Rathbones and Investec arm link in City wealth manager mega-merger

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he [CEO]() of Rathbones said the [City]() is "ripe for consolidation" as his firm agreed a [deal]() to combine with [Investec]()'s [UK]() Wealth and Investment arm, creating the UK's biggest wealth manager.

However, staff will fear job cuts as he noted some changes would be "inevitable".

Rathbones will pay £839 million in new stock in exchange for the Investec division. That means the wider Investec Group will hold a 41% stake in the post-merger company, which keeps the Rathbones name and will manage £100 billion worth of assets.

"The combination of Investec W&I UK and Rathbones brings together two businesses which have a long-standing heritage in UK wealth management and closely aligned cultures," Investec CEO Fani Titi said.

Rathbones CEO Paul Stockton said the deal was driven less by short-term market conditions like the collapse of Credit Suisse, and more by factors such as high inflation, which he expects to lead to more mergers.

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“We’re all finding strategic challenges and the opportunity to benefit from scale on the revenue line as well as the cost line,” he said. “On whether market instability has driven this deal I don’t think so, I think it’s been driven by growth.

“As a business model over the next five years we will be subject to an inflationary environment and inevitably that’s going to drive consolidation.

“It’s a development in an industry that is ripe for consolidation and we are very excited to be at the forefront of it.”

On job losses, he said it was too early for specifics, but also noted that some sort of personnel change with a deal like this was inevitable.

“This deal is about growth opportunities and there is an awful lot of talent in this organisation we want to work with,” he said.

“Inevitably when you have an organisations coming together with similar size and business, there will be changes to make, but it’s way too early to be talking about details like that.”

The deal will still require regulatory approval, but is expected to close in Q3.