Modern development of the Exclusive Banking Services

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To determine the effective strategy, banks need to understand the nature of the formation and transformation of the wealthy individuals'financial behavior in various regions of the world.

The global trend is to change the asset allocation structure, namely the shift in demand in favor of the real estate, alternative investments, as well as the transfer of assets into cash, bank deposits, and thus reducing the proportion of equity and fixed income instruments in the wealthy individuals'portfolios. The choice of capital preservation strategy can be caused by the high volatility of the financial markets, the local manifestations of the crisis in the leading countries of the world, as well as the risk of political instability.

In spite of the globalization and liberalization of capital movement processes, regional models'features of the private capital owners' financial behavior remain unchanged. These features are determined by the origin and the age of wealthy individuals' capital, the main professional activity of the private capital owners, the age structure of wealthy individuals, as well as macroeconomic indicators of the world's regions development.

There has been increased competition in all regional markets. There is a factor of decrease in the confidence in financial institutions and increase in the degree of customer participation in asset management.

This factor contributed to the strengthening of the trends in wealthy individuals' preferences concerning the financial institutions selection. There is a growing number of owners of large private equity traded in a reliable financial institution in order to obtain a specific service and solve a specific problem, but not for a full range of services within the exclusive banking programs, which leads to:

· the increase in the competition between the traditional players in the private wealth management market;

· the increase of the independent financial advisors' role in the private wealth management market.

In particular, this trend affects financial institutions that compete for the service of the lower segment of wealthy individuals or customer prospects (upper middle class).

The emergence and spread of mobile technology leads to the transformation of the traditional elements of exclusive banking services.Currently, virtual communication becomes more popular. In this regard, flexibility, efficiency, accuracy of personal manager's answers within the virtual communication are becoming more valuable. [2]

The analysis of regional economies' strengths and weaknesses based on the study of environmental factors of Exclusive Banking Services allows you to assess the growth rate of the national and world markets in terms of indicators of the demand growth - increase in the number of wealthy clients and the size of their wealth.

Studying the threats and opportunities helps us to determine the most effective business model of exclusive banking services in the target region,perspective niche markets, key segments of demand, the composition of the package of proposals, taking into account regional peculiarities of the financial behavior of wealthy individuals, global challenges and prospects for economic growth in the short term period.

In particular, the following key trends of the development of an exclusive banking services regional

markets have been identified:

1. Restoring economic growth in the United States, European Union, primarily Germany and the UK, and the extension of the investment trends in the domestic economy may contribute to the growth of a large inflow of private capital into the North American and European regions.

2. Several negative factors for the North American and European markets are fading drivers of market growth of exclusive banking services in the Asia-Pacific region in the short and medium term, in particular:a manifestation of the crisis, unstable economic growth, difficulties in attracting new customers and increasing wealth of existing customers - capital outflows in the Asia-Pacific region. Tightening regulation (especially in Europe and North America) will lead to higher costs and capital outflow to offshore centers in Hong Kong and Singapore.[1]

3. The risks of a credit crisis, increased competition in the Asia-Pacific region may contribute to the capital outflow in Latin America, the Middle East and Africa, which will contribute to the continuation of the trend of formation of an exclusive banking service markets in these regions.

On the background of growing competition in the Russian market of exclusive banking services, domestic banks need to demonstrate a high degree of confidentiality and the appropriate service quality. Particular attention should be paid to regional markets, as there is a concentration of the large number of potential consumers in the regions. In addition, Exclusive Banking Services advertising can be effective in various exhibitions and conferences in the areas of traditional banking services, as many Russian potential customers already have the capital, but still do not know how to apply it. Foreign banks, in order to develop an effective strategy for the access to the Russian Exclusive Banking Services market, must carefully examine the features of the Russian legislation and the behavior of a typical client of such services. It is difficult enoughto make predictions about who will get the championship in the Exclusive Banking Services - Russian or foreign banks. As noted above, each of the sides has a competitive advantage. The main obstacles of the EBS development in the Russian banks are limited product range and insufficiently high reliability. In order to increase the competitive advantages,Russian banks have to focus on the following areas:

· expansion of the non-standard financial and investment products;

· complement of the financial services for the client's life style management;

· ensuring high return on assets allocated to the management;

· the formation of flexible business model, quickly adapted to the individual requirements of customers;

· credit organization for a long-term period of time to ensure transparency and unblemished reputation;

· ensuring a high level of professionalism of the personal management and high quality services;

· ensuring a high level of confidentiality.

Recommendations for the development of the Exclusive Banking Services in Russia:

· binding rules and exclusive banking service standards at the legislative level;

· creating favorable conditions for the prevention of capital outflow;

· build competitive advantages of Russian banks by expanding the range of banking and non-financial services provided within the framework of EBS programs, the regional markets development;

· implementing new principles of multi-criteria segmentation of the target audience of banks

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