

TOPs 2014 - Putting asset management to the test

Financial consulting: the regulator at the back of the room

Berlin, 19. November 2013 When it comes to investment consulting, individuality is on the decline. Private banks are offering increasingly standardised asset management products – even for wealthy individuals with assets in the low millions. The asset management products often do not meet the customers' needs, though.

The strict regulations for the sector, which are intended to protect the consumer, have had rather strange consequences in parts of the market: consulting first needs to satisfy financial supervisors in both form and content. Whether this suits the customer is of secondary importance. These are the key findings of this year's market survey, entitled "Asset Management Put to the Test - the European League for Asset Managers", carried out by the Private Banking Testing Authority – Verlag FUCHSBRIEFE and Dr Richter | IQF – in collaboration with risk analysis specialist Quanvest GmbH.

"In many banks, administrators have replaced investment advisors. Customers feel like they are in a local government office," says editor-in-chief of Fuchsbrie-fe Ralf Vielhaber of the development. Managing Director of IQF, Dr Richter says: "The advice required by high-net-worth individuals cannot be compared with the investment business at a local branch. Many state regulatory requirements are counter-productive for private banking. They are a burden on the quality of the consultation. There is a need for improvements in that area."

"Although active portfolio management is barely regulated, we saw less innovation within the range of products. The banks often point to low interest rates and financial repression, as if these alone are enough to justify the poor returns on their portfolios. Most consultants do not even attempt to optimise their portfolios for new situations in the capital markets," comments Christian Libor, founder and Managing Director of Quanvest.

Credit unions and state banks are catching up

Similar tendencies can be seen in Austria and Switzerland and, to a lesser extent, Luxembourg and Liechtenstein, although this is not as pronounced as in the German marketplace. On the whole, medium-sized banks and holistically orientated asset managers still provide high-quality, tailored advice. What is particularly striking is the clear increase in quality provided by the central private banking institutes within the credit union and savings bank sectors, and the high level of consulting provided by some state banks. But this cannot be said of the entire breadth of the credit union and savings bank sectors.

A single German private bank in the TOP 20

As a consequence of this, German providers are slipping down the Private Banking Testing Authority ranking. There are a total of six German providers in the Top 20 of the "European League", only one of which is a private bank. Heading the list in the current market test is the Swedish bank SEB Private Banking in Luxembourg, followed by Austria's Capital Bank, the asset manager Gebser & Partner from Frankfurt and the Baden-Württembergische Bank, a subsidiary of the German state bank of Baden Württemberg. DZ Privatbank (Switzerland) comes in fifth place.

Long-term analysis: Eleven achieve TOP rating

In the all-time, long-term ranking, DZ Privatbank Luxembourg came in on top for the second year in a row, followed by independent asset manager FERi Trust from Bad Homburg, Germany, the asset manager Berlin & Co. AG from Hamburg, Raiffeisen Privatbank Liechtenstein AG and the Austrian parent bank Walser Privatbank AG. Further down the table are the Bremer Landesbank, LGT Bank in Liechtenstein AG, Bank Julius Bär & Co. AG, Credit Suisse (Germany) AG, the asset manager avesco Financial Services AG in Berlin and J. Safra Sarasin (Germany) AG. These eleven companies demonstrate quality within the field, and have received the PBTA's top rating for quality of consultation.

Further results and downloadable materials are available on the Verlag FUCHSBRIEFE homepage (www.fuchsbrieife.de/TOPs2014).

This 108 A4 page study, which is available for purchase, is entitled "TOPs 2014 - the European League for Asset Managers". The study is based on 100 market tests carried out in German-speaking nations. The Private Banking Testing Authority has been running the yearly overall market test since 2003.

Verlag FUCHSBRIEFE has published its asset manager ranking since 2001. To date, 316 banks and independent asset managers in Germany and German-speaking areas abroad have been evaluated. Since 1949, the publisher Verlag Fuchsbrieife has issued an eponymous information letter for businesspeople and has published several services in the area of finance. Ralf Vielhaber has been editor-in-chief of Verlag Fuchsbrieife's publications since 1995 and designed this report. He is also an advisor in the Centre for Private Banking at the WHU-Otto Beisheim School of Management in Vallendar.
www.fuchsbrieife.de

Dr Jörg Richter, CFP, CEP, CFEP, is head of the Institut für Qualitätssicherung und Prüfung von Finanzdienstleistungen GmbH (IQF). He established the institute in 1998 as part of a research project and today it is an industry leader in matters relating to consultation for high-net-worth individuals in the German-speaking world. Dr Richter is author of the book 'Grundsätze ordnungsmäßiger Finanzberatung' (Principles of Proper Financial Consultation) and is a member of the Centre for Private Banking at the WHU-Otto Beisheim School of Management in Vallendar.
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