The struggle to belong:

Dealing with diversity in 21st Century urban settings

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The privileged world city: Private banking, wealth management and the bespoke servicing of the global super-rich.

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Abstract

At the beginning of the Millennium, the richest 1% of the world population (about 50 million) received as much as the bottom 57% (2.7 billion) (UNDP, 2002), and during the mid-2000s, about 2% of the world's adult population possessed more than 50% of total global wealth (Davies, 2008). In the United States of America and the United Kingdom, on the back of the roaring bull market, a wave of neo-liberalism and muted income redistributive policies, the 'super-rich' have swelled their numbers as never before (Haseler, 1999; Irvin, 2008; Lundberg, 1988; Smith, 2001; Thorndike, 1980; Wolff, 1996). Publications like the *Forbes Rich* and *Billionaire Lists* and *The Sunday Times Rich List*, have made transparent the once secretive worlds of the rich. Importantly, the 'super-rich' are now an identifiable market in their own right. Those wealthy individuals with investable assets greater than US$1 million are now labelled as 'high net worth individuals' and these totalled 10 million in 2009, with accumulated wealth approximating US$39.0 trillion (Merrill Lynch CapGemini, 2010). Given the global market value of this segment of the population, servicing the billionaire, multi-millionaire and 'meagre' millionaire has become a multi-billion US$ industry. Just as world cities are the 'basing points' for international capital (Friedmann, 1986), they are the places where the 'super-rich' connect with a bespoke, exclusive and privileged circuit of economic relations in the form of private banking and wealth management. The rest of this paper will be organised in four main sections: first, conceptualising the identifiable traits of the super-rich; second, defining, quantifying and locating the 'super-rich' in global society; third, introducing the privileged world city economies of private banking and wealth management; and finally, several conclusions which muses about the super-rich being the *super-class* in global society.

1. Introduction

> "… despite the increased attention given to elites … geographers … seem to have little to say about the contemporary super-rich, despite their evidential role in shaping the global economy" (Beaverstock *et. al.*, 2004, 402).

The gap in understanding the 'super-rich' is somewhat ironic given the widening disparity of world income inequality between people rather than countries (as measured in GDP). At the beginning of the Millennium, the richest 1% of the world population (about 50 million) received as much as the bottom 57% (2.7 billion) (UNDP, 2002), and during the mid-2000s, about 2% of the world's adult population possessed more than 50% of total global wealth (Davies, 2008). According to the latest Merrell Lynch Capgemni (MLCG) (2010) *World Wealth Report* (2010), 90,000 individuals worldwide have investible assets totalling a staggering US$13.8 trillion (35.5% of total wealth). In the United States of America (USA) and the United Kingdom (UK), on the back of the roaring bull

market, a wave of neo-liberalism and muted income redistributive policies, the 'super-rich' have swelled their numbers as never before (Haseler, 1999; Irvin, 2008; Lundberg, 1988; Smith, 2001; Thorndike, 1980; Wolff, 1996). Publications like the *Forbes Rich* and *Billionnaire Lists*, and *The Sunday Times Rich List*, and a global PR machine which exposes the lifestyles of 'celebrity' millionaires, have made transparent the once secretive worlds of the rich. Importantly, the 'super-rich' are now an identifiable market in their own right. Those wealthy individuals with investable assets greater than US$1 million are now labelled as 'high net worth individuals' and these totalled 10 million in 2009, with accumulated wealth approximating US$39.0 trillion (Merrill Lynch CapGemini, 2009). Given the global market value of this segment of the population, servicing the billionaire, multi-millionaire and 'meagre' millionaire has become a multi-billion US$ industry.

Just as world cities are the 'basing points' for international capital (Friedmann, 1986), they are the places where the 'super-rich' connect with a bespoke, exclusive and privileged circuit of economic relations in the form of private banking and wealth management. Indeed, the current success of London, Paris and Amsterdam, and various 'offshore' centres (like Luxembourg and the Channel Islands), are founded on the establishment of private banks from the Seventeenth and Eighteenth century onwards (Cassis and Cottrell, 2009). The rest of this paper will be organised in four main sections. The first section of the paper will conceptualise the identifiable traits of the super-rich. Section two defines, quantifies and locates the 'super-rich' in global society, drawing on the *new* financial discourse of the high net worth market. Section three introduces one of the major privileged world city economies which service's the requirements of the super-rich: private banking and wealth management. Finally, several conclusions are reported, which muses about the super-rich being the *super-class* in global society.

2. Conceptualising the 'super-rich'

Historically, there has always been an interest in the wealthy segments of society. Veblen (1899) mused about the existence of a 'leisure class' in the USA, composed of the highly successful industrialists and entrepreneurs who amassed significant fortunes from the US's rapid economic transformation at the end of the Nineteenth Century. Inevitably, much of this wealth was transformed into conspicuous consumption, like holiday villas and mansions in places like the Hamptons, Long Island. After Veblen (1899), one of the first detailed genealogies of the rich was Thorndike's (1980) analysis of the USA's family dynasties of the *Gilded Age*, like the Astor's, Carnegies, Du Pont's, Getty's, Mellon's and Rothchild's, to name but a few. In both a USA and UK context, these socio-historical studies of the rich and wealthy, tended to dwell on the existence of wealth accumulated through 'old' money (North, 2005).

Increasingly, the source of individual private wealth in the world has grown very quickly from 'new' money associated with the advent of the 'self-made' millionaire+, drawn from astronomical executive remuneration packages, including share/stock options and salary bonuses, exorbitant returns from roaring financial markets, alternative investments like hedge funds, private equity and real estate investment, and significantly, entrepreneurial activity translated in IPOs (stock-market flotation's) (Frank, 2007; Irvin, 2008). Since financial de-regulation in Wall Street and the City of London (which rippled around other financial centres), aided by relatively low US and UK personal taxation regimes, a new breed, and significant number of, 'financial elites' (Froud and Williams, 2007; Hall, 2009) have personally benefited from instant wealth creation, from one of the longest bull markets in living memory (Economist, 2009). Running in parallel to the 'self-made' multi-millionaire and billionaire, rapid economic growth and the 'West's' engagement with the Russian, Chinese and Indian economies, coupled with major price gains in commodities, has also created, "a whole new batch of emerging market plutocrats" (Economist, 2009, 4) and 'oligarchs', who quickly joined the ranks of the billionaire, 'super-rich'.

The 'super-rich' are a slippery population to pigeon hole in a generic, let alone distinctive, homogeneous social stratum or 'class' like Sklair's (2001) transnational capitalist class. Collectively, the 'super-rich' have traits of transnationalism, cosmopolitanism and living 'fast and hyper-mobile lifestyles, which are played out in exclusive circuits of social and capitalist relations completely separate from the geographies of the everyday lives of the rest of society. Bauman (2000) refers to the 'super-rich' as the 'new cosmopolitans', who are the 'fast subjects' in global society (see Beaverstock *et al*, 2004). The 'super-rich' occupy a world of exclusiveness, with multiple residences, family-offices to run the individual's household, private security, the use of penthouse suites in five, six, seven star hotels, private jets and bespoke luxury consumption. The life worlds of the USA's 'super-rich' are very eloquently conceptualised by Frank (2007, 3) who suggests that they have,

> "…formed their own virtual country … and with their huge numbers, they had built a self-contained world unto themselves, complete with their own health-care system (concierge doctors), travel networks (Netjets, destination clubs), separate economy (double-digit income gains and double-digit inflation), and language ("Who's your household manager?") … The rich weren't just getting richer, they were becoming financial foreigners, creating their own country within a country, their own society within society, and their economy within an economy".

Robert Frank named this virtual country, Richi$tan, which is sub-divided into four distinctive virtual-spaces: Lower Richi$tan (net worth $1m-$10m, 7.5m households); Middle Richi$tan (net

worth $10m-$100m, >2m households); Upper Richi$tan ($100m-$1b, thousands of households); and billionaireville (over $1b, 400+ households).

Prior to Frank (2007), and continuing the conceptual notion of the 'super-rich' as being an entity which is disconnected from global society, Beaverstock *et al* (2004, 405-406) note that the 'super-rich' are, "perpetually between nation-states, to the extent that they dwell in global space-time … as key actors in the articulation of the 'network society'". However, as we shall note later, an important tangible trait of the super-rich is that they are deeply embedded in particular world cities, either as places of multiple residences, centres of business interests and activities, and, importantly, expert banking and financial, professional consumer service economies which help to manage and protect their wealth.

3. Defining and locating the 'super-rich'

1982 was the key moment for a rigorous 'scientific' identification of the wealthy as it marked the publication of the *Forbes* magazine's first list of the USA's 400 wealthiest individuals. As Smith (2001, 3) notes,

> "Most of us were astonished to learn in 1982 that there were twelve American families worth more than $1 billion. There were also twenty-five between $500 million and $1 billion; nearly 100 between $200 and $500; and 267 others among the richest 400 families with net assets (at approximate market value) above $100 million. In those days, billions were numbers that only governments dealt in."

The *Forbes* list at that time was dominated by 'old' money inherited wealth, manufacturing industrialists, real estate tycoons, traditional bankers and financiers, and natural resource barons (oil, mining), but also included a list of people who were virtually unknown entrepreneurs (like Sam Walton, the founder of Wal-Mart), Philip Knight (Nike shoes) and Steven Job (Apple Computers). The *Forbes* wealthy lists (and later *The Sunday Times Rich List*, first published in 1988) provided new intelligence and information on an individual's wealth to a new and burgeoning private wealth management industry from the mid 1980s onwards, which allowed for the refinement of many definitional terms to describe the 'rich' and 'super-rich', and ultimately, frame a market for the 'High Net Worth Individual' (HNWI).

There are several definitional characteristics of the 'rich' and 'super-rich' that co-inside with the established financial definitions of HNWIs. For example, Haseler (1999, 2-3) noted three sub-categories of the 'super-rich': (i) Millionaires – who are, "by no means lavishly well off," but can maintain their lifestyle without the need to work (in 1996 it is estimated that there were approximately 6 million dollar millionaires, with 3.5m residing in the USA); (ii) Multimillionaires –

these are, "at the very lower reaches of the world of the super-rich … [and] … their homes and pensions are included in the calculations". In 1995 about 1 million US households possessed an average of $7 million, during the same period about 48,000 British households (the top half a per cent) had on average US$2 million. The multi-millionaires are highly mobile with homes around the world and the, "literal mobility" of private yachts and aircraft; and, (iii) Mega-rich and Billionaires – a distinction can be drawn between the mega-rich at the lower (<$50m) and upper (>$500m) end of the spectrum where the distinction is not necessarily lifestyle but economic power. The peak of the mega-rich are the billionaires (US$1000m+).

The wealth management industry began to define the 'rich' and 'super-rich' as a target market in earnest from the mid-1990s. Merrill Lynch Capgemini (MLCG), who published the *World Wealth Reports* annually from 1996, defined the so-called high net worth (HNW) market as: "(i) HHWIs are defined as those having investable assets of US$1million or more, excluding primary residence, collectables, consumables, and consumable durables.
(ii) Ultra-HNWIs are defined as those having investable assets of US$30million or more, excluding primary residence, collectables, consumables, and consumer durables.
(iii) Mid-tier millionaires are HNWIs having US$5million to US$30million" (MLCG, 2009, 2).

Many other definitions have provided incremental differences to MLCG's universally accepted classification of the wealthy (PriceWaterhouseCoopers, 2007). Whichever definition is adopted to classify the wealth of the 'rich' and 'super-rich', it is apparent that once the mere millionaire and multi-millionaires are identified, there exists a stratospheric gap in social relations and everyday lifestyles of these individuals in relation to the billionaire lifestyles of those who atop the various popular rich lists. In 2011, Forbes' list of world billionaires totalled a record 1,210 (ranked: 1. Carlos Slim Helu & Family $74b; 2. William Gates $56b; 3. Warren Buffett $50b; 4. Bernard Arnault $41b; and, 5. Lawrence Ellison $39.5b), with significant growth in China and Russia (http://www.forbes.com/wealth/billionaires, accessed 1105011).

3.1 The size and composition of the high net worth market

Prior to the publication of the MLCG *World Wealth Reports*, estimating the size and composition of HNW private wealth was somewhat *ad hoc* in global coverage because many surveys were undertaken by individual research departments of private banks or other institutions. Research undertaken by Citibank in 1992 estimated that there were 3.135 million HNW households worldwide (with 67% in the USA) with investable assets exceeding US$1 million (quoted in Bicker, 1996). In 2008, the world population of HNWIs stood at 8.6 million, which was down 14.9% from a year earlier due to the fallout of the global financial crisis (MLCG, 2009). If we refer

back to 2007 data, since 1996 there has been more than a doubling of the number of HNWIs worldwide from 4.5 million to 10.1 million (+121.7%) and almost a two and a half fold increase in the value of their private wealth (+145.2%), from US$16.6 to $40.7 trillion (Table 1).

Table 1: The growth of High Net Worth Individuals worldwide and the value of their wealth, 1996 – 2009.

Number	*Change (millions)*	*Wealth (%)*	*Change ($ trillions)*	*(%)*
1996	4.5	-	16.6	-
1997	5.2	+15.6	19.1	+15.1
1998	5.9	+13.5	21.6	+13.1
1999	7.0	+18.6	25.5	+18.1
2000	7.2	+2.9	27.0	+5.9
2001	7.1	-1.4	26.2	-3.7
2002	7.3	+2.8	26.7	+2.7
2003	7.7	+5.5	28.5	+6.7
2004	8.2	+6.5	30.7	+7.7
2005	8.8	+7.3	33.4	+8.8
2006	9.5	+8.0	37.2	+11.4
2007	10.1	+6.3	40.7	+9.4
2008	8.6	-14.9	32.8	-19.4
2009	10.0	+17.1	39.0	+18.9

Source: Merrill Lynch CapGemini (2008; 2009, 2010)

But, significantly, there has been a major rebound in the number and wealth of the HNWIs population since 2008, which corroborates with the latest Forbes Survey of Billionaires. Over a one year period, the number of HNWIs has return to double digits, 10.0 million (+17.1% from 2008), and their wealth has increased by almost a fifth (+18.9%), to US$39.0 trillion (Table 1). Much of this net growth was experienced in the emerging markets of the Asian-Pacific, including India and China, and Latin America, as discussed later.

Turning to the definitional composition of the HNWI sector, the Ultra-High Net Worth Individual category (>$30 million) has accounted for only about 0.9% to 1.0% of the total number of HNWIs since data collection commenced in 1996 (MLCG, various). In 2009, the UHNWI group represented 0.9% of the population of HNWIs (90,000), but accounted for 35.5% of the total value

of private wealth, US$13.8 trillion (MLCG, 2009). These data findings indicate very clearly that the global population of HNWIs are dominated by those persons in the 'millionaire next door' and mid-tier millionaire categories (between $1million and $5 million, and between $5 million and $30 million, respectively), but wealth is unevenly distributed towards those billionaires (Table 2). At the individual billion and millionaire level, according to the Boston Consulting Group and Forbes.com (as cited in the IFSL, 2008), there were a total of 1,125 billionaires and 10.7 million millionaires worldwide in 2008. One year on, the number of billionaires has been reduced by almost 30% to 793 (-332 persons), with a net loss of private wealth of approximately US$2.0 trillion (Forbes, 2009).

Table 2: The composition of the High Net Worth Individual private wealth market, 2002-2009

	Percentage of the total population of HNWIs							
Category	2002	2003	2004	2005	2006	2007	2008	2009
Ultra-high NWI	0.8	0.9	0.9	1.0	1.0	1.0	0.9	0.9
Mid-tier millionaire & 'Millionaire next door'	99.2	99.1	99.1	99.0	99.0	99.0	99.1	99.1
Total number of HNWI (millions)	7.3	7.6	8.3	8.7	9.5	10.1	8.6	10.0

Source: Merrill Lynch Capgemini (2003 to 2010 inclusive)

3.2 Locating the high net worth population

Since MLCG data collection began in 1996 up until 2008, North America and Europe have had the highest share of the total number of HNWIs and value of global private wealth worldwide (by an average of approximately two-thirds for each grand total). In 2008 North America and Europe accounted for 5.3 million HNWIs and UHNWIs (62% of the total), and just over half of the distribution of private wealth ($17.4trillion) (MLCG, 2009) (Table 3). From 2009, North America heads the pack, but the distribution has changed in the favour of the Asian-Pacific region, which has surpassed Europe in terms of wealth (US$9.7 compared to US$9.5, respectively), and is equal with 3.0 million HNWIs in each region (Table 3). Prior to the dot.com bust in 2001/02, there has been significant relative growth in the number of HNWIs and value of private wealth in the 'emerging markets' of the Asian-Pacific (particularly Singapore, mainland China and India), Latin America and the Middle east (particularly the United Arab Emirates – Dubai and Abu Dhabi) (MLCG, 2007, 2008, 2009). However, all worldwide regions experienced large reductions in the number of HNWIs and value of private wealth in the fallout of the global financial crisis, with North America

experiencing the highest reductions by -19.0% (down 0.6m, from 3.3m to 2.7m) and -22.8% (down $2.6tr, from $11.7tr to $9.1tr) respectively, between 2007 and 2008 (CGML, 2008, 2009).

Table 3: The changing geographical coverage of High Net Worth Individuals and private wealth, 2000-2009

	HNWIs(millions)			*Value of private wealth (US$tr)*		
	2000	*2009*	*% growth*	*2000*	*2009*	*% growth*
North America	2.2	3.1	+41	7.5	10.7	+43
Europe	2.5	3.0	+20	8.4	9.5	+13.1
Asia-Pacific	1.6	3.0	+88	4.8	9.7	+102
Latin America	0.3	0.5	+67	3.2	6.7	+109
Middle East	0.3	0.4	+33	1.0	1.5	+50
Africa	0.1.	0.1	0	0.6	1.0	+67
Totals	6.9	10.0	+45	25.5	39.0	+53

Source: Merrill Lynch Capgemini (2002, 2009, 2010)

But, as noted earlier, the major rebound in the number and wealth of HNWIs since 2008 has been recorded in the Asia Pacific region, spurred on by recovery in selected stock markets (e.g. Hong Kong), growth in GDP and commodity price inflation (MLCG, 2010). Between 2008 and 2009, most notable growth in the number of HNWIs has been recorded in: Australia +34.4% (from 0.129m to 0.174m); China +31% (from 0.365m to 0.477m); the U.K. +23.8% (from 0.362m to 0.448m); Japan +16.5% (from 1.366m to 1.650m); and the USA +16.5% (from 2.46m to 2.866m).

The much publicised 2009 Forbes list of billionaires worldwide indicated that the US had the highest share representing 45.3% (359 billionaires), followed by Europe (24.7%, 196) and the Asian Pacific (16.4%, 130). Forbes 2009 data also revealed that New York (55), London (28) and Moscow (27) were the homes to the most billionaires (Forbes, 2009). Data from the most recent 2011 Forbes list of billionaires reveals that Russia and China have more than 100 billionaires, and that Moscow is now the most favoured location for the dollar billionniares (http://www.forbes.com/wealth/billionaires, accessed 1105011). Seven years earlier in 2004, London was the most popular home for the dollar billionaires with 40, followed by New York (31), Moscow (23) and Geneva (20). During the 2000s and beyond, London and the south-east of England has consistently been the most important UK regional for The Sunday Times Rich List wealthiest 1,000 HNWIs, accounting for an average of 51% of the sample (Table 4). But, since

2007, the share of the top 1,000 richest people who were born, live or have their interests centred in the capital has declined by almost 10%, from 411 in 2007 to 377 in 2010.

Table 4: The number and share of the top 1,000 richest persons who were born, live or have their interests centred in London or the South-East of England

London		*South east of England*
2002	NA	489 (48.9%)[1]
2003	NA	469 (46.9%)[1]
2004	NA	491 (49.1%)[1]
2005	NA	503 (50.3%)[1]
2006	NA	NA
2007	411 (41.1%)	534 (53.4%)[1]
2008	415 (41.5%)	554 (55.4%)[1]
2009	385 (38.5%)	506 (50.6%)[1]
2010	377 (37.7%)	513 (51.3%)[1]
2011	N.A.	527 (52.7%)[1]

Note: 1. Includes London; NA data not available

Source: The Sunday Times Rich List (2002 to 2011 inclusive; except 2006)

In 2008 it was estimated that the UK had 51 billionaires and 668,000 millionaires (Forbes.com; Boston Consulting Group, see ISFL, 2008). However, according to *The Sunday Times Rich List* the number of UK billionaires fell by 43% from 75 in 2008 to 43 in April 2009 (2008, 2009). Market intelligence from the Centre for Economics and Business Research [CEBR] (2009a) suggested that the number of UK millionaires had fallen 51% from 489,000 in August 2006 to 242,000 in May 2009. Such had been the severity of the global financial crisis on the wealth of the UK's HNWIs, through the collapse of house prices, falling share values and (relatively) plummeting City bonuses.

However, as noted earlier in MLCG (2010) data, the plight of the UK's HNWI population and accrued wealth has resurged from the 2008/9 onwards. The latest Sunday Times richlist (2011) headlines that, "Wealth goes through the roof", noting that the accumulated investible wealth of the 1,000 multi-millionaires had increased by 17.9% (+£ 60.2billion) over one year, to a total of £395.8 billion. Much of this growth had been attributed to the rise in the number of 'sterling billionaires', which had reached 73 in 2011, 20 more than a year previous, and only 2 less than the record of 75 in 2008 (The Sunday Times, 2011). An analysis of this dataset reveals that over a ten year period

from 2002 to 2011, the number of billionaires in the Rich List has increased from 21 to 73 (+52), an astounding +248%.

London's position as the premier international financial (Z/Yen, 2009) is a significant generator of personal wealth for its employees in banking and finance, insurance and professional service (accounting, consulting, legal services) jobs. The much publicised remuneration and bonus packages for City workers, especially investment bankers, is a major factor which has contributed to the exponential growth of 'new' money, and the location of the 'new' money 'super-rich' in world cities. At the height of the bull market in 2007, an estimated 354,000 City workers (employed in City type jobs) received bonuses worth £11.565 billion, in 'stark' contrast to the allocation of 'only' £5,332 billion to 324,000 in 2008 (Table 5). A similar remuneration and bonus culture is associated with many of the leading international financial centres, for example Wall Street's securities industry divided up $32 billion in bonuses in 2007 (which was down to $18 billion in 2008) (Goldman, 2009).

Table 5: City bonus payouts and employment in City type jobs (April), 2001-2011

Year	*City Jobs*	*City bonus (£billion)*
2001	312,000	3.921
2002	308,000	3.329
2003	317,000	6.400
2004	325,000	6.950
2005	327,000	9.653
2006	343,000	11.383
2007	354,000	11.565
2008	324,000	5.332
2009	305,000	7.336
2010	319,000	6.749
2011	327,000	7.154

Source: Centre for Economics and Business Research (2009a, 2010, 2011)

Post-financial crisis, London bankers, like elsewhere are back on the bonus trail. The Centre for Economics and Business Research (2010, 2011) estimates that in 2011, 327,000 City-workers will receive a bonus pot of £7.154 billion, an increase of 34%, + £1.8billion from 2008. Wall Street bankers are also on their way back in the bonus stakes. An estimated total of US$20.8 billion was paid out to Wall Street's financial community in 2010, +18.2% or +US$3.2billion more

than in 200, but in New York there has been a gradual shift towards so-called 'deferred compensation' (in shares, stocks etc) and higher base salaries (http://www.economist.com/node/18231330, accessed 110511).

Other metrics can be used to locate the 'super-rich', including both city and holiday 'play-grounds' residences. For example, the Wall Street Journal estimates that the three most expensive streets in the world (€ per sq/m) were to be found in: Hong Kong, London and Monaco, Nice (Table 6).

Table 6: 'Bollinger Boulevards': The world's most expensive streets, 2011

Street	*City*	*Price per sq/m (€)*
1. Severn Road	Hong Kong	57,000
2. Kensington Place Gardens	London	55,000
3. Avenue Princess Grace	Monaco	50,000
4= Chemin de Saint-Hospice	Cap Ferrat, Nice	45,000
4= Fifth Avenue	New York	45,000
6. Quai Anatole	Paris	32,000
7. Rue Bellot	Geneva	31,000
8. Via Romazzino	Porto Cervo, Sardina	17,000
9. Wolseley Road	Point Piper, Sydney	15,000
10. Ostozhenka Street	Moscow	13,000

Source: WSJ.com (assessed 110511)

As most geographers and other urbanists seem to be allergic to studying the 'super-rich', there is a dearth of studies of places where we intuitively know where the 'super-rich' live or have their 'town' residences, like for example: the London Boroughs of Westminster, and Kensington and Chelsea: Mid-town and the Upper East and West Sides of Manhattan, New York; Neuilly, Auteuil and Passy in Paris; Bel Air in Los Angeles; Moscow's 'Golden Mile' city centre district; and Point Piper in Sydney. The 'super-rich' have multiple residences, and anecdotal evidence from sources like *The Sunday Times Rich list* and *Forbes* indicate that they have these residences in: world cities (e.g. London, New York, Paris, Los Angeles, Rome); offshore 'havens', like the Caribbean (e.g. Bahamas), Channel Isles, Isle of Mann and European Principalities (e.g. Monaco and Monte Carlo); the seasonal 'playgrounds' (e.g. for winter sports, St Moritz and Aspen; and for the summer, Cotes d'Azur; Isle of Capri; the Hamptons, Long Island); and isolated retreats (e.g. in the UK context, Scottish estates and Isles, and Country houses in rural counties).

4. World cities serving the 'super-rich': Private banking and the wealth management industry

> "…the most significant changes followed the deregulation of financial markets from the mid-1980s onwards in the City of London that led to the rapid growth of a 'pure' private wealth management industry. This growth involved a range of multinational corporations, small and medium-sized financial and professional service providers, as well as established private banks (e.g. Wachovia) and the private banking arms of many global banks, most notably by competitors from the US like Bankers Trust, Chase Manhattan, Citicorp and Merrill Lynch" (Beaverstock et al, 2012).

Prior to the financial de-regulation in the USA and the UK in the 1980s, the Anglo-American and European market for individual wealth was serviced almost exclusively by European and American private banks, 'onshore' in London, New York, Paris, Amsterdam and Frankfurt, and 'offshore' in Geneva, Zurich, Basle, Lausanne, Luxembourg, St Helier and St Peter Port (Channel Islands), Douglas (Isle of Man), Hong Kong, Singapore and numerous centres in the Caribbean (e.g. Georgetown - Cayman Islands, Nassau - Bahamas) (Bicker, 1996; Maude and Molyneux, 1996). Many of these private banks were steeped in history, headquartered in London or Switzerland, and had office networks which spanned the major onshore and offshore jurisdictions. Table 7 shows a selection of the major US and European private banks which serviced the super-rich during the mid-1990s. Competition to traditional private banking gathered pace from the mid-1980s, following financial de-regulation as a new breed of private wealth management firms, consisting of both multinational and small and medium sized enterprises, entered the market to serve new', self-made money, attracted by the rapidly growing high net worth individual market share (Maude, 2006). This new wealth management sector was established to service a much higher volume high net worth individual customer base offering more extensive services than private banking to specifically accumulate, manage and transfer personal wealth between generations (IFSL, 2009).

Today, the types of private wealth management services typically involve: brokerage; banking (current and deposit accounts); lending (credit cards, mortgages); insurance and protection products; advice (for all kinds of eventualities e.g. trusts, family-dispute, inheritance, tax planning); and concierge-type services (e.g. yacht broking, art storage). The private wealth management industry of the Twenty-First Century is a significant global banking and financial, insurance and professional services (accounting, legal) industry. It is composed of: private banks, who are still the most significant players in the wealth management market, managing over $14.5bn assets in 2008 (ISFL, 2009) (Table 8); universal banks (e.g. UBS, Credit Swiss); financial advisors (independent or tied); investment banks (e.g. Goldman Sachs, J P Morgan), many of whom service their own HNWI employees; family offices who serve the very UHNWIs and billionaires (around 4,500 in the

Table 7 Selected private banks and liquid asset requirements, 1996

Bank (Established)	*Minimum Investment*	*Head office (Europe)*	*Other Offices*
ANZ-Grindleys (1828)	£250K+	London	St Helier
Bank Julius Baer & Co (1890)	£250K	Zurich	London, Geneva, Frankfurt
Bank Sarin & Co. (1900)	£250-£500K	Basle	London, Zurich
Bankers Trust (1978[1])	NA	London	St Helier, Paris, Frankfurt, Dublin, Rome, Madrid, Warsaw, Geneva, Luxembourg, Budapest
Barclays Private Bank (1992)	£250K	London	London, Geneva, Lugano, Zurich, Liechtenstein, St Helier
Chase Manhattan Private (1968[1])	$1m	Geneva	London, St Helier Luxembourg,
Citibank (1902[2])	$1m	Zurich	St Helier, Geneva, Zurich, Paris, Frankfurt, Lausanne, Lugano, Luxembourg, Marbella, Monte Carlo
Coutts & Co. (1692)	£50K	Zurich	London, St Helier, Geneva Cuiasso, Lausanne
Credit Suisse (NA)	NA	Geneva	365 Swiss branches,Vienna, St Helier, Paris, Frankfurt, Gibraltar, Douglas, Rome, London, Luxembourg, Monaco, Madrid
J P Morgan (NA)	$2m	Paris	Brussels, Paris, Milan, Amsterdam, Madrid, London, Geneva, Zurich, London
Kleinwort Benson (1792)	£200K	London	St Helier, Geneva, Vienna, Brussels, Paris, Frankfurt, Madrid
Lombard, Odier (1798)	None	Geneva	Zurich, London, Amstersdam, Gilbraltar
Merrill Lynch Int. (NA)	NA	London	Geneva, Luxembourg, Frankfurt
Pictet (1805)	Fr1m	Geneva	London, Zurich, Luxembourg
Swiss Bank Corp. (1993)	$1m	Basle	Paris, Frankfurt, Rome, St

			Helier, Luxembourg, Monaco, Amsterdam, Warsaw, Madrid, London, Edinburgh
Warburg Asset Man.(NA)	NA	London	St Helier, Zurich, Douglas, Luxembourg
UBS (1865)	$1m	Zurich	London, Frankfurt, Madrid, Luxembourg, Milan, Monte Carlo, Paris

Notes: 1. establishment of private banking services; 2. London office opened.

Source: Bicker (1996)

US and Europe); professional services (‘magic circle’ legal and top global accounting firms); and an array of specialist stockbrokers, asset managers and product specialists (e.g. hedge funds) (Table 9).

Table 8: The world’s largest private banks, end of 2008

Bank	*Global assets under management*	
	US$billion	*%share*
Bank of Am/M Lynch	1,501	12.9
UBS	1,394	12.0
Citi	1,320	11.4
Wells Fargo	1,000	8.6
Credit Suisse	612	5.3
J P Morgan	552	4.8
Morgan Stanley	522	4.5
HSBC Group	352	3.0
Deutsche Bank	231	2.0
Goldman Sachs	215	1.5
Other banks	6,802	46.9
Total	14,500	100

Source: International Financial Service London (2010, quoted from Scorpio Partnership, 2009 Private Banking Benchmark Study)

Table 9: Selected private wealth management firms, 2009

Private banks	*Asset Management*	*Law Firms*
Arbuthnot Latham & Co	Aberdeen Asset Man.	Allen & Overy LLP
Adam & Company	AXA Fund Managers	Baker McKenzie LLP
Bank J Safra	Cazenove Capital Man.	Charles Russell LLP
C Hoare & Co	Credit Suisse Asset Man.	Dawson Cornwell
Cater Allen	Fleming Family & Partners	Harcus Sinclair
Duncan Lawrie Ltd	Goldman Sachs Asset Man.	Herbert Smith LLP
Lloyds TSB Private	Lazard Asset Man.	Hughes Fowler Carruthers
SG Hambros Private Bank	Pictet Asset Man.	Macfarlanes LLP
R Raphael & Sons	St James Place	May, May & Merrimans
Weatherbys Bank	Virgin Money Man.	Forsters LLP

Accountancy	*Insurance*	*Investment Banks*
Baker Tilly	AIG UK Ltd	Barclays Wealth Management
BDO Stoy Hayward	AXA Art Insurance	Barings Wealth Man. Ltd
Deloitte	Abbey Life Assurance	Citi Private Bank
Ernst & Young	Allianz Insurance plc	Credit Suisse Private Banking
Grant Thornton	Brit Insurance Ltd	HSBC Private Bank
Horwath Clark Whitehall	Chubb Custom Insurance	J P Morgan Private Bank
KPMG	DAS Legal	Kleinwort Benson Private Bank
Moore Stephens	Hiscox Insurance Company	Morgan Stanley Private Wealth
PwC	Markel International	Rathbone Investment Man. Ltd
Shipleys	QBE Insurance	UBS AG

Source: firm websites (various, accessed 7 January 2010, see Beaverstock et al, 2012)

London is one of the leading world cities for expertise in managing private wealth. Its world class reputation is founded on several important factors: the UKs regulatory framework and close relationship with offshore jurisdictions (Switzerland, Channel Is., Isle of Man, Hong Kong and Singapore); the range of its financial and professional services; the availability and quality of professional advice; expertise in global and regional financial products (e.g. Islamic finance); and importantly, an international client (high net worth) base (IFSL, 2009). In 2008, London's private wealth management industry: managed UK private client securities by banks, fund managers and stockbrokers valued at £335b; had over 300 family offices with assets over £100m; had the ability

to manage both conventional (e.g. cash, bonds, equities) and alternative (e.g. hedge funds, private equity) assets; specialised in Islamic financial services; and had expertise in offering advice on trust and taxation matters (IFSL, 2008, 2009).

5. Conclusions … the new *super*-class?

All world cities, as defined by both John Friedmann (1986) and Anthony King (1990), are playgrounds for the super-rich because these are the spaces where they live in luxurious accommodation, have their business interests, manage and protect their personal wealth, and engage in conspicuous consumption. In this paper the privileged world city financial industry of private banking and wealth management industry has been discussed in relation to their coveted clientele, the super-rich.

Three important conclusions can be drawn from this brief analysis of the super-rich and their engagement with such world city, exclusive economic financial networks. First, at an empirical level, the booming financial market performance of the last twenty odd years coupled with the opening up of emerging markets, on the back of significant rises in commodity prices, created unprecedented conditions for significant growth in the ranks of the super-rich across the globe, especially in the self-made billion and multi-millionaire, from so called 'new' money sources. Admittedly, the fall out of the global economic crisis has put the brakes on this growth, especially for the ultra-high net worth individuals, but it will be interesting to note how fast the high net worth market will recover in the 2010s. Second, we have witnessed a sea change in which the super-rich are serviced by the banking and financial services industry. The millionaires, multi-millionaires and billionaires are now classified as a high net worth *market* by a new private wealth management industry, reflecting the changing social composition of the super-rich from 'old' to 'new' money'. Importantly, the information and intelligence provided on the rich by think tanks such as Merrill Lynch Capital Gemini are considerably useful in beginning to present a fine grain conceptual analysis of the super-rich, which leads me on to my third point. Third, given the refined data that is available on the size and composition of the high net worth individual market, it is now possible to make more informed decisions about where individuals of specific wealth bands may be placed in any conceptual schema which tries to tease out the homophonies of the rich. For example, as significant numbers of individuals fall within MLCG's millionaire group, one could argue these are more aligned to writing on social change and the middle classes (Butler and Savage, 1995). The same may not be appropriate for the mid-tier, multi-millionaires (US$5-30million) who may well show distinctive attributes of global- and super-gentrifiers, and financial elites (Butler and Lees, 2006; Hall, 2009). As has been already identified, there is a cataclysmic gap between the ultra-high

net worth individuals (over US$30m) and the full-on billionaires identified in the Forbes rich lists, who have riches in tens of billions. UHNWIs, at the upper-end, certainly show traits of being highly cosmopolitan, transnational, mobile and engaging in luxury consumption. These are certainly constituent members of the super-rich, unlike the millionaires and mid-tier, multi-millionaires. As for the billionaires, these are certainly the global super-rich, which significant economic power, as noted by Haseler (1999) and Frank (2007).

However, how should we try conceptualise the super-rich (above US$30m+)? Perhaps, an answer to this conundrum is to refer to the 'super-rich' in global society as the, *super-class.* Just as Skair (2001) teases out the *transnational* as being the omnipresent trait of a certain class of capitalist society, the socio-economic and cultural characteristics and reproduction of the truly global super-rich points to a distinctive and exclusive '*class*' that this population are worthy of the *super* pre-fix. Drawing on Frank's (2007) thoughts about Rich$tan, it can be argued that the 'super-rich' are a global *super-class*, creating their own global society within global society and their own global economy within the global economy, which is all anchored in the criss-cross networks of privileged spaces and practices in multiple places like Kensington and Chelsea, and the City in London, and the Upper West/East side and Wall Street in New York City, and much hybridity between places like Kensington, Chelsea and the City, and Moscow's 'Golden Mile', Ostozhenka.

Endnote

An abridged and somewhat dated version of this paper will be published shortly in: Derudder, B., Holyer, M., Taylor. P. J. and Witlox, F. (Eds). (2011/12) *The International Handbook of Globalization and World Cities*. Edward Elgar, Cheltenham.

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