After a Weak Previous Year: Global Net Wealth Rises Again by More Than 4 % to 401 Trillion CHF

- Global financial wealth increases by 7 % to 231 trillion CHF, strongest in North America (+8.7 trillion CHF), Western Europe (+1.8 trillion CHF), and Asia-Pacific excluding Japan (+2.5 trillion CHF)
- Global tangible assets rise by 2 % to 220 trillion CHF, liabilities increase by 4 % (50 trillion CHF)
- Switzerland's total net wealth rises to 5 trillion CHF, driven by strong financial asset growth.
- Switzerland remains the top financial center with the highest cross-border assets even in times of crisis.

Zurich, July 10, 2024 – After a weak 2022, global net wealth rose significantly last year – by 4 % to 401 trillion CHF. Financial wealth (cash, bank deposits, debt securities, stocks, and investment funds, as well as pensions) increased the most, rising by 7 % to 231 trillion CHF, while tangible assets (real estate, precious metals, and other physical assets) rose by only 2 % to 220 trillion CHF. Liabilities, on the other hand, increased by 4 % (now 50 trillion CHF).

These are the results of the BCG Global Wealth Report 2024: *The GenAI Era Unfolds*, which is published for the 24th time this year. Michael Kahlich, BCG partner in Zurich and co-author of the study, says: "2023 was again a significantly better year in the international financial markets, especially investors in North America and Western Europe benefited from it."

The report shows that wealth increased the most both absolutely and percentagewise in North America. The USA remains at the top of the financial wealth ranking with 100 trillion CHF, with an increase of nearly 9 % or 8.4 trillion CHF last year alone. By comparison, the increase in financial wealth in the USA last year corresponds to more than half of the total net wealth in Germany. Following the United States in the wealth ranking are China (27.4 trillion CHF), Japan (13 trillion CHF), and Germany (7.8 trillion CHF). The authors expect that global financial wealth will increase by 77.1 trillion CHF by 2028.

Switzerland Remains the Number One Financial Center

In times of geopolitical uncertainties, such as the recent conflict in Ukraine, clear trends are emerging in cross-border asset flows. "Investors seek safe havens abroad in times of crisis," says study author Kahlich. Switzerland benefits from its political neutrality, economic stability, and low inflation, offering attractive conditions for international investors.

In 2023, global cross-border assets rose by over 5 % to 11.1 trillion CHF. Switzerland maintained its top position with investment assets of 2.2 trillion CHF and growth of

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4.8 %. Hong Kong followed with investment assets of 2.0 trillion CHF and growth of 3.2 % last year. The strongest percentage increases, however, were in Singapore (plus 7.8 %) and the United Arab Emirates (plus 8.9 %), driven by increasing demand for geographic diversification and rising wealth in Middle Eastern and Asian markets. Despite this growing competition, the authors expect Switzerland to maintain its leading role and claim a significant share of the newly generated cross-border wealth by 2028.

Swiss Wealth Grows Robustly and Resiliently

Switzerland's total net wealth increased by 1.7 % to 5 trillion CHF in 2023, mainly driven by the strong growth of financial assets by 3.3 % to 3.2 trillion CHF. This was counteracted by stagnation in tangible assets at around 2.8 trillion CHF and a moderate increase in liabilities by 1.6 % to 1.0 trillion CHF. Looking ahead, it is expected that financial wealth in Switzerland will grow annually by an average of 3.1 % from 2023 to 2028, reaching up to 3.7 trillion CHF. This optimistic scenario is based on expected recoveries in global stock markets, falling inflation rates, and continued investor confidence in the Swiss financial system.

Super-Rich Hold 14 % of Financial Wealth – 800 in Switzerland

Globally, there are now about 73,000 Ultra High Net Worth Individuals (UHNWI), 7,000 more than the previous year. These super-rich individuals each have more than 100 million US dollars in financial assets. Most of them, over 26,000, live in the USA, followed by China (8,200) and Germany (3,300), and over 800 live in Switzerland. Together, this group holds 32 trillion CHF in financial assets, almost 14 % of the world's total financial wealth. The report shows that the higher the initial wealth of an individual, the higher their gains were.

This also applies in Switzerland, where the distribution of financial wealth is increasingly concentrated among the wealthiest individuals. In particular, the wealth of the UHNWI and HNWI segments grew by 4.6 % in 2023, while the HNW segment grew by 3.8 % last year. In the segment of one to five million USD in wealth, the increase was still about 2.7 %, while in the lowest segment (0 to 250,000 USD in financial wealth), the growth was only 0.9 % – below the inflation rate. "Very wealthy investors have a higher share of their wealth invested in capital markets and high-return asset classes like private equity," explains Kahlich. "Less wealthy individuals traditionally rely on lower-risk asset classes like bank deposits, cash, or insurance – to the detriment of returns."

Nearly 640,000 investors from the UHNW and HNW segments together hold about 70 % of the total financial wealth in Switzerland. The trend shows an increasing concentration of wealth among the richest individuals, driven by their greater access to high-growth investment opportunities.

Wealth Managers' Margins Have Been Declining for Years – AI Can Increase Productivity

Wealth managers' margins have been significantly declining since 2007. The study authors expect this downward trend to continue. To remain profitable, wealth managers should explore the potential of (generative) artificial intelligence (AI), recommends study author Akin Soysal. "The industry does not have a knowledge problem, but rather an

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implementation problem," he says. The report shows that 85 % of wealth managers expect AI to have a significant impact on the industry, but four out of five providers still do not have a long-term GenAI strategy. Three-quarters stated that they find it very challenging to determine where the technology can create the most value. "GenAI can increase productivity by up to 30 % while significantly improving the quality of advice – wealth managers should not miss out on this potential," advises Soysal.

About the Study

The Global Wealth Report by the Boston Consulting Group annually examines the worldwide development of private financial wealth, tangible assets, and liabilities. The analysis currently covers 97 markets, accounting for 98 % of global GDP, and includes data from more than 100 asset managers. The figures are currency-adjusted. This year's study is the 24th edition.

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