

Wealth investments and advice in Europe: Capturing the next wave of growth

How European wealth managers could emerge
as winners in the post-pandemic era

Table of contents

03	Navigating a blizzard of compressed change
5	Taking the industry's pulse
7	Diverse business models but consistent views on how to be future-ready
9	Summary of key findings
10	Strategic themes shaping the marketplace of tomorrow
12	Industry consolidation
14	Greater adoption of new technologies
15	A shortage of talent and skills
16	Reinventing to realize market growth potential
21	The need for greater agility to drive growth
24	Addressing shifting client priorities with an improved client experience
28	Deploying rapid innovation in new investments and advice solutions
32	Realizing hybrid advice models to tap into underserved markets
37	A new approach to advisor talent
40	Mobilizing the right mix of technology and platforms

44	Three top priorities to become future-ready
46	The focus for future revenue growth is on getting more from existing clients and shifting toward next-gen clients
48	Advisor reskilling becomes more important—and more challenging
51	Digital ambition is high, but adoption is still a work in progress
53	Three calls to action could lay the foundations for future success
54	Reset the perception of the industry through closer alignment with environmental and social trends for greater inclusiveness
56	At firm level, adopt new frameworks and change approaches to drive growth in more agile ways
58	Delivering against 360° value metrics by becoming more data-driven
61	Let's talk

Throughout this report, the term "Europe" refers to the European Union, the UK and Switzerland.



Navigating a blizzard of compressed change

For decades, the wealth management industry in Europe has operated in a relatively benign, stable and predictable environment. No longer. In the past 24 months, wealth managers have faced an unprecedented barrage of profound shocks and seismic shifts as longer-term industry trends have coalesced with the effects of the pandemic and other drivers to cause disruption at scale.

As Europe strives to emerge from the turmoil of these disruptive changes, two key questions dominate wealth managers' current thinking:

1. What will the post-pandemic world and the marketplace opportunities of 2025 look like?
2. What will it take for firms to change—and how fast will they need to move to be future-ready for sustainable growth and returns?

On both questions, the jury is still out. Given the current backdrop of inflation, economic unpredictability and geopolitical upheavals, market volatility will likely become “standard” as we enter the post-pandemic era.

However, respondents to our latest wealth management survey were also of the view that the industry could be moving into a next wave of growth, with the pandemic having underscored the need for innovative solutions and client servicing around wealth management.

All the above makes it imperative for wealth management firms to think through how they should prepare to capture the next wave of growth, how they will offer investment advice and financial planning in a different environment, and how they can achieve their ambitions through fast and successful change.



We are pleased to see wealth executives identifying the key areas within their organizations that they need to transform to remain relevant to clients, particularly as the pace of intergenerational wealth transfers across Europe quickens.”

Liz Field, Chief Executive, PIMFA

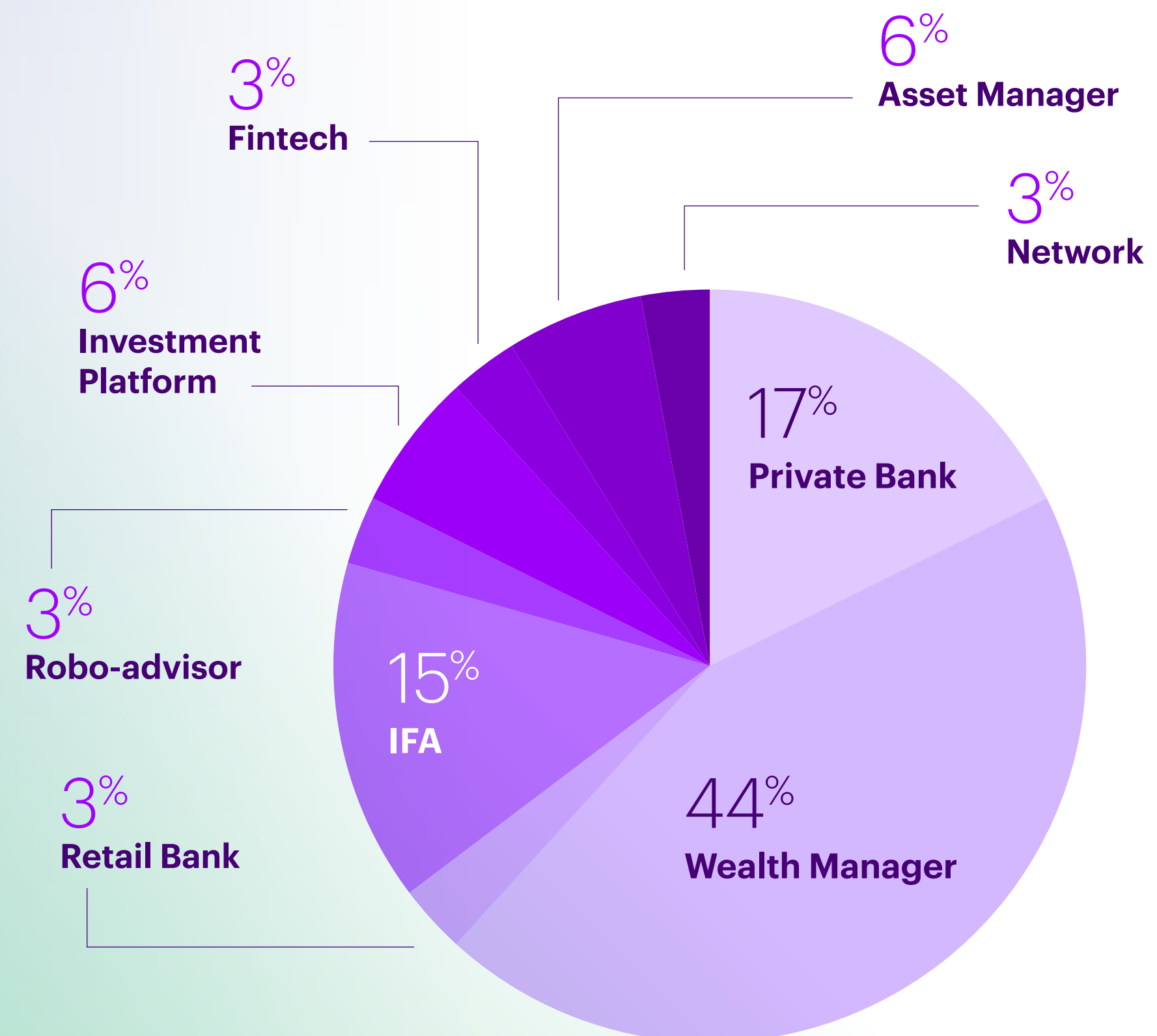
Taking the industry's pulse

Against this background, Accenture teamed up with the United Kingdom (UK) Personal Investment Management and Financial Advice Association (PIMFA) to take the pulse of the industry through a survey covering selected European countries (UK, Switzerland, Belgium, Spain, Italy, Finland, Austria and Luxembourg). The majority (77 percent) of survey participants were C-level executives.

Additionally, Accenture participated in strategic discussion sessions with PIMFA members' executives and its Under 40 Leadership Committee to discuss, validate and deepen the key survey findings.

Finally, we conducted several interviews with C-level industry executives and leveraged relevant Accenture European country wealth research such as the recent study: New Distribution Models of the Next Generation of Clients and Advisors in the Italian Market.

Figure 1. **Survey responses reflect an increasingly diverse range of wealth business models**

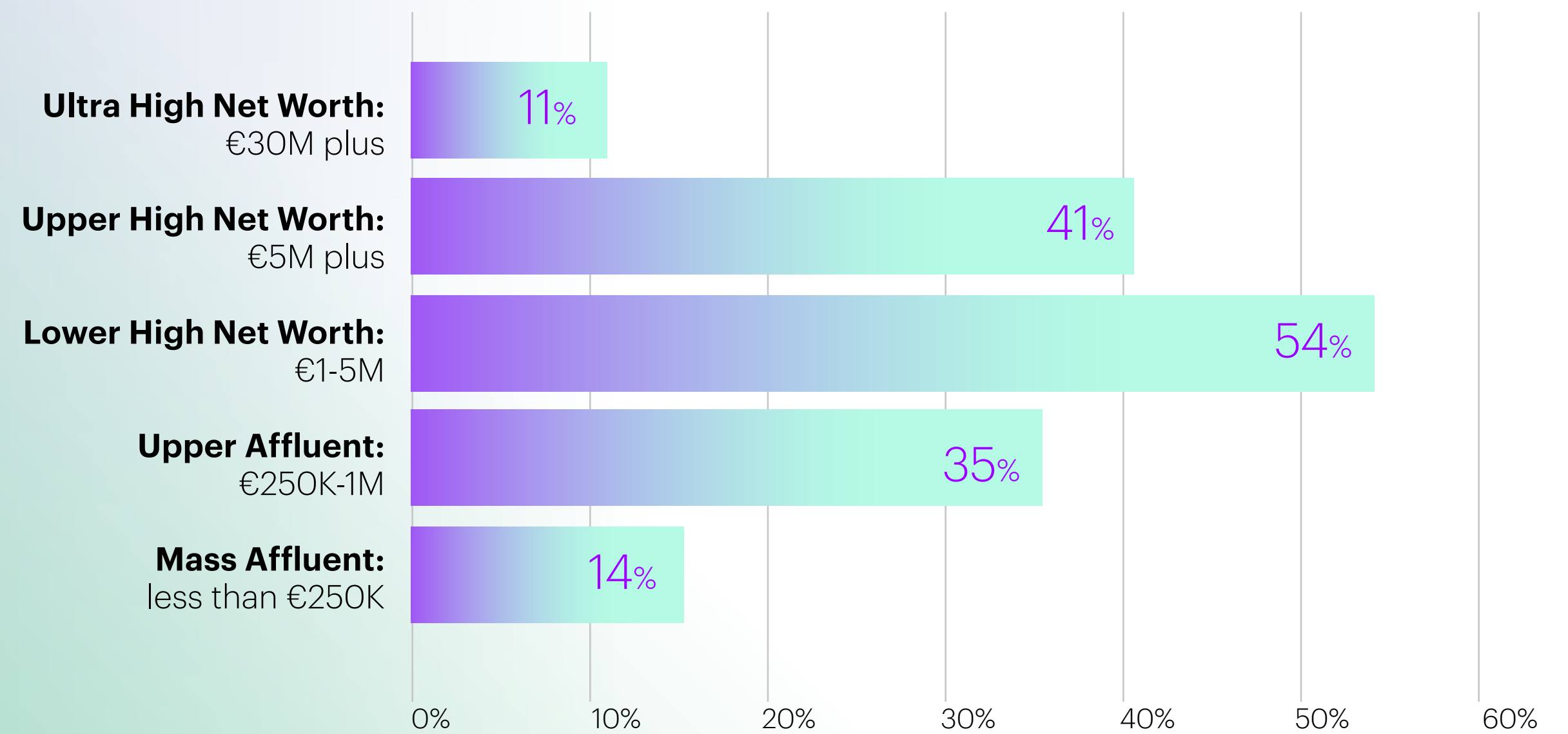


Q. Which best primarily describes your organization? Please select one.

Source: Accenture / PIMFA Wealth Management Survey Europe, 2022

Our overall objective has been to understand the key industry drivers and the disruption that firms see at play right now, and how they are likely to shape the future marketplace in wealth. We also explored firms' current priorities and their progress with change programs planned for the coming three years and beyond.

Figure 2. **Survey responses reflect diverse client segments**



Q. Which market segments does your organization target? (multiple responses permitted)

Source: Accenture / PIMFA Wealth Management Survey Europe, 2022

Diverse business models but consistent views on how to be future-ready

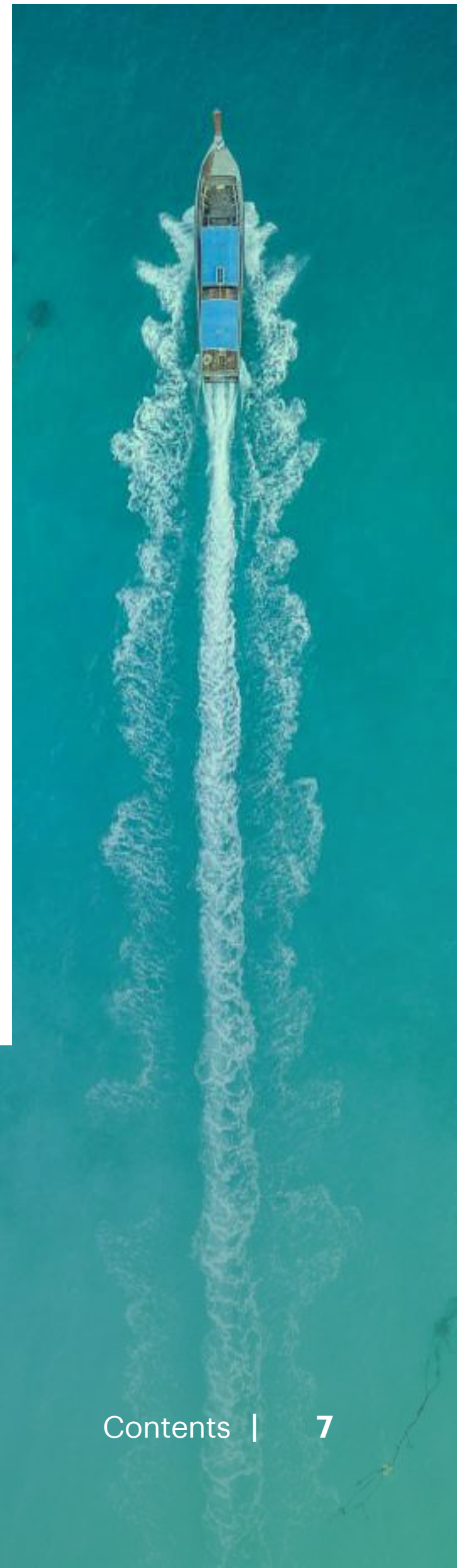
Despite the wide and increasing diversity of firms and business models within the industry, which is reflected in our survey, there was a remarkable degree of consistency in the answers. Respondents identified strategic themes that they expect will most significantly shape the marketplace in Europe and which could demand radical reinvention of current business, operating and technology models between now and 2025. Time and again, respondents pointed out they see the industry moving into a new wave likely driven by three key strategic themes:

1. Greater consolidation and a more competitive environment with traditional and newer firms
2. Greater adoption of new technologies
3. The need to address skill shortages with a battle to attract and retain talent



We asked firms how they think they could excel amid these new realities. In response, participants said they expect to be more organizationally agile going forward. Not all firms have so far adapted equally well to the recent events, and this was manifested in significant differences across respondents in their ability to grow assets under management in 2021.

Going forward, we see an emerging group of future growth leaders who will be able to capitalize on the significant untapped growth potential existing in the various European markets on the way to 2025. This varies across the lower to higher wealth segments, all being driven by a democratization of access to wealth advisory overall and other evolving trends.



Respondents to our survey expressed the view that a significant amount of value awaits those able to capture the next wave of industry growth, and they identified five future-growth industry drivers to achieve this. These encompass a greater focus on meeting evolving client needs, continuous product and solution innovation, a shift to hybrid human-centric and digital service models, meeting key talent challenges and adopting the right mix of technology platforms.

To overcome the challenges of change, survey respondents plan to focus on better unlocking value across three main priority areas.

They expect to deepen and broaden their offerings to current clients and to accelerate the acquisition of new clients in new ways. They also plan to renew attention to talent management and diversity and hope to close some key gaps between their digital ambitions and current progress in adopting new technologies.

Respondents concluded by identifying three calls to action at both the collective industry and firm-specific levels. Resetting the perception of the industry, adopting greater agility and becoming more data-driven emerge as key imperatives.

Overall, participants provided an outline journey showing where and how they could expect to capitalize on the industry opportunities and meet its challenges, aiming to become agile growth leaders against a backdrop of continuing industry volatility, uncertainty, and disruption.

They believe they could win through a balanced combination of change that delivers elevated client experiences, offers continuous product and solution innovations, achieves talent development and a faster speed of operation, and is underpinned by the right mix of modern technologies.

Together this could create 360° value.

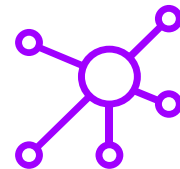


Summary of key findings

What are the key strategic themes changing the industry?



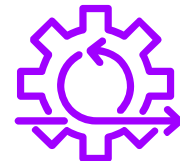
Greater industry consolidation



Greater adoption of new technologies



Talent challenges – advisor challenges and skill crunch



Need for greater organizational agility

What are the growth-industry drivers?

Shifting client priorities and improved client experiences

Deploying new investments and advice solutions

Hybrid advice models to tap into underserved markets

Improved advisor talent strategy

Right mix of modern technologies and platforms

How do firms expect to succeed?

Top priorities

- 01 **Grow revenue from new and existing clients**
- 02 **Reskill advisors and attract new talent**
- 03 **Improve digital operations**

Calls to action

- 01 **Make the industry more appealing**
- 02 **Agile frameworks and change approaches**
- 03 **Deliver against 360° value metrics**

Source: Accenture / PIMFA Wealth Management Survey Europe, 2022



Strategic themes shaping the marketplace of tomorrow

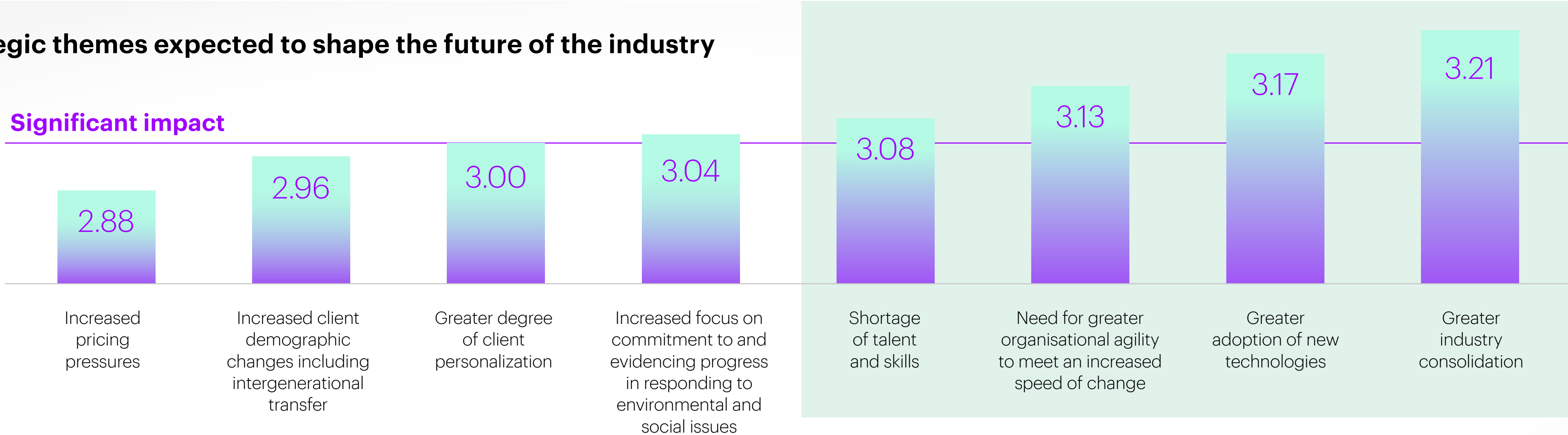
Our survey asked participants what strategic themes they most expected to reshape the industry and influence the evolution of investment and financial advice business models through to 2025. Respondents cited four major themes—two external to firms and two internal.

Respondents identified **industry consolidation** (and thus a tougher competitive environment), the adoption of **new technologies**, and the **shortage of talent and skills** as the factors most likely to affect the industry in the years ahead. Together, these are driving the need for **greater organizational agility** to cope with accelerated industry changes.

Firms also reported that, historically, they had become accustomed to incremental and functional change, but COVID-19 had forced them to adopt a more enterprise-wide approach to change. They had to adapt quickly to manage the pandemic with more agility and resilience. They had to quickly fill skill gaps, adjusting to the needs of a remote workforce requiring new capabilities and behaviors.

But this is likely to have been only the first wave in a progressive journey toward much greater organizational agility. So, what are firms expecting to see as the drivers of significant change going forward?

Figure 3. **Strategic themes expected to shape the future of the industry**



Q. What topics do you expect to most shape the future industry and business model (investment/financial advice) evolution out to 2025?

(1 = no impact, 4 = very significant impact)

Source: Accenture / PIMFA Wealth Management Survey Europe, 2022

Industry consolidation

Let's look at industry consolidation first. Traditionally relatively fragmented, the wealth management industry in Europe is today under pressure from consolidation, convergence and the rise of new business models and players with differentiating capabilities.

Industry consolidation is therefore already happening, driven by two distinct groups. First, traditional incumbent players are reshaping their businesses. Second, non-traditional, more disruptive players are attracted by opportunities to create value from structural growth, digital and technological innovation, and clients' readiness to embrace new investment advisory and financial planning propositions.



91%

of respondents expect greater industry consolidation.

As a result, the traditional line-up of industry players is changing. Continued advances in technology hasten the entry of fintech and “digital attacker” players to the market, either independently or through partnerships with incumbents. We’ve also seen the emergence of new cross-industry players such as asset managers, insurers and fintechs, all converging into the wealth space.

Several incumbents have responded to this in new ways—including through venturing into new digital areas and through a mix of acquisitions, organic growth developments, joint ventures and partnerships. These initiatives often target a specific niche or aim for wider gains in additional business model capabilities and segments such as ultra-high-net-worth (UHNW), high-net-worth clients (HNW) or affluent clients—with a continuing distinction between onshore and offshore models. The overall effect is to make the battleground increasingly competitive and fluid.

In addition to being dominated by COVID-19, the period from 2021 to early 2022 set new records for M&A in wealth. In Europe, this included the acquisition of Brewin Dolphin by RBC; Interactive Investor in the UK by abrdn; Wealth Front by UBS to gain access to new capabilities; and the Deutsche Bank Financial Advisors network in Italy by the insurer Zurich.

Activity has been further buoyed by the expanded role of private equity (PE) firms in some European countries. PE firms could bring new expertise to wealth players by introducing a disciplined playbook for developing more agile, higher-growth and value-focused business models at pace.

But all these developments beg a broader question: What’s actually attracting the new entrants?

First, wealth management usually offers recurring-fee-based income with lower capital requirements. Furthermore, we believe that it is a combination of the significant shifts underway in both the domestic onshore and cross-border markets, as well as emerging client needs across the mass affluent, upper affluent, lower and upper HNW and UHNW cohorts. These shifts present attractive opportunities to capture further growth and recurring-fee-based income and returns.

Greater adoption of new technologies

New technologies were a lifeline for the industry during the pandemic, enabling remote working between firms and clients in a broader, faster way than before.

The first wave was basic and piecemeal automation to enable remote working, but our survey revealed that firms recognized the need to develop strategies to leverage new technologies and further automate the business.

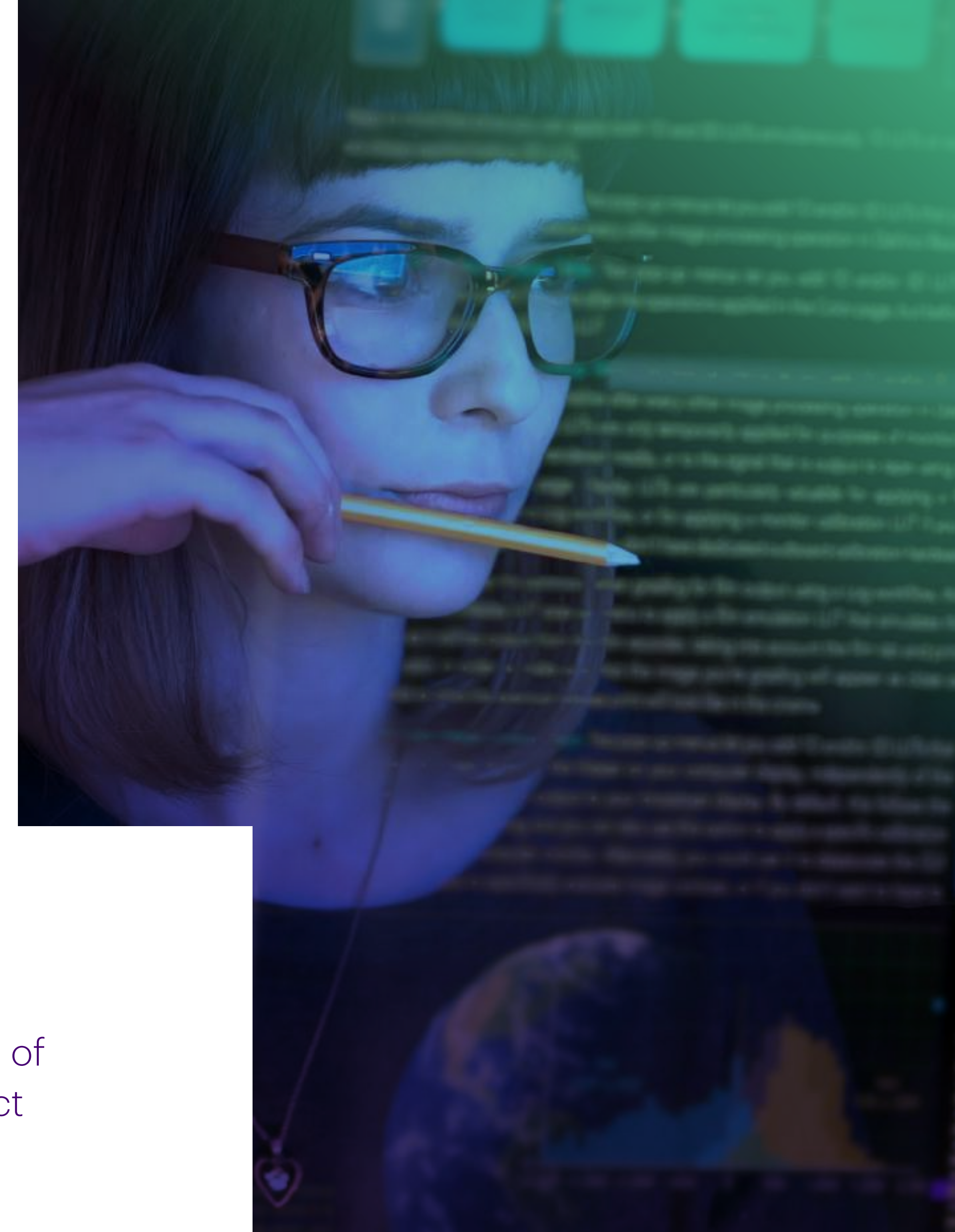
One survey respondent estimated, for example, that his firm could realize five times more automation in future through the right combination of new technologies. These include robotic process automation, artificial intelligence (AI), machine learning, cloud, 5G, virtual and augmented reality, blockchain, and other technologies.

Such technologies are of varying maturity today but could unlock new levels of agility and means to empower advisors. This in turn could enable superior client experiences and accelerate new growth.

Many firms still seem to be at the early stages of a transition from their legacy past to a digital future. New combinations of technology and business ingenuity could help transform the current wealth management industry and open it up to a broader range of clients in innovative ways.

88%

of respondents believe greater adoption of new technologies will significantly impact the future evolution of the industry.



A shortage of talent and skills

Alongside changes in client needs, the industry reported increasing challenges around advisors—not least an intensifying shortage of talent, especially in markets like the UK.

While the ongoing intergenerational transition in the client base is widely recognized, there is an equally significant, but less generally discussed, generational transition taking place among investment advisors and relationship managers. Given the importance of strategic talent acquisition to augment capabilities and capacity for growth, our survey participants raised doubts about the industry's current attractiveness to younger talent.

It's clear that a skills crunch has begun to bite, as evidenced by the escalating battle for advisor talent.

The next generation of relationship managers is likely to be eager to work for firms whose values and purpose they share, and that have a dynamic culture which they can influence. One possible implication is that young people who want to become advisors might be more interested in setting up their own EAM (external asset manager) or IFA (independent financial advisor) business rather than working for a more established firm.



70%

Some wealth managers may see a growth opportunity in providing these new firms with products and services. However, the trend still points to a looming shortfall of in-house advisors, with 70 percent of survey respondents agreeing that this could have a significant impact on the industry.



Reinventing to realize market growth potential

Trillions of euros could flow into the industry through a further democratization of distribution channels, products and solutions. New low-cost digitally-enabled investment and simple advice and guidance models, better returns and the need to provide for their longer-term needs—all these could lure affluent savers to become investors. That’s aside from the growth opportunities provided by other wealth segments.

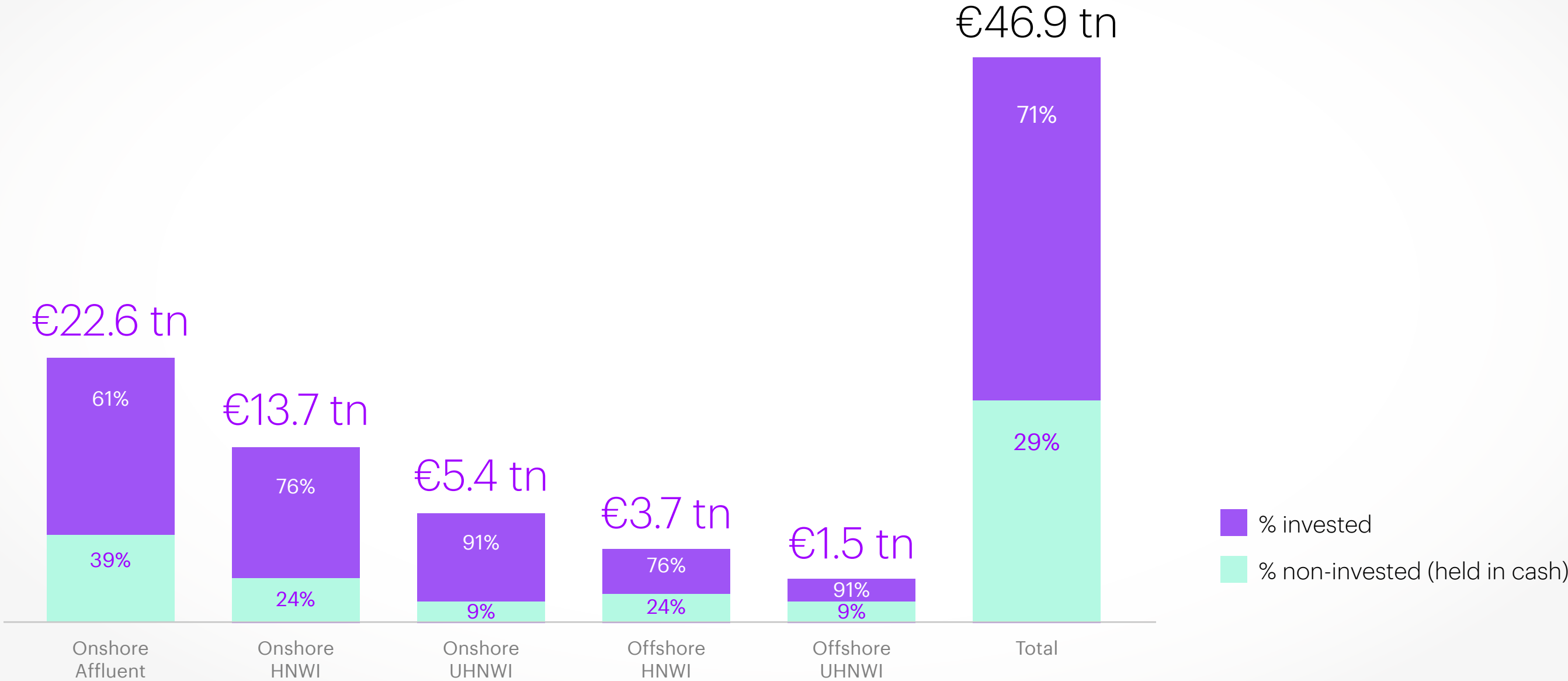
It’s difficult to quantify the growth potential offered by these changes in European wealth markets and client segments. But our estimates suggest it could be massive, given that about €14 tn was held largely in cash and deposits in 2021, a portion of which could move as more savers become investors.

In this context, one of the pandemic’s key impacts has been to trigger profound behavioral shifts in the affluent segments. In particular, we have seen savers become first-time investors, seeking low-cost investment and advice offerings so they can self-provide over and above their pillar 1, 2 and 3 government and employment pension contributions.

In an article published in March 2021, FEPI Secretary General Simon Colboc estimated that European households currently hold more than €30 tn in onshore financial savings and investments.

These are not usually considered pillar 1, 2 and 3 pension assets since they are held in life insurance, savings accounts or other forms of investment.

Figure 4. **Estimates of the European household wealth market (investable assets / cash and investments in trillions of euros, 2021)**



Note: chart not to scale

Source: Accenture estimates based on multiple sources (EU, UK and Switzerland)

Approximately 30 percent of overall household wealth is currently held in deposits across Europe. If only ten percent of this money moved to investments, it would represent an extra €1.4 tn of investment assets and advice growth, along with associated fees.

The big question is whether this shift in demand will be slowed by rising interest rates, geopolitical uncertainty and market volatility—or whether it will be driven on by a combination of inflation worries and social, behavioral and environmental changes which favors ESG-oriented investments.

On top of these household savings, there is a deep pool of HNW/UHNW investment assets that Accenture Research estimates at €19 to €20 tn. Again, if just a portion of these could be transferred to potentially higher-performing and new higher-margin investment classes, such as private assets and financial advice solutions, there could be a significant move to a higher-value investment asset mix. The potential is greater when we add in the evolving cross-border markets, which Accenture Research estimates to be worth about €4 tn in assets. These may also benefit from new client migration and investment patterns.

€14 tn

Households in Europe hold around €14 tn in cash. This could represent a sizable €1.4 tn in AUM growth if only ten percent were to move to investments.

Indeed, the wider growth opportunity could be even bigger. Shifts in the HNW and UHNW segments—driven by intergenerational transfers—may spur investment and advice needs. A similar story could also play out among globally mobile, affluent cross-border clients, also reflecting changing global and regional migration patterns.

The inescapable conclusion is that there is a combination of new and previously underserved client needs across an expanding spectrum of wealth segments, from affluent through to HNW and UHNW. And with these come sizeable new growth opportunities that have yet to be fully addressed.

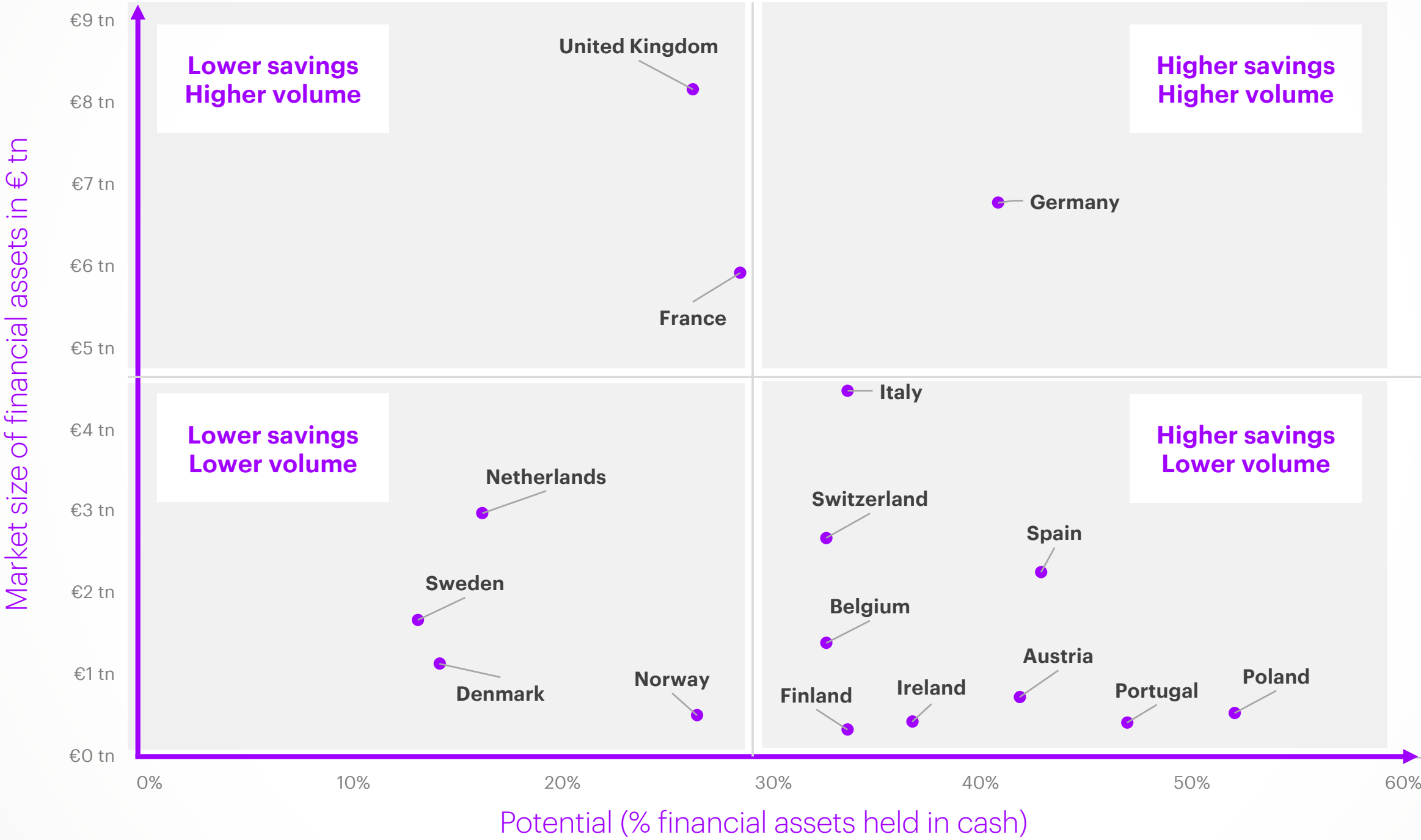
Differences across European markets

Throughout Europe, market differences exist across a variety of characteristics: regulations, tax, pension reforms, asset class preferences and others. It is important for firms to evaluate the markets in terms of ways to play and capabilities needed to win across key dimensions, such as the size and potential of client cash and deposits available to switch to investments and advice. The opportunities for growth therefore differ by market.

Figure 5 shows market sizes and the degree of clients' orientation to savings currently held in cash. Looking across the various geographies, we find a set of wealth management markets that are both diverse and fast evolving in market structures, potential and maturity.

A separate Accenture survey of millennial and Gen X clients in the Italian market showed a high propensity toward digital banking. While 80 percent of respondents used banking services, only a third had used advisory and investment services in the last 12 months. This is just one example that illustrates the potential of new hybrid advisor/digital service models for targeting and converting this client base.

Figure 5. **Market sizes and degrees of client orientation to savings currently held in cash**



Source: Accenture estimates based on multiple sources (EU, UK and Switzerland)

It is estimated that up to 100,000 of Europe's 700,000 financial advisors and intermediaries could soon retire.

Degree of consolidation and distribution structure

One major difference among Europe's markets is the degree of market consolidation in the wealth space. Spain, for example, is already relatively consolidated; the UK is fragmented but consolidating and Switzerland—with 243 banks in 2021—has undergone some consolidation but may have more to come.

Although many might have predicted their demise, we are also seeing the rise across Europe of fewer but stronger external asset managers (EAMs) and independent financial advisors (IFAs), as well as family offices. These players usually focus on the front end of the private banking relationship and increasingly work with private banks and wealth managers around investments and technology support.

Investment and advice innovation

Another key feature of the European market is its global leadership in ESG investment through centers of excellence like the UK and the Netherlands. These countries are also the most advanced in providing regulated financial planning advice for affluent clients. In terms of digital assets, Switzerland is probably at the forefront with its Crypto Valley.

Technology modernization

The level of technology modernization varies between European markets. In the HNW and cross-border segments, respondents in our survey highlighted the uptake of modern scalable and operationally resilient digital core banking and investment platforms.

The advisor workforce and other characteristics

Meanwhile, a growing challenge for Europe's wealth industry is the looming crunch in advisory talent. Today, there are approximately 700,000 financial advisors and intermediaries working in Europe. There are also estimates that up to 100,000 of those could retire. In the UK, industry figures suggest almost a third of advisors expect to retire in the next five years, undermining efforts to bridge the advice gap. This impending loss of expertise could accelerate the move to digital and hybrid models and accentuate the need to recruit a new generation of advisors into the industry.

A scenic view of a stone bridge over a river, with colorful light trails (rainbow colors) flowing across the bridge and into the water. The background shows a rocky coastline and a blue sky. The text "The need for greater agility to drive growth" is overlaid in white.

The need for greater agility to drive growth

92 percent of respondents saw the need for greater agility—and what it should entail—to drive growth. It would require firms to address clients' increasing focus on ESG, improve the client experience, deploy innovative investment and advice solutions, and realize hybrid advice models to tap into underserved markets. These would be underpinned by improvements in the quality and diversity of advisor talent and mobilization of the right mix of technology.

Growth leaders are realizing AUM growth up to five times faster than low-growth firms at 20%-plus.

As the industry is set to change, it is already apparent that firms are not equally prepared. While the industry proved resilient during the pandemic, one of the most interesting findings from our survey is the wide divergence in growth rates of assets under management (AUM). While some firms saw their AUM edge up at just one to four percent in 2021, or even stay the same, others were putting themselves in a stronger position. These wide gaps

92%

of respondents expect better organizational agility will be key to future success.

reflect glaring differences in firms' success during the COVID-19 pandemic.

What are the growth leaders doing differently?

Our in-depth interviews suggest that enterprise-aligned growth approaches help them to look outward, be more proactive in identifying market opportunities and be more efficient in capitalizing on them.

Growth leaders also seem to be more agile across key areas of their business models. Striving for agility was a common theme across all respondents to our survey, so let's explore the most important aspects respondents called out that could make for greater organizational agility.

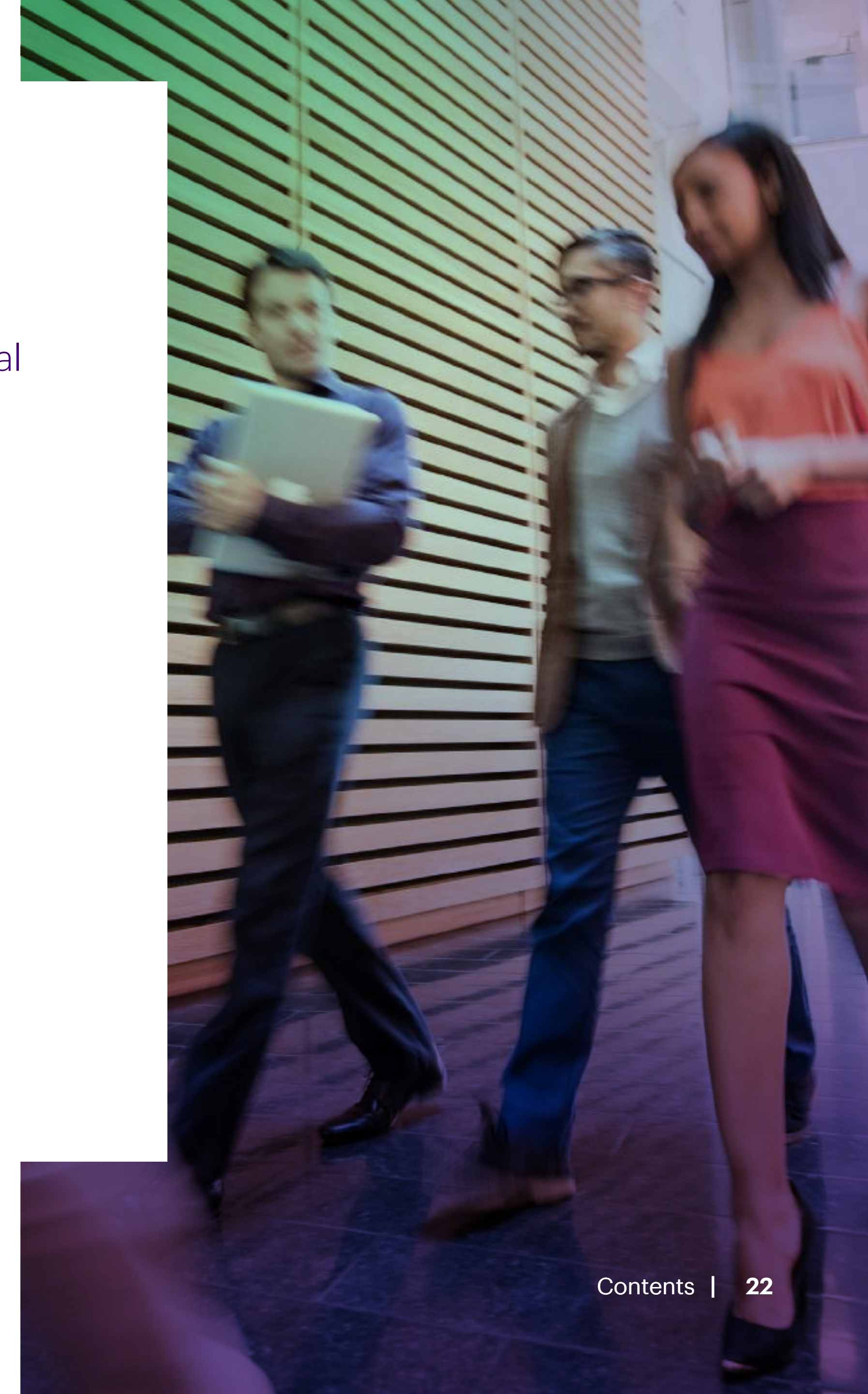
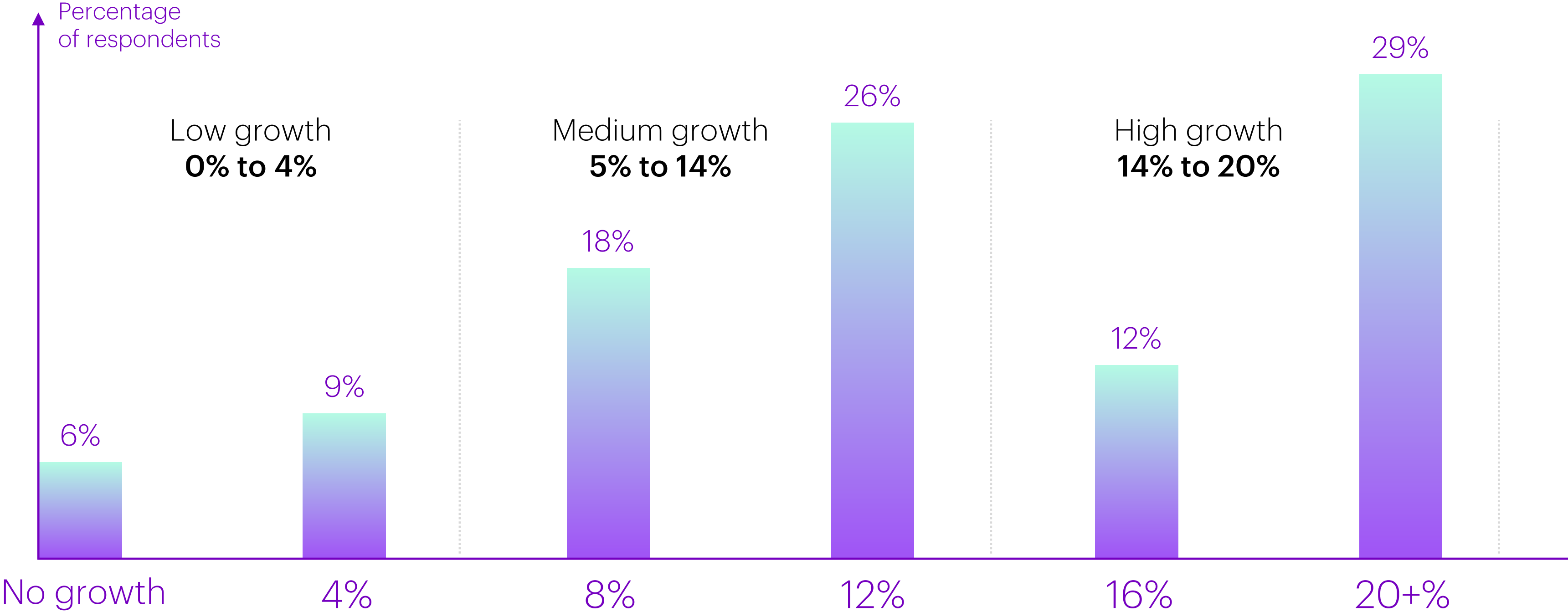


Figure 6. Respondents' firms' AUM growth in 2021 versus 2020



Source: Accenture / PIMFA Wealth Management Survey Europe, 2022

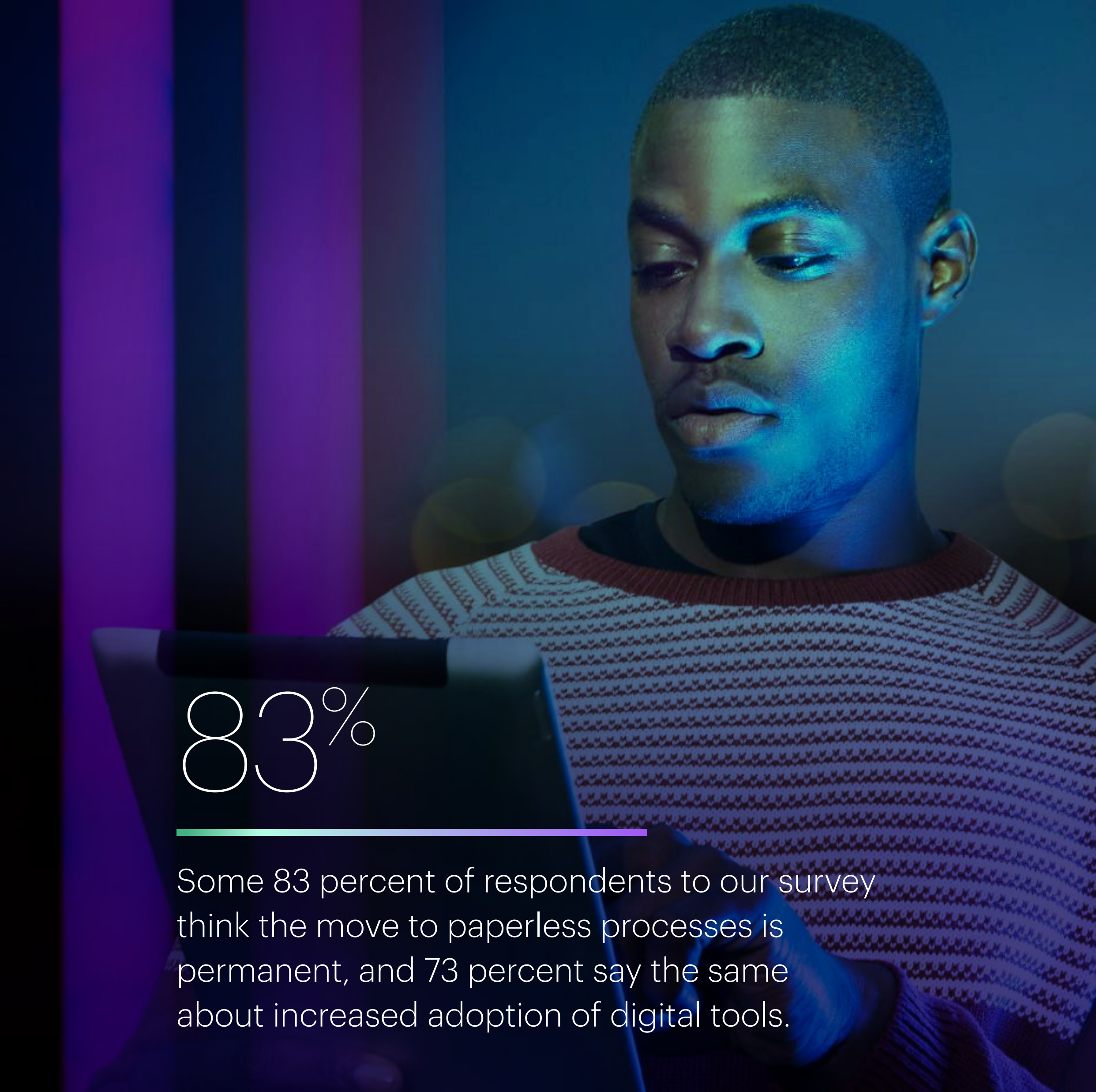
Addressing shifting client priorities with an improved client experience

The pandemic has seen people focus more on their long-term financial wellbeing and on dealing with uncertainty—in turn, causing them to think more about investments and their need for advice. But that’s just one of the client-side changes underway.

A further shift that emerges from our survey is the arrival of the next generation of clients, with different priorities and an affinity for new hybrid human and technology models and experiences. This mindset is reflected by their rapid take-up of new investment offerings—witness the rise of direct investing, trading, brokerage models (e.g., eToro, SaxoBank) and events around social media (e.g., GameStop).

The emergence of this young, growing cohort of clients looking for a blend of remote digitally-enabled services, social media and human contact sets the scene for possible continued growth, and evolution in the different types of hybrid advice models.





83%

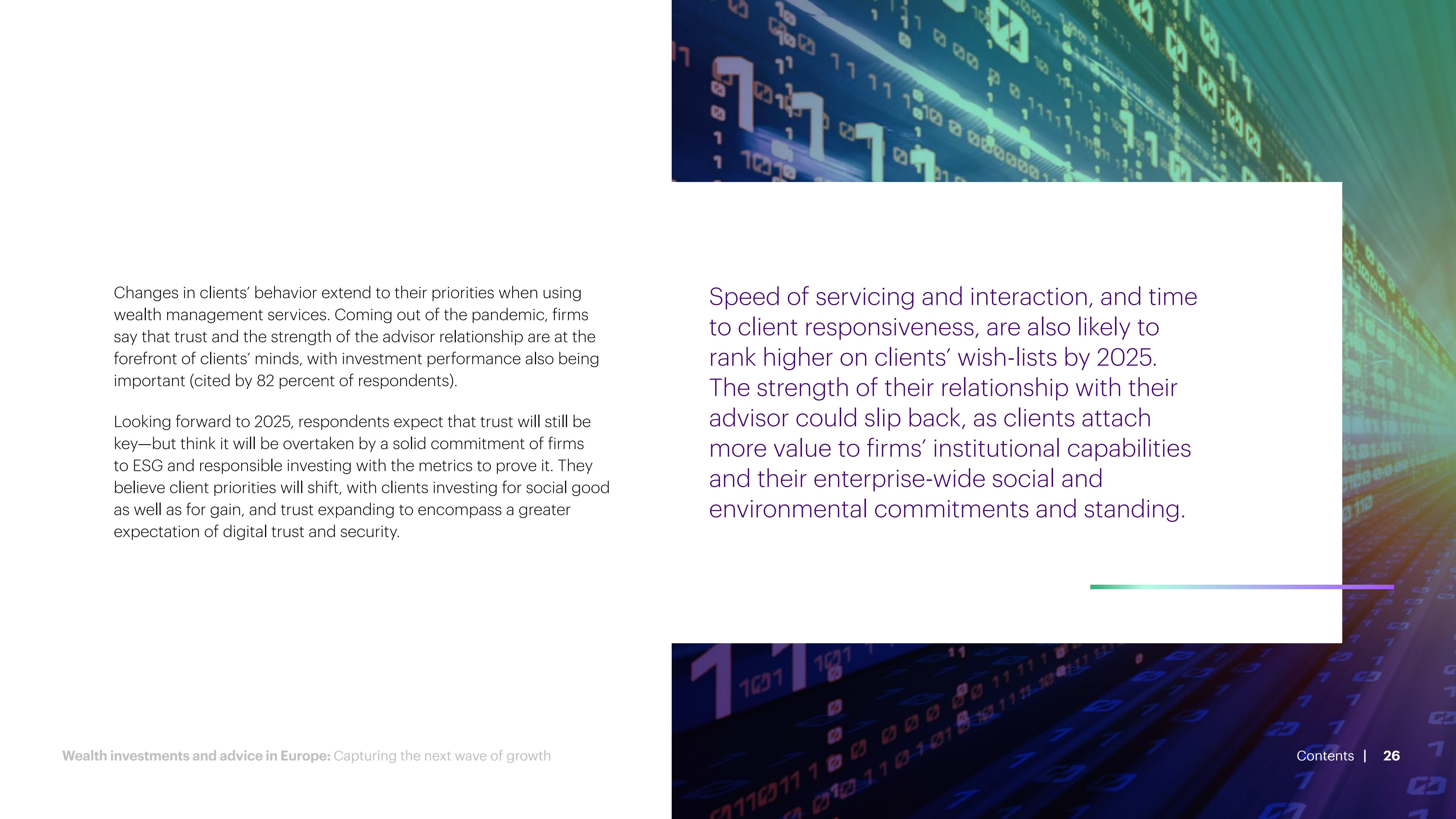
Some 83 percent of respondents to our survey think the move to paperless processes is permanent, and 73 percent say the same about increased adoption of digital tools.

79%

More frequent remote interaction and servicing of existing clients was reported by 79% of respondents. However, 60% of respondents think travel to clients will resume.

However, generational change is only one part of the picture. During the pandemic, the mode of client interaction changed dramatically. Firms in our survey reported a number of profound impacts, including reduced travel to meet clients face-to-face (90 percent of respondents). There was, correspondingly, greater adoption of digital tools to support remote interactions with clients (89 percent of respondents cited this as significant). More frequent remote interaction and servicing of existing clients was reported by 79 percent of respondents, and 68 percent were affected by the increased move to paperless processes.

In the post-pandemic environment, firms don't expect things to go back to how they were before. Some 83 percent of respondents to our survey think the move to paperless processes is permanent, and 73 percent say the same about increased adoption of digital tools to support remote client interactions. However, many do think travel to clients will resume—a view expressed by 60 percent of respondents—probably reflecting many clients' continued desire for a mix of remote and face-to-face interactions and advice.



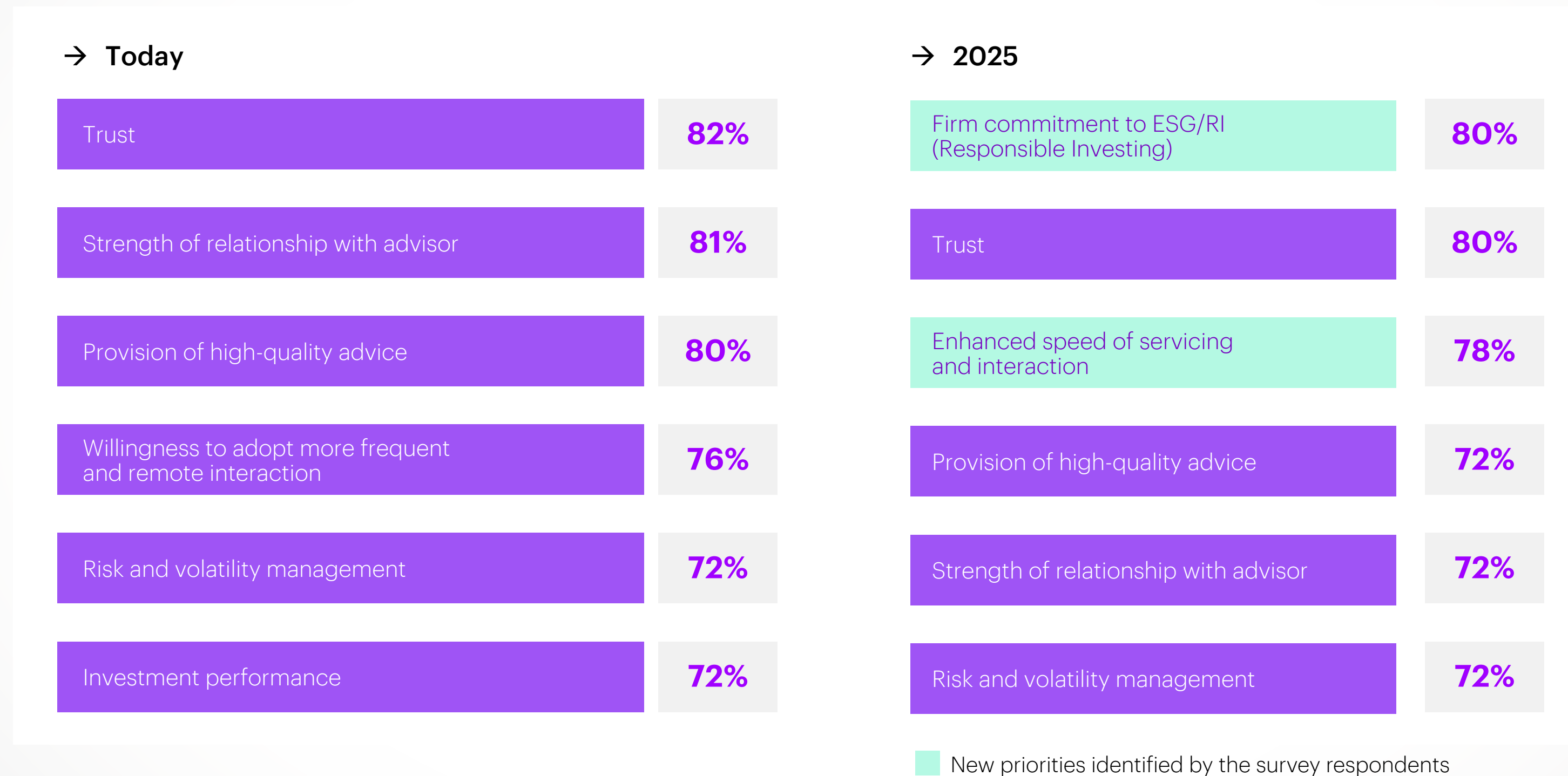
Changes in clients' behavior extend to their priorities when using wealth management services. Coming out of the pandemic, firms say that trust and the strength of the advisor relationship are at the forefront of clients' minds, with investment performance also being important (cited by 82 percent of respondents).

Looking forward to 2025, respondents expect that trust will still be key—but think it will be overtaken by a solid commitment of firms to ESG and responsible investing with the metrics to prove it. They believe client priorities will shift, with clients investing for social good as well as for gain, and trust expanding to encompass a greater expectation of digital trust and security.

Speed of servicing and interaction, and time to client responsiveness, are also likely to rank higher on clients' wish-lists by 2025. The strength of their relationship with their advisor could slip back, as clients attach more value to firms' institutional capabilities and their enterprise-wide social and environmental commitments and standing.

These shifts in client preferences are also reflected in the continued growth in digital and hybrid models, and the related firm-wide ability to support advisors with alerts, and to recommend house views, ideas and next best actions to clients. And while performance will still be important in 2025, other factors are likely to come into play reflecting clients' desire for a broader range of goals and outcomes from their overall wealth advice and planning.

Figure 7. **Firms' views of client priorities, today and in 2025**



Q. What in your view has been important to your clients during the pandemic?
How do you expect this to change for clients to 2025?

Source: Accenture / PIMFA Wealth Management Survey Europe, 2022

Deploying rapid innovation in new investments and advice solutions

Linked to the changing client landscape, a major shift in wealth products and services innovation is now also gaining momentum.

The direction of travel? Traditional investment management and advice are being complemented by newer, more sophisticated offerings with a focus on investments and advice across the whole client spectrum.

For more experienced or accredited investors, there has already been a progressive increase in the number of private investments and digital assets on offer. Our survey also reveals a particular challenge with ESG investments, which seem difficult for advisors to communicate to clients—an issue exacerbated by the complex patchwork of relevant regulations across different European countries.



Fully 100 percent of respondents in our survey plan to focus on developing new/innovative products and solutions by 2025—with the current focus being on introducing ESG products (96 percent of respondents), thematic investments (82 percent), financial planning, goals-based planning, and pension accumulation planning.

Looking forward, ESG and financial planning will remain an important focus. But new products could also emerge, including the likes of digital assets, tokenization and impact investing. To an increasing degree, success in the future will depend on firms' ability to manage the faster pace of product and solution development, the growing complexity, the increased risk, and the new capabilities required to thrive. To accommodate these trends, several respondents indicated that they would have to restructure their traditional asset management and supporting operational platforms and partnerships.



Our own recent research with the Under 40 Leadership Committee has demonstrated that understanding ESG motivations will be fundamental to attracting younger investors as well as more female investors, who together will hold up to 60% of wealth by 2025 according to some estimates.”

Liz Field, Chief Executive, PIMFA

Figure 8. **Respondents' increasing focus on investments, advice and insurance**



Q. Which products and solutions offerings are most important now and to your future growth priorities?
Please select all that apply.

Source: Accenture / PIMFA Wealth Management Survey Europe, 2022



Drilling down into the challenges that wealth managers are facing when it comes to ESG offerings, the issues primarily spring from a lack of agreed standards, and the need for a green taxonomy to help investors customize and direct their investments sustainably.

Getting credible and comprehensible data is another hurdle—as is adopting ESG regulatory proposals such as the FCA’s climate reporting requirements and the EU’s Sustainable Finance Disclosure Regulation (SFDR), to help prevent greenwashing and reorient capital toward more transparent and sustainable investing.

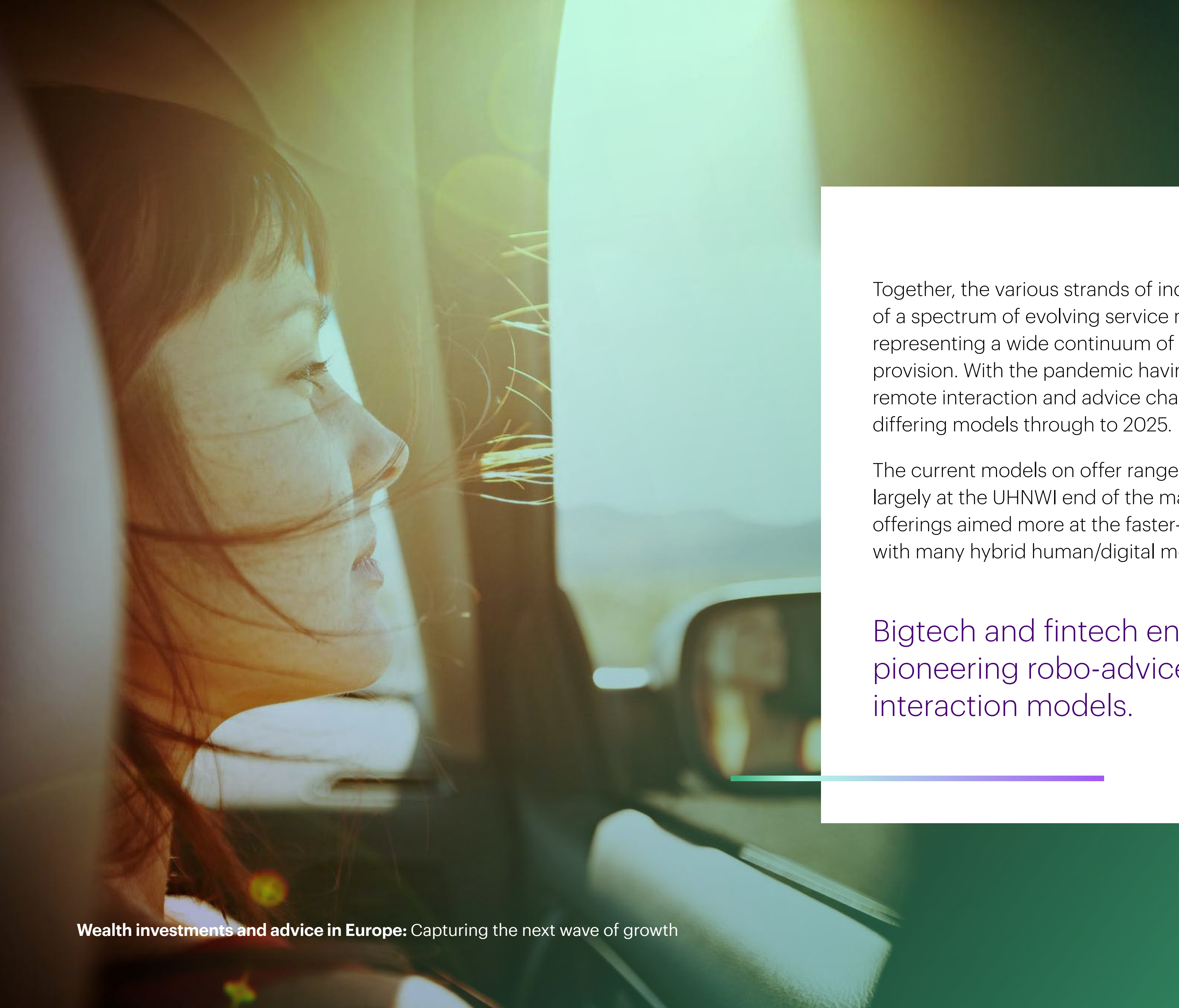
Realizing hybrid advice models to tap into underserved markets

Reaching out to currently underserved, newer and untapped client segments would be key to driving growth. Digital guidance and advisory platforms need to be developed to help win new and next-generation clients.

Firms reported that their delivery models were changing across the digital and human interaction spectrum. Evolving technology progress offers the opportunity to advance the scaled provision of guidance and simple advice by integrating risk tolerance with investment objectives and with a degree of human interaction. This makes it possible to scale and economically address the investment and basic advice/guidance gaps for clients with less wealth, as well as democratizing access to wealth management services.

In terms of where and how firms choose to play in the expanding industry landscape, clients' growing demand for digital channels and new experiences reflects the development and proliferation of technology-based offerings from both incumbents and newer "digital native" entrants.

Respondents expect innovation across multiple hybrid human interaction models.

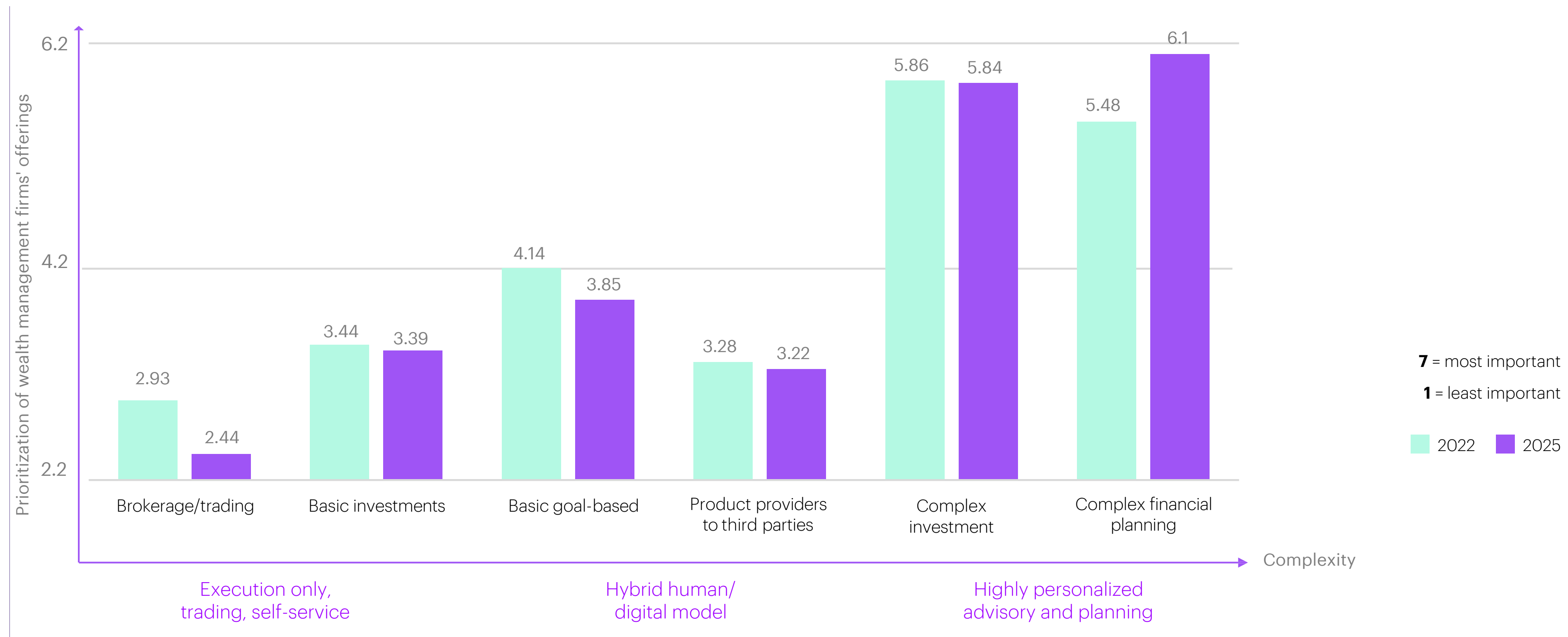


Together, the various strands of industry change have fueled the emergence of a spectrum of evolving service models across the various client segments, representing a wide continuum of human, investment, advice and guidance provision. With the pandemic having sharply accelerated clients' uptake of remote interaction and advice channels, firms expect to maintain these widely differing models through to 2025.

The current models on offer range from dedicated human advisors targeted largely at the UHNWI end of the market, to self-directed and automated offerings aimed more at the faster-growing affluent and younger segments, with many hybrid human/digital models in between.

Bigtech and fintech entrants, in particular, are pioneering robo-advice and evolving new hybrid interaction models.

Figure 9. Respondents' primary product and solutions offerings



Q. Please rank in order of priority how you would characterize your firm in terms of its lead product and solutions offerings focus now

Source: Accenture / PIMFA Wealth Management Survey Europe, 2022

The ongoing shift toward clients wanting **broader financial planning advice** is likely to accelerate to complement broader investment advice through 2025.

Despite the rising use of digital channels, **access to a human advisor will likely remain key to success** in the post-pandemic era.

Capturing the next wave of growth may require substantial changes in how firms deliver client experiences—**deploying various digital and human interaction models** to meet needs ranging from standardized basic guidance and advice to more complex investments, holistic financial advice and planning.

Our survey findings underline the emergence of several new market realities

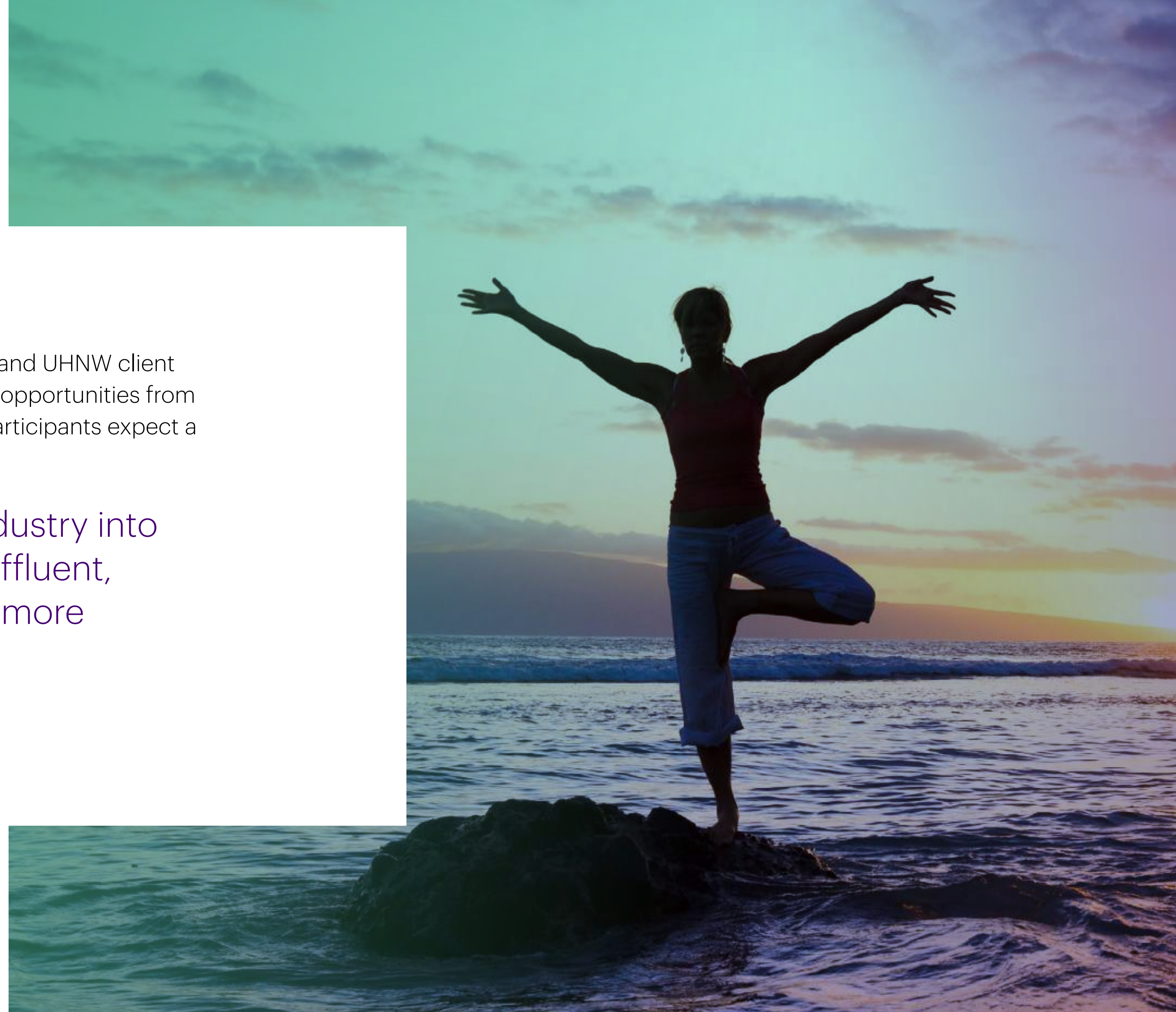
Models for delivering advice should increasingly reflect clients' expectations of **more personalized service and experience**. Remote and hybrid models supported by AI are expected to enable firms to provide such an experience cost-effectively and at scale to affluent clients and the next generation of clients.

The diversifying array of models aimed at the expanding affluent and other underserved segments is likely to create new strategic options for firms to reshape their business models in terms of where to compete and how to win.

Trust has to be maintained through data privacy, the creation of improved risk awareness for new products (e.g., digital assets), and advanced security.

The mass affluent opportunity, as well as changes in HNW and UHNW client expectations, are leading to more of a scale play. And with opportunities from digital and new technologies continuing to grow, survey participants expect a “barbell effect.”

This refers to the polarization of the industry into larger groups serving the range from affluent, HNWI and UHNWI clients and towards more specialists providers.



A new approach to advisor talent

The need for a fresh infusion of talent, mentioned earlier, is reinforced by firms' assessment of the current advisor portrait.

Many firms might still regard advisors as people selected for their ability to provide portfolio and risk insights, offer holistic advice across assets and liabilities, and retain existing clients.

To date there has hence been little focus in many firms on achieving diversity in the advisor workforce or an age mix that includes younger demographics.

In contrast, the “hot” skills and attributes for new advisors are seen as being very different: they are younger, more diverse and able to advise on a much wider range of new asset classes (e.g., digital and tokenized assets) as well as on the liabilities side of the client’s wealth balance sheet.

They would also be capable of offering informed advice on ESG/responsible investing. And, crucially, they would be able not only to relate to and retain existing clients, but also to prospect for and win new ones.

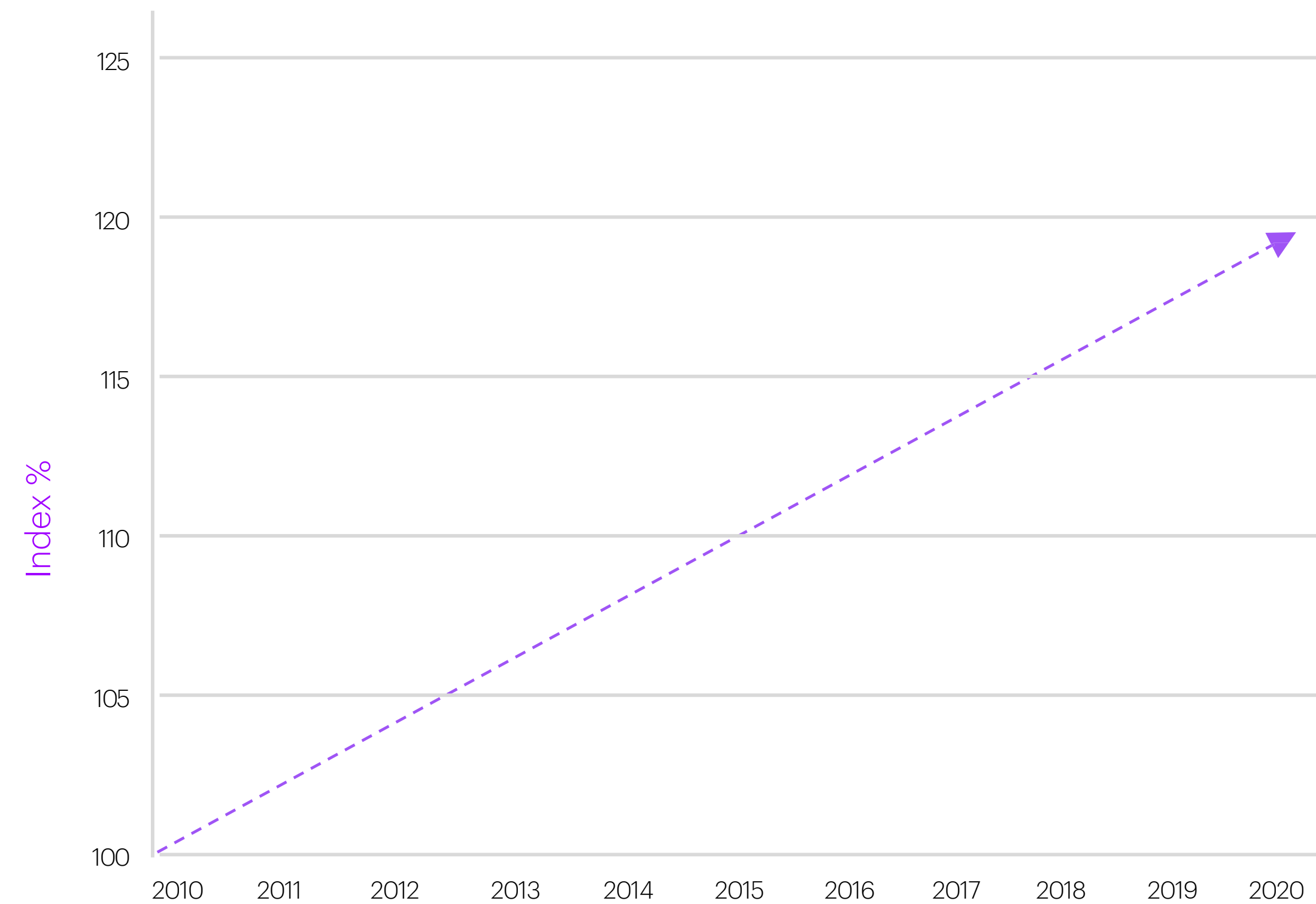




The goal for firms' talent strategies? To maintain the steady growth in employee productivity and to retain the enhanced client experience skills, both of which were achieved during the pre-pandemic decade from 2010 to 2020, when growth in AUM consistently outpaced growth in advisors.

Sustaining this upward curve through the post-pandemic era will be a challenge, but as previously indicated, the potential for supporting advisors could be significant and can be tackled with the right blend of human talent, technology and ingenuity.

Figure 10. **Wealth management advisor productivity 2010-2020 (measured as AUM per RM)**



Source: Accenture based on a sample of annual reports; 2010 = Base 100

Although advisors have leveraged new ways and tools to cope with 20% growth in client portfolios, survey respondents see future opportunities to better refocus advisors on high-value advisory tasks using modern technologies and data insights.

Mobilizing the right mix of technology and platforms

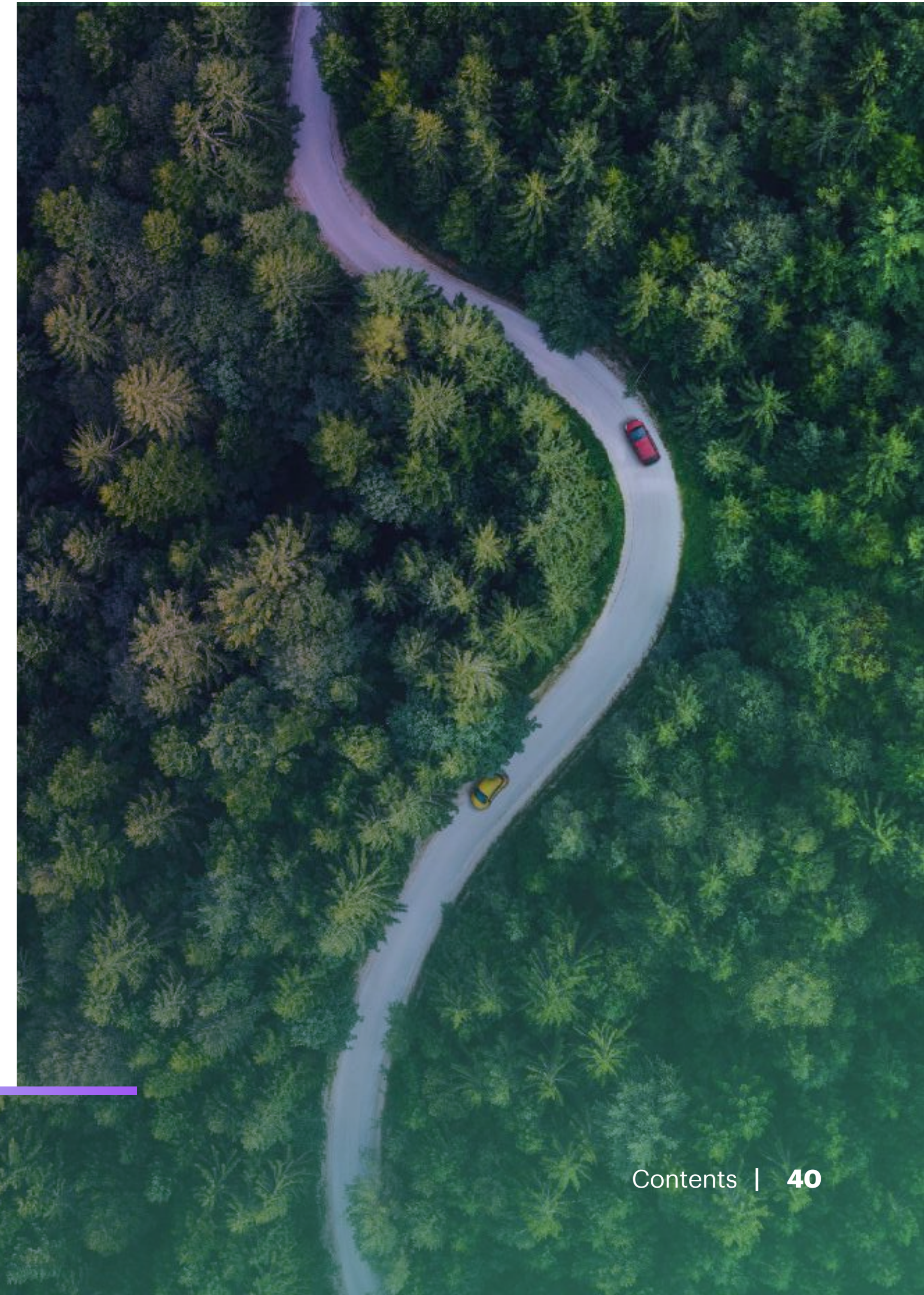
Last, but by no means least, is the need for firms to advance their technology to meet the new context of the industry, generate business growth and enable faster change ambitions.

Here, the opportunity and challenge are to develop a wealth platform architecture where business and technology would work together seamlessly to deliver hybrid investment, advice and planning through a combination of human and digital capabilities.

Our survey respondents indicated that it is now more challenging than ever to align the business and technology, given the new and nascent technologies that are on the horizon or already seeing uptake in the industry.

There is a need to transition from legacy to newer, more flexible technology architectures which enable greater agility. Measures such as “digital decoupling” enhance agility by better adapting the core back office and employing lightweight architectures driven by application programming interfaces and microservices. This can be reinforced by applying intelligence using analytics, machine learning and AI to unlock the trapped value of data and drive new growth.

Respondents reported varying levels of success with new technologies. Some firms experienced implementation delays and cost overruns as well as poor levels of user adoption.



Several respondents pointed out they were on a phased journey, moving from traditional to new network and ecosystem ways of addressing shortfalls. They are achieving this through adopting agile methodologies and DevOps, enhanced vendor evaluation and selection, and software and service provider selection.

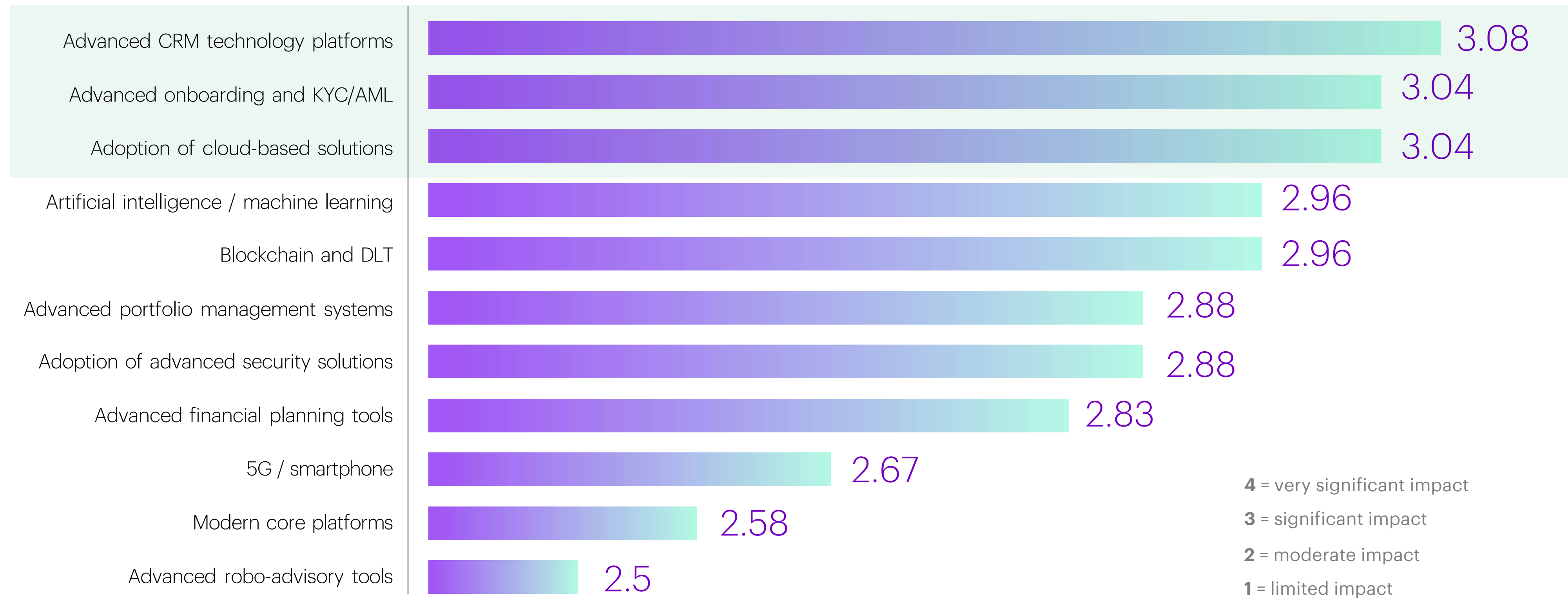
Over 70% of respondents expect CRM, onboarding and cloud technology to reshape the industry.

So, what technologies are on the rise? The top three technologies that respondents are currently focusing on are strongly oriented toward enhancing the advisory interactions and experiences with clients, reflecting both the impact of the pandemic and the progressive shift to investments and advice innovations. They are:

1. Advanced **customer relationship management** (CRM) technology platforms.
2. Advanced **onboarding and KYC/AML** that help advisors to raise the speed and quality of client experiences.
3. More adoption of **cloud-based solutions** that allow both cost benefits and faster responses.

Respondents also highlighted the data challenges they currently face, with many reporting multiple silos of data. They recognized the need to become more data-driven and the value of more accurate and timely data. They were also paying more attention to advanced data security in an increasingly digital world.

Figure 11. **Technologies with the strongest expected impact on the evolution of wealth management models to 2025**



Q. In terms of greater adoption of new technologies, which advances do you expect to most shape the future industry and business model (investment/financial advice) evolution out to 2025?

Source: Accenture / PIMFA Wealth Management Survey Europe, 2022

Our survey findings reflect a drive for industry-specific product and solution innovation. Respondents expressed interest in new technologies like AI, machine learning, blockchain, distributed ledger technology (DLT), advanced wealth-specific portfolio and risk management systems, and automated financial planning tools.

Overall, their sharpening focus on technology capabilities underlines the accelerating drive for tech modernization, as well as the ongoing industry-wide transformation toward creating more aligned and data-driven front-, middle- and back-office wealth platforms.

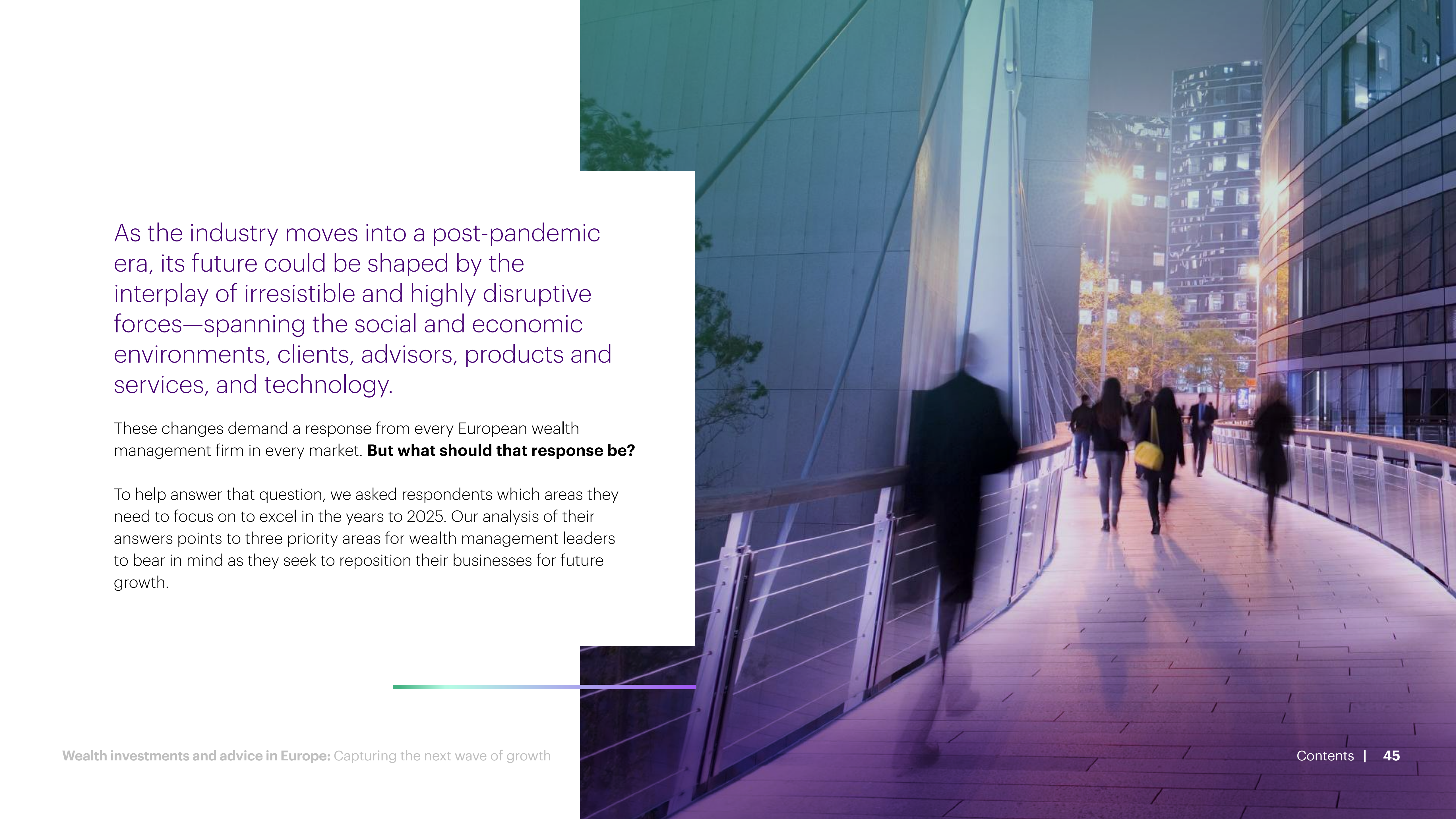
Respondents also indicated they were exploring new approaches to their technology platforms beyond on-premise installation, such as working with external partners in more open models. These might be software as a service, business process outsourcing, managed services or nearshore delivery centers.

To accomplish this, firms reported a growing emphasis on partners and alliances to gain new skills and capabilities, as well as entering joint ventures or acquiring wealth fintechs to speed up progress.

Despite some firms facing challenges, it is clear from our study that most wealth managers are now focusing on overcoming such challenges and adopting several of these new technologies, whatever business model they currently employ.

A hand is shown in the lower foreground, pointing towards the right. The background is a blurred digital display with a grid of light points, transitioning from blue on the left to orange on the right. Several large, semi-transparent circles in shades of blue and teal are overlaid on the left side of the image.

Three top priorities to become future-ready



As the industry moves into a post-pandemic era, its future could be shaped by the interplay of irresistible and highly disruptive forces—spanning the social and economic environments, clients, advisors, products and services, and technology.

These changes demand a response from every European wealth management firm in every market. **But what should that response be?**

To help answer that question, we asked respondents which areas they need to focus on to excel in the years to 2025. Our analysis of their answers points to three priority areas for wealth management leaders to bear in mind as they seek to reposition their businesses for future growth.

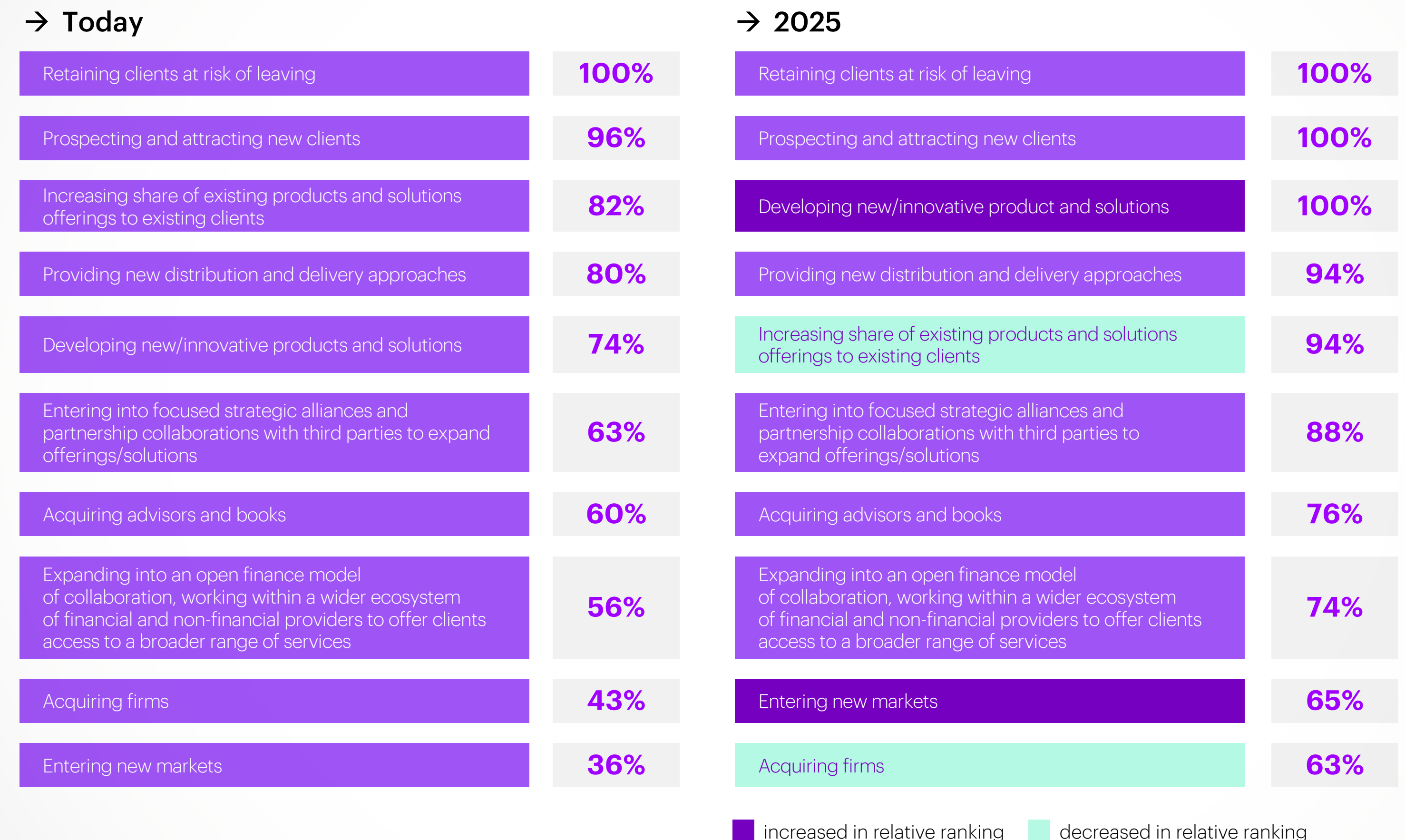
Priority #1

The focus for future revenue growth is on getting more from existing clients and shifting toward next-gen clients

As we've already highlighted, achieving or maintaining growth in both AUM and revenue is a major challenge for many wealth managers. Firms need to adapt to the changing environment in ways that enable them to attract and increase exposure to clients in faster-growing segments.

Most respondents said that their growth ambitions could be achieved mostly through a greater emphasis on prospecting and attracting new clients.

Figure 12. How respondents expect to maintain and grow revenues



Q. Please indicate the most important measures you plan to take to maintain and grow your revenue now and up to 2025. Please select all that apply.

Source: Accenture / PIMFA Wealth Management Survey Europe, 2022

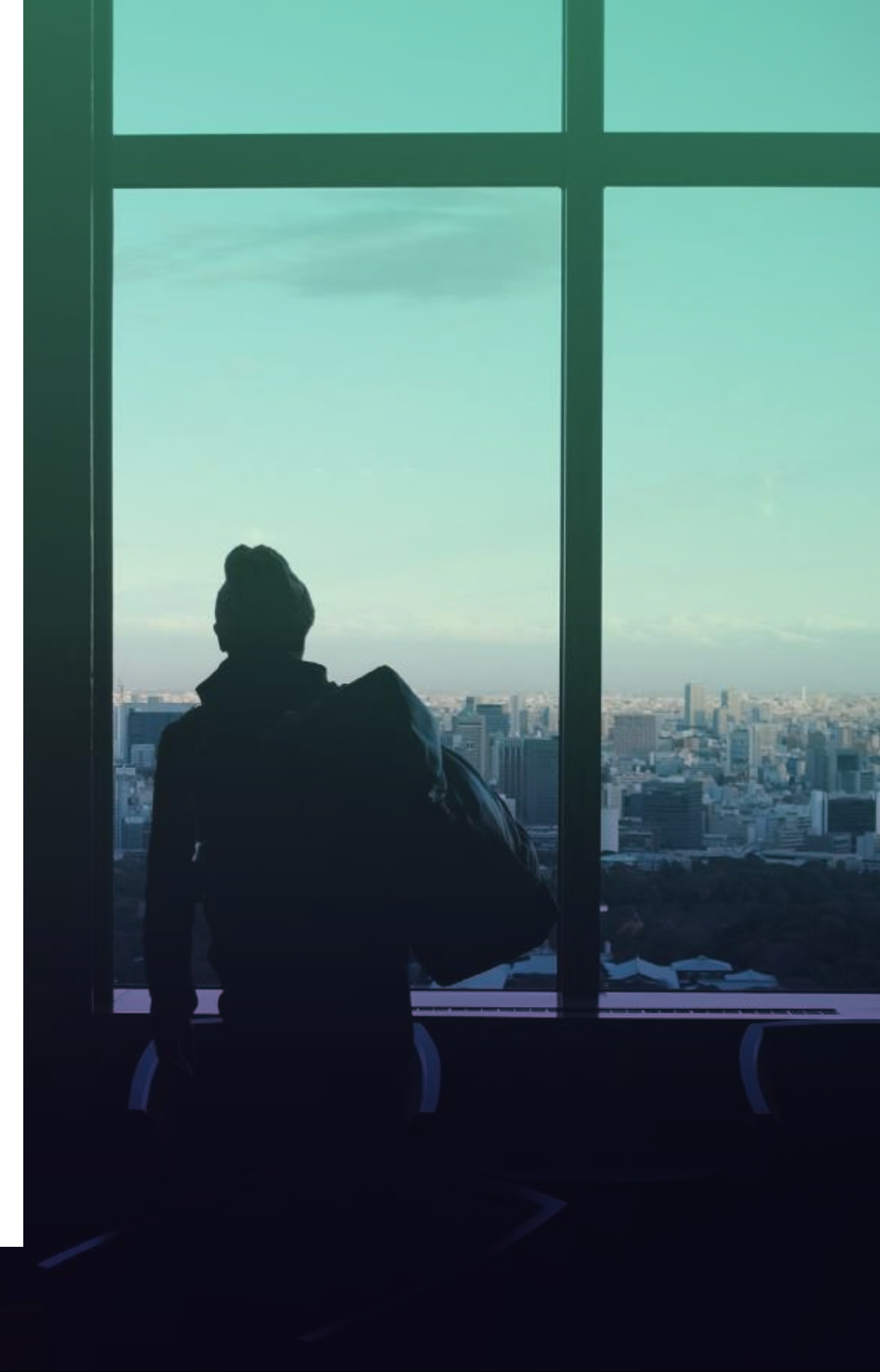
Priority #1

In addition to the mix of products, wealth managers are also questioning their core value base of traditional investments. For top-end clients, they are moving to add innovative investments and strengthen bespoke advisory capabilities to differentiate themselves. At the affluent level, some are aiming to develop the next generation of robo-advisors and accessing other new technologies to implement more standardized, simple, efficient, goals-based investment and advisory models that can deliver a more differentiated client experience.

Finally, even with the right client value model and products and solutions, wealth managers expect to have to change how they prospect and acquire new clients—by introducing more intelligent prospecting based on a more solid foundation of data.

While 76 percent of respondents in our survey find it challenging to use data to serve and capture clients, the majority acknowledge the increasing value of doing so.

This value includes relationship managers being able to action new intelligence to prospect more efficiently: 66 percent of our survey respondents think AI will support them, and 70 percent say they could rely on new advanced CRM technology platforms. While traditional channels remain key for most respondents, a rising proportion (30 percent) plan to prospect via new channels like social media by 2025, compared to today.



Priority #2

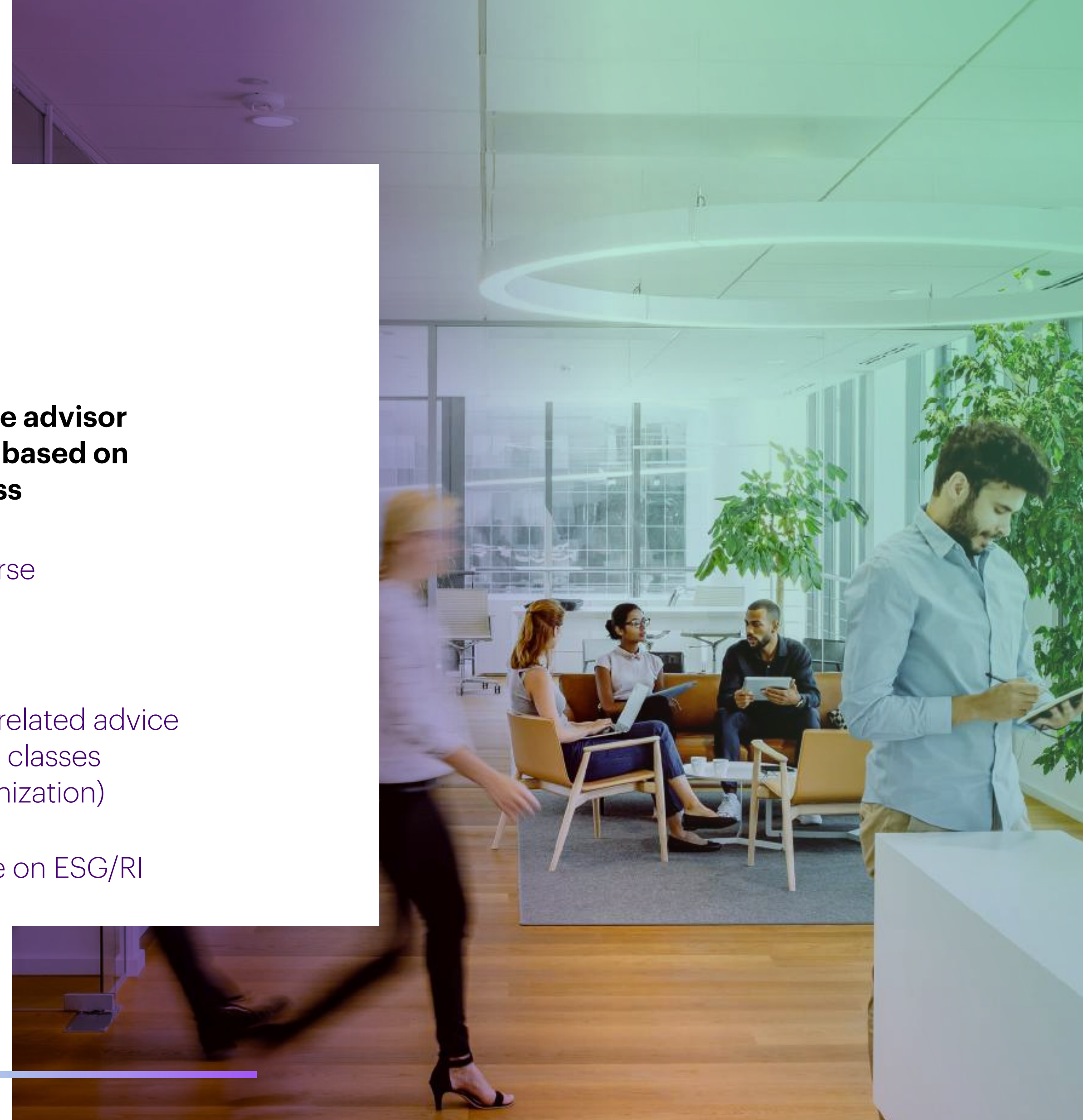
Advisor reskilling becomes more important—and more challenging

The looming shortage of advisory skills, together with the need for enhanced capabilities in areas like ESG, digital and explaining more sophisticated products, makes it vital to reskill and upskill the current and future advisor workforce. This is even more important given the wider changes underway in society, employment, working patterns and organizational cultures as the industry transitions to the workforce of the future.

However, our survey also shows that firms' progress in reskilling is currently mixed. Respondents identified a range of skills gaps and opportunities that have yet to be addressed, with shortfalls in areas like prospecting for new clients and advising on ESG and digital assets.

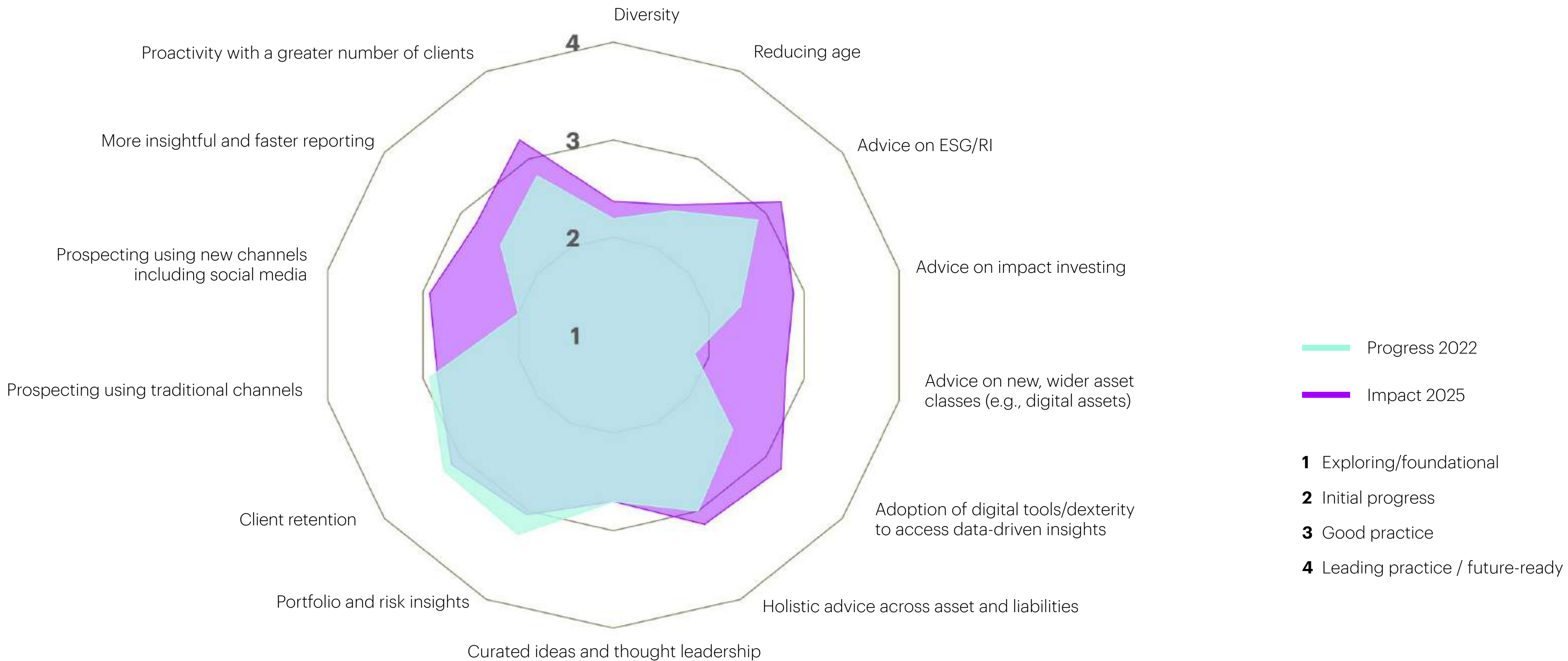
Attributes needed for the advisor workforce of the future, based on current industry progress

- Younger and more diverse
- Ability to prospect
- Ability to provide asset-related advice on wider and new asset classes (e.g., digital assets/tokenization)
- Ability to provide advice on ESG/RI



Priority #2

Figure 13. Respondents' progress in improving advisors' capabilities



Source: Accenture / PIMFA Wealth Management Survey Europe, 2022

Priority #2

Wealth managers should not only look at reskilling current employees but also question how to attract the next generation of talent. To do so, several firms have already created programs to bring in more diversity, but our survey found that 67 percent of players remain behind in this respect. Immediate action might include defining quantitative and qualitative diversity targets and rethinking the recruitment strategy—by striving to remove explicit and unconscious bias and developing sponsorship programs for underrepresented diverse talent.

Other measures could include supporting advisors with specialist product and solutions expertise in new asset classes and sales support, particularly in prospecting for new clients. This also provides a direction for how future hybrid human- and machine-enabled advisor models could evolve.

Technology and data tools will also evolve, to support a better balance of client and practice management tasks and to allow advisors to focus on higher-value tasks. Increasingly, the advisor of the future will be supported by data-driven cockpits that provide relevant and timely insights, enabling them to offer targeted and personalized offerings to clients based on their preferences.

Priority #3

Digital ambition is high, but adoption is still a work in progress

Like upskilling advisors, digital adoption is still very much a work in progress for many wealth management firms.

Asked to assess their own level of maturity in adopting and exploiting digital technologies, firms acknowledged that they need to better design their target digital operations around meeting clients' expectations at interactions or moments of truth in vital engagements.

The required improvements include better onboarding, scaling the provision of advice, understanding clients' channel preferences, and nudging clients against shortfalls and opportunities. These are key interaction and experience areas that many respondents have yet to address—underlining the need to accelerate and intensify digitalization across the industry.

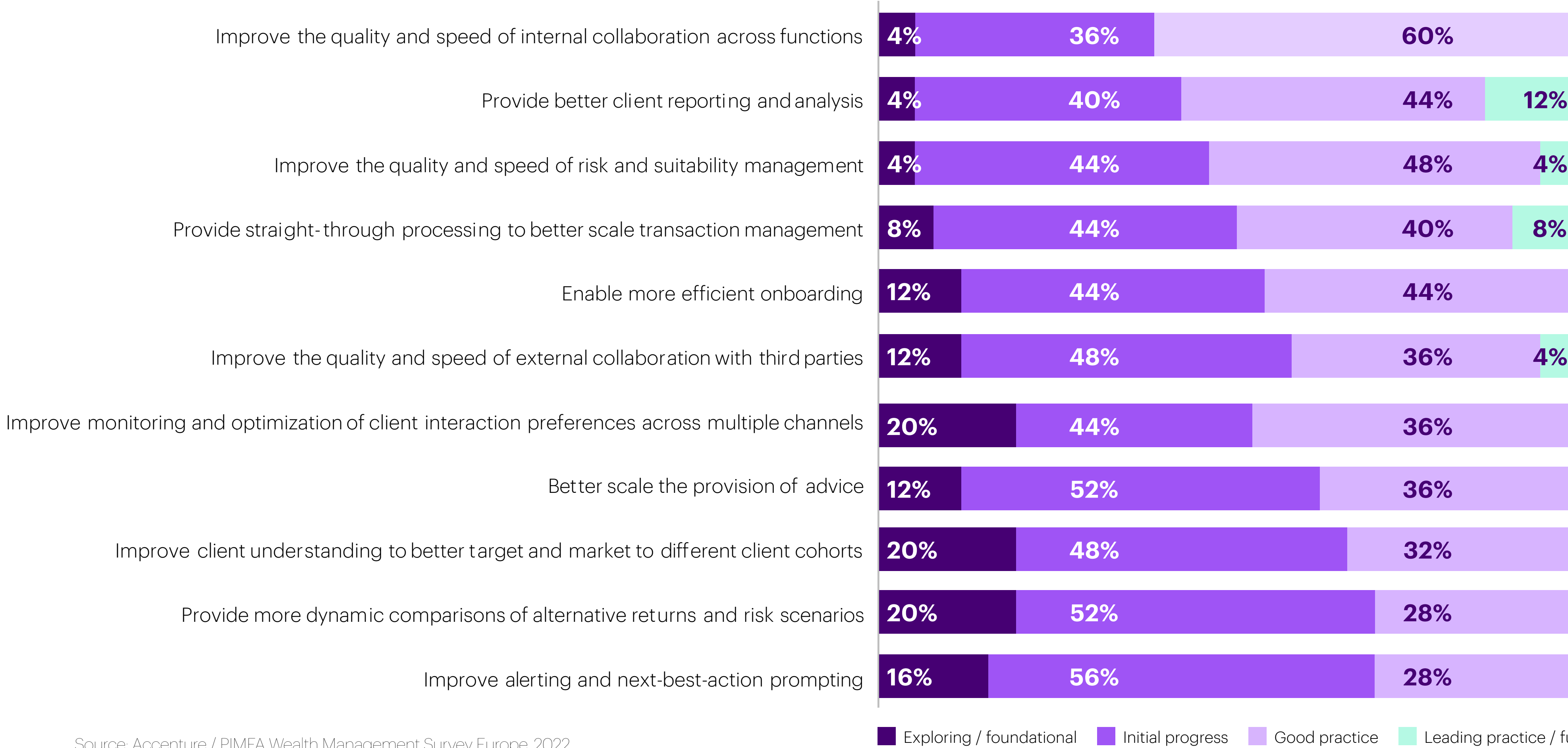
Our findings on firms' levels of digital ambition provide insights into the different areas toward which firms are directing their digital investments. In our view, future success will depend on firms' digital aspirations across key functional areas, with a future focus on end-to-end tech modernization and digital transformation of the front-, middle- and back-offices and support areas. While current progress might be patchy in these areas and there are some gaps to fill, it's clear the opportunities on offer could be substantial.

By paying attention to these three priorities, the majority of respondents believe they could develop the specific advantages and capabilities that may be needed to become future-ready growth leaders.



Priority #3

Figure 14. Respondents' current digital maturity



Source: Accenture / PIMFA Wealth Management Survey Europe, 2022

Exploring / foundational Initial progress Good practice Leading practice / future ready

Start today:

Three calls to action could lay the foundations for future success



Call to action #1

Reset the perception of the industry through closer alignment with environmental and social trends for greater inclusiveness

Current industry trends offer an opportunity to change the external perception of the wealth management sector.

The goal would be to reset the industry's vision to be more appealing to a broader range of clients—less elitist, more inclusive, more diverse, more averse to financing carbon emitters, more supportive of improved financial education—and to resonate with a wider array of talent and other stakeholders. A concerted collective effort to do this could create an industry better suited to the future economic and social environment.



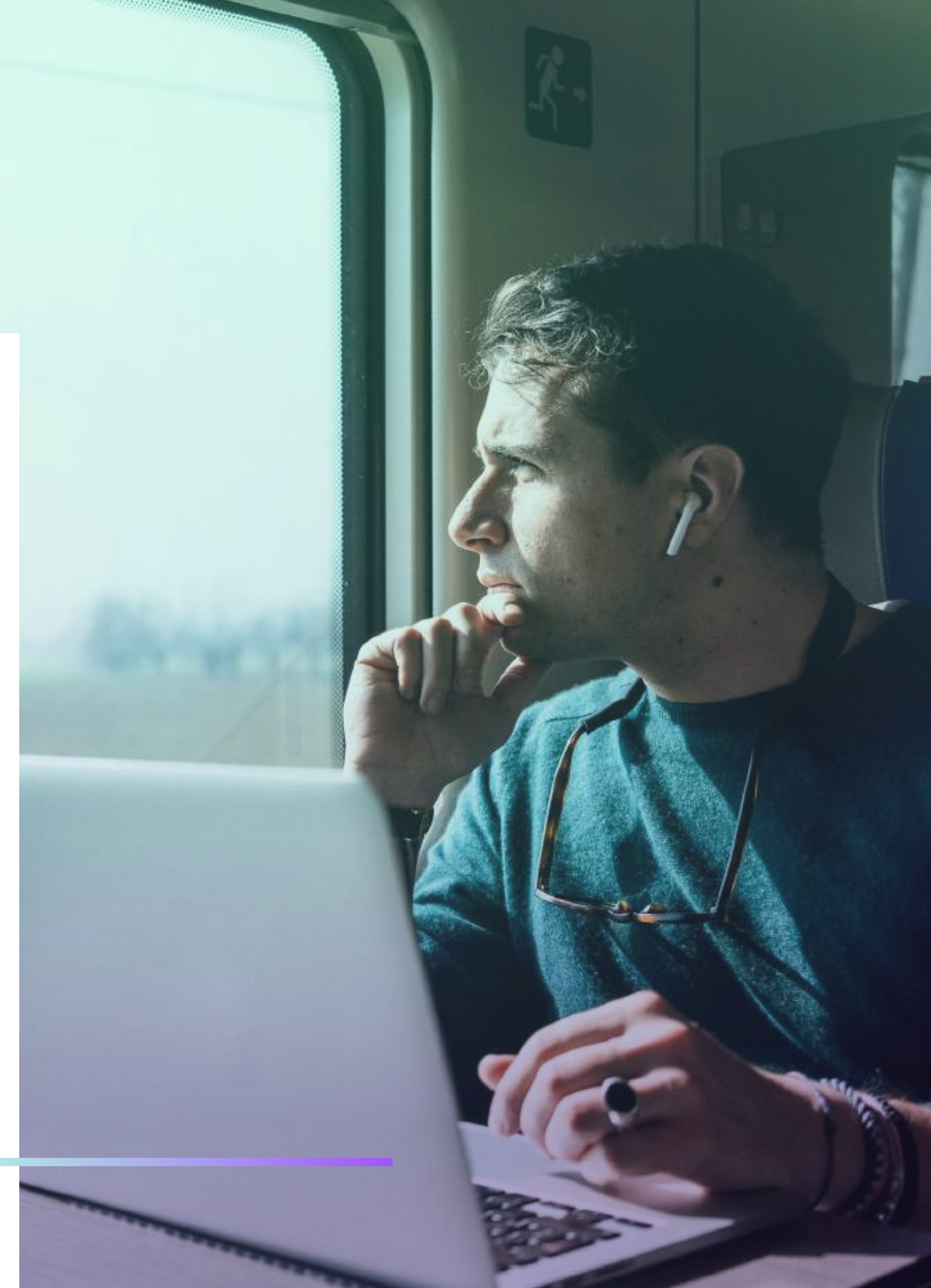
We have spoken for many years about the democratization of wealth in the UK and Europe, and while there is still more work to do to achieve this, we have begun the journey.”

Liz Field, Chief Executive, PIMFA

Call to action #1

This change in perception would reflect the growing emphasis on providing investment advice to a less exclusive client base by shifting affluent savers to investments and advice. It could also engage HNW/UHNW individuals who are seeking to adopt a more responsible stance on ESG issues like climate change and social inequality; many of these clients are becoming more receptive to impact investing solutions. The industry could promote itself as a key source of private capital to complement government funding for ESG projects.

Beyond these shifts, there are several other common areas where respondents to our survey believe the industry could be more effective by working collectively. In an era of remote interactions, these topics could include cybersecurity and fraud prevention, protection of personal data, regulation of newer technologies and the promotion of consistent ESG standards.



Call to action #2

At firm level, adopt new frameworks and change approaches to drive growth in more agile ways

Our discussions with industry participants suggest that wealth management firms' most direct route to future growth might lie in redirecting enterprise and business model strategies to actions on key priorities—such as ESG—so they can “do well by doing good”, supported with agile pathways that could turn industry disruptions into opportunities. Increasingly, this might mean choosing to position themselves as being either large-scale or specialized—and if in the middle ground, where growth is likely to be more challenging, achieving a clearly differentiated position.

This polarization is already evident in the US wealth market. A similar trend emerged in investment banking some years ago. As it now plays out in European wealth management, it could trigger a shake-out and a substantial reshaping of business models by 2025.

Going forward, it may be more important for firms to choose where their business models can best play and win in an era of increased competition and compressed change.

As well as targeting mass scale or niches, firms could look to maximize growth and compete more effectively with new digital entrants by partnering with them, acquiring them or implementing new digital models. Additionally, by making their new business models more purpose-led, responsible and sustainable, firms could strengthen their appeal to both current clients and the upcoming generation. Here, embracing investment, advice innovation, ESG, diversity and inclusion will again be key, helping clients to relate to advisors and employees to relate to firms.



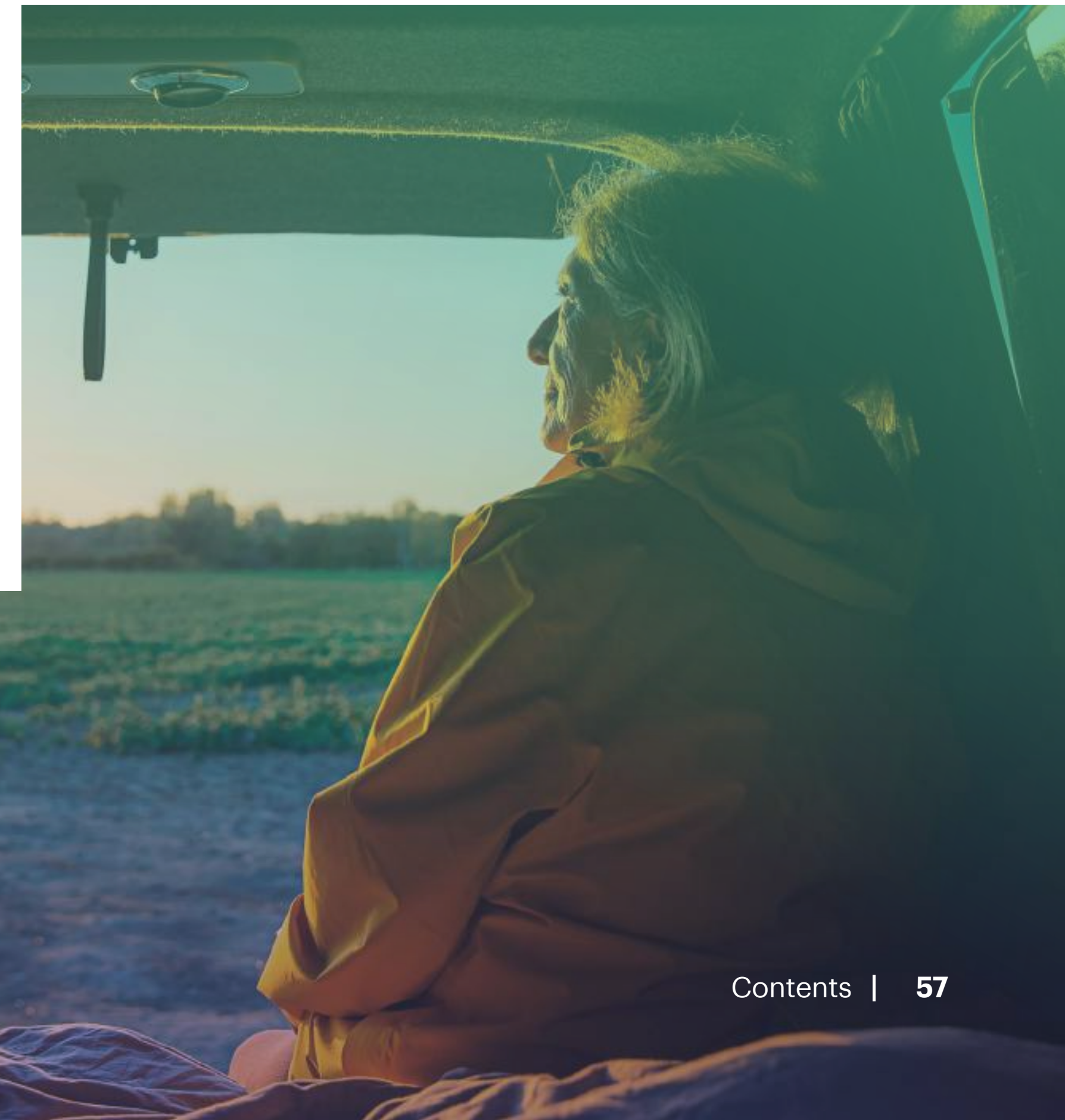
Call to action #2

Respondents indicated that their challenge is to find a way to capture current and future growth potential and compete effectively across those client segments where they have the right balance of evolving capabilities to win in the next expected wave of industry changes.

They also said they were focused on how to improve agility across their business models. Firms believe agility isn't something that can be gained by means of a fragmented or piecemeal approach. It requires optimizing across key areas to match emerging good practices, and recaps what they are focusing on to succeed in the changing environment. It may serve as a useful prompt to pinpoint where key challenges and opportunities lie and where repositioning may most be needed as firms prepare for the next wave of growth.

We found that all respondents, as they work on their change priorities, are seeking to be more grounded and balanced across the enterprise.

They are pursuing this through a mix of strategic growth ambitions, client-segment focus interactions, sustainable investment, advice innovations and new technologies. But they also know they will still require the right human talent and engagement to deliver distinctive client experiences.



Call to action #3

Delivering against 360° value metrics by becoming more data-driven

Building on the first two actions, there would be an opportunity to pave the way for greater success by creating the wealth management firm of the future.

The key to achieving this? Taking a data-driven approach across the enterprise and business model. This means adopting innovative industry-relevant value models that harness a new culture and capabilities to be more responsible, networked and sustainable—thereby appealing to a broader set of stakeholders.

Our research and client engagements confirm that many wealth management firms are already preparing for the future creation of 360° value. They're doing this by thinking through where and how they want to position their firm going forward, to be more sustainable and responsible. They're also considering the broader metrics they will now track and deliver against.



Call to action #3

Our work with European clients in particular shows that they are also adopting agile and iterative approaches to accelerate their transformation journeys. To manage compressed change, they're taking several clear steps: assessing their capabilities and gaps against emerging good practices, starting small, getting early results, and scaling fast through agile ways of working. Throughout, they're adopting a human-centric approach to change, creating a more data-driven and dynamic advisor force.

All of this should be powered by a robust transformation plan—one that is underpinned by capabilities, clearly targeted value outcomes, and a deep commitment to deliver superior client experiences through more personalized investment advisory and holistic financial planning. Many firms are also enhancing their cultures and skills to become more purpose-driven and aligned as opposed to being functionally siloed with dispersed cultures.

The ultimate objective is to become a responsible wealth management firm that delivers sustainable growth and value to a wider group of stakeholders—as evidenced by broader 360° value metrics.



Adopting 360° value metrics provides proof of successful change

Financial Business Case

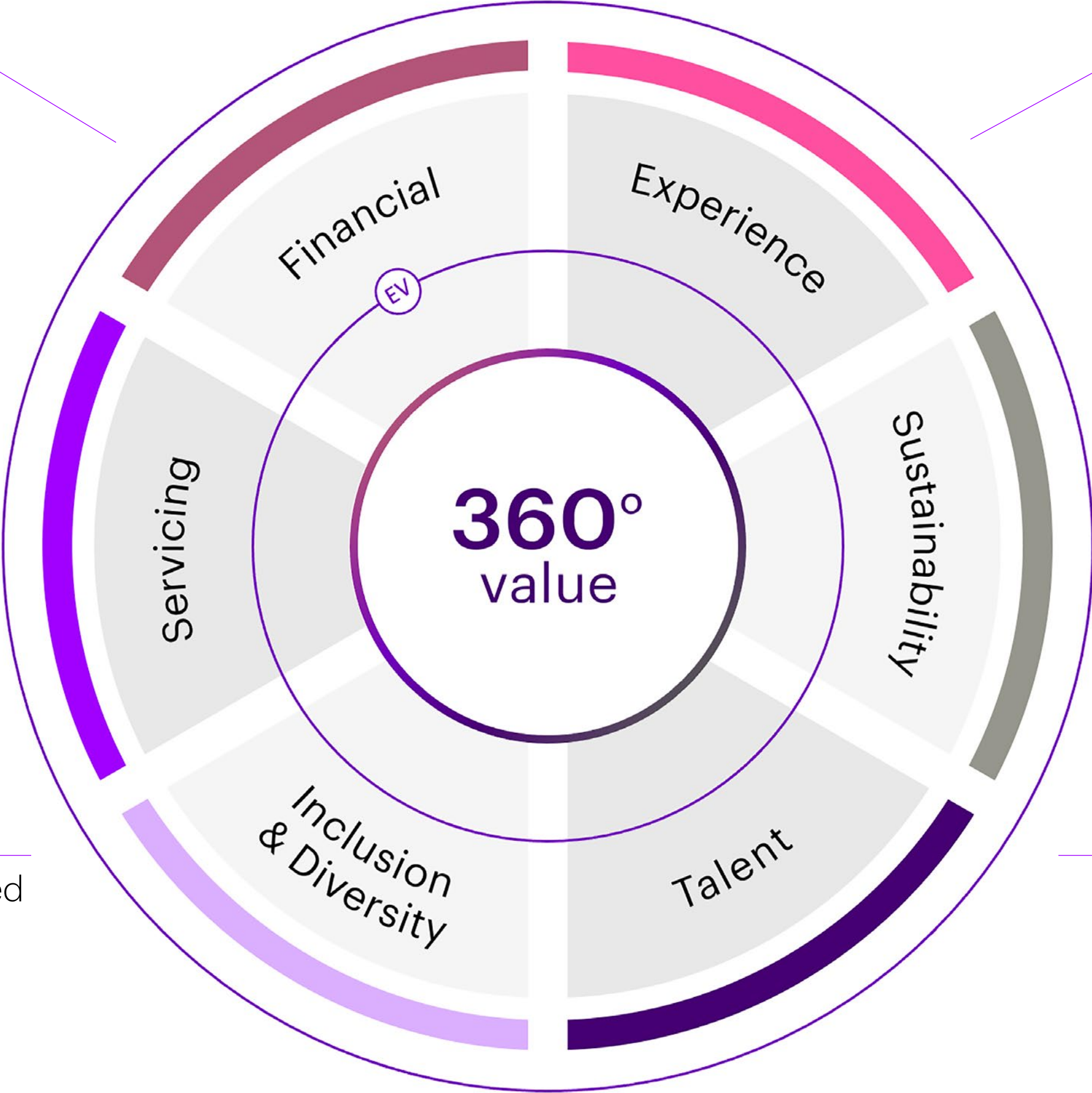
Two-thirds of respondents have been able to achieve record double-digit AUM growth
One-third of players are lagging and are at risk

Servicing

Shift to higher-value advice, more **complex products** (e.g. digital assets, thematic investments) and **broader solutions beyond wealth** (passion assets, health and wellness)

Inclusion & Diversity – Culture

Only **33%** of respondents are currently satisfied with how they leverage diversity as a way to deliver better advice, while **78%** think it will have an impact in the future



Experience – Purpose

COVID will have a permanent impact on the prevalence of **hybrid delivery models**. Enabling **efficient onboarding and better reporting** are the two priorities through to 2025

Sustainability – Governance

93% of respondents expect a significant focus on commitment to offering sustainable investments

Talent – People

To meet the level of capabilities required in the future, **71%** of firms will need to speed up the upskilling of advisors by 2025


Source: Accenture / PIMFA Wealth Management Survey Europe, 2022

Let's talk

Our overall message? From the underlying survey, the discussions with PIMFA members' executives and its Under 40 Leadership Committee, and our interviews with wealth management C-level executives, it's clear that the industry has changed dramatically over the past two years—and more disruption is on the horizon.

In response, a radical shift across the wealth management industry will gain momentum by 2025. The move is likely to be away from legacy, functionally siloed, sluggish business models and toward nimbler front-to-back enterprise-wide aligned models. Sticking with what worked in the past might no longer be a viable option for any firm, whatever its size, location or client segments.

Significant new growth opportunities are there to be seized—and there is still a great deal of value on the table waiting to be captured by firms that are future-ready.



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About PIMFA

PIMFA is the trade association for firms that provide wealth management, investment services and investment and financial advice to everyone from individuals and families to charities, pension funds, trusts and companies. The sector currently looks after £1.65 trillion in private savings and investments and employs over 63,000 people. PIMFA leads the debate on policy and regulatory recommendations to ensure that the UK remains a global centre of excellence in the wealth management, investment advice and financial planning arena. Its mission is to create an optimal operating environment so that its member firms can focus on delivering the best service to clients, providing responsible stewardship for their long-term savings and investments.

Further information can be found at pimfa.co.uk | enquiries@pimfa.co.uk

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More about our research

As a basis of our research for this report, Accenture conducted a survey in January and February 2022 in collaboration with PIMFA, the UK Personal Investment Management and Financial Advice Association, to understand what wealth management firms are doing to meet current challenges and opportunities, and how they intend to secure and future-proof their franchises.

The survey encompassed traditional firms alongside newer market players that provide wealth, investment and advisory services to private individuals using an array of different models. It covered respondents in the UK, Switzerland, Austria, Luxembourg, Spain, Italy, Belgium and Finland. Participants ranged from chairpersons and C-suite executives to heads of functions including Strategy, Change and Transformation.

Additionally, Accenture participated in strategic discussion sessions with PIMFA members’ executives and its Under 40 Leadership Committee to discuss, validate and deepen the key survey findings. We also conducted a number of direct interviews with C-level executives from wealth management firms to round up our results. In total, the research encompassed 67 individual C-level interactions and interventions within the wealth management industry, split into 37 respondents to the survey and 30 interviews and discussions.

Join the conversation

[Accenture Capital Markets blog](#)