

## JP Morgan's purchase of Bear Stearns will NOT precipitate consolidation says wealth management M&A expert

17/03/2008 by: Ian Orton

Will the news that JP Morgan has bought Bear Stearns precipitate a surge of M&A activity in the private banking and wealth management sector?

Some commentators are (once again) talking up the prospects of wholesale consolidation in the sector. But this is a view not shared by Ray Soudah, the founder and chief executive of Zug-based Millenium Associates, a specialist M&A consultancy that focuses almost exclusively on the private wealth management sector.

According to Mr Soudah the latest bout of volatility in global and credit markets will have a marginal effect on private banking and wealth management markets.

"Valuations will only soften slowly for unlisted entities, especially for unlisted businesses," he told *thewealthnet*. "The point is that these are non- capital intensive businesses. And we are really in a capital crunch, not just a credit crunch".

There may be disposals of small to medium-sized wealth management firms by troubled parents. "But this will not be the case at other firms," he continued. "Firms that are performing reasonably well are unlikely to want to sell their profitable arms at a time when their investment and commercial banking arms may be underperforming".

"Firms whose core business is strong will remain as buyers and the buy sell ratio will remain unbalanced."

This all ties in with *thewealthnet's* long held view that the sector is as likely to deconsolidate as it is to consolidate.

© This article is a printed version of an article retrieved from TheWealthNET. If you copy this article illegally, you will be liable to prosecution. All rights in and relating to this article are expressly reserved. No part of this article may be reproduced, stored in a retrieval system or transmitted in any form or by any means without written permission from the publishers. The views expressed in this article are not necessarily those of the publishers and you should seek the advice of a professional before taking any action or entering into any agreement in reliance upon the information contained in this article. Whilst the publishers have taken every care in compiling this article to ensure that it is accurate at the time of going to press, the publishers do not accept any responsibility or liability for errors or omissions therein, however caused.