

RESEARCH

One in four high-net-worth individuals expect their wealth to decrease temporarily

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Even the affluent are feeling the pinch. Image credit: Affluential

By LUXURY DAILY NEWS SERVICE

The COVID-19 crisis has affected economies worldwide and high-net-worth individuals are not immune.

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One in four consumers 26 percent believes that their wealth will decrease temporarily, and 5 percent permanently, per findings from Agility Research & Strategy's Affluential Wealth Report 2020/2021 for ultra-high-net-worth and high-net-worth individuals' financial behavior post-pandemic.

"Given the uncertain economic landscape, 33 percent plan to adjust their portfolio to maximize capital protection, and they are keeping a large share of their assets in cash" said Ali Mirza, CEO of Singapore-based Affluential, in a statement.

"More than even in these uncertain times, 89 percent feel they need professional help when investing, and 74 percent work regularly with a financial advisor to help them invest it," he said.

The majority of the HNWIs in China, Hong Kong and Singapore believe that this is a systemic shift. Indeed, changing their asset allocation will not necessarily protect them.

As a result, they have started saving more peak of 48 percent in Hong Kong and 44 percent in Singapore and buy fewer luxury goods, compared with pre-COVID-19, waiting to understand how the pandemic will impact their wealth in the years to come.

Surprisingly, between 25 percent and 50 percent is open to find a new bank, insurance, wealth management or credit card provider, particularly if in the 18-44 age bracket.

Type of investors

Digital ecommerce and servicing has seen a spike in many industries.

While financial services were already on a path to move toward more digital touch points available, the study found that digital servicing will not completely replace humans anytime soon. To wit: HNWIs "visiting a branch to learn about financial products" is still the most important touch point.

The data shows that the right mix of face to face and digital is the solution for financial services providers: HNWIs think it is important to meet a financial advisor at least once to build trust, yet they are happy to communicate digitally afterward 43 percent in China.

When asked what the most important criteria are when choosing a trusted financial services brand, one in two HNWIs expects "honesty" when they interact with financial providers, particularly when comparing the proposed solution to others available in the market.

What are the passions?

The Affluent study queried HNWIs on their investment goals beside maximizing financial returns.

"Sustainable investing," which is investing in companies that have sustainability at their core, is a concept with which they are familiar, showing that they do care that the companies they are investing in work for society's common good.

"HNWIs not only invest their wealth to increase return, but they also invest in items they are passionate about: rare watches, jewelry and increasingly art tops their list of investment of passions" Mr. Mirza said.

When asked if they donate to philanthropic causes, one out of three donates regularly. "Poverty and hunger reduction" and "good and affordable healthcare for all" are the most supported causes.

While "gold & precious stones", and "foreign currencies" top the list of niche investments, new assets such as "cryptocurrency", "crowdfunding" and "P2P lending" are on the rise.

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