

The wealth management puzzle:

Unlocking value: non-financial services in wealth management



PwC's Wealth Management Insights 2024

Deep Dive VII

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Contents

Introduction	3
Understanding evolving client demands and preferences	4
Defining non-financial services	6
Strategies for wealth managers	8
Reaping the rewards	9
Conclusions	10
Contacts	11



1 Introduction

Success in a complex industry requires a thorough understanding of client needs, and the wealth management sector is undeniably complex.

Amid expectations of interest rate cuts and ongoing geopolitical turmoil, clients are becoming increasingly demanding in this already complex environment. They're getting more financially savvy, demanding more complex products and requiring more adaptive and resilient financial strategies. In addition, clients are also calling for a comprehensive range of services to fully support their goals and aspirations. Tailoring wealth management strategies to accommodate clients' current and future financial needs is essential for long-term success.



2 Understanding evolving client demands and preferences

Making the offering broader and more personal

It has to get personal

In an effort to differentiate themselves, wealth managers are increasingly offering non-financial services in addition to the financial products they provide. These services enable clients to articulate a broad range of personal and financial goals, reshaping their wealth strategy beyond mere investment objectives.

This trend will continue: offering non-financial services will become the new normal for wealth managers seeking to stand out in a competitive market. This expanded service offering has a host of additional benefits, allowing more personal and meaningful client interactions as well as fostering deeper relationships and greater trust.

By integrating these diverse goals into wealth strategy, one can give its clients a holistic view of their financial health, addressing their overall well-being and future aspirations while optimising their returns and investments with the help of strategic planning and comprehensive advice.

Personalisation backed by empirical data

The findings of PwC's [Wealth Management Insights survey 2024](#) indicate growing demand for non-financial services among (U)HNWIs, who are seeking more personalised and holistic advice to help them navigate an increasingly complex financial landscape. This has led to a surge in demand for services such as tax and legal advice, estate and succession planning, real estate and M&A advice.

Specifically, 31% of respondents said that they were most interested in tax and legal advice; 23% expressed a preference for real estate advice, and 19% were seeking M&A advice.

This is a huge opportunity for wealth managers. By providing a full range of services, they can better support their clients' diverse goals, from securing their financial future to achieving their personal and professional aspirations.



“In an increasingly complex market, the integration of non-financial services isn’t just a differentiator – it’s becoming a necessity. Wealth managers who provide holistic, personalised solutions will not only meet clients’ evolving needs but will also build deeper, more resilient relationships.”

Patrick Akiki, Partner, Financial Services Markets Leader, PwC Switzerland



“The next generation demands seamless, all-in-one solutions, pushing wealth managers to adopt a digital-first, fully integrated model that delivers a comprehensive suite of services on a single, streamlined platform.”

Patrick Akiki, Partner, Financial Services Markets Leader, PwC Switzerland

A huge but challenging opportunity

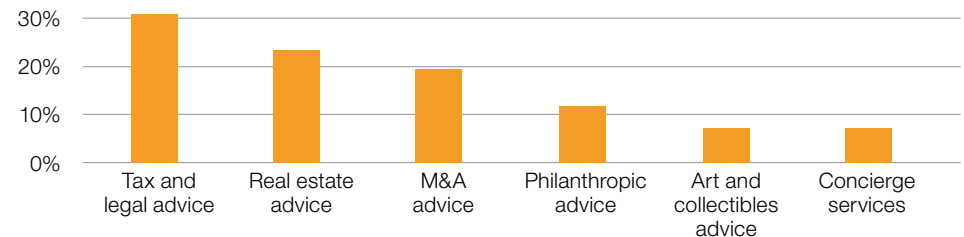
Despite the clear demand for non-financial services, we understand the complexity involved in fully integrating these into wealth management offerings. However, it's important to understand that this gap represents a significant opportunity for firms to differentiate themselves and better meet their clients' needs.

It's an opportunity that will grow: the next generation of wealthy individuals, who will inherit substantial wealth, prefer one-stop shops, offering a comprehensive suite of services for convenience and cultural expectations. These people are used to personalised, integrated experiences, similar to those provided by smartphones or even shopping centres. Wealth managers who offer seamless, comprehensive services will be well-positioned to attract and retain these future clients, ensuring their wealth is effectively managed and protected.

The next generation's preference for one-stop shops is pushing wealth managers to speed up digitalisation processes and change their distribution channels. This shift necessitates a more digital, integrated approach to service delivery that enables clients to access a wide range of services through a single platform.

Wealth managers must innovate and expand their service portfolios to bridge this gap and deliver the comprehensive, personalised advice clients increasingly seek. Additionally, there is a growing correlation and competition between pure wealth management players and professionalised family offices in terms of the services they offer to certain client segments. While family offices have already integrated non-financial services as part of their core offering, and generally provide them free of charge, for pure wealth managers these are ancillary services that need to be considered in their pricing to effectively compete with family offices.

Most sought-after non-financial services, as % of respondents (multiple options)



Source: Wealth Management Insights 2024, PwC Switzerland

3 Defining non-financial services

Taking the wealth management offering to new dimensions

What precisely are non-financial services?

Non-financial services, or ancillary services, encompass a wide range of offerings beyond traditional financial products. These services may include tax planning, legal advisory, real estate consulting, estate planning, philanthropic advisory, lifestyle management and more.

Lifestyle management services can include handling administrative procedures, managing insurance policies, arranging aviation and navigation services, managing art collections and maintaining luxury vehicles. Then there are exclusive and luxury services that encompass securing event tickets and planning bespoke experiences, offering luxury concierge services and facilitating access to exclusive educational institutions.

These services are typically provided to (U)HNWIs which compose the backbone of the Swiss landscape. This segment is expected to grow from USD 107.3 trillion in 2022 to USD 139.6 trillion by 2027.¹ This does not imply that emerging technologies lack the potential to make these services more accessible in the near future.

Integral role in wealth management

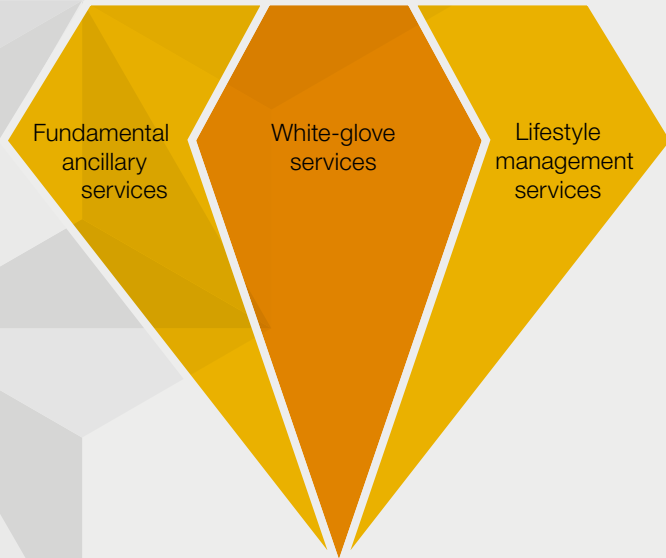
These types of non-financial services are integral to providing holistic wealth management solutions that go beyond investment strategies. They help clients achieve and protect their goals by addressing various aspects of their financial and personal lives. They're designed to support clients as their goals evolve during different life stages, ensuring their wealth management strategies remain aligned with their changing needs and aspirations, and consider all needs as equally important.

Wealth managers can create a personalised roadmap to help clients achieve and protect their goals. It starts with a comprehensive snapshot that connects clients' life goals with their financial resources, providing a clear path for future planning. This snapshot establishes a tangible connection between clients' life aspirations and financial resources, laying the groundwork for strategic discussions.



Non-financial services help clients achieve and protect their goals by addressing various aspects of their financial and personal lives.

Hierarchy of non-financial services in wealth management



The illustration shows the levels of sophistication of non-financial services offered in wealth management. On the sides are fundamental ancillary services such as tax planning, legal advisory and real estate consulting, which provide essential support, and lifestyle management services, which cater to broader personal and lifestyle needs.

At the heart of the diamond are the white glove services, representing the highest level of personalised and exclusive attention, designed to meet the most complex and high-end client demands.

Global scope combined with local expertise

In today's globalised world, clients often have multi-jurisdictional financial interests and responsibilities. Non-financial services like tax planning and legal advisory are particularly beneficial for this type of globally active clients, helping them navigate complex international regulations and optimise their cross-border financial strategies.

Offering a comprehensive suite of non-financial services allows wealth managers to address the global needs of their clients by providing tailored advice and support regardless of location. This approach combines global servicing with local expertise, ensuring that clients receive personalised, relevant advice specific to their regional requirements while maintaining an overview and taking account of the global implications of wealth for these individuals. This combination enhances wealth managers' value proposition and fosters more enduring relationships clients, who feel supported and understood no matter where they are.

White-glove services: elevating the non-financial offering

White glove services involve providing clients with the highest standard of personalised attention, similar to the exceptional service traditionally reserved for high-value clients and transactions. These services are characterised by meticulous attention to detail, convenience and speed, ensuring that every client's unique needs are met with tailored solutions, products and services. Providing white glove services means being accessible 24/7 and offering clients round-the-clock support and responsiveness.

Serving clients holistically involves going above and beyond traditional wealth management, addressing every aspect of their lives with highly professionalised services. This approach goes the "extra-mile", as it ensures that clients receive the most comprehensive care and support, responding promptly and precisely to any need.

4 Strategies for wealth managers

How PwC can help you incorporate personalised non-financial services in your offering

Evaluate offerings

Wealth management firms need to assess their current service offerings and identify areas for enhancement. PwC can assist in this process by providing comprehensive benchmarking services to compare a firm's offerings against industry standards and best practices.

By identifying gaps in their current offerings, wealth managers can ensure they are meeting the comprehensive needs of their clients. Our expertise in market analysis and client needs and satisfaction assessment can help pinpoint these gaps and develop strategies to address them.



Launch new services

To stand out in the market, wealth managers should expand their service portfolios to include a wider array of non-financial services. This could involve offering more robust tax planning, enhanced legal advisory, philanthropic advisory and lifestyle management services.

By continuously innovating and tailoring these services to the evolving needs of clients, firms can differentiate themselves and provide greater value. Non-financial services not only meet the diverse needs of clients but also represent exclusivity. White glove services create communities where clients can take advantage of opportunities and synergies as well as sharing costs and risks. With pressure on margins wealth managers may find easier to justify fees when needs are holistically addressed, and satisfaction is high.

Wealth managers do not necessarily need to implement these changes independently. Partnerships and M&A can be effective strategies to quickly broaden service offerings and integrate new capabilities. Collaborating with specialised firms or acquiring companies with established expertise

in non-financial services can provide a significant advantage.

Additionally, when launching such services, it is essential to ensure they are compliant with regulatory requirements, such as those set by FINMA, to maintain credibility and trust with clients. PwC in its comprehensive capabilities can assist wealth managers in navigating these complexities, from identifying potential partners and acquisition targets to ensuring regulatory compliance and the seamless integration of new services.

Review and adjust fee and service model

Aligning fee structures with the value provided by non-financial services ensures transparency and enhances client satisfaction. Some providers already offer these services for free, but wealth managers could justify higher fees if clients perceive the significant value these services add.

It is crucial for wealth managers to communicate the benefits of these services effectively, demonstrating how they help clients achieve and protect their goals, adapt to life stage changes and navigate complex financial landscapes.



Aligning fee structures with the value provided by non-financial services ensures transparency and enhances client satisfaction.

5 Reaping the rewards

How to negotiate the risks of augmenting your services

As presented above, wealth managers can adapt to holistically meet the needs of their clients by enhancing their service offerings to include a broader range of non-financial services. But there are risks, including the risks of not delivering these services satisfactorily or failing to offer them at all.

Client attrition and service gaps

One of the main potential pitfalls is client attrition. If relationship managers aren't able to effectively deliver the augmented services, disappointed clients may seek more capable and comprehensive service providers. This is borne out by research from our Wealth Management Centre of Excellence.

There is also the risk of missing out. In an environment where nearly half (46%) of HNWIs² plan to change wealth management providers or add new relationships in the next 12 to 24 months, it's crucial for wealth managers to adapt swiftly to retain and attract clients. This shift underscores the urgency for wealth managers to address key areas of client dissatisfaction, particularly regarding

value-added services. The fact that (U)HNW clients are considering switching providers highlights the direct impact of unmet expectations in service delivery. Wealth managers who fail to meet client expectations for comprehensive, value-added services are at significant risk of losing clients to competitors.

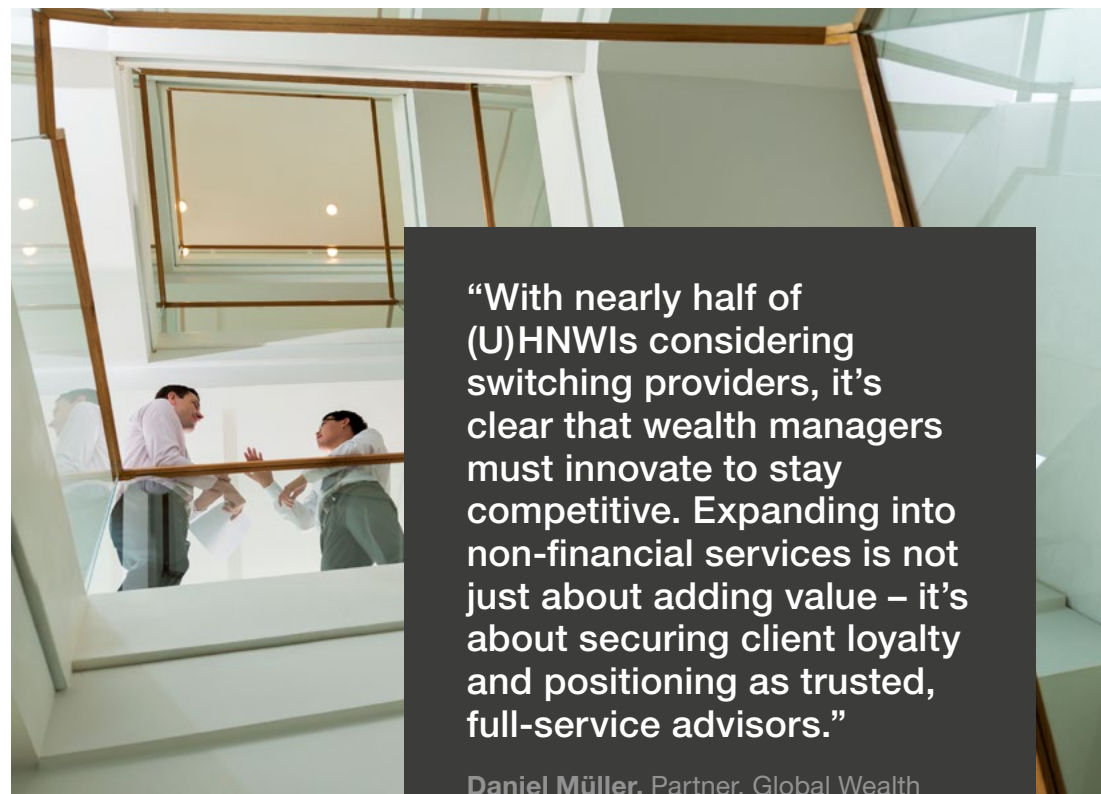
Justifying the value of non-financial services

Augmenting the service offering comes at a cost. You have to be able to justify this cost to your clients by emphasising the benefits.

Offering an extensive range of both financial and non-financial services enhances the overall value proposition for clients. By providing comprehensive solutions that address all aspects of clients' lives, wealth managers can create a more personalised and fulfilling client experience.

By making these services broadly available to their clients, wealth managers can build closer and stronger relationships and gain trust. Emphasising that clients can receive non-financial

services advice anytime and anywhere, regardless of their segment, underscores your commitment to meeting their diverse needs. This deeper connection can lead to increased client loyalty and satisfaction.



“With nearly half of (U)HNWIs considering switching providers, it’s clear that wealth managers must innovate to stay competitive. Expanding into non-financial services is not just about adding value – it’s about securing client loyalty and positioning as trusted, full-service advisors.”

Daniel Müller, Partner, Global Wealth Management Leader, PwC Switzerland

² Source: PwC US HNW Investor Survey

Conclusions



As the wealth management landscape evolves, the integration of non-financial services is no longer a luxury but a necessity to meet the diverse and complex needs of clients. To stay competitive, wealth managers must embrace this shift, offering holistic solutions that go beyond traditional financial advice. The following is a brief summary of our C-level advice:

- 1. Meet diverse client needs:** In today's complex and dynamic wealth management landscape, understanding and addressing the broad range of client needs – both financial and non-financial – is crucial. Wealth managers must adapt to offer more personalised solutions that integrate clients' life goals with their financial strategies, ensuring long-term satisfaction and loyalty.
- 2. Leverage non-financial services:** Non-financial services, including tax planning, legal advisory, real estate consulting and lifestyle management, are becoming essential components of comprehensive wealth management. By offering these premium services, wealth managers can enhance their value proposition, justify higher fees and build stronger, more trusting relationships with clients. These high-level services distinguish wealth managers as providers of the highest calibre.
- 3. Adapt and innovate:** With nearly half of (U)HNWIs considering changing their wealth management providers, wealth managers must adapt swiftly and innovatively. Expanding service portfolios to include non-financial services and improving service delivery will not only meet the evolving needs of clients but also differentiate firms in a competitive market, ultimately reducing client attrition and fostering long-term loyalty.

Authors and contacts



Patrick Akiki

Partner, Financial Services
Markets Leader, PwC Switzerland

+41 58 792 25 19
akiki.patrick@pwc.ch



Andrea Colosio

Senior Manager, Wealth Management
Expert, PwC Switzerland

+41 58 792 40 19
andrea.colosio@pwc.ch



Alexandre Olikier

Manager, Wealth Management Strategy &
Transformation, PwC Switzerland

+41 79 668 32 96
alexandre.o.olikier@pwc.ch



Monika Narel

Senior Associate, Wealth Management
Strategy & Transformation, PwC Switzerland

+41 76 573 51 94
monika.narel@pwc.ch

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