

# Viewing banking opportunities through different lenses

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Surging numbers of middle-class borrowers in emerging markets are a big factor in banking's growth, but there's also plenty of potential in the upper reaches.

Despite the potential in emerging markets, they are by no means the only lucrative growth opportunity. As our analysis of global banking's revenue pools shows, zooming in on finer-grained segments and product areas can reveal lucrative pockets in developed markets as well (exhibit). To be sure, between now and 2020, about 70 percent of the growth in the mass-market customer segment should come from emerging markets, including currently unbanked populations. But more than 60 percent of the growth in the affluent and high-net-worth segments (households with more than \$100,000 in financial assets) will remain in developed markets.

And the picture gets richer with a closer look. In the United States, for example, 85 percent of the revenue generated by the upper segment comes principally from wealth management and investments, and only 15 percent from lending. By contrast, in the mass segment,

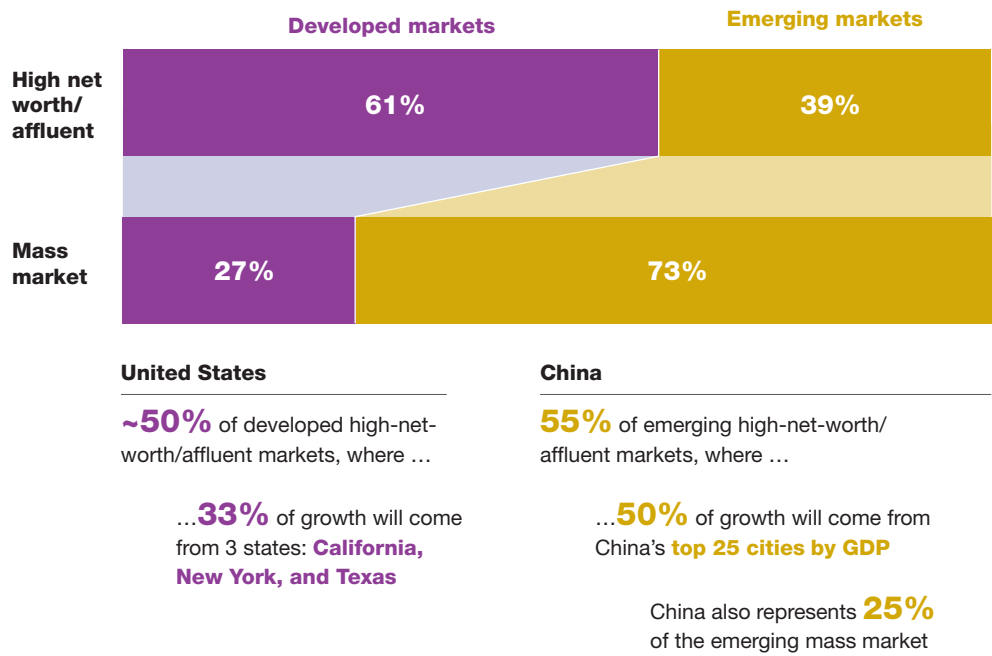
lending accounts for 60 percent of revenues, with the remainder flowing largely from transactions and from credit- and debit-card payments.

In all markets, a sharper geographical lens will be needed. Consider that in China, which unlike many emerging markets has swelling opportunities at the top of the market, 50 percent of growth in the high-net-worth and affluent segments is expected to come from the top 25 cities by GDP. Collectively, they represent 10 percent of the two segments' global growth potential. In the United States, one-third of all growth in those segments is expected to come from just three large states: California, New York, and Texas. The amount attributable to the growth in those states will be larger than all of India's retail banking revenue in 2013. [o](#)

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Between now and 2020, growth in mass-market revenues will come largely from emerging economies but developed economies will account for much of the growth in affluent segments.

Absolute retail-banking revenue growth (after risk), 2013–20, % of total



Source: Analysis of data provided by McKinsey Panorama (a McKinsey Solution)

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