FINANCIAL ALLIANCE FOR WOMEN

THE GROWING OPPORTUNITY OF WOMEN OF WEALTH

Defining Strategies for Success
ACKNOWLEDGEMENTS

This report is based on interviews conducted with 20 financial service providers in 12 countries representing a range of cultures and geographies from around the world.

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FINANCIAL ALLIANCE FOR WOMEN

About the Financial Alliance for Women

Founded in 2000, the Financial Alliance for Women – formerly the Global Banking Alliance for Women – is the only global consortium of financial institutions dedicated to supporting its members to capture the opportunity of the Women’s Market. Our members work in more than 135 countries to build innovative, comprehensive programs that deliver women the tools that they need to succeed, including access to capital, information, education and markets.

Membership in the Alliance provides financial institutions access to a unique global community of peers that have proven the business case for serving women. As a close network of practitioners, the Financial Alliance for Women provides a wide range of services to help organizations design, implement and refine effective Women’s Market programs. The Alliance also seeks to use its collective voice to advocate for greater awareness of women’s vital economic role as consumers, investors and job-creating entrepreneurs.
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EXECUTIVE SUMMARY

With women expected to control over $72 trillion in wealth globally by 2020, a growing opportunity is emerging: women of wealth.

According to research data from various sources:

- Women hold approximately 40 percent of global wealth.
- High-net-worth (HNW) women make up 16 percent of the HNW population globally.
- Women’s wealth is expected to increase as they are inheriting, creating and influencing wealth at increasing rates.
With these opportunities in mind, the Financial Alliance for Women interviewed 20 financial institutions from 12 different countries across six continents to understand their current practices in serving this emerging group of wealthy women – HNW individuals with at least US$1 million in investable assets.

The headline findings:

The biggest emerging, untapped opportunity in the Women’s Market lies with women of wealth. Across the board, all interviewees confirmed that wealthy women investors represent one of the biggest emerging and underserved opportunities for financial services providers (FSPs). But with few exceptions, we found that truly holistic programs that fully address the needs of this segment are not in place.

Wealthy women investors have distinct financial needs that are currently unmet. Similar challenges seem to prevail for wealthy women across geographies. Those include unmet needs around:

- Inclusion
- Financial education
- Long-term planning and protection
- Connection

While these unmet needs are also found across other segments of women, wealthy women face additional challenges around implicit biases of some financial advisors and cultural norms.

Six key efforts can help FSPs successfully tap into the growing opportunity of women of wealth. We found that successful strategies start with these building blocks:

- Focus on client experience
- Strategy integration
- Talent diversity
- Tailored marketing
- Increased engagement
- Tailored products

Other important recommendations that emerged include cultural change programs, a focus on empathy in interactions with women, simplification of information, and a data-led approach to keep management convinced that women of wealth are a segment worth their investment.
INTRODUCTION

Financial services providers (FSPs) are beginning to embrace the growing female economy. But while progress has been made in this space over the past 5 years, a huge opportunity still remains within a specific segment of the Women’s Market: women of wealth, or wealthy female investors.

“We have seen exciting things bubbling up in impact funds, but I still feel there is a long way to go. Particularly when we look at Millennials and newer generations and see they are very engaged on their superannuation [retirement] and savings. ... We are starting to build traction on sustainability, but the engagement and empowerment needs to grow much further — to meaningful and intelligent.”

—Elissa Crowther Pal,
Head of Private Wealth Services, Westpac Group, Australia
Stakeholders in the financial services industry have published a vast amount of research on the financial needs of wealthy women. It is unclear, however, how much action has been taken to meet those needs. We set out to answer that question by examining the practices and experiences of FSPs successfully serving women of wealth.

We spoke to 20 FSPs from 12 different countries across six continents, including private banks, wealth managers, insurance companies, financial advisors and family offices. All interviewees are currently engaged with or actively serving wealthy female investors, and many have formalized initiatives or approaches or are developing such offerings to better capture the segment.

Throughout this report and in our research, we define a woman of wealth, or a high-net-worth (HNW) woman, as someone with at least US$1 million in investable assets. This definition, however, can vary across markets and institutions. Some secondary research combines both affluent women (investible assets of around US$250,000 - US$1 million) and HNW women. We have noted in the report when that is the case.

This report examines the growing opportunity in this segment, shares proven tactics and methods that FSPs are already using to embrace this opportunity, and identifies the key building blocks of a successful strategy for serving women of wealth. Based on this qualitative research, as well as data the Financial Alliance for Women has compiled during more than 15 years of practice, we developed a blueprint for FSPs looking to effectively serve women of wealth.

Our intention is not only to deepen awareness of this emerging opportunity to better serve women of wealth, but also to inspire FSPs to seize the opportunity and take action.

State of the Industry: Progress in Serving the Women’s Market

In 2014, the Financial Alliance for Women and McKinsey & Company uncovered four myths1 that were keeping commercial banks from successfully serving the growing female economy:

- Women’s attitudes toward finance are the same as men’s
- All we need is products that are feminized
- There is no business case
- There is no data on gender

Five years later, we asked wealth managers and HNW financial advisors how these myths relate to their own organizational and sector-wide efforts to serve women of wealth, and about their progress toward better serving the Women’s Market as a whole. We also asked them about the level of progress that has been made across the industry. Their answers to these questions are both encouraging and sobering.

The good news: Progress exists.
The bad news: Progress is slow.
Interviewees rate the progress the financial industry has made in serving the Women’s Market in the past 5 years at 3, on average, on a scale of 1 to 5. Respondents feel that awareness has increased, and more initiatives are in place, but the progress has not gone far enough and does not include the systemic change needed to go beyond customer-serving initiatives — i.e., changes that impact the entire investment ecosystem, making more capital available to women.

“I see some change. Before, there were very few financial institutions that were talking about women. In the past 5 years we are seeing more large companies and FSPs starting to develop initiatives for women or launching global programs targeting specific segments.”

— Liza Garay-de Vaubernier, Global Head of Women’s Market, AXA Group, France

Interviewees agree that awareness about the market has risen and say that we’ve moved beyond stereotypes when it comes to serving women. Some interviewees also agree that myth No. 1 — the belief that men and women are the same when it comes to financial behaviors — has been debunked. Many providers say they understand the importance of developing strategies grounded in research that take women’s distinct needs into consideration.

“I’m very optimistic on where our industry is going. Consumers have a deluge of information available, yet there’s still an overwhelming need for an advisor who can make sense of it all. This means we have to continue to demystify financial services. ... We have to become indispensable partners over clients’ entire financial lives, more relatable and more human. We need to meet people where they are, on their terms, starting with conversations about their hopes and dreams.”

— Jen Auerbach-Rodriguez, Director, Head of Strategic Growth Markets, Global Wealth & Investment Management, Merrill Lynch Wealth Management, USA
Respondents report that other barriers, however, remain stubbornly persistent: namely, the need to develop clear business cases that substantiate the Women’s Market opportunity, and with that, the efforts required to collect and use gender data.

Looking beyond these barriers, interviewees call for a systemic shift in the entire investment ecosystem that goes beyond internal diversity and customer-facing strategies and encompasses getting more women into investment decision-making roles, and ultimately driving more capital to women.

“Most challenging and disappointing is that the dollar investment is still disproportionate. We have not figured out how to systematically direct capital to women or make it usable for women. When I look at the data, the majority of financial advisors are men — and furthermore people are investing in asset classes such as private equity, mutual funds and hedge funds that are also mostly run by men.”

–Sydney Atkins, Ellevest, USA
Ellevest: Lowering the Barriers to Entry and Staying Focused

Founded on the belief that women needed a new kind of financial advisor, US-based Ellevest was created in 2014 as one of the only online investment platforms tailored for women. The platform offers two digital options — Ellevest Digital and Ellevest Premium — and a private wealth management arm, as well as access to certified financial planners and coaches.

Ellevest’s investment strategy is based on a proprietary algorithm that calculates financial goals based on women’s needs. The company takes into account women’s life spans, career paths and salaries, among other areas. Ellevest also provides clients an option to invest in curated gender-lens investment portfolios. In addition, the company offers a number of educational resources for women, including an online magazine, financial guides and videos.

A Conversation with Sydney Atkins, Ellevest, USA

What was the driver behind creating a women-focused investment platform?

It was clear to us that the opportunity cost of having women’s wealth on the sidelines was detrimental. We therefore focused on lowering the barriers to entry for women so that every woman can invest backed with a proper data-led approach. We wanted to make investing accessible to everyone, regardless of how much money they have. The key to our success is a very focused strategy. We are a firm run by women, and we’re focusing on making investments accessible to women — and for those who need and want them, providing advisors they can trust.

Why did you decide to create a private wealth management arm?

Ellevest started as an accessible-to-anyone platform, but we quickly saw that demand was so high from high-net-worth women. They were equally starving, if not more starving, for opportunities to engage. Many of these women have been financial services customers for a long time but were uncomfortable, intimidated or belittled, and they did not know that there are better options. Many were also at a disproportionate disadvantage, as they were taught to save by putting money under the pillow, not by investing. Our business model has pivoted to integrate the high-net-worth segment as we keep up with the increasing demand.
WOMEN OF WEALTH: A GROWING FORCE

Across the board, all interviewees agree that women of wealth are one of the biggest emerging and underserved markets, both globally and in their particular markets.

While many surveys still fail to provide a reliable gender split, there’s been a vast amount of research published in recent years that shows how women are inheriting, creating and influencing wealth at increasing rates, and shifting the global landscape of wealth. We’ve collected some of those findings here to provide context around the rising opportunity to serve wealthy women investors.

Women account for about 40% of global wealth.

In its 2018 “Global Wealth Report,” Credit Suisse estimates that women account for about 40 percent of global wealth overall.

Women’s share of wealth has risen considerably during the 21st century. Most recently, Boston Consulting Group (BCG) estimates that private wealth held by women increased from US$34 trillion in 2010 to US$51 trillion in 2015. By 2020 women are expected to hold US$72 trillion.

The geography of women’s wealth is diverse, with North America and Europe having the highest proportions of female household wealth, at between 40 and 45 percent, but all regions maintaining levels between 20 and 30 percent.

Women make up 16% of the HNW population.

Although the number of HNW men is still significantly higher, the proportion of women has continued to rise over recent years. In 2018 it hit a record high of 16 percent, according to Wealth-X.

“The statistics don’t lie. ... If you’re not focusing on high-net-worth women, you’re missing the boat.”

– Lisa Bianculli Hutter; Senior Director of Wealth Planning for Wells Fargo Private Bank; Co-Head of the Diversity and Inclusion Council for Wealth and Investment Management; Wells Fargo; USA
Women are inheriting wealth at historical rates.

As women outlive men and wealth from their spouses is increasingly passed on to them, their inheritance levels continue to increase. This is accelerated by the fact that many women experience a double wealth transfer in their lifetime, inheriting from both their parents and their spouses.

In the US alone, women will be the largest beneficiaries of an expected US$30 trillion transfer as Baby Boomers shift wealth to the next generations — peaking between 2031 and 2045 at 10 percent of total wealth being transferred every 5 years.8 Women could potentially inherit two-thirds of this wealth.9

Women are creating wealth at an accelerated pace.

Women are starting businesses at increasing rates. From 2016–2017, total entrepreneurial activity among women globally rose by 10 percent, with 163 million women starting new businesses.10 In the US, the number of women-owned businesses grew by 58 percent between 2007 and 2018, compared to growth of 12 percent for all businesses.11

Women are also moving into the C-Suite, resulting in increases in their earning potential: In 2019, the percentage of women in executive roles in mid-market companies globally grew 5 percentage points to 29 percent — the biggest increase and the highest proportion of women in leadership recorded by an annual Grant Thornton survey since 2004.12

Women are increasingly influencing wealth and financial decisions.

Sixty-six percent of women consider themselves primary decision-makers over investable assets, and this number increases to 75 percent for women who are wealth creators.13 Eighty-four percent of women with US$4.5 million in investible wealth, on average, are fully or partially responsible for their family’s investment portfolio.14

All of these factors contribute to women being among the biggest influencers of tomorrow’s wealth. As a result, they represent a massive business opportunity for FSPs: EY’s global research finds that providing women of wealth with better experiences could add up to US$100 billion of additional revenues for wealth managers.15

“Are high-net-worth women a big opportunity in my market? Can I answer with a capital YES? We see a lot of wealth being created by family businesses, a lot of intergenerational wealth transfer to women, and a lot of young entrepreneurial women starting businesses or entering the workforce. These women are the wealthy customers of the future.”

— Kris Werner,
Head of Wealth Management, SABB, Saudi Arabia
THE GROWING OPPORTUNITY OF WOMEN IN...
Westpac: A Bespoke Approach Grounded in Gender Balance

Recognized as an international pioneer in banking for the female economy, Westpac established a dedicated Women’s Markets team in 1999 that works across segments of the bank to provide women with education, information and networking opportunities through a national program in Australia. In 2008, Westpac launched Ruby Connection, an interactive online community designed to inspire, educate and connect women. Westpac’s early recognition of the power of the female economy has allowed it to become the bank and employer of choice for women in Australia.

A Conversation with Elissa Crowther-Pal, Head of Private Wealth Services, Westpac Group, Australia

How do you approach the emerging opportunity of women of wealth?

We have a large concentration of women business owners in Australia, and we see a new generation of female millionaires emerging from this group of entrepreneurs. And these women are very much looking to be engaged with their wealth. We have approached this opportunity in two main ways: First, we focus on a very bespoke approach to support women who are going through specific life moments — such as divorce, inheritance, etc. — and transitioning into new wealth. We do this through one-on-one education. Second, we curate investments and source capital in a more meaningful way. Instead of giving our clients a complete supermarket of investments, we source and narrow the universe, proposing a small number of them. Those selected are based on rigorous due diligence and meet their aspirations and values.

Westpac has had an internal gender inclusion and diversity strategy embedded for quite some time. What were the biggest benefits you’ve seen from this strategy?

We have hit our gender equity goals to the point that our own firm is highly diversified. One of the biggest benefits from this focus is that our employee value proposition is very compelling. We have many employees with financial markets backgrounds that have found that when they join Westpac they really enjoy working on a diversified team — not just in terms of gender but other areas as well. So by serving women better we also attract top talent. The second big benefit is the high degree of credibility that we have with women investors because our internal team is so diversified.
THE OPPORTUNITY: UNMET FINANCIAL NEEDS OF WEALTHY WOMEN

Although women of wealth represent a significant business opportunity, the segment is still underserved by FSPs. There has been a large body of literature and research that highlights the challenges wealthy women have in connecting with financial professionals. Here are a few standout findings.

“The biggest barrier is flexibility in communication. We are so pressed for time – especially women, who often have multiple roles. There is no time to read big papers and to search for information. We as an industry can do a lot in making our knowledge more accessible.”

—Hannah Buxton; Executive Director, Wealth Manager; Coutts Private Office; UK
• In a survey conducted by the Center for Talent Innovation in 2014, 30 percent of HNW women reported that they do not have a financial advisor. Of those that do, 51 percent said they feel misunderstood by their advisors.16

• BCG found that 55 percent of HNW and ultra-HNW women believe wealth managers could improve their services to women.17

• In a later study, BCG also found that 65 percent of affluent, HNW and ultra-HNW women who had switched financial advisors had done so because of unhappiness with customer service or feeling misunderstood.18

Investing Like a Woman

Studies have shown that women tend to outperform men when making investment decisions.19 A study by Warwick Business School concluded that women’s returns outperformed men’s by 1.8 percent annually. The reasons are mostly related to women’s approach to investing: Women trade 69 percent less than men and incur lower trading costs, according to the study.20

A report by Moxie Future21 revealed the following priorities of women investors:

• 83 percent of women care about where their money is invested;
• 69 percent of women feel a sense of urgency to invest responsibly;
• 63 percent of women are motivated to be responsible investors.

The report also found a correlation between the amount of wealth a woman has and responsible investing: The higher their income level and the more financially confident they feel, the more likely women are to be interested in responsible investment.
Our interviews and additional research revealed that women of wealth, like women across other income levels, have distinct financial needs to their male counterparts. Many of these needs are consistent across segments, geographies and income levels.

**Inclusion**
Although women’s economic power continues to increase, their relationship with money doesn’t appear to be improving at the same rate. Cultural norms still inhibit decisions around finances. For instance, some girls aren’t being socialized to have ambitions toward wealth. This has created taboos around talking about money and a lack of confidence when it comes to financial decisions. In some contexts, women have wealth, but they don’t control it because they’re socially and historically taught to rely on their husbands, brothers or fathers to make financial decisions.

**Financial Education**
Although most women of wealth have achieved significant education levels, many report less confidence regarding their financial knowledge. This can be worsened by the behavior of financial advisors, who may disrespect women by not listening to them or taking them seriously. Women need thoughtful financial education to ensure sound decision-making and a deeper understanding of how financial products and services work. This includes an intergenerational approach that helps them gain the skills and knowledge to prepare the next generations — both sons and daughters equally — to inherit and manage wealth responsibly.
Financial Planning and Long-Term Protection

When it comes to financial planning, many women of wealth tend to focus on immediacy given their various and competing roles and responsibilities; they are not necessarily thinking about long-term investing. Some women are only introduced to financial decision-making during critical life moments, such as divorce and widowhood, and they tend to be unprepared for them. Women need financial planning assistance that is based on personalized goal-setting and considers their priorities and realities. They also need additional protection given their longer life spans and the additional moments of transition entailed.

80% of affluent and HNW women are involved in paying bills and 85% in managing expenses, but 58% opt out of long-term financial planning.

74% of affluent and HNW widows and divorcees across countries report that they discovered negative surprises when they were forced to take control of their finances.

Connection

Women are not usually interested in having a myopic conversation around investment products. They are not looking for a transactional relationship, but instead for a financial partner that understands them. Women want to connect with, collaborate with, relate to, share experiences with and learn from their financial advisors.

30% of HNW women list friends and family as their primary source of investment advice (compared with 11% for all respondents).

73% of affluent and HNW women prioritize “just listening” as one of the top qualities they seek in an advisor.
“Women in Latin America rarely receive any type of financial education. Women rely on their husbands and on any males in the family to deal with financial issues. So financial education is one of the key needs and benefits we can provide.”

—Maria Laura Tramezzani, Managing Partner, AAG Family Office, Argentina

“The sheer experience of dealing with banks can be overwhelming, for anyone. In first encounters with banks, it is often the little things that build or destroy confidence, not the experience as a whole. By being mindful that banking is a world on its own, with its own language, processes, ecosystems and explaining this world in the best possible and most practical way early on, we can help women in moments of transition. In reality this helps all.”

—Andreea Grob, IWM Strategic Client Partner, Credit Suisse, Switzerland

“I see women who wear a lot of hats — as mothers, as entrepreneurs, as caretakers — and they are very good at making a living, saving money and doing well. But they rarely have the time to focus on themselves. When we think about how we prioritize our lives, it is all about what is there at that moment. We are focusing on immediacy and not planning.”

—Aimee Johnson; Vice President, Advanced Markets; Allianz Life Financial Services; USA
Biases Run Deep — and Accelerate with Increased Wealth

Underpinning women’s financial needs across cultures are implicit biases and cultural norms around their relationships with wealth. These factors may impact the relationship women have with money and with their financial advisors.

From early on, many girls are not educated to manage money or socialized to have ambitions related to it. This can impact the confidence and level of control they may have in managing their own money, as well as their risk tolerance. These ingrained norms seem to impact women across geographies.

For example, women in the US and Singapore opt out of long-term financial decisions because they believe their spouses know more. Women in Italy and Brazil say they have more urgent responsibilities. Women in Switzerland and Germany say their spouses never encouraged their involvement.

Further complicating the matter is the presence of unconscious bias against women among financial advisors. An audit performed by the National Bureau of Academic Research found a number of quantifiable differences in how clients with identical portfolios were treated by their financial advisors based on their demographics — particularly gender. The audit revealed that the advisors didn’t ask women about their personal and financial situations as regularly as they asked men, and they advised women toward less risky (and lower return) investments.

While there is limited hard evidence, our interviews suggest that these unconscious biases may expand with the level of wealth available to a HNW woman. Many women of wealth are subject to additional misconceptions among FSPs that because of their education and affluence, they don’t have any particular needs around financial education, financial planning and/or risk protection.

“The stereotypes and societal messages that we receive early on is that finance is for men. A recent Microsoft survey shows that girls lose interest in math because they are not socially rewarded. This leads later on to women lacking confidence in their ability to invest or in selecting financial advisors.”

— Blair DuQuesnay, Investment Advisor and Financial Planner, Ritholtz Wealth Management, USA
In 2015 Brown Brothers Harriman (BBH) launched the Center for Women & Wealth (CW&W), a unit dedicated to engaging and supporting women as they create and manage wealth through investment, planning, and philanthropic resources. The CW&W provides a fully integrated approach to supporting financial advisors to create more holistic experiences for their customers. The CW&W also creates opportunities for female clients to learn and connect, including a dedicated website with resources, Women & Wealth Magazine, and convening local and national forums for women to share experiences and discuss wealth, family and values.

A Conversation with Adrienne Penta; Managing Director, Private Banking; and Elizabeth Hare; Vice President, Private Banking, Center for Women and Wealth; Brown Brothers Harriman; USA

What are the biggest challenges for advisors in understanding how to best serve women of wealth?

Many advisors have been trained as investors and are biased towards weighting the conversation too heavily towards investing. While investing is one element of the conversation, we’ve found that many women approach money holistically, from a big-picture point of view. They are not interested in having a conversation solely focused on investing. They want to know: How do my investments interface with the plan for my future, children, philanthropy, etc.? To earn their trust and truly engage them, the conversation should not be one-dimensional.

At BBH you’ve established a holistic approach to serving your women customers. How did you get there?

During the first two years of launching the CW&W, we focused on training our advisors. We did unconscious bias training, as well as teaching advisors how to ask open-ended questions and not make assumptions. We realized we needed to know more about how families make decisions around money and provide them with more support. In 2017, we launched our new “values-based planning” program to work with our clients to identify the values that motivate their decision-making process so that they align them to their financial planning decisions. The program helped us demonstrate the economic value of what we offer and is now a fundamental component of how we work with all of our customers.
HOW TO SERVE WOMEN OF WEALTH: A CALL TO ACTION

Our research found that although FSPs are becoming more aware of the importance of meeting the needs of wealthy women, their efforts to implement business models to do so are limited. There’s also a lack of understanding about the holistic approach required to serve them well.

A 2010 BCG survey of HNW women clients revealed that more than 70 percent believe wealth managers should tailor their approach to women. In contrast, another BCG survey 5 years later found that only 2 percent of wealth managers consider women to be a specific client segment and have adapted their model to serve them.33

Times may be changing: A 2018 EuroMoney survey revealed that 73 percent of private bankers say their firms have plans to respond to the anticipated growth of women’s wealth. However, the two most common responses about what those plans are were “targeted marketing” and “hiring more female advisors.”34 Our research confirms that these types of actions alone are not enough to truly address the financial needs of wealthy women.
“High-net-worth individuals need similar solutions which generally do not differ by gender. It is how we engage with women that makes all the difference. Nothing replaces the personal approach.”

—Marice Brown, Head of Mexico, J.P. Morgan Private Bank, Mexico

“Personal connection and high-quality advice are seen as the key elements for successfully serving women of wealth — not just the creation of women-specific financial products.

A majority of interviewees (three-fourths) believe that a holistic approach that adapts current business models to the needs of women is required to effectively serve women of wealth.

Respondents view a segmentation strategy based on life stages as potentially more promising than one based on wealth brackets.

“It’s about being more intentional on how we engage clients so that they are included in conversations. Each financial advisor is trained to go through a discovery experience to understand all of a customer’s goals and priorities. But this has to go hand in hand with a diverse and inclusive workforce.”

—Jennifer Stoody, Senior Vice President and Business Initiatives Manager, Wells Fargo Private Bank, USA
Segmenting Beyond Traditional Wealth Brackets

Although we found basic needs to be universal across all segments of women, wealthy women do have particular needs, and serving them well involves understanding their unique circumstances and behaviors. Many wealth managers segment customers on the basis of wealth level (affluent, HNW, ultra-HNW, etc.). Although this type of segmentation can often be valuable, those cross-cutting universal needs may make other types of segmentation more relevant for this market.

One approach FSPs can take is to incorporate key life stages into their segmentation. Other approaches may be to look at women’s source of wealth (self-made, inherited, etc.) or to segment by level of involvement in the financial planning process. For instance, in a 2018 study, Fidelity found three distinct ways that wealthy women approach investment decisions: delegating investment advice, validating with others but preferring their own tools, and self-directing their investments.35 Looking at how the source of wealth may correlate to investment engagement preferences — as well as increasing internal perceptions of value for some of the segments — can be key for advisors to understand how best to serve different segments of wealthy women.

6 Building Blocks of a Successful Strategy

We’ve identified six building blocks of a successful strategy based on the insights and expertise of financial institutions that have implemented or are in the process of implementing strategies for women of wealth:

1. Focus on Client Experience:
A majority of interviewees identify customer experience as the top priority in implementing a successful strategy to serve women of wealth, and with that, the training of financial advisors. Across the globe, training for financial advisors is mostly academic, focusing on financial skills and concepts, but not on soft skills. Serving women well requires a shift to providing the skill sets needed to deliver an empathetic customer experience. That includes asking the right questions, listening and uncovering concerns. Unconscious bias or diversity training is also an important element to ensure that advisors are aware of implicit biases in their own behavior.

2. Strategy Integration: Interviewees believe that effectively and holistically serving women of wealth requires a culture change that must start at the top. Efforts must also be anchored in the organization’s goals and strategies. Approaches centered on measurement have proven to be extremely effective: for example, setting and tracking KPIs around how many lost and gained prospects are women. Respondents report that programs focusing only on research about women did not last, were not embedded across the organization and were deprioritized when the topic lost momentum.
3. **Talent Diversity**: Internal diversity in the wealth management industry still has a long way to go. In the US, 86 percent of financial advisors are men, and that hasn’t shifted much in the last 20 years. There is a clear business case for increasing diversity in the talent pool: Fidelity found in 2018 that diversity-focused investment firms have higher levels of customer satisfaction, experience more client growth and have advisors who receive higher compensation, as compared to investment firms that aren’t focused on diversity. Opinions among interviewees, however, are divided on whether women advisors serve women better. Some see women clients that are more likely to open up and build trust with female advisors. Other interviewees believe that a trusting relationship can be built regardless of gender and is based on an advisor’s customer centricity. Global research seems to confirm that notion: A recent BCG report found that 85 percent of HNW women are indifferent to the gender of their relationship manager. There is widespread recognition, however, that more needs to be done to bring more women into all levels of the wealth-management workforce.

4. **Tailored Marketing**: Although marketing tailored to women was noted as a priority to our interviewees, a review by Fidelity’s marketing team found little differentiation across advisors’ websites and marketing collateral to indicate they actually are speaking to women in a targeted way. Similarly, a BCG survey found that only 14 percent of wealth managers it polled had conducted specific marketing to women in the past year. Ensuring that women see themselves in FSPs’ marketing and communications efforts is key to increasing their awareness and confidence levels. To do this, financial advisers need to adapt their messaging to address issues that are relevant to women of wealth and streamline language to focus on their goals.

5. **Increased Engagement**: Many interviewees recognize the longstanding practices of private banks in engaging male customers through sponsorships and partnerships. Some have started to develop more inclusive approaches, such as sponsoring nontraditional events and organizing networking and learning events with the specific needs of women in mind. A blended approach to event engagement that, for instance, combines digital experiences across multiple channels with face-to-face events has also proven successful. A recent EY report found that women place a higher value on human contact, while being potentially more open to using digital technology than men. They are also more likely to share their experiences on social media. This implies that FSPs can use digital channels not only to engage with followers and drive content, but also to build their reputation via word-of-mouth. However, the two-way engagement piece is critical; although women are using digital channels, they still highly value personalized human contact.

6. **Tailored Products**: Interview results were mixed with regard to tailoring products to the needs of wealthy women. Some believe that current investment products are adequate for wealthy women but need to be tailored to their specific risk profiles and needs. For instance, Ellevest focuses on specific financial and non-financial goals to build their investment allocations. Other interviewees feel that certain products should be adapted. For instance, interviewees believe FSPs need to offer more gender-lens investment products to ensure women are investing in the products they value. AXA found that other products, such as life insurance, require adaptations to ensure that they reflect women’s life stages and long-term needs for protection and wealth creation.
Beyond Products: Investment Decisions

There is widespread agreement among our interviewees about the need to involve more women in investment decision-making roles at FSPs. Those roles include chief investment officers, portfolio managers and venture capital fund managers.

Although the benefits of diversity within investment firms have been quantified, women are empowered to make only a marginal portion of investment decisions within firms. A Bella Private Markets study found that women-owned investment firms in the US manage between 0.8 percent and 3.4 percent of assets, depending on asset class, and those levels are not growing.

The reasons for this low representation are varied, but a recent Harvard Business Review report highlighted the implicit biases of both male and female investors when funding new investment vehicles: They reward male managers with a higher proportion of investments when they overperform compared to women who overperform, and they penalize women-run funds (i.e., withdraw a higher proportion of funds) more when they underperform.42 With fewer assets to manage, female-founded investment firms are much more difficult to sustain in the long-term.

Increasing women’s participation in investment decision-making roles could catalyze the delivery of capital to more women, leading to the systemic change that is needed to get more capital flowing from women to women.
From our interviews we learned that a successful approach to serving women of wealth is based on a combination of multiple efforts represented within the six building blocks. Successful players further recommend cultural change programs, a focus on empathy when interacting with women, simplification of language and information around products and services, and a data-led approach to keep management convinced that HNW women are worth their investment.

“To be successful you need dedicated roles and accountability. Step away from assumptions or presumptions about what we think we know. Start with a blank canvas and lead with research. Understand and listen. If you only do one thing, start with listening to women.”

— Jen Auerbach;
Director, Head of Strategic Growth Markets, Global Wealth & Investment Management;
Merrill Lynch Wealth Management; USA
THE GROWING OPPORTUNITY OF WOMEN OF WEALTH
As one of Africa’s leading retail banks, Access Bank has a long history of recognizing the potential role women could play in the bank’s long-term success. The bank first developed a women’s proposition in 2006, followed by an expanded program in 2014. The new program was branded the W Initiative and expanded the offerings across the bank, providing women in Nigeria access to distinct financial offerings as well as non-financial services, including mentoring opportunities and financial education events. The W Community is a digital platform that showcases a variety of topics of interest for women across all segments. Access bank also holds its W Awards to recognize women across segments. Based on the success of the program, Access Bank has rolled the W Initiative out to its subsidiaries in Ghana, Rwanda and Zambia.

A Conversation with: Regina Aituaje Odugbemi; Head, Ultra High Networth Segment, Private Banking; and Ada Udechukwu; Head, Women Banking; Access Bank; Nigeria

How does the bank target women, and the women of wealth segment in particular?

We are the only Nigerian bank that has a dedicated Women banking team, and that has really helped us differentiate ourselves from other banks that have programs for women. We are segment agnostic when it comes to the Women’s Market and have developed customer value propositions based on life stages, not income. The W Initiative is designed to inspire, connect and empower women, and we prioritize three segments: young professionals, women with families and women in business. At the private bank, we rely on the Women banking team, which has different strategies to address women at particular points in their lives. For instance, we organize events on topics that are relevant to women, such as supporting their children’s access to tertiary education, which have particular relevance to our private bank’s women clients.

How does the private bank itself approach the segment?

At the private bank, we bank clients as a family unit. That helps us in capturing a major share of the wallet. Then we layer in the offerings from the W Initiative, which are available to all our women clients. The Women banking team identified gender champions within the private bank group, and they then trained our advisors. This has helped keep the program embedded across the bank.
A CALL TO ACTION:

Women of wealth are a significant, long-term opportunity for FSPs. Investments in strategic approaches to serve this growing segment can bring long-term, lasting benefits. They can also yield significant per-customer financial returns. On the other hand, a lack of attention to this segment might lead to lower customer satisfaction, decreased brand loyalty and customer attrition in the future.

Investments in holistic Women's Market strategies have a ripple effect for FSPs. A well-formulated customer experience strategy based on data and an internally diverse organization will not only benefit a particular segment, but will have ripple effects on the overall success of an FSP, including helping it to become a better financial institution for ALL customers.

The current state of and progress in the industry leaves ample room for a first-mover advantage that can yield additional reputational benefits. While a lot has been accomplished in conducting and publishing market research and increasing engagement of the women of wealth segment, actions that have come out of that research – like efforts to eliminate bias in investment decisions, moving toward a gender-balanced workforce, provision of capital to more women entrepreneurs – have been limited. FSPs that successfully tap into the opportunity will be able to retain a significant first-mover advantage.

“We are starting to see changes and there are good strides, but the industry needs to evolve much more significantly to adapt to women's financial lives and journeys. ... We cannot do this alone. To drive this change, we need industry-wide efforts. It's going to take all of us.”

—Lorna Kapusta, Head of Women Investors, Fidelity Investments, USA
CONCLUSION

Drawing on a significant body of existing research and interviews with 20 wealth managers, financial advisors and other industry experts across 12 countries, we set out to understand how FSPs around the world are – and are not – serving wealthy women. We found that although women of wealth are one of the biggest untapped opportunities for financial services institutions, the industry at large has not yet developed the holistic strategies required to truly meet their needs. Better serving women of wealth will take a combination of efforts, beginning with delivering a thoughtful customer experience and empathetic advice to connect with women on an emotional level. However, doing so requires going beyond trainings and actually shifting the makeup of the wealth management workforce to include more women – particularly in decision-making roles. Organizations need to anchor these priorities with their own goals and strategies, as well as commit to culture change that addresses implicit biases.

The building blocks outlined in this report are a good start for addressing the needs of wealthy women, but the industry will only achieve real transformation when it makes the systemic changes needed to level the playing field so that capital can flow from women to women.

“Trust cannot be claimed; it has to be earned. To win the hearts and minds of tomorrow’s customers – women and young people alike – you have to walk the talk and create a new you: gender balanced, empathic, embracing a diverse world view in your advice and investment decisions. This takes time, patience and persistence. But then...can you afford not to?”

– Olga Miler, Award-winning Innovator and Specialist on Women and Finance
THE GROWING OPPORTUNITY OF WOMEN OF WEALTH

ENDNOTES

2. Ratings by interviewees participating in this study progress on a scale of 1 (no progress made at all) to 5 (lightspeed progress achieved).
4. Credit Suisse calculates wealth as an individual’s net worth defined as the marketable value of financial assets plus non-financial assets (principally housing and land) less debts.
26. Ibid.
27. Ibid.
FINANCIAL ALLIANCE FOR WOMEN
THE GROWING OPPORTUNITY OF WOMEN OF WEALTH

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