Asset and wealth management trends 2020: Are managers ready for stormier seas?

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With investor expectations shifting and uncertainty over market conditions increasing, 2020 will test asset and wealth management (AWM) firms. Managers might become more cautious, but prudence has to be balanced with the need to deliver investment yield.

**Question**
Do you believe global economic growth will improve, stay the same or decline over the next 12 months? (Showing only “Improve” and “Decline” responses.)

**Top five concerns**
How concerned are you about the following economic, policy, social and environmental threats to your organisation’s growth prospects? (Showing only “Extremely concerned” responses.)

<table>
<thead>
<tr>
<th>Threat</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geopolitical uncertainty</td>
<td>42%</td>
<td>27%</td>
<td>35%</td>
</tr>
<tr>
<td>Over-regulation</td>
<td>37%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Cyber threats</td>
<td>37%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>Trade conflict</td>
<td>37%</td>
<td>32%</td>
<td>37%</td>
</tr>
<tr>
<td>Policy uncertainty</td>
<td>27%</td>
<td>34%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: PwC, 23rd Annual Global CEO Survey
Base: Asset and wealth management respondents (2020=153; 2019=164; 2018=126)
Despite pessimism about the global economy, AWM CEOs’ confidence in their own companies’ growth prospects over the next three years is holding up remarkably well.
ESG into the mainstream

Investment focused on environmental, social and governance (ESG) factors is setting new benchmarks in a number of markets, but AWM CEOs primarily see it as a reputational issue.

Question
How strongly do you agree or disagree with the following statements regarding climate change? (Showing only “Strongly agree” and “Agree” responses.)

- Our stakeholders have reasonable expectations regarding our approach to climate change
- Our response to climate change initiatives will provide a reputational advantage for my organisation among key stakeholders, including employees
- Climate change initiatives will lead to significant new product and service opportunities for my organisation
- My organisation has assessed the potential physical risks to future climate events
- My organisation has assessed the potential transition risks to a ‘greener’ economy
- My organisation will benefit from government funds or financial incentives for ‘green’ investments

Source: PwC, 23rd Annual Global CEO Survey
Base: Asset and wealth management respondents (2020=153)
The capabilities needed to succeed

Customer experience tops asset and wealth management CEOs’ list of investment priorities, and technology is critical in meeting expectations.

**Question**
Which of the following opportunities in the financial services industry will you be prioritising and/or investing in over the next 12 months?

- **Customer experiences (including user interfaces):** 54%
- **Cybersecurity:** 42%
- **Cloud technology (including application programming interfaces and third-party integration):** 33%

*Source: PwC, 23rd Annual Global CEO Survey*
*Base: Asset and wealth management respondents (2020=153)*
Scale will become even more important within this economic climate, driving continued consolidation within the AWM industry. More than a third of AWM CEOs (34%) are planning new M&A to drive revenue growth in 2020; 37% anticipate that they will enter into a new strategic alliance or joint venture.

With constrained funds for recruiting top talent, upskilling within the workforce offers a cost-effective solution. AWM firms are making some headway here, but are lagging in key areas.

Question
How much progress has your organisation made in the following areas related to upskilling? (Showing only “Significant progress” responses.)

- Building employee engagement through open communication on skills of the future: 24%
- Implementing a diversity and inclusion strategy to attract a wide range of talent and ensure inclusiveness in how we work: 24%
- Defining the skills needed to drive our future growth strategy: 18%
- Improving our workers’ and leaders’ knowledge of technology and its potential implications: 14%
- Collaborating with academic/government institutions on the skills needed for the future: 8%
- Establishing an upskilling programme that develops a mix of soft, technical and digital skills: 7%

Source: PwC, 23rd Annual Global CEO Survey
Base: Asset and wealth management respondents (2020=153)
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