Bcg global wealth report 2015

June 7th, 2016 | Press Releases The Rise of Private Wealth Slows in Most Regions; Revenue and Profit Margins Continue to Fall; New Strategies by Boston Consulting Group NEW YORK Global private wealth grew slowly in 2015, seeing significant slowdowns in some markets, larching asset managers to look for innovative ways to meet the changing needs of different customer segments, according to a new report by Boston Consulting Group (BCG). The report, Global Wealth 2016: Navigating the New Client Landscape, will be published today. This sixteenth-year study by BCG outlines the evolution of private wealth both globally and regionally, addressing key industry trends and examining emerging customer needs – especially those of underserved, non-traditional segments such as female investors and millennials whose investment goals do not well address the standard, net worth-based service approach. Segmentation approaches are mainly based on asset level and service cost models, both of which continue to be used by the majority of asset managers and neglect what customers are really willing to pay for, said Brent Beardsley, co-author of the report and global leader of BCG's asset and asset management practices. Such approaches no longer allow asset managers to capitalize on the full potential of the market. Slowdown in Growth. Global private finance wealth increased by 5.2% in 2015, bringing the total to $168 trillion, according to the report. The increase came less than a year ago, when global wealth rose by more than 7%. All regions except Japan had slower growth than in 2014. Much of the global wealth growth in recent years has been due to the creation of new fortunes (such as rising household income) rather than the performance of existing assets, as many stock and bond markets have remained flat, even fallen. Assuming equity markets regain momentum, private wealth globally is expected to rise with a compound annual growth rate of 6% over the next five years, reaching $224 trillion in 2020. The number of global millionaire households increased by 6% in 2015, while many countries, especially China and India, showed huge increases. Offshore Asset Management. Private wealth booked in offshore centers grew by a modest 3% to almost $10 trillion in 2015, the report said. A key factor was the return of offshore assets by investors in developed markets. Offshore wealth held by investors in North America, Western Europe and Japan decreased by more than 3% in 2015. Annual growth of global offshore wealth 2020 expected to take, but at a lower rate than black wealth (5% to 6%). Among offshore centres, Hong Kong and Singapore saw strong growth (about 10%) In 2015. Offshore wealth wealth it is enough to grow by about 10% a year by 2020 and increase from 18% in 2015 to 23% in 2020. Switzerland remained the biggest destination for offshore wealth, holding about a quarter of all offshore assets in 2015. While regulatory measures to combat tax evasion will continue to persuade some former world investors to return their wealth, the regulation has also stabilised the market and provides new opportunities to move full-tax wealth away from the coast in search of better quality of service, product diversity, economic stability and the like, said Anna Zakrzewski, BCG partner and co-founder of the report. Said. Three Key Trends. Average revenue and profit margins for asset managers decreased between 2012 and 2015, according to the global BCG benchmark survey, the report's annual feature. This development underscores the need for asset managers to seize opportunities arising from three main trends that are changing and will continue to change the industry: tightening regulations, accelerating digital innovation, and changing needs in traditional customer segments. Non-Traditional Client Segments. The report says two groups of non-traditional clients, whose investment needs and size (in terms of population) deserve special attention, are female investors whose success as company executives and entrepreneurs (in addition to being beneficiaries of inheritance and legal settlements) has significantly raised wealth levels, and millennials (people born between 1980 and 2000) whose total wealth accumulation is constantly increasing. In 2015, women owned about 30% of global private wealth, while their share of developed markets was slightly higher than in emerging markets. However, only 2% of asset managers surveyed by BCG said they saw women as a specific customer segment and explored their investment needs and how they wanted to serve, adjusting their service models accordingly. Similarly, 50% of asset managers surveyed said they did not have a clear view of how they could address millennials in terms of service model, products and overall approach. As a result, asset managers will need to adopt a more customer-focused perspective, reasonably segment their existing and potential customer base, clearly identify customer needs, and define their value propositions accordingly, said Daniel Kessler, BCG partner and co-author of the report. Said. Some asset managers have already embarked on this journey, partly using information from big data, but for many, the first step has not yet been taken. To set up an interview with one of the authors, please contact +1 617 850 3783 gregoire.eric@bcg.com Contact Eric Gregoire. Note: Originally published in June 2015, this report has been updated to reflect both updated review of input sources for private asset assets and the addition of 30 countries to our database, which currently covers markets representing more than 99 percent of global GDP. The asset management industry has reached a turning point. One group of players seems to maintain the status quo, while another group seizes the moment. These proactive institutions are doing more than their competitors to raise their game in a way that provides profitability and market-estifying positions over the next five years and so. Given current market dynamics, we paid special attention to this year's Global Wealth report on what the most successful players in today's asset management industry are doing right. Using data from benchmark studies conducted over the past three years, we have consistently identified organizations whose performance exceeds the kin of their peers. For example, although solid asset performance driven growth for most players in 2014, some institutions were able to achieve higher revenue per relationship manager, obtain more new assets, and achieve leading revenue and cost margins. What drives such important differences? Based on both benchmarking and our extensive experience working with asset managers globally, we've observed five common features owned by winning organizations that we'll discuss in detail: Segment-specific value prose and coverage models Rigorous price realism in target customer segments A differentiated consultancy that offers a focus on front office excellence Includes some of our traditional features in this year's report - a particularly comprehensive, global market sizing involving regional failures- and first-time wealth managers to achieve excellence and stay ahead of their competitors. Care about. Are most institutions focused on strengthening existing businesses or exploring new horizons to explore? The next 12 months or the next 2-5 years? Answers to such questions will help determine who the winners will be by 2020. Overall, the journey remains a difficult one to achieve consistent success. Traditional challenges still exist: attracting new assets, obtaining new revenues, managing costs, maximizing IT capabilities, finding investment strategies that promote customer loyalty, and navigating a complex and ever-evolving regulatory environment. There are many new challenges, including increasing digital capabilities and dealing with potentially disruptive new business models. There is no easy solution, but successful, proactive players find the right balance. Our goal of Gaining Growth Global Wealth 2015, Boston Consulting Group's fifteenth annual report on the global asset management industry, is to provide a clear and complete portrait of the business, as well as a thought-provoking analysis of issues that will affect all kinds of players as they continue their growth and profitability goals in the years to come. Global Asset Markets: Growth Continues Global private financial asset1 Notes: 1 Private financial wealth includes cash and deposits, money market funds, listed securities held directly or indirectly through managed investments, and other land and offshore assets. Except for these investors' own businesses, residences and luxury goods. Global wealth reflects total financial assets in all households. Outside Argentina, wealth figures and percentage changes are based on local totals converted into US dollars using average annual exchange rates for all years to exclude the impact of fluctuateing exchange rates. For more information, see The Methodology section. 1 Notes: 1 Private financial assets include cash and deposits, money market funds, listed securities held directly or indirectly through managed investments, and other land and offshore assets. Except for these investors' own businesses, residences and luxury goods. Global wealth reflects total financial assets in all households. Outside Argentina, wealth figures and percentage changes are based on local totals converted into US dollars using average annual exchange rates for all years to exclude the impact of fluctuateing exchange rates. For more information, see The Methodology section. In 2014, it grew by about 8 percent, bringing the total to $156 trillion. (See Appration 1.) The increase was slightly less than a year ago, when global wealth rose almost 9 percent. Market expansion was due to both the performance of existing assets and the creation of new wealth. Overall, the ongoing economic recovery and auxiliary monetary policies resulted in strong stock and bond performance, while rising revenue and consumption led to strong GDP growth, especially in RDEs. Global and Regional Overview North America, with a private fortune of $51 trillion, remained the richest region in the world in 2014. With $40 trillion, Western Europe ranked third with $33 trillion in Asia-Pacific (excluding Japan). Asia-Pacific (excluding Japan), targeted at $55 trillion in 2019, is expected to surpass Western Europe ($49 trillion) and approach North America ($62 trillion projected). The share of global financial wealth held in asia-pacific (excluding Japan) is expected to increase from 21 percent in 2014 to 26 percent in 2019. (See Appration 2.) Over the next five years, global total private wealth After a compound annual growth rate (CAGR) of 6 percent to reach an estimated $210 trillion in 2019. From a regional point of view, it is clear that private wealth development continued in most markets in 2014, but at significantly different rates. The new world was observed dynamically against a powerful old world, the new world is growing at a much faster pace. Asia-Pacific (excluding Japan) remained the fastest growing region in 2014 and the only region growing at double digits (15 percent). Other parts of the new world -- Eastern Europe, Latin America and the Middle East and Africa -- grew in high single digits. In contrast, growth rates in all older world regions remained in the middle or low single digits, led by Western Europe and North America (japan slightly behind). North America2 Notes: 2 Canada and the United States. . Private wealth in North America rose roughly 6 percent to $51 trillion in 2014, and the United States ($46 trillion) accounts for the bulk of the regional total, accounting for 30 percent of the global total. The United States remained the richest individual country, ahead of both China and Japan. Canada ($5 trillion) was also the top ten countries (in eighth place). With an estimated CAGR of 4 percent, private wealth in North America will increase to about $62 trillion in 2019. Western Europe3 Notes: 3 Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK. . Western Europe's 7 percent growth rate increased private wealth to $40 trillion in 2014. Some countries include Sweden (13 percent), Britain (11 percent), the Netherlands (11 percent) and Denmark (10 percent). With an estimated CAGR of 4 percent, Western European private wealth will reach about $49 trillion in 2019. Eastern Europe4 Notes: 4 Azerbaijan, Belarus, Bulgaria, Croatia, Czech Republic, Hungary, Kazakhstan, Lithuania, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkmenistan, Ukraine and Uzbekistan. . Private wealth in Eastern Europe increased by just under 10 percent to $5 trillion in 2014, from Russia's 25 percent growth to $2 trillion (representing 41 percent of the region's private wealth). With the exception of Romania, where wealth rose by 19 per cent, growth in other countries in the region remained in single digits. Private wealth in eastern Europe, where a CAGR of 9 percent is projected, will approach $8 trillion in 2019. Asia-Pacific (excluding Japan)5 Notes: 5 Australia, Bangladesh, China, Hong Kong, India, Indonesia, Malaysia, Myanmar, New Zealand, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam. . Private wealth in asia-pacific (excluding Japan) expanded by 15 percent in 2014 (less so) 12 percent the previous year) will reach $33 trillion. This strong performance has narrowed the gap between the region and Western Europe. With an estimated CAGR of about 11 percent, private wealth in the Asia-Pacific (excluding Japan) will rise to about $55 trillion in 2019. This speed will allow the region to take over Western Europe and further narrow the gap with North America, the world's largest pool of private wealth. Japan. Japan's private wealth achieved relatively low growth of less than 3 percent in 2014, reaching just over $14 trillion. With CAGR estimated to be the lowest of all regions, below 2 percent, private wealth in Japan will reach about $15 trillion in 2019, far behind North America, Asia-Pacific (excluding Japan) and Western Europe. Latin America6 Notes: 6 Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico, Panama, Peru and Uruguay. This year's report excludes Venezuela due to uncertainty about potentially high future inflation in that country and its biased impact on private wealth forecasts in Latin America. . Private wealth in Latin America grew by a high of single digits in 2014, up 9 percent to more than $4 trillion. Strong growth was observed in Mexico and Chile (both 15 percent), as well as Colombia and Brazil (both 10 percent). Brazil, the region's largest market, has $1.4 trillion in private wealth. With an estimated CAGR above 11 percent, the highest of all regions, Latin America's private wealth will approach about $8 trillion in 2019, on par with Eastern Europe. Middle East and Africa (MEA)7 Notes: 7 Algeria, Angola, Bahrain, Egypt, Ethiopia, Iran, Iraq, Israel, Jordan, Kenya, Kuwait, Lebanon, Libya, Morocco, Nigeria, Oman, Qatar, Saudi Arabia, South Africa, Sudan, Syria, Tanzania, Tunisia, Turkey, United Arab Emirates and Yemen. . Private wealth in the MEA region increased by more than 7 percent to more than $8 trillion in 2014. With an 8 percent CAGR, the region's private wealth will rise to about $13 trillion in 2019, with Saudi Arabia ($2 trillion), Nigeria ($1 trillion), Israel ($1 trillion), Iran ($1 trillion) and the United Arab Emirates ($1 trillion) as the largest markets. The Main Drivers of Asset Growth globally, more than half of the private wealth growth in 2014 ($6 trillion, or 56 percent) was generated from the market performance of existing assets, with the balance generated by newly created wealth ($5 trillion, or 44 percent). (See Appration 3.) Asia-Pacific (excluding Japan), the MEA region, Latin America and North America experienced significant increases in stocks, while Eastern Europe and Latin America experienced double-digit growth in bonds. In China and India, mostly due to investments in local stocks market gains were seen. Newly created wealth prevails The world regions, where macroeconomic performance is significantly stronger than in the old world, continue the trend of recent years. For example, GDP growth in Western European countries was low by an average of 2 percent, with Ireland the best performer at 6 percent, while questions remained about Greece's future and signs of economic recovery remained weak in countries such as Italy and Spain. In contrast, Eastern European countries and other new world countries have posted a strong top-single digit or even double-digit GDP growth. In the coming years, it will continue to support the expansion of global wealth, especially in asia-pacific (excluding Japan), along with solid market performance in all regions - strong GDP growth and high savings rates in the new world. It follows a more detailed regional review. North America. With solid capital market performance, the growth of the current North American private wealth was significant, accounting for 78 percent of the region's total growth in 2014. The remaining 22 percent can be linked to GDP growth (4 percent), which helps create a new wealth of the region. U.S. growth came from stocks (up 10 percent) more than any other asset class. In contrast, Canadian private wealth was driven by strong gains in both stocks (15 per cent) and bonds (11 per cent). Western Europe. The expansion in Western European private wealth was supported in part by modest bond gains caused by the European Central Bank's revised monetary policy. Macroeconomic performance was generally poor, but non-eurozone countries showed moderate increases in GDP, including Britain (5 percent), Norway (3 percent) and Switzerland (2 percent). GDP growth within the eurozone was generally slower. Most countries in Western Europe have seen notable stock market performance, such as Denmark (12 percent) and Italy (11 percent). The two countries facing significant difficulties in 2013, Spain and Portugal, experienced a recovery in private wealth in 2014 with growth of 4 percent, largely due to the rising bond market (up 6 percent in Spain and 5 percent in Portugal). Growth in private wealth was strong in countries where bonds had relatively high stakes, such as Denmark (10 percent wealth growth, 45 percent bond share) and Italy (6 percent bond share, 48 percent bond share). Eastern Europe. The main reason for the growth in Eastern Europe was driven by Russia, which holds more than a third of the region's private wealth. Institutional and trade reforms in Eastern Europe, overall GDP growth of 7 per cent and bond yields of 10 per cent contributed to the region's private wealth growth of about 10 per cent. In all Eastern European countries, as in Western Europe, the wealth held in bonds is more robust than in stocks (10 percent) or cash and deposits (6 percent). Asia-Pacific (excluding Japan). Private wealth growth in this region was due to the ongoing economic expansion of China and India, two of its largest economies. Overall, robust economic production across the region allows the population to accumulate a significant amount of new wealth, accounting for 60 percent of total wealth growth, compared to 40 percent from market performance. Private wealth also lifted stock market performance (up 16 per cent), bond markets (4 per cent) and cash and deposits (1 per cent). Japan. In light of the weakening yen (down 8 per cent against the US dollar in 2014, following an 18 per cent rebound in 2013), growth in private wealth in dollar terms sold out lower than in previous years. With this, the weak yen continued to support the Japanese export sector, up from 2 percent in GDP growth in 2014 (up from 1 percent in 2012 and 2013). Japanese stock markets rose 9 percent in 2014, while the bond market grew 6 percent. While only 4 percent of wealth growth is due to newly created wealth, Japan res trusted the market performance of existing assets much more than any other country. Latin America. Growth dynamics in Latin American economies were different, with the effects of low oil and commodity prices varying depending on import and export behavior. Private wealth in Mexico and Brazil, the region's largest economies, showed strong growth in Chile and Colombia in 2014, while in some smaller markets the wealth developed more moderately. Mexico's double-digit expansion was driven in particular by the performance of wealth held in bonds and stocks (both 7 percent), as well as partly by solid GDP growth (6 percent). Brazil's private wealth expansion came as bond-yielding (up 9 per cent) increased in a country where 46 per cent of private wealth is held as bonds. The general region's bond and stock markets rose 12 percent, while the value of cash and deposits rose 7 percent. Compared to other regions, Latin America had the third highest proportion (54 percent) of newly created wealth in 2014, compared to a global average of 44 percent. Middle East and Africa. The MEA region had the highest proportion (65 per cent) of newly created wealth, with the balance attributed to the market performance of existing assets. Robust savings rates and ongoing GDP increases in oil-rich countries such as Saudi Arabia (11 percent gdp growth), Kuwait (11 percent), Nigeria (11 percent) and the United Arab Emirates (11 percent) have contributed to newly created wealth, while current asset performance has been solid despite the region's political instability. In general, in all regions, wealth growth drivers will have significant implications for wealth in the years to come. For example, to capture newly created wealth driven more by GDP growth and savings rates, asset managers need to strengthen their ability to collect assets and acquire customers through differentiated offerings and adapt them to specific regions and customer segments. To maximize the performance of existing assets, more creative investment strategies and product offerings will be focused on, as well as customized by region and customer segment. In addition, following the high currency fluctuations in 2014, it will be an important consideration for future investment strategies. Wealth Distribution Private wealth held by ultra-high net worth (UHNW) households (those over $100 million) grew by a strong 11 percent in 2014. Overall growth in this segment was higher than households coming from lower wealth segments, while average wealth per household (about 8 percent) decreased. UHNW households will hold more than $10 trillion (about 7 percent) of global private wealth in 2014, a slight increase over 2013 and the fastest growing segment through 2019. (See Appration 4.) With a cagr projected of just over 14 percent over the next five years, private wealth held by the UHNW segment will grow to about $20 trillion in 2019, and uhnw households are projected to grow at a CAGR of 21 percent. With such a large number of households entering this segment, the average wealth per household is estimated to decrease by 2 percent CAGR. Private wealth owned in the upper high net worth (HNW) segment (those between $20 million and $100 million) was over $9 trillion, up 23 percent on 2014. With a CAGR project of 10 per cent over the next five years, this segment is expected to exceed $15 trillion in private wealth in 2019. This growth will be triggered by a large number of new households entering the segment (a cagr of 9 per cent) and an average wealth increase per household (a

CAGR of 1 per cent). Private wealth held by the lower HNW segment (those between $1 million and $20 million) is expected to grow slightly lower (7 per cent) over the next five years. Average wealth per household is expected to post only very modest increases. Worldwide, the total number of millionaire households (those with more than $1 million in private wealth) reached about 16.5 million in 2014, up from 15 million in 2013. The increase was primarily caused by the robust market performance of existing assets in both new and old worlds. Millionaire households held 42 percent of global private wealth in 2014, up 41 percent from the previous year and are expected to hold more than 47 percent of global private wealth in 2019. From a regional point of view, the U.S. still has the highest number of millionaire households (7 million), China (2) in 2014 and Japan watched millions). The busiest of millionaires was in Switzerland, where 135 out of every 1,000 households have a private wealth of more than $1 million, followed by Bahrain (123), Luxembourg (120), Qatar (116), Singapore (107), Kuwait (99) and Hong Kong (94). The UNITED States had the largest number of 5,201 uhnw households, followed by China (1,037), Britain (1,019), India (928) and Germany (679). The highest density of UHNW households was found in Hong Kong (15.3 per 100,000 households), followed by Singapore (14.3), Austria (12.0), Switzerland (9.0) and Qatar (8.6). In the old world, the UHNW segment (and especially billionaires) is expected to witness the highest growth in households by 2019 - about 13 percent a year in western Europe and 12 percent in North America (almost twice as fast as the upper HNW segment in those regions). This picture remains similar in many parts of the new world, with the exception of Eastern Europe, where the upper HNW segment is expected to grow at a strong pace in terms of number of households (14 percent per year) according to the UHNW segment (18 percent per year). The projected growth of these segments offers an important opportunity for asset managers worldwide. Asset Allocationperspective, the largest share of private wealth (45 percent) in 2014, continued to invest in cash and deposits globally. The asset invested in stocks shows a trend that has risen from 30 percent in 2009 to 38 percent in 2019, driven by both solid returns on equity and increased asset allocations in stocks. It varies markedly by asset allocation segment. The UHNW and lower HNW segments held more than a third of their private wealth (43 per cent and 36 per cent respectively) in 2014, while the top HNW segment held only 24 per cent, while the cash and deposit rate was higher (60 per cent against 42 per cent for the other two segments). The upper HNW segment can therefore represent an opportunity for more intensive asset management activities. From a regional perspective, the share of private wealth held in stocks was in North America (49 percent in 2014), followed by Japan (34 percent), Western Europe (33 percent), Asia-Pacific (28 percent, excluding Japan) and MEA (26 percent). Eastern Europe (19 percent) and Latin America (13 percent) had lower equity allocations. Latin America (35 percent), which has the highest share of private wealth held in bonds, was followed by Western Europe (27 percent), MEA (24 percent), North America (19 percent), Eastern Europe (16 percent), Asia-Pacific (12 percent, excluding Japan) and Japan (7 percent). Looking ahead, our projections show that past general trends in asset allocation will continue, allowing for a share that can take an increased share of the amount of wealth invested in stocks by 2019. Globally, private wealth booked in offshore centers increased by 7 percent in 2014 (compared to 8 percent of onsh land wealth) to $11 trillion. The total increase of $0.7 trillion was mainly due to asset flows originating in Asia-Pacific ($0.3 trillion excluding Japan), Eastern Europe ($0.2 trillion) and MEA ($0.2 trillion). The growth rate for offshore wealth in 2014 was in line with the 7 percent increase published in 2013, but especially with the increase in the amount of offshore wealth flowing towards the coast in the old world. However, the global share of wealth held offshore remained fairly stable in 2014 (7 percent of total global wealth). Looking ahead, offshore wealth is est likely to grow at a CAGR of 5 percent by 2019, reaching about $14 trillion. From the point of view of the old world and the new world, significant differences have been observed in terms of the share of regional wealth held offshore. In the new world, the largest shares of offshore wealth were Latin America and MEA (both 28 percent) and Eastern Europe (17 percent). In the old world, wealth shares held offshore were also generally low, as were Western Europe (7 percent), North America (2 percent) and Japan (1 percent). Japan has long been a local and conservative bias, with limited assets offshore both a preference for local banks and flowing due to a high percentage of cash as an asset class. Overall, old-world wealth held offshore by 2019 is expected to grow at an annual rate of 1 percent, and the new world is expected to get an annual increase of 7 percent. Offshore's Wealth Stream. Current political and economic tensions, such as those in the Middle East and Latin America, continue to drive demand for offshore housing that offers a high level of stability. In some countries, a lack of advanced and professional wealth management skills also encourages the flow of wealth to targets abroad. In 2014, the Caribbean and Panama remained preferred destinations for wealth in North America, where 54 percent of offshore wealth is located here. The UK (15 per cent) and the Channel Islands and Dublin (15 per cent) also had common places. The ad closeness remains a major driver for offshore riches of Western European origin, with most offshore assets booked in Switzerland (an average of 35 per cent), the Channel Islands and Dublin (21 per cent), Luxembourg (14 per cent) and the UK (5 per cent). A similar dynamic was observed in Eastern Europe, with offshore wealth booked by Switzerland (34 per cent), the UK (17 per cent), the Channel Islands and Dublin (16 per cent) and Luxembourg (11 per cent). The Caribbean and Panama were also common destinations (6 percent combined). As for originating from offshore wealth (excluding Japan), Singapore (32 percent) and Hong Kong (16 percent) remained the first destinations. Asia-Pacific-derived wealth (excluding Japan) was also booked in remote areas such as the UK and Switzerland (both 11 per cent). Latin American wealth manufacturing tends to go offshore to the UNITED States (29 percent) and the Caribbean (29 percent) due to their cultural and historical ties, as well as Switzerland (27 percent). For mea wealth offshore booking, Switzerland (31 per cent) followed the preferred target, the UK (22 per cent) and Dubai (19 per cent). Outlook for Offshore Booking Centers. Switzerland remained the leading offshore booking centre in 2014 with a fortune of $2.7 trillion from abroad, or 25 percent of total offshore bookings worldwide. (See Appration 5.) However, the country remains under intense pressure as both European and US tax authorities seek to curb tax evasion. Looking ahead, switzerland needs to reinvent itself against the threat of rapidly developing Asia-Pacific booking centers as preferred destinations for offshore wealth. Currently, the offshore hub of Hong Kong and Singapore represents the most important problem for Switzerland's location. These two locations, which accounted for 15 per cent of global offshore assets in 2014, are expected to gain a fore-ground debut, with offshore bookings predicted to grow by 8 per cent or more over the next five years. They are those those esteraged to hold 17 percent of their global offshore assets in 2019 due to the creation of new wealth in the Asia-Pacific region. They are also expected to be the fastest growing offshore centres, followed by Dubai (6 per cent annual growth, albeit from a smaller base). Thanks to its accessibility and reputation for security, the UK continued to develop as a preferred booking centre in 2014, with $1.3 trillion (12 per cent) of total offshore money. The Caribbean and Panama also remained an important booking center with $1.3 trillion (12 percent), especially for North American and Latin American customers. The United States will continue to grow at 6 percent due to the creation of new wealth in Latin America and is expected to hold 8 percent of its global offshore assets in 2019. Luxembourg is expected to fall from 6 percent in 2014 to 5 percent in 2019, but is expected to grow slightly below the average rate at 3 percent. The Channel Islands and Dublin, historically known for their expertise in trusts, are also expected to decline, with their share of total global offshore assets (13 per cent in 2014) projected to fall to 12 per cent in 2019. A key factor is the decline in the global confidence sector, caused by increased tax pressure in older world countries. Methodology BCG's proprietary methodology for measuring the size of global asset markets is continuously And it's been developed over the last 15 years. Our definition of asset includes cash deposits, the net amount of securities held directly or indirectly through managed funds, and life and retirement assets. Such assets are often easily made money. Other assets include consumer-resilient, such as real estate (investments as well as primary residence), business property and collection, consumables and luxury goods, except to earn more money and thereby. Winning a Growth Game: Global Wealth 2015's market sizing model covers 92 countries that accounted for more than 99 percent of global GDP in 2014. All GDP and private wealth growth rates are nominally available. (The report, originally published in June 2015, included 62 countries accounting for about 94 percent of global GDP.) Venezuela is excluded this year due to uncertainty about potentially high future inflation and its biased impact on private wealth projections in Latin America. To exclude the impact of fluctuation currencies on private wealth calculations, we used the 2014 average exchange rates. However, due to the extent of the Argentine peso devaluation compared to the US dollar (32 per cent), this year's report uses annual exchange rates for Argentina (i.e., a 2013 exchange rate for wealth in 2013, a 2012 exchange rate for 2012 wealth, and so on) to better reflect the evolution of wealth in that country. The impact of the adjustment is a five-year annual growth forecast of 1 percent against 19 percent at the 2014 average exchange rate for estimated wealth of $0.4 trillion instead of $0.8 trillion in 2019. Notices For their valuable contribution to the fertilization and development of this report, send our special thanks to the following BCG colleagues by region. Asia-Pacific: Isada Hiranwiwatkul, Saurabh Tripathi and Yasuhiro Yamai. 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