



When volatility
causes complexity,
how can wealth
managers create
opportunity?



The better the question.
The better the answer.
The better the world works.



Building a better
working world

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Methodology and approach

Executive summary

Key findings

Setting the scene

1. Navigating complexity

2. Empowering clients

3. Delivering value

- ▶ This 2023 biennial EY study of wealth management clients explores the way clients are behaving and expecting amidst market disruptions and rising complexities for achieving their financial goals
- ▶ To better help wealth management providers meet these changing expectations, we surveyed over 2,600 wealth management clients across 27 geographies to understand what matters most to them

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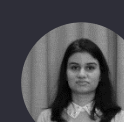
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Methodology and approach

EY conducted a survey of over 2,600 clients around the world to understand how clients are navigating through market complexity and managing their expectation to feel empowered and satisfied in this fast changing environment.

Parameters	Client profile	Client respondents
2,600+ End-clients	Wealth segment (assets) Age ▶ UHNW (US\$30m+) ▶ VHNW (US\$5m-US\$29.9m) ▶ HNW (US\$1m to US\$4.9m) ▶ Affluent (US\$250K to US\$1m) ▶ Millennials (25 to 41) ▶ Gen X (42 to 57) ▶ Baby Boomers (58+) Varied respondents based on the following categories: Occupation, Risk Tolerance, Behavioral & Psychographic profiles	Latin America clients Argentina Brazil Chile Mexico Millennial Gen X Boomer Mass Affluent High net worth Very-high net worth Ultra-high net worth Advisory Discretionary Execution only Mixed Male Female 241 44 104 40 53 91 98 52 64 127 36 14 81 48 31 64 145 95
27 Geographies	Regions: North America, Europe, Asia-Pacific, Latin America, Middle East	
46 Survey Questions	Profiling questions + topical questions Local languages survey translation	
Multi-channel	Online questionnaire, phone and interviews	

*The North America survey sample includes additional Canadian respondents that boosted their sample during fieldwork for a stronger representation; global results are weighted down to 2070 respondents to reflect this appropriately.

Executive Summary

While investors have largely moved past the initial shock of the COVID-19 pandemic, they still face ongoing disruptions and complexities in the global market that make investment decisions more challenging, leaving them feeling less financially prepared and more receptive to advice and guidance.

1. Complexity

Product complexity and market volatility are increasing client appetite for stability and guidance, putting firms under pressure to 'do more for less' and creating opportunities for those that can help clients to navigate complexity efficiently.

- ▶ Investors react to volatility and complexity in different ways, with a clear majority making changes in response
- ▶ Seeking more advice - including from new providers - is a key investor response to market volatility
- ▶ Wealth managers have a valuable opportunity to help clients navigate complexity, but will need innovative thinking to overcome the associated operational challenges

2. Empowerment

For maximum effect, wealth managers should further enhance hybrid models, using innovative collaboration tools to leverage growing appetite to mix in-person advice with virtual interactions and self-service capabilities.

- ▶ Personalized engagement across all stages throughout wealth management journey is key to differentiation and client empowerment
- ▶ Enhanced multi-channel models harnessing innovative digital collaboration tools can deliver frequent, flexible advisor interactions
- ▶ Greater interactivity, along with enhanced expert support, can further improve client satisfaction and empowerment

3. Value

Better product deployment and education and understanding of investors' tenets and clarity over fees all have a role to play in delivering greater client satisfaction, trust and value.

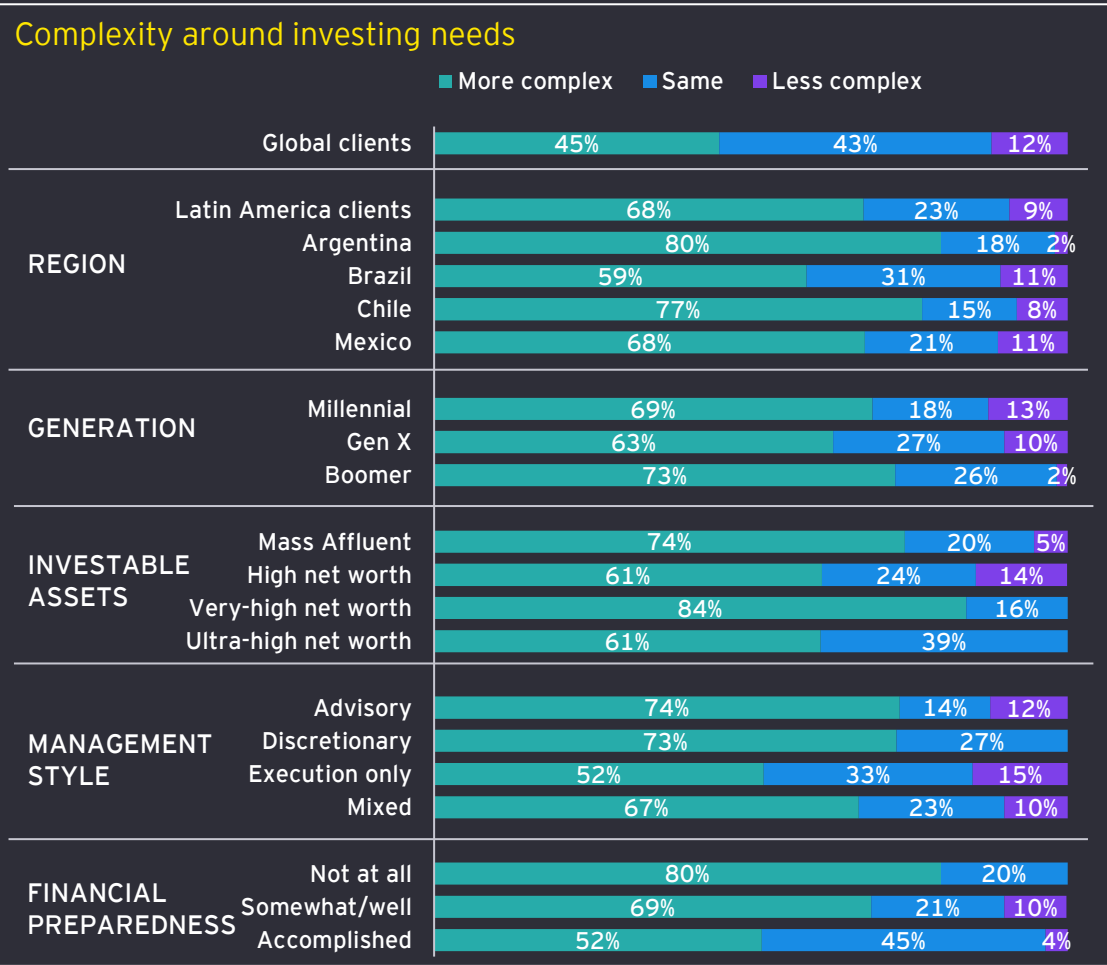
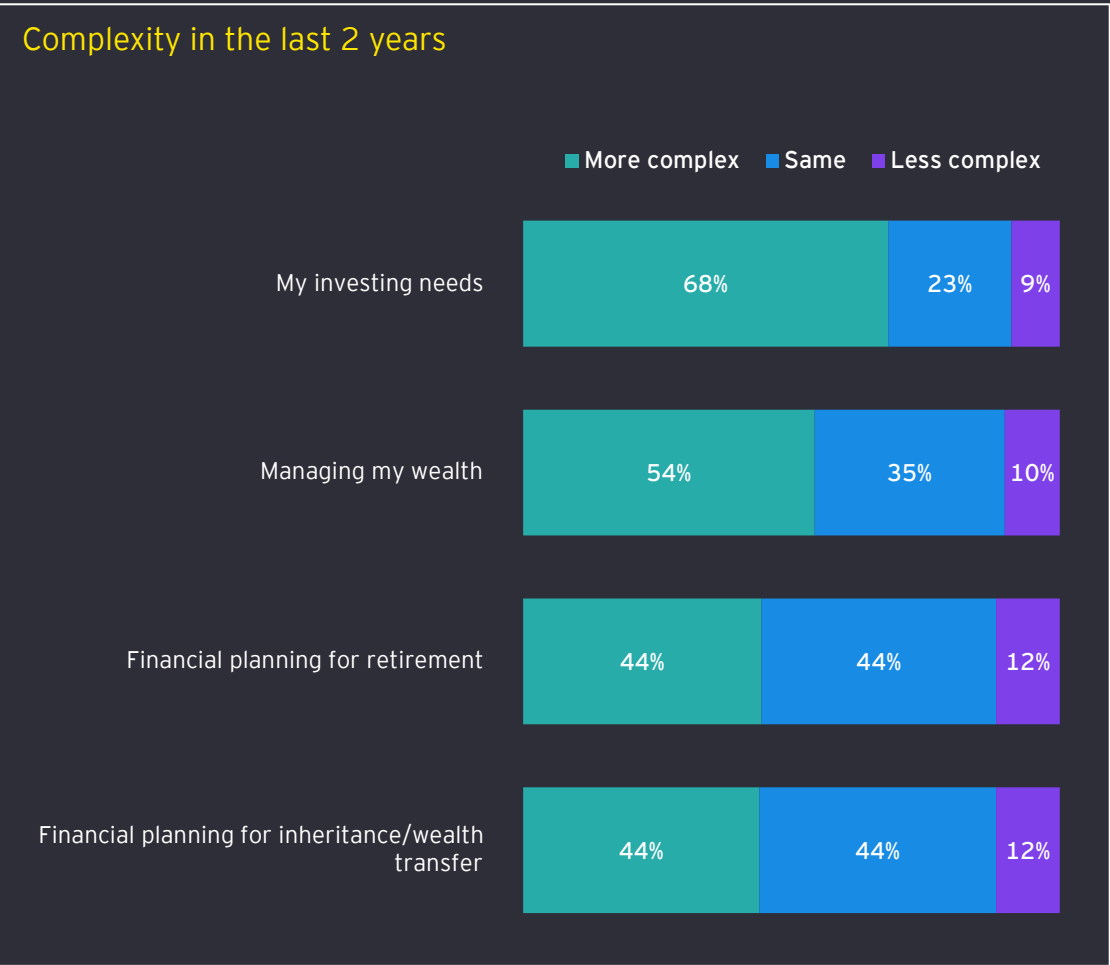
- ▶ Clients are relatively satisfied with product access, but there is an opportunity to improve perceived levels of product value - especially for newer asset classes
- ▶ Better investor education and greater client involvement will strengthen the links between products, performance and outcomes
- ▶ Client trust remains relatively high, but growing concerns over hidden costs imply a need for better transparency

Setting the scene



Complexity is making wealth management feel harder

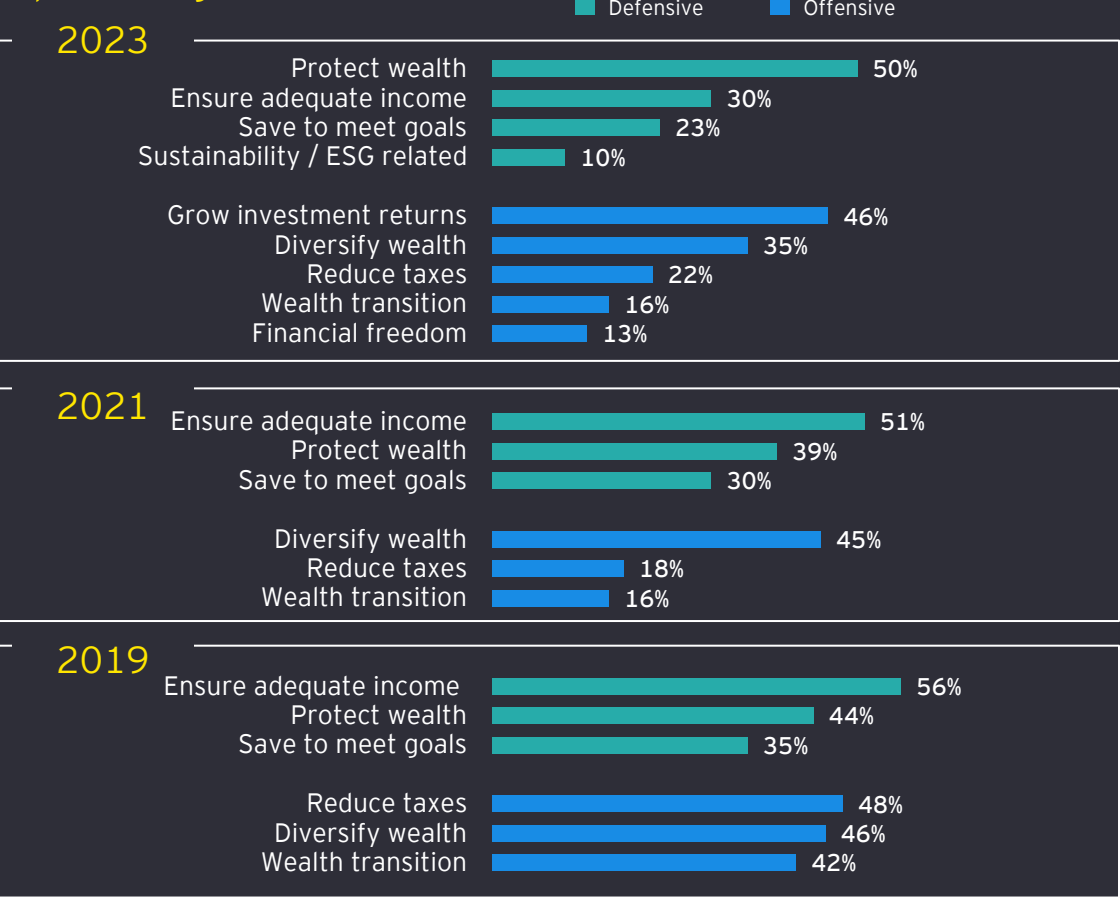
More than two-thirds of clients feel that managing their investing needs and wealth has become more complex over the last two years.



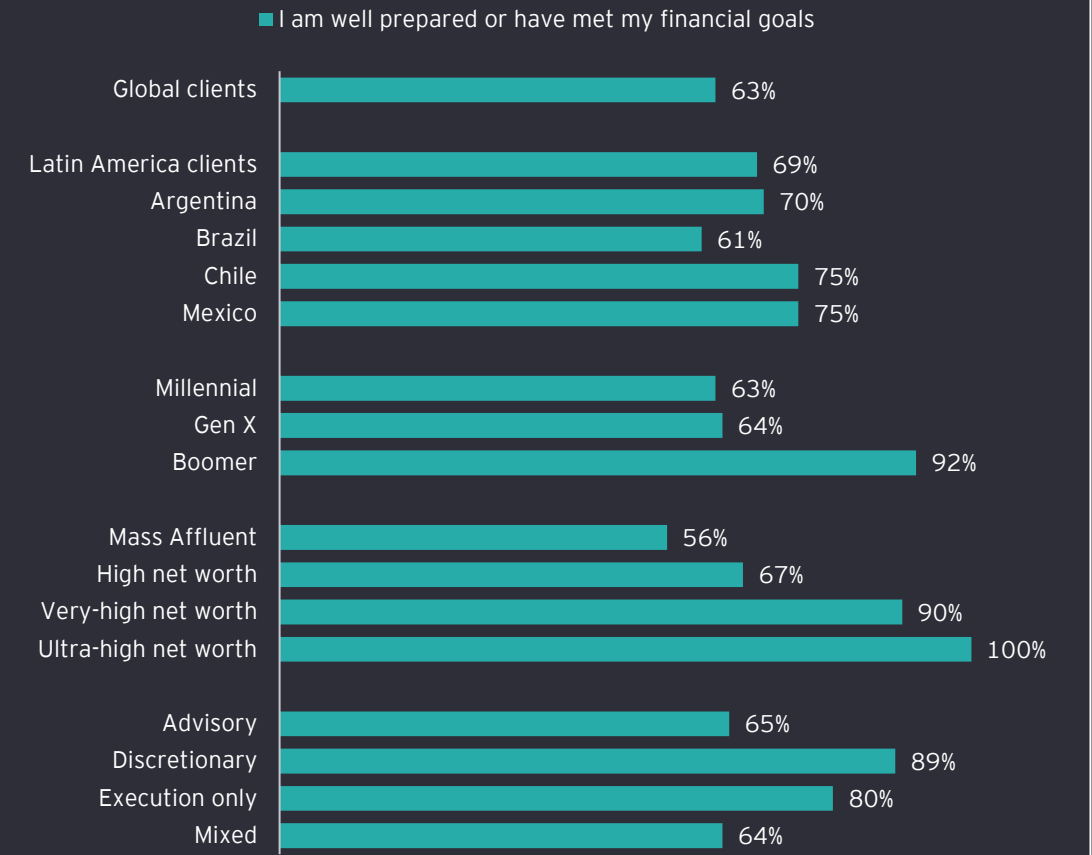
Clients' leading financial goals remain defensive

Goals remain largely defensive in comparison to recent years; most investors feel well prepared to meet their financial goals.

Top financial goals

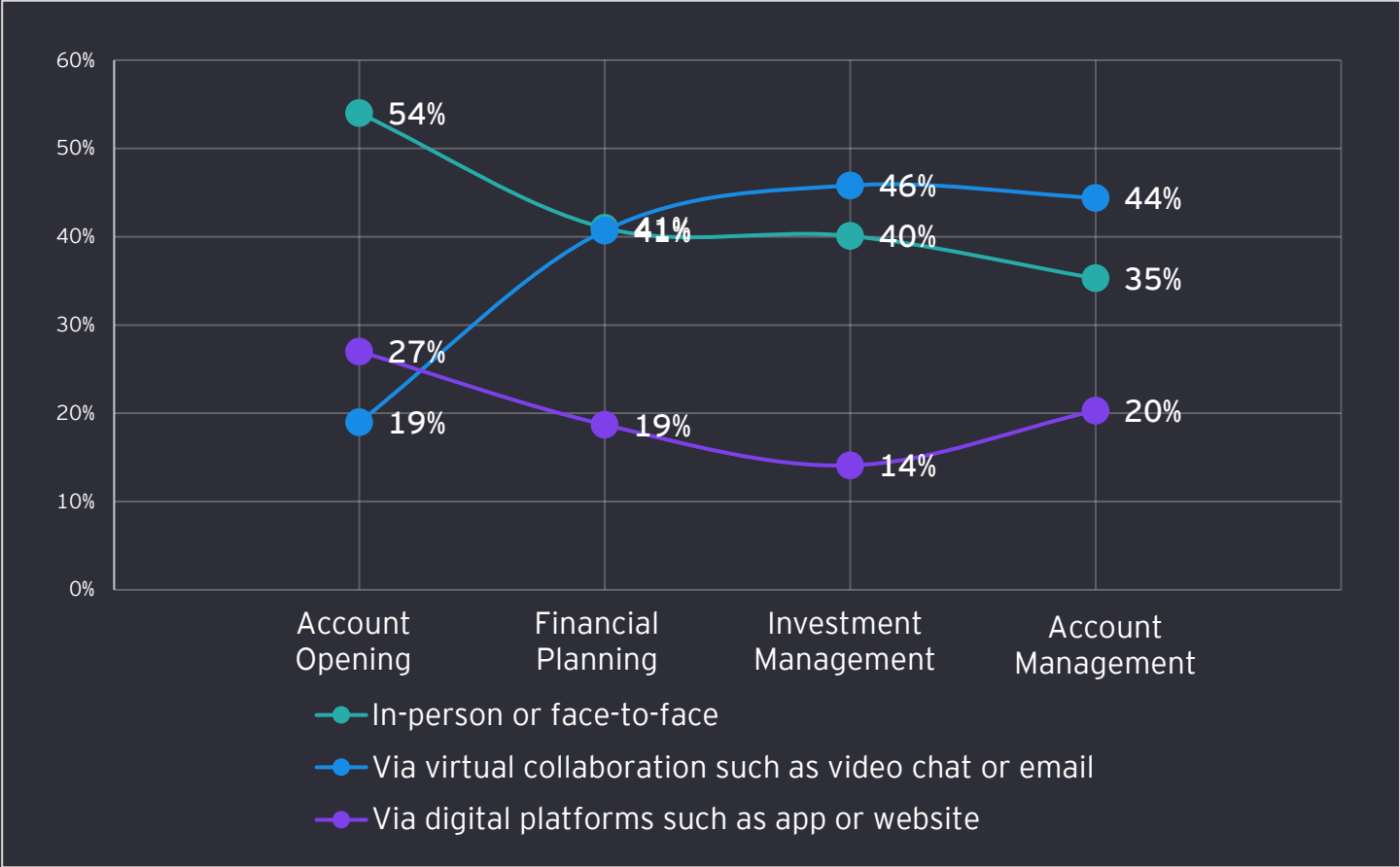


Financial Preparedness



Virtual channels are increasingly popular

Clients are showing a clear willingness to engage more via virtual collaboration; they are increasingly likely to prefer virtual collaboration for planning, advice and account management activities.

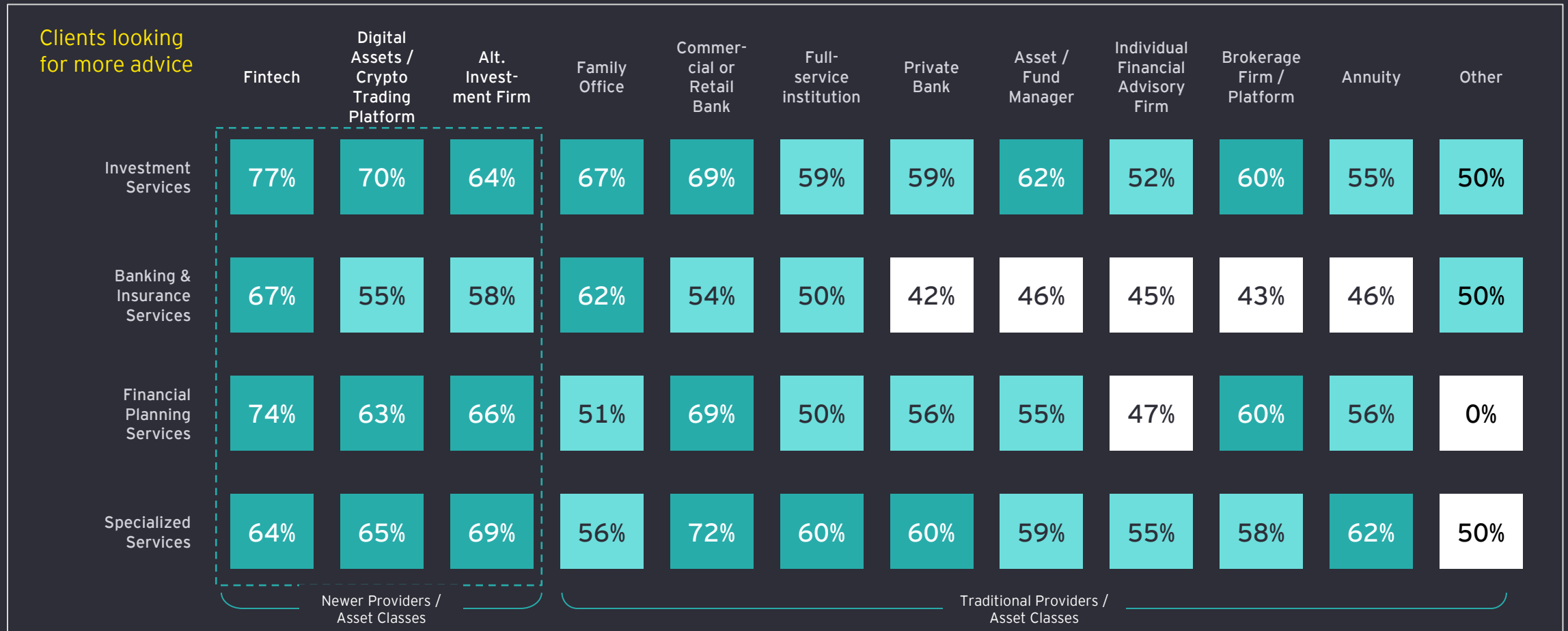


Wealth Management Activities

Account Opening	Account opening process
Financial Planning	- Conducting planning activities, monitoring and reviewing - Getting advice on how external variables can impact your financial plan - Discussing how your values are reflected and impacting your plan - Creating a holistic plan using data from other providers
Investment Management	- Conducting portfolio management - Receiving advice on products, market trends, investment purpose and values
Account Management	- General account / portfolio updates - Making changes to account management - Receiving / discussing exclusive offerings

Clients are signaling for more advice

Fintech investors and those with significant exposures to innovative asset classes exhibit above-average appetite for more advice from their wealth management providers.



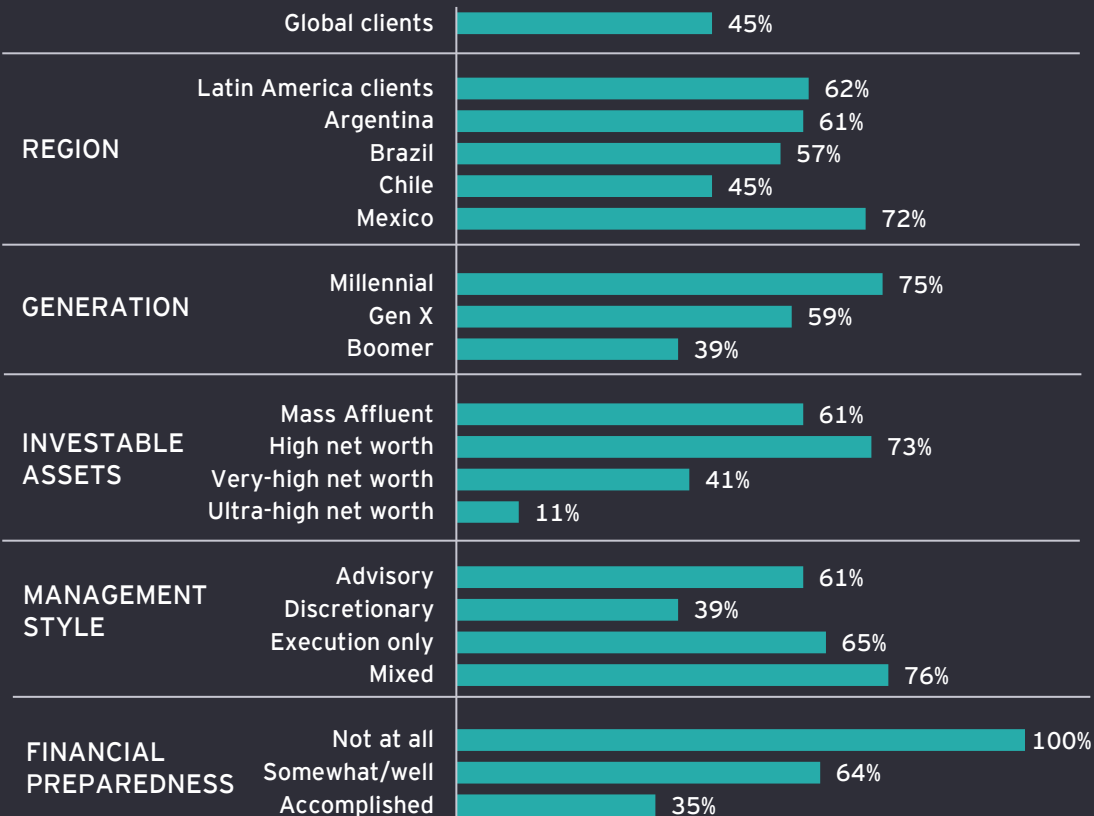
% of clients who currently use at least one product in category looking for more advice

Asset movement is high, especially for the younger investors

More than half of all clients plan to add a new provider, move money to another provider, or switch altogether in the next 3 years. Millennials are more than twice as likely to move assets than Boomers.

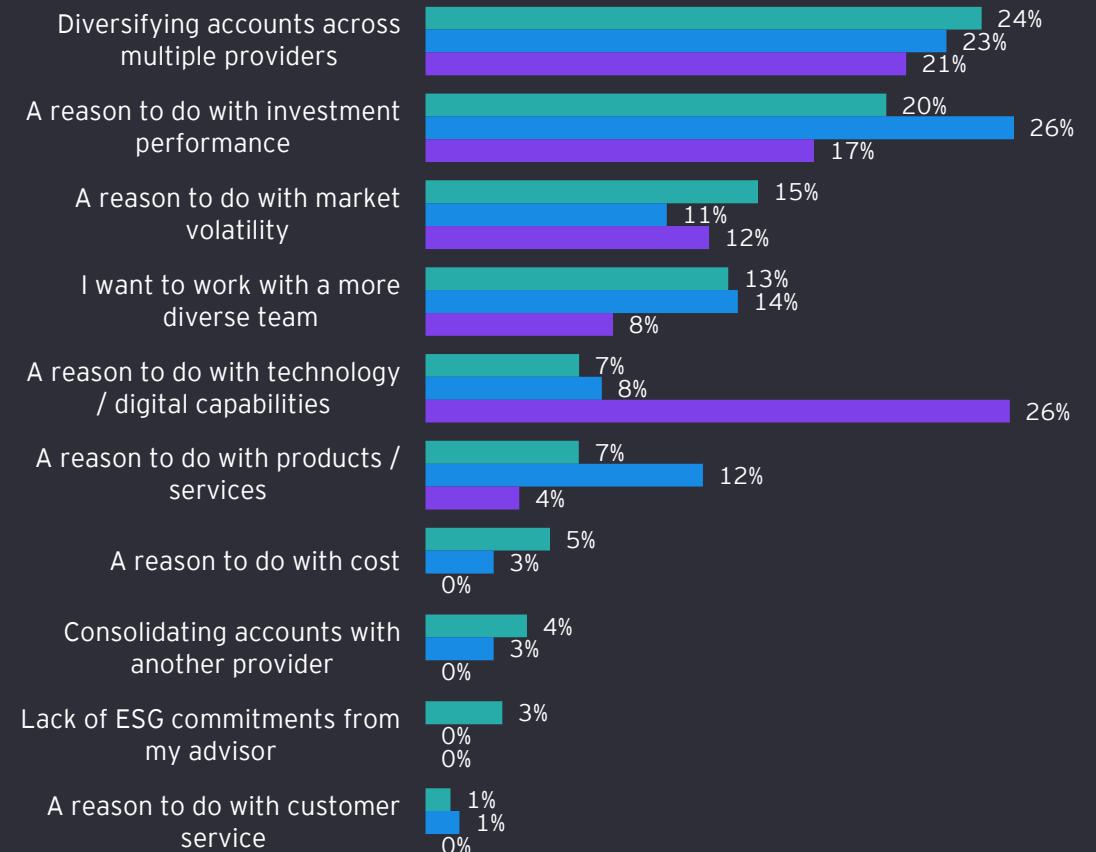
Planning to Move Assets

■ % clients planning to move



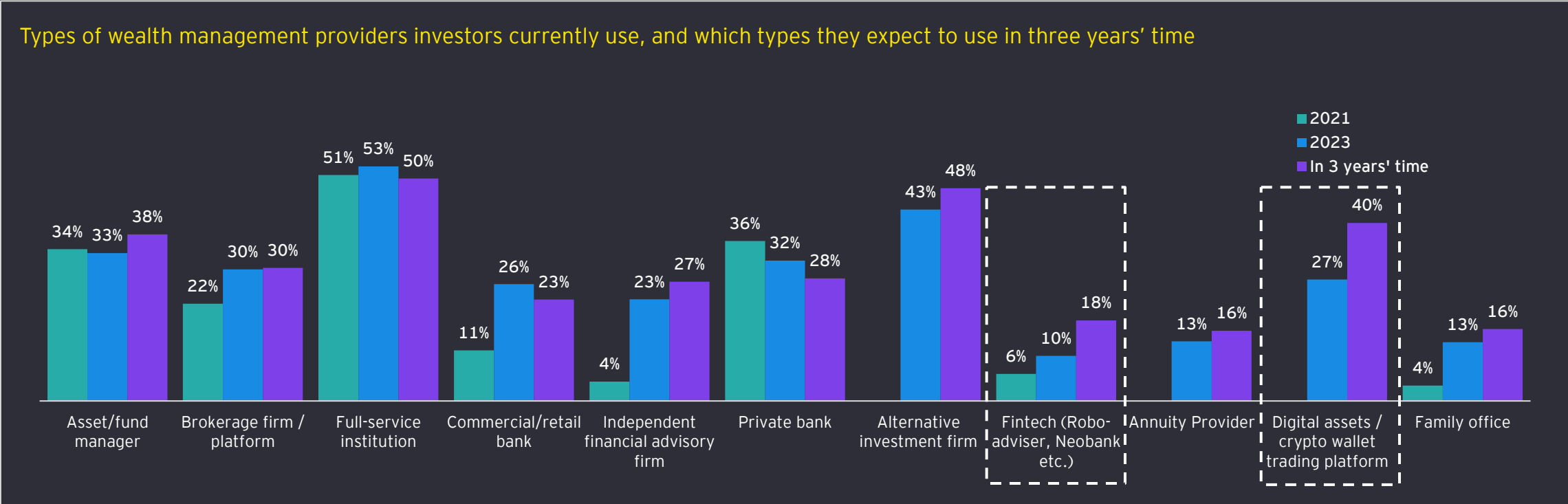
Moving Reason

■ Millennial ■ Gen X ■ Boomer



Industry segments that stand to benefit from investors adding providers

Investors are seeking additional advice and are open to adding new providers, with significant growth seen in Fintechs and digital assets platforms.



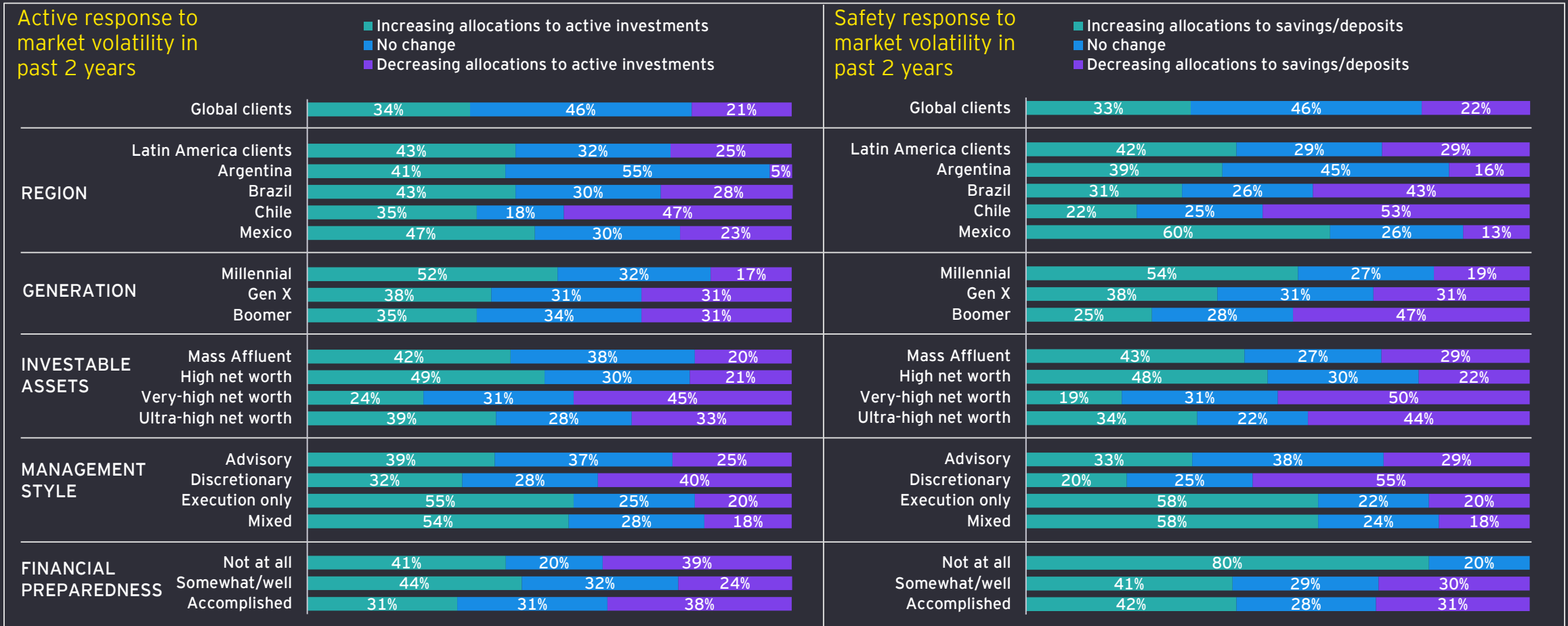
A low-angle shot of a roller coaster track against a clear blue sky. The track features a large loop and several curves. Two people are standing on a horizontal section of the track within the loop. The track is supported by dark metal pillars. In the bottom left corner, there are faint silhouettes of power lines.

1

Navigating
complexity

Market volatility has prompted investors to take action

Clients have taken action in similar proportions in response to market volatility, equally moving to active investments and seeking safety with increased allocation towards savings/deposits.



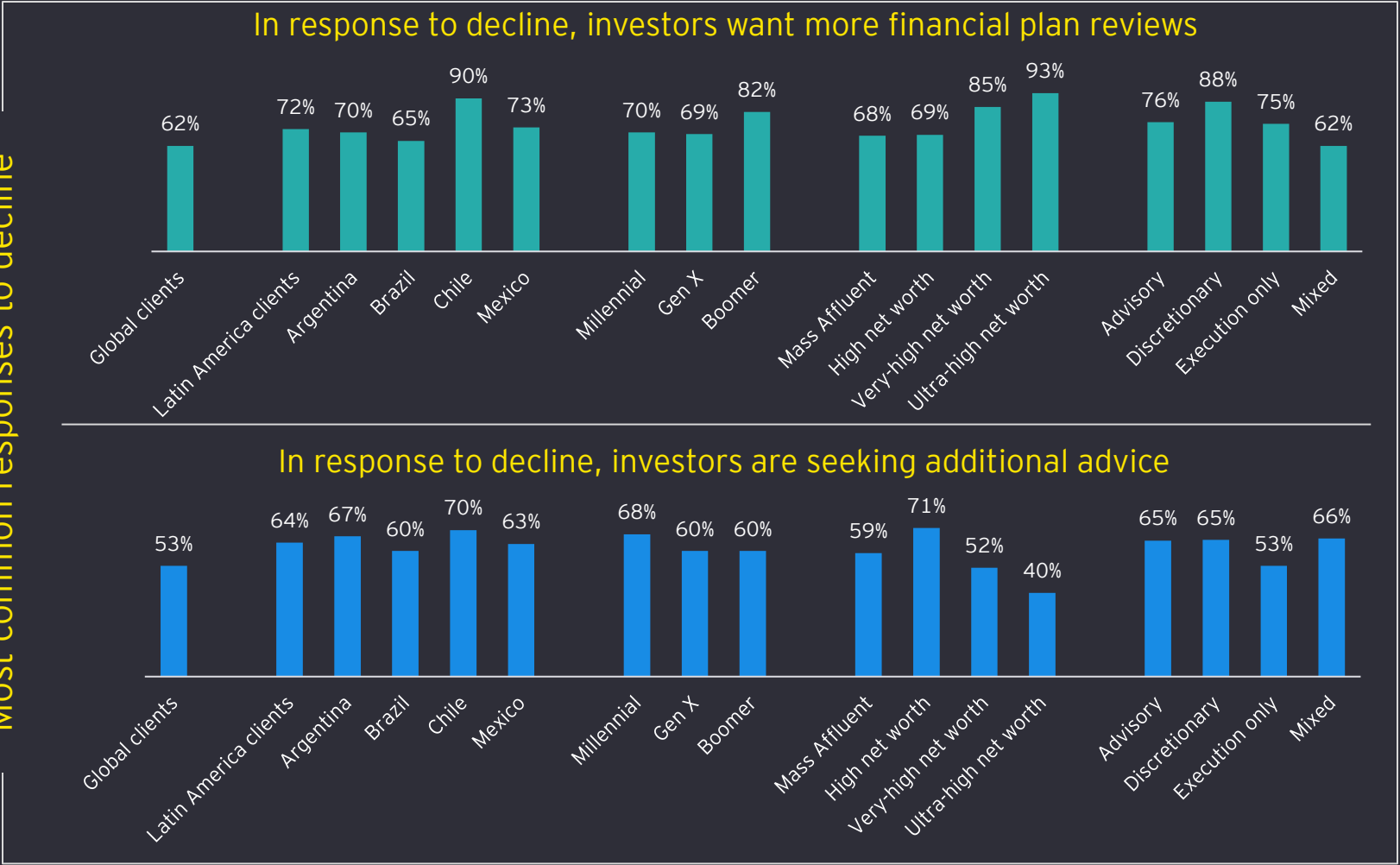
Certain behaviors result frequently from portfolio volatility

A majority of investors change their investment approach in response to decreases in their portfolio value. In response, investors want to review financial plans and are seeking out more advice.

88%

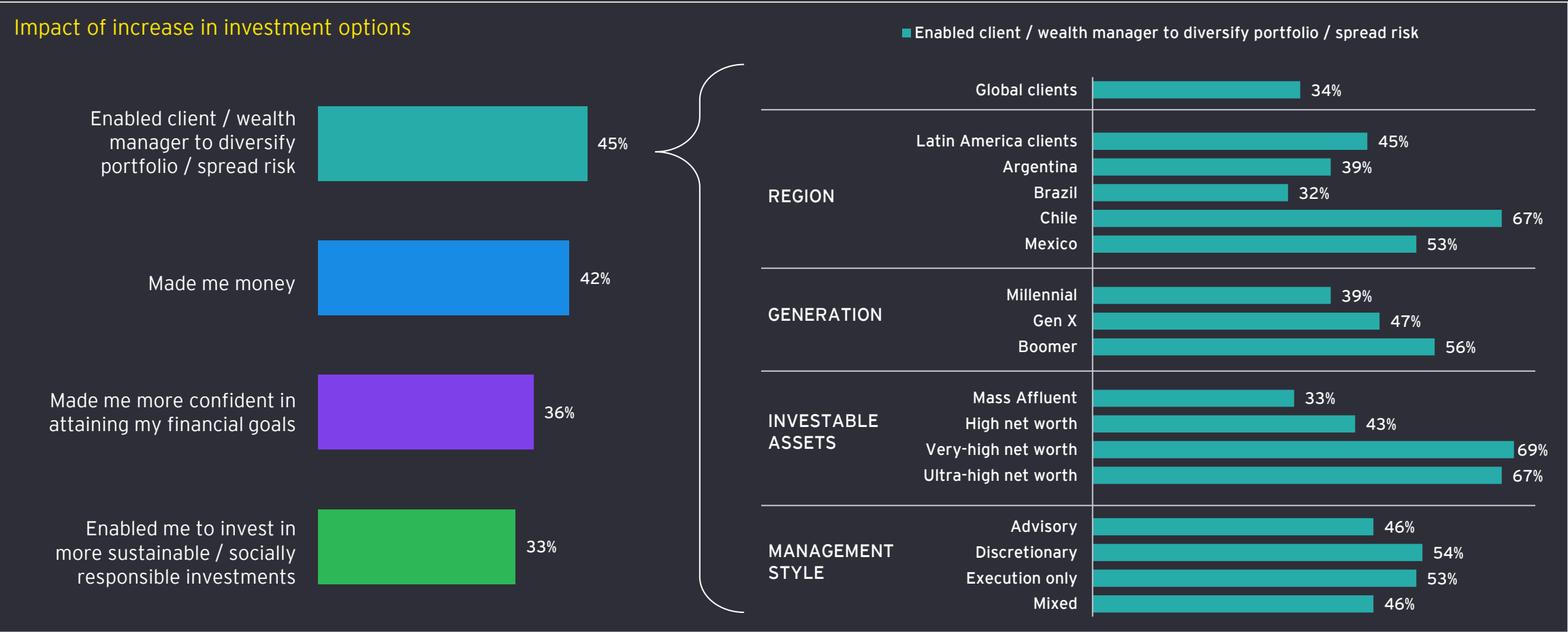
Latin American respondents change investment behavior due to decline in portfolio value

Most common responses to decline



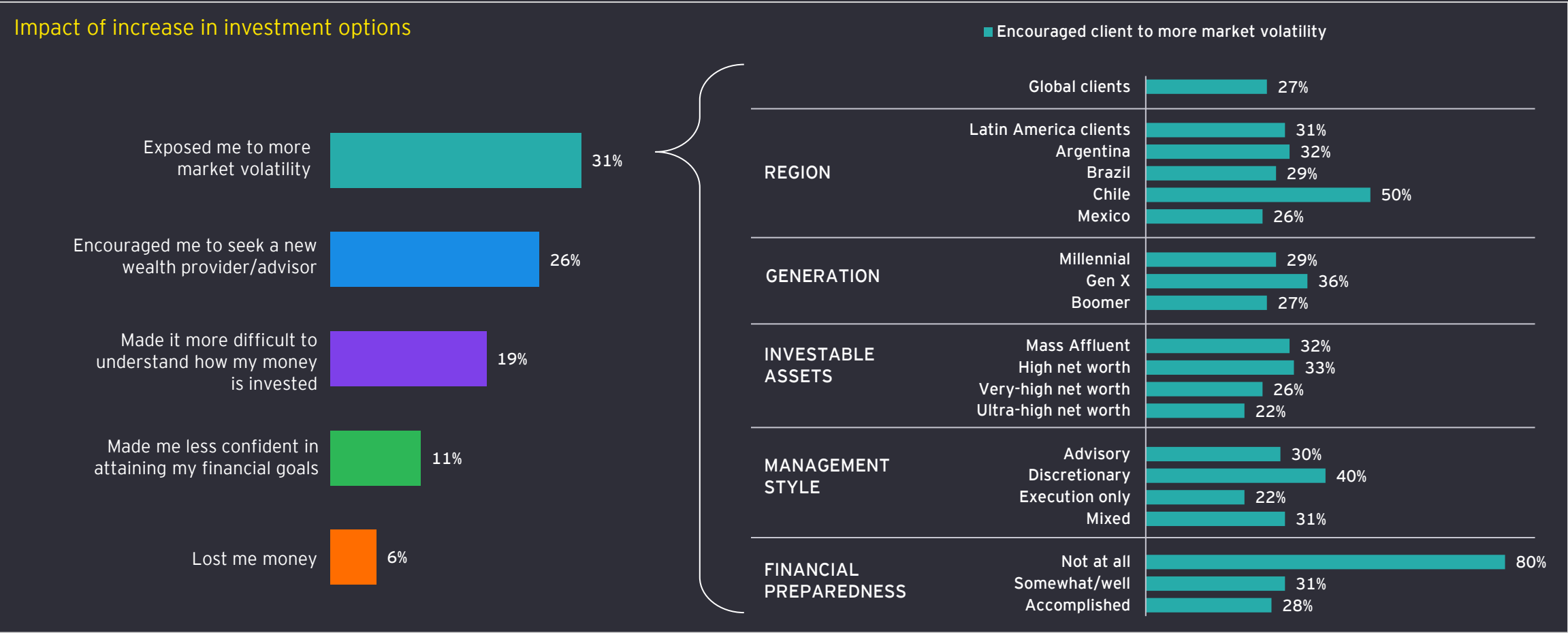
Impacts of complexity has benefitted some investors

Boomers and VHNW+ investors are among cohorts who have benefited from increased investment options.



Complexity has also had negative impacts

Product complexity has negatively impacted investors differently, with the largest consequence being exposure to more market volatility.



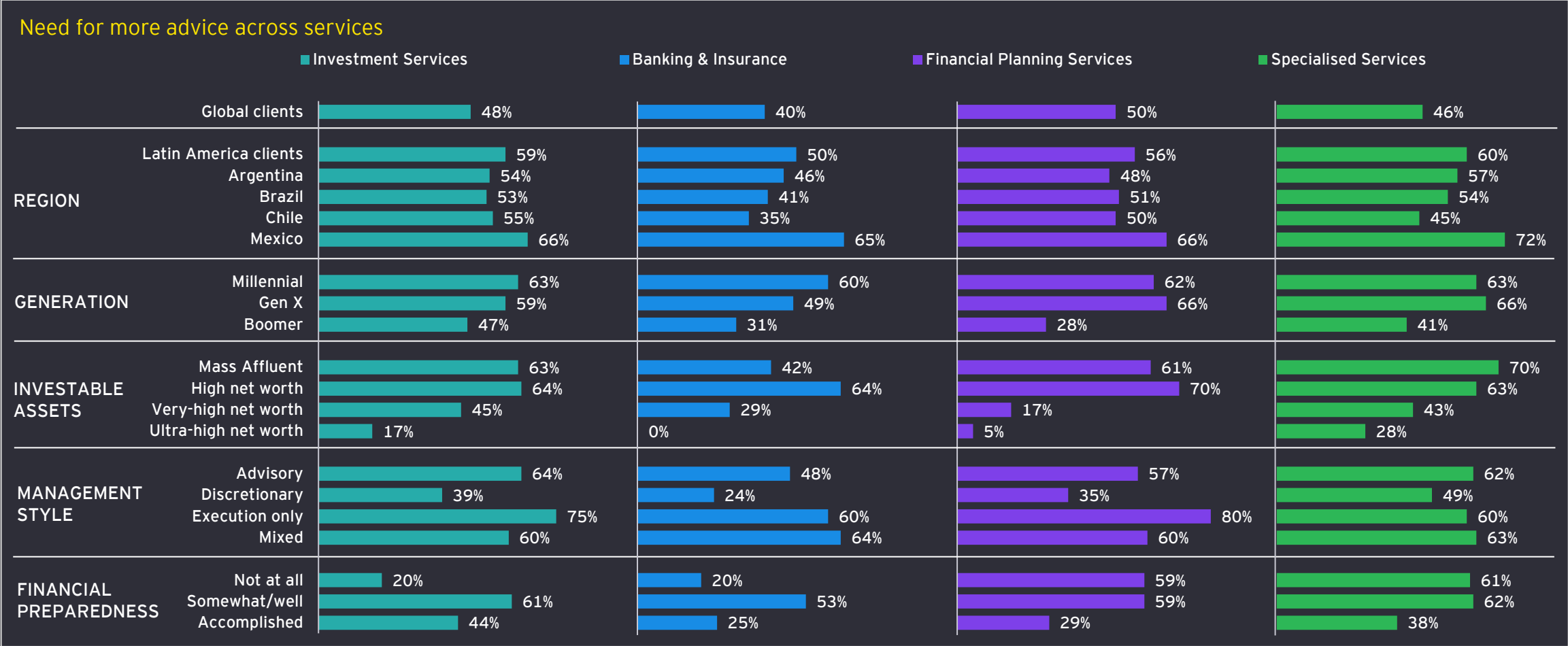
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Empowering clients



Clients indicate they are looking for more advice across services

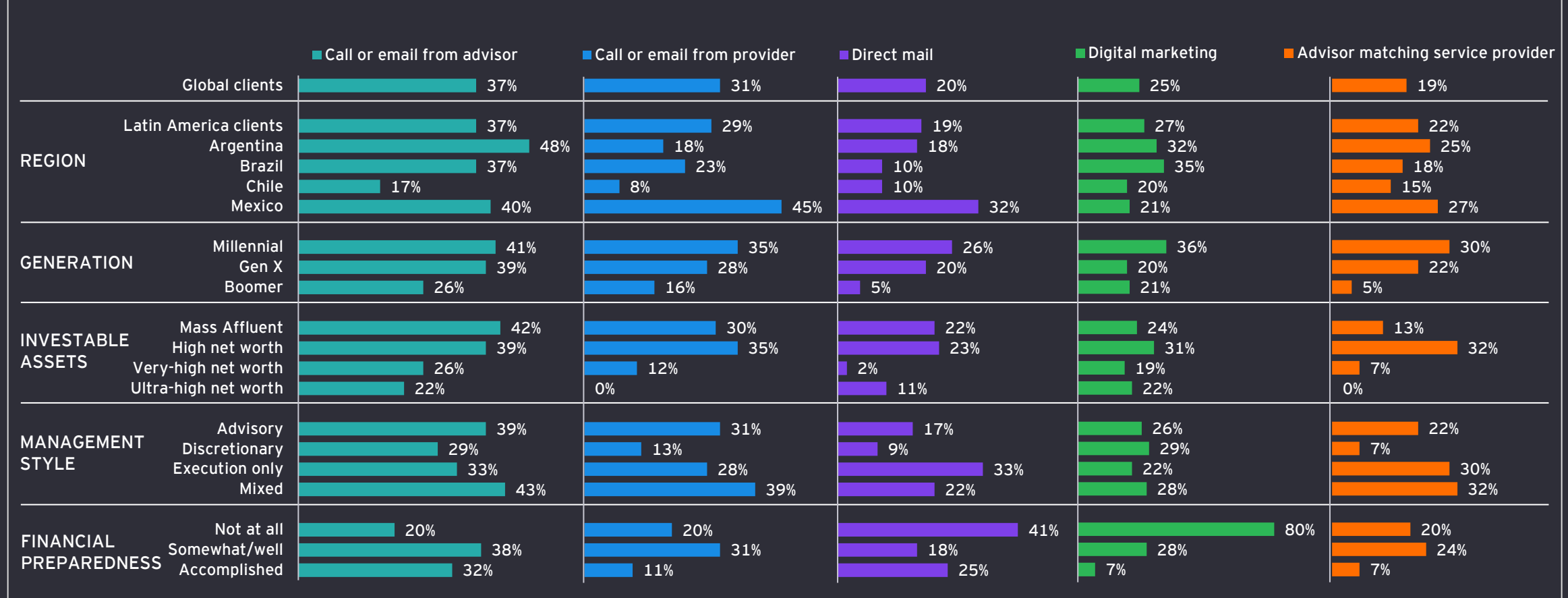
Mass affluent and HNW investors are signalling the clearest appetite for more advice.



Prospective clients prefer to be directly contacted

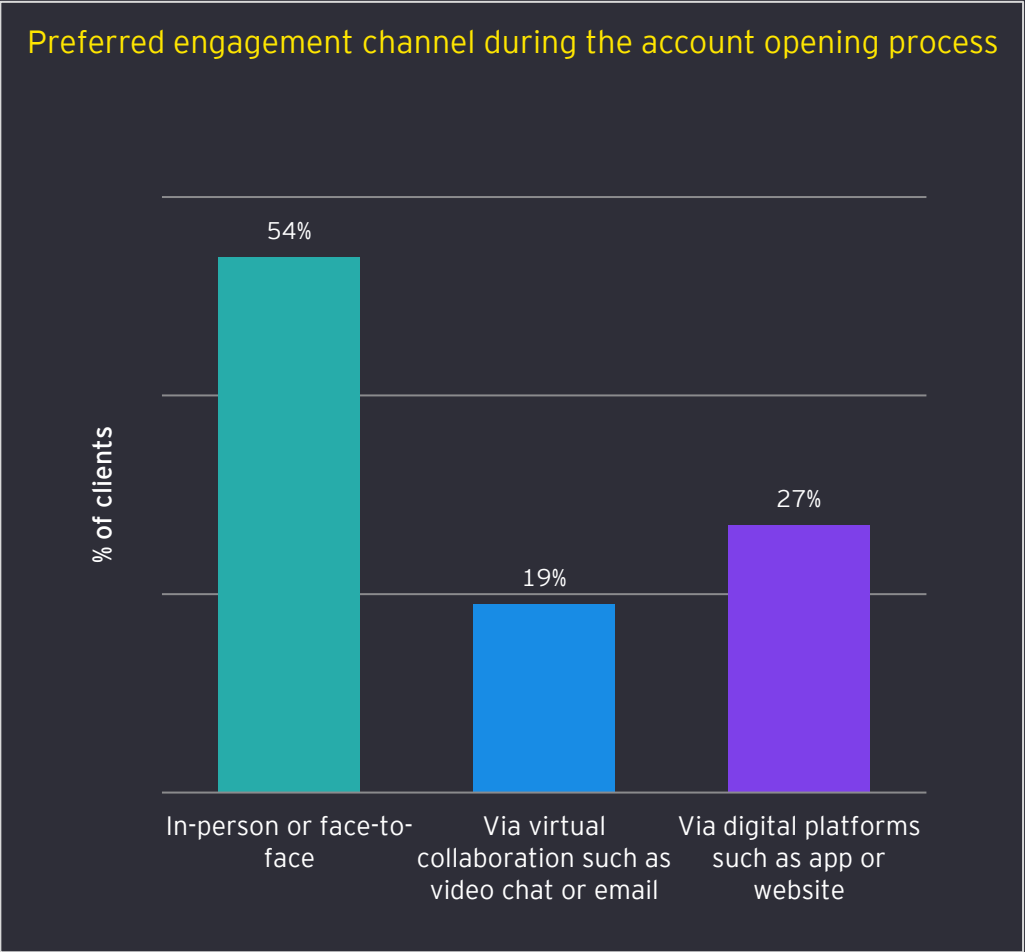
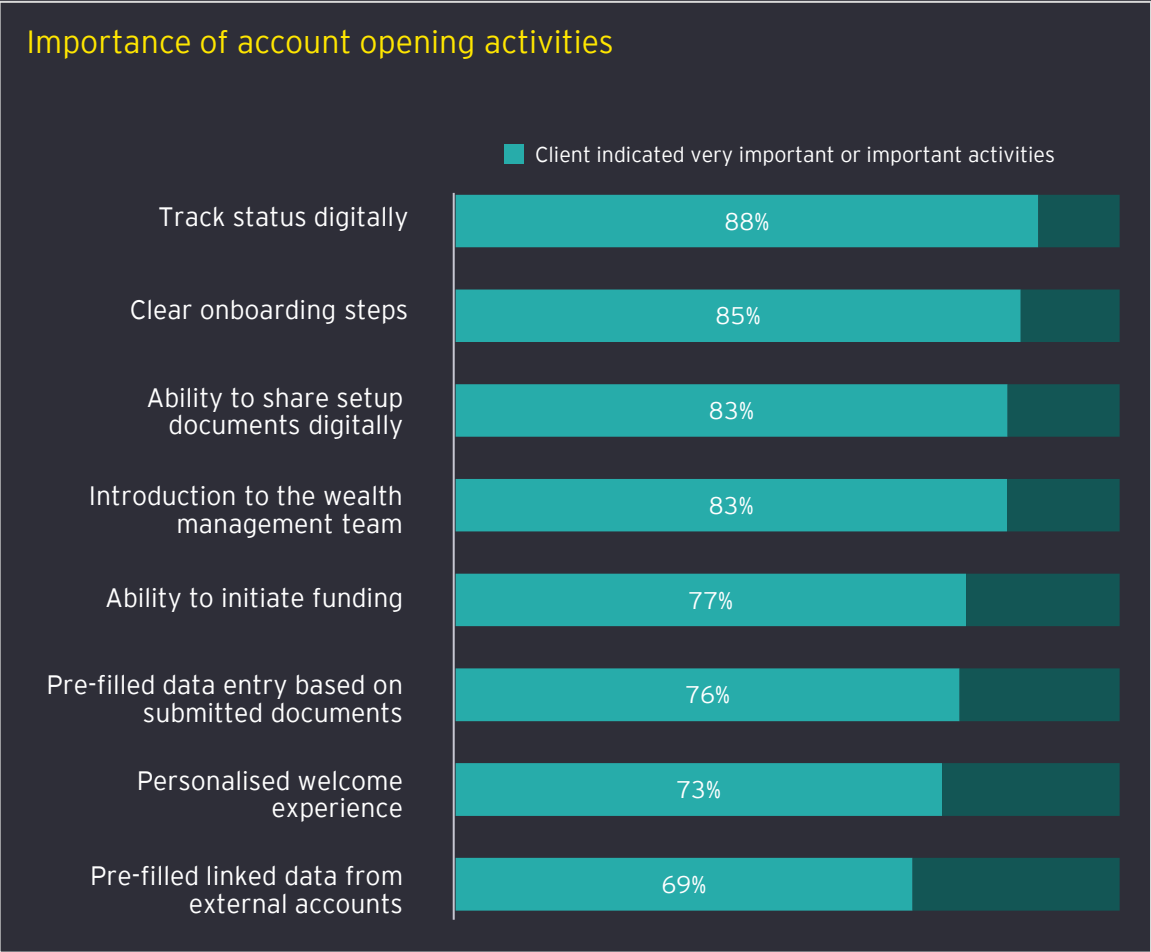
Prospective clients prefer to be contacted directly, through calls or emails, but self-discovery options like digital marketing and advisor matching remain important discovery methods, especially for millennials.

Preferred contact methods (selected all that applied)



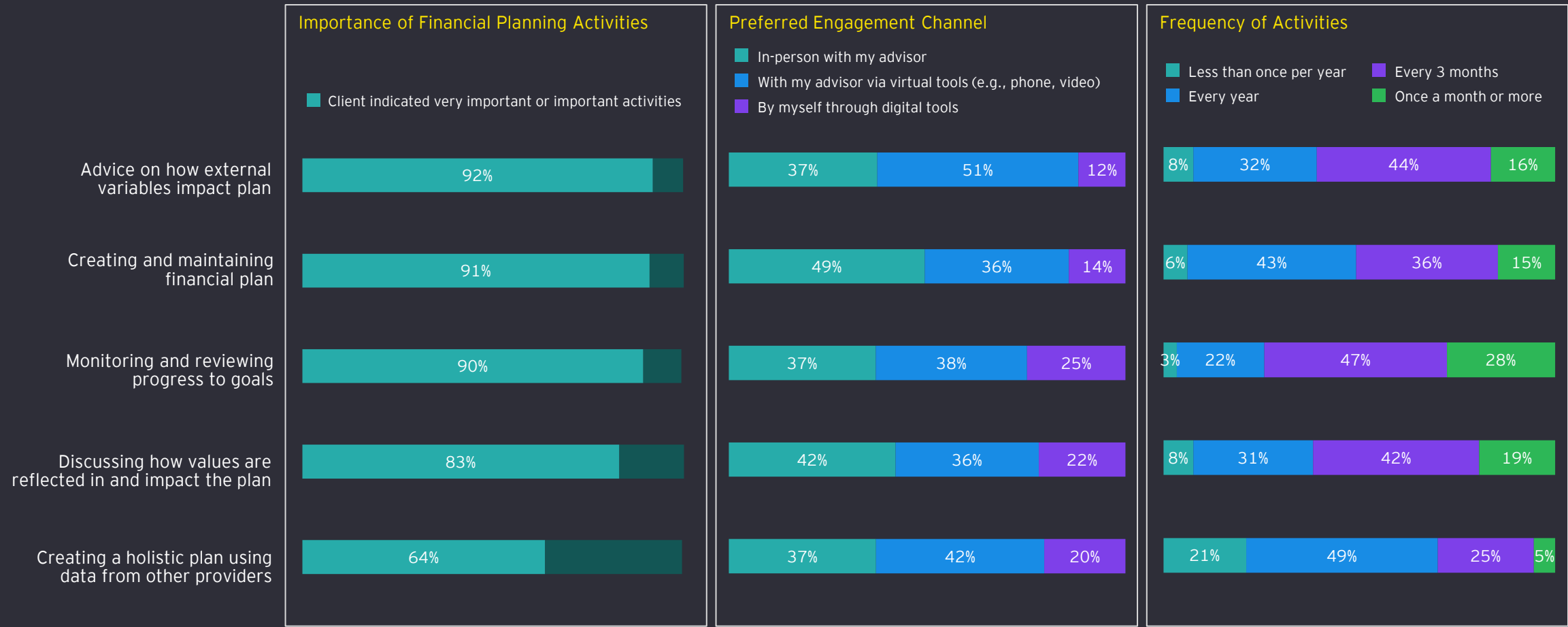
Clients value in-person contact with digital tracking during account opening

Importance of **Account Opening** activities, capabilities, and interaction preferences:



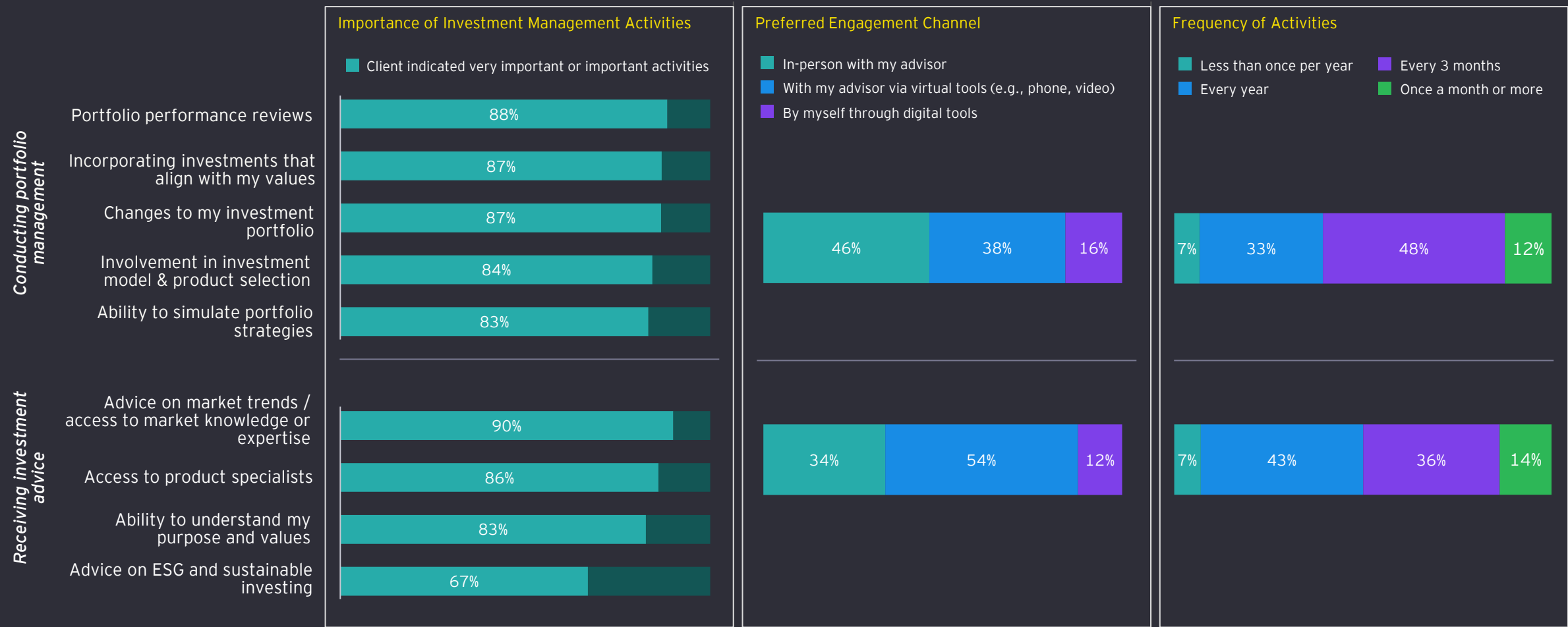
Clients balance a mix of in-person and virtual preferences for financial planning

Importance of **Financial Planning** activities, interaction methods and frequency preferences:



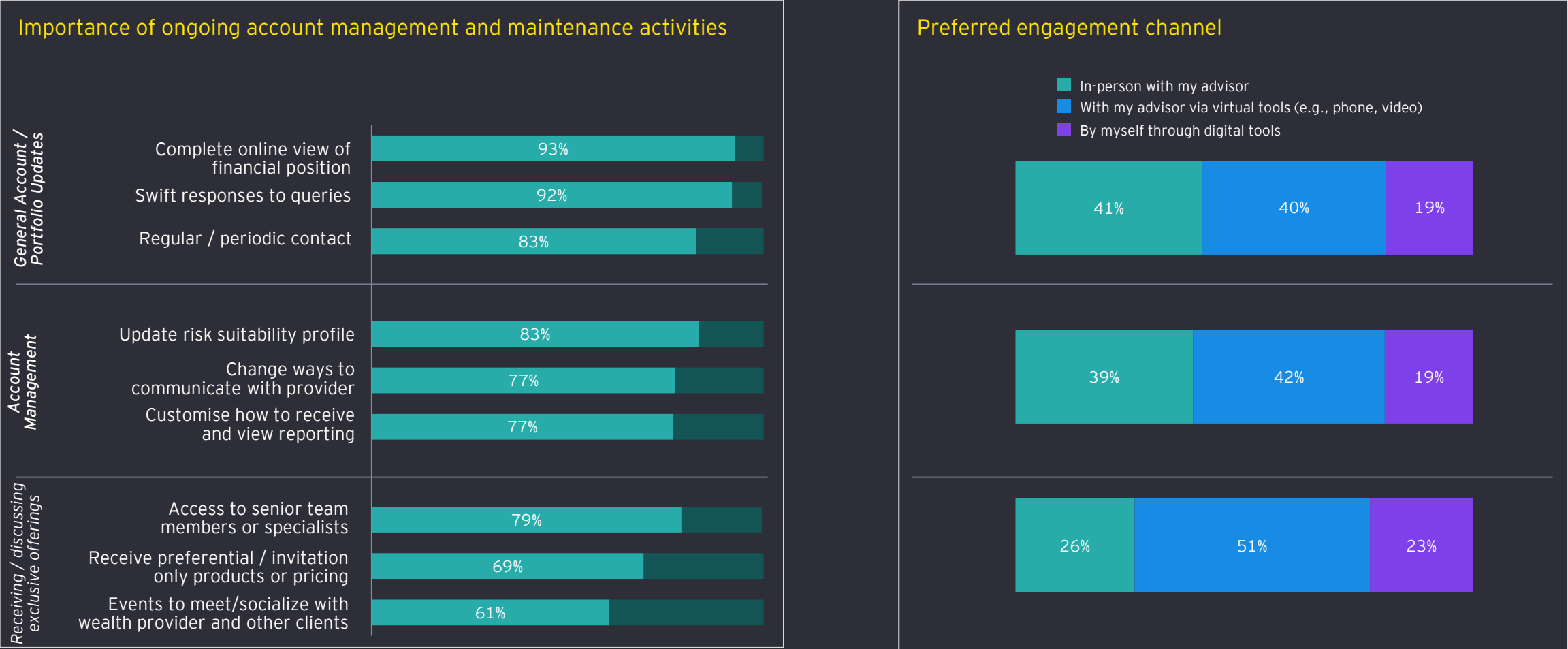
Regular portfolio monitoring is highly important and can be done virtually

Importance of **Investment Management and Advice** activities, interactions methods and frequency preferences:



Clients value speed and access for performing account updates and maintenance

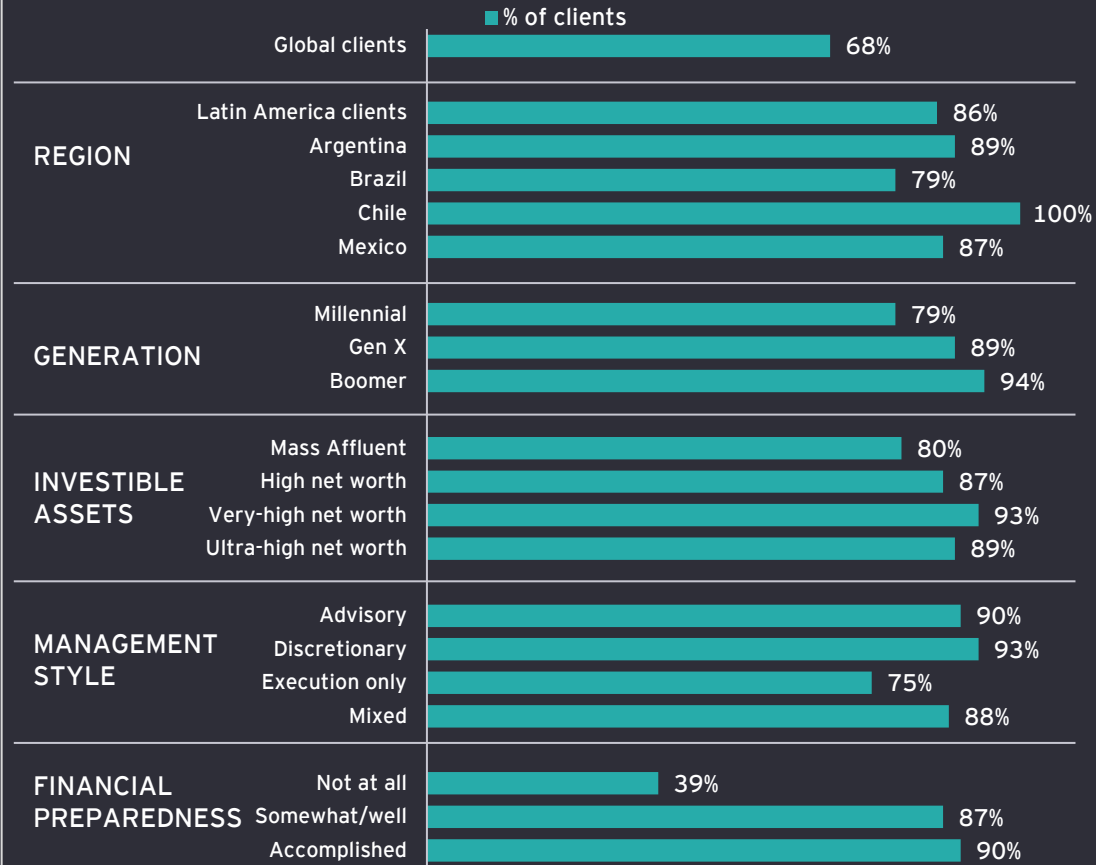
Importance of ongoing **Account Management and Maintenance** activities, capabilities, and interaction preferences:



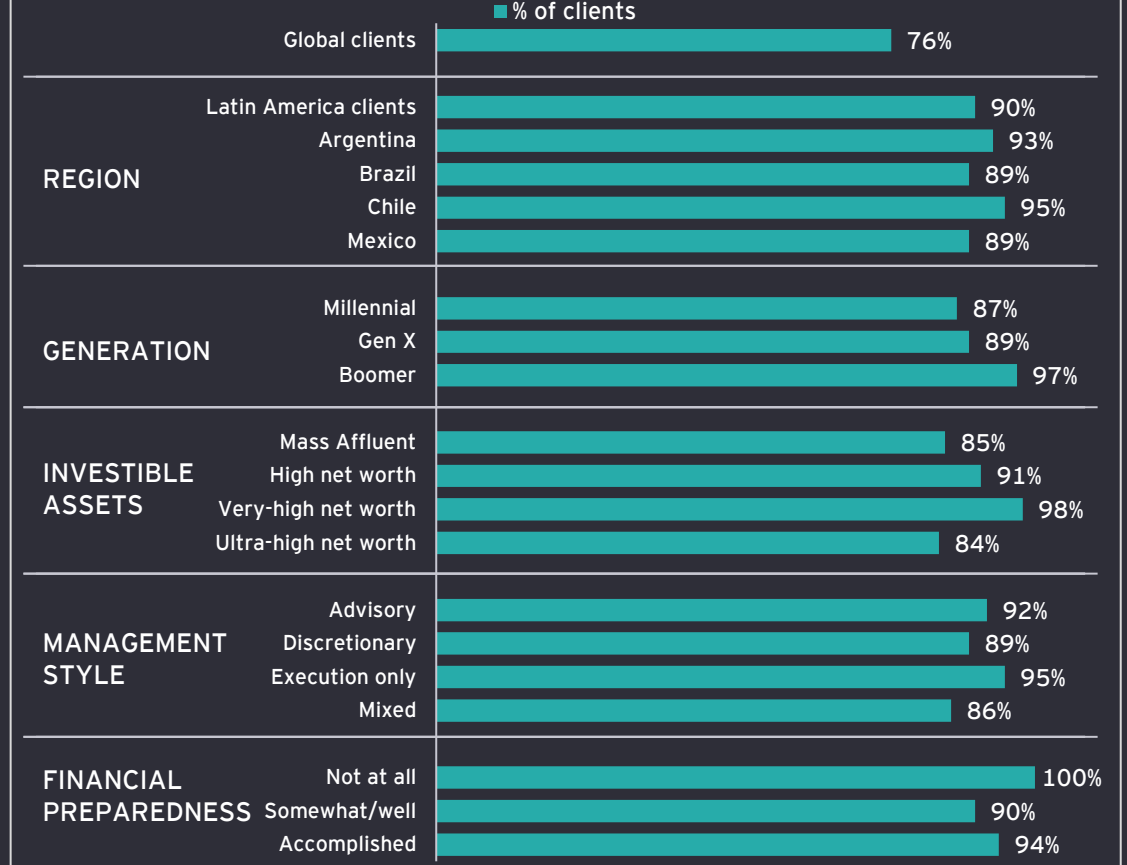
Access to specialized support can further personalize client experience

The opportunity to leverage product specialist and market experts is valued.

% of clients indicating importance of access to product specialists



% of clients indicating importance of access to market experts



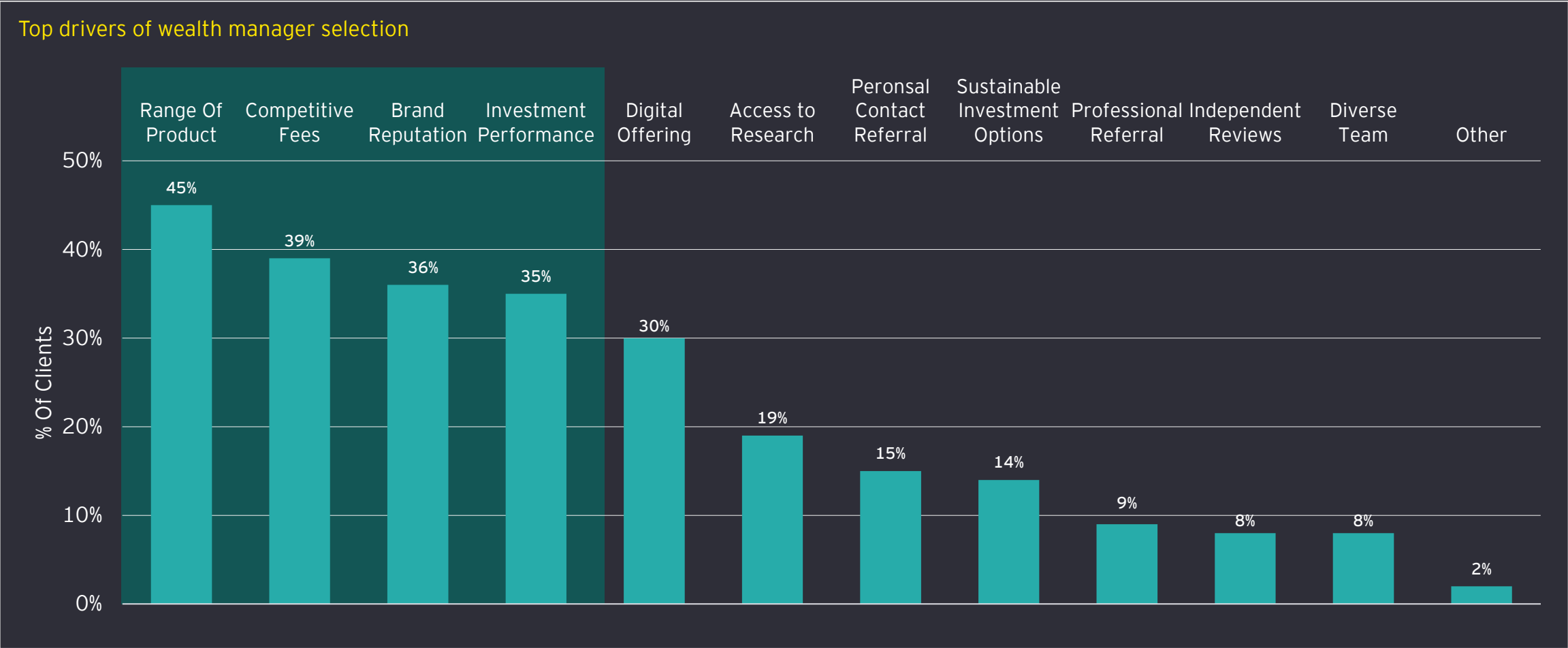
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Delivering
value



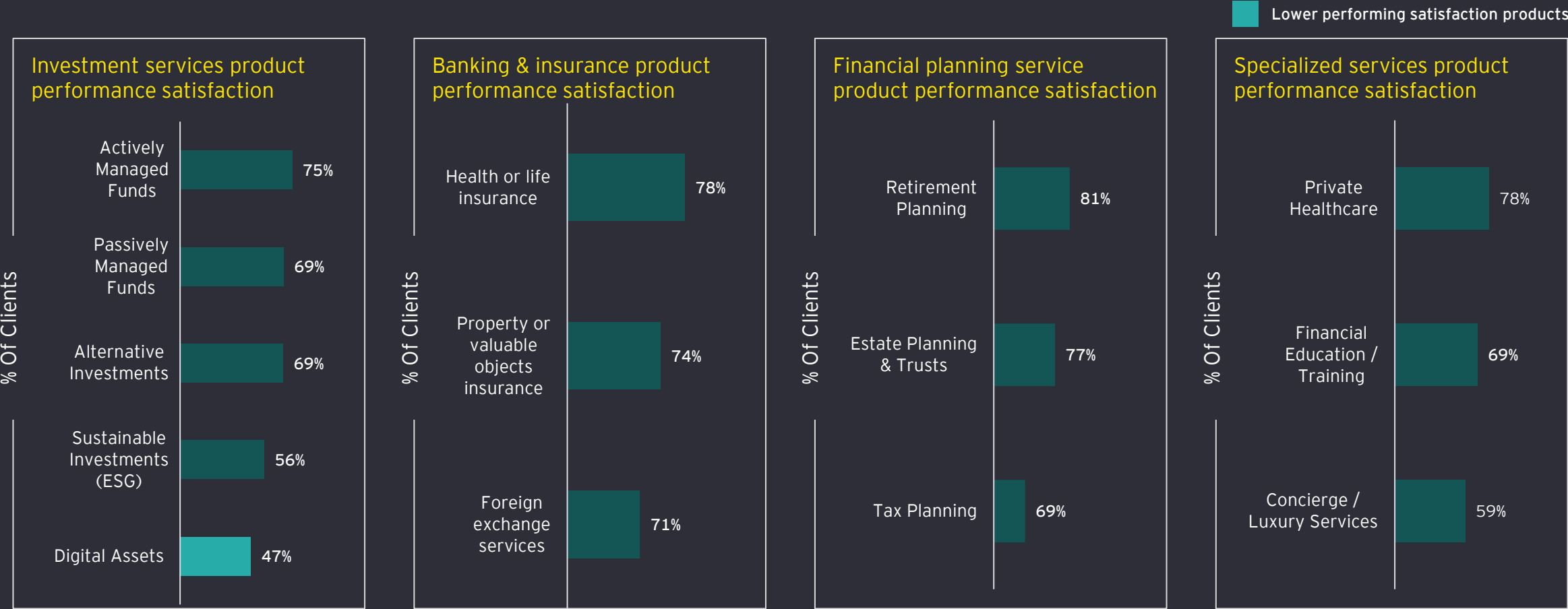
Performance and fees are the primary drivers for selecting a WM

Access to a range of products, competitive fees, brand, and investment performance are the leading drivers for selecting a wealth management provider.



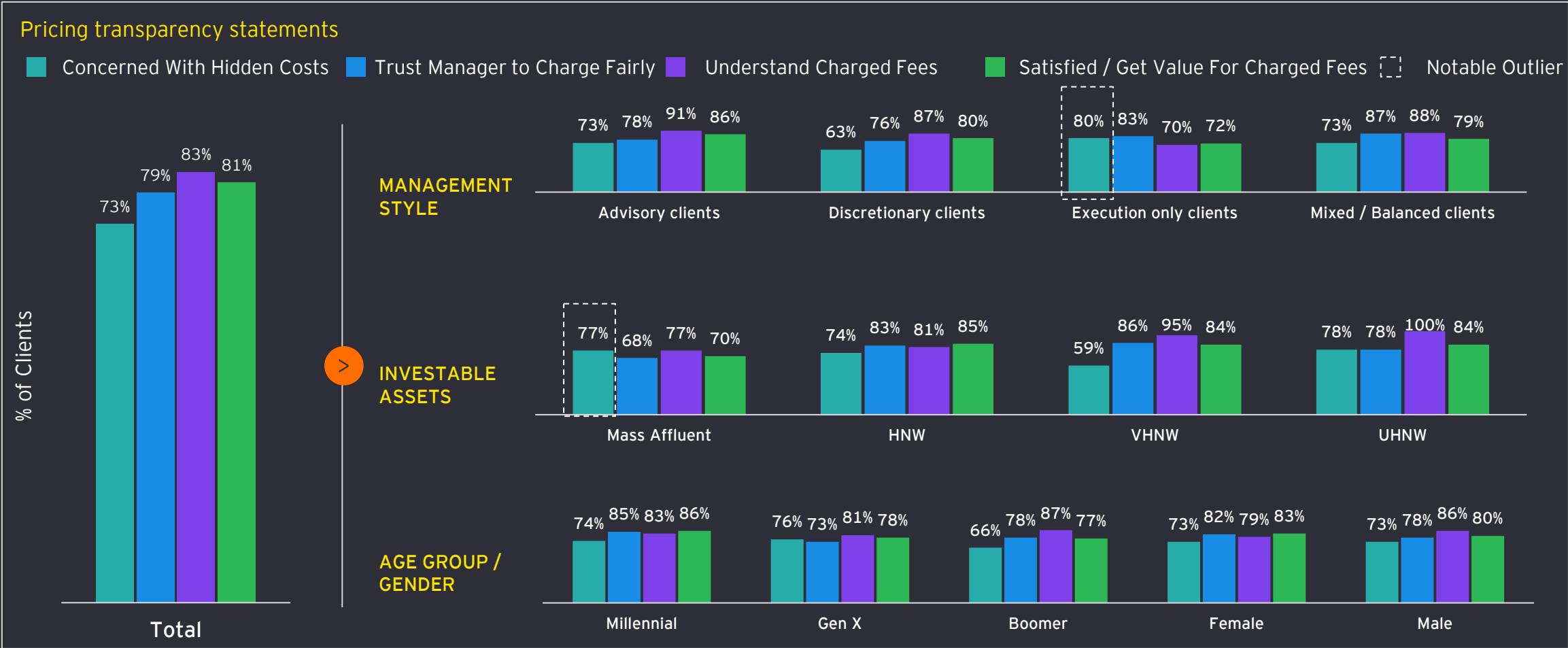
Clients are satisfied with core products, but less satisfied with newer asset class

Product access and performance satisfaction is generally high; however, there is an opportunity to improve satisfaction for digital assets.



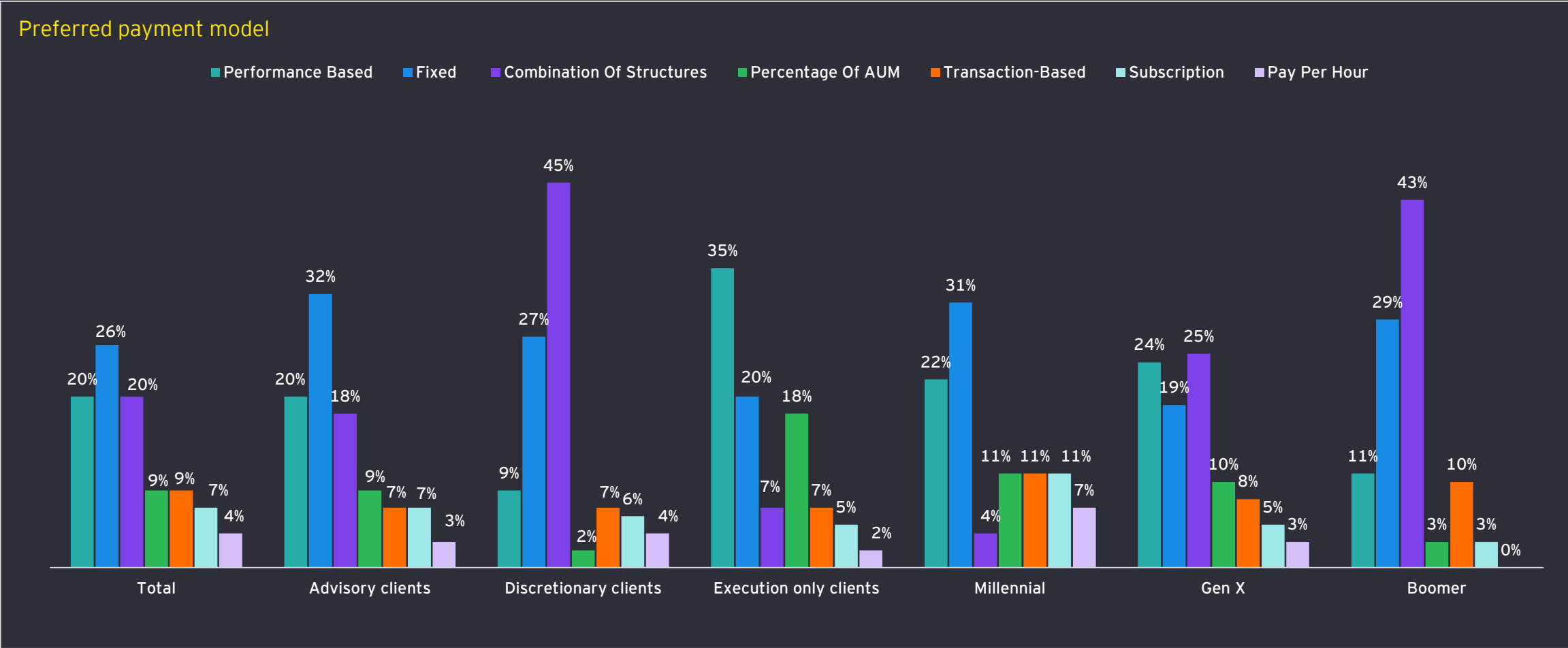
Trust and confidence is high, but clients still show concerns with hidden cost

Clients trust wealth managers and the value for fee remains relatively high, but many clients still maintain concerns over hidden costs; notably self-directed and mass affluent clients.



Clients continue to show a preference for varied payment models

Clients continue to prefer other payment models than standard AUM-based pricing; fixed, performance-based, and combination fees are preferred by most clients.



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