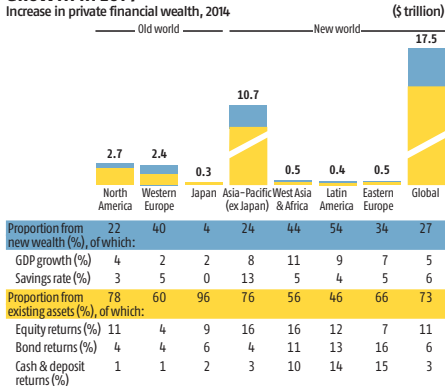# STATSGURU: Wealthy poised to become richer across the world

THE EXISTING wealthy are poised to gain even greater wealth, suggests new research from BCG. As Table 1 shows, Asia–Pacific is a big source of wealth growth — and three-fourths of that came from existing assets.
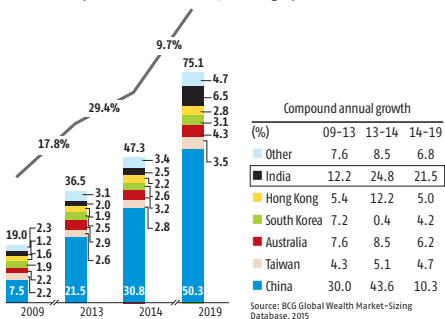
As Table 2 demonstrates, the lion's share of that wealth growth in the past has come from China. But India is poised to take over, as the rate of wealth generation in China falls sharply in the next five years. Interestingly, BCG suggests – in Table 3 – that it will be the richest

asset segment that will see the fastest growth, a reversal from the past. Table 4 suggests where this money is likely to go. Finally, Table 5 shows what returns have been in the past across various asset classes, along with a conservative extrapolation into the future.
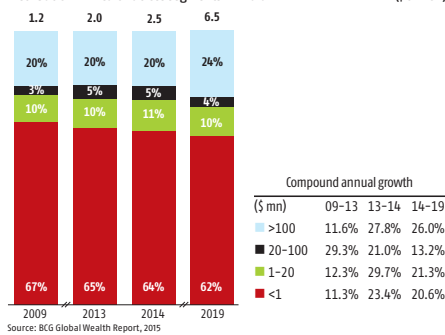
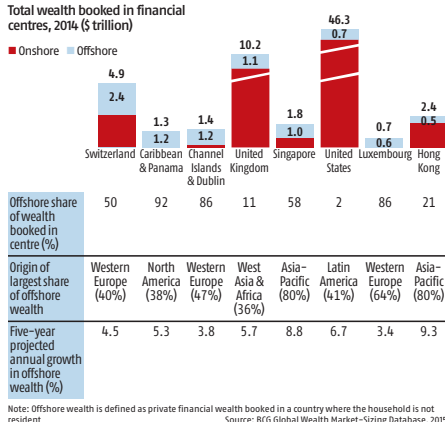## 1. ASIA–PACIFIC WAS THE BIGGEST SOURCE OF WEALTH GROWTH IN 2014
Increase in private financial wealth, 2014 ($ trillion)

	North America	Western Europe	Japan	Asia-Pacific (ex.Japan)	West Asia & Africa	Latin America	Eastern Europe	Global
	2.7	2.4	0.3	10.7	0.5	0.4	0.5	17.5
Proportion from new wealth (%), of which:	22	40	4	24	44	54	34	27
GDP growth (%)	4	2	2	8	11	9	7	5
Savings rate (%)	3	5	0	13	5	4	5	6
Proportion from existing assets (%), of which:	78	60	96	76	56	46	66	73
Equity returns (%)	11	4	9	16	16	12	7	11
Bond returns (%)	4	4	6	4	11	13	16	6
Cash & deposit returns (%)	1	1	2	3	10	14	15	3

Note: All growth rates are nominal. Regional averages for GDP growth and savings rates are weighted by GDP. Regional averages for performance include existing onshore and offshore assets and are weighted across countries by GDP
Source: BCG Global Wealth Market-Sizing Database, 2015

2. INDIA POISED TO OVERTAKE CHINA IN WEALTH CREATION
Overall development of wealth in APAC, excluding Japan ($ trillion)

Compound annual growth

(%)	09–13	13–14	14–19
Other	7.6	8.5	6.8
India	12.2	24.8	21.5
Hong Kong	5.4	12.2	5.0
South Korea	7.2	0.4	4.2
Australia	7.6	8.5	6.2
Taiwan	4.3	5.1	4.7
China	30.0	43.6	10.3

Source: BCG Global Wealth Market-Sizing Database, 2015

3. THE RICHEST WILL SEE THE HIGHEST GROWTH IN ASSETS
Distribution in wealth across segments in India ($ trillion)

Compound annual growth

($ mn)	09–13	13–14	14–19
>100	11.6%	27.8%	26.0%
20–100	29.3%	21.0%	13.2%
1–20	12.3%	29.7%	21.3%
<1	11.3%	23.4%	20.6%

Source: BCG Global Wealth Report, 2015

4. SWITZERLAND REMAINED THE LARGEST OFFSHORE CENTRE BUT HONG KONG IS POISED FOR THE STRONGEST GROWTH
Total wealth booked in financial centres, 2014 ($ trillion)

■ Onshore ■ Offshore

	Switzerland	Caribbean & Panama	Channel Islands & Dublin	United Kingdom	Singapore	United States	Luxembourg	Hong Kong
Offshore share of wealth booked in centre (%)	50	92	86	11	58	2	86	21
Origin of largest share of offshore wealth	Western Europe (40%)	North America (38%)	Western Europe (47%)	West Asia & Africa (36%)	Asia-Pacific (80%)	Latin America (41%)	Western Europe (64%)	Asia-Pacific (80%)
Five-year projected annual growth in offshore wealth (%)	4.5	5.3	3.8	5.7	8.8	6.7	3.4	9.3

Note: Offshore wealth is defined as private financial wealth booked in a country where the household is not resident
Source: BCG Global Wealth Market-Sizing Database, 2015

5. MARKET PERFORMANCE
Average performance across onshore and offshore

Equities (in %)

Bonds (in %)

Cash & deposits (in %)

Projections assume conservative market performance
Source: Bloomberg, Datastream, EIU

StatsGuru is a weekly feature. Every Monday, *Business Standard* guides you through the numbers you need to know to make sense of the headlines