

the wealthy client's dilemma: choosing between banks and independent wealth managers ??

description

for [wealthy clients](#), banks offer essential operational functions, including access to various [in-house products](#) and online banking. we actively monitor portfolios according to investment profiles to ensure alignment with our investment strategies.

wealthy clients often seek to diversify their [bankable assets](#) across [multiple banks](#), adhering to the wisdom of not putting all their eggs in one basket. however, this approach introduces logistical challenges. dealing with multiple bankers without a consolidated asset view elevates the risk of inconsistent risk assessments that do not align with the investment profile. furthermore, having [multiple bank relationships](#) can lead to being no longer viewed as a 'key client' by any institution, possibly resulting in a shift to a different department or relationship manager.

wholesale pricing available from custodian bank

contrastingly, the complexity diminishes when served by an independent wealth manager. wealth management companies typically hold several client accounts at the same leading private bank, making the wealth manager a significant counterparty of the financial institution. this status often includes preferential [fee terms](#) and leverage access for the client.

wealth managers can open accounts for the same client at different banks and monitor these portfolios through a sophisticated [multi-banking system](#) with data interfaces to the [custodian banks](#). this enables consolidated reporting and investment risk monitoring. additionally, independent wealth managers can choose competing products from different banks, ensuring the best fit for the client's portfolio and carefully selecting specific private banks that meet particular needs.

this example highlights why relationship managers and their wealthy clients opt for independent wealth management firms. to answer the initial question: a rich client needs a [bank for custody of securities](#) and transaction execution. however, the personal relationship manager can be independent, serving as a '[quarterback](#)' for risk-mitigating multi-bank asset allocations for high-net-worth and ultra-high-net-worth individuals.

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