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Changing Market Environment in Private Banking

A quantitative study of the DACH Private Banking market investigating customer behaviour with a focus on personality traits

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Dissertation written under the supervision of Prof. Daniel Fernandes
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Abstract

The Private Banking segment faces several dynamics in the market environment, pressuring its profitability and threatening its long-term existence. Based on an extensive literature review and quantitative data collection, this thesis aims at clarifying incumbent banks' action fields and their challenges to counteract. Survey results about customers' behaviour, needs and expectations in Private Banking identify broad consent in digital infrastructure endorsement, cost awareness and little significance of human advisors. However, varying opinions are found on unrelated banking approaches. Propensities in this context are statistically significantly influenced by (a) Age, (b) Time spent with financial concerns and (c) Personality Traits. The author concludes the need for digital upgrades. Additionally, Private Banking institutions should consider a differentiated customer approach for new controversial business forms to retain and acquire classic Private Banking customers as well as attract potential future target groups.

Keywords:

Private Banking, Banking Transformation, Future of Banking, Innovation, Digitisation, New Technologies, FinTech, BigTech, HENRY, Personality Traits

Title:

Changing Market Environment in Private Banking – A quantitative study of the DACH Private Banking market investigating customer behaviour with a focus on personality traits

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Abstrato

O segmento da Private Banking enfrenta várias dinâmicas no ambiente do mercado, pressionando a sua rentabilidade e ameaçando a sua existência a longo prazo. Com base numa extensa revisão bibliográfica e recolha de dados quantitativos, esta tese visa clarificar os campos de acção e os seus desafios para contrariar. Os resultados do inquérito sobre o comportamento, necessidades e expectativas dos clientes no Private Banking identificam um amplo consenso no endosso de infraestruturas digitais, consciência de custos e pouca importância dos conselheiros humanos. No entanto, existem diferentes opiniões sobre abordagens bancárias não relacionadas. As propensões neste contexto são estatisticamente influenciadas (a) pela idade, (b) pelo tempo gasto com preocupações financeiras e (c) pelos traços de personalidade. O autor conclui a necessidade de actualizações digitais. Além disso, as instituições de Private Banking devem considerar uma abordagem diferenciada para novas formas de negócio controversas a fim de reter e adquirir clientes clássicos do Private Banking, bem como atrair potenciais grupos-alvo futuros.

Palavras-chave:

Private Banking, Transformação Bancária, Futuro da Banca, Inovação, Digitalização, Novas Tecnologias, FinTech, BigTech, HENRY, Traços de Personalidade

Título:

Ambiente de Mercado em Mudança na Banca Privada – Um estudo quantitativo do mercado da DACH Private Banking investigando o comportamento do cliente com foco nos traços de personalidade

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zeb

Zeb.rolfes.schierenbeck.associates GmbH (zeb) is a German-based leading strategy and management consultancy for the financial services industry. Located in several European cities from Zurich to Stockholm, its advisory includes a wide range of services such as strategy development, restructuring, finance and risk, regulatory as well as digitisation topics. Due to its foundation by two professors from the University of Münster in 1992, zeb is still shaped by connecting science with practice. For instance, its academic imprint appears in collaboration programs with selected thesis students to stay associated with research while allowing the students to embed practical insights from zeb's know-how in their study. In the context of this thesis, regular exchanges were held with Kathrin Nadenau, an expert in Private Banking, Asset & Wealth Management. Her business expertise and experiences provided valuable enhancement for this work.

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List of Abbreviations

AI	Artificial Intelligence
ATM	Automated Teller Machine
COVID-19	Coronavirus Disease 2019
DACH	D (Germany), A (Austria), CH (Switzerland)
ESG	Environmental, Social, Governance
EUR	Euro
HENRY	High Earners, Not Rich Yet
HNWI	High Net Worth Individual
IT	Information Technology
Mio.	Million
SMS	Short Message Service
TEUR	Thousand Euros
zeb	zeb.rolfes.schierenbeck.associates GmbH

1 Introduction

“People do not buy goods & services. They buy relations, stories & magic” (Kataria, 2017, p. 3), marketing luminary Seth Godin once said. To what extent this approach applies to one of every human being's central topics – money and wealth – is worthwhile to investigate. In fact, money not only has functional value for people but also takes on psychosocial significance, which is why many strive to increase the abstract sum (Diener et al., 2010). Due to its high relevance in everyday life, it would be interesting to examine how people relate to managers of their important assets – the financial institutions.

The Private Banking business, at its core, deals with the financial advisory of wealthy individuals to maximise their private wealth. Whereas initially, this high-margin segment was a sure-fire success for incumbent banks, today, Private Banking faces challenges in trying to maintain its competitive position more than ever. Ongoing digitisation, new aggressive competitors, evolving customer behaviours and strict regulations have broadly transformed the whole financial industry at an ever-increasing rate and will likely continue to disrupt the market. On the grounds that the Private Banking business is naturally shaped by in-depth relationships between clients and human advisors, recent fast-paced developments particularly threaten this banking segment in its heart (Azad et al., 2022; Nadenau & Sarnitz, 2021).

However, the emerging trends can provide opportunities for Private Banking players. By making conscious choices and pursuing a clearly defined strategy at an early stage, competitive advantages might be achieved (Spiller et al., 2019). Looking at the size of Private Banking's target customers, forecasts show that the number of wealthy customers in the DACH region continues to rise, indicating a growing market filled with potential (*Wealth Data Individuals DACH*, 2022).

Considering the current landscape, both predictable and unexpected trends will affect the Private Banking business. It is likely that the gap between winners and losers will grow, causing pressure on market players to set strategic priorities (Azad et al., 2022). Therefore, the question of how the Private Banking segment can successfully react to these changes by considering customers’ preferences and action risks is worth to be examined.

While extensive research regarding current transformations in the financial industry has been conducted in recent years, most studies focused on the banking sector from a generic perspective (Harasim, 2021). They did not emphasise the particular Private Banking market, which has its own characteristics. Whereas some studies deal with mass Retail Banking, others

concentrate on Private Wealth Management (Lardi, 2018; Wewege & Thomsett, 2020). Nevertheless, when considering research on Private Banking and it comes to customers' needs, current investigations have limitations for a distinction between subgroups of clients in light of demographics, behaviour patterns and personality. Apart from this, only rarely attention is paid to individuals who might be potential future target groups of Private Banking. Accordingly, further studies on customer differentiations are recommended to obtain a basis for designing a successful strategy.

Thus, this study examines behaviours, needs and expectations of existing and potential future Private Banking clients in a differentiated view (research question 1). The aim is to discuss fields of action for Private Banking institutions to face the present difficulties (research question 2). In doing so, challenges and risks in implementing new approaches are highlighted (research question 3). This paper narrows the Private Banking segment of incumbent banks operating in the DACH region.

To achieve this goal, this thesis is divided into six parts. After this part as an introduction to the topic, the second part derives a literature review. By dealing with scientific literature, the theoretical background defines the Private Banking business segment and describes the current challenging market environment for financial institutions. Furthermore, the Big Five personality domains as a foundation of later hypotheses testing on personality traits are presented. Subsequently, the methodological approach and data in the process of investigations are pointed out. The findings were statistically analysed in the fourth chapter, followed by a discussion according to the three underlying research questions. Lastly, the conclusion in chapter 6, with its summary of significant findings and managerial implications as well as study limitations and recommendations for future research, finalises the thesis.

2 Theoretical Background

The following chapter reviews the financial and psychological literature. Thereby, the first part focuses on crucial characteristics of the Private Banking segment. In doing so, differences between targeted customers are specified. Subsequently, a brief overview of the latest developments and trends affecting the industry, as well as induced challenges for financial institutions, are presented. It covers emerging technologies, evolving customer behaviours and the competitive environment. In addition, the third section dives into the illustration of the Big Five personality domains as they form the basis of the hypotheses testing in this work.

2.1 Private Banking Segment

Aiming to investigate customer needs in the Private Banking segment, this thesis focuses on incumbent banks in the DACH region. It addresses well-established market players since Private Banking is nowadays still mainly served by traditional players. For that purpose, this subchapter clarifies classic Private Banking customers, followed by a description of potential future Private Banking customers, the so-called HENRYs.

2.1.1 Classic Private Banking Customers

Banks primarily segment private customers according to their liquid assets, aiming to offer them differentiated solutions. The liquid assets include assets held in deposits and savings accounts. Alongside this, factors such as annual and development income are also decisive for customer segmentation. A fundamental distinction can be made between Retail Banking and Private Banking. Whereas Retail Banking is intended to serve mass-market customers, Private Banking represents a service concept for wealthy private customers (Schäli, 1998; Swoboda, 2004). The literature has no uniform definition of the term Private Banking (Löber, 2012). However, the focus is generally on businesses with wealthy private customers, covering the entire range of financial services, especially investment advice and asset management (Brost-Steffens & Horsch, 2018).

The customer segmentation boundaries depend on institutional and regional conditions. Related to the German market, Figure 1 shows segmentation boundaries solely based on liquid assets (Lumma & Ehlerding, 2006).

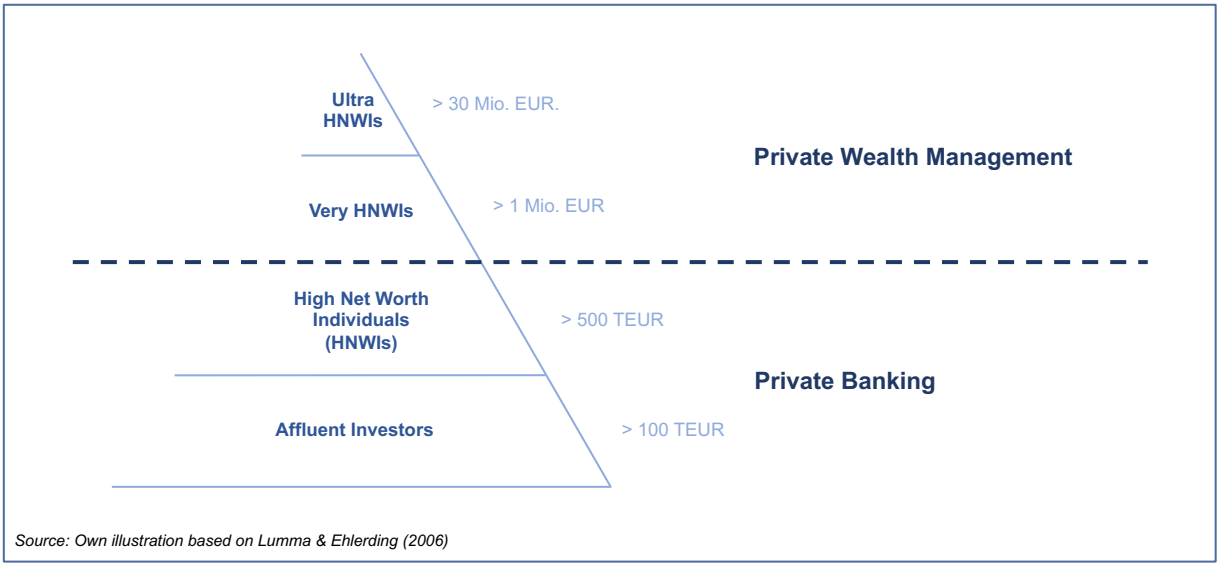

Figure 1: Segmentation of Wealthy Customers

Accordingly, the market is divided into two fields. From EUR 100,000 in liquid assets, customers are assigned to Private Banking, while the Private Wealth Management segment serves clients with more than EUR 1 million. Within these two segments, further distinctions are made for specialised customer approaches.

The Private Banking segment offers excellent appeal, as banks can achieve high profitability. Physical sales allow high margins because customers are often less price-sensitive, which is why suppliers compete less on price (Maude, 2006). In addition, good market performance favours high profits for banks (Azad et al., 2022). In Germany, the Private Banking market was growing at assets under management rate of around 12% per year between 2015 and 2019. However, it is notable that the earnings of Private Banking players show meagre growth rates (Sarnitz et al., 2021).

In general, Private Banking customers have more complex asset structures and amplified individual banking needs. Hence, the service business is driven by close customer contact. In this context, the literature classifies the Private Banking business as an industry with high importance of customer relationship management, affecting customer loyalty (Lovelock, 1996).

By reason of the specifics in the Private Banking business described above, the segment is particularly challenged by recent banking disruptions (see Chapter 2.2). In addition, its high dependence on market performance reinforces the severe challenges that Private Banking providers face.

In the scope of this thesis, investigations on classic Private Banking customers are intensely focused on individuals owning liquid assets from EUR 100,000.

2.1.2 High Earners, Not Rich Yet (HENRYs)

In addition to the classic target groups of the Private Banking segment described above, which differentiate solely between assets, banks are increasingly aiming to appeal to high-income people. Still, these individuals have little wealth.

This attractive client segment may be called HENRYs, an acronym for High Earners, Not Rich Yet (Corporate Finance Institute, 2022). First used in 2003 by Shawn Tully in a Fortune article about a tax that was perceived as being unfavourable against high earners, the expression has since been used to describe a particular group of individuals (Kindness, 2022; Tully et al., 2003).

There is no scientifically defined clarification of the term in the literature. The Corporate Finance Institute describes HENRYs as primary people of the younger demographic who show the following characteristics (Corporate Finance Institute, 2022):

1. Feeling or believing that having little or no wealth
2. Earning a greater-than-average yearly income
3. Low or non-existent savings

Despite their lack of assets, these individuals will likely be tomorrow's Private Banking clients. Reasons are due to the fact that most of this group work hard, gain economic power and consequently have enormous wealth potential. Hence, it becomes essential for banks to take a long-term approach and build up or maintain a connection with them already (Sardana, 2018).

When targeting HENRYs, the generational difference factor plays a significant role. There is often an age discrepancy with traditional Private Banking customers, which may imply different customer needs and expectations (Sardana, 2018). So far, strategies of Private Banking have been predominantly tailored to the needs of older customers, while expectations of future attractive customers have been somewhat neglected. Therefore, market experts argue that banks should consider the underserved HENRY market, especially considering recent market challenges. By taking HENRYs' specific needs into account, banks may be able to optimise the possibilities of addressing this group already at an early stage (Corporate Finance Institute, 2022; Jeff, 2018; Kindness, 2022).

For the purposes of the thesis, HENRYs are classified as having a yearly gross income of EUR 70,000 or more, regardless of their liquid assets.

2.2 Disruptions in Banking

Firms and institutions which allow financial transactions to business and private customers by following a regulatory and legal framework characterise the financial sector. With this in mind, the sector is divided into numerous industries such as banks, insurance companies or investment firms (Kenton, 2021).

While the financial industry belongs to one of the oldest industries, this does not mean that the industry is not affected by instability (Graeber, 2011). Financial crises, with their far-reaching consequences, most recently in 2008, underline how important a healthy financial industry is for economic stability and growth (T. Beck et al., 2000). Each crisis changed the industry through regulation, new technology and evolving customer behaviour (Anagnostopoulos, 2018). In this context, the innovators' dilemma described by Christensen (1997) applies. It demonstrates the tendency that incumbents focus on their core products and core customers to secure sales, while new competitors develop radical disruptive alternatives with long-term potential to threaten incumbents' business (Christensen, 1997). Considering these, the banking industry has been undergoing a massive transformation, with its market players struggling with several serious problems. Additionally, the fact that the world's largest banks by assets originated in the United States and Europe a decade ago, while the most prominent players are now based in Asia, underlines the dynamic market environment (Rauh et al., 2020; Vives, 2019).

To better understand the drivers of the paradigm shift in banking, this subchapter starts by describing new technologies shaping the financial industry. Subsequently, changing consumer behaviours are presented. Finally, the research focuses on the new competitors that caused a highly competitive market environment.

2.2.1 New Technologies

It is evident that the digital age is also having an impact on traditional banks. Rapid technological developments and innovations have digitised the financial industry and changed the business, initially shaped by humans, into an algorithm-based service. Since technological developments are occurring exponentially and are irreversible, they disrupt the way customers

are served and corporate in-house processes are run (Diemers, 2018). Research shows that most banks attempt to set themselves apart through technology (Ryll et al., 2020). In doing so, investments in IT are generally driven by the pressure to increase profitability and beat the competition (Xin & Choudhary, 2019).

Figure 2 gives an overview of the key technologies that are changing the business environment of the financial industry (Kottolli, 2018).

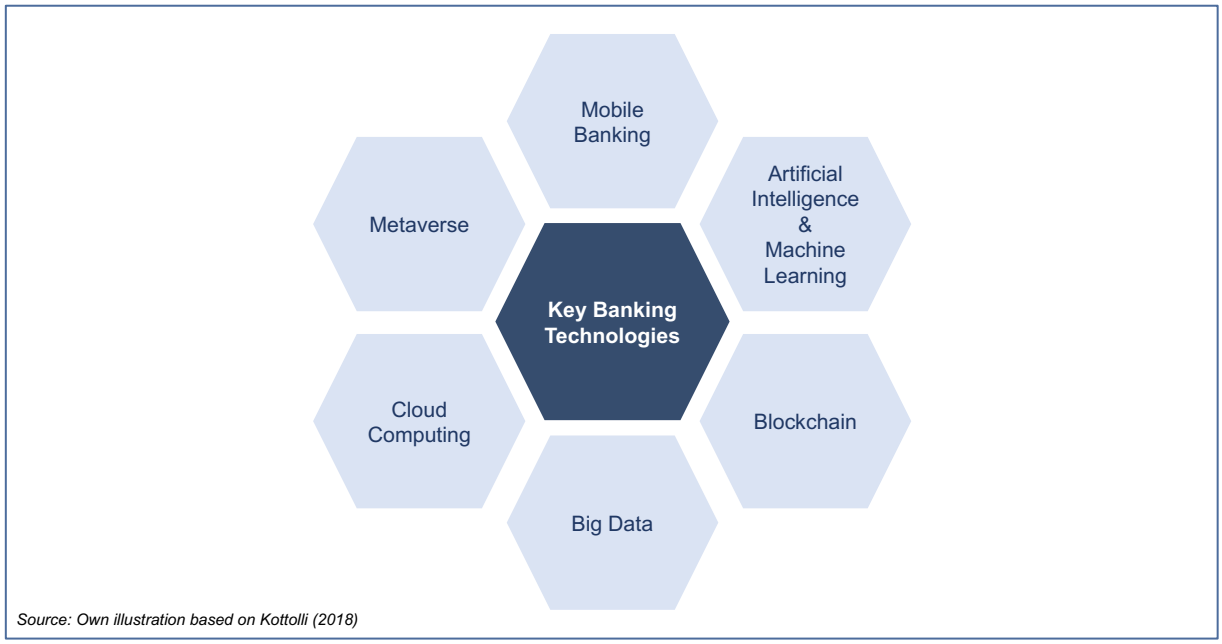

Figure 2: Key Banking Technologies

Mobile Banking

Mobile Banking is a successor to SMS banking which European banks first introduced in the 1990s. It enables the processing of banking services via applications from mobile devices. A variety of financial and non-financial services are offered through this channel. These include, for instance, money transfers, stock sells, balance enquiries or PIN changes (Liu et al., 2009; Shaikh & Karjaluoto, 2015). Due to the increasing use of smartphones and the COVID-19 pandemic, customers have quickly adapted to this way of banking and benefit from the easy, fast and contactless as well as time- and location-independent services (Johnston et al., 2010; Kang et al., 2022). Many banks leverage this innovative communication channel to reach and retain their customers while cutting operational costs and benefiting from improved security through user authentication (Johnston et al., 2010). Chatbots, cardless ATM transactions, and voice payments are currently leading mobile trends in offering customers a convenient service and pose a driver for further business growth (ISHIR, 2022).

Artificial Intelligence and Machine Learning

Artificial Intelligence (AI) is a field of computer science that aims to reduce human input and offer improved performance. It uses machine learning to train systems to think and act like humans (Beetz et al., 2007). Technology based on AI is becoming more and more prevalent in our world. In the financial industry, AI helps to make banking services easy and efficient both in the front and back offices, mainly focusing on risk management, fraud prevention and customer experiences. In the field of investment management, robo-advisory composes an increasingly relevant example of an AI use case. These online platforms aim to consider clients' financial situations and risk tolerances to propose a portfolio implemented through passive investments. They convince with superior solutions in terms of cost efficiency, accessibility and the avoidance of emotional investment decisions and pose a long-term threat to replace human advisors (Betterment, 2022; Phoon & Koh, 2017; Shanmuganathan, 2020; Uhl & Rohner, 2018). By interacting with and serving clients in radically new ways through intelligent solutions and highly personalised offers, leveraging these technologies gives banks immense capabilities for cutting costs and increasing revenue (Brecht et al., 2022; Carson et al., 2021; Ryll et al., 2020).

Blockchain

Blockchain technology, also known as distributed ledger technology, enables the transmission of tamper-proof data using a decentralised database which many participants share. This secure, always up-to-date ledger allows the advancement of digitisation and automation as well as the streamlining of processes. By using the blockchain, financial institutions can increase efficiencies and significantly reduce costs, especially in the back office (R. Beck & Müller-Bloch, 2017; Bulling, 2021). Beyond that, this disruptive technology creates new digital assets and investment models. For instance, the established Bitcoin, founded in 2009, uses the blockchain as its technological backbone. Additionally, digital investments in artworks (non-fungible tokens) represent a new form of investment feasible by the blockchain. Blockchain technology also offers so-called non-bankable assets. Thereby, liquid markets for illiquid asset classes are created, where investors benefit from low barriers to entry. Without many technical hurdles or security concerns, this approach can increase customer loyalty and attract new customer groups, leading to new sources of income (Rajnak & Puschmann, 2021). On the contrary, with the help of so-called Smart Contracts, the conventional centralisation of the financial economy can be counteracted. Smart Contracts store transaction data and rules in the

distributed ledger. Consequently, investors interact directly with each other, replacing the intermediary, which poses significant challenges for traditional banks. The literature agrees that blockchain developments will undoubtedly shape traditional financial services structures (Bulling, 2021).

Big Data

Big data is the term for an expanding amount of structured and unstructured customer information in various formats. These vast amounts of data are stored, processed and analysed by companies using particular solutions. The collected data allows companies to create personal profiles that provide insights into existing and potential customers regarding their behaviour, interest and risk (Bendel, 2021). Banks can use this data to get a 360-degree view of their customers and accordingly precisely offer services and advice customers need at that moment (Al-Ajlouni & Al-Hakim, 2018). They commonly take advantage of the valuable insights from big data in risk assessment, cyber security, fraud prevention, profiling customers and feedback management. However, there are still challenges. Banks must ensure the safety of the data collected, as it is very extensive. Furthermore, managing this large amount of data effectively is not easy. The aspect of data protection and personal rights is also questionable in this context, and stricter regulations in future cannot be ruled out. Since most customers are willing to release their data, big data offers enormous potential for banks to manage several more areas in a fruitful way (Mathur, 2022; Ostapchenya, 2021).

Cloud

Cloud computing is another key technology in digitisation whereby IT resources such as servers, data or applications are stored flexibly on demand via the internet or intranet. By applying cloud technology, IT resources are no longer operated in the company's own data centres. Hence, companies benefit from reducing costs and complexity as well as developing future-proof and flexible IT systems (Fehling & Leymann, 2018). In the financial sector, cloud solutions are replacing more and more traditional IT infrastructure. They allow banks efficiency gains by synchronising their enterprise through the avoidance of operational and data silos. Market experts predict that with the increasing use of emerging technologies, the importance of cloud computing for banks will grow (Tang, 2019; Wagner & Vages, 2014).

Metaverse

The metaverse is a virtual ecosystem allowing users to move around with the help of avatars. It is about a three-dimensional environment that enables seemingly real user interaction and changes the way of interacting (Bendel, 2022; Dionisio et al., 2013). In terms of business, the metaverse as a digital alternative to the physical world has the long-term potential to revolutionise communication between customers, employees and partners. Possible applications of this virtual reality for banks range from marketing and customer support to employee education. The formats can be used to improve the customer experience or to promote new products around digital assets. This area is still in its infancy, but it could be the future of commerce and revolutionise the financial industry (Abbott, 2022; Schmeing et al., 2022).

The key technologies already shaping the financial industry demonstrate that the sector is undergoing a massive transformation in its operating business and will further be shaped by technologies in the future. Thus, it is questionable how banks react to these developments and how they define tomorrow's banking.

2.2.2 Evolving Customer Behaviours

In addition to new technologies, research shows that financial institutions face significant changes in customer behaviour, leading to considerable influence on traditional banking operations (Lardi, 2018).

In recent years, the digital age has predominantly contributed to the transformation of society as a whole. Today's meritocracy is generally characterised by informatisation and computerisation. In this regard, people are increasingly connected 24 hours a day in a fast-paced world (Lardi, 2018; Macedo, 2018; Moşteanu et al., 2020).

For financial institutions, this development implies that customers evolve new demands for banking services. In the wake of widespread familiarity and use of digital technologies, customers generally expect financial institutions to have a well-developed, user-friendly digital infrastructure with superior interfaces. Due to the rush in digital, traditional banking elements, such as physical branches and personal bank advisors, are becoming increasingly insignificant for consumers (Lardi, 2018; Vives, 2019).

Given the generational shift and its related wealth transfer, banks need to consider different generations' needs to attract existing and future clients. The baby boomer generation, primarily

targeted by traditional in-person experiences, is starting to reach retirement age (Guillot, 2021; Shams et al., 2020). For this reason, millennials and younger generations are becoming the critical target group for banks, as they will be the innovators and leaders of tomorrow (Shetty, 2020). Research shows that at the core, all generations have similar expectations towards banks – security in their funds, competitive pricing, transparency and access. However, value proposition and delivery channel differ across generations. Each generation may have its particular characteristics (Sorrentino, 2022). Thereby, technology-affinity presents the main difference. Younger generations, as a very educated and diverse group, are highly mobile-centric (Brodmann et al., 2018). They adapt quickly to new technologies, value speed and expect digital banking offers based on convenience and personalisation (Courbe & Evoy, n.d.; Shetty, 2020). Older generations are making progress using digital offerings but are more concerned about fraud and trust. For them, the priority in digital offerings is user-friendliness (Guillot, 2021; Shams et al., 2020).

The COVID-19 pandemic poses a further driver of reshaping consumer banking behaviour. Consumers had no option other than digital bank offerings, which led to a sudden increase in digital channel adoption (Mcintyre et al., 2020). Moreover, the pandemic was a financial shock for many. Surveys show that 26% are now willing to take action to prepare for such sudden events, and banking services play a significant role in this context. Responsible banking is another trend that the pandemic has accelerated. More than half of consumers pay attention to environmental and social responsibility in their actions regarding banking and investing (Meekings, 2020).

When talking about responsible banking, the financial sector has an immense impact on environmental damage and social issues (Marous, 2020; Shair et al., 2021). In regard to customers' behaviours, about 44% of European banking customers consider environmental and social issues as important factors in choosing a financial institution. Thereby, customers between the ages of 18-24 take it particularly important. Only 10% do not place value on ESG concerns in the banking context, but in the future, it can be assumed that its importance will grow (Kent et al., 2021).

Recent studies have indicated that the former conventional strong relationship between customer and bank advisor based on trust is increasingly fading into the background (Pousttchi & Dehnert, 2018). With consumers adapting to new technologies, generational differences,

ESG importance and the impact of the pandemic, traditional banks struggle to close the growing gap between their services and customers' expectations (Lardi, 2018).

2.2.3 Emerging Agile Competitors

In the course of ongoing technological developments, the competitive environment of traditional banks has undergone immense changes. As indicated in Figure 3, the market penetration by both FinTechs and BigTechs poses challenges for incumbent banks and significantly stirs up the market environment, thereby affecting the future of banking (Menrad, 2020; Stulz, 2019).

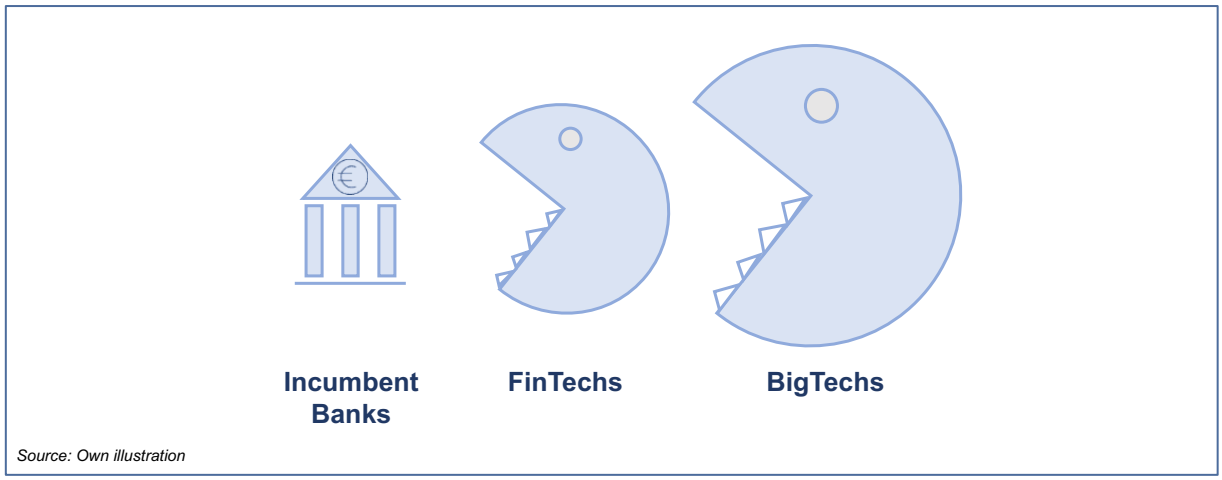

Figure 3: Emerging Agile Competitors

Several definitions of FinTechs can be found in the literature. According to Schueffel (2016), FinTechs are defined as follows: “Fintech is a new financial industry that applies technology to improve financial activities” (p. 32).

The FinTech business model differs from traditional banking (Borgogno & Colangelo, 2020). Mostly, young companies led by ambitious entrepreneurs use digital technologies and big data to mix up the market with new products and practices (Macedo, 2018; Stulz, 2019). In doing so, it is notable that FinTechs offer banking services in a specialised field (Stulz, 2019). Considering the German market in 2019, FinTechs managed EUR 35.4 billion in assets, representing a compound annual growth rate of 264.9% within six years. These impactful numbers relate to neobanks and deposit brokers and do not include robo-advisory. Assets under management in robo-advisory amounted to EUR 5.3 billion in 2019, with a higher six-year average growth rate, indeed 318.5% (Dorfleitner et al., 2020).

FinTechs pose a potential threat to traditional banks because of their inherent characteristics. Against the backdrop of more lenient regulatory requirements compared to large banks, they are primarily a part of a flexible organisation that acts fast and courageously. Furthermore, the point that they are built from scratch gives them the advantage of not being tied to pre-existing legacy IT (Stulz, 2019). So, their innovative financial services are often characterised by low cost and ease of use in applications, providing customers with superior experiences (Dorfleitner et al., 2016). In spite of the fact that FinTechs present a potential threat to incumbent banks in specific areas, research shows that many FinTechs intend to work alongside traditional banks (Borgogno & Colangelo, 2020; Nienaber, 2016; Stulz, 2019).

As seen in Figure 3, the growing interest in a partnership between incumbents and FinTechs is mainly driven by the market penetration of BigTechs. BigTech refers to the largest and most powerful technology companies, particularly the American companies Amazon, Google, Apple and Uber. These powerful brands own successful digital platforms in their respective industries and leverage immense amounts of valuable data using analytical skills and the most advanced technologies (Harasim, 2021; Oung, 2019). Due to their huge amounts of customer data, they can easily understand the trends in supply and demand and target tailored advertising and products. Another significant advantage they enjoy is their vast international customer base and good reputation (Mărăcine et al., 2020; Stulz, 2019).

Unlike the emphasis on the specialisation of FinTech businesses, BigTechs compete with banks through their products and services across all customer-oriented activities. In addition to their size, established networks, technical know-how and up-to-date systems, they are not dependent on the cooperation of incumbents. Hence, they confront incumbents and FinTechs with a significant threat due to their unique advantages (Borgogno & Colangelo, 2020; Stulz, 2019).

Given these recent developments, the traditional banking business is threatened by agile and innovative FinTechs. Still, more importantly, there is a risk of both incumbents and FinTechs, being destroyed by the aggressive strategy of BigTechs entering the finance market (Dietz, 2021).

2.3 Personality Domains

One objective of this thesis is to investigate the influence of personality traits of Private Banking target groups on banking aspects. Therefore, this chapter deals with the literature on personality domains as these forms the basis of the tested hypotheses.

The APA (2022) defines personality as follows: "Personality refers to the enduring characteristics and behavior that comprise a person's unique adjustment to life, including major traits, interests, drives, values, self-concept, abilities, and emotional patterns" (p. 1). Considering that personality has an impact on behaviour, a corresponding differentiation of banking behaviour could provide exciting insights (APA, 2022).

In personality psychology, one well-known theory composes the Big Five personality traits. This framework includes five broad areas of personality, each containing bipolar traits. It is not developed by a single psychologist. Instead, the personality research of several psychologists contributed to the evolution of this widely used model (Goldberg, 1992). Even though it is not accepted universally, most researchers agree that the Big Five personality domains can classify human personality (Block, 1995; John & Srivastava, 1999). According to Gosling et al. (2003), its brief 5-item measure is appropriate when research conditions require the use of a short measure. Thus, this measure has been used in the context of this work.

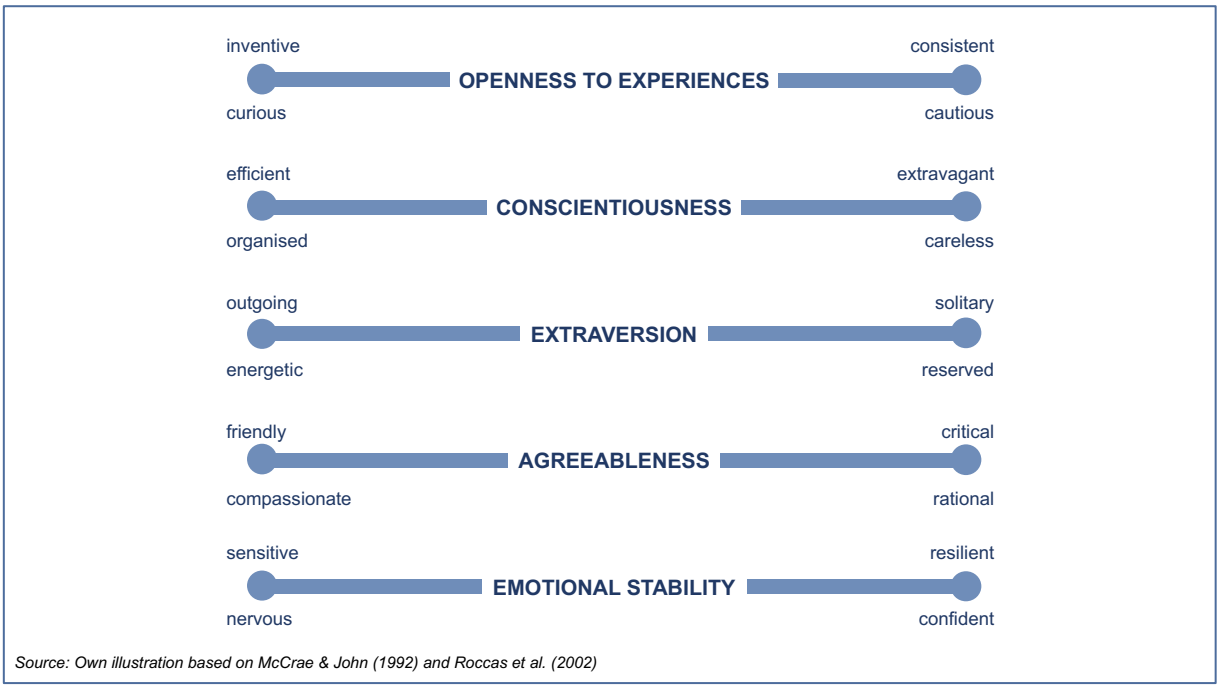

Figure 4: Big Five Personality Domains

Figure 4 illustrates the Big Five personality domains with their respective polarities (McCrae & John, 1992; Roccas et al., 2002). For instance, in the area of openness to experiences, the two opposite extremes comprise inventive/curious and consistent/cautious. When mentioning personality traits in the context of this study, reference is made to this described model.

3 Methodology

This chapter about the study's methodology describes the underlying research approach. Besides the first part about the research strategy, the second part is dedicated to the data collection process.

3.1 Research Strategy

In light of the existing literature, it needs to have more research on clients' expectations, needs and preferences in the financial area of Private Banking, where differentiation is made according to certain specifics of client groups. For instance, it is not known from the literature what influence particular personality traits have on this issue. There is much literature on possible responses for banks facing the current challenging market environment. However, there is little research on the specific segment of Private Banking, especially on the distinction between its existing customers and potential future customers. In this regard, the overall aim of this study is to answer the following research questions. These questions, explorative nature, relate to the DACH region:

Research Question 1:

What are the observed behaviours, needs and expectations of Private Banking clients and potential future Private Banking clients (HENRYs)?

Research Question 2:

What existing and potential fields should the Private Banking area leverage to generate added value for their targeted customers?

Research Question 3:

What risks and challenges are associated with implementing new approaches?

Considering these research questions and the current state of the literature, a quantitative approach was chosen. Quantitative research uses numerical data to promote generalisable and objective findings, whereas a qualitative approach focuses on interpretations and perceptions based on words (Bryman, 2012; Guo, 2013). With conducting interviews as a qualitative approach, the risk of biased results grounded on the sole perception of the interviewee is high

(Frey, 2018). In contrast, quantitative research enables statistical calculations from comparable larger samples. Therefore, a quantitative method was considered the most appropriate to find relations and explanations for answering this thesis's underlying research questions (Justesen & Mik-Meyer, 2012). In addition to quantitative findings, a literature review was complementary used to tackle research questions 2 and 3, providing an understanding of current market circumstances.

Consistent with the quantitative research strategy, a deductive approach was used. In deductive studies, hypotheses rely on findings from the existing literature. These hypotheses are empirically examined, and by confirming or rejecting them, they grant insights into operational terms (Bryman, 2012). To close the research gap, hypotheses were solely based on the personality domain topic.

3.2 Data Collection

In line with van Selm & Jankowski (2006), an online survey was chosen to derive primary data. Due to the sensitive topic of wealth, which relates to the nature of Private Banking, online surveys' advantages of anonymity and control of the sampling population made this approach a suitable data collection method for the purpose of this work. Moreover, convenience in usage, low administration fees and good accessibility are further benefits contributing to the choice of an online survey (Evans & Mathur, 2005).

This subchapter starts by describing the conducted survey with its sample population. Once the sample characteristics are illustrated, the chapter continues with a description of undertaken analysis methods used to derive insights from the data.

3.2.1 Survey

The objective of this survey lies in investigating target groups' behavioural patterns, needs and expectations relating to the Private Banking business. Through the possibility of differentiation against demographic, behavioural and personality backgrounds, along with existing literature, the results intended to answer the research questions and test the hypotheses on personality traits.

With the survey's aim to reach people in the DACH region who are relevant to Private Banking, the addressees consist of already existing Private Banking customers and HENRYs. Following (Etikan, 2016), the purposive sampling method was applied since only people with particular

characteristics regarding wealth and income were addressed to fit the problem statement. As previously mentioned, the conditions for this classification are liquid assets of at least EUR 100,000 or an annual gross income of at least EUR 70,000.

In October 2022, the survey, which was run via Google Forms, was emailed to accordingly relevant people from the author's professional and private networks. Because of the difficulty in reaching the appropriate group of wealthy or high-income earners, who only make up a small part of the population, the author directed the survey to a large extent at employees of the consulting firm zeb, as they represent a suitable target group due to – according to the nature of consulting industry – their high salaries.

The questionnaire (see Appendix, Chapter A) consisted of 13 single-choice questions and 12 questions measured on a 5-point Likert scale from 1 (strongly disagree) to 5 (definitely agree). Besides demographic and personality questions, it was asked about salary and liquid assets to check the target group condition and distinguish between existing and potential future clients in the aftermath. However, emphasis was placed on presented statements relating to Private Banking attributes, which the respondents should rate.

The survey generated 116 responses.

3.2.2 Method of Analysis

Once the responses were generated, 13 of 116 respondents did not fulfil the Private Banking target group requirement and were excluded from any investigation. Accordingly, the underlying data basis amounts to 103 responses.

With the help of Microsoft Excel and IBM RStudio, first, descriptive statistics were performed to summarise data and get an overview of distributions of characteristics. Second, by inferential statistics, conclusions and predictions could be drawn. Taking the literature's controversy about the treatment of Likert scale data into account, the author considered this kind of data type as interval scaled to run parametric statistics (Norman, 2010).

To be more specific, two descriptive analyses were performed to indicate the variation of opinions. Bar plots, which visualise distributions of the statements' agreement levels and the skewness, provided insights into the homogeneity and heterogeneity of opinion pictures. For the purpose of giving a quantitative point of reference regarding central tendency, the arithmetic mean was computed, in which the five possible questionnaire answer options were assigned a

score. This score ranges from -1 (strongly disagree), -0.5 (rather disagree), 0 (no opinion), 0.5 (rather agree), to 1 (definitely agree), whereby the option “no opinion” was considered as a middle position in order not to avoid the study sample.

Regarding inferential statistics, statements with diverging opinions were objected to further investigations via multiple linear regression. In doing so, the goal was to find significant independent variables about respondents' demographic, behaviour or personality circumstances that impact the Private Banking business. A description of the used variables is obtained in the Appendix, Chapter C and D. As a second component, five hypotheses in context with personality domains were tested.

Within the framework of the analyses, the author focused on the survey's most incisive survey results to avoid exceeding the scope. The author recommends exploring further findings, which are provided in the Appendix, Chapter E.

4 Analysis

After laying out the methodology, the following chapter presents particular survey results about customer behaviour, needs and expectations applying to the Private Banking segment. Subchapter 4.1 commences by illustrating aspects that broadly apply to all targeted individuals. In contrast, part 4.2 outlines cases with divided opinions. These mixed opinions are investigated by hypothesis testing with a focus on the differentiation of the influence of certain personality traits. Apart from this, further significant parameters are examined. To conclude, chapter 4.3 summarises the findings.

4.1 Consistent Customer Needs

The following subchapters present results about opinions regarding the Private Banking business that almost do not vary across a broad spectrum. Ordered by decreasing degree of consistency, descriptive statistics are used to address digital infrastructure, price sensitivity and the role of the bank advisor regarding accessibility and relationship.

4.1.1 Digital Infrastructure

When asked whether respondents feel comfortable using digital banking offerings, such as online banking, mobile banking or virtual advising, the result is without controversy.

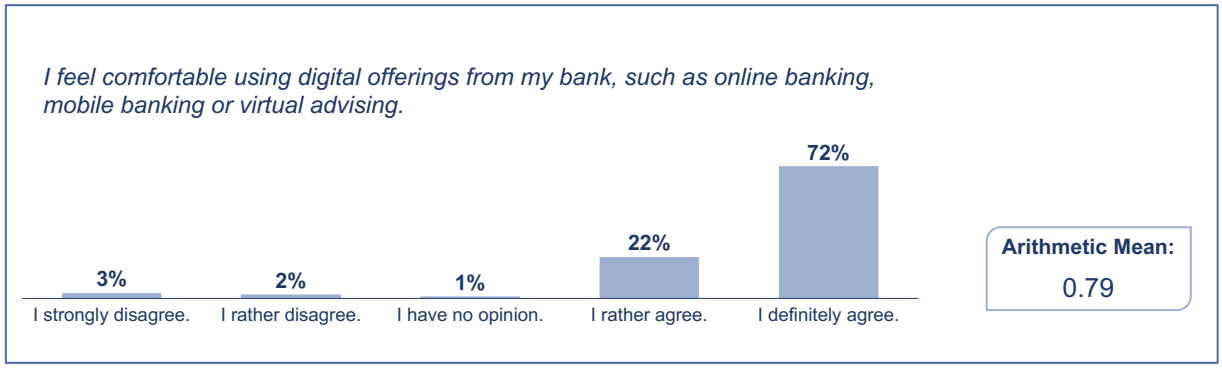

Figure 5: Distribution: Digital Banking Offerings

Figure 5 shows the percentual distributions of the questionnaires' answers. The clear majority of 94% agree with feeling comfortable using digital banking infrastructure. Thereby, as many as 72% even say they definitely agree. Only 3% strongly disagree, and 2% rather disagree with the presented statement. 1% of respondents have no opinion on this topic, contributing to an unbiased representation.

Looking at the mean value of 0.79, it is close to 1 and accordingly also illustrates a uniformity of opinion.

4.1.2 Price Sensitivity

The survey question about the intensity of customers' price sensitivity also shows a relatively consistent view.

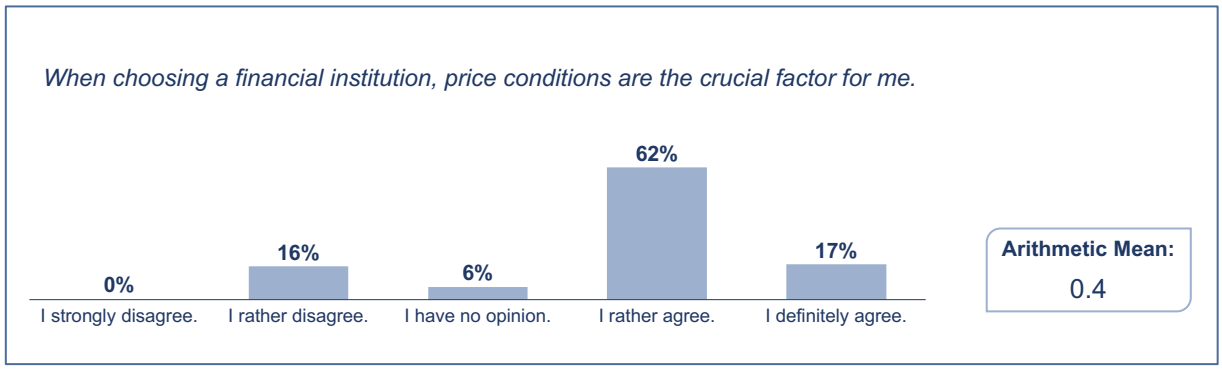

Figure 6: Distribution: Price Conditions

Figure 6 depicts the price sensitivity of Private Banking clients and HENRYs. It becomes clear that a good portion of 77% agree with the statement that price conditions are crucial when choosing a financial institution. In doing so, most respondents state “rather agree” and almost a fifth state “definitely agree”. Moreover, it is notable that no one strongly disagrees with the presenting statement. In contrast, nearly a fifth rather disagree, and 6% have no opinion.

The almost uniform overall picture of cost conscientiousness is also demonstrated by the comparatively high mean value of 0.4.

4.1.3 Role of the Bank Advisor regarding Accessibility and Relationship

To get an impression of how highly Private Banking customers put emphasis on their human bank advisors, two survey questions about accessibility and relationship are addressed.

More precisely, one survey question aims to examine the relevance of bank advisors’ accessibility given well-developed digital infrastructure of the bank. In this context, a tendency is to recognise.

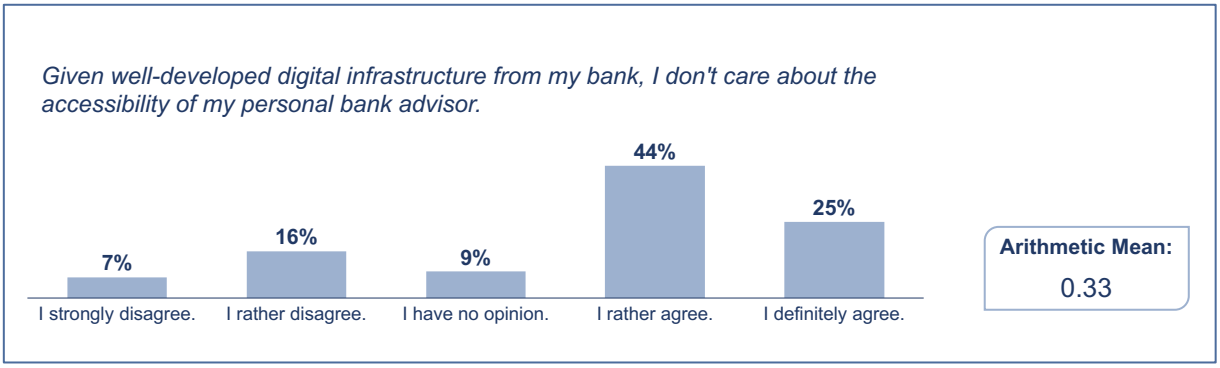

Figure 7: Distribution: Accessibility of Bank Advisor

As highlighted in the bar chart (see Figure 7), the majority (69%) do not emphasise the accessibility of their bank advisors, provided that they can use digital banking infrastructure. In contrast, with 7% accounting for "strongly disagree" and 16% for "rather disagree", only a tiny proportion of Private Banking targeted customers value the accessibility despite digital offerings. On this issue, 9% have no opinion.

Likewise, an inference can be drawn from the positive mean of 0.33. So, given digital offerings, bank advisors' accessibility is generally not crucial for existing or future Private Banking clients.

Apart from that, the participants were asked a simple and general question – the perceived importance of a close relationship with their bank advisors.

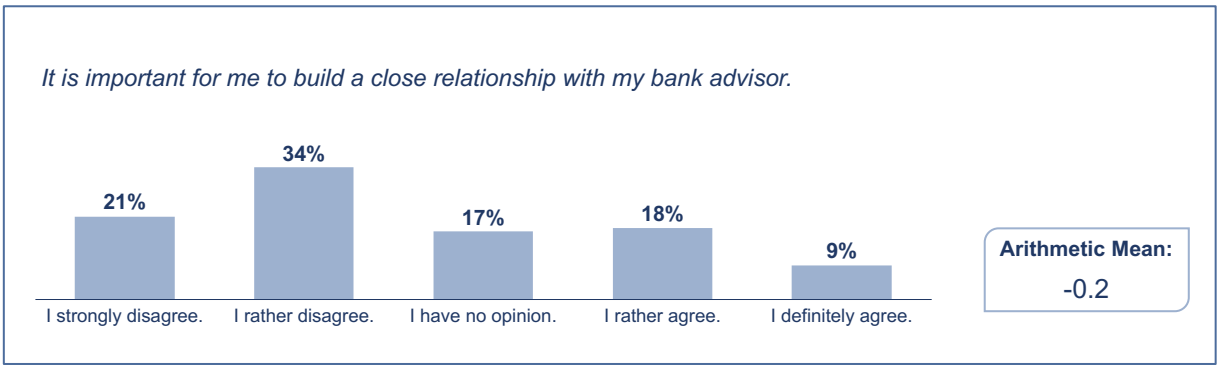

Figure 8: Distribution: Relationship with Bank Advisor

When looking at Figure 8, it is essential to keep in mind that almost one-fifth have no opinion on the presented statement, and none of the answer options shows a clearly strong expression. However, the chart shows a tendency that a close relationship with the bank advisor is only relevant for some. Slightly more than half state the unimportance of a close relationship, whereby the answer option "rather disagree" takes the highest value. Only 9% of Private

Banking customers and HENRYs definitely agree with taking a close relationship with their human bank advisors as necessary.

The negative arithmetic mean of -0.2 illustrates a tendency to the unimportance of a close relationship between customers and advisors. Nevertheless, the fact that 0.2 is somewhat far from -1 and thus does not imply undisputed opinions should be considered.

4.2 Varying Customer Needs

Whereas the previous chapter presents almost consistent needs and expectations of the Private Banking target group, this section examines varying opinions.

As part of the analysis, each subchapter starts by showing distribution diagrams and arithmetic means to give an overview of the mixed opinion pictures. Afterwards, the main focus is on testing hypotheses to provide information about the banking preferences of specific subgroups of respondents. The hypotheses deal with the influence of customers' personality traits. In addition to personality traits, other determinants that may influence the dependent variables were identified in the regression analyses and became subjects. The subchapters are ordered by an increasing degree of consistency.

4.2.1 ESG-compliant Investments

When dealing with the currently very present ESG topic, the survey derived a heterogenous opinion picture. Accordingly, a deep dive into the corresponding priorities of particular customer groups is worthwhile here.

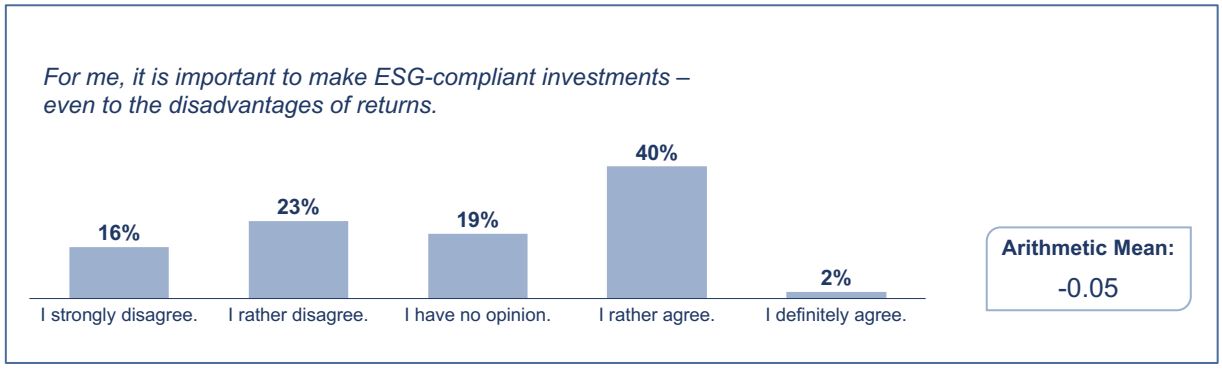

Figure 9: Distribution: ESG-compliant Investments

Although Figure 9 does not show a balanced distribution to all response options, since only 2% definitely agree with the statement, the share of "disagree" and "agree" is almost equal. Also,

the fact that the mean value is tangent to zero indicates that further investigations should be undertaken.

With the purpose of considering the influence of personality traits, the author suggests the following hypothesis, referring to the personality domain of conscientiousness with its opposite expressions in efficient/organised and extravagant/careless.

Hypothesis 1: The more distinctive people's personality trait towards "Extravagant" is, the less likely people care about ESG-compliant investments to the disadvantages of returns.

	Dependent variable:
	ESG
Age	-0.418***
	(0.092)
GenderMale	0.091
	(0.150)
Customer_TypePB	0.074
	(0.116)
Financial_Interest	-0.013
	(0.124)
Financial_Knowledge	0.145
	(0.108)
Time	0.414***
	(0.084)
Consistent	-0.039
	(0.066)
Extravagant	-0.061
	(0.072)
Solitary	-0.115*
	(0.067)
Critical	0.032
	(0.062)
Resilient	-0.079
	(0.069)
Constant	2.879***
	(0.759)
Observations	103
R2	0.789
Adjusted R2	0.764
Residual Std. Error	0.561 (df = 91)
F Statistic	31.025*** (df = 11; 91)
Note:	*p<0.1; **p<0.05; ***p<0.01

Source: RStudio based on data collected in the survey (see Appendix, Chapter A)

Table 1: Regression Analysis: ESG

To verify this hypothesis, a multiple regression was performed (see Table 1). Complying with careful computation and observation, the results can be interpreted as the following:

According to an adjusted R-squared of 0.764, all independent variables explain 76.4% of the variation in the tendency to ESG-compliant investments around its mean. Controlling for other independent variables determined through the survey, the "Extravagant"-coefficient of -0.061 indicates that an increase of one level in personality traits towards "Extravagant" on a scale from 1-5 decreases on average the importance of ESG-compliant investments by 0.061 levels

on a scale from 1-5, ceteris paribus. However, this estimation is not statistically significant. Therefore, there can be no inference and hypothesis 1 is rejected.

Apart from this, a further look at the multiple regression shows that three other characteristics of Private Banking target groups, "Age", "Time", and "Solitary", could provide insight into the propensity to ESG-compliant investments, even to the disadvantage of returns.

The "Age"-coefficient of -0.418 tells that, on average, for one age class older, the importance of ESG-compliant investments decreases by 0.418 levels, holding all the other variables constant. At a significance level of 1%, this estimation is significant.

Another inference the model provides is the impact of customers' time dealing with their financial concerns. Thereby, at a significance level of 1%, an increase of one level of "Time" increases, on average, the impact of ESG importance by 0.414 levels, ceteris paribus.

Returning to the influence of personality traits, the model reveals insights regarding the domain of extraversion. The "Solitary"-coefficient of -0.115 indicates that an increase of one level in personality traits towards "Solitary" decreases, on average, the importance of ESG-compliant investments by 0.115 levels, ceteris paribus. This estimation is statistically significant on a 10% level.

4.2.2 Beyond Banking

Within the scope of this thesis, Beyond Banking refers to the provision of services unrelated to ordinary banking. Among these, survey results about both Platform Banking and the organisation of exclusive customer events are examined.

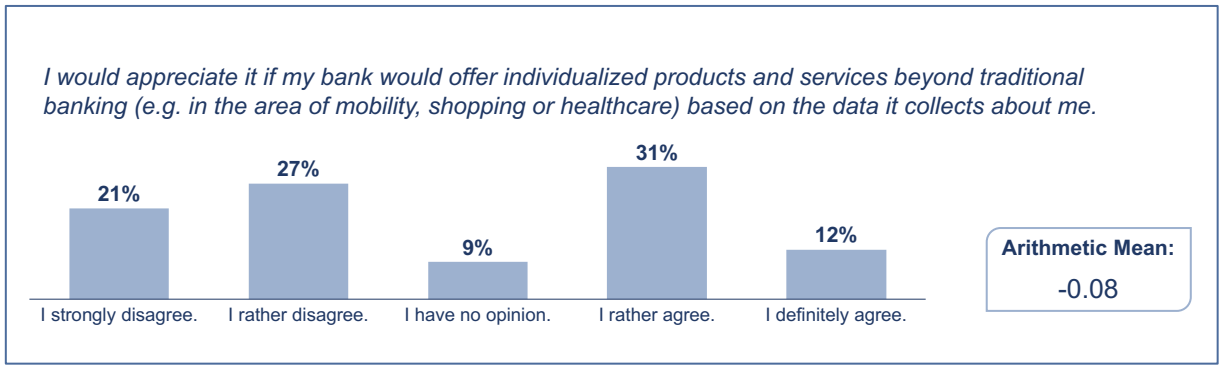

Figure 10: Distribution: Platform Banking

Considering Platform Banking, meaning individualised offerings beyond banking, Figure 10 illustrates a controversial opinion picture. The mean of -0.08 almost tangents the zero and supports that no uniformity can be derived.

With a view to the Big Five personality domains, the hypothesis discussed in this subchapter deals with the personality domain of conscientiousness. In this context, contrasting characteristics are efficient/organised and extravagant/careless. The background to the following hypothesis is the assumption that extravagant people care less about sharing their data.

Hypothesis 2: The more distinctive people's personality trait towards "Extravagant" is, the more people appreciate Platform Banking offerings based on collected customer data.

	Dependent variable:
	Platform
Age	-0.420***
	(0.115)
GenderMale	-0.305
	(0.321)
Customer_TypePB	-0.126
	(0.247)
Financial_Interest	-0.029
	(0.257)
Financial_Knowledge	-0.206
	(0.230)
Time	0.412***
	(0.141)
Consistent	-0.111
	(0.141)
Extravagant	0.050
	(0.155)
Solitary	-0.147
	(0.142)
Critical	-0.075
	(0.132)
Resilient	-0.191
	(0.151)
Constant	5.572***
	(1.081)
Observations	103
R2	0.327
Adjusted R2	0.246
Residual Std. Error	1.196 (df = 91)
F Statistic	4.025*** (df = 11; 91)
Note:	*p<0.1; **p<0.05; ***p<0.01

Source: RStudio based on data collected in the survey (see Appendix, Chapter A)

Table 2: Regression Analysis: Platform Banking

Table 2 shows that the multiple regression illustrates no significant inference approving the presenting hypothesis. Though, when holding all other variables constant, the positive "Extravagant"-coefficient of 0.05 indicates a positive interrelation, it is minimal, and the estimation is statistically insignificant. Moreover, it is notable that the adjusted R-square

accounts for 0.246, meaning that the providing information about the explanatory value of this model is relatively low. Consequently, hypothesis 2, stating that the more distinctive people's personality trait towards "Extravagant" is, the more people appreciate Platform Banking offerings, is rejected.

Looking at all independent variables in the model, it is noteworthy that the variables "Age" and "Time" appear to influence the appreciation of unrelated banking offers. In this regard, the relationship can be interpreted as follows:

The "Age"-coefficient of -0.420 explains that, on average, for one age class older, the likelihood to welcome unrelated banking offerings decreases by 0.420 points on a 1-5 scale, holding all the other variables constant. At a significance level of 1%, this estimation is significant.

Another conclusion drawn from the model is the impact of customers' time dealing with their financial concerns. At a significance level of 1%, an increase of one level of "Time" on a 1-5 scale increases, on average, the appreciation of unrelated banking offers by 0.412 levels on a scale from 1-5, ceteris paribus.

Apart from Platform Banking, hosting exclusive events for banking customers represents another element of Beyond Banking. Again, on this topic, opinions are drifting apart. A balanced distribution of the individual answer options (see Figure 11) and the arithmetic value of -0.08, almost zero, underlines these differences.

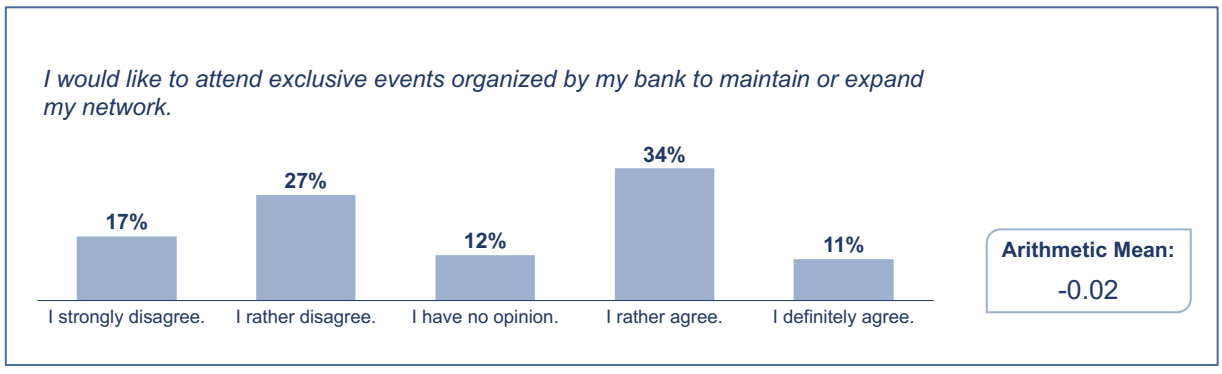

Figure 11: Distribution: Exclusive Events

In light of different personality traits, one would first assume that the trait of extraversion with its opposite expressions of outgoing/energetic and solitary/reserved influences propensities in appreciating exclusive events. For this reason, the following hypothesis results:

Hypothesis 3: The more distinctive people's personality trait towards "Solitary" is, the fewer people would attend exclusive events hosted by their banks.

	Dependent variable:
	Events
Age	-0.945***
	(0.078)
GenderMale	0.204
	(0.220)
Customer_TypePB	-0.033
	(0.169)
Financial_Interest	-0.093
	(0.176)
Financial_Knowledge	0.150
	(0.157)
Time	-0.023
	(0.096)
Consistent	-0.095
	(0.097)
Extravagant	-0.095
	(0.106)
Solitary	-0.028
	(0.097)
Critical	0.104
	(0.091)
Resilient	0.024
	(0.103)
Constant	5.597***
	(0.739)
Observations	103
R2	0.652
Adjusted R2	0.610
Residual Std. Error	0.818 (df = 91)
F Statistic	15.482*** (df = 11; 91)
Note:	*p<0.1; **p<0.05; ***p<0.01

Source: RStudio based on data collected in the survey (see Appendix, Chapter A)

Table 3: Regression Analysis: Exclusive Events

Looking at the regression analysis (see Table 3), it becomes clear that there is no significant relation between extraversion and the tendency to attend exclusive bank-hosting events. According to an adjusted R-squared of 0.61, the independent variables explain 61% of the variation in "Events", the likelihood to attend exclusive events, around its mean. The coefficient "Solitary" shows a negative value of -0.028, supporting hypothesis 4 since an increase in "Solitary" level on a scale from 1-5 influences an average decreasing in the likelihood to attend events by 0.028 levels on a scale from 1-5, ceteris paribus. However, this estimation shows a statistically insignificant result, even at a 10% level. Hence, hypothesis 3 is rejected.

Again, the model showcases the relevance of age in this issue. The "Age"-coefficient indicates that the average level of attending events on a scale from 1-5 decreases by 0.945 when the age range increases by one age range, ceteris paribus. This estimation is statistically significant on a 1% level, allowing reliable inferences about a negative relationship between advancing age and the tendency to attend exclusive events hosted by banks.

4.2.3 Role of the Bank Advisor regarding Trust

Chapter 4.1.3 derives that a substantial part of the surveyed group does not emphasise a close relationship with their bank advisors or care much about advisors' accessibility, given a well-developed digital infrastructure.

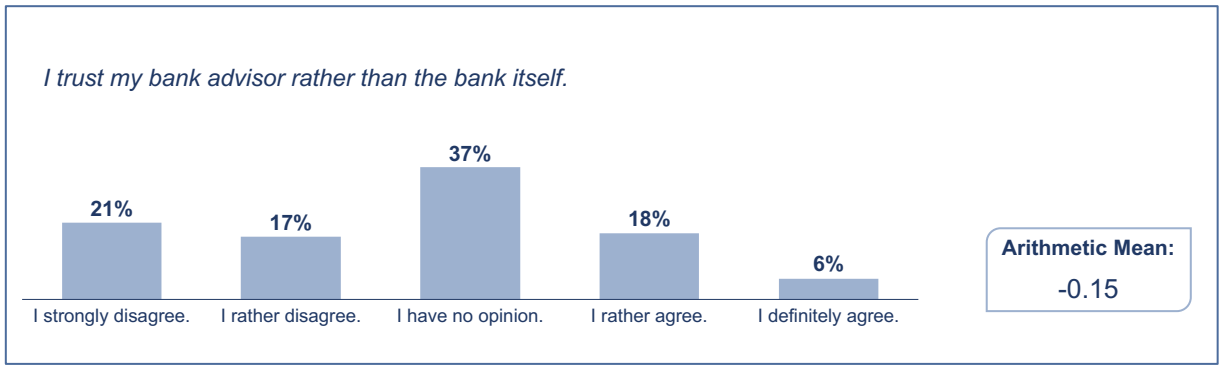

Figure 12: Distribution: Trust towards Bank Advisor

However, when it comes to trust towards customers' bank advisors compared to the bank itself, opinions are divided on this issue. Both the balanced distribution in Figure 12, considering a high proportion of "no opinion", and the mean value of -0.15, which is close to zero, illustrate the varying responses.

Regarding the influence of different personality traits on this topic, it can be presumed that critical people tend to trust the bank more than the human advisor. Hence, the author established the following hypothesis, referring to the Big Five personality domain of agreeableness:

Hypothesis 4: The more distinctive people's personality trait towards "Critical" is, the less likely people rather trust their bank advisor than the bank itself.

	Dependent variable:
	Trust_Bank_Advisor
Age	-0.010
	(0.112)
GenderMale	0.386
	(0.313)
Customer_TypePB	0.164
	(0.240)
Financial_Interest	0.045
	(0.250)
Financial_Knowledge	0.067
	(0.223)
Time	-0.175
	(0.137)
Consistent	-0.047
	(0.137)
Extravagant	-0.304**
	(0.151)
Solitary	0.148
	(0.138)
Critical	-0.094
	(0.129)
Resilient	-0.325**
	(0.147)
Constant	4.208***
	(1.053)
Observations	103
R2	0.116
Adjusted R2	0.009
Residual Std. Error	1.165 (df = 91)
F Statistic	1.088 (df = 11; 91)
Note:	*p<0.1; **p<0.05; ***p<0.01

Source: RStudio based on data collected in the survey (see Appendix, Chapter A)

Table 4: Regression Analysis: Trust towards Bank Advisor

The result of the multiple regression (see Table 4) based on the data conducted through the survey can be interpreted as follows: Controlling all other independent variables, an increase in one "Critical" level on a scale from 1-5 decreases the average likelihood of trusting the bank advisor rather than the bank itself by 0.094 levels on a scale from 1-5. However, due to a statistically insignificant estimation, even at a 10% level, no conclusion can be drawn and therefore, hypothesis 4 cannot be confirmed.

Beyond that, the model reveals potential inferences about two other personality traits, "Extravagant" and "Resilient". On a 5% significance level, an increase in one level in "Extravagant" or "Resilient" on a scale from 1-5 decreases the average likelihood of trusting the bank advisor rather than the bank itself by, respectively, 0.304 or 0.325 levels on a scale from 1-5, ceteris paribus. Due to the model's small adjusted R-squared of 0.009, which means all independent variables explain 0.9% of variations around the mean of the dependent variable "Trust_Bank_Advisor", it should be considered that reliable inferences regarding the impact of the presenting personality traits are arguable.

Another topic queried in the survey was trust regarding robo-advisors. The results of the respective question are addressed in the following.

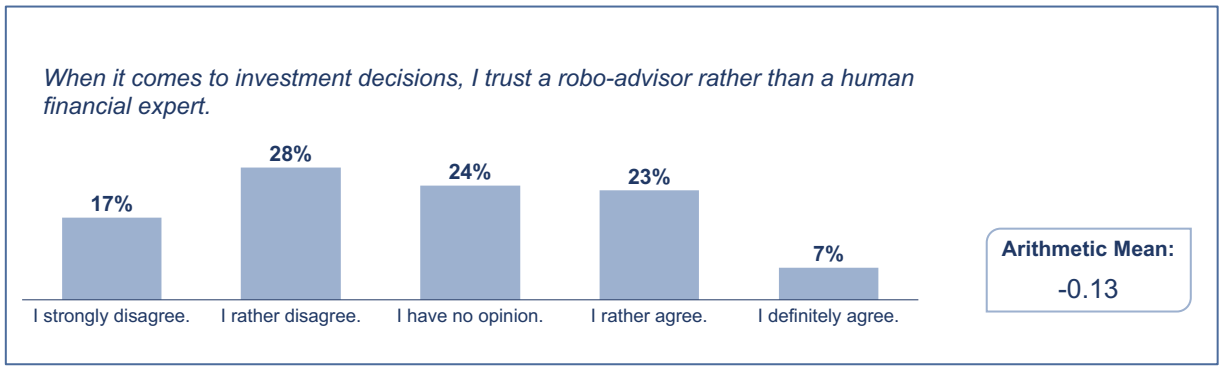

Figure 13: Distribution: Trust towards Robo-Advisor

Looking at the balanced distribution in Figure 13 and a mean of -0.13 approaching zero, the question on trust towards robo-advisors compared to human financial experts also shows mixed opinions.

In this robo-advisory context, the tested hypothesis deals with the personality domain of openness to experiences. Accordingly, the independent variable “Consistent” will be examined.

Hypothesis 5: The more distinctive people's personality trait towards "Consistent" is, the less likely people trust a robo-advisor rather than a human financial expert.

	Dependent variable:
	Trust_Robo_Advisor
Age	0.026
	(0.116)
GenderMale	-0.302
	(0.326)
Customer_TypePB	-0.076
	(0.251)
Financial_Interest	-0.374
	(0.261)
Financial_Knowledge	0.194
	(0.233)
Time	0.191
	(0.143)
Consistent	0.082
	(0.143)
Extravagant	-0.025
	(0.157)
Solitary	-0.243*
	(0.144)
Critical	-0.034
	(0.134)
Resilient	-0.111
	(0.154)
Constant	4.135***
	(1.098)
Observations	103
R2	0.079
Adjusted R2	-0.032
Residual Std. Error	1.215 (df = 91)
F Statistic	0.713 (df = 11; 91)
Note:	*p<0.1; **p<0.05; ***p<0.01

Source: RStudio based on data collected in the survey (see Appendix, Chapter A)

Table 5: Regression Analysis: Trust towards Robo-Advisor

To test hypothesis 5, the results of the conducted multiple regression are presented in Table 5. The positive coefficient of "Consistent" can potentially show that an increase in one "Consistent" level on a scale from 1-5 increases the average likelihood of trusting robo-advisors rather than human financial experts by 0.082 levels on a scale from 1-5, ceteris paribus. However, keeping the negative adjusted R-squared of -0.032 and an insignificant estimation, even at a 10% level, in mind, no inference can be drawn. Accordingly, hypothesis 5 can not be approved.

Although the model shows that the character trait "Solitary" is significant on a 10% level, no conclusion can be derived due to the negative adjusted R-squared.

4.3 Summary of Results

Finally, for a condensed overview of the key findings and hypotheses tested, the following tables summarise the main findings of the statistical analyses carried out.

Topic	Statement	Tendency
Digital Infrastructure	I feel comfortable using digital offerings from my bank, such as online banking, mobile banking or virtual advising.	Agreement
Price Sensitivity	When choosing a financial institution, price conditions are the crucial factor for me.	Agreement
Accessibility of Bank Advisor	Given well-developed digital infrastructure from my bank, I don't care about the accessibility of my personal bank advisor.	Agreement
Relationship with Bank Advisor	It is important for me to build a close relationship with my bank advisor.	Disagreement

Table 6: Overview Consistent Customer Needs

Topic	Significant Influence	Significance Level	Simplified Relationship
ESG-compliant Investments	Age	1%	With increasing age, lower importance of ESG-compliant investments
	Time spent with financial concerns	1%	With more time spent with financial concerns, more importance of ESG-compliant investments
	Personality Trait "Solitary"	10%	With increasing tendency towards personality trait "Solitary", lower importance of ESG-compliant investments

Topic	Significant Influence	Significance Level	Simplified Relationship
Platform Banking	Age	1%	With increasing age, less appreciation for Platform Banking
	Time spent with financial concerns	1%	With more time spent with financial concerns, more appreciation for Platform Banking
Exclusive Events	Age	1%	With increasing age, less appreciation for attending exclusive events
Trust towards Bank Advisor compared to Bank itself	Personality Trait "Extravagant"	5%	With increasing tendency towards personality trait "Extravagant", less trust towards bank advisor
	Personality Trait "Resilient"	5%	With increasing tendency towards personality trait "Resilient", less trust towards bank advisor
Trust towards Robo-advisor	No significant findings due to negative adjusted R-squared		

Table 7: Overview Varying Customer Needs

Hypothesis	Topic	Statement	Result
Hypothesis 1	ESG-compliant Investments	The more distinctive people's personality trait towards "Extravagant" is, the less likely people care about ESG-compliant investments to the disadvantages of returns.	Rejected
Hypothesis 2	Platform Banking	The more distinctive people's personality trait towards "Extravagant" is, the more people appreciate Platform Banking offerings based on collected customer data.	Rejected

Hypothesis 3	Exclusive Events	The more distinctive people's personality trait towards "Solitary" is, the fewer people would attend exclusive events hosted by their banks.	Rejected
Hypothesis 4	Trust towards Bank Advisor	The more distinctive people's personality trait towards "Critical" is, the less likely people rather trust their bank advisor than the bank itself.	Rejected
Hypothesis 5	Trust towards Robo-advisor	The more distinctive people's personality trait towards "Consistent" is, the less likely people trust a robo-advisor rather than a human financial expert.	Rejected

Table 8: Overview Hypotheses

5 Discussion and Implications

This chapter answers the three underlying research questions by discussing the survey results and placing them in the context of the literature review on banking disruption and characteristics of Private Banking. In doing so, the following subchapters are divided according to the research questions.

5.1 Behaviour, Needs and Expectations of Private Banking's target group

When rethinking and establishing business strategies, looking at the different characteristics of Private Banking's target groups is beneficial. Therefore, research question 1 about peoples' behaviours, needs and expectations provides a solid foundation for discussions on this subject. This chapter is first dedicated to consistent findings. A differentiation by age and customer type (classic Private Banking client or HENRY) on Private Banking attributes poses another dedicated section. Subsequently, the chapter looks at differences in time spent on financial concerns, followed by distinctions depending on clients' personality traits.

To begin with, the high customer acceptance of digital banking offerings represents an essential finding. Chapter 4.1.1 shows clear opinions in terms of feeling comfortable with digital banking infrastructure. It could have been assumed that the particular Private Banking clientele would be suspicious of digital offers due to their wealth structure, but the results showed the opposite. Indeed, it turns out that even older age groups are happy to use digital services. The broad acceptance also becomes apparent in the conducted literature analysis. Because of increasing digitisation and the growing use of smartphones, digital banking services are no longer nice to have but indispensable. Younger clients, in particular, are unthinkable without excellent technological offers as they have grown up in the digital age.

Besides customers' broad digital affinity, the survey results on price sensitivity (see Chapter 4.1.2) reveal that the vast majority consider price conditions to be the decisive criterion when choosing financial institutions. This finding is quite surprising, as previous literature has shown that clients in the Private Banking segment tend to be less price-sensitive, as one essential asset is their time, and, accordingly, they tend to accept higher fees in exchange for saved time (Maude, 2006; Nadenau & Sarnitz, 2021). When BigTechs' banking services are offered at favourable conditions for innovative experiences, there is a great danger that price-sensitive and further Private Banking customers will at least try out BigTechs' banking services in

addition to the core services they probably already consume from BigTechs. Currently, 40% of Germans can already consider opening a current account at the technology giants (Berg, 2022).

At its core, the Private Banking segment is designed to provide unique services to its high-margin and sophisticated clients. In this respect, the personal bank advisor once functioned as the most crucial interface. Again, the survey results underline another business model headwind. In fact, existing and future client groups do no longer prioritise personal relationships. Due to increasing branch closures and today's networked, informative and transparent society, it can be assumed that the importance of personal customer-advisor relationships will continue to decline. Although about a third of participants say they have no time for their financial concerns, the results showed this does not mean they are demanding the bank advisor all the more. A survey by Bitkom also highlights customers' higher priority for digital offers compared to traditional bank offers (Berg, 2022).

As mentioned in the literature review, clients with a high investment volume are classically the central point in Private Banking. With these clients, banks can ideally achieve high margins by advising and brokering investment products, in contrast to Retail Banking. However, it might be fruitful to consider the particularities of potential future clients, which primarily is composed of younger people. In this regard, the survey results revealed a negative relationship between advancing age and preference for three business aspects:

One aspect deals with offering products and services beyond traditional banking services based on collected customer data. Individual offers based on user data are decisive in this context, as is known in businesses by providers such as Netflix or Amazon. A look at China shows that so-called super apps, where many products and services from a wide range are offered from a single source, have established themselves there (Arslanian, 2018). Nevertheless, the analyses demonstrated that younger people are more likely to appreciate such services.

A further negative correlation was presented when it comes to increasing age and participation in exclusive events hosted by banks. Younger people tend to appreciate these events to maintain or expand their network to a higher degree than older people. It is unclear whether this is because they probably have more time or because building a network is more important to them.

Whether ESG criteria are important to one's investments is quite controversial, as it is often to the detriment of returns. In line with previous literature, this study clarifies that predominantly younger people attach importance to ESG investments and are indeed prepared to forego a better return than they would have achieved through conventional investments.

Diving into the topic of time, it is well known that time is a precious commodity, especially for a busy wealthy customer. Understanding the capital market and always being aware of actual developments in order to make optimal investment decisions requires much time. For this reason, the Private Banking business traditionally offers clients added value through the role of financial human experts. They assist clients with their financial concerns or even take decisions for them, aiming to sustain or, ideally, increase assets. To get an impression, about half of the respondents said they spend time with their financial concerns (see Appendix, Chapter B). When looking at the data analysis, significant effects of the topic of time on certain areas emerged.

To name it, interest in ESG-compliant investment and Platform Banking is increased when clients spend more time on their financial affairs. It seems those people would like to maintain and deepen their contact with their bank since they welcome the expansion of offers from their bank. Regarding ESG, it can probably be concluded that client groups with more time engage more extensively with ESG issues and their impacts, affecting their tendency to demand ESG-conform investments.

When it comes to the topic of personality traits, existing literature shows a lack so far in connection with their consideration in banking practice. The hypotheses underlying this thesis aim to investigate the relations between certain Big Five personality domains of customers and their inclinations regarding Private Banking preferences. All hypotheses were rejected, but two of the five conducted regressions showed significant relations with other particular personality traits.

First, the results showed the influence of the personality domain conscientiousness in terms of trust in the bank advisor compared to the bank itself. The more the customer's personality goes toward extravagance and carelessness, the lower the trust in the advisor. Conversely, comparatively efficient and organised people trust the advisor more. This is an interesting finding that does not seem immediately obvious.

Second, client personality traits can further characterise the propensity to consider ESG aspects in investment decisions. The survey analysis shows a negative relationship between ESG relevance and customers who can be described as “Solitary” according to the Big Five personality domains. Here too, this connection is an interesting insight.

5.2 Fields of Action

To react to the changing market environment in Private Banking, this chapter aims to address areas of action based on the gathered survey findings and the examined literature. These fields of action are intended to provide impulses for the Private Banking industry of incumbent banks in the DACH region to appropriately adapt their strategy and business model.

Generally, in light of transformations, relying business on conventional strategies and practices is risky. Instead, it is crucial to gain the ability to act flexibly (Aaker & Mascarenhas, 1984). Looking at the financial sector, the long-term success of traditional banks is no longer determined purely by size but rather by the ability to be fast and innovative. Current developments particularly challenge the banks' attractive business area of Private Banking, making it all the more important for traditional banks to react to changing market conditions at an early stage. The analyses have shown that customer opinions on certain business aspects shaping the Private Banking segment differ significantly, which indicates that there is no one silver bullet for traditional providers to meet all expectations. Beyond customers' behaviour and expectations, competition, economics, technology and regulation reinforce difficulties in banks' strategic positioning for a successful future.

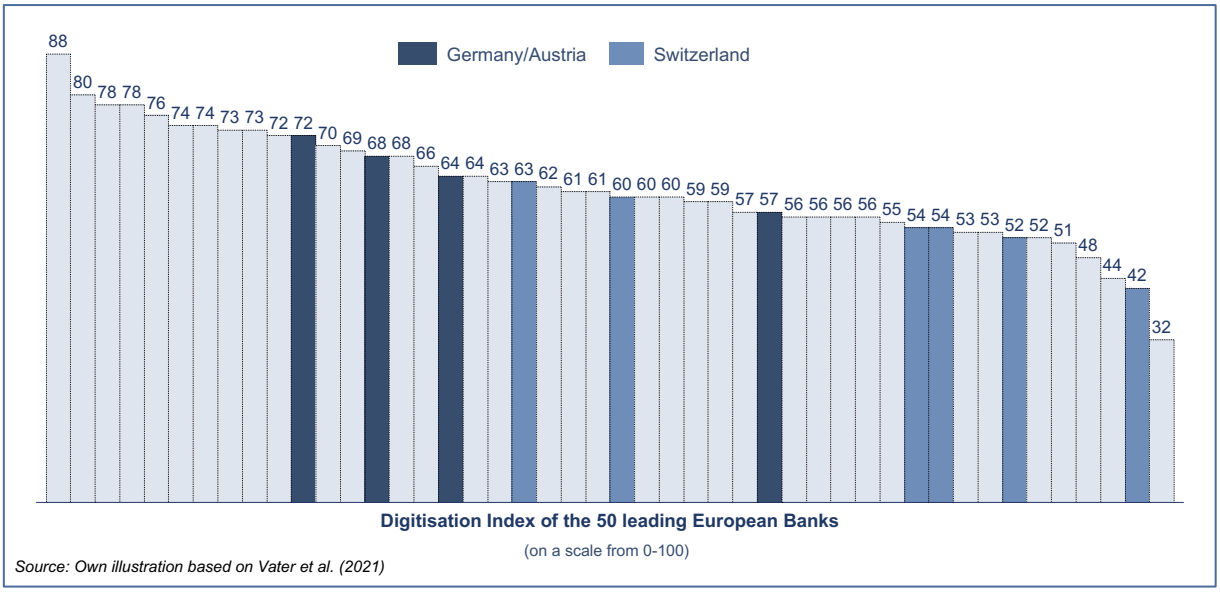

Figure 14: Digitisation Index of European Banks

As far as digitisation is concerned, the status quo shows that banks in the DACH region have some catching up. The consultancy firm Bain designed a digitisation index, which indicates the degree of digital maturity of the 50 leading European banks on a scale from 0 to 100. This index includes corporate vision and goals, product portfolio, customer experience, channels, customer

loyalty system, operating model, change management, technology and data. Figure 14 shows well that German and Austrian players are predominantly positioned in the upper midfield regarding digitisation. In Switzerland, some banks also play in this range, while some even bring up the rear. This modest result, reflecting that none of the ten DACH players can be claimed as digital forerunners, showcases the growth potential of digitisation and consequently underlines the urgency to upgrade digital technology (Vater et al., 2021).

In chapter 2.2.1 about key technological trends, it became clear that the opportunities of digital solutions rapidly shape the business environment. Many banks have already leveraged some of the new technologies, while others generally behave hesitantly with digital adaptations. Other technologies like the metaverse are still in their infancy, and so far, only early movers have taken the first step to test these innovative technologies. The significant point about deploying new technologies is the scope of their business impact. Banks are more likely to set themselves apart in the highly competitive marketplace through productivity and convenience improvements in both the front and back offices.

To boost incumbents' competitiveness regarding their digital services, it is worth looking at the strengths of traditional banks. These do not lie in technological progress. Technical innovations are difficult to establish due to numerous factors, such as outdated IT, rigid internal structures, conflicts of interest, or regulatory requirements. In contrast, banks have a large customer base, customer confidence in data security and regulatory knowledge (Vives, 2019). In order to drive the necessary innovation process despite some lack of resources, practice shows that many traditional banks rely on partnering solutions with FinTechs. Intended to bundle competencies, this move provides the basis for sustainable solutions in the fight against BigTechs. Through collaboration, traditional banks can simultaneously eliminate competition from FinTechs in specialised fields (Macedo, 2018). There are many different forms of cooperation with FinTechs, including mergers and acquisitions (Lardi, 2018). It can be assumed that partnering solutions will continue to play a significant part in the future, as technology changes and uncertain environments are one of the natural drivers of alliances (Contractor & Lorange, 2002). So, it is a common practice to speed up digital innovations which may lead to sustained competitive advantages (Dyer & Singh, 1998). However, a strategic fit between allied firms should be emphasised for business success (Spekman et al., 1996).

Additionally, the entry of BigTechs into the financial market points to the urgency in prioritising digital investments for traditional players. As mentioned in the literature review,

BigTechs have unique advantages in terms of technology due to their underlying business model. Even if their initial focus is primarily on payments or simple services such as current accounts, BigTechs at least would have their foot in the door. In future, they can expand their acquisition for further services in the Private Banking segment in a much more simplified way (Harasim, 2021).

Besides technology, Private Banking should reconsider the blinkered thinking about the exclusive focus on the classic clients and consequently turn their attention to certain younger clients who may not yet have high asset volumes. While it may indeed be necessary to bite the bullet at first, as the big payoff with younger clients will come later, the survey results show that this long-term approach can be pretty smart. Especially in the current challenging times, banks can no longer afford to have an arrogant mindset that ignores fewer liquid customers in the hope that one day when they achieve assets, they will return. The question in this context is how to serve the interests of younger customers without alienating the high-yield older clientele.

In this regard, decision-makers should consider a hybrid model that continues to offer the traditional business shaped by client-advisor relationships but simultaneously offers modern do-it-yourself investment approaches. This approach intends to appeal to hybrid investors, who thus have the added possibility to make their investments by online tools like robo-advising or even entirely independently via appropriate infrastructure. The number of hybrid investors is increasing, which might be due to several reasons (Welsch, 2022). Thereby, the well financial performance of online solutions, consumers' cost sensitivity, as well as less time to stay in contact with bank advisors pose drivers of this trend (Shanmuganathan, 2020). Another factor for a hybrid approach constitutes the rising number of first-time investors, who can also be well served with online solutions (Welsch, 2022). In doing so, they are bound to the bank right at the beginning of their investment activities. Advantages for the Private Banking business in offering hybrid solutions lie in comparable low costs for attracting a broad range of customer types. By simultaneously maintaining traditional advisory services with human interaction, profitable business with online opponents can still continue to occur. In today’s meritocracy, time is valuable, and it can be assumed that it will persist in the near future. On these grounds, optimism about retaining the traditional human-shaped business, in which clients have little to manage, is given. However, when it comes to time, the survey results show a high proportion of clients interested in the capital market and a lot of time spent on their financial affairs, reducing the need for a financial expert by their side. A hybrid approach might be a good solution to incorporate both tendencies into a strategic direction to stay relevant in the future.

In view of services beyond traditional banking, the survey examined two fields – Platform Banking and Events. As noted, different perceptions of its appreciation are mainly due to age. In contrast to the tech giants, banks could exploit their trust and data security strength so that older customers might also develop an appetite for convenient bank-unrelated services. In any case, it would be worth considering Platform Banking as an additional service with explicit customer consent so that data-sensitive customers are not scared away. Nevertheless, Platform Banking is currently being discussed by many banks and should continue to be redefined. It offers an opportunity not to lose contact with the younger generation while at the same time providing an additional source of income through commissions (Diamond et al., 2019).

Customer events offer an excellent opportunity to establish or deepen contact with customers. To make these events as profitable as possible, they should be exclusive and address customer interests. Regarding women and banking, the survey shows that about a third of female customers are interested in events tailored for women (see Appendix, Chapter E.). Literature shows that especially women in younger generations have an increasing interest in financial topics (Bahai et al., 2022). Thus, the Private Banking segment can attract HENRYs by hosting events, and at the same time, it is not an approach that could be off-putting to classic Private Banking clients.

Given society's reinforced awareness of environmental and social issues, Private Banking can address this issue and market sustainable investments to the predominately demanding younger generation. Still, it is essential to note that they can lose face through a double standard in this context if they continue to market ethically dubious investments. Consequently, a risk of scaring away younger people exists. On the other hand, a complete strategic change of direction to exclusively ESG-compliant investments would be risky, as many investors, predominantly older ones, attach little importance to this topic since they prioritise solely returns. Considering the relation between more time spent on finance and the importance of ESG-compliant investments, rather fewer concrete fields of action for market players can be derived. Overall, it is worth considering a thoughtful strategy for how to deal with this socially present issue.

Lastly, Private Banking providers could try pretty new approaches by incorporating customers' personalities into their business strategies. The investigations demonstrate that people with a higher degree of the personality expressions "Extravagant" as well as "Resilient" are less likely to trust bank advisors than the bank itself. Bank advisors might keep this in mind and focus their actions on deepening the connection to organised and sensitive customers. Besides, the

higher the degree of “Solitary”, the less likely the significance of ESG-compliant investments. These interesting insights can be mainly applied in customer dialogue. For instance, the information can provide a marketing or acquisition approach in which ESG-conform investments can target outgoing and energetic customers. Obviously, the data set would have to be further expanded to draw more conclusions. However, the advantage of using personality traits lies in comparatively low costs. Personality data can be retrieved and stored through new technologies and big data so that customer approaches can be tailored to the customer. Nevertheless, it is not easy to implement it in practice because customer advisors sometimes have little contact with their customers, which hinders the determination of character traits. But it might be possible to draw conclusions about personalities based on consumers' online behaviour. In conclusion, trying this approach would be an idea because customers are looking for individual products and services, and a differentiated approach can stand out in today's flood of information.

5.3 Challenges

The previous chapter presented pro-competitive approaches for the Private Banking segment of incumbent banks. Implementing them, however, is fraught with challenges and risks. This subchapter gives a rough insight into possible challenges that could arise.

First of all, it is essential to note that any changes should be in line with the fundamental strategic direction of the respective banking institution. An apparent strategic change of direction is generally risky for traditional banks due to their large number and importance of stakeholders. However, this does not mean that it would not make sense, given the current market pressure. Compared to younger companies, traditional banks struggle to drive change due to their size, internal conflicts of interest and rigid structures (Chalboud, 2015).

One big challenge lies in the costs that have to be spent on innovation and change. The Private Banking field has seen a reduction in revenues in recent years and banks, in general, are currently in cost-cutting mode anyway (Caplain, 2021). Thus, providing large budgets for new projects is challenging.

In addition to costs, accelerated innovation cycles constitute a further challenge. Regarding the application of the latest technology, innovation speeds are fast. So, there is a danger that the technology is already outdated after the implementation phase, and there are newer things on the market (O’Sullivan, 2006; Schumpeter, 1939).

Especially since the global financial crisis, banking institutions deal with strict regulatory requirements that can hamper innovation. The dilemma is that regulation aimed at consumer protection tends to be local and slow, while innovation is global and fast. Regulators try to provide financial stability without slowing down innovation. Younger companies, in contrast, are not much of the focus of the authorities, which is why they have comparative advantages in their business (Omarini, 2018).

Banks still enjoy the trust of keeping consumer data safe. However, as cooperation with FinTechs rises, the risk of insecurity of customer data increases, as young companies often neglect this issue or are not the primary object of supervisory authorities. Besides, Platform Banking with third-party providers also makes it difficult to ensure to what extent customer data is used. Data-sensitive customers could be worried or even deterred (Macedo, 2018; Vives, 2019).

But traditional banks also have to fear reputational risks with new approaches. Private Banking, which has historically been rather conservative and exclusive, can lose its exclusivity through new models that aim at a broader reach. Accordingly, there is a danger that conservative clients will view this broader targeting critically and switch to exclusive private banks. Regarding the expansion of product assortment to cryptocurrencies, their dubious reputation might also have a negative impact (Levine, 2022).

Furthermore, there may be conflicts of interest with BigTechs. Many banks use digital services such as cloud computing, AI and machine learning from these providers (Harasim, 2021). As BigTechs emerge as new competitors, this can cause a tense relationship with uncertainties.

The challenges accompanying new Private Banking strategies reveal that there is no ideal and easy way to get the most out of technological opportunities with the least cost and risk to pursue a good plan.

6 Conclusion

This study aimed to identify ways for Private Banking providers to deal with market developments jeopardising their core business. In doing so, foundations were provided through a survey which was analysed and broken down by subgroups of respondents to obtain a differentiated picture of customers' behaviour, needs and expectations. The results and key takeaways are divided according to the three underlying research questions to summarise the essence of this thesis and its main findings.

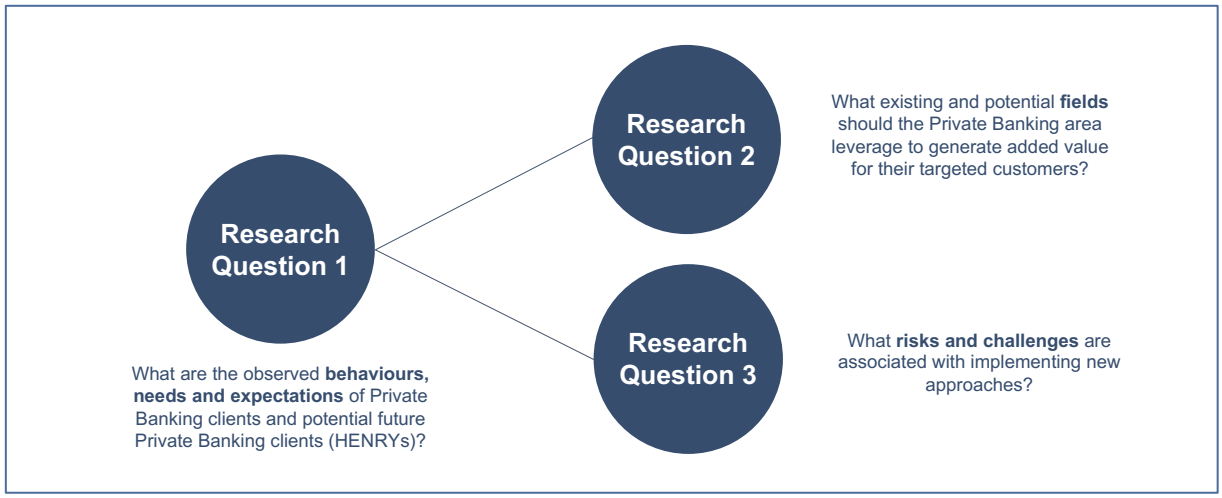

Figure 15: Research Questions

First, considering research question 1 about customers' behaviour, needs and expectations, this thesis highlights their uniformity across all customer subgroups in some cases, while substantial deviations became present in others. Regarding uniformity, customers feel comfortable using digital banking services, and likewise, given a well-developed digital infrastructure, they do not put much importance on the accessibility of their bank advisor. A personal relationship with the bank advisor is respectively significant for only a few. Moreover, the survey showed that the vast majority, in contrast to previous literature, even long-established Private Banking clients, are cost-conscious. However, differences in statements were mainly rooted in new business approaches such as Platform Banking, exclusive client events and the importance of ESG-compliant investments. Also, the question of trust in the bank advisor produced various opinions. No substantial results emerged when testing the hypotheses about the presumed influence of clients' personality domains, but there were notable trends. Nevertheless, the analyses demonstrated that age and time spent on financial topics matter.

Second, in view of managerial implications related to research question 2, digital upgrades and especially establishing new technology trends are crucial to boost business in the advisory as

well as in back-end activities. In line with previous research, it is not only the key to responding to changing customer needs, but at the same time, it might strengthen competitiveness in the face of new aggressive market entrants. Decision-makers should consider coopetition or other forms of connection with FinTechs to speed up Private Banking's digital upgrade in a beneficial way. Furthermore, the quantitative research clearly illustrates that although Private Banking customers have similar characteristics of wealth or at least high income, there is no one size fits all approach. Given the survey results, managers should be aware of various customer needs and follow a differentiated target approach when designing new strategies. In this regard, the focus should be intensely directed to younger generations and HENRYs to acquire and bind them with superior customer experiences beyond traditional banking services, such as Platform Banking or physical events. Thereby, decision-makers should follow uniqueness and exclusivity to make the experiences less replaceable.

Third, in answering research question 3, the literature review shows a whole string of challenges and risks when implementing new approaches. First and foremost, the business model only appeals to an exclusive circle. Related, the nature of Private Banking is susceptible to its reputation, and the importance of individual customers has a comparatively high weight. For this reason, practitioners should not rush to design their strategies as they risk losing their quality footprint. Besides general risks in implementing new strategies, another Private Banking business' main barrier is posed by bank regulations to comply with, which hampers innovations.

Overall, this study underlines the need for Private Banking players to find a unique strategy to face numerous external alarming influences. The analysis confirmed that the widespread belief that a close relationship between bank advisor and client is key no longer applies since consumers are technically oriented, price-sensitive, and increasingly looking for convenience and experiences. Mainly the younger people and HENRYs rather ignored so far, but relevant for the future showed a greater extent in these tendencies. However, keeping partly varying customer needs in mind, decision-makers might view opportunities. Referring to Seth Godin's quotation mentioned in the beginning, they should leverage their general consumer trust to connect "magic" with quality. Parallel to an indispensable digital modernisation, leveraging data for individual approaches, also in terms of personality traits, might be suitable for adding value to target clients.

The fact that many survey respondents work in the financial environment and the lower proportion of women in the sample population limits the generalisability of the study.

Moreover, limitations should be considered in analyses of self-rated personality traits since self-assessment can often not be carried out adequately.

Contemplating these limitations, the answers to the research questions can be perceived as a foundation for further academic research areas. These include, for instance, a view on the customers' willingness to pay for Private Banking's traditional and potentially new banking-unrelated offers. In terms of differentiated targeting according to personality traits, the influence of similar characteristics between client and advisor to strengthen the relationship will be fascinating to observe. Apart from this, future research is recommended to dive deeper into present societal topics, such as female financial empowerment or ESG issues, by which the Private Banking business is increasingly affected. In the realm of strategy implementations and their risks, further insights can be derived from qualitative methodologies, for instance, through interviewing market experts.

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8 Appendix

A. Questionnaire

Private Banking-Survey

Dear participant,

thank you for taking part in my survey!

I am a master student at Católica Lisbon SBE and currently conducting, as a part of my thesis, a research study towards **customer requirements in Private Banking.**

My aim is to gain a holistic understanding of the needs, wants and expectations of Private Banking clients with a special emphasis on the generational change as well as personality traits. In doing so, I focus on clients in the DACH region.

This survey is expected to take about 10 minutes.

Your answers are **completely anonymous.** Thus, it is not possible to relate the responses back to individuals. The data collected within this survey will be treated strict confidentiality and only be used in aggregated forms for the solely purpose of this study.

You can only take the survey once, but you can switch back and forth between pages to change your answers if necessary.

Thank you for your insights and support!

Maria Grüterich

How **old** are you? *

- ◯ < 25 years
- ◯ 25 - 35 years
- ◯ 36 - 45 years
- ◯ 46 - 55 years
- ◯ 56 - 65 years
- ◯ > 65 years

Which **gender** do you identify with? *

- ◯ Female
- ◯ Male
- ◯ Other

What is your **nationality**? *

- ◯ German
- ◯ Austrian
- ◯ Swiss
- ◯ Other

Which **level of education** applies to you? *

- ◯ University degree
- ◯ No university degree

What is the approximate amount of your total **investable assets**? *

Sum of your liquid and near-liquid assets, e.g. cash, checking accounts, stocks, bonds, mutual funds

- ◯ < 100,000 €
- ◯ 100,000 € - 300,000 €
- ◯ 300,001 € - 500,000 €
- ◯ > 500,000 €

What is your approximate **annual gross income**? *

Including bonuses, interest income, rental income and other earnings

- ◯ < 70,000 €
- ◯ 70,001 € - 100,000 €
- ◯ 100,001 € - 200,000 €
- ◯ > 200,000 €

At how many of the following subcategories (traditional banks, neobanks, online-broker) of **financial institutions** are you a **customer**? *

- ◯ 1
- ◯ 2
- ◯ 3
- ◯ 4
- ◯ 5
- ◯ more than 5

How many times a year do you have an **exchange with your personal bank advisor** (per bank account)? *

Via phone calls, mails, messages or face-to-face

One-sided advertising mails, calls and correspondence excluded!

- ◯ I don't have a personal bank advisor.
- ◯ 0
- ◯ 1
- ◯ 2
- ◯ 3
- ◯ 4
- ◯ 5
- ◯ more than 5

Please rate the following states that describe **your situation**. *

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
I'm generally interested in capital market developments.	◯	◯	◯	◯	◯
I'm informed about the capital market.	◯	◯	◯	◯	◯
I spend a lot of time dealing with my financial concerns.	◯	◯	◯	◯	◯

Below you will find opposite types of **personality traits** per row.
Please classify yourself.

*

	1	2	3	4	5	
inventive/curious	○	○	○	○	○	consistent/cautious

*

	1	2	3	4	5	
efficient/organized	○	○	○	○	○	extravagant/careless

*

	1	2	3	4	5	
outgoing/energetic	○	○	○	○	○	solitary/reserved

*

	1	2	3	4	5	
friendly/compassionate	○	○	○	○	○	critical/rational

*

	1	2	3	4	5	
sensitive/nervous	○	○	○	○	○	resilient/confident

I feel comfortable using digital offerings from my bank, such as online banking, mobile banking or virtual advising. *

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
Please select.	○	○	○	○	○

It is important for me to build a close relationship with my bank advisor. *

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
Please select.	○	○	○	○	○

Given well-developed digital infrastructure from my bank, I don't care about the accessibility of my personal bank advisor. *

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
Please select.	○	○	○	○	○

I trust my bank advisor rather than the bank itself. *

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
Please select.	○	○	○	○	○

When it comes to investment decisions, I trust a robo-advisor rather than a human financial expert. *

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
Please select.	○	○	○	○	○

I would appreciate it if my bank would offer individualized products and services beyond traditional banking (e.g. in the area of mobility, shopping or healthcare) based on the data it collects about me. *

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
Please select.	○	○	○	○	○

I would like to attend exclusive events organized by my bank to maintain or expand my network. *

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
Please select.	○	○	○	○	○

When choosing a financial institution, price conditions are the crucial factor for me. *

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
Please select.	○	○	○	○	○

For me, it is important to make ESG-compliant investments – even to the disadvantages of returns. *

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
Please select.	○	○	○	○	○

It is important for me to have a female bank advisor. *

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
Please select.	○	○	○	○	○

-- To be answered by **WOMEN ONLY!** --
I would appreciate it if my bank would offer customer events specifically for women's interests.

	I strongly disagree.	I rather disagree.	I have no opinion.	I rather agree.	I definitely agree.
Please select.	○	○	○	○	○

Thank you for your time spent taking this survey!

I appreciate your input 😊.
If you have any questions or would like to receive the results of my research, please contact me at ***s-mgruterich@ucp.pt.***

B. General Analysis of the Sample

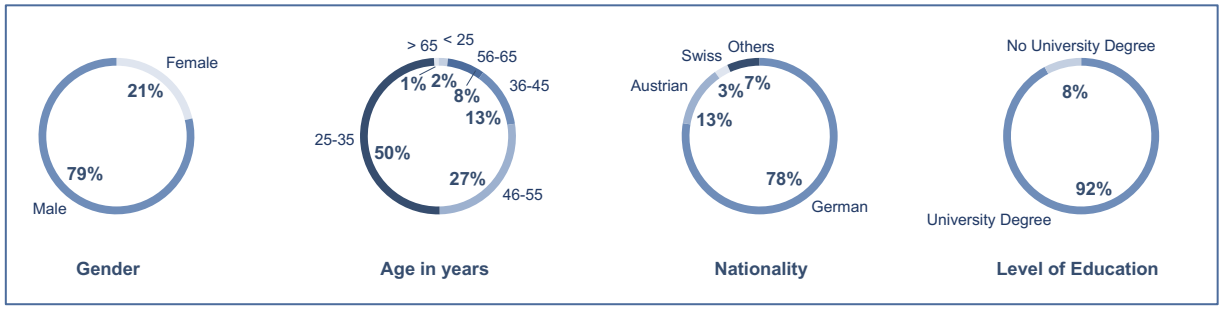

Figure 16: Sample: Demographics

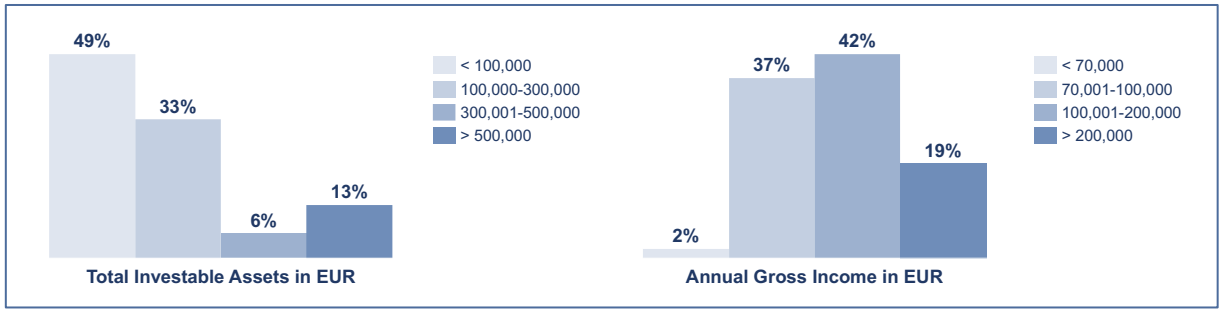

Figure 17: Sample: Assets and Income

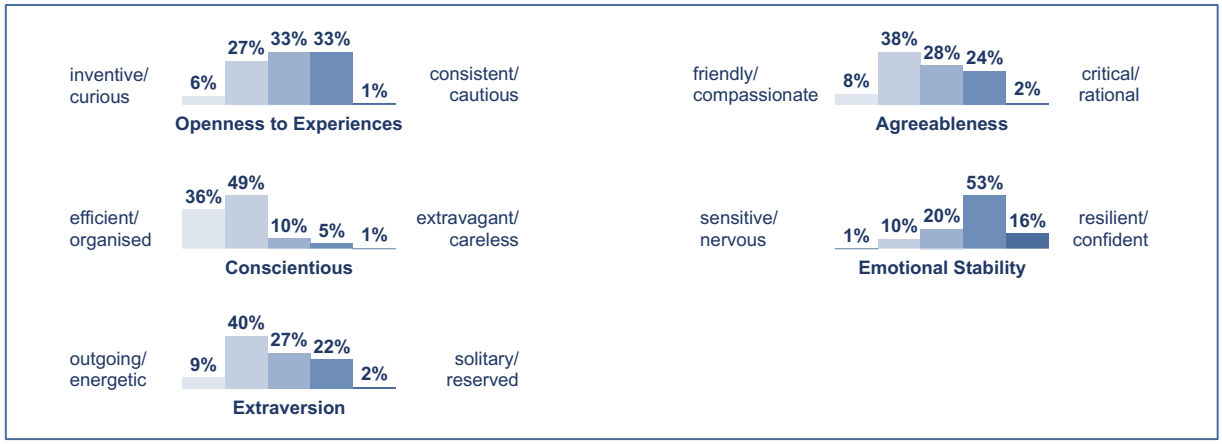

Figure 18: Sample: Personality Traits

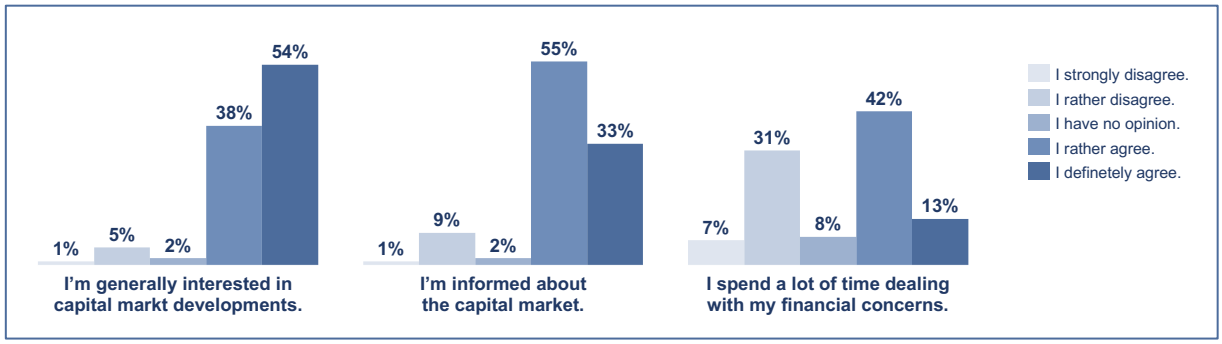

Figure 19: Sample: Financial Background

C. Overview of Independent Variables

Name	Questionnaire	Values	Information
Age	Question 1	1-6 scale	The higher the value, the higher the age class.
Gender_Male	Question 2	Female, Male	Binary Variable: Male compared to Female
Customer_TypePB	Questions 5 and 6	PB, HENRY	Binary Variable: Private Banking clients compared to HENRYs
Financial_Interest	Question 9	1-5 scale	The higher the value, the more interest in capital market developments.
Financial_Knowledge	Question 9	1-5 scale	The higher the value, the more informed about the capital market.
Time	Question 9	1-5 scale	The higher the value, the more spent with financial concerns.
Consistent	Question 10	1-5 scale	The higher the value, the higher the propensity in the direction of personality expression “Consistent”.
Extravagant	Question 10	1-5 scale	The higher the value, the higher the propensity in the direction of personality expression “Extravagant”.
Solitary	Question 10	1-5 scale	The higher the value, the higher the propensity in the direction of personality expression “Solitary”.
Critical	Question 10	1-5 scale	The higher the value, the higher the propensity in the direction of personality expression “Critical”.
Resilient	Question 10	1-5 scale	The higher the value, the higher the propensity in the direction of personality expression “Resilient”.

Table 9: Independent Variables

D. Overview of Dependent Variables

Name	Questionnaire	Values	Information
Age	Question 1	1-6 scale	The higher the value, the higher the age class.
ESG	Question 19	1-5 scale	The higher the value, the stronger the tendency to agree with the statement from survey question 19 about ESG-compliant investments.
Platform	Question 16	1-5 scale	The higher the value, the stronger the tendency to agree with the statement from survey question 16 about individualised offers beyond traditional banking.
Events	Question 17	1-5 scale	The higher the value, the stronger the tendency to agree with the statement from survey question 17 about bank hosted exclusive events.
Trust_Bank_Advisor	Question 14	1-5 scale	The higher the value, the stronger the tendency to agree with the statement from survey question 14 about trust towards bank advisors compared to bank itself.
Trust_Robo_Advisor	Question 15	1-5 scale	The higher the value, the stronger the tendency to agree with the statement from survey question 15 about trust towards robo-advisors compared to human experts.

Table 10: Dependent Variables

E. Further Analyses

	Dependent variable:
	ESG
Age	-0.700***
	(0.081)
GenderMale	0.192
	(0.167)
Customer_TypePB	-0.018
	(0.128)
Financial_Interest	0.071
	(0.138)
Financial_Knowledge	0.198
	(0.120)
Consistent	-0.068
	(0.073)
Extravagant	-0.153*
	(0.078)
Solitary	-0.115
	(0.075)
Critical	0.052
	(0.069)
Resilient	-0.093
	(0.078)
Constant	4.673***
	(0.746)
Observations	103
R2	0.733
Adjusted R2	0.704
Residual Std. Error	0.628 (df = 92)
F Statistic	25.260*** (df = 10; 92)
Note:	*p<0.1; **p<0.05; ***p<0.01

Source: RStudio based on data collected in the survey (see Appendix, Chapter A, Question 19)

Table 11: ESG-compliant Investments without the variable "Time"

	Dependent variable:
	Platform
Age	-0.442***
	(0.119)
GenderMale	-0.050
	(0.322)
Customer_TypePB	-0.254
	(0.253)
Financial_Interest	0.249
	(0.249)
Financial_Knowledge	-0.093
	(0.235)
Consistent	-0.135
	(0.147)
Extravagant	-0.104
	(0.151)
Solitary	-0.123
	(0.147)
Critical	-0.096
	(0.138)
Resilient	-0.241
	(0.156)
Constant	5.680***
	(1.124)
Observations	103
R2	0.264
Adjusted R2	0.184
Residual Std. Error	1.244 (df = 92)
F Statistic	3.297*** (df = 10; 92)
Note:	*p<0.1; **p<0.05; ***p<0.01

Source: RStudio based on data collected in the survey (see Appendix, Chapter A, Question 16)

Table 12: Platform Banking without the variable "Time"

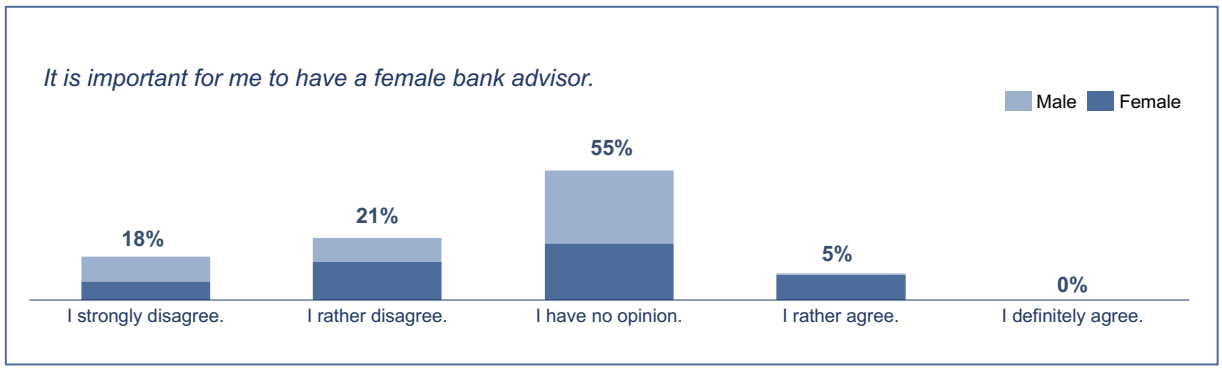

Figure 20: Distribution: Importance of Bank Advisor

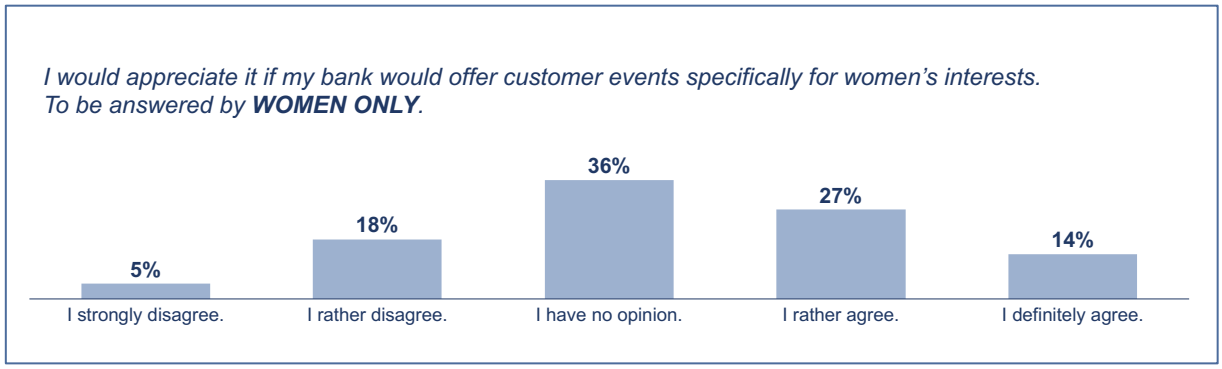

Figure 21: Distribution: Events specifically for Women's Interests