



**招商銀行**  
CHINA MERCHANTS BANK

**BAIN & COMPANY** 

贝 恩 公 司

2017

**China Private Wealth Report**  
China Private Banking Industry:  
Steady Wins the Race





<b>Preface: Steady wins the race during the fast-changing decade</b> .....	pg. 1
<b>Acknowledgements</b> .....	pg. 3
<b>Chapter 1: Overview and Trends of the China Private Wealth Market in 2017</b> .....	pg. 4
• 2016 witnessed the high growth of investible assets, with domestic alternative investments leading this surge; property investments also showed signs of recovery .....	pg. 5
• More than 20 provinces/municipalities have greater than 20,000 HNWIs each, a more balanced regional distribution .....	pg. 7
<b>Chapter 2: The Investment Mentality, Behavior and Segmentation of HNWIs in China</b> .....	pg. 9
• HNWIs have shifted their wealth objectives to “preservation and inheritance of the wealth,” have more diversified asset allocations and have more trust toward wealth managers .....	pg. 11
<i><b>Spotlight I- Equity Investments and Alternative Investments:</b> Alternative investments continue to boom; PE funds and equity investment funds particularly favored.....</i>	pg. 14
• HNWIs are embracing the digitalization trend and becoming more rational in their overseas asset allocation.....	pg. 16
<i><b>Spotlight II- Overseas asset allocation:</b> Percentage of HNWIs with overseas asset allocation is increasing; average share of overseas assets remains relatively stable.....</i>	pg. 18
• Longer-term consideration: Needs for family office services emerge, asset allocation and wealth inheritance business gain attention .....	pg. 21
<i><b>Spotlight III-Meaning of family wealth inheritance has enriched and developed into family governance</b>.....</i>	pg. 23
• Diversification of wealth creation: cross-generation inheritance and innovation driving changes in HNW segments .....	pg. 28
<b>Chapter 3: The Competitive Landscape of China’s Private Banking Industry</b> .....	pg. 30
• In the domestic market, Chinese banks are widening the lead with advantages in brand name and expertise; respected private banking players have gained further share.....	pg. 32
• In the overseas market, foreign banks are recognized for their brands and expertise by Chinese HNWIs; Chinese banks continue to make strategic investments in order to build an integrated cross-border and comprehensive financial service platform .....	pg. 33
<b>Chapter 4: Review, Outlook and Implications of the Chinese Private Wealth Market</b> .....	pg. 34
• Review of market development in the last decade: six insights.....	pg. 35
• Looking ahead in China’s private wealth market and HNW population: four growth trends .....	pg. 43
• Two implications for wealth managers .....	pg. 44
<b>Appendix: Research methodology</b> .....	pg. 46
<b>Copyright Statement</b> .....	pg. 49



## Preface

### Steady wins the race during the fast-changing decade

In 2007, CMB Private Banking was established as the pioneer in the domestic private wealth management market. During this time, there were few players operating in this space. So, in 2009, when China Merchants Bank (CMB) and Bain & Company partnered to prepare their first *China Private Wealth Report*, there were many exciting questions that needed to be answered.

- How should we define the China private wealth market?
- What size is the market?
- How do we determine its growth and potential?
- What were the trends in terms of regional distribution of wealth?
- Was there a sizable high net-wealth individual (HNWI) population?
- What was the profile of the country's HNWIs?
- How did HNWIs carry out their investments?
- What is the best way to understand the country's "private banking" business?
- What are the HNWIs' needs and pain points?
- Who are the players in the market piloting the emerging wealth management business?
- What was the competitive landscape?
- What core competencies were required?
- How would the local private banks compete against the foreign banks with long-standing brands and overseas experience?
- Was it possible for local players to be early movers in order to establish a "home market advantage"?

The first report on this topic, the CMB-Bain: 2009 China Private Wealth Report, tried to answer these questions with a systematic approach:

- defining the China private wealth market,
- researching the various segments, investment behavior and mentality of the HNWIs,
- outlining the competitive landscape and exploring the implications to wealth managers.

The report inspired further research and in-depth thinking by related parties. Subsequent research and discussions further enriched and advanced the knowledge in these arenas from multiple perspectives. The report is now issued every two years and this year marks the fifth joint collaboration between CMB and Bain, to further explore the development and dynamics of China's private wealth market.

The report's continuous focus on China's high-end wealth management market over the last 10 years has generated unique private wealth market data that has been published in these five reports. These include in-depth research on tens of thousands of HNWIs as well as hundreds of interviews with HNWIs, relationship managers and industry experts.

## Preface

---

Over the last decade, we have seen many fast and significant changes occur and the market in China has evolved significantly. There are all types of wealth managers seizing market share, from those deploying differentiated competitive models to build brands to those gaining ground in the marketplace by demonstrating brand advantages. Many differentiated business models have emerged and the competition has increasingly intensified. HNWI's have also experienced adjustments in the real economy due to market ups and downs and the shifting of investment hotspots. Some have also successively gone through personal and family wealth across generations. Various segments, investment mentality and behavior models have also experienced profound changes. Across the five studies, we have visited Beijing, Tianjin, Shanghai, Nanjing, Hangzhou, Shenzhen, Guangzhou, Chongqing, Xi'an and many other cities, and interviewed many HNWI's who have been willing to share their perspectives. From the first study to this year's, we have not only observed that HNWI's now have richer investments and wealth management knowledge, but more importantly, we have also seen enhancements in terms of their awareness, intensity of thinking, maturing mentality and a greater trust shown toward professional wealth managers.



## Acknowledgements

This report is a joint effort between China Merchants Bank (CMB) and Bain & Company, Inc.

CMB initiated a groundbreaking, high-level analysis of China's private wealth market in 2009. In 2011, 2013 and 2015, the CMB team continued this research and has observed significant changes and trends over the years. In 2017, CMB celebrated its 30th birthday and the 10th anniversary of its private banking arm by working with Bain again to conduct its latest in-depth research into China's private wealth market and to uncover the behavioral characteristics of HNWI's and the private banking industry.

Since 2009, CMB has drawn on its internal and external high-end customer resources, and worked with Bain to coordinate 13,000 customer surveys and more than 600 in-depth interviews with customers and relationship managers, putting great effort into collecting large amounts of quality first-hand customer information. At the same time, CMB provided substantial industry experience to aid the Bain team's comprehensive analysis and helped building a solid foundation for the further study and analysis of high-end Chinese customers.

As part of the joint effort, CMB's executive team provided important suggestions for revising analytic approaches and refining ideas, resulting in a significant contribution to this report. We would like to thank Huiyu Tian, CEO and president of CMB, Jianjun Liu, executive vice president of CMB, Jing Wang, general manager of the private banking department, Canhuang Cai, vice general manager of the private banking department, Lei Wang and Chunjiang Wu, assistants to the general manager of the private banking department, as well as other CMB team members, including the teams of market planning, strategy and operation analysis, investment advisory, investment research, product management, carte blanche, business support at CMB headquarters' private banking division and members of CMB's overseas teams.

When preparing the report, Bain made continuous enhancements to its methodologies and model frameworks, improved the market-sizing model and segmented the fast-growing asset categories. Additionally, Bain conducted detailed data analysis based on the research and survey results and developed a clear conclusion and supporting arguments. In addition to the CMB customer and relationship manager surveys and interviews, Bain also interviewed many non-CMB customers and relationship managers, adding more facts into the database that has been compiled continuously for more than 10 years (2006-2016). We want to extend our gratitude to the Bain team, including partners Jennifer Zeng (Beijing office), Dr. Alfred Shang (Beijing office) and Principal Xin Liu (Shanghai office). We also appreciate the efforts of every team member, including Christie Gao, Yanhua Xie, Bruce Ouyang, Jamie Gong and Dylan Wang.

We would also like to extend our gratitude to each and every customer and relationship manager who participated in our interviews and surveys, as well as employees at CMB's head office and the branches who facilitated the interviews and assisted in the report by having actively involved in data screening, customer surveys and interviews. They also shared their knowledge from years of industry experience, sparing no effort in assisting with the market research and effectively providing input to Bain's team. During the project, many Bain experts and other colleagues also helped with identifying industry experts, data collection, modeling, methodologies and analytical tools. Finally, many thanks to everyone at Bain Greater China, as well as the experts and colleagues of the Wealth Management Practice in the CMB global offices for their contributions. We are sincerely grateful to all those who contributed their valuable time and resources to make this report completed successfully.

## Chapter 1: Overview and Trends of the China Private Wealth Market in 2017

- In 2016, the investible assets of Chinese individuals reached RMB 165 trillion, growing at a compound annual growth rate (CAGR) of 21% from 2014 to 2016; the total investible assets are expected to reach RMB 188 trillion by 2017.
- In 2016, there were 1.58 million HNWIs with investible assets of more than RMB 10 million, growing at 23% annually from 2014 to 2016; the total number of HNWIs is expected to reach more than 1.87 million by 2017.
- In 2016, the average investible assets per capita among HNWIs was about RMB 31 million; the total investible assets held by HNWIs reached RMB 49 trillion. The investible assets held by HNWIs are expected to reach RMB 58 trillion by 2017.
- In 2016, 22 provinces/municipalities had more than 20,000 HNWIs each, demonstrating a more balanced geographical distribution.
  - Nine provinces/municipalities, including Guangdong, Shanghai, Beijing, Jiangsu, Zhejiang, Shandong, Sichuan, Hubei and Fujian have 50,000 HNWIs each, while the number of HNWIs in five provinces/municipalities (Guangdong, Shanghai, Beijing, Jiangsu and Zhejiang) exceeded 100,000 each.
  - The geographical distribution of HNWIs has continued to decentralize since 2008, with the number of HNWIs in central and western regions and “One Belt, One Road” initiative regions having increased significantly with a more balanced geographical distribution.



## Chapter 1: Overview and Trends of the China Private Wealth Market in 2017

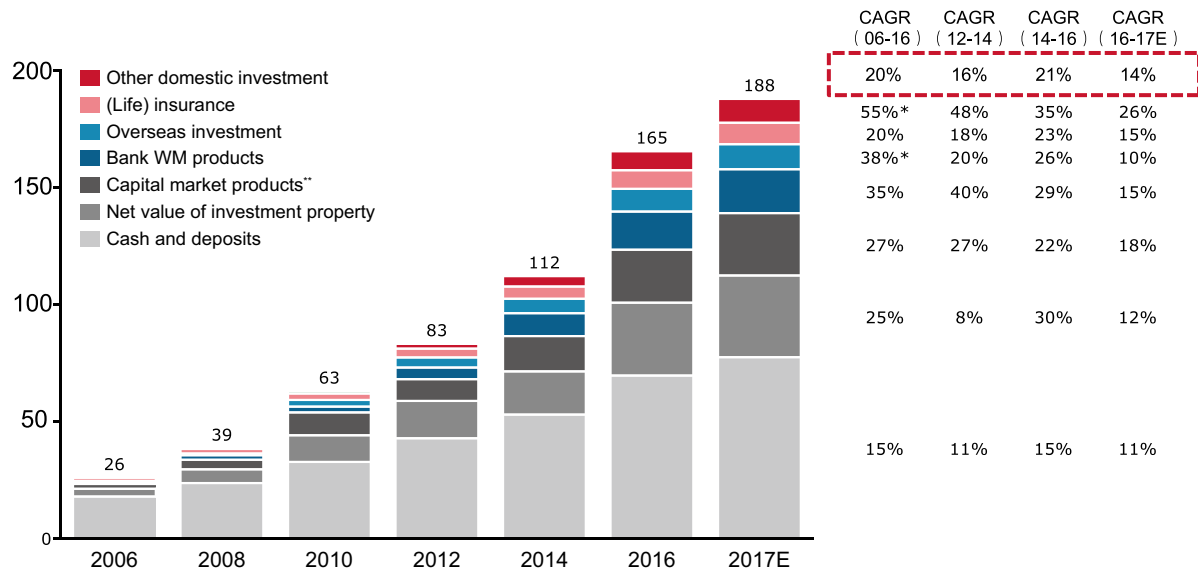
2016 witnessed the high growth of investible assets, with domestic alternative investments leading this surge; property investments also showed signs of recovery<sup>1</sup>

China's macro-economy growth under the "new normal" showed an "L" curve shape during 2015-2016, with a GDP growth of around 7%. In 2015, the nationwide GDP growth was 6.9%, and slowed to 6.7% in 2016. The annual government work report has set the GDP growth target at 6.5% for 2017.

The China private wealth market continued to grow under the current economy development and the number of HNWI's has been continuously increasing since 2009. In 2016, the number of HNWI's reached 1.58 million. In 2017, the China private wealth market is projected to continue this progress and supported with other domestic investment and capital market products as the major asset classes that drive this growth. We estimate the total investible assets of the individuals nationwide will reach RMB 188 trillion, a 14% annual growth rate. In general, the China private wealth market is enjoying rapid growth with huge potential for further development (see Figures 1, 2 and 3).

**Figure 1: Total size of individual investible assets, 2016-2017**

Individual investible assets (RMB T)



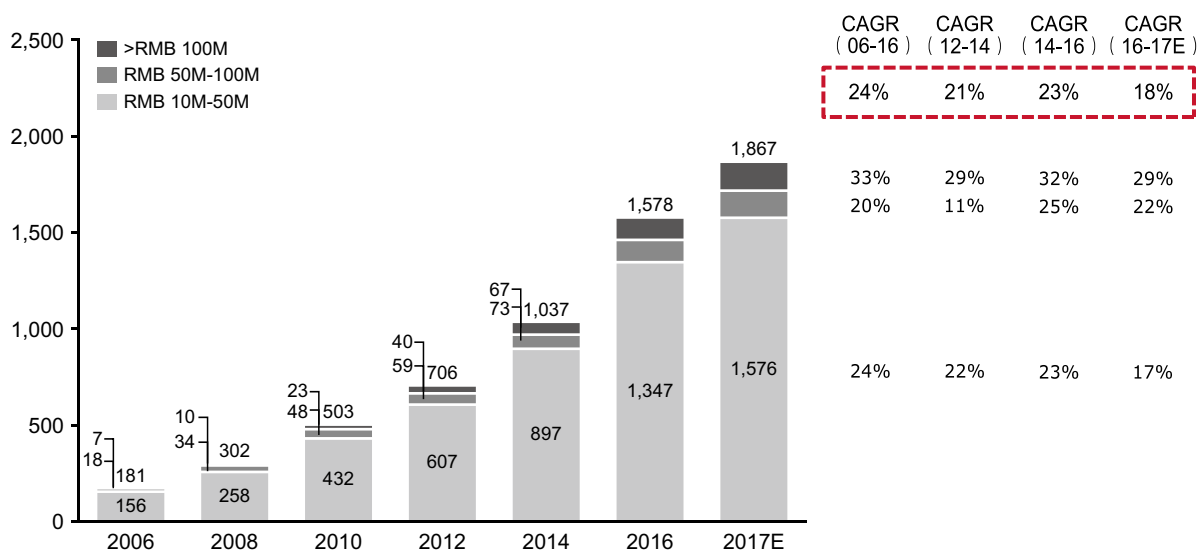
Note: \* CAGRs of other domestic investments and overseas investments derive from 2008-2016 data;  
 \*\* Capital market products include stocks, public funds, the National Equities Exchange and Quotations (NEEQ) and bonds held by individuals  
 Source: Bain HNWI income-distribution model

<sup>1</sup> The data of this report covers only mainland China, excluding Hong Kong, Macau and Taiwan.



**Figure 2: The size and segments of HNWI's, 2006-2017**

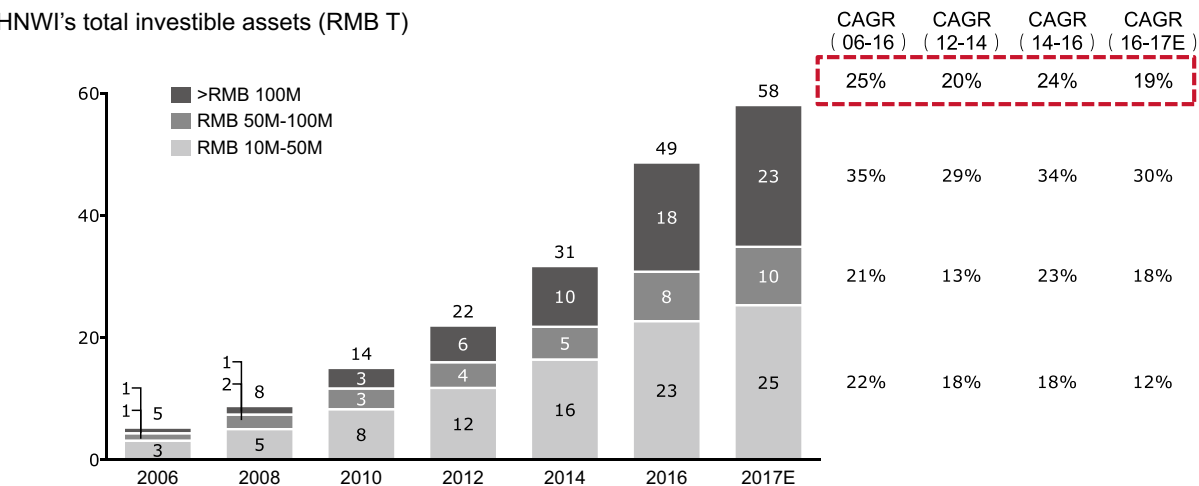
# of individuals with investible assets greater than RMB 10M (thousands)



Source: Bain HNW income-distribution model

**Figure 3: The size and composition of HNWI's investible assets**

HNWI's total investible assets (RMB T)



Per capita investible asset (10K)

2006	2,895
2008	2,905
2010	2,982
2012	3,105
2014	3,056
2016	3,082
2017E	3,109

Source: Bain HNW income-distribution model



## Chapter 1: Overview and Trends of the China Private Wealth Market in 2017

More than 20 provinces/municipalities have greater than 20,000 HNWI's each, a more balanced regional distribution

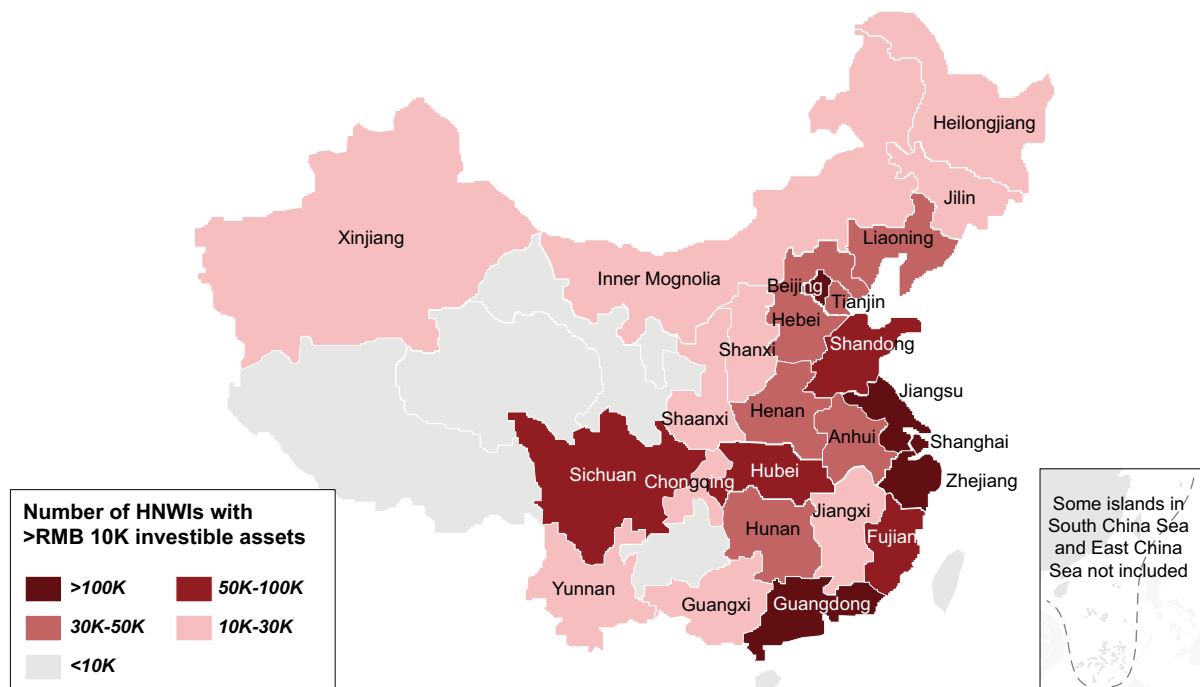
### More than 22 provinces/municipalities have greater than 20,000 HNWI's each

Since the first report was issued in 2009, the number of HNWI's has continued to increase. By the end of 2016, 22 provinces in China had more than 20,000 HNWI's each, while only one province (Guangdong) had far exceeded the level of 20,000 HNWI's in 2006. Among these, with a fast growth over the recent year, nine provinces/municipalities now have more than 50,000 HNWI's each and five coastal provinces/municipalities have more than 100,000 HNWI's each (see Figure 4).

### The distribution of HNWI's is more regionally balanced

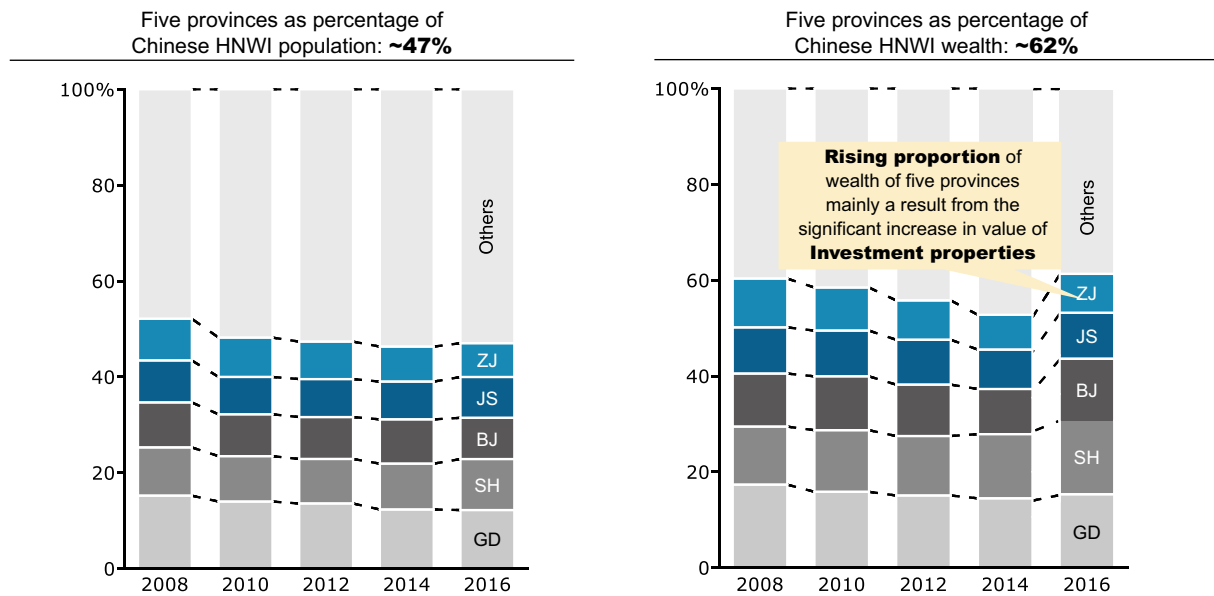
The regional distribution of HNWI's continued to be less concentrated between 2014-2016 and it is now more balanced across the region (See Figure 5).

Figure 4: Regional distribution of HNWI's in China in 2016



Source: Bain HNWI income-distribution model

**Figure 5:** The HNWI's in five coastal provinces/municipalities (Guangdong, Shanghai, Beijing, Jiangsu and Zhejiang) as a percentage of total HNWI's in China and the investible wealth of the five coastal provinces/municipalities as a percentage of HNWI's total investible assets nationwide by the end of 2016



Source: Bain HNWI income-distribution model

## Chapter 2: The Investment Mentality, Behavior and Segmentation of HNWIs in China

- HNWIs regard “wealth preservation” and “inheritance” as the major wealth objectives.
- Wealth management providers continue to gain trust from HNWIs.
  - Share of HNWIs’ investible assets managed by financial institutions continues to exceed 50%.
  - Private banking services are widely accepted.
- Alternative investments continue to boom: PE funds and equity investment funds are particularly favored by HNWIs. Future asset allocation ratios are expected to increase.
- The meaning of family wealth inheritance has enriched over time and developed into family governance.
  - About 70% of ultra high net-worth individuals (UHNWI) will schedule business succession planning within the next three years.
  - Arrangement of shareholding structures is the top-rated key success factor in family business successions.
- Overseas investment destinations have diversified, with Australia, Canada and Singapore gaining interest.
- Percentage ratio of average overseas asset allocation by HNWIs has gradually stabilized since 2013.



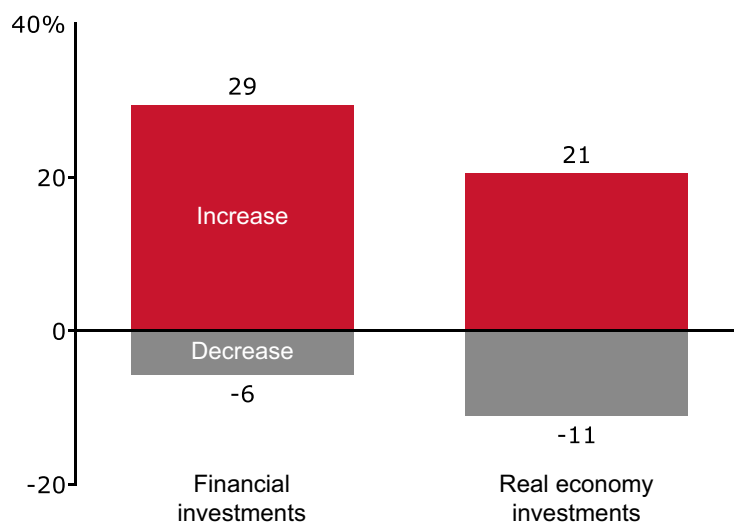
## Chapter 2: The Investment Mentality, Behavior and Segmentation of HNWI's in China

### The HNWI segment now has a more mature mentality, as its members are open-minded and have a long-term view

Driven by the real economy growth and financial markets development, the size of the HNWI segment in China continues to grow. HNWI's have diversified investments into both the “real economy” and “financial assets” (see Figure 6).

**Figure 6:** Preference of investments in real economy and financial investments by HNWI's in 2017

Changes to HNWI's' preference to investment orientation (based on % of respondents)



Source: CMB-Bain HNWI study



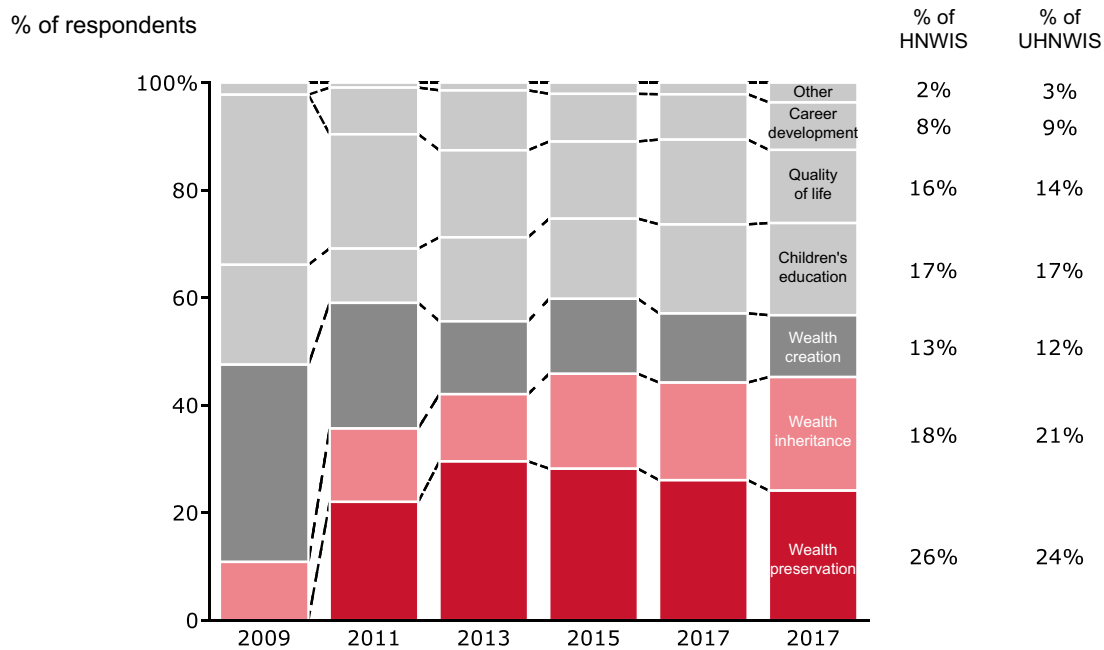
## Chapter 2: The Investment Mentality, Behavior and Segmentation of HNWIs in China

HNWIs have shifted their wealth objectives to “preservation and inheritance of the wealth,” have more diversified asset allocations and have more trust toward wealth managers

### Wealth objectives have shifted from “wealth creation” to “preservation and inheritance of wealth.”

In our 2009 and 2011 studies, “wealth creation” was ranked as the top goal for Chinese HNWIs, but in 2013, “wealth preservation” became the top goal for the first time. Recently, “wealth preservation,” “inheritance of the wealth” and “education of the children” emerged as the most important goals for HNWIs, while “wealth creation” has actually fallen out of the top three on the list (see Figure 7).

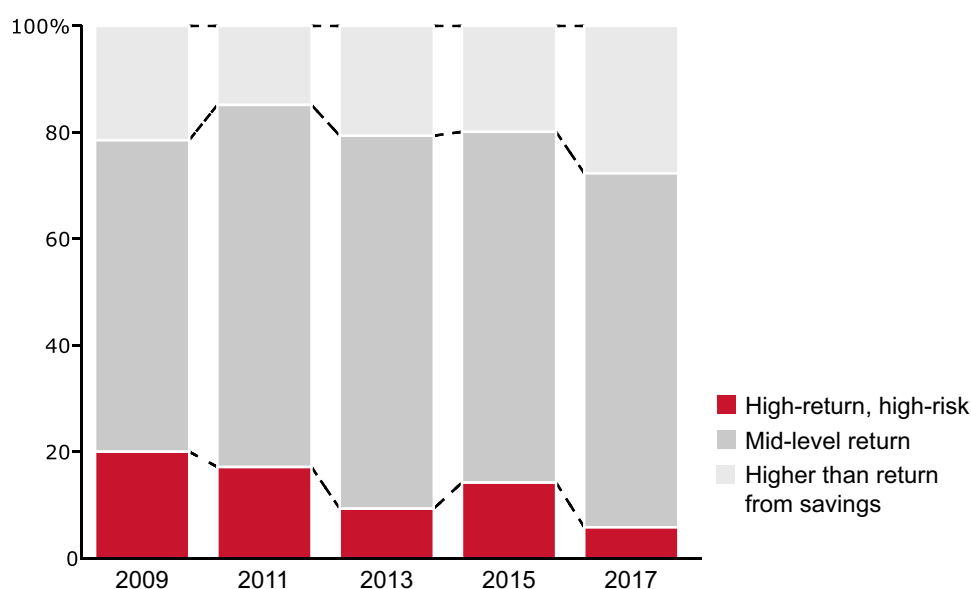
Figure 7: Wealth objectives of the HNWIs, 2009-2017



Source: CMB-Bain HNW study

**Figure 8:** Risk Appetite of HNWI's in China, 2009-2017

% of risk appetite



Source: CMB-Bain HNW study

### Deepen relationships with professional wealth managers

In 2009, financial institutions managed less than 40% of HNWI's investible assets and private banks managed less than 15%; the owner or family directly invested the majority of assets. Currently, financial institutions manage 60% of HNWI's investible assets and private banks manage close to 50% (see Figure 9).

### More diversified asset allocation

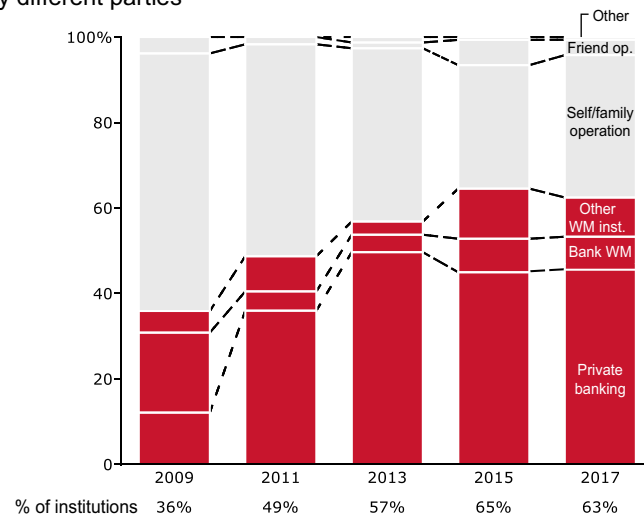
The asset allocation of HNWI's has become increasingly more diversified with the enrichment of various investment products available on the market and HNWI's improved risk awareness (see Figure 10).



## Chapter 2: The Investment Mentality, Behavior and Segmentation of HNWLs in China

Figure 9: Major investment channels of the HNWLs in China, 2009-2017

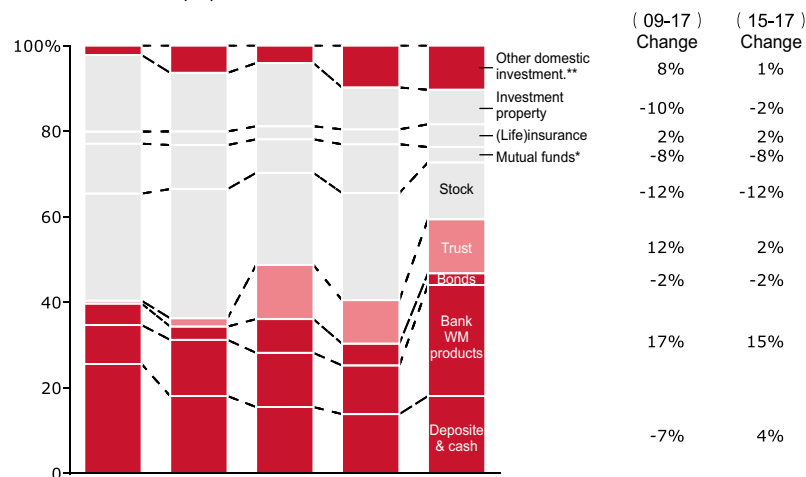
% of assets managed by different parties



Source: CMB-Bain HNWI study

Figure 10: Asset allocation of the investible assets of the HNWLs in China, 2009-2017

Allocation of total investible assets (%)



Note: \* Public funds include money market funds, debt funds and equity funds.

\*\* Other domestic investments include private security funds and private equity funds, hedge funds, gold and alternative assets such as collections.

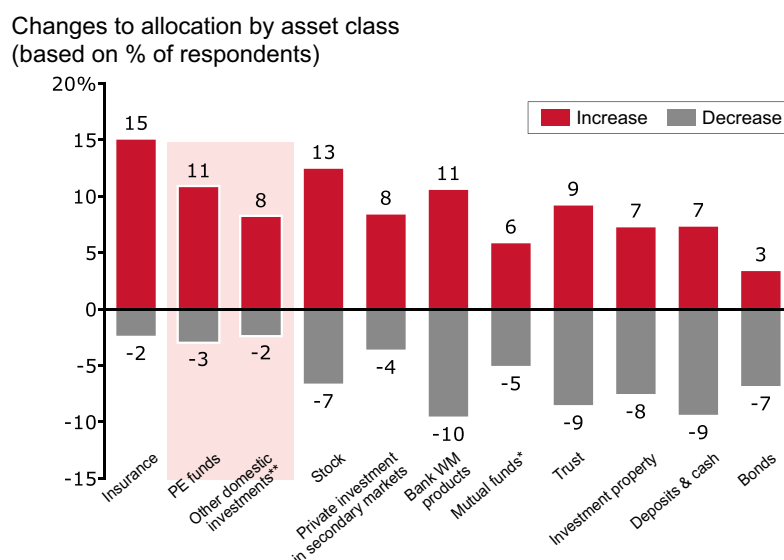
Source: CMB-Bain HNWI study



## Spotlight I- Equity Investments and Alternative Investments: Alternative investments continue to boom; PE funds and equity investment funds particularly favored

As HNWIs have recently become more familiar with equity and alternative investment products, they are increasingly investing in more of these asset classes (see Figure 11). The HNWIs we interviewed cited that they preferred to select private equity (PE) funds with the help of professional wealth managers when selecting specific fund products; the key criteria most often mentioned were the track records and reputations of those fund managers (see Figure 12). As a result, the returns of the PE investments by HNWIs vary significantly (see Figure 13).

**Figure 11: HNWIs' domestic asset allocation by asset class in 2017**

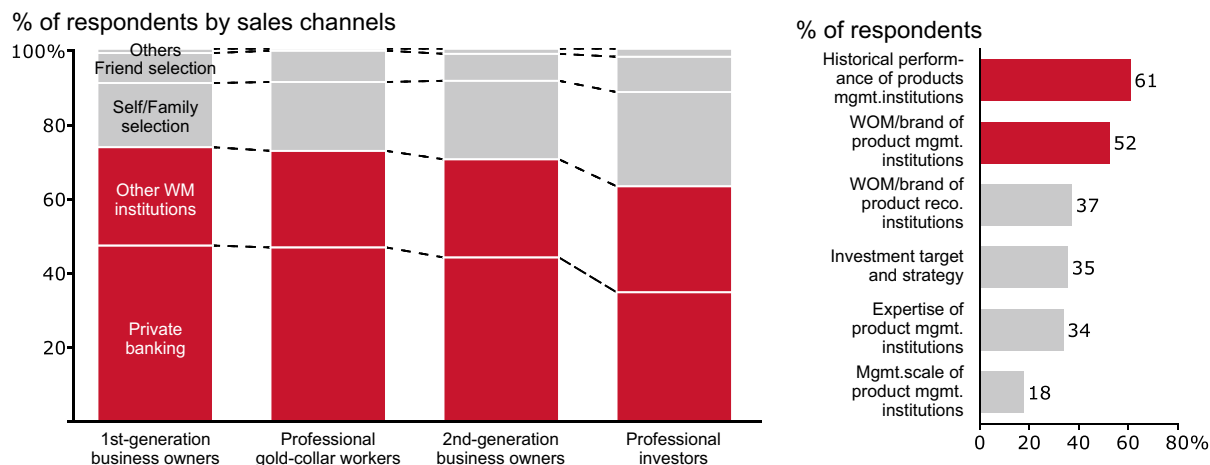


Note: \*Public funds include money market funds, debt funds and equity funds.

\*\*Other domestic investments include private security funds and private equity funds, hedge funds, gold and alternative assets such as collections.

Source: CMB-Bain HNWI study

**Figure 12: Major channels and selection criteria for PE funds by HNWIs in 2017**



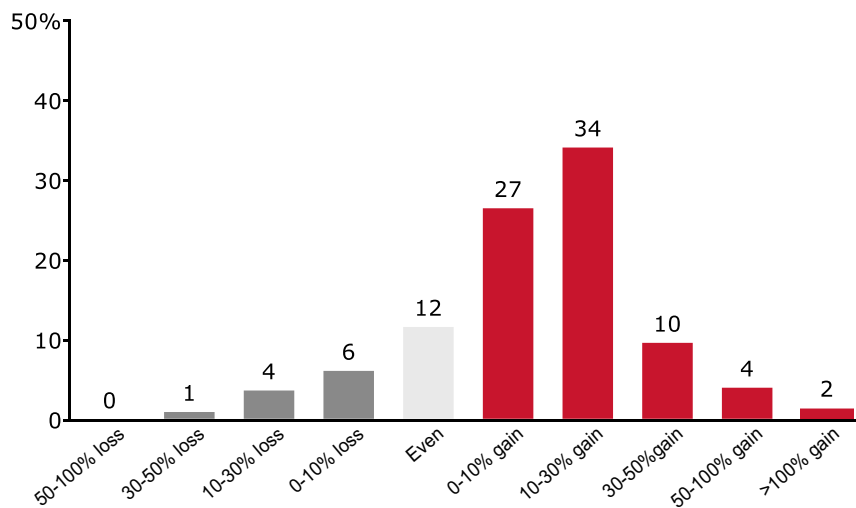
Source: CMB-Bain HNWI study



*Spotlight I- Equity Investments and Alternative Investments: Alternative investments continue to boom; PE funds and equity investment funds particularly favored*

**Figure 13:** Estimation of PE fund performance invested by HNWI during 2015-2016 (annualized internal rate of return, or IRR)

% of HNWI by return



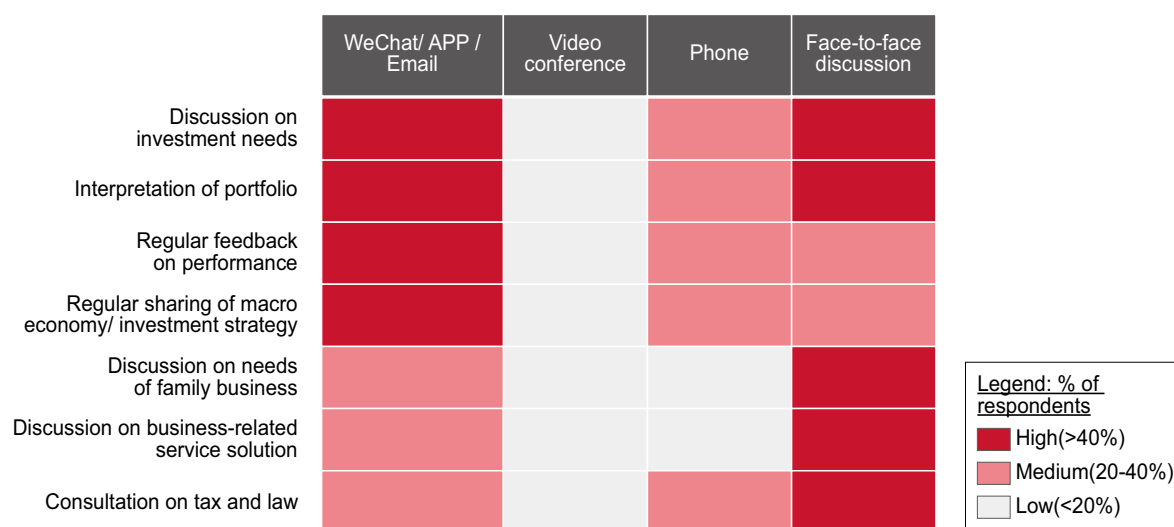
Source: CMB-Bain HNWI study

HNWLs are embracing the digitalization trend and becoming more rational in their overseas asset allocation

**HNWLs have become more open to digital communication methods, but still prefer customized information and face-to-face meetings.**

With the development of information technology (IT), digital services have penetrated into most people's lives and have also driven the service reform of the private banking industry. All major financial institutions have now embarked upon digital innovation, offering services via online platforms such as WeChat and mobile devices, while also trying to offer integrated online and offline services. Meanwhile, HNWLs have become accustomed to using digital services and are willing to receive standard and some customized information and services through the Internet, mobile devices and remote conferencing (*see Figure 14*).

**Figure 14:** HNWLs' preference to different conferencing and services in 2017



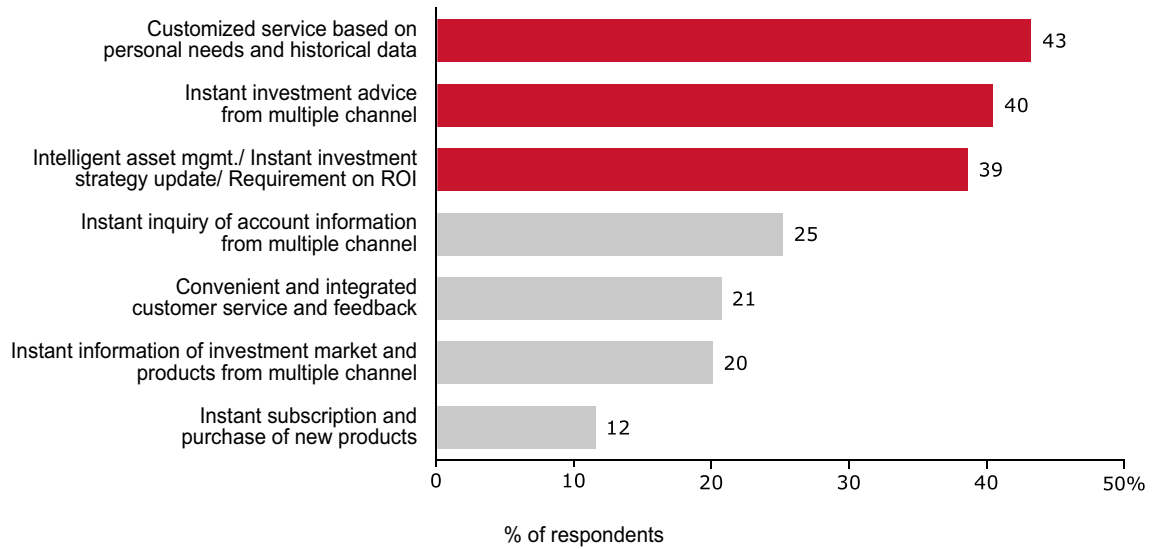
Source: CMB-Bain HNWI study

### Fintech and digital innovation

The development and application of financial technology, called fintech, has made traditional financial services more efficient. In addition to receiving standard information and services via digital channels, HNWLs also expect to use technology applications for many other cases (*see Figure 15*).



Figure 15: HNWIs' expectations on various use cases based on fintech in 2017

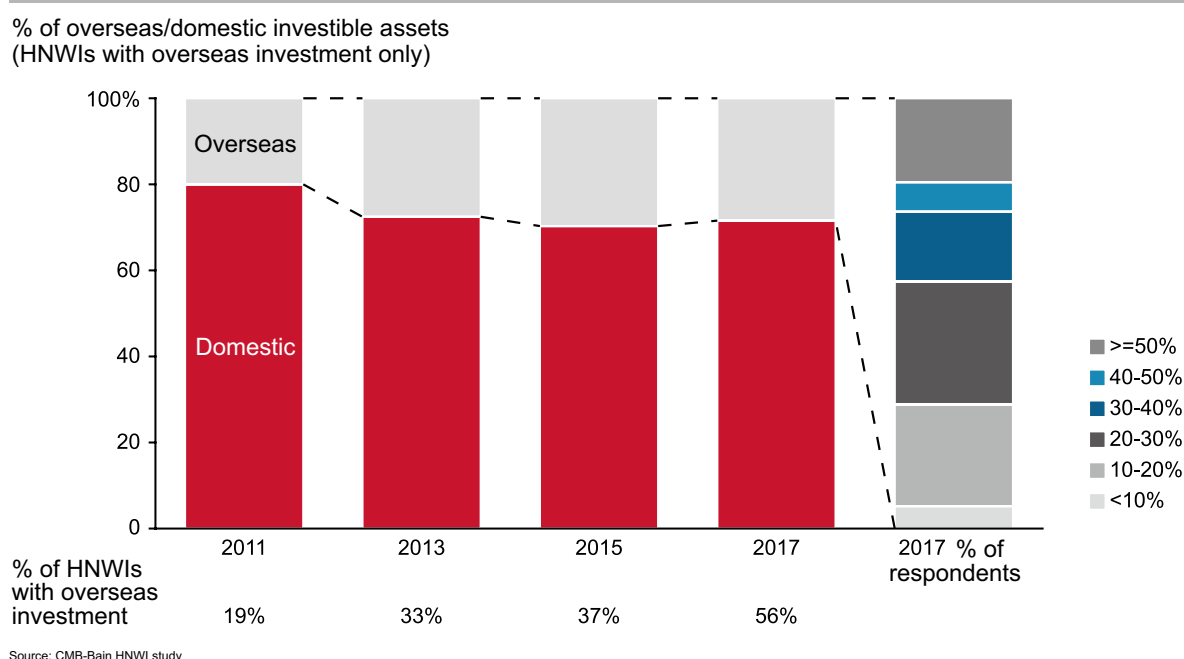


Source: CMB-Bain HNW study

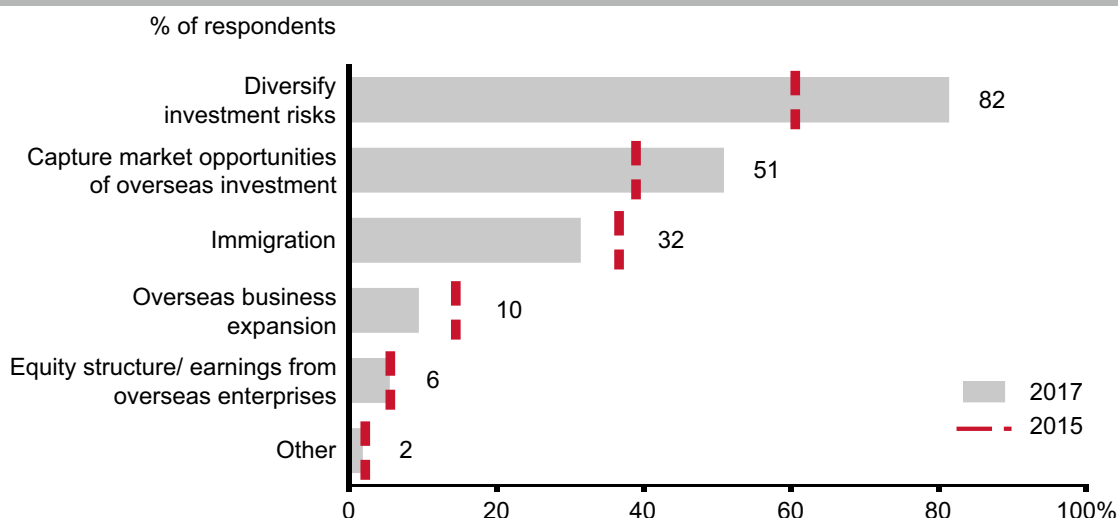
## Spotlight II- Overseas asset allocation: Percentage of HNWI's with overseas asset allocation is increasing; average share of overseas assets remains relatively stable.

As the trend of globalization continues, Chinese HNWI's are now becoming more open minded toward investments and they are putting more of a focus on overseas markets (see Figure 16). Diversifying risks and seeking global investment opportunities remain the major consideration when HNWI's invest in overseas markets (see Figure 17).

**Figure 16:** Percentage of HNWI's with overseas asset allocation, 2011-2017



**Figure 17:** Key drivers for Chinese HNWI's to invest in overseas markets





*Spotlight II- Overseas asset allocation: Percentage of HNWI's with overseas asset allocation is increasing; average share of overseas assets remains relatively stable.*

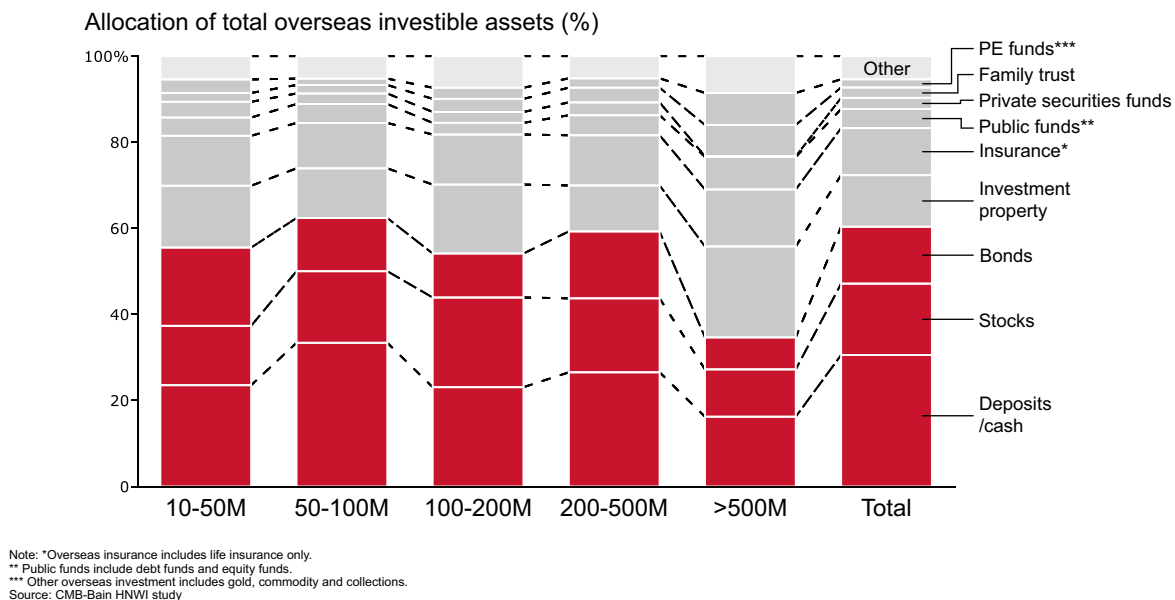
**Overseas investments are mainly concentrated in cash, equity and bonds for risk diversification. The allocation to insurance, property and equity is likely to increase in the future**

For their overseas investments, HNWI's prefer to invest in savings, cash, equity and bonds. The larger the size of their investible assets, the more diversified their asset allocations tend to be (see Figures 18 and 19).

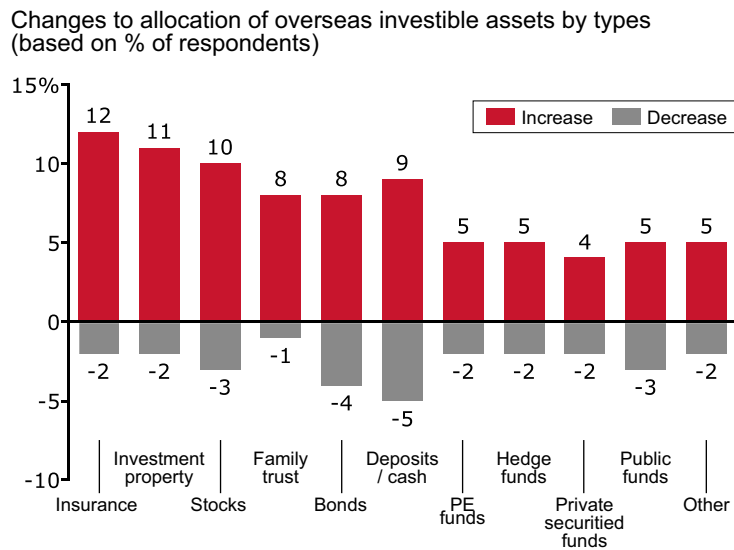
**Overseas investment destinations are becoming diversified, with Australia, Canada and Singapore attracting more interest**

Our interviews with HNWI's showed that Australia, Canada and Singapore have gained the most interest due to perceived improved education for children, property investment opportunities and favorable tax policies (see Figure 20).

**Figure 18:** Major asset classes of the Chinese HNWI's overseas investments in 2017

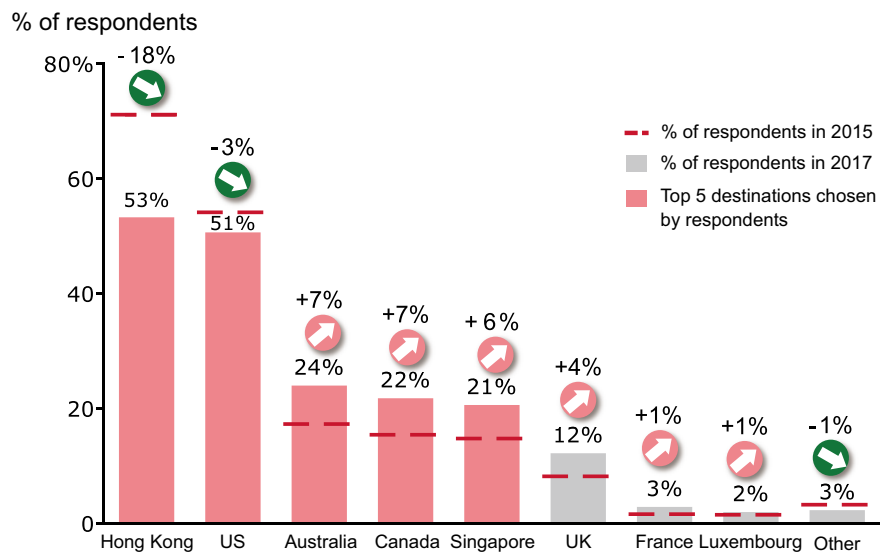


**Figure 19:** Changes in asset classes of Chinese HNWI's overseas investments in 2017



Source: CMB-Bain HNWI study

**Figure 20:** Overseas investment destinations for Chinese HNWI's in 2017



Source: CMB-Bain HNWI study

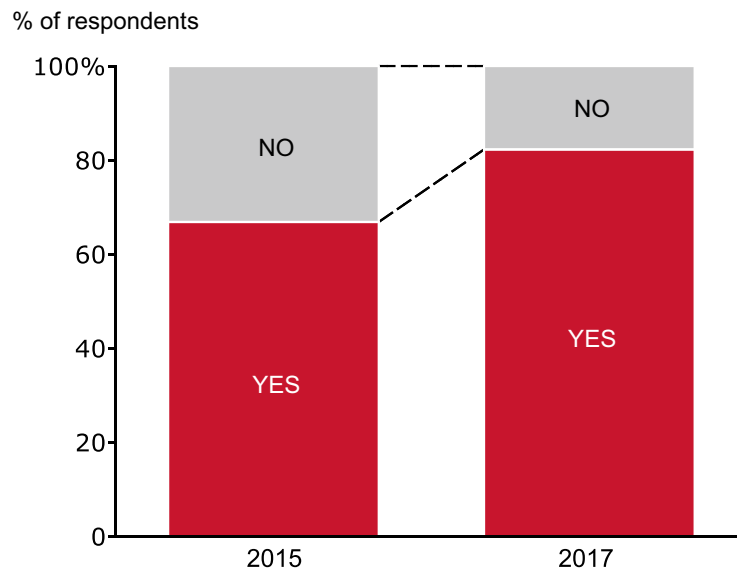


## Chapter 2: The Investment Mentality, Behavior and Segmentation of HNWI's in China

Longer-term consideration: Needs for family office services emerge, asset allocation and wealth inheritance business gain attention.

Family offices have been dedicated to integrating various types of resources to provide comprehensive financial services, family services and enterprise services to HNWI's. HNWI's have shown great interest in these services and hope that the family offices can meet their needs across multiple dimensions. Yet their willingness to try services remains relatively low (see Figures 21 and 22).

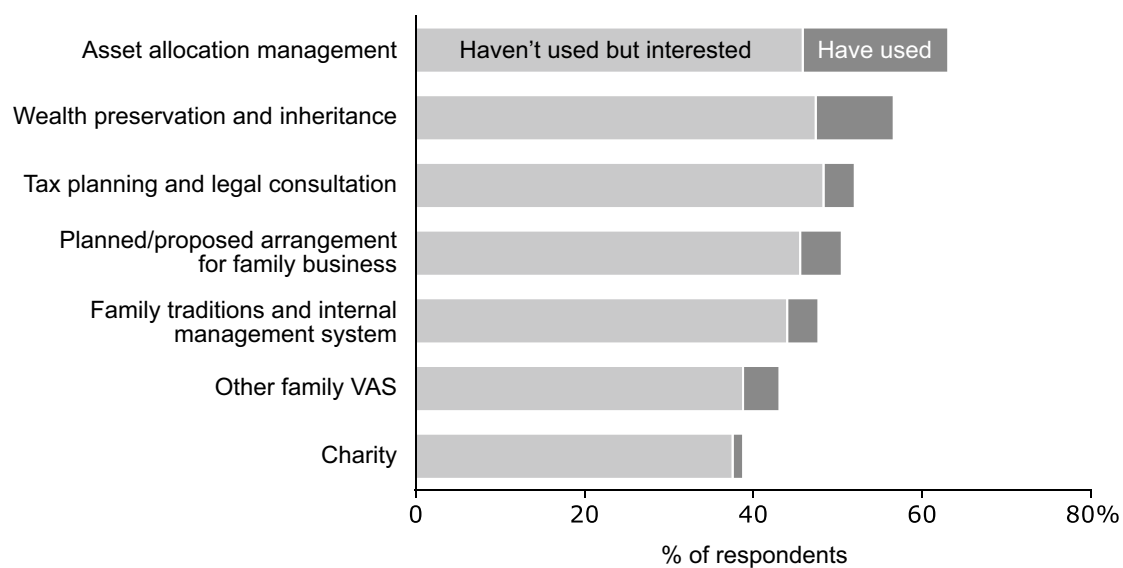
Figure 21: The awareness level of family offices among Chinese UHNWIs, 2015-2017



Source: CMB-Bain HNWI study



**Figure 22:** Usage and interest in family offices among Chinese UHNWIs in 2017



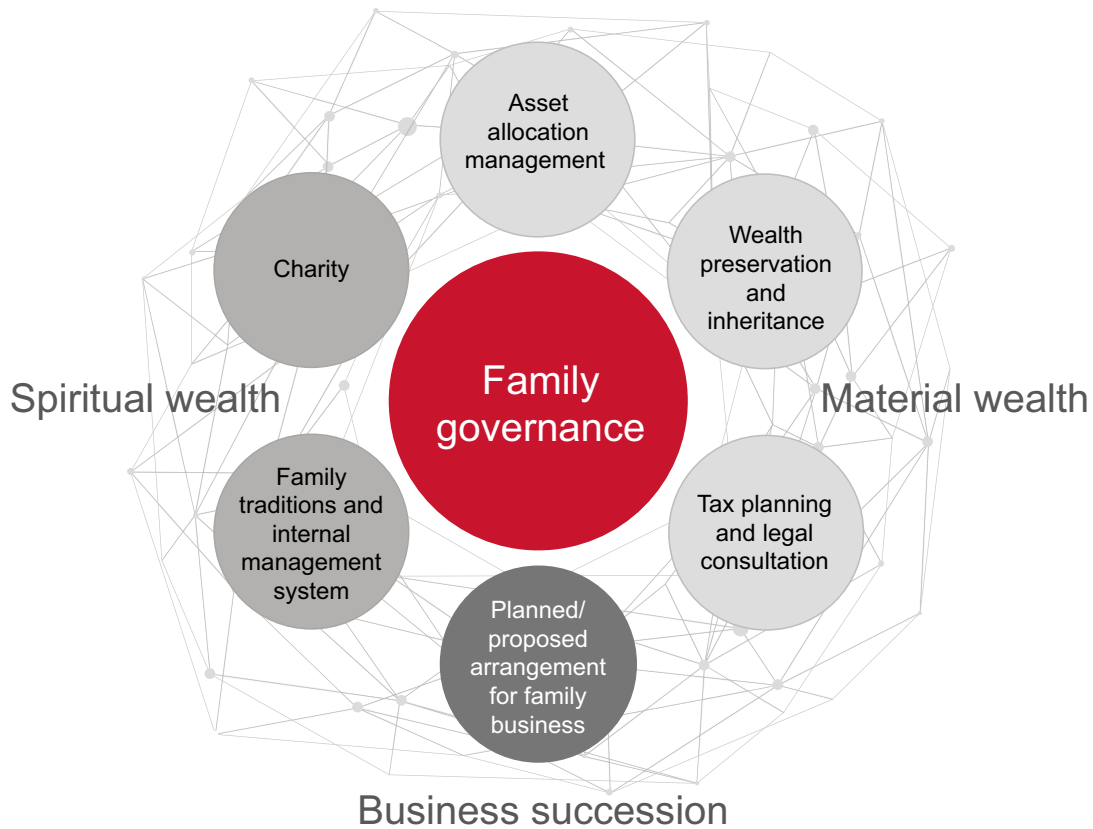
Source: CMB-Bain HNW study



*Spotlight III-Meaning of family wealth inheritance has enriched and developed into family governance.*

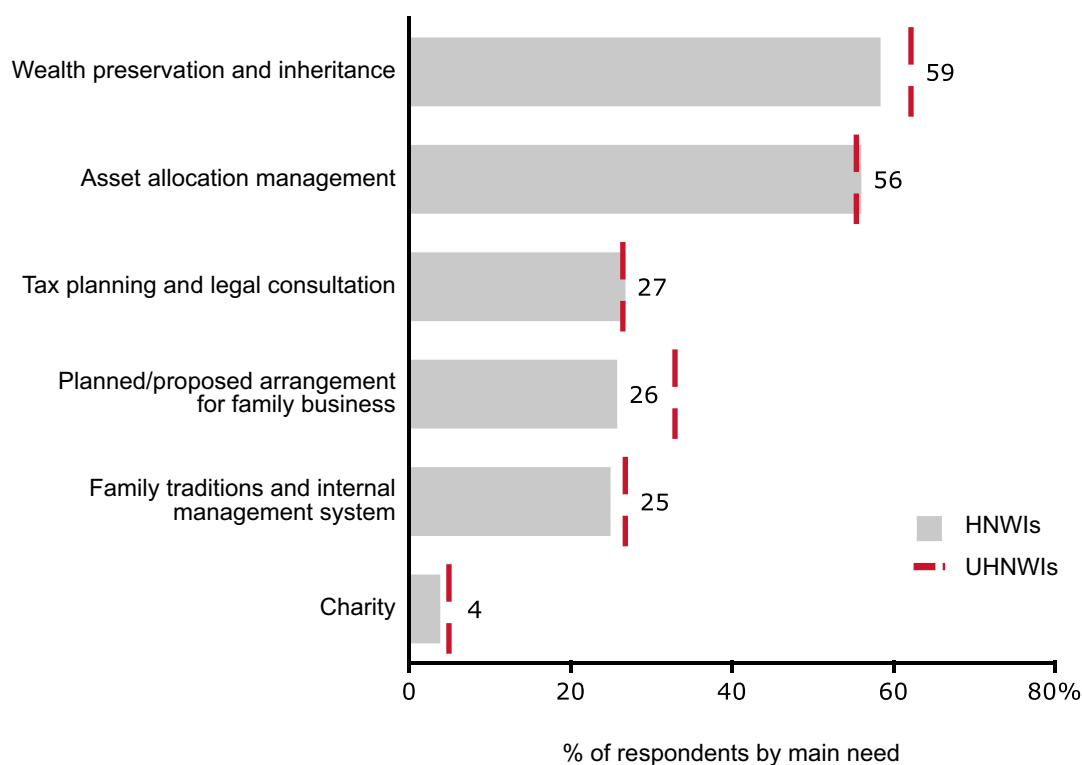
Wealth inheritance has always been an important topic for HNWI's and they are now paying much more attention to developing younger generations, in the hope of continuing this philosophy and the success of the wealth creation process. Some HNWI's, especially ultra high net-worth individuals (UHNWI), whose investible assets exceed RMB 100 million, have gradually grasped the concept of family governance, which is helping to enrich the meaning of inheritance (see Figure 23).

**Figure 23:** The enriched meaning from wealth inheritance to family governance



Although historically the wealth inheritance needs of HNWIs were mainly focused on material wealth, HNWIs are increasingly shifting the focus of their needs to the inheritance of spiritual wealth and business succession planning (see Figure 24).

**Figure 24:** Main needs for Chinese HNWIs for wealth inheritance in 2017



Source: CMB-Bain HNW study

At the same time, as HNWIs become more familiar with charity and social impact, many HNWIs believe that the value of their wealth should not be only limited to their own family. Therefore, they hope to return part of their wealth to society through the proper channels. Beyond conventional donations and participation in charity events, new forms of charity have recently been developed, including active planning for charity trusts and family funds. For many HNWIs, charity has become an important part of their values and giving back to society has been elevated from “good behavior to help others” to “fulfill their inner needs.”

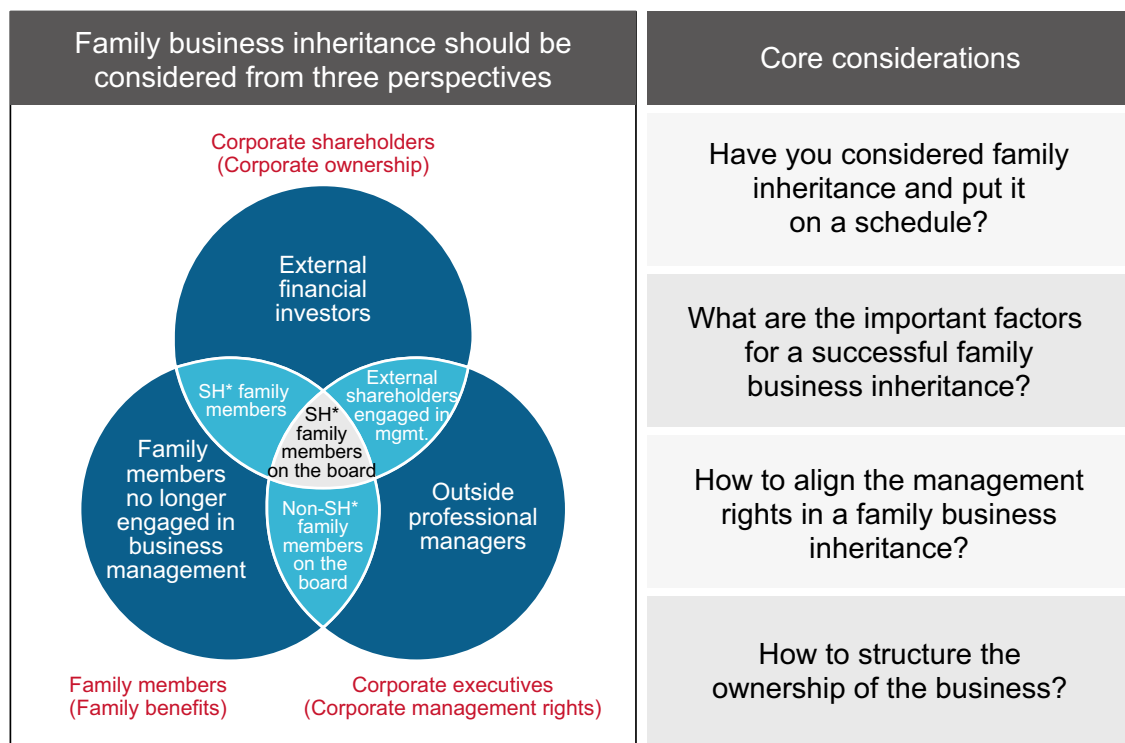


## Spotlight III-Meaning of family wealth inheritance has enriched and developed into family governance.

### Top-level design for the succession of family business

The inheritance of a family business usually involves ownership arrangements and the restructuring of management. It may even affect vested interests. Therefore, it is a major undertaking requiring methodical planning and consideration. When planning such an arrangement for the future, the founders will consider four key issues: when to put succession on the agenda, what the key successful factors are for family business succession, how to align the management rights, and how to structure the ownership of the business (see Figure 25).

**Figure 25:** Key considerations and issues for family business inheritance

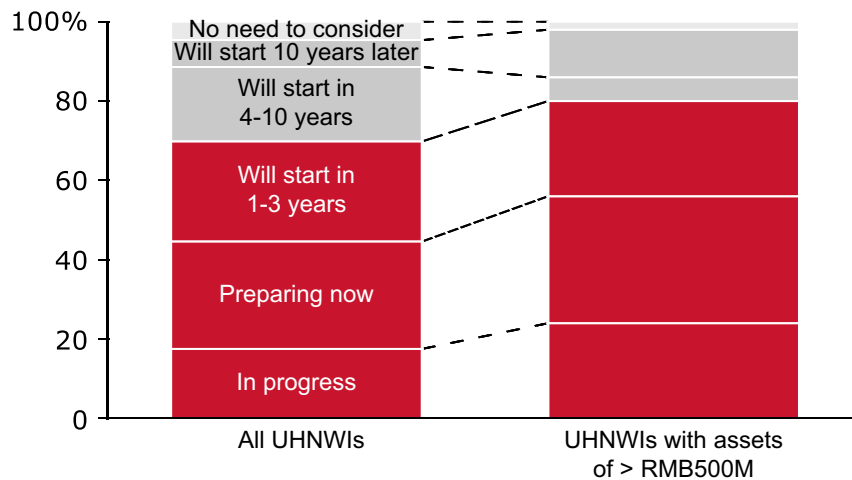


\*SH=shareholding  
Source: CMB-Bain HNWI study

Once the founders start to plan and prepare for retirement and the second generation begins to mature and become established, the important issue of cross-generation inheritance arises (see Figure 26). During this time, the two key factors for a successful business succession are determining the proper arrangement of ownership and hiring excellent professional managers (see Figure 27).

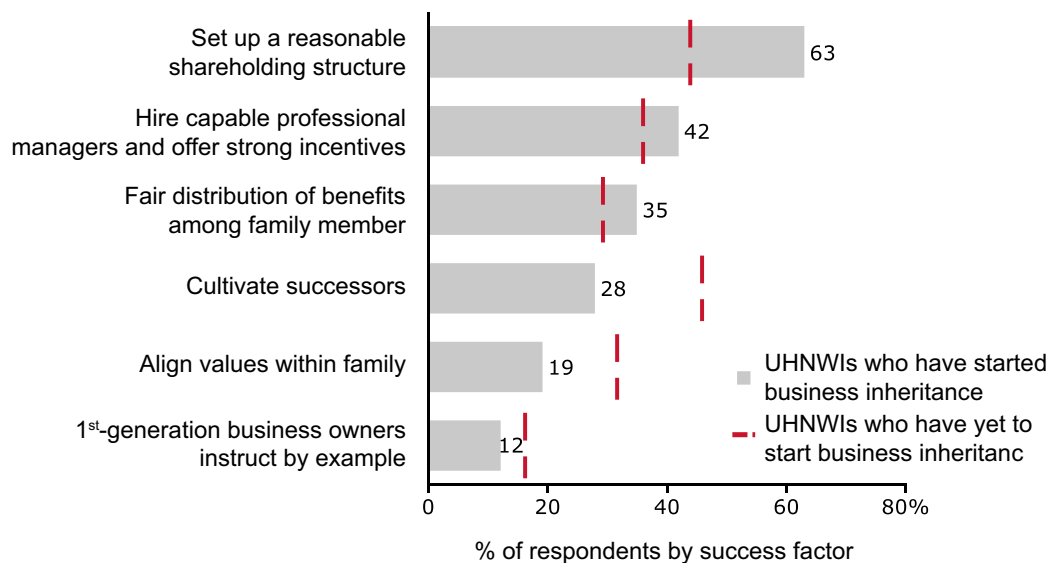
**Figure 26:** Chinese UHNWIs' agenda for family business succession in 2017

% of respondents by schedule (UHNWIs only)



Source: CMB-Bain HNW study

**Figure 27:** Key successful factors for family business succession for Chinese UHNWIs



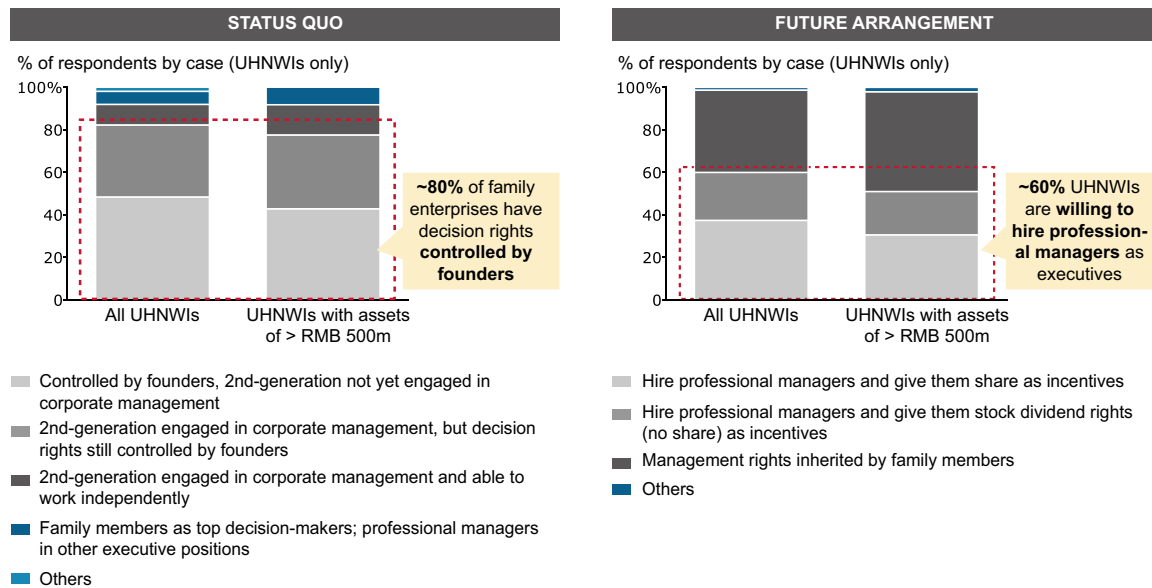
Source: CMB-Bain HNW study



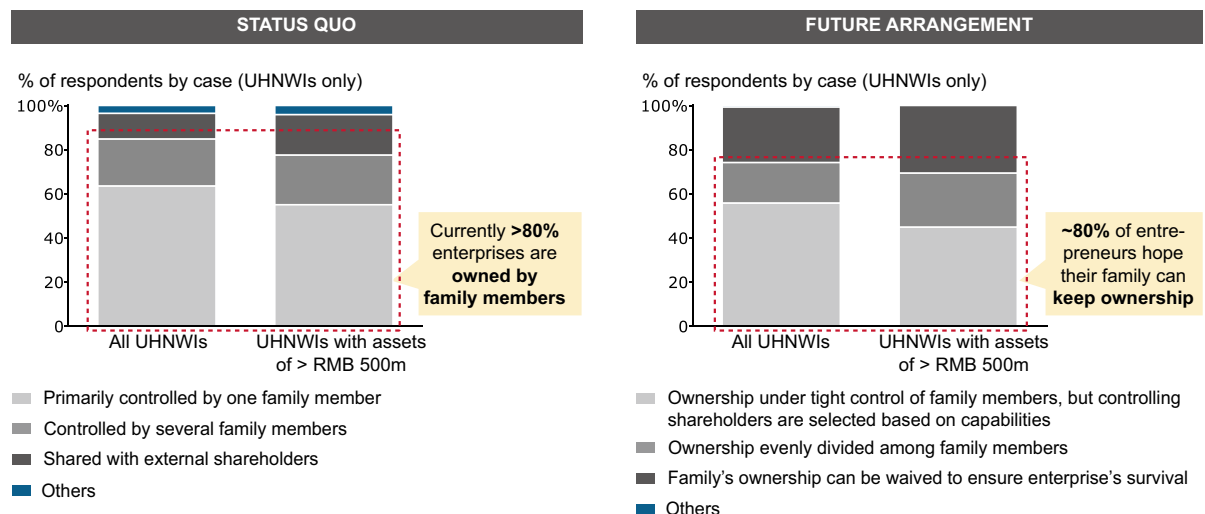
## Spotlight III-Meaning of family wealth inheritance has enriched and developed into family governance.

Most family businesses are still controlled by the founders. However, there are a number of second-generation family members who have become involved in managing their family businesses (see Figure 28).

**Figure 28: Status quo and future arrangement of Chinese UHNWIs' family business management rights in 2017**



While the HNWIIs we interviewed said they have an open attitude toward the introduction of professional managers, they are still relatively conservative regarding ownership control. They are more inclined to have the family control the business (see Figure 29).



### Diversification of wealth creation: cross-generation inheritance and innovation driving changes in HNWI segments

#### The second generation is maturing and becoming involved in the management of the family business.

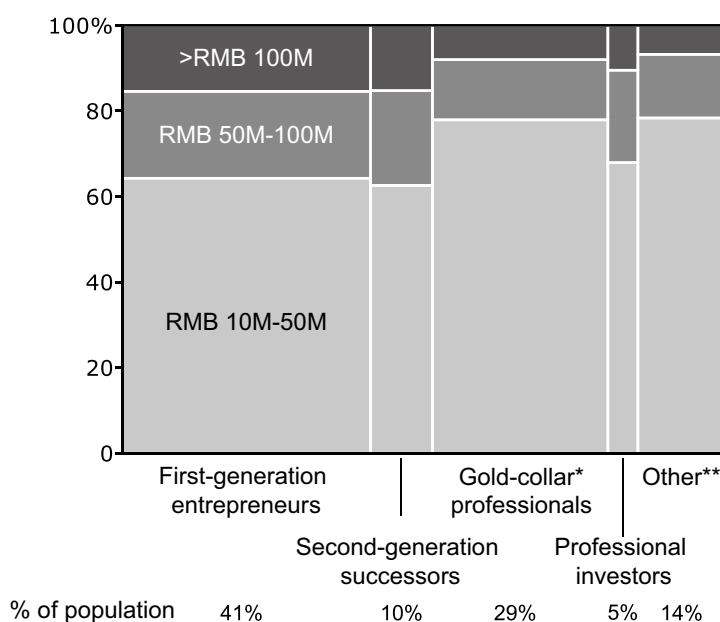
The evolution of the wealth creation approach has driven the development of new segments of HNWI's; second-generation successors and new wealth creators are emerging. The data from the study shows that among the HNWI's, the first generation of business owners account for roughly 40%, while more and more second-generation business owners are now shouldering the management of the family business, accounting for about 10% of HNWI's.

#### The rise of gold-collar professionals

An increasing number of business owners have chosen to hire professional managers and external professionals to help enhancing their corporate governance and business management. Meanwhile, the development of capital markets, initial public offerings (IPO) and NEEQ has increased the liquidity of equity and provided exit opportunities, which has created a new HNWI segment that is engaged in innovative industries. This has resulted in the rapid rise of gold-collar professionals (see Figure 30).

**Figure 30:** Segmentation of HNWI's in 2017

% of HNWI's, by occupation and asset size



Note: \*Gold-collar professionals include executives/professional managers/professionals.  
\*\*Other HNWI segments include stay-at-home parents, celebrities (athletes, actors/actresses, artists, etc.).  
Source: CMB-Bain HNWI study

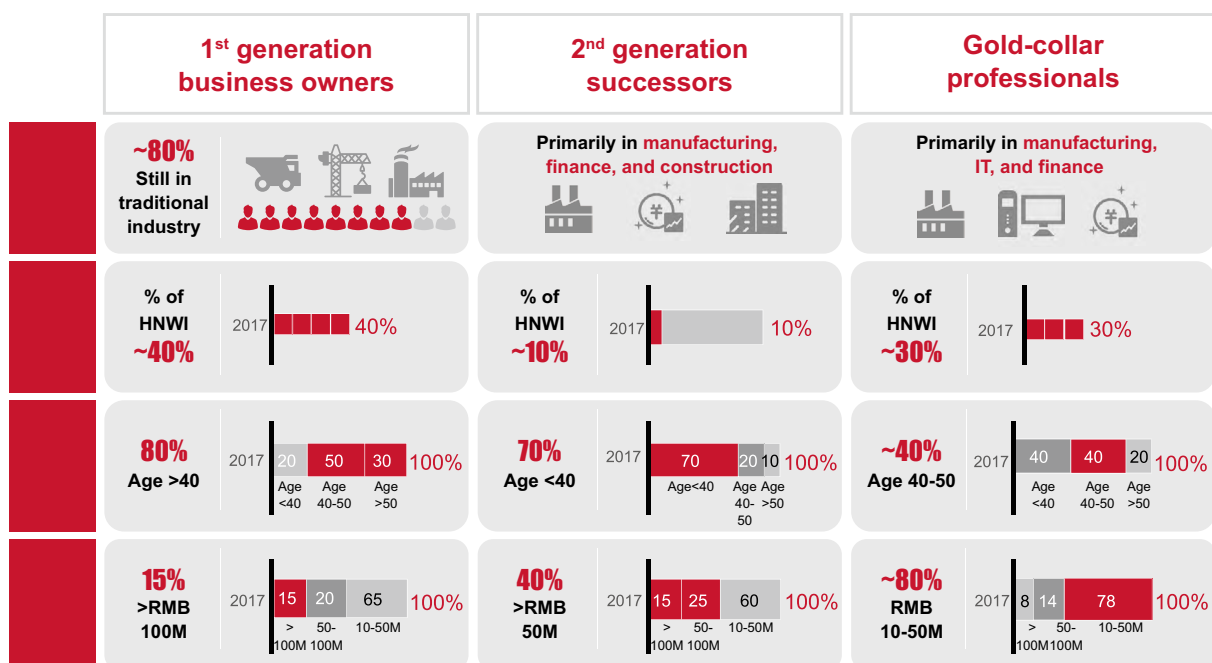


*Spotlight III-Meaning of family wealth inheritance has enriched and developed into family governance.*

## HNWIs' profiles by segment

Our research shows that different HNWI segments participate in different industries, with varying ages and asset sizes (see Figure 31).

**Figure 31:** Profiles of first-generation business owners, second-generation successors and gold-collar professionals



Source: CMB-Bain HNWI study



## Chapter 3: The Competitive Landscape of China's Private Banking Industry

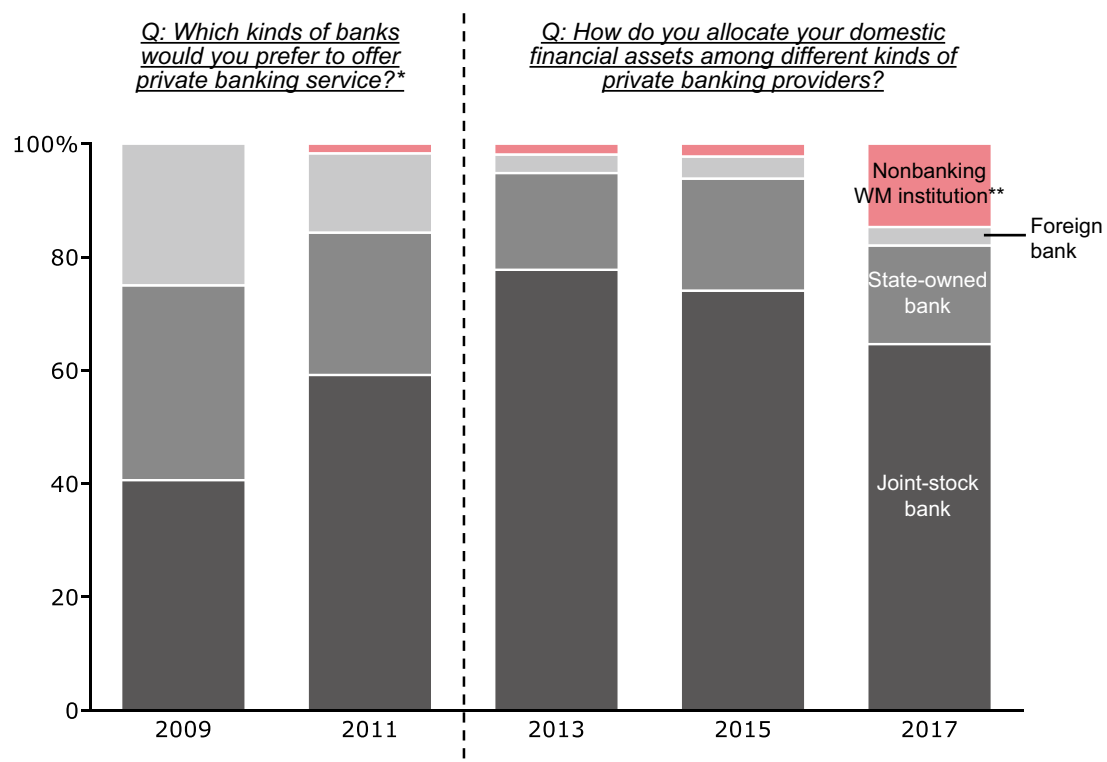
- In the domestic market, Chinese banks are widening the lead over foreign banks; respected private banking players have gained further share.
- In the overseas market, foreign banks are recognized for their brands and expertise by Chinese HNWIs, Chinese banks continue with strategic investments to build an integrated cross-border and comprehensive financial service platform.



## Chapter 3: The Competitive Landscape of China's Private Banking Industry

The scope of services provided by Chinese private banks continues to expand after years of exploration and accumulation (see Figure 32).

**Figure 32:** Trends of asset allocation in domestic market by HNWI, 2009-2017

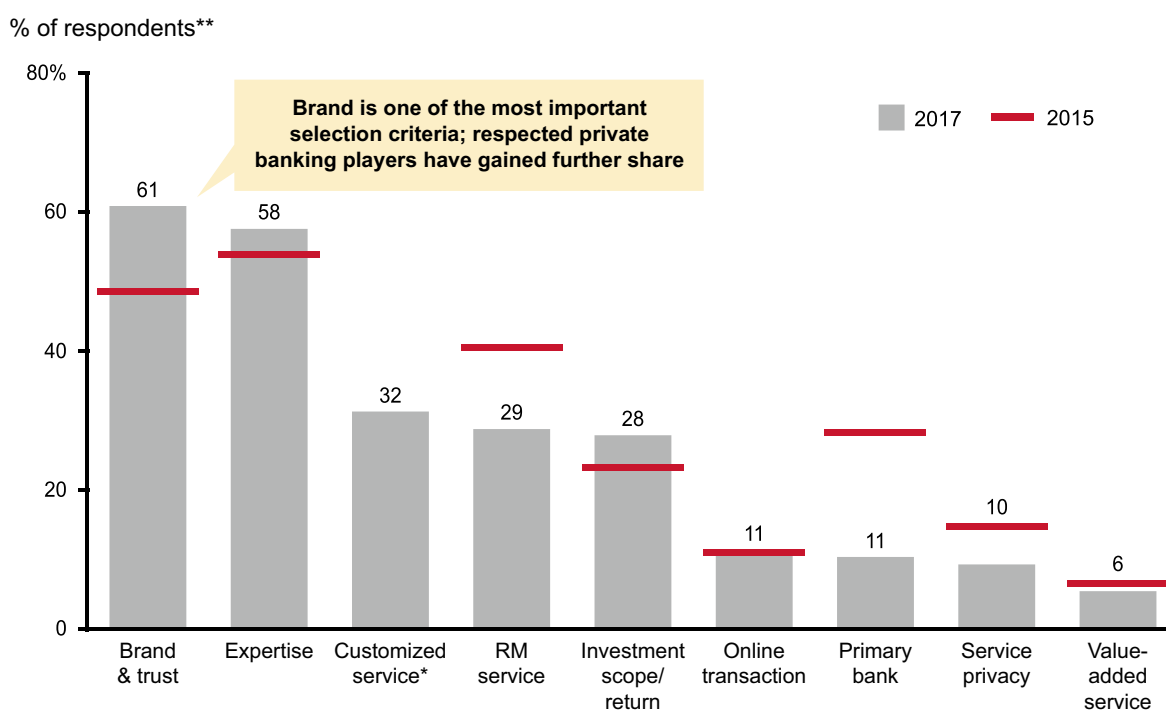


Note: \*Because private banking was in its initial stages of development before 2011, the survey used a prospective tone to study preferences.  
 \*\*Non-banking wealth-management (WM) institutions include securities, fund, trust and other third-party independent WM institutions.  
 Source: CMB-Bain HNWI study

In the domestic market, Chinese banks are widening the lead with advantages in brand name and expertise; respected private banking players have gained further share

Over the past two years, Chinese private banks have continued to enrich their offerings in terms of products and services. In the meantime, Chinese banks are also strengthening their capabilities in the form of asset allocation, the accumulation of wealth management experience and the development of long-term customer relationships. Chinese banks are now widening the lead over foreign banks and the leading private banking players further consolidated market share. Our survey shows that “brand name” and “team’s expertise” have become even more important to HNWI and reflects the fact that they have become more mature in selecting wealth managers (*see Figure 33*).

**Figure 33:** Criteria to select domestic private bank/wealth manager by HNWI, 2015-2017



Note: \*Customized service refers to service provided based on return, risk and other preference of the individual.  
 \*\*Some options not shown in the 2015 questionnaire have been omitted.  
 Source: CMB-Bain HNWI study

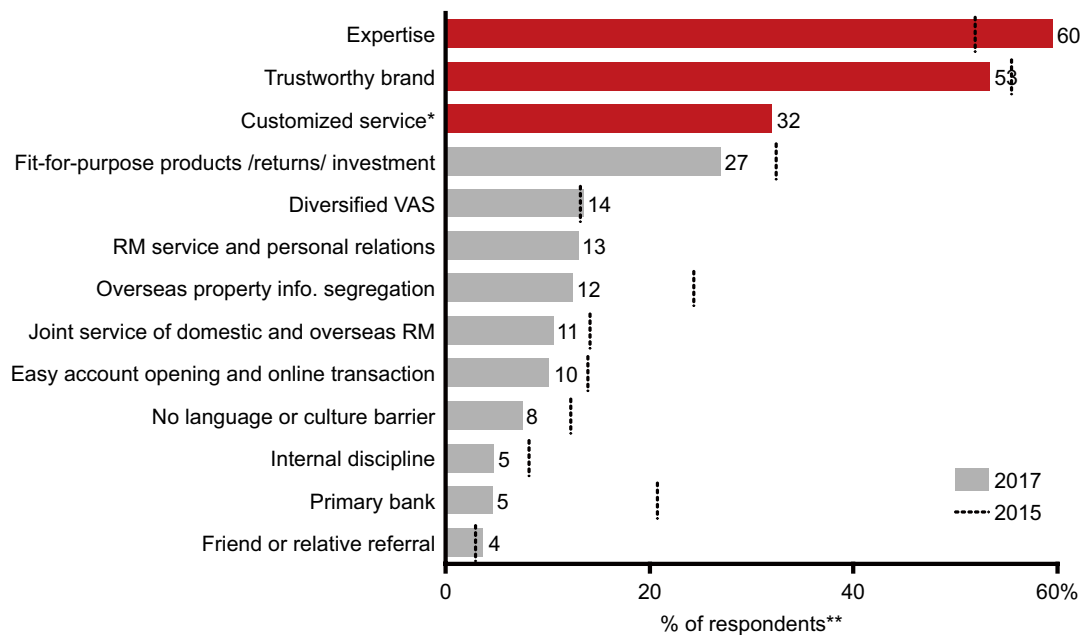


## Chapter 3: The Competitive Landscape of China's Private Banking Industry

In the overseas market, foreign banks are recognized for their brands and expertise by Chinese HNWIs; Chinese banks continue to make strategic investments in order to build an integrated cross-border and comprehensive financial service platform

In the overseas wealth management market, Chinese banks are continuing to invest by setting up branches in regions such as Hong Kong and North America, in order to build integrated wealth management platforms across borders. CMB-Bain research shows that when it comes to cross-border asset allocation, a team's expertise, brand and the customized service of the foreign wealth managers are the most important criteria, according to HNWIs (see Figure 34).

**Figure 34:** Criteria to select overseas private bank/wealth manager by HNWIs, 2015-2017



Note: \*Customized services based on personal income, risks and other factors  
 \*\*Some options not shown in the 2015 questionnaire have been omitted  
 Source: CMB-Bain HNW study

## Chapter 4: Review, Outlook and Implications of the Chinese Private Wealth Market

- **Review of market development in the last decade: six insights**
  - Economic development creates new HNWI segments and more diversified social wealth creation channels
  - Regional wealth distribution is more balanced; coastal and inland areas are taking turns in leading this growth
  - HNWI have shifted focus in their wealth management and succession planning, reflecting changes in needs and values
  - HNWI have diversified investments into both the “real economy” and “financial assets”
  - The domestic wealth management market has become more consolidated over time and the local players are leading the competition
  - Overseas investment continues to grow steadily and HNWI are more rational about overseas asset allocation
- **Looking ahead: four growth trends**
  - Strong growth and continuous influx of new wealth
  - Further segmentation with more new business owners and gold collars
  - Enhanced awareness of wealth inheritance; UHNWIs start making overall plans for family governance
  - Better knowledge and adoption of digitalization; stronger influence of fintech expected in private banking and wealth management
- **Two implications for wealth managers**
  - Build differentiated models and core capabilities; identify dos and don'ts
  - Expand and enhance cross-border service platforms; follow customers and meet their needs regarding overseas wealth management

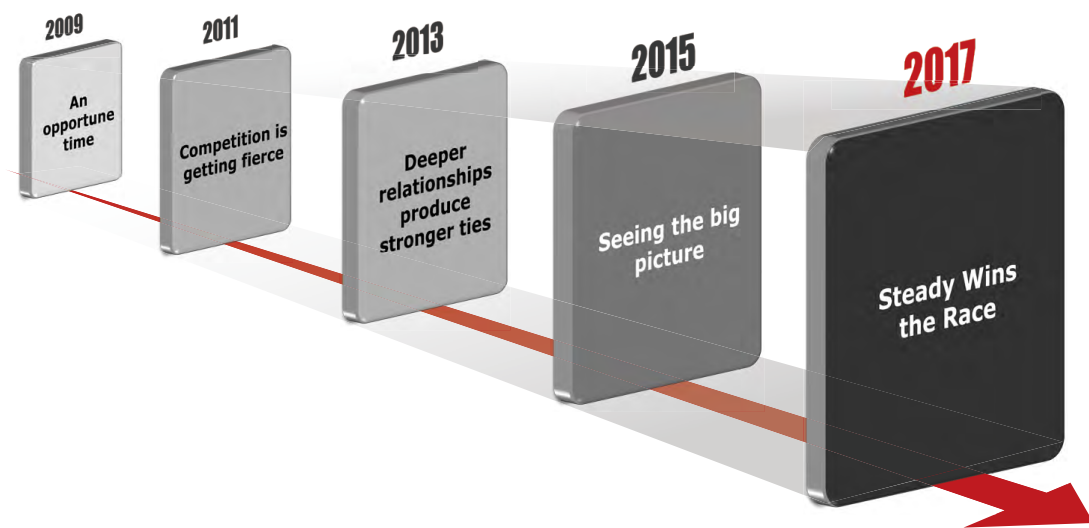


## Chapter 4: Review, Outlook and Implications of the Chinese Private Wealth Market

### Review of market development in the last decade: six insights

Since its debut in 2007, CMB's private bank has witnessed the growth of the China private wealth market over the past decade. The CMB-Bain China Private Wealth Report has closely followed the journey of the domestic wealth market. In each of the five reports over the last 10 years, ours is the only one to have accumulated a decade's worth of data on the China private wealth market, based on tens of thousands of HNWI's questionnaires and hundreds of face-to-face interviews (*see Figures 35 and 36*).

**Figure 35:** CMB-Bain has issued five China Private Wealth Reports, chronicling the development of the market in past decade



**Figure 36:** Review of the China private wealth market over the past decade

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1 Market size and geo. distribution	5x growth in market size											
	2 8x growth in HNWI population	RMB 26T							>RMB 100T		RMB 165T	
	3 Coastal, Central & Western, OBOR	180K HNWI <10K UHNWI			500K HNWI				>1M HNWI		1.58M HNWI >100K UHNWI	
4 Investment activities	Diversified distribution of HNWIs	>10K HNWI in T1 cities/coastal prov.		>10K HNWI in Circum-Bohai prov.	>10K HNWI in 5 Central provinces			>10K HNWI in OBOR-related prov.		>100K HNWI in major prov.	>20K HNWI in 22 prov. nationwide	
	5 Wealth creation to preservation/inheritance			70% 1 <sup>st</sup> -gen. business founder						"Gold collars" rise to 25%		40% 1 <sup>st</sup> gen. 10% 2 <sup>nd</sup> gen.
	6 Enhanced awareness of asset allocation			"Wealth creation" as main goal				"Wealth preservation" as main goal		"Wealth preservation" and "inheritance" as top WM goals		
7 HNWI segmentation	Domestic focus to global allocation	Capital market and real estate as popular investment directions						Trust as popular allocation choice, followed by rigid payment failure		Diversified asset allocation; more alternative investment allocation; more reasonable expectation vs. risk		
	8 Market establishment to comprehensive FS			<40% asset managed by institutions				SOW of WM institutions >50%		Family office arises		Comprehensive FS by leading inst.
	9 Intense competition to differentiated advantage	Chinese and foreign banks actively engaged in business distribution and competed for domestic WM market						In-depth exploration of customer demand to improve differentiation and expertise of business models		Formation of differentiation; augmented advantages of Chinese banks; obvious convergence effect of leading brands		
10 Competitive landscape	Domestic competition to cross-border linkage							Increasing demand of HNWI for overseas investment		Domestic WM institutions actively engaged in overseas business; foreign WM institutions actively seek and capture opportunities of cross-border WM business		



## Chapter 4: Review, Outlook and Implications of the Chinese Private Wealth Market

Over the last decade, the evolution of the China private wealth market has reflected the development of the country's social economy and capital environment. The mentality of HNWI's also mirrors the values of the nation's social elites. What are the drivers and implications? This report has identified the six major insights (see Figure 37).

**Figure 37:** Six insights into the China private wealth market



### 1. Economic development creates new HNWI segments and more diversified social wealth creation channels

Over the past decade, the economic development in China has driven the prosperity of the private wealth market, which has grown over five times in 10 years—from RMB 26 trillion in 2006 to RMB 165 trillion in 2016, with a CAGR of about 20%. Capital market products, real estate investments, wealth management products by banks, overseas investments and other domestic investments have been the key asset classes driving the sizeable growth of investible assets.

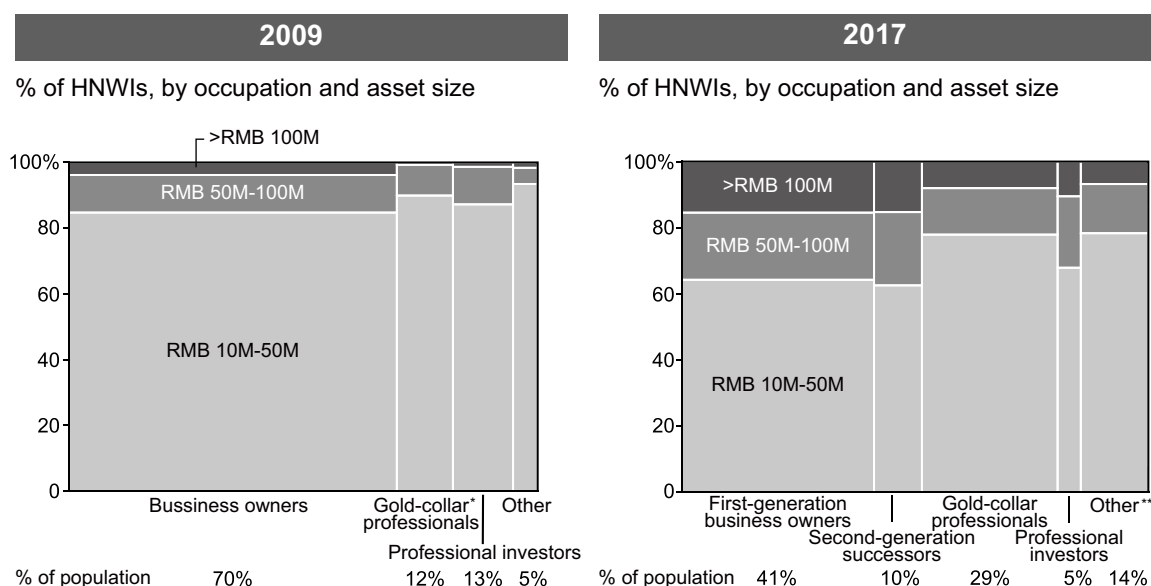
The number of HNWI's in China has increased by more than eight times: from 0.18 million in 2006 to 1.58 million in 2016. This means that over the past decade, about 400 "new faces" have joined the HNWI club every day. Among the HNWI's surveyed, more than 90% indicated that they accumulated that wealth in the past 10 years, and 70% became HNWI's in the past five years. The average of investible assets per HNWI increased from RMB 29 million in 2006 to RMB 31 million in 2016.



Along with the structural changes in the real economy, from “made in China” to “created in China,” and the development and standardization of capital markets in this process, new wealth creation opportunities have emerged. Wealth creation channels have also diversified. The change in approach to wealth creation has driven further segmentation within HNWI: The business owner segment is diversified, second-generation successors and new HNWI have emerged and the percentage of gold-collar professionals has increased significantly.

The research data shows that first-generation business owners now account for 40% of the total HNWI population. However, an increasing number of second-generation business owners now shoulder the management of family businesses, and they account for 10% of the HNWI population. Meanwhile, the gold-collar professionals, mainly consisting of professional managers, executives and professionals, are growing in number as Chinese enterprises have grown to scale. The research data shows that the percentage of gold-collar professionals in the HNWI population increased from 10% in 2009 to almost 30% in 2017. The increasing demand for management expertise and knowledge has created more opportunities for professional managers to achieve the HNWI wealth status and demonstrates that knowledge and innovation have become important drivers for wealth creation (*see Figure 38*).

**Figure 38:** Size of HNWI segments by profession and asset size in 2009 and in 2017



Note: \*Gold collar includes executive, professional managers, professionals.  
 \*\*Other HNWI include stay-at-home parents and celebrities (e.g., athletes, actors/actresses, and artists)  
 Source: CMB-Bain HNWI study



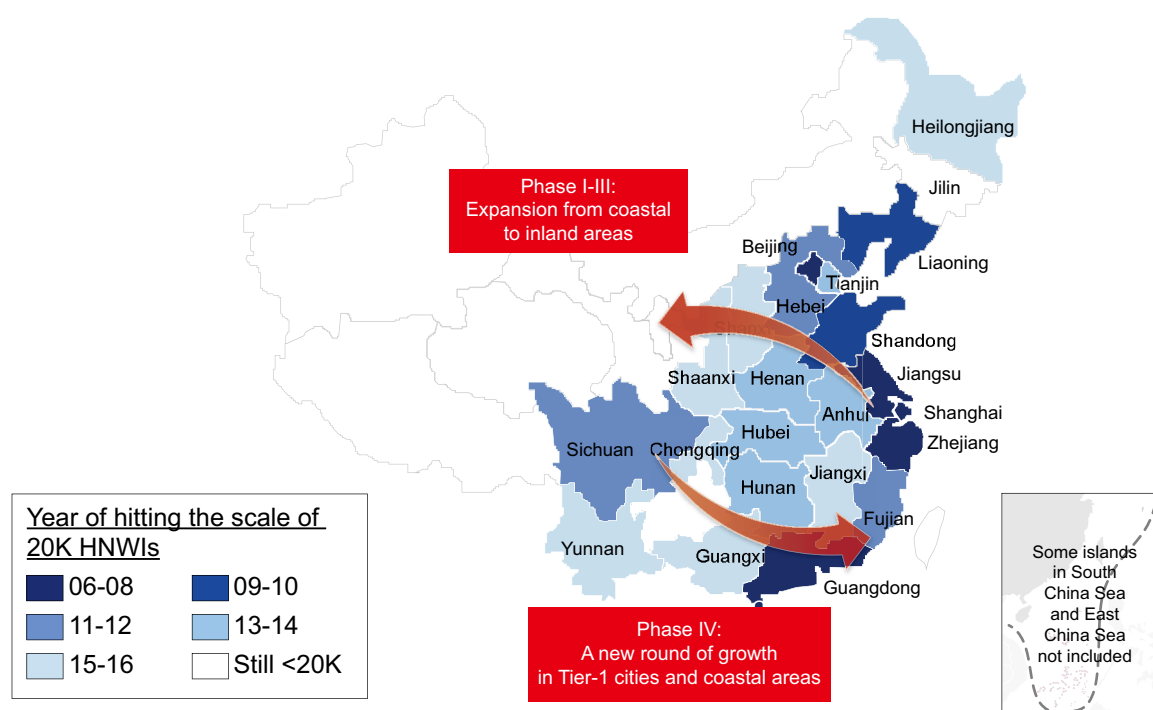
## Chapter 4: Review, Outlook and Implications of the Chinese Private Wealth Market

### 2. Wealth distribution is more regionally balanced; coastal and inland areas are taking turns in leading this growth

Private wealth is mainly concentrated in China's tier-1 cities, which are represented by Beijing, Shanghai, Guangzhou and Shenzhen and the country's coastal regions. However, regarding the growth of the country's wealth, the main creation opportunities are no longer limited to these regions. Instead, they are now spreading across the whole country, leading to what is now a more regionally balanced private wealth distribution (*see Figure 39*).

- Phase I (2006-2008). As private ownership of businesses increased and the economy soared, entrepreneurs in top-tier cities and coastal areas became rich, mostly by investing in their own enterprises. In addition, they began recycling their profits from the real economy into capital markets and property to generate investment returns.
- Phase II (2008-2012). Partly in response to the global financial crisis, China's central government took a series of steps to stimulate national economic growth and encourage wealth creation in underdeveloped regions. Government programs promoted industrial development in the Circum-Bohai-Sea region east of Beijing, as well as in central China.
- Phase III (2012-2014). Government initiatives spurred further wealth creation, particularly in southwest and central China. Beijing launched the One Belt, One Road (OBOR) program, which encourages trade between China and Eurasia along the original Silk Road route.
- Phase IV (2014-present). A new round of growth is under way in top-tier cities and southeastern coastal areas, as high-tech enterprises blossom and traditional industries are upgraded and revitalized. The digital revolution has spawned a new class of wealthy individuals, including executives and other professionals. As China moves forward with OBOR, new wealth continues to be created, especially in the provinces most affected by the program.

**Figure 39:** Regional distribution HNWI population, 2006-2016



Source: Bain HNWI income-distribution model

### 3. HNWI have shifted focus in their wealth management and succession plans, reflecting changes in needs and values

The evolving nature of the market over the last 10 years has gradually changed the value system of HNWI. During the 2009 and 2011 studies, “creating more wealth” was ranked as the top wealth objectives for China’s HNWI. As of 2013, “creating wealth rapidly” was no longer the most important objective for wealth management. Instead, it has been replaced by the “preservation and inheritance of wealth,” “quality of life” and “education of children.” HNWI have started to focus not only passing on their physical wealth, but also their family businesses and spiritual wealth. They are increasingly focusing on “family governance” and trying resolve three key issues: family relationships, family business management and controlling rights.

With the development of second-generation successors, more business owners in this segment have started to shoulder the responsibility of managing their family businesses. Many founders who have yet to retire also plan to give the family business to their children.

During the interviews, it was clear that the way HNWI think about wealth has deepened—wealth carries the meaning of personal achievement, family care and social responsibility. Many HNWI indicated that when



## Chapter 4: Review, Outlook and Implications of the Chinese Private Wealth Market

arranging their wealth preservation and in-family inheritance, they hoped to give back part of their wealth to society through proper measures. Some HNWIIs have explored the option of setting up charity trusts or family funds with help from wealth managers, who can manage dedicated funds for charity purposes. These include education and supporting the poor, donations to their alma maters, supporting youth education and aiding orphans or disadvantaged groups in poor regions.

### **4. HNWIIs have diversified investments into both the “real economy” and “financial assets”**

In recent years, investments in the real economy remain the major source of wealth for HNWIIs with a clearer trend toward “restructuring.” The research shows that HNWIIs are still willing to invest in the real economy. Additionally, their desire to invest in high-tech and other new industries is stronger than it is in traditional investments due to industry upgrades and innovation policies. This shift is in line with the government’s intention to guide the country’s development toward innovative industries. During the various interviews, we learned that many HNWIIs in traditional industries are still managing their enterprises, but at the same time, they are also actively seeking opportunities to invest in new and high-tech industries, such as Internet startups or the renewable energy sector.

At the same time, the importance on generating returns from financial investments has also increased. With the reopening of IPOs and the recovery in confidence in the primary and secondary markets, HNWIIs are now more interested in making financial investments. However, based on their experience with the ups and downs in the capital markets over the past 10 years, HNWIIs also have a higher awareness of risk and asset allocation. The emergence of venture capital (VC), private equity (PE) and other alternative investments have created additional channels that are attracting HNWIIs to invest into hotspot industries in the real economy, via private wealth managers. In general, the investment behavior of HNWIIs has become more rational.

### **5. The domestic wealth management market becomes more consolidated over time; local players leading the competition**

Around a decade ago, China’s domestic private wealth management market was emerging, with local banks achieving the leading market positions with their brand, network, products and services. The leading players gained their advantage by building a reliable reputation and developing their resources in the domestic market. Such leading players were recognized by their customers for product innovation, flexible and professional services, and a growing brand name. Foreign banks then began actively participating and building their presence in China’s domestic wealth management market.

As the competition intensified and the HNWI population became more experienced in wealth management, wealth managers in the market shifted their competitive focus from growing in scale to deepening their expertise and, therefore, further differentiating their business models. In the last decade, local private banks have extended their advantages in the market by enhancing their relationships with customers and leading private banking players have further gained share. In contrast, due to the restriction on the RMB business and a limited service network, foreign banks have had to adjust their strategies and have repositioned their

---

---

target segments in wealth management. A handful of foreign players continue to invest in the high-end wealth management market, while some foreign players have retreated their positions. Meanwhile, other types of wealth managers have grown rapidly by leveraging their products and distribution channels, while some have started to set up asset management businesses.

## **6. Overseas investment grows steadily and HNWIs are more rational about overseas asset allocation**

With an increasingly open and mature investment mentality, more HNWIs are starting to look at the overseas market. Additionally, their investment needs have also evolved toward diversified allocation across region, currency and type. Against the backdrop of globalization, the percentage of Chinese HNWIs with overseas investments has continued to increase, growing from 20% in 2011 to about 60% in 2017. Studies show that overseas investments accounted for less than 10% of the total investible asset of HNWIs in 2008, but have more than doubled within the last 10 years.

Meanwhile, the HNWIs' average share of overseas investments as a percentage of total investible assets have stabilized since 2013, reaching 20%-30%. The objectives for overseas investments have broadened—from the diversification of risk and generating a means of support for living abroad in early days, to seeking more diversified investment returns in today's market. With a better understanding of the risks and complications involved in investing in the overseas market, HNWIs now value professional capabilities more for their dynamic adjustments of overseas asset allocation and the screening of quality assets and risk management. Overseas asset allocation has truly evolved from its early trial stages to a rational growth stage.



## Chapter 4: Review, Outlook and Implications of the Chinese Private Wealth Market

### Looking ahead in China's private wealth market and HNWI population: four growth trends

#### 1. Strong growth and continuous influx of new wealth

In the future, China's private wealth market is likely to continue to grow at a double-digit rate. Many government economic measures are continuing to drive the growth of China's private wealth. For example, the implementation of the "innovation driving development" strategy, and a continuous effort to "spread entrepreneurship and innovation" will further drive the growth of new sectors. The optimization and upgrading of traditional industries in the real economy, de-inventory, and state-owned enterprise (SOE) reform will further drive economy growth in traditional sectors. Speeding up the pace of market capitalization will further bring "new money" and "new wealth." In March 2017, the government's working report emphasized three "state level regional development strategies," meaning further implementation of OBOR, the Yangtze economic corridor, and Beijing, Tianjin and Hebei region. These regional development initiatives will further drive the development and economic growth of selective regions.

#### 2. HNWIs will become more diversified with rising new segments such as business owners in new technology sectors and gold collars

The HNWI segments continue to evolve with a changing approach for wealth creation. First-generation business owners now account for only 40% of the HNWI population and the percentage of second-generation successors has increased over time. China's HNWI segments are likely to continue to evolve and become more diversified. As some first-generation business owners are preparing to retire, we believe this might lead to a further decline in the percentage of this group in the HNWI population. Meanwhile, the percentage of entrepreneurs in innovative industries (including founders and second-generation successors) will continue to increase. In addition, the percentage of professional managers/gold collars will continue to increase due to the growth of the enterprises and a higher level of market capitalization.

#### 3. Enhanced awareness of wealth inheritance; UHNWIs start making overall plans regarding family governance

Having gained a wider understanding of the concept of wealth inheritance, approximately 70% of HNWIs plan to work on the wealth inheritance issue in the next three years. Meanwhile, HNWIs' understanding of wealth inheritance is also deepening. The meaning of wealth inheritance has evolved from the inheritance of physical wealth to spiritual wealth, and from personal wealth to family business succession planning. Some UHNW families have started to consider family governance and family business succession, but only a few have tried. In the future, when more HNWIs begin their wealth inheritance journeys, wealth managers may be able to entice more potential customers to try their services by establishing successful showcases.

## **4. Better knowledge and adoption of digitalization; stronger influence of fintech expected in private banking and wealth management**

HNWIs value quality service. They are familiar with all types of digital service platforms, and have an open attitude toward the Internet and new digital technologies. They are willing to receive standard or some customized information and services via the Internet, mobile devices or remote conferencing. In the future, HNWIs will have higher expectations regarding faster response times and the quality of their digital services. Digital experiences will have a critical impact on customer loyalty and, at the same time, the development of fintech will have a revolutionary impact on the service and operation models of wealth managers. Fintech will likely be deeply embedded into the services and operations of private banks.

### Two implications for wealth managers

#### **1. Build differentiated business models and core capabilities; identify dos and don'ts**

With the maturing of the wealth management mindset, the market will become more consolidated and leading wealth managers may further expand their competitive advantage. Therefore, WM institutions should focus on building differentiated business models and avoid blindly going after big, all-inclusive strategies for clients by:

- identifying target clients and their needs for products and services;
- developing a unique value proposition for target customer segments; and
- building a differentiated competition model and required capabilities.

Different types of institutions will deploy different strategies:

- Private banks will continue to position themselves as high-end wealth managers serving HNWIs and UHNWIs. They will provide comprehensive financial services, from investment to financing, from personal wealth management to family and enterprise planning, and from short-term to mid-long term wealth preservation and inheritance.
- The competitive advantages of other wealth managers are that they serve an affluent segment and the partial needs of HNWIs, with product distribution as the main business model and the providing of investment advisory and customization services to some high-end customers.
- Wealth management platforms mainly target the upper mass segment and affluent segment, offering a wide selection of products and convenience for investments while strengthening their risk management capabilities, gaining credibility and controlling risks/offering attractive returns, so they can maintain a sustainable business.



## Chapter 4: Review, Outlook and Implications of the Chinese Private Wealth Market

Meanwhile, the competition in wealth management is intensifying, setting higher bars for wealth managers' to win in this market. Wealth managers should put the enhancing of their digital capabilities and fintech applications at the core of their strategy, so they can improve the efficiency and flexibility to respond to customers' shifting needs, fully integrate customer data, enhance digital support to the relation managers and improve their service efficiency and the pertinence of their recommendations. For example, new technologies such as artificial intelligence (AI)-based robot advisory and remote trading platforms can help enhance customer experiences. Online advisory platforms and mobile customer relationship management (CRM) systems can help relationship managers increase the efficiency of how they communicate with their customers.

### **2. Expand and enhance cross-border service platforms; follow customers and meet their needs in overseas wealth management**

To satisfy the needs of overseas investment for HNWIs, Chinese private banks have been actively building their presence in overseas markets by setting up branches or partnering with foreign institutions. However, the international presence of Chinese private banks is still limited and has a shortage of overseas investment professionals. After addressing these issues, the Chinese banks will expect to enjoy rapid growth in international market. In the future, different types of players should consider different approaches:

- Chinese private banks should leverage their in-depth understanding of Chinese HNWIs and long-term customer relationships by actively building up a presence in overseas hotspot investment regions and enhancing the product and customization capabilities of their overseas platforms.
- Foreign wealth managers need to overcome the barriers of culture and languages, explore the products and service model to serve Chinese HNWIs, build targeted relationship management teams, improve the customer service experience, improve their customer acquisition capabilities and deepen their customer relationships, so they can share and capture the market opportunities in cross-border wealth management for Chinese HNWIs.

To summarize, the development of China's private wealth management market did not happen overnight. Wealth managers must follow the trends, address the customers' core needs and deepen their expertise. In the long run, only those who make long-term commitments beyond decades can possibly gain customers' trust and win the game in a competitive market. Those players will become the trailblazers and share in the success and future growth of China's private wealth market.



## Appendix: Research methodology

---

The 2017 China Private Wealth Report primarily analyzed the wealth market development trends of China and some of its key regions. The study analyzed the growing number of HNWIs, their respective private wealth and investment behaviors. It also examined the competitive landscape of private banking as well as the medium and long-term development trends and implications for the industry.

To estimate the overall HNW market in China, as well as the distribution of HNWIs and their investible assets by province, we continued using Bain & Company's HNW Income-Wealth Distribution Model as the basis, as in the 2009, 2011, 2013 and 2015 reports. We also deepened our research into the major market trends over the past two years. We estimated the number of Chinese HNWIs in each province, as well as their investible assets at the macro level, building a proprietary database with 10-year accumulations. We applied a top-down macro research methodology to estimate the number of HNWIs, which helps to avoid potential undersampling errors that often occur when employing a bottom-up methodology. This ensures that the findings are more reliable, comprehensive and predictive. The major output from this model is the calculation of the HNW Wealth and Income Lorenz Curve, using a statistical methodology. Based on the latest income distribution, inheritance tax and family-owned asset data from the United Nations, tax authorities and central banks of different countries, we calculated the HNW Lorenz Curves for more than 10 developed and developing countries in Asia, Europe and the US. We discovered a high correlation between the curve and a country's Gini coefficient, GDP, population and other macroeconomic indexes.

By applying this mathematical correlation to China and individual provinces and by comparing the UK, US, Japan and South Korea's recent HNW Lorenz Curves with the CMB clients' asset distribution data, we derived the overall domestic HNW Lorenz Curve and respective curves by province.

Since the publication of the first Report in 2009, we have conducted a thorough and in-depth analyses of the investment mentality and behaviors of HNWIs and have collected a mass of firsthand information on HNWIs. In 2009, we initiated our research, which surveyed 700 HNWIs and included more than 100 face-to-face, in depth interviews. The 2011 report was based on 2,600 survey samples and more than 100 face-to-face interviews; in 2013, we collected more samples from approximately 3,300 surveys and more than 100 interviews; these figures were respectively, 2,800 and 100 in 2015. Years of accumulating this data laid a solid foundation for the research and analysis of Chinese HNWIs. This year, to collect data for the 2017 China Private Wealth Report, we once again conducted a thorough survey (about 3,300 research samples) and more than 100 face-to-face, in-depth interviews. In order to achieve the best representation, we interviewed HNWIs from 44 major cities, covering all of the major economic regions: the Yangtze River Delta, Pearl River Delta, North China, Northeast China, Central China and West China. Our interviewees included industry experts as well as relationship managers from private banks and other financial institutions, private banks' HNW clients and other HNWIs. All clients interviewed meet our criteria for HNWIs with at least RMB 10 million in investible assets.



## *Shared Ambition, True Results*

**Bain & Company is the management consulting firm that the world's business leaders come to when they want results.**

Bain advises clients on strategy, operations, technology, organization, private equity and mergers and acquisitions. We develop practical, customized insights that clients act on and transfer skills that make change stick. Founded in 1973, Bain has 55 offices in 36 countries, and our deep expertise and client roster cross every industry and economic sector. Our clients have outperformed the stock market 4 to 1.

### **What sets us apart**

We believe a consulting firm should be more than an adviser. So we put ourselves in our clients' shoes, selling outcomes, not projects. We align our incentives with our clients' by linking our fees to their results and collaborate to unlock the full potential of their business. Our Results Delivery® process builds our clients' capabilities, and our True North values mean we do the right thing for our clients, people and communities—always.

### **Bain in Greater China**

Bain was the first strategic consulting firm to set up an office in Beijing in 1993. Since then Bain has worked with both multinationals and local clients across more than 30 industries. We have served our clients in more than 40 cities in China and now have three offices in the Greater China region, covering Beijing, Shanghai and Hong Kong. We currently have about 200 consultants with extensive work experience in China and throughout the world working in our offices.

## **BAIN & COMPANY**

贝 恩 公 司

### **Greater China Offices**

#### **Beijing**

Unit 2407-09, Office Tower 2  
China Central Place  
79 Jian'guo Road, Chaoyang  
Beijing 100025 China

Tel: 86-10-5659 2888  
Fax: 86-10-6598 9090

#### **Hong Kong**

30/F, One International Finance  
Center  
1 Harbour View Street,  
Central, Hong Kong

Tel: 852-2978 8800  
Fax: 852-2978 8801

#### **Shanghai**

31/F, 2 Plaza 66  
1366 Nanjing West Road  
Jing'an District  
Shanghai 200040 China

Tel: 86-21-2211 5588  
Fax: 86-21-2211 5500



For more information, please go to  
[www.bain.cn](http://www.bain.cn) or follow our WeChat  
Official Account:

To learn more about the report, please contact:



**Jennier Zeng**  
Partner  
*Jennifer.Zeng@bain.com*



**John Ott**  
Partner  
*John.Ott@bain.com*



**Alfred Shang**  
Partner  
*Alfred.Shang@bain.com*



**Xin Liu**  
Principal  
*Xin.Liu@bain.com*

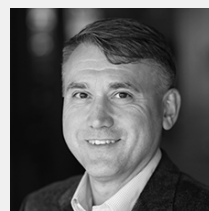
Bain Greater China Financial Services Practice Management Team:



**Jennier Zeng**  
Partner  
*Jennifer.Zeng@bain.com*



**Philip Leung**  
Partner  
*Philip.Leung@bain.com*



**John Ott**  
Partner  
*John.Ott@bain.com*



**Richard Hatherall**  
Partner  
*Richard.Hatherall@bain.com*



**Alfred Shang**  
Partner  
*Alfred.Shang@bain.com*



**Xin Liu**  
Principal  
*Xin.Liu@bain.com*



**Yao Zhao**  
Manager  
*Yao.Zhao@bain.com*



### Copyright Statement

China Merchants Bank and Bain & Company jointly own the copyright of all pictures, tables and word contents of the *2017 China Private Wealth Report* with protection of Chinese intellectual property rights-related laws and regulations. Any information herein is not to be relied on by any organizations and individuals for any commercial purposes without prior written permission from both China Merchants Bank and Bain & Company. Please indicate source in case of reproduction. China Merchants Bank and Bain & Company obtained the data used herein from public information. For any copyright conflicts, please contact China Merchants Bank or Bain & Company.

PRIVATE  
BANKING

助您家业常青  
是我们的份内事



招商銀行  
CHINA MERCHANTS BANK

BAIN & COMPANY



贝 恩 公 司