



TOP NEWS

Highlights, Day 2: Changing investor demographics

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New York (Reuters) - The following are highlights from the Reuters Global Wealth Management Summit, where key financial services industry executives are discussing competitive pressures and their growth plans, as well as their predictions for markets in the second half of 2014.

JOHN CLENDENING, executive vice president and co-head of retail business, Charles Schwab

On client asset growth:

"When you look at the last four years, ending at the end of 2013, and look at the growth of client assets, that's \$827 billion. In order to match that number, you'd have to combine the client asset growth at four really good firms, TD Ameritrade, E*Trade, Morgan Stanley and Merrill Lynch. If you put those firms together, they've been able to achieve growth of \$830 billion, nearly tying Schwab's growth over the same period."

On persistent low interest rates:

"We've done, as a firm, a terrific job of growing earnings and earnings per share. That being said, there's no doubt that there's a large anchor that we're dragging, and we're dragging a huge anchor called abnormally low out-of-market interest rates."

JOE PEIFFER, incoming president, Public Investor Arbitration Bar Association

On threats to investors:

"We are still seeing a lot of bad private placements. It's really bad, actually. A lot of people are getting sold these [investments] that were really never intended to be sold private placements. The idea behind them was someone who has a lot of money and wants to invest in something risky and understands the risks does so. What I see is people who don't have a lot of money and don't understand what the risks are buying these private placements."

JACK BOGLE, founder and former chief executive officer, Vanguard Group Inc

On the state of Wall Street:

"Our system is crying out to shrink. ... I don't think we need all the liquidity we have. ... I think we have more liquidity than we need." Investors "trading with each other to no avail is 99.5 percent of the system."

On growth of Vanguard:

"Nobody has had a market share that big in our history. It's about 18 percent, in our funds. It's going to be 20 percent in a few years."

JOHN THIEL, head of U.S. Wealth Management, Private Banking and Investment Group, Merrill Lynch Global Wealth Management, Bank of America

On worries:

"How are we doing really managing risk, and identifying operating risk and rooting it out? ... We've got a lot of clients with meaningful fixed income portfolios, and if you read the pundits, rates are going up. And so when rates go up, prices go down. And are our clients understanding of that and prepared? We do everything we can to make sure they understand that relationship. ... We want to be thoughtful and have that examining, and we've done a good job of shortening duration."

MARK MASON, chief executive officer, Citi Private Bank, a unit of Citigroup

On product offerings:

"If we're comfortable in offering a competitor's product, that's a measure of how product agnostic we are. What our clients tell us is that when they deal with a private banker from Citi, they don't feel like they're being product-pushed."

On fraud in Mexico:

"It's an embarrassment to the company, and we've held people accountable for their actions. When something like this happens, you chase it down, figure out what happened and that it isn't systemic and then make sure it doesn't happen again."

MANUELA D'ONOFRIO, head of global investment at Unicredit's private bank, in Milan

On transparency:

"Another demand which is very now clear is transparency. The time when you could tell a client, 'OK buy this, invest in this, trust me,' that time is over."

On business differentiation:

"What really distinguishes businesses is the fact that as a client you deserve to have somebody who looks after your portfolios in very personalized way."

JUERG ZELTNER, head of UBS's private bank, in Zurich:

On industry transformation:

"The advisory business, in all my years has never seen the opportunity greater than now. The opportunity to build models where we go out, where we differentiate, where we are the go-to person, where we call first has never been greater."

NORMAN VILLAMIN, chief investment officer Europe at Coutts and Co, in Zurich

On wholesale migration:

"We think the catalyst for the wholesale migration [into equities] is when banks themselves say, 'Ok I'm taking all these deposits and I'm not going to buy peripheral government debt with it and instead what I'm going to do is I'm going to lend it out.'"

(Compiled by Reuters Wealth Management team)

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