{ INSIGHT }

RISE IN POPULATION OF BILLIONAIRES

Your chances of meeting a billionaire increased most in Asia during 2013, where the population of individuals whose net worth spans 10 digits climbed nearly 3.7%.

Overall, the world's population of billionaires grew by a modest 0.5% last year, less than the global GDP growth of 2.7% predicted by the Organisation for Economic Co-operation and Development.

Asia produced 18 new billionaires in 2013 and the world's total billionaire population (measured in US dollars) is now 2,170.

The inaugural *Billionaire Census* by intelligence provider Wealth-X and Swiss bank UBS found that 810 individuals have become billionaires since the 2009 global financial crisis. Meanwhile, the combined net worth of the world's billionaire population has more than doubled from $3.1 trillion in 2009 to $6.5 trillion in 2013. The average net worth of a billionaire is $3bn.

Globally, there are 111 individuals who each have a net worth that exceeds $10bn. Their combined net worth is over $1.9 trillion, greater than the GDP of Canada.

Europe is home to the most billionaires (766 individuals), although North America has the most billionaire wealth ($2,158bn). Latin America is the slowest-growing region in terms of billionaire wealth since the fortunes of its ultra-high-net-worth individuals grew by just 2.3% over the past year.

Overall, 60% of billionaires are self-made, while 40% inherited their wealth or grew their fortunes from inheritance. Just 17% of female billionaires are self-made, with 71% having inherited their riches.

THE STATS

{ KEY FINDINGS OF THE INAUGURAL *BILLIONAIRE CENSUS* BY WEALTH-X AND UBS }

2,170
the total number of billionaires in the world

$6.5 trillion
the combined net worth of the world's billionaire population

766
the number of billionaires who live in Europe, the continent that is home to most individuals with 10-digit net worth

60%
the percentage of billionaires who are self-made

0.5%
the increase in the global population of billionaires in 2013

{ AROUND THE WORLD IN 30 DAYS }

FINES, DEFLATION AND BAD LOANS

JPMorgan is fined $13bn
US bank JPMorgan Chase was fined a record $13bn last month by the US Justice Department for selling mortgage-backed securities despite knowing that the products contained risky investments. The sale of these products contributed to the 2008 financial crisis. Over $6bn of the fine will be used to compensate investors while $4bn will go to help struggling homeowners. The penalty follows a fine of $1bn levied on JPMorgan in September over the so-called 'London Whale' scandal that saw it wrack up trading losses of $6.2bn after it failed to supervise its traders effectively.

Eurozone limps on as deflation fears rise
Hopes of a strengthening recovery in the eurozone were dashed last month after official figures revealed that the economy had expanded by a tiny 0.1% in the third quarter. France and Italy both recorded a 0.1% decline in GDP while even the powerhouse economy of Germany saw GDP fall from 0.7% to 0.3%. Commenting on the figures, Marie Diron, senior economic adviser to the EY Eurozone Forecast, said the fall in growth showed that "the recovery is fragile and, as yet, too slow to lead to a significant fall in unemployment". She added: "It also implies that the amount of spare capacity in the economy will remain significant for some time. As a result, downward pressure on prices, profits and wages will continue." She warned of "a real risk of deflation in the eurozone".

Jump in Chinese bad loans
Bad loans held by Chinese banks rose by the largest amount since 2005 in the third quarter of 2013. They climbed by CNY 24.1bn to CNY 563bn at the end of September, according to the China Banking Regulatory Commission. The commission also revealed that non-performing loans as a percentage of total loans in the portfolios of Chinese banks had increased to 0.97% from 0.96% over the quarter. But this is thought to be an underestimate of the true extent of bad loans on Chinese banks' balance sheets, which analysts put at between 1% and 5% of the total. Non-performing loans are loans made in the 1990s to state-owned entities that no longer exist.

{ CASH AND LIQUIDITY MANAGEMENT }

MMFs GROW SHARE OF GLOBAL ASSETS

Money market funds (MMFs) and other non-bank financial intermediaries represent on average about 24% of the world's total financial assets, according to the Financial Stability Board's (FSB's) third annual *Global Shadow Banking Monitoring Report*.

These assets are equivalent to about half of banking system assets and 117% of GDP. The research also found that the assets of non-bank financial intermediaries grew by $5 trillion in 2012 to reach $71 trillion.

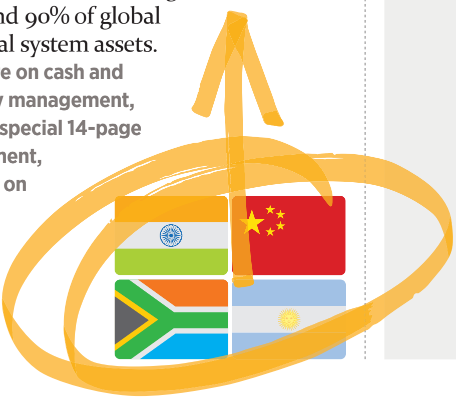
Overall, non-bank financial intermediaries grew by +8.1% in 2012 (compared with 0.6% in 2011), partly as a result of a general increase in valuation of global financial markets, while bank assets were relatively stable.

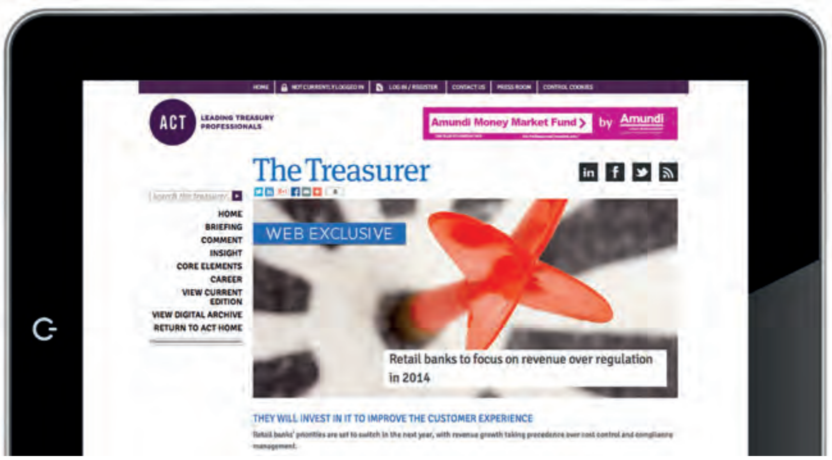
But the global growth trend of non-bank financial intermediaries masks considerable differences across jurisdictions, the report said. In general, non-bank financial intermediaries form a larger proportion of domestic financial systems in advanced economies than in emerging markets.

Nevertheless, non-bank financial intermediaries in emerging-market jurisdictions have experienced strong growth. Four emerging-market jurisdictions had 2012 growth rates for non-bank financial intermediation above 20%. They were Argentina, China, India and South Africa. This rapid growth is from a relatively low base and, in part, reflects financial deepening in these jurisdictions.

The FSB's report includes data from 25 jurisdictions and the euro area as a whole. Together these jurisdictions represent about 80% of global GDP and 90% of global financial system assets.

For more on cash and liquidity management, see our special 14-page supplement, starting on page 31





{ WHAT YOU'VE MISSED ON THE WEB }

Here are some stories that you may have missed last month:

RETAIL BANKS TO FOCUS ON REVENUE OVER REGULATION IN 2014

Retail banks' priorities are set to switch in the next year, with revenue growth taking precedence over cost control and compliance management.

Research from analyst Ovum found that although cutting expenditure and complying with regulations will continue to be vital for retail banks, they will need to focus on revenue enhancement to provide a sustainable return for their shareholders.

Ovum has predicted that banks' prioritisation of revenue growth means they will focus on customer experience management and further investment in customer-facing business processes. For the former, digital channels, in particular, will be in the spotlight. This is expected to result in an improvement both in the efficiency of client interaction and in customer satisfaction.

To achieve growth, retail banks will also spend more on IT infrastructure. The digitisation of retail services will continue, creating ongoing security challenges and requiring investment to balance user experience with robust security.

To read the story in full, visit www.treasurers.org/node/9563

NO 'SAFE' OPTIONS IN A RING-FENCED WORLD

Treasurers should not assume that banking with a ring-fenced bank is safer than banking with a non-ring-fenced bank once new legislation takes effect in 2014. This was the message from speakers who addressed the ACT's breakfast update on regulatory matters in London in November, which was held under the Chatham House Rule. Under the Financial Services (Banking Reform) Bill, UK banking groups will have to separate their retail banking arms from their riskier investment banking activities by introducing a ring-fence around the deposits of individuals and small- and medium-sized businesses. Meanwhile, depositors that are protected by the Financial Services Compensation Scheme will be given preference over large corporates in the event that a ring-fenced bank becomes insolvent. In comparison, the claims of a corporate will rank *pari passu* with those of other unsecured depositors should a non-ring-fenced bank fail. "You will need to think hard about whom you deposit with," treasurers were told. "Wholesale deposits will be hot money. You need to pay attention."

To read the story in full, visit www.treasurers.org/node/9553

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