

# The \$10-trillion Private Investment and Non-Bank Finance Market

*Over the past decade a tsunami of private wealth has turned the global financial market on its head*

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/EINPresswire.com/ -- Over the past decade a tsunami of private wealth has turned the global financial market on its head, leaving the traditional banking network spinning in its wake. At the same time, since 2006 (Source: OECD 2006 Pensions Review) the demarcation lines between hedge, private equity and venture capital funds, family offices, capital management and other components of the private capital market have become progressively more blurred. So, one of the biggest challenges faced by this new global financial firmament, where everybody is encroaching onto each other's territory, is what to call it.

Alternative capital, alternative



investment, non-bank finance, alternative finance have all been used and, depending on which side of the fence you sit, all could apply. At TheWealthJournal.net (TWJ) we have settled on calling the buy-side (investor) private investment and the sell-side (capital raising) non-bank finance.

It is difficult to put an actual value on this market. However, a ball-park figure can be arrived at based on the Cap Gemini/RBC 2015 world wealth report which shows 14.6m U/HNWI's with total investible capital (based on a minimum \$1m each, a qualification shared by Verdict Financial) totalling \$56.4 trillion (anticipated to grow to \$70 trillion by 2017). We then have a range of reports showing between 10% and 25% of assets under management and/or private wealth being invested in what are generally known as 'alternative investments'.

Taking the numbers at their broadest, 10% of \$56.4 trillion equates to \$5.6 trillion and 25% equates to \$14.1 trillion. Bearing in mind the anticipated growth (\$70 trillion by 2017), it is not unreasonable to estimate the value of this private investment and non-bank finance (when defined as alternative investment) market, at the time of writing, at \$10 trillion.

Within the 'alternative' spectrum and aside from fine art, antiques, wine collections, real estate and other options, private equity and venture capital stand proud. However, across this entire private investment spectrum there has been a progressive blurring of the demarcation lines over the past

decade. In their 2006 Pensions Report (see: [Time to call time on shadow banking](#)) the OECD identified a blurring of the lines between private equity and hedge funds and family offices. This 'blurring', which has advanced over the subsequent decade, can be taken to mean confusion and chaos within the market or, as we prefer to believe, signs of advancing consolidation.

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