



Investmaster provides IT solutions to
 • Wealth & Investment Managers
 • Stockbrokers
www.investmaster.com



INVANTAGE
 for superior client service



[About Us](#) | [Sitemap](#) | [FAQs](#) | [Contact Us](#)

Search

Keywords ...

[Advanced Search](#)

Welcome to thewealthnet | Europe, Middle East & Africa

[Logout](#) | [My Account](#) | [My Favourites](#) | Welcome: Adrian

Tue 8th Nov 2011 | 14:33GMT

[Make this my homepage](#)



- HOME
- News
- Analysis & Comment
- People
- Companies
- Products & Services
- Technology
- Regulation
- Other Topics
- SUBSCRIBER SERVICES
- Search Archives
- Events Diary
- Top Wealthnet Careers
- Bookshop
- Links
- REGIONS



...for all the latest Family Office news and intelligence

Metro Bank's decision to enter the UK private banking market could reap rich dividends

28/10/2011 - Ian Orton

[BACK](#) [EMAIL](#) [PRINT](#) [FEEDBACK](#) [+ ADD TO FAVOURITES](#)

The news that Metro Bank, the new UK bank launched by Vernon Hill and Anthony Thomson intends to launch a private banking service targeted at its rich and affluent customers, is hardly surprising (see *thewealthnet* 19/10/2011). Metro says that it already has a considerable amount of rich and affluent customers. And private banking is a very profitable activity.

What is surprising, however, is that Metro intends to focus its new service on banking-related activities instead of investment management, which tends to be the default service offered at most so-called private banks.

Indeed Metro appears to be going against the trend. Other firms that focused on banking, or banking related activities, such as C. Hoare & Co and Weatherbys Bank now also provide investment management and wealth and financial planning services. Coutts, which not all that long ago functioned primarily as a commercial bank with a very rich client base, is currently committing considerable extra resources to its investment management proposition.

Banking related services still accounts for more than one third of revenues at private banks according to ComPeer, a UK research and consultancy firm that focuses on the wealth management sector. Nonetheless, the proportion of total revenue has tended to fall, especially in the current low interest rate environment.

But this does not necessarily mean that the demand for private banking services has fallen. Rich people tend to have banking requirements that extend well beyond the sorts of things that a retail current account can deal with. This is especially the case for asset rich but cash poor individuals, or business owners, for example.

The former always appreciate cost and tax efficient ways of monetising their assets. The latter are always on the look-out for credit and loans. The ability of a bank to offer a relatively big loan at very short notice would go down very well with this client base.

There is still probably great potential in this particular element of the wealth management market, although it does tend to get overlooked relative to investment management and other activities.

Perhaps existing private banks have also overlooked its potential. If this is the case then Metro Bank's decision to offer a banking-based private banking service could look other very astute indeed.

And Metro Bank may not be the only institution to have reached this conclusion. As thewealthnet has pointed out on at least two occasions, foreign banks have started to aggressively target the UK jumbo mortgage market. This is a segment of the market that UK-based institutions, especially some of the big banking institutions, have overlooked or been constrained from participating in by the impact of the credit-crisis on their balance sheets.

★ ★ ★ ★ RATE THIS ARTICLE

Poor Average Good Excellent

thewealthnet archives contain 29513 articles dating back to 1997, making it the largest single source of information on the wealth management industry world-wide. To search for more articles, please click [here](#).

© This article originally featured on thewealthnet. It is protected by international copyright law. If you copy this article illegally, you will be liable to prosecution. All rights in and relating to this article are expressly reserved. No part of this article may be reproduced, stored in a retrieval system or transmitted in any form or by any means without written permission from the publishers.



Latest Headlines: [by Topic](#) | [All News](#)

- FSA confirms £6.3 million fine for Coutts over AIG failings
- AIG Premier Access Bond Enhanced Variable Fund: Which wealth manager will be fined next?
- Deutsche Bank launches UK social investment fund
- UK's FSA to impose big fine on Coutts over AIG Premier Bond sales
- Taylor Wessing hires heavyweight in private client international push
- Lombard Odier UK recruits senior private banker from UBS
- Lloyds reports 'strong new business inflows' for Q3 within wealth operations
- Swiss private bank appoints new CEO as predecessor steps down amidst scandal
- Societe Generale reports fall in private banking income for Q3
- Spoiler warning: By tonight it will be cheap!
- Prominent UK Labour MP and tax haven critic accused of hypocrisy over property links with Jersey - report
- HMRC releases figures on wealth distribution and inheritance tax receipts
- UHNW research firm expands presence in Europe
- Widespread use of ETFs may add to volatility which investors seek to avoid in using them, warns Merrill Lynch
- India and Jersey sign TIEA as Barbados increases tax agreements with European jurisdictions
- Trafalgar joins with Marylebone to launch IPO fund

