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Part of Accenture Wealth Management

Executive Summary

Survive and thrive to 2025

Insights from the Wealth Management C-Suite



Industry pressures are converging on the 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

Significant performance challenges continue

High costs are prevalent in the industry

Margins are pressured

Attracting new money is challenging

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

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

Substantial strategic challenges to resolve

Addressing wealth succession outflows



\$1.5tn

of assets leave firms following succession

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

Raising the bar on talent

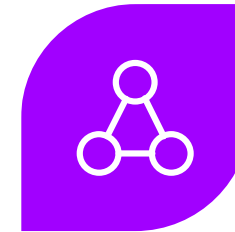


Culture and talent

are enduring priorities

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

Overcoming business model change inertia



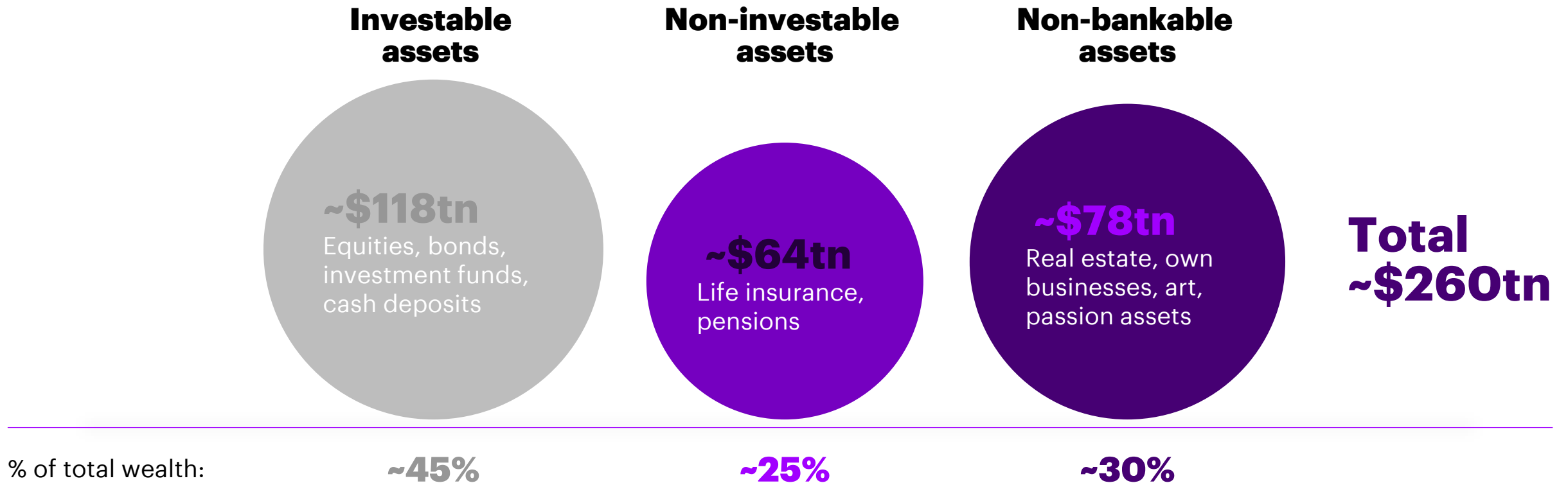
78%

need to address business model inertia

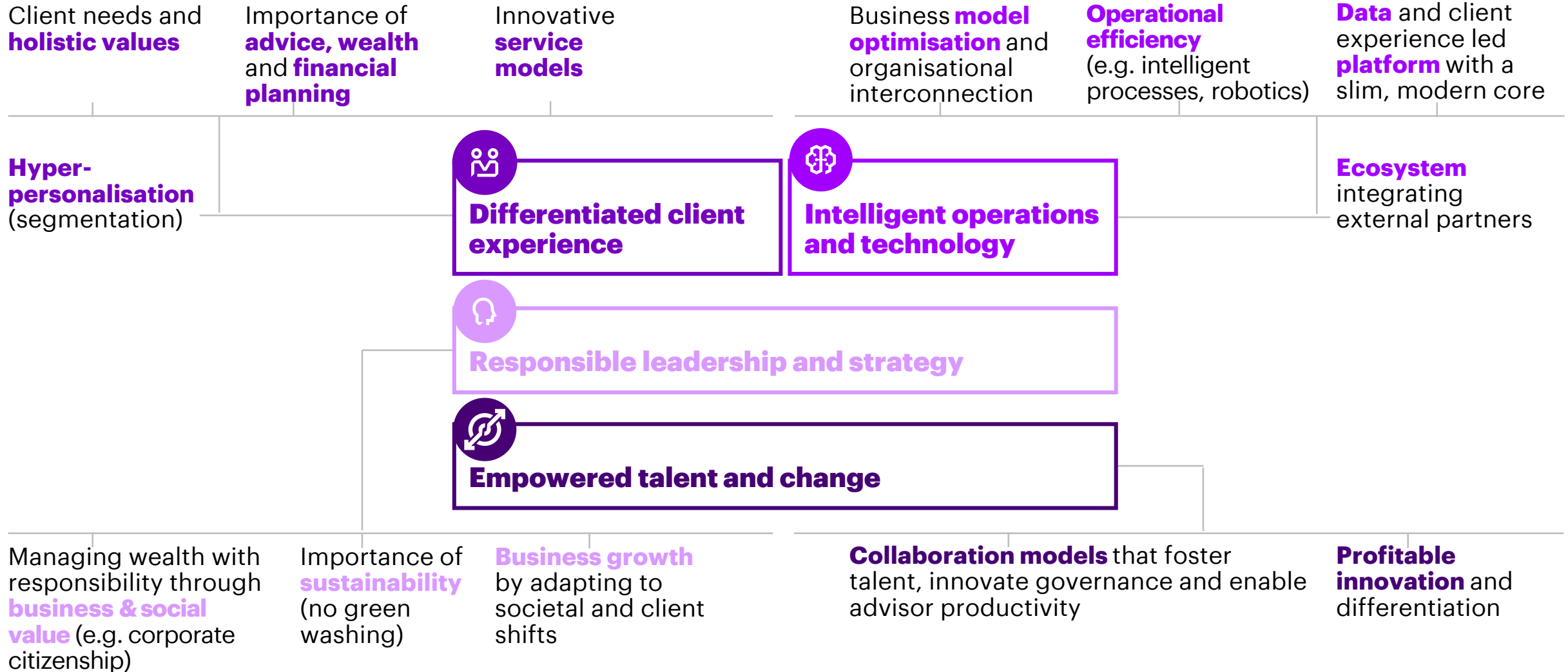
Industry is underestimating the need for business model change

Holistic personal wealth reveals untapped potential

Significant opportunities for wealth managers to grow



Four focus areas for success

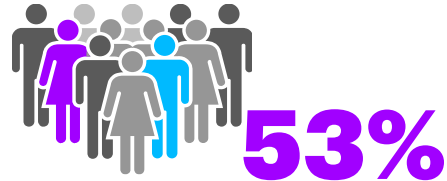


Client segmentation will be personalised by 2025

The industry is progressively shifting to a segment of one



Traditional segmentation by demographics, region and investible assets will continue to play an important role



Personalization will be driven by both traditional investment needs and evolving client values and lifestyle choices



New approaches driven by evolving client values and lifestyle choices will become more important



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

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**

While

63%

will already be **integrating client experience** and AI/ML driven digital processes

64%

expect to adopt a **slim, modern core**

Nearly

80%

will already be **integrating partners** into a scalable ecosystem with sophisticated data intelligence

Leadership becomes more responsible by 2025



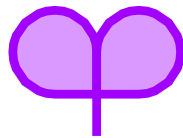
Almost 80% will move into an era of wealth with responsibility



17%

TRADITIONAL

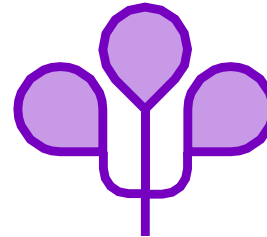
Focused on monitoring ESG and SRI indicators that are integrated within the existing investment process



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

Empowered talent and change by 2025

Fostering talent and culture could facilitate competitive advantages

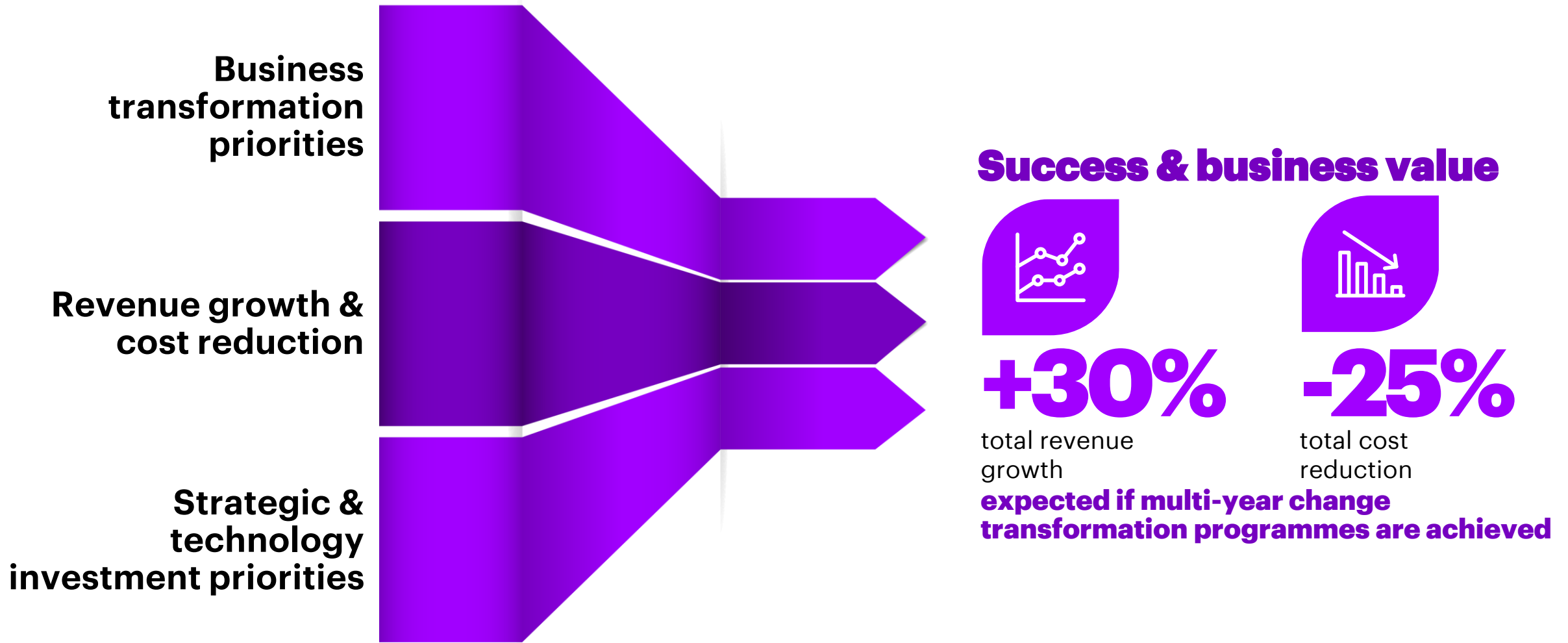
Top Three Enablers

- 1 Embedding a strong culture for change and embracing new ways of working
- 2 Attracting and empowering the right personnel
- 3 Optimising and automating fragmented processes

Top Three Challenges

- 1 Embedding a strong culture for change and embracing new ways of working
- 2 Capitalising on opportunities of emerging technologies
- 3 Transforming legacy environment into a flexible ecosystem of service providers

C-Suite to unlock significant transformation gains by 2025



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**

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.

The firm has over 500 employees located in the world’s key financial centres: New York, London, Zürich, Geneva, Singapore, Hong Kong, Frankfurt, Düsseldorf, Luxembourg, Paris, Sydney, Berlin, Warsaw and Manila.

Visit us at www.orbium.com.

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.

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