Number of Millionaires World Wide Increases to 9.5M

Originally Published By Thomas Coyle,Family Wealth Report

The number of millionaires worldwide increased 8.3% year over year in 2006 to 9.5 million, with total assets held by these high-net-worth individuals 11.4% higher at $37.2 trillion. That's according to the 2007 *World Wealth Report*, compiled and written by business consultancy Capgemini and sponsored by financial-service provider Merrill Lynch**.**

The report says these increases -- representing a 42% faster rate of growth over the previous year in terms of high-net-worth population and a 10.5% faster growth rate in terms of total assets -- comes down to a rise in global productivity and rising market-capitalization rates in 2006, especially in developing markets.

"The level of wealth creation around the world provides a tremendous opportunity for wealth-management firms, and success will go to the firms that offer a service model that meets the ever-changing needs of today's sophisticated clients," says Robert McCann, head of Merrill Lynch's private-client group.

Capgemini defines a high-net-worth person as one with at least $1 million in "financial assets."

Hot spots

The number of individuals with at least $30 million in financial assets -- the *ultra* high net worth to Capgemini -- grew to 94,970 last year, an 11.3% gain from a 10.2% gain in 2005 for a 9.7% faster growth rate. This group's collective financial holdings grew 16.8%, to $13.1 trillion.

The so-called BRIC economies -- those of Brazil (which saw a 10.1% in its high-net-worth population in 2006), Russia (15.5%), India (20.5%) and China (7.8%) -- again emerged as particularly fertile ground for private-wealth creation.

Singapore, whose 21.2% high-net-worth population explosion in 2006 sheds light on the recent spat between firms over wealth-management talent in the Malay-peninsula city state, comes in for honorable mention as well.

In regional terms, Africa had the fastest growing population of millionaires in 2006, followed by the Middle East, Latin America, Asia Pacific, Europe and North America (ex Mexico and Central America). You can turn that list on its head to get a ranking of regions with the biggest millionaire populations in absolute numbers.

Capgemini says that slower growth in mature markets -- North America, Japan and Western Europe -- will moderate global growth rates over the next few years, putting a damper on personal wealth creation. "With many central banks tightening monetary policy, the period of high liquidity that has so stimulated recent growth may soon come to an end," according to the consultancy.

A word from our sponsor

The *World Wealth Report* is a great resource, full of facts and figures and often featuring valuable sidebars -- this year it looks at global real-estate investing and luxury spending. But there's also usually a palpable, if subtle, sell message imbedded in the report -- seemingly the *quid pro quo* for Merrill's sponsorship.

In 2005 the need for conferencing and data-aggregation technologies for advisors of mid-tier millionaires figured as the sponsor's message -- an oblique commercial for features of the Total Merrill wealth-service platform. Last year the *World Wealth Report* emphasized the need for North America's high-net-worth investors to put more money in emerging markets as a hedge against comparatively stagnant home markets. Two weeks later Merrill rolled out a global commodity-futures index.

This year the focus seems to be back on Total Merrill, with a message about the desirability of "needs-based" approach to clients. That boils down to market segmentation with an emphasis on separating clients by their requirements in addition to segmentation by assets under advisory.

From there, the *World Wealth Report* talks about the need to match products and service models to the wealth segment or segments individual firms have in mind to target, keep abreast with clients' changing needs and implement "sophisticated and agile information technology (IT) architecture, armed with data gathering and data analysis capabilities," as Merrill puts it in a press release.

Dan Seivert, CEO of the Los Angeles-based investment bank and wealth-business consultancy Echelon Partners, has a hard time disagreeing with these propositions. But then he co-wrote a report -- *Platform Made Perfect*, published in 2005 -- that foreshadows many of the points Capgemini brings up now.

"There's no 'wow'" in what the *World Wealth Report* has to say about wealth-management service models, Seivert says. "It's not breaking new ground."

Here's a copy of the report. -FWR

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