Executive Summary
Survive and thrive to 2025
Insights from the Wealth Management C-Suite
Firms were already pessimistic pre-COVID-19

Industry has traditionally recovered from multiple crises

Wealth managers need to adjust to a new reality

Deteriorating Economic Outlook

55% see less stability and more shocks and volatility

15% see increasing fluctuations with frequent shocks and volatility

30% see relative stability with some periodic shocks and volatility

Source: Accenture – Orbium Wealth Management C-Level Survey 2020
Significant performance challenges continue

Financial Performance Pressures
Participants reporting cost income ratios (CIR) between 40% and 115% with an average (AVG) of 70%

70% AVG CIR
Wealth managers face cost and revenue pressures

High costs are prevalent in the industry

Margins are pressured

Attracting new money is challenging

Source: Accenture – Orbium Wealth Management C-Level Survey 2020
Megatrends are reshaping client expectations and values

Emerging technologies are expected to unlock **personalisation at scale**

Client investment patterns could be reshaped e.g. ESG

**Platforms and ecosystems** may become prevalent

### Six key industry megatrends could progressively impact the industry

1. Emergence of new technologies
2. Ecological and environment concerns
3. Trend towards hyper-personalisation
4. Shift from support to value generation enabled through technology
5. Paradox of personal data
6. Rise of platform ecosystems

Source: Accenture – Orbium Wealth Management C-Level Survey 2020
Substantial strategic challenges to resolve

**Addressing wealth succession outflows**

$1.5tn of assets leave firms following succession

**Raising the bar on talent**

Cultures and talent are enduring priorities

**Overcoming business model change inertia**

78% need to address business model inertia

Loyalty is no longer guaranteed with 32% of assets expected to be lost on average following succession.

New ways of working and a culture of change are expected to be key to attracting and retaining talent.

Industry is underestimating the need for business model change.

Source: Accenture – Orbium Wealth Management C-Level Survey 2020
Holistic personal wealth reveals untapped potential

Significant opportunities for wealth managers to grow

Investable assets

~$118tn
Equities, bonds, investment funds, cash deposits

Non-investable assets

~$64tn
Life insurance, pensions

Non-bankable assets

~$78tn
Real estate, own businesses, art, passion assets

Total
~$260tn

% of total wealth:

~45%

~25%

~30%

Numbers are Accenture Research estimates based on publicly available data. Source: Accenture – Orbium Wealth Management C-Level Survey 2020.
Four focus areas for success

Client needs and holistic values
Importance of advice, wealth and financial planning
Innovative service models
Business model optimisation and organisational interconnection
Operational efficiency (e.g. intelligent processes, robotics)
Data and client experience led platform with a slim, modern core

Hyper-personalisation (segmentation)
Differentiated client experience
Differentiation
Empowered talent and change
Differentiated client experience
Intelligent operations and technology
Intelligent operations and technology

Responsible leadership and strategy
Managing wealth with responsibility through business & social value (e.g. corporate citizenship)
Importance of sustainability (no green washing)
Business growth by adapting to societal and client shifts
Collaboration models that foster talent, innovate governance and enable advisor productivity
Profitable innovation and differentiation

Source: Accenture – Orbium Wealth Management C-Level Survey 2020
Client segmentation will be personalised by 2025

The industry is progressively shifting to a segment of one

- **17%** Traditional segmentation by demographics, region and investible assets will continue to play an important role.
- **53%** Personalization will be driven by both traditional investment needs and evolving client values and lifestyle choices.
- **21%** New approaches driven by evolving client values and lifestyle choices will become more important.
- **9%** Traditional client segmentation will disappear as hyper-personalization and segment-of-one become both possible and dominant.

““
There is a trend towards micro-personalisation in the industry.
Survey participant, global WM firm

““
For our business model to remain competitive, we are re-orienting bankers and product specialists to provide higher value-added, tailored advice and services for our private bank clients.
Survey participant, global WM firm

Source: Accenture – Orbium Wealth Management C-Level Survey 2020

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Ops & IT become dynamic and resilient by 2025

Cost and value ambitions signal the end of the road for siloed operations and processes, if the industry is to embrace client centric models.

The operating models of 2025 are expected to be more dynamic, cost efficient, resilient and compliant.

- **93%** will continue to optimise front-to-back processes.
- **63%** will already be integrating client experience and AI/ML driven digital processes.
- **64%** expect to adopt a slim, modern core.
- **80%** will already be integrating partners into a scalable ecosystem with sophisticated data intelligence.

While...

Source: Accenture – Orbium Wealth Management C-Level Survey 2020
Leadership becomes more responsible by 2025

Almost 80% will move into an era of wealth with responsibility

17% TRADITIONAL
Focused on monitoring ESG and SRI indicators that are integrated within the existing investment process

41% EVOLVING
Sustainability is embedded as a key corporate value that is aligned across shareholders, clients and staff goals

11% ADVANCED
Incorporates both sustainability and net-positive strategies into corporate values

18% INNOVATIVE
Participates in a sharing and circular economy and publicly advocates leading sustainable and ethical practices

Source: Accenture – Orbium Wealth Management C-Level Survey 2020
Empowered talent and change by 2025

Fostering talent and culture could facilitate competitive advantages

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<thead>
<tr>
<th>Top Three Enablers</th>
<th>Top Three Challenges</th>
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<td>1. Embedding a strong culture for change and embracing new ways of working</td>
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<td>2. Attracting and empowering the right personnel</td>
<td>2. Capitalising on opportunities of emerging technologies</td>
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<td>3. Optimising and automating fragmented processes</td>
<td>3. Transforming legacy environment into a flexible ecosystem of service providers</td>
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Source: Accenture – Orbium Wealth Management C-Level Survey 2020
C-Suite to unlock significant transformation gains by 2025

Source: Accenture – Orbium Wealth Management C-Level Survey 2020
To survive and thrive, firms should move on three fronts

1. **Discover and design future value ambitions**
   - Based on the impact that trigger points such as **megatrends** should have - and define, the aligned plans and targets needed to **address this change**

2. **Co-create, innovate and accelerate with partners**
   - To create a relevant and **sequenced portfolio of change initiatives**

3. **Launch and scale up for sustainable success**
   - To implement transformational changes at pace to seek **sustainable future success**

Source: Accenture – Orbium Wealth Management C-Level Survey 2020
About Accenture

Accenture is a leading global professional services company, providing a broad range of services in strategy and consulting, interactive, technology and operations, with digital capabilities across all of these. We combine unmatched experience and specialised capabilities across more than 40 industries—powered by the world’s largest network of Advanced Technology and Intelligent Operations centres. With 509,000 people serving clients in more than 120 countries, Accenture brings continuous innovation to help clients improve their performance and create lasting value across their enterprises. Visit us at www.accenture.com.

About Orbium

Orbium helps banks and wealth managers realise their strategy and execution priorities. Widely recognised for exceptional commitment, the firm helps clients to realise revenue growth and efficiency gains through innovation and industrialisation.

By effectively blending business and technology consulting with software products and strong partnerships, Orbium enables clients to focus on what matters most: their own success.


About the survey

The Accenture - Orbium Wealth Management C-Level Survey provides a view of the current and future evolution of the wealth management industry in Europe and Asia. The survey was conducted through online questionnaires (with the questionnaire being circulated between September and December 2019) and the findings and trends were further detailed and validated by a series of qualitative interviews. In total, participants included C-level executives from over 50 private banking and wealth management firms. Questionnaire participants together manage private wealth assets of more than $5.6tn.