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Northern Trust

Posting a respectable set of metrics with assets managed for private clients rising from \$227bn to \$248bn in 2016, alongside a hugely impressive ratio of each adviser working with less than 30 clients, Northern Trust is also revising its compensation structure to remove product sales-based incentives and align bonuses to client retention and growth.

The Chicago-based wealth managers' hierarchy puts the success down to "breadth of capability, depth and experience and integrated delivery," but beyond this corporate speak is a more fundamental reason for the bank's ability to stay at the top of rankings. Northern Trust has hit on the formula of how to marry old fashioned wealth management with technology and goals-based asset allocation techniques in a way that not only helps clients, but keeps the bank very profitable, with the help of a significant infrastructure built for custody customers, leveraged for wealth management.

"The custody infrastructure we have developed is a foundational contributor to Northern Trust's wealth management success," says Steven L. Fradkin, president of Northern Trust Wealth Management, who believes having \$9.3tn in assets under custody and administration offers the bank an "extraordinary competitive advantage" in addition to economies of scale.

Deep conversations with customers are, where routinely possible, backed by empirical data with technology helping visualise

outcomes. "Our goals-driven wealth management is a fusion of adviser-driven experience supported by robust digital technology," ventures Mr Fradkin, typical of Northern's crop of veteran leaders who appear traditional in outlook but are happy to entertain and encourage constant innovation programmes, influenced by other industries, especially those based in Silicon Valley. "It is not an either-or experience as much as it is taking the best that both advisers and technology have to offer," he says.

But the more time-consuming and onerous disciplines of succession planning are not ignored by any means, with this service seen as providing a "window to the entire family, business and wealth structure of a client," according to Mr Fradkin. "As we work with clients on succession, we are privy to the core intentions, business and family dynamics of our clients, which informs how we can best help clients plan and manage their wealth."

The bank is also starting to respond to criticism of being an undemocratic, US-centric institution, focused on a tiny sliver of clients. Mr Fradkin talks both about opportunities to serve a broader spectrum of affluent families across the US, served by 60 offices, and the notion of serving "Families without borders", the title of Northern Trust's recent family office forum in London. Acquiring the Swiss-based wealth fund administration business of UBS, adding jobs in both Switzerland and Luxembourg, has also made the claim towards being a cross-border player marginally more plausible.

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STEVEN L. FRADKIN NORTHERN TRUST

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