

Z-BEN | *ADVISORS*

The Next Billion
China Retail Market Sizing

2015

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Shadow banking and pension

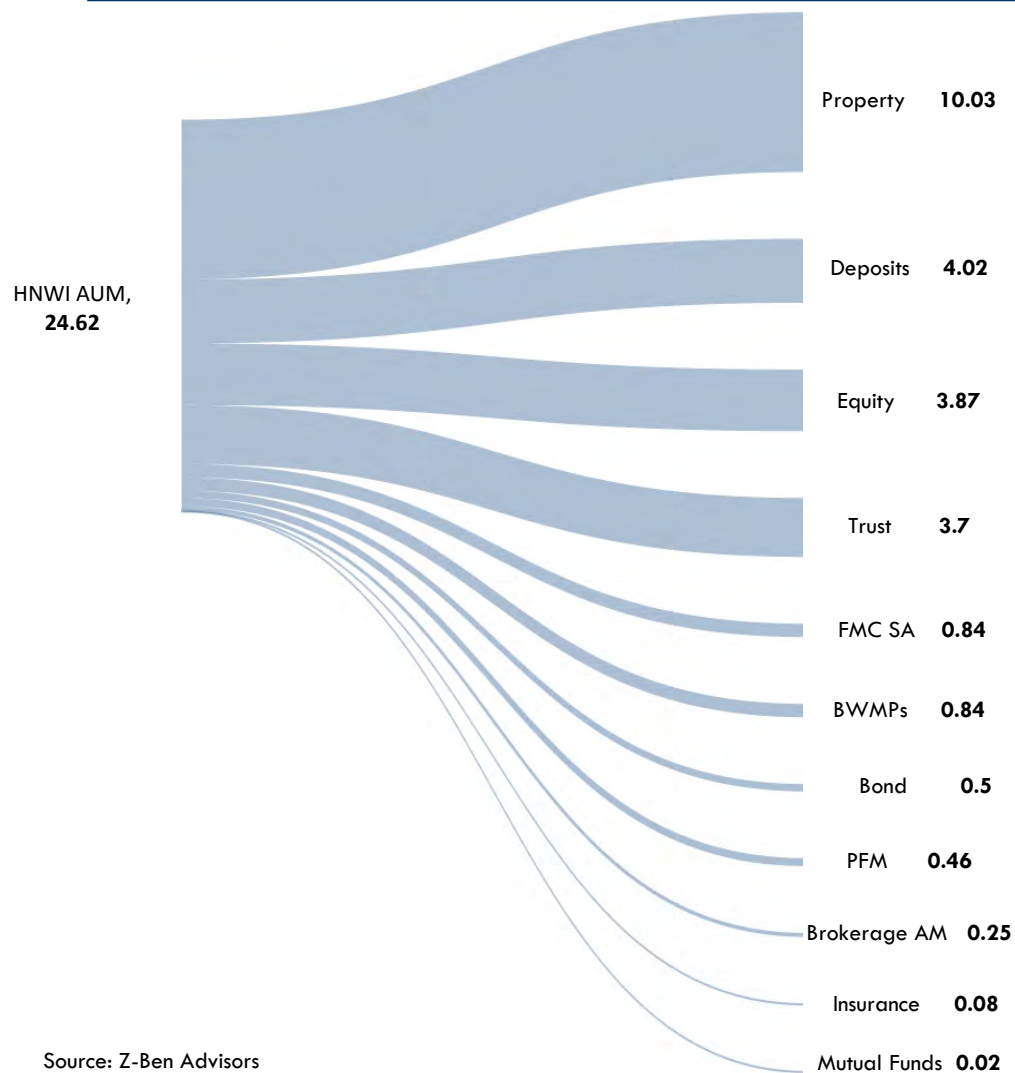
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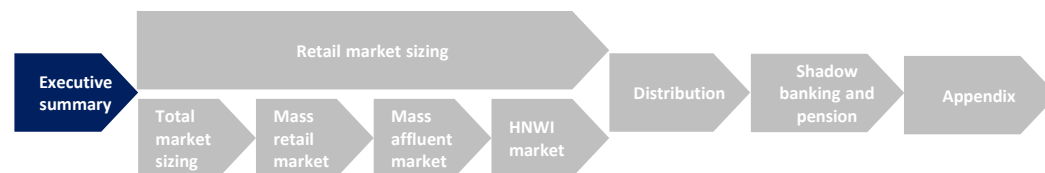
HNWIs, dominating the most exclusive products

Value of total assets held by HNWIs by category (RMB tr, 2014e)



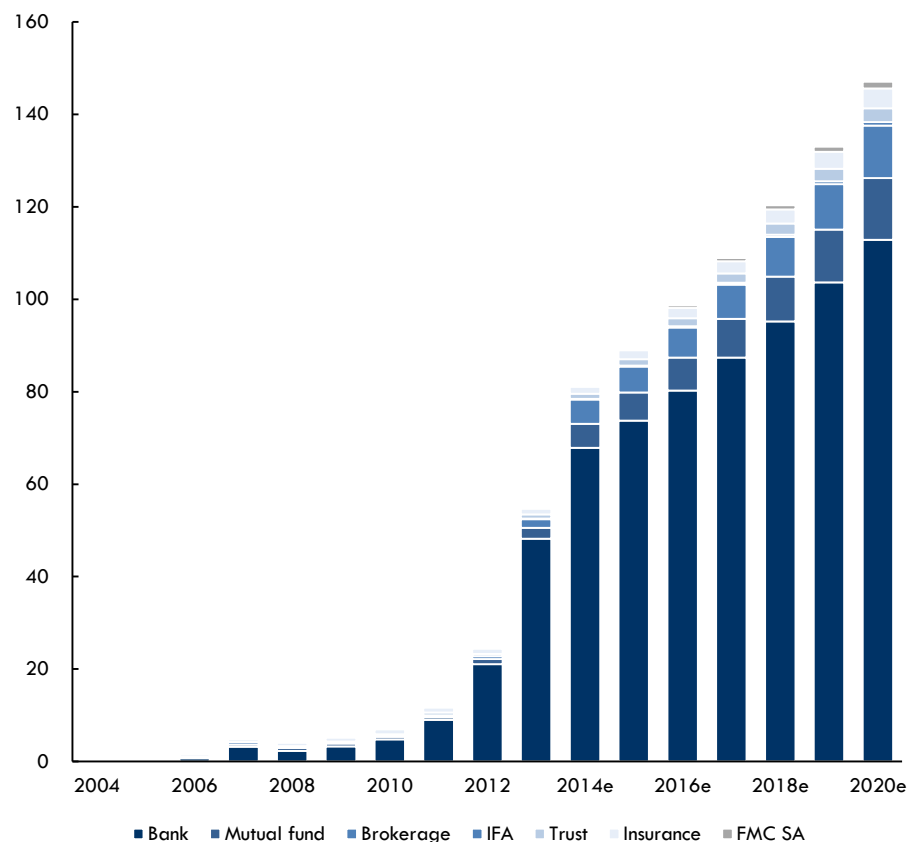
Source: Z-Ben Advisors

- Accounting for **RMB24.62tr** at the end of 2014, Z-Ben Advisors forecasts HNWI AUM to grow at a **CAGR of 10.86%** over the next six years to reach **RMB45.7tr**.
- HNWIs allocate a relatively small portion of their portfolios towards property and deposits. SAs and PFMs are where HNWIs will focus their investments and we forecast SAs and PFMs having a **CAGR of 30% and 35%** respectively until 2020.
- Over the next six years, we forecast HNWI financial assets to grow to **RMB23.46tr**, up from **RMB10.57tr** in 2014. SA and PFM AUM will lead this growth, with brokerage AM, mutual funds and other high-yielding assets supporting them.
- HNWI investors are the target market for most asset segments**, with many now exclusively targeting HNWIs to grow AUM. As client servicing improves, this market is poised to rapidly expand through the proliferation of private banking services.



Distribution, commercial banks reign supreme but IFAs burst onto scene

Total product distribution by channel (RMB tr, 2014e)



Source: Z-Ben Advisors

- Distribution of financial assets amounted to RMB81.4tr in 2014 and Z-Ben Advisors forecasts this number will increase to RMB147.1tr over the next six years. Online payment-linked applications are expected to alter mainland distribution dynamics to a great extent.

- BWMPs are the most-distributed product, with assets amounting to RMB62.56tr in 2014. Z-Ben Advisors predicts this total to rise to RMB100.01tr by 2020 as more investors across all population segments increase their AUM.
- Commercial banks dominate market share among the current distribution channels, amounting to RMB67.8tr in 2014. We estimate this number to reach RMB112.8tr over the next six years, due to banks' large client bases and extensive branch networks.
- Trust, mutual fund and SA pooled products all prefer direct selling as the preferred method of retail market entry for their products. Brokerages mostly sell their own products and banks sell BWMPs to customers. IFAs, being relatively independent, are more balanced.
- IFAs are currently the weakest distributors due to inferior branch networks and capital compared to banks. Despite this, Z-Ben Advisors forecasts that they will have the highest growth in distribution market share over the next six years.

Market Intelligence 2015

	REPORT	RELEASE	PRICE (USD)	PRODUCT DESCRIPTIONS
Market Sizing	1. Institutional Market Sizing NEW Assessment of the entire Chinese institutional space	Annual	15,000	The Market Sizing Series provides annual assessments of the Chinese institutional space, Chinese retail market, cross border market, with each analyzing trends across these sectors focusing principally on business development opportunities along with asset allocation and regulatory shifts.
	2. Retail Market Sizing NEW Holistic assessment of the entire Chinese retail market	Annual	15,000	
	3. Cross-Border Market Sizing NEW Assessment of access points to and from the Chinese market	Annual	15,000	
Cross Border	4. Cross Border Update Monitoring of new business opportunities in cross-border programs	Quarterly	7,500	The China Mutual Fund Series provides an in-depth evaluation of the mutual fund industry’s periodic results, with a multi-dimensional sizing of the marketplace, followed by analysis of the product universe, fund flows, and anticipated demand dynamics and an assessment of the competitive landscape facing fund managers.
	5. Greater China Funds Rising global demand for exposure to Greater China asset classes	Quarterly	7,500	
	6. Strategic Outlook NEW Leadership piece highlighting critical strategic developments	Monthly	7,500	
Mainland Mutual Funds	7. China Mutual Funds Evaluation of the mutual fund industry’s periodic results	Quarterly	7,500	<div>Bundle Discounting</div> <div><div>Total Individual Cost</div><div>\$97,500</div></div> <div><div>Bundle Price</div><div>\$40,000</div></div>
Industry Highlights	8. China Dashboard NEW Overview of all sectors of the financial services space	Monthly	7,500	
	9. China Alert Bulletins on key developments in the Chinese Investment Industry	Weekly	15,000	