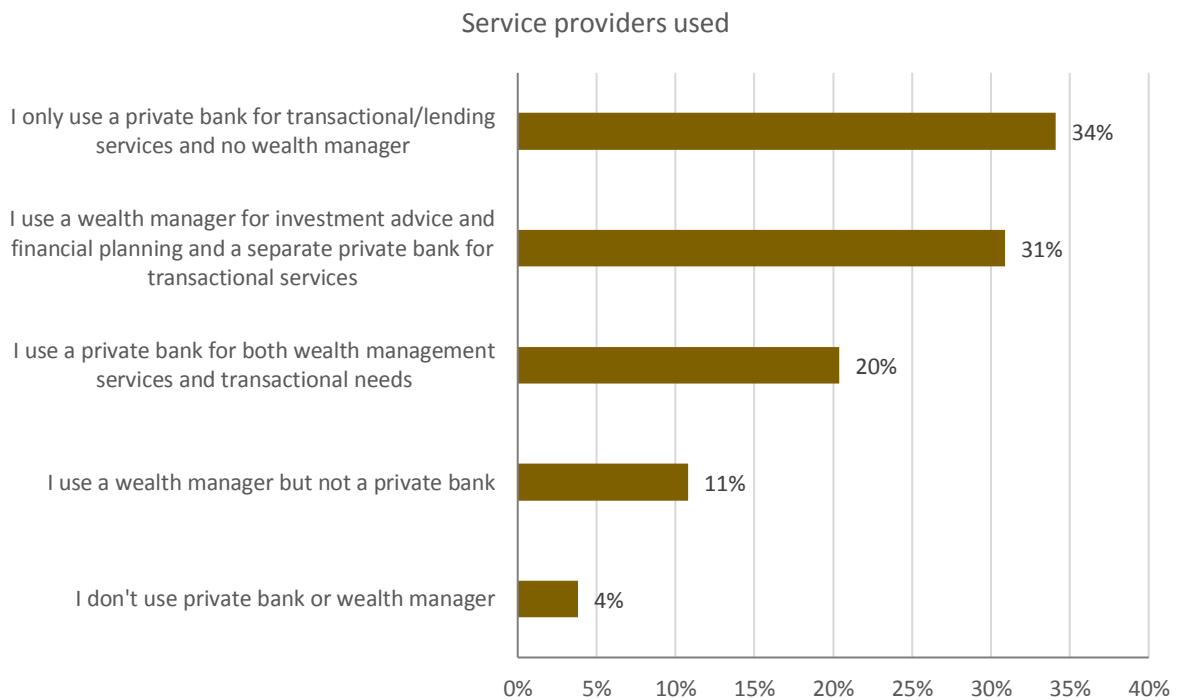
Rank	Firm	Overall satisfaction level (out of 5)	Likelihood of referral (out of 5)	Weighted score (out of 5)
1	<b>Verso Wealth</b>	4.63	4.63	4.63
2	<b>NFB Finance Brokers</b>	4.61	4.61	4.61
3	<b>PSG Wealth</b>	4.57	4.58	4.57
4	<b>Brenthurst Wealth Management</b>	4.50	4.54	4.52
5	<b>Standard Bank Wealth &amp; Investment</b>	4.55	4.44	4.49

Verso Wealth wins the People's Choice awards as Top Wealth Manager, followed by NFB, which moves up from fourth last year. PSG Wealth remains in third position with Brenthurst Wealth Management in fourth following a strong improvement from last year's survey.

### 3. GENERAL MARKET DYNAMICS

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

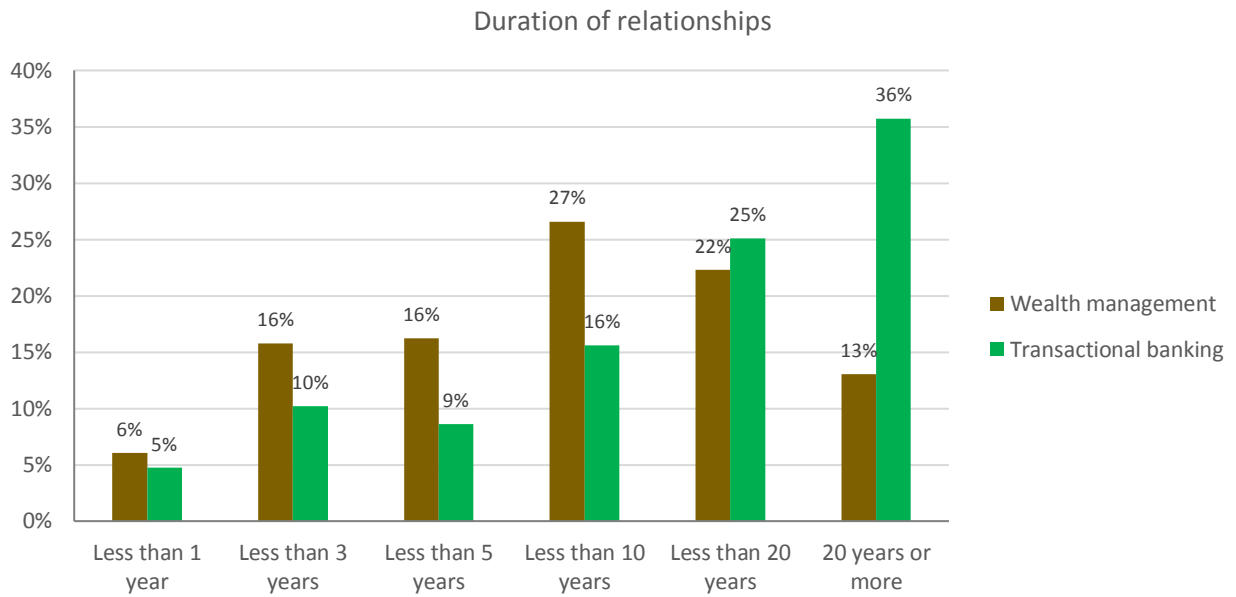
*Question: Which of the following best describes the service providers you use in the wealth management/private banking market?*



More than 30% of clients use a private bank with a separate wealth manager, while only 20% use the same firm for both private banking and wealth management.

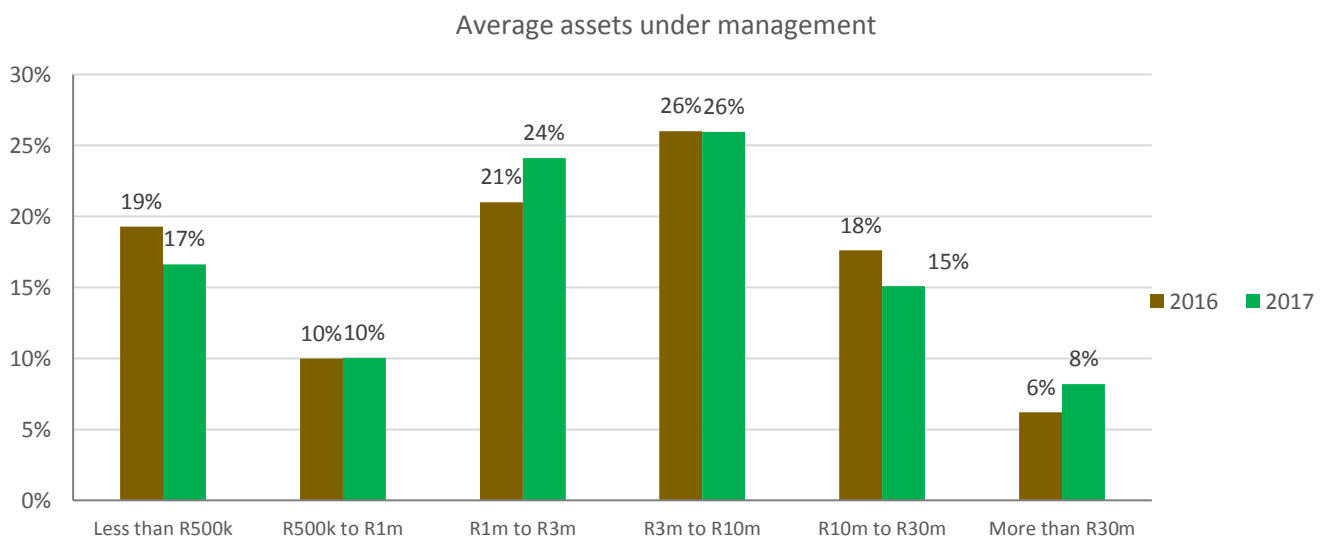


Question: How long have you been a client of your institution?



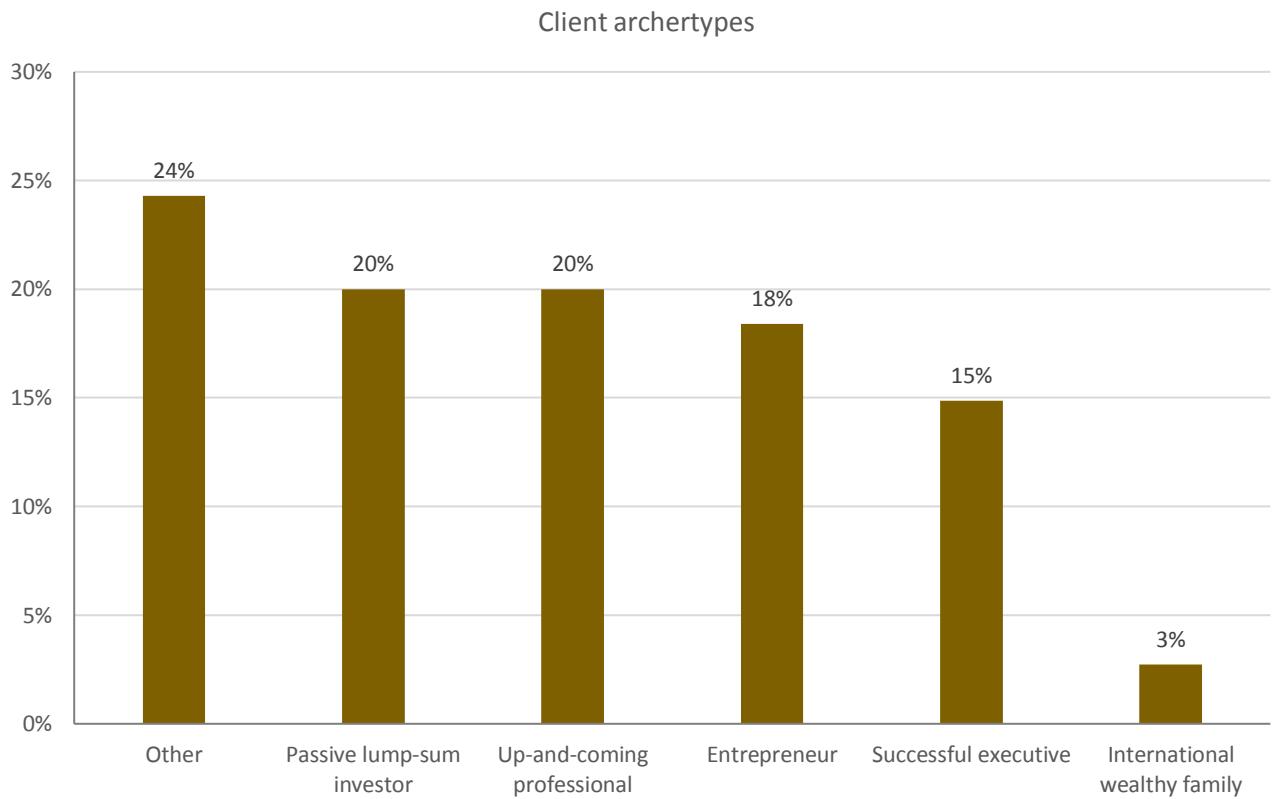
The majority of wealth management clients have been with their institutions between five and 20 years. The relationship with private banks appears to be more durable, with 36% having been with the same firm for more than 20 years.

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



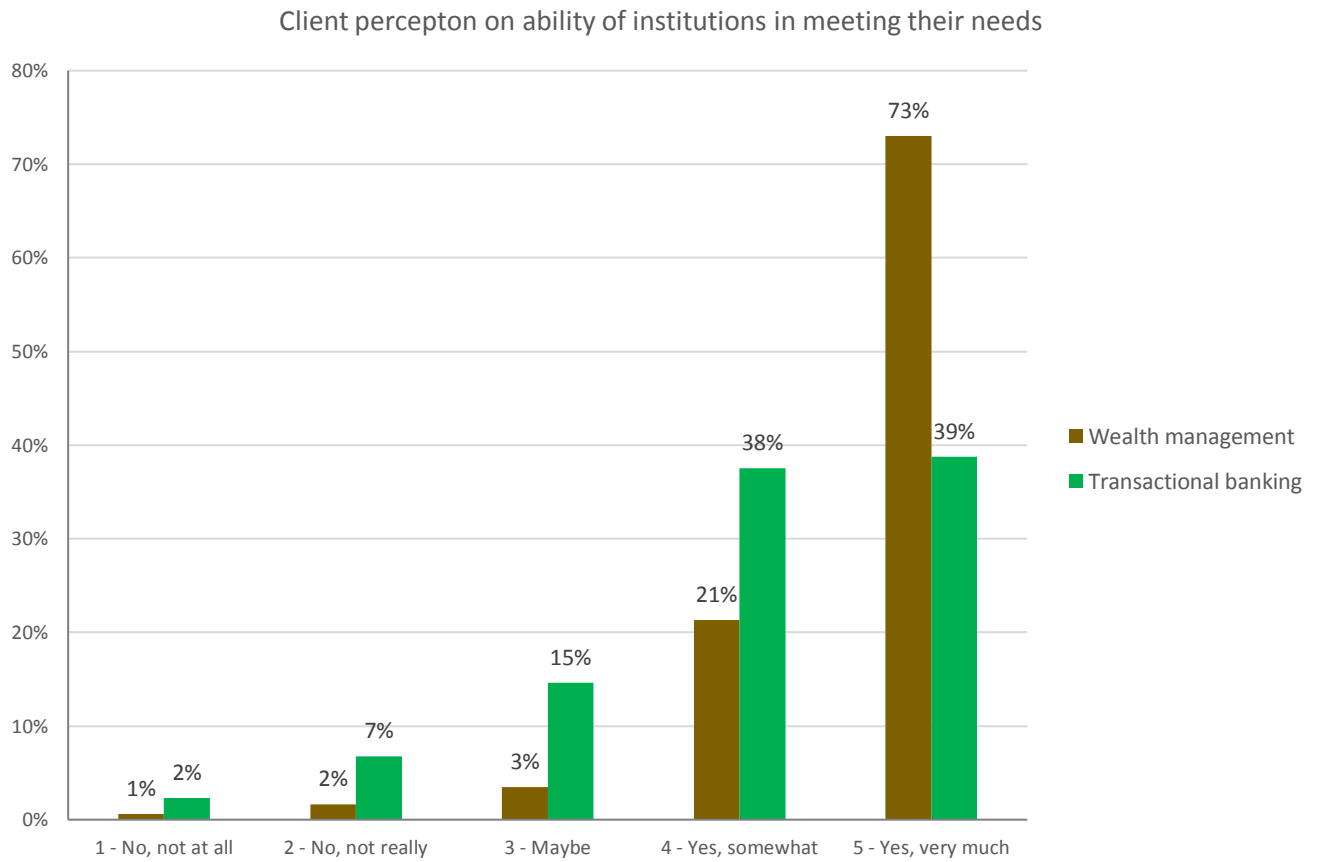
This year, as well as in 2016, the bulk of assets under management were between R3m and R10m. A small percentage of managed assets exceeds the R30m mark.

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



Most clients fall into the first three of our archetypes, with only 3% coming from families with substantial multi-generational wealth. This segment is, we expect, least likely to complete surveys, so this result should not be taken as a view on its market size.

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



Wealth management clients are very confident that their needs are met (73%). Private banks, however, generally have scope to improve on their ability to meet specific client needs.

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

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

	Very poor	Poor	Good	Very good	Excellent
<b>Wealth management services</b>					
General advice on managing your wealth	1%	3%	15%	32%	41%
Managing your wealth using its own products	1%	3%	18%	33%	33%
Investment products from 3rd parties	3%	6%	18%	23%	27%
Fiduciary services	1%	3%	11%	17%	25%
Structured finance products	2%	3%	11%	15%	17%
Share/derivatives trading	2%	4%	10%	14%	22%
Services for your company such as employee benefits	2%	2%	5%	5%	7%
<b>Transactional banking services</b>					
Transactional banking	1%	2%	19%	35%	40%
Savings products	2%	5%	21%	26%	20%
Loan products	3%	4%	16%	23%	20%
Corporate banking and other services for your company	2%	3%	9%	8%	7%
Structured finance	2%	2%	7%	6%	5%
Share/derivatives trading	2%	2%	7%	7%	7%
Insurance products	4%	5%	11%	9%	7%

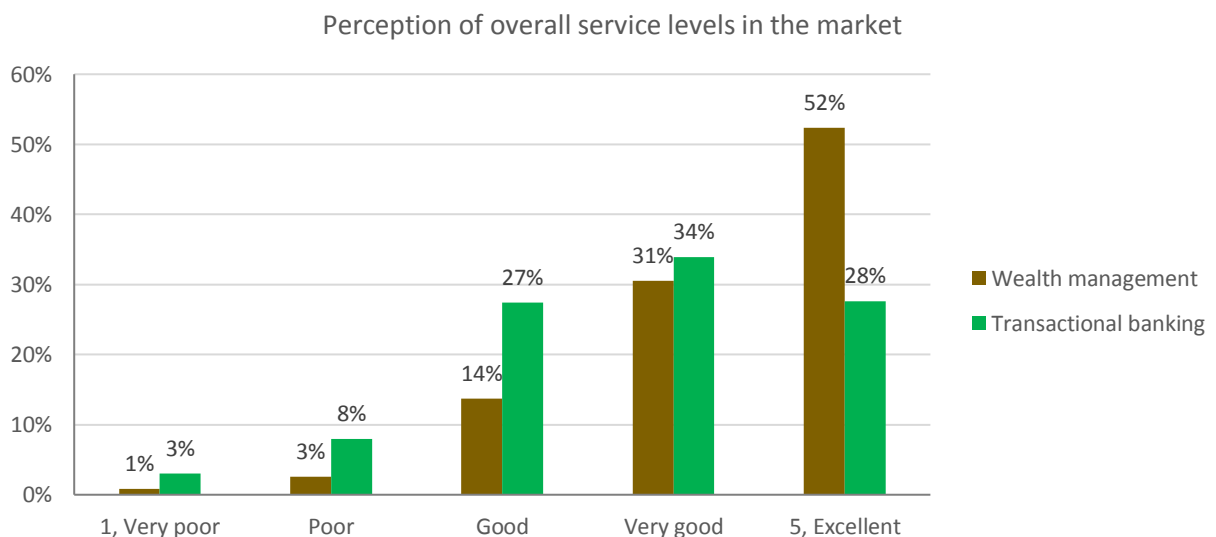
The majority of wealth management and private banking clients rate the quality of services highly, particularly in the wealth management segment. More than 70% rate the quality of the advice as “very good” or “excellent”, while the figure for private banks is more than 60%.

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

	First	Second	Third	Fourth	Fifth
<b>Wealth management services</b>					
The quality of service I receive	55%	29%	10%	4%	2%
Prestige/exclusivity	9%	17%	25%	31%	17%
Competitive pricing	8%	21%	35%	27%	9%
Excellent advice	38%	31%	18%	10%	4%
The fringe benefits	7%	7%	10%	17%	58%
<b>Transactional banking services</b>					
The quality of service I receive	69%	19%	7%	3%	3%
The prestige/exclusivity	6%	18%	16%	27%	33%
Competitive pricing	15%	33%	30%	16%	7%
Excellent advice	11%	24%	31%	24%	11%
The fringe benefits	7%	10%	16%	25%	43%

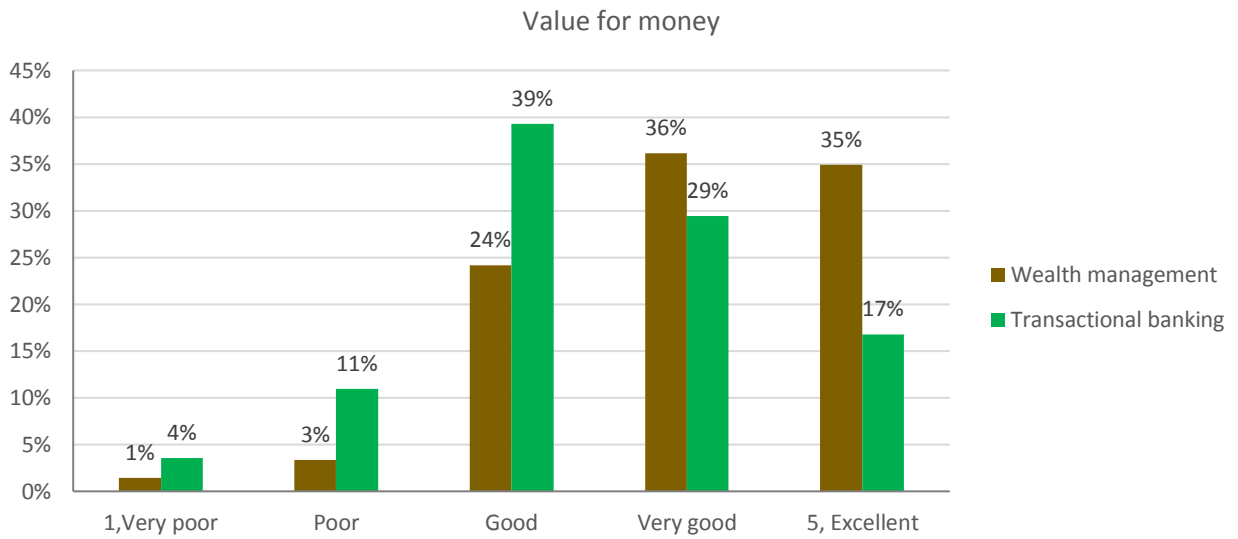
All clients place a high premium on the quality of service they receive. This factor is held in much higher regard than competitive pricing. Excellent advice is also important for wealth management clients. Clients in both groups do not really consider factors such as prestige, exclusivity and fringe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

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



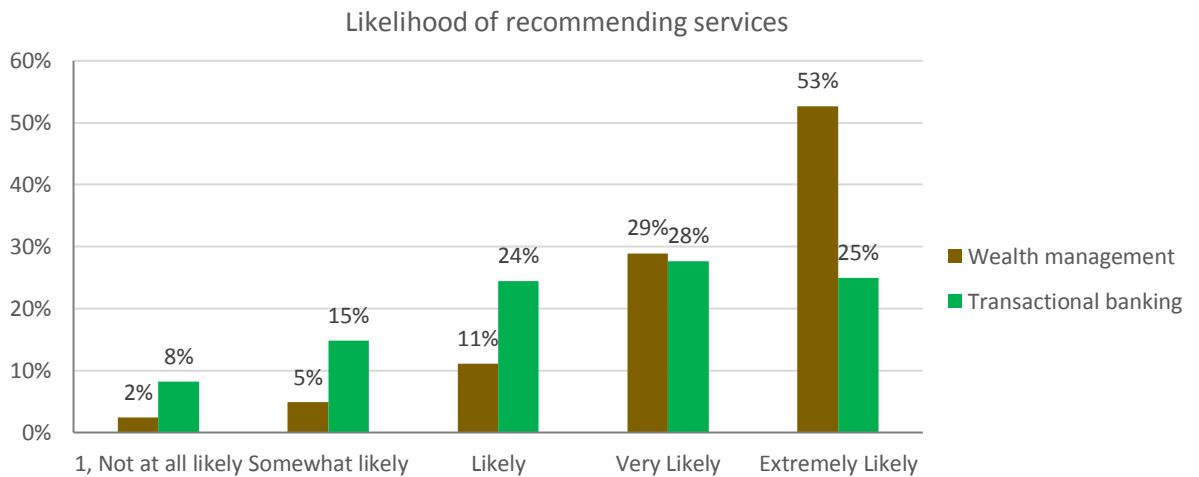
More than half of wealth management clients rate the services they receive as excellent. However, this is a substantial decline from last year when the figure was 68%. Private banking clients are considerably less satisfied than wealth management clients, and even more so when comparing with the previous year. In 2016, 36% of private banking clients said they received excellent service against 28% this year.

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



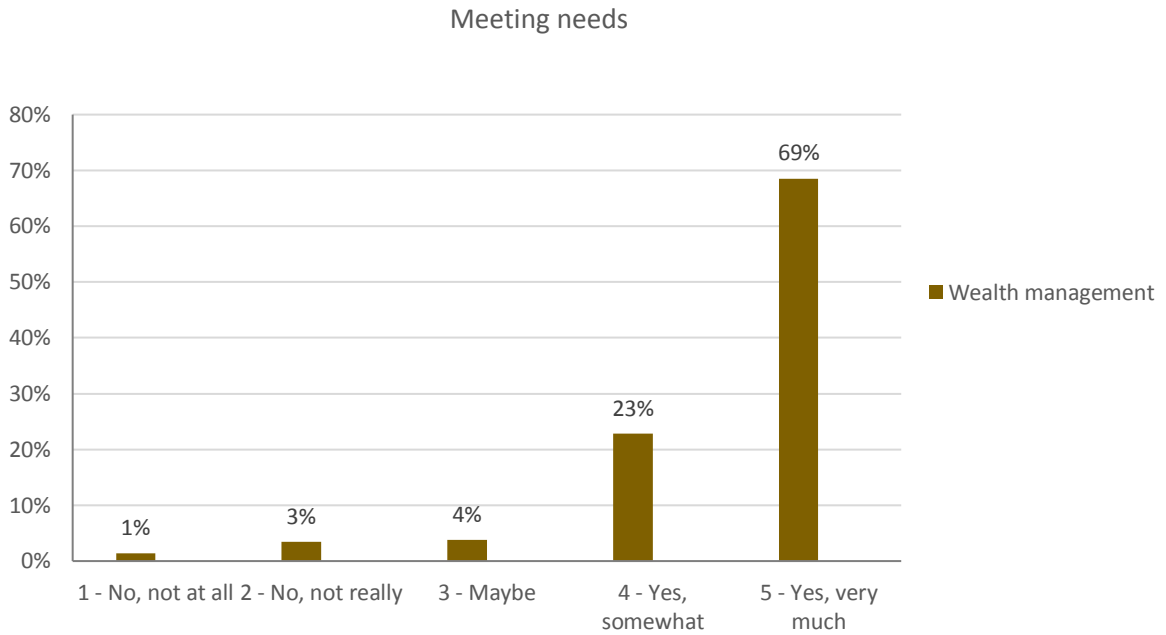
Many firms stated in their survey responses that costs and value for money are becoming increasingly important to clients. This is reflected in this year's scores on value for money. The percentage of private banking clients who feel they receive excellent value for money decreased from 25% in 2016 to 17% this year. This trend also occurred with wealth management clients: last year 54% indicated that they received excellent value for money against only 35% this year.

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



Referrals are a very significant indication of client satisfaction. Wealth management clients are more inclined to recommend their institution than private banking clients. However, the percentage of wealth management clients who said that they are “extremely likely” to recommend their institution declined considerably when compared with last year – from 78% to 53%.

Question: When thinking about your most recent interaction with your institution, would you say your needs were met?



Wealth management clients are highly satisfied that their needs are met. Clients also had the following to say about their service providers:

*“I have access to a person who understands my needs every time and who really wants to assist.”*

*“My needs are catered for, my emails are always answered and my queries are always responded to.”*

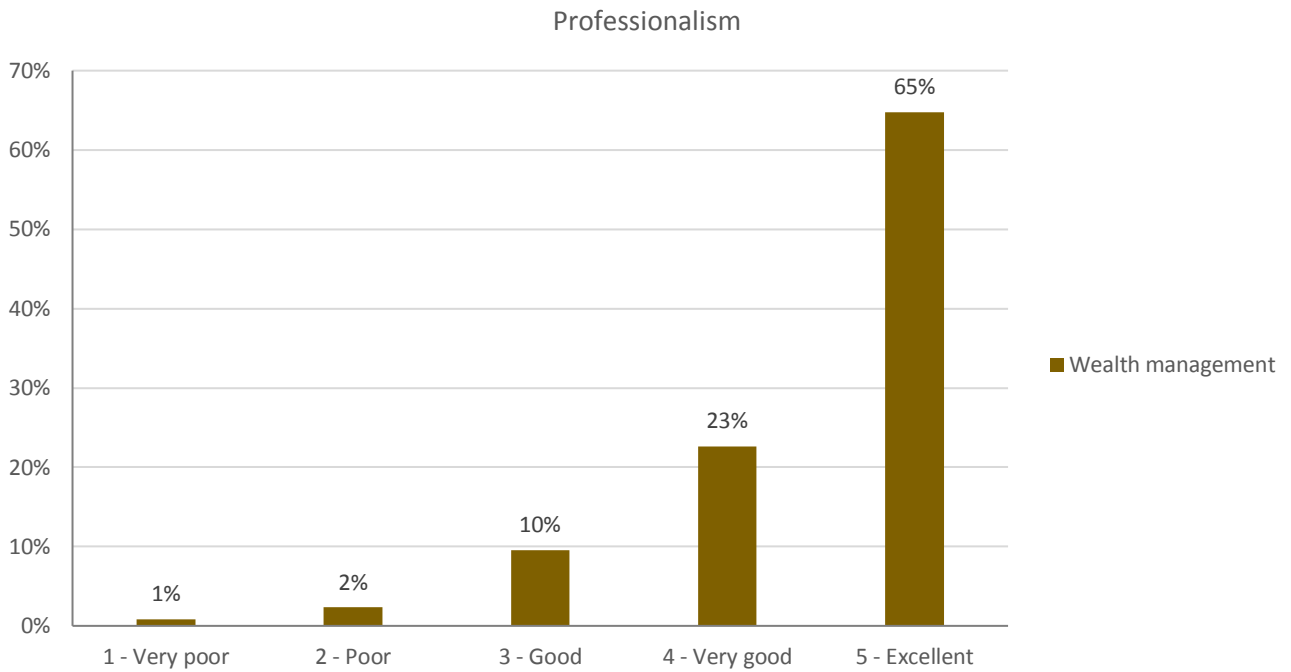
*“I have a long-standing relationship with my wealth manager and she is very well informed about my personal and family needs.”*

*“They fully understand my needs – it is in line with the current economic position I am in.”*

*“Excellent service. Personal contact. Totally in tune with our needs.”*

*“My wealth manager really cares about me as a person, not just a client. He and his staff attend to all my banking needs.”*

Question: When thinking about your most recent interaction with your institution, how would you rate the professionalism of the interaction?



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

*“Excellent service, professionalism, availability.”*

*“The responses to any requests are very prompt and clear. Appointments are professional and fit in with my timeframes. I am regularly updated with market news.”*

*“It is a very professional company and they are customer-centric.”*

*“Any request from me is attended to immediately and with professionalism.”*

*“They are professional, friendly, competent and knowledgeable.”*

*“The service is efficient and very professional. They are always very helpful and accommodating.”*



## 5. ISSUES INTERROGATED IN THE CLIENT SURVEY

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

1. Demographics
  - a. Age
  - b. Gender
  - c. Highest educational qualification
  - d. Marital status
  - e. City/town
  - f. Annual income before deductions
2. Private bank/wealth manager relationship features
  - a. Client archetype
  - b. Perceived level of specialisation of institution for client type
  - c. Perception of whether institution could improve offering for specific needs
  - d. Whether client uses other institutions beyond main one
3. Service provider
  - a. Which private bank or wealth manager is used
  - b. Length of client relationship
  - c. Whether planning to change primary private bank or wealth manager in the next few years
  - d. Why client would change
  - e. Which institutions are used apart from primary one
  - f. Reasons if client is multi-banked
  - g. Total value of assets that private bank advises/manages on client behalf
4. Assessment of services used
  - a. Which services and products are used (from a list of 11)
  - b. Rating of quality of service for each service/product used
  - c. Whether private bank/wealth manager has discretion in managing assets
5. Overall service and fees
  - a. What factors were important in choosing private bank/wealth manager
  - b. Rating of overall service levels
  - c. Ease of client understanding of fee structures
  - d. Whether performance fees are charged
  - e. Perception of whether investment returns are above/below the market
  - f. Rating of value for money
  - g. Likelihood of recommending to friends or family
6. Institution/client communication
  - a. Whether single or multiple points of contact
  - b. Turnover of primary relationship managers
  - c. Frequency of face-to-face meetings with representatives
  - d. Frequency of electronic interaction with representatives
  - e. In the case of most recent interaction, rating of experience
7. Verbatim comments on experiences with the institution

## 6. METHODOLOGY

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

### **Two-pronged research process**

Our research process has two main elements.

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

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

### **Judging**

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

The panel of judges includes Intellidex chairperson Stuart Theobald, senior financial analyst Orin Tambo, project editor Colin Anthony and Prem Govender, chairperson of the South African Savings Institute.

### **Overall rankings**

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

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### Find out more

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

### Give us feedback

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



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