

Private Banking and Wealth Management

What is Private Banking?

While most people manage their finances online or in a local branch of their bank, the world's wealthiest individuals can take advantage of a more personalised service offered by the private banking division of a retail bank, a dedicated private bank or other financial institution.

As a private Banking client, you're assigned a dedicated private banker – sometimes known as a relationship manager – who will help you with everyday tasks such as opening accounts and transferring money along with more complex matters such as wealth management and retirement planning. It's like having a PA who's focused solely on your finances.



Who is eligible for Private Banking?

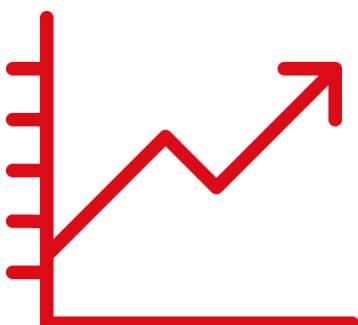
While retail banks offer a relationship manager as part of Premium or Premier banking services based on salaries or income, private banking tends to be reserved for high-net-worth individuals (HNWIs) with substantial amounts of cash to invest and other assets. The minimum requirement can vary, but most banks set a benchmark of at least £100,000 – and some only accept clients with more than £10 million to deposit or invest!

What are the advantages of Private Banking?

When it comes to opening accounts, issuing credit cards and arranging personal loans and mortgages, private banking and retail banking share some common ground. But that's where the similarities end. As well as having a single point of

contact for everything from moving money between accounts to looking at how wealth is passed on to future generations, private banking clients also enjoy a number of exclusive perks and privileges:

- **Better rates & terms:** Private banking clients often receive discounts or preferential pricing on financial products and services. They may be given special terms or lower interest rates on mortgages, loans or lines of credit. Their savings accounts might have higher interest rates and be free of fees and overdraft charges. And they could get more favourable exchange rates on foreign currency transactions. Private banks are often able to offer better rates because they specialise in HNWIs and therefore have a smaller number of clients than retail banks, which can mean lower overheads and better management of risks. In addition, the deposits and transactions involved tend to be higher value, meaning they earn a higher amount per deposit or transaction as it is usually taken as a percentage. All of this means they can pass on better rates to their clients, while remaining highly profitable themselves (you can read more about how banks make profit in our explainer here).
- **Privacy:** All banks must adhere to stringent laws and regulations when it comes to protecting their clients and data. One of the main benefits of private banking is privacy. Clients usually remain anonymous and any tailored proprietary solutions are kept confidential to prevent competitors from approaching them with a similar offer.



• **Investment opportunities:** If a private banker is involved in managing a client's investments, they may be able to provide opportunities that aren't available to the average investor, such as access to an exclusive hedge fund or a private equity partnership.

- **Convenience:** By acting as a liaison with other departments within a bank such as the payments, lending, and risk teams, a private banker consolidates

all the financial services their client needs and ensures they receive the best possible product offerings and support. Having a dedicated contact who already knows your circumstances also saves time when you want to carry out tasks like depositing checks and arranging transfers.

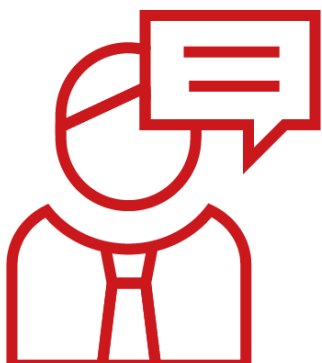
What's in it for the banks?

You won't find a private banking division in every retail bank, but the likes of Citibank, Credit Suisse, Merrill Lynch, Morgan Stanley and UBS have substantial private banking operations. These banks often earn a percentage of the assets under management (AUM), which is generally quite large with HNWIs. Charging even a very small percentage fee for services that involve huge sums of money generates substantial income for a bank.

What is wealth management?

Wealth management covers every aspect of a client's financial affairs – from investing and inheritance tax to retirement planning and charitable giving. Private banking and wealth management can sometimes overlap when private banking clients are offered wealth management services by their bank. However, not all banks are involved in investing on behalf of their clients and there are wealth managers who can't provide services such as opening accounts or lending money because they don't have a banking licence.

What's the difference between wealth management and asset management?



You might hear the terms 'wealth management' and 'asset management' used interchangeably, but the roles of a wealth manager and an asset manager are different.

An asset manager is someone who makes investments in order to grow their client's portfolio. They might work for an investment bank or an asset management company, or as an independent advisor. Taking account of their client's financial goals and attitude towards risk, their aim is to maximise the returns on investments in products such as equity, real estate, commodities and mutual funds.

While an asset manager focuses solely on looking after a client's investments, a wealth manager takes a broader approach that encompasses their entire financial situation. They can help with things like tax, cash flow, estate planning and other areas that an asset manager doesn't cover. This makes wealth management a particularly useful option for clients who are approaching retirement.

You can read more about Private Wealth and the ways how people and families manage their wealth using services such as trusts, foundations and family offices in our Put Simply Private Wealth guides [here](#).

Why choose Jersey for private banking and wealth management?

When you have a substantial amount of wealth, great value is placed on reputation. As one of the world's leading international finance centres, Jersey is known for delivering well-regulated services in a stable jurisdiction where an established infrastructure supports the Island's flexible and forward-thinking approach. It's a compelling combination that attracts some of the biggest names in private banking from the UK, Europe, North America, South Africa, Asia and the Middle East.

Citibank was one of the first foreign banks to establish a presence in the Channel Islands. Today Citi Jersey sits alongside a number of other global organisations, such as Investec, UBS and Vistra. You'll also find Jersey branches and subsidiaries of EFG Private Bank, Nedbank Private Wealth and Kleinwort Hambros (part of the Societe Generale Group). All are able to offer their clients a premium service underpinned by the local expertise provided by an Island workforce of more than 14,000 highly skilled finance professionals.

- Jersey is responsible for an estimated £400 billion of assets owned by private individuals and families from around the world.
- There are 24 bank branches and subsidiaries located in Jersey – and they include nearly half of the top 25 banks in the world, measured by the level of their capital.



- With an AA–credit rating from Standard & Poor’s, Jersey is one of the world's preferred banking partners.
- Jersey represents an extension of the City of London for corporate treasurers, institutional bankers and treasury specialists, fund promoters, brokers and other corporate financiers.

Where can I find more information?

For more information on banking in Jersey visit our dedicated [banking page](#) or to find out more about Jersey’s finance industry see our other [Put Simply Banking](#) explainers.