

Finding new paths to profitable growth

88%

of asset management CEOs are 'very confident' or 'somewhat confident' about their revenue growth in 2015

28%

of asset management CEOs have entered a new business area in the past three years

Confidence in a competitive landscape

CEOs in the asset management sector are optimistic about their prospects. While they've a high level of confidence in revenue growth over 12 months, they're even more confident over three years. But they're less optimistic about the economy. Almost half of asset management CEOs believe the economy will stay the same over the next 12 months. In a fiercely competitive landscape, industry CEOs see almost as many threats as opportunities. Almost two thirds 'agree' or 'agree strongly' that there are more opportunities compared with three years ago, but over half see more threats.

Disrupting other areas of financial services

Some asset managers are disrupting other areas of financial services. 28% of asset management CEOs have entered a new business area in the past three years. A further 18% have considered doing so.

Among those that have done so, the highest number reported diversifying into areas of financial services and real estate. In our experience, asset managers are disrupting the banking industry.

We're seeing asset managers lending directly to companies, while private equity firms are moving into real estate finance, often buying up large packages of loans.

But being disrupted by regulation

Regulation continues to loom large – in fact, 83% are 'extremely' or 'somewhat' concerned that over-regulation could threaten growth. But some industry CEOs also see benefits from regulation. Over half say that improved regulatory coordination is increasing cross-border capital flows. Still, 69% of asset management CEOs believe that regulation will disrupt their industry over the next five years. That's not surprising, given the ongoing waves of regulation in Europe and the US.

Questions to ponder

- How can you find new ways to grow profitably by disrupting other areas of financial services or real estate?
- Regulation is a threat to growth. How can you both comply and grow?



Creating new value in new ways

Embracing talent diversity

As asset management CEOs continue to expand their workforces, they recognise the benefits of hiring from a wide talent pool and promoting inclusiveness. Yet relatively few actually have a diversity and inclusion strategy.

Sixty one percent of asset management CEOs say they plan to increase the headcount in 2015. As they set out to do so, only 47% have a strategy in place to promote diversity and inclusion. We believe this reflects the small size of many asset management firms, which lack the scale to have formal strategies of this type. In PwC's experience, firms also need to develop ESG strategies to compete for the best young talent.

Those CEOs that do have diversity and inclusion strategies see benefits. Eighty two percent believe they enhance business performance. CEOs also see benefits in the areas of attracting talent, and strengthening brand and reputation. In our view, active management of diversity and inclusion can be a differentiator as asset managers compete for talent.

Leveraging digital technologies

While asset management firms don't make as much use of technology as their peers in other parts of financial services, they're turning to technology in order to enhance their competitiveness in a range of areas.

88% of asset management CEOs report leveraging digital technology to increase operational efficiency. But they also regard digital technology as strategically important in the areas of data mining and analysis (78%), cyber security (77%) and mobile technologies for customer engagement (71%).

Questions to ponder

- How do I attract and motivate a diverse range of talent?
- Are we ahead of the competition in leveraging digital technologies?



Get in touch with us!

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