

[Click to Print](#)[EMAIL THIS](#) | [Close](#)

Banks design a loot camp for rich kids

>By Rhymer Rigby

>Published: August 3 2005 03:00 | Last updated: August 3 2005 03:00

>>

What do school leavers and students do in their holidays? Rent a villa in Ibiza? Backpack around South America? If they are wealthy, they could be taking a week out to learn a little about the value of serious money.

A number of private banks are running financial "boot camps" for the children of their richer customers to give them a grounding in the basics of investing and finance in preparation for managing the family fortune they will one day inherit.

"We arrange them for the children of key wealthy clients," says Nick Tucker, Merrill Lynch's director of global private client banking for the UK and Ireland. "They are three days long and while you can't teach them anything in great detail in that time, you can at least give them a framework for how to work with money and how to interact with wealth managers."

American Express runs a similar programme that was set up in response to demand from parents, according to Amanda Wallis, executive director and EMEA head, private banking. She says: "Six years ago we asked our clients what we could do for them and they told us they have the same worries as other parents - ensuring that their children are well equipped for the world."

For most people such concerns do not entail dealing with tens of millions of dollars. Nonetheless, says Ms Wallis, the parental problems are those anyone would recognise: namely, that few teenagers want to learn about anything from their parents. "Children find it very difficult to listen to their fathers, so clients said to us, 'can you talk to our children about wealth?'"

The two programmes are similar, although American Express's is a week long rather than three days. Both take place in London and cater for people aged 18 to 25 from around the world with a roughly 50-50 gender split; class size is around 30.

Each day, Mr Tucker says, the bank tries to have a senior member of management available to talk about "the bigger picture", such as the philosophy of investment and how to invest to achieve financial objectives. "They also look at how markets are a mixture of greed and fear and how to perform due diligence on asset managers."

Outside experts talk about areas such as hedge funds.

Penny Smith, marketing director, American Express Bank, who runs its course, says that alongside university-style seminars she tries to keep things as interactive as possible.

"We get them to put together portfolios in groups and compete against each other; they also do role playing like the fiduciary duties involved in building trusts: one plays the trust company, someone plays the US tax department and someone plays the father," she says.

Mr Tucker says "a surprising number do take it seriously and really want to learn".

Ms Smith adds: "There are a couple of reactions. The first is that it will be boring and the second is to tend towards cynicism on the grounds that they will be sold to all week. But by day three they love it, they are asking if their younger sisters and brothers can come along . . . Some have even asked if they can repeat it the following year."

Mr Tucker says the courses can be a way of empowering children: "Where the wealth is newer, some see it as where they can start to add value to their parents. Dad might have made a fortune in property and might not be used to having that amount of money and know very little about other kinds of investments."

While the children generally want to learn, one area that both agree causes problems is that the class is always very mixed. An 18-year-old who has just finished school is far less clued up than a 22-year-old who is just about to graduate from Harvard. But course teachers explain that there will be times when some will be bored and times when they will struggle.

The courses are free and by invitation only - the only real criteria being that the parents are private banking clients and are referred by their own banker. Demand for places always outstrips supply.

Other private banks that do not run courses themselves do have some activities in this area. Pictet, a Swiss bank, for instance, says it will recommend seminars to clients with children of this age. Coutts says wealth management for children is offered informally by the client's private banker, and that it is considering offering seminars for the younger generation of family businesses.

Courses are free because the banks have a vested interest in getting to know its next generation of high net worth customers.

Indeed, says Anthony Yadgarof, managing director of Allenbridge Group, a wealth management consultancy, such services have developed because while it may be tough for young people who come into a great deal of money, times have also become more competitive for the private banks.

He adds: "There is a lot of new wealth. A lot of people have built up these businesses themselves and, at the end of the day, private banks haven't done that well over the last few years. You might well be better off setting up a family office than paying a bank 1 per cent to manage your fortune." In this sense, says Mr Yadgarof, the courses are a marketing gimmick.

Yet there is clearly a market for such a service. One consideration is that the children are probably going to learn something. Second, such a course represents an opportunity for networking. The participants are going to make friends as they hang around in London (evenings are unsupervised). It cannot hurt for your high net worth offspring to do a bit of networking with the scions of other wealthy families.

>  
>  
>

**Find this article at:**

http://news.ft.com/cms/s/b109de9e-03bb-11da-b54a-00000e2511c8.ft\_acl=\_ftalert\_ftarc\_ftcol\_ftfree\_ftfindsum\_ftmywap\_ftprem\_ftspecial\_ftsurvey\_ftworldsub\_ftym\_ftymarc\_ic\_ipadmintool\_nbe\_poapp\_printedn\_psapp\_reg.s01=1.html

 [Click to Print](#)

[EMAIL THIS](#) | [Close](#)

Check the box to include the list of links referenced in the article.

