

RESEARCH

Global HNWIs wealth levels rose 4.7pc in 2023: Capgemini

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According to a new report, HNWIs in North America are fairing best, increasing their wealth by 7.2 percent in 2023. Image credit: Capgemini

By EMILY IRIS DEGN

Think tank Capgemini Research Institute's latest report reveals that while global economy growth is slowing, high-net-worth individuals (HNWIs) are weathering the storm.

The world's segment of individuals worth \$1 million or more boosted their collective wealth by 4.7 percent year-over-year in 2023, according to the 28th-edition **World Wealth Report 2024**. Reaching a record \$86.8 trillion in assets, the global population of HNWIs itself has risen by 5.1 percent y-o-y, reaching 22.8 million.

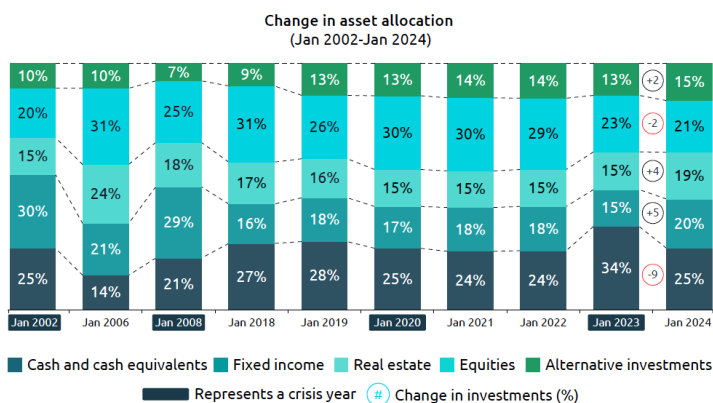
For the report, findings are based on the Capgemini 2024 Global HNWI Insights Survey conducted in January 2024 across 26 major wealth markets. Of the 3,119 HNWI respondents, including over 1,300 UHNWIs, 20 percent are worth between \$1 and \$5 million, while 37 percent are worth between \$5 and \$30 million, and 42 percent are worth more than \$30 million.

Defying economic distress

North America is seeing the highest levels of HNWI value, with wealth and population spiking 7.2 percent and 7.1 percent y-o-y, respectively. The continent's economic resilience and cooling inflationary pressures, as well as the equity market's rally in the United States, are credited for the upward trend.

In Asia-Pacific, HNWI wealth and population are up 4.2 percent and 4.8 percent, respectively. In Europe, those figures are 3.9 percent and 4 percent, respectively.

Figure 4. 2024 HNWI asset mix is rebalancing between preservation and growth



Alternative investments include commodities, currencies, private equity, hedge funds, structured products, and digital assets
 Fixed income includes bonds, fixed annuities
 Cash and cash equivalents include savings deposits, money market funds
 Sources: Capgemini Research Institute for Financial Services Analysis, 2024; World Wealth Report 2024 Global High Net Worth Insights Survey, N=3,119.
 Note: Chart numbers and quoted percentages may not total 100% due to rounding.

Alternative investments and real estate are claiming larger portions of HNWI's investment portfolios. Image credit: Capgemini

Activity was more subdued in Latin America and the Middle East last year, with wealth increasing 2.3 percent and 2.9 percent, respectively. The number of HNWI's jumped 2.7 percent in Latin America and 2.1 percent in the Middle East.

Africa saw the least gains. Wealth is down by 1 percent, and although projections see potential (see story), dipping commodity rates and foreign investment shrank the HNWI population here by 0.1 percent in 2023.

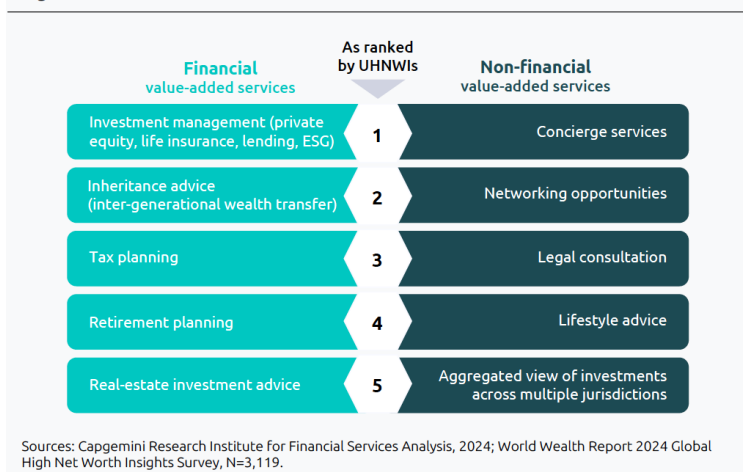
The great transfer

As wealth is passed down, a need materializes for value-added services. In fact, 78 percent of UHNWIs believe that these services are essential.

More than 77 percent rely on their wealth management firm to support their intergenerational transfers (see story), going from having relationships with three wealth management firms in 2020 to seven in 2023.

Over the next two decades, aging generations are estimated to be leaving more than \$80 trillion to their families.

Figure 12. Value-added services influence ultra-HNWI WM firm selection



Financial and non-financial value-added services are influencing which wealth management partner UHNWIs select. Image credit: Capgemini

Of HNWI's, 65 percent state that they are bothered by the limited amount of personalized advice given to them concerning their shifting financial situations.

Due to the hefty influence that biases have on investment decisions, particularly during divorces and other milestone events, 79 percent of HNWI's desire guidance from relationship managers specifically.

The report advocates for these decisions to be made with data rather than emotion by employing a combination of behavioral finance and artificial intelligence tools.

"Clients are demanding increasing customization of information and insight from their wealth managers," said Christine Ciriani, head of international digital wealth at InvestCloud, for the report.

"At the foundation, they want accurate and timely access to holdings, transactions, aggregated portfolios and secure communication."

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