

Title: Vietnam’s asset and wealth management is expected to grow strong

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With further support from the State Securities Commission of Vietnam, the asset and wealth management is expected to continue its strong growth in the future.



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With further support of the State Securities Commission of Vietnam (SSC) to restructure the asset and wealth management (AWM) industry in 2020, the sector is set to continue its strong growth in the future, following a 20% expansion rate in 2019, according to PwC Vietnam.

Currently, the market size for the AWM industry in Vietnam is relatively modest, noted PwC Vietnam, referring to a report from the SSC that there are currently 47 fund companies in operation.

In 2019, however, the AWM in Vietnam recorded a strong growth of 20% year-on-year to US\$13.4 billion.

“Asset and wealth management firms can channel capital and target

investment opportunities to lift economies out of recession. It is important to understand the power the industry has in influencing the future,” said Olwyn Alexander, PwC Global Asset & Wealth Management Leader

“A better future for everyone; investors, shareholders and the economy as a whole. The world we leave for future generations matters. The industry can act now to realize beneficial change,” he noted.

“While financial return will always be important, increasingly investors are deciding that social return is just as important. What we’re seeing is asset and wealth management firms that deliver standout returns on both the social and financial fronts will be the clear winners over the coming

decade — magnets for investment and able to sustain superior returns for shareholders and partners,” noted Mr. Alexander.

A report from PwC suggested the global AWM industry is controlling more than US\$110 trillion (more than 20 times the US federal budget), as such, the power the asset and wealth management industry has in shaping the future is unparalleled.

With global assets under management projected to grow by up to 5.6% per annum to US\$147.4 trillion by 2025, it can shape a future which is better for investors, shareholders, the economy and the wider society, stated the report titled “Asset and Wealth Management Revolution: The Power to Shape the Future’.”

In this context, the AWM industry can be a powerful engine of recovery and a force for good for Vietnam in a world facing uncertainty and upheaval.

Providing for the future

The report argues that the more wealth we can create as a society, the more we can save and the more that will be available to invest. And as people live longer, the asset and wealth management industry can contribute to the resolution of escalating pension gaps and

retirement poverty. Saving cash on deposit is no longer tenable in a world of ultra-low interest rates and fixed income yields, forcing savers to look for higher yielding, attractive options.

According to the report, assets under management in infrastructure funds are expected to double by 2025. Further opportunities for asset and wealth management firms to provide for the future include making up for the growing shortfall in available infrastructure investment, especially from governments. Within developed markets, there are considerable openings to refurbish roads, airports, hospitals and other such opportunities while accelerating developments in areas such as 5G and renewable energy. As a result, we expect assets under

management in infrastructure funds to double by 2025.

Embracing Environment, Social and Governance (ESG) as the future

Increasingly, investors are putting the environmental and social profile of AWM firms on a level playing field with financial return. A growing number of investors expect asset and wealth management firms to make ESG issues integral to their investment strategies. This shift is already having a revolutionary impact on product design, fund allocation and performance objectives.

PwC's analysis shows that ESG-aligned funds cumulatively outperformed their traditional

counterparts by 9% from 2010 to 2019. Research also shows that diverse companies, in which more than 30% of leaders are women, are, on average, 15% more profitable than those that are not diverse, and businesses that score highly on sustainability tend to outperform those that do not.

A few tech fixes here or a nod to investors' ESG demands there will not be enough to survive and thrive in an industry where the front-runners are already embracing these changes and seizing the opportunities.

Source: Hanoitimes