

PRIVATE EQUITY DOLLARS POURING INTO WEALTH MANAGEMENT, FINTECH

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Private equity investors continue to pour into the wealth management space, according to the latest research from **ECHELON Partners**.

A report being released today by the investment banking firm shows growing private equity influence on both advisory firm consolidation and the growth of financial technology firms.

"The private equity firms see the wealth management space as a fertile environment for growth through acquisitions," said **Daniel Seivert**, ECHELON's Chief Executive.

There were a record 168 transactions involving registered investment advisers last year, up 22% over 2016 levels.

According to the research, of the 97 acquisitions and breakaway broker transactions of \$1 billion or more over the past two years, private equity money was behind 41 of the deals.

"There are thousands of targets because it's a highly fragmented market, and private equity investors see a lot of growth tailwind," said Mr. Seivert, who counts more than 50 PE firms that are currently investing in the wealth management space.

But even that growing list of PE investors is second to the 60 PE firms that are investing in fintech. In 2017, PE firms invested a record \$16.1 billion into financial technology, which is up 16% from \$13.9 billion in 2016, and up 475% from \$2.8 billion in 2012.

"The general thesis is that there's room to use technology and automation to basically change the value proposition in financial services and to cater to the millennial and Gen X generations that are using mobile and technology more," Mr. Seivert said.

The PE influence on the wealth management space is being driven in many respects by the volume of money pouring into the private equity space. The latest figures show private equity assets closing in on \$3 trillion, with nearly \$1 trillion worth of idle "dry powder."

By contrast, total PE assets in 2012 were less than \$2 trillion, and the dry powder was around \$560 billion.