

Covid-19 – Accelerating the Evolution of the Wealth Industry in Asia

Following the recent publication of Refinitiv's Report entitled *'The Gold Standard of Wealth Management: Redefining Investor Experiences in Asia-Pacific'*, Hubbis had the opportunity of catching up with the firm's Head of Sales Strategy for Wealth Solutions, Steven Carroll. Carroll delved into the Report, sharing the inspiration behind the endeavour, as well as shedding light on the key findings. He elucidated on why these findings are so pertinent for advisors and online brokers operating in the industry, ranging across the importance of the digital experience, content, the incoming generation, and beyond.

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Why did you do your recent wealth report focused on end clients?

Obviously, the last year and a half has been unprecedented in terms of the enforced lockdown of large parts of the population. And we wanted to examine what impact that had had on the wealth management community in Asia, both from an advisory and a self-directed perspective. And also, I’d observed, from a slightly longer perspective, that our customers, the wealth management industry, had a very good understanding of what their competitors were doing, but seemed to have less systematic survey data on the requirements of individual investors, as I said, whether advised or self-directed. So that’s the purpose of this Report; it’s 500 individual investors spread all across the key Asian markets.

What were the key findings?

The key findings were numerous. And very interestingly, really highlighted differences between the wealth community in the Asia-Pacific region and the rest of the world. So for example, in APAC, in many markets, investors are using up to three different channels to access information from their wealth provider. I found it fascinating that in the Chinese market, 14% are using their watches to access information on markets from their provider. Obviously, adoption rates for most types of digital technologies in Asia are far higher. So that was one key element.

Another, and probably unsurprising given the array of headlines, is the fast increasing adoption of ESG Analytics that has really surged during the pandemic, and 48% of the investors indicated that they would like more information on ESG.

And then the other was, I guess, broad dissatisfaction with the overall state of the relationship. The net promoter score for Asian investors was zero, whereas it was mildly positive for the Europeans and quite positive for the Americans. So certainly, there’s broader dissatisfaction with wealth customers and their providers in Asia-Pacific, which I think is a really interesting call-out. And certainly, the explosion in the number of new investors in the market shouldn’t lead to any complacency on the part of their wealth providers.

One other point worth emphasising was from a customer experience or digital experience perspective. There were a lot of requests in the Asia region around improved navigation. I think the most extreme was in the case of China; probably not a surprise as a lot of these Chinese sites are perhaps newer and feeling their way a little bit more. But across the region, we saw that, overall, broadest digital dissatisfaction with navigation and, to a lesser extent, content, and to other types of functionality, such as alerts.



How do these findings impact wealth advisors and online brokers?

I mean there's a number of different aspects to that question. So in the case of the digital experience, I think it's hugely important that the wealth industry listens to the customers in the Asia-Pacific region and spends time understanding what's working well, what's not working well, both through their advised channels, and through online brokerage, if that's also part of their offering.

I would say that the degree to which the product is mature in APAC is certainly open to debate. So from an improving of content perspective, we saw a lot of customers indicating that there were not enough exchanges covered. Clearly, investors are looking for broad international exposure, and today, they can't always get that via their provider. There was an increased appetite for macroeconomic content. I think it's really important in this time of unique economic variables to understand clearly what's going on in the market. That, in fact, has driven strong performance hugely. We've seen this kind of rotation from growth into value and into perhaps inflation protected assets.

And then probably the key piece is the wealth industry has historically, I think, dealt with quite sophisticated investors, and the pandemic has brought to them this cohort of much less experienced investors and also, of course, a younger generation. That generation has some different appetites, ESG and green finance being an important one. But equally, I think it's crucial that they consider the context around the information they provide. If DBS is going to grow this year at 8% revenue, in isolation, that's not a very helpful fact, if you understand where that is compared to their peers or compared to their historical averages.

All of this type of information has to be thought through and rendered in a way that's intelligible and brings insight to the investor. And you could make that point around any type of financial content, financial news, etc. So really, there's a lot of work to do to take the digital assets of the wealth community, whether delivered via advisor or directly, and improve them and make them highly valuable in the hands of the APAC investment community. And to date, the survey data seems to indicate that there's a lot left to do. ■

[CLICK HERE](#) to view the full *'The Gold Standard of Wealth Management: Redefining Investor Experiences in Asia-Pacific'* report