

BEST GLOBAL WEALTH MANAGER

CREDIT SUISSE

The Swiss bank has benefited the most from clients moving away from wealth managers with troubled bank parents

Private banking and wealth management have had a much better 12 months than investment banking. While world wealth has deteriorated, the wealthy still have money and they need to make sure that money is either looked after or put to work. It means that private banks have continued to see client interest, even if fees on assets under management have diminished.

With UBS, the largest wealth manager in the world, badly damaged by write-downs in investment banking, clients have been looking for suitable competitors where they can move their money. Notable winners of those new assets have been Credit Suisse and HSBC. HSBC's success in private banking was evidenced in *Euromoney's* private banking poll in February this year, when it moved to second after UBS.

Credit Suisse, however, pips HSBC to the post for the title of best global wealth manager this year. Over 2008, the firm took in more net new assets than any other private bank, with SFr42 billion (\$38.6 billion). This grew further in the first quarter of this year by SFr9 billion. Credit Suisse's wealth management business also had the highest gross margins among its competitors in 2008.

With private banking and wealth management at its core, and having weathered the financial crisis well, Credit Suisse has been taking advantage of the fact that other financial institutions with private banking arms have been focused on other parts of the business. In the US, for example, Credit Suisse hired teams of relationship managers from Citigroup Global Wealth Management in New York and Goldman Sachs in Los Angeles last year. Indeed two-thirds of its 340 relationship management hires last year were from competitors.

In the first quarter, the firm made about 50 hires – specifically focusing on the ultra-high-net-worth segment. Walter Berchtold, chief executive of Credit Suisse Private Bank, says there is a pipeline of new relationship managers that want to join but their hires will depend on how much the firm wants to increase its cost base.

Expansions in other regions have been numerous. In Asia, Credit Suisse opened a wealth management business in Mumbai and started private banking operations in Japan. In the UK, the firm has opened two new offices in Birmingham and Manchester as part of its private banking expansion. In central America, the private banks opened offices in Mexico City and Panama, and in the US offices in Houston, Texas, and Northbrook, Illinois, were opened. Finally, in the Middle East, two offices were opened in Bahrain and Riyadh.

Being global is now essential for any bank competing for private banking clients. The battle among the large global private banks, however, revolves around ultra-high-net-worth business. This will not only earn tidy fees – in addition its clients' need for investment banking and complex investment management solutions brings more money to the bottom line. For every dollar in private banking revenues, another 30 to 50 cents can be made through cross-selling.

Credit Suisse excels in not only bringing in ultra-high-net-worth

Also shortlisted in this category:

HSBC Private Bank

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Walter Berchtold,
Credit Suisse: new
hires in the pipeline

clients, but also in addressing their broad needs through other parts of the institution. Four years ago, the firm began introducing a team of specialists who would come up with solutions such as private-labelled funds, special lending, derivatives, corporate finance and M&A advisory. "These are the gatekeepers to investment banking and investment management," says Martin Mende, head of business development at Credit Suisse Private Bank, and there are now about 100 people globally within the solutions team. "It's just so much easier for relationship managers not to have to speak with every investment banker and trader in the firm to get ideas for his clients, but to have solutions partners providing them with the information they need." It has paid off – Mende says the number of billionaire relationships has grown based on the 'one-bank' proposition.

Mende says that not many competitors are in a position to offer a "one-bank" ideology because wealth management is not core to their business. "Also for us, it was a lot of work until we successfully brought together investment bankers and private bankers. If you focus too much on products, you will alienate the client. But on the other hand, if you just offer investment advice and do not innovate or address additional needs, then you are just middle of the pack. There has to be advice and solutions and the two have to be well integrated. Only then will you really meet clients' needs."

Concerns about the future of the Swiss offshore private banking model have grown this year as greater pressure has been put on the Swiss banks to assist foreign authorities clamping down on tax evasion. Mende, however, says that the impact on Swiss banks might be less than expected. "Many cross-border clients are looking for geographical diversification of their money as they have concerns about political or economic stability of their own country. Often, clients feel the level of service is better with a Swiss bank. That is why we believe in the future of cross-border business," he says. "And in any event, we are onshore in 20-plus countries around the world."