



THE FUTURE OF ASIA WEALTH MANAGEMENT

INTERVIEW WITH:
DAVID WILSON
ASSOCIATE DIRECTOR
WEALTH MANAGEMENT LEAD, GROWTH MARKETS
ACCENTURE
VIDEO TRANSCRIPT

What is key for success in Asia Wealth Management going forward?

I think in Asia at the moment we see a lot of firms ramping up their focus on the region, which of course, they've been doing for a decade or so, but even more so now. The challenges, when we look and in our dialogues with the industry, we've seen that firms on average have nearly 2X aspirations for revenue in AUM for the next four years. Which, given the market dynamic, is going to be extremely challenging. The most important thing now is to really understand what is the client in Asia, which is already a misnomer type response. But we do see the conventional wisdom of the Asian investor being speculative, self-directed only, just wanting to use the firm for platform. "Give me products and I will execute" is no longer the dominant persona in our research. And we're coming out with a big piece of thought leadership on the future of Asia wealth management. We see that the number one persona in the industry for an Asian investor is the advisory persona. They want to go back and forth and have ideas shared by their Relationship Manager or bank, even if they retain the final decision-making authority. Which I think is a bit of a change in terms of how firms have looked at this client segment in the past. Then the question becomes, how do you actually build a next-gen advisory proposition for these clients, which is part of what our research will cover. The most important takeaway is that if you are able to give a satisfactory advisory proposition to these clients, they reward you in terms of AUM and revenue. We see a strong correlation with being considered the primary wealth management firm, and we know in Asia, clients tend to be multi-banked, and whether you're delivering a satisfactory advisory proposition. And if you deliver a satisfactory advisory proposition, you get up to 11 percentage points more AUM than if you do not.



What are the top 3 goals for the Asian investors?

The top three goals on average for the Asian investor are growing wealth, protecting wealth, securing a comfortable retirement and transferring wealth. These are the bedrock of wealth management and they're the number one goals to align to. It's true there's some difference by segment and by country, but these are the big three.

How should investors think about Digital Assets propositions?

We actually asked in our survey of 3,200 Asian investors, how do you feel about digital assets and how much are you investing in these? And the biggest surprise to me in a way of the whole report is that it's already the number five asset class in Asia. Any investor who's got USD100,000 or more to invest in Asia already has 7% of their total financial wealth in digital assets. That's a big number and not something that, if you're a firm, you can easily ignore.

How can Wealth Management firms empower their Relationship Managers?

On average in Asia, revenue per Relationship Manager is USD1 million. Over the next four years, when we look at the projections that firms have, it'll go to USD1.2 million which, if my memory is correct, is about 4% annual growth. Not very much. Because at the same time, as I mentioned earlier, revenue in AUM aspirations top line are projected at a 10 to 12% CAGR. I think the Relationship Manager number is nowhere near going up as much as it needs to be in terms of productivity, to enable that. A big reason why Relationship Managers struggle to be more productive is that they spend 50% of their time on non-direct revenue generating activities. And again, in our survey, we not only spoke to Asian affluent investors, we also spoke to about 600 Relationship Managers in the eight markets we cover in Asia. And that's how their daily life breaks down across these different blocks. And 50% non-revenue generating, which is not good enough.

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