Dublin Business School
&
Liverpool John Moores University

Did private wealth management and customers' behavior change after the financial crisis of 2008 in France?

MBA in Finance

Dissertation submitted in part fulfilment of the requirements for the degree of Masters of Business Administration (M.B.A) at the Dublin Business School and Liverpool John Moores University.

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Declaration

This is to certify that I, Jean Antoine BAUX, student of Dublin Business School in partnership with the Liverpool John Moores University, studying a Masters of Business Administration, have submitted this dissertation on the topic “Did private wealth management and customers’ behavior change after the financial crisis of 2008 in France” in part fulfilment of the requirements for the degree of Masters of Business Administration (MBA) at the Dublin Business School.

Furthermore, I hereby certify that this dissertation is entirely based on my own work, unless referenced in the text as a specific source and the words have been placed in inverted commas (“”), and has not been submitted in part or in whole to any other College/University for assessment or for award of any other degree.

Jean-Antoine BAUX

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During this year in Ireland, many people have contributed to my success and deserve a very special thanks and acknowledgments.

Firstly, I would like to thank my parents and relatives for their support and constant encouragement, and especially to my grandmother who has always been in my mind during the time I was carrying this study.

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Abstract

The main purpose of this study is to better understand the impact of the financial crisis of 2008 on both private wealth management and customers' behaviour. This study attempts to fill a gap in the existing private wealth management services with their customers.

A number of changes have taken place in the French private wealth management industry and it appears to be a gap between those changes and the customers' expectations.

Data used in this study were collected from two sources, primary and secondary data. For primary data, they were obtained through the use of in depth-interviews with private wealth managers and with customers. Secondary data were collected from various sources such as business library, journal articles, eBooks, catalogues, textbooks and internet. In the first part of this study, a review of definitions and explanations about the wealth, the wealth management, the private wealth management and high-net-worth individuals is undertaken.

Then, in the second part of this study, the research findings from the implementation of primary data are described and analysed. Research findings are aimed to help private wealth managers to be more responsive to encounter and manage potential future crisis. This research would help French private wealth management companies to better evaluate the changed landscape by adjusting their business models in order to provide a better wealth management to their customers, who have changed their behaviour shortly after the arrival of the financial crisis of 2008.

It was found that unexpected factors have deeply influenced the French private wealth management industry during and after the financial crisis of 2008. The outcome of this dissertation would have identified things to improve and helped to provide a better wealth management from the wealth managers to their customers.

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List of Abbreviations

HNWIs : High-Net-Worth Individuals.

Chapter 1 - Introduction

I. Understanding the concept of Wealth and Wealth Management

1. Wealth

"Wealth is not his that it, but his that enjoys it" (Benjamin Franklin, 1743). According to Bicknell (2006), people often think of wealth as being an unlimited source of what they want and value. Technically speaking, wealth is defined as the present value of all the future cash flows that are expected to flow in from one's assets (Dun and Bradstreet, 2009, p1). A more comprehensive definition would consider wealth as the passive income that one should be able to generate to maintain a desired lifestyle by generating an adequate amount of income, without actively working, which ensures that one need not worry about meeting the various living or leisure expenses (Dun and Bradstreet, 2009, p1). In a matter of fact, there is no single "right" definition of wealth. Each person has his or her own perspective on abundance (Bicknell, 2006). According to Daniell (2008), any strategy for wealthy family begins with an understanding of what family wealth means for that particular family. Therefore, definitions of wealth which consider only bank accounts, possessions and property are wholly inadequate (Daniell, 2008, p12).

Smith (1812, p22) discusses about the rich variety of ways that people have measured their wealth throughout history: for example, in the earlier ages of society, cattle are said to have been the common instrument of commerce and of measurement of wealth. In this study, wealth is measured in currency as US dollar or Euros.

2. Wealth Management

As defined by Goel (2009, p7), wealth management is "a holistic approach to understanding and providing solutions to all of the major financial challenges of an investor's financial life. From a client's perspective, this means having all financial challenges solved. From a wealth manager's perspective, it means the ability to profitably provide a wide range of products and services in a consultative way". According to Dun and Bradstreet (2009), "Wealth management is a new, discrete discipline and not just a variation on the traditional institutional investment management theme and can also be defined as an all-inclusive service to optimize, protect and manage the financial goal of an individual, household, or corporate". This study will only focus on individual and household clients.

Goel (2009, p8) describes wealth management as a process with three essential components which clearly oppose wealth management to investment management or money:

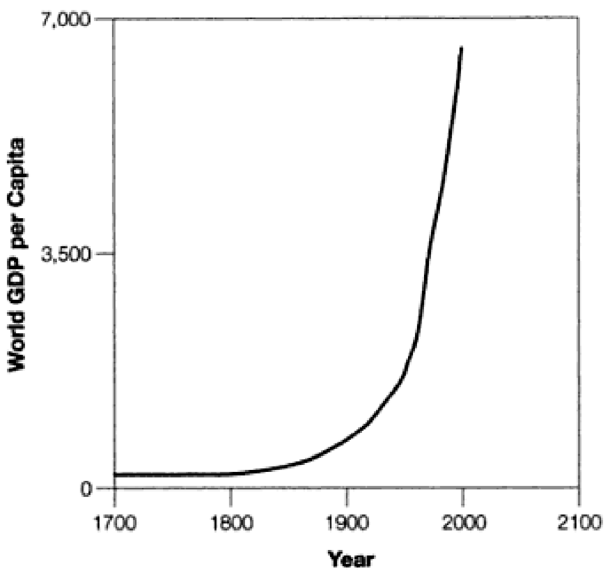
- A consultative process
- Customized choices and solutions
- Delivery in close consultation with the client

As a matter of fact, wealth management is about a relationship between a customer and an advisor called wealth manager. Evensky (1997, p2) explained that in wealth management everything is client driven and that the wealth management process begins with the formal establishment of the client relationship. According to Evensky (1997, p2), the wealth manager must be successful in developing and customizing the process to reflect the client's personal experiences. Otherwise, Maude (2006, P3) "Wealth management can mean different things in different geographic regions, the United States and Europe have traditionally stood at two extremes in this regard. For example, in the United States, Wealth management is more closely allied to transaction-driven brokerage and is typically investment-product driven. In Europe, the term is more synonymous with traditional private banking, with its greater emphasis on advice and exclusivity". In fact, wealth management can be provided by independent financial consultancy, independent wealth managers, multi-licensed portfolio managers or by large banking group with specialized entities called Private Banking services. This study focusses only on wealth management provided by commercial banks (Private banking services) generally called Private wealth management services. Driga, Nita and Cucu (2009, p231) defined private banking as "…providing a one-to-one service by a relationship manager or a private banker to clients with a certain level of wealth". Private wealth management is one of the services offers under the private banking umbrella. Driga, Nita and Cucu (2009, p231) argue that "Private banking is about much more than traditional banking services of deposits and loans". In a matter of fact, Private banking services have been set up by commercial banks in order to answer as close as possible to their wealthy costumers.

II. Background of the Issue

McCann and Lavayssiere related (2008, p16) that “the world is witnessing the greatest period of wealth accumulation in history. Never before have so many people from so many different regions of the earth become so wealthy in so short period of time. And never before have so many opportunities existed to create new wealth, both as the natural outcome of new ideas and the product of existing capital appropriately and prudently leveraged”. This greatest period of wealth accumulation in history started from the mid-eighteenth century until nowadays. According to Beinhocker (2006, p9), “global wealth rocketed onto a nearly vertical curve that we are still climbing today”.

The explosive growth in Human Wealth between 1700 to 2000.



GBP per capita is measured in 1990 international dollars.

Figure 1 – The explosive growth in Human Wealth between 1700 to 2000.
(Adapted from Bradford, J. (2006), University of California, Berkeley).

As a result, this creation and accumulation of wealth have enhanced the development of private banking services for high net worth individuals. Driga, Nita and Cucu (2009, p231) reported, “private banking business focus on the substantial growth in private banking over the last two decades as commercial banks have targeted upmarket high net worth individuals”.

Then we can say that the private banking enjoyed a particularly expansion over the last two decades. Furthermore, "the global economic downturn, which began as a sub-prime mortgage crisis in the U.S. in August 2007, has affected all regions of the world, pushing many nations into a deep economic recession. The global outlook deteriorated dramatically in September 2008, following the default of a large investment bank and the government bail-out of the largest insurance company in the U.S" ("How Is the Economic Crisis Changing the Management of Resource Wealth?" 2009). Adler (2009, p70) found that "the stock market crash and resulting great recession have tested wealth managers 'business model, along with everything else financial". As a consequence the global economic downturn of 2008 marked the end of the substantial growth within the wealth management industry and led to many other issues. Harrison (2009) stated that "As the financial crisis took hold, high net worth individuals watched their wealth decline and quickly lost faith in their wealth managers, and it is clear that the trust and confidence high net worth individuals placed in markets, regulators, financial institutions and portfolio management have been shaken". It was noted by Yeh (2009, p5) that "the past 18 months have challenged traditional thinking about investing and asset allocation, diversification, and correlation. For individual investors, risk tolerances have been tested, investment assumptions have been overturned, and fundamental truisms have been questioned. As a result, investors have changed their risk tolerances, market expectations, and investment processes". Consequently, this fast decline made "many customers withdrew assets or left their wealth management firms altogether" (Harrison, 2009). Therefore, both the wealth management industry and customers were deeply affected with the coming of the financial crisis in 2008. Many customers changed their minds and addressed more concerns about their assets under management. The financial crisis in 2008 has shaken the financial world to its very foundations. With the events of 2008, the wealth management industry underwent deep changes.

III. Research aim

In this context, studying these changes would be beneficial for private wealth management services in order to be more responsive and to make faster decisions to encounter and manage potential future crisis. This research would help French private wealth management companies to better evaluate the changed landscape by adjusting their business models in order to provide a better wealth management for their customers, who have changed their behaviour shortly after the arrival of the financial crisis of 2008. A critical inquiry could be undertaken when considering which wealth strategy has been chosen by private wealth managers, and what has been done until now.

IV. Research objectives

According to Calmorin et al, (2007, p30), a research objective is defined as “statement of purpose for which the investigation is to be conducted”. In fact, the research objective is a statement of purpose because research objective is in a way the path to follow in order for the researcher to conduct his research project. Research objectives can also be defined as the specific components of the research problem that the researcher will be working to answer or complete in order to answer the overall research problem (Churchill, 2005). As believed by Polonsky and Waller (2009), “it is important that the research objectives are clear and achievable, and that they will directly assist in answering the research question”. Saunders, Lewis and Thombill (2009, p34), stated that research objectives are likely to lead to greater specificity than research or investigative questions. In this study, the research objective mainly focuses on the relationship between private wealth management services and their customers’ behaviour during and after the financial crisis of 2008, with special attention to the French private wealth management.

Then, objectives can be described as below:

- To know the impact that the crisis had on both private wealth management industry and customer.
- To explore factors that influenced and changed this industry.
- To get a better understanding of the preference and expectation of both private wealth management services and customer.
- To formulate recommendations and to develop strategies in order to improve performance during tough economic times.

V. Approach to the dissertation

Initially, a lot of general information about wealth management, private banking wealth management and customer behaviour was collected in order to get a better understanding of the global industry after the economic downturn of 2008. Once this information collected and the subject determined, the researcher started to collect secondary data using relevant sources such as business library, journal articles, eBooks, catalogues, and textbooks to appreciate the research issue in depth. In fact, the secondary research allows collecting information that have already been established and described by leading professionals in the field. Internet was also used to collect secondary data. Once the gap was really found and situated, primary data collection was undertaken using in-depth interview with some wealth managers in some French banks within their private banking services. The qualitative data obtained from the in-depth interviews was gathered and analysed. Based on the findings, appropriate conclusions and recommendations emerged.

VI. Suitability of the researcher and Interest in the subject

Private wealth management has been described previously as a growing, evolving and very interesting sector. The researcher has posed a general interest to this sector following several work placements within the banking sector and more specifically within some private wealth management services. Then, the researcher’s work experience has confirmed my strong interest in private wealth management. By observing the requirements necessary to work as wealth manager, a special interest is given by the researcher to this profession. Furthermore, after previously completing a Bachelor in finance, a master one in finance with a major in wealth management and an MBA in finance which provided to the researcher new knowledge and capabilities, the researcher seems to have an adequate background in order to properly undertake this study. As a consequence, this research seems to correspond with the researcher’s ambition.

VII. Scope and limitations of the research

According to Rivera (2007, p45), “the scope identifies the boundaries or coverage of the study in terms of objectives, subjects, facilities, area, duration and the issues to which the research is focused; the limitation defines the constraints or weaknesses which are not within the control of the writer, therefore they are not expected to be covered by the study”.

This study is concerned with the private banking wealth management industry and their customers' behaviour in general and specifically in France after the financial crisis of 2008. Furthermore, the data collection of the qualitative research data (in depth interviews) is also conducted in France.

VIII. Limitations

However, there are a few limitations to this study:

- This study focuses only on Private Wealth Management provided only by commercial banks.
- The number of Private wealth managers interviewed (two) and clients (six) may not be sufficient to provide reliable information. The researcher had a hard time trying to deal with private banks in order to get interviews with some wealth managers and also with clients.
- Clients' willingness to remain completely anonymous can explains why many clients refused to be interviewed. Clients' willingness to remain completely anonymous is very common among the high-net-worth individuals usually for safety and confidentiality reasons.
- As said before, the location of the qualitative research data (interviews) is restricted to France only and focused on south and southwest of France which does not allow getting a national review. Similar research applied nationally could yield more information to the researcher.
- Furthermore, the different degrees of involvement and participation of wealth managers and clients have affected my research. Their willingness to deeply answer the research questions is outside of my control.
- This study does not cover information from other wealth management providers as independent financial consultancy, independent wealth managers or multi-licensed portfolio managers.
- The lack of relevant literature sources regarding to the French private wealth management and the French customer behaviour.

- The analysis of secondary data might not be intensive enough due to the language barrier and the time constraints.
- Regarding to the primary data collection, the researcher believes that the interviews could have bring more sophisticated information if the interviews were conducted by a professional. Conduct an interview is finally a very demanding process.

In spite of these limitations, this study provides reliable and useful information which would be beneficial for private wealth management services in France, in order to be more responsive and to make faster decisions to encounter and manage potential future crisis. This study would also help to provide a better wealth management for their customers who are seeking for more trust and for safer, higher returns.

IX. Organisation of the dissertation

This dissertation is divided into eight chapters, and can be described as below:

1. Chapter 1 – Introduction

This introduction is divided into seven sections: Understanding Wealth and Wealth Management, Background of the Issue, Research aim, Research objectives, Approach to the dissertation, Scope and limitations of the research and the Organisation of the dissertation. This chapter gives an overview of the all dissertation, its background and its main purpose.

2. Chapter 2 - Literature Review

This chapter is devoted to provide the foundation of knowledge in the research area. This section gives information about what has already occurred within the private wealth management industry. The secondary research is gathered into this chapter in order to get an opinion and theories on the research subject. This chapter is divided into two sections which are private wealth management and customer behaviour.

3. Chapter 3 - Research Methodology and Research Methods

The purpose of this chapter is to illustrate and better understand the methodology used to conduct this study. In this chapter, the researcher explained and justified his choice of methodology for researching and collecting the primary data. In fact, this section describes the methodology behind the research. It provides a rationale for each “direction” that the researcher has taken. The chapter is divided into following sections: Research questions, Research Philosophies, Research Approaches, Research choices and Data collection/Data analysis.

4. Chapter 4 - Research Findings and Data analysis

The aim of this section is to present and analyse the results of the primary research. The primary research is conducted with a qualitative research method. The term qualitative signifies that the data is not reduced to numbers. That is the reason why this chapter contain a lot of discussion and interpretation in order to get a good understanding of the data collected.

5. Chapter 5 - Conclusions and Recommendations

This chapter aims to clearly indicate the conclusion reached by this study and then to give some recommendations. These recommendations would help the French private wealth management services to better evaluate the changed landscape and maybe to adopt resolutions.

6. Chapter 6 - Self-reflection on own Learning

This dissertation ends with some reflection explaining the researcher's personal learning experience developed through this study. The researcher clearly explains what this study has brought and taught him.

7. Chapter 7 - Bibliography

8. Chapter 8 - Appendices

Chapter 2 - Literature Review

Introduction

Ridley (2012) defines a literature review as the part of the dissertation where there is extensive reference to related research and theory in the field of the topic; it is where connections are made between the source texts that the researcher draw on and where the researcher position himself and its research among these sources. According to Hart (1998), the literature review can also be defined as the selection of available documents on the topic, which contain information, ideas, data and evidence written from a particular standpoint to fulfill certain aims or express certain views on the nature of the topic and how it is to be investigated, and the effective evaluation of these documents in relation to the research being proposed. In fact, the literature review is the part of the dissertation where previous theories and information are collected about the research topic.

Blaxter et al, (2010) state that the main purpose of the literature review is to locate the research project, to form its context or background, and to provide insights into previous work. Then, a research literature review is a systematic, explicit, and reproducible method for identifying, evaluating, and synthesizing the existing body of completed and recorded work produced by researchers, scholars, and practitioners (Ridley, 2012). Fink (2010) explained that the research literature review can be divided into seven steps which are:

- Selecting research questions
- Selecting bibliographic or article databases
- Choosing search terms
- Applying practical screening criteria
- Applying methodological screening criteria
- Doing the review
- Synthesizing the results

According to Oliver (2012), a dissertation is normally structured according to fairly widely accepted conventions, but there is still considerable room for individual style and creativity when it comes to the plan and structure of the writing and layout; the same is very much true of the literature review. However, according to Rowley and Slack (2004), there are five main steps in the creation of a literature review:

- Scanning the document sources
- Making notes
- Structuring the literature review
- Writing the literature review
- And building the bibliography

Undertaking a literature review is a quite complex and difficult task. For that reason, this model gives the basic steps to produce and develop a better literature review. Then, in this chapter, the researcher will consider the all information collected and examine them critically and constructively in order to provide a better analysis of those information.

Content of the Literature Review

This study focuses on the relationship between private wealth management and customer behaviour throughout a financial crisis and post-crisis period. As a result, the literature review will be presented in two parts: Wealth management and Customer behaviour.

As a consequence, the first part of this chapter will consider and examine the private wealth management issues, its purpose, and its changes throughout the financial crisis with specific regard on the French private wealth management.

The second part of the literature review will focus on changes in customer behaviour within the private wealth management industry with specific regard on French customers.

I. Private Wealth Management

1. Nature and Objective of Private Wealth Management

First of all, it can be noted that Private wealth management is also called private banking. Yu and Ting (2009, p930) defined private wealth management as “an advanced type of financial planning that provides high net worth individuals (HNWI) and families with private financial services, such as asset management, banking, estate planning, investment management, and legal resources”. Private wealth management is also defined by Yu and Ting (2009, p931) as “a professional service which is the combination of financial/investment advice, accounting/tax services, and legal/estate planning for one fee. In other words, private wealth management is more than just investment advice, as it can encompass all parts of a person’s financial life”. According to Jennings et al. (2011, p1), “private wealth management is a field centered on investment management but which considers the client’s complete financial picture in a well-integrated fashion that incorporates the dynamic nature of the client’s explicit and implied assets and liabilities, the complexity of his tax profile, and the nuances of behavioral biases”. In effect, no single definition would be perfectly adequate. According to Maude (2006, P3) there is “no generally accepted standard definition of wealth management – both in terms of the products and services provided and the constitution of the client base served – but a basic definition would be financial services provided to wealthy clients, mainly individuals and their families”. As defined by Goel (2009, p7), wealth management is “a holistic approach to understanding and providing solutions to all of the major financial challenges of an investor’s financial life. From a client’s perspective, this means having all financial challenges solved. From a wealth manager’s perspective, it means the ability to profitably provide a wide range of products and services in a consultative way”. Furthermore, “Private wealth management is a new, discrete discipline and not just a variation on the traditional institutional investment management theme” (Brunel, 2006, p3). Bicker (1996, p1) explains that “most people in the banking sector understand that private banking wealth management is at the far end of the scale from retail banking; it is something which rich people will happily pay for, in the expectation that they will preserve and possibly increase their fortune”.

In a global way, private wealth management is all about money’s reproduction. Chorafas (2006, p4) said that “money has no sex, but this should not inhibit its reproduction”. In fact, private wealth management is aimed at preventing the wealthy people from becoming poorer by making the best use of the customers' money in order to "reproduce" it. Evensky (1997, p2) explained that in private wealth management everything is client driven and that the wealth management process begins with the formal establishment of the client relationship. Collardi (2012, p1) related that the private wealth management is "a business that should always place the client at the centre; the focus remain on clients and the aim is still to provide the best individualised service, clients are and will remain the most important element of this business".

Mindel and Sleight (2010, p73), explained that managing money is serious and important business and that a full time professional would help. The wealth manager plays a leading role in providing a good wealth management to his clients. The role of the wealth manager is clearly different from the money and asset manager. As the money and asset manager, the wealth manager helps the client to invest money but with a careful eye on the client. The wealth manager is clearly client focused. His efforts are devoted to assisting clients to achieve life goals through the proper management of their financial resources (Dun and Bradstreet, 2009, p3). The wealth manager has to be aware about clients' non-financial matters in order to be able to plan a better wealth management with the client. According to Dun and Bradstreet (2009, p4), the wealth manager can be compared to a family physician who looks after the financial well-being of his client. The relationship between the client and the wealth manager is crucial to create an effective wealth management. In fact, the most important thing in wealth management is to know your client. According to Dun and Bradstreet (2009, p4), the main important role of a wealth manager is to scrutinize a client's financial condition and then to propose a combination of banking and investment services that best addresses their unique wealth management issues as:

- Current lifestyle needs
- Income tax considerations
- Inheritance goals
- Humanitarian pursuits

According to Martinez (2006, p5) “it is the first job of private wealth managers to help create, from among various investment strategies, income or growth sufficient for the everyday needs of their clients. In addition, they must provide enough excess growth to account for inflation in order that their clients’ purchasing power does not become eroded over time”. Thereby, wealth managers play a key role within the private wealth management. “Wealth managers do a lot more than pick stocks; they can help you plan your total financial life” (Serchuk, 2009, Forbes). Such help is especially important nowadays with an ever changing financial landscape. Economic uncertainty and panic in stock markets have led to greater interest in the services of wealth managers (Doherty, 2011, p46). The relationship between the customer and the wealth manager is based on the long term. Despite what is said before and according to Mindel and Sleight (2010, p53), maybe “individual investors do not need financial advisers or wealth manager, they can learn on their own the same way these advisers did. Maybe individuals are able to tap into all financial information around them to learn what they need to be able to care of their own investing”. Furthermore, it is quite difficult for customers to find a wealth manager they can trust and rely on (The Cincinnati Magazine, p140, 2009). According to Doherty (2011, p48), “wealth manager are there to earn a fee, and if they were good at it, they would be off working for themselves”.

Obviously, there is a need of wealth management because the wealthy people need solutions to invest their money properly. McCann and Lavayssiere related (2008, p16) that “never before have so many people from so many different regions of the earth become so wealthy in so short period of time”. Furthermore, nowadays people are getting older than before. Then, savings are rising. These savings need to be managing in some way. Wealthy people and people in general have different goals and expectation throughout their entire economic lifecycle. Every phase of a person’s life is asking for different financial and personal objectives. Wealthy people often have some private and financial goals that they really want to achieve. “Wealthy people often have complex financial arrangements in which their assets are widely spread and diverse in nature, making those assets work most efficiently and productively takes an in-depth knowledge of both financial markets and the latest investment opportunities (‘The unofficial guide to banking, What does the Wealth Management division do’, no date). This is where the Wealth Management services are used for. It can be extremely difficult for even those with a good business and financial sense, to know where is best to invest money (‘What is wealth management’, no date).

For that reason, these people need an advisor to get some recommendations. As a matter of fact, the wealth manager seems to be the right person who can perform this specific task. Usually when it is about money, people need to plan and organize it in order to reach their goals more efficiently. Hallman and Rosenbloom (2009, p4) state that it is therefore difficult for wealthy people to meet their goals properly because "the client is offered a sometimes-bewildering array of investment products, financing plans, insurance coverages, tax-saving ideas, retirement plans, trusts, charitable giving arrangements, and other products and ideas. However, these financial arrangements and ideas often are presented in a piecemeal fashion without overall coordination and planning. In contrast, the concept of private wealth management is the development and implementation of comprehensive plans for achieving a person's overall financial and personal objectives".

2. The Wealth management process

Wealth Management is a process - not a product or a one-time event - which provides a long-term strategy for client's financial future ('The Wealth Management process', no date). The wealth management process clearly describes the relationship between the client and the wealth manager. Dun and Bradstreet (2009, p4) explain that "the wealth management process is founded on the values of the client". That is the reason why the wealth manager has to determine their client's goals and what really matters for them. Understanding the wealth management process may well be the most important element of a successful relationship between an individual investor and his professional adviser (Brunel, 2006, p15).

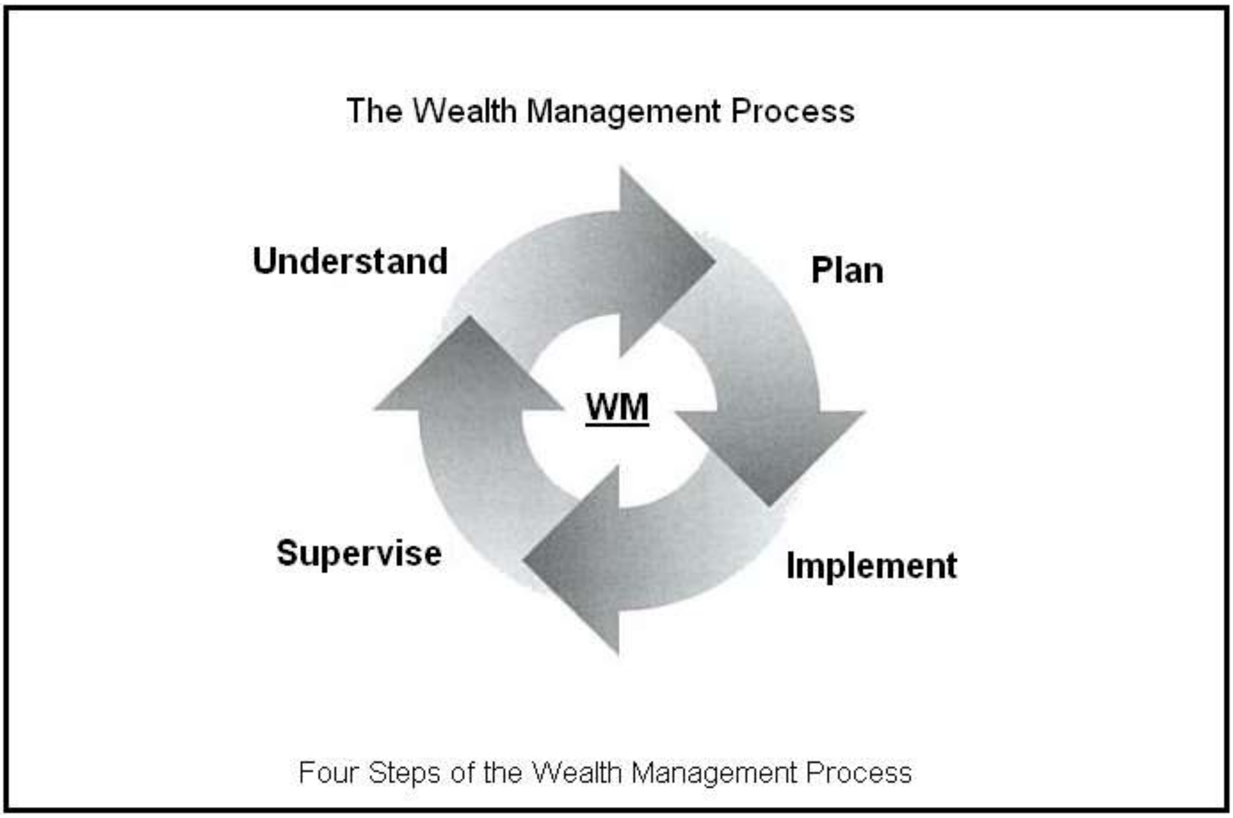


Figure 2 – The Wealth Management Process – Four steps.
(Adapted from Brunel, JP. (2006), Integrated Wealth Management).

The wealth management process is composed by four steps which are all considered equally important, because each of them can directly contribute to a successful wealth management. According to Dun and Bradstreet (2009, p5), the wealth manager and the client need to understand the nature of the process and appreciate the resources that are needed at each stage in order to get a successful process. The *understanding* step is about understanding issues and opportunities of the customer. The *planning* step is about planning a wealth management strategy. The Implementing step is about implementing the wealth management strategy that customer and wealth manager have decided to set up. Finally, the *Supervising* step is about monitoring decisions and actions that have been taken previously. As a matter of fact, the wealth manager and the client are the heart of this process; their relationship has to be optimum to get a successful wealth management. As a matter of fact, this process seems to be a common procedure for every wealth management services. On the contrary, there is no one system that will work for all clients; there are far too many variables ('What is wealth management', no date). Successful management of wealth depends on a thorough understanding of clients' goals (Dun and Bradstreet, 2009, p15). The wealth manager has to clearly define and understand the clients' goals because knowing these goals may allow him to produce a better wealth management. He also has to help the client to determine and prioritize goals and objectives in order to be as precise as possible. According to Bhatt (2011, p9), "the individual investors are often not very sure about their goals or have only a vague idea about what they really want; in this regard the wealth manager needs to educate the client about the importance of objective goals". According to Kochis (2009, p5), the wealth manager "needs to assist their clients in setting priorities among goals". In order to produce an effective wealth management, the wealth manager has also to pay attention to clients' constraints. Each client invariably faces some constraints which limit his ability to achieve the stated goals established by the wealth manager and the client (Bhatt, 2011, p12). These constraints can be about client's risk profile, his need of liquidity or issues about doing the right investment at the right time. It is important to notice that investment is probably the largest branch of wealth management, because investment generally means profits; something clearly desirable ('What is wealth management', no date).

3. Private wealth management industry post crisis.

According to Maude (2006, P3), "wealth management was reported to be the fastest growing sector of the financial services industry during the late 1990s". For decades, the wealth management industry was fostered by creation and accumulation of wealth due to the downfall of the Berlin Wall in 1989, coupled with the concomitant rise of global capitalism and globally integrated capital markets (McCann and Lavayssiere, 2008, p16). As a result, this creation and accumulation of wealth have enhanced the development of the wealth management industry. In 2007, "some industry estimates showed that the investable assets of people around the world was growing dramatically, making the wealth management industry the fastest growing segment of the financial services industry, with more than three times the pool of potential fees than the world's investment banks earned by underwriting equity, debt and loans and advising on mergers and acquisitions in recent years" (Essvale, 2008, p118).

The financial crisis of 2008 marked the end of this growth trend. Collardi (2012, p1) related that "the numerous challenges facing private banking have arisen over many years but the urgency with which these must be confronted has taken on a whole new meaning since the financial turmoil that made itself felt in all areas of financial services". According to Boris and Collardi (2012, p13) "the 2008 financial crisis changed the entire banking industry, clients have grown far less willing to put faith in markets, or, in many cases, the wealth management industry". It was noted by the World wealth report (2009, p22) that the "wealth management profitability was negatively impacted due to lower assets under management and an increase in low-margin asset allocation". Indeed, the loss of customer confidence had a significant impact on the wealth management industry. During the financial crisis, "thousands of investors were savaged by scandalous behaviour by financial firms" (Curtis, 2013, p101). The collapse of ethical behaviour within financial firms caused client's loss of confidence. According to Curtis (2013, p102), "the root cause of the financial crisis was the gradual but ultimately complete collapse of ethical behaviour across the financial industry". With the lack of regulation and poor risk controls, financial firms were able to behave in their own economic interest. As a consequence, many clients of wealth management services felt betrayed and their confidence were seriously shaken. According to the World wealth report (2009, p22), "clients withdrew assets from their wealth management firm or left that firm altogether in 2008, primarily due to a loss of trust and confidence". As a matter of fact, the financial crisis of 2008 caused clients to address concerns within their assets under management. "Advisors and wealth management firms are working to help their clients through the crisis and its aftermath; they recognize events have taken their toll, and have sought to increase communication, and offer more simplicity and transparency to the wealth management process to help restore eroded trust" (the World wealth report, 2009, p21). Then, even if the global financial crisis of 2008 made a negative impact on the banking industry, the wealth management industry proved a solid basis. According to the World wealth report (2009, p21), "business like investment banking bore the brunt of revenue declines, as weakening economic conditions undermined ubiquitous activities like trading and underwriting, and balance sheets were hit by write-downs in assets like mortgage holdings". Driga, Nita and Cucu (2009, p231) said that "Worldwide, private banking and wealth management are business models that continue to be attractive to financial institutions, despite a temporary setback during the global financial crisis of 2008-2009. These services are relatively 'low risk' when compared to other activities, such as investment banking or extending credit to businesses and consumers, although private banking is not totally independent of failure in other areas due to perceived credit and reputational risks".

The financial crisis of 2008 revealed and highlighted new challenges and difficulties that the wealth management industry had to face in order to stay in business. According to the World wealth report (2009, p20), private wealth management faced significant pressure when it came to retaining current clients and attracting new one during the financial crisis and many underestimated the impact of the loss of confidence from customers on client relationships. As many clients withdrew assets from their wealth manager, wealth management firms have seen their incomes decreased. The profit of wealth management firms decreased and many cost cutting measures were taken with the single objective to stay in business. According to Welch (2010, p1), "wealth managers who managed to retain their clients saw revenues fall dramatically, putting their enterprise viability at risk and leaving them working harder for less money". As a result, it was a really difficult time for wealth managers. However, according to Black (2008, p2), "customer confusion and fear were presenting most wealth managers with a golden opportunity to significantly increase their client rolls". Collardi (2012, p1) related that with the financial crisis of 2008, "the private Banking industry has been shaken to its core by global events as volatile financial markets and the new wealth that has been created in developing regions of the world, offering not only tremendous opportunities but also potential risk factors to consider". Furthermore, according to the World wealth report (2009, p21), many wealth management services and wealth managers "may not fully understand what is motivating their clients to leave of stay within their services". The wealth management services have to get a better understanding about what their customers really need. As stated Boris and Collardi (2012, p7), "the market volatility following the financial crisis of 2008 has led to a demand for simpler, more transparent types of investments among clients". "Wealth management firms and advisors need to provide a broader and more integrated set of capabilities to meet the complex needs of today's high net worth individuals" (World Wealth Report, 2011, p14). That is to say that at this time wealth management companies needed to pay attention on the financial downturn and being client focused at a same time in order to be able to withstand the crisis. According to Dun and Bradstreet (2009, p4), the financial crisis of 2008 highlighted that the "private wealth management necessitates a more comprehensive relationship with a client, it involves more trust, and wealth manager needs to be more confidentially involved with customers' overall details, financial conditions, and risk profile; it requires spending more time with each client, understanding their broader requirements, detailed financial goals, and the constraints they face". As a consequence, a more comprehensive relationship and a different management framework are needed to improve customer confidence. According to the World wealth report (2009, p27), wealth management firms "may need to re-evaluate how best to align their clients' financial/risk profiles and personal goals with their true risk appetites to assuage customer concerns and restore their confidence. This will likely involve improving firms' due diligence practices, and building more comprehensive risk assessments". It was also noted in the World Wealth Report (2011) that "the post-financial crisis environment calls for a higher degree of responsiveness and flexibility than in the past". However, even if the financial crisis of 2008 deeply impacted the private banking wealth management industry and its business model, the private banking wealth management industry is surrounded by plenty of opportunities. Collardi (2012, p5) explained these opportunities as "the potential of global wealth which remains truly enormous, there is still significant room for growth; the economic growth in many regions of the world has added a new dimension to the business".

Nowadays, the private banking wealth management sector face new regulation imposed after the turmoil of the financial crisis of 2008. These regulations usually implemented by government entities or specific regulators, can be considered by the global industry as a new challenge. According to Collardi (2012, p3), these new regulations and changes have "forced private banks to examine, for perhaps the first time ever, their business model that has survived in some cases for over decades". The World Wealth Report (2012, p26) explain that "many private wealth management will need to rethink their business models to deal effectively with the new industry landscape, and overcome constraints imposed by previous decisions and assumptions". According to Collardi (2012, p6), "Private banks can never afford to lose sight of the fact that their business depends first and foremost on maintaining high standards of quality and personalised, superior client service". The financial crisis of 2008 has demonstrated the importance of these high standards of quality. However, according to Welch (2010, p1), "the quality of products or services offered in insufficient to differentiate a firm in the face of a changing industry and increased client scrutiny". According to the World Wealth Report (2011, p25), "the enterprise value approach could be an especially important differentiator for wealth management firms that need to be more responsive in today's highly competitive market". In fact, the financial crisis has caused confusion with some customers' accounts, after many investment positions have changed considerably. This again highlights the "importance for those with wealth to have their money professionally managed and for the managers themselves to be experts in their field" ('What is wealth management', no date). According to Goel (2009, p18), after the financial crisis, "private banks have realized that product range and features are key differentiators in today's fiercely competitive and largely unpredictable market". However, Boris and Collardi (2012, p7) stated that "the market volatility following the financial crisis of 2008 has led to a demand for simpler, more transparent types of investments among clients". As a consequence, increasing the product range and features could not be an effective way to regain trust of clients in wealth managers. As said previously, private wealth management services have now to deal with new challenges and opportunities which have arisen within the global industry. According to the SAS Institute (2010, p6), the most critical issue for the banking industry "was the need to rebuild trust". Regain trust is considered as a major step as trust is the basis in any banking activity, and especially in wealth management where the relationship between the client and the wealth manager is very strong. Essvale (2008, p42) explained that "client acquisition has become the key objective for the wealth management industry". According to the World Wealth Report (2011, p26), "clients have regained trust in advisors and wealth management firms but they are more conservative and more vigilant post-crisis". However, Mindel et al. (2010, p22) stated that when a customer lost money through an investment that has been advised, the wealth manager will never regain credibility.

4. Private wealth management in France.

Wealth management is not the same all around the world. According to Maude (2006, P3) "Wealth management can mean different things in different geographic regions, the United States and Europe have traditionally stood at two extremes in this regard. For example, in the United States, Wealth management is more closely allied to transaction-driven brokerage and is typically investment-product driven. In Europe, the term is more synonymous with traditional private banking, with its greater emphasis on advice and exclusivity". In France, wealth management has also experienced a strong period of growth over the last decade. According to Bernstein (2003, p70) "between 1998 and 2002, we estimate that gross operating profit of the wealth management businesses of *BNP Paribas Bank* and *Societe Generale Bank* grew by 7% and 11% per annum, respectively. Wealth management departments are now a material source of earnings for the banks and are major contributors to excess equity". Then, wealth management businesses have been an important source of growth for French banks during the last decade. For that reason, wealth management matters for the French banks because it became an important source of profit. In 2002, Wealth management was about 14% of *BNP Paribas*'net operating profit excluding minorities and about 22% of *Societe Generale*'s (Bernstein, 2003, p71). The French wealth management market is composed by more than four million households who hold more than one thousand billion euros of assets (Moreno, 2011). According to Moreno (2011), the global financial crisis of 2008 made a negative impact on the banking industry and the wealth management in France which revealed a significant decrease in assets under management and changes with client's behavior which became increasingly risk-averse. As clients decided to invest in simpler and less costly investments, French private banks have seen their income decreased. Moreover, the absence of an overall anticipation of the financial crisis from French private banks and wealth managers increased clients distrust (Baillot, 2009). Furthermore, in France clients also asked for simpler and more transparent types of investments and wanted to get more information about pricing and reporting (Simonet, 2012). In fact, the French banks decided to reduce their range of financial products and made them more secure. In contrast, some French banks decided to create new financial products generating remunerations above normal market conditions in order to bridge their low level of liquidity (Poge, 2009). In that case, the creation of new financial products could be wrongly interpreted by clients who can guess a lack of liquidity of the bank. However, in France many private banks also tried to communicate extensively with their clients in order to restore client's confidence (Simonet, 2012). In 2009 and 2010, it was noted that the French wealth management situation had improved a bit but still less than the other European countries (Moreno, 2011). However, private banking activity was considered as relatively 'low risk' when compared to other banking activities, but the arrival of the financial crisis has highlighted the new need of required capital from the French private banks which have been in a weakened state (Baillot, 2009).

Furthermore, the crisis has called for improvement from wealth managers in order to better advise their clients during a period of financial turmoil. Despite that, as said before, the wealth management market in France thus became strategic to banks development. French banks which have a wealth management department, find within the wealth management market an adequate and "easy" way to raise liquidity with low risk (Moreno, 2011).

II. Customer behavior

1. The high-net-worth individuals.

According to Weber (2009, p8) “The high-net-worth individuals wealth management business is therefore a critically important as well as complex part of modern finance”. Because the wealthy is an important and specific clientele which often need to live solely off their investments, today private wealth managers must be able to meet their needs (Martinez, 2006, p5). Then, to meet those expectations, wealth managers have to identify their clientele. It is worth pointing out that each year world’s population of high-net-worth individuals keep expanding except during financial crisis as 2008 (World wealth report, 2011, p5). In recent times, “wealth management clients have been quick to change service provider as they are becoming increasing sophisticated and demanding” (Essvale, 2008, p30). In fact, high-net-worth individuals have become more self-reliant, more knowledgeable and more demanding due to the strong impact of the financial crisis on their assets (Moreno, 2011). Essvale (2008, p30) explained also that usually the high-net-worth individuals “have worked very hard to accumulate their wealth and would not want to risk it all through a bad financial relationship with a wealth manager”. Furthermore, private wealth management customers come from varied background and then having different type of expectations. Therefore, the wealth manager has to be very careful and precise with this kind of clientele. To clearly define what is exactly a high-net-worth individuals is certainly no easy task. According to Maude (2006, P3), “individual institutions differ widely both in the level of the wealth threshold they use to separate a wealth management “client” from a mass-market ”customer”, and how they define wealth itself”. According to Jaller (2006, p100), high-net-worth individuals can be defined as “those with assets between US$1million and US$20million. After that amount, people are called ultra-high-net-worth individuals”. A more precise definition for high net worth Individuals is “an individual who hold at least US$1 million in financial assets, excluding collectibles, consumables, consumer durables and primary residences (World Wealth Report, 2008, p5). McCrary (2005, p36) defined a high-net-worth individuals as “an individual who has income of at least US$200,000 or assets of US$1million”. Then, two main factors have to be taken into account when defining high-net-worth individuals: the net income and the assets. As a matter of fact, the wealth management companies define their thresholds in order to target their customers. According to Jennings et *al* (2011, p9) “many industry observers and participants partition the wealth management marketplace based on assets under management, placing investors into such categories as mass affluent, high-net-worth , or ultra-high-net-worth although that categorization can be useful, because relevant issues can differ dramatically among the groups”. Then, the wealth management market consists of several submarkets which are based upon the level of clients’ wealth. The purpose of this research is to focus on individuals who have got liquid asset of at least €500,000 as the French private banking industry decided on average to choose these characteristics.

2. Changes in customer behavior with the financial crisis of 2008

According to the World wealth report (2009, p21), “The global economic and market downturn has clearly shaken the trust and confidence that HNWIs placed in markets, regulators, financial institutions, and the very principles of portfolio management. Very few clients have gone unscathed amid the broad and deep decline in asset values, and many have shifted wealth to safer, more conventional and liquid investments”. In a matter fact, the way client perceived banks and private banking deeply changed. Many factors affect whether or not wealthy people can take decision when investing their money. “The impact of taxation, and the interaction between investor psychology and the uncertainties of both capital markets and individual cash flow needs, mandate a new set of investment solutions” (Brunel, 2006, p3). However, even during a financial crisis like in 2008, private wealth management is aimed at making money for their customer.

The purpose of this section is to provide a comprehensive view and a better understanding of customers’ decisions of wealth management services. As explained in the World wealth report (2009, p21), “emotional factors are a prominent feature of the HNWIs psyche today”. Therefore, wealth managers should better take into account these emotional factors into their wealth management. According to Baker and Nofsinger (2010, p3), “behavioral finance is a relatively new but quickly expanding field that seeks to provide explanations for people’s economic decisions by combining behavioral and cognitive psychological theory with conventional economics and finance”. In fact, behavioral finance attempts to find some explanations for events or patterns which happened within financial markets. These explanations are based on human behavior. Baker and Nofsinger (2010, p3) discussed that “the human brain often processes information using shortcuts, emotional filters and these processes influence financial decision makers such that people often act in a seemingly irrational manner, routinely violate traditional concepts of risk aversion, make predictable errors in their forecast". According to Mindel and Sleight (2010, p70), behavioral finance can predict with some consistency that investors will behave irrationally within financial markets which are considered as efficient and random following the *Efficient market hypothesis* (EMH). Behavioral finance help to show up that financial market might be inefficient. The economists who theorized about efficient markets started with the idea that investors behave rationally. According to Mindel and Sleight (2010, p53), "investors are not rational about money, they are usually swayed by great tides of emotion". Many investors can hold some assets in portfolio just for personal or emotional reasons. The financial world believes that investors would rationally weigh both gains and losses and make rational choices according to their willingness. But the *prospect theory* developed by Kahneman and Tversky found and explained that investors respond to situations according to the way they are framed, and are much more sensitive to losses than they are to gains. According to Mindel and Sleight (2010, p70), "investors do not weight losses and gains equally, in fact an investor finds a loss about two and a half times more painful than he finds a gain pleasurable, then investors will work harder to avoid a loss than they will to seek gain". Then, this theory shows up that the sensitivity to losses from the investor contribute to collapsing a financial market during a financial turmoil like in 2008. The optimism and overconfidence of an investor can affect deeply his behavior. Investors attribute successes with investment to their own abilities, but failures are always due to something else, bad luck or even victimization (Mindel and Sleight, 2010, p71). The overconfidence makes feel investors talented and make some bad and unwise decisions. According to the World wealth report (2009, p21), "Some HNWIs have also spread their assets across more institutions as a means to mitigate risk", which is not conductive to an efficient wealth management. According to Mindel and Sleight (2010, p71), "investors often make decisions based on too narrow a point of reference; this relates to loss aversion, when an investor focuses on the one losing part of a portfolio rather than on the big picture". According to Mindel and Sleight (2010, p71), "investors are led astray by being bombarded daily by too much information". The way information is presented to investors affects the frame investor use for their own decision making. The disposition effect says that "investors are predisposed to hold losing investment too long and to sell winning investments too early. Then the investor tends to sell winning investments too early and then to get usually lower returns" (Mindel and Sleight, 2010, p71). Therefore, behavioral finance would be taken into account in order to improve the private wealth management services. According to Pompian (2012, p25), "by understanding how investors and markets behave, it may be possible to modify or adapt to these behaviors in order to improve financial outcomes. According to Pompian (2012, p25), "in many instances, knowledge of and integration of behavioral finance may lead to better than expected results for both advisors and their clients". However, behavioral finance is still a relatively new field and often criticized because of its lack of unified framework (Ackert and Deaves, 2010, p38). Jarrow (1995, p388) argued that "behavioural finance is too interesting and thereby distracts us from the pervasive market forces that should be our principal concern". The financial crisis of 2008 has had a significant impact on the high-net-worth individuals and their behavior. At the end of 2008, "the world's population of high net worth individuals was down 14.9% from the year before, while their wealth had dropped 19.5%. The unprecedented declines wiped out two robust years of growth in 2006 and 2007, reducing both the HNWI population and its wealth to below levels seen at the close of 2005" (World Wealth Report, 2009, p4). As a consequence, the demand in private wealth management services by high-net-worth individuals decreased. This demand decreased because high-net-worth individuals were looking at unprecedented events as the collapse of Lehman Brothers and waiting to take stock, to see where the industry was going (Pimentel, 2009). It was noted in *The economist* (2009) that the financial crisis has caused to high-net-worth individuals to lose $10 trillion which is almost a quarter of their wealth. All in all, the high-net-worth individuals lost their faith in private wealth management services. Harrison (2009) stated that "the trust and confidence HNWIs placed in markets, regulators, financial institutions and portfolio management have been shaken". According to the SAS Institute (2010, p6), "trust and confidence are the bedrock of banking". Then, this lack of trust and confidence enhanced dramatic changes on the customer behaviour with the advent of the financial crisis. In fact, as said before, "very few high-net-worth individuals have been unaffected by post-crisis issues, such as the vast decline in asset values" (Harrison, 2009). Many of them took radical decisions pretending to protect their assets. In effect, many high-net-worth individuals "have shifted wealth to safer, more conventional and liquid investments. According to Goel (2009, p19) and based on steady market returns from 2006, "asset allocations of high net worth individuals were biased heavily on riskier asset classes. In other words, towards the end of 2007 and into the middle of 2008, the turmoil in the financial markets has forced investors to shift toward safer, less volatile asset classes like cash deposits and fixed income". It was also noted by Veres (2009) that "there is evidence that clients responded to the market downturn by returning to traditional financial values". According to the World Wealth Report, (2009, p15), HNWIs reduced also their holdings of alternative investments and sought refuge in foreign currency investments, financial structured products and commodities, such as gold. In addition, HNWIs decided to invest their money and spread their assets in investments and firms close to them, considered as domestic investments (World Wealth Report, 2009, p15). "High-net-worth individuals increased the proportion of their assets held in safer, simpler, more tangible investments in 2008, and reduced their relative holdings of equities and alternative investments". In other words, high-net-worth individuals decided to do some rapid changes in investment and asset allocation, and sought refuge is fixed income, cash and real estate which are considered as "safe" investments. Just after the downturn of 2008, it can be noted that "worlds HNWIs scale back on their investments of passion amid economic uncertainty and rising costs" (World Wealth Report, 2009, p17). However, the appetite for investments of passion such as luxury collectibles, art, jewellery, gems and watches, wines, sports investments, and so on increased in 2010 as the global economy rebounded (Accountancy Ireland, 2011). It was also noted by Veres (2009) that "clients' expectations for investment returns became more reasonable". High-net-worth individuals became increasingly risk-averse and asked for deeper information to their wealth manager in order to be aware of everything.

3. Changes in customer behavior in France

In Europe, "the high-net-worth individuals population decline varied widely by country. For example, the number of high-net-worth individuals shrank 26.3% in the U.K., but just 12.6% in France and only 2.7% in Germany, which avoided a steep contraction in part because high-net-worth individuals there were more heavily invested in conservative asset classes than those in other countries" (World Wealth Report, 2009, p4). In France, "high-net-worth individuals have a long history of services provided by banks, particularly commercial banks with the traditional reputation of providing services to the wealthy, niche private banking specialists, small privately owned banks and, more recently, retail banks. It can be noted that the two main actors within the French private wealth management industry which are *BNP Paribas Bank* and *Societe Generale Bank*, have opted to target their high-net-worth individuals as someone who hold at least €500,000 in financial assets until €5Million (Simonet, 2012). In France, the financial crisis has seriously caused clients to lose confidence in wealth management providers (Nahmias, 2010).

The logical consequence of this loss of confidence made clients become suspicious and increasingly risk-averse. Furthermore, in France clients also asked for more transparent types of investments and wanted to get more information about pricing and reporting (Simonet, 2012). Thereby, clients decided to invest in simpler and less costly investments. According to Peverelli, Feniks, and Lamarque (2010, p31), stated that in France client's behavior changed dramatically and lost their confidence in financial services providers. Clients took many portfolio reallocation decisions (Nahmias, 2010). Many clients have chosen to invest in gold, to keep cash, to acquire a more comprehensive circle of advisers and reject too sophisticated financial products (Baillot, 2009). In opposition, many clients have chosen to invest in passion investments such as wine, art, forest or horse race (Melia, 2012). According to Peverelli, Feniksand Ollivier-Lamarque (2010, p1), French clients needed to put some sense back into their investments. Furthermore, in France clients became increasingly demanding with the impact of the crisis on their assets (Protard, 2009). It can be noted that as everywhere else in the world, in France high-net-worth individuals have become more self-reliant and more knowledgeable due to the strong impact of the financial crisis on their assets (Moreno, 2011). According to Peverelli, Feniksand Ollivier-Lamarque (2010, p26), the crisis in France impacted the customer behaviour. When it is about managing money, high-net-worth individuals tend to take the lead and decide for themselves what to do. This trend is completely new within the French private wealth management industry. As a matter of fact, the financial crisis deeply impacted French clients of wealth management services from both an economic and behavioural viewpoint. It was noted by Bayart and Guigne (2009) that most of the French high-net-worth individuals have felt that their wealth manager was not able to correctly inform and prevent their clients from the possibly of the financial crisis' impact on their assets under management. In fact, the French private wealth management industry faced a particular challenge, with regards to determining the right solution, in order to regain trust and to recover high-net-worth individuals after they start leaving their services or simply find new ones.

III. Conclusion

The literature review highlighted several issues and challenge surrounding the Private wealth management industry and the customer behavior. The financial crisis has clearly modified the relationship between the wealth manager and the client. Both part of this couple have been clearly impacted and improvements can be made.

In this section, a lot of information has been found. It can be important to see the secondary data from a different perspective and degree of interpretation in order to adapt them to this specific study. The secondary data will be useful to compare information, to give recommendations and to build theories with the support of primary data.

Chapter 3 - Research Methodology and Research Methods

Introduction

The purpose of this chapter is to illustrate and better understand the methodology used to conduct this study. This methodology is helpful to deeply analyses the issues raised by this study in order to answer accurately to the research questions. According to Brannick and Roche (1996), research methodology is essentially a decision making process, each decision made is affected by, and in turn, influences every other decision. In fact, decisions are interrelated. Brannick and Roche (1996) explained also that “the research process provides a systematic, planned approach to a research project and ensures all aspects of the project are consistent with one other”.

I. Research questions

The research problem is the starting point of all research and poses exceedingly difficult intellectual challenges (Brannick and Roche, 1996, p6). The research question is what the researcher is trying to find out by doing his study. According to Foss and Waters (2007), the research question guides the research process, tells the researcher what to look at and what to ignore, and is captured in the title of the dissertation. In other words, a research question is what the dissertation is about. In order to get accurate research questions, Brannick and Roche (1996) explained that the process of developing the research question begins with the identification of the broad research area; this is followed by the formulation of the research question. In fact, the research question should not be a question to which the answer is “yes” or “no” because such an answer is not a complex result (Brannick and Roche, 1996, p9). Then, the following questions have been designed:

- What impact did the crisis have on both private wealth management industry and customer?

This question is dedicated to find what impacts did the crisis have on both private wealth management industry and customer, if the impacts have really affected this industry and how.

This study will try to explain and classify them in order to get a better understanding of this crisis context.

- Which wealth strategy had been adopted after the crisis?

After having listed and detailed the different main wealth strategies followed by most of private wealth managers, this question will discuss about the issue of whether or not wealth strategy were appropriate within the crisis and post crisis context. In other words, the issue of whether or not wealth managers have made the right decision on the right time.

- What should have wealth managers considered in order to succeed?

This question is related to the one above and discusses about the key opportunities for improvement that wealth managers should have considered. *Wealth managers were under a lot of pressure and they had to make different decision during that challenging time. For these reasons, wealth managers may have taken some wrong decisions. Thereby, this research question will help to reflect on the different issues and then to give some recommendations.*

II. Research Philosophies

The research methodology of this dissertation is structured by considering each layer of the Research Onion (Saunders, Lewis and Thombill, 2009, p138). The use of this tool helps me to better understand how my research will be answer. In fact this tool gives a clear methodology in order to conduct a research.

The first layer of the Research Onion is research philosophies. According to Saunders, Lewis and Thombill (2009, p139), "the research philosophy you adopt contains important assumptions about the way in which you view the world. These assumptions will underpin your research strategy and the methods you chose as part of that strategy".

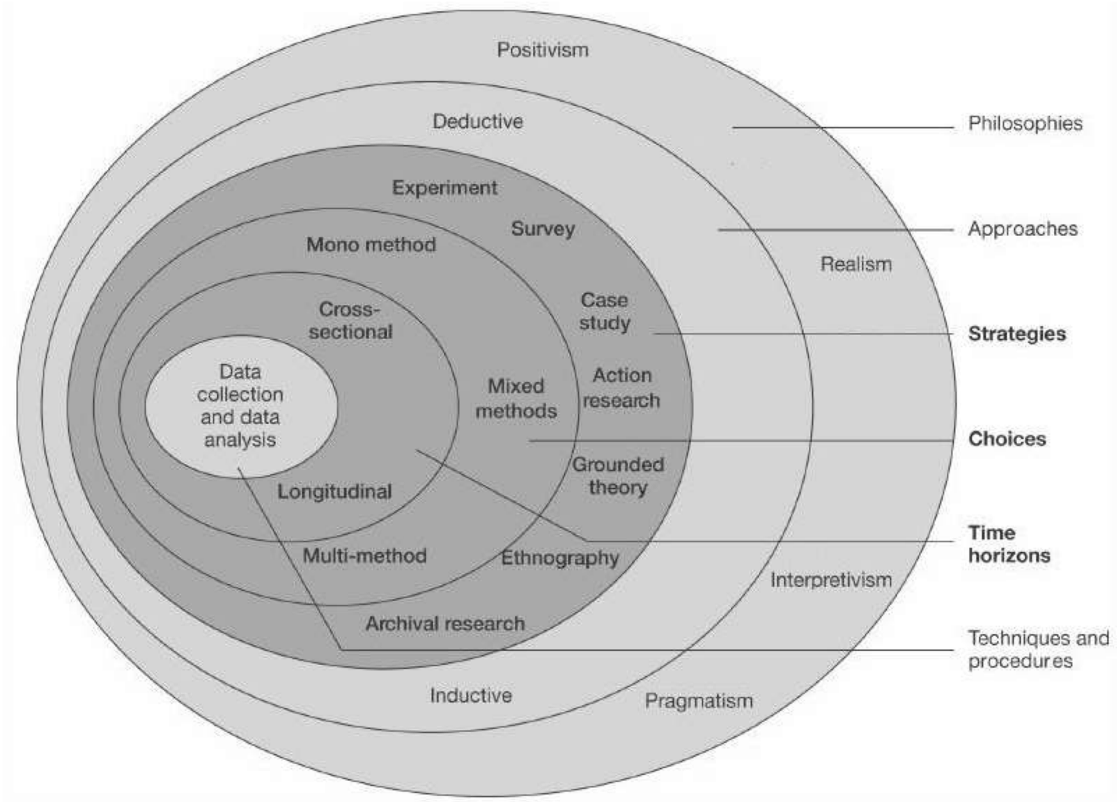


Figure 3 – The research "onion".
(Source: Saunders, M., Lewis, P. and Thornhill, A. (2008)).

According to Saunders et al. (2003), research philosophy relates to the development of knowledge and the nature of that knowledge. In fact, two major way of thinking about research philosophy: Ontology and epistemology (Saunders, Lewis and Thombill, 2009, p140). Chia (2002, P4) describes epistemology as "how and what it is possible to know". As a result, epistemology takes into account views about the most adapted ways of investigate into the nature of the world (Easterby and Smith, 2008, p56). Wand and Weber (1993, p220) explained ontology as "a branch of philosophy concerned with articulating the nature and structure of the world". For social sciences, ontology "claims about what exists, what it looks like, what units make it up and how these units interact with each other" (Blaikie, 1993, p78). Therefore, ontology describes our view of reality, leading to an objectivist point of view.

1. Research Ontology

Four different key paradigms which influence the research methodology.

➢ Realism

Saunders, Lewis and Thombill (2009, p114) state that “the essence of realism is that what the senses show us as reality is the truth: that objects have an existence independent of the human mind”. The reality could be understood through natural science methods. Then, *Realism* would be more adequate to scientific analysis.

➢ Positivism

Saunders, Lewis and Thombill (2009, 115) explain *Positivism* as “providing the basis for subsequent hypothesis testing”. In fact, *Positivism* looks for the truth, that’s why it cannot be used to research on human behaviour.

➢ Pragmatism

This philosophy is very different from the three others. Simpson (2010, p45) defines *Pragmatism* as “a philosophy of human conduct and practice that seeks to account for lived experience”. It could be sometimes unrealistic to choose the right philosophy, and the most important determinant of the Ontology of epistemology choice could be the research question (Saunders, Lewis and Thombill, 2009, p117). For that reason, *Pragmatism* is not really connected to any philosophy; it’s could be considered as an alternative.

➢ Interpretivism

The philosophy, which is going to be used in the dissertation, is the research philosophy of interpretivism. The interpretivism research is the most suitable framework to follow because wealth management and customer behaviour are not exact sciences. Saunders, Lewis and Thombill (2009, p135) stated that “interpretivism advocates that it is necessary for the researcher to understand differences between humans in our role as social actors”. It is important to take into account the human factor when conducting a research. According to Tones and green (2005, p67), interpretivism centres on people’s ways of interpreting and making sense of reality.

The power to interpret permits a better understanding of the subjective information given by persons who takes part of the research. The interpretivism research allows, through the power to interpret information, to get better depth of understanding about the research subject. As knowledge cannot be underestimated, this philosophy is the more appropriate to enhance understanding in order to answer to the research subject.

2. Research approaches

Two different research approaches: Deductive and inductive.

- Deductive

Deductive research proceed to the general to the specific (Berg and Wayne, 2009, p237). In fact, according to Wilson (2010, p34) this approach “begins with and applies a well-known theory”.

- Inductive

The process of *inductive* research is aimed to better understand the nature of the problem and involves to make interviews (Saunders, Lewis and Thombill, 2009, p138). The Inductive research helps to move from measures and observations to broader statements, conclusions and theories. According to Paul G.et al. (2012, p43), an inductive strategy first examines the data and then derives a theory to explain the patterns shown in the data. As a consequence, the interview data collected have to be analysed in order to formulate generalizations and then, to build theories. Saunders, Lewis and Thombill (2009, p139) explained that “if you are particularly interested in understanding why something is happening, rather than being able to describe what is happening, it may be more appropriate to undertake your research inductively rather than deductively”. According to the research subject between wealth management and customer behavior, the *inductive* research seems to be the most suitable method to use in order to answer to my research subject by formulating generalizations and theories. Furthermore, the process of *inductive* research is often associated with qualitative research.

3. Research strategies

Saunders et al. (2003) stated that “the research strategy will be a general plan of how you will go about answering the research questions that have been set”. Saunders, Lewis and Thombill (2009, P141) explain also that “each strategy can be used for exploratory, descriptive and explanatory research”. Seven different research strategies are available: Experiment, survey, action research, grounded theory, ethnography, archival research and case study. The choice of resarch strategy is mainly guided by the research questions and objectives. Case study with in depth interviews has been chosen as research strategy.

- Experiment

Saunders, Lewis and Thombill (2009, P141) stated the “the purpose of an experiment is to study causal links, wheter a change is one independent variable produces a change in another dependent variable”. This strategy is aimed to test hypothesis, which is not the right method to use in order to answer to the research subject.

- Survey

The survey strategy is usually associated with the deductive approach (Saunders, Lewis and Thombill, 2009, p147). Then, this strategy allows to collect quantitative data, which is not suitable to answer to the research subject.

- Action research

Saunders, Lewis and Thombill (2009, P148) considered that “the findings od action research result from investment with members of an organization over a matter which is of genuine concern to them”. Then, the researcher has to be part of this organization. This strategy is not the right method to use in order to answer to the research subject.

- Grounded theory

Saunders, Lewis and Thombill (2009, P149) considered that “a grounded theory strategy is particularly helpful for research to predict”. In fact, this theory provides predictions and explanations which are not really suitable to answer to the research subject.

- Ethnography

Saunders, Lewis and Thombill (2009, P150) explained that “in adapting an ethnographic strategy, you will be reseaerching the phenomenon within the context in which it occurs and, in addition, not using data collection techniques that oversimplify the complexities of everyday life”. This strategy is used with positivism, which is not compatible with the research subject.

- Archival research

Saunders, Lewis and Thombill (2009, P150) argued that this strategy “makes use of administrative records and documents as the principal source of data”. That is to say that this strategy focuses upon the past, which is not really usefull to answer to the research subject.

- Case study – (In depth Interviews)

Schell (1992, P2) defines the case study as “the most flexible of all research designs, allowing the researcher to retain the holistic characteristics of real-life events while investigating empirical events”. Case study research is also defined as an empirical inquiry which investigates a phenomenon within its real life context (Yin, 1994). Then, it is important to clearly define the context before to analyse these empirical events. Case studies can be organized into three categories: The exploratory, the explanatory and the descriptive.
The research subject is mainly about “How” and “why” questions which are more explanatory by nature. Through several interviews to different wealth managers, it would be possible to formulate generalizations and then, to build theories. The case study approach, through in depth interviews, is also appropriate to enhance understanding in order to answer to the research subject. In other words, the in depth interviews are suitable to build knowledge from observations within an environment. According to Saunders, Lewis and Thombill (2009), interviews can be really helpfull for the researcher to gather valid and reliable data that are relevant for the research questions and objectives. It is important to notice that the individual in depth interview is very demanding and its quality depends essentially on the skill of the interviewer (Brannick and Roche, 1996, p20). According to Brannick and Roche (1996), trying to report everyday life through the eyes of other people is one expression used to describe a basic principle underlying qualitative data.

4. Research choices

According to Saunders et al. (2003), research choices can be defined as “the way in which you choose to combine qualitative and quantitative techniques and procedures”. As a consequence, there are different choices of research methods:

The term *Multiple methods* is defined by Saunders, Lewis and Thombill (2009, P152) as “combinations where more than one data collection technique is used with associated analysis techniques”. For that reason, multi method and mixed method are not appropriate for my research subject.

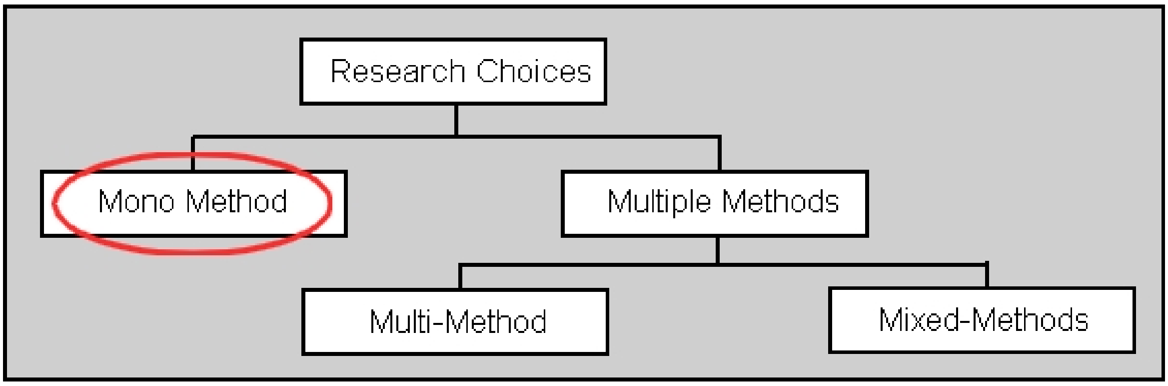


Figure 4 – The research “choices”.
(Source: Saunders, M., Lewis, P. and Thornhill, A. (2008)).

➢ Mono method – Qualitative research

A mono method research is considered to be appropriate to the research subject. Saunders, Lewis and Thombill (2009, P151) stated that “qualitative is used predominantly as a synonym for any data collection techniques”. The term qualitative signifies that the data is not reduced to numbers. The in depth interviews are an appropriate way to collect these data, understand them and formulate generalizations to try to build theories. A single qualitative data collection method is the best way to answer to the research subject because this subject is quite complicated and cannot be answered only with direct answer like “yes” or “no”. For that reason, a quantitative data collection cannot be chosen. According to Brannick and Roche (1996), some people would argue that qualitative data provides a level of understanding that is more comprehensive and more accurate than that which number counting will yield.

5. Research Time horizons

The question of time is important when conducting a research. (Saunders, Lewis and Thombill, 2009, p152). The research subject about wealth management and customer behaviour is conducted over a quite short period of time. For that reason, a cross sectional research design seems to be the right method. This method is suitable for studying a specific fact at a specific moment and context. Saunders, Lewis and Thombill (2009, P155) argued that "if you want your research to be a "snapshot" taken at a particuler time or do I want it to be more akin to a diary or a series of snapshots and be a representation of events over a given period?". The cross sectional research design offers the ability to obtain descriptive information which help to formulate generalizations and then, to build theories about the research subject while longitudinal research design offers the ability to study development and change over a period of time.

6. Structure of the research method - Framework

Sequence structure:

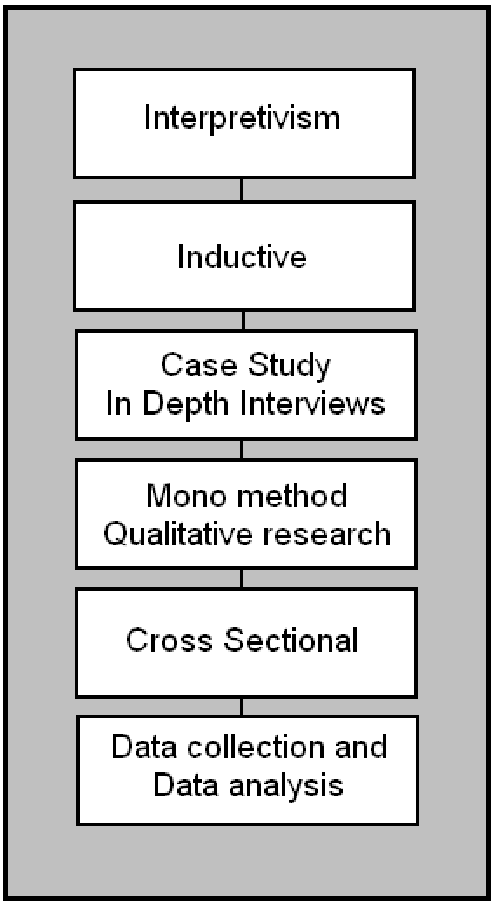


Figure 5 – The structure of the research method.

7. Data collection and data analysis

➢ Data collection

Terre Blanche, Durrheim and Painter (2009, p44) explained that "explanatory studies aim to provide causal explanations of phenomena". In fact, the explanatory research determines whether one variable can caused another. Therefore, this kind of research fit with the research subject which aims at promoting the relationship between the financial crisis, wealth management and the costumer behaviour. According to Kumar (2005), two major approaches are available to gather information about a given situation. These two approaches are primary and secondary data collection. In order to answer the research subject and the research questions, primary and secondary data collection will be employed.

➢ Primary data collection

However, primary data are collected to make sure that the research shows accurate result. Pervez, Ghauri, Grnhaug (2008, p67) explained that "the main advantage of primary data is that they are collected for the particular project at hand". Clark (1998) defined also primary data as data which are collected specifically in pursuit of particular research objectives. According to Brannick and Roche (1996), primary data collection are controlled and devised by the researcher. These data are directly collected by the researcher. That is the reason why primary data are the more appropriate to answer the research questions than any other collection data.

➢ Secondary data collection

On the other side, secondary data have a different objectives and purpose than primary data. Secondary data will be used with the aim of providing enough information to build up the literature review chapter. According to Clark (1998), secondary data are defined as "data which have been collected, collated and analysed by others as opposed to that which you have collected yourself". In other words, secondary data can also be defined as information that has been collected by someone else rather than the researcher. There are many sources of secondary data. For this study, secondary data were collected from different reliable sources such as business library, journal articles, eBooks, catalogues, and textbooks. Internet was also used to collect secondary data. It can be noticed that a list of references has been provided at the end of this dissertation, using the Harvard Referencing system. As a result, secondary data are usually considered as a good way to save both costs and time. Compared to primary data collection, secondary data are usually cheaper and easier to obtain. However, secondary data may not be completely accurate to the research questions due to the fact that they have a different objectives and purpose. In addition, secondary data can be outdated. Therefore, a particular attention has to be paid when collecting those data in order to avoid irrelevant information and to get more accurate information.

This study will use qualitative techniques to gather the data because this subject is quite complicated and cannot be answered only with direct answer like "yes" or "no". The use of qualitative techniques will help to build knowledge, to formulate generalizations in order to build theories. Struwig and Stead (2007, p98) stated that "there are three common types of interviews, namely the standardised interview, the semi standardised and the unstandardized interview. The semi standardised interview will be chosen to collect my primary data because predetermined questions are posed to the participant with the opportunity to discuss issues. This advantage will help to obtain multiple and more specific answers in order to get a better understanding (Struwig and Stead, 2007).
As the research is based on in depth interviews, one and only one interview would not be sufficient enough to get valuable information in order to formulate hypothesis. For that reason, interviews will be conducted with minimum two different wealth managers. Wealth managers are the most qualified candidates for answering my research questions. A one hour interview will be conducted, face to face with the wealth manager. Interviews will also be conducted with some clients from wealth management services who will agree to participate. Their willingness to deeply answer the questions would be very important in this study. My decision to interview both wealth managers and clients from wealth management service aims to compare opinions and information obtained by both of them. According to Saunders, Lewis and Thombill (2009), interviews can be really helpfull for the researcher to gather valid and reliable data that are relevant for the research questions and objectives.

- Data analysis

Bogdan, Biklen (1982, p89) stated that "data analysis is the process of systematically searching and arranging the interview transcripts, field notes and other materials that you accumulate to increase your own understanding of them and enable you to present what you have discovered to others. Analysis involves working with data, organizing them, breaking then into manageable units, synthesizing them, searching for patterns, discovering what is important and what is to be leaned, and deciding what you will tell others".

As said before, this study will use qualitative techniques to gather the data. These qualitative data are usually words rather than numbers. Miles and Huberman (1994, p191) explained that "words, especially organised into incidents or stories, have a concrete, vivid, meaningful flavour that often proves far more convincing to a reader - another researcher, a policymaker, a practitioner – than pages of summarized numbers. According to Brannick and Roche (1996), trying to report everyday life through the eyes of other people is one expression used to describe a basic principle underlying qualitative data. Then, these data are a large source of information, descriptions and explanations. For that reason, it would be wise to deeply analyse these data before to draw any conclusions. Furthermore, it is important to note that conclusions which will be drawn would be affected by my own point of view and my personal interpretation.

8. Sample

As defined by Saunders et al, (2003), population refers to the full set of cases from which a sample is chosen. Rubin and Babbie (2009, p146) explained that a "social work research is often conducted in situations in which it is not feasible to select a probability sample". That is to say, no lists of wealth managers are really available. For that reason and for the purpose of this study, the use of an available sampling method is necessary. Rubin and Babbie (2009, p146) defined an available sampling method as "a sampling method that selects elements simply because of their ready availability and convenience". My professional experience and personal interests have allowed me to meet wealth managers within banks. For that reason, these wealth managers will be chosen from two different French banks (BNP-Paribas and Credit Agricole) which have their own wealth management services in order to get different point of view.

9. Ethics

Babbie (2010, P121) explained that "designing a research project must include serious consideration of the ethical dimension of social science research, if your study requires the participation of human subjects, you must determine whether the likely benefits of the research will justify the time and effort you will ask of them". Ethical issues are present in any kind of research. Saunders, Lewis and Thombill (2009, P160) pointed out that "the research design should not subject those you are researching to embarrassment, harm or any other material disadvantage". For that reason, I will collect data from individuals who are consented and aware of the fact they are subject of research. Through the in depth interviews with fully informed wealth managers within different banks, information obtained from these professionals will be kept confidential. Maximum caution will be exercised when obtaining information in order to keep them confidential from an interview to another.

10. Limitation

Pervez, Ghauri, Grnhaug (2008, p32) explained that "the main disadvantage of primary data collection is that they can take a long time and can cost a lot to collect. Moreover, it is difficult to get access: to find companies or other target groups who are willing to cooperate and answer our questions". Issues of time are involved in this research. Time is an important factor to take into account in order to succeed. Time is also needed after the data collection because time to maturity can also be an important factor. The different degrees of involvement and participation of wealth managers would affect my research. Their willingness to deeply answer the research questions is outside of my control. In addition, the individual in depth interview is very demanding and its quality depends essentially on the skill of the interviewer (Brannick and Roche, 1996, p20). Furthermore, it is important to note that conclusions which will be drawn from these interviews, would be affected by own point of view and my personal interpretation.

Chapter 4 - Research Findings and Data analysis

Introduction

The purpose of this chapter is to expose, analyse and assess the research findings and results of the qualitative primary data research. As said before, this study used in depth interviews to collect primary data. Therefore, the data obtained through in depth interviews are analysed in this chapter. This chapter is divided into three main sections according to the three research questions seen in the methodology chapter. Each of these sections is split between data collected from wealth managers of private banks and data collected from customers of private banks. The findings obtained from the interviews are further explained and detailed in this chapter.

I. In depth interviews

As said previously, qualitative data were collected through in depth interviews for the research. In this study, the researcher did a total of eight face to face recorded interviews. In the first place, two interviews were conducted with two different wealth managers from two different private banks. These two wealth managers were both manager of their private bank within the *Pyrenees-Orientales* area. Mr. Thierry Gratecos is the manager of Credit Agricole Private Banking in Perpignan. He is a very experienced and longstanding member of Credit Agricole Private Banking in Perpignan. In addition, Credit Agricole Private Banking in Perpignan is the biggest private bank within the department with eleven employees. For this reason, it was particularly interesting to go there to interview him. Furthermore, I did some work placements at Credit Agricole before, and this interview gave me the opportunity to meet him personally.

Mrs. Agnes Lefur is the manager of BnpParibas Private Banking in Perpignan. She is manager of this private bank since only two years, and then her way to see things about the financial crisis of 2008 was a bit different from Mr. Thierry Gratecos. Furthermore, she worked as financial journalist for a few years before to join the bank. For this reason, it was particularly interesting to interview her. However, BnpParibas Private Banking is the biggest private bank in France in terms of customers. In Perpignan, this private bank is a bit smaller than Credit Agricole Private banking, with eight employees. It can be noted that BnpParibas Private Banking has been chosen in 2012 as best private bank in France by many press groups specialized in finance. It was a real chance for the researcher to get this interview with the BnpParibas. Several others unsuccessful requests were sent to other private banks.

In the second place, six interviews were conducted with individual private wealth management customers from different private banks. These customers are from a variety of different backgrounds, which can allow different views and opinions while conducting the interviews. These six customers will not be designated as they wished to remain completely anonymous. However, most of them are managed by Credit Agricole or BnpParibas Private Banking in Perpignan. It can be said that these six interviews provided less information than the two with wealth managers due to a problem of privacy. Furthermore, all of them refused to be recorded which does not help to bring together the collected information.

II. Structured interview analysis

With the objective of making the project easier to understand, the two interviews done with wealth managers will be referred as *CA* for Credit Agricole and *BNP* for BnpParibas. The researcher has decided to ask about fifteen questions divided into three different sections: The Banks, the clients, the Sales (see Appendix 1).
The six other interviews done with customers will be referred as interview A, B, C, D, E, and F. In that case, the researcher has decided to ask about tenth question divided into two different sections: The clients and the Banks (see Appendix 2). Due to some similarities of answer between the customers during the interviews, it can be noted that the researcher made three different groups: B and E, C and D, A and D. These groups are sorted by customer's risk appetite and main financial behaviour similarities noticed between customers.

III. Findings

Research question 1:

What impact did the crisis have on both private wealth management industry and customer?

The financial crisis in 2008 has shaken the financial world to its very foundations. According to Boris and Collardi (2012, p13), the 2008 financial crisis changed the entire banking industry and the wealth management industry as a whole. In fact, with the events of 2008, the wealth management industry underwent deep changes. Therefore, this research question is aimed to attempt to provide more insights and to obtain adequate answers on these issues.

1. Wealth manager findings

These information are from the wealth managers' findings. According to Mr. Thierry Gratecos (*CA*), "the crisis did not have any impact on his wealth management department; however the crisis has deeply disrupted the activity of the department". This disturbance lasted several months, around five months, starting from September 2008. As stated by CA, "there is a before and an after 2008; the crisis has deeply changed the behaviour of the customer". CA said that "the major problem during this period was the media coverage; the impact of the media was very strong and the loss of customer confidence was greatly shaken". Both CA and BNP said that the main consequence of the crisis on their customer was a large loss of confidence and respect; even for the customers' confidence there is a before and an after 2008.

Both CA and BNP said that during the crisis, much time has been lost in trying to re-build customers' confidence through dedicated meeting. CA said "there was not any withdrawal of assets from customers; however some clients decided to withdraw some cash and most of them to keep it "safe" at home". However, BNP related that some clients spread their cash and assets in several banks in order to reduce the possibility of loss. Finally, BNP lost very little cash and asset under management due to the same customers' behaviour within other wealth management department. Therefore, reference can be made to the principle of the communicating vessels. It is believed by BNP "that finally its biggest opponents are not other wealth management departments but the power of the mass media".

According to BNP, "the main impact of the crisis on their customer was a change in their way of thinking and their way of looking at the banks". BNP related also that customers were confused between a global financial crisis and a banking crisis. The implementation of an extensive internal communication helped wealth managers to defend themselves and to be able to clearly explain or re-explain the crisis to their customers. BNP said that the wealth management department did not wait until the impact of the crisis to talk about it to their customers. According to BNP, “it is better to be proactive and be open towards ours customers”. Then, wealth managers became more skilled thanks to more education and training period. BNP said that “the crisis was really considered as a challenge for us”.

2. Customer findings

According to B, C, E and F, the financial crisis had a negative impact on their global wealth. All of them were impacted but with some differences. B and E had the same wealth strategy with almost the same proportion before the crisis. Therefore, their answers were pretty much the same. B and E related that their money was mainly invested in life insurance product with a major part of it invested in the stock market through a life insurance product with multi-asset policies. B said that “with the previous good performance of financial market until 2007, I decided to stay invested in the stock market, it was the wrong thing to do…”. E said also that “the financial crisis came too quickly and I had not time enough to react before the first impact”. Furthermore, both of them did not liquidate their positions at the beginning because of their hopes of recovery of markets. B and E said that they did not expect such a massive crisis at that time. E stated that “the collapse of Lehman brother in September 2008 made me realize the scale of the crisis, but it was already too late”. In effect, both of them lost a certain sum of money which decreased with time due to their willingness to stay longer in their positions. B related that “my trust in the banking system was gone as my wealth was impacted”. Both B and E became upset when I spoke about confidence. E said that he did not understand why his wealth manager did not prevent him earlier from the risk associated with the financial crisis. E said that his wealth manager knew the extent of the crisis well before him, and his wealth manager did not do anything until the arrival of the first impact. B said almost the same thing but with more nervousness and aggressiveness. B added that he paid more attention to financial event with the arrival of the crisis. B said also that “I subscribed to a financial magazine a couple of months after the crisis in order to get more relevant information and to form my opinion”. Obviously, both B and E lost a significant part of their trust in their bank and in their respective wealth manager.

As B and E, C and F were also impacted financially but far less than A and E. In fact, C and F had also invested most of their money in life insurance product. However the major part of their money was not invested in the stock market. They invested in just one euro-denominated fund with capital guarantee within a life insurance product. F said that “I do not know enough about finance, stock market, shares to get some sophisticated financial product". C had the almost the same point of view and feeling about finance. C stated that "I look for security and capital guarantee, everything else takes second place". C said also that "fortunately, most of my money is invested in the one euro-denominated fund with capital guarantee which avoids almost all of the risk associated with the stock market". In effect, both of them lost a small amount of money due to other relatively small investments. Most of these losses were still considered as unrealised losses due to their willingness to stay in their positions in order to recover their investments. F related that "we were literally bombarded with information every day". F said that it was difficult to get some light on the crisis due to loads of information from the media. C stated also that "it was not easy to see things clearly due to the media". Therefore, both C and F were disturbed by many different issues that the media were talking about. As a consequence, their confidence in their wealth manager was impacted and an atmosphere of mistrust had been created. C said that "I do not consider my wealth manager as before the crisis".

In contrast, A and D were impacted differently by the crisis. In fact, both of them had invested heavily in the real estate market well before the crisis started. Both A and D had also invested in just one euro-denominated fund with capital guarantee within a life insurance product but with a small part of their wealth. In fact, most of their wealth is invested in property. According to D, "At least, investing in property is visible and could be sometimes very profitable". A explained that "after the sale of my vineyard, I decided to invest in the real estate market due to my love for the land". A said also that he made some investment in gold well before the arrival of the crisis. Therefore, their wealth did not decrease and remained at a stable level. In fact, each of them was impacted in a different manner due to their investments made before the arrival of the financial crisis. However, it can be said that none of them has been deeply impacted by the crisis. For that reason, both A and D did not lost so much confidence to their wealth manager. However, according to D, "even if my wealth has been slightly impacted by the crisis, I see financial things and my wealth manager differently". A explained that he did have to ask so many advise to his wealth manager due to the fact that most of his wealth was invested in property. A said "I can take care of my properties by myself". As a consequence he did not have so much to criticize about his wealth manager. Nonetheless, the researcher has the feeling that both A and D have a different point of view of their wealth manager from before and after the crisis. According to D, he always has limited confidence in his wealth manager. D said also that “the crisis has not improved his confidence in his bank”.

Research question 2:

Which wealth strategy had been adopted after the crisis?

As explained before and according to Bahbah (2009, p1), “wealth management is a comprehensive and disciplined approach geared to meeting your financial and other related wealth planning needs; the goal is to maximize your financial well-being through proper planning and by adhering to sound investment principles”. In order to plan, wealth strategy has to be implemented by taking financial and family decisions.
Therefore, this research question is aimed to attempt to provide more insights and to obtain adequate answers on these issues.

1. Wealth manager findings

According to CA, “even if the wealth management department registered a slight decrease in activity during and after the crisis, no specific wealth strategy has taken place during the crisis”. Furthermore, this department generated almost as much income as before 2008. However, as clients were attracted by secure and liquid investment, CA did not hesitate to propose financial products such as term deposits or passbook savings accounts which are considered as simple products. CA stated that, “even if the life insurance is the preferred means of investment for people in France, we observed during the crisis a slight decrease of investment in life insurance from investors”.

According to CA and BNP, wealth managers from both departments applied defensive strategies to their clients’ asset under management. However, BNP decided to create a new range of financial products better adapted to market conditions. In other words, these financial products were all capital guaranteed with a high level of protection for clients. Both BNP and CA found out that clients were very attracted to the real estate market after the crisis impact. For that reason, they created the *Real estate investment trust* (REIT) which is aimed to buy and manage occupied property to generate extra income from renting. According to CA, customers invested in this kind of investment due to a good level of profitability and security compared to other financial products.

2. Customer findings

As said previously, B and E had the same wealth strategy with almost the same proportion before the crisis. After the first impact of the crisis, E decided to look for more secure financial product. E said that “I did not mind at that time if the profitability was low, I was just looking for security”. As a consequence E moved some money invested from his life insurance product with a major part of it invested in the stock market to a term deposits. However B stated that he lost his confidence in his bank. For that reason, he decided to send some money from his bank to another bank in order to diversify its risk. In fact, B explained to the researcher that the French government decided to insure deposits up to a maximum of €70,000 per depositor and per bank in case of failure of a bank or other financial institution. B said also that he made this decision because of the loss of confidence but also, and in particular, because of the lack of advice given and relevant financial product proposed by his wealth manager. It can be noticed that the amount of money transferred to another bank represents a small percentage of E’s wealth.

According to C, “I did not know which decision to take, if it would be the right one at the right time”. Therefore, C did not change his global wealth strategy. However, C said that he became much more cautious when investing his money. On the contrary, F decided to change a bit his global wealth strategy. He decided to invest in the real estate market and in *Real estate investment trust* (REIT). F said that “even if I try to improve my understanding in finance, I do not feel expert enough is this area to invest in sophisticated financial product; that is why the real estate market was for me the best choice of investment”. However, like most of the customers interviewed, F related that he was disappointed by financial products and advice proposed by his wealth manager. F said that “most of the solutions offered by my wealth manager were not interesting due to their poor potential for generating profit and their complexity”.

A and D did not change so much their wealth strategy due to the little impact of the crisis on their wealth. D said that he did not even ask for an appointment to his wealth manager. D said “I was quite calm because of all my previous investments in property”. Therefore, D did not change his global wealth strategy. However, A did not have the same reaction than D. Even if A was not really impacted, A decided to send the amount of money insured by the government to another bank on a passbook saving account which is considered as a safe product in order to decrease its risk. A stated that “I was confused; I did not know which decision to take; my wealth manager was not sufficiently present during this time". A related that he was very disappointed by his wealth manager because of the lack of information given about the crisis and about its possible impacts on his wealth. A ask for an appointment with his wealth manager and complained about the quality of advice and financial products provided by his wealth manager during this appointment. In fact, A had the feeling that his wealth manager did not have any real solution against the impact of the crisis. According to A, "no real and serious solutions were proposed".

Research question 3:

What should have wealth managers considered in order to succeed?

Private Banks and wealth managers took different decisions during and after the crisis. These decisions have been more or less accepted by the clients for different reasons. Therefore, this research question is aimed to attempt to provide more insights and to obtain adequate answers on the decisions taken by the Private Banks and wealth managers.

1. Wealth manager findings

According to *CA*, "there nothing we can do against the impact of the media, however each wealth manager should contact their customer portfolio in order to inform and reassure the clients". CA said also that by reassuring too much the clients, there is a risk that they get the opposite effect".

According to BNP, "many clients accused their wealth manager of not being sufficiently present during the tough times". CA related that "unfortunately during tough times, its wealth management department suffers the consequences of the crisis rather than being pre-organized". One of the main advantages of a wealth management department is that wealth managers have generally a small number of clients on their portfolio. CA said that this advantage allows personalised services and communication. For that reason, it would be relatively easy to stay connected with customers in order to build or re-build a climate of trust. In order to succeed, CA "advised to the wealth managers from his department to be more skilled, present, attentive and available to their clients on portfolio". On the same way, BNP said that "there is nothing worse than leaving a customer "alone" in the middle of a financial crisis".

According to BNP, “we cannot anticipate a crisis but we intend to support and guide our customers during a crisis”. BNP stated also that “we are ready and prepared for tomorrow, we have faced several crises before, and the next one does not scare us”. BNP believed that “we will never come out unscathed from a difficult situation that appeared to be very serious and devastating from the customer’s point of view”.

2. Customer findings

In this section, almost all the clients interviewed said the same thing, and complained about the same thing. All of them complained about the lack of information given by their wealth manager. This point is a major issue within this research. According to E, “I am waiting for improvements, more communication…”. A, B, C, and F said that they want more communication with their wealth manager. As a matter of fact, they want that their wealth manager keep them informed about all important or unusual events which could impact their wealth. B stated that his wealth manager did not call him often enough during and after the crisis. B said that “my wealth manager did not even call me while my wealth was impacted by the crisis”. B said also that “I can dispute the lack of professionalism and ethics of my wealth manager”. C stated that his bank could have sent some mails to their clients in order to inform them about the real impact of the crisis on their wealth and on the financial soundness of the bank. F related that “I want more safe financial products with a better profitability for the future”. F also asked to reduce wealth manager turnover within the private bank in order to keep the same wealth manager longer. D was the only one who said that he did not expect anything more from his wealth manager. However, D expects that his wealth manager would execute more quickly his requests and that his bank provide a better online platform which could execute more requests.

Chapter 5 - Conclusions and recommendations

Introduction

The main objective of this chapter is to make a general and final conclusion. This chapter is also aimed to gather research findings from the previous chapter and to provide valuable recommendations and suggestions to the management. This chapter explains also the limitations of this research and tries to propose suggestions for further research. In Chapter four, findings obtained through the in-depth interviews were only described in detail. Then, the purpose of this chapter is to compare and align those data collected with the research objectives and research questions.

I. Findings and Conclusions

The main purpose of this dissertation is to work on the research objectives and research questions as seen in the Research Methodology and Research Methods chapter. Then, the main objectives of this research is to know the impact that the crisis had on both private wealth management industry and customer, to explore factors that influenced and changed this industry, to get a better understanding of the preference and expectation of both private wealth management services and customer and the last one which is to formulate recommendations in order to improve performance during tough economic times.

The first objective of this dissertation which is to know the impact that the crisis had on both private wealth management industry and customer was achieved with regard to the research from primary data and the review of literature. The in-depth interviews conducted with both wealth managers and customers have shown that there is a before and an after 2008. In fact, the financial crisis spoiled the image and reputation of the bankers and also to the wealth managers. The crisis has deeply changed the behaviour of both wealth managers and customers as never before. There was a serious loss of confidence between wealth manager and customer. Customers are less afraid and have less respect for their private bank and their wealth manager. The in-depth interviews have also shown that customers became much more suspicious than before. Furthermore, customers drew a parallel between financial crisis and a banking crisis. It is wrong to draw parallels between these two different kinds of crisis. Then, private banks' image and reputation were impacted by this real confusion. The lack of understanding of the financial products by customers increased the severity of the impact of the crisis. As a matter of fact, most of the customers felt betrayed by their wealth manager. Globally, the private wealth management industry experienced an overall drop in profitability and sales. For the first time, the private wealth management industry has reconsidered and reevaluated their business model and their way of working with their customers. In fact, the crisis was really considered as a challenge for private banks and wealth managers.

The second objective of this dissertation which is to explore factors that influenced and changed the private wealth management industry has also been achieved through the in-depth interviews conducted with both wealth managers and customers. The information collected has clearly shown that banks and private banks are no longer shielded from the media. The financial crisis has shown the negative power of the media in destroying customer confidence and trust. The power of the media in France is very strong. As a result, the power of the media in France is in its capacity to reach and deeply influence customers. The media caused panic among customers. Most of the customers believed more in the mass media than in their banks or wealth managers. Most of the in-depth interviews conducted with customers have also shown that there is widespread fear of the whole financial world with banks among customers. The second most important factor which has influenced and changed the private wealth management industry is the fact that globally customers became much more interested in finance and in how their wealth was managed. Customers asked for much more transparency and more information to their private bank and wealth manager. As a result, the level of information and awareness has significantly increased among customers about finance and financial product. Therefore, wealth managers have to be more skilled, more knowledgeable, more capable and more competent within the area of finance that they practise. In fact, it is not easy to convince the customer anymore. As a consequence, since the crisis wealth managers must be more attentive to the client's needs and expectations. Wealth managers also have to keep client more informed, to handle day to day supervision with customers and to propose the most appropriate wealth strategy. Private banks and wealth managers had to increase in skill levels in order to better answer to their customers' needs.

The third objective of this dissertation which is to get a better understanding of the preference and expectation of both private wealth management services and customer has been achieved with information collected from both primary data and the review of literature. This information collected has shown that customers are still expecting more financial products with safe return and stable yield. Customers got tired of having too sophisticated financial products. Customers wished to have more simple and clarified products. Most of the customers wished also to get a greater and faster access to a wider range of financial products and to have a more responsive and attentive wealth manager. Globally, most of the customers are not looking for ways to improve profitability. The quest of secured and advantageous investments seems to be more important than profitability among customers. Furthermore, the arrival of the sovereign debt crisis after the financial crisis of 2008 has amplified this trend. However, nowadays economic recovery does appear to be improving. For that reason, some customers are nowadays asking for more profitability of financial products. On the other side stand the preference and expectation of private banks. The in-depth interviews conducted with wealth managers have shown that globally wealth managers applied defensive strategies to their clients' asset under management. Private banks decided to create a new range of financial products better adapted to market conditions in order to answer to the client's needs and expectations. However, this creation of a new range of product did not seem to have provided the most appropriate answer to the customers due to the customer dissatisfaction. These financial products were not adapted enough in relation to the seriousness of the financial crisis. In contrast, some private banks did not hesitate to propose financial products such as term deposits or passbook savings accounts which are considered as simple products. These products were appreciated by customers despite a low profitability. It can be noted that financial products as term deposits and the passbook savings accounts proposed by wealth managers during and after the crisis were a good opportunity for the bank to increase their cash resources in order to redistribute it through loan to other customers.

To conclude, there have been a lot of changes within the financial sector since the financial crisis of 2008. This crisis has completely changed the image and reputation of wealth managers and the relationship between the private bank and the customer. As a matter of fact, it is clear that both the French private wealth management and customer's behaviour have changed. The media have played a significant part in transforming the private wealth management sector. The media impact has also deeply changed customer behaviour. By taking in account these changes, private banks would be able to make considerable improvements in their global strategy and then to enhance their performance.

II. Recommendations

Based on the research results, it can be assumed that a number of actions and initiatives could be taken in the short to long term by the private banks in order to improve their efficiency and competitiveness.

1. Firstly, private banks should pay better attention to the changes that have been made by the financial crisis in order to react to them accordingly. The wealth managers would be able to provide more accurate and complete advice that is tailored to the customer’s needs.

2. Nowadays, there is a high rate of change within the financial sector. Since the financial crisis the private wealth management sector is evolving and developing at such a rate that private banks and wealth managers have to be more skilled and motivated to meet the challenges of an ever-changing environment. For that reason, private banks should provide more specialized training to their wealth managers in order to develop and strengthen their global capabilities. These frequent trainings should help the wealth managers to keep abreast of financial events and of how the customer behaviour is evolving.

3. Private banks and wealth managers should communicate more with their customers in the event of a future crisis. More information and documentation should be sent to the customers to prevent the impact of the media on their customers’ behaviour.

4. Wealth managers should give greater consideration to the four steps of the wealth management process (see figure 2, P20).

5. Wealth managers should be more attentive to the customer’s request at all times, and be in touch with their customers as much as possible through letters, phone calls and other possible means.

6. Private banks should create financial products by taking into account the customers’ expectations. As a consequence, studies should be carried out aimed at better identifying the customers’ needs and expectations.

7. Private banks should take into account that customers are much more knowledgeable and competent within the area of finance than before the crisis. Therefore, the level of expertise requested from the wealth managers has to increase.

8. Wealth managers should be more client-focused rather than financial product-focused. In fact, the client’s interests come first and the product after. Wealth managers should better analyse the customers’ behaviour when choosing and buying financial products.

9. Nowadays economic recovery does appear to be improving, for that reason private banks should also introduce financial products with higher profitability.

10. Private banks should introduce more online services to attend to the customers’ needs promptly and efficiently.

III. Limitation and Suggestions for Further Research

Even if the objectives of this dissertation have been achieved through the collection of primary data with in-depth interviews and the review of relevant literature, this information were sometimes difficult to collect. In fact, all the customers interviewed refused to be recorded. Like in other countries, wealth and money are sensitive subjects in France. All the customers remained discreet when talking about how they really manage their wealth. Wealth managers readily agreed to talk and help the researcher in his dissertation. However, the researcher found out some limitations from the wealth managers when asking profound questions. Furthermore, this study focuses on Credit Agricole Private banking and BNP Paribas Private banking which are only two players in the private banking industry in France. Both the wealth managers and customers were from the south of France and more precisely in Perpignan. For that reason, this research does not faithfully reflect the global French private wealth management market.

Private banks should lay emphasis on the importance of the relationship between the behavioural finance and the customer’s behaviour. The study of this relationship could be beneficial for private banks in order to anticipate customers’ decisions, needs and expectations.

Chapter 6 - Self-Reflection on own learning

Introduction

This is the last chapter of this dissertation. This chapter provides an overview of the knowledge and skills gained from this dissertation and the master's experience. It also attempts to give more information and details about how the researcher became more skilled. This chapter helps to explain the development of the researcher during the study and how this development would be useful for carrying on his professional career. Therefore, this chapter is divided in two parts. The first part is about the impact of learning styles on personal development and the second part is about the knowledge and skills gained by the researcher while conducting his dissertation and the Master of Business Administration program.

I. Learning styles

Usually learning is considered as acquiring some new knowledge. According to Bevis (1989, p78), learning is a change in behaviour, perception, insights, attitude, or a combination of these that can be repeated when the need is aroused. This definition does not take into account changes due to things or events that can happen in everyday life. In fact, a number of important and less important events in everyday life can really contribute to learn new knowledge. Capinera (2008, p457) explain that learning can be defined as a change in behaviour with experience, but this definition would not exclude responses such as growth and maturation, or other processes that are triggered by events such as mating or feeding. In fact, there is not one and only definition of leaning. Some other authors like Kolb (1984) and Honey and Mumford (1992) consider different kinds of learning styles. Kolb states that "as a result of our hereditary equipment, our particular past life experience and the demand of our present environment, most people develop learning styles that emphasize some learning abilities over others" (Kolb, 1984). These two authors developed four types of learning styles which are described by Kolb (1984) and Honey and Mumford (1992) in Dawn, Harkin and Turner (2001, p42) as follows:

- Accommodator/Activist

"From doing things; from short here and now tasks; in carrying out plans/experiments; being involved in new experiences; through trial and error/taking risks; with other people".

- Diverger/reflector

"When standing back, listening, observing, from collecting information and thinking it through, through different perspectives and grasping the big picture, by sharing and discussing ideas with other, through searching for meaning, with other people".

- Assimilator/theorist

"When reviewing things in terms of systems, concepts, models, theories, when absorbing ideas and providing integrated explanations/theories, solving problems by data collection, planning and organising work, through critical evaluation, working alone".

- Converger/pragmatist

"When integrating theory and practice, in the workshop or laboratory using skills/learning and testing theories and applying common sense, with clear goals and rewards, with things rather than people".

It is obvious that determining a learning style would enhance learning. For that reason the researcher has completed the self-administrated learning style questionnaire. The results indicated that the researcher follows both Assimilator/theorist style and Diverger/reflector style. Kolb (1984) created a cycle to explain how someone can learn from different events and experiences.

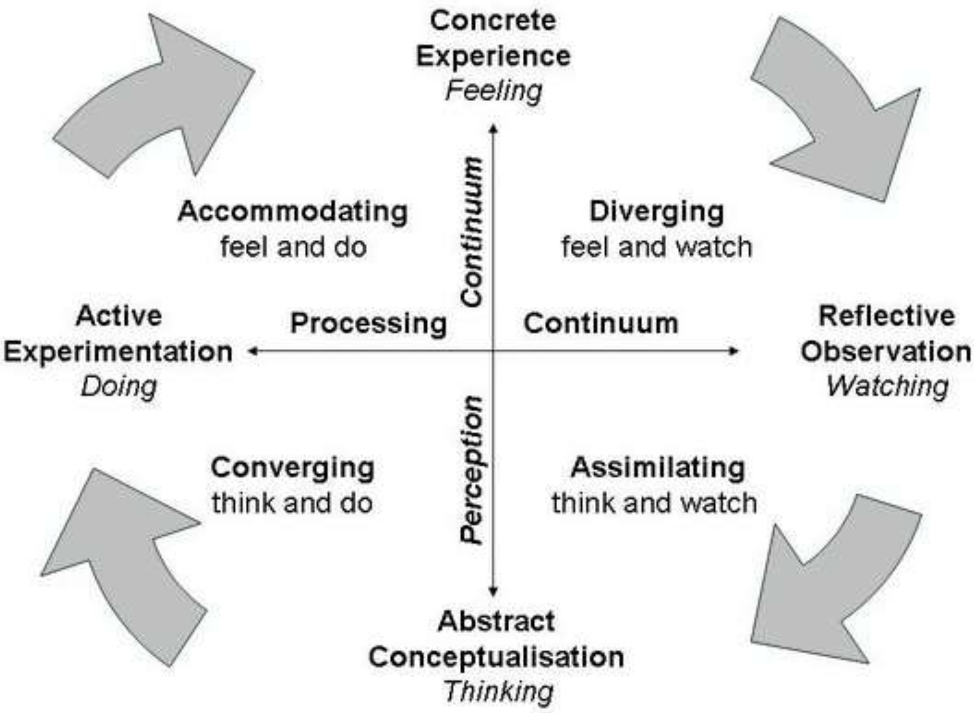


Figure 6 – The Kolb's learning styles.
(Source: http://www.nwlink.com/~donclark/hrd/styles/learning_cycle_2.jpg).

II. Review of learning

The learning styles of the researcher influenced the study. As said previously, the results from the self-administrated learning style questionnaire indicated that the researcher follows both assimilator/theorist style and diverger/reflector style. The assimilator/theorist style gave the ability to the researcher to think more logically and analytically. The fact that the researcher reviewed things in terms of systems helped him to get a global better understanding of the issues and concerns related to the research. The assimilator/theorist style gave also the researcher the ability to be more rational in its decision making and to be more organised. The better understanding provided by this learning style helped sometimes the researcher to save time while conducting the research. At the same time, the diverger/reflector style also influenced the researcher during this study. This style helped the researcher to better consider the decisions taken during this research. The researcher was able to weight important choices and decisions. He was also able to really make a difference between major and minor decisions and then helped define clear objectives. This learning style helped the researcher to think more logically. But at the same time, the researcher spent a lot of time thinking and making too broad researches. Therefore, the researcher may have wasted time in searching for unnecessary information.

As a matter of fact, advantages and disadvantages of these two learning styles have deeply influenced the researcher during the study. These learning styles have in some ways allowed the researcher to successfully conduct his dissertation. The disadvantages of the two learning styles have been reduced by the willingness of the researcher to complete this dissertation. Even if the dissertation was a hard task due to the lack of experience of the researcher in such work, the researcher has been able to push himself beyond its limits. The dissertation experience gave the opportunity to the researcher to develop skills and to lean about himself. The researcher got a better understanding about how to conduct a research, how to analyse information and how to draw conclusions and general conclusions. Furthermore, the interviews conducted with some private wealth managers and customers helped the researcher to be less hesitant in looking for information, to be less shy and more outgoing. To conclude, it can be said that the learning styles of the researcher have deeply influenced this study and this dissertation has been a valuable opportunity for the researcher to learn about both the private wealth management industry and himself.

III. Master of Business Administration's experience and learning

The Master of Business Administration at the Dublin Business School was an enriching experience and also a challenge for the researcher. It was a real challenge because the researcher is not a native speaker of English and also because the researcher had to learn in a way that differs from those already learned in my own country. The M.B.A. provided a more managed and comprehensive view of a company's activities to the researcher. Therefore, it is easier for the researcher to highlight potential problems and to make the right decision in order to solve them. It seems also easier for the researcher to implement decisions and to evaluate results from previous decisions. Then, the M.B.A. tries to establish the link between theory and practice. The link between theory and practice can be considered as the central part of the M.B.A. approach which was completely different from diploma previously obtained in my own country. The M.B.A. provided also to the researcher the ability to see things in a different way and then to plan things more effectively. It helps the researcher to learn through reflection on experience and practice. It helps also to give more learning to collected information.

The M.B.A. program succeeds to enhance my communication and presentation skills due to many oral presentations made in classroom. In addition, this program provides to the researcher the opportunity to establish a network of friends who live in different parts of the world.

IV. Conclusion

Apart from being an enriching experience, the Master of Business Administration at the Dublin Business School has helped the researcher to gain fluency in English and acquire an international profile which is very important in the world of today and essential for the curriculum vitae. These skills acquired will help the researcher to find more easily a better position when looking for a job. The academic skills and knowledge that the researcher gained during the M.B.A are also valuable for the researcher's career. The multicultural classroom helped the researcher to be more open minded and tolerant. The researcher must indeed maintain his openness of mind and his new capacity of adaptation and reaction. These skills will be very important due to the fact that the researcher wants to work within a major global banking group. All of these skills acquired or improved during the MBA program can be very useful when the researcher will go back to work and will help to boost his career. Even if the dissertation was a very time consuming and demanding work it was very interesting to do it. As said previously, the dissertation was a good opportunity for the researcher to improve his skills and knowledge from both a financial and personal point of view. Living a year in another country was the best thing that could have happened to the researcher. This experience will definitely contribute to my professional development and personal future.

Appendix

Appendix 1

Interview questions - Wealth managers

The banks

- How did you handle the arrival of the economic crisis and its consequences?
- What impact did the crisis have on your wealth management department?
- How were wealth managers from your department affected by this impact?
- Which wealth strategies have been adopted by wealth managers from your department after the crisis?
- Globally, which resolutions and solutions have been applied so far?
- In your opinion, how could your wealth management department be more efficient and responsive in the future?

The clients

- What impact did the crisis have on your high-net-worth individuals?
- How have your high-net-worth individuals' behavior and wealth changed?
- How did you try to restore confidence among customers?
- In your opinion, is this confidence fully restored?

The Sales

- Which strategies have been implemented in order to sell financial products to your customers after the crisis?
- What are the different types of financial products sold after the crisis?
- Which financial products have been the most sought-after among your customers?
- In your opinion, which financial product should have been mainly sold?

Appendix 2

Interview questions - Private banking customers.

The clients

- What impact did the crisis have on your wealth?
- How did you handle the arrival of the economic crisis and its consequences on your wealth?
- Globally, which wealth strategies did you adopt?
- What impact did the crisis have on your confidence in your wealth manager?
- In your opinion, how your confidence could be restored?

The banks

- How could you describe the quality of advice and financial products provided by your wealth manager after the financial crisis?
- In your opinion, how could they be more adequate to your expectation?
- Globally, today what kind of improvement you expect from your wealth manager?
- In your opinion, how could your wealth manager be more efficient and more attentive to your demands in the future?

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